

NEW DEVELOPMENT OPPORTUNITY: STARTER HOMES

Introduction

On 15 December 2014, the Government issued a consultation paper entitled *Stepping onto the Property Ladder* which proposes a new scheme called the Starter Homes Initiative (SHI).

What is the Starter Homes Initiative?

The SHI is intended to provide more people with the opportunity to buy their first home through changes to the planning system which will allow the following:

- A developer will be able to develop new build homes on brownfield land free from Section 106 affordable housing contributions and liability for Community Infrastructure Levy (CIL)
- In return, the developer must offer the homes at a minimum 20% discount on open market value and only to first time buyers under the age of 40
- The homes will not be eligible for resale at open market value for a fixed period of time
- The Government will develop a register of first time buyers interested in Starter Homes

The Government is aiming to deliver 100,000 Starter Homes in the next five years.

Timing

The consultation closes on 8 February 2015. The SHI will require amendments to planning legislation and



policy (including yet another round of amendments to the CIL Regulations!) and therefore will take some time to implement.

Our comments

We view the SHI as a positive new development opportunity for our developer clients, as it provides an attractive discount on costs normally associated with residential development by removing Section 106 affordable housing contributions and CIL liability, making these developments more viable.

Because Starter Homes can only be built on brownfield sites, we would expect the demand for these sites to increase.

The only downside for developers will be the restriction on selling the homes at full open market value to all potential purchasers, however this restriction will only be temporary.

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