

## **Affordable Housing - Discounted Market Sale Properties – FAQ's**

### **What is Discounted Market Sale Schemes?**

Discounted Market Sale (DMS) is a low cost home ownership product where a new build property is purchased at a discounted price directly from the developer. The discount is usually around 20%, and the scheme is to help low and middle income earners get onto the property ladder. The discount is written into a covenant on the property and will remain in perpetuity through all subsequent sales. Unlike shared ownership, you do not have to pay rent on the remaining share of the property, as there is no remaining share.

For example, if the Open Market Value of a property is £100,000 then it has to be sold at the discounted value set in the legal S106 Agreement, for e.g. say 20% then the affordable purchase price would be £80,000.

### **Who can apply for this scheme?**

The scheme is for people whose income is not enough to enable them to buy a property to meet their needs on the open market, but enough to buy a property at a discounted price.

Applicants for those properties must satisfy our eligibility criteria which can include the following; however this is only a general guide as different criteria may apply for each scheme:

- You must not be able to afford the Open Market Value of the property but be able to afford the discounted price.
- Have a local connection to North Lincolnshire through family connections, your employment or existing ordinary residency in North Lincolnshire.

### **How the Council work out the rate of discount on an affordable home?**

The Council will calculate the percentage reduction for each property during the planning application stage. This will then be included within the Section 106 attached to the planning permission.

Before the first sale of an affordable home, the Developer will be required to provide the Council with 3 independent market value valuations. The Council will take the average price of these valuations as the Open Market Value and calculate the percentage reduction resulting in an 'affordable purchase price'. This percentage of Open Market Value is then written into the Land Registry title documents. This covenant, while allowing you to own your own home, protects the property itself by limiting its future sale price so the next buyer can also afford the property.

### **How much discount is applied to the properties?**

This varies depending on each scheme as every home and development is unique in terms of position, size and value. It all depends on where each property is and how much it would be worth on the open market at any given time.

### **Who would own the remaining percentage of the property?**

Nobody. This is not a shared ownership scheme you will own the whole of the property and do not have to pay rent on the remaining part.

The repair, maintenance and insurance responsibility lies entirely with you, the purchaser.

### **What happens when I want to sell the property?**

You may sell your property at anytime but you must notify the Strategic Housing Team at North Lincolnshire Council in writing of your intention to sell your affordable home. This could be in the form of a letter sent to Strategic Housing, North Lincolnshire Council, Civic Centre, Ashby Road, Scunthorpe, DN161AB or by emailing them at the following email address: - [strategic.housing@northlincs.gov.uk](mailto:strategic.housing@northlincs.gov.uk)

The property must be sold with the same discount percentage that you received when purchasing your house. In order to confirm the value of your property, you will need to obtain and provide the Council with three written valuations for the full Open Market Value of the property from three reputable local estate agents. The sale value is then calculated and agreed by taking the average of these three valuations and applying the purchase discount. This is then the maximum sales value which you can sell at through your chosen estate agency. Also your properties must be advertised (free of charge) on the 'North East, Yorkshire and Humberside's' Regional 'Help-to-Buy' Agents website ([www.helptobuyneyh.co.uk](http://www.helptobuyneyh.co.uk)) again highlighting the qualifying criteria.

Once you have chosen your estate agency, the Council will provide the agent with an Affordable Housing Eligibility Form for prospective buyers to complete and return to the Council for assessment.

### **Do I need to join a waiting list?**

There is no register to join if you are interested in discounted sales. Properties are usually allocated on a first-come-first-served basis to purchasers who meet the criteria set out in the legal agreement relating to the property.

### **Further Information**

If you require any further information, please contact:

The Housing Development Officer  
Strategic Housing Team  
North Lincolnshire Council  
Civic Centre, Ashby Road  
Scunthorpe  
DN16 1AB  
Telephone: 01724 297429