



## BRIEFING PAPER

Number 06784, 1 March 2017

# Self-build and custom build housing (England)

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## 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% 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. Since April 2016 local planning authorities in England have been required to establish local registers of custom builders who wish to acquire suitable land on which 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.

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 Coalition 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 meet demand on the register by granting development permissions for sufficient serviced plots of land.

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. Chapter 2 of the *Housing and Planning Act 2016* introduced the 'Right to Build' with effect from 31 October 2016. A [custom and self-build toolkit](#) has also been developed.

The [Housing White Paper](#) (February 2017) reasserts the Government's commitment to support the self/custom build sector.

# 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).<sup>1</sup>

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 one-off

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<sup>1</sup> [What is custom build?](#) NaCSBA Self-build Portal [online – accessed 28 February 2017]

home; supported community self-build group; independent community collaboration; and developer/contractor led group project.<sup>2</sup>

## 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.<sup>3</sup> The [Self-build Housing Market Report – UK 2016-2020 Analysis](#) estimates that self-build completions are currently around 12,000 per year; equivalent to around 10% of new private sector house building.<sup>4</sup> AMA Market Research estimated that the value of the self/custom build market to the UK economy in 2013 was approximately £3.4 billion.<sup>5</sup> The most recent AMA research forecasts a growth in self-build values:

Our value estimates suggest steady forecasts, with self-build values rising by around 5% in 2016, reflecting an expectation in a modest rise in self-build volumes and material and labour costs. Thereafter, the self-build market is expected to grow steadily by around 7-10% per annum to 2020.<sup>6</sup>

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%.<sup>7</sup>

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:

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.<sup>8</sup>

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

<sup>3</sup> 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

<sup>4</sup> [Self-build Housing Market Report – UK 2016-2020 Analysis](#) (summary), AMA Market Research

<sup>5</sup> [Self-build Housing Market Report – UK 2014-2018 Analysis](#) (summary), AMA Market Research

<sup>6</sup> [Self-build Housing Market Report – UK 2016-2020 Analysis](#) (summary), AMA Market Research

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

<sup>8</sup> HC Deb 7 May 2014 c250

### 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.<sup>9</sup> In its 2011 Housing Strategy ([Laying the Foundations](#)) the Coalition Government reported that 100,000 people were looking for building plots at that time.<sup>10</sup>

The [Housing White Paper](#) (February 2017) states:

According to successive Ipsos MORI polls, more than a million people across the UK expect to buy a building plot, secure planning permission or start/complete construction work on their new home.; Plotsearch has more than 100,000 live subscribers; and Rightmove has an average of 400,000 monthly searches on land.<sup>11</sup>

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.<sup>12</sup>

### 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.'<sup>13</sup>

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-

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

<sup>10</sup> [A Housing Strategy for England](#), DCLG, 2011, p14

<sup>11</sup> [Fixing our broken housing market](#), February 2017, p49

<sup>12</sup> 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

<sup>13</sup> Ibid, pp18-20

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build finance, modern construction methods, reduced planning regulations for the sector and the master planning of large sites.<sup>14</sup>

AMA Market Research summarised the factors constraining growth of the sector in its 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.<sup>15</sup>

In December 2013 the 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:

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

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<sup>14</sup> *Lessons from International Self-Build Housing Practices*. Report prepared for the Government-Industry Self-Build Working Group, National Self-Build Association, Owen S, 2011

<sup>15</sup> Self-build Housing Market Report – UK 2014-2018 Analysis (summary), AMA Market Research

to join the market by increasing the provision of sites not being provided by other developers.<sup>16</sup>

## 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.<sup>17</sup> 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.”<sup>18</sup>

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 allowing the industry to directly and indirectly support up to 50,000 jobs per year. The Government pledged to:

1. ask councils to establish the demand for Custom Build Housing in their area, and take positive steps to facilitate it;
2. 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 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;
3. 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
4. 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.<sup>19</sup>

After publication of the strategy, the Government took steps to raise the profile of self-building and make it easier for individuals to find

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<sup>16</sup> The Lyons Housing Review, [Mobilising across the nation to build the homes our children need](#), October 2014, p112

<sup>17</sup> DCLG Press Notice, *Grant Shapps joins forces with industry to take self-build to the masses*, 21 July 2013

<sup>18</sup> DCLG, [Laying the foundations: a housing strategy for England](#), November 2011, p14

<sup>19</sup> *ibid*, p14



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."<sup>20</sup> 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.<sup>21</sup>

### 5.1 Funding

#### Custom Build Investment Fund (closed)

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."<sup>22</sup> 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.<sup>23</sup> The Custom Build Investment Fund closed on 31 March 2015.

#### Custom Build Serviced Plots Loan Fund (closed)

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. 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 replay the loan once the plots have been sold.<sup>24</sup>

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

<sup>21</sup> DCLG Press Notice, Kevin McCloud to support the self-build surge, 14 May 2012

<sup>22</sup> DCLG, [Laying the foundations: a housing strategy for England](#), November 2011, p15

<sup>23</sup> Additional information can be found on the [GLA's website](#) [online - accessed on 18 October 2014]

<sup>24</sup> 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]

## Home Building Fund

In October 2016 Sajid Javid, Secretary of State at DCLG, announced that several existing funding streams, including the £525 million Builders Finance Fund; the £1 billion Large Sites Infrastructure Programme; and Build to Rent, would be merged to form the Home Building Fund with additional investment of £800 million for long-term loans and £325 million for short-term loans.

The £3 billion fund is open to bids from small builders, community builders, custom builders and regeneration specialists, as well as larger builders and developers. For more information see: [An introduction to the Home Building Fund](#).

## 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.<sup>25</sup> 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.<sup>26</sup>

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."<sup>27</sup>

The [Housing White Paper](#) (February 2017) says that the Government will:

**work with lenders** to ensure they have plans in place to increase their lending in line with consumer demand. We are delighted that Virgin Money plans to start lending on custom build projects in the summer.<sup>28</sup>

## Help to Buy: equity loan scheme

In Budget 2014 the Coalition 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 2014 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

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<sup>25</sup> 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

<sup>26</sup> *ibid*, p7

<sup>27</sup> DCLG Press Notice, [More Government support for self-build surge](#), 17 September 2013

<sup>28</sup> [Fixing our broken housing market](#), February 2017, p50

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.<sup>29</sup>

### 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.<sup>30</sup> 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 [planning practice guidance](#) (now archived) for local authorities designed to ensure that they accurately assessed the level of demand for self-build in their areas and adapted their local plans accordingly. The planning guidance was archived when the duty on local authorities to keep a register of those seeking a self-build plot came into force on 1 April 2016 (see below).

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.<sup>31</sup> 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 self-build business model, with over 3,000 individual plots in the pipeline across various projects in England.<sup>32</sup>

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.<sup>33</sup>

### Accelerated Construction

This programme, through which the Government is aiming to build out surplus public sector land, was announced in October 2016. The Government said that it would pilot accelerated construction on public

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<sup>29</sup> [HC Deb 7 May 2014 c256](#)

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

<sup>31</sup> "Think-Tank calls for self-build land release scheme," *Inside Housing*, 15 March 2013

<sup>32</sup> DCLG Press Notice, [More Government support for self-build surge](#), 17 September 2013

<sup>33</sup> *ibid*

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sector land, backed by up to £2 billion of funding. The [Housing White Paper](#) (February 2017) states that custom build will be supported through the Accelerated Construction Programme:

Our new Accelerated Construction programme will support us in diversifying the market through partnering with small and medium-sized firms and others as development partners and contractors. We will continue to work with the British Business Bank to encourage current and potential lenders and investors to invest in SMEs.<sup>34</sup>

### 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.<sup>35</sup> 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.

The [Housing White Paper](#) (February 2017) commits to the continuation of this exemption:

...ensure the exemption from the Community Infrastructure Levy for self build remains in place while longer term reforms to the system of developer contributions are being explored.<sup>36</sup>

### 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.<sup>37</sup> 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.<sup>38</sup>

NaCSBA has produced a [Simple Guide](#) on the section 106 exemption (August 2015).

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<sup>34</sup> [Fixing our broken housing market](#), February 2017, p47

<sup>35</sup> DCLG, *Levy cuts to help hardworking people build their own home*, 24 February 2014

<sup>36</sup> [Fixing our broken housing market](#), February 2017, p49

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

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

## 5.3 The Self-build and Custom Housebuilding Act 2015

### Duty to maintain self/custom build registers

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](#) built on existing Government initiatives with the aim of increasing the number of self/custom built properties in England and Wales. The Act's provisions to extend to England and Wales but only apply in relation to England.

Since 1 April 2016 relevant authorities in England have had to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in the authority's area in order to build houses for those individuals to occupy as homes.<sup>39</sup> The Government has published [online guidance](#) on the requirement to maintain a register.

Authorities have a duty to 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.<sup>40</sup>

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

## 5.4 The Housing and Planning Act 2016

### A Right to Build

A Coalition 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 Coalition Government identified steps it would take in the next Parliament:

We will also look at the experience of the Vanguards, 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 Vanguards

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<sup>39</sup> [Self-build and Custom Housebuilding \(Register\) Regulations 2016](#)

<sup>40</sup> DCLG, [Right to Build: supporting custom and self build: government response to consultation](#), March 2015, p10

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have made tremendous progress bringing forward land, and a significant body of best practice is beginning to emerge.<sup>41</sup>

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.<sup>42</sup>

The *Housing and Planning Act 2016* has placed a duty on local authorities in England to grant "sufficient suitable development permission" of serviced plots of land to meet the demand for self/custom build housing. The duty came into force on 31 October 2016. Regulations amended the 2015 Act and implemented Chapter 2 of the 2016 Act:

[The Self-build and Custom Housebuilding Regulations 2016](#) (S.I.2016/950) and the [Self-build and Custom Housebuilding \(Time for Compliance and Fees\) Regulations 2016](#) (S.I.2016/1027).

Authorities in England have a rolling three-year deadline in which to respond to the level of demand established in their local self-build and custom housebuilding registers in the year ending 30th October. Authorities may apply for an exemption from this requirement in special circumstances.

## 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.<sup>43</sup>

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.<sup>44</sup> [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

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<sup>41</sup> DCLG, [Right to Build: supporting custom and self build: government response to consultation](#), March 2015, p10

<sup>42</sup> [Conservative Party's 2015 Manifesto](#), p52

<sup>43</sup> 'Completions Fall Despite Initiatives', *Homebuilding and Renovating*, 3 May 2013

<sup>44</sup> *ibid*

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mainstream lending. This is putting them off offering it in the first place" he says.<sup>45</sup>

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.<sup>46</sup>

[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.<sup>47</sup>

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.<sup>48</sup>

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."<sup>49</sup> A third of respondents to the survey already owned the land on which they planned to build their home.<sup>50</sup>

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

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<sup>45</sup> "The self build boom that failed to get beyond the foundations", *The Independent*, 24 February 2013

<sup>46</sup> *ibid*

<sup>47</sup> '[Tories tried to cover up failings of self-build revolution](#)', *The Independent*, 28 June 2013

<sup>48</sup> Eric Pickles, [How custom-build can help our housing woes](#), October 2013

<sup>49</sup> 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

<sup>50</sup> *ibid*

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in recent years from around 14,000 in 2007 to around 10,600 in 2013 but was optimistic about 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.<sup>51</sup>

AMA's [Self-build Housing Market Report – UK 2016-2020 Analysis](#) reports on increased activity in the sector and forecasts that recent activities (the 2015 and 2016 Acts) will result in modest growth up to 2020:

The last couple of years have seen a great deal of activity in the self build sector through Government incentives and greater media exposure. Councils are actively trying to enable more self and custom build development, local community groups are progressing with neighbourhood plans and Community Right to Build projects, while the Government has also established its Right to Build scheme. The Government has also taken steps to raise the profile of self-build through a series of measures including easing constraints in the planning systems, cutting taxes for self build developments, providing a number of funds to assist individuals and communities to self build, and by releasing public land for self build projects. There is also increasing activity from developers, including some large housebuilders, to enable multi-unit self/custom build projects and a growing number of new entrants into the 'custom build developer' market.

Despite these positive influences, self build completions are still below Government targets and a number of challenges still constrain growth in the sector. In 2011, as part of its Housing Strategy for England, the Government announced plans to double the output of self-build housing to provide an additional 100,000 self build units over the next decade to 2021. These forecasts are likely to be tempered by a number of key drivers including a general lack of consumer confidence due to the uncertain economy and wider housing market, a reluctance of behalf of lenders to make mortgage funding widely available, ongoing constraints in the planning system and ongoing difficulties surrounding the availability of land for self build projects - all longstanding but generally unresolved issues to date, though new measures are being introduced to alleviate some of these issues.

[...]

Our value estimates suggest steady forecasts, with self build values rising by around 5% in 2016, reflecting an expectation in a modest rise in self build volumes and material and labour costs. Thereafter, the self build market is expected to grow steadily by around 7-10% per annum to 2020.<sup>52</sup>

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<sup>51</sup> Self-build Housing Market Report – UK 2014-2018 Analysis (summary), AMA Market Research

<sup>52</sup> [Self-build Housing Market Report – UK 2016-2020 Analysis](#) (summary), AMA Market Research



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