



Ministry of Housing,
Communities &
Local Government



Homes
England

Thank you for joining.

House Rules:

To help the session run as smoothly as possible, please turn off your microphone and video.

We encourage you to ask questions in the chat box. The presenters will respond to some questions in the session, and we will issue a written response afterwards to ensure that every question receives a reply.

We will aim to try and answer the questions that receive the most likes in the chat, so please interact and 'like' questions you have a keen interest in.





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First Homes

MHCLG, Homes England

12/05/21 - Prospectus Questionnaire Responses



Questionnaire responses

- The following slides detail the responses to the Prospectus (23rd April) and accompanying questionnaire the First Homes team issued about the upcoming procurement exercise.
- The procurement seeks to deliver 1,500 First Homes across England in a pilot running until March 2023 ahead of the full roll out of First Homes via the planning system.
- The First Homes team have engaged with Local Authorities, Home Builders and Lenders to put together the procurement, and have given the organisations the opportunity to respond.
- The next slide will outline the questions asked and the slides following will summarise the responses given.
- We received responses from Home Developers, RPs and Local Authorities



Questions posed about the Prospectus

- Q1. The policy parameters for First Homes are already set and feedback is now sought from stakeholders specifically on the local eligibility criteria proposed in Section 2 of the prospectus document. If these are not appropriate requirements please specify what you would like to see included as requirements or criteria?
- Q2. Feedback is sought from stakeholders on the requirements detailed in section 3 of the prospectus document. Are these the right requirements? If these are not appropriate requirements please specify what you would like to see included as requirements or criteria?
- Q3. Considering your own current and planned site production, how many First Homes could be included in a bid for legal completion in 2021-22 and 2022-23?
- Q4. Feedback is sought from stakeholders on the approaches detailed within section 4 and the relative attractiveness of the three possible procurement options set out in paragraph 16. Is there a strong, medium or weak preference for each approach?
- Q5. Feedback is sought from stakeholders on the likely levels of “discount on the grant” that could be achieved based on the information contained within section 4?
- Q6. Could the grant funding be managed on basis of agreed house types and characteristics rather than a plot-specific basis?
- Q7. What are stakeholder views on the proposed approach to forecast and grant management with grant re-distributed to other builders if sales forecasts slip?
- Q8. Considering the information provided in Annex A Feedback from stakeholders is sought on the right approach for the sales process. Is this the right approach?



Question One; Addition of Local Eligibility Criteria

- Respondents were mostly supportive, however there were a few points of clarification highlighted.
- Home Builders sought confirmation around when the marketing of First Homes would begin, to allow sale off plan before completion. This would affect the start of the cascading timeline, and Local Authority delays may cause issues for Home Builder cash flow.
- Home Builders ask if First Homes need to be plot specific or could be based on buyers choosing a property. This would help cash flow and give buyers flexibility.
- Home Builders identified that the scale of the pilot may mean addendums to S106 agreements may be time and cost intensive to both Home Builders and Local Authorities.
- Local Authorities ask for a time scale to be put into the local eligibility requirements – 2+ years – and generally include tighter local criteria.



Question Two; Provision of Plots

- This section was largely received well by respondents.
- Home Builders asked whether highlighting MMC and Building for a Healthy Life bids was fair when the homes they built are to the required national standard so shouldn't be penalised.
- Some Home Builders believe detailing evidence of Local Authority engagement might be difficult as LAs may not be forthcoming, or the process may be slow.
- Marketing analyses received mixed comments – some Home Builders do not believe they need to justify their marketing, others were fine with this.
- Further flexibility over which plots (e.g. being able to change site/plot if needed) would be appreciated.



Question Six; Grant for Agreed House Types vs Specified Plots

- One Home Builder believes this is possible site by site rather than across the country. This is echoed in that the price variations across the country would make it difficult for national house builders. It might need to be for house types *by region* rather than nationally.
- Some Local Authorities and Home Builders comment that moving away from specified plots will be a better experience for purchasers – similar to HTB.
- A Home Builder makes the point about potential difficulties in S106 agreement addendums if this is the case.
- Another points out that limiting house types/characteristics will limit what potential purchasers could buy, even if other house types fit into the price criteria.
- If the house types/characteristics were implemented it would require regular, clear communication between Home Builders and the First Homes team.



Question Four; Procurement Options

	Applying a regional “allocation” or distribution of grant funding according to affordability. This may mean that specified regional “lot” areas are applied for bidding	Taking a “market-led” national approach, driven by value for money and prospects for early delivery which is entirely “neutral” on geography and seeks to maximise the numbers of First Homes delivered	Taking a combined approach such that once all bid proposals are evaluated there is a facility to “balance” delivery by further prioritising proposals in areas that have proportionately fewer First Homes.
Home Builder	3	1	3
Home Builder	2	2	3
Home Builder	3	3	2
Home Builder	1	3	1
Home Builder	2	2	2
Home Builder	3	2	3
Local Authority	3	1	2
Home Builder	3	1	2
Local Authority	1	2	3
Local Authority	3	1	2
Home Builder	0	0	2
Home Builder	2	2	2
Home Builder	2	3	2
Total	28	23	29

Response Scores:

Strong = 3

Medium = 2

Weak = 1

No response = 0



Question Five; Grant Discount Levels

- Home Builders replied that they would want to recoup 100% of the discount via grant.
- Local Authorities also commented that it is unlikely there would be a lot of bids if Home Builders were unable to recoup the full discount amount.



Question Seven; Grant Management

- Largely accepted the process so long as;
- The parameters are clearly outlined at the beginning – for example deadlines to review grant expenditure.
- There is an understanding that forecasts are just that and market conditions/First Homes requirements may change to affect forecasts through no fault of the developers.
- A Home Builder and a Local Authority indicate that the risk of reallocating grant may disincentivise Home Builders from bidding.
- Several responses indicate they are familiar with this approach through the AHP.



Question Eight; Sales Process

- Largely supportive as it follows the HTB model.
- Some Home Builder doubt around ability to get Local Authority approval on a sale by sale basis.
- Issue around collection and retention of financial information by Home Builders. Could a HTB agent be used, or could the Local Authorities step into this role?
- Clear points of contact at Local Authorities will be required to process documentation, particularly if multiple bids in one area are successful during the pilot.
- Lender confirmation and support is critical to ensure mortgages in principle are possible.
- Timescales for the process could/should be set out so all stakeholders understand the expectations.
- Local Authorities seek to remain light touch in the process and are happy with the outline. Clear guidance is requested.
- A point is raised about conflict resolution – who can Local Authorities/Home Builders turn to if there are issues?



Estimated Timetable



- Envisaged procurement Start – Late June 2021
- Return of tenders – Mid to Late August 2021
- Award of contract – October 2021
- First Homes Marketed by Partners – November 2021
- Final First Homes completions – March 2023



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Questions & Close

We will aim to answer as many questions from the chat as possible.

We will also offer a further opportunity for you to engage with us on this process.

Thank you for joining today's session.

Any future questions regarding policy please email
FirstHomes@communities.gov.uk

Anyone wishing to know more or register interest in the Pilot please
email First.Homes@homesengland.gov.uk

