



Build-it-yourself?

Understanding the changing landscape
of the UK self-build market

Executive Summary

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Background

The volume of self-build housing in the UK is smaller than in many European countries and the Government wish to stimulate the sector to double output from 100,000 to 200,000 over the next decade. Currently, self-build is concentrated amongst older affluent households.

Existing studies identify multiple motivations for self-build including: increased consumer choice and satisfaction in terms of design aspirations and personalised accommodation; a commitment to environmentally sustainable housing; community participation and place making; the provision of more affordable housing (often for local people); and as an additional source of housing supply. Key constraints on self-build have historically included difficulties in accessing land and finance, variable support from the planning process and 'red tape'. A range of initiatives are being developed jointly by industry and the Government to address these issues.

The current impetus to increase self-build led to the qualitative research reported here which considers the strengths and weaknesses of the existing self-build market for individuals and groups, looks at key initiatives to expand the market and the responses to them amongst key players. The report identifies further steps that might be taken to encourage additional self-build.

Key findings

- The potential for an increase in self-build initiatives is already visible, but it is too early to appraise what the likely outcomes might be and to what extent existing momentum will be maintained.
- Individual self-build is a long and often circuitous process, taking two years on average to complete. Individuals varied in the amount of involvement in design, management and construction of their properties, and the degree of involvement of professionals. Self-build may add to the housing stock but some cases considered were 'demolition and replacement' properties.
- Access to land and planning permission were less difficult than previously reported, with most respondents finding planning straightforward, even if onerous and potentially costly conditions were occasionally imposed.
- Self-builders needing mortgage finance still faced considerable constraints. There were few lenders in the market, significant deposits were required, decision-making was slow and the narrow range of products failed to recognise the different risks associated with different forms of self-build. Development finance was tightly constrained, particularly for group projects.
- Most group self-build housing was led by a community group, but a social landlord or developer may also instigate and manage the process. The models of group self-builds comprised co-housing, eco-villages, sweat equity models, Community Land Trusts and social rented models. Groups often formed organically – although strong individuals were instrumental. The present complicated and lengthy procurement methods are likely to mean that these models will remain small scale and a 'niche' market unless their development is specifically supported in the future.

- New models of group or multi-plot individual self-build schemes are emerging led by developers or local authorities. They represent a diverse range of pilot initiatives at this stage, but are likely to grow in the short term, as a response to the Government's initiatives in this field. These new models aim to address concerns about accessing land, planning and development finance, and either offer support to self-build on dedicated sites, or provide a customised package of land and house types from which individuals can exercise greater choice than is available through the speculative mass market. The changing market encompasses new entrants and new models of self-build delivery with differing ideas about what the sector can become. It is unclear what patterns of self- or custom-build options will emerge as successful and sustainable, and it is likely that some models will not reflect all the claims made for the sector.
- Some potential key players do not wish to engage with self-build, seeing it as inefficient and burdensome, or not their priority (for example those who prioritised social housing provision or land development); or they were committed to traditional methods of housing supply. Several key lenders are uninterested in entering the market as it is too bespoke and does not deliver the volume required to warrant renewing investment in the market. They see no business case, or moral imperative to enter (or re-enter) the market.

Key conclusions and recommendations

- A key imperative, if volume growth is to occur, is the development of models that facilitate the entry of younger, less affluent households. Views varied as to which agencies could deliver volume in the market. Several local authorities were reportedly making provision for self-build through land allocations, but none as yet meet the scale of schemes in the Netherlands or Germany, and instead are testing the market.
- It was widely held that any step change in the delivery of self-build homes would require the sector to be reconfigured and perceived as a mainstream option. This would necessitate significant structural and cultural change. There was recognition that this process had started and housing market professionals welcomed the Government-Industry initiatives. However, they were assessed as insufficient both in terms of financial support and their time limited nature. Longer-term ongoing support was seen as necessary if the sector was to deliver its potential.
- Local authorities may be instrumental in delivering a change in volume, but partnership working and/or consortia could also overcome obstacles that currently limit scale. Many agencies are breaking new ground, but doing so individually and with little sharing of experience. Many noted that there was a role for the Government in terms of both evaluating emerging schemes and models and promoting horizontal sharing of good practice.
- The constraints associated with the availability of, and access to, mortgage and development finance continue to be significant, with many mortgage providers remaining cautious or not engaged. Significant growth in the self-build sector is likely to be held back until these issues are resolved. There are opportunities for lenders to establish partnerships with other key players in support of the self-build sector.
- There remains a need to improve guidance and support to self-builders, by addressing the continuing constraints that limit knowledge of, and access to, self-build. Currently there is no certainty that the potential growth envisaged in the Government's housing strategy will be attained, although there is clearly some untapped (though poorly measured) demand.

Key recommendations include:

- *Lenders* should provide additional guidance to potential self-builders about the criteria for funding. They should appraise the risks that pertain to the different procurement models and consider whether products can be tailored to reflect the different risk profiles. They should work across the industry to smooth lending processes to the sector and consider working in consort

with other lenders, developers, housing associations or local authorities to effect the delivery of large-scale self-build sites. They should also consider the development of more accessible products for individual customers.

- *Government* should maintain their enabling role by co-ordinating reform of existing processes to facilitate scale models. They should signal their on-going support for the sector beyond 2015 (the end date for key initiatives), recognising that it takes time to achieve a step change in a previously limited sector of the housing market. Government should commission an evaluation of emerging models of procurement to facilitate better understanding of their strengths and weaknesses and longer-term viability. There are also opportunities for the Government to initiate more opportunities for sharing evidence of good practice, particularly in relation to local government.
- *Local authorities* should consider the extent to which they can use planning agreements to embed self-build sites within speculative developments and, where appropriate, consider the benefits of supporting the sector to provide 'more affordable' housing for local people. The opportunities to expand this model from its more traditional rural location to urban areas should be explored. They should seek to address those aspects of the planning process that particularly constrain self-builders. There may also be opportunities for local authorities to make land available and to designate a proportion as self-build plots.
- *Developers and registered providers* should recognise the social and economic benefits of working with prospective residents/purchasers to enable them to procure and/or customise their homes. There are also opportunities to work collaboratively as enablers to provide packaged solutions of professional services to help self-builders overcome the 'silo' approach that currently characterises and slows the self-build process.

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The full report, Wallace, A., Ford, J. and Quilgars, D.(2013), Build-it-yourself? Understanding the changing landscape of the UK self-build market is available at [https:// www.york.ac.uk/chp/publications/2013](https://www.york.ac.uk/chp/publications/2013)