

Rural Housing- VRTB and Starter Homes

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- Manifesto commitment
- The government accepted the offer from NHF

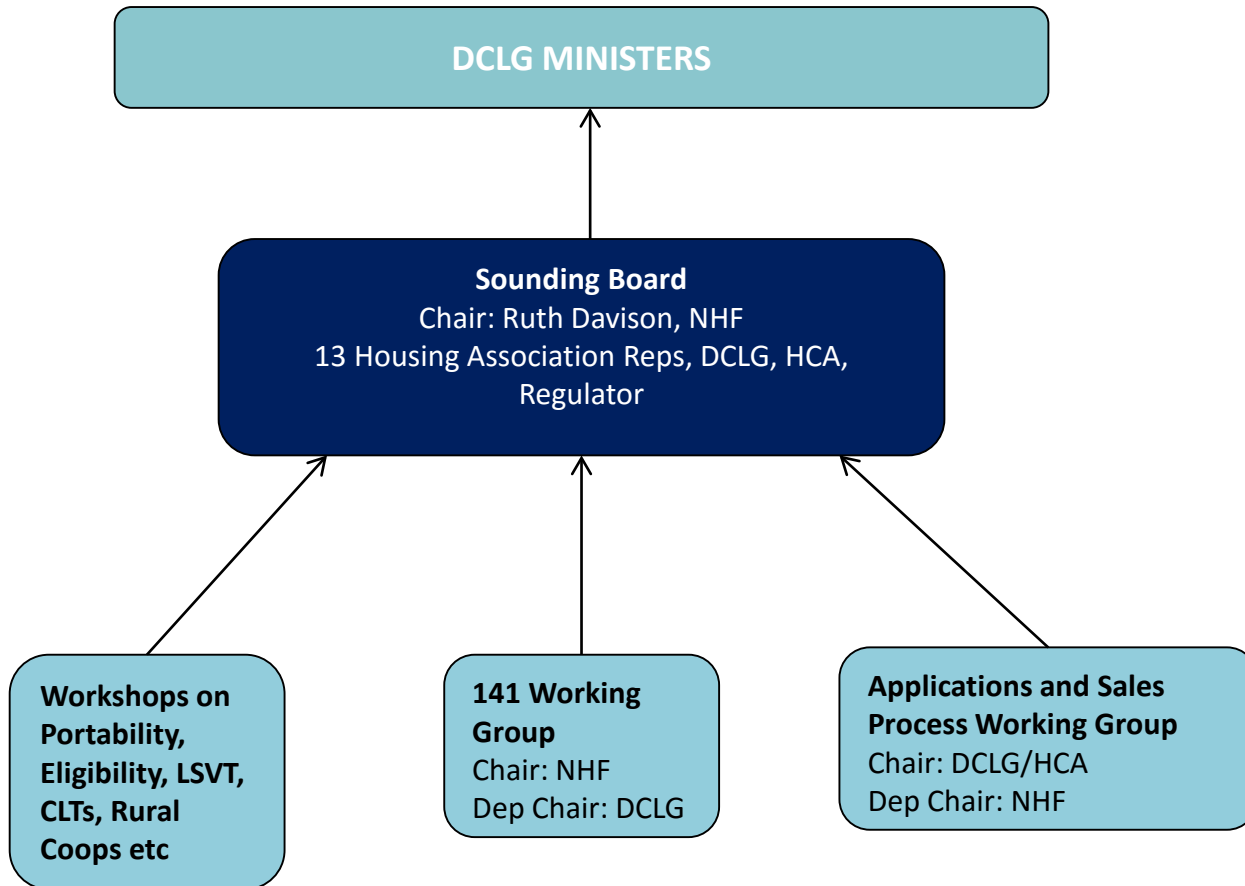


What next?

- Detailed implementation process
- New pilots

Policy development structure

- Jointly designed by Has, Federation and Government
- Co ownership reflects the voluntary nature and is core
- Sounding board- responsible for design of the overall VRTB
- Consists of HAs, DCLG, HCA and chaired by NHF



- Five VRTB pilots
- Eligibility set at 10 years
- Sales capped at 600 across the pilot
- Will test key elements of the sales process and demand. Will not test portability or replacement
- Action research to accompany the pilots to ensure lessons learnt
- Pilots are – Riverside, Sovereign, L and Q, Thames Valley and Saffron

VRTB Key principles

1. Every HA tenant would have the right to purchase a home at RTB level discounts
2. Board control over which homes to sell
3. Full compensation for the discount funded by the Government
4. Flexible one for one replacement

- 1. Every HA tenant would have the right to purchase a home at RTB level discounts**
 - VRTB offer clear that every HA tenant would have the right to purchase a home subject to overall funding
 - Government has agreed to compensate the HA for the discount
 - Sales receipt to be reinvested in a new home

2. Board control over which homes to sell

- HA expected to sell the tenant their current home
- If good reason why not then work with tenant to find another

Examples:

- Properties in rural areas
- Supported housing adapted for special needs
- Properties provided through charitable or public benefit resources
- Properties held in a Community Land Trust

2. Board control over which homes to sell

- If current home declined- HA will offer tenants the opportunity to use their discount to buy an alternative home
- Must be from within the sector- to ensure discount is retained by sector and reinvested for new homes
- Working assumption- new property
- Portability – tricky and work in progress

3. Full compensation for the discount funded by the Government

- Full compensation- 70% on completion of sale and remaining 30% when evidence of start on site or acquisition
- Currently working on how and when payment is triggered

4. Flexible one for one replacement

- Associations would use the sales receipts, the discount- minus any transaction costs and debt repayment to deliver replacement homes
- National replacement- not an obligation on individual associations
- Type of replacement- flexible- starter homes, shared ownership, affordable and social rent
- Limited circumstances- buy another property or bring an empty property back into use

- Government committed to increasing home ownership, and the delivery of 200,000 starter homes is central.
- Exclusively for first time buyers under the age of 40
- To be sold at a minimum of 20% below open market value
- But below price cap- £250,000 outside London and £450,000 within London

The Bill sets out the statutory framework for starter homes including:

- A general duty on local planning authorities to promote the supply of starter homes
- The ability to set a starter home requirement meaning that planning permission cannot be granted unless the requirement is met.

- Regulations would prevent starter homes being sold at full market value for a restricted period.
- Five year restriction refined?
- A tapered approach is proposed which enables the starter home to be sold at an increasing proportion of market value.
- Government does not support extending the restricted period beyond the first 8 years of occupation,

- During restricted period, if the buyer wanted to move, they could sell the home at a discounted price to another qualifying first-time buyer.
- The level of discount would depend on when during the restricted period the qualifying first-time buyer was selling the home.
- It is Government's intention that starter homes should not be used as buy to let properties and should not be rented out during the restricted period. Regulations will place restrictions on renting out the property.

Starter Homes- minimum threshold

- Starter homes requirement should apply to most residential developments
- Proposal that requirements will apply to sites that have 10 or more units or sites of 0.5 hectares
- Or threshold of 25 or 50 units- would reduce number of starter homes delivered
- General exemption proposed where this requirement will make the site unviable

- The Fed and HAs share government's ambition to increase housing supply and home ownership
- In some markets, starter homes could be very useful in helping people onto the housing ladder
- However, it is crucial that starter homes are delivered in addition to, not at the expense of, homes for affordable rent and shared ownership

- To that end, it is important that LAs retain the freedom to plan to objectively assessed housing need in their area
- This would include starter homes, where there is identifiable need, but alongside homes for affordable rent and shared ownership
- As such, the imposition of a single national requirement for 20% of all development to be starter homes is inappropriate

- We also have concerns about the fact starter homes won't be affordable in perpetuity, as this reduces the value for money they represent to the taxpayer
- The discount should continue beyond the government's planned five to eight year period.