



First Homes Sales and Resales Policy 2021



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1. INTRODUCTION

1.1 BACKGROUND

The First Homes scheme, which provides discounted homes for first time buyers, launched in June 2021 as another government initiative to help first time buyers get on the property ladder.

The scheme is “designed to support local people who struggle to afford market prices in their area” but want to “stay in the communities where they live and work.”

Delivery of the scheme is part of the government’s wider pledge to build one million new affordable and attractive homes and help put home ownership within reach for people across the country.

1.2 SCOPE

First Homes are a type of discounted market sale (DMS) housing introduced by national planning policy as an affordable housing product that meets the definition set out in the NPPF (2019).

To qualify as First Homes, properties must have a minimum discount of 30% to market value, secured in perpetuity through legal agreement.

On first sale, these homes must have a purchase price that does not exceed £250,000 (£420,000 in London) after the discount has been applied.

First Homes should be sold to first time buyers with an annual gross household income no greater than £80,000 (£90,000 in London) and

a minimum of 50% of the purchase price must be met through obtaining a mortgage.

There are set eligibility criteria (see 3.2) which applicants must meet in order to be considered for one of these properties.

Further detail on can be found in the national [First Homes Planning Practice Guidance](#).

1.3 PURPOSE

The purpose of this of this policy is to provide information regarding the role and responsibility DDC has during the sales and resales process of First Homes properties in the District.

This document has been written from the DDC’s position as a Local Planning Authority as set out in the First Homes Planning Practice Guidance and focuses on the administrative tasks DDC is obliged to fulfil during the sales and resales process.

1.4 HOW THIS POLICY WILL BE DELIVERED

This policy and process is delivered by the members of the following teams / departments:

- Affordable Housing Development team
- Legal team
- Planning team

Officers involved in this process are:

- New Homes Officer
- Property Lawyer

- Planning Officer

The New Homes Officer will oversee the sales and resale process for First Home properties and will be the main point of contact for all parties, both internal and external, involved.

The Property Lawyer in the Legal team will review the conveyancing and legal side of the application process.

The Planning team will have overseen the agreement with the developer on the eligibility criteria and restrictions made on the property.

2. POLICY OBJECTIVES

The objectives of this policy are to:

- Ensure that First Home properties offered for sale and sold in conformity with Homes England requirements
- Clearly define eligibility criteria for applicants and where applicable set local connection criteria
- Detail how applications can be made and what applicants can expect of the applications process
- Encourage and support sustainable home ownership for residents and tenants within the District
- Operate a fair and transparent application process

3. POLICY STATEMENTS

3.1 QUALIFYING CRITERIA

There are minimum requirements a property must meet to qualify as a First home. The Affordable Housing Update Written Ministerial Statement (WMS) published on 24 May 2021, stated that the national standards for a First Home are that:

- A First Home property must be discounted by a minimum of 30% against the market value
- After the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London)
- The home is sold to a person(s) who meets the eligibility criteria, as set out in section 3.2; and
- There should be a section 106 agreement securing the necessary restrictions on the use and sale of the property, and a legal restriction on the title of the property to ensure that these restrictions are applied at each future sale

However, the WMS gives local authorities and neighbourhood planning groups the discretion to apply a higher sale discount up to 50% and implement local connection criteria.

Restrictions attached to the property will be registered on the title at HM Land Registry to ensure that the discount and criteria are passed from each subsequent title transfer.

3.2 ELIGIBILITY CRITERIA

The following eligibility criteria apply to all First Home sales:

- The scheme is only open to first time buyers as defined in [paragraph 6 of schedule 6ZA of the Finance Act 2003](#)
- Purchasers must also have a household income not more than £80,000.
- A First Home should be the buyer's only home; and
- A mortgage must be used for at least 50% of the purchase price.

The above points are considered the national eligibility criteria. All applications submitted to DDC will be assessed to ensure they meet these criteria.

3.3 THE COUNCIL'S POSITION

As stated in our [First Homes Position Statement](#) published in December 2021, the DDC's position on the discount applied and applicant(s) eligibility criteria is as follows:

- keep the rate of discount at 30%; and
- keep the national eligibility criteria

The above criteria will be applied until the adoption of the Local Plan 2040, where consideration will be given to whether we may adopt local criteria. DDC's position statement will remain a material consideration until this time.

3.4 MARKETING

DDC is committed to supporting people into home ownership where the normal market processes have left it unaffordable for them to do so.

Marketing for First Homes properties can only begin after the criteria is agreed between DDC and the developer.

To ensure that First Home properties are marketed compliantly, DDC will work closely with developers to support the marketing process and provide guidance on how First Homes properties should be marketed, if required.

The DDC will, in cooperation with developers, advertise First Homes properties on a dedicated 'First Homes' webpage and using the 'Keep Me Posted' service to provide information and links to developer websites where First Homes are being sold.

3.5 COMMUNICATION

To ensure that the sales process is progressed and completed efficiently, a 'golden thread' of information will be concentrated and managed by the New Homes Officer, who will act as a liaison between internal departments and external parties. All correspondence should pass through the New Homes Officer to avoid confusion and duplication of information.

DDC aims to progress applications within reasonable time and will ensure prompt and timely updates are communicated at each stage of the sale.

If there is likely to be a delay to the assessment of an application due to higher levels of demand or staff sickness, the applicant and all parties will be informed.

3.6 FIRST HOMES RECORD

It is important for DDC to ensure that applications are monitored, and information is regularly updated to ensure a compliant and smooth process.

To assist with this, sale progression information will be recorded on a First Homes Record. This record will be accessible to each Officer involved in the sales process who will be responsible for updating their section of this document.

No personal information will be stored on this document. Applications on this record will be anonymised with a unique reference number to protect the identity of applicants.

4. FIRST HOME SALES

4.1 HOW APPLICATIONS WILL BE ASSESSED

Under guidance prepared and published by the government, DDC will process applications for First Home properties on a first-come-first-served basis.

DDC will assess the first application it receives – if successful, we will not assess any others received.

If an application is not successful, then DDC will assess the second application received and so on until an eligible buyer is found.

Applicants will be informed if their application is unsuccessful with reasons provided.

4.2 PRE-APPLICATION

Applicants are advised to obtain a mortgage lending Decision in Principle (DIP) before an application form is submitted to DDC.

However, a full mortgage application should not be sent to a mortgage lender until DDC has checked the application and an Authority to Proceed and Eligibility Certificate (see 4.4) have been sent to the proposed First Home owner(s) and their conveyancer.

4.3 APPLICATION FORM

Applicants interested in purchasing a First Home property will need to complete an application form. The house builder should help complete this with the applicant, with certain sections needing to be completed by the applicant's mortgage advisor and conveyancer.

An application checklist is provided in the pack. The house builder and the mortgage advisor must complete the checklist before submitting to DDC.

The applicant must ensure that they have signed all the declarations on the application form for it to be considered valid.

Once the form and checklist are complete, the pack should be sent to DDC via email: communityhousing@dover.gov.uk

The New Homes Officer will then assess the application to ensure that it has been completed correctly and that the applicant(s) meets the eligibility criteria.

An application form should not be submitted to DDC unless all sections have been completed. Applications which have missing information or have been completed incorrectly will be rejected and returned for remedial action. This may delay DDC approving applications, and potentially, the applicant(s) could fail to secure the property under the scheme.

When an eligible application has been approved, the New Homes Officer will open a new line on the New Homes record and informs all Officers involved in the process.

4.3.1 JOINT APPLICATIONS

Joint applications for First Homes are allowed and will be assessed as stated in 4.3. All purchasers must meet the eligibility criteria as stated in 3.2.

In exceptional circumstances, where the mortgage lender will only lend to one applicant (e.g., because one party has an adverse credit history) the purchase can still proceed, subject to other First Homes criteria being met. As part of this, both parties would still need to meet the first-time buyer criteria, and both parties would therefore need to sign the first-time buyer declaration.

4.4 AUTHORITY TO PROCEED AND ELIGIBILITY CERTIFICATE

If the applicant(s) meets all the eligibility requirements, the New Homes Officer will, with approval given by the Strategic Housing Manager, issue an 'Authority to Proceed' and an Eligibility Certificate to the applicant(s), the builder, mortgage advisor and the conveyancer.

Receiving these documents demonstrates that applicants are approved to purchase the First Home property and can proceed to apply for a mortgage.

At this point DDC will also issue instructions to the applicant's conveyancer. All legal matters will be managed by DDC's property solicitor.

We advise that applicants do not submit a full mortgage application until they have received both documents as they may incur costs associated with mortgage submissions.

In scenarios where a mortgage application has been submitted to a lender before the applicant(s) has received either an Authority to Proceed or an Eligibility Certificate, DDC will not be liable to refund any costs incurred as a result of an ineligible decision.

DDC aims to provide an efficient and excellent customer service and aims to have issued an Authority to Proceed and Eligibility Certificate within 5-7 working days upon receipt of the application form.

4.5 AUTHORITY TO EXCHANGE AND CERTIFICATE OF COMPLIANCE

At this stage it is expected that:

1. The applicant and their conveyancer have received a full mortgage offer
2. The conveyancer has completed their legal undertakings and instructions issued by DDC; and
3. The applicant(s) has made a further legal declaration confirming their eligibility and that they understand the terms of the First Homes scheme

Once the above have been completed, the conveyancer can request approval to exchange from DDC.

Upon receipt, the New Homes Officer and DDC's Legal team will check the conveyancer's request and legal undertakings. If our Legal team deems it a compliant sale, they will approve the issuing of an 'Authority to Exchange' and a Compliance Certificate.

An exchange cannot take place without an Authority to Exchange and Compliance Certificate. This is because of the following reasons:

1. The Authority to Exchange allows the applicant(s) to pay the deposit and exchange contracts. At this point the applicants are legally committed to buying the property

and

2. The Compliance Certificate demonstrates that the applicants are eligible and entitled to be a First Homes owner. It is important that this document is retained for future proof of eligibility.

Once an exchange has taken place there can be no more than 6 months to legal completion.

4.6 COMPLETION

Once a First Homes property sale completes, the Conveyancer should inform the New Homes Officer so that they can update the DDC's First Home record.

5. POST-SALES

5.1 REPAIRS AND MAINTENANCE

The responsibility for all repairs and maintenance lies with the homeowner.

New build First Home properties will fall under the NHBC Buildmark warranty. This means that the warranty will cover the cost of any damage caused by the builder failing to build the home to NHBC requirements. Details of this cover should be provided by the developer. The warranty usually covers up to 10 years.

However, any damage not listed by NHBC is likely not to be covered.

More information can be found on the [NHBC website](#).

5.2 HOME IMPROVEMENTS

Improvements to First Home properties are permitted.

If the property is a house, the applicant(s) can make any improvements they wish subject to planning regulations and their mortgage agreement.

If the property is a flat, applicants will be able to make improvements subject to the conditions of the lease, planning regulations and their mortgage agreement.

Applicants are reminded that irrespective of any improvements that they may make to their property, the restriction on the title means it can only ever be sold at the specified discount to the market value.

This is because the original percentage discount they received at purchase must be passed legally on to the next buyer.

5.3 BUILDING INSURANCE

While applicants purchase their property at a discounted price, they are still responsible for insuring 100% of the property.

Therefore, DDC strongly encourages that all applicants ensure they have sufficient buildings insurance in place at the time of exchange to fulfil their legal obligations.

5.4 LETTING

First Homes are properties designed to help first-time buyers purchase their first home where they would not be able to under normal market conditions. First Home properties are not intended to be purchased for Buy-to-Let investments and must be the primary residence of the homeowner(s).

However, homeowners are allowed to let out their properties for a period of up to 2 years, subject to the terms of their mortgage agreement. In these circumstances, homeowners are expected to notify DDC if they wish to let out their property.

Homeowners who need to let out their property for longer than 2 years will only be permitted to do so under exceptional circumstances, including:

- For a short job posting elsewhere
- For deployment elsewhere (Armed Forces)
- In a relation breakdown
- Fleeing domestic violence

- Redundancy
- Caring for a friend or relative

This list is not exhaustive.

Homeowners must obtain permission from DDC to let out their property for 2 years or more. Requests should be made in writing to communityhousing@dover.gov.uk.

DDC will not deny requests without sufficient grounds to do so, however applicants will need to obtain an agreement from their mortgage lender beforehand. DDC will not approve a request to let a First Homes property without this agreement already obtained.

6. FIRST HOME RESALES

The process for selling a First Homes property is broadly similar to the process for selling properties on the open market, however there are some differences.

If a First Homeowner(s) wishes to sell their property, they must first notify DDC of their intention. Homeowners can inform DDC by sending an email to communityhousing@dover.gov.uk.

Once we have received the form, we will issue the homeowner(s) with:

- instructions for marketing their property; and
- confirmation of the eligibility requirements.

Homeowners should not market their property until they have received the instructions from us.

Once in receipt of the instructions, homeowner(s) will then be able to instruct their chosen estate agent and inform them of the eligibility requirements. The marketing instructions must be used by the estate agent to ensure they can market to eligible purchasers.

6.1 RESALE MARKETING

When marketing a First Home, homeowners must attempt to sell their property to buyers who meet the eligibility criteria state in 3.2. This marketing period must be for a duration of 6 months.

If after 6 months of active marketing through an estate agent, the homeowner is unable to sell their property under these conditions they must

- inform DDC
- evidence that they have made all reasonable attempts to sell their First Home under the set eligibility criteria

At this point DDC can consider purchasing the property itself. However, if we decide not to purchase the property, then the homeowner will be permitted to sell it on the open market at the open market price provided they have our permission to do so.

Permission will be made in writing. No market sale should go ahead without this permission.

Homeowners are reminded that if a First Home property is sold on the open market at the open market price, the discounted portion of the sales receipts, otherwise known as the Additional First Homes Contribution, would be returned to DDC minus any tax liability created on part of the vendor, such as stamp duty.

For example:

Market sale price	£320,000
Discount applied at initial sale	30%
Homeowner %	70%
Homeowner receives	£224,000
DDC receives	£96,000

6.2 NEW BUYERS

The estate agent will be responsible for carrying out initial checks on potential purchasers and completing an application pack for the new purchaser.

The purchaser would need to meet all eligibility criteria, be able to make an offer on the property (subject to eligibility), and be, in the estate agents' professional judgement and advice to the applicant(s), the most proceedable purchaser.

6.3 VALUATIONS

Homeowners are responsible for arranging a valuation for their property.

Valuations must be carried out by a valuer who is qualified by the Royal Institute of Chartered Surveyors (RICS). Valuations carried out by a surveyor who is not RICS qualified will not be accepted.

The valuation will need to demonstrate that the sale is at a discount to the prevailing market value. The costs of carrying out a valuation of the First Home property rests with the homeowner.

The surveyor should value the home's 100% market value before the First Homes discount is applied.

Once the valuation has been completed, it must be submitted to DDC along with the application form.

6.4 SALE PRICE

The price of First Homes cannot be negotiated upwards from the discounted value set and confirmed by the valuation.

Homeowners can reduce the price, for example, if they wish to secure a quick sale, but the price cannot be increased even if there are several potential buyers.

6.5 ASSESSMENT

Once the initial eligibility checks, application pack and valuation have been completed, the information must be sent to DDC for review. This should be sent to: communityhousing@dover.gov.uk.

The New Homes Officer along with Officers from other applicable departments will assess and consider the purchaser's application and eligibility, and the homeowner's valuation.

If DDC deems the purchaser eligible and the valuation compliant, then we will approve the purchase. At this point the New Homes Officer, in consultation with DDC's property lawyer will issue instructions to the purchaser's conveyancer.

The purchaser's conveyancer should then follow the instructions issued to them and the sale will proceed in the same way as the initial sale shown in section 4.

7. MONITORING AND REVIEW

Regular monitoring will take place to ensure DDC are conducting and performing the administrative and monitoring functions of First Home properties in line with this policy and government guidance.

The results will be used by DDC to enhance future policy reviews and continually improve service standards. All reviews will consider whether:

- The current policy adheres to legislative and regulatory requirements and reflects current good practice
- The aims and objectives of the policy are being met
- The policy provides sufficient information to residents

Overall monitoring and review of the policy will be undertaken in consultation with:

- Staff
- Members

Staff will be encouraged to raise any concerns with the effectiveness of the Policy. All concerns should be directed to the Housing Policy Officer who will record these as part of the policy review process.

This policy will be reviewed every two years or in line with legislative or regulatory changes, and to ensure that it is operationally viable.

8. DATA PROTECTION

DDC will only process the personal data of the homebuyer(s), or other named individuals, in accordance with the Data Protection Act 2018 (DPA 2018) and the United Kingdom General Data Protection Regulation (UK GDPR) for the following purposes:

- The processing and administering the homebuyer's application for a First Home, including performing identify, credit, and fraud checks, and to assess eligibility.
- The parties above will share this information for the same purpose between each other to ensure orderly administration of this Government programme.
- The information may be used for statistical surveys and analysis, by Local Planning Authority, Homes England or MHCLG. When conducting these activities, we will either anonymise or, if anonymisation is not possible, pseudonymise the information.

All information will be treated in the strictest confidence. DDC is responsible for protecting any public funds it administers and so may use the information the homebuyer has provided on the application form to prevent and detect fraud. Under Schedule 2 of the Data Protection Act 2018 the information may be disclosed for purposes of crime prevention and detection.

More information on data protection can be found in our [Privacy Notice](#), the [Homes England privacy notice](#), and the [Personal Information Charter](#).

9. EQUALITY AND DIVERSITY

DDC is committed to ensuring that no person or group of persons will be treated less favourably than another person or group of persons and will carry out its duty with positive regard for the following core strands of equality; Age, Disability, Gender, Race, Gender Re-assignment, Sexual Orientation, Pregnancy, Maternity, Marital Status and Religion and/or Belief.

DDC believes that all applicants deserve to have the same opportunity to access First Homes schemes and will ensure that all residents are treated fairly and without unlawful discrimination in line with the Equality Act 2010, and that officers comply with the public sector equality duty as set out in section 149 of Act.