

Delivery of First Homes in Bristol

Addendum to Affordable Housing Practice Note (November 2021)



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1. Introduction

On 24 May 2021, the Government published a [Written Ministerial Statement](#) (WMS) and additional [Planning Practice Guidance](#) (PPG) introducing new national policy requirements relating to the provision of First Homes. The policy came into effect on 28 June 2021. The provision of First Homes will become a requirement for all residential development which includes developer contributions to affordable housing from 28 December 2021 or 28 March 2022 where there have been significant pre-application engagement¹.

2. What are First Homes?

First Homes are a form of discounted market sale housing and fall within the definition of affordable housing contained in Annex 2 of the [National Planning Policy Framework \(NPPF\)](#). First Homes are also the Government’s preferred discounted market tenure and need to account for at least 25% of all affordable housing units delivered where developers are subject to affordable housing planning obligations (Section 106 [s106] Agreements).

Full guidance on First Homes is set in the WMS and under PPG and is not repeated in detail in this statement. Key details include the following:

The Homes	The Buyers
Sales value (after discount) is capped at £250,000	Only available to first time buyers ²
Sold with a minimum 30% discount on market value	Household income must be no more than £80,000
Discount is retained for every future sale	Must be the buyer’s main residence
Sales cap only applies on the initial sale	Must be purchased with at least a 50% mortgage

3. Local Criteria for First Homes

The WMS and PPG identify a range of additional local criteria that can be applied to First Homes by local authorities where justified by evidence. Any additional local criteria applied by Bristol City Council will be set out in the new Local Plan. Until a revised Local Plan is in place the national criteria for First Homes will be applied.

The WMS and PPG also allow local authorities to apply local connection criteria to First Homes without the need to provide supporting evidence. This is because First Homes are intended to allow people to get on the housing ladder in their local area.

The local connection criteria that will apply to First Homes sold in Bristol is set out in the Council’s [HomeChoice allocations policy](#) (section 3.2b). The criteria will be applied through a

¹ NPPG defines significant pre-application engagement as ‘...any substantive discussions between the local planning authority and the applicant relating to the proposed quantity or tenure mix of the affordable housing contribution associated with that application.’

² First Time Buyer is defined in para. 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first time buyers [Finance Act 2003 \(legislation.gov.uk\)](#).

s106 Agreement to the initial sale and every successive sale of a First Home. The criteria will be lifted after three months if the home has not been reserved or sold. Eligible First Home purchasers will need to meet one of the following local connection criteria:

- Purchasers who have been living within the Bristol City boundary continuously for the last 2 years immediately prior to the date of application to buy the First Home property.
- Purchasers who have close family currently living in Bristol, who have lived in Bristol continuously for the last 2 years immediately prior to the date of application to buy the First Home property, and who need to live near that person to provide or receive care³.
- Purchasers whose normal place of work is in Bristol. For the purposes of this criterion voluntary, temporary, casual or short-term employment will not be taken into account and employment must not be marginal.
- Purchasers who meet the criteria set out in [The Allocation of Housing \(Qualification Criteria for Armed forces\) \(England\) Regulations 2012](#) for whom a local connection requirement cannot be applied.

Only one member of a household buying a First Home in joint names needs to have a local connection to Bristol as set out above.

The Council expects the Developer or his duly appointed agent to certify that local connection criteria are met.

Local connection criteria will be applied for the first 3 months of active marketing of a First Home property and the Council will expect to agree the marketing strategy and trigger dates for the local connection criteria to operate.

4. Introducing First Homes into Bristol's Affordable Housing requirements

The Council's planning policies for affordable housing in Bristol are set out in [Policy BCS17: Affordable Housing Provision](#) in the *Core Strategy Local Plan* (Adopted June 2011), and [Policy DM3: Affordable Housing Provision: Smaller Sites](#) in the *Site Allocations and Development Management Policies Local Plan* (Adopted July 2014). Further guidance on the Council's affordable housing policies is set out in the [Affordable Housing Practice Note 2018](#) (AHPN).

The above policies and guidance should be interpreted with regard to the WMS and PPG as follows:

- 25% of affordable homes secured through developer contributions will be delivered as First Homes.

³ For the purposes of this local connection criterion close family is defined as immediate family i.e. parents, dependent and non-dependent adults, children and siblings. The purchaser must be able to show that they have a relationship with that person and that they need to live near that person for care.

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- The remaining 75% of affordable homes secured through developer contributions will be delivered as Social Rent.

The Affordable Housing Practice Note details the Council's approach to viability when a development cannot deliver against full policy requirements. The 25% First Homes will remain unchanged but flexibility on rented tenures and other affordable housing tenures will be considered as part of a viability negotiation in accordance with the Practice Note.

In accordance with national policy homes for affordable home ownership, including First Homes, will not be sought on:

- 100% affordable housing schemes.
- Build to Rent developments.
- Housing built for specific client groups (e.g. students/older people).
- Self and custom-build developments.

In the interim, First Homes will be secured using the Government's standard s106 clauses which shall be in addition to the Council's s106 requirements to secure the remaining affordable housing provision.

The s106 will identify development triggers for First Homes completions as part of wider affordable housing provisions. This will include a trigger for an agreed local sales and marketing strategy for First Homes.

5. Agreeing First Homes provision in Bristol

This guidance applies to all planning applications being registered from 1 October 2021.

Identification of First Homes units

The [Affordable Housing Statement](#) submitted with the planning application should include proposed sales values for each house type/size, evidenced by a formal RICS valuation. This will enable identification of the appropriate units to be delivered as First Homes, where a 30% discount does not result in a sales value in excess of £250,000.

- Full applications and Reserved Matters applications will require First Home units to be identified by plot number and on an affordable housing tenure plan, along with the rented provision, as part of the s106 agreement.
- Outline applications will require agreement on the unit mix and sales values of First Homes as part of the s106 provisions.

Sales Values

If the predicted sales values of individual units within a development proposal exceed the £250,000 price cap after the 30% discount has been applied, then the units will not qualify as First Homes as set out in national planning practice guidance. In such circumstances there is an expectation that the developer will work with Bristol City Council to identify

appropriate design solutions to support the delivery of First Homes on site. The Council will only accept a commuted sum in lieu of on-site First Homes units where this is robustly justified and the agreed approach contributes to the objective of creating mixed and balanced communities.

The above approach will also be applied where the £250,000 price cap is exceeded after the 30% discount has been applied as a result of units increasing in price in the period following any granting of planning permission up to the marketing of the unit.

Other Requirements and Recommendations

First Homes will need to meet appropriate space standards as set out in [Policy BCS18: Housing Type](#) in the *Core Strategy Local Plan* (Adopted June 2011). Further guidance is set out in the Council's [Space Standards Practice Note March 2021](#).

Established requirements around Service Charge caps for affordable housing will apply to First Homes.

The Council would prefer First Homes to be dispersed across the development and integrated as part of market sales provision. Social rented provision should continue to be delivered in accordance with AHPN requirements.

6. Transitional arrangements for planning applications

In accordance with the WMS and PPG the First Homes policy will not apply to sites with full or outline planning permissions already in place (or where an appeal against non-determination has been lodged) or where full or outline planning applications have been submitted before 28 December 2021 or 28 March 2022 if there has been significant pre-application engagement.

In accordance with the WMS and PPG the Council has to allow developers to introduce First Homes to the affordable housing tenure mix from 28 June 2021 if they wish to do so.

7. Community Infrastructure Levy and planning obligations

Developers of First Homes are able to apply for and obtain an exemption from the requirement to pay the Council's Community Infrastructure Levy. This is because First Homes are a form of affordable housing. Further details of how to apply for an exemption are provided on the Council's website under [Development liable for Community Infrastructure Levy \(CIL\)](#).

All other relevant Planning Obligations sought through the Bristol Local Plan will apply to First Homes.

Where development is subject to policy [DM4: Wheelchair Accessible Housing](#), as set out in the *Site Allocations and Development Management Policies Local Plan* (Adopted July 2014),

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the Council's preference is to allocate the full proportion of wheelchair user dwellings to the social rented element of the affordable housing contribution. All social rent affordable housing identified as wheelchair housing should be [wheelchair accessible](#). Further guidance is set out in section 3 of the Council's [Government's Housing Standards Review: Operation of Bristol Local Plan Policies](#) Practice Note. This will ensure wheelchair accessible housing can be targeted to those in greatest housing need and remains available to meet future needs.