

FIRST HOMES – NEW PRINCIPLES



- 1.** Clauses can be included in s106s to allow a developer/First Home owner to sell a First Home on the open market (i.e. remove the title restriction requiring 30% discount) as long as certain conditions are met. Sellers are expected to compensate the LPA for the loss of the affordable unit with compensation equating to the value of the discount the First Home was to be sold for, as a % of the final sale price (or as much as possible of that once the value of all lending against the property has been cleared) and net of any additional Stamp Duty liability incurred. There should be a requirement that the home is marketed for at least six months in total and that all reasonable steps have been taken to sell the property (e.g. reducing the asking price where appropriate).
- 2.** LPAs can (but don't have to) impose eligibility criteria over and above the Government's eligibility criteria. This could include lower income caps, a local connection test or criteria based on employment status - any local eligibility criteria will apply for a maximum of three months from when a home is first marketed and if a suitable buyer has not reserved the home after this time the eligibility criteria will revert to the national criteria
- 3.** As well as the ability to, subject to demonstration of need, require a higher minimum discount (40% or 50% instead of the standard 30%), LPAs can set a lower price cap than £250k (or £420k in Greater London). Any local price caps should be determined through the plan-making process with regard to local income levels, related to local house prices and mortgage requirements. Reflecting these community priorities in a strategic National Plan, empowering councils to reflect this in their Local Plans, and encourage communities to create their own Neighbourhood Plans.

Another case of snakes and ladders for first time buyers?
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