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**Independent Financial Advice Proforma**

**Discounted Market Sale Housing Application**

Properties under the Discount Market Sale scheme provide people with an opportunity to own their own home in Cheshire West and Chester, in circumstances **where they could not afford such a home at full market value**. You are being asked to complete this form to provide an assessment of their financial circumstances to support their application for Affordable Housing. Please note that completion of an application for Affordable Housing,does not guarantee the offer of a property, nor does it commit the applicant to the purchase of a property. The information you provide will be held securely in accordance with the [General Data Protection Regulation](https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/public-task/). Further information can be found in the Housing [Privacy notice](https://www.cheshirewestandchester.gov.uk/system-pages/privacy-notices/affordable-housing-scheme-privacy-notice.aspx) on the Council’s webpages.

Before completing this form, you must read the Guidance contained in Appendix 1 on page 6 which provides further information on this tenure of Affordable Housing.

Please complete all sections in full. There is room at the end to provide additional information if necessary. We may require independent evidence of some data and any false information may disqualify applicants. If you do not understand any part of the form and need assistance to fill it in, please contact: affordablehousing@cheshirewestandchester.gov.uk

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| **1. APPLICANT** |
| Surname (Mr, Mrs, Miss, Ms) |
| First Names |
| Current Address Postcode |
| National Insurance Number:  |
| **JOINT APPLICANT (if applicable)** |
| Surname (Mr, Mrs, Miss, Ms) |
| First Names |
| Present Address Postcode |
| National Insurance Number:  |

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| **2. FINANCIAL ADVISOR DETAILS** |
| Full name of financial advisor |
| Company/Trading name (if applicable) |
| Registered Address of Financial Advisor Postcode |
| Telephone Number: |
| Email:  |
| Individual Reference Number: |
| Company Registration Number: |
| FCA Registration Number: |

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| **3. PURCHASE PROPERTY**  |
| Please provide details of the Discounted market sale property the applicants wish to purchase. The discounted market sale affordable homes currently listed for sale can be found on the Council webpages at: [www.cheshirewestandchester.gov.uk/residents/housing/accessing-affordable-housing](http://www.cheshirewestandchester.gov.uk/residents/housing/accessing-affordable-housing) Purchase Property Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Discount applied: *\_\_\_\_\_\_\_\_\_\_\_\_* Advertised (discounted) price: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Open Market Value: *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*  |

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| **4. FIRST TIME BUYER STATUS** |
| Please confirm if the applicant(s) are first time buyers as per the definition below:1. Cheshire West and Chester has adopted HMRC's definition of a first time buyer and in order to count as a first time buyer, a Discounted Market Sale purchaser must not, either alone or with others, have previously acquired a major interest in a dwelling or an equivalent interest in land situated anywhere in the world. This includes previous acquisitions by inheritance or gift, or by a financial institution on behalf of a person under an alternative finance scheme.
2. Applicants who have a previous acquisition as a trustee and were not also a beneficiary of the trust or have previously owned non-residential or mixed-use property, (as long as that property did not include a dwelling) will also count as a first time buyer.

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|  | Is a First Time Buyer | Is not a First Time Buyer |  |  |
|  Applicant | ⬜ | ⬜ |  |  |
|  Joint Applicant  | ⬜ | ⬜ |  |  |

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| **5. INCOME, PENSIONS AND BENEFITS** |
| Please detail the total amount of earnings and / or pensions and benefits for each applicant. If nothing, please indicate zero.  |
|  | **APPLICANT** | **JOINT APPLICANT** |
| Gross annual salary (before tax) | £ | £ |
|  |
| Basic monthly take home pay (net) | £ | £ |
| Average monthly overtime / commission | £ | £ |
| Monthly total from pensions | £ | £ |
| Monthly total from child benefit | £ | £ |
| Monthly total from child tax credit | £ | £ |
| Monthly total from family credit | £ | £ |
| Monthly total from other benefits | £ | £ |
| Monthly total from other sourcese.g. maintenance payments, income from investments, rental income etc.  | £ | £ |
| **TOTAL PER MONTH** |  |  |

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| **6. EQUITY/DEPOSIT AVAILABLE** |
| Please list all the monies available to the applicant(s) to contribute towards the deposit for purchase of the Discounted Market Sale Home, (if none, please write none):  |
|  |
| Total amount of savings in a Bank, Building Society or other savings accounts  | £ |
| Current value of other investments, eg shares | £ |
| ISA’s (including Help to buy ISA) | £ |
| Equity in current property (homeowners only) | £ |
| Monetary ‘gift’ from a family member (please state the maximum available) | £ |
| Other deposit monies | £ |
| **How much of this total will be used as a deposit against the mortgage?** | **£** |

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| **7. MORTGAGE OFFER** |
| Please confirm if the applicant has a mortgage in principle. Yes No

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| ⬜  | ⬜  |

From which lender (s)? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_What is the **maximum** mortgage amount they could obtain? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Is the mortgage lender (if any) is aware that the Applicant (s) intend to purchase a Discounted market sale Affordable Home and as such there will be restrictions on the property title.Yes No

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| --- | --- |
| ⬜  | ⬜  |

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| **8. OUTGOINGS** |
| Please provide details of the outgoings/financial commitments/credit rating or other limiting factors (for example, age, employment constraints) that you have taken into account when determining affordability:  |

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| **9. OTHER INFORMATION** |
| You can use this space to tell us anything that you think we might need to know. |

10. DECLARATION

1. **I confirm that**:
2. I hold a Level 3 CeMAP diploma and a current FCA registration.
3. I have been instructed by the Applicant (s) in connection with their application for a discounted market sale affordable home;
4. I have verified the identity of the Applicant (s) in accordance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017/692 and the Proceeds of Crime Act 2002 (as amended or re-enacted).
5. **I further confirm that**:
6. The maximum property price the Applicant (s) can purchase, based on the financial information supplied on this Form is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. The Applicant is unable to afford the Open Market Value of the Discounted Market Sale Affordable Home.
8. **I further confirm that**

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| --- | --- |
| **Name of signatory** |   |
| **Position:**  |  |
| **Signed** |  |
| **For and on behalf of**  |  |
| **Date** |  |

You must provide your signature in wet ink or by providing an electronic copy of this declaration containing your wet ink signature.

**APPENDIX 1**

**Cheshire West and Chester Discounted Sale Affordable Housing**

**Overview and information for owners and potential purchasers**

**1. Purpose**

This guidance note provides details on discounted sale affordable housing. It explains what this type of affordable housing is and the restriction that apply to owners. The requirements in this document should be taken into account when considering acquiring or selling a discounted sale affordable home. Owners, agents and potential purchasers are strongly advised to discuss affordable housing issues with the Council at an early stage when wishing to undertake a sale/purchase.

**2. Background**

Due to high property prices relative to local incomes the area has a shortage of affordable housing. Many households are unable to purchase or rent their own home on the open market. Increasing the supply of affordable housing is one of the Councils key local priorities. In view of the scale of the borough’s affordable housing problem it is important that all affordable housing is prioritised to local households who are unable to afford suitable market housing.

**3. What is affordable housing?**

Annex 2 of the National Planning Policy Framework (NPPF) provides definitions of the types of affordable housing including low cost home ownership products. It defines affordable housing as: Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) **Starter Homes:** as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **Discounted market sales housing (DMS):** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

How the discounted market sales product works in practice is explained further in the Frequently Asked Questions section below:

 **Discounted Market Sale Affordable Housing Frequently Asked Questions**

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| Question | Answer | Explanation | Points to Note |
| **What is a Discounted Market Sale property?** | A Discounted Market Sale (DMS) home is an affordable property (unit) that is sold at a set percentage below open market value and can only be purchased by an eligible person.A Discount for Sale property can also be called a Discount to Market, DMS, DFS, discounted, a Section 106 property or a restricted covenant property. Lenders often refer to them as restricted covenant properties. | There are many different types of affordable housing but properties under this scheme are offered for sale to eligible purchasers at a discounted price of the full market value. You own 100% of the property, no additional rent is required like other intermediate affordable home ownership products such as shared ownership or rent to buy. For example, a £100,000 house with a 25% discount would be offered to eligible applicants for £75,000. This is not a shared ownership scheme and even though there is a discount on the sale price, the purchaser still owns 100% of the property. When the owners want to sell their property, they must do so on the same terms, which means they must sell it with the same level of discount they received (a percentage of the open market value at the time) and to someone who meets the criteria for affordable housing. | The discount is tied to the property in perpetuity to ensure the unit stays affordable forever and continues to help those in affordable housing need.The Council only deals with Discount for Sale properties – all other intermediate affordable housing is dealt with by Registered Providers (Housing Associations). |
| **What is a Section 106 Agreement?** | A Section 106 Agreement is a legal document issued as part of the planning permission for the affordable home. It states the planning obligations of a scheme, including restrictions on disposal (sale and re-sale) and occupancy of the DMS properties. | To ensure properties are sold at the correct price and to households who require affordable homes a legal document under Section 106 of the Town & Country Planning Act 1990 is drawn up when the DMS unit is granted planning permission. The contents of the s.106 agreement apply every time the property changes hands and the Council check potential purchasers meet the eligibility criteria prescribed in the Agreement and that any occupancy restrictions (such as no sub-letting clauses) are being adhered to. | The Affordable Housing Restrictions in the Section 106 Agreement are usually recorded on the HM Land Registry entry for the property. |
| **Is discounted housing always dealt with through a Section 106 Agreement?** | Not always; sometimes the affordable housing obligations are set out in an Affordable Housing Statement as part of a Planning Condition issued when planning permission was granted. | Affordable Housing Statements and conditions work in the same way as a Section 106 Agreement and are binding on all owners/occupants in perpetuity. |  |
| **What is a Deed of Variation?** | A Deed of Variation is a legal document making changes to the original Section 106 Agreement. Anything listed in a Deed of Variation will supersede the relevant sections of the Section 106 Agreement. |  |  |
| **What is the Council’s role?** | The Council’s role is to ensure the restrictions in the Section 106 Agreement/Affordable Housing Statement are enforced on Discounted Market Sale properties. | The contents of the s.106 agreement/Affordable Housing Statement apply every time the property changes hands and the Council check potential purchasers meet the eligibility criteria prescribed in the Agreement and that any occupancy restrictions (such as no sub-letting clauses) are being adhered to. | The Council is not responsible for valuing properties (see later) or giving financial advice. |
| **Do applicants have to be a first time buyer to be eligible?** | Not necessarily – each Section 106 is different. | Applicants considered to be in Housing Need are prioritised for affordable housing, they do not have to be a first time buyer, but some schemes prioritise.  |  |
| **Can a family member buy a discounted property for their child/ward/grandchild (or act as a Guarantor)?** | A family member cannot to buy a discounted property for their child/ward/grandchild, act as guarantor or become a joint owner unless they also intend to live there and have undergone an appraisal to ensure they meet the eligibility criteria. | Applicants can however receive a monetary gift to use as a deposit towards the cost of the affordable property up to a maximum of 65% of the discounted market price.  |  |
| **Are key workers/ armed forces employees prioritised?** | Eligibility is set by the specific Agreement or affordable housing statement. It is not linked to a specific profession | Eligibility is usually based on local connection and inability to afford to purchase on the open market, therefore no preference is made for specific professions. Armed forces employees or veterans are exempt from having a local connection for some schemes.  |  |
| **Is the property always sold with the discount?** | Yes.  | The discount is tied to the property in perpetuity to ensure the unit stays affordable forever and continues to help those in affordable housing need. | The discount (percentage the property is reduced by) is fixed according to local incomes and detailed in the Section 106 Agreement.  |
| **How is the property valued?** | The owner or developer for new properties is obliged to provide the Council with three written valuations for the open market value of the property from three local estate agents. The Council will take the average of the three and apply the relevant discount. This is then the maximum sales value. | Some Section 106 Agreements have specific details on valuing properties and require a RICS valuation, but the answer outlined here is generally applied. |  |
| **How does the process work?** | 1. The homeowner (or housing developer) advises the Council of their intention to sell the affordable unit.
2. The owner obtains three written valuations for the open market value of the unit from local estate agents.
3. The Council calculates the maximum sales price of the property.
4. The estate agent/ developer is advised on the process and eligibility criteria applicable.
5. Potential purchasers are sign posted to the Council website to make an online application.
6. The Affordable Housing Team process applications and provide applicants with a decision letter.
7. Potential purchasers must provide the decision letter to the estate agent/ developer’s sales office to make a formal offer.
 |  | Eligibility criteria usually contain a time cascade to prioritise potential purchasers to make sure that affordable housing is offered to local people in need of affordable housing first before the rest of the Borough and outside the area. This may mean that potential purchasers have to wait before they can make an offer for an affordable home because they have a lower priority. |
| **Can the Section 106 restrictions be removed?** | Only in extenuating circumstances can the restrictions be amended. However it is unlikely this would require removal of the discount to enable the property to become a market home. | The disposal and occupancy restrictions are tied to the property in perpetuity to ensure the unit stays affordable forever and continues to help those in affordable housing need. |  |
| **Can the discounted market sale home be sub-let / rented out?** | No. Most Section 106 Agreements have a clause detailing that the affordable unit can only be occupied by the purchaser / Eligible Person and their household. | Discounted Market Affordable Homes are not an investment product or a second/holiday home. The Council periodically checks owners are not in breach of their obligations under the Section 106 Agreement or Affordable Housing Statement/Conditions. | Owners may be subject to formal enforcement action if they are in breach of the eligibility ctiteria. |
| **What are the eligibility criteria?** | All schemes are different but as a general guide, an applicant must currently be living in unsuitable accommodation or need to live independently and not be able to affordable to purchase on the open market without assistance. Local connection to the immediate area through current residence, family or employment are also frequently applied | The applicant’s total household gross income (including partners, if applicable) must be less than £80,000A deposit of at least five (5%) of the discounted price is required, but not more than 65% in equity/savings/gifted deposit, unless the applicant has a life limiting condition which causes difficulty in accessing suitable accommodation in the boroughIf the applicant is over 55 years old and unable to access a mortgage/loan, they can make a 100% cash purchase (using savings or equity), if they can demonstrate they are unable to purchase the open market value of the discounted market sale home or a suitably sized market property in the same area as the affordable property | Unlike social housing, health status and age are not key criteria. The focus is on an applicant’s ability to purchase a suitable property on the open market in the same area and any local connection to the area where the affordable home is located. |
| **Which lenders lend on Section 106 schemes?** | There is a reduced range of lenders who provide mortgages on this type of product. | It is important the chosen lender is made aware immediately that the property is a Discounted Market unit to avoid delays in a sale later on. | The Council cannot offer any form of financial advice. |
| **Can the applicant put in an offer above the maximum sales value set by the Council?** | The affordable property cannot be sold at more than the confirmed maximum sales value (the discount of open market value). | If a discounted property is sold at more than the discounted valuation price, then the owner is in breach of the Section 106 Agreement and would be considered to be profiteering and may be subject to legal action from the Council. | If two prospective purchasers are interested in the same property, there cannot be a ‘bidding war’ above the maximum sales price – it is up to the owner to decide which eligible purchaser to sell to.  |
| **What is a certificate of compliance?** | Most schemes require a certificate of compliance to be provided by the Council before a sale can be completed to show the valuation process and eligibility assessment have been completed in accordance with the Section 106.  |  | The re-sale process is further outlined on the Council’s website  |