

First Homes - Appendix B**AFFORDABLE HOME OWNERSHIP – A SIMPLE GUIDE**

<https://www.ownyourhome.gov.uk/all-schemes/>

Products 1-4 less affordable and suited to those who can meet their needs in the market.

Products 5 – 10 best for those with lower income/capital to help them access home ownership.

Name	Brief Description	Solihull Affordability and identified housing need Commentary
1. Mortgage Guarantee Scheme	New and existing homes. First time buyers and existing home owners. Introduced April 2021. To increase the supply of 5% deposit mortgages for credit-worthy households. Ends 31 December 2022	Helpful for those with a good credit history and income, but a small deposit. There is a risk that the property purchased is not sustainable if there is a change in the household or employment circumstances.
2. Equity Loan	New build only. First time buyers only. Can only be used to buy properties with a full market value of not more than £255,600 (West Midlands) No payments on the equity loan for the first 5 years. Start to pay interest in year 6 on the equity loan amount borrowed. Buyers must contribute 80% of the home's price (e.g. minimum 5% deposit and up to 75% mortgage) Ends 31 March 2023	Helpful for those with a good credit history and income, but a small deposit. There is a risk that the property purchased is not sustainable if there is a change in the household or employment circumstances.
3. First Homes	New build only. First time buyers only. Minimum 30% discount against the market value After the discount has been applied, the first sale must be at a price no higher than £250,000 (areas outside London) Government's preferred discounted market tenure; PPG states they should account for at least 25% of all affordable housing units delivered by developers through planning obligations. Replaced 'Starter Homes' – see note.	Identified as an Affordable product by NPPF (National Planning Policy Framework). Does not meet housing needs as evidenced by our HEDNA (Housing and Economic Development Needs Assessment) due to high house prices. It may be more helpful in north Solihull.

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4. Discounted Market	<p>New build but then also available at discount 'in perpetuity' through resale.</p> <p>Defined in the NPPF. Homes sold at a discount of at least 20% below local market value.</p> <p>'Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households'</p> <p>Local eligibility rules may be agreed and included in legal agreements (e.g. local connection)</p>	Identified as an Affordable product by NPPF. Does not meet our housing needs as evidenced by our HEDNA due to high house prices. It may be more helpful in north Solihull. There is a risk that the property purchased is not sustainable if there is a change in the household or employment circumstances.
5. Shared Ownership (New Model)	<p>New build (but also becomes available through resale).</p> <p>New Homes England model for schemes starting from April 2021</p> <p>Minimum share for purchase at 10%</p> <p>Incremental 'staircasing' of 1% to full ownership</p> <p>Repair and maintenance liability with provider for the first 10 years.</p>	Identified as an Affordable product by NPPF. It meets our housing needs as evidenced by the HEDNA. The product also allows 'staircasing down' if there is a change in the household or employment circumstances.
6. Right to Shared Ownership	<p>Gives social tenants access to the new Shared Ownership model (see above)</p> <p>Applies to all new rented homes delivered through the Affordable Homes Programme 2021-26, with limited exceptions.</p> <p>https://www.gov.uk/government/publications/right-to-shared-ownership-initial-guidance-for-registered-providers/right-to-shared-ownership-initial-guidance-for-registered-providers</p>	This gives all the benefits of shared ownership as above to those living in social rented homes funded by homes England since 1 April 2021. It will reduce the number of social rented dwellings as it turns them into shared ownership. The right does not apply to social rented homes secured via

		Section 106 agreement.
7. Home Ownership for people with Long term Disabilities (HOLD)	<p>New and existing homes.</p> <p>Shared Ownership purchase of a home on the open market for people with a long-term disability who are unable to find a new build home which meets their specific needs.</p> <p>Detailed guidance at https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership#hold</p>	Identified as an Affordable product by NPPF (National Planning Policy Framework). Shared ownership product with built in mechanisms for those with long term disabilities such as buying without a mortgage (just using savings) and/or using benefits to fund a mortgage. Helps ensure shared ownership is available for all.
8. Older persons Shared Ownership (OPSO)	<p>Shared Ownership available to over-55s.</p> <p>Ownership is capped at 75% of the value of the home. Once this cap is reached, no rent is payable on the remaining share.</p> <p>Detailed guidance at https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership#opso</p>	Identified as an Affordable product by NPPF. As above but for older persons with built in mechanisms such as buying without a mortgage (just using savings) and/or using benefits/pension income to fund a mortgage. Again ensures shared ownership is available for all.
9. DIYSO	<p>Existing homes only.</p> <p>Voluntary Local scheme with local rules</p>	Local authority funded therefore freedom over scheme rules and eligibility. Transfers a property from open market to an affordable home in the borough.
10. Right to Buy	<p>Statutory right for secure tenants of 3 years or more</p> <p>Discount levels 35% - 70% (houses) and 50% - 70% (flats)</p> <p>Maximum discount £84,600</p>	There is a risk that the property purchased is not sustainable if there is a change in the household or employment circumstances.

Note

Starter Homes - specified in Sections 2 and 3 of the Housing and Planning Act 2016 but secondary legislation never enacted to formally introduce them. Replaced by First Homes