

First Homes

Advice Note

Advice for the provision of First Homes in New Forest District (outside the National Park)

July 2022

New Forest District (outside the National Park)



New Forest District (outside of the National Park) First Homes Advice Note

1. Introduction

- 1.1. This note sets out the procedure NFDC will follow where First Homes are to be provided as part of the affordable housing requirement in the area covered by the Local Plan 2016-2036 Part One: Planning Strategy, adopted in July 2020. The Council does not require First Homes to be provided and an affordable housing offer in accordance with **Policy HOU2 Affordable Housing** continues to be acceptable. In line with national guidance, the Council will accommodate them where a developer wishes to provide them.
- 1.2. The Council will accept First Homes as part of meeting the requirements of **Policy HOU2 Affordable Housing** as an alternative to complying fully with the policy tenure requirements. This is provided that a development proposal including First homes is in full accordance with published government guidance¹ and meets the requirements of this Advice Note, including that the affordable housing offer with First Homes is of equivalent financial value.

2. Background

- 2.1. First Homes are a discounted market tenure for first time buyers, announced in a Ministerial Statement² on 24th May 2021 accompanied by updated Planning Policy Guidance (PPG)³. It is one of the Government's policies designed to promote wider home ownership.

3. What is a First Home?

- 3.1. The PPG⁴ sets out that First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:
 - must be discounted by a minimum of 30% against the market value;
 - are sold to a person or persons meeting the First Homes eligibility criteria (see below);
 - are physically indistinguishable from the equivalent market homes in terms of quality and size⁵;
 - on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value)

¹ <https://www.gov.uk/guidance/first-homes>

² <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>

³ <https://www.gov.uk/guidance/first-homes>

⁴ PPG - Paragraph: 001 Reference ID: 70-001-20210524

⁵ PPG - Paragraph: 006 Reference ID: 70-006-20210524



and certain other restrictions are passed on at each subsequent title transfer; and

- 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)⁶.

3.2. Where provided First Homes should account for at least 25% of all affordable housing units delivered by developers through planning obligations. There is a separate national policy requirement that on major developments (of 10 or more homes), at least 10% of the total number of homes should be available for affordable home ownership⁷. The provision of First Homes may help to meet this requirement in whole or part.

4. Who is eligible for First Homes?

4.1. The PPG⁸ defines first-time buyers eligible to purchase a First Home. This eligibility criteria must also be met by future purchasers of a First Homes property. The PPG also states that local authorities can apply local eligibility criteria in addition to the national criteria⁹.

4.2. The Council will use local eligibility criteria for local connection to the District (including priority for defined key workers) in assessing prospective applicants wishing to purchase a First Home. This is set out in Appendix 1 of this Advice Note.

4.3. Any locally set eligibility criteria will apply for at least 3 months in addition to the national eligibility criteria from the agreed date that the home is first marketed¹⁰, after which purchase eligibility would revert to only the national criteria for the final 3 months (a minimum of 6 months in total since the property was first marketed).

4.4. If a First Home does not sell within this marketing period as an eligible purchaser cannot be found, the property will instead revert to 'Open Market Sale', with the First Homes discount repaid to the Council as an 'Additional First Homes Contribution', to spend on the provision of affordable housing. Alternatively, there is an option for the Council to buy the property at the at the Discount Market Price, providing options for it be used for other forms of affordable housing.

5. How are First Homes delivered through the planning system

5.1. There are two main pathways to their delivery:

- **As part of planned development** - on sites where there is a requirement for affordable housing (site thresholds set in local plans, subject to national planning practice guidance) – at least 25% of all affordable housing units delivered should be 'First Homes'. First Homes (and the mechanism securing the discount in perpetuity) will be secured through section 106 planning obligations (s106).

⁶ Whilst the price cap of £250,000 applies only to the initial sale of the First Home, the discount (as a percentage of market value first applied) will remain the same for subsequent sales.

⁷ PPG - Paragraph: 023 Reference ID: 70-023-20210524 and para 65 of NPPF

⁸ PPG - Paragraph: 007 Reference ID: 70-007-20210524

⁹ PPG - Paragraph: 008 Reference ID: 70-008-20210524

¹⁰ The date of the start of the period should be proposed by the developer, with sufficient lead-in time in advance for the Council to consider and agree this before it commences



- **On First Home ‘exception’ sites** – developers may propose sites not allocated for development in Local (or Neighbourhood) Plans that are otherwise suitable locations for housing development for the provision of First Homes as an exception to normal policy, with proposals needing to be proportionate in size to the existing settlement¹¹ (National guidance sets out areas excluded, see below).

6. Where the First Homes requirements apply in NFDC

- 6.1. A First Homes discount of 30% will be applied to the entire Local Plan Area¹², outside of the New Forest National Park. The case for alternative discount rates will be considered through a future Local Plan review.
- 6.2. Policy HOU2 is differentiated by plan sub-areas in respect of the target for overall affordable housing provision. In Totton and the Waterside area, the target is for 35% of new homes to be affordable housing. The remaining Plan Area has a target for 50% of new homes to be affordable housing. First Homes provision will be at least a 25% proportion of these overall figures.
- 6.3. National guidance makes provision for First Homes exception sites¹³. A small proportion of market homes and/or other forms of affordable housing may be included provided it can be evidenced that to do so is necessary to achieve development viability¹⁴ or there is an identified significant local need for one or more other forms of affordable housing¹⁵.
- 6.4. First Home exception sites cannot come forward in areas designated as Green Belt, or in designated rural areas as defined in Annex 2 of the National Planning Policy Framework (areas designated as ‘rural’ under section 157 of the Housing Act 1985). In these areas ‘rural exception sites’ will be the sole permissible type of exception site.
- 6.5. For NFDC, the areas where First Homes exception sites can come forward are shown as a blue shade on the map below, within the parishes of Breamore; Fawley; Fordingbridge; Hythe & Dibden; Marchwood; Ringwood; Sandleheath; and Totton & Eling.

¹¹ PPG - Paragraph: 026 Reference ID: 70-026-20210524

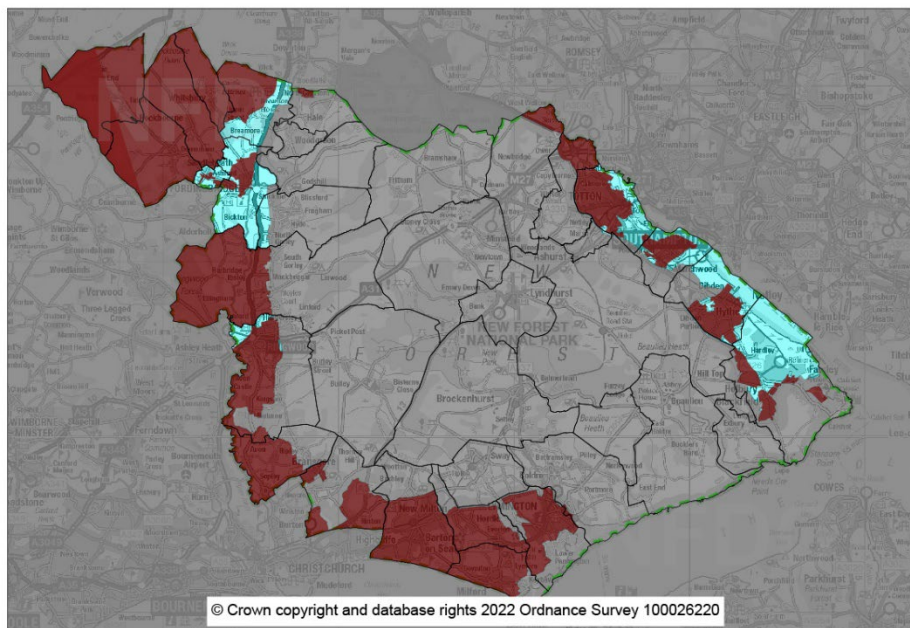
¹² It is noted that future neighbourhood plans prepared in the District would have the ability to set higher discounts, subject to passing examination and referendum

¹³ PPG Paragraph: 024 Reference ID: 70-024-20210524

¹⁴ PPG Paragraph: 027 Reference ID: 70-027-20210524

¹⁵ PPG Paragraph: 029 Reference ID: 70-029-20210524





Map 1: Areas shown as a blue shade where First Homes exception sites can in principle come forward (Note: An enlarged map provided in Appendix 3)

6.6. A First Homes exception site should be proportionate in size to the settlement in which it is proposed. Applicants should consider engaging a relevant built environment professional as part of the planning application process to provide advice on the scale of the proposal and also proactively engaging with local authorities through the Pre-App approach to discuss their proposals.

6.7. Local Plan Policy STR4 sets the settlement strategy for the District and should be used as an initial guide for the appropriateness of the proposed development size. This will include (but not limited to) demonstrating the settlement's services (schools, health and community facilities, employment opportunities and availability of public transport) can support the scale of the site proposed.

6.8. Future Local Plan reviews will consider the need for policies specifying an exception site's proportionality to a given settlement and the evidence needed to assess this.

7. Developments where First Homes are not a requirement

7.1. The provision of First Homes is not a NFDC policy requirement. However, where a developer wishes to provide them, First Homes are treated as affordable housing as defined in the NPPF¹⁶. In line with this, the following development types are excluded from the requirement to provide First Homes:

- Build to Rent,
- Specialist retirement housing schemes,
- Custom and Self-Build,

¹⁶ NPPF Glossary: <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

- Developments exclusively for affordable housing (i.e. 100% affordable housing schemes), or
- Rural affordable housing Exceptions Sites (RES).

8. Viability, tenure and housing mix implications where First Homes are provided as part of a development

- 8.1. First Homes policy and a planning application compliant with that policy should seek to provide the same amount of value as would be captured under the Council's up-to-date published policy – Local Plan 2016-2036 Part One: Planning Strategy, and specifically Policy HOU2¹⁷. The expectation will be that the size and tenure mix of all homes provided on a development (market homes, First Homes, together with all other affordable home tenures) is compliant with the Local Plan Policy requirements.
- 8.2. For planning applications where onsite affordable housing is required, a national policy compliant application will have at least 25% of affordable housing units on-site as First Homes.
- 8.3. Once a figure of at least 25% of First Homes has been accounted for, social rent should be delivered in the same percentage as set out in the Local Plan. The remainder of the affordable housing tenures should be delivered pro rata in line with the proportions set out in the local plan policy¹⁸.
- 8.4. To ensure the local housing needs of the District are met, the housing mix of First Homes to be provided should also reflect a policy compliant mix (reproduced in Table 1), where this can be achieved meeting the price cap after the minimum 30% discount has been applied (see further information below in this section).

	1-2 bed	3 bed	4+ bed
Affordable rental homes	60-70%	25-30%	5-10%
Affordable home ownership	55-65%	30-35%	5-10%
Market homes	30-40%	30-35%	20-25%

Table 1: Indicative need for different sizes and tenures of home (reproduced from Figure 6.1, Local Plan 2016-2036 Part One: Planning Strategy)

- 8.5. The following table sets out the current HOU2 policy requirements and how they vary to accommodate First Homes provision. It is noted that in providing First Homes, and with the provision of social rented affordable housing a high priority for the Council¹⁹, this will lead to reduced provision of affordable rent and intermediate / shared ownership products.

¹⁷ PPG Paragraph: 014 Reference ID: 70-014-20210524

¹⁸ PPG Paragraph: 015 Reference ID: 70-015-20210524

¹⁹ See Paragraph 6.15, Local Plan 2016-2036 Part One: Planning Strategy



	Totton and Waterside (Policy HOU2)	Rest of Plan Area (Policy HOU2)	Totton and Waterside with First Homes	Rest of Plan Area with First Homes
% Affordable Housing Provision	35%	50%	35%	50%
Market Homes	65%	50%	65%	50%
First Homes	-	-	8.75% (25% of 35%)	12.5 % (25% of 50%)
Social Rent	12.25% (35% of 35%)	17.5% (35% of 50%)	12.25% (35% of 35%)	17.5% (35% of 50%)
Affordable Rent	12.25% (35% of 35%)	17.5% (35% of 50%)	7.5%*	11%*
Intermediate / Shared Ownership	10.5% (30% of 35%)	15% (30% of 50%)	6.5%*	9%*

*Note: The same 35%:30% ratio is applied to the remaining balance of affordable housing after deducting First Homes and Social rented homes

Table 2: Impact of First Homes on NFDC Local Plan policies

- 8.6. For residential development required to provide affordable housing as set out in Policy HOU2, the supporting text to this policy explains that variations to the affordable housing tenure mix will only be supported where it is demonstrated to be necessary to ensure the viability of a proposal. This will continue to be the case where developers opt to provide First Homes as part of the affordable housing mix, with the target being a policy compliant mix of tenure.
- 8.7. As with other forms of Affordable Housing products provided through development, there is mandatory exemption from the Community Infrastructure Levy (CIL) for First Homes (including those delivered on exception sites). All other Local Plan policy requirements remain applicable.
- 8.8. All land purchases or development options on land should be made on the basis of full compliance with Development Plan and Government policies.**
- 8.9. For schemes meeting the First Homes exception sites requirements, due to their nature as an 'exception', viability assessments should first be conducted on the basis of 100% provision of First Homes (reflecting the minimum 30% discount) at a reduced land value commensurate with a realistic expectation of development returns for affordable housing. Land purchase values should also reflect the cost of meeting the relevant Local Plan policy requirements. The evidence required to justify the inclusion of a small proportion of market housing is set out in national policy²⁰ and would typically be in the

²⁰ PPG Paragraph: 026 Reference ID: 70-026-20210524



form of a detailed viability assessment prepared in line with Planning Practice Guidance on Viability in Decision Taking²¹.

Market valuations and house sales prices

8.10. The provision of First Homes should reflect a Local Plan policy compliant mix of house type and size, however the sales price of a house type in the sub-areas of the Plan Area is a factor to be taken in to account, noting the price cap of £250,000 at the point of the initial sale²². Developers should obtain a valuation from a registered valuer acting in an independent capacity, and that valuation should be in accordance with the Royal Institution of Chartered Surveyors red-book valuation guidance for new-build homes²³. The valuation will ideally also be suitable for mortgage lending purposes, though it is acknowledged that lenders may have their own specific valuation approaches. If at a later point in the initial sale process, a mortgage lender’s valuation differs from the independent valuation, then the lenders valuation will be taken as the open market value (OMV).

8.11. Regarding the house type and the value thresholds they represent, the following table highlights in green the size of home likely to qualify as a First Home by given the initial sale price must not exceed £250,000 after the 30% minimum discount is applied as of May 2022. Those highlighted in red are beyond the price cap and so would not be eligible as First Homes. Whilst it is acknowledged there will be some variation in prices, the table broadly shows the unit size likely to fall within the sales price cap.

Unit type	Totton & the Waterside		South Coast Towns		Avon Valley & the Downlands	
	Market Values*	30%FH discount	Market Values*	30% FH discount	Market Values*	30% FH discount
2-bed terrace (70 sq m)	£268,700	£188,000	£358,300	£250,800	£341,900	£239,300
3-bed terrace (84 sq m)	£322,420	£225,700	£429,900	£301,000	£410,300	£287,200

Table 3: Example values of First Homes

*: Rounded market value based on unit sizes tested in 2018 'Whole-Plan Economic Viability Assessment' report, adjusted by 16% houses inflation using monthly HPI for New Forest DC at 23/05/2022 using March 2022 HPI data. It is noted that new build values may be marginally higher.

²¹ <https://www.gov.uk/guidance/viability>

²² Whilst the price cap of £250,000 applies only to the initial sale of the First Home, the discount (as a percentage of market value first applied) will remain the same for subsequent sales

²³ PPG - Paragraph: 006 Reference ID: 70-006-20210524



9. Securing and delivering First Homes through the planning process

9.1. To ensure the provision of First Homes accords with national guidance, a series of details will need to be agreed and key stages completed to ensure the legal requirements are successfully met. The home purchaser, the developer, the local authority, mortgage lender or conveyancer are responsible for different stages in the process. Legal agreements will also be necessary to ensure compliance with eligibility criteria, the discount level, situations where First Homes criteria would no longer apply, or the procedure if the unit does not sell. This agreement will run with the land to which it relates.

9.2. The following chart summarises this process for a planned open market development from the initial decision to include First Homes as part of the site's affordable housing provision, to the point of commencement of marketing. The boxes colour shading represents the following

- Red = National or local policy requirement to be met
- Orange = An area that can potentially be negotiated through planning application process
- Grey = Information



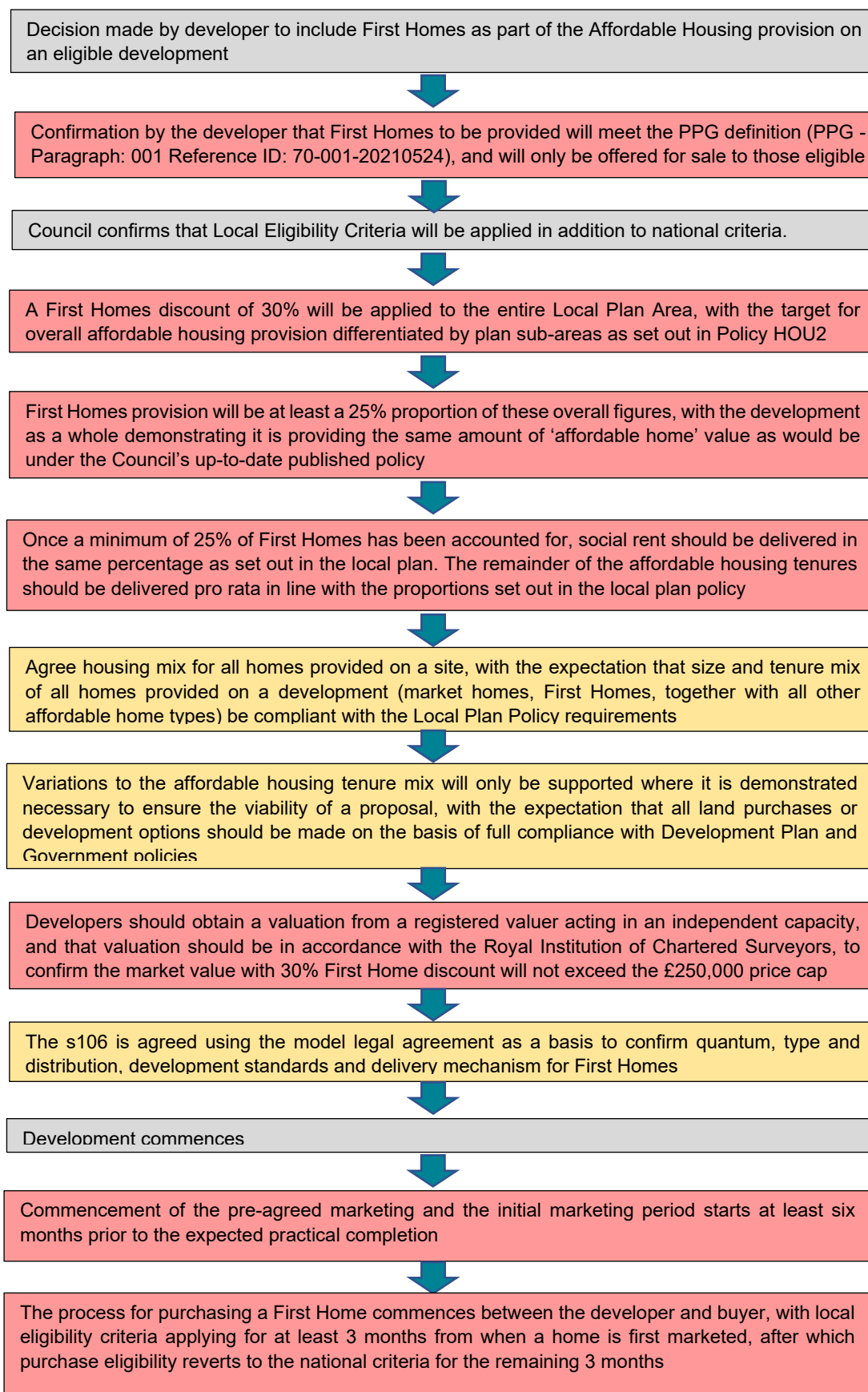


Chart 1: Securing and delivering First Homes through the planning process for a planned open market development



9.3. In order that development proposals providing First Homes are genuinely compliant with the criteria, developers will need to demonstrate that the following matters are secured through the planning application process and s106 agreement:

- Quantum of First Homes – it is demonstrated that First Homes makes up 25% of the overall affordable housing provided by the development
- Clustering - First Homes shall not be externally visually distinguishable, or inferior internally from the Market Dwellings, and where considered necessary, controls are put in place over the clustering of First Home units on a development site,
- Type and distribution of the First Homes is set out for the development site, including identification of the specific plots
- Development standards – it is demonstrated that First Homes are not of lower building standards and are indistinguishable from the equivalent market homes in terms of quality and size, and meet relevant national and locally adopted development standards
- Delivery Mechanism, including:
 - Confirmation First Homes can only be sold to persons meeting the eligibility criteria (national, and where set, local)
 - Criteria and indicative timeline for the active marketing process agreed with Council, including the cost of monitoring this (see Appendix 2 of this Advice Note for further details)
 - Commencement date for marketing agreed with the Council²⁴
 - The approach should a First Home unit not sell at the end of its marketing period, including a requirement to pay the Council the Additional First Homes Contribution, or alternatively offer the Council to buy the property at the Discount Market Price
 - Commitment to provide an independent pre-sale valuation of the First Homes at agreed points of the sales process
 - Appropriate restrictions are added on to the register of the title for the First Home
- Use of a First Home once it has been purchased, including:
 - A First Home shall be used only as the main residence of the First Homes Owner and shall not be let, sub-let, unless in accordance with the terms set out in the legal agreement
 - Defining ‘Exempt Disposals’ – situations where a property can be disposed of other than as a First Home, and the procedure to follow
- ‘Mortgagee Exclusion’ clause is provided – for situations where the mortgagee is in possession

9.4. The developer must also be able to show that the homes they intend to sell as First Homes will meet the national criteria in terms of:

- discounted by a minimum of 30% against the independently assessed market value; and

²⁴ If this is not possible, then the agreement for a developer to notify the Council 3 months prior to the date they intend to start actively marketing.



- the initial sale is no higher than £250,000.

10. Process for Securing and Purchasing a First Home

- 10.1. In order to secure compliant First Homes, the Council intend to use standard forms and model agreements when published by Government, adapted if and as necessary for local circumstances. As of January 2022, the Government has provided s106 model clauses²⁵. It is anticipated that they will also provide a 'Reservation application template'; 'Authority to Proceed template'; 'Authority to Exchange template'; instructions to conveyancers, including legal undertaking to the local authority; land registry title deed templates; and customer guides. However, guidance for developers is now published for the First Homes Early Delivery Programme (2021 to 2023) and will provide a useful understanding of the likely content of future templates²⁶.
- 10.2. Until such time that the Government release these further templates and guides, the following 'Table 4' sets out the envisaged process stages and sequence, who will be responsible for the actions required, with a commentary including notes of some issues that may need to be resolved. Using the model template as a basis, the s106 legal agreement prepared with the development will need to reflect the requirements of these stages.
- 10.3. It is important that the detail of the First Homes provision on a development is agreed at an early stage to ensure that there is sufficient time to set up and complete the combined six months marketing required for locally or nationally eligible buyers, before open market sale can be considered, as there are certain time constraints at points of the First Home application process. These points in the process are highlighted in the following 'Table 4'.

²⁵ <https://www.gov.uk/government/publications/first-homes-model-section-106-agreement-for-developer-contributions>

²⁶ <https://www.gov.uk/government/publications/first-homes-early-delivery-programme-2021-to-2023-guidance-for-developers>



Table 4: The stages and sequence for selling and verifying eligibility for First Homes in NFDC

Stage	Details	Commentary	Who is responsible?
Pre-sales set up	Local eligibility criteria set	<p>This is through the local eligibility criteria covering local connections and key workers set out in Appendix 1 and will require inclusion within the s106 legal agreement, based on the Government’s model s106 agreement.</p> <p>Other local connection criteria or changes to the key worker list may be published by the Council from time to time and would apply to future sales of First Homes.</p>	NFDC (Housing and Planning Teams – Policy Requirements)
	S106 legal agreement prepared, to include the information set out in paragraph 9.3 of this Advice Note	<p>The Government’s recently published ‘template planning obligations’ to be used as a basis for the agreement, adapted if and as necessary for local circumstances²⁷. The developer will need to meet the Council’s reasonable legal costs for preparing a suitable s106 including any further monitoring (in addition to standard monitoring costs already collected for the development²⁸), enforcement and other provisions that it might be necessary.</p> <p>A definition of the minimum advertising requirements and details of the notification requirements (and the cost of monitoring these)</p>	NFDC (Housing and Planning Teams – Policy Requirements)

²⁷ <https://www.gov.uk/government/publications/first-homes-model-section-106-agreement-for-developer-contributions>

²⁸ See Cabinet report: <http://go-moderngov01:9070/documents/s21922/Introduction%20of%20S106%20Monitoring%20Charges.pdf>

Stage	Details	Commentary	Who is responsible?
		<p>should also be considered for inclusion in the s106.</p> <p>Other reasons to dispose of the property other than as a First Home can include where it is likely to cause the First Homes Owner undue hardship, as defined through the s106 agreement.</p>	
	<p>The developer secures through the planning application process and s106 agreement the details set out in paragraph 9.3 of this Advice Note, including the quantum, type and distribution, development standards and delivery mechanism for First Homes</p>	<p>If the valuation when built puts a First Home unit above the price cap, then the expectation will be for the developer to accept a greater discount to ensure the £250,000 price cap is met. As a last resort, if for reasons of viability this is not possible, then agreement will be required between the developer and Council to consider the delivery of alternative affordable housing products reflecting the requirements of Policy HOU2.</p> <p>Active marketing must commence at least 6 months before practical completion, though can be up to 10 months, with all but the last 3 months being restricted to locally eligible candidates. The initial marking period for local eligibility applicants would be commensurately extended if any agreed deadlines are missed causing the period to be less than the minimum 3 months.</p>	<p>Developer</p>

Stage	Details	Commentary	Who is responsible?
		<p>In order to ensure eligible buyers are able to purchase First Homes when marketing commences, a developer should provide details of bank or building society lenders that offer First Home mortgage products. If it is confirmed that there are no First Homes Mortgage products available for potential buyers to use, then the developer cannot proceed with offering First Homes, so should revert to the pre-agreed approach set out at the determination stage in the s106 for alternative affordable housing provision reflecting the requirements of Policy HOU2.</p> <p>Until such time as further, and more detailed guidance is published by Government, guidance published for the First Homes Early delivery programme will provide a useful guide: https://www.gov.uk/government/publications/first-homes-early-delivery-programme-2021-to-2023-guidance-for-developers</p>	
	<p>Option to undertake pre-marketing by Council, to raise awareness of the opportunity before formal active marketing by the developer commences.</p>	<p>Options for this could include the creation of a Council web page advertising the opportunities or the creation of a First Homes register to alert eligible purchasers, to complement the developer's active marketing.</p>	<p>NFDC (Housing Team – Policy & Operational Requirements)</p>

Stage	Details	Commentary	Who is responsible?
	<p>Pre-sale independent valuations undertaken, prior to the commencement of the formal active marketing period.</p>	<p>The valuation will need to meet requirements set out in the PPG (Paragraph: 006 Reference ID: 70-006-20210524) and be paid for by the Developer.</p> <p>It is recommended that the resulting valuation is a public document, with both the developer and Council being the clients.</p>	<p>Developer</p>
<p>Marketing period</p>	<p>Council notified prior to commencement of the active marketing period</p>	<p>The initial active marketing phase must commence at least 6 months before practical completion, though can be up to 10 months, with all but the last 3 months being restricted to locally eligible candidates - as recommended through the Government's model s106 agreement. Together with ensuring units are completed and available for potential buyers to view during the marketing period, it is also to ensure that a developer would not request for a First Home to be converted into open market sale before the home has practically completed.</p> <p>The developer should also notify the Council 3 months prior to the commencement of this initial period of marketing. If there is a delay in this notification, then the 3 months marketing period is extended commensurately.</p>	<p>Developer / NFDC (Housing and Planning Teams – Operational Requirements)</p>

Stage	Details	Commentary	Who is responsible?
		A schedule of marketing should be confirmed between the developer and the Council either unit by unit or phases, unless the whole scheme is marketed at the same time.	
	Developer commences actively marketing the First Home, confirming this with the Council so it can be correctly monitored	The initial 3 month marketing period for local eligibility applicants would be commensurately extended if the start of the marketing is delayed.	Developer / NFDC (Housing and Planning Teams – Operational Requirements)
	Customer reservation received by Developer within 3 months meeting the local eligibility criteria	Customer reservation process would then take place as set out in the next section of this table.	Developer
	No customer reservation received within 3 months that meets the local eligibility criteria – reservation then subsequently received meeting national eligibility in the following 3 months (6 months in total since the commencement of marketing)	The developer to notify the Council that it was not possible to find a willing purchaser to meet the Local Eligibility Criteria, whilst opening to sales for those meeting the national criteria. Following a successful customer reservation, the process would then take place set out in the next section of this table.	Developer
	No reservation made during the agreed marketing period. Developer confirms to Council that all reasonable endeavours have been made to dispose of the dwelling as a First Home, and will be required to	As set out in the s106, the Council will respond to the developer within an agreed timeframe confirming it is satisfied that marketing was correctly carried out, and the process to follow if it is not. At this stage there is an option for the Council to either buy the property at the at the	Developer/ NFDC (Housing and Planning Teams – Operational Requirements)

Stage	Details	Commentary	Who is responsible?
	pay to the Council the 'Additional First Homes Contribution', or alternatively offer the Council to buy the property at the at the 'Discount Market Price'.	Discount Market Price, or is agreed it can be sold as an open market home with the value difference provided to the Council on sale completion as an 'affordable housing financial contribution' - to spend this on the provision of affordable housing.	
Customer Reservation	Customer responds to the developer's marketing, confirming their initial eligibility		Customer
	Chooses to buy a specific First Home and selects Conveyancer		
	Confirmation that the purchaser can borrow sufficient funds		Mortgage Advisor
	Application pack completed, including supporting evidence and reserves the property	Applications received against the local eligibility criteria will require be supporting by satisfactory evidence. Guidance for developers prepared for the First Homes Early Delivery Programme 2021 to 2023 is available and will provide useful assistance in the detail likely to be required until final versions are released by Government ²⁹ .	Customer / Developer
	Assistance with the completion of the application pack	It will be the Developer's responsibility to work with the Mortgage Advisor and potential purchasers to gather the information to satisfy	Developer / Mortgage Advisor

²⁹ See: <https://www.gov.uk/government/publications/first-homes-early-delivery-programme-2021-to-2023-guidance-for-developers>

Stage	Details	Commentary	Who is responsible?
		the Local Authority that purchasers meet the eligibility criteria. The Developer will need to use the standard application pack and ensure only a fully completed pack is submitted to the Council.	
Authority to Proceed and Authority to Exchange	Local authority receives completed application pack, checks criteria and the discount market price are met and issues an 'Authority to Proceed' and conveyancer pack to the purchaser's conveyancer	Based on the application pack and the supporting evidence that the Developer and Mortgage Advisor supplies, it is the Local Authority's responsibility for providing an Authority to Proceed. The terms of the First Homes guidance are deemed met if a proceedable purchase offer is tendered to the developer either within the initial 3 month marketing period to allow local eligibility, or within the final 3 months of the overall 6 months period meeting the national eligibility criteria.	NFDC (Housing and Planning Teams – Operational Requirements)
	Mortgage Application Submitted and other legal declarations agreed with conveyancer		Customer
	Lender values for mortgage offer and conveyancer confirms transaction at the Market Value less the discount	If such a mortgage valuation is lower, then this will be taken as the open market value (OMV) (see PPG Paragraph: 006 Reference ID: 70-006-20210524). If this revised valuation is greater than the £250,000 price cap, then this would require the	Mortgage Lender

Stage	Details	Commentary	Who is responsible?
		developer to lower the sales price (see 'Pre-sales set up' section above).	
	Conveyancer follows standard instruction pack, submits full legal declarations and undertaking to the local authority	This stage awaits the release of further information packs from Government. However, guidance for developers prepared for the First Homes Early Delivery Programme 2021 to 2023 is available and will provide useful assistance in the interim.	Conveyancer
	Local authority receives conveyancer's legal undertaking that the transaction is compliant and issues Authority to Exchange	The local authority will ultimately 'sign off' the title transfer when they are satisfied and are able to lift the restriction if/when necessary. This would normally be done within 28 days following submission of the relevant evidence.	NFDC (Housing and/or Legal Teams – Operational Requirements)
Exchange and Completion	Deposit on property paid		Customer
	Exchange of Contracts		Conveyancer
	Provision of mortgage funds for legal completion		Mortgage Lender
	Final legal confirmations made, registers First Homes resale restriction at HMLR and Informs local authority		Conveyancer / NFDC (Housing and/or Legal Teams – Operational Requirements)
	Updates records following confirmation of completion, including updating land charges		NFDC (Housing, Legal and Planning)

Stage	Details	Commentary	Who is responsible?
			Teams – Operational Requirements)
	Customer moves in		Customer
Re-sale of a First Home	The First Home owner must notify the Council of their intention of the sale of the property (as set out in s106 agreement and title restrictions accompanying the property)	Wording for this is covered in the Government’s model s106 agreement	Seller
	The Council issues the owner with instructions for undertaking the active marketing and confirm the current local and national eligibility requirements	<p>Until the Government provides further details of the information packs likely required for a re-sale, the current approach would be to follow the same general approach as for the initial sale.</p> <p>The Council’s eligibility requirements at the time of the re-sale would apply – these may differ from the requirements that existed when the customer bought their First Home.</p> <p>It is likely there will be the need for fees to be paid to the Council to administer subsequent sales of First Homes</p>	NFDC (Housing and Planning Teams – Operational Requirements)
	Seller agrees with Council the date for the commencement of the active marketing period, confirming the end of the 3 month period of local eligibility and full 6 month periods	This would normally be expected to be undertaken by an estate agent on behalf of the seller.	Seller / Estate Agent / NFDC (Housing and Planning Teams –

Stage	Details	Commentary	Who is responsible?
			Operational Requirements)
	Arranges a valuation in accordance with RICS's guidance	Subject to further national guidance being released, there may be an option for this stage to use the buyer's mortgage valuation.	Seller
	Option to undertake pre-marketing by council – raising awareness of the opportunity before formal developer marketing commences.	Options for this could include the creation of a Council web page advertising the opportunities or the creation of a First Homes register to alert eligible purchasers.	NFDC
	Where a successful purchaser is found, steps would be followed above from the 'Customer Reservation' section, where reference to the 'builder' (initial eligibility) is replaced by the First Homes 'Owner'	Whilst the £250,000 cap no longer applies to subsequent sales of a First Home, the percentage discount of the market value would continue to do so.	Seller / Estate Agent
	Where a future purchaser is not found, the seller should to the Council confirm all reasonable endeavours have been made to Dispose of the Dwelling as a First Home	Provide confirmation to the Council the reasonable endeavours during the 6 months have been made marketing period or that selling the dwelling other than as a First Home would be likely to cause undue hardship to the owner	Seller / Estate Agent

11. Next Steps

- 11.1. This Advice Note will evolve and be updated as further First Homes guidance is released by Government.



12. Appendix 1

Local Eligibility Criteria for Local Connections and Key Workers definitions for First Homes in New Forest District (Outside the New Forest National Park)

As part of the section 106 agreements prepared for a development, the Council will apply local eligibility criteria, in addition to the requirement to meet the national criteria. First Home purchase will be restricted to locally eligible buyers for all but the last three months of the marketing period, and the period will not finish before practical completion of the property. Local eligibility criteria include reference to local connections and identified key workers providing essential services relevant to the District.

First Homes Local Connection Criteria

To meet the local connection test for a First Home, one of the following criteria will need to be met supported by satisfactory evidence:

- You or your partner are in full-time service of the regular armed forces of the Crown, or have served full-time in the armed forces of the Crown for at least two years within the last four years.
- You or your partner have been resident in the district for a continuous period of two years at the time of application, or have resided in the district area for a period of ten years or more in the past. You or your partner has a parent, sibling or adult child who has been resident in the district for a continuous period of two years at the time of application.
- You or your partner has worked in, or based a business in, the district for a continuous period of two years full-time equivalent at the time of application. The period may be proportionately longer if working part-time, calculated pro rata with 'full time' defined as 30 hours per week.
- The two-year employment duration requirement will be waived for key workers providing essential services currently in permanent full-time employment in the public or charitable sectors at a location within New Forest District, or whose role specifically requires that they spend a significant proportion of their working time in the District.

Note: Other local connection criteria may be published by the Council as its "First Homes Local Connection Criteria" and would apply to future sales of First Homes

Suggested evidence for residency in the district: Council tax records, or at least two of the following in the name(s) of the purchasers, one from each section

- tenancy documents, or the equivalent for non-self-contained or employer-provided accommodation
- utilities bills, bank statements or records in relation to income support of other benefits received, showing the purchaser(s) name and NDFC address



First Homes Key Worker criteria

National guidance recommends the definition of a key worker is determined locally. The definition for key workers that will apply for First Homes applications in NFDC will be finalised in due course.

Note: Future changes to the list or other categories of employment may be published by the Council from time to time as the “First Homes Key Worker criteria” and would apply to future sales of First Homes.



13. Appendix 2

Marketing Strategy for First Homes - key principles

The marketing strategy for First Homes should be agreed in detail between the developer and the local authority as part of the s106 negotiation, and also take in to account the cost of its monitoring by the Council. Doing so will ensure clarity both to the period in which any local eligibility criteria applies, and to the period after which First Homes could potentially be released to the open market.

A schedule of marketing should also be confirmed between the developer and the Council either unit by unit or phases unless the whole scheme is expected to be marketed at the same time.

Until such time as further, and more detailed guidance is published by Government, the following should be included by developers when advertising First Homes³⁰:

- Use the First Homes logo
- Include the reference that national Eligibility Criteria conditions will apply, and must state the local eligibility criteria that applies at the time of the sale;
- Include the headline criteria: "First time buyer, earning less than £80,000 per year (£90,000 in London). Mortgage to cover at least 50% of purchase price. Councils can apply additional criteria such as local connection or key worker".
- Include the Tagline; "First Homes is a new scheme designed to help local first time buyers and key workers onto the property ladder, by offering homes at a discount of 30% compared to the market price. The discounts will apply to the homes forever, meaning that generations of new buyers and the local community will continue to benefit every time the property is sold".
- Include a link to the First Homes Customer Guide (<https://www.ownyourhome.gov.uk/scheme/first-homes/>)

Advertising Periods

Advertising periods will need to accord with the PPG requirements set out in the PPG in respect of National and Local Eligibility Criteria³¹.

In summary, the initial active marketing phase will commence at least 6 months before practical completion, though can be up to 10 months³², with all but the last 3 months being restricted to locally eligible candidates. The developer should also notify the Council 3 months prior to the commencement of this initial period of marketing, so they are aware and prepared for the start of the period.

³⁰ Based on published material from the First Homes Early delivery programme: <https://www.gov.uk/government/publications/first-homes-early-delivery-programme-2021-to-2023-guidance-for-developers>

³¹ PPG Paragraph: 007 Reference ID: 70-007-20210524

³² Based on published material from the First Homes Early delivery programme.



Plot Specific Marketing

In most instances it is expected that marketing will commence 6 months prior to Practical Completion. The period of marketing is always the 1-6 month period prior to anticipated Practical Completion. Marketing for the first 3 months uses both the National and Local Eligibility Criteria (buyers required to meet both) and if no eligible purchaser has been found then marketing thereafter (i.e. months 4-6) uses only the National Eligibility Criteria.

If the Developer chooses to begin marketing over 6 months before anticipated Practical Completion, Local Eligibility Criteria will apply until 3 months before anticipated Practical Completion. If an eligible purchaser cannot be found in this time, the Local Eligibility Criteria will no longer apply and the National Criteria will apply for the remaining 3 months before anticipated Practical Completion.

The period of marketing according to local criteria should therefore not expire if there are 3 months or more to go before practical completion.

During the remaining 3 months of marketing by the developers, it is recommended that there is an option for the Council to provide an expression of interest to purchase should the unit not sell to a potential buyer meeting the national criteria at the end of the agreed marketing period.

Site Wide Marketing

There is no specific limit to how early a developer can make known that First Homes are being built on a given site – for example, a new development might note on the onsite billboards that First Homes will be available.

However, this would be on the assumption that the marketing strategy had already be agreed in detail between the developer and the Council, as part of the s106 negotiation. Doing so will add clarity both to the period in which any local eligibility criteria applies, and to the period after which First Homes could potentially be released to the open market.

Developers should not endeavour to exchange contracts for a specific First Home if there is more than 6 months to go before projected completion, and the period of marketing according to national criteria should not expire before practical completion of the First Home.



14. Appendix 3

Areas shown as a blue shade where First Homes exception sites can come forward in principle.

