



Agenda Item No: 2.1

£100k Homes Policy Closure

To:	Housing and Communities Committee
Meeting Date:	6 September 2021
Public report:	Yes
Lead Member:	Councillor Lewis Herbert, Lead Member for Housing & Communities
From:	Roger Thompson - Director
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Housing and Communities Committee is requested to;</p> <p>Approve and recommend the report regarding ceasing the promotion and implementing the closure of the £100k Homes policy to the CPCA Board.</p> <p>Communicate with all those who have registered an interest on the First Homes scheme and advise of the affordable housing schemes already being supported by the CPCA with contact details.</p>
Voting arrangements:	A simple majority of all Members

1. Purpose

- 1.1 This report provides an update on the current position on £100k homes and how the policy to encourage delivery of units is being affected by the introduction of national planning policy, specifically the First Homes Policy which has many similarities to the CPCA's £100k homes policy.
- 1.2 It is noted that the objectives of the £100k homes programme were worthy, but the scale of the delivery was limited and the funding resources that enabled the loans to deliver the majority of the £100k homes opportunities are now no longer available. Various reduced cost purchase options for local people are a key part of the Schemes that CPCA want to see started in the future, subject to the funding position with MHCLG.
- 1.3 The Mayor recognises that the national First Homes policy, which came into effect for all planning authorities from 28 June 2021, goes a long way to addressing the demand for affordable housing for sale. This has reinforced the Mayor's opinion that the CPCA should step away from the £100K Homes policy and allow the Government to deliver First Homes at scale directly through the local planning authorities. The Mayor notes the priority the Government has placed on social rent properties and intends to focus on working with partners to develop policies which will deliver affordable housing to those in greatest need, as well as achieving more lower cost homes for purchase through planning gain on new development.

2. Background to the £100k Homes Policy

- 2.1. In January 2020 the Combined Authority Board approved a Business Plan that facilitated the delivery of £100K Homes across Cambridgeshire and Peterborough. Since the announcement of the scheme 3,093 people have registered to have interest in the scheme.

In September 2020 the Housing and Communities Committee adopted the £100K Homes Allocation Policy which provided the eligibility and scoring criteria to enable an individual or individuals to acquire a £100K Home.

During the operation of the policy the Combined Authority secured a first site in Fordham, East Cambridgeshire; delivered by Scottsdale LLP (a joint venture between Hills and the landowner). 8 1-bed flats were made available to buyers that could demonstrate eligibility, from 207 eligible applicants who applied. Scottsdale LLP were able to deliver these properties without funding intervention from the Combined Authority, i.e. there was no loan financing or grant provided. There has been some delay in lenders seeking to understand the new housing product, but these now appear to be resolved and the latest situation is;

- 5 applicants have mortgage offers and are progressing to purchase
- 1 mortgage application is awaiting decision
- 2 applicants have mortgages in principle

Three other sites were identified as possible sites to deliver more £100K Homes; Great Abingdon (South Cambridgeshire District Council), Histon Road, Cambridge (Cambridge City Council) and Alexander House, Ely (East Cambridgeshire District Council).

- Great Abingdon- The £100K Home element of this site is now being delivered as a First Homes scheme. There is no ongoing involvement from the Combined Authority.
- Histon Road, Cambridge- The £100K Home element of this site is no longer being delivered and is anticipated to be purchased by Cambridge City Council and delivered through a different affordable housing tenure. There is no ongoing involvement from the Combined Authority.
- Alexander House, Ely- The 4 unit £100K Homes element of this site is intended to be delivered. Laragh Homes is working with East Cambridgeshire District Council who will be responsible for the allocation of the properties and will apply the covenant that enables the Council to nominate (where relevant) purchasers of the units in the future. There will be no ongoing involvement from the Combined Authority.

Three loans were granted to Laragh homes to develop schemes which were intended to deliver £100k homes (these are in the list at the bottom of Appendix 1). Those Homes will still be delivered as affordable homes, or where in East Cambridgeshire as £100k homes as they have adopted that policy. Those loans are progressing and should be re-paid as planned and previously advised to the board. However as part of our ongoing affordable housing programme MHCLG have specifically instructed that when the money from these loans is re-paid it is to be used for grant payments to deliver the CPCA Affordable housing programme.

Changes to National Planning Policy

- 2.2. On 28 June 2021 the Government made changes to the National Planning Policy Framework and introduced the First Homes Policy. This change in policy places a mandatory requirement for a local planning authority to secure 25% of their affordable housing stock as First Homes. First Homes is Discounted Market Sale Housing available to those who are eligible at a 30% discount on open market value.

As many developers will have been preparing planning applications under different assumptions, the new requirement for 25% First Homes will not apply to sites with full or outline planning permissions already in place or determined (or where a right to appeal against non-determination has arisen) before 28 December 2021 (or 28 March 2022 if there has been significant pre-application engagement). However, local authorities should allow developers to introduce First Homes to the tenure mix if they wish to do so.

What is a First Home?

- 2.3. First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:
- a) must be discounted by a minimum of 30% against the market value;
 - b) are sold to a person or persons meeting the First Homes eligibility criteria;
 - c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,
 - d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

Implications of First Home?

- 2.4. Members may recall that the Combined Authority launched the £100K Homes policy to provide an opportunity for buyers to enter the market and enable them to live and work locally. The First Homes Policy is almost identical to the £100K Homes Policy, in that it is Discounted Market Sale Housing in perpetuity. Each local authority will have the option to develop a local connection policy and this is matter for each local authority, not the Combined Authority.

Recommendation

- 2.5 As the First Homes Policy is now a mandatory requirement for local authorities it is recommended that the Combined Authority ceases promoting the £100K Homes Policy and creating units branded as £100k homes.

In practical terms this means that the Combined Authority will:

- Close the £100K Homes website
- Stop inviting expressions of interest for the properties
- Advise those who have expressed an interest to make individuals aware of the change and inform them of First Homes

Risks and Issues

- 2.6 There are reputational risks and this needs to be mitigated through an effective communications strategy, specifically articulation about the introduction of the national First Homes policy. Communications will be managed by the CPCA communications team with the support of the housing team.

3. Financial Implications

- 3.1. The £100k homes policy had a budget of £30k p.a. allocated to it from the January 2020 CPCA Board Approval. As of the end of July none of this had been spent, although a further sum of £9,000 may be required in completing the Fordham unit sales. The balance of this budget, along with future year's allocations is no longer expected to be required.

4. Legal Implications

- 4.1 There are no new implications. The obligations within the devolution deal require the Combined Authority to ensure the funds are spent in line with its Assurance and Monitoring and Evaluation Frameworks.

4.2. The Combined Authority has authority under section 1 Localism Act 2011 to exercise a general power of competence. The Combined Authority can exercise this power by virtue of the Cambridgeshire and Peterborough Combined Authority Order 2017.

5. Other Significant Implications

5.1 There are no other significant implications.

6. Appendices

6.1 None

7. Background Papers

7.1 None