

Appendix 2 - Housing Delivery Plan Update June 2023

Affordable Home Ownership Fee Charging

1.0 Introduction

1. Increasing home ownership for First Time Buyers in the UK has been a cross party policy since the 1990s and is a current Government priority.
2. The Government has introduced several initiatives targeted at First Time Buyers. This has included a number of Affordable Home Ownership (AHO) schemes where private developers build properties that can be purchased at a discount below market value by buyers who meet certain qualifying criteria.
3. These initiatives have included Starter Homes and Discount Market Sale Homes which were led by a previous Government.
4. First Homes, which is the current government's preferred discounted market tenure, were introduced in May 2021 and became a mandatory Central Government requirement from 28 December 2021.
5. They are to be delivered via Section 106 planning obligations on residential development sites. One quarter (25%) of all affordable homes secured by Section 106 planning obligations will be First Homes.
6. Central Government has established mandatory national criteria relating to the delivery of First Homes. Local authorities can choose to introduce their own local eligibility criteria. The Council's First Homes Position Statement and eligibility criteria can be found here: <https://www.kirklees.gov.uk/beta/planning-applications/pdf/first-homes-position-statement.pdf>
7. It is the developer's responsibility to sell First Homes to eligible applicants. However, the Council will be involved in the sales process for First Homes, both at initial sale stage and any subsequent resales as well as having other ongoing responsibilities, such as approving letting requests.
8. The Council is also involved in the sale process for Starter Homes and Discounted Market Sale properties.
9. During the sales process of these AHO properties, the Local Authority is required to review applications from potential purchasers, along with accompanying evidence, to assess their eligibility against the agreed criteria and issue necessary approval documents confirming that the sale has been undertaken in accordance with requirements of the S106 agreement.

2.0 Charging a Fee

10. In the context of the significant on-going and future burden on officer time, it is recommended that a fee is charged to cover the legal and administrative costs incurred in relation to the process of administering the sale of AHO properties.

11. Failure to implement an appropriate fee will result in the Council picking up the cost of its administration in ensuring the delivery of AHO properties. The burden of administering these properties is in perpetuity; therefore, it is essential that an appropriate fee is levied to cover all subsequent re-sales too.
12. The Council estimates that this process takes approximately 11.2 hours for an initial sale and 13.5 hours for a resale. This is based on officer experience of processing Starter Homes and Discount Market Sales Properties.
13. A cost schedule has been prepared by Finance colleagues with input from Housing Growth and Legal Services officers. Based on the cost schedule, the following fees are proposed to be charged:

For initial sales = £348.73

For resales = £394.79

14. The fees set out above will be applied to all future sales, unless the S106 agreement states otherwise, to cover the costs associated with that individual sale.
15. The money will be split between Housing Growth and Legal Services in the following way:

	Housing Growth	Legal Services
Initial Sale	£202.40	£146.32
Resale	£248.47	£146.32

16. The fee will be paid by the Seller (the developer in the first instance and the current owner for all subsequent sales). Where historic S106 Agreements state that the Buyer will pay, this will still stand.
17. Where historic S106 Agreements specify a sum in perpetuity of £250, the money will be split £104.68 to Housing Growth and £146.32 to Legal Services.
18. The Council will not issue the final Compliance Certificate until it is in receipt of the fee.
19. Fees and charges must be reviewed at least once per annum. Service Directors have authority to implement new charges and amend existing fees and charges to achieve budget targets, to account for changes in legislation and market conditions, in consultation with the appropriate Strategic Director, relevant Portfolio Holder and Chief Finance Officer.