

Self-build and custom housebuilding: updated planning guidance

Introduction

On February 8th the Government updated Planning Practice Guidance - Self-build and custom housebuilding (the PPG¹). The guidance was first introduced in 2016 to support the Self-build & Custom Housebuilding Act 2015 and this update is the most wide-ranging since 2017, demonstrating the continued importance of this type of housing to the Government.

Increasingly local authorities are looking to diversify their housing offer to respond to local interest in this type of housing. The amended PPG strengthens and clarifies the ways in which demand for self-build and custom housebuilding (typically referred to as CSB) can be planned for and met.

At the same time, MHCLG published data that provides a comprehensive picture about demand for and supply of plots for self-build and custom housebuilding.²

What is Self-build and custom housebuilding?

The updated PPG clarifies and expands the definition of CSB

“self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation”

Neither the legislation nor the PPG distinguish between self-build and custom housebuilding and, in practice, they can appear to overlap. A useful description of the two has been provided

by the National Custom and Self Build Association (NaCSBA).

Self-build: is when someone gets involved in, or manages, the construction of their new home (with or without the help of subcontractors).

Custom build: is when people commission the construction of their home from a developer/enabler, builder/contractor or package company. With ‘custom build’ the occupants usually don't do any of the physical construction work but still make the key design decisions.

The new PPG clarifies that conversions can be counted as self or custom build whilst homes bought ‘off-plan’ cannot. The new PPG also notes that exemptions from the Community Infrastructure Levy can include self-build and custom build multi-unit and communal schemes.



Source: Tresham Garden Village Masterplan by Charlton Brown Masterplanning & Urban Design (the development is to include 20% of new homes as self or custom build)

Setting up and managing self-build registers

As is required of them by the legislation, all local authorities in England now maintain a self-build register. MHCLG³ indicates that there were around 10,700 new entries onto registers in England during 2018/19 but numbers registering

¹ <https://www.gov.uk/guidance/self-build-and-custom-housebuilding>

² <https://www.gov.uk/government/publications/self-build-and-custom-housebuilding-data-2016-2016-17-2017-18-and-2018-19>

³ MHCLG

vary significantly between authorities. The three authorities with most registrants were:

- Bristol (323)
- Cornwall (219)
- South Cambridgeshire (212)

Authorities can adopt eligibility tests for entrants to the register. These are limited to a local connection test and a financial solvency test and authorities must have strong justification for their use. For the financial solvency test, the PPG also notes that there should be appropriate consideration given that self-build and custom housing is a route to affordable home ownership for those on low incomes. Eligibility tests are far from universal with data showing just 29% of authorities having introduced a local connection test and 10% a financial test⁴.

The PPG allows authorities to collect additional information including location preferences of applicants, their preferred tenure, dwelling type and plot size as well as their budget. This is all valuable information for those planning the future supply of plots for self-build and custom housebuilding, although applicants are not obliged to supply the extra information.

The PPG provides more flexibility about how authorities can manage their registers. They can choose to work together to publicise and promote registers and can use a private sector supplier to maintain them. But it is important that applicants are clear to which authority they are applying. The PPG recommends that authorities hold and regularly update a web page dedicated to self-build and custom housebuilding, and encourages additional methods for publicising registers including the use of radio, newspapers, social media, neighbourhood forums and town councils.

Registers and local authority functions

There are a number of ways local authorities are to 'have regard' to their registers in carrying out their functions. These include preparation of planning policies.

Importantly, the PPG also strengthens the role of registers in decision making when this involves proposals for self and custom housebuilding. Registers are now "...likely to be a material consideration..." in such situations.

Registers also need to be taken into account by local housing authorities when carrying out their housing functions and the PPG encourages close working between delivery partners to "*ensure that self-build and custom housebuilding is an integral part of their housing delivery strategy*".

When developing plans to dispose of their land, local authorities are encouraged to consider demand for self-build and custom housebuilding. This route is identified as being "*particularly valuable*" in ensuring sufficient sites come forward for self-build and custom housebuilding. Self-build and custom housebuilding is also seen to have a role in delivering regeneration "*on suitable brownfield sites, under utilised land and other public sector land*".

Taking a longer-term view: use of demand assessment tools

Consistent with previous guidance, it is expected that strategic housing market assessments will assess the housing needs of different groups including those wishing to build their own homes. The PPG continues to indicate that authorities should use their registers to understand and consider future need for this type of housing. As before, data from the registers can be "*supported as necessary by additional data from secondary sources*".

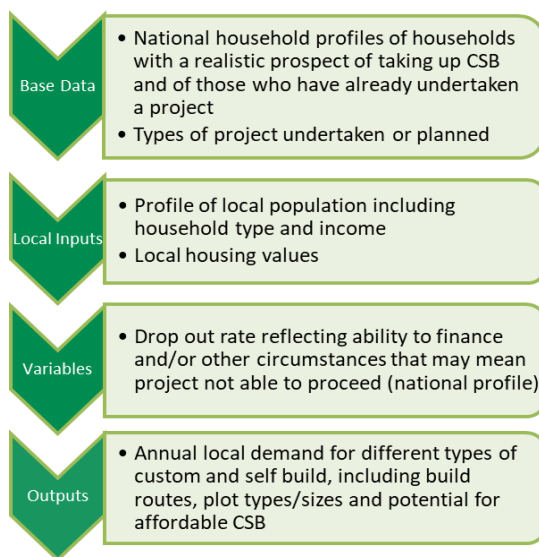
The PPG requires that at the end of each base period (the year to 30th October) authorities have 3 years in which to grant permission to an equivalent number of plots suitable for self-build and custom housing. This three year horizon is by definition a short-term approach, and it is questionable whether registers are appropriate to assess demand over longer periods such as for local plans. The PPG now very helpfully expands on other kinds of data that can be taken into account in planning for the longer term:

⁴ MHCLG

- Building Plot search websites
- Enquiries from local estate agents
- Surveys of local residents
- Demand assessment tools.

For the first time, there is explicit recognition in the guidance of the potential role of ‘demand assessment tools’ in planning for the future supply of serviced plots for self-build and custom housebuilding. This would seem to be an opportunity for housing and planning authorities to take a longer term view of demand.

We believe this will add a different dimension to planning for self-build and custom housebuilding. Using our bespoke demand assessment tool⁵ we estimate that nine out of ten English authorities should be planning longer term for the provision of more plots than the short-term picture indicated by their registers.



Source: Three Dragons Demand Assessment

Measuring supply

Planning authorities need to take into account current levels of supply of plots (typically single dwelling permissions) to help them plan for the additional supply of plots needed to meet future demand. In 2018/19⁶ it is estimated that

permission was granted for about 10,100 suitable serviced plots. There are big differences between authorities in numbers on their registers and supply of plots. **The MHCLG data indicates that in 2018/19 over 60% of authorities had a shortfall in the delivery of plots against new entrants to their registers.**

Legislation does not specify how suitable permissions for plots should be recorded and this can be a contentious issue as simply counting all single dwelling planning permissions may not stand up to scrutiny. The PPG now provides the following examples:

- whether developers have identified self-build or custom build plots as part of the development;
- where the application itself references self-build or custom build;
- or where a CIL or s106 exemption⁷ has been granted.

Increasing delivery and effective plan making

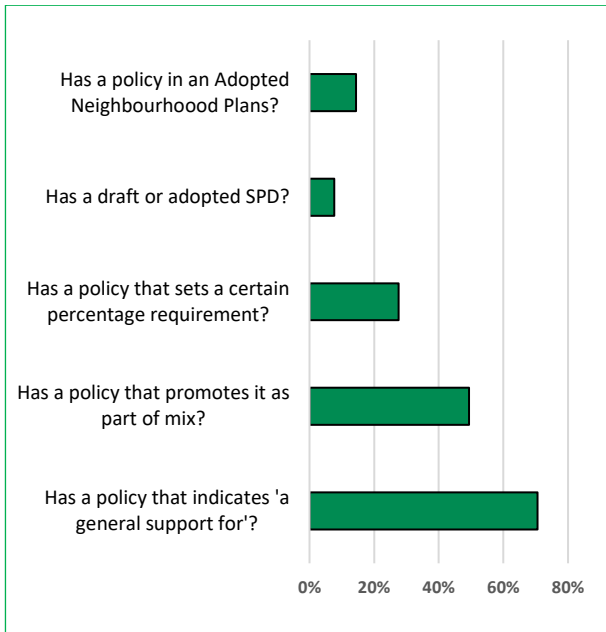
The PPG is clear that, “*Local planning policies should address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward ...*” and there is growing evidence of the range of policies emerging as authorities update their plans.

By 2018/19, the majority (71%) of authorities had a policy to support or encourage self-build and custom housebuilding. A number of authorities are considering more proactive approaches such as specifying a certain percentage requirement (28%), preparing an SPD to aid delivery (8%) and exploring Neighbourhood Plans as a route (14%), as illustrated in the chart below.

⁵ Three Dragons, with support from National Custom and Self Build Association

⁶ MHCLG

⁷ other PPG guidance on the use of planning obligations does not make reference to any s106 exemptions for self or custom housebuilding



Approach to CSB: percentage of authorities

The PPG identifies additional roles for local authorities, one of which is an expectation to support neighbourhood planning groups to include positive self-build and custom housebuilding policies in their plans. The PPG also now requires authorities to work with other bodies such as Homes England, local partners, such as housing association and third sector groups and other delivery areas to explore new routes for self-build and custom housebuilding

Hoped for updates

Some issues affecting the planning for and delivery of self-build and custom housebuilding that Three Dragons would have welcomed in the PPG but have not materialised. These include:

- Clarification about how the viability of such developments should be assessed;
- Planning effectively for developments with a mix of developer and self-build and custom housebuilding plots;
- Best practice in marketing CSB plots and measures to take to protect a developer who is unable to sell a plot.

About Three Dragons

Three Dragons has been working with local authorities and developers for several years, helping them provide for the needs of self-build and custom housebuilders. Our work to date has included:

- Estimating demand for self-build and custom housebuilding in an area;
- Helping develop planning and housing policies;
- Assessing sites that might be suitable for self-build and custom housebuilding.

For more information please visit us at <https://www.three-dragons.co.uk/>

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