



# Northumberland County Council

## Discounted Market Sales Affordable Housing Frequently Asked Questions

July 2024

This note sets out some frequently asked questions about affordable Discounted Market Sales homes. These are also known as Discounted Market Value (DMV) homes. These FAQs are also relevant to First Homes. These represent two of the tenures of affordable housing included in the Government's official definition of affordable housing. The definition is set out in the glossary of the [National Planning Policy Framework](#) (NPPF).

### Frequently Asked Questions about DMV affordable homes

#### **Who is eligible for a DMV Property?**

When applying for a DMV home, the prospective buyer needs to complete an eligibility application form. This form must be submitted along with all of the relevant evidence requested. This will help our Housing Enabling Officer to promptly assess the applicants' eligibility for the property. If all the required supporting evidence is submitted with the form, a decision is usually made within 10 working days.

The following are examples of DMV cases and calculations used when assessing eligibility:

- Example 1:

Property price (full market value before the discount): £100,000

Property price (after a 30% discount): £70,000

Mortgage offer: £90,000

Single applicant's gross income: £20,000 per annum x 4 = £80,000

Single applicant's savings: £19,000

Total: £99,000

The single applicant is therefore **eligible**, as this figure is less than the full market value of the property.

Joint applicants' combined gross income: £40,000 per annum x 3.5 = £140,000

Joint applicants' savings: £19,000

Total: £159,000

The joint applicants are therefore **not eligible**, with or without their savings, as both figures are more than the full market value of the property.

- Example 2:

Property price (full market value before the discount): £120,000

Property price (after a 30% discount): £84,000

Mortgage offer: £150,000

Joint applicants' combined gross income: £65,000 per annum x 3.5 = £227,500

The joint applicants are therefore **not eligible**, as this figure is more than the full market value of the property. The mortgage offer is also more than the full market value.

- Example 3:

Property price (full market value before the discount): £205,000

Property price (after a 30% discount) £143,500

Mortgage offer: £135,000

Joint applicants' combined gross income is £60,000, but minus student loans and child care per annum of £6,480 = £53,520 x 3.5 = £187,320

The joint applicants are therefore **eligible**, as this net figure is less than the full market value of the property. The mortgage offer is also less than the full market value.

### **Do I need to live in the local area to apply for a DMV home?**

The Section 106 legal agreement sets out all the eligibility clauses in it. Some are more complex than others and have unique obligations and requirements. We recommend all prospective buyers to check the relevant S106 agreement. This will help ensure you are fully compliant. All S106 agreements can be found via our

[Northumberland S106 Map](#). This links to the planning application documents for the development site that they are part of.

Eligibility clauses typically require applicants to:

- Have a local connection to the area. Prospective buyers must show they have a need to be housed locally. This may be due to their strong local connections. For example, they are already living or working in the local area or have family or close relatives already living in that area.
- Have had their main place of residence in the local area for at least the last two years. Those who are currently employed in the local area, or are soon to be employed locally, or those who have retired from local employment and wish to remain living in the area may also be eligible.
- Have work that provides local services, meaning that they need to live in that local area.
- Have long-standing connections with the area, such as the children of local residents or elderly people. People who need to move back to the area to care for or to be cared for by relatives or other carers may also be eligible but only where they don't have their own home or live in housing that is inadequate or unsuitable to meet their existing and future requirements. This may be because of its tenure, size, type, design, condition, security or cost. First priority is given to people with close connections to the settlement or parish in which the affordable housing units are built. Second priority is given to people connected to the parishes immediately adjoining that parish.

### **Will I own 100% of my DMV home?**

Yes, you will own 100% of your property. But you will pay a discounted price when buying it. The discount will be at least 20% below the usual open market value of the property. Many DMV homes in Northumberland have a 30% discount.

### **At what price will I have to sell my DMV home?**

Each time the affordable DMV home is sold, it must be sold with the same percentage level of discount below the current open market value. This is to ensure

it remains an affordable discounted market value property in perpetuity, for the benefit of all future homeowners.

### **Will there be any restrictions upon re-sale of my DMV home?**

Anyone buying the affordable DMV home upon re-sale must be eligible to do so. Buyers must meet the criteria set out in the relevant Section 106 legal agreement relating to the development that the property is part of.

Please note that service fees are payable by the seller as part of property sales and re-sales transactions. These fees should be paid via the seller's conveyancing solicitors. The fees cover the costs of administering the Section 106 legal agreement and issuing the necessary certificates for Land Registry title deeds.

### **Can I rent my DMV home?**

Possibly. Renting of DMV homes is only allowed in exceptional circumstances. They are usually only permitted to be the owner's main permanent home. The Section 106 legal agreement relating to the property may include restrictions on eligibility and renting.

A DMV homeowner cannot simply choose to rent out the property just because you may be struggling to sell it.

You must follow the Council's policy and procedure to ensure that the affordable unit is rented at an affordable rent. This should be at least 20% below what would otherwise be the open market rent.

The DMV home can only be rented to someone who has been assessed to be in housing need and is eligible for an affordable home in the area.