

# First Homes webinar for Chief Executives and Housing Directors

29 June 2021

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## Questions

1. Can the cascade open to non-first-time buyers rather than lose the physical affordable home to open market?
2. If the resale is after 6 months marketing and sold at full value, does the vendor repay the discount to the LA?
  - **There currently are no exceptions to the First Time Buyer (FTB) rule.**
  - **If a First Home is switched to a market sale home, the local authority will get back up to the value of the discount minus any additional tax liability created on the part of the vendor (i.e., stamp duty).**
  - **Further detail on this mechanism is included in the model s.106 clauses can be found on [‘Homes England - First Homes Early Delivery Programme 2021-23’](#)**
3. Sale price when they bought it or when they sell it?
  - **Sale price is determined after the discount is applied to an independent valuation of the property at first and re-sales. If the home is sold at market value and ceases to be a First Home, the payment to the LA will be based on the actual sale price.**
4. When are First Homes mandatory for LA's with an up to date local plan?
  - **Local plans and neighbourhood plans submitted for examination before 28 June 2021, or that have reached publication stage by 28 June 2021 and subsequently submitted for examination by 28 December 2021, will not be required to reflect the First Homes policy requirement.**
  - **For areas that do not meet the criteria for transitional arrangements, new development plans, including local plans and neighbourhood plans, should take account of the new First Homes requirements from 28 June 2021.**
  - **More detail can be found in Paragraphs 18 and 19 of the Planning Practice Guidance.**
5. Will the LA be responsible for doing all the local connection checks?  
**AND**
6. Does the local authority approve every single First Home applicant is eligible?
  - **LAs will be required to review the completed application pack submitted by the developer on behalf of the customer. If approved, the LA is expected to issue a certificate as an ‘Authority To Proceed’ and apply for a mortgage at each sale.**
  - **The standard of evidence required to justify local connections is the same as would normally be used in local plan making. Please see the Planning Practice Guidance for more information.**
7. Will the 6-month marketing period only start when the property is completed, concern that the marketing period could start and expire before actual properties are built? would like to see period only count once property is completed.  
**AND**

8. So, if homes can be marketed off plan, once a property is reserved, does that stop the clock so a developer cannot say it is not sold in 6 months if the build process takes more than 6 months? So is the reservation process enough to evidence the property can be sold as a First Home?

**AND**

9. Marketing to local connections needs to carry more weight, and needs to be better safeguarded, and my concern is that developers will trigger marketing too early, where we feel that marketing to the local connection should lead up to completion and handover, with the wider marketing to follow beyond completion. Can this be specified with developers?

**AND**

10. Is there a standard approach to what is acceptable advertising the scheme by the developer and at what stage they should be marketed i.e., off plan, phased etc?

- **We will be wording the standard s106 to make clear that marketing as a First Home according to national criteria (i.e., the three-to-six-month period) cannot cease before the home has been built.**

11. What flexibility is to be given on the £ cap over the life of a phased development whereby the cap could be exceeded at a future point in time reflecting house price inflation.

**AND**

12. Will £cap be removed or uplifted for resales reflecting inflation in housing market over time?

- **The national cap applies for the first sale while price at re-sales are determined by the valuation by a RICS registered surveyor.**

13. Will a CPI inflation be supported in s106, for example or will AH units be expected to be renegotiated if this occurs?

- **The model s.106 clauses contain suggested provisions for clustering and distribution – applying these provisions for individual sites will be a matter for local authorities in negotiation with developers.**

14. When will the standard templates be shared with local authorities?

- **The standard application packs can be found with the Invitation To Tender (see p1)**

15. How do we identify the local demand for First Time buyers as do not wish to lose the affordable homes once built due to lack of sales?

- **The policy sets out that First Homes should make up at least 25% of the affordable housing units built on any s.106 site. National planning policy does not provide for this to be replaced by an alternative affordable housing product.**

16. Are their restrictions on use of the property - can they be let out?

**AND**

17. How do we prevent buy-to-let investors taking advantage of this?

- **The property is designed to be the owner's main residence, and should only let be out if there is a need (i.e. due to circumstances requiring the owner to stay away from their First Home).**
- **Under restricted circumstances, owners will therefore be able to let out their homes (at the market rate, which may in some situations be necessary to ensure they can cover the mortgage) – but the restrictions have been designed to ensure that First Homes are not acquired as buy-to-let investments and then rented out at a profit over an extended period.**

18. Does the First Homes requirement, in planning policy terms, replace the 10% affordable home ownership requirement in the NPPF?
- **First Homes will form part of the affordable home ownership requirement, alongside other forms of affordable home ownership like shared ownership.**
19. Recently commissioned evidence indicates a 50% discount is required throughout our district. Is such evidence sufficient for robust decision making or does it require a SPD / Policy review?
- **Evidence is needed to demonstrate the need and viability for discount levels through the local plan making process.**
  - **The standard of evidence will need to be consistent with what is usually used within local plans.**
20. Can the LA's please be given urgent confirmation of revenue support for this new burden of work around approvals - New Burdens funding / fee charging levels perhaps - or both in order to set up and then maintain staffing to meet the additional workload.
- AND**
21. Do LA's have the staff resources to service this product - capacity funding support for LA's?
- AND**
22. Will there be new burdens funding to support councils in the role of receiving applicants, applying criteria, approving, and liaising with conveyancing?
- **We recognise the critical importance of the local authority's role in delivering First Homes, and through the pilot programmes we are seeking to understand the resource implications for local authorities, so that we can ensure that the delivery and administration of the new tenure remains sustainable in the long term.**
  - **Some local authorities currently charge a fee to cover the administration of discount market sale, and this approach has not been ruled out for First Homes.**
23. Will an RICS valuation be required on resale to avoid estate agent/sellers overpricing properties causing a delay in sales over the 6-month period
- **In a re-sale, the seller or First Homes homeowner will need to pay for an independent valuation from a RICS registered surveyor. This needs to be submitted to the local authority as a part of the selling process.**
24. What is the definition of First Time Buyer - does it include those who have previously bought but currently do not own a home?
- **The First Time Buyer criteria will apply as set out in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief.**
25. Do both purchasers if a joint purchase must be first time buyers for them to be able to buy jointly?
- **Yes, both buyers must be First Time Buyers.**
26. Is the verification of a customer application the responsibility of Planning or Housing?
- **This will be done at the discretion of the local authority and how they choose to manage First Homes applications.**
27. Are developers going to be cute and charge a further 3% to 4% for marketing and sales? Can this rather be off-set against the 'ease of sales' that First Homes should achieve?
- **This is a matter for local authorities in negotiation with developers.**
28. Are First homes a requirement on self-build sites?
- **There is no policy intention to prevent self- and custom-build homes being sold as First Homes.**
  - **We welcome further feedback and evidence from local authorities and other groups seeking to develop self- and custom-build First Homes.**

29. Will the FTB be responsible for the conveyancer's additional legal costs and what do we anticipate they will be, and will lenders and local authorities impose costs on the FTB in addition?
- **FTB is expected to bear the conveyancers additional legal costs.**
  - **We do not expect lenders to set charges for First Homes mortgage applicants.**
  - **LAs setting charges for First Homes applicants can do so at their discretion.**
30. How can we be sure that developers won't de-spec these First Homes units? Who will monitor this against standard market specifications?
- **First Homes should not be visually distinguishable from market homes within the same development site.**
  - **The quality will be factored into the valuation.**
31. If a rural exception site is being proposed in a rural area that isn't on a designated rural areas (DRA) list can you confirm whether First Homes will apply or not? None of our rural areas are in DRAs so we are likely to lose lots of rural exception sites if parish councils don't want to lose some of the homes to a First Homes product. Could this be checked, and advice provided please?
- **As at present, rural exception sites can continue to come forward in all rural areas subject to local authority consent.**
32. For re-sales, how will all the eligibility checks be secured prior to the LPA certification?
- AND**
33. Can you tell us more about how the resale will work? Who will put together the pack and check list if no developer involved?
- AND**
34. What is the LA role in resales?
- AND**
35. How ensure a LA notified of resales? Is this purely reliant on conveyances and owners. Will the title wording prevent resales without LA approval?
- **The buyer, together with their estate agent, conveyancer, and mortgage adviser, will be responsible for providing documentation to prove that the eligibility criteria is met. LAs are expected to undertake eligibility checks and issue certificates of Authority To Proceed and Authority to Exchange.**
  - **The First Home status of a property will be noted on the title at Land Registry. This will appear on conveyancing checks as part of the sales process.**
36. How do you anticipate this impacting upon delivery of affordable / social housing delivery under s106?
- **We remain committed to delivering affordable housing across a range of tenures, and we have confirmed the details of a new £11.5bn Affordable Homes Programme.**
  - **The programme will deliver up to 180,000 new homes (should economic conditions allow), half of which will be for affordable home ownership, including the new model of shared ownership. The rest will fund affordable and social rent.**
  - **Our estimates of the impact of s106 delivery in other affordable tenures have been published as part of the Equality Impact Assessment for the First Homes policy [published in 2020](#).**
37. Keen to bid but for 'zero carbon' First Homes. Will the cost minimisation criteria for bidding effectively knock out that opportunity? or is this flexible if quality is high enough?
- **"zero carbon" the grant requested for the scheme is a function of the market value and the first Homes discount, the same as any other home. So, an example: a**

**"zero carbon" home with a market value of £300K, is sold at £210K at the First Homes discount. The developer may request say £90k grant to do this. Alternatively, for the same home the developer may request £88k grant. The latter request would score better on cost minimisation than the former. There is nothing intrinsically about "zero carbon" homes that will prevent their participation in the programme, they just must comply with the market value limits.**

38. What happens if the developer does not wish to do first homes but keep to disposal of AH obligation to an RP?
- **From 28 Jun 2021 First Homes became material consideration for LAs in England where 25% of all affordable homes delivered by developers planning obligation will be First Homes. This new requirement means developers must deliver First Homes agreed as a part of their developer contribution for affordable housing.**
39. In your pilots what role has the local authority had?
- **LAs have undertaken eligibility checks and issued certificates of Authority To Proceed and Authority to Exchange within pilots.**
40. Will local authorities need to include a policy for a % First Homes on sites?
- **A policy compliant planning application will have a minimum of 25% of affordable housing units on-site as First Homes.**
41. Please would it be possible to have a little more information on the estimated timetable slide. Is this a Homes England Tender process. Please can you expand a little further on this?
- **Please visit [‘Homes England - First Homes Early Delivery Programme 2021-23’](#) for further information.**
42. Will training be provided for LA staff?
- **We will publish guidance for stakeholders involved in the buying and selling process in due course.**
  - **We welcome further feedback from local authorities on the requirement for training via [firsthomes@communities.gov.uk](mailto:firsthomes@communities.gov.uk)**
43. Is it expected that there will be standards for First Home record keeping? Also, is annual reporting expected?
- **Details of the annual reporting expected for First Homes, alongside other affordable housing, will be shared through the Central Local Information Partnership (Housing) in due time. We will ensure this is proportionate and strikes a balance between monitoring use of the tenure and limiting the burden on LAs.**
44. Will the application be covered by the penalties in the HA1996?
- **We are unable to provide a response without further information to enable us to understand your query. If a response is still required, please set out the nature of the issue and the specific provisions in the Housing Act 1996 to which you refer. Please email [firsthomes@communities.gov.uk](mailto:firsthomes@communities.gov.uk)**
45. Has the vetting process been audited by a fraud investigator?
- **Buyers are required to complete a self-declaration, like stamp duty, attesting to their first-time buyer status.**
  - **LAs are responsible for checking customer eligibility for the scheme based on the application pack submitted by the developer.**
46. At point of sale the mortgage valuation exceeds the £cap due to a different opinion on OMV?
- **All First Homes sales will be at the discount to market verified by an independent valuation. In the initial buying (new build) process, the mortgage lender market valuation must agree with the proposed selling price (e.g. 30% discount to market value) otherwise the sale cannot proceed.**

- **For resales, the process is started by the First Homes owner providing a RICS valuation of their home. This sets the maximum purchase price (discount to market value) for the First Home resale.**
47. If First Homes conflicts with LP tenure policies which takes precedence?
- **First Homes is a form of affordable housing and should be treated accordingly under local planning policy.**
48. Are their mortgage providers willing to lend on First Homes with the restrictions?
- **On 4 Jun 2021 we published a list of seven UK mortgage providers in the [lenders statement of support](#) for First Homes including Halifax and Nationwide.**
  - **We expect more UK lenders will offer mortgage products for First Homes in the future.**
49. Could Bolsover district share the definition they have applied to key workers please (which I think you mentioned)?
- **We can share indicative criteria for key workers from a Local Authority involved in the early adoption of First Homes:**
    - “Key Worker” - means a person employed or with a confirmed job offer in:
      - **Health and social care.** This includes doctors, nurses, midwives, paramedics, social workers, care workers, and other frontline health and social care staff.
      - **Education and childcare.** This includes childcare, support and teaching staff, social workers.
      - **Public safety and national security.** This includes police and support staff, Ministry of Defence civilians, armed forces personnel, fire and rescue service, employees (including support staff), National Crime Agency staff, those maintaining border security, prison and probation staff and other national security roles, including those overseas.
      - For the Armed forces, this includes those that became a veteran in the last 5 years or a bereaved spouse/partner of someone who died as a result (in whole or in part) from their Forces service.
50. Are purchasers required to use a mortgage company proposed by the developer? Or can they find their own mortgage?
- **A buyer can use a mortgage provider of their choice.**
51. Is there additional advice about what happens if a Neighbourhood Plan sets a different % discount and criteria to the Local Plan?
- **Please see Paragraph: 004 of the Planning Practice [Guidance](#) for more information.**
52. If the discount is increased to 50%, will that be covered in grant?
- **The grant funded Early Delivery Programme will offer up to the minimum discount level of 30%.**
  - **First Homes delivered as a part of developer contribution will not receive any grant funding.**
53. For exception sites, how do you intend to protect against having to approve inappropriate development in the absence of evidence that needs have been met?
- It is for local authorities to determine whether an application for a First Homes exception site would be appropriate as part of their overall assessment of the planning balance.
54. Will the financial advisor carrying out the initial affordability checks be from a panel rather like shared ownership?

- There are no restrictions on the use of a financial advisor. Builders and estate agents may offer names of mortgage brokers and conveyancing firms for buyers to try but customers are free to choose.
55. Will there be target times for LPAs to deal with resale valuations?
- **The national caps are set by the policy, however local authorities are able to vary the income and price caps if this is appropriate in their areas, provided they evidence both local need and the impact on the viability of building new First Homes through the local plan-making process. The caps can only be reduced and not increased beyond the national caps.**
  - **The purchase process for a First Home is designed in such a way that it cannot proceed if the appropriate criteria are not adhered to.**
56. How will the situation be dealt with where there is high demand and several potential buyers? Can a LA expect to be asked to approve more than one applicant for a single property? Probably more appropriate for resales
- **The system is based on a first come, first served principle. Local authorities should assess the first application they receive – if successful, they don't need to assess any others.**
  - **For re-sales, the application will be submitted to LAs by the seller's nominated estate agent.**
57. Impact of exception site delivery will be negatively impacted for all LAs without 5yhl. has this been modelled?
- **Our estimate of the aggregate impact on delivery of the exception site policy is included in the modelling in the Equality Impact Assessment [published in 2020](#).**
58. Why was there not a gap between the pilot and enforcement through the planning obligation route?
- **We have already derived significant learning from the early 'proof of concept' sites which have informed the approach being taken now through the larger pilot and through planning policy. We will continue to refine the guidance and support available to local authorities as the pilot scheme progresses.**