



**North Kesteven District Council**  
**First Homes Guidance Note**  
**March 2022**



## **1. Status of this Guidance**

The government First Homes scheme was introduced on 28 June 2021 via Ministerial statement which made substantial changes to planning policy to provide discounted homes to first time buyers in England who otherwise wouldn't be able to afford to purchase their first home.

This guidance is intended to assist developers and potential buyers with an overview of the product and how it is likely to progress in North Kesteven.

This guidance does not supersede any future or further national guidance published by Government on First Homes.

## **2. What are First Homes?**

First Homes are a specific kind of discounted market sale housing offered for sale at a specified discount and meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

- must be discounted by at least 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).
- on their first sale, will have a restriction registered on the title at HM Land Registry to ensure the discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,
- Can only be sold to a person or persons meeting the First Homes eligibility criteria which includes a household income of below £80,000, for all purchasers to be first times buyers and to require a mortgage or home purchase plan of at least 50% of the discounted purchase price.

The national guidance allows for Local Authorities to place local parameters on some of the above criteria, these can be found below in section 3.

Additional national guidance for First Homes can be found here  
<https://www.gov.uk/guidance/first-homes>



### 3. National and North Kesteven First Homes Criteria Compared

The national guidance allows local authorities to set their own criteria for specific requirements, summarised below: -

| <b>First Home Criteria</b>   | <b>National position</b>  | <b>North Kesteven position</b>  |
|--|---|---|
| Discount on open market value (in perpetuity)  | 30%-50%<br>Can be between 30% and 50% if evidence is there to suggest a higher discount is required locally.                                      | 30%   |
| Price cap (on first sale)  | £250,000 (after discount)   | £140,000 (after discount)   |
| <b>Eligibility Criteria</b>  | <b>National position</b>  | <b>North Kesteven position</b>  |
| Income cap   | Total household income of less than £80,000   | £80,000 in line with national position  |
| Local connection   | Local Authorities can apply local connections criteria on sale of the property for a maximum of 3 months from the property coming onto the market | Local connections criteria applied via a Section 106 local connection priority cascade for the first 3 months |
| Key worker priority  | Local Authorities can apply key worker priority criteria  | No key worker priority  |
| First time buyer   | All purchasers must be first time buyers.   | All purchasers must be first time buyers.   |
| Mortgage or home purchase plan (if required to comply with Islamic law) for over 50% of the value of the discounted property | This requirement must be met  | This requirement must be met  |

#### **4. First Homes in North Kesteven**

The maximum First Homes sales price (on first sale only) after the First Homes discount on market value has been applied has been agreed to be £140,000 in North Kesteven. The discount is based on the average house price across Central Lincolnshire as detailed in the Housing Needs Assessment 2020. Future reviews of the maximum discount level may take place subject to changes in demand, income and house price increases.

A local connection criteria will be applied to First Homes to ensure that local people are given the best possible opportunity to purchase homes in areas in which they have a local connection. This falls away automatically after 3 months but will apply to subsequent sales of the properties and will be secured in the Section 106 agreement.

Key workers can apply for First Homes. Currently a key worker priority has not been put in place as it is considered within North Kesteven, (due to the lower than average house prices), key workers may be able to access homes on the open market without the requirement for a discount. If in time, robust evidence can suggest otherwise, this will be reviewed.

The national discount level on market value of 30% has been adopted as it cannot yet be evidenced robustly within North Kesteven that a higher discount is required to assist first time buyers to access the property ladder.

All First Homes require a Section 106 agreement to secure the necessary restrictions on the use and sale of the properties, and a legal restriction on the title of the properties to ensure that these restrictions are applied to the properties at each future sale, guaranteeing perpetuity.

#### **5. How First Homes impact on the adopted policies within Central Lincolnshire**

The requirement for First Homes is that:

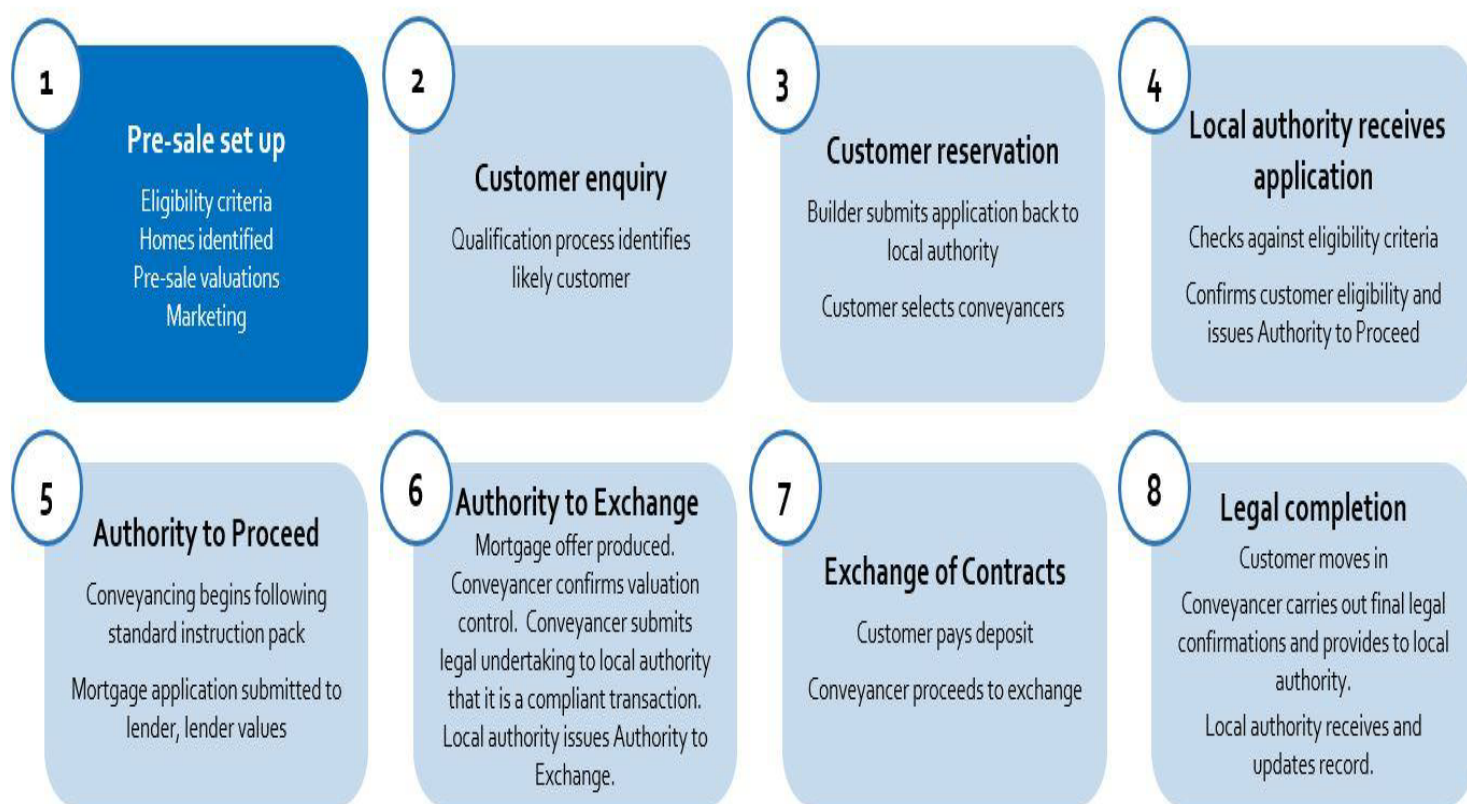
- a) A minimum of 25% of all affordable housing units secured through developer contributions should be First Homes.
- b) First Homes contribute to the National Planning Policy Framework requirement for a minimum 10% of all homes on a major site to be delivered as affordable home ownership.
- c) Once a minimum of 25% of First Homes has been accounted for, the remainder of the affordable housing tenures should be delivered in line with the proportions set out in the Local Plan policy or in negotiation with the Local Authority.
- d) First Homes, like other Section 106 affordable housing obligation products, should be delivered on-site, unless off-site provision or an appropriate financial contribution in lieu can be robustly justified. In line with Local Plan policy, all affordable housing (including First Homes) delivered through Section 106 obligations should be on site. There may be rare instances where this is not possible for specific reasons agreed with the Local Authority, in this case where cash contributions instead of on-site affordable housing units are secured, a minimum of 25% should be used to secure First Homes. Where a

mixture of cash contributions and on-site affordable housing units are secured, 25% of the overall value of affordable housing contributions should be applied to First Homes.

## 6. North Kesteven's role in the sale of First Homes

Local Authorities have a role to play in the sales process of First Homes, below is a diagram of the customer journey which shows where North Kesteven will be involved in the sale process for First Homes.

### What is the customer journey?



## 7. First Homes Exception Sites

First Homes exceptions sites are also being introduced under the First Homes initiative. Further guidance for exception sites can be found here <https://www.gov.uk/guidance/first-homes>

It should be noted that a significant number of settlements in North Kesteven are designated rural areas under Housing Act 1985 and in line with national guidance First Homes exception

sites are not permitted in these settlements.

## **8. Future Reviews**

This First Homes Guidance ensures compliance with the Ministerial Statement, set out below, until such a time that the Central Lincolnshire Plan is updated and First Homes can be incorporated into the tenure mix:

*Where local and neighbourhood plans do not benefit from the aforementioned transitional arrangements, the local planning authority should make clear how existing policies should be interpreted in the light of First Homes requirements using the most appropriate tool available to them.*

An annual review of this First Homes Guidance will take place to ensure it is up to date and is informed by any further national guidance and policy setting. Future reviews to this guidance and policy may also occur as supply and demand for First Homes is established and evidenced. This may include a review of the maximum discount applied by Central Lincolnshire if variances to income and house price increase at a District level can be evidenced which is limiting first time buyers to purchase suitable properties and access the scheme in certain Districts.

