



THE DISCOUNT MARKET SALE SCHEME (DMS) EXPLAINED



LAUGHTON GATE
THROUAPHAM

WHAT IS DMS?

The Discount Market Sale scheme is an affordable housing product. All DMS homes at Laughton Gate are sold at 20% below the open market value as part of the S106 agreement. The discount remains with the property in perpetuity, meaning the discount must be applied at the point of each resale of the property. It is the responsibility of Harron Homes to ensure that the restriction on the title deeds of the property is applied at the point of first sale detailing the obligations in the S106 agreement. There is also a cap on the sales values of £250,000 at the first sale (only) £250,000.

WHAT DO YOU HAVE TO DO?

There are several key obligations. Firstly, you must provide an up to date valuation report for the properties at Laughton Gate and notify the Council when each phase of the DMS units are released for sale. Secondly you will need to screen applicants to ensure they meet the eligibility criteria as detailed below. It is the responsibility of the sales executive at Laughton Gate to check documentation. The four key elements which require checking are:

- A declaration that the person is a first time buyer.
- A copy of the most recent P60 or the last three months wage slips.
- A form of ID – driving licence or passport.
- A utility bill/ mobile phone bill etc showing their current address.

RESELLING THE PROPERTY?

The 20% discount will remain on the property in perpetuity and homes can only be re-sold to applicants who meet the eligibility criteria as listed above.

The sale and purchase of the property should progress like any other. The role the Council takes is to ensure that the S106 agreement is adhered to. As with any market driven sale it is up to the vendor to decide what offer they will accept.

There is no restrictive cap on the amount of money the vendor can accept, but the purchaser has to be mindful that the property can only be resold at 80% of the open market value. Values can go down as well as up so there is a risk that at the point of resale the amount that a purchaser is willing to pay will be less than the amount that the vendor originally paid. Similarly – if there is a downturn in the housing market generally and property prices decrease then the 80% amount will also decrease and this can become less than the amount originally paid.

Release of Restrictions

There is a release clause contained within the S106 agreement, and the Council must be informed when the property is put up for sale. If after 6 months of marketing Harron Homes or a subsequent vendor can evidence that they cannot find a purchaser who meets the eligibility criteria then the Council may accept a payment of a commuted sum equivalent to 20% of the open market value of the property. Once this is paid the property is no longer considered to be an affordable home and can be sold at full market value without any S106 restrictions.

It is important all purchasers are made aware of the criteria prior to reservation.

The Discount Market Sale plots at Laughton Gate are **Plots 2, 3, 9, 10, 11, 209, 210, 211, 231, 232 and 233.**

DISCOUNT MARKET SALE SCHEME PURCHASER ELIGIBILITY



Harron Homes will sell the properties at 20% below the open market value, and applicants must meet a certain qualifying criteria:

1

Earning no more than the set income cap.

The income cap for each applicant is set at the National Average Wage (as defined by the ONS or any other Government body). For a single applicant their annual income can be up to 1.5 times than the national average wage. The current average wage for a full time employee in the UK is £29,000 (TBC).

2

Above the age of 23 and under the age of 40 years old.

Where there are joint purchasers at least one must meet the age restriction criteria.

3

A first time buyer and cannot own or have any legal interest in another property.

(The property cannot be rented out for any reason without the prior consent of the Council and this will only be granted in exceptional circumstances).

4

A serving member of the armed forces, or served as a member of the armed forces in the past 5 years. Or is the spouse of a member of the armed forces who passed away whilst in service in the preceding 5 years. (If the applicant meets this criteria then the other eligibility criteria above is disregarded).



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