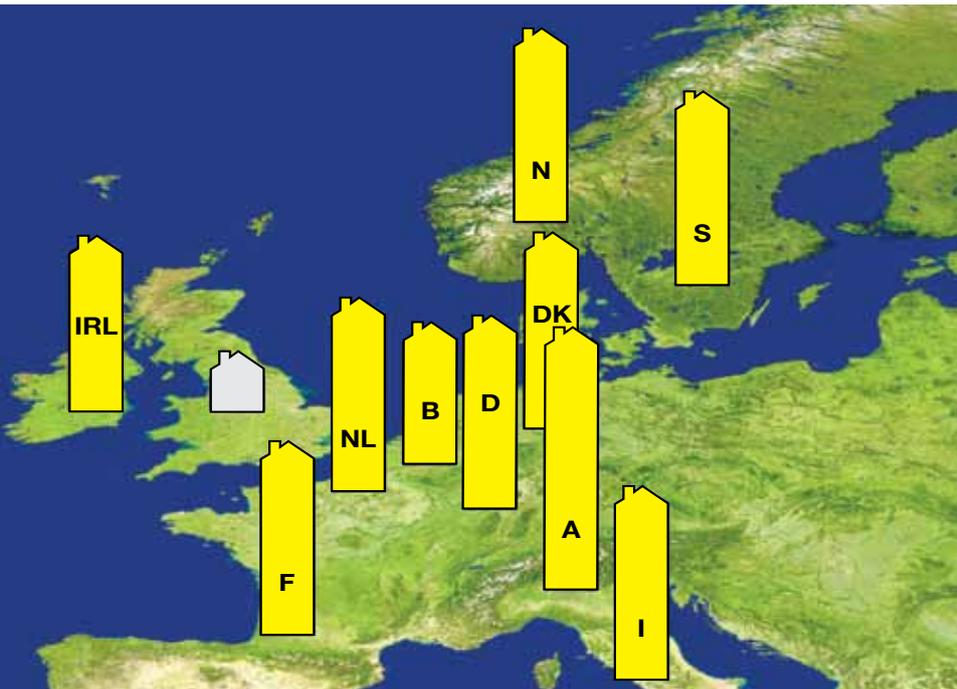


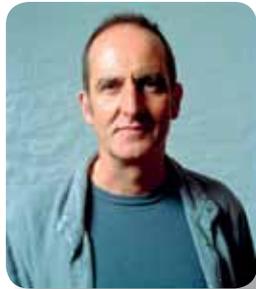
An Action Plan to promote the growth of self build housing



The report of the Self Build
Government-Industry Working Group

JULY 2011

Welcome



Gemma Deering

For decades the British have bought new houses like we buy cars or baked beans; as standard products from a manufacturer's catalogue. Thanks to the high value of land in the UK and developers' obligations to their shareholders, the

consumer has been on the receiving end of a pretty poor deal. We build some of the poorest performing, most expensive and smallest homes in Europe. That's not something to celebrate.

But there is another way. What if we became a nation of self builders (like the Germans)? What if each household in the UK had the option to build their own place, with support from agencies and government, within flexible and resilient design codes? What if large-scale developers provided finished-slab, fully-serviced sites for homebuilders? We'd see more customised homes that reflect where

they are, to higher space standards and to a better quality. We'd see people sharing skills and saving money. We'd see neighbours working together on community self build schemes and local construction economies thriving. And we'd certainly see more energy efficient buildings and a wider embracing of green technologies.

Self build is seen as a long, difficult and self-sacrificing process. But with the right planning, help and support it can be enjoyable and – on collective schemes – empowering. Builders and Housing Associations across Britain are now looking at self build (or self develop as it should often be called) as a way of building both visually and socially richer places. If industry and Government action were to make the process more comfortable and less tangled we could see a revolution in the way we build housing in Britain. This Action Plan could be a big step towards making this happen.



Kevin McCloud

A Vision Statement for the self build housing industry in the UK

The 'Self build' housing industry' is important to the UK economy and has been delivering affordable, sustainable, innovative and custom-designed homes for many years, regularly supplying as many or more new homes than any of the larger housebuilders build individually.

We believe there is the capacity and demand to significantly increase the number of self built homes in the UK, and that self build can become a mainstream source of housing provision, as it is in many other countries. Our aspiration is to facilitate the doubling of the number of self build homes built annually over the next decade, and to enable a new generation of younger self builders to deliver their own affordable homes. We want to create the conditions to enable more community-led group developments to be built, and to make it easier to undertake refurbishment projects.

More self build will promote localism and help boost the wider economy, safeguard and create new construction jobs and help reduce carbon emissions.

We will therefore work with the Government to remove the key barriers that make it difficult for many self builders and community self build groups to bring forward their projects. We will do this by enabling more land to be made available for self builders; working with financial institutions and the public sector to improve the availability of development finance for self builders; and removing regulatory barriers which are hindering more self build developments from coming forward.

The self build industry itself will provide would-be self builders and investors in the industry with more accessible and reliable guidance, better advice and support, and examples of good practice.

1. Self build housing is housing built by individuals or groups of individuals for their own use. It typically involves individuals commissioning the construction of a new house from a builder, contractor or package company or, in a modest number of cases, physically building a house for themselves. It also includes community-led housing projects who build mostly affordable homes for the benefit of the community, either individually or in cooperation with a builder or housing provider. Community groups are likely to be co-operatives, community land trusts, community interest companies or cohousing groups. Residential refurbishment projects involving the conversion or regeneration of disused buildings are also part of self build housing.

Acknowledgments

This report has been prepared by the National Self Build Association (NaSBA) on behalf of the joint Government-Industry Self Build Working Group that was set up in early 2011 to look at what could be done to grow the sector. This Action Plan has been prepared in response to a request from the Housing Minister, Grant Shapps MP, and Parliamentary Under Secretary of State, Andrew Stunell MP. This document does not represent a statement of Government Policy.

NaSBA is grateful to Build It magazine for its work in laying out this report in readiness for printing

Foreword



Grant Shapps MP
Minister for Housing
and Local Government

In January this year I asked the self build industry to look at what needs to be done to help more ordinary people build their own home. As part of my plans to increase the number of homes built in this country I told them I wanted to start a self build revolution.

For too long self build has only been an easy option for the rich and privileged. If you have the right contacts and can buy the land, afford the best architects and consultants, and employ an expert project manager you can quite easily get what you want.

Others have to spend years struggling to find a site, to arrange the finance, and to get the necessary consents to be able to build. They have to be incredibly single minded to build their dream home. Some take the plunge and I salute their zeal. Many more take one look at what is entailed and give up before they even start.

In other countries building your own house is an accepted and easy way of providing a home for your family. And why shouldn't it be?

So I'd like to thank the National Self Build Association and the many other organisations and industry experts who have given their time to prepare this Action Plan – it's a really good charter for the selfbuild revolution.

I agree that many more special finance products should be available for self builders. It must be made easier to find plots ready for self build projects and we must look to actively promote new ways that achieve this. Local Authorities should be geared up to help and should learn from what others are already doing. Any unnecessary regulation should be ripped up.

And why shouldn't it be really simple to get all the information you need in one place? Come to think of it, why shouldn't anyone be able to walk into their local DIY store or builders merchant and get the information needed to start what is, after all, a do-it-yourself project on a grand scale.

To support this revolution I pledge that I will continue to push for the actions necessary to make self build an easier option for everyone.

After all, if someone wants to make a very personal contribution to building the homes this country needs, they deserve all of our support.

Grant Shapps

Contents

+ The key challenges	4
+ Lessons from international self build housing practices	6
+ Insights into alternative procurement models	8
+ Land and procurement models	10
+ Lending and finance	12
+ Regulation and red tape	14
+ The self build industry	17
+ The Action Plan summary	20
+ Thanks	22

The key challenges

The Government wants to promote the growth of the self build housing sector. Self build housing forms an important part of the Government's strong localist vision and its firm commitment to increasing housing market stability, supply and private sector investment with improved affordability and access to home ownership. It also forms an important part of the Government's economic policy objectives to achieve strong, sustainable and balanced growth.

Enabling more people to procure their own homes contributes to the supply of more housing nationally and gives local people more opportunities to own an affordable home. A stronger self build sector also encourages diversification of the home building industry, supports small and medium sized builders and strengthens the house building supply chain; all important ingredients in improving the resilience of the supply system and thus the housing market itself.

Self build projects create local employment opportunities for building professionals and contractors and help individuals acquire new skills. Self build also offers the potential to deliver more affordable market and shared equity homes.

Key challenges which are holding back the growth of the sector

Our analysis has confirmed that there are some important challenges holding back the growth of the self build housing sector. Undertaking a self build project can be a complex and time consuming challenge for an individual or a community group. If these challenges can be more clearly identified and proactive action taken to overcome them, we believe that self build housing has the potential to become a mainstream source of new home building across the country.

The key obstacles we have identified and which form the focus of this Action Plan, many of which also impact on the wider housebuilding industry, include: access to suitable land in the right locations, and the lack of profile for the self build industry among planners and housing policy makers; availability of development finance; and the impact of regulation - particularly on project risk and viability.

A further specific challenge is the disparate nature of the self build industry. This has resulted in limited collective support to prospective self builders and an inability to exert influence over key partners such as lending institutions.

Availability of land

The price and availability of land remains a key challenge for self builders, primarily because self builders are under-capitalised and thus unable to compete effectively in land markets with well resourced housebuilders who are in a considerably stronger position to access borrowing or their own cash flow to fund land purchases and build up land reserves to meet their



development programmes.

The lack of transparency of the land market to potential self builders means that plots are often 'optioned' or sold to developers before they come onto the market or have a firm allocation for housing. This limits the opportunities for self builders to bid for sites, even if they are adequately financed or are prepared to pay more for the land. However, self builders are most often left needing to mobilise finance quickly to put in a competitive offer on a desirable site, and, for groups, to set themselves up in an appropriate corporate body of a size to suit the site.

Local authorities in the UK can and do allocate sites suitable for self build housing, but this practice still remains rare. Overseas there is a much stronger record of local authorities providing serviced plots for self builders – see pages 6 and 7.

Local housing and planning policies relating to self build are very patchy as few local authorities capture any evidence on the sector to support any proactive enabling policies, despite the size of the sector and the number of local people looking for plots¹. Some authorities told us the lack of recognition in national policy is a contributing factor to this position as it is often difficult to justify local policies when plans are examined by Inspectors. We are therefore clear that with such a patchy track record many local authorities don't have the confidence to devise policies or release/allocate land to support self builders - either to meet identified local need and demand, or to recognise the value that self build can provide in helping councils deliver planning outcomes, in terms of affordability, diversity of tenure, environmental performance, quality of place-making and helping to build sustainable communities, especially through regeneration projects and urban extensions.

Without the required evidence, local authorities thus have insufficiently robust policies to justify planning policies, development proposals or conditional sales of council land directed primarily at the self build market – something that

¹ For example, Buildstore told us that it has almost 80,000 registered self builders looking for plots across the country

they could legitimately do. Other public land is sold at best consideration, free of any conditions not related to planning. All this leaves self builders at a disadvantage.

In addition, there are only a limited number of investors who are currently prepared to assemble serviced sites which are suitable for self build developments, a practice which is common overseas.

Availability of finance

We believe that the availability of finance is an important factor holding back self build projects. Self build mortgages are not as freely available as traditional mortgages and consumers often find it difficult to know where to access self build lending. Indeed, none of the larger banks currently provide self build mortgages and Building Societies now appear to be the main providers of self build finance. This situation cannot however be seen in isolation and must be viewed alongside the current state of the mortgage market and tighter lending conditions more generally.

Self build lending is seen by some financial institutions as more risky than conventional mortgages because they involve the actual construction of new buildings. Lending exposure to larger, multiple-plot sites also appears to be limited. Where mortgages products are available these often come with onerous lending criteria. Anecdotal evidence suggests that community self build finance is even more difficult to come by given that such schemes often involve multiple builders on lower incomes.

Financing large group and community self build projects remains challenging. In the short and medium term, there is a need to develop a range of revolving fund facilities for development finance and short term bridging loans.

Impact of regulation

Over the years, the amount and complexity of conditions and regulations covering the development industry as a whole has also grown considerably. Currently house builders, including self builders, face a complex mix of building standards and codes that are attached to planning and other permissions. Most of the volume housebuilders employ experts and consultants to advise them and obtain necessary consents. Self builders are at a considerable disadvantage in this regard because they often have very little knowledge of what is



required, let alone how best to achieve it, and the procurement of professional support is often unaffordable. In contrast our analysis has shown that the self builder experiences in other countries seem to indicate that regulatory processes are simpler and more transparent whilst quality of the product remains unaffected.

Although Government is looking to reduce regulations and burdens on the house building industry and is pursuing an

ambitious programme of reforms which, when implemented, we believe will benefit the self build industry we think more could be done to help self builders in this regard.

Disparate nature of the industry

Unlike private housebuilders or contractors, prospective individual self builders and community groups often need expert help and support to implement their projects. For example: in finding land, designing the building, obtaining the necessary consents, project management and, if needed, finding suitable builders or trades to build their homes.

The market which serves the self build community is fragmented and not easy to reach as a novice self builder. Although there are a small number of self-help co-operatives and some well established sources of information such as, for example, the National Self Build & Renovation Centre in Swindon, there are thousands of competing web sites, product manufacturers, businesses, suppliers and advisors which operate in the market and it is a daunting task for would-be self builders to find the help they need. This broad conclusion was also supported by the Callcutt Review².

There is therefore a real challenge for the industry to consolidate its 'offer', establish a clear vision for its future growth, and make it easier for would-be self builders to bring forward their projects. A well managed network of advice, case studies and signposts to reliable sources of information would help improve accessibility for prospective self builders.

² The Callcutt Review of house building delivery (HMSO, November 2007)

How did the Working Group tackle these challenges?



Following the call from Ministers in January 2011, the Department of Communities and Local Government (DCLG) invited representatives from the self build industry to form a working group. The working group, which was drawn from a range of organisations with an interest in self build development and included Government officials, was serviced by four industry-led working sub-groups, each tasked with identifying in more detail the four main challenges outlined above. Supported by a secretariat from the DCLG, the working sub-groups drew upon various experts (see page 22) and held numerous round table sessions and consultations to analyse the challenges and work out what practical solutions might be available to address them. To complement this work and broaden the thinking of the groups a small comparative research exercise was undertaken of international practice and some site visits were organised to analyse pioneering enablement projects. The four chairs of the working sub-groups met regularly to ensure gaps or overlaps in their work could be mitigated. In June the proposed actions were collated. This document is a summary of the proposed actions arising from the work of the groups.

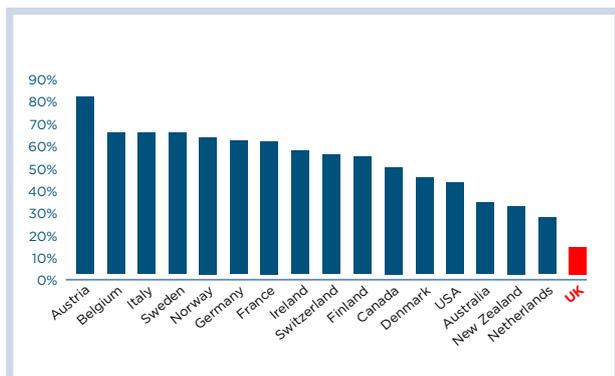
Lessons from international self build housing practices

The self build industry in the UK is clearly far less developed than in most other countries. In the UK we currently build only 10-15 per cent of our homes this way. In most other developed countries 50 per cent or more of new homes are delivered via the self build procurement route.

These countries have also developed planning regimes that recognise the benefits of self build and assist people to realise their projects. For example in Germany and the Netherlands innovative ‘light touch’ planning helps enable large scale self build projects that deliver good urban design, community place-making, sustainable homes and social cohesion. In Australia a revolving fund is available to assist group self builders and in the USA zoning ordinances facilitate self build developments and the self build process is made easy by building companies offering a ‘one-stop shop’ approach to owner building. Across Europe municipalities drive the self build development process, by master planning and zoning land to enable self build development, and facilitating modestly priced serviced plots for local self builders.

Similar enlightened planning policies are also to be found in Scotland and Northern Ireland, where there is, for example, a much more relaxed attitude to the conversion of redundant buildings or re-using derelict properties for self build

Detailed below is a summary of our analysis of different self build models overseas. A fuller background analysis is available on the NaSBA website: www.nasba.org.uk.



The proportion of all homes delivered by self build is very low in the UK

Ireland

Self build housing has always been popular in Ireland and Northern Ireland. Latest estimates suggest that although self build numbers have declined current output across the whole of Ireland is circa 14,000 units a year. Self build has been promoted via planning policy, regulation has been ‘light touch’ and redundant buildings can easily be converted for re-use as self build.



HB&R

Scotland

There is a culture of self build in Scotland with local policy supporting small scale rural community development. In parallel with the UK wide finance picture, there is currently a lack of specific mortgage finance products. In the recent past there is evidence of Government support and capital funds for community groups wishing to self build.

Germany

There is a strong culture of self build within Germany, both for the construction of single family homes and more dense group self build schemes. Our review has found that mortgages are readily available for both the purchase and construction of the property. Plots for self builders are



readily available across Germany, and local municipalities take active leadership and have mainstreamed self build as a route to home ownership and building new neighbourhoods. We identified several innovative examples of group self build schemes:

Vauban

This is an innovative participatory model of urban redevelopment. The city divided land into small plots and auctioned it to private builders and *Baugruppen* and



co-operative housing groups (circa. 5-20 households). The city set the basic ecological standards and was open for new developments through extended citizen participation and the principle of 'learning while planning'. There is more information available at: www.vauban.de/info/abstract5.

Tübingen

Here the planners' objective was to create a vibrant, dense inner-urban quarter of a typical continental European city, reflecting the current trend in German urbanism to promote the 'European City' as a prototype of sustainable development, to include:

- High densities,
- A strong emphasis on public space,
- A morphology of urban blocks,
- A fine-grained mix of uses, and
- Social mix

Tübingen is a municipality driven redevelopment model offered exclusively to building partnership groups.

The Netherlands

In common with many European countries the Netherlands enables self build delivery by Master Planning and zoning land for self build schemes. One innovative example we identified is at Almere



Elizabeth Hopkirk/BD

Almere

This new town was originally built in the 1970s on polder land reclaimed from the Zuiderzee. The city is planned to double in size over the next 20 years to include a 100ha self build zone in the south western Poort district. Almere demonstrates a model for sustainable, self build cities - it is not a scattering of villas for the wealthy. The individual plots vary in size from 86m² to more than 12,000m². The municipal inspiration behind Almere is to drive a more socially cohesive city whose inhabitants have a strong attachment to their surroundings.

Australia

A self build culture was established within Australia after the Second World War and today comprises a significant and important element of overall development. For example, owner builders in Victoria are regulated, advised and protected by The Building Commission. This Commission provides industry leadership and regulates building quality – it is the statutory authority overseeing building control in Victoria and ensures the safety, liveability and sustainability of the built environment and is funded by a levy on building permits. Victoria runs an innovative 'Group Self Build' scheme based on a system of Government prepared house



HB&R

and land packages. More information is available at: www.housing.vic.gov.au/home-owners-assistance/group-self-build

This initiative allows participants to receive a bridging loan from the Director of Housing to purchase land and build a home. Each group consists of about 12 homes.

United States

American cities offer far greater scope for land development, house building and the self builder than in the UK. Potential home buyers spend considerable time viewing estates which offer building plots for sale. Once land has been identified the second stage is to decide upon a 'house type' and approach the builder responsible for that particular home style, negotiating a price for a specific house type on the home owners plot.

In summary, it is normal practice in the US for building companies to offer a 'one-stop shop' approach to owner building. The owner builder in America will: identify and purchase land, visit 'model homes' to review designs, approach the relevant builder, discuss methods of build and finishes and enter into a contract for the house builder to deliver the chosen design on the identified land.

Insights into alternative procurement models

The main challenge is that self builders are not part of established supply chains for land, finance, professional services or building operations. The main objective of the models we have identified in this section of the Action Plan is to enable under-capitalised self builders to compete more equally with established housebuilders. Housebuilders have a range of professional expertise available to bring forward their developments and can either borrow or use cash flow from sales to build up necessary land stocks. Self builders can rarely do this, nor can they mobilise a ready-made corporate structure or financing facility to compete effectively for land.

Alternative strategies which self builders could employ, either individually or as a group, involve working directly with existing housebuilders or housing associations, or with public or private sector intermediaries or enabling bodies. Within the limits of this Action Plan, we have taken account of the differing needs of individual self builders, working alone or in groups of single plot homes, and community or group schemes for more dense projects of flats and terraced homes. What follows is a snapshot of the different and emerging procurement options which we believe are available to would-be self builders and which need to be promoted if we are to realise the aspiration to facilitate the doubling of the number of self build homes built annually over the next decade.

Revolving Funds

A consistent finding of our working groups was the value of revolving funds to enable access to development finance for self builders, particularly to buy land. We identified several good UK precedents for such enabling funds:

- The Housing Corporation's (and later the Homes and Communities Agency) Revolving Fund for private self build groups, started in 1988 and discontinued last year, existed to pre-fund land and early development costs prior to arranging development loans and mortgages. Our analysis concluded that this now defunct funding mechanism is similar to a current Australian 'Group Self Build' loan scheme enabled through the State of Victoria.
- Highland Council's Land Bank Fund has enabled the Highland Housing Alliance to secure a continuing supply of small sites for self build and other housing to meet critical housing needs in remote rural settlements.
- Cornwall Unitary Council's Community Land Trust (CLT) Revolving Fund of £1m is available for self build and self commissioned affordable housing schemes, with and without

grants. In pre-unitary days, the District Councils offered short term bridging loans to CLTs from the ring-fenced Second Homes Council Tax.

We believe such funding mechanisms are strong exemplars of how self build schemes can be funded. Another option is that industry could work with local authorities to encourage the innovative use of New Homes Bonus grants to support particular forms of housing, such as the initiative Leicestershire has launched that supports rural housing.

Doing-it-all-yourself

Projects where self builders have got together to deliver substantial schemes by taking full responsibility for land purchase, finance, design, planning and procuring construction include:



Ashley Vale Action Group: A winner of a Building for Life Award, this mixed-use scheme was the result of initial community

hostility to a developer's proposals for a former scaffolding yard in an inner Bristol suburb. The group managed a process for 26 new detached and semi-detached houses and bungalows as self build and self finish, with a shared garden, Home Zone, recycling facility and three workspace units. They also renovated through a commonhold arrangement a 1960's office building into six homes with a self finish component to the renovation. Average serviced building plots cost £35,000 (in 2001), and typical build costs for three/four bedroom homes were £75,000.

Cohousing projects at Stroud and Lancaster: The Stroud scheme was the pioneer new build cohousing development



Stephen Hill

in the UK, following the cohousing principles established in Continental Europe and North America, with a strong focus on social and environmental sustainability and mutual social support. Stroud (36



homes) bought a steeply sloping site in the centre of the town, not immediately attractive to a mainstream housebuilder, and built flats, terraces and semi-detached homes in a largely car free development. Lancaster (40 homes) - see artists impression above- purchased a riverside and heritage development site on the outskirts of the village of Halton from the Receiver, and has been able to design a Code 6 development for the price of a 'normal' home in Lancaster.

Enabled group developments

We also identified projects where a group of would-be self builders works with a house builder or housing association, relying on their capacity to supply land, fund and deliver any or all aspects of development, with varying degrees of customisation of house types and site layout. Three examples we identified are:

South Cambridge District and Cambridge City Councils:

This developing enabling model will see these authorities supporting a local co-housing group to jointly procure a risk-sharing development partner by tender to coproduce a self build scheme for 35-40 homes on Council-owned land. The Councils hope to use the approach to improve development quality and help build new communities in other Growth Area developments.

Accord Housing Group: The Housing Association supports community groups supplying land, in-house design and project management services, finance and its off-site manufacturing capability provides for high quality environmental performance. It is developing a co-ownership form of mutual tenure that will make it easier for groups to finance self build, self erect or self finish projects. It can deliver affordable self build schemes on land transferred at a discounted or zero value and has also used a 'sweat equity' development model to enable people to help build their own homes and therefore gain equity in the property. Staircasing of equity is limited to 80%.



Stephen Hill

Cornwall CLT: The County umbrella for CLTs now acts as a turnkey developer for CLT purchasers. With the limited availability of individual self build mortgages the self build St Minver CLT sought support from the Cornwall Rural Housing Association (CRHA) to fund 12 self built part ownership bungalows in the village of Rock in North Cornwall, paying the development loan back in full on completion - pictured above. The construction cost of a large 3 bed bungalow with a garage was under £85,000. With 100% mortgages the self builders were able to meet most of the cost of construction with a modest top up from North Cornwall District Council at under £3,000 per unit. A second phase got underway in 2010 to provide 4 homes for social rent and 8 self build plots secured through a section 106 agreement.

Allendale Community Homes, Northumbria: This CLT bought the site and then entered into a lease and leaseback with Homes for Northumberland (HfN) to build 22 two and

three bed houses, apartments and bungalows. The project was enabled by a HCA grant and long term loan secured by HfN that the CLT would have been unable to obtain itself. The head lease will be surrendered when the CLT is able to refinance the outstanding loan on its own account.

New Prospects - Enabled private sector-led 'serviced' single plot developments

We heard evidence from a range of developers and house builders of all sizes, including national companies, who are attracted by the opportunity to develop new products and services for self builders of all types. Proposals range from bulk supply of serviced sites to 'site breaking' developments, either actively seeking out and supporting local people to start off new developments via a group scheme, as is now quite common in the USA with cohousing projects in New Urbanist developments, or providing serviced plots for self builders to buy, as is common practice abroad.

We identified several projects where a local authority or private company or individual acts as intermediary to facilitate and manage all or parts of the whole development process for individuals. Although these enablement models are in their infancy in this country we believe they have significant potential to lead the expansion of the sector. Examples we identified are:



O & H Developments and Urban Self Build (USB): As master developer, O&H has facilitated a small number of serviced self build plots in larger developments, with a design code and links to small builders, kit home suppliers and enabling project managers USB. USB is now acting as enabling developer at Hempsted Green, south of Peterborough city centre. Offering self builders a range of entry points, it can manage site assembly and servicing, finance, planning, legal documentation, and varying levels of self-build on serviced sites, with connections to kit suppliers and contractors. There are ten detached 3-5 bedroom homes, starting at £92,500, with shared amenity space, and a detailed but flexible planning consent.

Wellstride: A 13 acre site in Bedwellty was acquired in 2005 by a joint venture between an investor and local housebuilder, and promoted exclusively as an enabled development for 118 self build plots, some of which are reserved for 'affordable housing'. Partly as a strategy to reduce overhead and cash flow risk in the downturn, the approach now aims to yield premium plot prices. Purchasers buy serviced plots, subject to a strict construction management code agreed with the Council, and can draw on the joint venture or other local contractors as required. Typical fully serviced plots cost £105,000.



Charles Church, Teesside: This housebuilder is offering 19 separate plots of land at its Riverside View development in Ingleby Barwick, as an alternative to an off-the-shelf home. The development allows purchasers to create their own individual home from scratch. Plots averaging 450 square metres are selling from £150,000.

Land and procurement models

The working sub group that examined this topic looked at three interlinked land and self build delivery strands: strategic planning and policy, land supply (especially the role of public land), and various procurement options. We considered each on its own and in combination. Particular attention is drawn to the emerging opportunities to develop new partnerships with housebuilders and other housing providers to access existing land earmarked for development which we have identified. These procurement options are more fully described on pages 8-9.

We considered that self build is, in essence, just another means of procuring a home and that it is not intrinsically more or less expensive than any other method, though many self build homes are cheaper. Self build housing is capable of being considered either affordable or market housing. One of our central considerations in preparing this Action Plan however was whether self build housing could justify special enabling measures without securing an anti-competitive advantage over more conventional housing building models. For occupiers, their home and the experience of building it is undoubtedly very special. For planners and some public landowners, promoting an increase in self build housing can deliver unique public policy objectives and outcomes.

Issues and Barriers

We have already set out the land supply challenge facing the sector. We are clear that one of the biggest limiting factors for self build in the UK is the availability of suitable land and we identified two key issues and barriers in this regard.

Strategic Planning and Policy

Planning and housing policy does not currently recognise self build as an element of the housing industry for which specific policies might apply, either to support it, or to employ it to achieve policy outcomes that other parts of the industry cannot deliver, or are less good at.

The main barrier to self build being more widely recognised in the planning process is that the evidence base for planning and housing policy is effectively blind to the existence of self build in the market; both existing stock, and future need and demand. Planning for Housing policy in the Government's Planning Policy Statement 3 (PPS3), and guidance for and content of Strategic Housing Market and Land Availability Assessments are silent on the sector. We believe it is important for the National Planning Policy Framework to recognise

self build housing as a legitimate market response to housing provision. This would enable the local planning system to respond better to need and demand, rather than relying on direct interventions. We identified evidence of proactive local authority approaches to addressing the needs of self builders which we want to encourage others to consider.

These include:

Swindon Borough Council and BuildStore Joint Venture:

On land identified by the Council, its Direct Labour Organisation is laying out serviced plots and will act as an enabling contractor alongside Buildstore who will facilitate other aspects of the supply chain with individual purchasers. The Council is proactively looking to facilitate other similar developments to improve the housing offer of the town to attract jobs and economic development - an approach that may also appeal to Local Economic Partnerships. This complements the Council's development plan proposals to have a 2% self build quota applied to all sites over 25 units.

South Shropshire District Council: The District Council has imaginatively created local planning policies to deliver rural affordable self build housing. Using a county-wide single-plot 'rural exception' policy approach that gives consent for houses that may otherwise be refused on the edge of villages or in settlements, South Shropshire allows affordable self build homes in the countryside. Limits on size and resale value ensure that properties remain affordable. We understand approximately 45 homes for young families in rural areas have been delivered in this way so far and that mortgages are offered by Lloyds, the Ecology Building Society and Bath Building Society.

Cornwall Council: The Council is seeking to adopt a district-wide development plan policy that delivers affordable self build homes. To ensure homes continue to be affordable, the draft policy restricts the size of the dwelling, future occupancy, permitted development rights and future resale or rental values. This ensures the Council can be certain that development is for local people in housing need, rather than for profit.

Cherwell District Council: The Council is piloting self build housing on a number of small sites and plans to deliver 180 self build homes over the coming five years. In Banbury the Council has used its Strategic Housing Market Assessment and Housing Strategy to identify the challenges and opportunities for self build housing. Cherwell is working with local landowners to provide a range of self build and refurbished affordable and low cost market homes, as well as providing training and employment opportunities for disadvantaged and vulnerable young people.

Cambridge City and South Cambridgeshire Councils.

These authorities want to sell council land to a cohousing group, to promote the kind of innovation, quality of design and placemaking, and creation of cohesive sustainable communities which is set out in PPS3.

Land Supply, including public land disposals

Although private sector land will always be the main source of land supply for self build housing we think that public sector land has the potential to play a greater role in enabling the growth of the self build sector, as is the case in continental Europe. We identified two key barriers in this regard. Firstly the lack of publicly available information about public-sector land holdings; this is often combined with limited local authority vision about how disposals of land can respond to a Council's spatial planning and corporate objectives, while still delivering value for money. This issue was also recently flagged by the RICS Land & Society Commission recently. Secondly, that there are many misconceptions about the terms on which public land can be sold, both within public bodies, with different powers and objectives, and among potential purchasers.

Proposals for action

In response to these issues and barriers we identified the following actions.

1. Policy context

We think that Government should ensure that the National Planning Policy Framework recognises self build housing development as a mainstream element of local housing markets. We consider that the Framework should thus be drafted to ensure that Local Planning Authorities:

- assess the need and demand for self build in their areas, and
- having prepared the evidence to inform the preparation of their plans and policies, consider if self build can contribute to achieving other planning policy outcomes

We therefore propose that:

Government should ensure that the forthcoming National Planning Policy Framework recognises the importance of self build housing development by asking local planning authorities, when preparing their evidence base of housing need and demand to inform the preparation of their plans and policies, to assess the demand for self build in their areas. Planning authorities should then consider how any need and demand can best accommodated, taking account of the strategic planning objectives and policy outcomes envisaged for the area.

2. Transparency of public land disposals

To improve the transparency of how public land is disposed, we encourage the Government to publish, in a single comparative table, the current policy guidelines for all types of public body selling land for housing (and other uses), including the powers under which land can be sold, and the terms and conditions currently permitted by the Treasury. Such a table should provide links to the databases of the land held by each public body, including current disposal status.

We believe Government should ask all public landowners to work with industry to ensure that all public land intended for disposal is listed on key self build land availability websites and the government supported Asset Transfer Unit's website www.theplacementstation.org.uk. We also consider that information on the new Community Right to Reclaim Land should be as widely publicised as possible.

We therefore propose that:

Government should be transparent about the rules governing the disposal of public land for housing (and other uses) and should work with industry to ensure that all public land intended for disposal is listed on key self build land availability websites and that information on the new Community Right to Reclaim Land is made available on such sites.

3. Homes and Communities Agency and local authority land disposal strategies

We think there is potential for the HCA, in its own Land Disposal and Development Strategy, and when advising local authorities, to enable the purchase and development of sites by individual and group self build projects, following the example of innovative and profitable self build developments in Germany, Australia and the Netherlands.

We also see potential for the HCA and local authorities to launch competitions, in partnership with professional and industry trade bodies for developers, housing providers, contractors and community organisations to trial innovative new self build procurement models (as is the case in continental Europe). To facilitate this we think that industry should play a role in assembling good case study material which illustrates how such competitions could be run.

We therefore propose that:

Government Department land disposal strategies, the Homes and Communities Agency (in implementing its Land Disposal and Development Strategy), and local authority land disposal programmes should include opportunities (enabled, where appropriate, through competitions) for the development of sites by individual self builders and self build group projects.

4. Engagement with housebuilders and land owners.

Government and the self build industry should actively engage with developers, housebuilders, housing associations and land owners to explain the opportunities and rewards they can generate from making serviced plots available to self builders, or supporting group schemes. The emphasis should be on co-producing new approaches to enabling delivery that is simple for landowners and housing providers and creates confidence in the market for new products and services.

We therefore propose that:

As part of the proposed communications campaign Industry and Government should actively engage with private housebuilders and land owners to communicate the opportunities and rewards they can generate from making serviced plots available to individual self builders or supporting group self build schemes.

Lending and finance

We are currently experiencing a lack of housing supply which is stifling the market. A more accessible self build market would provide a genuine opportunity for meeting consumer housing demand. Lenders' views of self build properties are mixed, but one thing they do seem to agree on is that once built, they tend to have a low loan to value ratio and low level of repayment arrears. Our aim is to help consumers get to this point.

Issues and barriers

Risk

We view risk (and perceived risk) as significant barriers to lending on self build properties. Lenders do consider these types of properties to pose a higher risk than traditional houses during the building phase. The main concerns are ensuring that funds are being used appropriately; the build does not run over budget, or over schedule; and the possibility of having to take possession of an unfinished property.

Demand

Lack of demand is another possible barrier to lending on self build properties. Lenders considering entering the market want to be assured that there is demand for a self build mortgage before investing in its design and marketing. We have not established whether a perceived lack of finance is stifling demand, or whether finance is being stifled by a lack of demand. However, we believe that if more information is made available additional lenders could be encouraged into this market.

Valuation and inspection

We identified valuation and inspections of properties as another hurdle for the sector. The issues are two-fold. Firstly the frequency of inspections which are required during the build phase of a house and secondly the valuation which must be estimated at the outset and confirmed upon completion. The inspections of a house at each stage of the build, typically 5-7 in number, are necessary for lenders to ensure that funds have been used appropriately before releasing finance for the next stage. This labour-intensive but necessary process adds cost to the mortgage. Upon completion of the property a final valuation will be required by the lender to ensure that the property's worth, and

therefore the amount of equity in the property, is in line with the initial estimate. The self build market is still small in scale in comparison to the rest of the sector and many properties are built as lifetime homes, meaning they rarely come on to the market, so putting a value on them can be challenging.

Regulatory uncertainty

We believe the regulatory uncertainty surrounding mortgages is a further contributing factor preventing lenders from innovating. Lenders are unsure how new products will be viewed in the future by regulators and this is discouraging the development of niche or unusual products to serve would-be self builders.

Group and Community self builds

Lenders see community self build schemes as inherently more risky because of the larger loans required and the involvement of a greater number of people in such projects. It is fair to say that few lenders are geared up to support community self build projects. These are likely to be too large for traditional residential lending but too small to be a regular business proposition. Existing group schemes have had to put together complex mixes of personal equity, commercial loans and mortgage finance.

The Commission for Cooperative and Mutual Housing has undertaken an extensive canvas of the financial market for community schemes. The market favours a single financial intermediary and development intermediaries like housing associations through which to channel funds to enable group and community schemes to be brought forward.

Proposals for action

We do not believe that finance availability is preventing people from building their own homes, or is likely to do so in the future. There are a number of lenders active in this market, so products are currently available. However, we believe that there is a need for action to be taken to encourage more lenders and products into the market which in turn will help support the growth of the self build industry. Our proposals are set out below.

1. Market information and research

Across the whole of the self build sector there is an urgent need for better data and market research. At present it

is impossible to get a precise measure of the number of self build homes constructed in the UK. In comparison to Germany for example, there appear to be no national UK statistics about who builds the houses people live in, and this weakens the ability of policy makers to respond to local needs and demands. We believe it should be fairly straight forward to include a tick box on the standard planning application form to enable this data to be collected in the future.

On the finance side we have developed a brief with the Department for Communities and Local Government (DCLG) for a piece of market research which would help inform lenders about the level of demand and the current barriers to increased lending. We believe this will help persuade lenders that there is a market to be served.

Additionally we also consider that the ONS, HMRC and DCLG housing supply and planning statistics should be aligned to provide an improved and consistent evidence base for national and local policy and market information.

We therefore propose that:

Government, working with industry, should urgently undertake detailed market research into the self build sector to assess its scale, trends and market opportunities to help inform future lending strategies by lenders and promote the growth potential of the sector to financial investors. Government should also explore the scope to adjust the standard planning application form to enable data on the type of build to be collected in the future. Additionally Government should work to align ONS, HMRC and DCLG housing supply and planning statistics to provide an improved and consistent evidence base for national and local policy and market information.

2. Information sharing

To address the barriers in risk and perceived risk, we think that lenders will benefit from some specific guidance in the form of a toolkit on self build development. To be effective such a 'lender toolkit' should include the following:

- A definition of self build and the different forms it can take
- A summary of research into the self build market including information on potential market size and the profiles of self builders
- Information on risk associated with self build lending and ways to mitigate risk
- Information on the capital and regulatory requirements for lenders wishing to offer self build mortgages, and
- A list of useful contacts for lenders.

We therefore propose that:

Industry will prepare a self build development toolkit for lenders which includes information on what self build development is and the different forms it can take; the scope for growth and profiles of typical self builders; information on the risks associated with self build lending and ways these can be mitigated; information on the capital and regulatory requirements for lenders wishing to offer self build mortgages; and useful contacts.

3. Valuation information

To solve some of the problems surrounding the valuation of self build properties and help make it easier to value self build projects we consider that a guidance note needs to be produced by the Royal Institution of Chartered Surveyors

(RICS) to assist in the valuation of self built properties.

We therefore propose that:

Industry, in conjunction with the RICS, should prepare and publicise guidance for valuers on the valuation of self build properties.

4. Community self build

Financing large group and community self build projects remains challenging. In the long term, we think that the above actions will enable lending to become available for larger projects. In the short and medium term, there is a need to develop a range of revolving fund facilities for development finance and short term bridging loans, drawing on existing sources like the New Homes Bonus, Second Homes Council Tax and bespoke funds, as in Cornwall, where it is justified by evidence of need and demand.

To enable such facilities to be identified we think work should be undertaken by a group comprising self build industry bodies, lending institutions and Government to focus on identifying suitable revolving fund facilities and how they might be delivered. Such a group should explore the possibility of:

- re-establishing a joint public-private revolving fund, similar to the previous Housing Corporation/HCA fund which was discontinued last year, and
- setting up a financial intermediary for development and loan finance.

We therefore propose that:

Industry, working with Government, should establish a working group to look at identifying suitable revolving fund facilities which can be made available to qualifying group self build projects to fund land acquisition and early development costs prior to arranging development loans and mortgages.



HB&R

Regulation and red tape

The process of securing development consent is a challenging task for 'amateur' self builders and many give up or are forced to employ consultants to argue their case with the authorities before they can commence their build. The policy-based nature of the planning system in UK, the restrictive nature of many local policies, the slow speed of local decision-making and onerous information requirements placed on applicants when they submit even the most straightforward schemes presents considerable challenges for anyone who is not in the development business. Further challenges surround the complexity of the building regulations, onerous inspection regimes, complex VAT rates, and frequent problems encountered when engaging with utility providers.

As the comparative international work in this document has highlighted, we believe self builders in this country are at a disadvantage when compared with the simplicity of the process in much of Continental Europe. The knowledge we gained of the German experience, in particular, had a significant impact on our outlook and in our opinion almost any initiative to move our housebuilding delivery methods towards the German model is to be welcomed.

To better understand the hurdles and frustrations that many self builders face when they engage with the regulatory regimes that govern the development process, and to test initiatives that might smooth their journey in future, we took informal soundings from a range of experts and organisations. What follows are the key issues, barriers and possible solutions we identified.

Planning Issues

Two important themes emerged from our analysis of the impact of the planning regime on self builders. Firstly, that national and local planning policy, as it now stands, does little to encourage self build housing. Secondly, that the planning process is overly complex, risk averse and has become far too bureaucratic. Many of these issues are common throughout the development community and have been looked at in numerous recent investigations, most notably the Barker, Callcutt, Penfold and Killian Pretty reviews and the OFT market investigation into home building in the UK. However, we feel strongly that the self builder is more disadvantaged than the typical professional because he or she, almost by definition, often knows little of the procedures beforehand, and needless time and money gets wasted as they struggle to negotiate sensible outcomes.



On the planning policy front, we believe the forthcoming National Planning Policy Framework (NPPF) should recognise that self build development is part of the housing sector. For too long, strategic release of land for building has been a closed shop from which self builders have been effectively excluded. Local authorities have not even been required to assess the demand for self build, so it's hardly surprising that what self build does take place in Britain is usually confined to backland and infill plots, or replacement dwellings. Some formal recognition (via national policy) that both market and affordable group self builds should form an important plank of housing supply, and must be acknowledged as such by local authorities, has the potential to transform the self build sector.

There is a considerable amount of self build development in rural areas and demand is growing as local people struggle to find affordable accommodation for their families. At present, there are a number of hurdles that applicants have to go through to prove there is no demand for commercial uses before residential conversion of farm buildings is permitted. Often local authorities prevent changes of use in the hope that redundant buildings might be taken up by commercial uses. We think it is important for planning policy to facilitate the conversion of redundant farm buildings into homes and live-work units wherever possible. We understand that the Environment, Food and Rural Affairs Committee's recent report on Farming in the Uplands [Third Report of Session 2010-11] recommended a more flexible and less restrictive approach to housing in rural areas and that the planning

framework should enable local communities to seek innovative and cost-effective solutions to the problem of affordable housing in rural areas. We also noted that the recent Farming Regulation Task Force proposed that permitted development and prior notification thresholds for agricultural buildings are increased. We support these proposals and DCLG's policy on Home on the Farm to enable the creation of more affordable homes from disused and underused farm buildings. We also support the commitment to simplify the Use Classes Order.

We also think it is important to simplify the outline planning consent process for changes of use to establish a right to build. At present, costly drawings and various validation requirements are needed to support such applications, even when what is sought is simply a decision in principle. We would therefore support any amendment to the Development Management Procedure Order (DMPO) that would facilitate this.

To facilitate more renewal opportunities we think clarity is needed about the allowable size of replacement dwellings. Many self build developments involve the replacement of disused or older properties. Presently a lack of local and national clarity means self builders often waste months in negotiations with local planning authorities about the volume allowances and permitted development rights, and occasionally poor design decisions are taken as a consequence. We think it is important to make it clear that Permitted Development Rights can be taken into account when calculating allowable floor spaces in replacement dwellings, especially in the Green Belt and Areas of Outstanding Natural Beauty.

As it is more challenging for self builders to arrange finance, get the necessary consents and negotiate the build process, the Government's changes of the lifetime of planning permissions from 5-year to 3-year was extremely unhelpful to self builders, especially during the recent period of market uncertainty. We would therefore support any move to re-instate the old 5-year lifetime of a detailed planning permission or to make the current provisions, which allow applications for the extension of time limits, a permanent feature in the planning process.

The number and complexity of planning conditions placed on domestic building work has grown inexorably over the years, and there is often very little difference between conditions placed on a single house and those placed on an estate of 50 or 100 homes. Similarly it is not uncommon for local authorities to impose considerable planning obligations on single unit self build developments, making such developments completely unviable. For example, in one case a self builder was asked to pay a contribution of over £38,000 for a 110m² two-bed chalet bungalow. We therefore fully endorse the Government's intended revision of Circular 11/95 and would request that this looks to ensure that local planning authorities take a proportionate approach and limit the amount of conditions placed on relatively minor domestic planning permissions. We would also support any mention of this in the NPPF and would ask that such an approach also be applied to Section 106 planning obligations.

We have similar concerns with the amount of information that local planning authorities ask for in the submission of Design and Access Statements. While such Statements can be a useful tool in complex planning cases we consider that it is a pointless burden for typical domestic proposals. We therefore fully support the Government's continued moves towards streamlining information requirements for planning applications.

As part of this we would also encourage the Environment Agency and the DCLG to introduce a standard form for low risk flood assessments, possibly by incorporating the required

information as part of the standard planning application form (1App).

The need to improve pre-application advice by officers was identified as a further issue. In our experience advice given is often inconsistent, unreliable and provides little comfort for applicants, even though many local authorities charge for this service. We think it would be helpful if a standard pre-application advice form was introduced to ensure consistency of advice and to help inexperienced self builders know what they can expect. We would be willing to work with Government to implement such an 'ask'.

To provide greater certainty for self builders and reduce the risks they face with the planning consent process, we would also call for the promotion of the use of Neighbourhood and Local Development Orders as a means of facilitating group self builds or where sites are designated for housing development in development plans. These tools already exist but are not widely used - yet they have potential to simplify the planning requirements for more complex, multiple sites.

To help self builders receive better customer service from local authorities and make them aware of local authority performance we would also promote the use of online benchmarking and feedback tools. We understand that the Planning Advisory Service is already working on benchmarking procedures and we would support these and add that we would like to see the results published on local authority websites, alongside applicant's feedback and reviews.

Non-planning Issues

In some parts of continental Europe, suitably qualified professionals can act as facilitators on domestic building projects, ensuring compliance with building regulations, administering warranties, managing the discharge of planning details and listed building consents, undertaking mortgage valuations, advising on health and safety and project management. In contrast, the UK construction industry has developed a multi-agency model, exhibiting a plethora of form filling and paperwork, a frequent duplication of roles, and little evidence to suggest we have improved quality levels as a result.

We therefore feel there could be scope to streamline the current system, and we believe the use of new warranty based products could help to reduce the number of agencies a self builder has to deal with. We recognise that this would be a big task, and that there are a number of barriers involved in implementing such a lean-supervision system. This work should initially focus on the provision of Building Control, Warranty and valuation services but, in the longer term, there could be opportunities to simplify interaction with the planning process (including discharge of planning conditions) and to help to improve Health and Safety on self build sites. We therefore believe the self build industry and Government should study the Continental models in greater detail, and then engage with the various parties involved in supervising self build projects to discuss how such a scheme could be brought forward here.

We would like to see experienced building professionals, be they architects, surveyors, or others, become empowered to self-certify domestic building work, and for the work to be guaranteed by way of a building warranty.

One action which that could make this aspiration more readily realisable would be to provide a simplified set of building regulations for domestic projects, as has already been done in Scotland. This would enable self-certifying professionals to attain competence in the areas relevant to their work. However, we recognise this would be challenging to deliver in the near future given that Government has considered the separation of

the Building Regulations between domestic and non-domestic regulation and has chosen to retain the current form of separate advisory documents for the time being. We would, however, fully support the publication of information extracted from the broader building regulations but tailored for the domestic construction market.

Another area of concern is the current VAT rules on domestic construction, which are both unnecessarily complex and illogical. We would support any move to simplify the current arrangements and, in particular, to use the incentive of lower or zero rate VAT to promote sustainable construction.

Similarly we support any moves to encourage utility providers to improve the service offered to self builders, and would like to see the adoption of more transparent pricing. We would also like to see OFGEM and OFWAT publish information for self builders on pricing, performance and competition among utility suppliers.

Finally, we would like to see more widely published information on health and safety for self builders and would encourage building control and warranty providers to include health and safety packs with their documentation. As things stand, there are almost no health and safety controls applied to domestic building projects and many are consequently managed with little regard to the welfare of workers or visitors. While not wishing to add to the red tape and form filling that surrounds much of our health and safety legislation, we believe a sensible balance can be found and that we would encourage warranty providers, in particular, to look at ways of incorporating practical health and safety guidance as part of the package they provide to self builders.

Proposals for Action

1. Planning

Government planning reforms, where appropriate through the forthcoming National Planning Policy Framework, should:

- Facilitate the conversion of redundant farm buildings into homes and live-work units.
- Make it easier for self builders and other small scale housing developments to obtain outline permission to establish the principle of a right to build.
- Facilitate permissions for replacement dwellings by setting out clearer guidelines about how the size of replacement dwellings should be determined. In doing this, provide clarity that local planning authorities can take permitted development rights into account when calculating allowable floor spaces for replacement dwellings where restrictive local policies apply, particularly in the Green Belt and Areas of Outstanding Natural Beauty.
- Either extend the time limits for implementing planning permissions to 5 years or make the provisions set out in the Development Management Procedure Order (2010), which allow applications for the extension of time limits, a permanent feature in the planning process.
- Make it clear that unnecessary planning conditions and obligations should be avoided, particularly when this would undermine the viability of development proposals.
- Further simplify the information requirements for planning applications, particularly in the context of Design and Access Statements and Flood Risk Assessments and their application to small scale development, including self build projects.
- Encourage the use of Neighbourhood and Local Development Orders (NDOs and LDOs) as a means of facilitating multiple-plot self build developments and

group self build projects. NDOs and LDOs would provide up front certainty to would-be self builders that development specified in within these Orders can proceed without the need to specifically apply for local authority planning permission, therefore de-risking the consent process.

- Improve pre-application advice by local planning authorities to applicants by introducing a standard pre-application advice pro forma.

2. Non-Planning

- Government should promote the use of online benchmarking and feedback tools to improve customer service and information on local authority performance.
- Industry, working with Government, should explore how new warranty based products can be developed to reduce the number of bodies and certifying parties involved in self build projects. This work should initially focus on provision of Building Control, Warranty and valuation services but should also consider if there are longer term opportunities to simplify interaction with the planning process (including discharge of planning conditions) and help to improve Health and Safety on self build sites.
- Government should identify how existing Building Regulations Guidance can be made more readily accessible for both professional and non-professional self builders. Industry should, in turn, explore how a domestic only version of this guidance could be developed to help self builders comply with the Building Regulations.
- Industry should provide better information to prospective self builders about relevant VAT charges on their developments and it supports any move to simplify the current VAT arrangements on domestic construction without reducing tax revenues.
- Industry should provide better information to self builders about the challenges of working with utility providers and work with the National Federation of Builders to encourage utility providers to improve the service offered to small scale domestic projects and self builders, including the adoption of transparent pricing, and should work with Government and the Regulators to achieve this.
- Industry should work with the National Federation of Builders, Building Control and Warranty Providers to publish information on Health and Safety for self builders with their documentation.



The self build industry

Around 15,000 homes a year are currently built in the UK via one of the many 'self build' procurement routes available. With a total of 106,000 homes completed in the UK between 2010-11, this represents around 14 per cent of the total output. In more typical years, when total housing output was nearer 148,000 homes a year (which was the average from 1998-2007), the proportion of self build homes averaged at about 10 per cent of total output. Although this proportion still compares favourably with outputs from the volume builders, compared to other countries this is extremely low.

Even though the UK self build sector compares poorly with that in other countries, the 15,000 homes a year that are produced every year contribute significantly to the UK economy. Conservatively they represent about £3 billion of investment each year and safeguard about 30,000 construction jobs. If it is the Government and Industry's ambition to see a real increase in the number of self build homes completed in the UK, we believe this will have a major positive impact on our economy, and will result in the creation of tens of thousands of new jobs.

Self build also brings many other benefits – self builders are generally very committed to environmental sustainability, so their homes often have small carbon footprints. Many self builders are also sticklers for detail and quality. And they usually work very hard to come up with a customised design to suit their own particular needs – so they work hard to create their perfect home. This is irrespective of whether they do a DIY build or procure their home from a package company. They are also renowned innovators, and many of the new technologies that have found their way into mainstream construction, started out in the self build sector.

The first thing many people think of when asked about self build housing is 'Grand Designs'. Although millions of people watch this popular television programme it can sometimes present a rather skewed impression of the industry. In reality most self build homes are very modest, and look just like every other house. They are usually very cost effective – the vast majority of self builders spend between £100,000 and £150,000 on the construction of their home (plus the site cost). And a budget of £150,000 is adequate, in most instances, to build a generous three to four bedroom home.

However, self build housing should not simply be

characterised by detached family homes procured by individuals on a one off basis (see our definition in our Vision Statement on page 2). There are now many good examples of community self build schemes emerging. Such self build projects are often excellent examples of community cohesiveness and good neighbourliness. Indeed we believe that self build development is really a perfect example of localism in action – people taking the initiative and creating their own homes at a price they can afford.

What are the main industry-related barriers to growing the self build sector?

Apart from the challenges of finding a site, securing finance for a project and negotiating a project through regulations, one of the other barriers we have identified is the plethora of sometimes conflicting and confusing information that is available to self builders. There is currently no single independent source of advice to help the would-be self builder to decide how best to get his or her project off the ground. With a number of new procurement routes emerging, there is a clear gap in the information market to explain these and to help would-be self builders work out the route that's likely to be the best one for them to follow.

The self build industry is also quite disparate, with thousands of small companies and consultants directly involved in the sector, and most of the major builders' merchants, businesses and big international materials suppliers competing for business in the sector.

Information about the scale of the sector or best practice on different procurement models has not, to date, been collected or communicated. There is also little understanding of how the self build sector operates in other countries. And until the formation of the National Self Build Association (NaSBA) the industry has not been well co-ordinated, or represented to Government.

Although we have made some headway on these issues, with several case studies now in the process of being formally assembled along with information on some of the most interesting overseas self build markets which we can learn from, we think that it is important to pursue a series of industry-focussed actions if we are to realise our ambitions of growing the sector.

Proposals for Action

1. Improved communication and capacity building

We feel strongly that in order to build capacity on the ground, industry and Government need to work together to launch and support a co-ordinated cross-industry (public and private sector) communications campaign. To be effective such a campaign should have a number of strands.

Although the Government's support for the self build sector has been widely welcomed, we think there is a need to maintain this support where opportunities arise. One way to achieve this is for Government to target a programme of events which Ministers can attend to raise awareness that self build housing is capable of becoming a more mainstream method of finding a home.

Government should write to local authority Chief Executives, Chief Planning and Housing Officers at Ministerial level to raise awareness about the sector and its potential to promote local economic growth, meet local housing needs and address wider public policy objectives. We also think that self build housing should be recognised in all central government policy work as an integral part of the housing market for both affordable and market housing.

A communications campaign needs to highlight some of the more innovative ways that building contractors, housebuilders, social landlords and developers/enablers can deliver profitable self build projects or serviced sites.

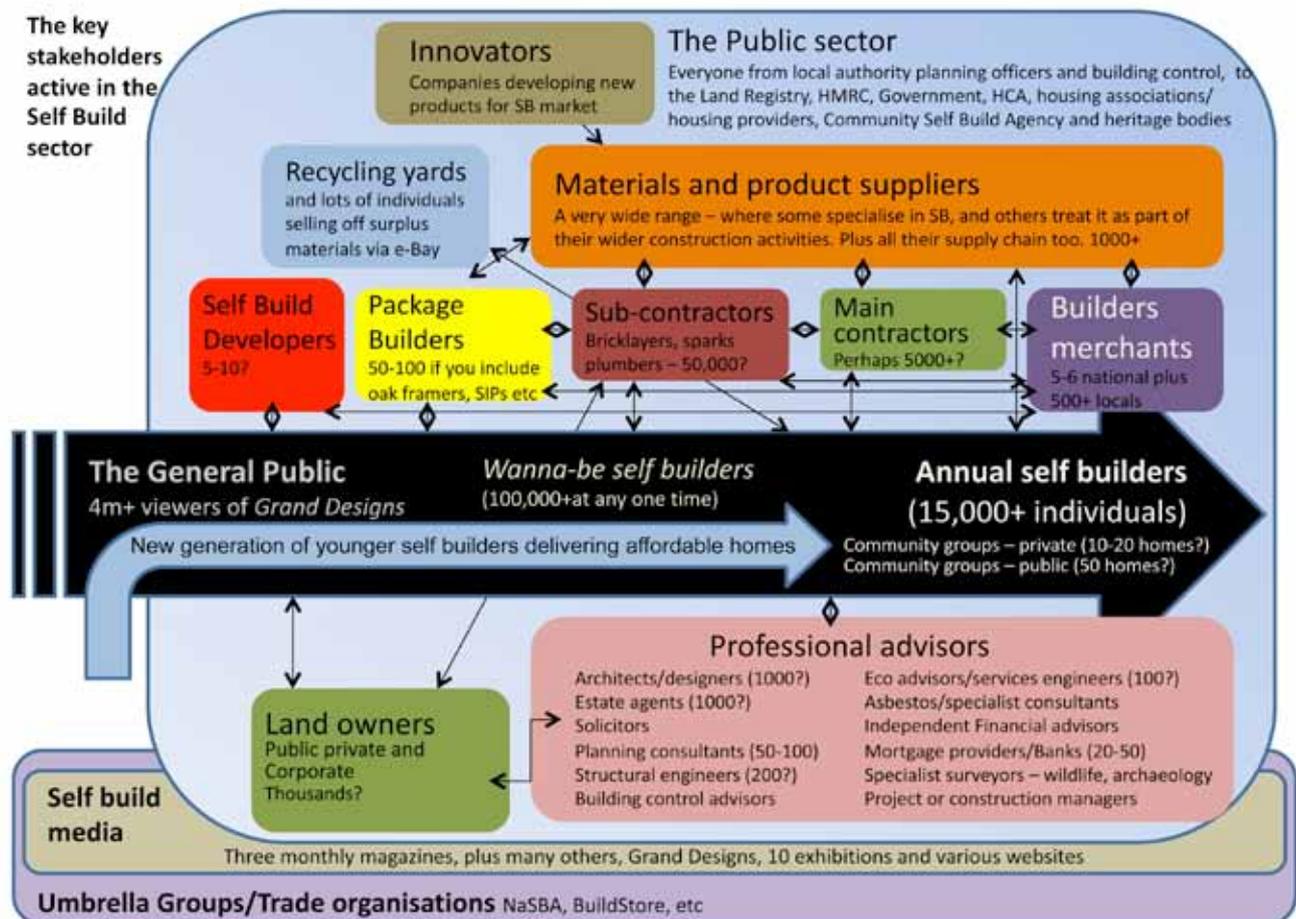
It will also be essential for a communications campaign to target lenders to increase the probability that more finance products are provided for the self build sector.

Finally it will also be important to ensure that a

communications campaign targets the key businesses within the self build industry to galvanise support and increase business opportunities.

We therefore propose that:

Industry will work with Government to undertake a wide ranging self build development communications campaign to proactively engage with lenders, land owners, housebuilders, suppliers, contractors, planners, housing officers and local council members. This campaign will aim to promote the growth of the self build sector by demystifying the self build housing model, highlighting opportunities to attract new entrants and promoting more collaborative and innovative delivery models like those now seen in Continental Europe and many other countries.



There are many stakeholders involved in the self build sector, but at present, the industry is quite disparate.

2. Showcasing good practice

We believe that there are a lot of good examples of different self build projects and enablement approaches. Initial information about how the self build sector works in key overseas markets has also been instructive. Most of this is not well communicated across the sector. There is therefore a need to better assemble this information and draw out some of the best UK projects completed to date. This information needs to be developed further, collated in a common format and communicated to the various audiences who would find it useful.

To deliver this we think the self build industry needs to work with central and local government and the HCA, to develop a good practice action learning network, possibly resourced through The Hub (the Government's proposed resource to support Community Right to Build and other community housing schemes). We think this network should focus on:

- What is achievable under a range of self build procurement options, and their ability to deliver planning, housing and Sustainable Communities Strategy outcomes.
- The effective use of planning tools like Supplementary Planning Documents, Local and Neighbourhood Development Orders and Community Right to Build Orders to provide a policy framework for increasing the supply of self build homes and for using self build to meet public policy outcomes, including meeting needs not met by other suppliers such as improved customisation generally, and special needs such as older people looking for mutual care and housing choices.
- Enabling interested project promoters and local authorities to prepare local planning policy and development management protocols, eg at county, LEP or other cross-boundary level, to facilitate different types of self build housing applications and help join up planning, Building Control and housing requirements.

We therefore propose that:

Industry will prepare and publicise a series of up to date self build housing best practice notes and case studies through an action learning network to encourage further innovation in the sector. This information will describe innovative financial solutions, procurement models and projects that the UK self build sector could learn from and, where desirable, communicate how planning tools and local protocols could be used most effectively to facilitate different types of self build housing applications.

3. Provide independent information to would-be self builders

We firmly believe that the self build industry itself needs to provide clearer independent information to would-be self builders in order to help self builders make better informed choices about the end-to-end self build procurement process. We believe that the best way to address this need is through the development of an independent self build online 'portal'. Although we recognise there is already a significant amount of information available to self builders through the trade magazines and the websites of different businesses serving the sector, none currently provides the critical information that is needed during the very early planning stages of a potential self build project. All the current information suppliers are commercially driven, so it is very hard to get honest independent advice on the best route to follow.

We have already progressed this proposition and prepared a detailed specification and costing for such a portal. As the portal would be industry focussed we believe it is for the self build industry to collectively fund its development and continued maintenance. Without a portal we believe the self build knowledge base will remain fragmented and we are unlikely to see any significantly increase the number of people who manage to get a project underway.

We therefore propose that:

To provide clearer independent information to would-be self builders the self build industry will launch and maintain an internet based self build 'portal'.

4. Land scams

We are aware of a significant number of cases nationally where land without planning permission is sold off as



potential building plots. Many self builders are however unaware that such plots, while often being cheap to purchase (some cost no more than £5,000), have little or no chance of ever receiving planning permission from the local planning authority. While recognising that it may not be simple to make such activities illegal, we believe that mechanisms should be in place to identify such malpractice early on, so that Trading Standards can be notified as quickly as possible and action can be taken.

We therefore propose that:

Industry will look to provide better information to would-be self builders about the malpractices that exist in the marketing of self build plots which have no realistic chance of gaining planning permission and what measures are available to report and take timely action against such practices.

5. Implementation

To make rapid progress with the implementation of the Action Plan proposals we believe it is important that the recommendations outlined in this Action Plan are followed through.

We therefore propose that:

Industry and Government forms an implementation group to take forward the actions identified and to report on progress with this work by the end of March 2012.

The Action Plan summary

Land and procurement models

1. Government should ensure that the forthcoming National Planning Policy Framework recognises the importance of self build housing development by asking local planning authorities, when preparing their evidence base of housing need and demand to inform the preparation of their plans and policies, to assess the demand for self build in their areas and to consider how any need and demand can be best accommodated, taking account of the strategic planning objectives and policy outcomes envisaged for the area.
2. Government should be transparent about the rules governing the disposal of public land for housing (and other uses) and should work with industry to ensure that all public land intended for disposal is listed on key self build land availability websites and that

information on the new Community Right to Reclaim Land is made available on such sites.

3. Government Department land disposal strategies, the Homes and Communities Agency in implementing its Land Disposal and Development Strategy, and local authority land disposal programmes should include opportunities (enabled, where appropriate, through competitions) for the development of sites by individual self builders and self build group projects.
4. As part of the proposed communications campaign Industry and Government should actively engage with private housebuilders and land owners to communicate the opportunities and rewards they can generate from making serviced plots available to individual self builders or supporting group self build schemes.

Finance and lending

1. That Government, working with industry, should:
 - Urgently undertake detailed market research into the self build sector to assess its scale, trends and market opportunities to help inform future lending strategies by Lenders and promote the growth potential of the sector to financial investors.
 - Explore the scope to adjust the standard planning application form to enable data on the type of build to be collected in the future.
 - Explore the scope to align ONS, HMRC and DCLG housing supply and planning statistics to provide an improved and consistent evidence base for national and local policy and market information.
2. Industry should prepare a self build development toolkit for lenders which includes information on what

self build development is and the different forms it can take; the scope for growth of the self build market and the profiles of typical self builders; information on the risks associated with self build lending and ways these can be mitigated; information on the capital and regulatory requirements for lenders wishing to offer self build mortgages; and, identify useful contacts for lenders.

3. Industry, in conjunction with the RICS, should prepare and publicise guidance for valuers on the valuation of self build properties.
4. Industry, working with Government, should establish a working group to look at the identifying suitable revolving fund facilities which can be made available to qualifying group self build projects to fund land acquisition and early development costs prior to arranging development loans and mortgages.

Regulations and red tape

1. Planning

Government planning reforms, where appropriate through the forthcoming National Planning Policy Framework, should:

- Facilitate the conversion of redundant farm buildings into homes and live-work units.
- Make it easier for self builders and other small scale housing developments to obtain outline permission to establish the principle of a right to build.
- Facilitate permissions for replacement dwellings by setting out clearer guidelines about how the size of replacement dwellings should be determined. In doing this, provide clarity that local planning authorities can take permitted development rights into account when calculating allowable floor spaces for replacement dwellings where restrictive local policies apply, particularly in the Green Belt and Areas of Outstanding Natural Beauty.
- Either extend the time limits for implementing planning permissions to 5 years or make the provisions set out in the Development Management Procedure Order (2010), which allow applications for the extension of time limits, a permanent feature in the planning process.
- Make it clear that unnecessary planning conditions and obligations should be avoided, particularly when this would undermine the viability of development proposals.
- Further simplify the information requirements for planning applications, particularly in the context of Design and Access Statements and Flood Risk Assessments and their application to small scale development, including self build projects.
- Encourage the use of Neighbourhood and Local Development Orders (NDOs and LDOs) as a means of facilitating multiple-plot self build developments and group self build projects. NDOs and LDOs would provide up-front certainty to would be self-builders that development specified in within these Orders can proceed without the need to specifically apply for local authority planning permission, therefore de-risking the consent process.

- Improve pre-application advice by local planning authorities to applicants by introducing a standard pre-application advice pro forma.

2. Non-Planning

- Government should promote the use of online benchmarking and feedback tools to improve customer service and information on local authority performance.
- Industry, working with Government, should explore how new warranty based products can be developed to reduce the number of bodies and certifying parties involved in self build projects. This work should initially focus on provision of Building Control, Warranty and valuation services but should also consider if there are longer term opportunities to simplify interaction with the planning process (including discharge of planning conditions) and help to improve Health and Safety on self build sites.
- Government should identify how existing Building Regulations Guidance can be made more readily accessible for both professional and non-professional self builders. Industry should, in turn, explore how a domestic only version of this guidance could be developed to help self builders comply with the Building Regulations.
- Industry should provide better information to prospective self builders about relevant VAT charges on their developments and it supports any move to simplify the current VAT arrangements on domestic construction without reducing tax revenues.
- Industry should provide better information to self builders about the challenges of working with utility providers and work with the National Federation of Builders to encourage utility providers to improve the service offered to small scale domestic projects and self builders, including the adoption of transparent pricing, and should work with Government and the Regulators to achieve this.
- Industry should work with the National Federation of Builders, Building Control and Warranty Providers to publish information on Health and Safety for self builders with their documentation.

The self build industry

1. Industry will work with Government to undertake a wide ranging self build development communications campaign to proactively engage with lenders, land owners, housebuilders, suppliers, contractors, planners, housing officers and local council members. This campaign will aim to promote the growth of the self build sector by demystifying the self build housing model, highlight opportunities to attract new entrants and promote more collaborative and innovative delivery models like those now seen in Continental Europe and many other countries.
2. Industry will prepare and publicise a series of up to date self build housing best practice notes and case studies through an action learning network to encourage further innovation in the sector. This information will describe innovative financial solutions, procurement models and projects that the UK self build sector could learn from

and, where desirable, replicate and how planning tools and local protocols could be used most effectively to facilitate different types of self build housing applications.

3. To provide clearer independent information to would-be self builders the self building industry will implement an internet self build 'portal'.
4. Industry will look to provide better information to would-be self builders about the malpractices that exist in the marketing of self build plots which have no realistic chance of gaining planning permission and what measures are available to report and take timely action against such practices.
5. Industry and Government forms an implementation group to take forward the actions identified and to report on progress with this work by the end of March 2012.

Thanks

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