



Factsheet: Discounted Local Sale

English Rural has introduced the Discounted Local Sale ('DLS') product as part of a response to requests from rural communities for new housing which reflect a demand for a wider range of homes and tenures. Our "Village Homes" concept offers the prospect of developments containing "something for everyone" including a range of different sizes and types of homes, together with a choice of tenures – but all with priority for local people. Our "Village Homes" schemes have been welcomed as addressing the housing needs and aspirations of a greater proportion of local people and thereby supporting the future sustainability of rural communities.

The English Rural DLS product originated from requests from several parish councils for alternative products which would more readily encourage people to remain in their local community. The product has seen particular interest from older purchasers who are in unsuitable accommodation or who wish to 'downsize' but who are prevented from doing so locally by a lack of suitable accommodation.

As terms such as "shared ownership" and "leasehold" are sometimes seen negatively by some, we were asked to develop another product to sit alongside the other tenures and thus cater for a wider client group.

How It Works

The whole of the freehold of the property is transferred to the buyer, but there is a restriction contained in the transfer requiring that the property can only be resold at the same percentage of market value as when the property was initially purchased. Typically this has been 75% of open market value.

At any resale, there is a requirement for the owner to serve notice on English Rural, at which point we will either repurchase the property or nominate a buyer. Priority is given to local people for the first 12 weeks of marketing the property for sale.

The transfer also includes a covenant on the owner's part that they must comply with any S106 agreement relating to occupancy restrictions, as well as prohibiting the property being used as a second home or any use other than the permanent residence of the owner.

Any future sale or transfer of the property would require a certificate from English Rural to confirm that the owner has complied with the provisions in the transfer. In this way, we are able to ensure that any future sale is in accordance with the provisions in the transfer.

As the whole of the freehold is transferred from English Rural to the buyer, no 'minority share' is held by the Association – and thus no rent is payable. This contrasts with the shared ownership model, where the purchaser buys a percentage of the property with the association retaining a share, for which a rent is charged.

Discounted Local Sale effectively means that the discount is ‘locked in’ and that there is no ability for buyers to ‘staircase’, (ie purchase an additional share) which can lead to an erosion of affordability at subsequent resales.

As with all other English Rural products, DLS ensures that any such property remains discounted in perpetuity and that priority for local people is maintained.

Who is eligible?

Discounted market sales housing is defined within the current National Planning Policy Framework (NPPF) as homes “sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure such housing remains at a discount for future eligible households.”

The DLS homes need to meet the affordable housing criteria relating to eligibility as defined in the NPPF above, and for most English Rural schemes DLS is aimed at addressing some of the needs identified in a local housing needs survey, from households requiring market housing or affordable home ownership.

In circumstances where no survey has been carried out or is considered out of date, English Rural will work with the local authority, parish council, local agents, other developers and/or through local public events to establish that there are sufficient numbers of eligible households meeting eligibility criteria.

English Rural manage the marketing campaign, beginning with a launch via an open event at a public hall in the village. Prospective interested purchasers are invited to attend and formally register an interest for one of the properties. Applications may also be made through the local Help to Buy website.

Where a property has more than one eligible applicant, the selection of the purchaser, applying the objectives of the model, will be determined by English Rural.



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