

Report to: **Executive**
Date: **7 December 2017**
Title: **Low Cost Self and Custom Build Initiative for Local people.**
Portfolio Area: **Customer First**
Wards Affected: **All**
Relevant Scrutiny Committee:

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:
(e.g. referral on of recommendation or implementation of substantive decision)

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Recommendations:

1. Executive recommends to Council to implement the custom/self-build initiative through the current policy (AH5) and the emerging policy TTV31.
2. Executive recommends to Council that this Initiative is included in the emerging SPD.
3. Executive recommends to Council that the New Burdens funding is committed to additional staff resource.
4. Executive agrees to review the supply and progress of this initiative periodically

1. Executive summary

- 1.1 Self and Custom build is perceived to be an option for some residents within our local communities. Since the self and Custom Build Act 2015 (Appendix 1), planning officers have seen an increase in applications of this nature. It is anticipated that this initiative will increase the supply of accessible, affordable

homes for local people within the borough. Importantly, homes built through this initiative will be affordable by virtue of the caveats that applicants and subsequent owners will need to adhere to.

- 1.2 Councils have a duty to hold a register of people expressing an interest in this type of housing and additionally have a duty to seek 'plots' in order for self/custom build to come forward.
- 1.3 The self and custom build initiative will be included in the Joint Local Plan Supplementary Planning Document. The emerging policy which provides the hook for this initiative is TTV31. TTV31 states:

"The LPAs will protect the special characteristics and role of the countryside. The following provisions will apply to the consideration of development proposals:

Housing and employment development adjoining or very near to an existing settlement will only be supported where it meets the essential, small scale local development needs of the community and provides a sustainable solution."

- 1.4 As well as size thresholds, which will relate to the Space Standards (appendix 2), to avoid a 'grand design' property, a percentage discount will be attached to the property along with a local connection criteria. These provisions will be held in perpetuity through a section 106 legal agreement or restrictive covenant, in addition to this a local land charge will be registered. This will ensure that properties do not get sold without the approval from the council. This will additionally assist us in maintaining accurate monitoring records in terms of resales.
- 1.5 The self/custom build initiative will allow properties to be built outside the settlement boundary but adjoining the settlement, similar to the Village Housing Initiative. Adequate measures will be put in place to avoid building anything anywhere for any one. The properties will serve a local need and could assist in maintaining local facilities and services.
- 1.6 This initiative only applies in South Hams District Council's planning area which is within the TTV area of the emerging Local Plan. Dartmoor National Park Authority have their own initiatives with regard to self/custom build.

2 Background

- 2.1 Over recent years, house prices and land values have been on the steady increase, limited availability of developable land and mortgage ability issues for custom/self-build has prevented many would-be custom/self-builders from building their own homes. This is relevant for both open market properties

and affordable dwellings. This report seeks to deal with the duties imposed on local authorities through the Self and Custom Build Act 2015.

- 2.2 There is an emerging appetite for people wishing to build their own home. This along with encouragement and financial assistance from the Government makes this more attractive to would be custom/self-builders, especially for those on a limited incomes who may have the skills to bring projects like these forward. The U.K. historically has the lowest amount of Custom Build properties in Europe. The Government is encouraging Custom Building homes as a main stream housing option, with the aspiration to increase this type of development to create 100,000 more homes in the U.K.
- 2.3 It is important to note the difference between the terminologies of Custom and self-build.

In line with national guidance, self and custom build housing can be defined as follows:

Self-Build

This is when someone identifies a plot, then designs, finances, project manages and constructs their own home. Specialists might be employed to carry out parts of the process.

Custom Build

This is where someone commissions the construction of their home from a developer/enabler, builder/contractor or package company. The person does not normally do any of the physical construction work but still makes the key design decisions.

Group Projects

This is when a group of people set themselves up as an organization to procure the construction of a number of homes as a collective. There are many ways this can be done – for example, by creating a development company, or by setting up as a housing co-operative, a co-housing organization or as a housing association.

- 2.4 The government issued New Burdens funding to local authorities to ensure that it delivers self/custom build housing. For the next 4 years, authorities will receive in excess of £90,000 which is ring fenced to assist in delivery of self/custom build homes. This also includes creating and maintaining a register of interested applicants. The South Hams register can be found here: <https://www.southhams.gov.uk/article/3503/Register-an-Interest-in-Self-Build>. In brief, through this register, local authorities have to find adequate plots of land to meet demand for the applicants who have expressed an interest in self/custom building their own home.
- 2.5 In the report *laying the foundations – A Housing Strategy for England*, Local Authorities are being encouraged to establish demands for self and custom build within their area, and to take positive steps to encourage this. The

authorities have registers which establishes local need for plots of land. Councils need to facilitate, available plots and enable delivery. It is anticipated that this report will encourage people to come forward with plots to build self/custom build housing for local applicants. An element of affordability will be maintained as properties will have a restrictive covenant attached to them, thus limiting their availability to the open market.

- 2.6 It is an aspiration for many people to own their own home whether this is by purchasing “off the shelf” or to custom/self-build, however current options are limited. Many people have the skills, desire and access to land to enable this type of development to happen although finance, location and planning policy or available cost effective land can be an obstacle. This report does not seek to allow ‘anything to be built anywhere’ and a number of criteria will need to be fulfilled. Planning policy will still be adhered to and AH5 and TTV31, (1), in the emerging plan is the relevant policy hook.
- 2.7 The NPPF paragraph 50 makes specific references: To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should: *address the needs of different groups in the community such as but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes.*
- 2.8 This initiative will enable residents to remain in a community where local connection has been established through immediate family or work. This document again states the Government’s desire to establish Self/Custom build as a main stream housing option and to maximise all opportunities for this type of housing.
- 2.9 The model that is being proposed is based on the Shropshire self/custom build scheme which has been very successful and used across the U.K., with local iterations. This has increased delivery of housing available for local people within that local area and allowed people to remain in the village where they have strong local connections such as family, employment and current residence. As is common with self/custom build properties, information received so far shows that limited move on has occurred. Research shows that Self builders remain in the home they have built for a substantially longer period of time to those people that have ‘bought off of the shelf’.

3. Initiative detail

- 3.1 Members are asked to consider implementing the initiative for affordable Custom/self-build within the South Hams planning area.
- 3.2 Sites outside the settlement boundary would not normally be granted planning permission unless homes would, not be available to the open market, are developed to meet local need and there are no other proposals that are

deliverable. Policy within the Local Plan, AH5 and emerging TTV31 specifically relate to affordable housing in these circumstances.

- 3.3 A restrictive covenant with the Local Authority would be required to ensure that the properties remain available for local people in perpetuity and therefore will not be “lost” to the open market in the future. A local land registry charge will also be applied. There will be restrictions on the properties to ensure that this scheme is targeted to meet the needs of those applicants with a local connection. This scheme will not be an option for speculative large scale developers.
- 3.4 Homes that are energy efficient self builds will not automatically achieve planning consents. There will be a stringent process when an applicant applies for this scheme to ensure that applicants are not circumventing policies and they are not acquiring the land for second home ownership. This process will additionally ensure that other options are not available for them on the open market ie that building plots are not currently available within the applicants financial means. The scheme will ensure that anything developed, remains as a property for a local person and has a suitable discount attached to this for subsequent re-sales. Expectations will be managed to ensure that this is not a “grand design” project. This will be achieved by imposing size limitations on any proposal or permission in line with National Space Standards +10%.
- 3.5 The information in appendix 3 (application pack) includes the relevant local connection evidence, application forms and draft s106 or similar mechanism. It will be clear in these forms that an applicant’s financial ability to proceed with these schemes are affordable for local people to bring forward a custom/self- build housing projects and therefore assessments of applicants financial circumstances will need to be carried out.
- 3.6 Applicants will need to successfully satisfy the local connection requirements and affordability in order to proceed with an application.
- 3.7 When planning permission is granted for such properties, conditions may be attached to the decision that limit or remove permitted development rights. This would apply to the individual property, and may restrict further extensions or alterations to the dwelling. Proposals for such changes to the property would consequently require planning permission, enabling the local planning authority to consider the merits of any proposal on a case-by-case basis. Evidence from the householder seeking justification for the proposal, for example for additional space, will be required. This is a standard approach taken by local planning authorities in specific circumstances where the exercise of greater control can be justified. It is commonly applied for affordable housing development, most importantly to enable control over the future size of the property and therefore its ‘affordability’.
- 3.8 The resale of the property will be limited to between 60% and 80% of the open market value. If an owner wishes to rent the property out in the future,

this will not normally be approved, however consent will need to be sought from the local authority. This would not be unreasonable withheld. Approval will be sought from the Local Authority regarding the maximum rent charged, this will be capped at 80% of the market rent or the maximum LHA (Local Housing Allowance) rate, this agreement is held in perpetuity through a restrictive covenant.

- 3.9 This initiative will also be suitable for Community Housing builds as some self/custom build schemes could come forward under this initiative. This is normally in the form of a Community Land Trust (CLT) and should be constituted as such. The Government has made loans and grants available to groups wishing to set up a CLT to assist with the setting up costs of the group and initial purchase of the land. This money would need to be repaid once custom builders are able to obtain a mortgage, normally in staged payments from slab level.
- 3.10 There are several active groups within Devon and Cornwall and this type of scheme has been proven to be the most popular in this area of the UK. Many groups which are now established are willing to pass their expertise on to other emerging groups.
- 3.11 Group self-build could comfortably sit under the Village Housing Initiative. The same caveats within the restrictive covenant would apply to group self/custom build as the single plot scheme.

4 Future Safeguards

- 4.1 Applicants who wish to be considered under this scheme will have to meet the authorities Local Connection criteria as detailed in the adopted allocations policy ie live, work, immediate family living in the immediate area. Any subsequent buyers will also need to meet the local connection criteria, however a cascade criteria to the district/borough will need to be included to ensure mortgage ability and future resale.
- 4.2 All applicants will be requested to submit financial information to confirm their eligibility. The application form for the affordability assessment and local connection is attached in appendix 3. **All of the information details requested is required to be considered for the scheme.**
- 4.3 The Community Housing Fund could assist with this type of scheme depending on future announcements from the government, this is expected imminently. The future of the 3 years allocation, which the South Hams received is yet to be announced.

5 Options available and consideration of risk

- 5.1 It is important to note that this will not be a “free for all” in terms of the planning process and all applications will be considered on a case by case

basis following our adopted and/or emerging policies as they are now. The relevant information will continue to be sought with the usual consultation process for example drainage, highways and ecology along with ensuring that any potential build considers the character and lay out of the location.

- 5.2 As a Local Authority we need to be creative and proactive in how we can enable more homes, particularly in our rural communities to ensure the villages remain thriving and sustainable. This delivery option/mechanism will be included in the emerging SPD and the policy hook is currently included in the JLP.
- 5.3 This option of delivery is a target for government, and the release of new burdens funding to local authorities, totalling £90,000 is a clear direction in terms increasing housing delivery. It is understood that sanctions have already been placed on two authorities that are not complying with the Self and Custom Build Act.

6 Outcomes/outputs

- 6.1 The implementation and success of this scheme will be monitored in terms of delivery and turnover of completed properties. Monitoring reports can be provided to members on an annual basis.

7 Proposed Way Forward *(do not remove)*

- a. Proposals
 - b. Justification – including fit with corporate priorities
 - c. Positive and negative impacts and plans to mitigate any negative risks or impacts. Can the risks and impacts be contained?
- 7.1 That the Executive formally recommend to Council that the self/custom build initiative is adopted. Properties developed through this initiative are will be compliant with current and emerging policy. Additional resource will be required which is covered by new burdens funding which will be received over the next 4 years, this totals £90k.
- 7.2 Positive impacts are that the council will be enabling the option of additional homes for local people. Communities have been asking for this model of housing for some time. In addition to this the council will be assisting the government with the targets which they have set. The new burdens funding which they have issued will be secure with the council and will not be removed through not acting in line with the Self and Custom Build Act
- 7.3 If this initiative is not endorsed, the council will not be meeting the statutory requirements included in the Self and Custom Build Act and sanctions could be imposed on the council.

8 Implications

| Implications | Relevant | Details and proposed measures to address |
|--------------|----------|------------------------------------------|
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|----------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | to proposals Y/N | |
| Legal/Governance | Y | The council will comply with all of the statutory and legislative requirements. Therefore there are no specific legal risks arising from this proposal. |
| Financial | N | Any financial assistance which is required will be considered on a case by case basis. This report does not seek financial input from the Council. The council will receive other financial benefits in terms of new homes bonus and council tax income. |
| Risk | N | This scheme will not be suitable for everyone as some may not meet the financial and local connections criteria. All applications will still be required to meet the general policy requirements of a planning application but an additional layer has been included for the requirements of local affordable people. There is no financial risk to the council through adopting this initiative. The risk of not adopting the initiative could result in sanctions being placed on the council. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | None each application will be considered as submitted |
| Safeguarding | N | None. |
| Community Safety, Crime and Disorder | N | Each application will be considered through the Crime Liaison Officer |
| Health, Safety and Wellbeing | N | Keeps families local and therefore could improve Health and Wellbeing |
| Other implications | | |

Supporting Information

Appendices:

Custom and Self Build Act - Appendix 1
Space Standards – Appendix 2
Application pack - Appendix 3.

Background Papers: Local Plan and emerging JLP

[under provisions of the Local Government Act 1972]

List any background papers used to prepare your report or say none. You do not have to include anything that is already publicly available online or in hard copy. Do not include reference to material that is exempt or confidential within the meanings given in the Access to Information Procedure Rules.

Approval and clearance of report

All reports must have Finance Service clearance and, in the case of Cabinet, Council and Portfolio Advisory Committees, Legal Service clearance. Your report will only receive clearance if the implications in