



Self and Custom Build Housing Background Paper

September 2020

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1.0 Introduction

- 1.1 A series of background papers have been produced to accompany the Regulation 19 consultation on the emerging Fareham Local Plan 2037. The background papers provide an understanding of the latest evidence base and the reasoning for the policy approaches in the Plan.
- 1.2 The purpose of this background paper is to explain the processes undertaken to establish the self and custom build need in the Borough. The paper will provide background on the current legislation and national planning policy guidance. The paper will also provide a breakdown of the current and future need for self and custom build in the Borough and will provide details on how the Council intend to meet the need through the Fareham Local Plan 2037. It is essential that the need for self and custom build in the future is reflected within Policy HP9: Self and Custom Build Homes in the Fareham Local Plan 2037.
- 1.3 This version of the background paper has taken into account the results of the Regulation 18 consultation in order to shape the final version of Policy HP9 in the Publication Fareham Local Plan 2037 relating to self and custom build homes, which will be examined by an independent planning inspector.

2.0 Policy Context

- 2.1 Fareham Borough Council's current adopted Local Plan comprises of the following three parts:
- Local Plan Part 1: Core Strategy (August 2011);
 - Local Plan Part 2: Development Sites and Policies (June 2015); and
 - Local Plan Part 3: The Welborne Plan (June 2015)
- 2.2 Local Plan parts 1 and 2 will be superseded in due course by the Fareham Local Plan 2037.
- 2.3 The new Fareham Borough Local Plan 2037 provides an opportunity to introduce a new policy that seeks to address the need for self and custom build based on the Council's evidence in line with national policy. This will apply to the whole Borough with the exclusion of Welborne. Policy WEL21 of the Welborne Plan makes separate provision for self and custom build homes in Welborne and this is discussed further in Chapter 5.

3.0 Background to Self and Custom Build

- 3.1 Self-build and custom build housing is defined in the National Planning Policy Framework (NPPF) as “Housing built by an individual, a group of individuals or persons working with or for them, to be occupied by that individual”. This covers a wide range of projects, the most obvious example being a traditional 'DIY self-build' home, where the self-builder selects the design they want and then undertakes much of the actual construction work themselves. Self-build also includes projects where the self-builder arranges for an architect/contractor to build their home for them. Custom build projects are undertaken with a specialist developer who carries out the majority of the work to deliver the home. This approach is more ‘hands-off’ and the specialist developer often handles the major steps involved with the process, including securing a plot, managing the construction work and arranging finances.
- 3.2 A YouGov survey commissioned by the Building Societies Association (BSA) in 2011 concluded that approximately 53% of people in the UK wish to consider building their own home. However self-build only accounts for between 7-10% of new housing (around 12,000 homes per year) across the UK. Research carried out by Three Dragons in 2016 verified that self-build and custom build homes account for 7% of total new builds in the UK. This is much lower than other European countries, in Austria for example, it accounts for around 80%.
- 3.3 The Housing White Paper, published in February 2017, emphasised the government’s commitment to support the self and custom housebuilding sector. The White Paper noted that the self-build sector can provide quickly-delivered, high quality (sometimes innovate) homes, that better meets peoples’ needs and provides low-risk opportunities for small builders and sets out various measures to improved access to finance and land for potential self and custom builders.
- 3.4 The NPPF requires Local Planning Authorities (LPAs) to deliver a wide choice of high-quality homes, widen opportunities for home ownership and create, sustainable, inclusive and mixed communities. Paragraph 61 of the NPPF sets out that planning policies should reflect a mix of housing based on the needs of different groups in the community, including people that wish to build their own homes. As detailed in footnote 26, the NPPF reminds LPAs that they have a duty to assess local demand for self-build land and must make provision for that demand.
- 3.5 A key priority of the government is to boost the supply of housing by a variety of means to meet the varied housing needs of people across the UK. Self and custom housebuilding offers interested parties the opportunity to build their own home and has been identified by the government as a significant source of housing supply.
- 3.6 To facilitate the delivery of self and custom build the Self-build and Custom Housebuilding Act was published in March 2015. The Act imposed a duty on LPAs “to keep a register of individuals and associations of individuals who wish to acquire serviced plots of land to bring forward self-build and custom build housebuilding projects and to place a duty on certain public authorities to have regard to those registers in carrying out planning and other functions”. Regulations, under the Act, entitled the Self-build and Custom Housebuilding (Register) Regulations 2016, came into force in April

2016 and stated that LPAs should have their self and custom build registers in place by 1st April 2016. The 2016 Regulations were further updated on 31 October 2016, by the Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016. The updated regulations removed barriers to the delivery of self-build and custom housebuilding and provided an opportunity for LPAs to establish additional eligibility criteria to the self and custom build register. The changes to the regulations are reflected in the Planning Practice Guidance (PPG).

- 3.7 The Self-build and Custom Housebuilding PPG¹ sets out how LPAs should fulfil their duties with regards to self-build and custom housebuilding, which are: 'a duty to grant planning permissions' and 'a duty as regards registers'. These duties require that the Council uses the evidence of demand provided by the register when undertaking its planning functions (local plan preparation and decision taking) and must grant planning permission for enough 'suitable serviced plots of land' within their area to meet the need identified on the register. The Council have 3 years in which to permit an equivalent number of plots of land, suitable for self and custom housebuilding from the year in which applicants joined the register.
- 3.8 Further support for self and custom build developments is provided through exemption from Community Infrastructure Levy (CIL). The exemption applies to anyone that is building their own home or has commissioned a home from a builder or contractor. Individuals claiming the exemption must own the property and occupy it as their principal residence for a minimum of 3 years after the work is complete. The exemption is not automatically applied and needs to be claimed by the applicant before the commencement of development.

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

4.0 Fareham's Self and Custom Build Register

- 4.1 Fareham Borough Council's self and custom build register was published on the Council's website on 21st March 2016². The register seeks information from individuals about the location and type of house they would wish to build and provides evidence of the demand³ for self and custom housebuilding in the Borough.
- 4.2 Eligibility criteria for entry onto an LPA's self and custom build register was set out in the 2016 Regulations⁴, and stipulates that any individual or member of an association that signs up to the register must be:
- Aged 18 or older
 - A British citizen, or
 - A national of an EEA State other than the UK, or national of Switzerland
 - Seeking (either alone or with others) to acquire a serviced plot of land for their own self-build and custom housebuilding project.
- 4.3 In the Local Government Association Planning Advisory Service 2016 report entitled Planning for Self and Custom Build Housing⁵ it was identified that "it is likely that in constrained growth areas with high demand, local connection criteria could be a useful tool to manage the supply and demand".
- 4.4 The Self-Build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016 allowed LPAs to introduce a local connection test to the self-build register to demonstrate that applicants have a 'sufficient connection with the authority's area' and in August 2017, the Council introduced such a test to new applicants on the register. The test entails that in order to be entered on part 1 of the register, applicants are required to demonstrate they have a local connection with the Borough, either through being a resident or by working in the Borough. In line with the relevant regulations, those applicants on part one of the register will be counted toward the Council's need for self and custom build. Members of the armed forces and ex-service personnel who have left the armed forces in the last two years are also eligible for entry on part one of the register. Applicants who do not meet the local connection test will be registered on part two of the register, and those applicants will not count as part of Fareham's identified need for self and custom build ensuring that the numbers on the register would not be inflated by demands from outside the Borough.
- 4.5 In addition, in order to better understand the need for self and custom build plots in the Borough, applicants to the Council's register are asked further questions regarding their plans and preferences for their project. This includes information relating to preferred locations within the Borough and the type of self and custom build property they are seeking to build.

² http://www.fareham.gov.uk/planning/local_plan/selfbuild.aspx

³ For the purposes of the Regulations 'demand' refers to the number of applicants on the LPA's self and custom build register.

⁴ The Self-Build and Custom Housebuilding (Register) Regulations 2016.

⁵ <https://www.local.gov.uk/sites/default/files/documents/planning-self-and-custom--edc.pdf>

5.0 Calculating and meeting the Borough's need

5.1 The Self and Custom Regulations set out the requirements for determining the need for self and custom build by using the information contained in the register. The 2016 Regulations and PPG state that the need for self and custom build should be assessed against 'base periods'. The first 'base period' is determined from the day the Council established the self-build register (for Fareham this was 21st March 2016), to the 30th October 2016 as set out in section 2a of the Self and Custom Build Act 2015. Each subsequent base period will begin the day immediately following the end of the last base period and lasts for a period of 12 months.

5.2	Base Period for the council's Self and Custom Build Register	Deadline for granting 'suitable planning permission' for self-build plots for the Base Period
	Base Period 1 (21/03/16 - start of register to 30/10/16)	30/10/19
	Base Period 2 (31/10/16 to 30/10/17)	30/10/20
	Base Period 3 (31/10/17 to 30/10/18) (and continuing on this rolling annual basis)	30/10/21 (and continuing on this rolling annual basis)

Table 1 –Base Periods for Fareham's Self and Custom Build Register and the deadline for Granting Suitable Planning Permissions

5.3 Table 1 provides a breakdown of the base periods in relation to the Council's self and custom build register and the deadlines for providing suitable development permissions to meet the need for each base period.

5.4 Applicants may subsequently decide they no longer wish to be included in the register and can request removal at any time. However, the Borough's need is the number identified at the end of the base period, regardless if those individuals subsequently request removal from the register prior to the deadline for granting planning permission for that base period.

5.5	Base Period	No of individuals during base period	No of groups during base period	Individuals meeting the local connection test	Delivery deadline
	Base Period 1 21/03/16-30/10/16	35	0	35	30/10/19
	Base Period 2 31/10/16-30/10/17	62	0	61	30/10/20
	Base Period 3 31/10/17-30/10/18	31	0	27	30/10/21
	Base Period 4 31/10/18-30/10/19	52	0	42	30/10/22

Table 2: Number of entries on Fareham's register

5.6 Table 2 shows the number of new entries registered on Fareham's Self and Custom Build Register for each base period. 35 applicants joined the self and custom build register

within the first 'base period'. Therefore, the Council were required to grant planning permission for 35 self and custom build plots by 30th October 2019.

Monitoring

- 5.7 As a planning application may not necessarily state that it is for a self or custom build dwelling, the number of self and custom build permissions granted is established through the annual monitoring process. An initial sift of permissions granted for single dwellings with CIL self-build exemption certificates is undertaken, followed by investigation of the applications for evidence of the applicant's primary input into the final design and layout (for example, a good indication of this is whether the client on architect's drawings is also the planning applicant) and where the applicant is an individual rather than a company. Any specific multiple plot self-build applications are also included.
- 5.8 Using this methodology, sufficient self-build permissions have been granted in the Borough to meet the need identified for base period 1. This was achieved by 31st March 2018. Planning permissions granted from 1 April 2018 will address the need for base period 2 which ends 30 October 2020. As of 30th October 2019, a further 24 self and custom build permissions had been granted.
- 5.9 The supply of self and custom build homes will continue be monitored through the annual monitoring process⁶ in order to ensure the council is delivering the required supply against the need evidenced on the self and custom build register. The Authority Monitoring Report will provide information on the number of individuals and associations on the self-build and custom housebuilding register within the relevant base periods, as well as the number of plots secured through relevant planning permissions granted since the register was established. This will provide an indication on the Council's progress on meeting its self and custom build needs.

Local Plan Part 3 (LPP3): Welborne Plan

- 5.10 The Welborne Plan which was adopted in 2015, provides for small builders and individuals that are looking for self or custom build plots in Welborne. The Council have allocated a proportion of the new housing land at Welborne, during the plan period to be made available to those who wish to build their own home. Areas dedicated to the self-build plots will be incorporated into the comprehensive masterplan for the planning application for the site, which will be in accordance with the Welborne Design Guidance Supplementary Planning Document (SPD).
- 5.11 Policy WEL21 of the Welborne Plan states that not less than 1% of all homes at Welborne should be delivered as custom build plots. This equates to 60 homes that would meet the Borough's future demand for self and custom build. It is anticipated that the plots in Welborne will be delivered to the mid to latter end of the plan period.

Proposed approach and policy justification

- 5.12 The approach for self and custom housebuilding is set out in the reasoned justification of Policy HP9: Self and Custom Build Homes of the Fareham Local Plan 2037. The Policy

⁶ Through the Council's Authority Monitoring Report - http://www.fareham.gov.uk/planning/local_plan/amp.aspx

supports and makes provision for self and custom housebuilding. Policy HP9 requires the provision of at least 10% of dwelling plots of sites of 40 dwellings or more to be made available for self and custom builders, subject to the identified demand in the Borough. Percentage policies that require a proportion of larger housing developments to be reserved for self and custom homes are being adopted by a number of LPAs. This is deemed an effective way of generating a significant number of plots for self and custom build properties where there is an established demand.

Delivery

- 5.13 Setting a percentage policy on medium sized plots of 40 or more, ensures that self-build will not be reliant entirely on "windfall" contributions - development which has not been predicted in the preparation of the Local Plan, or large site delivery, which has not historically been a major source of development in Fareham.
- 5.14 The Fareham Local Plan 2037 identifies a number of sites for the delivery of housing over the length of the plan period. These allocations consist of a mix of sites, including a number of small sites which under the new self-build policy, will not be required to make a contribution to the Borough's need as they fall below the 40 dwellings criteria. However as identified by the NPPF paragraph 68, such sites make an important contribution to meeting the area's housing requirement as smaller sites are often built out relatively quickly. Developers of smaller sites can choose to develop a site specifically for self and custom build however, providing serviced plots as seen in HA35, Land east of Bye Road which has permission for 7 self-build dwellings.

Fareham's Self and Custom Build Action Plan

- 5.15 In September 2018 the Council adopted a Self & Custom Build Action Plan⁷ which sets out the Council's responsibilities and wider ambitions in respect of self and custom housebuilding in the Borough. It describes the actions the Council proposes to take to meet local demand and how it plans to work with customers and partners to help deliver opportunities for self and custom build.
- 5.16 Part of the regulations that came into force on 31st October 2016⁸ allowed LPAs to charge applicants a specified fee for administering the register. In addition, LPAs can charge a fee on an annual basis for each base period where applicants wish to remain on the register. This was introduced in Fareham in August 2017, alongside the local connection test, with the intention to regulate entry onto the self and custom build register and to provide a realistic indication of local demand for self and custom build. A registration fee of £20 was charged to gain entry onto the self and custom build register to cover the Council's reasonable costs. A further fee of £10 was introduced for all applicants wishing to remain on the register for each base period (effectively an annual fee).
- 5.17 In paragraph 7.4 of the Self and Custom Build Action Plan, the Council recognised that the register is a helpful guide to understanding interest and potential demand for self-

⁷ Self & Custom Build Action Plan available online at:
<http://modern.gov.fareham.gov.uk/documents/s21131/Appendix%20A%20Self-build%20and%20Custom%20House%20Building%20Action%20Plan.pdf>

⁸ The Self and Custom Housebuilding Regulations 2016 and The Self and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016

build and custom-housebuilding. The Action Plan also explained that it is important that the Council undertakes more detailed research to obtain a realistic understanding of local demand and need, including such individuals and organisations abilities to afford such housing options. The Council considered that the charging of a fee to join and remain on the register may be a barrier to joining the register and consequently, in November 2018 the charges were lifted in order to encourage interest in self-build and custom housebuilding in the Borough.

- 5.18 Action 2 of the Self and Custom Build Action Plan is to continue to improve the Council's understanding of those individuals or organisations that are interested in self-build or custom housebuilding opportunities within the Borough (as well as their ability to afford available options) by undertaking detailed research. In April 2019 the Council undertook a survey of entrants on the council's self and custom build register in order to gain a better understanding of the self and custom build need in the Borough. A summary of the responses to the questionnaire can be found in Appendix 1.
- 5.19 Moving forward, this information may assist developers in providing the type of plots which would meet an identified need and therefore help ensure plots are sought-after and viable.

Appendix 1 - Survey of Fareham's Self and Custom Build Register

In order to gain a better understanding of the self and custom build need in the Borough, the council undertook a survey of the entrants on the council's self and custom build register.

On 24th April 2019, the date the survey was issued, the self and custom build register for Fareham consisted of 79 individuals. All individuals registered were sent an email with a link to the questionnaire and further follow up requests were sent to ensure everybody had an opportunity to respond with their views. From a possible 79, 60 responses were received (76% response rate).

A summary of the responses to the questionnaire is as follows:

93% of respondents are still interested in building their own home and wish to stay on the register.

- There is no clear preference with regard to the type of plot which people are interested in pursuing, only 4 individuals restricted their responses to one choice, indicating that the majority have an open mind to the type of plot.
- The plot sizes which individuals are interested in purchasing are also fairly varied, although there is a preference to either medium (36%) or large plots (29%).
- When it comes to the type of home which people would prefer to build, there is a clear indication that most people want a detached property, in particular a detached house was indicated by 51 out of 56 individuals as one of their preferences.
- The majority of individuals (51%) responded that they would want a minimum of 3 bedrooms, 29% require a minimum of 4 bedrooms.
- The west of the Borough is the area in which the majority of people would prefer to be located, in particular 50% of responses chose Warsash, 37.5% chose Titchfield and 27% Sarisbury. Welborne also ranked highly in the areas of preference, 30% of responses chose Welborne as one of their top 3 locations. 23% of responses included the option of no particular preference.
- The type of development which are most appealing to the individuals on the register are Developer built one-off homes (64% chose this as one of their preferences), Kit or package homes (63% selected this as an option) and Contractor built homes (45% indicated this as a preference). Only 12.5% selected the self-built one-off home as a preferred option, suggesting that there is a requirement for some level of support from the professional building sector.
- Of the 56 individuals who responded to the questionnaire and are still interested in building their own home, 53 have undertaken some sort of research into the financial requirements to building their own home of which 48% plan to sell their current property to fund their project, 30% have capital secured and 14% have a self-built mortgage in place already. Only 7% do not yet have finances in place.
- 77% people feel that once they are able to identify an appropriate plot, they would be ready to purchase a plot within 6 months.
- By far the most common barrier to progressing self and custom build plans is finding a suitable plot. 95% of respondents said this was the case.

Response Data:

Q1. Are you still interested in building your own home?

56 of the 60 responses confirmed they are still interested in pursuing self or custom build.

Q2. Do you wish to remain on the register?

56 respondents confirmed they wished to remain on the register.

Q3. What type of plot are you interested in pursuing? (tick all that apply)

A single plot in a rural location: 49

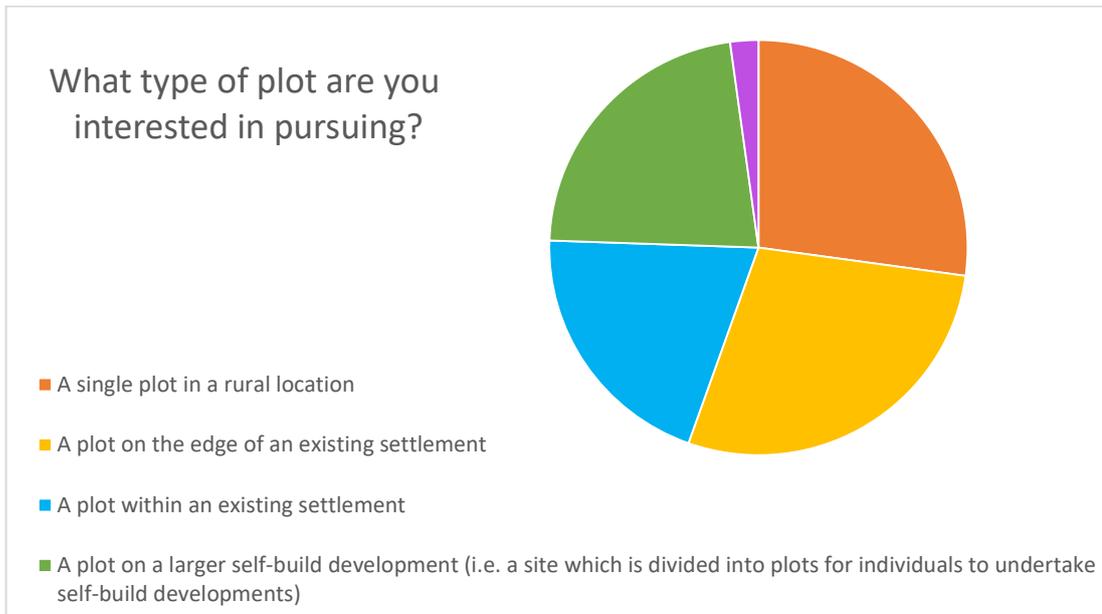
A plot on the edge of an existing settlement: 51

A plot within an existing settlement: 36

A plot on a larger self-build development (i.e. a site which is divided into plots for individuals to undertake self-build developments): 40

4 stated other and specified as follows:

- A plot in Welborne
- Willing to consider all plots on a plot by plot basis
- Refurbishment or rebuild of existing plot
- Coastal Location



Q4. What size plot are you interested in purchasing?

Large enough for a house with a small front and back garden (1/10 acre/405m²): 5

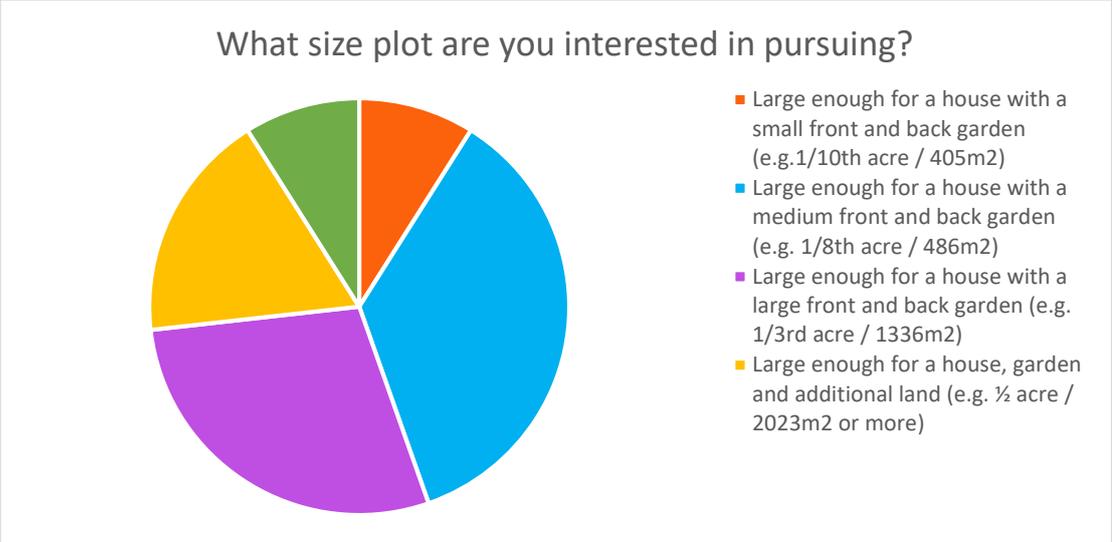
Large enough for a house with a medium front and back garden (1/8 acre/486m²): 20

Large enough for a house with a large front and back garden (1/3 acre/1336m²): 16

Large enough for a house, garden and additional land (1/2 acre/2023m² or more): 10

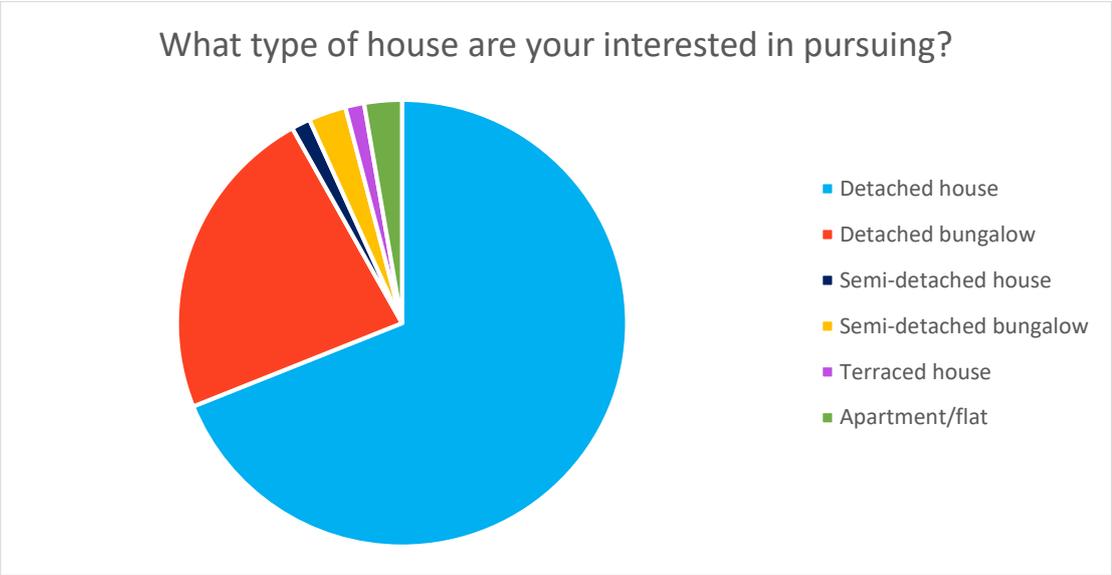
5 stated other and specified as follows:

- Interested in any sized plot to self-build.
- A small plot to build an eco tiny-home
- 1/3rd or 1/2 acre or more
- 2 said 800m² or larger



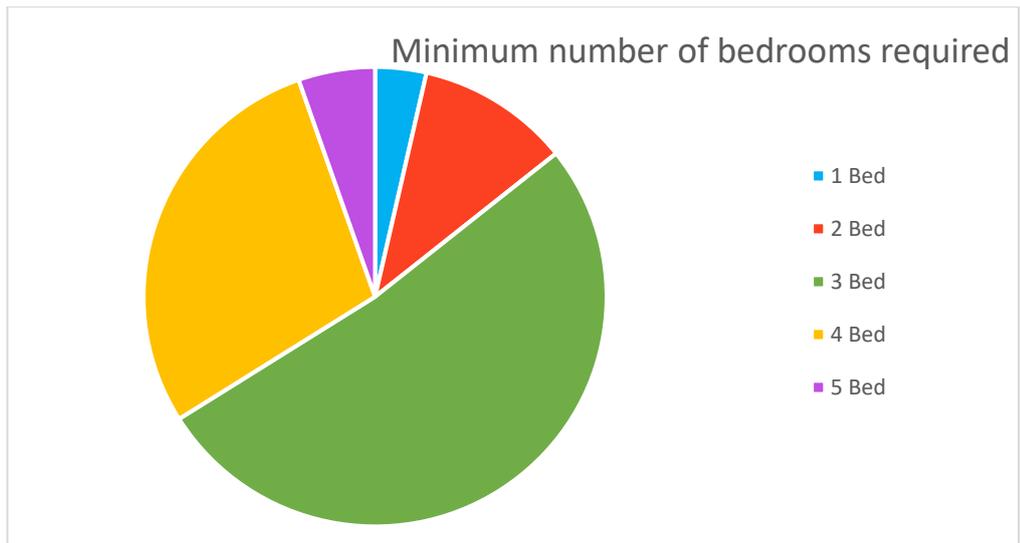
Q5. What type and size of home are you seeking to build? (select all that apply)

- Detached house: 51
- Detached bungalow: 17
- Semi-detached house: 1
- Semi-detached bungalow: 2
- Terraced house: 1
- Apartment/flat: 2



Q6 Minimum number of bedrooms:

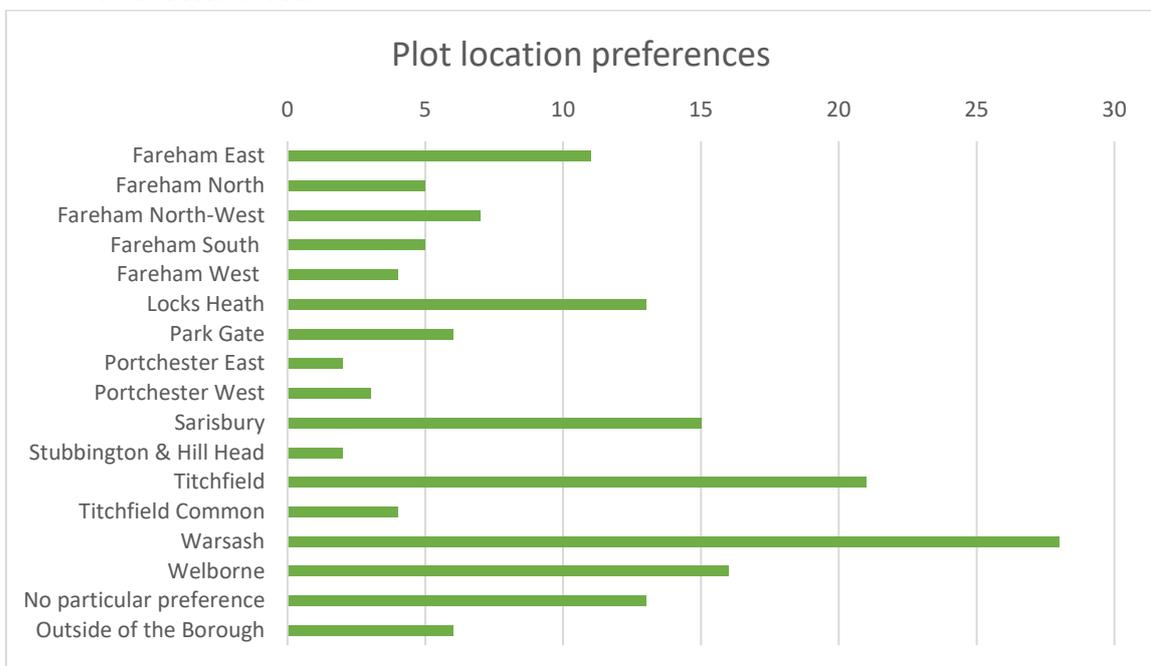
- | | |
|-----------|-----------|
| 1 bed: 2 | 4 bed: 16 |
| 2 bed: 6 | 5 bed: 3 |
| 3 bed: 29 | |



Q7 Please indicate up to 3 locations you would choose to pursue a building plot:

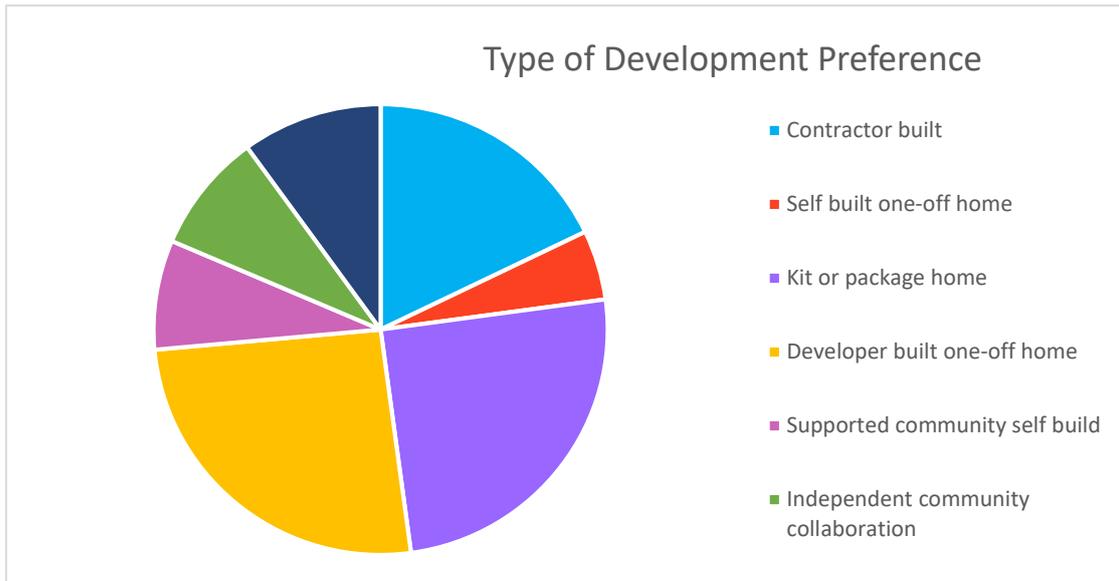
Fareham East: 11
 Fareham North: 14
 Fareham North-West: 7
 Fareham South: 6
 Fareham West: 5
 Locks Heath: 13
 Park Gate: 6
 Portchester East: 2
 Portchester West: 3

Sarisbury: 15
 Stubbington & Hill Head: 2
 Titchfield: 21
 Titchfield Common: 4
 Warsash: 28
 Welborne: 17
 Outside of the Borough: 6
 No particular preference: 13



Q8 What type of Self or Custom Build development are you interested in pursuing? (tick all that apply)

Contractor built: 25
Self-built one-off home:7
Kit or package home: 35
Developer built one-off home:36
Supported community self-build:11
Independent community collaboration:12
Developer/contractor led group project:14

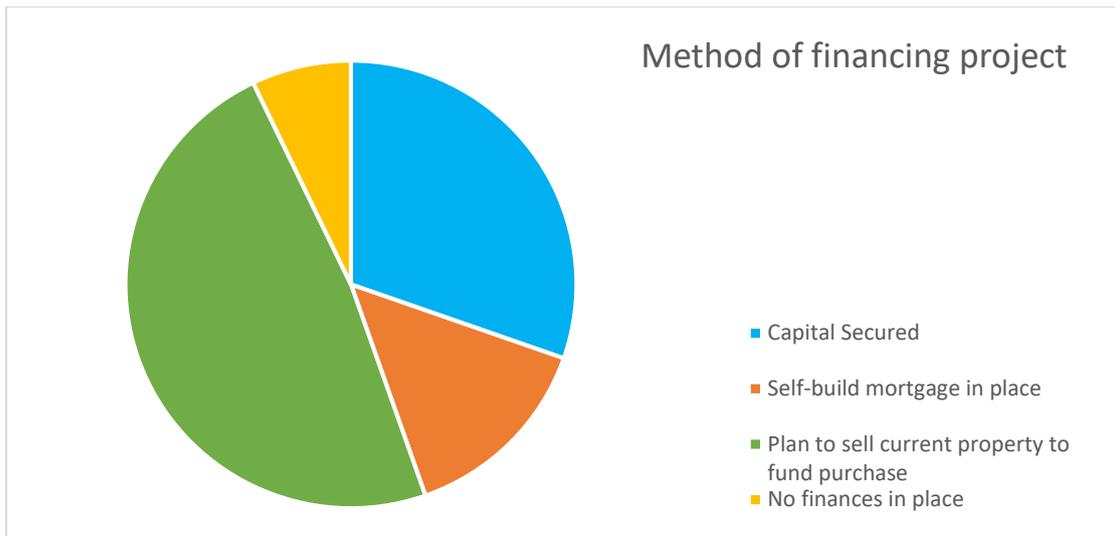


Q9. Have you researched the financial requirements to build your own home?

53 out of the 56 respondents who are still interested in proceeding with a project confirmed that they had researched financial requirements.

Q10. How are you most likely to finance a self-build project? (please indicate one)

Capital secured:17
Self-build mortgage in place: 8
Plan to sell current property to fund purchase:27
No finances in place:4



Q11. Once you have identified an appropriate plot, how long would it take you to be ready to purchase that plot? (select one)

Within 6 months: 43
 Between 1-2 years: 10
 Between 2-3 years: 3
 Longer: 0

Q12. What are the barriers (if any) which are preventing your self-build plans from progressing? (select all that apply)

Unable to secure finances: 0
 Unable to find a plot: 53
 Unable to find appropriate design/designer: 1
 Complexity of the planning process: 6
 Other: 3

The respondents who stated “other” provided the following additional information:

- Plots too expensive, and few available.
- Haven't been focusing on it of late and hoping to see a growth locally of community supported projects at which point I would be focused on securing finance.
- Need some time to save some additional capital, and then look further into self-build mortgages. We also have a property to sell to aid financing.

Q13. When accessing Fareham Borough Council’s website to join Self and Custom Build Register was the information easy to find and understand?

52 out of 60 respondents said the information on the website was easy to understand, 6 respondents did not answer the question and 2 responded that they did not find the website easy to understand.

*Supplementary Question sent to all who responded that they still wish to proceed with a Self-build project: **Would you consider a serviced plot on a standard development if this was a requirement for developers to provide?***

Of the 56 who were asked, 32 responded of which 25 said yes they would consider this a suitable plot for their project.

