

## Appendix B: Response to comments from the Overview and Scrutiny Committee

<b>Comment from the Overview and Scrutiny Committee</b>	<b>Comment made by the Executive Member for Neighbourhoods</b>	<b>Recommended action</b>
<p>In relation to the new homes (first homes scheme) and providing housing for sale at a reduced cost, the report says that officers do not recommend this option but that developers can provide them if they want to – how can developers make decisions about social housing and where they are built?</p>	<p>The vast majority of new affordable housing in East Herts is provided on private developers’ sites. In these instances, the developer proposes what affordable homes are provided and where they should be within their development.</p> <p>The council will then negotiate with the developer to ensure that the developer’s proposals are compliant with the council’s District Plan, notably, that 40% of the homes are affordable. Typically, 75% of the affordable homes will be for Affordable Rent and 25% will be for shared ownership.</p> <p>As noted in section 2 of the covering report, as First Homes are a nationally recognised affordable tenure, developers can legitimately seek to include them in their proposals. The proposed Technical Advice Note seeks to strengthen the council’s position when</p>	<p>No further action.</p>

	negotiating with developers about the inclusion of First Homes.	
In principle, the council is very much in favour of options to improve the level of home ownership in East Herts. However, it appears that the First Homes scheme is not helpful for East Herts because of the potential negative impact upon more affordable types of home ownership such as shared ownership.	This comment is consistent with the recommendations of the First Homes report.	No further action.
Why haven't four bedroom homes been included in the analysis? Wouldn't it be an	Analysis has been added to the report which assesses the affordability of four bedroom homes if they were to be provided for shared ownership or as a First Home. It should be noted, however, there are no	Officer will be asked to explore with partners whether there are

<p>advantage for four bedroom homes to be provided at a price cap of £250,000? Could we make a statement that four bedroom First Homes would be a useful option for East Herts?</p>	<p>examples in East Herts of four bedroom homes being developed for either of these tenures.</p> <p>Assisting larger households onto the housing ladder is an issue that requires careful consideration as, given the finite level of 'subsidy' for affordable housing within developers' business plans, devoting a significant proportion of that subsidy to larger properties would most likely erode the ability for a scheme to deliver the overall percentage of affordable homes required.</p> <p>In addition, developers will need to be confident that there is a market for the properties.</p>	<p>financially viable options for bringing forward low cost larger homes for homes ownership as part of the ongoing work to deliver the Housing Strategy.</p>
<p>Referring to section 3.5 of the report, we need to be clear that we will provide homes for residents in the district in receipt of medium</p>	<p>The analysis underpinning the First Homes Technical Note is based on median incomes in East Herts in 2021 according to the Annual Survey of Hours and Earnings (ASHE) undertaken by the Office of National Statistics on a nationwide basis. The East Herts median single gross salary of £26,105 has been used</p>	<p>No amendments to the proposed First Homes Technical Note are proposed.</p>

incomes, for example, nurses.

in the analysis; this can be considered a 'medium income' locally.

The table below gives salaries for nurses and similar professions.

<b>Profession</b>	<b>Starting salary - at time of drafting the report</b>	<b>Maximum</b>	<b>Midpoint</b>
Nurse*	£27,055	£32,934	£29,180
Classroom teacher**	£28,000	£38,810	£31,750
Police constable	£29,680	£49,030	£33,060
<b>Average of the three professions</b>	<b>£28,245</b>	<b>£40,258</b>	<b>£31,330</b>

\* Band 5, newly qualified Nurses and Nurses below the level of Senior Nurses, Deputy Ward Managers, Health Visitors and various specialist Nurses.

Officers will continue to promote the shared ownership option as the best way for residents on median income in professions such as nursing, teaching of the police to purchase their own home.

\*\* Main Pay Range.

Applying the average of the midpoint salaries of these three professions, that is £31,330, to the affordability analysis given in the table under paragraph 3.5 reveals that shared ownership is still more likely to be an affordable route to home ownership than First Homes in all cases, although:

- a 1 bed First Home would now be affordable to a couple with 1.5 incomes at this level
- a 2 bed First Home would now be affordable to a couple with 2 incomes at this level.

Neither 3 bed nor 4 bed First Homes would become affordable despite the higher salary applied to the analysis.