



First Homes Sales, Resales and Lettings Procedures

2022

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1. PURPOSE

The purpose of this document is to inform Officers of the approved and correct process to follow when participating in the assessment of applications for initial sales, subsequent resales, and post purchase lettings for First Home properties.

This procedure should be read alongside the 'First Homes Sales and Reseals Policy' and current government guidance on First Homes.

2. THE SALES PROCESS

PRE-ASSESSMENT & APPLICATION

1. An applicant(s) views a First Home property they wish to buy.
2. The builder and mortgage advisor will need to make sure that the applicant(s) can purchase a First Home property by:
 - a. checking local and national eligibility (determined by the s106 agreement)
 - b. checking household income; and
 - c. determining whether the applicant(s) likely to be able to obtain a mortgage, through for example a "decision in principle" from a mortgage bank or building society.
3. Once eligibility has been confirmed, the applicant(s) along with their mortgage advisor and the developer, will complete an application form.
4. Once the application information has been completed the applicants will:
 - a. sign the legal declarations on the application form, including confirmation that the applicant(s) are first time buyers; and
 - b. officially reserve the property by paying a reservation fee to the builder. This fee is refundable if it is later discovered the applicant(s) are not eligible.
5. The completed application is then sent by the developer to the Council for their consideration.

STAGE 1: INITIAL ASSESSMENT

6. An application along with supporting documents (if applicable) is received from a developer.
7. The New Homes Officer (NHO) checks through the application to make sure the candidate is eligible, and that all information submitted has been completed. This may be done in consultation with other departments (where applicable).

8. The NHO should check to make sure that the reservation fee had been paid by the applicant(s) and the information supplied has been completed correctly. Applications cannot be considered if the reservation fee has not been paid or if any required information is missing.
9. Once the check is complete and the NHO is satisfied, they should complete the below tasks in the following order:
 - a. Report to the Strategic Housing Manager and obtain confirmation to proceed
 - b. Assign a unique reference number to the approved application and update the sales progression tracker
 - c. Notify the other Officers / teams involved in the sales process; and
 - d. Issue to the buyer, their conveyancer, mortgage advisor, and the developer copies of the First Homes 'Authority to Proceed' and 'Eligibility Certificate' documents, and confirm the unique reference number that should be quoted on all correspondence.
10. The NHO will, in consultation with the Council's property lawyer, issue instructions to the buyer(s) conveyancer for them to follow and complete.

STAGE 2: LEGAL UNDERTAKING AND EXCHANGE

11. Once the mortgage has offered, the buyer(s) will sign a contract with the developer.
12. The conveyancer will then contact the Council, report on their legal undertakings and request approval to exchange contracts.
13. The NHO and property lawyer will check the conveyancer's request and, if it is deemed a compliant sale, the NHO will issue an 'Authority to Exchange' and Compliance Certificate to the buyer(s) conveyancer.
14. The NHO and property lawyer should then update the First Homes Record.
15. The buyer(s) pay their deposit to the developer and are now legally committed to buying the property.

STAGE 3: COMPLETION

16. At the point of exchange, the developer should inform the buyer(s) the time needed to complete the property. However, it usually takes no more than 6 months between exchange and completion.
17. The NHO should contact the conveyancer (regularly if required) to find out both the exchange and completion dates.

18. Once these dates have been supplied, the NHO should update the First Homes Record and mark it as 'complete' and inform the officers / teams involved.

3. THE RESALE PROCESS

The process for selling First Homes is broadly similar to the process for selling properties as stated in the initial sale process, and for those sold on the open market. However, there are some differences which the following procedure will explain.

1. For any homeowner wanting to sell their First Home property, they must first notify the Council. This notification should be sent to the New Homes Officer (NHO) and be done so via email.
2. Once the NHO has received this notification they should consult with the Council's property lawyer to determine the discount restriction and whether the property was sold under local or national eligibility rules.

There are set cascades for how First Homes should be marketed, which are determined by the restrictions on the initial sale. This is different depending on whether local or national eligibility criteria was applied to the sale. The NHO should make sure that the marketing process follows either of the 2 cascades below:

2.1. Where local eligibility applies

	Criteria	Active marketing duration
Cascade 1	Buyers who meet Local criteria	3 months
Cascade 2	Buyers who meet National criteria	3 months
Cascade 3	Open market	n/a

2.2. Where national eligibility applies

	Criteria	Active marketing duration
Cascade 2	Buyers who meet National criteria	6 months
Cascade 3	Open market	n/a

3. Once this information been determined, the NHO will issue the seller with instructions for marketing and confirming the eligibility requirements. These must be used by the seller's estate agent to ensure they can market to eligible purchasers.
4. The seller instructs the estate agent and provides the details of the marketing cascade and the eligibility requirements.

5. Once an eligible buyer has been found, the estate agents will complete the application pack for the new purchaser and send this to the Council along with a RICS qualified valuation of the property.
6. The NHO in consultation with the Building and Asset Control team will review the application and the valuation.
7. If after the review the application is eligible, and the valuation is compliant the NHO will approve the sale and issue instructions to the purchaser's conveyancer.
8. The process should then be followed from point 9 in the 'Sales Process' above.
9. If a neither a buyer who meets either local or national eligible criteria is not found during the first 6 months of marketing, then it is possible for the property to be sold on the open market. The owner must inform the Council of this before they begin any marketing.

4. LETTINGS PROCESS

While First Homes are not intended to be purchased for capital gain or as a 'let-to-buy' or 'buy-to-let' type property, owners are nonetheless able to let their property for up to 2 years or more, however only in exceptional circumstances including:

- For a short job posting elsewhere
- For deployment elsewhere (armed forces)
- In a relationship breakdown
- Fleeing domestic abuse
- Redundancy
- Caring for a relative or friend

Owners are required to obtain written permission from the Council in circumstances where they want to let their property.

In such cases the owner must request permission to do so from their mortgage lender first.

4.1 LETTINGS FOR 2 OR MORE YEARS

1. The owner contacts the Council to request permission to let out their property for 2 or more years. In the request they must state the reason(s) why (which must be considered one of the exceptional reasons as stated above and in the government guidance) and show they have approval from their mortgage lender.

N.B. The Council will not consider requests to let out First Home properties for 2 or more years that do not already have approval from a mortgage lender. It is therefore advised that owners obtain permission from the mortgage lender beforehand.

2. The NHO, in consultation with the Council's property lawyer and Strategic Housing Manager, will then respond either granting approval or denying it. If a permission is declined, the NHO and others involved officers should explain the reasons why the request was rejected to the owner.

3. The NHO should then complete a copy of the Lettings Decision letter template (which must be letter-headed) and send this to the owner via email. A paper copy can also be sent if requested.
4. A copy of the letter should be saved in the FH plot file, along with saved copies of all email correspondence between the owner and the Council.
5. When an owner takes repossession of their property, they are required to contact and inform the Council.
6. On receipt of this confirmation, the NHO should then update the Council records.

5. REVIEW

This document will be reviewed formally on an annual basis, however amendments required due to changes in government legislation will be made as and when.

The review will be carried out by the Housing Policy Officer and the New Homes Officer, and where appropriate, in consultation with the Strategic Housing Manager. Other departments involved in the process may also be consulted if the changes impact on tasks carried out by them.

Officers are encouraged to provide feedback on the process. Comments, concerns, and suggestions for improvement will be included in the review process.

6. GLOSSARY

Application pack – these are documents that buyers complete with the assistance of the house builder / estate agent, mortgage advisor and conveyancer. It contains declarations which all applicants are required to sign. All sections of this document must be completed for it to be accepted.

Authority to Proceed (AtP) - this document is issued once the application pack has been assessed and is deemed eligible. Once an applicant has received this, they can proceed with the purchase and obtain a mortgage.

Eligibility certificate – this document is issued with the AtP. It declares that the applicant(s) are deemed eligible to purchase the property based on the declarations made on the application form.

Authority to exchange (AtE) – this document is issued once assessment of the conveyancer's legal undertakings is deemed compliant. Receipt of this document allows the buyer and their conveyancer to submit a request for the exchange. An exchange proceed without this document.

Compliance certificate – this document is issued with the AtE. It confirms that buyer is eligible, and the sale is compliant with the scheme's criteria. This document should be kept by the buyer(s) as proof of their eligibility.