

Appendix C

First Homes Frequently Asked Questions

What is a First Home?

A First Home is an affordable home ownership product for first time buyers.

How are First Homes built and funded?

First Homes will be built by developers and housebuilders on-site as part of new residential developments. This requirement will be secured by the Council using section 106 planning obligations. First Homes can also be built on First Homes exception sites. The forthcoming Local Plan review will set out criteria for these sites.

Can developers pay money to the Council instead of building First Homes?

No. Commuted sums / off-site provision will not be accepted in lieu of developers meeting the requirement to build First Homes on-site as part of new residential development.

Are any developments exempt from the requirement to build First Homes?

Yes. Development schemes which consist of 100% build-to-rent; specialist accommodation; self- and custom-build homes; or affordable housing are exempt from the requirement to build First Homes.

Will First Homes be liable for the Community Infrastructure Levy?

No. First Homes qualify for mandatory social housing relief and are exempt from the requirement to pay the Community Infrastructure Levy.

How many First Homes will be built?

National policy requires that at least 25% of the affordable housing built as part of new developments must be First Homes. As an illustrative example only, this means that on a new residential development of 200 homes, where 30% of the properties are affordable housing, 15 of the 60 affordable homes would be First Homes.

How much does a First Home cost?

A First Home must be sold at a discounted price of no more than 70% of the market value of the property. The first time it is sold, the home must cost no more than £250,000, after the discount has been applied.

How is the market value of the property determined?

The market value must be determined by an independent registered valuer and must be based on the assumption that the home is sold as an open market dwelling without restrictions. A discount of at least 30% is then applied to that market value to arrive at the sale price of the First Home.

Does the discount apply to future sales?

Yes. Future sales must also have a discount of 30%. For example, if a First Home sold for a second time has a market value of £380,000, the sale price must be no more than £266,000. This makes sure that First Homes remain affordable in future.

Can a First Home be sold without the discount?

Yes, if restrictions are removed with the Council's consent. When a First Home is built a restrictive covenant will be placed on the property and registered with the land registry. For a First Home to be re-sold without the discount, the seller would need to apply to the local authority for permission for the covenant to be removed. If permission is granted by the local authority to remove the restrictive covenant and the First Home is re-sold without the discount, it will no longer be a First Home.

What happens if a First Home is sold without the discount?

If a First Home is sold without the discount it will no longer be a First Home or an affordable housing product. As a result, the property will no longer qualify for mandatory social housing relief from the Community Infrastructure Levy. In these circumstances, the Levy will become payable, backdated to commencement at the rate that was in place at the time of commencement (plus a surcharge for a disqualifying event).

Why hasn't a higher discount been set in West Berkshire?

The discount of 30% is set by Government nationally. Local authorities can set a higher discount of 40% or 50%. However, a higher discount would not be viable and could risk the delivery of First Homes and other affordable housing.

How will First Homes be delivered in West Berkshire?

First Homes will be built as part of new residential developments. Developers will be required to build First Homes on-site through Section 106 planning obligations (a legal agreement between the developer and West Berkshire Council). First Homes can also be delivered on First Homes exception sites. Policy setting out criteria for these sites will be set out in the West Berkshire Local Plan.

Who can buy a First Home in West Berkshire?

Buyers of First Homes must be first time buyers with a mortgage or home purchase plan and a combined annual income of no more than £80,000. This criteria is set by Government in national policy. Local authorities can set local eligibility criteria. In West Berkshire, buyers of First Homes must have a local connection to the area.

What does having a local connection to the area mean?

In West Berkshire, in addition to the national criteria, buyers of First Homes must have lived or worked within the District Council's boundary for a period of three years before purchasing the property or be returning to the area to care for a relative or dependent who lives within the District Council's boundary.

Why has West Berkshire set local connection eligibility criteria?

West Berkshire has a high need for affordable housing, with an affordability ratio of 9.41. This means that property prices are 9 times the average income. Setting local connection criteria gives first time buyers with a connection to the area priority access to affordable housing.

Does the local connection eligibility criteria apply to all potential buyers of First Homes?

No. Members of the armed forces, the divorced or separated spouse or civil partner of a member of the armed forces, the spouse or civil partner of a deceased member of the armed forces, if their death was caused by their service, and veterans within five years of leaving the armed forces, are exempt from the local connection criteria.

In cases where a potential buyer may be fleeing violence or threats of violence, or may be part of a witness protection programme, the Council may decide to exempt the buyer from the local connection criteria.

Will the local connection eligibility criteria always apply?

No. If after three months of active marketing, the First Home has not been sold, the local connection requirement will no longer apply, but the national criteria will still apply.

How do potential buyers and tenants prove they are eligible to buy or rent a First Home?

Potential buyers and tenants must apply to the local authority. West Berkshire Council will check that they meet the eligibility criteria and issue Permission to Exchange and Permission to Proceed. If applicable, employment verification checks will be undertaken by the Council at the point of application. If the national and local eligibility criteria are met, consent will be issued. The fee for issuing this consent is £250.00.

Can a First Home be let/rented out?

Yes, if the Council consents. A First Home should be a person's primary residence and not for investment of commercial gain. However, a First Home owner can let out the property for up to 2 years provided they notify the local authority and secure any necessary permissions from their mortgage lender.

Who can rent a First Home in West Berkshire?

In West Berkshire, potential tenants must apply to the Council for approval to rent a First Home. The rent charged must be capped at the local housing allowance rate. A market value rent cannot be charged. This is to ensure that the property remains affordable and meets local housing needs.

Can potential buyers or tenants request a review of the Council's decision?

Yes. Applicants wishing to buy or rent a First Home have the right to request a review of the Council's decision regarding whether the property qualifies as a First Home, whether they are eligible to purchase or rent a First Home, and the suspension, cancellation or removal of an application. Applicants wishing to review a decision must tell the Council in writing within 21 days of the decision date giving their reasons. The Council will determine the review within 56 days. If the applicant disagrees with the review decision they can seek judicial review or take their case to the Local Government Ombudsman.

Can potential buyers or tenants make a complaint?

First Homes Policy Position

Yes. Where an applicant considers that they have been treated unfairly or believes there has been maladministration, they can make a formal complaint to the Council. The complaints procedure cannot be used to challenge the outcome of reviews. The Council's complaints procedure is on the Council's website and set out in the leaflet 'How to complain' which can be obtained from Council offices.

Will the First Homes policy be reviewed?

Yes. The scheme will be monitored by the Council to ensure it is operating equitably and fairly. The policy will be reviewed every 5 years. Should any significant amendments be required, consultation would be undertaken with relevant stakeholders, including elected members, prior to a decision being made.