



Ministry of Housing,
Communities &
Local Government

Equality Impact Assessment

First Homes



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Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

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September 2020

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Part 1

This Equality Impact Assessment has been drafted on the basis of First Homes being delivered at a 30% discount. This is consistent with the Government's response to the First Homes consultation and this assessment should be read alongside that response.

Purpose of this assessment

The Equality Act 2010 requires Government to assess the impact of new or revised policies against the requirements of the Public Sector Equality Duty. The duty requires Ministers to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity, and foster good relations. It covers people who share certain protected characteristics (age, disability, sex, race, religion or belief, sexual orientation, gender reassignment, and pregnancy and maternity). An Equalities Impact Assessment helps to ensure that the needs of protected groups are considered during the development and implementation of a new policy or service, or when a change is made to a current policy or service.

This Equality Impact Assessment considers the equalities impacts of the proposed First Homes scheme. The overall equalities impact of the scheme will primarily depend on how many homes are built under the First Homes scheme which benefit or disadvantage people from particular groups who share particular protected characteristics, compared to how many homes from existing affordable housing tenures are displaced by the scheme – especially social and affordable rent homes currently delivered through section 106¹ planning agreements.

It is important to note that this assessment only considers the impacts arising from the First Homes scheme. It does not take into account the aggregate effect of any other Government policy interventions in housing and other areas, which could also have an equalities impact.

It is also important to bear in mind that this assessment considers the impact on people with particular protected characteristics as a group. It makes no distinction between the relative social or economic impact of an individual being able to purchase a First Home versus not being able to access a social or affordable rented property. We recognise that the positive or negative welfare impacts of gaining or losing the ability to access different housing tenures may not be equivalent within the group, and that impacts on individuals with particular protected characteristics will vary. First Homes may therefore offer positive equalities impacts to some groups in comparison with other tenures, such as shared ownership, while offering negative equalities impacts to other groups.

¹ Section 106 of the Town and Country Planning Act 1990

Finally, this assessment uses national estimates and data. The actual impact of the First Homes scheme will depend on decisions made by Local Authorities and developers about individual sites, which could vary according to locality. The data used for this analysis is from the Continuous Recording of Lettings and Sales in Social Housing in England (CORE) and the English Housing Survey. Constituent members of households will have different characteristics; this analysis is generally based on the Household Reference Person (although for the protected characteristic of disability it considers households where at least one member has a disability).

The First Homes policy

The Government is committed to creating new routes into homeownership which support those on different incomes who are struggling to raise a deposit and are currently renting privately or living in affordable housing tenures.

A key strand of this work is ensuring that more new homes are available to purchase at a discount to local people who would otherwise struggle to buy a home on the open market.

The National Planning Policy Framework already allows local plans to include 'discounted market sales housing' that is sold with a discount of at least 20% over market prices. Eligibility is currently determined with regard to local incomes and local house prices. Some discounted market sales homes are provided in this way, although delivery remains relatively small scale and we want to substantially increase the build-out of these homes.

To achieve this, we are proposing to reform the discounted homes programme by:

- **Prioritising local first-time buyers** using local connection tests administered by Local Authorities;
- **Setting a minimum discount of 30%** on market price;
- **Ensuring the discount lasts in perpetuity** through restrictive covenants on the property to ensure that First Homes continue to benefit the local community in subsequent sales; and
- **Introducing a property price cap.** A national post-discount price cap of £420,000 in London and £250,000 across England will apply to First Homes. We will also allow Local Authorities to set lower caps for a short period as local conditions require and where Local Authorities can evidence need.

We propose three key delivery mechanisms for delivering First Homes:

- **Amending the existing entry-level exception site policy in the National Planning Policy Framework to prioritise First Homes.** These homes would be developed in addition to local plans; therefore providing homes over and above existing rates of delivery; and
- **A new requirement for a greater proportion of homes delivered through section 106 developer contributions to be First Homes.** We are proposing to create a national policy requirement set out in the National Planning Policy Framework for 25% of homes on all major sites (currently over 10 units) delivered through section 106 agreements must be First Homes.

- **A pilot of 1,500 First Homes to be delivered through the Affordable Housing Programme.** These homes will be delivered through grant funding.

Measuring the equality impacts

The delivery of First Homes potentially impacts people with particular protected characteristics in two key ways:

- the impact from increased housing on exception sites that would not be built otherwise; and
- the impact of substituting First Homes for other types of affordable housing on section 106 sites.

The relevant impact for each depends on the specific delivery mechanism:

- First Homes delivered through entry-level exception sites will be additional homes as they are built on land which would not otherwise be available for housing in the short/medium term. We propose to amend the existing policy on entry-level exception sites to deliver First Homes as the sole affordable housing tenure. Although the current policy allows other types of affordable housing to be built on these sites, we are not aware of any delivery of affordable homes on entry-level exception sites to date. Consequently there is no identifiable risk that First Homes will displace other types of affordable housing delivery on these sites.
- First Homes delivered through section 106 agreements will principally involve the substitution of First Homes for other types of affordable housing.

In all cases, the equality impacts refer to what is expected to happen in terms of access to new housing. [The First Homes policy changes the profile of new affordable homes being delivered; it does not affect the existing housing stock. There is no direct loss to any particular household; rather there is a change in the provision of the new housing which households may have otherwise accessed.](#)

To identify the specific equality impacts, we have used two national data sources to identify the protected characteristics of potential buyers of First Homes relative to first-time buyers and groups who currently benefit from other types of affordable housing.

We used this data to estimate the number of households where one or more members belong to a group with particular protected characteristics who may be affected by the delivery of First Homes (as noted above, this is generally based on a Household Reference Person). The main beneficiaries of the First Homes policy will be the buyers of First Homes themselves, who will benefit from access to discounted home ownership. Those negatively affected will be households who would otherwise have access to other affordable housing tenures, whether rented or owned (such as social and affordable rent, or home ownership), which are displaced by First Homes.

The First Homes scheme will also indirectly benefit households who become able to access home ownership on the open market as a result of the scheme providing additional properties for market sale; both through substitution from other tenures and from additional

delivery on exception sites. We do not consider these households to be beneficiaries to the same extent as buyers of First Homes since they are not accessing a discounted or subsidised product; however, we recognise that the ability to access home ownership on the open market is also a positive impact. We therefore provide our estimates of the number of households in this position separately, and have also provided two main totals of households who benefit from the policy: one that includes this market housing, and one which excludes it.

Where possible, household characteristics have been categorised in line with protected characteristics under the equalities duty. However, it is not possible in all cases to provide estimates for all the protected characteristics due to a lack of data for some characteristics (e.g. gender reassignment). The focus accordingly has been on the following characteristics:

- Age;
- Ethnicity;
- Sex; and
- Disability.

Overall equality impacts

The proposed First Homes scheme would impact a number of groups protected under the Equality Act 2010. However, the extent of the impact will be dependent on the number of First Homes delivered and how they are delivered – whether via section 106 obligations where they displace other tenures, or through exception sites where they constitute additional housing. Individuals within the four protected groups above will be affected differently.

As a whole, when we consider only the additional discounted housing delivered through this policy, more households from ethnic minority groups, and female led households stand to benefit from access to First Homes than are displaced from other affordable tenures. However, more households over 55 are likely to be affected by the reduction in delivery of other tenures than are positively affected by accessing First Homes. When we also take account of access to market housing, households over 55 still have reduced access to housing overall, but the other three groups have increased access to housing overall.

Part 2

Impact of the First Homes policy

This analysis is based on delivery when the changes to the National Planning Policy Framework (section 106 and entry-level exception sites) have been fully incorporated into local plans.

Figure 1 sets out a delivery schedule which comes from a number of sources. While First Homes delivered through section 106 will largely substitute for other existing affordable housing provision, the exception sites policy is based upon bringing forward new sites and generating additional housing supply.

We estimate up to 7,000 First Homes could be delivered through section 106 and a further 4,000 a year from exception sites.

Figure 1: Illustrative estimates of the impact on steady state annual delivery of different tenures (from 2027/28 once full implementation is reached)

Impact of delivery through Section 106	
First Homes	+7,000
Market units	+1,000
Affordable Home Ownership units	-5,000
Social & Affordable Rent units	-3,000
Impact of delivery through exception sites	
First Homes	+4,000
Market units	+2,000*

* We estimate that around 4,000 market units will be delivered on exception sites, together with 4,000 First Homes: but not all of these units will be additional to the homes that would have been delivered otherwise. The *additional* impact of the exception sites policy therefore only includes 2,000 market units.

Impact on groups with protected characteristics

In assessing the equalities implications of the First Homes policy, we have taken into account both households which are likely to gain from the new First Homes and those who may be disadvantaged by the loss of other tenures.

Figure 2: Summary of our estimated equalities impact for this policy²

² The numbers in this table have been rounded which means that the net supply shown in the end columns will not equal the sum of the constituent parts. Households that share more than 1 relevant protected characteristic will appear in the table more than once, so the rows cannot be summed. Dashed entries reflect fewer than 50 units.

Protected group	Number of households potentially benefiting from new homes:				Number of households potentially negatively affected from the substitution of:		Net impact of s106 and exception sites delivery (excluding market homes)	Net impact of s106 and exception sites delivery
	First Homes through S106	Market units through S106	First Homes through Exception sites	Market units through exception sites	Existing Affordable Homeownership inc Shared Ownership	Social Rented Sector		
Age: Over 55s	300	-	200	-	400	300	-200	-200
Ethnicity: BAME	1,300	200	700	300	200	500	1,300	1,800
Sex: Female	3,400	500	1,800	800	2,400	2,200	600	1,900
Disability	1,100	100	600	200	200	1,500	-	300

Figure 2 uses the estimated delivery numbers for a policy of 25% of section 106 units required as First Homes at a 30% discount.

This analysis shows that for some groups sharing protected characteristics, in particular ethnicity, overall the policy is expected to have a positive impact on more households than it negatively affects. For those over 55, more households are expected to be affected negatively than positively; this impact will be worsened if those over 55s who qualify for a First Home struggle to get a mortgage due to their age. However, it is important to note that over 55s are only a very small proportion of first-time buyers and they make less use of other forms of affordable housing when compared to other age groups. More female led households benefit from First Homes than are affected by the reduction in other tenures, once delivery on exception sites is included. It remains important to note that the provision of First Homes and other affordable tenures will help different people within shared protected characteristic groups and provide them with different levels of support.

As current delivery of discounted homes is low (approximately 1,000 per year), these estimates use national data on housing of different tenures and make assumptions about the characteristics of potential First Homes buyers. Their exact characteristics are of course inherently uncertain in advance of the policy coming into effect, and the actual impact will depend on decisions about the individual sites by Local Authorities and developers which could vary by locality. No data is available to quantify the potential impact on other shared protected characteristics groups.

Age

Impact of section 106 delivery

Figure 3 sets out the age groups of potential buyers of First Homes, shared ownership occupants, new tenants of affordable and social rent, and recent first-time buyers. The

policy reform for First Homes mostly benefits under 54s as they are more likely to be first-time buyers.

Figure 3 – age of households moving into different tenure types³

	Shared ownership	Social Rent	Affordable Rent	Recent first time buyers	First Homes	All households
Age						
16 - 24	12%	17%	18%	8%	11%	3%
25 – 34	47%	34%	37%	61%	50%	14%
35 – 44	21%	23%	21%	23%	26%	17%
45 – 54	11%	14%	14%	6%	10%	20%
55 or over	8%	12%	10%	3%	5%	45%

Overall, more households where the head is aged over 55 may be negatively affected by the First Homes policy when compared to those who may gain due to substitution of shared ownership, affordable rent and social rent properties which otherwise would have been built. Based on projected section 106 delivery, estimates over a typical year of the policy suggest the impact of substitution affecting households 55 and over could be in the region of:

- 400 net loss of discounted homes for this group arising from
 - 300 extra First Homes occupied by this group; and
 - displacement of 700 affordable homes for sale and rent
- 400 net loss of access to homes in total for this group, as they will also gain access to fewer than 100 homes for undiscounted market sale⁴.

Impact of exception sites policy

As entry-level exception sites provide additional housing without displacing other tenures, it is estimated that in a steady state this could deliver around 200 additional First Homes and fewer than 100 additional market homes for individuals aged 55 and over every year. As stated above, any benefit arising from this additional housing supply relies on over 55s being able to secure suitable mortgage finance, which may be more difficult because of their age relative to retirement.

Overall Impact

Taken overall, more people aged over 55 are expected to be negatively affected by this policy change than will gain. However, it is important to recognise that over 55s are only a very small proportion of first-time buyers and they make less use of other forms of affordable housing when compared to other age groups.

- 200 net loss of access to discounted homes for this group

³ Sources: Shared ownership, Social Rent and Affordable Rent: Continuous Reporting (CoRe) 2017-18
Recent first time buyers and all households, English Housing Survey 2015-16, 2016-17, 2017-18.

⁴ Numbers do not sum due to rounding

- 200 net loss of access to homes in total (including market units) for this group

Ethnicity

Impact of section 106 delivery

Figure 4 sets out the ethnicity of the head of the household for potential buyers of First Homes as compared to shared ownership occupants, new tenants of affordable and social rented homes, and recent first-time buyers. It shows that black and minority ethnic (BAME) households as a whole may be slightly more likely to buy First Homes than to move into other tenures except for social rent.

Figure 4 – ethnicity of households moving into different tenure types⁵

	Shared ownership	Social Rent	Affordable Rent	Recent first time buyers	First Homes	All households
Ethnicity of HRP						
White	96%	78%	85%	84%	81%	88%
Black	0%	9%	6%			3%
Indian	0%	1%	0%			2%
Pakistani or Bangladeshi	0%	4%	3%			2%
Other	0%	8%	6%			4%
Total BAME	4% ⁶	22%	15%	16%	19%	11%

We estimate that, based on steady state section 106 delivery, over a year there could be around 1,300 additional First Homes and 200 market homes purchased by BAME households.

However, households where the head is registered as BAME are more likely to be users of social and affordable rent than the wider population, meaning they will be disproportionately impacted if First Homes displace section 106 affordable or social rented housing. This impact may be partly offset because they are disproportionately more likely to be potential buyers of First Homes.

⁵ Sources: Social Rent and Affordable Rent: Continuous Reporting (CoRe) 2017- 8
Recent first time buyers and all households, English Housing Survey 2015-16, 2016-17, 2017-18.

⁶ People from BAME backgrounds are less likely to take advantage of shared ownership opportunities, but we are introducing measures that will likely broaden access to housing of this kind. Due to their overrepresentation amongst households taking up new social rented sector tenancies compared to households in general, households from a BAME background will be positively impacted by the introduction of the Right to Shared Ownership, which will offer a new route into shared ownership.

There is also an impact on households where the head is registered as White. These households are disproportionately affected if First Homes displace shared ownership, as 96% of shared ownership users are White compared to 81% of potential First Home buyers.

We estimate that, based on steady state section 106 delivery over a year, the impact on ethnic minority households from the construction of First Homes and the displacement of shared ownership, affordable rent and social rent could be in the region of:

- 600 net gain in access to discounted homes for this group; arising from
 - 1,300 new First Homes; and
 - the displacement of 700 affordable homes for sale and rent.
- 800 net gain in access to housing in total through section 106, as there is access to a further 200 new market homes

Impact of exception sites

As entry-level exception sites provide additional housing without displacing other tenures it is estimated, with steady state delivery over a year, that 700 additional First Homes and 300 additional market homes may be purchased by individuals within the BAME category. Black, Pakistani and Bangladeshi and other BAME households may particularly benefit from First Homes developed in exception sites in their local area, as these groups are expected to be more likely to purchase this type of home than a market home.

Overall Impact

When taken together, it is likely that more BAME households may benefit than be negatively impacted from First Homes delivered through section 106, as this group is disproportionately more likely to purchase First Homes. BAME households may also benefit from First Homes constructed on exception sites which will bring forward additional homes to the market. This impact will be partly offset due to the displacement of other forms of affordable housing.

- 1,300 net gain in access to discounted homes for this group
- 1,800 net gain in access to homes in total (including market units) for this group

White households which intended to purchase a shared ownership property may be negatively impacted because First Homes will displace some shared ownership homes which are predominantly purchased by White households. This impact will be partly offset by delivery through exception sites where all ethnicities will benefit from additional homes.

Sex

Impact of section 106 delivery

Figure 5 shows that households led by a female may be slightly less likely to buy a First Home than one led by a male (49% to 51%).

Figure 5 – sex of heads of households moving into different tenure types⁷

	Shared ownership	Social Rent	Affordable Rent	Recent first time buyers	First Homes	All households
Sex						
Female	50%	68%	70%	47%	49%	52%
Male	50%	32%	30%	53%	51%	48%

Delivery of First Homes on section 106 sites, based on steady state delivery over a year, could result in around 3,400 First Homes being purchased by households led by a female, and these households would have access to 500 new market homes.

However, as females are also disproportionately higher users of other forms of affordable housing, it is likely that this group will lose access to discounted housing overall as a result of the displacement of other tenures. These figures should be treated with caution as there may be issues with data based on the household reference person (as people of either sex can also be present in these households).

Based on a year’s steady state section 106 delivery estimates, the impact on female-led households from the delivery of First Homes could be:

- a net loss of access to 1,200 discounted homes arising from
 - access to 3,400 new First Homes
 - the displacement of 4,600 affordable homes for sale and rent.
- A net loss of access to 700 homes in total once the access to an additional 500 market units is accounted for.

Impact of exception sites

As entry-level exception sites provide additional housing without displacing other tenures it is estimated, with steady state delivery over a year, that 1,800 additional First Homes may be purchased by female led households, and they may also purchase an additional 800 market homes.

Overall impact

When taken together, it is likely that more female-led households will benefit from access to First Homes than will be affected by the displacement of other forms of affordable housing. This is largely the result of the delivery of new First Homes on exception sites.

However, a significant number of female-led households are likely to access home ownership through the increased market sale housing on both section 106 sites and exception sites. If this housing is included then more female-led households may benefit from access to new housing than would lose out from the displacement of other forms of affordable housing. We therefore estimate the following overall effects:

- Net gain of access to 600 discounted homes for female-led households

⁷ Sources: Social Rent and Affordable Rent: Continuous Reporting (CoRe) 2017-18
Recent first time buyers and all households, English Housing Survey 2015-16, 2016-17, 2017-18.

- Net gain in access to 1,900 homes in total (once market units are included)

Disability

Impact of section 106 delivery

32% of all households in England have at least one member with a long-term illness or disability (**Figure 6**). This group makes up 11% of recent first-time buyers and 4% of shared ownership occupants, but 16% are identified as potential buyers of First Homes. Taken together, this suggests that people in this group are more likely to buy a First Home than a market or shared ownership home.

However, this benefit is outweighed by the potential negative impact of reliance on the social sector, where units are expected to be displaced by First Homes. Households with at least one member that has a long-term illness or disability are disproportionate users of the social rented sector with 47% having moved into the sector over the last three years.

Figure 6 – Disability status of households moving into different tenure types⁸

	Shared ownership	Moved into social sector in last 3 years (proxy for entry into Social Rent and Affordable Rent)	Recent first time buyers	First Homes	All households
At least one member of household with long term illness or disability					
Yes	4%	47%	11%	16%	32%
No	96%	53%	89%	85%	68%

Based on the estimated steady state section 106 delivery over a year, around 1,100 households with someone who has a long-term illness or disability could benefit from First Homes. They would also benefit from access to 100 new market homes that could be purchased by households in this group. However, overall more households with a disabled member may be affected by the displacement of new shared ownership, affordable rent or social rent properties than would gain from access to these new homes. We estimate the overall impact as follows:

- A net loss of access to 600 discounted homes a year, arising from

⁸ Sources: Social Rent and Affordable Rent: Continuous Reporting (CoRe) 2014-15;
Recent first time buyers and all households: English Housing Survey 2015-16, 2016-17 and 2017-18

- gaining access to 1,100 First Homes
 - the displacement of 1,700 homes for affordable sale and rent; and
- A net loss of access to 500 homes in total once the access to 100 more market units is accounted for.

Impact of exception sites

As entry-level exception sites provide additional housing without displacing other tenures it is estimated that, with steady state delivery over a year, 600 additional First Homes could be purchased by households with someone who has a long-term illness or disability, and in addition they could purchase 200 market homes. Our assumptions suggest that Disabled households are disproportionately more likely to purchase a First Home than purchase other types of new home.

Overall Impact

Taken together, it is likely that First Homes will have little impact on overall access to discounted homes for households with a disabled member, and a positive impact on access to housing overall (once market access is included):

- Fewer than 50 units difference per year in access to discounted homes (all types) for households with a disabled member
- Net gain of access to 300 homes in total (once market units are accounted for)

Annex A – Defining ‘potential buyers of First Homes’ and other groups

Potential Buyers of First Homes

The analysis above uses the expression ‘Potential buyers of First Homes’. It is not possible to exactly define the demographic make-up ex-ante for an untested product with limited eligibility criteria.

We have instead defined a proxy measure using an average of recent first-time buyers and data from the English Housing Survey which uses a sub-sample with the following characteristics:

- People from households who are responsible for the rent on their current home, but do not currently own a home; and,
- Answered ‘Yes’ to the question “Do you think you will eventually buy a home in the UK or not?”

It is possible that this might exclude some households who might have said ‘Yes’ to the question “Do you think you will eventually buy a home in the UK or not?” had they known about new Government policy prior to the question being asked. However, this group, on balance, probably best reflects the characteristics of potential buyers.

The following tables demonstrates the figures for different protected groups for potential buyers of homes, recent first-time buyers and the mean average between them to proxy for first home buyers.

Age	Potential Buyers of homes	Recent first time buyers	First Homes average
16 - 24	14%	8%	11%
25 – 34	39%	61%	50%
35 – 44	28%	23%	26%
45 – 54	14%	6%	10%
55 or over	6%	3%	5%

Ethnicity of HRP	Potential Buyers of homes	Recent first time buyers	First Homes average
White	78%	84%	81%
Total BAME	23%	16%	19%

Sex	Potential Buyers of homes	Recent first time buyers	First Homes average
Female	51%	47%	49%
Male	49%	53%	51%

At least one member of household with long term illness or disability	Potential Buyers of homes	Recent first time buyers	First Homes average
Yes	20%	11%	16%
No	80%	89%	85%

Social and Affordable Rent

The analysis uses data from “Continuous Recording of Lettings and Sales in Social Housing in England” (CORE) to identify the characteristics of households that have recently moved into new Affordable Housing, specifically Social Rent and Affordable Rent. It is restricted to “new lets” of new build property – that is, homes which have not previously let in the social rented sector.

Shared ownership

The analysis also uses data from CORE to identify the characteristics of households that have recently moved into new shared ownership, although the data source only covers these with a mortgage.

Recent first-time buyers and all households

The analysis uses data from the English Housing Survey on households that say that they have bought their home in the past three years to determine the characteristics of first-time buyers.

Data limitations

Not all impacts on people with particular protected characteristics can be assessed using the available data. In particular, we are not aware of comparable data on potential home owners and current users of affordable housing by sexual orientation, pregnancy or gender-reassignment status.