



## BRIEFING PAPER

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# Starter Homes for Young First-Time Buyers

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### Inside:

1. Background
2. Consultation on the scheme
3. Response to Consultation
4. Government Response to Consultation
5. Housing Bill mention in the Queen's Speech
6. Progress to Date



# Contents

Summary	3
1. Background	4
2. Consultation on the scheme	6
2.1 Questions	6
3. Response to Consultation	7
3.1 Summary of Responses	8
4. Government Response to Consultation	14
5. Housing Bill mention in the Queen's Speech	17
6. Progress to Date	18

## Summary

In December 2014, the Prime Minister David Cameron announced a new scheme aimed at providing affordable Starter Homes, exclusively to first-time buyers under 40 as part of the Government's strategy to increase home ownership across the country. The scheme was launched in February 2015 with purchase and preparation of the first sites planned to begin in the same year.

Starter Homes are exclusively available to young first-time buyers, who benefit from a 20% reduction on market value; with properties set to cost no more than £250,000 outside of London and £450,000 within London. The 20% reduction is to be retained for five years following the initial sale, after which the property will be sellable at full market rate.

Starter Homes are to be built on brownfield ex-commercial or industrial land (although other brownfield sites will also be considered); with developers not required to make section 106 or Community Infrastructure Levy contributions on sites provisioned for the scheme. No Green Belt land is to be built on.

In order to increase the viability of the scheme, a small proportion of market value homes are also to be built on Starter Home sites, with the hope that this will also promote mixed communities in keeping with the guidance found in the National Planning Policy Framework.

A working group of developers, lenders and local authorities for consideration of technical issues, including resale, is to monitor the scheme and report back findings on progress and functionality as the scheme is implemented.

Following an announcement from George Osborne that the scheme was to be rolled out to rural exception sites (where homes retain their discounts in perpetuity against the Starter Homes' 5 years); concerns were raised that the policy might affect rural people's ability to afford to buy in their local areas and could effectively result in commuters outbidding local people for housing.

# 1. Background

Since the financial crisis of 2008, house building in the UK has seen substantial reductions with an average of 142,708 houses built per year between 2010 and 2014; in comparison with the recent peak in 2007 of 219,070<sup>1</sup>.

Since approximately 250,000 houses are forecast to be needed annually in order to prevent spiralling house prices and a shortage of affordable homes<sup>2</sup>; both the previous and current Governments have taken measures to increase production and accessibility for buyers across the spectrum. These have included the *Help to Buy* and reinvigorated *Right to Buy* schemes<sup>3</sup>; as well as a slimming down of the National Planning Policy Framework in order to simplify the planning process<sup>4</sup>.

Recognising the disproportionate impact of the crisis on young first-time buyers; in December 2014, the Prime Minister David Cameron announced the launch of a new scheme aimed at providing discounted starter homes exclusively to that demographic, and at no cost to the tax payer<sup>5</sup>. It came into effect in February 2015 following an announcement from the Department for Communities and Local Government<sup>6</sup>. The Government have pledged to deliver 200,000 Starter Homes by 2020.<sup>7</sup>

The scheme, aimed solely at first-time buyers under 40 years of age, provides a minimum 20% discount on market value for new build houses developed specifically for the initiative. It replaces alternative affordable housing provisions for developer sites taking part; which in turn delivers the funding necessary to facilitate the scheme. In order to maintain affordability, property prices after the discount are to be close to the average price paid for first time buyers at no more than £250,000 outside London (and £450,000 inside London)<sup>8</sup>.

To mitigate the risk of buyers seeking a short term windfall in selling off their new properties at market rates; properties purchased through the scheme are required to retain their 20% market discount for a period of five years from purchase.

Building is proposed on brownfield sites that have been developed previously but for purposes other than housing (including for commercial, retail or agricultural usage). Options are to be considered in the context of the existing National Planning Policy Framework and safeguards will be in place to ensure that

development does not occur in unsustainable locations or areas with designated protections where there are overriding conflicts with the National Planning Policy Framework that cannot be mitigated<sup>9</sup>

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<sup>1</sup> Gov.uk: [ONS: Trends in the United Kingdom Housing, 2014](#), Sept 2014

<sup>2</sup> BBC: [Why can't the UK build 240,000 houses a year?](#), Jan 2015

<sup>3</sup> Gov.uk: [Stepping onto the property ladder - consultation request](#), Dec 2014

<sup>4</sup> BBC: Ibid.

<sup>5</sup> Inside Housing: *"The Department for Communities and Local Government later confirmed that there would not be extra government funding for the construction of the properties. "The construction of the [starter] homes will not be subsidised"*, [Government launches £26m starter homes fund](#), August 2015

<sup>6</sup> Gov.uk: [Young first-time buyers can register online for 100,000 cut-price homes](#), February 2015

<sup>7</sup> Planning Resource, [The implications of allowing Starter Homes on rural exception sites](#), August 2015

<sup>8</sup> Gov.uk: [Starter Homes designed to stand the test of time](#), March 2015

<sup>9</sup> Gov.uk: [Stepping on the Ladder: High Quality Starter Homes for First Time Buyers - consultation response](#), March 2015

## 5 Starter Homes

In March 2015, Housing Minister Brandon Lewis looked to emphasise the importance of maintaining high design quality for the new Starter Homes, with a view to ensuring their ability to stand the test of time. To that end, the Government's Design Advisory Panel; which includes leading architects Sir Terry Farrell and Quinlan Terry CBE, announced details of exemplar schemes for developers and authorities to draw inspiration from in designing their new Starter Homes.<sup>10</sup>

Carrying on the theme, in August 2015, Communities Secretary Greg Clark announced the launch of a £26 million fund for house builders. The fund aims to provide the wherewithal to acquire brownfield land on which to produce the first wave of Starter Homes; thereby demonstrating the sort of properties to be expected from the scheme.

Starter Home sites built under the initiative will not be required to make obligatory affordable housing contributions under Section 106 of the 1990 Town and Country Planning Act.<sup>11</sup> This will include any tariff based contributions to general infrastructure pots. The Government's response to consultation on the scheme does make clear, however, that

Local authorities will still be able to seek section 106 contributions to mitigate the impact of development to make it acceptable in planning terms, including addressing any necessary infrastructure. Local authorities will also be eligible for the New Homes Bonus on Starter Homes.<sup>12</sup>

Similarly, the Government intends on exempting Starter Homes from the Community Infrastructure Levy<sup>13</sup>.

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<sup>10</sup> Gov.uk: [Starter Homes designed to stand the test of time](#), March 2015

<sup>11</sup> Inside Housing: [Government launches £26m starter homes fund](#), August 2015

<sup>12</sup> Gov.uk: [Stepping on the ladder: High quality Starter - consultation response](#), March 2015

<sup>13</sup> Gov.uk: Ibid.

## 2. Consultation on the scheme

In December 2014, the Government issued an eight week consultation request to the public at large, as well as to Local Authorities; the construction industry; the financial sector and others.

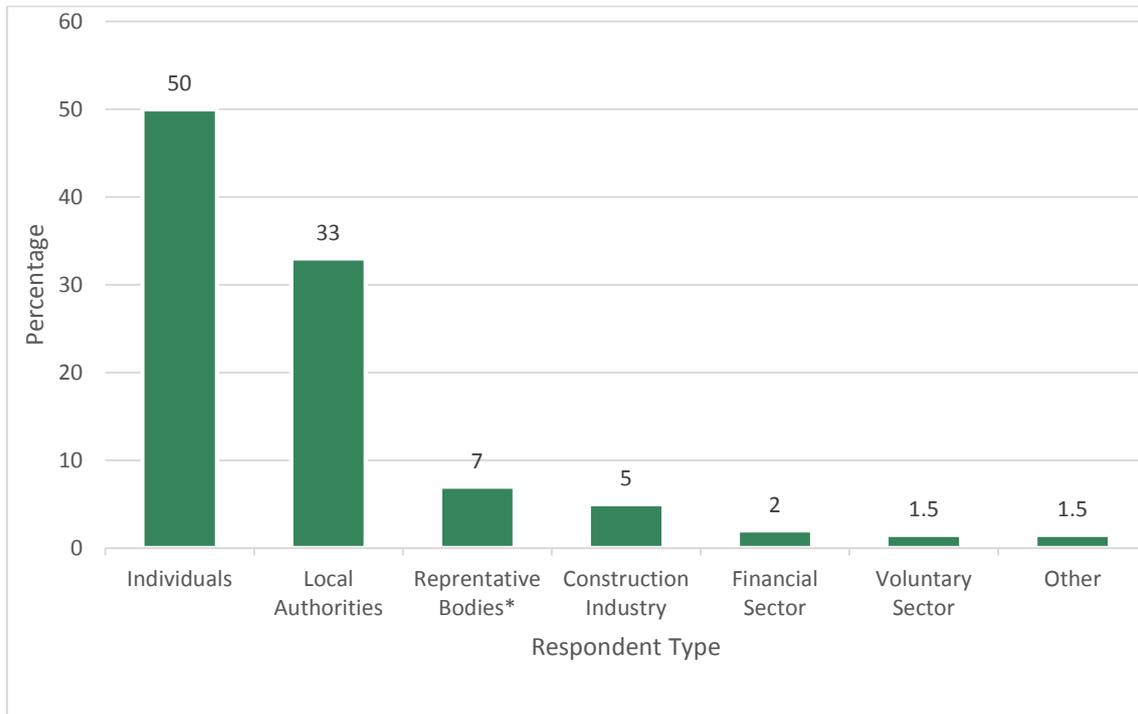
The paper detailed the Government's plans for the Starter Home scheme, as they stood at the time; and requested responses on most appropriate build locations; whether houses built under the scheme should be exempt from certain fees; the length of time the discount below market value should stand for and several others areas. A full list is detailed below.

### 2.1 Questions

- 1 Do you agree in principle with the idea of a new national Starter Homes exception site planning policy to deliver more new low cost homes for first time buyers?
- 2 Do you agree that the Starter Homes exception site policy should focus solely on commercial and industrial brownfield land which has not been identified for housing?
- 3 Do you agree that the types of land most suitable for Starter Homes will be under-utilised or non-viable sites currently (or formerly) in commercial or industrial use?
- 4 Do you consider it necessary to avoid Starter Homes developments in isolated locations, or where there would be conflicts with key protections in the National Planning Policy Framework?
- 5 Do you agree that the Starter Homes exception site policy should allow at the planning authority's discretion a small proportion of market homes to be included when they are necessary for the financial viability of the Starter Homes site?
- 6 Do you agree starter homes secured through the Starter Homes exception site policy should only be offered for sale or occupation to young first time buyers?
- 7 Do you think there are sufficient existing mechanisms in place to police this policy?
- 8 What is the most appropriate length for a restriction on the sale of a starter home at open market value? How should the sliding scale be set?
- 9 Do you agree that guidance should make clear it is inappropriate for Starter Homes exception site projects to be subject to section 106 contributions for affordable housing and tariffs?
- 10 Do you agree that Starter Homes exception site projects should be exempt from the payment of the Community Infrastructure Levy?
- 11 Do you have any views on how this register should work and the information it should contain?
- 12 What kind of vanguard programme would be most helpful to support the roll out of Starter Homes?

### 3. Response to Consultation

Overall, the Government received 258 responses to their consultation request. The majority of these were from individuals at 50% with Local Authorities providing a further 33% of the total.



In addition to the written responses received, the Government also held a number of discussions with external partners on the proposal.<sup>14</sup>

The general response was positive, with strong support from prospective first time buyers. 78% of respondents were in favour of the policy, including the majority of individuals, developers, financial organisations, local authorities and representative bodies<sup>15</sup>. A number of points were raised, predominantly falling into three key areas, these being: what constituted suitable land, potential conflict with planning policy and how the discount would be implemented. The Government looked to address these throughout the paper.

<sup>14</sup> Gov.uk: [Stepping on the ladder: High quality Starter Homes for First Time Buyers - consultation response](#), March 2015

<sup>15</sup> Ibid. Pg. 11

### 3.1 Summary of Responses

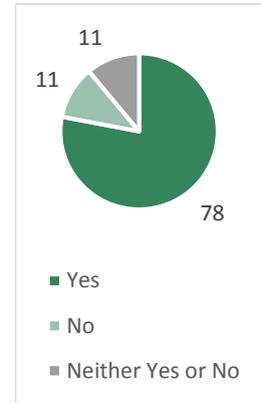
#### Questions 1 – 3 – General principle and which land to build on

Although support for the initiative in principle was high, sentiment on some of the details was more varied. The suggestion that development should focus solely on commercial and industrial brownfield land not previously identified for housing was met with a 41% negative response (although responses to the following question concerning the best land to use for development saw a 40% vote in *support* of under-utilised or non-viable sites currently (or formerly) in commercial or industrial use, against only a 31% vote against). Some, particularly developers and local authorities, suggested that other brownfield sites could also be usable (including land used for defence, healthcare or utilities.) A further common reservation was that under-utilised or unviable commercial and industrial sites should already gain permission for housing in line with the National Planning Policy Framework (with section 106 and Community Infrastructure Levy expectations being adjusted to achieve viable schemes). Further to that, concerns were raised over the viability of the 20% price reduction given that brownfield land not currently considered suitable for housing, even with exemptions from certain section 106 and Community Infrastructure Levy obligations, is likely to have above-average development costs and be in locations with below-average sales value. As a result, a number of developers suggested that the policy should also apply to undeveloped land at the edge of settlements, and/or to existing housing sites where development had stalled.

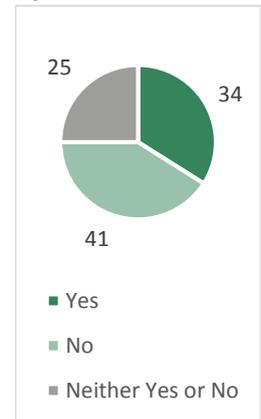
Further economic concerns were raised, alongside a fear that unclear terminology in reference to expressions like ‘under-utilised’ or ‘unviable’ might afford some developers the opportunity to ‘game’ the system by claiming falsely that particular employment sites were no longer viable in areas where Starter Homes could generate greater returns. In economic terms, there was a worry that long-term regeneration schemes could be deterred by a focus on short-term viability; and that employment land lost to the scheme might not easily be recovered due to Green Belt constraints.

There was a further general call for clarity over what types of sites and designs would qualify under the scheme. Respondents wanted assurances over access to services and suitability of locations for residential use. Some wanted local authorities to retain control over design in order to ensure due consideration of the environment and heritage and fears were raised that building in close proximity to industrial sites might hamper business development and local employment.<sup>16</sup>

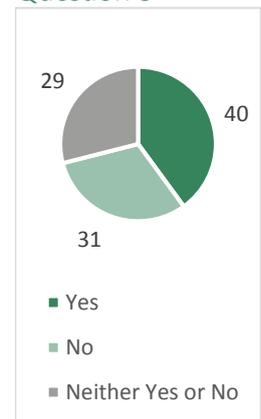
Question 1



Question 2



Question 3



<sup>16</sup> Ibid. Pg. 12 - 13

### Question 4 – Whether to build in isolated locations

63% of respondents were in favour of the suggestion that Starter Homes should not be built in isolated locations, or where there would be conflicts with key protections in the National Planning Policy Framework (including the Green Belt).

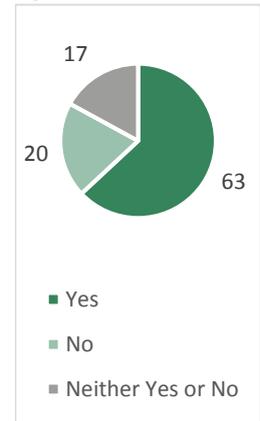
Respondents repeatedly emphasised their desire that development should not take place in locations with poor infrastructure, poor access to transport and no access to local services. Local authorities in particular highlighted the fact that a lack of social infrastructure and mixed communities would likely result from isolation and several respondents suggested that demand would suffer and cost would be excessive to provide infrastructural links.

The importance of avoiding inappropriate development in the Green Belt or in Areas of Outstanding Natural Beauty was emphasised, although respondents who disagreed with the proposal (that isolated locations should not be utilised) suggested that all land should be considered given the purpose of the scheme. A number of suggestions of how isolated locations might be successful were forwarded, including local councils volunteering multiple smaller sites for development as a group, or for parish councils selecting a handful of sites for development in smaller communities.

Reflecting the earlier concerns over terminology, a proportion of respondents requested a clearer definition of 'isolated', and specifically whether it was to be measured in terms of proximity to local amenities. Similar clarity was sought over what plans the government had for designated areas. A number of organisations suggested that building on previously developed Green Belt land might be acceptable, for example, particularly given that not all Green Belt land is isolated.

There was general support across all groups for the scheme developing in rural areas provided that they were either considered the same way as rural exception sites, or that they were well connected enough to be used to sustain existing local services.<sup>17</sup>

Question 4



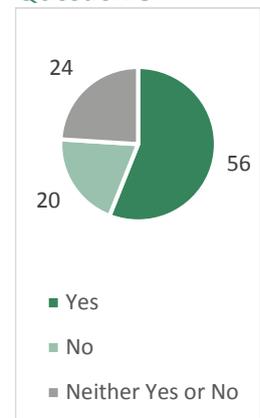
### Question 5 – Whether to include a proportion of market value properties

There was majority support for building a small proportion of market properties alongside Starter Homes for the sake of financial viability, with a 56% positive response. This applied to all groups aside from local authorities who offered a more mixed response.

Those in support of the proposal suggested that including market value properties would encourage mixed communities – a National Planning Policy Framework aim. They also welcomed the discretion afforded to local planning authorities in recognition of the diversity of site circumstances.

Further to that, it was suggested that including market properties might afford a greater than targeted 20% discount for Starter Homes. The idea of including a locally-determined

Question 5



<sup>17</sup> Ibid. Pg. 15 – 16

proportion of Starter Homes on sites allocated for residential development was forwarded; as was the notion of further incentivising Starter Homes, for example through an enhanced New Homes Bonus allowance.

Clarification was sought, however, on what constituted a 'small proportion'. Reassurance that the market properties would be subject to section 106 and Community Infrastructure Levy requirements was requested, as was a clear demonstration of viability.<sup>18</sup>

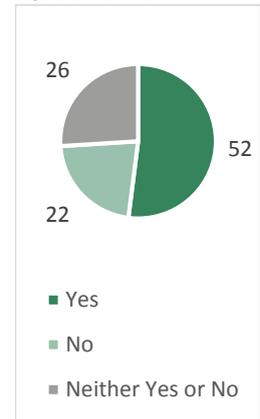
### Question 6 – Whether only young first-time buyers should qualify

The majority of respondents were favourable of the idea of limiting Starter Homes to first-time buyers under 40. A number of local authorities went further in suggesting restricting access only to those with a connection to the local area.

Fears were raised over the risk of people investing in order to make a quick profit, and suggestions were forwarded to mitigate this; including limiting access only to those in financial need who intend to buy and occupy the property themselves.

A significant proportion of respondents highlighted concerns over the 40 year age cap, suggesting that this would unfairly discriminate against a sizeable proportion of first time buyers who may have found themselves in such circumstances as a result of a life changing event. It was felt that this would be particularly acute in London and the South East where housing is particularly expensive in relation to earnings. Respondents highlighted the fact that removing the cap might lead to a more diverse community.<sup>19</sup>

Question 6



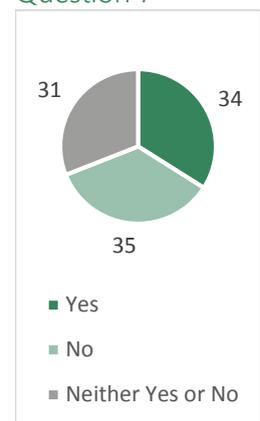
### Question 7 – Whether sufficient mechanisms exist to police the policy

Feeling regarding the presence of adequate policing mechanisms for the scheme were almost evenly split, with a 1% divergence in favour of the 'no' vote.

The construction industry, lenders and trade body representatives generally agreed that existing mechanisms could be adapted to police the policy, building on the approaches already adopted for investment programmes such as Help to Buy; Home Buy Direct and Shared Ownership. Some suggested covenants would be sufficient enforcement in the future while others felt that a third party would be required to police restrictions (suggesting housing associations or Help to Buy agents).

Local authorities offered mixed, though generally negative, responses to the question; with almost all assuming that they would ultimately take on the enforcement responsibility and that this would represent a significant additional enforcement burden.

Question 7



<sup>18</sup> Ibid. Pg. 16 - 17

<sup>19</sup> Ibid. Pg. 18 - 19

Some suggested that the use of planning conditions would be insufficient and inconsistent with the National Planning Policy Framework guidance; while there was a divergence of opinion over whether section 106 planning obligations would be appropriate.

Concerns were also voiced over perceived difficulties in securing mortgages for Starter Homes, with respondents worrying that lenders may fear complications over reselling in the event of a mortgage default due to the policy's conditions.

### Question 8: How long to restrict a Starter Home from resale at full market rate

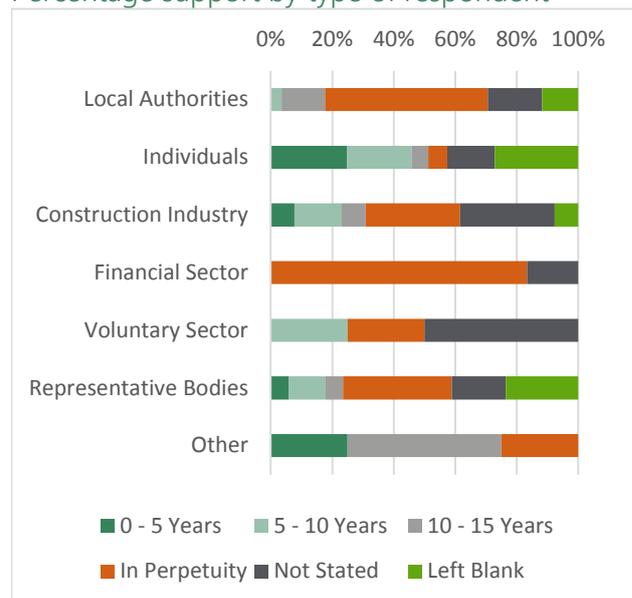
As is evident from the charts on the right, responses varied widely on what period to restrict resale of Starter Homes at full market value should be, with sentiment largely dependent on the type of respondent answering.

Individuals were generally in favour of minimal restrictions, with a call for clarification on how the restricted period would be monitored for fraud prevention.

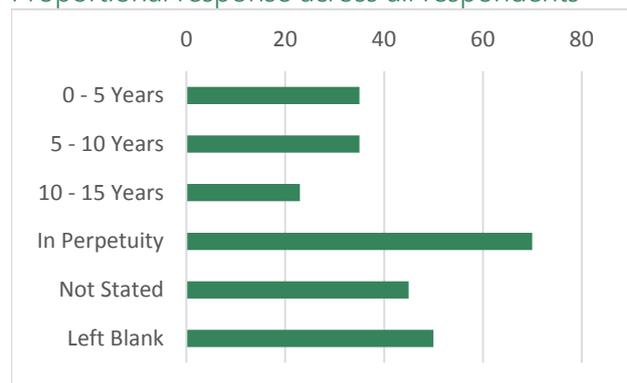
Conversely, local authorities favoured a longer restrictive period; or for the property to remain an asset in perpetuity. Lenders were largely in agreement that the resale covenant should remain in perpetuity – highlighting fears around buyers looking for quick windfall profit. Difficulties with the 'sliding scale' model were also forwarded.

All respondents sought clarification on resale restrictions. Lenders, for instance, emphasised the need for a cascade mechanism to enable lenders to sell the property in the open market as a last resort in the event of a repossession.<sup>20</sup>

Question 8  
Percentage support by type of respondent



Proportional response across all respondents



<sup>20</sup> Ibid. Pg. 21 - 23

### Question 9: Whether Starter Homes should be subject to section 106 contributions for affordable housing and tariffs

Support from respondents for exempting Starter Homes from section 106 contributions was generally high, with the exception of local authorities, for whom the response was mixed.

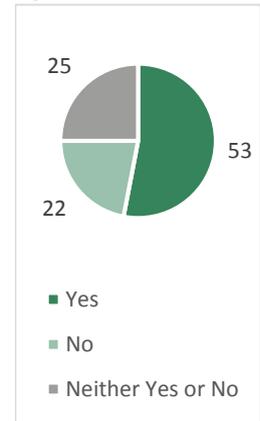
The construction industry were particularly supportive, although they did caution that local authorities must not be allowed to seek subsidisation from other developments in the area to compensate.

Positive feedback came in the suggestion that Starter Homes would help meet housing demand and the policy of Starter Homes counting towards affordable housing targets was well-received. The importance of considering infrastructural links and pressure on local services was reemphasised, however.

Local authorities expressed fears that unfair financial burden might fall on their shoulders in removing a valuable revenue stream; which might in turn represent a challenge in terms of funding infrastructural development and local services. Instead, several respondents (including local authorities) suggested assessing each case on its merits rather than upholding a blanket section 106 exemption. This, they suggested, would allow local land value to be taken into account.

The construction industry further cautioned that a knock on effect in relatively higher infrastructure requirements for non-Starter Home sites might result in an impact on the viability of other schemes.<sup>21</sup>

Question 9



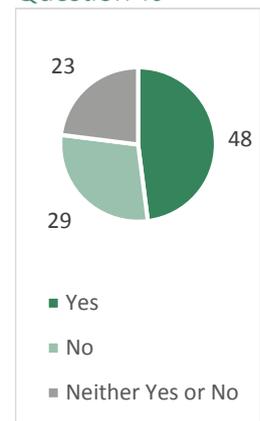
### Question 10: Whether to exempt Starter Homes from payment of the Community Infrastructure Levy

From respondents with development interests, support for exemption from paying the Community Infrastructure Levy was generally high; while many who disagreed represented local authorities.

On the positive side, the benefit of keeping down development costs was emphasised; as was the suggestion that a reduction of taxation would not only benefit developers but everyone involved.

Local authorities however, feared that exemption from the levy, which had been methodically worked out and examined based on what was required to pay for local infrastructure, might undermine infrastructural work and the fair distribution of cost across development sites. Clarification on how infrastructural improvements would be provided for was sought on that basis, and various alternative solutions were forwarded.<sup>22</sup>

Question 10



<sup>21</sup> Ibid. Pg. 23 - 25

<sup>22</sup> Ibid. Pg. 25 - 26

### **Question 11: How the register for prospective applicants should work and what information it should contain**

Of the 156 responses received to this question, only 10 were opposed to the concept of a register - the majority of which came from local planning authorities who were concerned about the cost of setting up and running one locally. The Royal Institution of Chartered Surveyors (RICS) opposed the suggestion on the grounds that demand had already been established.

A number of respondents suggested having the register run by a body other than the Home Builders Federation (HBF) and collecting further information than that already maintained by the HBF. Suggestions included the prospective buyer's budget, required type of home, financial position, date of birth and local connection. Local planning authorities or Help to Buy agents were proposed as alternative custodians of the register.

Several respondents suggested amalgamating the register into the actual qualification process, with 32 advocating using it to prioritise applicants and identify communication plans.<sup>23</sup>

### **Question 12: Vanguard programme choice for rolling out the scheme**

The majority response to the question over which vanguard programme would best suit the scheme was that implementation should be tested as it rolled out. A sizeable minority (around a third) including several planning authorities, suggested that vanguards test the programme in advance or instead of a national roll-out. Only a small minority suggested no vanguards at all; predominantly on account of their opposition to the policy as a whole.

Individual respondents were particularly keen to see vanguards take customer experience into account; while local authorities emphasised assessing the viability of the discount with different land types. They suggested that particular attention should be paid to high value areas where appropriate pricing for first time buyers may not be deliverable even with the 20% discount applied.

Developers emphasised the need for collaborative working with local authorities in order to get the right sites highlighted and brought forward; and the need for vanguards to monitor this. They also emphasised their belief that it would take 18 months to see the first Starter Homes completed, given planning and build out time scales.

Financial organisations emphasised the need to monitor lender appetite given the concerns around reselling referenced above.<sup>24</sup>

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<sup>23</sup> Ibid. Pg. 26 - 27

<sup>24</sup> Ibid. Pg. 28

## 4. Government Response to Consultation

### Summary

- The policy will be implemented as planned, with no delay and with a national roll out.
- The original target sites (brownfield ex-commercial or industrial developments) are retained, however an open mind to other options is retained.
- Building on land adjoining existing settlements is rejected for the scheme.
- Safeguards to ensure sustainability and access to facilities and infrastructure were promised.
- The scheme will not build on Green Belt land.
- A small proportion of market value homes will be built alongside Starter Homes to increase financial viability and promote mixed communities.
- The scheme will focus solely on first-time buyers under 40 years of age.
- Properties will cost no more than £250,000 outside London and £450,000 inside London; not far exceeding average first-time buyer price paid.
- Planning obligations by local planning authorities will be used to police the scheme.
- A working group of developers, lenders and local authorities for consideration of technical issues, including resale, will exist for the scheme.
- The 20% discount on market value will remain in place for five years after initial purchase, at which point the property will be eligible for resale at full market rate.
- Starter Home developments are exempted from the Community Infrastructure Levy and from section 106 contributions.
- A register for first-time buyers will be managed by the Home Builders Federation and will not be used to assess eligibility. Further, a national web-page for registering interest will be in place.

- Given the overwhelming support for the policy in principle, the Government opted to proceed with implementation without delay.
- They accepted feedback on the potential viability of non-commercial or industrial land that might nevertheless be well suited to Starter Homes, while expressing caution over allowing the definition of viable land to become too wide.
- They emphasised that employment land was not the focus of the policy and would only be considered for use if the land was no longer required for that purpose.
- The suggestion of using land adjoining existing settlements was rejected on the basis that these areas could already be made available as rural exception sites or through existing housing schemes and would not contribute to additional housing for first time buyers.
- Acknowledgement was given to the need for limited safeguards to ensure Starter Homes development took place in areas where living conditions were suitable; facilities and infrastructure were accessible and National Planning Policy Framework guidelines were not conflicted with. Policy adjustments to emphasise the importance of safeguards and sustainability were promised.
- The Government stated its opposition to building Starter Homes on previously-developed commercial and industrial sites in the Green Belt, but emphasised that such sites in standard urban and rural areas could be brought forward.
- The decision to allow a 'small proportion' of market value homes to be built alongside Starter Homes was made, with 'small proportion' to be understood as it is in the rural exceptions site policy. The policy, so formulated, gives planning

authorities discretion over proposals on a site by site basis and no Governmental cap was put in place. The suggestion that market development would undermine the policy was rejected and a call for evidence in individual cases was requested rather than imposing a blanket bank.

- The prospect of including other types of tenure (including social housing or housing built under the New Homes Bonus) was rejected for the time being in order to further prioritise Starter Homes, however the option was not ruled out for the future.
- While recognising concerns relating to older (over 40) first time buyers, the Government felt that the disproportionate impact on younger people (who have suffered the impact of rising house prices to earnings ratio for a greater fraction of their adult lives) justified limiting the scheme to first time buyers under 40 years old only. In order to achieve its stated aim, the Government committed to limiting the cost of Starter Homes to no more than £250,000 outside London and £450,000 in London after discount – broadly in keeping with average price paid by a first-time buyer.
- In terms of policing the policy, the Government felt that using planning obligations by local planning authorities was the best approach in order to ensure that developers offered Starter Homes with appropriately restrictive covenants covering the resale of properties. It was recognised that a national approach would be needed in order to achieve this and ensure lender confidence. As such, the establishment of a working group of developers, lenders and local authorities for consideration of technical issues (including resale) was committed to.
- A five year cut off point for discount retention (allowing Starter Homes to be resold at market value after five years) was confirmed. In doing so, the Government hoped that a balance might be struck between resisting speculative attempts at immediate windfall profits and avoiding prohibitively complex and lengthy restriction periods requiring heavy 'hands on' management.
- The Government confirmed that Starter Homes would be exempt from both the Community Infrastructure Levy<sup>25</sup> and section 106 affordable housing and tariff style contributions. It noted, however, that local planning authorities would still be able to seek section 106 contributions to make development acceptable in planning terms, in line with the three tests set out in regulations and national planning policy. New Homes Bonus monies would further be offered for accepting the additional Starter Homes.
- The majority support for a register for Starter Home demand was gratefully received by the Government. Following consideration, the decision not to use the register as a mechanism for eligibility was taken; with preference instead for developers taking on responsibility for eligibility assessment as Starter Homes became available. To mitigate cost fears, it was decided that the Home Builders Federation would continue to host the register, with details being passed (with permission from those registered) to local authorities and developers as appropriate.
- A nationally run webpage to register interest was also declared; however the request for registrants to have to record further information was dismissed on data

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<sup>25</sup> Ibid. Pg. 26 – Sec. 3.100 *“Having considered the responses to the consultation and the significant level of support for the proposals, the Government will seek to amend the Community Infrastructure Levy Regulations in the next Parliament to exempt Starter Home developments from the levy.”*

sensitivity and expiration grounds; as well as a sense that current requirements were sufficient.

- Finally, the decision to roll out nationally (without a local pilot) was taken on the grounds that the Government considered the risk of doing so low; and feared that local pilots might cause delays and stunt delivery at pace. The aforementioned working group were tasked with monitoring implementation and reporting lessons learnt to the Government and sector.<sup>26</sup>

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<sup>26</sup> Ibid. Pg. 12 - 28

## 5. Housing Bill mention in the Queen's Speech

The Queen's Speech for 2015, delivered on the 27<sup>th</sup> May 2015, included the following announcement relating to the Starter Homes policy:

Legislation will be introduced to support home ownership and give housing association tenants the chance to own their own home.<sup>27</sup>

The related background briefs explain further that the forthcoming *Housing Bill* will include provisions on 'increasing the supply of new Starter Homes (to be exclusively offered to young first-time buyers, at a 20 per cent discount below their open market value)<sup>28</sup> and elements covering 'the necessary statutory framework to support the delivery of Starter Homes'.

The Housing Bill is yet to be published at the time of writing.

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<sup>27</sup> Gov.uk, [The Queen's Speech 2015](#), May 2015

<sup>28</sup> Ibid. Pg 27

## 6. Progress to Date

Registration for the scheme opened on the 28<sup>th</sup> February 2015, with the webpage managed by the Home Builders Federation as per the consultation agreement. It can be found at the following link: <http://www.new-homes.co.uk/starter-homes/>.

A Design Panel, including world class architects Sir Terry Farrell and Sir Quinlan Terry, developed plans with an emphasis on:

- well proportioned homes
- homes that fit in with existing local housing styles
- homes that get the details right with good parking and community spaces<sup>29</sup>

The plans were published in a document setting out an initial collection of '*starter home design exemplars*', available through gov.uk at:

<https://www.gov.uk/government/publications/starter-homes-design>.

On the 10<sup>th</sup> August 2015, Communities secretary Greg Clark launched a £26million fund for the scheme, to be used to 'identify and purchase sites and prepare them in 2015 to 2016.'<sup>30</sup> According to the press release announcing the fund, 'money from the sales of these sites [benefiting from the fund] will go back to the government'<sup>31</sup>.

A further £10million was also made available to local authorities in order to prepare more brownfield land that is currently vacant or underused for development for the scheme. This money was offered as a one off grant.<sup>32</sup>

On the 20<sup>th</sup> August 2015, Chancellor George Osborne announced that the Starter Homes initiative would be extended to rural exception sites, contrary to the earlier response to consultation in March of the same year. Concern was expressed at the move given that rural exception sites policy dictates that 'homes have to be affordable in perpetuity and meet an unmet local housing need.'<sup>33</sup>

Starter Homes on the other hand are available at market value five years after initial purchase which will likely exceed the price range of typical affordable housing candidates, leading the Campaign to Protect Rural England (CPRE) to warn that the change could lead to 'commuters outbidding local people.'<sup>34</sup>

A DCLG spokesperson has responded to these fears by saying that the Government will legislate to ensure "local people" can access Starter Homes.<sup>35</sup>

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<sup>29</sup> Gov.uk, [Young first-time buyers can register online for 100,000 cut-price homes](#), Feb 2015

<sup>30</sup> Gov.uk, [Greg Clark gives starter home boost to first-time buyers](#), Aug 2015

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> Inside Housing, [Warning over rural starter homes plan](#), Aug 2015

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

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