

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

13 February 2024

Report of the Director of Planning, Housing and Environmental Health

Part 1- Public

Executive Non Key Decisions

1 DISCOUNT SALE AFFORDABLE HOME OWNERSHIP POLICY

This report is for approval of a new policy outlining our approach to the affordable home ownership properties under the Discount Open Market Value (DOMV) and First Homes schemes. The Policy sets out eligibility criteria for affordable home ownership including local connection and outlines the process for sales.

1.1 Background

1.1.1 Affordable home ownership properties are part of the affordable housing provision on new developments under Policy CP17 of the local development framework. The National Planning Policy Framework (NPPF) defines forms of Affordable Housing provision, including rented homes (social or affordable rent) and forms of affordable home ownership, i.e. shared ownership, discounted market sale.

1.1.2 First Homes were introduced as a requirement within affordable housing provision through a written ministerial statement in May 2021 (which came into effect from June 2021) and are a specific type of discounted market sale affordable housing. 25% of the total affordable housing on a site is required to be provided as First Homes.

1.1.3 National criteria for First Homes is as follows:

- Minimum of 30% discount to open market value
- Initial sale price capped at £250,000 after discount (this does not apply to subsequent sales)
- Purchasers must be first-time buyers
- Income cap of £80,000 for purchasers.

1.1.4 Local authorities can increase the minimum discount required to 40% or 50% if local need has been identified and evidenced. Local authorities can set lower price caps (than the £250,000 national cap) if there is evidenced need.

- 1.1.5 In terms of who can buy First Homes, local authorities can set local criteria for the purchase of First Homes for local connection, income cap and prioritising certain groups such as key workers.
- 1.1.6 Members of the Armed Forces, the divorced or separated spouse or civil partner of a member of the Armed Forces, the spouse or civil partner of a deceased member of the Armed Forces (if their death was caused wholly or partly by their service) or veterans within five years of leaving the Armed Forces are exempt from any local connection criteria.
- 1.1.7 The Affordable Housing Protocol contains key principles of the Council's position relating to First Homes:
- Local connection
 - Discount level of 40%
- 1.1.8 First Homes are sold at a set discount to eligible first-time buyers and remain affordable housing with the discount applying to resales for the benefit of future buyers. National eligibility, and the discount requirement, remains in place for 6 months of a property being marketed, within this, any local criteria apply for the first 3 months. If a First Home remains unsold after 6 months it can be sold on the open market to any household and the discount amount is repaid to the Council for use towards the provision of affordable housing.
- 1.1.9 There are no First Homes in the Borough currently, but as it is a required tenure following the Ministerial statement it now forms part of planning applications. There are a number of planning applications currently in process due to have First Homes included in the affordable housing provision.
- 1.1.10 There are Discounted Open Market Value (DOMV) homes within the Leybourne Chase development, consisting of houses and flats, with a 15% discount on open market value in place with homes sold at 85% of open market value at the point of resale.

1.2 TMBC local criteria and approach

- 1.2.1 A proposed Discounted Sale Affordable Home Ownership Policy is attached at **Annex 1**.
- 1.2.2 As local authorities can set local criteria the Policy outlines local connection criteria for purchasers and income cap of £59,000 to prioritise local households who need help to get on the housing ladder.
- 1.2.3 The income cap is set at £59,000 gross for all purchasers, which although above average incomes for the borough is informed by the income needed to buy a home meeting the £250,000 price cap, based on 40% discount, 5% deposit and 3.5 x income mortgage. This will be kept under close review and may change

being informed by work for the new local plan and our new affordable housing policies.

- 1.2.4 The local connection criteria will apply for the first 3 months a First Home or DOMV is marketed (unless stated otherwise in the S106), after this period eligibility reverts to national criteria for a total marketing period of up to 6 months. Local connection is defined in the Discounted Sale Affordable Home Ownership Policy as follows:

You have a local connection if you:

- currently live in the borough and have lived here for at least the last 12 months or 3 of the last 5 years; or
- are permanently employed (full time or part time) in the borough, or need to move into our borough in order to take up an offer of permanent employment; or
- have close family members (parent, step parents, brothers/sisters including step siblings, adult children (aged over 18) and grandparents who currently live in the borough and have lived here for at least the last five years; or
- are a serving member of the Regular Forces or a former member within five years of discharge (or a bereaved spouse or civil partner of such a member), or a serving or former member of the Reserve Forces who needs to move because of a serious injury, medical condition or disability sustained as a result of their service; or
- have some other special reason for needing to reside in the borough, for example you:
 - are currently residing outside the borough but are fleeing violence or harassment (including hate crime); or
 - are currently residing outside the borough but need to move into the borough in order to provide or receive significant and ongoing care or support to or from a close family member (as listed above); or
 - have no local connection to any local authority area.

- 1.2.5 The local connection is different to the definition and requirements of the new Allocations Scheme and is set to echo the definition in the previous allocations scheme so as to include employment and close family members as a local connection along with an applicant's own residency in the borough.

- 1.2.6 For resales of First Homes and DOMV homes the Council will charge the buyer a fee of £500 to cover the Council's costs relating to processing aspects relating to the sale.

1.3 Legal Implications

- 1.3.1 A Policy will help formalise TMBCs approach to discount home ownership sales. First Homes are a requirement as introduced through the ministerial statement 2021 and therefore is a mandatory form of affordable housing. It is advisable to have a local policy in place, setting local criteria in addition to national policy to prioritise the homes towards meeting local need.

1.4 Financial and Value for Money Considerations

- 1.4.1 Implementation costs for First Homes and any discounted market sale homes needs further consideration. Initial sales and re-sales for DOMV homes currently in the Borough have been managed within existing resources, with the developer leading on the first sales and the Housing Strategy and Enabling Manager handling resales. Any increase in caseload relating to forms of affordable home ownership sales will have an immediate resource implication, both in systems terms, with an I.T. solution of some form needed to enable implementation of the Council's role in the sales process and staff resource for officer time, to deal with contact ranging from initial enquiries through to application processing, queries and complaints.
- 1.4.2 Administration of the sales of these affordable homes is likely to have significant resource implications as it is a new and additional area of work. Shared ownership has been the primary affordable home ownership tenure delivered in the borough to date which is administered by Registered Providers and Homes England. With a requirement for 25% of affordable housing on a development to be provided as First Homes numbers will be significant especially for major sites.
- 1.4.3 Work to develop a procedure to implement this Policy will be carried out to determine responsibilities within the Council in administering discount market sale affordable homes.
- 1.4.4 Charging a fee may contribute towards resource needs but needs to be carefully considered and be reasonable for customers to pay.
- 1.4.5 The government paid £150 per sale in the early delivery programme to local authorities but no equivalent payment has been advised for First Homes delivered through the planning system. The First Homes team at the Department for Levelling Up, Housing and Communities have advised they are carrying out a New Burdens Assessment with a view to covering local authority's processing costs, to protect customers the scheme is intended to help from needing to pay additional fees. Their assessment is due to conclude in Spring 2024.

1.5 Risk Assessment

- 1.5.1 None

1.6 Equality Impact Assessment

- 1.6.1 Having a policy provides a public facing document to help ensure a clear and consistent approach to discounted sale affordable home ownership sales.
- 1.6.2 The key elements set out in the Policy submitted in this report do not have negative impacts on end users or protected characteristic groups.

1.7 Policy Considerations

- 1.7.1 This Policy forms part of a policy and procedure list of Housing department documents needed to support the delivery of services.

1.8 Recommendations

- 1.8.1 It is recommended that Members **APPROVE** the Discounted Sale Affordable Homes Policy for adoption and delegated authority is given to the Director of Planning, Housing and Environmental Health in liaison with Cabinet Member for Finance and Housing to approve any minor changes to the policy and related or supporting documents (such as a procedure).

Background papers:

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Annex 1 Discounted Sale Affordable Home Ownership
Policy

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