

Self-Build Report

2015

How Local Authorities Can Support Self-Build



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in association with

Centre for Housing Policy

Executive Summary and Recommendations

This report aims to understand the needs of self-builders in the UK and what local authorities can do to address them. The report will also look at the demand for self-build in York and try to pinpoint any local resources available to the council to help.

The main findings and recommendations for each area are:

Housing Needs in York

- York has some of the highest house prices in the North and is suffering from a housing shortage. There is a real need for more affordable housing. The additional issue of under occupancy of houses in York exacerbates these issues.
- York must also aim to meet the housing needs of the older people, families of children with learning disabilities and people with learning disabilities.

Reasons for Self-Build

- It can provide higher quality and more environmentally friendly housing stock at a potentially cheaper price to the occupier.
- Self-build allows people to build the houses that they need, this often results in this market being more able to cater for homes for the older people and those who have disabilities. On top of this it allows people to downsize to houses they want.
- Self-builders are easily incentivised and less likely to land bank. They are also happier to build on land that developers may not find attractive.
- It is politically attractive to both the left and right and can face less local resistance during planning than large volume developers.

Demand and Promotion

- Some York residents are already waiting to begin self-builds. Larger demand however may take time to develop as it is a new concept. Pre-existing sites in the south of England show that plots will be filled.
- A promotional campaign should be started to promote interest in self-build and raise awareness. This should centre on a self-build webpage that houses the self-build register.

Land

- Land for self-build must be made available if the sector is to grow. There are a range of methods available and they should all be considered. An asset management plan should be started as soon as possible to locate potential council and brownfield sites for development.
- Self-builders will all have different needs and assessing what type of plots they want will be necessary to meet demand. Use of a self-build register can help.
- Considerations should also be made for land to be available in sustainable locations, so public transport links are available to meet the needs of owners.
- Land can also be sourced by allowing local people to advertise their land on a self-build website. It may also be possible to locate land through parish councils.
- Serviced plots should be produced for self-builders once land is located. Serviced plots will be of upmost importance if the sector is going to be accessible to more people.

Planning

- Provide plots with planning permission already in place or give self-build land a special planning designation. The use of planning passports for plots can speed up the process for everyone involved and reduce risk for mortgage lenders.
- Section 106 agreements should be used to provide long term affordable housing through self-build. There are also opportunities to extend their use further.
- Land lease models should also be considered for meeting housing needs and could provide a small income for councils over time.
- There should be a review of pre-planning applications in York as they are making the process lengthy and uncertain. More face to face contact between planners and self-builders would be highly beneficial. It may also be necessary to have self-build orientated planners.

Finance

- The potential for revolving door loans should be considered to help self-builders access the necessary initial finance for land.
- New finance models are available to self-builders and should be looked into. For example, the K1 model in Cambridge shows that working with Housing Associations and Investment funds could all aid self-builders.
- Using post application sales and build first pay later policies for serviced plots would make accessing and gathering finance to buy a plot much simpler.
- It is advantageous for councils to work closely with mortgage lenders to provide assurances and help remove risk from deals. Councils can help provide referrals to mortgage lenders from potential self-builders. There is opportunity to create bespoke deals with lenders if certain criteria can be reached.

- Financial incentives like loans and VAT/Community Infrastructure Levy (CIL) exemption are available to self-builders. It will be important that these are advertised and that people understand how to access them.

Support

- Councils should work to support education and training for self-builders. This could be done directly by the council, but it could prove simpler and more effective to signpost to existing groups.
- Council staff, particularly in housing and planning teams, should be given training on how to best work with self-builders so they can better understand their needs and wants.
- Extra support may be necessary to enable group self-builds to grow. Additional help during the planning stage will be important.
- A central online hub for self-build in the local area should be created. This site should help signpost people to the resources, organisations and training they will need throughout the process. The site should also allow for discussion, resource sharing and group creation.

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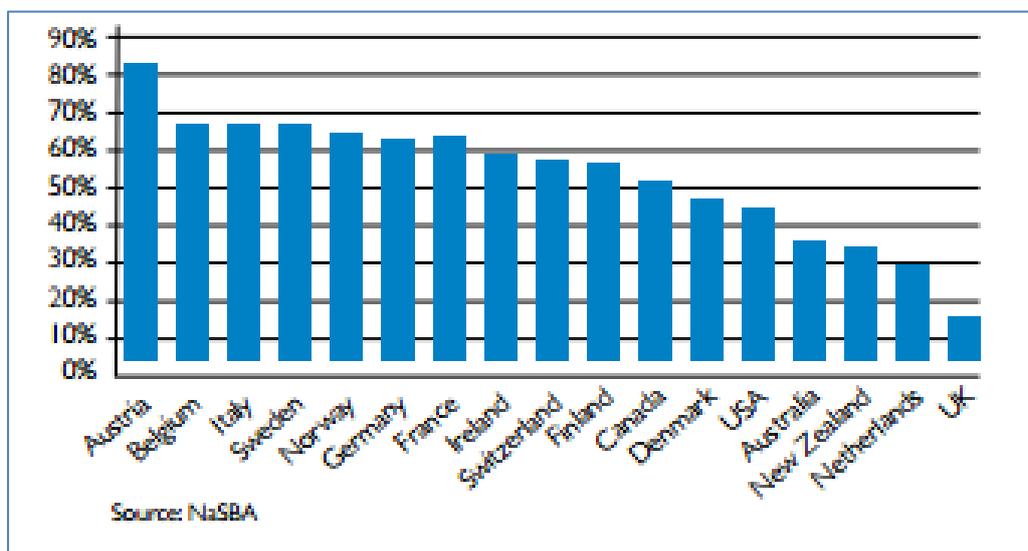
Chapter 1: Introduction

Many areas of the UK are currently facing severe housing shortages. The government has identified a housing stock shortfall of more than 230,000 a year (CLA, 2013). As it stands the number of completed new houses stands at less than 150,000 a year as of 2014, this figure is predicated to rise but still remains far lower than before the financial crisis. On top of this, there is an increasing fear over the quality of both the existing and future housing stock, with questions being raised over the building standards of developer new builds (RIBA, 2009).

As a result of this the government has sought to diversify new supply and looked to 'self-build' as one mechanism to expand the housing market. 'Laying the Foundations' the 2011 government report set out how self-build would be promoted through policy in the UK (DCLG, 2011). All bills relating to self-build have been passed with cross party support, demonstrating the universal respect that it has as a solution. Most recently the 'Self and Custom House Building Bill' was passed this year which built on the previous legislation (Wilson, 2015). This array of legislation provides for Community Infrastructure Levy (CIL) exemptions for self-builders and stipulates that local authorities must assess demand for self-build in their area and provide appropriate land as well as a raft of various other policies.

There are suggestions that self and custom builds can become a major part of housing stock. In the UK self-build only accounts for around 10 per cent of new housing which is markedly lower than other developed countries where it is normally around the 50 per cent range (DCLG, 2011). The graph below shows the proportion of self-build as part of new housing stock in various countries.

[Proportion of all homes delivered by self-build, by country]



There are already many examples of self-build having been a successful solution to housing. The Netherlands, who are very similar to the UK in terms of population density and housing issues, have shown how local authorities can dictate the growth of self-build communities. Almere in the Netherlands is a self-build community which has resulted in over 1000 new homes with up to 3000 planned (SUNN, 2011). This exercise of using serviced plots to grow supply has now been replicated at many sites in the UK, including Graven Hill in Bicester.

Self-build has been encouraged through the Localism Act in 2011. This has left responsibility with local authorities to both assess demand for self-build and provide land. This report aims to understand what mechanisms are available to local authorities like the City of York Council to enable self-build in their area. The report also aims to assess what resources are available locally to support them.

Terminology for Report:

Self-Build: For the purposes of this report 'self-build' will be used as an all-encompassing term for the many varieties of housing delivery done by an individual or group for their personal use. Most typically, individuals or groups contracts builders and professionals to undertake the work on their behalf.

Self-provided: The method of delivery whereby an individual or group takes on the majority of construction work themselves.

Custom Build: The method of delivery whereby a developer offers a greater range of choice to a home purchaser than available in the wider market, giving individuals or groups greater control over the specification of their home.

Group Self Build: A group of builders working together to build multiple homes. This can either be 'Independently' where they will organise everything themselves, or 'Supported' whereby they will be assisted with land purchase and finance by a local authority or housing association.

Research Objectives and Methodology:

The research had four main objectives:

1. What support do prospective self-builders want?
2. What support can local authorities plan to offer self/custom builders?
3. What expertise (in respect of identifying land, design, planning, finance and construction) is available locally, that could be engaged to support self-builders?

4. What financial packages are available to support group or individual self-builders?

The research comprised a mix of desk based research and qualitative research through telephone and face to face interviews.

Desk based research was done using a variety of texts available at the University of York. This was complimented by online research particularly focusing on updates from local authorities.

The Interviews were conducted over a two week period. 18 Interviews were undertaken in total. Of the interviewees, 8 were people who were either attempting a self-build or had previously been part of one, 5 were representatives from local authorities, 2 were architects and the remaining 3 comprised various market intermediaries, that included 2 people involved in land procurement and a mortgage lender.

Housing needs in York:

York has a variety of critical housing issues. It has some of the highest house prices in the North of England. The local investment plan in 2010 pinpointed a number of key issues for York's housing needs. These Included:

- Housing Supply – Predicted need for an extra 1218 new homes a year to meet future affordable housing needs.
- Affordability – The delivery of affordable housing in York is a key priority. York is one of the least affordable areas in the North.
- Under Occupation – there is a significant under occupation issue with 30-40% of houses being under capacity.
- Older Persons Housing – There is a need for specialist housing provision for those who request it.

Learning Disabilities and Families of Children with Learning Disabilities – There is a need for more specialist housing stock for people suffering from learning disabilities. Widening the choice of housing stock will be necessary to accommodate this.

Structure of the Report

The first chapter will deal with demand for self-build in York and promoting the sector. The next Chapter will focus on barriers surrounding land and planning in self-build and the mechanisms to remove these. After that will be a section on finance followed by a chapter on what support could be offered to the self-build community to enable its success. The

final section will provide a short summary and list of resources and organisations that will be useful to the council moving forward.

Chapter 2: Why Self-Build?

Self-build has a variety of positive aspects that make it an exciting prospect for the delivery of new housing. One of the most common reasons people cite for a move towards self-build is to increase the supply of new housing, this was made clear in the government's Right to Build paper. As stated earlier the self-build market currently only accounts for 10 percent of new housing in the UK, which is a much lower proportion than in other EU states (DCLG, 2011). As well as this, self-build ties in to the current localism agenda, increasing consumer choice and control over the space residents inhabit. It is also an important part of the economy, the sector was worth £3.6billion in 2013 and it is almost certain that the figure has grown since then (Wallace, 2013). Listed below are the main reasons for encouraging self-build as a housing solution.

Positives:

The list below is comprised from evidence either gained through interview or academic texts. 'A Right to Build' (Parvin, 2011) and the journal article on self-provided housing are the main sources (Duncan, Rowe, 1993)

- **Increase and Diversify Housing Supply:** Self-build has the potential to increase housing supply with the right guidance. The Netherlands is an example of how the sector can be grown through intelligent planning.
- **Creation of Quality Housing Stock:** Build quality and environmental quality are generally higher than in large volume developments. The money saved by taking out developer profit is often recycled back into the build further improving quality.
- **Resilient Market:** Volume builders are driven by profit and are usually unwilling to build during a downturn. Whereas self-providers are building a house to live in, generally building even during a downturn.
- **Local Economy:** Self-Procured models tend to work closely with local trades people and businesses, which helps to keep the money spent on the project within the local area.
- **Politically Marketable:** It is an attractive option to those on the 'left' as a way to promote sustainable communities and an opportunity for creative living. However it is also attractive to those on the 'right' as a tool of the free market and a way to limit state influence on housing (Parvin, 2011).

- **Willingness to Build:** It is often logical and gainful for developers to delay building until it is most profitable or simply to retain land value. People involved in self-build are generally looking to build straight away and delaying is likely to cost them money (Checks can be put in place presale to further reduce risk of anyone land banking).
- **Built to Suit Needs:** People can build the homes that fulfil their needs to the specifications that suit them. This has already been proven with existing projects for the older people and those with disabilities. Both issues that York needs to address.
- **Use of Difficult Land:** There are many examples of self-builders using their innovation to take risks of building on land that major developers would not. A willingness to make use of small spaces, inclined building plots and even areas close to flood zones make self-builders ideal for squeezing every inch of value out of limited land.

Negatives

- **Infrastructure Costs:** The exemption for self-builders from the Community Infrastructure Levy (CIL) will mean the council could find itself footing the bill for any improvements to large sites. It may be necessary to either set aside money for this or to charge additional costs to land to recuperate money as a local authority. Government Grants are available for sites of 5 plots or over but this money is limited (see finance section).
- **Risk of failure in the development:** Due to self-builders inexperience in housing development there is a higher risk of failure throughout the process. Group projects will also face considerable challenges with group cohesion. On top of this the UK self-build sector is still small and cannot provide the simplicity of custom builds that countries like France offer. However many of the architects during interview were confident that the majority of self-builds are completed successfully.
- **Measuring Demand:** Potential market growth for self-build is hard to assess. Independent surveys as mentioned earlier claim there is a large amount of latent demand. Case studies like the Netherlands are also used to show how self-build can be grown as a sector nationally through effective policy. However the UK housing market may not react to similar stimulus. A self-build register can help to assess demand but until further results come back from the Vanguard councils it will be hard to truly understand UK demand.

Demand for Self-Build

The average age of self-builders in the UK is very high in comparison to European countries (Duncan, Rowe, 1993). Most self-builders in the UK are older people looking to build their dream home to retire to. However in Europe self-build is much more common at all ages and for all types of people. Opening the market up to different groups is necessary for it to

grow and in subsequent chapters we will see what options are available to make it more accessible. This chapter continues by looking at how much demand for self-build there is. The next section will look at what steps could be taken to encourage demand.

Statistics show that people do want to self-build, previous research shows that 400,000 people search Rightmove every month for plots and 100,000 people are signed up to one of the main plot finding sites (BSA, 2011). Although how much of this is effective demand comprising of people with active inclination and reasonable resources to proceed is unknown.

The obligatory self-build register will provide a good source of information on demand in York. It is vital that the self-build register is well advertised and contains the correct questions. The National Custom and Self Build Association have produced an excellent guide on how to best do this (NaCSBA, 2015). However it can take some time to gather sufficient evidence so it will be helpful to take lessons from the vanguard councils. The Vanguard Councils are made up of 11 different local authorities which are: Sheffield, Cherwell, South Cambridgeshire, Teignbridge, Oldham, West Lindsey, Exmoor and Dartmoor, Pendle Borough, South Norfolk and Stoke on Trent. (See Charlotte Nicholson's corresponding paper for more information)

From the interviews conducted in this research it seems likely that York could fill at least an initial 50 plots quite easily provided they were in adequate locations. This is based on feedback from interviews and the previous experiences of other councils. This would follow the findings of some other local authorities where selling initial plots was simple due to a back log of people wanting to self-build who could not. Finding buyers for new plots after this can take some time. One recent group of plots in Newcastle had a relatively slow uptake but as more people invested, there has been a marked growth in sales. This is common with self-build schemes, often people having not considered it as an option before. However as more self-builds spring up and word of mouth spreads so does the sector. Even small schemes like Shropshire Council's single plot exemption sites can produce a steady demand after some time. Since 2008 the project has had 20 dwellings in for planning permission, 78 dwellings that have planning but have not started on site yet, 88 dwellings on site under construction and 90 completions.

Assessing Demand and Promotion

If self-build is going to take off in York and fill any larger housing needs in the near future then promotion will be necessary. Finding buyers for small developments would be achievable through low key advertisement but that will not be enough if the sector is to truly grow.

A strong advertisement campaign should be put together for the launch of the self-build register and for when plots are made available. The National Custom and Self Build

Association, NaCSBA guide mentioned earlier should be consulted on how to do this. The following are some key points compiled both from the NaCSBA report and independent research:

- **Media Campaign:** Promote the new site through local tv news, newspaper and radio.
- **Social media for site:** The site should be supported by a social media campaign to try to get as much coverage as possible.
- **Self-Build Champion:** Having a public face of support for the campaign will bring credibility as well as awareness. Preferably this would be a local celebrity however having a Councillor put their name on the cause would be very beneficial too. The nature of self-build can make it an interesting opportunity for politicians on all parts of the political spectrum.
- **Initial Site of interest:** Being able to provide evidence of real development in the sector would be a huge benefit. This would be marketable with even a small plot of 20 houses.
- **Self-Build Magazines and Forums:** Self-Build magazines and websites like selfbuildportal have huge networks of members and are always happy to help promote parts of the sector. Use these to advertise campaigns and self-build registers.
- **Local Groups:** Community Groups like churches, charities and sports clubs can provide free advertisement for campaigns.
- **Builders merchants:** Many self-builders already work in the industry. Advertise new campaigns at merchants and traders to promote the idea to tradespeople to build their own homes.

Chapter 3: Land and Planning

Availability of land was almost exclusively the biggest barrier raised in interviews with potential and previous self-builders. The issue is particularly pronounced in York with many of the self-builder interviewees admitting to having searched for land for over two years. It is also the number one reason why people give up on taking part in a self-build.

There are a variety of reasons for the lack of available land for self-build in the UK. Firstly the country has one of the highest population densities of any EU state. It is telling that the majority of previous self-builds in the UK have taken place in Rural Scotland and the South West, both areas where land may be subject to fewer constraints. Secondly the UK land market has become a highly monetised asset. Due to tight planning permission in the UK, any land that has the potential to be built on is extremely valuable (Parvin, 2011). This has led to cases of land banking by developers for plots. On top of this the significant potential

for profit from developing plots has meant developers are willing to pay above market value for land, as they know they can still make profit. This can lead to self-builders being priced out of the market. A final issue raised in interviews was that the process for selling land was too opaque and plots were being sold to volume builders before anyone else was aware they were available.

The City of York Council itself has very limited land so it will be necessary to make as much use of the land that is available as possible. If the willingness to protect the greenbelt continues then it will also be necessary to make full use of any brownfield sites in York. The limited land owned by the council will also reduce the viability of certain mechanisms used by some councils but they will still be included in the report.

This section will be split into three parts. The first part will aim to address what type of land self-builders want. Secondly mechanisms for obtaining land for self-build will be explored, the final part will look at planning permission for the eventual plots.

Type of plot:

There have been a variety of points raised about the kind of plots that self-builders need. The overall response has been that serviced plots are almost a must to help the sector grow. Some concerns were raised however over the price it would cost for serviced plots compared to regular land that they could then develop themselves. As mentioned earlier the majority of early interest will most likely be from people looking to purchase single plots.

As groups form in the future they will likely need at least 6 plots together, this will also allow them to access the HCA fund (see Finance section). As groups often have a vision for the layout of their plots it is advisable for the local authority to be open to conversations with them early so as to access land that suits their needs best, this is also helpful with individuals too. The use of a self-build register can help give a basic overview of land needs in the area. However the addition of a message board where people can form groups and advertise precisely what they are looking for will allow for an up to date, precise resource of what plots are needed (see Support section).

Considerations should also be made for public transport. Many people interested in self-build are planning homes for their retirement so it would be important for them to have this access. This is equally important for eco-self builds as there is a current trend towards car free living in these group projects, the LILAC project in Leeds being a good example.

Land for Self Builds

- **Developer Sites:** One solution for procuring land would be to stipulate that a certain percentage of land on large volume developments be set aside for self-build. This would be similar to agreements on affordable housing which already exist. This could involve developers creating serviced plots on the land, which they would then sell to the self-builders. There are however a few concerns with this method. Many interviewees were concerned that self-builders would simply be given the worst plots in the least favourable location. There is also a likelihood that this agreement would only be reached with a developer in exchange for less affordable housing on site (Section 106 agreements for affordability could maintain both targets simultaneously, see planning section). Lastly, without safeguards the developer may charge market prices for the plot, while having paid very little for the land. Overall though, this method appears to be a viable solution for procuring land. It is likely that the council would have to oversee any sales to make sure that they were being sold to self-builders.
- **Council Bought Land:** This method is best known with Gravenhill in Bicester, where the local authority acquired a former MOD site. In this process the council itself buys an area of land to sell to self-builders. The land will be given full planning permission, divided into plots and then sold onto self-builders. This way the council can potentially turn a small profit, the self-builders may be able to get the land cheaper and there is potential for larger group projects. If additional infrastructure for the site is necessary these costs could be included plot prices to recuperate the money.
- **Single Plot Exceptions:** Shropshire Council allow people to build on one off plots on greenbelt land if they can prove they have a strong local connection, earn less than £60,000 as a household and aren't home owners. This would be a useful tool for resolving specific housing needs and has resulted in over 90 completed houses with another 90 in construction since 2008. However this method is still limited in its scope for larger housing supply increases and it is likely unsuitable for group builds. This method could also be extended to fit wider criteria, allowing self-build to slowly branch out into greenbelt land, although this may be unpalatable to some.
- **Brownfield land and Council Owned Land:** York has very finite space for building and if it wishes to avoid using its greenbelt land it will have to utilise every available source. It will be necessary to formulate an asset plan to both find suitable sites and then make them available to market. Newcastle Council face a similar land shortage and have already begun this process, they could be useful partner for advice on how to best undertake it. In terms of Brownfield and smaller sites there are already various areas in York such as the disused petrol station on Fulford Road and the potential site on Bad Bargain Lane. Both of these would be suitable for self-build. In terms of larger projects there could be consideration for a proportion of self-build in any future development of the 'Teardrop' / York Central site by York Station.
- **Compulsory Purchase Orders (CPO):** Powers for compulsory purchase have been extended in recent years and there is now greater likelihood of success with this

process. The process is complicated, lengthy and requires proof that the land is necessary for development. However, if a good site is found and it is large enough to be worth the expenditure of time, then it may be worthwhile and can result in lower land prices. Middlesbrough Council's, Middlehaven project took advantage of a CPO to free up the rest of the land necessary for the development to great effect. The land was originally two residential and two commercial properties which they bought with the CPO to redevelop.

- **Community advertisement of Plots:** Exmoor and Dartmouth Council have a section on their website where local people can advertise land for sale alongside the self-build register. This method may be useful for identifying a handful of extra plots and is also relatively inexpensive (This would be best advertised as part of the online self-build hub which is recommended in the 'Support' Section).
- **Community Land Trust:** Bristol City Council have created a community land trust to develop spaces for the benefit of the community. They have had success with receiving donations of land from the local church and parish councils. Parish councils can also be good sources of information as to where cheap land can be attained.

Chapter 4: Planning

Planning was raised as the second biggest barrier. There have been many concerns raised over the lack of openness in the planning process. The absence of certainty over timeframes makes the formulation of any other plans complex. As well as this the uncertainty over what plans would be approved can put people off self-build all together.

The second issue was the length of waiting times for planning applications, with York currently struggling to process plans quickly. Some interviewees voiced their opinions on the effectiveness of pre-planning applications which can take up to 10 weeks and still require further applications after. It is understood that some architects are more comfortable working in other local authority areas due to simpler pre-planning guidelines.

Planning in York is further complicated by the perceived desire for aesthetic conformity, led by the historical qualities of the town. There were also perceptions that many planning applications are fought by local residents on the grounds of not being in keeping with the area. There will be positives and negatives as to how much planning freedom is given to self-builders. In the case of Almere in the Netherlands, builders are given plot passports which give maximum size limits and plot details but within these limits design is completely up to the owner. This can allow for some radical designs but also allow buyers to greatly reduce costs through use of different building materials. There are designs available where construction costs for a small 3 bedroom, environmentally sound house were only £20,000.

Greater planning freedom is therefore not just a pathway for ‘Grand Designs’, it is also an opportunity for sustainability and affordability. Planning freedom does have its drawbacks however, resulting in designs that have narrow appeal. As well as creating concern over re-sale values, with houses not being to everyone’s tastes. This can also lead to issues with mortgages as the house can be valued lower than a more aesthetically subdued design. Overall though, it is important to understand that in the majority of cases self-builders are, like most people, simply looking to build regular houses. Moreover, Almere has areas designated with more stringent parameters over the designs, so local authorities may produce design codes/local development orders as wide or narrow as they wish.

Below are a variety of methods which local authorities can employ to ease planning barriers, some also allowing the council a level of control over self-build.

- **Serviced Plots with Planning Passports:** This has so far proved the most popular solution for self-build planning. In this case the land will be broken up into plots, each plot is then given a designated planning passport – using local development orders - which tells the buyer the maximum dimensions they can build to, whether they can have a basement or garage and so on. This removes the need for long drawn out planning applications and lightens the process as a whole. It would also be possible to use planning passports to limit freedom if that is in the council’s interests. Best practice for this method is to open a dialogue with potential individuals and groups early in the process, as well as using data from the self-build register/information hub, to make sure the plots are tailored to demand. This is also necessary for group designs and eco homes that require orientation for heating. Gravenhill in Bicester have a detailed website on how they have carried out this process.
- **Planning Designations:** A specific planning designation for self-build could be introduced for future local plans. This may require a change in central government. The Planning designation would mean only self-builders could use that land and the land could come with pre-approved planning guidelines, again easing the process for potential buyers. This idea is currently untested and would require further research into its potential.
- **Section 106 Agreements:** Shropshire Council have used section 106 agreements as a way to bring affordable housing into the self-build sector. As mentioned earlier the self-builders must be able to demonstrate strong local connection, housing need and be below the income threshold. The land that they buy has these requirements written into the section 106. This then goes further, when the owners move they must put the house on the market for 65% of its value, as set by an independent agent. Not only this but any potential sales must be ratified by Shropshire Council, again allowing them to select people who fit their criteria. This means by using the section 106, they can fulfil a specific local housing need indefinitely. While this does

reduce resale value for the buyer there has been no shortage of uptake in the scheme as shown earlier. Also section 106 agreements may not have to be limited to affordability, there is potential for them to dictate a range of goals like sustainability too (Shropshire Council have shared their legal paperwork for the agreements).

- **Land Lease Model:** This model is most commonly employed by community land trusts which are non-profit organisations. The trust will buy an area of land and then either develop it themselves or allow others to build on it. The house owner maintains legal rights to the house but the land is still in possession of the trust. This gives the trust a measure of control over maintenance of the properties, who buys the properties and what is built there. It also means that they can buy back the house when the owners move out. This method could be used with council land to encourage self-build and manage affordable housing whilst still maintaining possession of the land. The opportunity for continuing development and resale could also provide a source of income for the council in the future. Bristol City council employ a CLT model currently.
- **Self-Build Orientated Planners:** Leeds council have embedded two people from their planning team into the self-build group. These planners are trained in dealing with self-build projects and work to offer more of a guiding hand through the process. This has also helped speed up planning applications for self-build.
- **Pre-Planning Application:** Many interviewees complained about the planning applications and the lack of transparency in the process. Replacing preplanning applications with face to face meetings between self-builders/architects and planners could save valuable time and money for self-builders and bring greater clarity to applications.

Conclusions

Land must be made available for self-build if the sector is to grow. An asset management plan should be started as soon as possible to free up brownfield and council sites for self-build. Single plot exemptions and allowing people to advertise their land online will also help produce a steady stream of smaller plots. In the future if self-build is to be readily encouraged however, there must be steps to either produce large areas for self-build at a council level or to enforce developers to supply the land.

Going forward serviced plots will again be vital to growth of the industry. On larger sites it will also be important to provide infrastructure. The CIL exemption for self-build makes raising funds difficult however councils should not always be afraid to add infrastructure costs onto land prices. The extreme cost of the housing market currently means that self-builders should still be able to finish the development at a price comparably better than a regular house, even with a slight rise on the land.

Plot passports with planning permission are highly advisable and will make the development easier for all parties. Tighter aesthetic regulations can still be applied if desired but this may have an adverse effect on demand.

Finally section 106 agreements should definitely be examined further not just as a tool for creating long term affordable housing, but also for other ways it can help address housing issues like sustainability.

Chapter 5: Finance

Finance for self-builds is one of the major barriers to the sector. The main issue is cash flow and since the financial crisis in 2008 that problem has become further pronounced with many lenders halting self-build loans. Mortgage Lenders have started to re-enter the market but they still remain limited (BSA, 2011). Another issue is that loans for self-build tend to require large upfront deposits for the land which makes it hard for first time buyers to get into the market. While much of the interest in York is currently from homeowners with equity behind them, if the market is to grow it will be necessary to make mortgages more readily available for those without. In this section we will review the barriers in finance and potential mechanisms to solve them.

Barriers:

- **Accessing mortgages:** As it stands self-build mortgage lenders are still scarce and finding the right mortgage is complicated. Interviewees discussed struggling to find lenders independently, often needing financial advisers to guide them. It will be important to both help signpost buyers to the right offer and also to try and encourage lenders back into the market.
- **Time:** Many of the interviewees pinpointed the lack of time between plots being advertised and their sale. Due to the greater complexity of self-build in comparison to a traditional mortgage it can take a long time to organise a deal, at which point the plot has often been sold on.
- **Uncertainty:** The lack of certainty over planning permission, availability of land and future policy has made organising deals risky and complicated for mortgage lenders. It will be necessary to make the self-build process more open and secure to encourage lending.
- **Risk Aversion:** Lenders have concerns over the reliability of self-builders to finish projects, particularly groups. There is also a general lack of understanding of the

sector as a whole from mortgage brokers. Steps should be taken to both educate lenders on the sector and also to remove risk from the development process.

Solutions for Finance:

- **Revolving Door Loans:** In Germany local authorities offer small, low interest loans to self-builders. The most realistic way to bring this forward would be to use the money to help people finance the initial deposit for the land (around £10,000). Loans could supplement mortgages to help people cover this early payment. The money would then be paid back to the council in instalments after the build is complete, where it could be used for further self-build projects.
- **K1 Model:** K1 is a custom build project in Cambridge. In this method a group of people have commissioned a developer to take on the build. The developer first buys the land (in this case from the council). The developer then builds it to the group's specifications. Upon completion the group can organise private mortgages to buy their houses back from the developer. As these will be regular mortgages on new-builds they will be much easier to access and have improved rates of interest.
- **Investment Fund:** Yor Space, a social housing group based in York, created an innovative investment fund to essentially crowdsource initial investment for their project. Yor Space planned to buy an existing property and turn it into a range of affordable homes. People were asked to loan money into an investment pot, the money would then be used to make the purchase of the property. Once the property was completed the homes could be sold or rented. The money from this would then be paid back to investors at a level they claimed would be a little higher than a conventional ISA. There may be potential for this method to be extended to other group builds however budgets would have to be kept tight to maintain returns.
- **Plots for Self-Build:** One of the main concerns for self-builders was that they are not able to manoeuvre fast enough or compete financially with developers. By putting plots up for sale exclusively for self-build it should create a more even playing field and give people more time to prepare finances.
- **Post application Sales:** It can take a significant amount of time for self-builders to acquire financing, particularly groups. It may be advantageous to allocate plots to those who can demonstrate clear planning and intent for their self-build. They would then be given a specific time period to acquire the funds to buy the plot. Therefore safeguarding self-builders from being outmanoeuvred by capital rich developers.
- **Build first pay later:** This method is being trialled by Middlesbrough Council at their Middlehaven site. The serviced plots are based on council land and they allow for a deferred payment system whereby the buyer doesn't have to pay for the land until after construction.

- **Serviced plots/Planning passports:** Serviced plots with planning permission make applications for mortgages substantially easier. The greater certainty over the result of the build not only speeds up mortgage agreements, it increases the likelihood of lending for the purchase of land and can reduce the cost of the loan as some of the risk involved is removed.
- **Working with Housing Associations:** Previous group builds have successfully worked with housing associations to gain funding. One example is the Homes for Heroes scheme, where the Community Self Build Agency has teamed up with local housing associations to help ex-soldiers build homes for themselves. There is already interest in extending the Homes for Soldiers scheme to North Yorkshire due to the high concentration of barracks. In York there is the possibility to work closely with the JRHT or York Housing Association.
- **Signposting and referrals:** Many self-build interviewees discussed their issues with finding mortgage lenders and understanding what the best deal for them is. It would be helpful for there to be a system in place to connect self-builders to the right lenders and potentially help broker deals. In the case of Shropshire's affordable homes scheme, the council not only signposts people to lenders but also gives referrals. By having the councils help in the brokering of the deal they can get beneficial rates for people who may previously not have been able to get a loan.
- **Bespoke Package Deals:** Ecology mortgage lenders are a Yorkshire based company who specialise in financing sustainable homes. They are one of the leading businesses in the sector and offer one of the highest land value mortgages on the market. Early discussion has indicated a potential for them to tailor a bespoke package if York could provide assurances that self-builds being undertaken would meet sustainability and co2 targets. This could be done by use of section 106 agreements on the plot or by approving plans before sale.

Financial Incentives Available for Self-Build

- **CIL Levy Exemption:** People undertaking a self-build are exempt from the infrastructure charge. However it is important that they know this early on and complete the paperwork before any construction is started, to be able to claim this incentive.
- **VAT exemption for Self-Build:** Self-Builders can claim back any of the VAT they paid on the construction of the house. There seems to be much confusion from interviewees about how to do this, it would be useful for advice and support to be offered for this process. Full receipts must be kept and the money is only refunded upon full completion of the property.
- **Custom Build – Serviced Plots Loan Fund:** This is a large government fund that can provide small low interest loans to groups, councils and housing associations to assist with infrastructure, construction and most usefully land acquisition. Sites must have at least 5 plots making it viable for group builds.

Conclusion

There is a variety of different tools available for easing finance. Again it is seen that serviced plots with planning permission are bordering on a must if self-build is to be made into a viable housing solution. Revolving door loans and build first pay later schemes are on the more expensive end of the spectrum but should still be considered. It will be important to utilise all possible resources available, working with housing associations and agencies will be helpful. In the short term, it is vital that alternative methods for finance as well as mortgage companies are signposted to potential buyers as quickly and as easily as possible. Finally it will be most advantageous to work as closely with mortgage lenders as possible to arrange solutions, provide assurances and bridge any gaps between them and buyers.

Chapter 6: Support

For most self-builders it will be their first time taking part in construction of a property. Even those involved in the construction sector will likely have never been involved with all parts of the process like planning and finance. Almost all builds require some level of outside help, ensuring that people find the right professionals can make a real difference. Previous research shows that almost 20 per cent of people were dissatisfied with their architects, reducing this number could make all the difference (Wallace, 2013). This section will firstly lay out the main areas which people felt they needed help with. The next part will look at how York can enable this support for self-builders. The penultimate segment will look at the specific needs of group projects. The final section will look at how the creation of an online information hub could tie together many of the resources.

Needs:

- **Budgeting:** Keeping track of finance and understanding all of the costs involved with self-build was one of the main concerns raised during interviews.
- **Options for Housing:** there are a vast number of design options and ways to undertake a self-build. Whether it is construction materials, working with others or using kit homes, it must be made as easy as possible for people to find these options to make the best decision.
- **Identifying Quality Help:** Many of the self-builder interviewees expressed a lack of knowledge on how to identify whose services they should pay for. It should be known that the research for this report initially failed to turn up several of the

experts in self-build that are available in the York area. Many were only discovered through word of mouth.

- **Building Skills:** People who are looking to undertake the construction work themselves may well require training. It would likely be inefficient for them to join college courses as they only need skills specific to their build and often have limited time to learn. New ways for teaching direct skills should be found.
- **Planning and Financial knowledge:** Understanding the legal and financial details is challenging. Access to information around this should be made as easy as possible. It should be noted that a good architect should be able to provide help with the majority of planning advice (Note- support for finance is also covered in the eponymous chapter).

Options to Support Self-Build:

- **Sign Posting Help:** There are already many groups and individuals poised to help self-builders but finding them is problematic. York should aim to create a list of contacts throughout the self-build process that are talented, reliable and have worked with self-build before. Finding the right architect is one of the most important steps in a successful project and York is fortunate to have a number who specialise in self-build. Having this resource as part of the online hub will allow potential builders to get in touch with the right people from the very start.
- **Providing Professional Help:** Sheffield council offers a limited number of hours help pro bono to successful applicants for serviced plots. In these hours they can receive professional advice on planning, design and budgeting for their project. Berlin have set up GenerationenWohnen, this is an agency that helps facilitate and advise groups and individuals from the very start of their project. Their online work is extensive, it may be useful to have some translation done for research, if it is at the right price.
- **Training and Education:** Many interviewees expressed a lack of knowledge about certain aspects of self-build. Providing training on budgeting, finance, construction, identifying builders and understanding the planning process would be advised. There are however a variety of ways to deliver this, while direct help from the council would be excellent it is also expensive. Much of this information already exists online but it is currently difficult to find, creating a site which directs people to the information would be extremely useful. On top of this there are also a number of agencies already set up to help self-builders. Sign posting people to groups like the National Self Build and Renovation Centre in Swindon and Ecomotive would be helpful; there could also be an option to form a training partnership with groups such as these.

- **Self-build Events:** Some councils have put on self-build learning events to help improve understanding of how to undertake a project. Newcastle has already delivered a variety of these events both to raise awareness of self-build but to also improve skills.
- **Training for Council Staff:** The average UK citizen has little real understanding of self-build and this extends to workers in local authorities. To make sure staff at all levels are able to help and encourage self-build it will be important to provide training. It is vital that all members of the housing and planning teams understand the needs of self-builders so they are better equipped to support them. This could be done through circulation of written information or direct training. There is potential to invite outside speakers from groups like CSBA to provide training to staff.
- **Self-Build Enablers:** This is a niche profession that is starting to emerge and is already popular on the continent. An enabler will be someone who understands the ins and outs of construction, project management, budgeting and dealing with conflict resolution in groups. Site4selfbuild are a South Yorkshire company who already provide similar services and either signposting people to them or enlisting their help could be advantageous.
- **Large site support:** If plans were made for a large self-build development like those seen in the south then support could easily be delivered on site. A central office could be opened with access to Quantity Surveyors and a skills training site. In the case of enabled group builds for the long term unemployed it would also be useful to provide training for qualifications. Finally on particularly large sites it might even be worthwhile to pay for an onsite builder's merchant who could bring in the construction materials without adding on the profit.

Group Projects

Group builds are a common site on the continent and are becoming increasingly popular in the UK. Group builds help produce larger volume sites but they also bring other advantages. The majority of community builds that have sprung up in the UK so far have brought added value to the area and often help provide solutions to social needs. Groups can appear complicated to work with but it was suggested by interviewees that they can bring far greater reward. This section will look at what specific help groups need as well as providing examples of potential community group projects. Leeds Council has enabled a range of group-builds and would be a good partner to work with in the future.

Support for Groups

- As group builds are relatively new it would be necessary to promote the concept in York. This could be done through social media and the self-build site. On top of this it would be useful to contact local and national groups to assess interest early on, for example Yor Space, environmental groups and the Community Self Build Agency. As

well as this, self-build magazines and the online portals are always very enthusiastic to provide help.

- Groups often have quite specific concepts around the design of their build. Let them bring proposals forward for designs early and then find the land to suit them if necessary. Having groups bring their proposals forward early can also make it easier to judge them on the value, if any, to the community.
- It was raised on more than one occasion that group builds will require professional support who understands their needs. One of the main concerns with groups is keeping everyone on board happy and involved throughout the process, a good level of conflict resolution will be necessary. Being able to signpost groups to architects and site foremen that have experience working on group projects will be important (see resources section).
- Groups need a lot of extra support in the planning stages as the projects can be quite large. Quite often architects are working almost free of charge in the early stages to get projects off the ground. However if the quantity of group projects grow it may no longer be possible to find a willing architect, meaning it may again be useful for the council to provide help pro-bono.
- There should be training for people in the Council on what group self-builds are and how to help them. The Community Self Build Agency (CSBA) would be potentially willing to provide this help.
- Help accessing the HCA loan fund may also be necessary. This can either be done through simple signposting for it or the council could arrange it during planning agreements.

Examples of Group Builds

- **Employment and Skills based Enabled Group Build:** This method was popular in the 80's/90's. It usually involves one or more housing association, charity or local authority gathering a group of people in social need to build their own houses. Some groups previously targeted were the long term unemployed and more recently ex-soldiers. This can reduce the cost of producing social housing, as the sweat equity put in by individuals will bring down construction costs. On top of this the build should involve professional qualifications and/or training in construction which can improve long term employment. Use of section 106 agreements, land lease, social renting or shared ownership schemes could be employed to encourage long term affordability. The CSBA should be the main starting point for any work in this field.
- **Co-housing for older people:** In Berlin it has become popular for groups of people heading into retirement to join together to create a supported living community. The groups often use the money from their current home to pay a developer to handle the project. By pooling their resources they can create the houses they want, they reduce the risk of isolation and in some cases they can pay for a full time support

worker who shares their time between the members of the group. These projects will either need to be close to town centres or have good public transport links so people can access the services they need. Interest for these groups could be raised with advertisement through a variety of services for older people.

- **Cohousing for the disabled or families of children with learning disabilities:** Similar to the previous case. In Berlin groups of people who have specific needs have pooled their resources to create a community that suits them and they feel happy in. Interest in these projects could be raised through carer support groups and other outlets.

Creation of an Online Community

The creation of a central hub of information could be a successful way of forming interest, signposting people to support and monitoring demand simultaneously. The advantage of online support is that it could prove relatively inexpensive, as opposed to offering professional support pro bono. Many of the local authorities have some form of self-build web page however few are currently substantial; Cherwell's 'Build!' website is a good start for ideas. As well as this the government Self Build Portal is a much larger example. In terms of group formulation the website www.communitybuild.org offers examples of how this can be done. To save on web design and site size, it may be simpler to signpost people to these pre-existing websites instead of York creating its own from scratch. However many of the sites are of low quality and it would become increasingly difficult to keep track of projects on various web pages. Listed below are a variety of recommendations for components which would make up a useful information hub.

Demand and Land:

- The site should include the self-build register for York. As well as this it will be useful for potential buyers to advertise the type of plot they are looking for.
- A section for land-owners to offer land for development can be included on the site. This method has been employed by various Councils, including Dartmouth and Exmoor. This would both help with the sourcing of land and with creating interest.
- A section for people to formulate groups for community builds. This should be somewhere, where members can advertise the type of project they are interested in and meet likeminded people.
- In future this site should also be used to advertise the plots which are up for sale to self-builders.

Skills and Resources

- One of the major issues that came up during the interviews was that people had difficulty accessing the relevant help they needed. Any CYC site could signpost to other useful websites and sources of information (see resources section).

- The addition of a discussion board would allow for people to share their expertise and experience. In this way the community can start to solve problems independently.
- Putting potential builders in contact with each other can help them to pool resources and bulk buy materials for their work. This is equally useful for individual projects as it is for groups, particularly if they are building on the same site.
- There is a need for quality tradespeople and professionals who really understand the industry. The site should be able to help signpost people to the best architects, mortgage lenders and tradespeople available in the local area.
- Creating toolkits and learning resources around the process of self-build would be useful. For example how to apply for mortgages, what construction materials to pick and how to apply for CIL exemption. Much of this literature exists online already, so it will be possible to simply signpost people to it, rather than write it all fresh.

Conclusions for Support

Creating a strong support network will be vital for enabling self-builders. Strong support and help will not only improve the number of builds but also reduce the chance of projects failing. A strong system for support can also bring assurance to mortgage lenders about the safety of their loans.

Going forward it will be crucial to make sure all the necessary information and help is readily available. The level that the local authority is involved in this is highly variable. Large amounts of the literature already exist and there are quality agencies and professionals on hand to help locally and nationally. Setting up the online resource to match people to their needs and educate them is a must. This community will also enable the council to keep a closer watch on the needs and demand of the sector.

Initially there may be little or no demand for group builds but if the concept is well advertised then support should follow. Help can be sought from the CSBA, Leeds Council and other organisations that are already well versed in working with these projects.

Chapter 7: Conclusion

Self-Build has the potential to be a high growth sector if given the right support. Almere in the Netherlands and now Gravenhill in Bicester are examples of how providing the right opportunities for self-builders can bring results.

Self-build has the potential to help resolve a number of York's housing needs. It can add to the housing supply, helping limit the housing shortfall. The fact that a number of self-builders were older people looking to downsize could also help reduce under-occupation. In

the future if self-build is guided properly this report has also shown how it can offer fixes to issues like affordable housing, homes for the elderly and housing for those with learning disabilities.

Going forward, if self-build is to grow, the supply of land must be increased. It will be necessary to utilise a number of the mechanisms mentioned earlier to increase the quantity of plots. After land is procured, the creation of serviced plots with planning permission already in place would allow the sector to flourish. This would remove a number of the main barriers.

A strong campaign to advertise self-build will also be necessary. The set-up of a self-build website will create a useful centre point for all communications and provide a platform for the self-build register. The website should be advertised widely through the use of news outlets, social media, self-build magazines and local groups.

Group builds could provide a greater supply of housing and bring innovative designs with added community value. Enabling their growth and finding ways to encourage people to form them will be a difficult task that could prove lucrative.

Use of section 106 agreements as used in Shropshire should be looked into further as a tool to provide affordable housing. On top of this land lease models could also provide an avenue for creating affordable housing.

If self-build is to become more than just a market creating dream homes for people in later life then it will be necessary to free up finance. Reducing risk for lenders through serviced plots will go some way. Aiming to have a close working relationship between council and lender will be vital for getting the best deals for local people. The council's ability to provide assurances and make necessary changes to policy make them an ideal broker.

Over all there is plenty of evidence that self-build can be a growth market. One of its major strengths is that as long as the opportunities are put in place people will make use of them. The main thing that self-build needs to succeed in a local authority will be political support. Almost all of the main hotspots like Cambridge and Bristol have received significant attention from their local councils. Self-build will not get off the ground by itself.

Appendix 1: Resources and Contacts

Having the right people involved in self-build will be crucial. During the course of this research a number of different agencies and organisations have come up. This section provides just a few of the groups and sites that may prove helpful in the future. It should be noted that the government's self-build portal provides a much more comprehensive list of organisations at a national level.

National Agencies

- Community Self Build Agency - CSBA
- National Self Build and Renovation Centre – nSBRCA
- National Custom and Self Build Association – NaCSBA
- Royal Institute of British Architects – RIBA
- National Federation of Builders – NFB

Websites, Magazines and Forums

- www.selfbuildportal.org.uk/
- <http://www.self-build.co.uk/> (Magazine)
- <http://www.homebuilding.co.uk/> (Magazine)
- <http://www.selfbuild-central.co.uk/>
- www.ebuild.co.uk (Online Forum, more active than the self-build portal)
- www.the-self-build-guide.co.uk

Self-Build Specialists

- Aurora Estates Ltd (York based self-build consultancy and project enabler)
- Ecomotive (specialise in enabling group builds)
- Site 4 Self Build (Create Serviced Plots, Find Land, project management)

Self-Build Architect firms in York Area

- Constructive Individuals
- DSP Architects
- MBO Architects
- Native Design
- EcoArc
- CoHo Housing

Housing Groups in York

- Joseph Rowntree Housing Trust
- Yorspace (Local community housing NPO)

- York Housing Association

Mortgage lenders

There is a comprehensive list of mortgage lenders available on the Building and Renovating website. Ecology and Buildstore offer some of the highest land value mortgages and appear to be popular online.

Construction Companies

- Sustainable Timber Homes are a Yorkshire based company who produce timber frame homes for Segal-style homes.

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