

Factsheet: Discounted Homes

English Rural has introduced our Discounted Homes 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 Discounted Homes product originated from requests from several parish councils for alternative ways to help local people to remain in their home community. Our Discounted Homes product has seen interest from older purchasers who are in unsuitable accommodation or who wish to ‘downsize’, as well as from first time buyers wanting to buy a home on the open market but unable to afford local prices.

As terms such as “shared ownership” and “leasehold” can be seen negatively by some buyers, 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.

For any resale, an owner is required to serve notice on English Rural, who will manage the initial marketing process (a 1% fee is payable on completion) for a period of up to 12 weeks while priority is given to local people. Should English Rural fail to nominate a buyer within 12 weeks the owner is free to instruct an independent agent if they wish. (See the section “Who is eligible?” below for further details on what is meant by ‘local people’.)

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.

In a Discounted Home, the discount is effectively ‘locked in’ and there is no opportunity 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, we ensure that our Discounted Homes retain the discount in perpetuity and that priority for local people is maintained.

Who is eligible?

English Rural's Discounted 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.

Discounted Homes are 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 specific local connection requirements, and that they are unable to afford suitable accommodation locally to meet their housing needs on the open market.

Further information on local connection requirements for these homes and on the financial aspects of eligibility are set out in a separate sheet for this particular project.

In circumstances where no 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, taking account of local connection, financial eligibility and the ability to proceed with the purchase.



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