

Why the government's First Homes strategy won't work



Marc Vlesing

29/11/2021 | Residential



COMMENT During the pandemic a myth began to spread: that young people would move out of big cities to the countryside, and be content to work from home in more spacious surroundings, divorced forever from the workplace.

Well, that myth has proven to be untrue. According to Pocket Living's polling of 1,008 Londoners aged 25 to 45, home ownership in the capital remains a burning ambition. That poll also found great wifi, transport links and access to nearby green space topping the wish list for those homes. Three quarters believe London is a special place to live, a ringing endorsement for the capital.

Unsurprisingly, the main obstacle to buying remains price, with over half saying this is the biggest barrier to homeownership. There is also a clear acknowledgement of the benefits of homeownership with 68% of London first-time buyers going as far as to say that their productivity and happiness would increase if they owned a home.



Levelling up is a laudable concept, but for housing we need to be thinking in generational terms not geographical. It is the generation of 20 and 30 year olds, who work hard up and down the country but cannot afford to buy, which may well punish the government if their ambitions are limited by the lack of vision shown so far with housing policy.

It's a point I made during our Conservative Party Conference event with the secretary of state for levelling up, housing and communities and thinktank Demos. I urged Michael Gove to think further about how we support the ambitions of first-time buyers and encourage greater access to the market for small and medium-sized developers – even though this may seem the holy grail, I think it is possible to combine the two.

Squeezing social housing

With the end of Help to Buy in sight, the government's new policy, First Homes, is not the silver bullet that will yield significant numbers of new affordable homes.

The initiative will offer local first-time buyers a 30% discount on new homes, funded via section 106 provisions. By asking developers to fund these new homes out of developer affordable housing contributions, the government is robbing Peter to pay Paul, and inevitably other forms of affordable housing, such as social housing, will be squeezed.

Instead, the government should be asking how we can get new entrants into development, to incentivise the delivery of more affordable homes through the planning system as a mainline business.

I am speaking from experience in saying this. Pocket Living is the UK's only private developer delivering grant-free discounted affordable homes for first time buyers, with 40% of our purchasers being key workers. We have built 1,000 of these homes and have another 1,500 in the pipeline. The question is, why are we the only one doing this and how can policy encourage others to follow us?

By offering a discount starting at 20%, we can make it work for our customers, while delivering a sustainable business. If the government wants developers to actually step up, it needs to show some flexibility on levels of discount so that site-led First Homes can come forward. First Homes also needs a fast-track policy with national targets through the planning system rather than being the subject of individual – and often painful – planning negotiations.

Tailored product

There needs to be more flexibility applied locally to the allocation of First Homes. Some sites are perfect for First Homes – near transport hubs, for example, but others in leafier locations suited to bigger homes are not. Pocket's experience is that smaller homes in more urban, well-connected locations work well, but we wouldn't dream of offering our homes in more suburban locations where family housing is more sought after.

The government also needs to review space standards for First Homes, particularly as it pursues development of brownfield sites, which are smaller than greenfield sites, to ensure the optimum mix between quality and affordability.

And finally, we are urging government to review future Help to Buy policy in relation to First Homes and other intermediate tenures in order to reduce the level of deposit required. It's no good promoting discount market sale homes if people can't raise the money to buy them.

There's certainly a lot in the new secretary of state's in-tray. Let's hope he seizes this opportunity to make the impact we expect.

Marc Vlessing is the founder and chief executive of Pocket Living