



## DISCOUNTED LOCAL SALE – ALLOCATION MECHANISM

1. Prior to marketing a discounted property, the Association will obtain a full market valuation from an RICS qualified surveyor. The valuation to be updated as necessary to ensure that it is not more than 3 months old at the time the sale is agreed.
2. The sale price of a discounted sale property will be calculated on the basis of the full market valuation as described above, less 25%. The Association may at its discretion elect to reduce the sale price by increasing the percentage discount.
3. The Association will work with the local authority, parish council, local agents and others, to establish a list of potential interested purchasers meeting the eligibility criteria.
4. The Association will manage the marketing campaign, and will notify the Parish Council, local authority and other interested parties upon commencement. The Association will restrict the marketing campaign beginning to the local area for a minimum period of 12 weeks, during which time local qualifying people only will be considered. Prospective interested purchasers will be invited to register an interest for one of the properties. Applications may also be made through the Help to Buy website.
5. The Association will produce a marketing pack with full details of the property, valuation and sale price, viewing arrangements and programme.
6. Homes sold as Discounted Local Sale are intended to meet the needs of local people. Subject to any requirements contained within the Planning Consent, priority will be given to those households with a local connection with the parish, demonstrated through several years' residency (past or current), employment or close family member. The Parish Council may be asked to verify the local connection of applicants. Applicants will need to demonstrate that they have a housing need and are unable to purchase a suitable local property on the open market.
7. All applications received will be assessed by the Association's allocation panel. Where a property has more than one eligible applicant, the selection of the purchaser will be determined by the Association, applying the criteria in (6) above, as well as an assessment of the applicants' ability to proceed. Should any applicant wish to challenge the decision, they may make representations under the Association's complaints procedure.



## 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" can sometimes be 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?

English Rural's Discounted Local Sale homes are aimed at meeting the needs of local people, providing homes which otherwise would not be available to them via the market. As well as a proven local connection, the eligibility criteria for prospective buyers will take account of local incomes and local house prices.

English Rural 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 order to qualify for one of the homes purchasers will need to demonstrate that they meet the local connection requirement, and that they are unable to afford suitable accommodation locally to meet their housing needs on the open market.

In circumstances where a local housing needs survey has been carried out or is out of date, English Rural will work with the local authority, parish council, local agents and others, to establish a list of potential interested purchasers meeting the eligibility criteria.

English Rural manage the marketing campaign, usually 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 will be determined by English Rural, applying the objectives of the model and following consultation with the local authority.



**English Rural Housing Association**

**7A Strutton Ground, London SW1P 2HY**

Tel 020 7820 7930

<https://www.englishrural.org.uk>