

Episode 192

How 'Right to Build' can help self-builders find land - with Michael Holmes from Homebuilding & Renovating

The show notes: www.houseplanninghelp.com/192

Intro: The current housing crisis in the UK could be alleviated, at least in part, by more people building or commissioning their own homes. However, land is at a premium and the opportunities to self-build seem out of most people's price range. The recent introduction of "Right to Build" legislation could change that, as Michael Holmes explained. Working within the housing sector and chairing The National Custom and Self-build Association makes him the perfect person to tell us about the benefits of the Act. I started by asking him how he got into housing and this whole area.

Michael: My background in housing started when I was PR for the first ever Self-build Home Show in 1990. So, I've been in the sector now for 27 years.

I was responsible for the PR and marketing campaign for the National Self-build Home Show, which was held at Alexandra Palace, I think in 1990, and in the process I learnt all about people building their own homes.

I went from thinking this was something for the open-toed, sandaled, bearded brigade, to thinking this is incredible. I mean, how many opportunities are there in life where you can have your cake and eat it? Because with self-build, not only can you design your own home and have a bespoke property, but there's also the opportunity to save money. I thought that is truly exceptional and I can't see why everybody isn't doing it.

I've been hooked on it ever since.

Ben: Very interesting you said save money. I'm going through this process for the first time and I think it's almost impossible to save money as I am doing it. I'm probably doing it completely wrong.

Have you been through this yourself? I know you've done it lots of times on TV, but have you built your own home or renovated? What's been the main staple for you?

Michael: I have been through 27 projects; I've not lived in all of them.

My property ownership career and hands-on experience started out in London. I bought the property I was renting with my now-wife and we renovated the property on an almost entirely DIY basis, and project managed the remaining elements. We did it because it was the only way we could afford to improve the property we were in, and we spent a lot of evenings and weekends pre-children, when you do have that time on your hands, improving the property and also improving the value of the property.

When we decided to leave London and move out to Oxfordshire, we sold the property and it left us with a big enough deposit to be able to buy a building plot. And so, we moved out to Oxfordshire, very quickly found out we were expecting our first child, built our own home in Yarnton in Oxfordshire. In Cherwell District Council, interestingly, currently probably the leading council when it comes to custom and self-build, with Graven Hill Project, but back then it was a relatively less common thing to do.

We bought a very small plot that happened to have a paddock next to it that we bought. We put the two together and managed to get permission for a quite substantial house overlooking open country. We built it, taking about a year and a half to do so, project managing it, working in conjunction with a builder who we then went on to work with again, and lived in it literally for twelve months, by which time our second child had arrived.

We'd gone from buying a plot with two incomes and no kids to having built the house, gone over-budget, two kids and one income. So, we decided that we had to sell. But what we were very pleased to discover was the house was worth considerably more than twice what it had cost us to build.

That pretty much transformed our lives and gave us completely different horizons and a different outlook on what we could achieve, where we could live and our broader prospects for life.

It is utterly empowering, building your own home. Not just because you put the roof over your own head, sit back and look at every angle, every corner and knowing you've designed it, knowing you've created it, but the fact that you have far more equity in your

home because you've built it yourself, and saved significant amounts on that build cost.

We then went on to do a major remodelling renovation project, then another self-build, and now another remodelling and renovation and extension project.

So, we've been through quite a few. We're now project managers rather than DIYers because time doesn't permit us to do DIY labour. And actually, the job you're best spending time on is being a really good client and being ahead on decisions and making sure that you know exactly what you want, and that doesn't waste time with building subcontractors changing things later.

Ben: I know that David Snell is one of your contributors at Homebuilding & Renovating, and he's been through the process, actually building himself a home a number of times. That's got to be unusual though, hasn't it?

Michael: It is unusual. I think it's very common for people who do one to then go on and do it again. Because when people first think, 'building your own home? My goodness, that sounds very daunting, that sounds hugely ambitious,' once you've done it, you realise just what you can achieve in life and just how feasible it is for people to do.

You've got to remember that this is something that's very, very common across most of the developed world. On average, about 39% of homes are commissioned by their owners in the developed world. We're the exception, where only 8% of homes are commissioned by the owners in the UK. People underestimate their abilities.

As for the number of people who go on to do 14 self-build projects, like David Snell, they are very few and far between, it has to be said. But the second one, I think a lot of people feel they've learnt the first time and second time around, they're going to get it right.

Ben: You mentioned there about the state in the UK. How did we end up there, with this very low percentage of owner-informed houses?

Michael: I think the roots of it are possibly in the fact that we have very limited land ownership in this country. 90% of the land is owned by 10% of the people and if you go back a century ago, that was even more exaggerated.

So, popular home ownership just didn't exist in this country until the 1920s and 1930s when it started becoming more mainstream and people decided that home ownership was something that ordinary

people could achieve. And that was particularly transformed through Thatcher's Britain during the 1980s. So, the concept of home ownership is a relatively new popular concept in this country, per se, in itself.

The idea then of building your own home is even newer to us in this country. I think in many countries, if you wanted a house built, there weren't the volume house builders in place so, you had to go out and buy a piece of land and build it yourself.

Of course, if you wind the clock back a century or two, almost every house was built by the owners, either to live in or to rent out. So, owner-commissioned housing versus developer-led housing, speculative built housing, is something that was in our roots and done only a century or two ago. So, we've lost it somewhere along the line and maybe lost a great deal more in the process.

Only now is it coming back to thinking, who's best to design the house? It's fairly obvious that it's going to be the people who live in it.

I think the reason we have a largely volume-house-building-led sector in this country goes back to land ownership. Then from land ownership, it goes back to the need to build large-scale housing and the fact that the State took that on post-First World War and the Homes Fit for Heroes, large-scale public house building. And then that was gradually taken over by large scale private sector house building.

That suited the Town and Country Planning System of 1948/49 in which they had to identify the pieces of land you could build on and the pieces of land you couldn't build on. That's kind of a plan-led, socialist-based system of a command economy.

We still have a legacy of that today, that the planning system very much restricts where you can build and where you can't build and finds it a great deal easier to grant planning permission on large tracts of building land, strategic sites, than it does on tens of thousands or even hundreds of thousands of individual plots. There's a great deal more work involved in the latter and it's an awful lot easier, if you're tasked with creating or identifying enough land for house building for the next four years, if you draw a red line around half a dozen fields, than trying to identify 4,000 or 5,000 individual plots.

Ben: How do we transition then? What's it going to take?

Michael: The self-build sector as we've known it in this country has largely been in-fill sites, replacement dwellings. It was bumbling along at 15,000 to 17,000 for many years through the '80s, '90s and the early noughties.

When the credit crunch came along, we saw what happens if you withdraw specialist finance products and the sector dropped by about a third, down to about 10,000 / 11,000. It's now recovering to just over 13,000 in the last financial year but it's never going to get much above that 16,000 / 17,000 figure that we saw back in the '80s and '90s just if the houses are built on individual plots, garden plots, in-fills, replacement dwellings.

To take it to the sort of level that you see overseas, you need to bring far more land to market, far more plots to market. That's never going to be achieved with those windfall sites. There are only so many replacement dwellings, there are only so many in-fill plots and sites of rounding off.

The transformational change will come through serviced plots. This is the way it works overseas, where you take those large, strategic sites or those small and medium sized sites, you sub-divide them, put in the infrastructure, put in the roads, sewers, streets, street lights, high speed broadband, maybe even the district heating and combined heat and power – local combined heat and power systems are very ecological – and then you sell them off to individuals.

Probably at one end you have spec builders offering a finished house for those who want that, at the other end you have DIY plots for people who want to buy a plot and build their own house and in-between the two, you have house builders saying, 'tell us what you want and we'll build it for you.' And then you just let the market, the customers, house buyers decide which they want most of.

Ben: Do you think that the self-builder of the mindset they are today wants to be on a site with other spec builders? They might be happy with self-builders but is that the right approach or will we immediately alienate a lot of people?

Michael: That was the million dollar question of the Right to Build, which we can talk about later, and the Right to Build was about registering demand for custom and self-build and then placing a duty on local authorities in England to deliver enough planning permissions to meet that demand.

Clearly, a great many of those sites are going to be on large, multi-plot sites, serviced plots. The evidence from overseas is that there's a market for it, that people are very happy to live on a plot with other self-builders and other spec built houses and in fact want to be part of the community and like the idea that the two difficult parts of the self-build project getting out of the ground – the unknown cost of foundations and the cost of bringing services and infrastructure to a site – are dealt with by a serviced plot. You know what you're paying for the plot includes the groundworks up to slab level and includes the infrastructure, the services and the road.

So, it actually makes it less risky and much easier to access for the majority of people.

There will always be those self-builders who probably already have access to the market, who want the one-off plot with amazing views. But those plots are expensive and always will be. So, if you want a bespoke home, want it at an affordable price and don't want to buy an off-the-shelf house by a major house builder then this is the way of accepting choice.

We did put this to the test and put an Ipsos Mori survey out with 2,000 members of the public. The feedback was that there is significant demand amongst those million people who say they'd like to get on with a self-build project in the next year. A significant proportion of them were willing to live on a site next-door to other house builders on a multi-plot site.

So, I think the answer is yes. It won't suit everybody but it will suit a different market and especially those who are finding it difficult financially to access the self-build market of garden plots and in-fill plots. They will suddenly find that there are plots available for them to build their own home on these multi-plot serviced plot sites.

Ben: I think I was wondering about developers there because I've known in the past, that can be a way that councils can allocate land. They can say, 'this is going to developers.' My point was that do you want to be next door to people who are building the homes that we're not too impressed with? You don't want to live in those. So, if we are having to build right next door – but I know from things like Graven Hill, that those are purely from people like you and I who want to build a house.

Michael: Yes. There are going to be a whole swathe of people who'd never considered building a house before, who look at where they want to live, look at what's on offer and see what's being offered by the spec house builders, and then will see opportunities from custom

builders to build them a bespoke house to their own design, within probably a more limited palate than a self-builder would have, and then there'll also be the serviced plots for the self-builders.

I think this is going to open up the opportunity of a bespoke home to a whole new market who probably don't even currently know that that's an opportunity.

To get to the numbers we see overseas, 39% of new houses being built, those are never going to all be self-build. A great proportion of that will be custom build. Self-build light, if you like. People who've got a job to hold down and careers and families and hobbies and sports who still want a bespoke home and are willing to pay for it but don't have the time to self-build.

Ben: Let's go through this then. The Right to Build, what is it? How does it work if we want to take this up?

Michael: The Right to Build is a legal duty placed on every local authority in England. We're currently saying it doesn't apply to Wales, Scotland and Northern Ireland, although NaCSBA – the National Custom and Self-Build Association – is talking to the devolved governments in each of those countries.

Currently each local authority in England has to maintain a register of people who want to build their own, looking for a serviced plot to build their own home. They have a legal duty on a rolling three year basis to grant sufficient development permissions to meet that demand.

What it does, for the first time, is it forces local authorities to recognise that there is demand for custom and self-build, something many have chosen to ignore in the past, and then to actually do something about meeting that demand by having policies or working in conjunction with developers or housing associations or landowners or anybody in the sector, to either facilitate the land coming forward or indeed, bring it forward themselves by either using public sector land that's already owned by the Council or the HCA or indeed going out and buying plots and creating those serviced plots themselves.

This can apply across all tenures. This doesn't just meet the demand of the Grand Designs generation, people who ambitiously want to build their own one-off house, this applies to people who are looking for rent, it applies to people looking for shared ownership, group self-builders, community-led housing, apartments, flats, right the way through to those one-off Grand Designs houses.

So, it really is a broad spectrum of people looking to put their own roof over their head because they want to do that through individual design, or because they want to do it on a more affordable way by investing their own sweat equity.

Ben: This may not be the finished scheme that I got involved with but let's rewind, say, three years ago. I signed up to something that I thought was along those lines and it all went very quiet.

Can we monitor this situation? If nothing happens, who do we then speak to?

Michael: What you signed up to three years ago could not have been the Right to Build because it was launched on 01 April 2016. The duty for local authorities to meet demand on a rolling three year basis didn't commence until 31 October 2016. So, this is something that's very, very new. We've not yet seen the full first year of the registers.

What we do know is in the first seven months, 01 April to 31 October 2016, through a Freedom of Information request led by NaCSBA, we know that 18,000 people signed up on the registers and we're hoping that in the first full year that ends this October 2017 will be somewhere between 25 and 30,000 people on those registers.

So, it's still very, very early days. What we do know though, is that this has been in the pipeline for some time and that there have been 11 vanguard Right to Build local authorities for the last three years, and also the GLA in London have been working on trialling Right to Build through experimental planning policies and other initiatives like Graven Hill at Cherwell, which is a site for 1,900 custom and self-build plots. So, there's been momentum out there already. And ahead of the Right to Build, some other local authorities like Plymouth City Council have been very proactive about custom and self-build.

What we did see in the full year 2016 was a 24% increase in planning applications for individual new dwellings. So, quite a significant increase year on year between 2015 and 2016. We're talking about something like 18,000 applications for single new dwellings. So, a significant growth, even ahead of the Right to Build really starting to take effect.

I think we can see that the number of plots coming to market is already growing and will continue to grow. In terms of its impact on the Right to Build Portal, which is a website that links through to every local authorities' demand register, NaCSBA is posting the

number of people on each register on the link page for each local authority. So, you can see how many people are registered there. That will be updated again following our Freedom of Information Request work to find out how many people are registered in 2017.

So, government is very ambitious about this. They want to double the sector by 2020 and have made it clear in the White Paper on the changes to the National Planning Policy Framework for England that if they don't start to see the numbers getting to where they want them to be, the 20,000 number by 2020, they will take further legislative action to push the Right to Build.

What has definitely happened is a growth from the low point of 10,000 or 11,000 post credit crunch in about 2010, to now over 13,000 in financial year 2016. So, it's going the right way. It's growing at just over 6% a year. And with the Right to Build starting to kick in, we're expecting that rate of growth in the sector to accelerate.

Ben: What sort of commitment are we making by putting ourselves on this register?

Michael: You are not actually committing to anything unless you are charged a fee. The Statutory Instrument that was introduced last year does give local authorities the right to charge for entry on the register. I would encourage local authorities not to do this if they want to get anything like a true picture of demand because actually getting people to know about this, then getting them to come to the website, then getting them to sign-up is already quite a good filter as to whether people are serious about this or not. But there is the option for them to charge there but I think that will impact on the numbers of people signing up.

Other than paying a fee, if there is one, you're not actually committing to anything. What you're doing is signing up to be counted in that demand assessment, which then means that the local authority has to take your demand into account. Incidentally, it's not just individuals, it's groups of individuals as well and they will be counted.

Local authorities then have the duty to bring forward enough development permissions to meet that demand, but it doesn't actually mean that they're going to pass a permission for a particular plot, with you in mind and your particular needs in mind or your particular location in mind. It will be in the local authority in which you're looking and there will be a plot permitted to match your demand, but it doesn't mean that you need to buy it. It doesn't

mean at the moment you'll necessarily even be aware that a plot's been granted against your demand.

It's a bit like school places in that they work out how many children of each generation age group there are and then the local authority, across the local authority group, has to make sure there are enough school places made available. But it's up to you to identify the school you want to go to and there's no guarantee you'll get into it.

Ben: Is there a way that we can remove our name from this register? Because we're probably not going to use this as the only avenue to get our piece of land.

Michael: Yes. If you write to the local authority and ask for your name to be removed, your name will be removed from the register. So, your data can be removed at any stage.

Incidentally, that data is not available in the public domain anyway. It's data that's kept by the local authority.

Ben: This might have changed since I filled out our one, but there was a lot of information. It might have been something like eight or nine different pages of questions.

What's it looking like these days?

Michael: It can be very, very simple. Again, that's up to the local authority to decide what their register looks like and how much information they ask.

They can keep a two-part register. The first part of the register is open to everybody in the EU, including Switzerland, and that is the register that counts in terms of assessing demand.

There's a second part of the register that can ask further questions. For instance, it could apply a local connection test to decide whether or not you can be prioritised for a plot that's being brought forward perhaps by the local authority.

Shropshire, for instance, has a local connection test for its Exception Site Policy, which allows local people to build in the countryside if they get local support, provided it's an affordable size and value home and is retained in perpetuity through a legal agreement, a Section 106 agreement, so that if you do decide to sell it on, it must be sold on to somebody else who also meets that local connection test, and it must be sold on for 65% of market value. So, it's retained in perpetuity as an affordable home.

So, there is the option there for them to apply a local connection test, for whatever needs they see fit, and also the option to apply a financial affordability test to see whether or not people going on the register can actually afford to be able to build their own home. But neither of those things means that you don't go on part one of the register and neither of them mean your demand isn't counted in the assessment by the local authority, in working out how many plots they must grant permission for.

Ben: How long are we expecting this process to take? If I did think that this is the only way I'm going to build a house, I've put my name down, do I just wait and wait? Do we think three years, five years?

Michael: Three years is the test, the legal duty upon local authorities to grant permission.

If they fail to grant enough planning permissions to meet demand in those three years and you can demonstrate the demand is there, then I think there'll be a very strong case to apply for planning permission on a piece of land that might not ordinarily have received planning permission, and use the fact that they've failed to match demand with the number of permissions they've granted, and that would be a material consideration in determining whether or not to grant permission on that site.

Rather like where a local authority has failed to meet its five year land supply and developers are able to bring forward sites outside the local plan and quite often get permission, even if it goes to appeal, on the grounds that the local authority has to grant consent because they've failed to meet their target for a five year land supply for housing.

Similarly with custom and self-build. At the moment there are many, many plots brought forward that are just outside settlement boundaries that are refused. I think if a local authority has failed to meet demand on the Custom and Self-Build Register, that those plots might well get planning permission.

It remains to be seen how inspectors will treat this and what weight they'll give to the Self-Build and Custom House Building Act but certainly, we expect it to have weight in those planning decisions.

Ben: We've all been keeping our eyes on Graven Hill. Is there anything that you have learnt that might be useful to share here?

Michael: My view of Graven Hill is that it's a fantastic, ambitious project. They could probably build it out and deliver it faster if they combine self-build, custom build and spec build, if they were really looking

just about deliverability. That probably isn't the principle objective for them. I think they're looking to build a custom and self-build community. And I think it's a very admirable project.

There are other opportunities for developers within Cherwell District Council. They've got the garden village, they've got quite a few other sites coming forward. They've also got the airbase up at Upper Heyford. So, there are plenty of choices for people who want to go and buy a speculative built new build house out there. So, keeping Graven Hill back for custom and self-build I think is a really admirable project.

I think it's important to make sure that they meet all forms of demand as well, through shared ownership, apartments, custom build and pure self-build. And they are beginning to do that stage by stage, making sure that they meet all the different aspects of demand within the custom and self-build sector. Because there are many, including groups, and I know that they are also looking at whether or not to work with group self-builders too.

Ben: I think I'm right in saying that NaCSBA is almost 10 years old now and you're on a bit of a mission. What are the challenges that you're facing – I imagine this is your core policy – but in trying to make things happen on the ground?

Michael: I think the number one objective now has to be a consumer campaign to let people know about the Right to Build and let them know that this is something that is attainable, that is achievable.

I still think it's quite remarkable that as one of the wealthiest and most advanced countries in the world, we can't build enough houses to meet demand and that many people are sharing, many people are living in sub-standard housing, many people who are working cannot afford to get on the housing ladder. It just seems quite remarkable that we aren't able to bring forward enough land and enough new homes for everybody to have somewhere decent to live.

While self-build and custom build are by no means the only solution, I think they're a significant part of the solution. If we can get anywhere near delivering 39% of new homes through custom and self-build, as we see elsewhere in the developed world, we'd go a very long way to helping solve the housing crisis.

To achieve that, we need to make sure people are aware of the opportunity and that it's something that's realistic for them to take on. We need to have, alongside new build sites and the existing

housing stock, serviced plots available, widely, across all areas where people want to live. We need to have a network and structure of custom build providers and builders who are able and willing to build those houses for people quickly, efficiently and cost-effectively, we need to have finance products to meet that demand, including demand from people who perhaps want shared ownership and can't necessarily afford to buy the plot outright at the moment based on their current income but perhaps buy or lease it and then just pay for the house that they build on there.

So we can really boost the volume of house building in this country and get people living in the homes they deserve.

Ben: So, you've got your work cut out for you.

Michael: It's not going to be easy. It's not going to be quick. But we are determined. We've got a fantastic board on NaCSBA. We do have the ear of government and all parties. We are talking to the governments in Scotland, Wales and Northern Ireland. We can turn to Europe, America, Canada, Australia, New Zealand, Japan – anywhere you look – and point towards the way new housing is brought forward in those countries.

I don't see why the public of the United Kingdom are any different or should be any different and why we shouldn't have high quality, affordable housing stock for everybody in this country.

Ben: That's a good place to leave it. I know you've got these expos coming up. Are they aimed at us or are they more for the councils?

Michael: They are aimed at local authorities and the sector at the moment.

We've got a programme starting in Aylesbury on 18 September 2017. Alok Sharma, the housing minister, will be attending, Richard Bacon MP, the chair of the All Party Parliamentary Group for Self-build, Custom Build and Community House Building – quite a long APPG title.

We've got an excellent line-up of speakers and the idea really is to attract local authorities, housing providers and key stakeholders to come along, to listen to how we can all work together to deliver more custom and self-build housing and to promote the work of the custom and self-build task force which is funded by the Nationwide Foundation, a three year programme which will turn into an ongoing self-funding programme, providing local authorities with the assistance on how to bring forward land to meet the demand on the Right to Build Registers.

So, there's a great deal of understanding within local authorities about custom and self-build, a great deal of interest in it, and by and large, they are very supportive of this. They recognise their duties to register and assess demand, although we don't as NaCSBA believe that the demand registers go anywhere near reflecting the true level of demand for custom and self-build housing. So, we're working on a demand assessment tool that will go much further in helping local authorities assess the broader demand for custom and self-build housing.

But what they lack in many areas is the expertise in how to bring forward the land to meet that demand. That's where the Right to Build Taskforce will play a very important role through the Right to Build Toolkit, the forums that allow an exchange of ideas, initiatives and planning policies between local authorities, and really helping them understand what measures they can take to work with developers; create planning policies that perhaps enable or require developers and landowners as part of their permission to bring forward a proportion of sites for custom and self-build alongside spec build and alongside affordable housing; how they can work perhaps with other housing providers such as housing associations so that when a housing association brings forward sites, an element of that is market, custom and self-build; how they can use it in regeneration policy; how they can actually use it to cross-subsidise affordable housing through housing associations and perhaps directly themselves; how they can actually bring forward development sites themselves on council-owned land and actually generate much needed revenues to fund other council services; how they could even acquire land and become developers themselves and providers of serviced plots; the role they can play in placemaking; the role they can play in shaping the regeneration of existing run-down areas using custom and self-build as part of the mix; and how they could really bring together community-led housing groups to solve their own housing needs at community level and at an individual level because it can, as Shropshire's set a fantastic example, be a very good way of solving rural affordable housing need.

So, it does really vary across every local authority and the particular needs of each local authority in terms of housing, the particular skillset they might have within the local authority, whether or not they own land, whether or not they work in conjunction with housing associations and other housing providers – it will not be a one size fits all solution. Hence the work of the vanguards and hence the very big role NaCSBA has and the Right to Build Taskforce has in helping every one of those local authorities, where there's the

political will to meet the demand of custom and self-build and enable people to solve their own housing needs.

It's about democratising house building. It's about putting people in charge of house building to meet their own needs. It's something that's been done in many countries elsewhere, it's something that we did in this country ourselves. Because many of the towns and villages we love so much were all built on an individual basis, where the owner took a piece of land or had a piece of land and went about getting a house or a structure built on that piece of land. And it means you get that individuality. It means you get that variety that makes up the character of our towns and villages that we so value, rather than the characterless homogenous housing that is mass-built at the moment, that probably is responsible for an awful lot of the antipathy towards new house building.

Ben: You're clearly on a mission. We're cheering you on here. Keep up the good work. Thank you very much.