



North Kesteven
DISTRICT COUNCIL

First Homes Sales Process

A Guide for Buyers and Sellers

April 2024



1. Introduction

- The government First Homes scheme was introduced on 28 June 2021 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 the buying and sales process 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 affordable homes and are a specific kind of discounted market sale housing. They are offered for sale at a specified % discount on market value in perpetuity.
- First Homes key points are:
 - In North Kesteven they are sold at a price discounted by 30% of the open market value on first and all subsequent sales
 - On *first* sale (only) the maximum sale price was set as £179,000 after the discount has been applied (valid up to 31 March 2025).
 - This maximum price will vary from 1st April each year based on a calculation, in line with the % increase or decrease in house prices as established by the preceding September ONS East Midlands House Price Index data- rounded to the nearest £1000.
 - After first sale the maximum price does not apply but future sales will be required to sell at a discount of 30% of the open market value.
 - The property will have a restriction registered on the title at HM Land Registry to ensure the discount is applied to the first and subsequent sales.
 - They can only be sold to a person or persons meeting the First Homes eligibility criteria.

3. Eligibility to purchase a first Home

- Purchasers to be eligible must -
 - Be 18 years old or older and have the right to reside in the UK.
 - Be a first time buyer.
 - Able to get a mortgage (or home purchase plan (if required to comply with Islamic law) to fund at least 50% of the price of the home.
 - Buying the home as part of a household where the total income in no more than £80,000 per annum.

4. Additional North Kesteven District Council Criteria

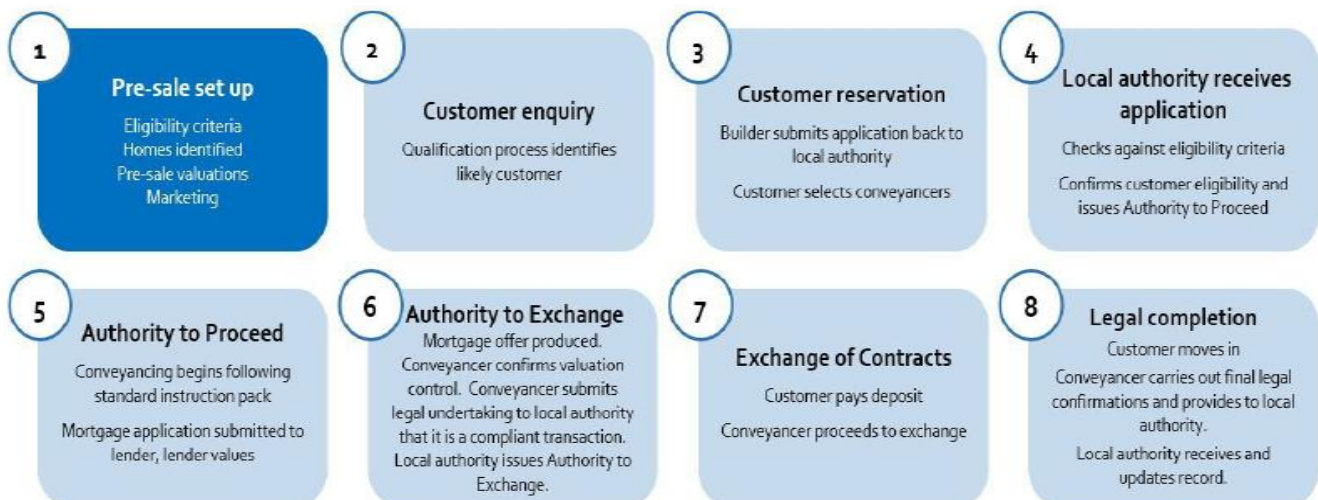
- Local connection criteria will be applied to give priority to those with the strongest local connection to the settlement in which the First Home is located.

- The prioritisation of those with the strongest local connection will remain in place for 3 months from the date of the property being marketed.
- After 3 months the prioritisation of local connection criteria ceases.

5 . The Marketing and Purchase Process

- Local Authorities have a role to play in the sales process of First Homes.
- They receive information from the developer /estate agent and solicitor / conveyancer at various stages of the buying/selling process.
- The local authority role includes :-
 - confirming the marketing price of the property
 - checking a prospective purchaser is eligible
 - issuing authority to proceed with the purchase
 - issuing authority to exchange contracts
- 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?



6. When Selling your First Home

- Local Authorities also have a role to play in the future sales process of First Homes.
- You or your estate agent should notify the Council that you are intending to put the property on the market.
- You must sell at the same percentage discount that you received when you bought the home i.e. 30% of open market value

- You will need to provide a copy of at least one open market valuation of your home undertaken by a surveyor who is appropriately qualified (e.g. registered with the Royal Institution of Chartered Surveyors).
- North Kesteven District Council will then confirm and approve the asking price of the property based on a 30% discount of the open market valuation provided. The property may not be sold for more than this figure (but can be sold for less).
- You can only sell your home to someone who is eligible to buy a First Home in line with the criteria and information on First Homes.

7. Letting your home

7.1 Letting your home for 2 years maximum

- You can usually only let your First Home for a total of 2 years during the time you own it, no matter how many tenants you have.
- To do this, you need to:
 - check if your mortgage agreement allows it.
 - inform North Kesteven District Council.
- The 2-year limit resets if you sell the home to someone else.

7.2 . Letting for longer than 2 years

- You may be able to let out your First Home for longer than 2 years if:
 - the location of your job changes.
 - a marriage or long-term relationship ends.
 - you're moving to get away from a situation that involves domestic abuse.
 - you've been made redundant.
 - you're caring for a relative or friend.
- You may also need to ask your mortgage lender.

7.2. Letting out a room

- You can rent out a room to someone for as long as you want, if you meet both conditions:
 - you live in the home while they are renting the room
 - the home remains the only one you own

8. Remortgaging your First Home

- You can remortgage your First Home, but the remortgage must be based on the value of the home minus the discount you got when you bought it.

- For example, if you purchased the home with a 30% discount, the maximum mortgage you could take out would be one worth 70% of the value.

9. If your circumstances change

- You do not have to sell your First Home if a change in circumstances after buying it means you no longer meet the eligibility rules. For example, if your income increases.

More information

For more information contact the Housing Strategy Team at North Kesteven District Council

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