



RTPI

Royal Town Planning Institute

RTPI response to MHCLG consultation on ‘First Homes: Getting you on the ladder’.

May 2020

This is the RTPI’s response to the 2020 Ministry of Housing, Communities & Local Government [consultation on First Homes](#). First Homes are a proposed new ‘affordable homes’ product similar to the previously proposed ‘Starter Homes’. They would offer local people and key workers new build homes at a 30% discount from market price, with this discount effective in perpetuity). The consultation considers the design and delivery of the First Homes product, including affordability, eligibility, mortgages, restrictions, developer contributions, and exception sites.

The RTPI’s response welcomes elements of the proposals, in particular improvements from the Starter Homes policy, with discounts now operating in perpetuity and more acknowledgement of the need for local flexibility in implementation (in some areas at least). It highlights a possible role for First Homes as an option for local authorities to call on to help meet their assessed housing need and also provides a range of detailed technical feedback on implementation of the proposals. However, it also highlights several flaws of the proposed policy – in particular the threat to local authorities’ ability to meet the objectively assessed housing needs included in their Local Plans, and the support First Homes would take away from those in high housing need. We also argue that proper resourcing and allowing local authorities discretion around the implementation of every aspect of First Homes will be crucial to its success.

About the RTPI

The RTPI champions the power of planning in creating prosperous places and vibrant communities. As learned society, we use our expertise and research to bring evidence and thought leadership to shape planning policies and thinking. As a professional body, we have over 25,000 members across all sectors, and are responsible for setting formal standards for planning practice and education.

General comments

1. The RTPI welcomes the advancement these proposals make on previous policy on Starter Homes, in particular taking the advice of RTPI and others to lock in discounts in perpetuity. This means First Homes could be a more affordable form of home ownership with properties remaining more affordable for future occupiers. First Homes may be a useful addition to the suite of affordable housing products in some areas where there is strong identified demand for discounted sale housing. For example, members have reported particular demand in some more rural settlements where discounted market sale homes can help first time buyers who might otherwise have left these settlements for more affordable areas.



2. However, as with Starter Homes, this policy has several problems and a number of areas requiring more around implementation. In particular, it may not offer sufficient flexibility for local authorities to secure a tenure mix, which matches their objectively assessed need. Related to this, at a time of acute need, it may lead to a reduction in affordable housing available to all on the basis of need. In addition, the “cost” is not met by government but rather by redistributing Section 106 income.

3. As proposed, First Homes will impact on the ability of Local Planning Authorities (LPAs) to meet all types of housing need through the planning system. It is our belief that LPAs should be free to meet objectively assessed need in the best way possible, including the provision of other forms of affordable housing alongside First Homes. The National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) require affordable housing mix policies to be based on local evidence of need (and viability). However, the framework for First Homes would elevate First Homes above all other tenures. This undermines the local plan-led approach. It is crucial to ensure the primacy of Local Plans, using local need and viability evidence to decide what affordable tenure is most appropriate – not a national one size fits all

4. We note the acceptance in paragraph 61 that there is a trade-off between supporting First Homes through developer contributions and supporting other affordable housing tenures. However, it is worth being more explicit that this will normally mean less responsiveness to locally identified need and less support for social and discounted rent housing. These proposals prioritise home ownership over other tenures – ignoring the role that rented tenures even in the private market and discount to market rents with assured tenancies and covenants can play in housing provision. This does not meet the most pressing need and does not fit with the direction indicated elsewhere, for example in the Social Housing Green Paper.

5. If providing discounted first homes is a priority this could be funded directly by Government, for example by buying homes on the existing market, retrofitting them to current standards, and re-selling them as restricted price tenure. Alternatively, Section 106 funding for affordable housing could be reallocated to First Homes as proposed here and social housing could be funded through greatly increasing the amount of public grant available. If First Homes is to be introduced, it must come with a redoubled focus on affordable, high quality social housing with certainty of tenure. If this saving for individuals is paid for through reducing provision of social housing then it is questionable whether this is in the wider national interest.

6. While First Homes will be more affordable than market sale homes, they may still be unaffordable to those they are trying to help as they are not linked to local incomes. In some local authorities house prices are more than 10 times average incomes – a discount of 30% on home purchase will do little to help key workers in those areas. Shelter recently modelled the likely affordability of First Homes and predicted they would “across the whole of England, only the richest 28% of private renting households earn enough money to be able to access a First Home. The vast majority of private renters – 3.3 million households – will miss out”.¹ If other policies that support demand continue to operate and prices continue to increase at a faster pace than incomes then First Homes will become even less affordable over time. On the other hand, increasing the level of discount would help fewer people and make it difficult for those it did help to be able to afford to move on to their next home.

¹ Tarun Bhakta (2020), [First Homes: the new government policy, which could make the housing emergency worse](#), Shelter.



7. Finally, we are concerned that local authorities would be expected to play a large management role, but there are no definite proposals as to how such councils would be able to resource, manage and fund this additional workload.

Ensuring First Homes are affordable

Q1a. Do you agree with a minimum discount of 30% (but with local flexibility to set a higher one)?

8. No.

b) If not, what should the minimum discount be?

i. 20%

ii. 40%

iii. Other (please specify)

9. Affordability issues vary tremendously often across a local authority area. Any approach needs to be determined at the local authority level or housing market area level via SHMAs and viability studies. Levels of discount need to relate to market conditions. The depth of the discount will need to be tested alongside all the other affordable housing tenures and infrastructure requirements at Plan Viability testing stage.

Q2a. Should we set a single, nationally defined price cap rather than centrally dictate local/regional price caps?

10. No

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)

Q3a. If you disagree with a national price cap, should central Government set price caps which vary by region instead?

11. Yes.

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

i. London and nationwide

ii. London, London surrounding local authorities, and nationwide

iii. Separate caps for each of the regions in England

iv. Separate caps for each county or metropolitan area

**v. Other (please specify)****Q4. 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?**

12. Regional caps could be set at the outset, for local authorities to modify if desired. However, price caps should ultimately be set at Local Authority (Housing Authority) level – and should be based on the full median value – including existing units, not the new build medians. Local Housing Authorities should be able to set price caps and other criteria to reflect the local market conditions; this can enable further refinement in areas of significant restriction e.g. National Parks.

13. Even the lowest price cap the Government is consulting on of £450,000 would mean the First Home price at a 30% discount would be £315,000, which is still unaffordable for many (even in areas with higher average incomes). The consultation document suggests that there could be a “higher cap for London” as this “accommodates higher house prices in the capital”. However, basing the cap on house prices misses the point: that affordable housing should be tailored to support housing needs (and based on local incomes), rather than tailored to reflect the market value. Just because house prices are generally higher in London does not mean that local incomes are higher too. For example, the average salary for a registered nurse in London is 26,205, with a range typically between around £21,000-37,000.²

14. Pegging justification and implementation to average house prices for first time buyers is not the best approach. The lower quartile price point should be considered. Even with first purchasers being older and more likely to have or form family is it reasonable to target mid-priced homes. Other suggested alternatives include capping based on:

- a. Regional median prices
- b. Other criteria such as maximum gross internal area or number of habitable rooms (to ensure homes are not purchased for under-occupation)
- c. Both home size criteria and median prices

Eligibility for the First Homes scheme**Q5. Do you agree that Local Authorities are best placed to decide upon the detail of local connection restrictions on First Homes?**

15. Yes. Local Authorities already have standard local connections tests which are engaged in Affordable Housing nomination cascades as well as Custom and Self Build Housing Part 1 Register (where councils choose to maintain two part registers). In practice, these are set out as cascades with first priority to the immediate neighbourhood/parish, then neighbouring areas, then wider council area, etc. The complexities of nomination cascades are such that the LGA or some other body should be tasked with producing a draft policy that can be amended.

16. If First Homes is proposing a single local connection test, then a simple geographic test (e.g. living/working within 10-15km of new home) would provide an objective measure. This would ensure cross-boundary issues do not create artificial barriers e.g., where a rural district

² [https://www.payscale.com/research/UK/Job=Registered_Nurse_\(RN\)/Salary/682c8064/London](https://www.payscale.com/research/UK/Job=Registered_Nurse_(RN)/Salary/682c8064/London)



has a major urban extension development the need is primarily within the urban area, not the rural district.

17. The priority for First Homes allocated to local people, key workers and armed forces veterans is a positive and an important step in the provision of affordable housing, particularly in areas that are highly unaffordable to these groups of people. However, it would be helpful to understand who would define what key workers, how this would be worked out and whether any other mechanisms were considered to support the most vulnerable members of society with a potentially higher need for housing. Clarity is also needed regarding the prioritisation system / hierarchy between different needs as for example, it is unclear whether key workers would be given priority to purchase a First Home over armed forces veterans. Equally, who decides if there is a priority points system?

Q6. When should local connection restrictions fall away if a buyer for a First Home cannot be found?

i. Less than 3 months

ii. 3 - 6 months

iii. Longer than 6 months

iv. Left to Local Authority discretion

18. We assume marketing times apply from the date of final completion of the unit and that off-plan purchase would also be permissible - this should be specified in guidance / regulations. If Local Connection is a single, broad gateway qualification and sales are handled directly through the developer, then a 3-6 month period post-final-completion should provide adequate time for marketing but not introduce issues of long-term empties.

Q7. In which circumstances should the first-time buyer prioritisation be waived?

19. Never. The effective state subsidy for this proposed element of 'affordable housing' is not appropriate for those that already own a home. If First Homes are not actually first homes, they are a discounted market sale tenure with a higher discount than 20% and should be renamed. If a buyer for a First Home cannot be found, the unit should revert to an affordable dwelling, offered first to a registered Affordable Housing Provider (who may choose to convert to shared ownership or rental offering). The first time buyer priority should not be waived. This could create viability issues for a new scheme, making it especially important that the proportion of First Homes is determined according to locally assessed objective need. In practice, the affordable housing tenure split (including First Homes) would need to be worked out locally through the SHMA process. This can then be tested for viability as part of the Local Plan Viability testing process.

Q8. a) Should there be a national income cap for purchasers of First Homes?

20. Yes, but see (b) below.

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

21. This is difficult to answer. Current MHCLG activity often provides for caps for London and caps for the rest of England. However the real issue is that such a policy should take account of considerable differences in purchasing power between the south (mainly) of England



and the rest. A crude national cap would rule out the most obvious abuses of this policy. However, it would still struggle to focus support where it is most needed in areas of low prices and it would arguably fail to provide any support to purchasers in high price areas. So the best solution is a national catch all cap but with substantial local variation determined democratically by local planning authorities.

c) Do you agree that Local Authorities should have the ability to consider people's income and assets when needed to target First Homes?

22. Local authorities should have the ability to set their own income or asset caps based on local conditions in order to target First Homes. However, the enforcement of such considerations will increase the workload of an already stretched function. All additional burdens must come with new resources.

Supporting the First Homes Scheme

Q9. Are there any other eligibility restrictions which should apply to the First Homes scheme?

23. Yes, Restrictions must include previous tenure and home ownership record and must exclude low-income persons with existing properties. A restriction on cash purchases should be considered; as purchasers with sufficient resources to purchase without a mortgage (with discount) should be in a position to secure housing on the open market. The scheme should not be an easy route to mortgage free living via for example the 'Bank of Mum and Dad', but should address those in need.

Q10. a) Are Local Authorities best placed to oversee that discounts on First Homes are offered in perpetuity?

24. No.

b) If no, why?

25. Local authorities do not have the resources to enforce resale of homes and it will be important to be clear on who will enforce the restrictive covenant, and what this would imply in terms of who needs to be party to the original deed/ covenant. However, if the obligation for specific plots to be resale restricted is set out in a unilateral undertaking (under s106 of the 1990 Planning Act) this will appear in the land charges register which should be picked up in conveyancing. Implementation needs to be clear where the burdens and expectations are on the Housing Authority versus the Planning Authority. In particular managing nomination rights, marketing etc.

Q11. How can First Homes and oversight of restrictive covenants be managed as part of Local Authorities' existing affordable homes administration service?

26. If this applies to nomination rights for purchasers, then the homes will have to be managed as with Shared Ownership. If First Homes are a discounted market home (to be sold by developers initially and then via regular marketing), then limitations on resale should be set out in undertakings. These will appear on land charges for conveyancing and mortgage



purposes and the Local Authority will not be responsible for enforcement or nominations of new purchasers.

Q12. How could costs to Local Authorities be minimised?

27. Local authorities, and planning departments in particular, have experienced major cuts in recent years and are seriously under-resourced.³ We welcome Government announcements that resourcing will be considered in the upcoming Planning White Paper and Comprehensive Spending Review, but it is important that First Homes and any other additional burdens are factored in on top of other plans. This will not be fee-generating work, so changes to planning application fees will not help.

28. In our view, one of the main concerns is the capacity of current local government resources to engage with this new model of home ownership. We agree that for this to work the rules need to be flexible. However, in delivering local flexibility this would create additional work for the local authority such as in checking applicants, valuations, controlling re-sales and so on. Local authorities may also need to fund consultancy or other expertise to provide evidence in support of their approach to First Homes.

Supporting competitive mortgage lending

Q13. Do you agree that we should develop a standardised First Home model with local discretion in appropriate areas to support mortgage lending?

29. Yes. Working with lenders to develop mortgage packages for First Homes will be critical. One of the big challenges Discount for Sale has faced has been mortgage availability and whilst the consultation does appear to recognise this it is worth reiterating this is crucial to ensuring implementation and take up is as envisaged.

Q14. Do you agree that it is appropriate to include a mortgage protection clause to provide additional assurance to lenders?

30. Whilst we agree it is important to provide security for lenders, enabling mortgage holders to remove the restrictive covenant invalidates First Homes as an affordable home in perpetuity. The consultation states, "We will seek to ensure that this system cannot be abused" - specific detail on this should be provided as loss of affordable homes is a major concern.

Restrictions on letting First Homes

Q15. 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?

- i. Never
- ii. Up to 6 months
- iii. 6- 12 months

³ RTPI (2019), [Resourcing Public Planning](#).



- iv. Up to 2 years
- v. Longer than 2 years
- vi. Other (please specify)

31. The lack of mobility is a significant downside for purchasers of First Homes – particularly as there is little information about the operation of First Homes on the resale market. It is logical to assume that people will need to relocate temporarily or longer term, but if units are let for periods of longer than 1 year, and if owners are allowed to charge market rents during that period, this invalidates the principle that First Homes are a form of Affordable Housing. It is worth noting that monitoring and enforcement of letting restrictions could represent a major burden for local authorities.

32. Any rental fees charged for First Homes should be capped at a small percentage above LHA rental levels. To prevent AirBnB (or similar) profiteering, it should also be set out in the model mortgage that no rooms should be provided on any overnight basis unless the homeowner is present.

Q16. 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)

- i. Short job posting elsewhere
- ii. Deployment elsewhere (Armed Forces)
- iii. Relationship breakdown
- iv. Redundancy
- v. Caring for relative/friend
- vi. Long-term travelling
- vii. Other (please specify)

Delivering the Armed Forces Covenant

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?

33. Yes. Automatic inclusion of Service Personnel as meeting the local connections test is acceptable and in line with Housing Act (Additional Preference for Former Armed Forces Personnel) Regulations 2012.

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

- i. 1 year
- ii. 2 years
- iii. 3-5 years**
- iv. Longer than 5 years



34. In line with The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012 (SI 2012/1869) the service personal criteria should include:

- a. members of the Armed Forces and former Service personnel, **where the application is made within five years¹²** of discharge
- b. bereaved spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of their spouse or partner
- c. serving or former members of the Reserve Forces who need to move because of a serious injury, medical condition or disability sustained as a result of their service

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?

Setting developer contributions to First Homes

Q20. Which mechanism is most appropriate to deliver First Homes?

i. Planning policy through changes to the National Planning Policy Framework and guidance

ii. Primary legislation supported by planning policy changes

35. The scheme should first be brought in under planning policy and through support for councils to assist in bringing this forward. Primary legislation is an overly prescriptive way of implementing a scheme, which is untested in market demand and deliverability and so should not be used at least initially. A stated goal in the consultation is to avoid First Homes having a negative impact on house-building rates. This depends upon the transitional arrangements for preparation of SHMA's and Plan Viability. There needs to be sufficient time for those plans in the pipeline to go through.

Q21. Which do you think is the most appropriate way to deliver First Homes?

i. As a percentage of section 106 affordable housing through developer contributions

ii. As a percentage of all units delivered on suitable sites

36. The most appropriate mechanism would be a target (rather than minimum) percentage, to be delivered via a considered s106 negotiation, taking into account the specific needs of the development in question. The biggest concern here is tension with any delivery target and the statutory requirement to make decisions in line with adopted local plans (and neighbourhood plans). It is possible that a percentage requirement would be contrary to Adopted Policies for tenure splits, based on up to date evidence and post-NPPF examination.

Q22. 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)



37. When deciding what type and tenure of housing is needed in any given area we urge government to take heed of differences across the country, objectively assessed need, and the amount and types of affordable housing allocated in local plans. Almost all housing market assessments, and councils' registers of housing needs, point to a serious under provision of affordable rent properties. Some areas (often rural and/or coastal) experience somewhat opposite problems to those this initiative is trying to address, with young people moving away and low demand. It is important to consider housing issues in the round and ensure that any fixed requirements will work for everywhere and all housing market conditions.

38. However if the direction of travel is for government to impose a First Homes requirement on areas, 15% would allow more tenures on sites where other forms of affordable housing are being provided. Flexibility could be provided to enable the percentage to be increased locally where higher levels of need are demonstrated.

Delivery through exception sites

Q23. 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?

39. We support some but not all of the proposals for amending the scope and definition of Entry Level Exception sites to reflect the First Homes guidance. RTPI Cymru recently published research conducted by Cardiff University on Rural Exception Sites⁴ that highlighted the value of exception sites but also raised issues with their expansion. Exception sites are by definition sites that have not been determined suitable as locations for housing and local plans should be developed to meet all identified housing need. The research also suggested that exception sites might drive up 'hope value' by convincing landowners that their land may be considered suitable for development in the future. Therefore, it is important to consider each change carefully:

- a. The refocusing of entry level exception sites on First Homes may make it more difficult to meet local need for affordable rented homes on those sites. It is important that local areas have the tools needed to meet their objectively assessed needs.
- b. We do not agree to the use of market housing to subsidise the affordable housing/first homes on Exception Sites. RTPI Cymru recently published research on Rural Exception Sites, which found no compelling evidence that cross-subsidy of through market housing, delivers more *affordable* housing.⁵ This change also sets up the added complication of a further negotiation with the landowner. Government policy should be clear that Exception sites are just that – exceptions. Therefore, they should be 100% affordable (assuming an up-to-date local plan). If cross-subsidy from Market Housing is introduced, this should be capped, should only be used to fund abnormal costs needed to make projects viable, and crucially should not support higher land values.
- c. We tentatively support removing the threshold on site size; however, the implications must be considered in more detail. RTPI Cymru's research

⁴ Webb, B., Harris, N. and Smith, R. (2019), [Rural housing delivery in Wales: how effective is rural exception site policy?](#), Cardiff University, Report for RTPI Cymru.

⁵ Webb, B., Harris, N. and Smith, R. (2019), [Rural housing delivery in Wales: how effective is rural exception site policy?](#), Cardiff University, Report for RTPI Cymru.



recommended removing caps on number of units since this could help deliver more affordable housing where a local demand exists, highlighting the additional criteria that could prevent wholly unsuitable development. However, sites of larger than one hectare or greater than 5% of the size of the existing settlement are likely to have a major impact on the surrounding area, so this must be considered carefully.

40. As with all forms of housing, it is crucial that First Homes are located on sites that are suitable to support sustainable development. Residents require transport links, and access to health, education, employment, and social activities. Building homes in isolated locations restricts access to these services. Isolated locations are also unlikely to be areas of high housing demand; therefore, there will be difficulty in actually selling homes built in such locations.

Q24. 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?

41. 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?

42. Local authorities should be provided with the tools necessary to provide the affordable tenure mix needed according to their objective assessment. Furthermore, there is inherent planning flexibility in whether a site is an exception site, a rural exception site, or simply a departure from a local plan. Maintaining flexibility is necessary, as the market demand for First Homes is largely untested.

Q25. What more could the Government do to encourage the use of the existing rural exception site policy?

43. Rural exception sites are being implemented in some of the areas of greatest need (including National Parks) and Discount Market Sales being used in some councils. Teignbridge District Council have been using model terms for Discount Market Sale homes and unilateral undertakings to maintain discounts in perpetuity to support affordable self-build. Greater promotion of such schemes, and support for housing enablers specifically working with applicants and CLTs through planning could enable greater uptake.

Q26. What further steps could the Government take to boost First Home delivery?

44. If providing discounted first homes is a priority this could be funded directly by Government, for example by buying homes on the existing market, retrofitting them to current standards, and re-selling them as restricted price tenure. Alternatively, major increases in grants for affordable housing would make it more likely there would be sufficient S106 income remaining to fund First Homes. The recent announcement of an additional £9.5bn over 5 years is welcome however; it is far lower than what will be needed to meet sub-market housing need.⁶

⁶ As for example evidenced in Savills (2017), '[Investing to solve the housing crisis](#)' (£7 billion a year) or Shelter (2019), '[A vision for social housing](#)' (£10.7bn a year for 20 years).



Community Infrastructure Levy exemptions

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

45. Removing CIL might increase the attractiveness of this scheme to developers, other things being equal, however its impact on delivery is complicated. If there is no CIL payment the provision of the infrastructure needed to support the First Homes would be compromised, and the general level of support within the community for further housing development also affected.

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?

46. No. Councils already need to balance affordable housing and infrastructure needs when establishing viability. There are clear procedures to ensure that CIL rates are not set at levels that jeopardise viability of development, and at the same time Local Plan affordable housing targets are specifically set to reflect submarket viability balanced with the need to deliver affordable housing. First Homes changes should not make modification to CIL procedures, beyond adding First Homes as an affordable definition if required, without very specific consideration and justification.

Equality impacts of the First Homes scheme

Q29. a) What equality impacts do you think the First Homes scheme will have on protected groups?

No comment

b) What steps can the Government take through other programmes to minimise the impact on protected groups?

No comment

Other comments

Q30. Do you have any other comments on the First Homes scheme?

47. The Government should review existing policies and consultations before moving on to another initiative. This includes Starter Homes, New Models of Home Ownership and ongoing programmes such as Help to Buy. Constant changes to national policy not only adds complexity, but also instability. Plan makers constantly have to react to the latest change – by adjusting policy, updating evidence and re-running elements of the engagement process. Each change necessitates additional time spent on familiarisation and adaptation, which in turn introduces delay. 73% of RTPI members surveyed reported that this constant change has hindered their ability to deliver good places.⁷

⁷ RTPI (2016), [Delivering the Value of Planning](#).



48. It will be important to consider implementation in relation to local plans – both those already adopted and those under inspection. Neighbourhood plans should also be considered as some set out specific tenure splits for affordable housing that reflect the needs and wishes of local communities. First Homes could well conflict with plans.

49. 'Living with Beauty, Promoting health, well-being and sustainable growth' has been published as the final report of the Building Better, Building Beautiful Commission in January 2020. This report sets out a series of aims and recommendations to the government on how to promote and increase the use of high-quality design for new build homes and neighbourhoods. Understanding that this is a key priority for new development, the First Homes policy should detail the importance of ensuring high quality design is provided on all developments that provide First Homes.

50. The report states that 'An independent valuation of homes sold under the scheme will be required to ensure purchasers receive a genuine discount to comparable homes on the open market'. To ensure that buyers are guaranteed to receive at least 30% off the market value of the property, the terms that an independent valuation will be guaranteed for buyers during the original sale or resale stage, should be outlined in this report. It is likely that this service and process would need to be controlled and financed by the Government to ensure it is completely independent.

51. The issue of leasehold v freehold is mentioned in the consultation (para 22). In the case of freeholds on new estates, there are now annual maintenance charges to all householders to cover e.g. SUDS and local play space which Councils can no longer afford to adopt or maintain. It is assumed that the market rate of maintenance charge will be paid by First Homes homeowners as opposed to being borne/managed by affordable housing providers, as is the case for affordable rent. This needs to be made clear at the outset, and may further reduce the attractiveness of the product.

52. There are also issues raised about rewards for improvements made. The risk for any First Buyer in the scheme is that the owner could suffer a discount on the improved value of the home, not just on the underlying investment. For example, a First Home buyer might not be able to recoup the costs of delivering a substantial extension such as building one or two more bedrooms or providing further downstairs accommodation (such as a conservatory, play room, utility room etc.).

53. If the Discounted First Buy homes are being provided by builders, it is important to consider how to ensure they will not offer the smaller homes on a site which would have a price point 30% below the average market price in any event.