Summary

Rising house prices and restricted access to mortgages have seen falling levels of home ownership in recent years. Younger households in particular have been disproportionately affected by this decline. Yet, the aspiration to buy and own a home remains strong for the majority of households.

Coalition Government Policy on Starter Homes

In December 2014 the Coalition Government announced a starter homes initiative which was intended to deliver 100,000 discounted starter homes for first-time buyers. The Government subsequently implemented a starter homes exception site policy to encourage the provision of starter homes on under-used or unviable commercial and industrial land.

Conservative Government Policy on Starter Homes

Policies intended to increase home ownership and drive up housing supply featured prominently in the Conservative Party Manifesto 2015, including a commitment to expand the starter homes initiative to deliver 200,000 homes by 2020. The Government’s 2015 Productivity Plan set out a range of measures to fulfil this commitment, including “bringing forward proposals to ensure every reasonably sized housing site includes a proportion of starter homes”.

The Housing and Planning Act 2016

The Housing and Planning Act 2016 provides the statutory framework for the delivery of starter homes. The Act defines starter homes as new homes costing up to £250,000 (£450,000 in London), to be available at a minimum 20% discount on market value to eligible first-time buyers. The legislation includes provisions to introduce a general duty on planning authorities in England to promote the supply of starter homes, and a specific duty to require a minimum number or proportion of starter homes on certain residential development sites. The starter homes legislative provisions are not yet in force.

Much of the detail of the statutory starter homes scheme will be set out in regulations. The Government consulted on the content of the Starter Homes Regulations between 23 March and 30 June 2016. Views were sought on a number of issues including: elements of the definition of a starter home; requirements relating to the provision of starter homes (e.g. the number of starter homes and the type of site on which they should be delivered); and restrictions on the resale of starter homes.

Starter Homes Commentary

The starter homes provisions in the 2016 Act were subject to much debate and challenge as the legislation progressed through Parliament. A broad range of organisations have expressed concerns about starter homes. Issues that have been raised include: the importance of supplying a mix of housing tenures to provide for people on lower incomes; the need for flexibility to reflect housing needs in different areas; the potential reduction in the delivery of other types of affordable housing; the extent to which starter homes will be genuinely affordable; and the impact of starter homes on local housing markets.

Housing White Paper 2017

The Government published its Housing White Paper on 7 February 2017, together with its response to the consultation on the Starter Homes Regulations. The White Paper marks a
shift in the Government’s housing policy from a strong focus on starter homes, to delivering a wider range of affordable housing.

The Government has made clear it expects starter homes to be delivered alongside shared ownership, rent-to-buy, and other innovative affordable housing products. Reflecting this policy, it expects to help over 200,000 people become homeowners through a range of Government programmes by the end of Parliament.

The White Paper announced that the Government:

- will commence the general duty on local authorities to promote the supply of starter homes.
- has decided not to implement a statutory starter homes requirement at this point in time. Instead it proposes to amend the National Planning Policy Framework (NPPF) to introduce a policy expectation that housing sites of 10 units or more deliver a minimum of 10% affordable home ownership products.
- proposes to introduce a household income eligibility cap of £80,000 (£90,000 for London) on starter homes. The cap is intended to ensure that starter homes are available to households that genuinely need support to purchase a new home.
- will introduce restrictions on the resale and letting of starter homes, to deter people buying them for rental investment or short-term speculation.
- will require first-time buyers to have a minimum 25% mortgage, to assist first-time buyers who need support to achieve their first home purchase rather than cash buyers.
- will bring forward regulations to finalise the starter homes definition and monitoring provisions.

Commentators have welcomed the Housing White Paper’s new focus on a wider range of housing tenures, and the decision not to implement a minimum statutory starter homes requirement on residential developments. The Government is now consulting on the proposals in the White Paper; responses can be submitted until 2 May 2017.

The Starter Homes Regulations will need to be approved by both Houses of Parliament. The Government has indicated that it expects the regulations to come into force in summer 2017.

**Delivery of Starter Homes**

In order to further support the delivery of starter homes, the Government proposes to reform national planning policy and has provided a £1.2 billion Starter Homes Land Fund.

On 3 January 2017 the Housing Minister, Gavin Barwell, announced the first wave of 30 local authority partnerships to benefit from the Starter Homes Land Fund. Building of the first starter homes, supported through the Fund, is expected to commence in 2017.