



BRIEFING PAPER

Number 06784, 15 June 2015

Self-build and custom build housing (England)

By Wendy Wilson

Inside:

1. What is self-build and custom build housing?
2. The size of the market
3. Demand for self/custom build
4. Barriers to expansion
5. Government policy initiatives
6. Impact



Contents

Summary	3
1. What is self-build and custom build housing?	4
2. The size of the market	5
3. Demand for self/custom build	6
4. Barriers to expansion	7
5. Government policy initiatives	8
5.1 Funding	9
Custom Build Investment Fund	9
Community Right to Build	10
Affordable Homes Guarantees Fund	10
Self-build mortgages	10
Help to Buy: equity loan scheme	11
5.2 Planning and land release	11
Community Infrastructure Levy exemption	12
Section 106 exemption	12
5.3 A new Right to Build	12
5.4 The Self-build and Custom Housebuilding Act 2015	14
6. Impact	15

Summary

The UK has a much lower rate of self-building than other European countries. The sector currently accounts for between 7-10% of completions while in Austria it accounts for around 80%. There is some evidence to suggest that there may be significant unmet demand for self-build in the UK. A survey commissioned by the Building Societies Association (BSA), published in October 2011, suggested that 53 per cent of people in the UK would consider building their own home given the opportunity. Around 100,000 people subscribe to one of the main plot-finding websites.

Barriers to self-building have been identified as land supply and procurement; access to finance; the planning process; and general regulation and red tape.

In [Laying the foundations: a housing strategy for England](#) (2011), the Coalition Government set out plans to enable more people to build or commission their own home. Various measures were introduced to ease the path for those wanting to build their own home including (repayable) funding; an exemption from the Community Infrastructure Levy; amendments to planning guidance; and improved access to public sector land.

Richard Bacon's [Self-build and Custom Housebuilding Bill](#) gained Government support in the 2014-15 Parliamentary Session and obtained Royal Assent on 26 March 2015. The Act requires local planning authorities to establish local registers of custom builders who wish to acquire suitable land to build their own home. It also requires local authorities to have regard to the demand on their local register when exercising planning and other relevant functions. More information on the Act can be found in Library Briefing Paper 06998, [The Self-build and Custom Housebuilding Act 2015](#).

A Government consultation exercise was conducted between October and December 2014: [Right to Build: supporting custom and self build: consultation](#) the outcome of which was announced in March 2015: [Right to Build: supporting custom and self build: government response to consultation](#). The then Government said it would build on the legislative framework provided by the *Self-build and Custom Housebuilding Act 2015* to introduce a Right to Build under which local authorities would be required to bring forward plots of land for registered custom builders in a reasonable time. There is an ongoing pilot of the Right to Build in 11 local authority/National Park Authority areas.

The [Conservative Party's 2015 Manifesto](#) contained a commitment to introduce a Right to Build and double the number of self and custom build homes by 2020. Measures to take forward the Right to Build will be included in a forthcoming *Housing Bill*.

1. What is self-build and custom build housing?

Self-build and custom build both provide routes into home ownership for individuals and groups who want to play a role in developing their own homes. As the sector has grown, distinctions have developed between self-build and custom build approaches. The [National Custom and Self Build Association](#) (NaCSBA) explains these differences:

On The **Self Build** Portal we define self-build as projects where someone directly organises the design and construction of their new home. This covers quite a wide range of projects. The most obvious example is a traditional 'DIY self-build' home, where the self-builder selects the design they want and then does much of the actual construction work themselves. But self-build also includes projects where the self-builder arranges for an architect/contractor to build their home for them; and those projects that are delivered by kit home companies (where the self-builder still has to find the plot, arrange for the slab to be installed and then has to organise the kit home company to build the property for them). Many community-led projects are defined as self builds too – as the members of the community often do all the organising and often quite a bit of the construction work. Some people have summarised self-build homes as those where people roll their sleeves up and get their hands dirty by organising or doing the physical work themselves.

Custom build homes tend to be those where you work with a specialist developer to help deliver your own home. This is usually less stressful as you'll have an 'expert' riding shotgun for you. A new breed of custom build developer has emerged over the last two years, and these organisations take on most of the gritty issues for you – everything from securing or providing a site in the first place, through to managing the construction work and even arranging the finance for you. This is more of a 'hands off' approach. It also de-risks the process for the person who is seeking to get a home built. Some people are concerned that by going to a custom build developer you'll get less of a say in the design and layout of the home you want. But this shouldn't be the case; a good custom build developer will be able to tailor it to perfectly match your requirements.

One or two custom build developers also provide a menu of custom build options – for example, they may offer to just sell you a serviced building plot (that you then take over and organise everything on); or they might offer to build your home to a watertight stage (so that you can then finish it off and fit it out to your requirements).¹

A 2012 paper by the Building Societies Association (BSA), [Lending information for self-build in the UK](#), lists seven main ways of undertaking a self-build project including: contractor built one-off home; self-built one-off home; kit or package home; developer built

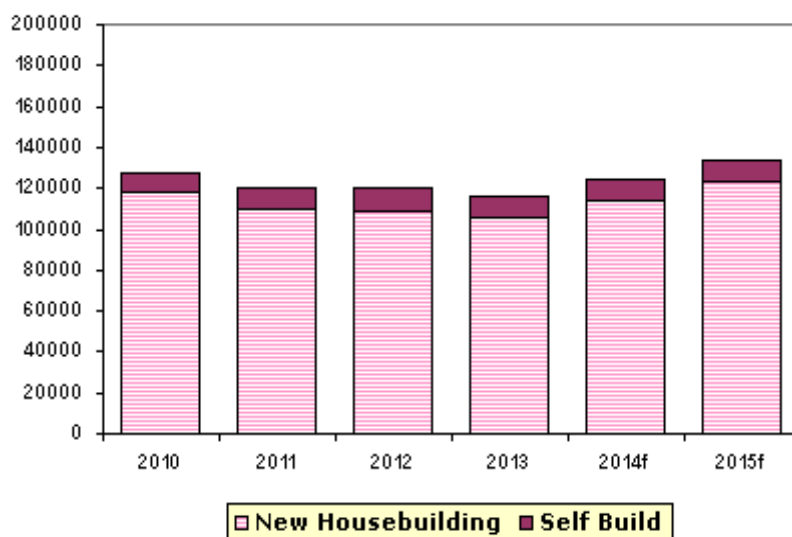
¹ [What is custom build?](#) NaCSBA Self-build Portal [online – accessed 17 October 2014]

one-off home; supported community self-build group; independent community collaboration; and developer/contractor led group project.²

2. The size of the market

There is no conclusive figure for the number of self/custom build properties completed each year but the generally accepted estimate is that self-build accounts for between 7-10% of new housing (around 12,000 homes per year) across the UK.³ The [Self-build Housing Market Report – UK 2014-2018 Analysis](#) estimates that self-build completions in 2013 reached around 10,630 – equivalent to almost 8% of total completions and 10% of private sector completions.⁴ AMA Market Research estimates that the value of the self/custom build market to the UK economy in 2013 was approximately £3.4bn.⁵

<Caption>



Self-Build and New Housebuilding Completions UK 2010-2015⁶

The UK has traditionally had a much lower rate of self-building than other European countries. As noted above, in the UK the sector makes up around 7-10% of new builds while in Austria 80% of housing completions are self-build; in France the figure is nearer 60%.⁷

Richard Bacon secured an Adjournment debate on 7 May 2014 on the subject of self/custom build housing. During the debate he gave examples of successful self-build initiatives in other countries:

² [Lending information for self-build in the UK](#), [Lending information for self-build in the UK](#), BSA, 2012, pp4-5

³ See Wallace A, Ford J and Quilgars D, [Build-it-yourself? Understanding the changing landscape of the UK self-build market](#), Centre for Housing Policy, University of York Spring 2013, p15

⁴ [Self-build Housing Market Report – UK 2014-2018 Analysis](#) (summary), AMA Market Research

⁵ *ibid*

⁶ *ibid*

⁷ See - [A Housing Strategy for England](#), DCLG, 2011, Figure 4, p14

Some 190,000 dwellings have been constructed in Berlin by self-build and custom-build groups. What is fascinating in Berlin is that the municipality—the local council or the Berlin senate—actively seeks to help. For example, a group of parents will come together and say to the local council that they want to build a block of apartments with a garden in the middle and a school. The social glue that holds them together is the fact that their children all have some special need. The parents have a common interest in developing something that meets their children’s needs. The local council will say, “How can we help you?” If it can be done there, it can be done here. In Berlin, a group of 25 women between the ages of 60 and 70 decided that they wanted to build an apartment block together.⁸

3. Demand for self/custom build

There is some evidence to suggest that there may be significant unmet demand for self-build housing in the UK. A YouGov survey commissioned by the Building Societies Association (BSA) and published in October 2011, suggested that 53% of people in the UK would consider building their own home given the opportunity.⁹ In its 2011 Housing Strategy ([Laying the Foundations](#)) the Coalition Government reported that 100,000 people were looking for building plots at that time.¹⁰

A 2013 report by the University of York on the self-build market described the motivations behind the self-build sector as:

...improving consumer choice in the UK housebuilding sector, securing environmentally sustainable housing, building strong communities and cost effectively achieving a home that meets the needs and aspirations of individual households.¹¹

⁸ HC Deb 7 May 2014 c250

⁹ Survey commissioned by the Building Societies Association (BSA), October 2011 [Subscription only]

¹⁰ [A Housing Strategy for England](#), DCLG, 2011, p14

¹¹ Wallace A, Ford J and Quilgars D, [Build-it-yourself? Understanding the changing landscape of the UK self-build market](#), Centre for Housing Policy, University of York Spring 2013, p15

4. Barriers to expansion

The University of York's 2013 report identified a series of challenges to self-build projects including:

- land supply and procurement;
- access to finance (lenders tend to perceive self-build loans as higher risk);
- the planning process and variations in planning authority approaches; and
- general regulation and 'red tape.'¹²

A 2011 report prepared for a Government-Industry Self-Build Working Group provided an overview of several international self-build models to inform the Working Group and noted the following lessons:

...proactive planning was required, as were capital grants to groups, cultural change to promote self-build, an increase in self-build finance, modern construction methods, reduced planning regulations for the sector and the master planning of large sites.¹³

AMA Market Research summarises the factors constraining growth of the sector in [Self-build Housing Market Report – UK 2014-2018 Analysis](#):

However, a number of issues, including the availability of finance and difficulties in obtaining suitable land and planning permission, continue to constrain growth within the self-build market. As a result, self-build completions have declined in recent years from a peak of around 14,000 units in 2007 to around 10,600 in 2013, and the UK continues to have one of the lowest rates of self-building in Europe.

A key issue is that the availability of self-build plots is not uniformly spread throughout the UK. The highest volume of self-build housing is in the South East and South West, which have a 22% and 25% share respectively of self-build projects in the UK, with the highest volumes found in Cornwall, Devon and Somerset. In London, the number of self-build plots available is negligible severely affecting the opportunities for self-build housing, meaning only 4% of self-build projects are completed in London.¹⁴

In December 2013 then Labour leader, Ed Miliband, launched an independent Housing Commission led by former BBC Chairman, Sir Michael Lyons, the purpose of which was to develop a plan for increasing the supply of new homes to more than 200,000 by 2020. The report of the Commission, [Mobilising across the nation to build the homes our children need](#), was published in October 2014. It contains the following observations on preconditions for increasing the role of the self/custom build sector in the UK:

¹² Ibid, pp18-20

¹³ *Lessons from International Self-Build Housing Practices*. Report prepared for the Government-Industry Self-Build Working Group, National Self-Build Association, Owen S, 2011

¹⁴ [Self-build Housing Market Report – UK 2014-2018 Analysis](#) (summary), AMA Market Research

We believe that there is some scope for self-and custom-building to increase over time its prevalence in the UK to the sort of levels seen in European countries. It has been argued in evidence to the review that the potential is there for it to make a contribution of a further 10,000 or 20,000 units each year and these estimates do not seem implausible. For this to happen, however, there are three preconditions. First, land must be brought forward in plans for self- and custom-building in a way that allows for the kind of broad outline permissions usual in the Dutch and German models to be granted. This should be a consideration for local authorities in acting as master developer on assembled sites. Secondly, land needs to be made affordable upfront; this argues strongly for self- and custom-build to be made a priority use for publicly owned land where land can be invested in shared ownership and the recognition of social value can be more easily adopted. A more active role for local authorities in land assembly and facilitating partnerships and the Housing Growth Areas and New Homes Corporations proposed by the review will have an important role to play in enabling non-traditional developers and custom builders to join the market by increasing the provision of sites not being provided by other developers.¹⁵

5. Government policy initiatives

The report of the Self-build Government-Industry Working Group, [An Action Plan to promote the growth of self-build housing](#) (July 2011) suggested ways in which the sector could be supported and barriers to self-build projects removed. The then Housing Minister, Grant Shapps welcomed the plan and said he wanted to see self-build become a mainstream housing option.¹⁶ This was followed in November 2011 with publication of [Laying the foundations: a housing strategy for England](#) which set out plans to enable more people to build or commission their own home. The strategy document argued that, as well as delivering as many homes as individual volume house-builders each year, self-build housing brought other benefits including: “providing affordable bespoke-designed market housing, promoting design quality, environmental sustainability, driving innovation in building techniques and entrepreneurialism.”¹⁷

The Coalition Government set out an aspiration to double the size of the self-build market, creating up to 100,000 additional self-build homes over the next decade and allow the industry to directly and indirectly support up to 50,000 jobs per year. The Government pledged to:

- ask councils to establish the demand for Custom Build Housing in their area, and take positive steps to facilitate it;
- re-double efforts to maximise all opportunities for custom home builders to access land which central government is releasing as part of its accelerated public land disposals programme. As part of this we will maximise, where

¹⁵ The Lyons Housing Review, [Mobilising across the nation to build the homes our children need](#), October 2014, p112

¹⁶ DCLG Press Notice, *Grant Shapps joins forces with industry to take self-build to the masses*, 21 July 2013

¹⁷ DCLG, [Laying the foundations: a housing strategy for England](#), November 2011, p14

9 Self-build and custom build housing (England)

possible, the use of our innovative Build Now, Pay Later model if there is market demand, it presents good value for money and is affordable;

- continue to work closely with industry to establish a one-stop-shop for advice and support to would-be custom home builders, helping them to take the first steps in building their futures; and
- appoint a Custom Homes champion to raise greater public awareness of the benefits of custom home building and ensure that government support and industry guidance give everybody who wants to build their own home a much-needed hand.¹⁸

After publication of the strategy the Government took steps to raise the profile of self-building and make it easier for individuals to find information and advice about building their own home. In May 2012 the then Housing Minister announced that Kevin McCloud had been appointed “to support the national surge of interest in people looking to design and build their own home.”¹⁹ Mr Shapps announced the creation of a [Self-Build Portal](#) run by the NaCSBA to provide information and support to those wanting to self-build.²⁰

5.1 Funding

Custom Build Investment Fund

The 2011 housing strategy included a commitment to provide £30 million to support the provision of repayable short-term finance for self-build projects. In particular, the Government hoped to provide support to group-led custom build home projects, which it said “can experience difficulties in accessing conventional loan finance.”²¹ Further details of the Custom Build Investment Fund (formerly known as the ‘Revolving Fund’) were announced in July 2012. The Fund was available over three years up to 31 March 2015 for schemes of five or more units to provide short-term finance for land acquisition and early development costs such as site preparation, section 106 obligations, and construction. The money could cover 75% of early costs and was repayable at the end of the project.

The fund was administered by the Homes and Communities Agency (HCA) except in London where was administered by the Greater London Authority (GLA). Further information can be found on the [Self Build Portal](#). London’s £8 million share of the £30 million fund was divided between the Custom Build Housing fund (£5 million) and the Community Right to Build (£3 million of revenue grant funding). In London the Custom Build fund was available to groups developing two or more custom homes.²²

¹⁸ *ibid*, p14

¹⁹ DCLG Press Notice, Kevin McCloud to support the self-build surge, 14 May 2012

²⁰ DCLG Press Notice, Kevin McCloud to support the self-build surge, 14 May 2012

²¹ DCLG, [Laying the foundations: a housing strategy for England](#), November 2011, p15

²² Additional information can be found on the [GLA's website](#) [online - accessed on 18 October 2014]

The Government announced a £150 million fund in the 2014 Budget, designed to provide loans for the provision of 10,000 serviced building plots for self-builders. This new fund effectively replaces the Custom Build Investment Fund which closed on 31 March 2015. Following the Budget the National Self Build Association expanded upon the proposals, saying:

The new fund will be focused solely on the provision of serviced building plots as this is where the Government believes there is the acute immediate demand from would-be self builders. It comes in the form of a loan – so people can borrow money to buy land, split it into serviced plots, then repay the loan once the plots have been sold.²³

Community Right to Build

In March 2013 Mark Prisk, then Minister for Housing, announced a relaxation of the rules for accessing support funding under the Community Right to Build to enable more community groups and self-builders to develop their projects. The scheme offered £14 million in funding up to March 2015.²⁴

Affordable Homes Guarantees Fund

In September 2013 Don Foster said that community self-build and community-led affordable housing projects would be able to apply for a share of £65 million from the [Affordable Homes Guarantees Programme](#) to build the affordable homes.²⁵

Self-build mortgages

The 2013 York University Report said that 50 to 60% of self-builders finance their builds by selling their existing property and, in some cases, taking out a bank loan.²⁶ However, the Report identified problems in accessing mortgages for self-build initiatives:

Self-builders needing mortgage finance still faced considerable constraints. There were few lenders in the market, significant deposits were required, decision-making was slow and the narrow range of products failed to recognise the different risks associated with different forms of self-build. Development finance was tightly constrained, particularly for group projects.²⁷

The Coalition Government spoke to lenders about doing more for self-builders and in September 2013 reported that "26 lenders are now offering self-build loans and gross self-build lending is predicted to increase by almost half between 2012 and 2015 to £1.9 billion a year."²⁸

²³ NaCSBA, Self-Build Portal, [Budget should give the self and custom build sector massive boost](#), 19 March 2014 [requires users to login to view content]

²⁴ DCLG Press Notice, [Funding boost for aspiring self-builders](#), 28 March 2013

²⁵ DCLG Press Notice, [More Government support for self-build surge](#), 17 September 2013

²⁶ Wallace A, Ford J and Quilgars D, [Build-it-yourself? Understanding the changing landscape of the UK self-build market](#), Centre for Housing Policy, University of York Spring 2013, p19

²⁷ *ibid*, p7

²⁸ DCLG Press Notice, [More Government support for self-build surge](#), 17 September 2013

Help to Buy: equity loan scheme

In Budget 2014 the then Government said it would investigate making the Help to Buy equity loan scheme available for self/custom build. During an Adjournment debate on 7 May the then Parliamentary Under-Secretary of State for Communities and Local Government, Kris Hopkins, gave further details of the Government's intentions:

We want to look at how we can extend the Help to Buy equity loan scheme. High-level conversations are being held about how we can facilitate that and we will make further announcements in the future. It is important to make sure that we provide support to the sector through Help to Buy and, in particular, to understand the demands of the sector. Money will be released in stages for a custom-built house, while it is usually released in one transaction for a conventional build.²⁹

5.2 Planning and land release

A [report](#) by the NaCSBA on progress by the joint Government-Industry Working Group in implementing the action plan was produced in April 2012.³⁰ The report concluded that, in relation to most of its aims, either a good start had been made or that work was largely complete. One area where there had been limited progress was in exploring the scope to include self-build on standard planning applications, and developing ways to deliver better data on the sector to enable demand to be established.

Subsequently, the Coalition Government produced [new planning practice guidance](#) for local authorities designed to ensure that they accurately assess the level of demand for self-build in their areas and adapt their local plans accordingly. The guidance states:

Additional local demand, over and above current levels of delivery can be identified from secondary data sources such as: building plot search websites, 'Need-a-Plot' information available from the *Self Build Portal*, and enquiries for building plots from local estate agents. However, such data is unlikely on its own to provide reliable local information on the local demand for self-build housing. Plan makers should, therefore, consider surveying local residents, possibly as part of any wider surveys, to assess local housing need for this type of housing, and compile a local list or register of people who want to build their own homes.³¹

The think-tank, [Policy Exchange](#), argued in March 2013 that councils failing to hit their housing targets should have to release land to local people who want to design their own homes.³² In September 2013 the Government said it had been working with councils and developers on identifying opportunities for self-build developments and that:

Over 50 councils are already bringing forward sites and offering assistance to self-builders and many developers are exploring the

²⁹ [HC Deb 7 May 2014 c256](#)

³⁰ NaCSBA, Progress report to Government on implementation of the action plan to promote the growth of self-build, April 2012

³¹ DCLG, National Planning Practice Guidance, [Housing and economic development needs assessments](#), section 3, [online - accessed on 20 October 2014]

³² "Think-Tank calls for self-build land release scheme," *Inside Housing*, 15 March 2013

self-build business model, with over 3,000 individual plots in the pipeline across various projects in England.³³

The Government also said that it was working towards making more public sector land available for self-builders:

A review of the Homes and Communities Agency's large number of smaller plots will identify those which are not viable for large-scale house building, but are perfect for small housing projects like self-build. More property asset data will be published online and the [Community Right to Reclaim Land](#) enhanced so self-builders can request redundant public sector land is released and sold for self-build projects.³⁴

In November 2013 the Government announced the release by the HCA of a second wave of land for self-build housing which brought the total number of plots available at that time to 200.³⁵

Community Infrastructure Levy exemption

In October 2013 DCLG confirmed that all new developments by individuals extending or building their own home would be exempt from paying the [community infrastructure levy](#) (CIL). Then Planning Minister, Nick Boles, said this change would save self-builders "thousands of pounds" - the exemption came into force in March 2014.³⁶ The Chairman of the National Self Build Association, Ted Stevens, estimated that one out of eight self-build projects had been "mothballed" over the previous two years meaning that between 2,000 and 3,000 projects would be reactivated in response to the change.

Section 106 exemption

The [Autumn Statement](#), on 5 December 2013, included an announcement that the Government was consulting on a new 10-unit threshold for section 106 affordable housing contributions.³⁷ Following the consultation process, the Government removed most section 106 charges for schemes of 10 units or less, with respect to specific criteria. The National Planning Practice Guidelines were amended on 28 November 2014 and this is now a material consideration for all new planning applications.³⁸

5.3 A new Right to Build

Following reference to it in the 2014 Budget, further details of a proposed "Right to Build" emerged. The [Self Build Portal](#) has information on a talk given by the then Planning Minister, Nick Boles, about the proposed Right to Build, given as part of National Custom & Self Build Week on 7 May 2014:

³³ DCLG Press Notice, [More Government support for self-build surge](#), 17 September 2013

³⁴ *ibid*

³⁵ *ibid*

³⁶ DCLG, *Levy cuts to help hardworking people build their own home*, 24 February 2014

³⁷ HM Treasury, *Autumn Statement 2013*, 5 December 2013. See the Planning Advisory Service website for [information on Section 106 agreements](#), updated 13 October 2014.

³⁸ NaCSBA produced a [simple guide to the exemption](#), December 2014

13 Self-build and custom build housing (England)

[Mr Boles] set out his vision for the initiative, and he indicated that he hoped it would have as much impact as Mrs Thatcher's 'Right to Buy' programme - which has led to around 1.5 million people buying their council houses since it was launched in the 1980s.

The idea is expected to be one of the main planks of the Conservative's 2015 Election Manifesto, and it's seen as a way of dramatically boosting the number of self build homes constructed in the UK. At present around 10,000 self build homes a year are built here; ultimately Boles is keen to see this figure rise to 50,000 a year, or more. This would help to grow the proportion of new self build homes built in the UK from its current 8% to nearer 25%. In other European countries it's common for a third to a half of all new homes to be built this way.

The initiative is not designed to take new housing opportunities away from the established volume housebuilding sector; it's main purpose would be to complement their output and help boost overall new housing supply from its current level of about 120,000 new homes a year to nearer 200,000 homes a year.³⁹

The article included a description by Mr Boles, summarised below, of how the scheme would work:

- The purpose of the initiative would be to get councils to deliver tens of thousands of serviced building plots each year for self-build.
- First, prospective self-builders who had lived in a local authority area for two to three years could register with their local authorities for a building plot. (They might also need to prove they had the resources to buy a plot once the council makes them available). The plots would be available at full local prices and those on the register would not be able to demand plots in specific locations. The duty on the council would be to make 'reasonable' plots available.
- Councils would need to monitor demand for plots and facilitate sufficient suitable building plots. Mr Boles said that the Government was planning to impose a legal duty on councils to provide the plots. The £150 million repayable fund announced in the 2014 Budget would help facilitate the process, enabling councils to acquire land for plots if it had no land of its own, and service the plots if needed.
- If councils did little or nothing to facilitate suitable building plots those on the register would be able to sue them. Mr Boles said, "It has got to be a legal right to get a plot of land to build your house. We need lots of people out there saying 'it's my land, give it to me and I will sue you if you don't.'" ⁴⁰

A number of [vanguard councils](#) were appointed to explore how best to implement this register - each council has received a share of £550,000.⁴¹ Participating councils are "required to offer suitable serviced plots to [self-builders on the register] that are for sale at market value."⁴² The DCLG press notice announcing the pilot Right to Build

³⁹ The [Self Build Portal](#), 7 May 2014

⁴⁰ *ibid*

⁴¹ DCLG, [New Right to Build areas at forefront of helping aspiring self-builders](#), 30 September 2014

⁴² *ibid*

made it clear that self-builders still have to apply for planning permission:

This will not be a free-for-all - those looking to build will still need to go through the normal planning application process. But it will open up the opportunity to self-build beyond those with “grand designs” so even more people can realise their self-build ambitions.⁴³

A Government consultation exercise was conducted between October and December 2014: [Right to Build: supporting custom and self build: consultation](#). The outcome of the exercise was announced in March 2015: [Right to Build: supporting custom and self build: government response to consultation](#). The then Government identified steps it would take in the next Parliament:

We will also look at the experience of the Vanguard, as well as the consultation responses, to inform our final approach in the next Parliament for the second part of the Right to Build requiring local authorities to bring forward plots of land for registered custom builders in a reasonable time. Many of the Vanguard have made tremendous progress bringing forward land, and a significant body of best practice is beginning to emerge.⁴⁴

The [Conservative Party's 2015 Manifesto](#) contained a commitment to introduce a Right to Build:

We will give you the Right to Build

We aim at least to double the number of custom-built and self-built homes by 2020, and we will take forward a new Right to Build, requiring councils to allocate land to local people to build or commission their own home, as you can do in most of Europe.⁴⁵

The forthcoming *Housing Bill* will:

To take forward the Right to Build, requiring local planning authorities to support custom and self-builders registered in their area in identifying suitable plots of land to build or commission their own home.⁴⁶

5.4 The Self-build and Custom Housebuilding Act 2015

On 12 June 2014 Richard Bacon secured fourth place in the Private Members' Bill ballot. He presented the *Self-build and Custom Housebuilding Bill* on 2 July. The Bill attracted Government support and obtained Royal Assent on 26 March 2015.

The [Act](#) builds on existing Government initiatives, particularly the proposed 'Right to Build', with the aim of increasing the number of self/custom built properties in England and Wales. The Act's provisions place a duty on authorities to maintain a register of individuals/associations interested in acquiring a serviced plot of land with a view to building their own home. Authorities will have a duty to

⁴³ [ibid](#)

⁴⁴ DCLG, [Right to Build: supporting custom and self build: government response to consultation](#), March 2015, p10

⁴⁵ [Conservative Party's 2015 Manifesto](#), p52

⁴⁶ [Queen's Speech Briefing Notes 2015](#), p27

have regard to the register when carrying out their functions in relation to housing, planning, land disposal and regeneration. In [Right to Build: supporting custom and self build: government response to consultation](#) the Government said:

The new Self-Build and Custom Housebuilding Act, which received Royal Assent on 26 March, provides the legislative framework for the first part of the Right to Build requiring local planning authorities to establish local registers of custom builders who wish to acquire a suitable land to build their own home. This Act also requires local authorities to have regard to the demand on their local register when exercising their planning and other relevant functions.

The Government intends to prepare regulations and guidance setting out the detailed operation of the local registers early in the next Parliament. These regulations and guidance will be informed by the consultation responses and the practical experience of the 11 Vanguard's preparing their registers. Ministers during the passage of the Act through Parliament have committed to further consultation with partners about the initial regulations and guidance. We will also undertake a further new burdens assessment of the additional cost of the local registers for local government.⁴⁷

Detailed information on the Act can be found in Library Briefing Paper 06998, [The Self-build and Custom Housebuilding Act 2015](#).

6. Impact

Homebuilding and Renovating reported in May 2013 that "fewer people are building their own home than at any time in the past 30 years despite initiatives to boost new housebuilding:"

Despite Government's best efforts to create a more development friendly environment, the NIMBY culture in the UK, together with a shortage of self-build mortgages, is continuing to squeeze the self-build sector.⁴⁸

The author went on to say that it was too early to judge whether the Government's initiatives to boost self-build were working or not.⁴⁹ [The Independent](#) reported in February 2013 that the self-build market was taking longer to recover than other parts of the housebuilding sector:

"The self-build mortgage market hasn't recovered in the same way as the mainstream – it has actually got worse," says Calum Kerr, a self-build specialist at mortgage broker SPF.

"Lloyds TSB and Halifax pulled out of the self-build market last month while the building societies who offered a large proportion of self-build options pre-2008 now need to keep far more on the balance sheet for development funding than they do for

⁴⁷ DCLG, [Right to Build: supporting custom and self-build: government response to consultation](#), March 2015, p10

⁴⁸ 'Completions Fall Despite Initiatives', *Homebuilding and Renovating*, 3 May 2013

⁴⁹ *ibid*

mainstream lending. This is putting them off offering it in the first place" he says.⁵⁰

The article went on to suggest that the situation for the self-build market was improving as a result of wider changes:

Yet despite the dismal completion figures, many experts believe genuine progress is being made to turn self-build into a large and more accessible housing option.

"The Government's done a fair bit on a macro scale. The new National Planning Policy Framework forces councils to not only assess local demand for self-build but also to allocate land to meet it. So far about 1,500 plots have been identified and far more are on their way as councils get to it," says Homebuilding & Renovating's editor Jason Orme.⁵¹

[The Independent](#) reported, in June 2013, that DCLG had been ordered by the Information Commissioner to release figures relating to the numbers of self-build completions for the period 2009 to 2011. The figures reportedly showed a decline in self-build completions from 11,800 to 10,400 per year in England. The Department released a statement along with the figures saying:

The Government does not produce official statistics on self-build and the crude estimates we have had methodological flaws, which is why we did not release them.⁵²

In a speech in October 2013, then Secretary of State for Communities and Local Government, Eric Pickles, said:

...this government truly sees the potential in the [self-build] market to help families realise their aspirations to create jobs and support small businesses and to make a real contribution to meeting our housing needs now and in the future.⁵³

There is some evidence to suggest that self-build may have a limited impact on increasing the number of additional homes. The results of a small online survey by the University of York in connection with its wider research into the self-build sector suggested that a "significant proportion of current self-build outputs are not actually additional housing supply" as they were built on brownfield land, a high proportion of which "will constitute existing dwellings or bungalows that offer demolition opportunities."⁵⁴ A third of respondents to the survey already owned the land on which they planned to build their home.⁵⁵

The AMA Market Research report, [Self-build Housing Market Report – UK 2014-2018 Analysis](#), notes that self-build completions have declined

⁵⁰ "The self build boom that failed to get beyond the foundations", *The Independent*, 24 February 2013

⁵¹ *ibid*

⁵² '[Tories tried to cover up failings of self-build revolution](#)', *The Independent*, 28 June 2013

⁵³ Eric Pickles, [How custom-build can help our housing woes](#), October 2013

⁵⁴ Wallace A, Ford J and Quilgars D, [Build-it-yourself? Understanding the changing landscape of the UK self-build market](#), Centre for Housing Policy, University of York Spring 2013, p16

⁵⁵ *ibid*

17 Self-build and custom build housing (England)

in recent years from around 14,000 in 2007 to around 10,600 in 2013 but there is optimism around prospects for future growth:

Going forward the market is somewhat optimistic following the Government's recent announcements on removing planning constraints and increasing initiatives to double the size of the self-build market. Value increases of between 3% and 7% are forecast for the sector going forward to 2018, driven by an upturn in the economy and general housing market and rising consumer confidence. As a result, the value of the self-build market is expected to reach around £4.4bn in 2018.⁵⁶

⁵⁶ [Self-build Housing Market Report – UK 2014-2018 Analysis](#) (summary), AMA Market Research

About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).