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# Discounted Sale Affordable Home Ownership Policy

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# 1. Introduction

- 1.1 This Policy outlines the Council's approach to discounted sale affordable home ownership properties in Tonbridge and Malling under the Discount Open Market Value (DOMV) and First Homes schemes.
- 1.2 Discounted sale affordable home ownership properties may form part of the affordable housing provision on a development with the homes sold at a discounted price to market value to help local buyers onto the property ladder. The National Planning Policy Framework (NPPF) defines types of discounted market sale and low cost homes for sale and discount amounts.
- 1.3 Throughout this Policy the term discounted sale affordable home/housing includes both DOMV homes and First Homes. The terms 'the Council' or 'we' and 'us' mean Tonbridge and Malling Borough Council, by 'you' and 'your' this Policy means the customer, discounted sale affordable home owner or prospective buyer.

## 2. Discounted sale affordable homes – what are they?

- 2.1 Discount Open Market Value (DOMV) homes and First Homes are both forms of affordable home ownership sold at a price discounted to market value to eligible buyers.
- 2.2 The percentage discount and purchase criteria and process are likely to be set out in the Section 106 agreement for each development. Where a S106 includes information relating to a form of discounted sale affordable home ownership (such as DOMV homes or First Homes) it will be applied along with the approach outlined in this Policy.
- 2.3 First Homes are sold at a minimum of 30% discount to market value to eligible buyers. The discount applies in perpetuity and passes on to the next buyer each time the home is sold.
- 2.4 The first sale of a First Homes property must be at a price of £250,000 or below, after the discount has been applied. This price limit does not apply to future subsequent sales.
- 2.5 National eligibility criteria for First Homes is set out in government guidance and allows local criteria to be set.
- 2.6 Properties bought under the DOMV or First Homes scheme must be the only property owned by the purchaser and must be occupied by them as their only or principal home. Unless stated otherwise in the S106 a discount sale affordable property cannot be used as a "buy to let", second home or holiday let. First Homes can be rented out in certain limited circumstances (see section 5). Restrictions on the use and future resale of

discounted sale affordable homes will be registered on the title of the property in the conveyance.

## 3. Eligibility

3.1 To be eligible for a discounted sale affordable home in Tonbridge and Malling purchasers need to:

- Be a first-time buyer, as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003. You and anyone you are buying with must not own a home or have owned one in the past in the UK or abroad (National criteria).
  - For DOMV homes a household could be a first-time buyer or used to own a home (or have an interest in one) but can't afford to buy one on the open market now.
- Have a local connection – as outlined below. Only one purchaser needs to have a local connection (Local criteria)
- Have a gross annual household income of less than £59,000 (local criteria)
- Use a mortgage or home purchase plan to fund at least 50% of the discounted purchase price (National criteria) – First Homes only.

3.2 To be a first-time buyer you:

- Do not and have not previously acquired via purchase, gift, trust or inheritance a major interest in a dwelling or an equivalent interest in residential land situation anywhere in the world; and/or
- Benefited from any form of sharia mortgage finance.

You will need to sign a declaration that you are a first-time buyer.

3.3 You have a local connection if you:

- currently live in the borough and have lived here for at least the last 12 months or 3 of the last 5 years; or
- are permanently employed (full time or part time) in the borough, or need to move into our borough in order to take up an offer of permanent employment; or
- have close family members (parent, step-parents, brothers/sisters including step siblings, adult children (aged over 18) and grandparents who currently live in the borough and have lived here for at least the last five years; or
- are a serving member of the Regular Forces or a former member within five years of discharge (or a bereaved spouse or civil partner of such a member), or a serving or former member of the Reserve Forces who needs to move because of a serious injury, medical condition or disability sustained as a result of their service; or
- have some other special reason for needing to reside in the borough, for example you:
  - are currently residing outside the borough but are fleeing violence or harassment (including hate crime); or
  - are currently residing outside the borough but need to move into the borough in order to provide or receive significant and ongoing care or support to or from a close family member (as listed above); or

- have no local connection to any local authority area.

3.4 Permanent employment can be full or part time (minimum of 16 hours per week contracted) employment. Temporary employment, sub-contract work for a locally based company and training or education are not included. Self-employment will need to be evidenced and based on the address that the company is registered.

3.5 In order to satisfy the eligibility criteria you will need to provide evidence of the following:

- Your local connection, as defined above: proof of your residence in the borough or employment. This can be evidenced by providing copies of tenancy agreements, Council Tax bills in your name for the relevant period, copy of letter showing registered on electoral role, copy of your contract of employment or other formal confirmation of employment or offer of employment.
- Gross annual household income of less than £59,000. The incomes of all purchasers will be taken into account. This can be evidenced by providing the last three wages slips for each purchaser.
- First time buyer status, through signing a declaration.

3.6 You will be asked to sign a declaration to confirm all the information you provide is truthful and accurate.

## 4. Leybourne Chase DOMV

4.1 There are DOMV properties within the Leybourne Chase development, consisting of houses and flats, with a 15% discount on open market value in place. This means the home will be sold at a maximum of 85% of open market value. This Policy applies to resales of these properties.

4.2 Any terms and conditions in the S106 agreement relating to the DOMV properties at Leybourne Chase will take precedence over this Policy.

## 5. Letting out a Discounted Sale Affordable home

5.1 First homes can be let in certain circumstances, for a total period of up to 2 years where the owner:

- is required to live elsewhere by their employment;
- is an active member of the Armed Services and is deployed elsewhere;
- is at risk of harm and so has to live elsewhere;
- has to leave the First Home due to the breakdown of a relationship;
- has to live elsewhere due to redundancy; or
- has to live elsewhere to offer care and assistance to another person.

- 5.2 The period of renting does not need to be continuous and can be to different tenants. You need to notify the Council if you plan to rent out your home, advise why you wish to rent it out and ask for permission. Letting your home will also be subject to the terms of your mortgage; permission of the mortgage lender may also be needed or letting may simply not be permitted.
- 5.3 The DOMV homes currently in the borough at Leybourne Chase cannot be let out in line with the relevant S106.

## 6. Buying a Discounted Sale Affordable home

- 6.1 For first sales of newly built homes the developer will market any homes available and will carry out initial eligibility checks against national and local criteria. If initial checks show you are likely to be eligible you will be asked to complete an application form which the developer or their agent will send on to the Council. Through discussion with you the developer will match you to the property you are interested in buying while the eligibility check and application process is carried out.
- 6.2 Resales of existing discounted sale homes are likely to be led by the agent appointed by the current owner when they wish to sell their home. The agent's role will include initial eligibility checks and arranging the application to the Council.
- 6.3 The stamp duty calculation for a First Home is based on the amount paid for the home, after the discount has been applied.
- 6.4 You will need a solicitor to act on your behalf for the purchase or sale of your home. For resales of First Homes and DOMV homes the Council will charge the buyer a fee of £500 to cover the Council's costs relating to processing aspects relating to the sale.

## 7. Re-sales process

- 7.1 DOMV homes and First Homes can be sold on the open market to another eligible buyer, who would need to meet the eligibility criteria set out in this Policy, and with the same discount percentage applied to the current market value. The Council needs to be notified of any resales, approve the current market valuation and be satisfied the home is sold to an eligible household.
- 7.2 If you own a Discounted sale affordable home and wish to sell it you need to adhere to the following points, unless specified differently in the relevant planning permission and legal documents for the property:
- Notify the Council of your intention to sell your home. Please do so in writing to the Housing Strategy and Enabling Manager using the email [housing.services@tmbc.gov.uk](mailto:housing.services@tmbc.gov.uk). Please include DOMV or First Home Scheme in the subject and include your address in the email.
  - As DOMV homes and First Homes are part of affordable housing provision within a housing development prospective buyers must meet the eligibility criteria as set out in 3.0 unless the relevant planning obligation in force at the time specifies different criteria.

- A DOMV home or First Home must be the only and principal home of the owner/buyer.  
If a prospective buyer of a DOMV home owns or has interest in a residential property they must evidence that they have disposed of that property before completing the purchase of a DOMV home. As First Homes can only be purchased by first-time buyers disposal is not relevant.
- The home must be sold with the same discount percentage, on the current market value, that you received when you purchased the property.
- The open market value of the property needs to be established through a RICS valuation, and for DOMV resales you will need to submit it to the Council for approval before placing the property on the market.
- In relation to First Home re-sales the local connection eligibility requirement will apply for a maximum of 3 months from when a home is first marketed. If a suitable buyer has not reserved a home after 3 months, the eligibility criteria will revert to the national criteria set out in government guidance, to widen the potential buyers market.
- A DOMV home or First Home should be marketed for at least 6 months in total for eligible buyers. If the home remains unsold the Council will need to be satisfied that all reasonable steps have been taken to sell the property on the DOMV or First Homes basis (including, where appropriate, reducing the asking price) before agreeing to a sale at full market value on the open market. The seller and their agent will need to provide information and evidence as requested by the Council. Where the relevant S106 includes details of the eligibility restrictions being removed or relaxed to enable a resale these will take precedence over this Policy.

## 8. Valuation

- 8.1 To confirm the current market value of your home you need to employ, at your own expense, an independent Royal Institute of Chartered Surveyors (RICS) registered surveyor to provide an open market valuation for your property. Your chosen surveyor must know the local housing market and have experience of valuing properties in the area. The Council must still confirm their agreement to the valuation.
- 8.2 The Council will normally respond to valuations and give a decision within 15 working days from the date of receiving valuation information in writing. However, there may be specific planning obligations relating to a particular development which set a specific time frame or other requirements about the valuation process, if so, these requirements will apply. Approval of the valuation will be confirmed in writing, usually via email.
- 8.3 In cases where the Council does not agree with a RICS valuation of a First Home the Council will refer to the case to Homes England for consideration. The Council may appoint an independent RICS qualified valuer to verify the valuation and will reach a final decision.

## 9. Marketing and sales

- 9.1 When the current open market value has been agreed and confirmed by the Council in writing the property can be marketed. It is the vendors responsibility to market the property and ensure a buyer is eligible to purchase the property, by verifying this with the Council. For DOMV resales prospective buyers will need to complete a form for the Council to check eligibility.

## 10. Selling a Discounted Sale Affordable home

- 10.1 When you sell your discounted sale affordable home you need to:
- inform your agent on appointment that the Council has the option to require a change to the agent for the sale of the property. This needs to be included in any contract you enter in to with an agent.
  - ensure marketing of the property includes the eligibility requirements and reference to the fee payable by the buyer to the Council for processing aspects of the sale.
  - keep the Housing Strategy and Enabling Manager at the council informed about progress with the sale. You will need to provide information on interest in the property, viewings and any offers made if requested.
- 10.2 The Council reserves the right to require you to appoint a different estate agent if there are concerns about the choice of agent, the approach being taken to marketing the property or the valuation.
- 10.3 For DOMV resales, if a property remains unsold after 3 months (or relevant period stated in the S106 for the homes) the Council will consider relaxation of the eligibility criteria in terms of local connection to enable more prospective buyers to be considered. The Council will consider this on a case by case basis and will need to see information from the agent about the promotion and marketing of the property and interested parties, any offers made and reasons any viewers have not gone on to make an offer.

## 11. Transfer of ownership and inheritance – exempt disposals

- 11.1 Anyone who inherits a discounted sale affordable property (DOMV home or First Home) is required to inform the Council. If existing joint owners wish to transfer the property into the sole name of one of the existing joint owners they may do so without informing the Council.
- 11.2 Exempt disposals for First Homes will apply in accordance with the relevant S106. Generally, this will mean those who inherit a home or transfer of ownership is part of a court order, divorce settlement or other legal agreement do not need to meet the eligibility criteria (in line with the relevant S106 and this Policy) as long as they use it as their only and principle home and only sublet on the specified grounds and time restrictions as set out in this Policy and the relevant S106.
- 11.3 Mortgagee exclusions will be included in the relevant S106 agreement.

## 12. Enforcement

- 12.1 The Council should be notified of any sale of a discounted sale property and be involved as necessary to satisfy the requirements of the S106 and this Policy, normally in relation to valuation and eligibility of buyers. If the Council is not notified of a sale and becomes aware of a sale at a later date the Council will investigate to determine the eligibility of the purchaser and verify the valuation. If the purchaser is found to be ineligible or the valuation not reflective of the local market at the time of sale, the Council will take necessary enforcement action to ensure vendors and prospective purchasers are compliant with the S106 and this Policy.

## 13. Complaints

- 13.1 All sales, including resales, of discounted sale homes will be handled in accordance with the S106 requirements and this Policy. There is no appeals process for decisions made relating to discounted home sales. If you feel we haven't followed the requirements of the S106 or this Policy you can make a complaint through our [complaints process](#).

## 14. Data protection

- 14.1 The Council will comply with all applicable data protection legislation and privacy legislation in the UK including the General Data Protection Regulation (GDPR), the Data Protection Act 2018, and all other legislation and regulatory requirements in relating to the use of Personal Data and the privacy of electronic communications.
- 14.2 Any personal data submitted by you or obtained as part of processing the sale of discounted home will be handled in accordance with the Data Protection Laws, the Council's Data Protection Policy and its Privacy Policy which can be found on the Council's website [here](#).

## 15. Monitoring and review

- 15.1 This Policy will be updated as required to reflect any relevant changes to Government guidance, legislation or local policy and approach as needed, or every five years. The Policy will be monitored through the administration of DOMV and First Home sales to ensure consistent application of the requirements of this policy.



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