

First Homes Interim Position Consultation Statement

1. Introduction

This statement sets out the consultation undertaken on Bath and North East Somerset Council's (B&NES) First Homes Draft Interim Position Statement.

2. About the First Homes Interim Position Statement

In May 2021 national guidance was set out in the [written ministerial statement](#) and the [National Planning Policy Guidance \(NPPG\)](#) on the First Homes product, which aims to provide aspirational homeowners with the option to buy homes discounted by 30%.

The way First Homes is implemented means that they are included in the affordable housing contribution that developers are required to make, and so B&NES Council would then have to replace shared ownership homes with First Homes.

Analysis shows that less than 2% of recent shared ownership buyers in Bath and North East Somerset would be able to afford a First Home, so the Council have decided to propose not to make First Homes mandatory. This means shared ownership homes will still be available in Bath and North East Somerset.

The purpose of this Interim Position Statement is to set out the Council's position on First Homes whilst affordable housing policy (including in relation to First Homes) is reviewed comprehensively via the Local Plan 2022-2042.

3. Consultation overview

The consultation was primarily aimed at the Development Industry (affordable housing providers and planning agents), who would be potentially proposing First Homes as part of a planning application, however was open for all interested parties to respond.

Website and response form

The Draft [Position Statement was published on the Council's website](#) along with an online response questionnaire. A dedicated email address was also set up (firsthomesconsultation@bathnes.gov.uk) to receive comments or questions regarding the proposal or the consultation.

The consultation opened on the **12 August 2022 and closed at 5pm 23 September 2022**. The website outlined how feedback will be considered in the creation of the final Position Statement, including how it will feed into the new Local Plan and be published online.

Notification mailout and who was consulted

Information about the consultation was issued at the start of the consultation period by email/letter on 12th August 2022 to affordable housing providers and planning agents.

Press release

A [press release was issued](#) at the start of the consultation period

4. Representations on the First Homes Interim Position Statement

The consultation received 3 representations on the First Homes Interim Position Statement. These responses are summarised below:

Organisation	Response
St William – part of the Berkeley Group	<p>Interest in the former National Grid owned site at Lower Bristol Road, Bath which forms part of the wider Western Riverside Site Allocation (Policy PMP: SB8 – Western Riverside)</p> <p>When considering viability, recent planning consents and live applications in Bath have demonstrated that viability is currently challenging. Former gas works sites are even more challenging with the significant (often upfront) levels of investment needed and higher developer risk; these specific viability needs to be carefully balanced to ensure these redundant brownfield sites fulfil their potential and contribute to an areas housing and affordable housing.</p> <p>To aid the delivery on homes on specific site allocations, it will be important for the Council to ensure planning policies and guidance provide sufficient flexibility needed to underpin delivery and regeneration. In taking a flexible approach, B&NES need to allow different housing products and tenure to come forward on a site-by-site basis where they will help to optimise affordable housing delivery.</p> <p>On this basis we generally support the Council proposals to not make First Homes mandatory and think it is positive step to publish a Position Statement; however, St William note that, procedurally, such a proposal is contrary to the 2021 Written Ministerial Statement. First Homes and Shared Ownership are not mutually exclusive and both could be delivered on the same site as part of a genuinely mixed tenure development, the mix of homes should be decided on a site by site basis as a scheme is taken through the planning application process. It will be for the Council to provide some flexibility on the 75:25 (rent/Intermediate) tenure split, to enable delivery, particularly on complex sites such as Western Riverside</p>
Curo	<p>Whilst most of the homes we own and manage are affordable homes for rent, we also help around 90 households each year onto the housing ladder by providing them with a Shared Ownership home. As the Council's analysis shows, we believe that there are several benefits of the Shared Ownership model that make them more accessible to those in need of housing than First Homes. Many of the households that we have helped into a Shared Ownership home would not have been eligible for a First Home and would remain unable to access the housing market.</p> <p>We recognise that there will be some people that would benefit from the introduction of First Homes, but at a time when so many are struggling to access housing, we believe that the affordable housing model that can be of most help to the most number of people possible should be the preferred solution. We believe that this approach is justified and allowed for through the Planning Practice Guidance and therefore fully support the approach taken by the Council in retaining the preference for Shared Ownership homes rather than First Homes.</p>
South West Housing Association Planning Consortium (SWHAPC) – represented by Tetlow King Planning (TKP)	<p>We welcome the opportunity to comment on the First Homes Interim Position Statement which sets out the Council's approach to First Homes. Other councils have prepared guidance on First Homes but few authorities have sought wider views on their proposed approach to the new affordable tenure.</p> <p>The SWHAPC has long had concerns about the introduction of First Homes and its potential implications on the delivery of traditional forms of affordable housing. We submitted representations to the MHCLG consultation on First Homes in April 2020 which supported the overarching objective of increasing home ownership and tackling the affordability gap but recognising that there needs to be a collective solution to addressing the housing crisis that caters for all household needs especially those on lower incomes who rely on the social rented sector.</p> <p>One of the SWHAPC's key concerns with the introduction of First Homes is that it undermines the delivery of shared ownership properties. We therefore welcome and support the comment made at paragraph 2.4 of the interim position statement:</p> <p><i>"The Council does not consider First Homes to be a suitable substitute for Shared Ownership tenure in the District and will not include First Homes as a mandatory element of Policy."</i></p> <p>Due to the wording of the Written Ministerial Statement (24 May 2021) it implied that First Homes are a mandatory requirement necessitating 25% of all affordable housing secured through developer contributions must be First Homes. Therefore, most local planning authorities have taken this</p>

requirement as read and not sought to question it further. It is therefore welcome that B&NES has chosen to challenge this assumption that the policy must be universally applied across England. We recognise and support the Council's rationale for not insisting First Homes be included in all affordable housing contributions as explained in paragraph 2.5. Like B&NES, SWHAPC accepts that First Homes will assist some first time buyers to enter the property market but it will not help as many households as shared ownership currently does.

To put the national policy into context, B&NES is a challenging place to deliver affordable homes, with high house prices and land values. Accord to the NHF Home Truths report for 2020/211 the affordability ratio of average house price to earnings is 19, significantly above the South West average of 12 and England average of 11. It is therefore very difficult for households to get on the housing ladder or even rent a home with a reasonable rent.

It is helpful that to substantiate the Council's position significant research has been undertaken and different scenarios and options have been tested to establish how the Council can meet the needs of households who cannot access homeownership. Convincing evidence cited at paragraph 3.3.2 is that

'98.2% of buyers would not have been able to buy the home they bought if it was a First Home'.

As the Interim Position Statement recognises insufficient earnings to access a mortgage is a major barrier alongside insufficient savings for a deposit. Shared ownership is a more accessible form of homeownership which can start with a 25% share and in most cases permits staircasing up to 100% of the property value. As such it is a flexible affordable home ownership product that allows households to enter home ownership with a small deposit and to staircase to full ownership over time.

The First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. The option of increasing the discount is explored in section 4 of the Interim Position Statement. We agree with the conclusion reached at paragraph 4.3:

"If the Council increased the discount required on a First Home, it would directly reduce the developer subsidy available for rented tenure affordable housing which could have the impact of either reducing rented delivery or potentially resulting in reduced delivery of affordable housing based on viability claims from developers."

The Council rightly make the point at paragraph 4.4 that the Local Plan was viability tested based on shared ownership as the preferred tenure for intermediate housing. Accordingly, if the local planning authority seeks to vary the discount level then this is a matter that should be fully viability tested against the rest of the policies in the development plan and form part of a local plan review.

It is right that the Council has chosen not to actively encourage First Homes but at the same time will facilitate proposals for First Homes if promoted by developers as section 8 of the statement explains. However, we would very much welcome that the Council continues to encourage shared ownership as the preferred intermediate tenure as the Interim Position Statement suggests.