

The New London Plan – Public Consultation

Submission from the National Custom and Self-Build Association (NaCSBA)

Public Consultation

1. The Mayor for London published the draft Spatial Development Strategy, commonly known as the London Plan, for public consultation in December 2017. Responses are invited from all interested parties to be submitted no later than 5pm on 2 March 2018.
2. The National Custom and Self Build Association (NaCSBA) welcomes the opportunity to respond to the Plan through the attached response and the subsequent Examination in Public.

Introduction

3. The National Custom and Self Build Association (NaCSBA) is the trade body for the custom and self build sector. Custom and Self Build represent a spectrum of homebuilding approaches and methodologies united by empowerment and choice.
4. Our housing market remains broken. NaCSBA believes that it is only when the supply of new housing is diversified and disruptive competitors able to drive innovation, choice, quality and value will we see a step change in demand, and a corresponding increase in the rate of new home completions.
5. Occupier commissioned housing is a major component of housing supply in the developed world (which also builds at a greater rate) but currently only 7% in the UK. Our vision is to create a virtuous cycle to make Custom and Self Build a mainstream choice for all those seeking a home of their own.
6. The sector already builds over 13,000 homes a year, and it is growing. It has the potential to do much more. NaCSBA's key message is straightforward. **Increase customer choice and the result will be more and better homes.** The draft London Plan gives recognition to the greater role that custom and self build housing can play in delivering a greater proportion of the new homes that London needs.

Key messages

7. NaCSBA believes that The New London Plan can go further in supporting delivery of new homes through custom and self build, providing valuable guidance for local authorities in relation to their duties under The Right to Build legislation. Despite strong public support, custom and self build has become harder in London in recent years.
8. On 1 November 2017 NaCSBA used the Freedom of Information Act to establish the number of individuals and groups of individuals registered under the Right to Build across the 32 London Boroughs and the City of London. Under their legal duties established in Right to Build legislation planning authorities must grant permission for 6,000 serviced plots (including new dwellings

formed through first time conversion) by 31 October 2020. The solution is not just more small sites, it is the more effective subdivision of larger sites.

9. NaCSBA's research indicates that demand for custom and self build housing is considerably greater than indicated by the Right to Build Registers and in accordance with the National Planning Policy Framework and Planning Practice Guidance, The New London Plan should highlight the need to assess demand using a number of other sources to provide a robust evidence base for plan making and the allocation of sites.
10. NaCSBA strongly supports the emphasis on the delivery of affordable homes in The New London Plan. NaCSBA proposes that recognition be given to the role of custom and self build as a route to delivering genuinely affordable new homes across a range of tenures. The New London Plan is a further opportunity to clarify that the delivery of affordable homes on serviced plots counts towards their Right to Build total.
11. Given the Right to Build, NaCSBA would welcome the resurrection of the Build Your Own Home – The London Way to provide specific funding in support of custom and self build aligned to the New London Plan.

Detailed Consultation Response

12. Policy GG4 Delivering the homes Londoners need C)

To create a housing market that works better for all Londoners, those involved in planning and development must:

C) Create mixed and inclusive communities, with good quality homes that meet high standards of design and provide for identified needs, including for specialist housing.

NaCSBA proposes that Policy GG4 C) be amended to align it with the NPPF by giving some definition of specialist housing:

e.g. including the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes).

This could be extended further to specifically include community led housing projects and co-housing.

13. Policy GG4 Delivering the homes Londoners need D)

Policy GG4 Delivering the homes Londoners need

To create a housing market that works better for all Londoners, those involved in planning and development must:

D) Establish ambitious and achievable build-out rates at the planning stage, incentivising build-out milestones to help ensure that homes are built quickly and to reduce the likelihood of permissions being sought to sell land on at a higher value.

NaCSBA is concerned that incentives to encourage build out rates in Policy GG4 D) do not unintentionally penalise developers (enabling developers) creating serviced plots (including conversion opportunities within existing buildings) for custom and self build homes.

The role of an enabling developer is to introduce infrastructure to create opportunities for individuals or groups of individuals to build their own home. The developer may be a private sector entity, a local authority, a public private sector partnership or a community led entity such as a community land trust. They will obtain consent on larger sites and then sell parts to individuals or groups to build out. This can include full design and build, self finish, or self build.

Off-site construction means that custom and self build can be extremely rapid, but the timescale can only be partially controlled by the enabling developer.

14.Supporting London's growth 2.1.9

3. Diversifying the tenure mix of new homes, where the Mayor will provide funding to increase the number of new and affordable homes. This will include funding to support more innovative forms of housing delivery.

NaCSBA supports the initiative to provide funding to support more innovative forms of housing delivery in 2.1.9.3. NaCSBA suggests that there is an opportunity to be more prescriptive. We have therefore proposed a non-exclusive list that could be added to as follows:

Diversifying the tenure mix of new homes, where the Mayor will provide funding to increase the number of new and affordable homes. This will include funding to support more innovative forms of housing delivery (such as, but not limited to, community led housing projects, group custom and self build homes available for long term rental or shared ownership and co-housing).

15.Chapter 4 Housing Policy H2 Small sites A) 4

Policy H2 Small sites

A) Small sites should play a much greater role in housing delivery and boroughs should pro-actively support well-designed new homes on small sites through both planning decisions and plan-making in order to:

4) support those wishing to bring forward custom, self-build and community-led housing.

NaCSBA supports Policy H2 A) 4) which recognises the importance of small sites in facilitating the delivery of custom, self build and community led housing schemes. NaCSBA suggests that it be highlighted that smaller sites can also be created through the subdivision of larger sites, facilitating access for SME housebuilders, affordable housing provision, custom and self build, community led housing and other forms of delivery that can accelerate the rate of build out and contribute to the high quality of design, diversity, sustainability and affordability.

NaCSBA supports the Written Ministerial Guidance that small sites of ten units or fewer and which have a maximum combined gross floor space of no more than 1,000 sqm be exempt from s106 contributions for affordable housing either on site or through a tariff approach to off-site

contributions but recognises that this does not automatically override local policy. The Planning Inspectorate (PINS) confirmed this approach on 9 Mar 2017.

Custom and self build housing can contribute towards genuinely affordable housing provision as defined in the NPPF across a number of tenures, including social rent, discounted market rent, shared ownership and discounted market sale retained in perpetuity by a s106 occupancy agreement.

NaCSBA proposes that where such provision is made within a small development it should be given recognition as contributing to the affordable housing provision.

Additionally, it is important to recognise that self build is often chosen as a route to home ownership precisely because it can be more 'affordable' than market housing, as it removes the developer margin and because there is scope to reduce labour costs further through DIY. This is not classed as 'affordable housing' as defined in the NPPF, as the average saving of 29% compared to end market value is not held in perpetuity. None the less, many self builders feel frustrated where a contribution towards affordable housing through a s106 commuted sum payment, or proportional allocation of sites within a larger scheme, affects the viability of their project.

NaCSBA proposes that where Policy H is applied, individuals and groups of individuals looking to build low-cost homes through custom or self build should be able to apply for a special exemption from s106 contributions in line with the WMS, limiting the scheme to 10 units or a cumulative GIA of 1000m², or a maximum value per unit. A mechanism aligned with the existing CIL exemption scheme could be used to ensure eligibility and clawback.

16.Chapter 4 Housing Policy H2 Small sites H) 4.2.2

H) Boroughs wishing to apply affordable housing requirements to sites capable of delivering ten units or fewer and which have a maximum combined gross floor space of no more than 1,000 sqm should only require this through a tariff approach to off-site contributions rather than seeking on-site contributions. Boroughs are strongly encouraged to provide the flexibility for payments to be collected prior to the occupation of development, rather than prior to commencement of development.

Policy H2 Small sites

4.2.2 Increasing housing output of this scale can also help to support a number of related housing and planning policy objectives. This includes:

- providing opportunities for custom-build housing and community-led housing projects*

NaCSBA supports policy H2 Small Sites 4.2.2 and the recognition of the importance of smaller scale sites in creating opportunities for custom-build housing and community-led housing projects. NaCSBA proposes that additionally recognition be given to the potential for such sites to come forward as serviced plots for self build, alongside custom build development.

Policy H2 A) 4. refers separately to custom, self build and community led housing. NaCSBA supports the recognition that these are each distinct forms of housing delivery that can also be closely related. 4.2.2 should therefore be amended in line with 4.

See Appendix A for some helpful definitions.

17. Chapter 4 Housing Policy H2 Small sites A) 4.2.12

4.2.12 As demonstrated by the 2017 SHMA, London has significant unmet need for affordable housing. For some boroughs, sites of ten or fewer units are the main source of supply and play an important role in contributing to affordable housing delivery, often via cash in lieu contributions which are then used as part of borough-wide affordable housing programmes. Given the important role these sites play, the Mayor believes that boroughs should be capable of securing cash in lieu contributions for affordable housing contributions from such sites. Therefore, boroughs are encouraged to include policies requiring affordable housing from such sites of ten or fewer units in their Development Plans.

NaCSBA proposes that recognition be given to the contribution towards genuinely affordable housing that can be delivered through custom and self build across multiple tenures. The policy should be amended to ensure the viability of small self build schemes is not harmed by the need for affordable housing contributions where the requirements have already been met.

18. Chapter 4 Housing Policy H4 Meanwhile Use

Policy H4 Meanwhile use

Boroughs are encouraged to identify opportunities for the meanwhile use of sites for housing to make efficient use of land while it is awaiting longer-term development.

NaCSBA supports the meanwhile use of vacant land awaiting development for housing using high quality precision manufactured modular units.

19. Policy H5 Delivering affordable housing

NaCSBA proposes that recognition be given to the role custom and self build can make in delivering genuinely affordable homes for London and help those willing to commit their time, skills (or to learn new skills) to reduce the cost of meeting their housing needs. This can include community led housing projects and group self build.

NaCSBA's Right to Build Tool Kit identifies a number of different models in the UK and overseas that give those in housing need the opportunity to influence the design of their home and to reduce rental or purchase costs by contributing their DIY labour in the construction of the home, in particular through self finish schemes. The commitment of 'sweat equity' can be harnessed to contribute towards a deposit on a shared ownership self finish property.

Local planning authorities can combine their duties to deliver serviced plots to meet demand on right to build registers, through the delivery of affordable custom and self build homes.

20. Policy H12 Housing size mix

Policy H12 Housing size mix

A) *To determine the appropriate mix of unit sizes in relation to the number of bedrooms for a scheme, applicants and decision-makers should have regard to:*

10) *the potential for custom-build and community-led housing schemes.*

NaCSBA supports Policy H12 and the requirement for applicants and decision makers to have regard to the potential for custom-build and community-led housing schemes. NaCSBA proposes that this be extended to include self build.

The potential for custom and self build is further set out in Appendix 2.

NaCSBA proposes that The New London plan makes reference to using a number of different sources to provide an evidence base for plan making and site allocation, including demand modelling.

Additional Proposals

21. In 2012, London sought to lead support for custom and self build through Build Your Own Home – The London Way. Whilst the scheme provided important recognition to the sector, without the Right to Build opportunities to access the funds proved limited and the scheme failed to become established.

22. NaCSBA believes that the time is now right to relaunch and rebrand a specific custom and self build development fund for London.

Contact details

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Appendix 1 Helpful definitions

Custom build

Custom build offers homebuyers a home in which they have an input on the majority of design decisions through newbuild or first-time conversion. The custom build developer offers the home at a contractually agreed sale price and therefore takes all the development risk. The sale of the plot and the delivery of a new home may be distinct contracts that are not linked. In some instances, the home may be built to shell stage and sold on a self-finish basis.

Self build

Self build is where the individual homeowner is also the developer. The new dwelling may be built on an individual serviced plot or a building undergoing first time conversion, or could be part of a larger multi-unit site or building. Most self builders use a main contractor, or take on the role of contractor, hiring directly employed subcontract labour but a significant proportion also take on some of the building work themselves. Self build can offer very significant savings with the average reduction in cost versus value being 29%.

Group self build

Group self build is where a group of individuals form a development company to deliver new homes for all the members of the group, which they individually purchase on completion. This is also known as collective custom build. It is a form of community led housing in which private profit is shared by those in the group in the form of equity. Larger schemes will include affordable housing in line with local planning policy.

Community-led housing

Community-led housing is designed and managed by local people and built to meet the needs of the community – not for private profit. It may include groups of individuals building their own home as a group self build/collective custom build project. It is likely to include combinations of affordable homes for rent, shared ownership and discounted market sale. Communities can use special planning powers to solve their own housing needs, including the use of exception site policy.

Appendix 2 The Potential for Custom and Self Build

A source of evidence of immediate demand for serviced plots is provided by the custom and self build demand registers maintained by all local authorities in England under duties within the 'Right to Build' legislation.

NaCSBA conducted a survey of London Boroughs under the Freedom of Information in November 2017. 15 of 32 London Boroughs plus City of London responded. The average number of individuals on the register in the 15 authorities that responded was 179. In addition, there were 275 individuals registered as groups.

This indicates an estimated demand in London for 6,000 serviced plots. This is the number that planning authorities in London must permission by 2020 and this number will increase on a rolling year basis as the duty requires local authorities to grant sufficient development consents to meet demand for serviced plots on a rolling three-year basis.

Whilst the Registers establish the shorter-term requirement, their longer-term requirements need to consider additional sources. For example, research commissioned by NaCSBA via Ipsos Mori has consistently indicated the high underlying demand for custom and self build homes in both the longer and shorter terms.

Government guidance on custom and self build notes:

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

What is the relationship between the register and the Strategic Housing Market Assessment?

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), when preparing their Strategic Housing Market Assessment to understand and consider future need for this type of housing in their area. Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

Government guidance on housing and economic development needs notes

<https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Self-build and custom housebuilding

The government wants to enable more people to build or commission their own home and wants to make this form of housing a mainstream housing option. From 1 April 2016, most local planning authorities (including all district councils and National Park Authorities) are required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build homes for those individuals to occupy. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out the requirements. See guidance on self-build and custom housebuilding registers. In order to obtain a robust assessment of demand for this type of housing in their area, local planning authorities should supplement the data from the registers with 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.

Planning consultancy Three Dragons which specialises in demand modelling, is developing a Custom and Self Build Demand Assessment Tool to add to its tools for assessing affordable housing need and older persons housing