



Bristol City Council Community Led Housing (CLH) Land Disposal Policy

Additional Guidance June 2022

CLH Land Disposal policy key principles

- 1.1 The Community-Led Housing Land Disposal Policy (CLH LDP) sets out the policy for the disposal of BCC-owned sites to community-led housing organisations and associations of individual self-builders. The CLH LDP provides a framework to ensure that any site offered under the policy is distributed in a fair, transparent way, that maximises best consideration, whilst relying on the provisions of the Local Government Act 2000 where the authority considers the scheme will secure the promotion or improvement of the economic, social and environmental wellbeing of its citizens.
- 1.2 The policy specifies three common defining principles, for Community-led housing for the purposes of the policy:
 - Commitment to community engagement and consent throughout the development process. Communities do not necessarily have to initiate the conversation or build homes themselves.
 - Commitment by the community group to taking a long-term legally binding role in the ownership, stewardship, or management of the homes; and such is supported by a strategy and business case.
 - Commitment by the community group to deliver clearly defined benefits of the scheme to the local area or other group, such benefits to be legally protected in perpetuity, if possible.
- 1.3 Bids for sites being disposed of for CLH under this policy will be subject to assessment by a panel based on specified criteria, taking into account financial viability, deliverability, the nature of the housing proposal, community benefit and social value. The scoring will reflect the quantum and type of affordable units to be transferred to the CLH group.
- 1.4 The policy is intended primarily to facilitate the delivery of Affordable Housing as defined in the National Planning Policy Framework (NPPF) 2021 or any national planning policy framework that supersedes it and the Council's own Affordable Housing Funding Programme (AHFP) policy, see Appendix 1.
- 1.5 Affordable rented homes (Social Rent, Affordable Rent and Affordable Private Rent) should be let at no more than 80% of market rent and within relevant Local Housing Allowance (LHA) levels at each letting.
- 1.6 The principle of disposing of the site for less than best value will only apply to homes that comply with the definitions of Affordable Housing in this Guidance. Where the bid for the site is based on a proposal for a housing scheme that includes tenures that are

not Affordable Housing this should be reflected in the valuation of the site and the financial offer by the group, on the basis that the Gross Development Value of the site will be higher than for a 100% Affordable Housing scheme.

- 1.7 The land will be disposed of to the CLH group for a value commensurate with the tenure mix of the CLH scheme being developed on the site, with any homes for market sale or market rent valued accordingly.
 - 1.8 Where schemes include intermediate or market tenures but are not viable unless the land value is discounted to zero, then there is a question as to the value for money and acceptability of the proposed scheme. Assessment by BCC on the appropriate land value in relation to tenure mix will be carried out on a site-by-site basis. The viability of the scheme in relation to the proposed tenure mix will be scrutinised at the assessment of ProContract bid stage and any concerns flagged with the CLH group so that they can be addressed well before the formal valuation of the site at the point of concluding the Lease Agreement for the site.
2. Allocation and eligibility for Affordable Housing delivered on CLH sites
- 2.1 Homes that comply with the definition of Affordable Housing must be made available to people who have some degree of housing need. For Social Rented, and Affordable Rented homes applicants will be assessed and homes allocated through Bristol City Council's HomeChoice allocation scheme.
 - 2.1 Affordable Private rented homes will be advertised through Bristol HomeChoice. To bid applicants must be eligible to sign up to Bristol HomeChoice. Where agreed with BCC as part of a Sustainable Lettings Plan, allocation of Affordable Private Rent units may be made to applicants in lower bands.
 - 2.2 For affordable home ownership tenures such as Shared Ownership, Shared Equity, or First Homes, eligibility will follow national guidelines and the BCC Standards for CLH 2022.
 - 2.3 Shared ownership, shared equity, discounted market sale and other 'intermediate' tenures shall be allocated using the following criteria:
 - Household income £80,000 a year or less (gross);
 - Household cannot afford all of the deposit and mortgage payments for a home that meets their needs;
 - Household are either first time buyers; used to own a home but cannot afford to buy one now; owns a home and wants to move but cannot afford a new home suitable for their needs; forming a new household; or existing shared owners and want to move.
 - 2.4 Where funding has been provided by Homes England, Shared ownership homes must be marketed via the Help to Buy/Own Your Homes portal ([Help to Buy Agent for the South | Online property search \(helptobuyagent3.org.uk\)](https://helptobuyagent3.org.uk)) and in accordance with the Homes England lease and any other funder requirements. Additional targeted marketing may be carried out to encourage community take up. Where no Homes England funding the homes can be marketed to the local community and wider Bristol, as set out in the Sustainable Lettings plan agreed with BCC.

- 2.5 Market rented homes that are not funded through BCC AHFP and where the site has been valued on the basis that a proportion of units are at rents above the levels for Affordable tenures as defined in this Guidance, should be allocated according to the CLH group's allocation/lettings policy as agreed with BCC and in accordance with the BCC Management Standard for CLH.
- 2.6 Any proposed scheme specific Sustainable Lettings Plan proposed for the development must be agreed with BCC and be compatible with BCC HomeChoice, any broader Local Lettings Policies that apply and the organisation's equality and diversity policies.
3. Land valuation and process for CLH site disposals
- 3.1 When bidding for sites through the CLH LD Policy groups will have to submit a financial offer supported by a business plan for their scheme that shows viability and affordability. This should include a development appraisal demonstrating what is proposed and how it will be funded, including grant requirements and long-term revenue and how the asset will be sustained in the long term. This should take into account the revenue generated for the proposed tenure mix.
- 3.2 Before transferring the site to the CLH group BCC will undertake a valuation based on the CLH scheme proposal, the tenure mix, the anticipated costs, grant and other income and future revenue. This will be the basis of the consideration paid by the CLH group to BCC for the site. The principle of disposing of the site at less than market value will not apply to any proportion of units that do not fit the definition of Affordable housing set out in this Guidance.
4. Governance/Finance and Management Standards for CLH
- 4.1 Before the site can be transferred to the CLH group they will have to demonstrate how they will meet the BCC Governance/Finance and Management Standards for CLH by submitting a method statement. Subsequently CLH groups will provide yearly confirmation statements demonstrating that they are adhering to the BCC Standards for CLH.
5. Access to grant funding and opportunities for partnership with Registered Providers
- 5.1 CLH groups may have the opportunity to bid for BCC Affordable Housing Funding Programme (AHFP). This funding will be available for Affordable Housing tenures for eligible applicants only. BCC AHFP grant cannot subsidise housing for people that are not eligible for Affordable Housing tenures and where CLH schemes include non-affordable tenures the BCC grant will be apportioned accordingly.
6. Expected timescales for CLH development on BCC owned sites
- 6.1 The CLH LD policy sets out the following timescales for CLH groups developing on BCC sites.
- Start on site within 36 months of being announced as preferred bidder for the site.

- Completion within 24 months of start on site.

These are long stop deadlines and CLH groups should seek to progress schemes more quickly where possible.

- 6.2 To meet the above CLH groups should aim to have submitted their planning application and exchanged contracts for the Agreement to Lease within 18 months of announcement of preferred bidder status.

7. Community Led Housing groups eligible to apply

- 7.1 Unless there are exceptional circumstances, land will only be disposed of to legally constituted community groups falling into one of the following categories:

1. **A company limited by guarantee registered as a charity** with the Charity Commission

2. **A charitable incorporated association**

3. **A community interest company limited by guarantee without shares** whose articles of association comply with schedule 1 from the CIC Regulations 2005

4. **A community interest company limited by guarantee with a share capital**, or company limited by shares that only pay dividends to asset-locked bodies, whose articles of association comply with schedule 2 from the CIC Regulations 2005; or

5. **A Registered Society (registered under the Industrial and Provident Societies Act 1965** i.e. prior to the Co-operative & Community Benefit Societies Act 2014 coming into force) whose Rules include either:

- a Statutory Asset Lock,
- a common ownership dissolution clause and clauses which ensure the following:
 - Directors roles are voluntary, and
 - No Distributions to members from profits or on dissolution, and
 - Amalgamation, merger, conversion, transfer of assets only permissible to an organisation with a similar level of restrictions on assets or statutory asset lock

6. **A Community Benefit Society (registered under the Co-operative and Community Benefit Societies Act 2014)** except where it is a subsidiary of another organisation.

7. **A Fully Mutual Housing Co-operative Society** (registered under the Co-operative and Community Benefit Societies Act 2014 whose rules include:

- a common ownership dissolution clause and clauses which ensure the following:
 - Directors roles are voluntary, and
 - No Distributions to members from profits or on dissolution, and
 - Amalgamation, merger, conversion, transfer of assets only permissible to an organisation with a similar level of restrictions on assets or statutory asset lock

Appendix A : Definitions of Affordable Tenures

Definitions from BCC Affordable Housing Funding Policy (AHFP):

Affordable Housing: Affordable housing includes social and affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market.

Affordable Rent: Affordable homes where properties are let at below market rent by a Registered Provider. The national definition of Affordable Rent sets rent levels at up to 80% of local market rent (inclusive of service charges).. In Bristol, our grant funding establishes an expectation that affordable rents shall not exceed Local Housing Allowance (LHA) (or any subsequent capping mechanism the Council may introduce to ensure the affordability of rents) at the letting of a new tenancy and all rents shall rise in accordance with the national rent regimes established by Government

Affordable Private Rents: Properties let at discounted market rent by non-RP partners. No affordable private rents shall exceed Local Housing Allowance (LHA) (or any subsequent capping mechanism the Council may introduce to ensure the affordability of rents) at the letting of a new tenancy and rents shall rise in accordance with the national rent regimes established by Government. Rents shall include all housing related service charges.

Social Rent: low cost rented housing that is made available at rent levels set in accordance with the Regulator of Social Housing's [Rent Standard] (<https://www.gov.uk/government/publications/rent-standard>) (including Rent Standard Guidance)

Shared Ownership: Housing sold on a part rent/part sale basis. The shared owner buys a percentage of the property, funded by a mortgage and/or savings. The remaining percentage is still owned by the developing organisation who charges rent on it.

NPPF definitions of Affordable Housing:

Affordable housing: 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:** is 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:** 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.