

First Homes Guidance Note

Borough Council of King's Lynn & West Norfolk

February 2022

Introduction

First Homes are a specific kind of discounted market sale housing which meets the NPPF definition of affordable housing for planning purposes. In May 2021 the government published a [written ministerial statement](#) announcing the introduction of a new affordable housing tenure, First Homes.

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations, therefore the new tenure mix sought by the council is 70% rent, 25% First Homes and 5% Shared Ownership.

The new requirements for 25% First Homes will not apply to sites with full or outline planning permission granted before 28th December 2021 or applications where there has been significant pre application engagement which are determined before 28th March 2022. Significant pre-application engagement means any substantive discussions between the local planning authority and the applicant relating to the proposed quantity or tenure mix of the affordable housing contribution associated with the application.

What are First Homes?

The main criteria of First Homes, as set out in national guidance are;

- the First Home 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 discount is passed onto future purchasers, secured through a section 106 agreement.
- the home is sold to a person or persons meeting the First Homes eligibility criteria.
- on the first sale, the home will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer.

The First Home should look and feel like a normal market home, and should not be smaller or of a lower quality.

The developer/owner will be required to enter into a section 106 agreement to secure the delivery of the First Homes and to ensure a legal restriction is registered onto a First Home's title on its first sale.

Who is eligible?

To be eligible to purchase a First Home, the purchaser(s) must be first time buyers as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers.

The purchaser(s) should have a combined annual household income not exceeding £80,000 (or £90,000 in Greater London)

All purchasers of First Homes must use a mortgage for at least 50% of the discounted purchase value.

These national criteria will apply to all future resales.

Affordable Housing Contribution

Policy CS09 of the Core Strategy, the council's affordable housing policy sets out the percentages sought for affordable housing provision on qualifying sites;

- 15% within the built-up area of King's Lynn
- 20% in all other areas.

The council previously sought a tenure mix of 70% rent and 30% shared ownership (which includes other types of intermediate tenure) on developments meeting the threshold for affordable housing.

First Homes are a type of intermediate housing and therefore will form part of the 30% shared ownership/intermediate housing.

Therefore, the new affordable tenure mix sought by the council is;

- **70% rent**
- **25% First Homes**
- **5% Shared Ownership.**

Examples

A residential development of 100 homes in King's Lynn is liable for a 15% affordable housing contribution, equating to 15 affordable units. This would work out as;

- 70% rent = 10 units for rent (rounded down from 10.5)
- 25% First Homes = 4 First Homes units (rounded up from 3.75)
- 5% shared ownership = 1 Shared Ownership unit (rounded up from 0.75)

A residential development of 50 homes in Downham Market is liable for a 20% affordable housing contribution, equating to 10 affordable units. This would work out as;

- 70% rent = 7 units for rent
- 25% First Homes = 2.5 First Homes units
- 5% shared ownership = 0.5 Shared Ownership unit

When dealing with fractions of .5 as shown above, discretion will be left with the developer to decide whether to round this figure up or down to provide an additional unit for First Homes or an additional unit for Shared Ownership providing the affordable housing requirement is fulfilled.

Exemptions to First Homes

Some types of development are exempt from the requirement to provide a proportion of First Homes including specialist housing, such as housing for older people, supported housing, developments which are Affordable Housing only, self and custom build housing and Build to Rent.

Marketing/Disposal/Monitoring

The First Home will be marketed and sold by the developer. On initial sale of a First Home, the developer must obtain a valuation from a registered valuer acting in an independent capacity, and that valuation should be in accordance with the RICS red-book valuation guidance for new-build homes.

The developer must ensure a First Home is being sold to those who meet the eligibility criteria (above) and/or any local criteria if applicable. Once the council is satisfied the purchaser meets the national and/or local eligibility criteria, a compliance statement will be issued to the developer.

When a First Home is sold by a developer to the first owner, a restriction must be entered onto the title register with HM Land Registry identifying the unit as a First Home.

Any local eligibility criteria will apply for a maximum of 3 months from when a home is first marketed. If a suitable buyer has not reserved a home after 3 months, the eligibility criteria (including income caps) will revert to the national criteria set out above, to widen the consumer base. It should be noted whilst the council have not implemented any local criteria to date, this is something that could be introduced at a later date.

The council will check the valuation has been obtained from a registered valuer, check the purchaser is eligible to buy a First Home, verifying that properties have been marketed for the correct period before any local criteria is removed and will also verify the Land Registry restriction has been correctly registered.

Re-sales of First Homes will be subject to the same discount and eligibility criteria processes as required on the initial sale.

The above provisions and related terms for the implementation will be secured through a Section 106 agreement.

Contact

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