

Submission of Evidence Form – National Development Framework

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Date

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Title of evidence

National Development Framework for Wales: Evidence by the National Custom and Self Build Association

Summary of evidence

See Annex to Submission of Evidence Form

Summary of key issues/conclusions

See Annex to Submission of Evidence Form

Why have you submitted this evidence?

See Annex to Submission of Evidence Form

How should this evidence inform the development of the NDF?

See Annex to Submission of Evidence Form

How does this evidence and any actions it recommends help achieve the 7 well-being goals?

See Annex to Submission of Evidence Form

Why is the evidence of national significance?

See Annex to Submission of Evidence Form

Do you agree for your evidence to be made public? (Only evidence that can be made public will inform the development of the NDF)

Yes

Annex: Written Evidence

Planning Policy Branch
Planning Directorate
Welsh Government
Cathays Park
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CF10 3NQ

National Development Framework for Wales: Evidence by the National Custom and Self Build Association

Further to your call for Call for Evidence to inform the preparation of the National Development Framework (NDF) for Wales, I am pleased to submit proposals from the National Custom and Self Build Association¹ to inform the spatial planning policies for the NDF.

We understand the NDF will replace the current Wales Spatial Plan by setting out a 20 year plan, which creates a framework to deliver the growth and infrastructure Wales needs to ensure its wellbeing and that of future generations. It will provide direction for Strategic and Local Development Plans and support the determination of Developments of National Significance as well as the national economic, transport, environmental, housing, energy and cultural strategies and ensure they can be delivered through the planning system.

Why are we submitting this evidence and why is our evidence of national significance?

There is strong national demand for this form of housing. We know from successive Ipsos Mori Surveys conducted over the last three years that more than half (53%) of adults in the UK would like to build their own home at some stage in their lifetime. Surveys by the Building Societies Association and Confused.com have shown that about one in three people in the UK want to build their own home at some stage in the future.

We also know there is strong demand for custom and self build (CSB) housing in Wales. BuildStore's Custom Build Register² currently has over 2,400 individuals registered in Wales (see Addendum).

Our modelling has shown that the potential market for CSB housing in Wales has the potential to be in excess of 1,700 CSB homes per year nationally. This would equate to about 20% of all new homes and be additional to existing housebuilding capacity.

¹ The National Custom and Self Build Association (NaCSBA) is the voice of the Custom and Self Build Housing industry. We operate on a not for profit basis and campaign and lobby for more building plots, greater access to finance and less red tape so that more people can create individual homes whether coordinated by themselves (Self Build) or enabled by a developer (Custom Build).

² The Custom Build Register is run by BuildStore, the main mortgage broker for the self build sector in the UK, and has registrations of people looking for building plots to build their own homes. It is also used to make local councils and landowners aware of local demand.

With further policy support we are confident this market could exceed 30% of all homes over the NDF period.

However, to date, we estimate that there are only about 350 CSB homes completed each year, representing about 5% of new homes in Wales. This is below the current 8% average for the UK and well below the 30-50% share of all new homes overseas³.

We believe there are several key barriers holding back the growth of the sector in Wales, like elsewhere in the UK:

- Limited access to land, with volume housebuilders dominating the market making single and serviced building plots hard to find;
- Unlike experience from other countries, our local planning authorities (Councils) and the planning system do not promote this form of housing with market signals (such as demand for building plots) for the CSB sector generally not considered. Councils generally rely on large scale, volume builder-led housing allocations and housing associations to deliver new homes. Some intentionally choose to use the planning system to constrain growth, such as by not including development boundaries around existing settlements and blocking small-scale projects on the edge of settlements. This makes it difficult for landowners and builders because such settlements are regarded as being in the countryside, even if proposals are small and in sustainable locations.
- Affordability of plots – plots are expensive to buy. This is because the majority of small sites currently coming to market as single plots are infill sites, or replacement dwelling sites and attract a significant premium due to scarcity.
- Availability of mortgage funding is currently sufficient to meet demand but this could become a barrier in the near future unless availability expands to meet demand as the sector grows. Building societies can play an important role in supporting local people who want to build their own home, perpetuating the original founding purpose of the building society movement. Swansea BS lends locally. Monmouthshire BS lends on CSB but has a limited allocation. Principality does not currently offer finance on CSB projects.
- Cultural heritage – although some people manage to do it, as a nation we haven't built our own homes for a century;
- People don't know about the CSB home building model and those that do think it is only available to those who are well capitalised;
- Taxation system encourages landowners to sell land to a builder, often under option and makes multiple disposal of single serviced plots inefficient

A stronger CSB sector in Wales would bring significant economic benefits.

There are clear labour market and supply chain multiplier effects. National market research by AMA concludes that the value of the CSB market is expected to reach around £4.4bn in 2018 and we know that each new home supports one to two new construction jobs and sustains seven construction jobs for a year. It also supports smaller builders and creates opportunities for new entrants and investors, suppliers

³ See comparison chart in Addendum.

and tradespeople in local construction industries which increase housebuilding capacity⁴. We are clear that the CSB sector can act as a significant disruptor to the housing market in Wales, which like England, remains dominated by larger volume homebuilders.

The sector also has the potential to speed-up supply, particularly where permissioned serviced building land is facilitated, or where custom build developers offer package solutions and 'shell homes' on larger sites. There is potential to boost the sustainability of housing stock and modern methods of construction given that many people who build their own homes use modern methods of construction, build to high specifications and integrate green technologies to save money in the longer term, including Timber Frame and Structural Insulated Panels (SIPs,) PV/Solar thermal technologies, air and ground source heat pumps etc.

CSB housing can also diversify and help improve the housing mix and stock across Wales and assist in regeneration of areas, including rural and coastal communities, which can thrive by providing housing to the next generation, many of whom are currently priced out of the market. CSB can also improve the choice of housing in Wales. We know that many consumers don't like the new homes on offer and that we build some of the smallest homes in Europe, with only one in four people saying they would choose a newly built home⁵.

We also know that CSB housing can help support affordable housing. There is scope for individuals to make savings on the construction of their own home. New build homes are VAT zero rated; SDLT is only payable on the land and those who self build can make savings of over 30% according to a recent survey⁶.

Housing Association-led community and group projects can deliver apartments and terraced housing on a shared ownership, discount market and even social rent basis in perpetuity for local people, particularly when cross subsidised through market housing - some examples are set out in our online practical toolkit⁷. For example, a small pilot co-operative housing project at Home Farm Village, Ely, has created 41 new leasehold homes. The Cadwyn Housing Association helped to develop and build the project, and are jointly managed by the association and co-operative's members. A string of pioneering housing co-operative projects has recently been initiated across Wales, with support from the Wales Co-operative Centre.

If promoted on exception and smaller infill sites in urban areas and villages, CSB housing can also unlock additional supply which builders may not consider to be viable. Our Ipsos Mori research also found that CSB housing is less likely to meet with local objections to new development.

How should this evidence inform the development of the NDF?

Although the UK Government is taking positive action for England to double the size of the CSB sector by 2020 and has introduced supportive legislation in the form of a new Right to Build to unlock this demand, no Government action has to date been

⁴ Surveys by the FMB and NHBC indicate that most SME builders support more custom and self build housing and want to help deliver more.

⁵ The Case for Space, RIBA, 2011

⁶ Homebuilding & Renovating Self Build Market Research Report, February 2017.

⁷ <http://customandselfbuildtoolkit.org.uk>

taken through the Wales Spatial Plan or Planning Policy Wales to promote self and custom build housing (despite the clear demand which research shows exists).

We have therefore identified a range of areas where we believe the NDF can help support CSB housing. If implemented, we are confident that they will create thousands more affordable, better designed homes for local people, supporting economic growth nationally at minimal cost to the Welsh Government:

- 1. Set a national target in the NDF that at least 20% of all new homes in Wales should be self and custom built, with Local Housing Market Assessments (LHMA) determining the level of local demand for this form of housing which local development plans will be expected to meet. Local demand could be assessed using demand modelling and or a national register of people who want to build their own homes⁸.**
- 2. Signal a presumption in favour of such housing nationally where local development plans do not make land available through permissions, council land disposals or acquisitions to meet locally established demand;**
- 3. Introduce an indicative housing growth target for all small and medium sized settlements, refined through the preparation of local development plans to bring small sites to the market;**
- 4. Introduce a spatial policy which asks local development plans to allocate suitable sites for CSB housing and that market housing sites should either designate a proportion of a site for serviced building plots for local people who want to build their own homes or pay a commuted sum towards off-site provision of plots in the wider housing market area, subject to viability and where there is established local demand through the LHMA;**
- 5. Signal that local planning authorities should promote sustainable residential environments, avoid large housing areas of monotonous character and that CSB housing should form part of the housing mix when planning for new housing and that new settlements and development opportunities in the NDF include provision for self and custom build housing;**
- 6. Enable the development of community-led housing projects and single home exception sites, akin to the Single Plot Exception Sites policy used successfully in Shropshire since 2009, and enable edge of settlement exception sites for affordable and market self and custom build housing;**
- 7. Encourage the delivery of serviced building plots through local authority land disposals and acquisitions where there is established local demand;**
- 8. Encourage the reuse of empty buildings for people wanting to build their own homes, either individually or as a group;**
- 9. Introduce an enabling policy which proactively encourages councils and land owners to work together to assemble and service land for local**

⁸ NaCSBA has plans to set up a national register of people who want to build their own homes for Wales which local authorities in Wales can draw on to inform their local planning strategies. This will save resources and provide greater consistency (experience from England is that many councils would prefer this and many registers established under the Self-build and Custom Housebuilding Act 2015 (as amended) are not regulation compliant).

housing. This could be like the German land pooling ('Umlegung') model which is referred to in the recent White Paper in England and is used extensively in other countries, notably Germany, to unlock significant new housing opportunities for local people and helping to boost CSB housing to about 60% of all homes (see chart in Addendum);

- 10. Specifically recognise CSB housing and community-led housing projects as being able to meet the definition of affordable housing in Planning Policy Wales where it meets the broad definition in Para. 9.2.14 of the policy statement; and**
- 11. Proactively support the use of basic design codes on CSB housing sites, enforced through planning conditions or Local Development Orders, to deliver design quality whilst simplifying the planning process for individual self and custom builders, landowners and councils.**

The above measures could be included as part of the general principles guiding new housing development and building sustainable communities in Wales, for inclusion in the NDF. Taken together they would help to identify significantly more development opportunities, build investor confidence and stimulate economic growth without cost to the public purse.

We think the above could be further complemented by revisions to Planning Policy Wales in the following respects:

- That Councils identify settlement boundaries for all towns and villages in their local development plans within which the principle of new development is supported;
- That Local Housing Market Assessments (LHMA) should include an assessment of the number of people that want to build their own homes, informed by local publicity, opinion polls, focus groups and market signals such as demand registers, and demand modelling tools and that this should inform provision of serviced building plots to meet demand over the plan period;
- Introduce a CSB housing exception site policy and a presumption in favour of projects where councils don't make provision to meet established local demand;
- That affordable housing exception sites can include CSB housing as part of the mix of homes;
- That a community's demand for CSB housing is a material planning consideration which must be considered in formulating development plan policies.

How does this evidence and the proposed actions help achieve the well-being goals?

Our recommended actions help achieve the seven well-being goals in the Well-being of Future Generations (Wales) Act 2015 through the development planning system in Wales in the following way:

1. *A prosperous Wales:* More CSB housing will introduce more affordable, innovative and sustainable homebuilding methods and enable home owners to acquire new skills as they are more closely engaged in the construction process. An effective land market and more diverse housing market in Wales will promote

productivity and offer higher economic returns, boosting local economies and creating jobs, supporting smaller construction firms and facilitating inward investment.

2. *A resilient Wales:* More CSB housing will boost more modern and sustainable construction techniques, more adaptable housing for future generations and greener forms of home building in support of the environment.
3. *A healthier Wales:* More CSB housing will enable people to learn new skills and give them greater choice in the housing they live in to suit their own circumstances, whether such housing is self built with 'sweat equity' or people work with a builder or contractor to procure the home they want.
4. *A more equal Wales:* More CSB housing will enable people to develop new entrepreneurial skills and benefit from greater choice in the type of housing which is available, regardless of socio economic background and circumstances. Affordable forms of CSB housing will enable more people to get on the housing ladder and benefit from the advantages of this form of housing.
5. *A Wales of cohesive communities:* More CSB housing will help create more attractive, architecturally diverse and better designed housing to meet the needs of local communities. It can also help improve the viability of developments and build community spirit and cohesion. There are now more than 170 Community Land Trusts in England and Wales and, by 2020, these organisations expect to have collectively developed 3,000 new affordable homes. A proactive NDF can help boost these numbers further.
6. *A Wales of vibrant culture and thriving Welsh language:* More CSB housing will give the people of Wales more choice to be involved in the construction of the homes they want to live in, which will help reinforce the country's architectural heritage and, where people work together, to bring forward group housing projects, encourage participation in the design and development process. Exception site policy linked to a local connection test can deliver one off affordable homes in rural and coastal communities allowing people to access the housing market in the area they grew up, studied, work or have family connections.
7. *A globally responsible Wales:* More CSB housing will improve the quality and sustainability of the housing stock in Wales, improve the well-being of local people and set a benchmark for better designed, more energy efficient and greener homes.

Supporting Councils

Our ongoing work with local Councils across the UK has highlighted the need for help in understanding how self and custom build projects can be delivered. Many have said they would initiate local projects if they had some initial support to identify opportunities. Although NaCSBA has published an online practical toolkit⁹ to help, many councils are asking for bespoke help to take action.

We have therefore recently launched a Right to Build Expert Task Force which is recognised by the recent Government White Paper in England entitled *Fixing our*

⁹ <http://customandselfbuildtoolkit.org.uk>

broken housing market. It is also supported by several partners including the Building and Social Housing Foundation, National Housing Federation, Royal Institution of Chartered Surveyors, the Royal Town Planning Institute and the Local Government Association.

The objective of the Task Force, which is funded by the Nationwide Foundation, is to increase the availability of decent affordable homes for people in housing need by helping local authorities, community groups and other organisations across the UK to deliver large, affordable custom and self-build housing projects.

Its aim is to help at least 80 organisations over the next three years, including authorities in Wales. This may be local authorities needing advice on demand assessment for CSB, to create local planning strategies or to bring forward site or area-specific proposals. Alternatively, it could also help affordable housing providers or community groups who need support to engage with local authorities. To help ensure other projects and initiatives benefit, the lessons learnt will be shared through regional events and case studies within NaCSBA's Right to Build Portal.

Help is available through several national experts who are familiar with the delivery of custom and self-build housing. Support will focus on larger scale projects and initiatives seeking to support the delivery of affordable custom and self build homes. Experts will be available for an initial period of up to five working days at a reduced rate of £250 per day plus VAT. Support needed for longer periods is also available.

Since its recent launch the Task Force has already received considerable interest, including from councils in Wales, and I am confident that in short time it will deliver real change to enable more people to access affordable, well designed housing which meets local need. The Netherlands Government established a similar Task Force which has helped CSB to grow to 20% in eight years, delivering 15,000 homes per year. This is equivalent to 2,650 CSB completions in Wales, if adjusted for the population of Wales (3m in Wales compared to 17m in the Netherlands).

The Right to Build Expert Task Force can play a key role to support the implementation of the NDF in Wales. We therefore propose that the Government supports the work of the Task Force in Wales through active promotion as discussed in the recent meeting with NaCSBA.

Conclusion

By setting a clear strategic planning framework the NDF has the potential to be a powerful tool to enable many more people to build their own homes across Wales.

The measures we have highlighted above align well with the well-being goals of Well-being of Future Generations Act. If implemented they will accelerate land supply, support SME home builders and stimulate the take-up of advanced housing manufacturing, promoting increased productivity, efficiency and economic growth. They will also result in a more resilient housing industry, better design quality of the housing stock in Wales, increasing affordability with greater choice for future home owners.

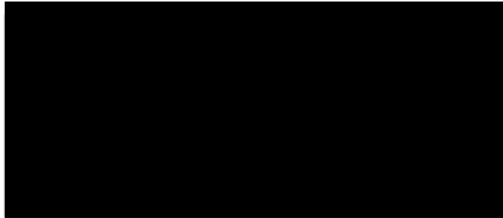
We have no doubt they would deliver significant growth in the CSB sector over the next 20 years with limited cost to the public purse or the need for extensive legislative change across Wales. We estimate that together the measures could bring forward at

least another 1,350 homes each year, creating around 4,000¹⁰ additional construction jobs and a further 7,800¹¹ jobs in manufacturing, trade, transport and other related industries, helping to support economic growth.

The Government's support of our national Right to Build Task Force will help implement the NDF by providing real help to Councils, at limited to no cost to Government.

I would be pleased to discuss our proposals in more detail with the Welsh Government in due course.

Yours sincerely,



Michael Holmes

ADDENDUM

Examples of areas already taking action:

- Rhondda Cynon Taf County Borough Council (RCT) are considering using Council owned land to promote self and custom build housing and looking at whether a Dutch-style 'plot shop' could work to dispose of plots. They consider that there is also the possibility that this could be replicated at a regional level through the Rhondda Cynon Taff County Borough Council Project City Deal which they are leading.
- Cardiff and Swansea councils want to find new models of housing delivery and are very interested in supporting CSB housing.
- The Swansea City Deal wants to support self and custom build housing through regeneration plans and programmes.
- In Anglesey, the local county council and a rural housing association are supporting an innovative funding scheme that allows people on modest incomes to initially 'acquire' a building plot at no cost. The council 'held' a legal charge on the other 75% of the value of the plot, and if the self builder ever moved on and sold their home they would have to pay back the 75% of the land value to the council. The plots are only available to people who have lived locally for at least

¹⁰ New Jobs Created by Housing - Building Communities Boosting Employment published by the HBF in Jan 2016 found that an additional 36,680 new homes completions in 2014-15 compared to 2013-14 create an additional 106,000 new job, equivalent to 2.94 new jobs per additional new dwelling.

¹¹ In the UK, Munday, Pickernell and Roberts (2004) used input-output tables to establish the multiplier effect of the construction activities to other sectors of the Welsh economy. Using the same technique, Munro and Karley (2005) calculated the multiplier effects of construction and financial industries to the Scottish economy in 2001. The multiplier effect on local employment was found to be 1.95.

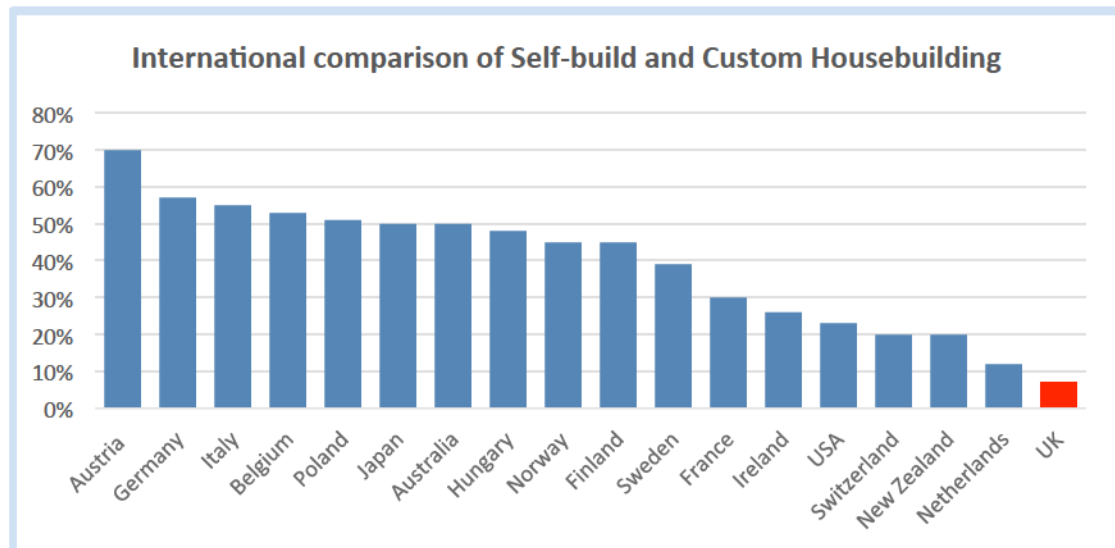
five years, and they were carefully allocated by the housing association to those that would benefit the most.

- A now obsolete policy (Policy 52 of the Joint Unitary Development Plan for Pembrokeshire - Low Impact Development) allowed the creation of a small new sustainable settlement the Lammas Eco Village in Pembrokeshire <http://livinginthefuture.org/episodes/10-permission-to-plan.php>. Nine plots were created allowed under exception site policy on the basis that the settlement included land-based activities that support the community. This form of low density development of new dwellings or settlements linked to the land is similar to the lowland crofting policies used in parts of Scotland to help regenerate under populated rural areas with low grade agricultural land.

Current demand for custom and self build plots in Wales

Region	Council	Living In	Selected
Figures	Ceredigion County Council	9	69
	Total	9	69
Denbighshire	Denbighshire Council	11	94
	Total	11	94
Flintshire	Conwy County Borough Council	13	77
	Flintshire County Council	21	95
	Total	34	172
Glamorgan	Bridgend County Borough Council	25	91
	Caerphilly County Borough Council	13	131
	Cardiff Council	51	204
	City & County of Swansea	24	167
	Merthyr Tydfil Council	5	109
	Neath Port Talbot Council	7	118
	Rhondda Cynon Taf County Borough Council	21	127
	Vale of Glamorgan	19	167
	Total	165	1114
Gwent	Blaenau Gwent County Borough	3	72
	Monmouthshire Council	34	155
	Newport Council	20	93
	Torfaen County Borough	5	68
	Total	62	388
Gwynedd	Gwynedd Council	11	95
	Isle of Anglesey Council	12	76
	Total	33	171
Pembrokeshire	Carmarthenshire County Council	20	118
	Pembrokeshire Council	19	126
	Total	39	244
Powys	Powys County Council	18	110
	Total	18	110
Wrexham	Wrexham County Borough Council	11	49
	Total	11	49
All Regions	Total	382	2411

Source: BuildStore Custom Build Homes Register (2017, unpublished)



Source: NaCSBA (2016 update, unpublished)