

Appendix 5 – Additional Information on First Homes

1. A summary of First Homes

General

- 1.1. First Homes should account for at least 25% of all affordable housing units delivered by developers and is the Government's preferred form of affordable home ownership.
- 1.2. The Planning Practice guidance states that First Homes are discounted market sale units which:
 - a) Must be discounted by a minimum of 30% against market value but Local Authorities (LAs) can set a discount of 40% or 50% if evidenced. However, it was confirmed during the 'Delivering First Homes' webinar that the discount will be fixed at 30% for properties built during Phase 2. This cannot be changed due to funding reasons. Please see the section below regarding the discount.
 - b) There will be a restriction registered on the title at HM Land Registry to ensure that this discount and certain other restrictions are passed on each subsequent title transfer
 - c) After the discount is applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London)
 - d) Be sold to applicants who meet the eligibility criteria as stated in 1.3.
- 1.2. There are national eligibility criteria for First Homes. Applicants must be:
 - a) A first-time buyer
 - b) Have a household income not more than £80,000 (or £90,000 in London)
 - c) A mortgage that must cover at least 50% of the discounted price
- 1.3. LAs can also apply their own local eligibility criteria (i.e., local connection tests), however this will only apply for three months, then widened to the national eligibility for a further three months. The DLUHC recommends that LAs have a local connection criterion in place as the scheme is designed to support local people onto the housing ladder so that they can live and work in their local area.
- 1.4. Homeowners are permitted to let out their First Home property for up to 2 years at a time under certain unforeseen life events. The properties may be let out for longer than 2 years but only for extenuating circumstances but must have approval to do so from the mortgage lender and the Local Authority.

The discount

- 1.5. On the discount, the government has stated that: 'The programme is designed to make sure that discounted homes are available in perpetuity so that, in addition to the initial buyer, future generations of first-time buyers can continue to benefit from access to an affordable way to own their home. For this reason, the discount on a First Home

is secured by a legal agreement between the developer and the local authority, which is noted on the title deed of the property (as a 'restriction on title') at the Land Registry. The restriction on title ensures that the discount is passed on as a condition of future sale.¹

- 1.6. For the main rollout of the First Homes scheme, the discounts will be funded by contributions from developers. To help launch First Homes as a new tenure, the Government is also supporting some early delivery programmes in which it is funding the discounts directly.
- 1.7. If a First Home resold as a market sale after all reasonable endeavours have been made to dispose of the dwelling as a First Home, the Local Authority will receive up to the value of the discount (referred to as the 'Additional First Homes Contribution'²) minus any additional tax liability created on the part of the vendor (i.e., stamp duty)³.
- 1.8. The model s106s states that once the Council has received the Additional First Homes Contribution it should "apply all monies received towards the provision of Affordable Housing."⁴

Resales

- 1.9. LAs are expected to issue marketing instructions to the chosen estate agent once they have received notification from the homeowner of their intention to sell and ensure that the sale is marketed compliantly.
- 1.10. Depending on the criteria attached to the property, the marketing should adhere to the following cascade:

Criteria	Marketing duration	
	Where local criteria applies	National criteria only
Local	3 months	n/a
National	3 months	6 months
Open market	n/a	n/a

- 1.11. LAs have the option to buy the property if no eligible buyer can be found, or they can permit the property to be sold on the open market, however the discount would be paid to the LA as stated in 1.8. If an eligible buyer is found, then the sale progresses like the initial sale.

¹ [First Homes application documents – Draft](#), page 26

² [First Homes s106 model clauses, 3.10.](#)

³ [Local Authorities Q&A First Home event notes, page 14](#)

⁴ [First Homes s106 model clauses, 3.11.2](#)

Letting of First Homes

- 1.12. Homeowners are permitted to let out their First Home property for up to 2 provided they notify DDC, and subject to the terms of their mortgage agreement.
- 1.13. The properties may be let out for longer than 2 years but only for extenuating circumstances but must have approval to do so from the mortgage lender and the Local Authority. Such circumstances include:
- a) For a short job posting
 - b) For deployment elsewhere
 - c) In relationship breakdowns
 - d) Fleeing domestic abuse
 - e) Redundancy
 - f) Caring for a relative or friend
- 1.14. Lodgers are permitted with no time restrictions, provided that the property remains the homeowners only residence.

2. Support and advice for Local Authorities

General

- 2.1. LGCC have stated that a dedicated Contract Manager at Homes England will liaise with LAs regarding specific site / scheme issues. No other information has been provided regarding this role, or whether they will be a definite point of contact for all scheme / sites other than development issues. (I.e., issues relating to applications).
- 2.2. Email updates / bulletins will be provided to LAs and other stakeholders regarding the early delivery programme.
- 2.3. Two emails have been provided for any queries relating to the early delivery programme or the First Homes policy in general.
- a) first.homes@homesengland.gov.uk – for queries relating to the Early Delivery Programme
 - b) first.homes@levellingup.gov.uk – for queries regarding First Homes policy

Documentation

- 2.4. The Local Government Capacity Centre (LGCC) have confirmed that LAs will be supported administratively by providing the following documentation:
- a) Reservation, application, and conveyancing templates
 - b) S106 templates

c) Bespoke guidance notes for LAs (yet to be released)

2.5. Regarding the s106 templates provided for the scheme, Homes England have stated that they cannot force LAs use them, but they strongly recommend that they are used.

Fees and charges

2.6. During the early development stage, Local Authorities will receive a £150 contribution from the developer for administrative costs for applications. Homes England have stated that this is not representative of government policy and is 'just part' of both phases of the pilot scheme. However as stated in 8.1 of the report, the government will likely review the cost to LAs having to oversee and manage the sales and resales of First Homes, when they review the resource implications.⁵

3. First Homes Record

3.1. Despite the Government having stated that they see no reason for data and information to be stored by Local Authorities, the Council will need to monitor applications and information throughout the sales process if it is to fulfil its function effectively.

3.2. The following are reasons why this spreadsheet is being proposed:

- a) It will help Officers across departments monitor each sale case as it progresses
- b) It will help to move the sale through the process consistently and efficiently thereby providing a better service; and
- c) It will support good data governance by preventing any ambiguity, confusion, and duplication of information

3.3. This document will be used by all Officers across departments who are involved in the sales, resales, and lettings process, each with sections they are responsible for completing and updating.

3.4. Personal information will not be stored on this document. Each sale and resale application entered on the FHR will be anonymised and assigned a unique reference number.

⁵ Local Authority Q&A event notes, page 6