

Research Paper: Self Build and Custom Build Housing

September 2016 (updated November 2016)

Context

New legislation

Self and custom build has a long history of development in the UK. But the sector in recent years has played a limited role in the overall supply of new housing, contributing about **12,000 to 14,000 new homes each year** or 7% of total new build¹.

But with the 2015 Act (Self-build and Custom Housebuilding) enacted on 1st April 2016 this sector is gaining momentum and is losing its image as a product for older better off households who can afford the ‘luxury’ of designing their own home. Certainly, local planning authorities that, in the past, have made passing mention to self build, now have a duty to evidence demand for it and take this into account ‘when carrying out their planning, housing, land disposal and regeneration functions’. Self and custom build needs to be taken seriously².



What is self and custom build

In planning terms, the definition of self and custom build is quite broad:

“.....anybody who is building their own home or has commissioned a home from a contractor, house builder or sub-contractor ...”³

The Building Societies Association⁴ has identified 7 models of delivery from developer led schemes to

community self-build.

The main difference between self and custom build is that:

- Self build = direct organisation of design and construction (few self builders do it all themselves).
- Custom = more ‘hands off’ – working with a specialist developer.

Is the UK typical?

Outside the UK, self and custom build is far more significant as a means of providing new housing, as part of a broader based housebuilding industry.

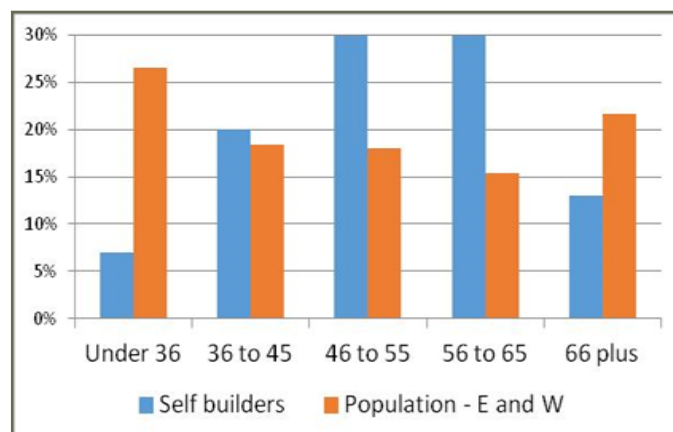
Reliable statistics are difficult to source but the best estimates suggest that 60% of completions in France are self build and the figure is even higher in, for example, Austria at nearer 4 out of 5 new homes being self or custom builds. Other European countries (and places such as New Zealand and the US) may not achieve these levels but still secure far more new housing through self and custom build than in the UK.

Who are the self builders

There is limited information about the level of self build activity and the characteristics of self builders. The Census doesn’t ask about self builders and DCLG doesn’t collect statistics about self build activity.

We have had to rely on a series of estimates and bespoke surveys⁵. With these limitations in mind – the most reliable data available indicates that:

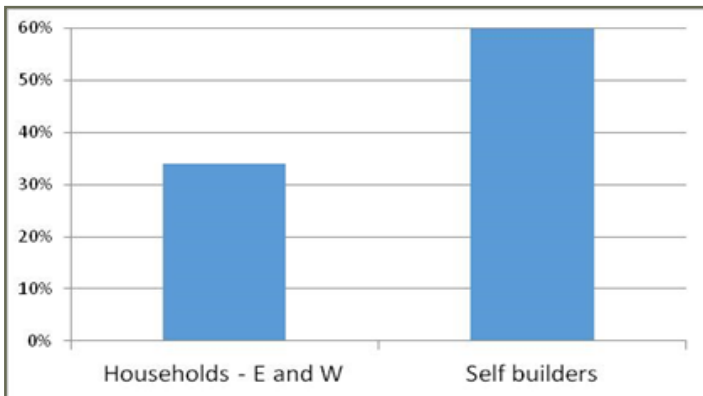
Self builders are middle aged.....



They are relatively wealthy.....

Over half of self builders have a household income of more than £35,000 per annum compared with nearer 30% of all households in the UK

They are more likely to be couples without children (perhaps 'empty nesters'?)

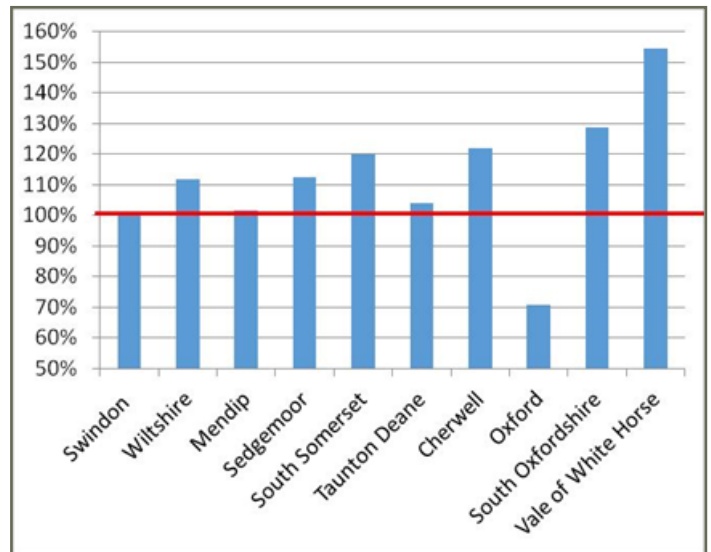


And around two out of three self builders are already owner occupiers.

Current self-builders are not the typical household in housing need.

If the future is the same as the past, then typical 'hotspots' for demand will be in wealthier and 'older' parts of the country. Our own model analysed the likelihood of demand in selected local authorities in the south of the country. The model compares the age structure, household composition and income profile of each against the national picture to produce a single index. All authorities with an index above 100 (the national average), have more potential demand for self and custom build than is typical of the country.

South Oxfordshire and the Vale of White Horse have the highest indexes, with high scores across all three factors.



Future for Self-build

One of the advantages of extending the scale of self-build activity is that it brings a broader source of development finance directly to house building, and offers an opportunity to increase overall delivery rates.

Government ambition

The Government gives encouragement

"The Government is keen to support and encourage individuals and communities who want to build their own homes, and is taking proactive steps to stimulate the growth of the self build market." (NPPG – Reference ID: 25-135-20140612)

"There are over 100,000 people looking for building plots across the country and we know from recent market research that one in two people would consider building their own home if they could." (Laying the Foundations)

A case study - Households Registering for Self Build with the Dartmoor National Park Authority

Dartmoor National Park Authority is a vanguard authority and launched its self build register in December 2014. Three Dragons assisted the Authority in analysing the key characteristics of the 176 households that had registered by March of this year. Key findings include:

- Around 35% of households are aged between 25 and 39 years and 40% between 40 and 59 years. The self build option is not proving as attractive to younger people or those of 60 years and older;
- Self build is attracting a range of household types - single people, couples with children and couples without children are represented almost equally;
- Those registering tend to be on higher incomes but self build is also drawing in those on lower incomes - two out of five households have incomes below £25,000 and about 60% of all those registering are not currently home owners;
- Reasons for pursuing self build are wide ranging although affordable home ownership is number one for a sizeable minority (37%). Being in charge of the design matters most to those on higher incomes.

The 2015 Act introduced a new set of duties for local authorities. They now have to:

- plan to meet the strong latent demand for such housing....
- Keep and publicise a register of individuals and associations “who are seeking to acquire serviced plots of land”)
- Have regard’ to the register when carrying out functions including planning

Self build and custom build schemes are already exempt from the Community Infrastructure Levy. The 2016 Housing and Planning Act goes further and introduces a duty for local authorities – to grant permission on enough serviced plots to meet the demand for self building and custom building in their area.

How are local authority plans responding to this?

As councils prepare new local plan policies they need to collect evidence about future demand to inform what they do.

Some councils already have policies in place (in adopted or draft plans) to support custom build – for example...

“Planning applications for ‘self or custom build’ housing, built or commissioned by individuals or groups of individuals for their own occupation, will be supported by the Council.” (LB Haringey - Preferred Option - Development Management Policies)

Other councils are going further and making provision of self/custom build plots integral to new development – for example...

“On sites of more than 20 dwellings developers will supply at least 5% of dwelling plots for sale to custom builders.” (Teignbridge DC)

Early lessons from the vanguards

Three Dragons has reviewed progress amongst the 11 authorities established as vanguards in 2014. We either spoke directly to the vanguard council or checked their approach on their website.

The biggest lesson is that setting up and managing the self and custom build register is the No 1 task for councils. It can be time consuming to set up but is the main source of information about demand.

Some authorities have allowed open registration but

others restricted registration to households with a local connection and/or who met specified income criteria. Planning guidance originally did not allow such restriction but regulations that came into force on 31/10/16 allow local eligibility and income criteria to be set by authorities and for registration to be restricted by way of charging a fee⁶. Applicants that meet all eligibility criteria except for local connection will still be registered but do not count towards the ‘assessment of local demand’⁷.

Managing expectations of those registering can matter a great deal – households can think that putting their name on the register guarantees they will be given a plot to build on.

Authorities are advertising their registers through press releases and publicity/information events. In some cases, by linking with other organisations with relevant expertise, for example Sheffield City Council has worked with a local Co-Housing Network and University.

Anecdotally, there appears to be a correlation between the number of registrants and availability of local sites. Cherwell Council, which has over 2,500 registrations, advertises an extensive range of sites and expects to make available up to 1900 plots on one development at Graven Hill in Bicester.

Artist's impression of self-build homes at Graven Hill, Bicester, Oxfordshire.



Image courtesy of Graven Hill Village Development Company. Illustration by Ian Law.

One of the major issues the vanguards have identified is making sure there are self build plots to meet the demand they are finding. Options being used include:

- Adopting plan policies to encourage provision of self and custom build plots
- Some councils have identified land from their

own portfolios and set a rolling programme of serviced plots for sale. Stoke on Trent has already sold 6 plots at auction and plans to deliver 75 more units on 3 further sites

- Councils, such as Shropshire and Dartmoor/ Exmoor National Parks, are exploring ways of extending schemes to those on lower incomes, for example through working with social landlords or using rural exception sites.
- Signposting self builders to available sites shown on websites
- Approaching landowners whose sites were rejected in a recent SHLAA process, (especially for affordable self-build as lower plot value)
- Working with Community Land Trusts e.g. South Brent, Dartmoor



- Publicity/advertising strategy to bring sites forward

Of course, many self builders still find their own sites – through their local networks.

What next for self build

Self and custom build looks set to become yet more

important as an additional source of housing supply and plan makers have to ensure demand is identified and then planned for. Issues that will need to be tackled include:

- Extending the market for self build to those on lower income so that it can become a genuine affordable housing option, for example through gifting land; working with registered providers; involving and training future occupants in the build process (such as offered by Community Self-Build Agency)⁸.
- Strengthening estimates of demand for self build which improve upon and go beyond reliance on the register, using the SHMA process or housing need surveys for example, as well as collating a wider range of information about applicants at application stage
- Incorporating self build into local plans and policies so the right mix of plots is available at the right time...
- Finding ways of providing serviced plots – with the extra costs of servicing that this implies
- Finding innovative ways of providing plots in developer led schemes and deciding what to do if there turns out to be no market for them
- Finding innovative ways of providing plots through other routes – and making self build an attractive option to land owners
- Making sure independent financial advice is available to self-builders along with a range of accessible mortgage products.

If you have any comments or are aware of successful schemes to increase self or custom build development please let us know – lin.cousins@three-dragons.co.uk

References

¹ See Laying the Foundations: A Housing Strategy for England 2011 and Parliamentary Briefing Paper06784 Self-Build & Custom-Build Housing June 2015

² See NPPG Paragraph: 014 Reference ID: 57-014-20160401 which explains the operation of the Act in this respect

³ NPPG Reference ID: 25-135-20140612

⁴ Lending information for self build in the UK, BSA, April 2012

⁵ credits to University of York/Lloyds Banking Group and BSA/ DCLG + ONS Census/Nomis

⁶ Reg 4 Self Build & Custom Housebuilding Regulations 2016

⁷ Reg 9 Self Build & Custom Housebuilding Regulations 2016

⁸ <http://www.communityselfbuildagency.org.uk/>

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