



**Cumberland
Council**

Discounted Market Sale Housing Guidance (under Low-cost Housing Ownership Scheme)

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Document Approval

This document requires approval by the council's Senior Information Risk Owner (SIRO):

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This Policy will be reviewed by the Data Protection Officer on an annual basis from the date of formal approval by the Authorised Signatory (below).

Authorised Signatory

Officer Name	Position	Version	Signature	Date

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Purpose

The purpose of this document is to outline Cumberland Council's Policy on discounted sale properties in the former Copeland boundary under the low-cost home ownership criteria.

Guidance Benefits

The guidance sets out the qualifying criteria for residents who wish to apply for discounted sale property in the borough as they are unable to afford to buy appropriate housing on the open market. It supports the Copeland Corporate Strategy ambition 1 (A Place for Growth) and Ambition 3 (Healthy and Inclusive Communities) through opening up new, high quality housing to those who would otherwise be financially excluded.

Introduction

Background to the Scheme

Low-Cost Home Ownership (LCHO) describes a form of intermediate housing which bridges the gap between social rent and open market properties. LCHO has many forms including shared ownership, shared equity and discounted sale. Discounted sale properties are properties which can be sold to eligible households for up to 80 per cent of their open market value, opening up home ownership to those who may be otherwise excluded from the market.

Under Discounted Sale, households purchase their home outright; no other party retains a share of equity in the property. However, the initial sale and all subsequent re-sales are usually subject to the same percentage discounts.

Residents who own the property they live in are not excluded from the discounted sale scheme, however, a discounted sale property must be their sole property.

If the applicant owns a residential property, they must show evidence to the Council that it has been sold subject to contract before completing the purchase of a discounted sale property. However, they may still apply for certification of eligibility to purchase and reserve a discounted sale property.

If the applicant owns more than one property, they will not be eligible to purchase a discounted sale property. Cumberland Council may make an exception, but this will depend on the individual circumstances of the applicant, which they must make the council aware of when they submit an application.

The provision of Discounted Sale properties and the restrictions on their sales are secured through Section 106 planning obligations. A section 106 planning obligation is a legal document used, among other things, to set out the procedures which must be followed during the sale of a discounted sale property. If anyone buys a discounted sale property in breach of the 106-planning obligation the Council can enforce the terms of the agreement by way of an injunction.

This document explains how Cumberland Council will apply the clauses in the Section 106 planning obligation to applications to purchase a discounted sale property.

Context

National Policy

The ability for the Council to use planning obligations comes from Section 106 of the Town & Country Planning Act 1990, as amended by Section 12 of the 1991 Planning and Compensation Act and the Localism Act 2011. These set out the legislative background against which planning obligations may be sought. Further legislation and guidance is set out in the National Planning Policy Framework (NPPF), the Community Infrastructure Levy (CIL) Regulations 2010 (as amended) and the Planning Policy Guidance (PPG).

Local Policy

Policy SS3 of the current Copeland Local Plan dictates the provision of affordable housing on new developments and specifies the tenure of this provision.

Setting Affordable Values

This policy seeks to ensure that Discounted Sale properties remain within reach of households on local incomes. Whilst parts of South Cumberland are generally considered affordable, new housing is not always within the reach of those on low incomes or without capital for deposits.

Scope

This document provides the Council with a framework in which to assess applications for discounted sale properties within the former Copeland boundary, excluding areas within the Lake District National Park which has its own planning authority

Definitions

‘Affordable Housing’

Social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market.

‘Shared Ownership’

Properties, usually sold by a Housing Association, where a share of between 25% and 75% is purchased and rent is paid on the remainder. Over time it is possible to purchase more equity in the property

Roles and Responsibilities

The policy and the assessment of households under the policy sits under the Strategic Housing and Inclusion Manager

Document Details including procedures.

To be eligible to apply for discounted housing under this policy the applicant must be a 'qualifying person'.

Qualifying Persons

Applicant/s will qualify for discounted housing for the first and subsequent sales if the following criteria are met:

Housing Need

Discounted sale properties are for people who are in housing need. Households purchasing a discounted sale property should be able to demonstrate a need over and above a simple wish to move to a new house. Housing needs means a situation where a person or household (as defined in section 113 of the Housing Act 1985):

- Needs to move from accommodation which is, in serious disrepair shared, temporary or overcrowded.
- Needs to be re housed as a result of leaving tied accommodation.
- Is or includes an elderly or disabled person who needs to move due to medical conditions.
- Other special circumstances to be considered at the discretion of the Council.
- Does not have available to them and cannot afford to buy or rent other suitable accommodation at open market value or market rent in the locality.

In all cases the house also must be the applicant's primary home and not bought as an investment, second home or as a buy-to-let opportunity.

In addition:

- The applicant/s should be a first-time buyer or
- Used to own a home, but can't afford to buy one now
- The applicant should normally occupy the property throughout the week as their main home.

In some cases, existing homeowners will be considered, if they are in housing need due to other circumstances e.g., need for more accessible accommodation that cannot be achieved through other means.

Ability to Purchase

If a household has sufficient available funds that would allow it to purchase the discounted sale property at its open market value, then that household will not be eligible to purchase a discounted sale property.

Available Funds = Mortgage in principle (at no more than 4.5 times annual income) + savings + any equity from another home*

*See criteria above about previous/existing homeowners

Household Size

Households who will fully occupy the discounted sale property will be given priority. If a suitably sized household cannot be found, then households who will under-occupy will become eligible, starting with those who would only under occupy by one room and going beyond that if no applications are received within a specified time frame.

Local Connection

A local connection means to the town or parish/settlement the property is situated in and surrounding parishes and can take one of four forms:

- Resident has lived there as a permanent resident for at least three years
- Previously a permanent resident there for at least three of the last five years and is currently or was in the armed forces, prison or hospital accommodation during that time
- Family association with an existing resident of at least five years residence in the town or surrounding parishes. Family association is defined as spouse, civil partner, parent, children over 18 years of age and siblings. We will also allow family associations through marriage and civil partnership e.g., stepparents, children over 18 years of age and siblings.
- Permanent employment in the area will be taken to mean a contract for two years or more of over 16 hours per week or written proof of acceptance of the offer of employment on that basis. Self-employment will also be considered on the provision of evidence of a viable business.

When a discounted sale property becomes available, the local connection must be to the stated area. However, the area that counts as a local connection gets wider, moving out to the whole district incrementally, the longer the property is available.

Re-Sales

When the vendor wants to sell a property that they have bought under the discounted market sale housing policy they are required to inform the Council and confirm the date that they intend to put the property on the market. The vendor is responsible for obtaining a market valuation of the property which will be used by the Council as the basis for the discounted sale calculation.

It is the responsibility of the vendor to market the property and ensure that their buyer has been certified to purchase the property through the Council's scheme. We therefore encourage prompt application to avoid delays and unnecessary complications.

Rights of succession

Anyone who inherits a discounted sale property is required to inform the Council.

Inheriting households do not need to meet the eligibility criteria to live in the property under this policy but any subsequent disposals will be subject to the eligibility criteria.

How to apply

Households interested in discounted market sale housing should register with the Council and will be notified via email when properties become available.

Applications from those held on the register will be prioritised in accordance with the published procedure, which accompanies this policy.

Applications will not be accepted from households who are not held on the register.

Appeals

Any request for a review under this policy will be considered by the Strategic Housing and Inclusion Manager

Review of the Register

The register for discounted sale housing will be reviewed annually to check that households wish to remain listed and to capture any changes to household circumstances that may affect eligibility.

Enforcement

Where the Council is not notified of the sale of a discounted sale property and becomes aware at a later date, it will investigate and determine the eligibility of the buyer under this policy. If the buyer is found to be ineligible the Council will take appropriate enforcement action.

Monitoring of Guidance

This guidance will be monitored to ensure that it continues to work for developers and local communities and to ensure that the type of housing being provided under the Discounted Market Sale Housing Scheme continues to reflect the needs of residents.