

Report To: Cabinet

Date of Meeting: Monday, 31st January 2022

Report Title: First Homes in Hastings

Report By: Andrew Palmer, Assistant Director Housing & Built Environment

Key Decision: Y

Classification: Open

Purpose of Report

To share research on the national First Homes criteria in the local context.

To explore whether the introduction of local criteria can better support development viability and help ensure that local households, who may otherwise struggle to purchase a new home, benefit from the scheme.

Recommendation(s)

1. That the council introduces Interim Guidance for First Homes which includes the following local criteria:
 - A household income cap of £60,000 (reduced from the national £80,000 cap)
 - The value of the First Home, after the discount has been applied, to be capped at £210,000 (reduced from the national £250,000 cap)
 - A local connection and key worker criteria
2. That the Assistant Director, Housing & Built Environment, in consultation with the Lead Member for Housing, are granted delegated powers to agree a Key Worker definition for the Interim Guidance

Reasons for Recommendations

1. The demand for affordable housing in Hastings far outweighs supply and it is increasingly difficult for local families to meet rising housing costs and to access affordable accommodation. There are growing numbers of households living in temporary, unsuitable accommodation, presenting as homeless and hoping to be re-housed through the council's housing register. Unfortunately, alongside this there are fewer social housing homes becoming available to rent each year.
2. There are a range of affordable housing products however the council is committed to maximising affordable rent as it can support those households most in housing need. However, through the introduction of the First Homes policy, the government has

prioritised the provision of discounted market sale housing. Unfortunately, this has the ability to impact the delivery of affordable rent homes.

3. The recommendations in this report seek to:

- Support development viability and the potential provision of other forms of affordable housing
- Support Hastings residents to purchase new homes which will free up accommodation elsewhere in the town
- Support households in Hastings who would otherwise have difficulties purchasing on the open market
- Safeguard affordable housing for local people
- Ensure that affordable housing is not targeted at high end housing
- Attract key workers to take up jobs in Hastings where there is a skills shortage
- Offer a proportionate response given limited capacity and the demands on council resources

Introduction

1. First Homes is a government policy which has been introduced to help first-time home buyers purchase a home. It is a new form of discounted market housing and is considered an affordable housing product for planning purposes. It will be delivered through the planning process and supports the government's aims to promote home ownership.
2. The First Homes policy will require the first 25% of all policy required affordable housing to be provided for First Homes. Following the provision of the First Homes requirement, social rent should be delivered in the same percentage as the local plan and then other tenures in line with the proportions set out in the local plan.
3. It is expected that First Homes are delivered on site however there are provisions for a financial contribution to be made to the local authority in lieu of on site provision where this can be justified. Where a financial contribution is made, the local authority will need to use the commuted sum to secure First Homes, e.g., from market developments or by paying a developer to offset the discount from market price.
4. The following overarching criteria applies to First Homes:
 - A minimum 30% discount on the market value
 - The value of the First Home, after the discount has been applied, must be capped at £250,000 (or £420,000 in Greater London)
 - The percentage discount must be kept in perpetuity, but the price cap only applies to the initial sale
 - Must be sold to a person/s meeting the First Homes eligibility criteria
5. First Home Buyers must meet the following eligibility criteria:
 - Be first-time buyers (as defined in the Finance Act 2003); includes both parties if a joint purchase
 - Have a household income of not more than £80,000 (or £90,000 in Greater London)
 - Have a mortgage / home purchase plan covering at least 50% of the discounted purchase value
 - Be purchasing the First Home as their only, or main, residence (restrictions on lettings apply)
6. Local Authorities can choose to make refinements to the policy as follows:
 - Increase the purchase discount from 30% to 40% or 50%
 - Reduce the price cap so that it is less than £250,000
 - Reduce the household income caps
 - Implement a local connection and/or key worker criteria (the definition of key worker to be determined at a local level)
7. A local criteria for household income and local connection/key worker criteria will only apply for the first 3 months of marketing. If there is no sale during that time then this criteria will no longer apply.

8. If the property fails to sell after the first six months of marketing, the home can be changed to a normal market sale home. The discounted amount would be paid back to the local authority.
9. The First Homes policy will apply to planning decisions in Hastings from 28 December 2021. It will not apply to sites with full or outline planning permission in place before this date or for full or outline planning permissions where there has been a significant pre-application process prior to 28 March 2022.
10. It should be noted that First Homes is only one way that the government is helping people buy a new home. They have also introduced a new Help to Buy: Equity Loan scheme and a Mortgage Guarantee Scheme and have made refinements to Shared Ownership to make it more accessible.
11. In Hastings, it is anticipated that the delivery of First Homes will replace much of the Shared Ownership being delivered through Planning Policy.
12. The number of First Homes to be provided on new developments in Hastings based on current affordable housing requirements are set out in examples below:

Brownfield Site – Total Homes	25% Affordable Housing Required	First Homes Required
25	6.25	1.56
50	12.5	3.13
100	25	6.25

Greenfield Site – Total Homes	40% Affordable Housing Required	First Homes Required
25	10	2.5
50	20	5
100	40	10

Scope

13. This report explores the national policy in a local context to understand whether local refinements could ensure that the scheme better supports local households who would otherwise have difficulty purchasing a home on the open market. It will make recommendations regarding the following 3 questions:

Q1. Should the council reduce the household income cap from £80,000?

Q2. Should the council reduce the price cap so that it is less than £250,000?

Q3. Should the council implement a local connection and/or key worker criteria?

14. To inform the above, this report will review affordability levels, house prices, new build premiums, income levels and mortgage accessibility.
15. The research does not seek to review whether the purchase discount should be increased. This is because Hastings has a significant, evidenced need for affordable rent. Any additional increase in the purchase price discount will only further impact development viability and the ability of schemes to deliver much needed rental products. This approach is supported by the Housing and Economic Development Needs Assessment (HEDNA)¹ produced for Hastings and Rother Councils which states that 'It is recognised that the further the discount that is applied the more likely it is to challenge viability.'
16. The research also doesn't seek to assess whether First Homes should be adopted in Hastings or prioritised above other forms of affordable housing in Hastings. This is because the policy has been introduced at a national level and the council is required to implement it.
17. Some evaluation is provided regarding how local criteria could be monitored and updated to keep pace with changes to local affordability and demand.

Methodology

18. Desk based research was undertaken, which included a review of local and national statistical sources including East Sussex in Figures (ESiF) and the UK House Price Index. Alongside this, key local evidence, such as the Housing and Economic Development Needs Assessment (HEDNA), which was prepared to help inform new Local Plan policies in relation to future housing needs, was also reviewed.

Affordability

19. One measure of determining an area's housing affordability is to understand the cost of housing comparative to incomes in the area. In 2020, the median house price to median income ratio in Hastings was 8.73; the average ratio for England was 7.84 and in the South East and East Sussex was 9.57 and 9.70 respectively. This suggests that Hastings is less affordable than the national average but more affordable than elsewhere in East Sussex and the South East. This rationale does however have limitations as households may still have a greater amount of disposable income where people pay more for housing, but this is balanced with higher incomes.
20. The table below sets out quarter 3 average house prices in Hastings over a 3-year period relative to county, regional and national averages.

¹ HEDNA (2020) – p.110 – [HEDNA \(hastings.gov.uk\)](https://hastings.gov.uk/hedna)

House Prices

	Q3 2018	Q3 2019	Q3 2020
Hastings	£241,878	£253,162	£256,359
East Sussex	£337,167	£337,313	£354,006
South East	£388,650	£391,908	£418,351
England & Wales	£305,316	£309,825	£327,574

Source: East Sussex in Figures – Quarterly average house prices and transactions, 1998-2000 - districts

21. The UK House Price Index (HPI)² reported that average house prices in Hastings in August 2021 were £257,805, an 18% annual increase. This was a slight drop on July 2021 when the increase was 21% [it is noted that a summary report recorded this increase at 23.6%]. At the time of writing there were no sales volumes recorded alongside July and August house prices however in June 2021, when the increase was also 18%, there were 98 sales. As advised by the HPI, these are monthly snapshots and should be reviewed alongside longer-term trends.
22. Zoopla³ produced an update in September 2021 based on year on year price increases across 65 'cities'. Hastings, with an average price of £262,900, had the second highest year on year increase at 11.7%; Rochdale had the highest with 12%. Conversely Central London and Aberdeen were on the bottom of the table, both experiencing a -0.3% annual drop in house prices.
23. Anecdotal evidence suggests that recent price increases in Hastings may be a result of the growing number of people relocating to Hastings and working from home, and that the rise in homeworking is making Hastings a more attractive option to people living elsewhere who were previously commuting to London on a regular basis.

Affordable Home Ownership

24. The HEDNA⁴ concluded that shared ownership was the most appropriate form of affordable home ownership in Hastings. It further acknowledges that other forms of affordable home ownership may be forthcoming and that in these instances '...it will be important for the Council to ensure that such homes are sold at a price that is genuinely affordable for the intended target group'.
25. The HEDNA⁵ also states that '...the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households.'
26. Based on 2018 data, the HEDNA⁶ recommended that the council set prices for affordable home ownership at a level which was on par with accessing private rented housing as follows:

² UK House Price Index: House Price Statistics – Average price by property in Hastings; Percentage change (yearly) by property in Hastings; Sales volume by type of property in Hastings

³ Zoopla: UK House Price Index; All 65 cities snapshot – September 2021

⁴ HEDNA (2020) – p.108 – [HEDNA \(hastings.gov.uk\)](https://www.hastings.gov.uk/hedna)

⁵ HEDNA (2020) – p.128 – [HEDNA \(hastings.gov.uk\)](https://www.hastings.gov.uk/hedna)

⁶ HEDNA (2020) – p.109 – [HEDNA \(hastings.gov.uk\)](https://www.hastings.gov.uk/hedna)

	1-bedroom	2-bedroom	3-bedroom	4-bedroom
Lower limit	-	£133,000	£176,000	£220,000
Upper limit	£81,000	£151,000	£198,000	£293,000

New Build Premium

27. As per the tables below, the sample size for new build flats and houses in Hastings is very small and doesn't provide a large enough base to make assumptions on an appropriate new build premium. It is however recognised that there is an uplift on new build properties to take account of a number of factors comparative to second-hand counterparts, including improved energy efficiency and warranties.

	Second-hand Flat (count)	New Build Flat (count)	New Build Premium
2018	£151,930 (591)	£213,500 (4)	41%
2019	£156,596 (457)	£134,000 (3)	-14%
2020	£164,103 (376)	£119,333 (3)	-27%

	Second-hand House (count)	New Build House (count)	New Build Premium
2018	£287,055 (1,086)	£249,847 (16)	-£13%
2019	£281,770 (1,013)	£338,713 (4)	20%
2020	£304,677 (874)	£340,833 (3)	12%

28. Given that the above did not provide a sufficient sample base, further data was accessed from the UK HPI⁷ for the South East as follows:

	Average Price	New Build Price	% increase	New Build count
June 2019	£320,835	£366,304	14.17%	2,422
June 2020	£322,024	£366,796	13.9%	805
June 2021	£359,687	£440,152	23.37%	89











29. The above represents sales of 3,316 new build homes. The average of the increase in new build costs in each period is 17%. As this only provides a snapshot in each year and there were fewer completions in the data for June 2021 when the increase was highest, it is recommended that an appropriate new build inflation level would be 15%.

30. For the purposes of this report £305,000 is considered to be an average price of a new build home in Hastings. This is based on an average price of circa £265,000 (rounded up to take account of rising house prices) with the addition of a 15% new build premium. As the HEDNA recommends targeting discount market housing at smaller households and an upper limit for affordable home ownership for a 3-bedroom home of £198,000 (2018 prices), it follows that it would not be appropriate to exceed £305,000.

⁷ UK House Price Index: House Price Statistics – Average price by property in Hastings; Percentage change (yearly) by property in Hastings; Sales volume by type of property in Hastings

Current New Build Homes⁸ – up to £360,000

31. The current sample of new build homes for sale below is small but does provide indicative purchase prices. It must be noted that property costs will differ dependent on property type, location and specification. The 3-bedroom property on Middle Road for instance has 3 WCs and is described as having a high-quality finish and sea views from all floors, and the 2-bedroom property in Oxley Close is reported to be located in one of the town's premier roads.

		<p>2 bedroom flat for sale Queens Road, Hastings</p> <p>0.71 miles Located within Hastings town centre, this First Floor Apartment benefits from well-presented accommodation. Offering an</p> <p>NEW HOME</p> <p>Added on 29/10/2021 by Fox & Sons, Hastings</p>
<p>£150,000</p>	<p>fox & sons 01424 578014 Local call rate</p> <p>Email agent</p>	
		<p>2 bedroom semi-detached house for sale Fellows Road, Hastings, East Sussex</p> <p>0.39 miles SHOW HOME NOW OPEN The Bay is a great TWO BEDROOM HOME. On the ground floor, the hallway leads through to a</p> <p>NEW HOME SOLD STC</p> <p>Added on 05/11/2021 by PCM Estate Agents, Hastings</p>
<p>£260,000</p>	<p>PCM 01424 578109 Local call rate</p> <p>Email agent</p>	
		<p>2 bedroom semi-detached house for sale Oxley Close, Avondale Road, St. Leonards-on-sea, East Sussex</p> <p>2.21 miles Situated on this EXCLUSIVE NEW DEVELOPMENT of only EIGHT HOUSES in one of the towns premier roads is this</p> <p>NEW HOME</p> <p>Added on 29/10/2021 by PCM Estate Agents, Hastings</p>
<p>£310,000</p> <p>Offers in Excess of</p>	<p>PCM 01424 578109 Local call rate</p> <p>Email agent</p>	
		<p>3 bedroom semi-detached house for sale Middle Road, Hastings, East Sussex, TN35</p> <p>0.96 miles Almost Home are pleased to advertise this 3 bedroom semi-detached new build home which features en-suite to main</p> <p>NEW HOME</p> <p>Added on 03/11/2021 by Almost Home, Hastings</p>
<p>£325,000</p>	<p>AH ALMOST HOME 01424 578080 Local call rate</p> <p>Email agent</p>	
		<p>4 bedroom semi-detached house for sale Fellows Road, Hastings, East Sussex</p> <p>0.39 miles SHOW HOME NOW OPEN The Fisher II is an attractive FOUR BEDROOM home. On the</p> <p>NEW HOME SOLD STC</p> <p>Added on 11/06/2021 by PCM Estate Agents, Hastings</p>
<p>£360,000</p>	<p>PCM 01424 578109 Local call rate</p> <p>Email agent</p>	

⁸<https://www.rightmove.co.uk> – 8th November 2021 – sample of new build homes up to £360,000

Mortgage Accessibility

32. For the purposes of the First Homes policy, we are reviewing accessibility to purchase new housing which also requires consideration of the ability of potential buyers to qualify for a mortgage.
33. It is recognised when obtaining a mortgage that a Loan to Value (LTV) ratio of 80% or less is optimal as there are often additional costs associated with mortgages with a higher LTV ratio. This also provides an element of security given the potential volatility of the market and reduces the likelihood of a mortgagee getting into a position of negative equity where a house is worth less than the associated mortgage.
34. Arguably, this is mitigated to some extent with the First Homes discount but if a household's circumstances change and they need to sell the home they must still pass on the discount they received and if prices have fallen they could end up in negative equity. Conversely, there is the opportunity for households to realise a profit when selling as whilst the percentage discount must be applied when selling the property, the price cap only applies to the initial sale.
35. A significant amount of savings or family/friend support would be required to meet the necessary deposit for an 80% LTV ratio given that households must be first time buyers. Arguably, households in that position would be able to buy a home in Hastings without the First Homes discount. Although there are always specific individual circumstances which may result in the picture being less clear than indicated, e.g., the loss of a high paid job or an inheritance alongside a modest annual income.
36. However, the First Homes Guidance⁹ states that the income caps should not be set at a level which would prevent a borrower from obtaining a 95% loan to value mortgage.
37. Generally speaking, the most a household can borrow for a mortgage is 4 ½ times their annual income¹⁰. Although this is the high end as debts, dependencies and other living costs will impact the amount a household can borrow.
38. Four scenarios are set out below, which look at mortgage requirements linked to First Homes with a purchase price of £200,000, £210,000, £225,000 and £250,000:

Scenario 1

Open Market Value: £285,715		30% Discount: £85,715		Purchase Price: £200,000	
LTV	Deposit	Mortgage		Household Income Required (Minimum)	
80%	£40,000	£160,000		£35,555	
95%	£10,000	£190,000		£42,222	

⁹ Guidance – First Homes: Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government – 24th May 2021 – [First Homes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/first-homes-guidance)

¹⁰ Money Helper (provided by Money & Pensions Service): [How much can you afford to borrow for a mortgage?](https://www.moneyhelper.org.uk/en/mortgages/how-much-can-you-afford-to-borrow-for-a-mortgage) ([moneyhelper.org.uk](https://www.moneyhelper.org.uk)) – 2nd November 2021

Scenario 2

Open Market Value: £300,000		30% Discount: £90,000		Purchase Price: £210,000
LTV	Deposit	Mortgage		Household Income Required (Minimum)
80%	£42,000	£168,000		£37,333
95%	£10,500	£199,500		£44,333

Scenario 3

Open Market Value: £321,429		30% Discount: £96,429		Purchase Price: £225,000
LTV	Deposit	Mortgage		Income Required (Minimum)
80%	£45,000	£180,000		£40,000
95%	£11,250	£213,750		£47,500

Scenario 4

Open Market Value: £357,143		30% Discount: £107,143		Purchase Price: £250,000
LTV	Deposit	Mortgage		Income Required (Minimum)
80%	£50,000	£200,000		£44,444
95%	£12,500	£237,500		£52,777

Income

39. Incomes for Hastings residents are still significantly lower than elsewhere in the region and nationally. As set out in the table below, full time median incomes for residents in 2021 were £26,450 which is 19% lower than the England average of £31,490.

	2019 All employees / Full Time	2020 All employees / Full Time	2021 All employees / Full Time
Hastings	£20,787 / £24,672	£22,025 / £25,845	£22,678 / £26,450
East Sussex	£22,934 / £29,394	£24,493 / £30,110	£24,196 / £30,949
South East	£27,140 / £33,396	£27,903 / £34,193	£28,200 / £33,983
England	£25,150 / £30,765	£26,154 / £31,780	£26,192 / £31,490

Source: East Sussex in Figures – Average (median) earnings, residence-based, 2002-2021 – districts

40. Statistics on household incomes aren't as up to date as individual incomes through East Sussex in Figures or from the Office of National Statistics who also publish this data. In 2017/18 Hastings' household incomes were £24,692 which is 16.5% lower than the East Sussex average which was £28,772¹¹.

41. The HEDNA¹², citing a range of sources, including the annual survey of hours and earnings, estimated that median household incomes in Hastings in 2018 were £27,440 with mean incomes at £35,900 and lower quartile at £15,800.

¹¹ East Sussex in Figures: Small area household income estimates, 2011-2018 – middle layer super output areas'

¹² HEDNA (2020): Table 35: Estimated household income (2018)

Summation

- Hastings house prices, whilst growing, are still significantly less than the averages across East Sussex, the South East and England & Wales
- A new build premium needs to be factored into the cost of new build homes
- An average new build house price in Hastings is circa £305,000
- Average median full-time incomes for residents in Hastings are £26,450
- Median full-time incomes in Hastings are 19% lower than the England average
- Average household incomes in Hastings are approximately £28,000
- Household incomes in Hastings are 16.5% lower than the East Sussex average
- Purchasing a new home at a discounted rate of £210,000 (open market value of £300,00) at an 80% LTV ratio would require a deposit of £42,000 and a minimum household income of £37,333; at 95% LTV, the deposit reduces to £10,500 and the minimum income rises to £44,333
- Many households in Hastings would not have sufficient income to obtain a mortgage for First Homes or the capacity to save the necessary deposit and other costs associated with purchasing a new home
- Based on recommendations in the HEDNA, affordable home ownership should be targeted at smaller households and affordability in line with costs associated with accessing private rented housing
- Any increase in the discount applied to First Homes will only further impact development viability to the detriment of other forms of affordable housing

Evaluation

Q1 – Should the council reduce the household income cap from £80,000?

42. Opportunities: This would better target those households who would otherwise have difficulty buying a home in Hastings.
43. Risks: If the income threshold is too low, households may not have sufficient savings or income after other debts are taken into account to qualify for an appropriate mortgage. If a buyer isn't found within the first 3 months' then the local criteria will be waived.
44. Recommendation: Given average household incomes in Hastings are significantly lower than the national average, as is the income required to purchase an average priced property, it is recommended that the household income caps is lowered. However, it is recognised that a sufficient income is needed to save the necessary deposit and other costs, such as legal fees. Furthermore, that households will often have additional living costs which may reduce their qualifying income for a mortgage. Therefore, it is not recommended that the income is lowered to a minimum mortgage requirement but is reduced from £80,000 to £60,000. This does not present a risk to the delivery of affordable rent.

Q2 – Should the council reduce the price cap so that it is less than £250,000?

45. Opportunities: A reduction in the purchase price would encourage take-up from those households who would otherwise have difficulty buying a home in Hastings. It would also encourage developers to build smaller units in line with recommendations in the HEDNA.

This would also minimise the value of the discount in turn supporting scheme viability and the delivering of other types of affordable housing.

46. Risks: Property prices increase to a point where developers cannot deliver a new home within the reduced price cap. This risk should be somewhat mitigated in Hastings relative to other areas due to the average house price still being significantly less than the regional and national averages. It would seem logical that smaller homes would be deliverable within the cap and that developers would need to adapt First Homes accordingly.
47. However, the guidance¹³ states that ‘Developers who are able to offer higher discounts within their contributions should be free to do so...’. Therefore, if a developer chose to build more expensive First Homes then the lower the property cap the more the First Homes would cost the developer. This potentially opens a window for the developer to claim a reduction in affordable housing based on viability which would impact the delivery of affordable rent homes.
48. However, the guidance does suggest this should only be done if its ‘within their contributions’ and the council would argue that this includes the wider policy required affordable housing contribution. Furthermore, that the developer should provide First Homes in line with locally identified need. The guidance makes reference to not using the national price cap to ‘...deliver more expensive properties than are necessary or required in an area’ and this rationale should extend to a justified local price cap.
49. Some monitoring would be required to ensure the cap continues to remain in line with the market and that developers are not able to challenge delivery of affordable housing based on viability as a result of building more expensive First Homes. Government refinements to the scheme as the policy is implemented may also come into play.
50. Recommendation: It is recommended that the price cap is lowered as the average property price in Hastings is less than the national average, and the higher the property value the more income is needed by a household; see question 1 above. Given an average property price is circa £305,000 with the new build inflation and there is a need to target the delivery of smaller units and improve scheme viability, it would appear reasonable that First Homes supports people to access properties with an open market value not exceeding £300,000. Therefore, it is recommended that the purchase price is capped at £210,000 which represents a 30% discount on £300,000.

Q3 – Should the council implement a local connection and/or key worker criteria?

51. Opportunities: Help local residents to purchase a new home which would also likely lead to other accommodation being made available which would support housing need in the town; support key workers living in the town to purchase a property and stay within the town; attract skilled key workers from other areas.
52. Risks: There is a lack of take-up from those identified with the required local connection / key worker criteria and properties revert back to national criteria after the first 3 months of marketing. Difficult to align key worker job offers with new developments.
53. Recommendation: It is recommended that a local connection criteria be introduced in accordance with the council’s Homemove Allocation Scheme and that a key worker criteria

¹³ Guidance – First Homes: Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government – 24th May 2021 – [First Homes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/first-homes-guidance)

is introduced with the aim of attracting key workers to take up jobs in Hastings where there is a skills shortage. This would ensure that First Homes in Hastings are prioritised for local residents and key workers with skills that are needed in Hastings. This does not present a risk to the delivery of affordable rent.

54. Local Connection Criteria – Homemove Allocation Scheme:

- A local residency connection is established where the applicant has resided in the Hastings borough for at least 3 out of the last 5 years or at least 5 out of the last 10 years.
- There are exceptions to the above linked to current and former members of the Armed Forces and those working in the borough. A local employment connection is established where a household member is currently employed and has worked in Hastings continuously for the last 2 years and is on a contract which is a minimum of 16 hours per week.
- There are also exceptions linked to exceptional circumstances, such as domestic abuse, where it is unsafe for an applicant to remain in their area.

Monitoring and Updating Local Criteria

55. To ensure that any local criteria introduced is fit for purpose, it is recommended that there is an annual review of First Homes sales and an assessment made on the following:

- Is the price cap still deliverable and is there take up from local households and key workers for the product delivered within this range?
- Are developers proposing the delivery of First Homes which offer a greater discount and using this to challenge scheme viability?
- Has the income cap prohibited the take up of First Homes by local households, e.g., because they cannot secure the necessary deposit?
- Is there sufficient take-up from households with a local connection and key workers?

56. Should local policies not have the desired outcome then further desk top research could be undertaken to mitigate the impact. It is thought that any research required would not be so prohibitive as to warrant not pursuing a policy which maximises the benefit of First Homes to Hastings and its residents.

Interim Guidance for First Homes

57. If the council chooses to implement the above recommendations then Interim Guidance will need to be produced prior to the adoption of the new Local Plan. Developing Interim Guidance in advance of the new Local Plan is in accordance with Government guidance.

Organisational Consequences

As set out above, there will be a requirement to produce Interim Guidance and to monitor the implementation of local criteria which will have staffing implications.

Equalities and Community Cohesiveness

This will be kept under review pending consultation on the Equalities Charter and agreed next steps for the council.

The Government completed an Equality Impact Assessment on First Homes in September 2020:
[Equality Impact Assessment: First Homes](#)

Environmental Issues & Climate Change

First Homes will impact the tenure of homes being delivered but is not anticipated to impact the overall volume of housing being developed.

Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Develop Interim Guidance	Produce Draft Interim Guidance	February 2022	Tom Jackson & Susan Hanson

Wards Affected

(All Wards);

Policy Implications

Reading Ease Score: 37.8

Have you used relevant project tools?: Y

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y
Crime and Fear of Crime (Section 17)	N
Risk Management	N
Environmental Issues & Climate Change	N
Economic/Financial Implications	N
Human Rights Act	N
Organisational Consequences	Y
Local People's Views	N
Anti-Poverty	N
Legal	N

Officer to Contact

Officer: Susan Hanson
Email: shanson@hastings.gov.uk
Tel: 01424 451328