

Philip Glanville, Mayor of Hackney

Mayor and Cabinet Office

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First Homes Scheme Consultation
MHCLG
Home Ownership Division
3rd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

By email: FirstHomes@communities.gov.uk

Dear First Homes consultation team,


Consultation on the design and delivery of First Homes

Thank you for the opportunity to comment on the above consultation.

Hackney has an acute need for new homes that are genuinely affordable to households on low to middle incomes. Without a substantial discount of around 70%, First Homes would not be affordable to the vast majority of households on medium incomes in Hackney

We have serious concerns that the introduction of First Homes would displace the delivery of a significant number of genuinely affordable new homes for rent and shared ownership in this borough. Many other local authorities would be similarly affected, though the problem would be particularly acute in Hackney, where house prices are amongst the highest in the country. It feels to me as someone who has been leading Hackney's response to the housing crisis for nearly a decade a poor attempt to reheat the failed Starter Homes programme.

The Council currently has a waiting list of over 13,000 households and over 3,000 homeless households living in temporary accommodation. Hackney is also the ninth most deprived local

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authority area in the country, where 70% of all households have an income of £30,000 or less. This is in a context where house prices in Hackney have risen by over 71% over the past five years and are among the highest in the country.

The Council, through its housebuilding programmes, is building 2,000 new homes between 2018 and 2022. Alongside Council homes to rent, many of these will be shared ownership homes, which are marketed to and mostly purchased by local people.

In that context, our detailed comments are contained in a response to the online questionnaire. The main points of concern are:

- **Affordability:** Due to the cost of open-market housing in the borough and based upon the average household income in Hackney, these homes will be entirely unaffordable at a 30% discount for the majority in the borough. We estimate that the discount would need to be a minimum of 70% to even begin to be affordable to working households on medium incomes in the borough.
- **Section 106:** Our priority for s106 contributions for housing is to help fund genuinely affordable homes, especially for social rent. We have an acute need for more genuinely affordable housing in the borough. A reduction in one of the few sources of funding for genuinely affordable homes poses a real threat to helping meet the highest housing needs in Hackney.
- **Local Authority discretion:** If the Government introduces requirements for First Homes, individual local authorities would require maximum discretion about how the product is designed and delivered, to take account of local housing needs and markets. This would include setting price caps and planning guidance over the priority for housing delivered on sites. If the Government specifies a national proportion of homes delivered must be First Homes, this could potentially affect the financial viability of the Council's own housebuilding programmes.
- **Key workers:** It is not clear whether the Government or the local authority would specify the groups of key workers who would benefit from the new First Homes. The problem with specifying groups of key workers is that this inevitably excludes other groups who could also make a strong case to be key workers providing essential services for the local community. For this reason, the Council currently takes the view that eligibility for intermediate housing should be based on income rather than occupational group, so that all those on moderate incomes could benefit, including key workers.
- **Cost of implementation:** If retaining the discounts in perpetuity is to be achieved through a charge on the land or and/or secured via a s106 agreement, significant resources would be needed to agree, monitor and enforce these requirements. This would put heavy additional burdens on already overstretched local planning authorities, and a lack of additional funding could hinder the ability to ensure that discounts are retained in perpetuity. Enforcement of such discounts would need to be supported by

robust mechanisms to prevent or penalise those who do not comply with the requirements.

We urge the Government to reconsider the proposals for First Homes which, as they stand, could have the impact of further worsening the housing crisis in Hackney and elsewhere. The Government should instead focus its policy and funding programmes towards the provision of genuinely affordable housing and give individual local authorities the discretion and tools to meet the highest housing needs in their communities.

Please contact me if you would like any further information.

Yours sincerely

A handwritten signature in black ink that reads "Philip Glanville". The signature is written in a cursive, flowing style.

Philip Glanville
Mayor of Hackney