

---

**Dacorum Borough Council**

---

**Custom and Self Build**

**Demand Assessment  
Framework**

**January 2020**

---

**Three Dragons**

**Final Report**



Executive Summary.....	2
1 Introduction .....	5
Purpose of the Demand Assessment Framework.....	5
The Framework Report .....	5
2 National Context .....	7
What is custom and self-build housebuilding.....	7
Key requirements of the legislation.....	9
3 Local Context.....	15
Current and emerging planning policy.....	15
Evidence of demand for CSB.....	17
Notional supply .....	18
4 Demand Analysis.....	20
Approach to measuring demand .....	20
Demand estimates from the model.....	21
5. implications.....	27
Annex I – The model .....	29
Modelling process and data sources .....	29

## EXECUTIVE SUMMARY

1. Self-Build housing has been part of the UK housing market for many years, traditionally meeting the aspirations of a niche market where future home owners are involved in the design and delivery of their dream home. Over time, self-build has gradually diversified through a range of models from the self-builder doing everything, through to a full 'design & build' approach with the self-builder commissioning contractors to build their homes for them. 'Custom build' models are now also entering the housing market enabling the consumer to buy a shell or part finished home to complete the fit-out themselves.
2. This report has been prepared for Dacorum Borough Council and is divided into three parts:
  - Part A – The national position
  - Part B – The local context
  - Part C – Demand estimate

### ***Part A – The national position***

3. The key requirements of the legislation are set out in two acts of Parliament, The Self-Build and Custom Housebuilding Act 2015<sup>1</sup> as amended by the Housing and Planning Act 2016, with guidance given by two main statutory instruments<sup>2</sup>. The Acts introduced three duties for local authorities to meet demand for custom and self-build housing (collectively known as "the Right to Build"), requiring them to:
  - prepare, publicise and maintain a register of individuals and associations of individuals "*who are seeking to acquire serviced plots of land*";
  - have regard to the register "*when carrying out their planning, housing, land disposal and regeneration functions*"; and
  - give suitable development permission for enough serviced plots of land to meet the demand for custom and self-build housing in their area on a rolling, three-year, basis.

### ***Part B – The local context***

4. This section contains a review of the relevant local authority policies (including its local plan and other guidance e.g. SPD's), current estimates of demand (including from the Custom and Self-Build Register as well as from the authority's SHMA<sup>3</sup>) and progress in meeting demand for CSB housing.
5. A simple comparison between demand for CSB (as measured by the register) and notional supply (as measured by single dwelling completions) indicates that most of the apparent demand is being met through small site developments. For Dacorum,

---

<sup>1</sup> <http://www.legislation.gov.uk/ukpga/2015/17/contents>

<sup>2</sup> <http://www.legislation.gov.uk/uksi/2016/950/made> SI 950 (2016) and <http://www.legislation.gov.uk/uksi/2016/1027/made> SI 1027 (2016)

<sup>3</sup> Strategic Housing Market Assessment

we have identified a demand from the register for 29 plots a year and a current supply of 30 units per annum.

6. The above analysis relies on the register as an accurate measure of underlying demand and assumes there are no larger scale CSB developments. The scale of demand shown by registers can be as much a reflection of the approach taken to promoting CSB locally as a pattern of local demand. Whilst it can be a useful indicator of demand it is not useful as a long term planning tool.

***Part C – Demand estimate***

7. In order to understand whether the registers provide a true reflection of demand, Three Dragons, with the support of the Right to Build Task Force, has developed an alternative model for determining underlying longer-term demand for CSB at local level. The model measures the potential for households in an area (on their own or by working with others in a group or ‘association’) to develop their own home – as custom or self-build. It compares the national profile of potential custom and self-builders with the profile of the local population. The model recognises that only a proportion of households which fit the characteristics are likely to go on to take up CSB and that local costs and values as well as availability of finance will have an impact on this.
8. Headline results from the modelling are shown in the table below.

**Table 1: Modelled demand for CSB plots**

	Demand for CSB - units <b>per year</b> (yrs 1-5)	Demand for CSB - units <b>per year</b> (yrs 6-10)	Demand for CSB - units <b>per year</b> (yrs 11-17)	Demand for intermediate sale units <b>per year</b> (yrs 1 – 5)
<b>Dacorum Borough Council</b>	68	74	78	7

***Implications***

9. The demand assessment model indicates that potential demand for CSB development is greater than the CSB register would suggest.
10. Very limited CSB development is already occurring through single plots. The current rates of supply fall below the potential demand indicated by the modelling. This implies that positive action is required by the council to enable faster rates of CSB development in the area.

11. As a guideline, we recommend the following levels of provision for CSB to be facilitated through the local plan process for Dacorum Borough Council. Taking into account the 30 plots already likely to be supplied by counting CIL exemptions, the figure shown below is on an annual basis. For the next five year period, and for the remaining time of the plan period the following is suggested:

**CSB potential annual demand for plots = 38 plots<sup>4</sup>**

**Rising to 44 plots per annum for years 6-10 and 48 plots in years 11-17**

12. The above figures should not be viewed as maximum. There may be particular circumstances which would support provision of a greater number of CSB plots.
13. Of the requirements set out above, approximately half would be expected to come forward as self-build housing and half as custom build developments. Of the self-build units, only a small number are likely to come forward as single plots delivered through traditional planning routes unless the council is able to do more to encourage such provision.
14. Demand for CSB plots is from a mix of household types and planning policies will need to encourage a diverse range of plots to meet the need. In framing future policies and dealing with planning applications, the following is put forward as a guide to the mix of plot types likely to be required:
  - 20% - low cost/small plots/terrace style developments;
  - 40% - suitable for 3 bed semi/detached homes;
  - 40% - suitable for 4 or 5 bed detached homes.
15. About 10% of future CSB development could be delivered as affordable housing. It is anticipated that this would be focused on affordable home ownership products, but suitable Affordable Rented schemes should also be welcomed. National data indicates that take up of (non CSB) shared ownership housing tends to be from younger and smaller households. Therefore, we would suggest that 75% of the affordable CSB plots should be smaller units aimed at this market and the remaining 25% for larger families.
16. There is an opportunity for Dacorum Borough Council to use the information in this report as evidence base for policies in its emerging Local Plan and to encourage, through the Local Plan process, greater provision of CSB plots across the authority. Plan policies should take account of and reference all demand information.
17. This report has made best use of the available data. However, it is acknowledged that the growth in CSB in the area needs to be carefully monitored in line with the Government's Planning Practice Guidance to identify trends in demand and delivery against the duties under the legislation. The data collected can inform future reviews of plan policies and action to support this form of house building.
18. The Framework has been produced by Three Dragons and its contents are the responsibility of Three Dragons. The Right to Build Task Force<sup>5</sup> has supported its development and continues to work with Three Dragons on its application.

---

<sup>4</sup> This is addition to an average of 30 plots that are likely to come forward through the planning process

# 1 INTRODUCTION

## Purpose of the Demand Assessment Framework

- 1.1 Self-Build housing has been part of the UK housing market for many years, traditionally meeting the aspirations of a niche market where future home owners are involved in the design and delivery of their dream home. Over time, self-build has gradually diversified through a range of models from the self-builder doing everything, through to a full 'design & build' approach with the self-builder commissioning contractors to build their homes for them. 'Custom Build' models are now also entering the housing market enabling the consumer to buy a shell or part finished home to complete the fit-out themselves.
- 1.2 There is no doubt that custom and self-build homes can help provide a diverse mix of local housing and widen the potential for home ownership as well as providing new affordable housing options. Custom and self-build can also help encourage small and medium sized builders to diversify their businesses and take advantage of a wider range of customers.
- 1.3 The Government has recognised these benefits and has steadily introduced measures to support the growth of Custom and Self-Build (CSB) housing.

## The Framework Report

- 1.4 This report has been prepared for Dacorum Borough Council (DBC) and is intended to provide information to assist the authority in planning for custom and self build housing, responding to national legislation, policy and guidance in the context of local demand. The report is divided into three parts:

### Part A –The National Position:

- 1.5 A summary of the relevant legislation and guidance and other actions the Government is taking to support CSB housing. Part A includes definitions of custom and self-build;

### Part B – The Local Context

- 1.6 A review of relevant local authority policies (including its local plan and other guidance e.g. SPD<sup>6</sup>), current estimates of demand (including from the Custom and Self-Build Register as well as from the authority's SHMA<sup>7</sup>) and progress in meeting demand for CSB housing;

---

<sup>5</sup> The Task Force was established by the National Custom and Self Build Association and is supported by a range of organisations including the Royal Town Planning Institute, Royal Institution of Chartered Surveyors and the Local Government Association. More details about the Task Force are available at [www.righttobuildtoolkit.org.uk](http://www.righttobuildtoolkit.org.uk)

<sup>6</sup> Supplementary Planning Document

<sup>7</sup> Strategic Housing Market Assessment

### **Part C – Demand Assessment**

- 1.7 An assessment of future demand for CSB – for the next 5 years in detail, with broad estimates for the following 12 years. Estimates of the make-up of the demand (e.g. size of dwellings, affordable housing) are also provided.
- 1.8 The Framework has been produced by Three Dragons and its contents are the responsibility of Three Dragons. The Right to Build Task Force<sup>8</sup> has supported its development and continues to work with Three Dragons on its application.

---

<sup>8</sup> The Task Force was established by the National Custom and Self Build Association and is supported by a range of organisations including the Royal Town Planning Institute, Royal Institution of Chartered Surveyors and the Local Government Association. More details about the Task Force are available at [www.righttobuildtoolkit.org.uk](http://www.righttobuildtoolkit.org.uk)

## 2 NATIONAL CONTEXT

### What is custom and self-build housebuilding

- 2.1 The Self-build and Custom Housebuilding Act 2015 (as amended by Section 9 of the Housing and Planning Act 2016) sets out a statutory definition of Self-build and Custom housebuilding as:

“(A1) In this Act “self-build and custom housebuilding” means the building or completion by—  
(a) individuals,  
(b) associations of individuals, or  
(c) persons working with or for individuals or associations of individuals, of houses to be occupied as homes by those individuals.  
(A2) But it does not include the building of a house on a plot acquired from a person who builds the house wholly or mainly to plans or specifications decided or offered by that person.”

- 2.2 National Planning Practice Guidance interprets the definition of Self-build and Custom housebuilding as being:

*“.....where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.”<sup>9</sup>*

- 2.3 In simple terms, CSB is generally recognised as a form of housebuilding where the purchaser buys a building plot and funds their own build. This early acquisition gives them scope to influence the design and build of their home, either on their own or by working with others in a group or ‘association’.

- 2.4 The legislation does not distinguish between self-build and custom housebuilding and, in practice, there is a spectrum of options between the two. One definition of the difference was put forward by the former Minister for Housing and Planning, Brandon Lewis, in the House of Commons on 24 October 2014, where he said:

*“[the] definition of ‘Self Build’ covers someone who directly organises the design and construction of their new home, while ‘Custom Build’ covers someone who commissions a specialist developer to help to deliver their own home. ....”*

- 2.5 The National Custom and Self Build Association (NaCSBA) has provided a more detailed description of the differences between self-build and custom housebuilding:

---

<sup>9</sup> Planning Practice Guidance Paragraph: 016 Reference ID: 57-016-20170728



**Self-build** is when someone gets involved in, or manages, the construction of their new home (with or without the help of subcontractors).

**Custom build** is when people commission the construction of their home from a developer/enabler, builder/contractor or package company. With 'custom build' the occupants usually don't do any of the physical construction work but still make the key design decisions.

- 2.6 Both of the above forms of housebuilding provide routes into home ownership for individuals and groups or associations of individuals who want to play a role in developing their own homes. Clearly there is a blurring in the distinction between the two forms of housing but, in terms of how they are treated for planning purposes, regulation, exemptions and outcome are the same whatever route the self-builder takes. However, each build route will require different types of plot to be made available.
- 2.7 CSB housing is not, of itself, Affordable Housing as set out in the National Planning Policy Framework (NPPF) (February 2019) although CSB housing can produce cost savings compared to market housing. Models of CSB housebuilding are emerging which more directly fall within the NPPF definition of Affordable Housing, for example, as affordable home ownership products such as shared ownership and discount market sale<sup>10</sup>. There are also a small number of schemes of CSB housing which are developed as Affordable Rent<sup>11</sup>.
- 2.8 The delivery of self-build and custom housing through affordable housing policies is now starting to be found in local plans<sup>12</sup>.
- 2.9 CSB homes can be undertaken by local community groups. The groups can be organised in different ways, for example as co-operatives or co-ownerships or through community land trusts. Community groups may have a common purpose and wider community objectives or may simply provide a means for individuals to build/commission their own home. Housing associations, local authority housing companies and specialist organisations such as the Community Self Build Agency can also bring forward affordable CSB housing schemes.

### **Custom & self-build Housing Delivery Rates**

- 2.10 The CSB sector currently completes about 13,000 homes each year in the UK. At this rate, the UK lags well behind other European countries and those elsewhere in the world in terms of the contribution from Self-build and Custom housing development to overall housing numbers (see below).

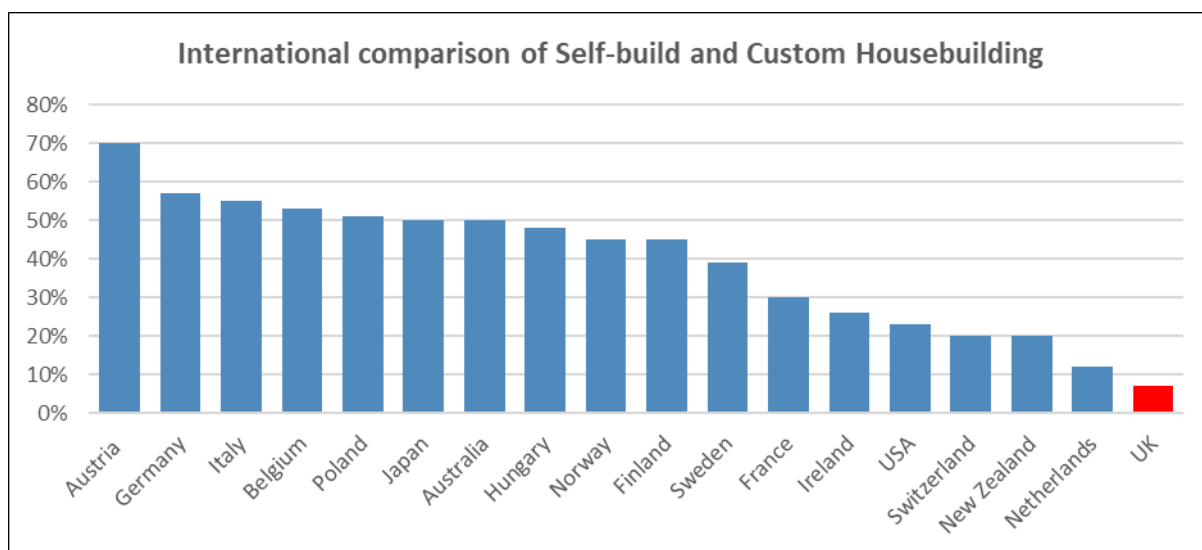
---

<sup>10</sup> E.g. Shropshire single plot exception site policy <https://shropshire.gov.uk/self-build-homes/single-plot-exception-site-policy/>

<sup>11</sup> E.g. 14 apartments in Bedminster, Bristol by Knightstone Housing Association and the Community Self Build Agency which worked with homeless ex-servicemen to train them in construction skills and ultimately live in the homes they had built <https://www.self-build.co.uk/home/homes-heroes/> also refer to <https://communityselfbuildagency.org.uk/>

<sup>12</sup> For example, see b) Cornwall Local Plan adopted Nov 2016 supporting text at para 2.29 <http://www.cornwall.gov.uk/localplancornwall> and c) Torbay Local Plan adopted Dec 2015 policy H3 <http://www.torbay.gov.uk/council/policies/planning-policies/local-plan/new-local-plan/>

**Figure 2.1 International comparison of Self-build & Custom Housebuilding as % of New Build Homes**



Source: NaCSBA (2016, unpublished)

- 2.11 There is no single explanation to account for the scale of difference in incidence of self-building between similar countries but various hypotheses have been put forward. A study by the University of York suggests that important factors may be *“historic developments within housing and planning systems, the propensity of the government to provide housing, and the emergence of large volume housebuilders and/or local commitments to the ethos of homeownership<sup>13</sup>”*. A recent parliamentary research paper suggests that the level of local authority support for community projects is greater in countries with higher rates of self-building<sup>14</sup>.
- 2.12 The Government stated in the White Paper *‘Fixing our broken housing market’* that it wants to support the growth of custom and self-build housing to help drive the diversification of the housing market in England, boost housing supply and give more people more choice over the design of their own home. Alongside two Acts of Parliament and associated regulations (see below), the Government supported the establishment of an industry-led Right to Build Task Force to support delivery, as recognised in the White Paper.

### **Key requirements of the legislation**

- 2.13 Two acts of Parliament set out the responsibilities of local authorities to help promote CSB housing. The Self-Build and Custom Housebuilding Act 2015 as amended by the Housing and Planning Act 2016 introduced three duties for local authorities to meet demand for custom and self-build housing (collectively known as “the Right to Build”). This legislation requires local authorities to:

<sup>13</sup> Build it Yourself? University of York Spring 2013 p16 – based on previous research ‘Self-provided housing in developed societies’ Dol et al 2012

<sup>14</sup> Parliamentary Research Paper 06784 Self-build & Custom Build Housing (England) March 2017 see p5 – example given of how municipality of Berlin actively seeks to help self-builders (quoting a speech by Richard Bacon MP)

- prepare, publicise and maintain a register of individuals and associations of individuals “*who are seeking to acquire serviced plots of land*”;
- have regard to the register “*when carrying out their planning, housing, land disposal and regeneration functions*”; and
- give suitable development permission for enough serviced plots of land to meet the demand for custom and self-build housing in their area on a rolling, three-year, basis.

### ***Preparing and managing the Register***

- 2.14 As of 1 April 2016 all relevant authorities in England (including all local planning authorities) are required 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 them to occupy as homes. According to NaCSBA, all relevant authorities have now established their Self-build and Custom Housebuilding Register.
- 2.15 For an individual or organisation to be eligible to join the register they must:
- be aged 18 or over;
  - be a British citizen, a national of an EEA State other than the United Kingdom, or a national of Switzerland;
  - be seeking (either alone or with others) to acquire a serviced plot of land in the relevant authority’s area for their own Self-build and Custom housing project; and
  - have paid any fee required by the relevant authority and complied with any financial solvency test, if introduced (see below).
- 2.16 Authorities cannot preclude anyone who wishes to join the register and who fulfils the above criteria. However, authorities can separate the register into two parts (Part 1 and Part 2) if they introduce a local connection test, with those people who meet such a test being placed on Part 1 of the register. Those who meet all of the eligibility criteria except for the local connection test must be entered onto part 2 of the register. This does not apply to members of the armed forces.
- 2.17 Conditions for a local connection are very broadly defined in legislation and it is largely left to the authority to decide the criteria they want to use “*as the authority reasonably considers demonstrate that the individual has sufficient connection with the authority’s area.*”, provided such a test is justified, proportionate and introduced in response to a recognised local issue. Government guidance also says such tests should be reviewed periodically to ensure they remain appropriate and are still achieving their desired effect.
- 2.18 The effect of this in practice is that the requirement to give suitable development permission for enough serviced plots of land to meet the demand on the register only applies to the number of households entered on Part 1 of the register (although it does not have to be those same households who apply for permission to develop custom or self-build housing).

- 2.19 Authorities can also introduce an optional eligibility test, the financial solvency test, which can be used to assess whether an applicant can afford (ie. has sufficient resources) to purchase the plot of land they are seeking.
- 2.20 Once on a register, there are only two ways in which an individual (or association of individuals) can be removed. The first is if the individual or association of individuals request it. The second is if the local authority considers the individual or association of individuals to no longer be eligible, or to have already acquired land to build their home or where they fail to pay any fee required.
- 2.21 The legislation does not require authorities to check whether those on the register remain interested in obtaining a serviced plot to build their own home.
- 2.22 Further details on preparing and maintaining a register are found in the Self-Build and Custom Housebuilding Regulations 2016<sup>15</sup> and The Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016<sup>16</sup>.

***Assessing the number of serviced plots to be provided***

- 2.23 The Housing and Planning Act 2016 places a duty on local authorities in England to *“give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority’s area.....”* This includes land which has ‘permission in principle’<sup>17</sup>. The duty came into force on 31 October 2016.
- 2.24 Authorities have a rolling three-year deadline in which to respond to the level of demand established in their registers each year, ending 30th October. Where an authority has two parts to its register, it does not need to make provision for the demand identified in Part 2 but the level of interest across both parts of the register is a measure of the strength of demand for custom and self-build plots and must be taken into account by the authority in undertaking its planning, housing, regeneration and land disposal functions.
- 2.25 The regulations define a series of ‘base periods’ used to determine the number of serviced plots to be provided. The first base period ended 30 October 2016 (all names on that register as of 30 October 2016 must be taken into account for purposes of the duty to provide plots). Subsequent base periods run 31/10-30/10 each year, on a rolling basis (i.e. the second base period ended 30/10/17, the third base period ended 30/10/18 and so on. Once accepted onto the register, the local authority must count individuals on the register for the base year on which they were accepted.
- 2.26 Local authorities must provide plots to meet demand for each base period within the three years after the end of the base period. This is illustrated in the following example for Local Authority A:

---

<sup>15</sup> <http://www.legislation.gov.uk/uksi/2016/950/made> SI 950 (2016)

<sup>16</sup> <http://www.legislation.gov.uk/uksi/2016/1027/made> SI 1027 (2016)

<sup>17</sup> Section 10 of the Self-build & Custom Housebuilding Act 2016 allows for land allocated on part 2 of a brownfield register to be considered towards Custom and Self Build provision even though the site must receive a grant of technical details consent before development can actually proceed; from June 2018 it is also possible to apply for PIP.

*In base period one – to 30/10/16 – 50 names were added to the register – the authority has until 30/10/19 to make provision for 50 serviced plots.*

*Then in base period two - 31/10/16 and 30/10/17 – 100 names were added to the register – the authority has until 30/10/20 to make provision for another 100 serviced plots.*

*Then in base period three - 31/10/17-30/10/18 – 30 names are added to the register - the LA has until 30/10/21 to provide a further 30 plots, and so on.*

- 2.27 Authorities need to be aware that the legislation does not allow for a reduction in the requirement for ‘suitable development permission’ if names on the register at the **end of a base period** are subsequently withdrawn by the individual or removed by the authority (because they are no longer eligible). Authorities therefore need to be very careful to ensure names entered onto the register are eligible and still interested in obtaining a plot at the **end of the base period**. Authorities can ask people to re-register if optional eligibility tests have been introduced and/or to check if people who are registered will wish to remain on the register. This provides the ability to remove people from the register if they are no longer deemed to be eligible<sup>18</sup>. However, this **will not affect** the established demand for previous base periods described above.
- 2.28 Local authorities may apply for an exemption from the requirement to provide serviced plots to meet the numbers on their register if, for any base period, the number is greater than 20% of the land identified by the authority as being available for future housing<sup>19</sup>. In this case, the number of plots required is capped at 20% of available land. The exemption applies only to the relevant base period(s).
- 2.29 This does not affect the duty of local authorities to have regard to their register when carrying out their planning, housing, land disposal and regeneration functions.
- 2.30 Government guidance provides more detail on how the exemption works in practice, including the process for applying for an exemption.

#### ***Providing serviced plots***

- 2.31 The duty placed on local authorities is to give suitable development permissions for enough serviced plots of land to meet the demand for self-build and custom housebuilding in their area. This is not a duty on authorities to directly provide the serviced plots themselves or to ensure that plots are allocated to those households on the register. Neither is it a duty to match (i.e. specifically meet) the requirements expressed by those on the register. Government guidance instead advises that local

---

<sup>18</sup> If an applicant fails to meet eligibility on the grounds of local connection alone (but wishes to remain on the register) they can only be removed from pt1 – they must remain on pt2, which is the part of the register that is not counted towards the requirement for serviced plots

<sup>19</sup> <http://www.legislation.gov.uk/ukxi/2016/950/made>

authorities should use the preferences expressed by those on their register to guide decisions when discharging their duties under the legislation.

- 2.32 A serviced plot is one with access to a public highway and has connections for electricity, water and waste water or, if this is not immediately available, can be provided in specified circumstances and within a specified period. This allows infill development on land alongside a road frontage to be considered as serviced. There is no specific expectation that services must be physically connected to the plot of land at the time of grant of planning permission.
- 2.33 Local authorities can meet their obligations in a variety of ways including, for example:
- direct provision of serviced plots on their own land (or in partnership with another landowner - a public body or a private landowner);
  - through a plan policy that requires new development to make provision for a proportion of plots as part of the development; the plots are then secured at the time of a planning permission through a section 106 agreement;
  - by seeking to encourage and permit applications, either as windfall or as part of a larger, allocated site.
- 2.34 Depending on the form of CSB housing, there may be implications for the viability of the development. This requires careful assessment alongside other community benefits such as affordable housing, both when preparing local plans and in decisions about individual applications.

### ***The Community Infrastructure Levy***

- 2.35 Custom and self-build housebuilding is exempt from paying the Community Infrastructure Levy. The exemption applies to anybody who is building their own home or has commissioned a home from a contractor, house builder or sub-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 completed.<sup>20</sup>

### ***Wider duties of local planning authorities***

- 2.36 The NPPF asks local planning authorities to assess the demand for CSB housebuilding and use their local plans to meet such demand<sup>21</sup>.
- 2.37 In terms of assessing demand, the most up to date Government guidance<sup>22</sup> sets out that local authorities should use the information from their registers, supported as necessary by data from other sources, when preparing their Strategic Housing Market Assessment (SHMA) to understand and consider future need for such housing locally.

---

<sup>20</sup> For more details of the operation of the exemption see Planning practice Guidance 082 Reference ID: 25-082-20190901 and subsequent paragraphs - see also CIL reg 54a which defines self-build housing as 'a dwelling built by P (including where built following a commission by P) and occupied by P as P's sole or main residence' (where P is a 'Person')

<sup>21</sup> Para 61 NPPF February 2019

<sup>22</sup> PPG Paragraph: 011 Reference ID: 57-011-20160401

- 2.38 In terms of plan-making, the Government's intentions were highlighted in a letter from the Minister for Housing and Planning to all English local authorities on 5 March 2015. This made it clear that plans risk being found unsound if they fail to provide sufficient evidence to demonstrate that they have taken the demand for people who want to build their own homes into consideration.
- 2.39 In the Government's 2017 consultation on a proposed new approach to assessing housing need its stated objective was to, "*.....make it easier for local planning authorities to identify the need for other types and tenures in their area...*" "*These include, but are not limited to... Self-build and custom-build development*"<sup>23</sup>.
- 2.40 The revised NPPF<sup>24</sup> did not introduce any radical change to the way CSB is defined or delivered. However, there are several paragraphs that could have an impact on the way local authorities plan for CSB, including those discussed in the following paragraphs.
- 2.41 CSB is excluded from the requirement that, "*Where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.*" As CSB readily lends itself to providing affordable home ownership as its contribution to affordable housing, this could be unhelpful and an opportunity could be missed. This possible consequence of the revised NPPF may not have been foreseen<sup>25</sup>.
- 2.42 In addition the NPPF includes an obligation on planning authorities to identify, "*land to accommodate at least 10% of their housing requirement on sites no larger than one hectare*". If this leads to an increase in the number of small sites allocated in plans, this could be a useful way of extending the range and type of sites suitable and available for CSB (see para 68).
- 2.43 Also with possible implications for CSB is where planning authorities are asked to support proposals for, "*..the development of entry level exception sites, suitable for first time buyers (or those looking to rent their first home)*". Similar to rural exception sites, these sites would be, "*... on land which is not already allocated for housing*" and "*adjacent to existing settlements*". Such sites could add opportunities for CSB, especially for smaller and more affordable CSB products, on sites not already allocated (see para 71).

---

<sup>23</sup> DCLG, Planning for the right homes in the right places: consultation proposals, September 2017

<sup>24</sup> NPPF was revised July 2018 and with further revisions in February 2019 and updates in June 2019

<sup>25</sup> Para 64 NPPF February 2019

### **3 LOCAL CONTEXT**

#### **Current and emerging planning policy**

- 3.1 Planning policy for provision of CSB is currently set out in the council's adopted and emerging local plans. We summarise these policies in the table on the next page.



**Table 3.1: Local plan policies**

<b>Authority</b>	<b>Document</b>	<b>CSB policy</b>
Dacorum Borough Council	'Saved' parts of the Dacorum Borough Local Plan 1991-2011 (adopted 2004)	Does not contain a policy specifically relating to the development of CSB units
	Core Strategy Development Plan Document (adopted 2013)	Does not contain a policy specifically relating to the development of CSB units, however, 'Policy CS18: Mix of Housing' provides a general requirement for a wider choice of homes. The policy states that an 'appropriate mix' will <i>"be guided by strategic housing market assessments and housing needs surveys, and informed by other housing market intelligence and site-specific consideration"</i> .
	Site Allocations Development Plan Document (adopted 2017)	Does not contain a policy specifically relating to the development of CSB units
	Local Plan Issues and Options November 2017 (emerging)	No policy as such, given that it is an Issues and Options document. However, Para 6.3.29 asks whether a new Local Plan should provide the opportunity for a policy relating to the provision of CSB either on public land or through larger housing developments.

3.2 Current local plan policies will reflect the time when they were prepared and adopted, hence the lack of reference to CSB. The council is in the process of updating their Local Plan, and consulted on the Issues & Options document in November 2017. This provides the council with the opportunity to develop a proactive approach to CSB and to reflect longer terms patterns of demand in its policies, taking account of a range of evidences of demand. This would be the first time that the council would, potentially, have a formal policy regarding custom and self build.

### **Evidence of demand for CSB**

#### ***From the Self build register***

3.3 The Council holds a self build register and collects information about the number of households registering in each ‘base period’. As discussed in chapter 2, each authority has to give suitable development permission for enough serviced plots of land to meet the demand for custom and self-build housing in their area on a rolling, three-year, basis.

3.4 Information provided by Dacorum Borough Council shows the numbers registering across the authority as the table below sets out. It is understood that the register was set up on the 31<sup>st</sup> March 2016, therefore the first base period does not cover a full year but has been rebased to project the full period. Both the ‘actual’ and the ‘rebased’ figures are shown.

**Table 3.2: Numbers joining the self-build register by base period<sup>26</sup>**

	<b>Base period to 30/10/16</b>	<b>Base period to 30/10/17</b>	<b>Base period to 30/10/18</b>	<b>Base period to 30/10/19</b>	<b>4 year average</b>
Dacorum Borough Council	18 in total 31 rebased <sup>27</sup>	40	20	23	25 average 29 rebased average

3.5 The evidence from the register suggests an annual demand of 29 plots per annum when averaged across the four years. There was a higher demand for plots when the Register was launched (years 1&2) compared to later years.

#### ***Local Housing Needs Assessment and other local evidence of demand***

3.6 The South West Hertfordshire authorities (Dacorum, Hertsmere, St Albans, Three Rivers and Watford Councils) have commissioned GL Hearn and Justin Gardner Consulting to produce the South West Hertfordshire Local Housing Needs Assessment (LHNA). At the time of this report, the LHNA had not been published. However, use is made of the draft LHNA later in this report, in estimating the level of potential demand for affordable home ownership CSB.

<sup>26</sup> Information supplied by DBC January 2020

<sup>27</sup> 31 when projected to full year: 31 = 18 registrations x (12 ÷ 7)

## Notional supply

- 3.7 There are two available measures of the notional supply of CSB housing that is already taking place (but noting that increasingly authorities are monitoring CSB delivery in its own right and that since September 2018 the question is also asked on the planning application form via Planning Portal). The first measure is use of CIL exemptions. The Council has provided Three Dragons with a list of self-build permissions exempted from CIL covering three full years between 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2019, and the average is set out in Table 3.3. We have taken the gross figures for CIL exemptions because, although sometimes losses occur such as when a property is demolished to make way for a CSB home, the loss will not be a CSB dwelling.
- 3.8 A second measure is the number of single dwelling schemes being developed and where it is reasonable to assume that the purchasers will have significant input into the design and layout of their new home<sup>28</sup>. We have therefore looked at planning completions between 2016 and 2019.
- 3.9 This cannot however be an absolute measure of current CSB supply as it is not always possible to distinguish which single dwellings have been developed on a speculative basis but it is an indication of the level of supply. In looking at single dwelling completions we have discounted any completions that are highly unlikely to be CSB<sup>29</sup> but included conversions as, to the contrary, these can often be CSB<sup>30</sup>.
- 3.10 It is also worth noting that as at 1<sup>st</sup> April 2019 there were 148 outstanding planning permissions<sup>31</sup>. This would suggest that completions going forward between 2019 and 2022 on such schemes could continue at a broadly similar rate to the 2016-2019 figures shown in table 3.3 below.
- 3.11 Nonetheless, the figures in the next table should be treated as an indication of the current level of CSB activity rather than an absolute measure, especially with reference to single dwelling completions.

**Table 3.3: Indicative measures of current supply of CSB dwellings<sup>32</sup>**

Dacorum Borough Council	Annual figures (periods are 1 <sup>st</sup> April to 31 <sup>st</sup> March)			
	2016/17	2017/18	2018/19	Average (rounded)
CIL Exemptions accepted	15	27	42	28
Single dwelling completions	45	44	50	46

<sup>28</sup> See PPG 016 Reference ID: 57-016-20170728

<sup>29</sup> E.g. offices to flats

<sup>30</sup> E.g. barn conversions or replacement of a dilapidated bungalow with a new dwelling

<sup>31</sup> Figure supplied by council

<sup>32</sup> Information supplied by the local authority

3.12 A simple comparison between demand for CSB (as measured by the register) and notional supply (as measured by CIL exemptions and sense checked against single plot completions) indicates that the apparent demand is being met through small site developments. (Noting that we have a) rounded up the CIL exemption figure to account for the fact that numbers are increasing, b) there may be some custom/self-builders who do not claim the exemption, and c) single plot completions will be an overestimate, as it is not possible to identify all speculative development.) A very rough assessment of the pattern for the authority is:

- Demand (as measured by the register) – about 29 households per annum;
- Notional supply about 30 per annum (based on CIL exemptions).

3.13 Of course, the above analysis relies on the register as an accurate measure of underlying demand and assumes there are no larger scale CSB developments. Registers for different authorities can produce very different numbers, implying that the scale of demand shown by registers may be as much a reflection of the local approach taken to promoting CSB as differences in patterns of demand. In the next chapter we address this issue by providing an alternative measure of underlying longer term demand for CSB.

## 4 DEMAND ANALYSIS

### Approach to measuring demand

- 4.1 With the support of the Right to Build Task Force, Three Dragons has developed a bespoke model for measuring demand for CSB at the local level. The model measures the potential for households in an area to develop their own home (on their own or by working with others in a group or 'association') – as custom or self-build. The model compares the national profile of potential custom and self-builders (using data provided by NaCSBA for this exercise<sup>33</sup>) with a profile of the local population. The model recognises that only a proportion of households which fit the characteristics are likely to go on to take up CSB and that local costs and values<sup>34</sup> as well as availability of finance will have an impact on this.
- 4.2 The model also takes into account that the custom and self-builders identified will not all be ready to build on day-one. Our research shows that from being ready to purchase land to project completion takes on average 2-3 years<sup>35</sup>. This is reflected in the demand modelling which gives results on an annual basis<sup>36</sup>. It can also be assumed that in future years demand for CSB will grow or contract dependent upon future growth in the population.
- 4.3 The diagram below illustrates the process of modelling demand for CSB.

---

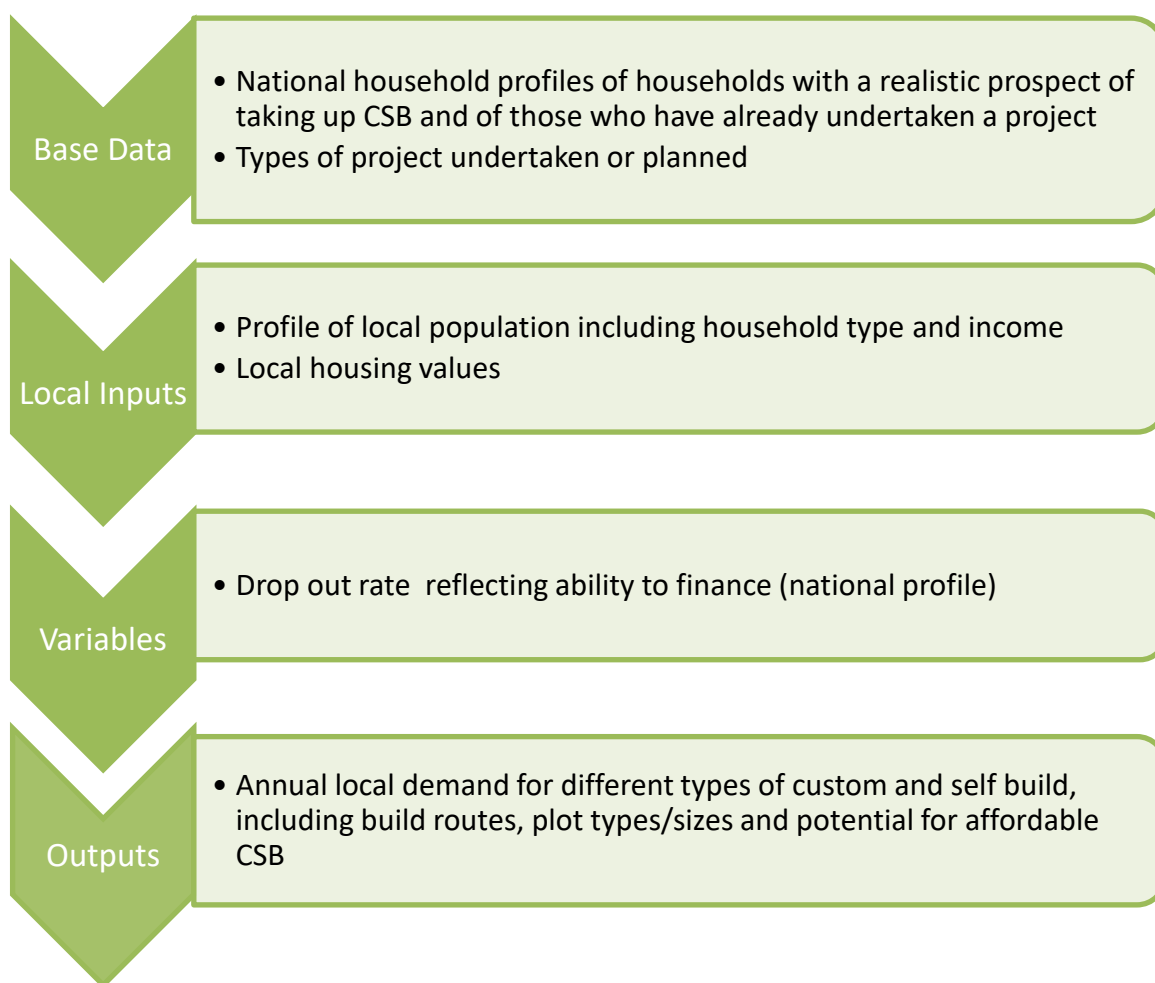
<sup>33</sup> Raw data profile provided by NaCSBA from 4 years wide ranging survey on, inter-alia, propensity to CSB (IPSOS MORI full data is unpublished but a summary and details can be found at <https://nacsba.org.uk/library>) alongside profile of households who have completed a project (NaCSBA unpublished)

<sup>34</sup> Local costs and values based upon i) for income *Regional gross disposable household income by local authority per head* ONS May 2018 (for 2016) and ii) for values *House Price Statistics for Small Areas (HPSSAs)* ONS 2017 (median prices). The datasets are based on current values which could be subject to future change e.g. if new housing schemes tend to be at generally lower or higher values than the current stock.

<sup>35</sup> Profile of households who have completed a project (NaCSBA 2017 unpublished) Includes average time likely to be taken securing plot / obtaining finance / gaining planning permission

<sup>36</sup> We have modelled demand using a 3 year basis as we consider this the most likely timescale for project completion at present; a 2 year timescale would show an increased demand level which may be unrealistic

**Figure 4.1: Outline of the demand assessment model**



4.4 Data used in the model is set out in the annex along with a more detailed description of the modelling process.

### **Demand estimates from the model**

#### ***Headline results***

4.5 The results of the modelling exercise are shown in the table below. The results assume that potential households taking up CSB take three years to proceed. The data for years 1-5 is based upon the 2016-based household projections for 2019<sup>37</sup> so assume the base date for the table is 2019.

<sup>37</sup> Years 6-10 and 11-17 are based on later population projections

**Table 4.1: Headline results showing demand for CSB housing**

	Demand for CSB - units <b>per year</b> (yrs 1-5)	Demand for CSB - units <b>per year</b> (yrs 6-10)	Demand for CSB - units <b>per year</b> (yrs 11-17)	Demand for low cost home ownership units <b>per year</b> (yrs 1 – 5)
<b>Dacorum Borough Council</b>	68	74	78	7

4.6 The potential demand for CSB across the borough is 68 units per annum over the next 5 years, rising to 74 per annum in years 6 to 10 and then 78 per annum in years 11 to 17.

4.7 No distinction is made in the modelling between individual households and groups taking up CSB. It should be assumed that demand from any group taking up CSB will be from within the numbers shown in the table above.

***Comparison with CSB Register and notional supply***

4.8 The levels of demand modelled are higher than implied by the earlier analysis of the Custom and Self Build Register. The comparison is set out in the following table. This draws on the analysis at para 3.11 which was recognised as being a series of best estimates. The table also shows the estimated notional supply already achieved – again noting that the figures are estimates based on partial data. The data in the table is for years 1 – 5.

**Table 4.2: Demand for CSB housing Years 1 – 5 - assuming 3 years lead in time**

	Modelled demand for CSB - units per year	Demand for CSB – based on the Register <sup>38</sup>	Estimated current levels of supply of CSB
<b>Dacorum Borough Council</b>	68	29	30

4.9 Modelled demand is significantly higher than that shown by the analysis of the registers. This difference equates to 39 dwellings per annum.

***CSB - Affordable housing***

4.10 Potential demand for relatively small numbers of affordable home ownership CSB units has been identified, around 10% of the total CSB delivery per annum. It has been assumed that affordable units will be delivered as low cost home ownership (most likely as shared ownership, shared equity or discount market sale). However, this is not to preclude CSB Affordable Rent if that were to come forward. Data from

<sup>38</sup> Ref para 3.10

the Local Housing Needs Assessment was used to generate the estimates of demand for low cost home ownership CSB plots<sup>39</sup>. Inclusion of affordable home ownership will help meet demand from households on lower incomes

- 4.11 There is a limited amount of data available on households purchasing shared ownership or shared equity housing as a section of the total population, making it difficult to predict in any other way, who is likely to require low cost home ownership CSB. What we do know from CORE<sup>40</sup> is that shared owners tend to be younger and are likely to be in couple or single person households<sup>41</sup>. In shared ownership provided by a registered provider, just under 75% of households are under 40 and just over 75% are singles or couples. Based on this we would suggest that of the 35 units that could be provided as affordable CSB over the next 5 years, 75% should be smaller units for younger, potentially 1 or 2 person, households and 25% should be for families with children.

#### ***Build route***

- 4.12 The available data does not allow for a comprehensive analysis of demand by type at the local authority level. However, national data indicates the following:
- Between 50-70% of those taking up CSB will be self-builders - half on single plots and half as part of larger site;
  - 30-50% will be Custom Builders.

Given the growth in the market and increasing interest amongst younger households – a reasonable starting point for planning purposes would be 50% self-build / 50% custom build.

- 4.13 These proportions are based on current experience and will likely be influenced by the supply of plots and types of build route that are available. Over time, as the potential for custom build develops, especially if promoted on larger sites, it is reasonable to expect that the balance between self and custom build demand will change.

#### ***Plot types***

- 4.14 Guidance on the type (size) of plots that are needed can be inferred from the demand profile for CSB. The data collected on the profile of custom and self-builders over the past 5 years indicates that whilst the traditional pattern of wealthy middle-aged couples building their own home remains part of the picture, younger households on lower incomes are also entrants to the market, attracted by elements including affordability, quality of design and eco-sustainability<sup>42</sup>.

---

<sup>39</sup> GL Hearn (2019) Draft South West Hertfordshire Local Housing Needs Assessment para 5.76 (noting that a high overall demand for low cost home ownership products was identified in Dacorum – table 33)

<sup>40</sup> The COntinuous REcording (CORE) data collection run by MHCLG

<sup>41</sup> MHCLG statistical datasets - live tables on social housing sales – table 695 (age of purchaser PRPs only) and table 696 (household composition of social housing buyers PRPs only) using average of last 3 years to 2016/17

<sup>42</sup> Raw data profile provided by NaCSBA from 4 years wide ranging survey on, inter-alia, propensity to CSB (IPSOS MORI unpublished)

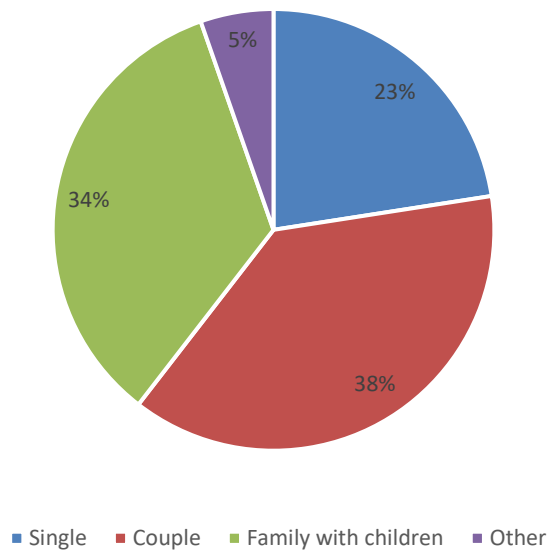


4.15 Nationally, based on raw data from NaCSBA<sup>43</sup> nearly 40% of those likely to custom/self-build are couples and nearly 30% are families with children. The chart below shows the profile of potential CSB households in the Dacorum district in terms of their age and household type, and identifies that couples are the largest demographic looking to seek CSB units. That said, relative to the national profile, the chart also demonstrates that there are a greater number of families with children likely to want to seek CSB within the Borough.

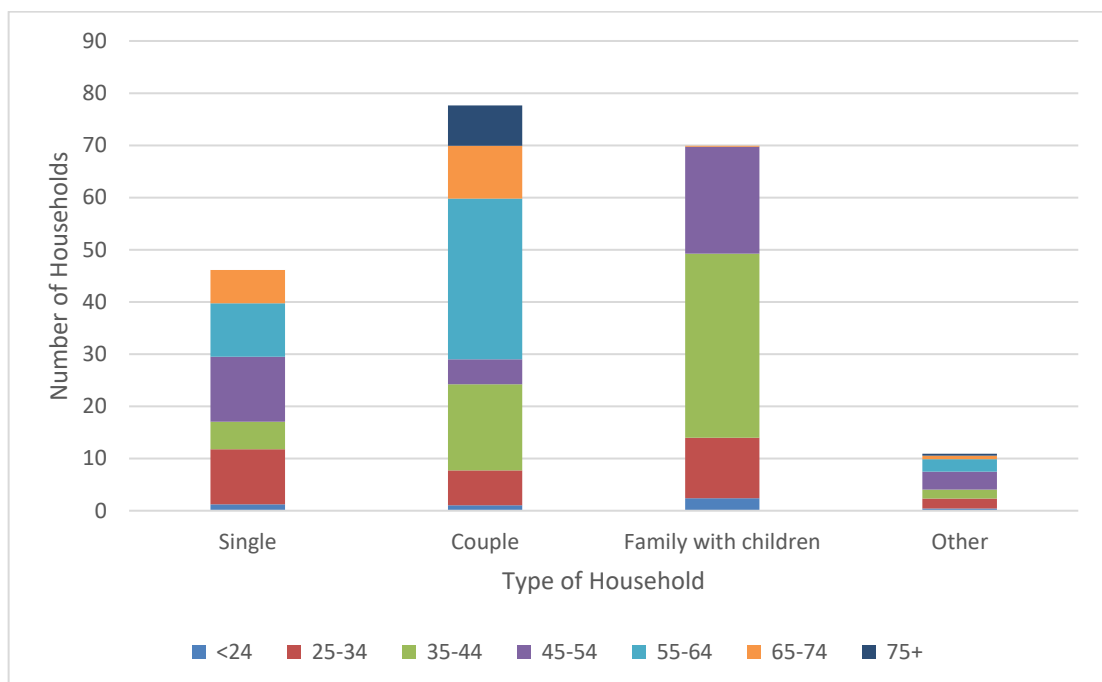
---

<sup>43</sup> IBID

**Figure 4.2a: Potential demand for custom & self-build in Dacorum by household type**



**Figure 4.2b: Potential demand for custom & self-build in Dacorum by age and household type**



4.16 Figure 4.2b indicates that across the four household types, 70% of the demand is likely to arise from those aged between 35 to 64. Those under 35 account for 17.5% of demand and those of 65+ account for just 12.5%. The chart also shows that the two largest demographics that might require CSB in the district are families aged 35-44 with children (17%) followed by couples aged 55-64 (15%). These two largest demographics together represent one third of the likely demand.

4.17 The available evidence indicates that there will be a need for a range of plot sizes. It is likely that some (probably younger and smaller) households may consider lower price terrace style accommodation provided through a custom build route using strong design principles.

4.18 As a guide to the mix of plot types required, we suggest planning on the basis of:

- 20% - low cost/small plots/terrace style<sup>44</sup> developments;
- 40% - suitable for 3 bed semi/detached homes;
- 40% - suitable for 4 or 5 bed detached homes.

As this is largely a demand-led rather than need-led market, we have assumed that most households will be looking for a property which is bigger than their immediate household requirements.

---

<sup>44</sup> We haven't included flats in this assessment because we consider they would be difficult to deliver as CSB but that is not to preclude flats if a suitable scheme were to come forward that meets the definition of CSB

## 5. IMPLICATIONS

- 5.1 The demand assessment model indicates that potential demand for CSB development is greater than the CSB register would suggest.
- 5.2 Limited CSB development is already occurring in Dacorum, measured through CIL exemptions and the development of single plots. The current rates of supply fall below the potential demand indicated by the modelling. This implies that positive action is required by the council to enable faster rates of CSB development in the area.
- 5.3 We have estimated an annual demand for 68 CSB plots per year (yrs 1-5) against an average supply of 30 plots per year.
- 5.4 As a guideline, we recommend the following levels of provision for CSB to be facilitated through the local plan process for Dacorum Borough Council. Taking into account the plots already supplied and recorded through CIL exemptions, the figure shown below is on an annual basis. For the next 5 year period:
- CSB potential annual demand for plots = 38 plots<sup>45</sup>**
- Rising to 44 plots per annum for years 6-10 and 48 plots in years 11-17**
- 5.5 The requirements for CSB set out above include any community groups that come forward with schemes to be developed through, for example, a co-ownership or co-operative model.
- 5.6 The above figures should not be viewed as maximum. There may be particular circumstances which would support provision of a greater number of CSB plots than the figures suggest.
- 5.7 Of the requirements set out above, approximately half would be expected to come forward as self-build housing and half as custom build developments. Of the self-build units, only a small number are likely to come forward as single plots delivered through traditional planning routes. That is, unless the council is able to do more to encourage such provision.
- 5.8 Demand for CSB plots is from a mix of household types and planning policies will need to encourage a diverse range of plots to meet the need. In framing future policies and dealing with planning applications, the following is put forward as a guide to the mix of plot types likely to be required:
- 20% - low cost/small plots/terrace style developments (say at about 100-120 sqm per plot);
  - 40% - suitable for 3 bed semi/detached homes (say at about 300 sq m per plot);
  - 40% - suitable for 4 or 5 bed detached homes (say at over 300 sq m per plot)
- 5.9 About 10% of future CSB development could be delivered as affordable housing. It is anticipated that this would be focused on low cost home ownership products, but

---

<sup>45</sup> This is addition to an average of 30 plots that are likely to come forward through the planning process, recorded as CIL exemptions

suitable Affordable Rented schemes should also be welcomed. National data indicates that take up of (non CSB) shared ownership housing tends to be from younger and smaller households. Therefore we would suggest that 75% of the affordable CSB plots should be smaller units aimed at this market and the remaining 25% for larger families. The affordable element of CSB housing could be delivered by affordable housing providers, custom build developers or enablers, as well as community groups.

- 5.10 There is an opportunity for Dacorum Borough Council to use the information in this report as evidence base for policies in its emerging Local Plan and to encourage, through the Local Plan process, greater provision of CSB plots across the authority. Plan policies should take account of and reference all demand information.
- 5.11 This report has made best use of the available data. However, it is acknowledged that the growth in CSB in the area needs to be carefully monitored in line with the Government’s Planning Practice Guidance to identify trends in demand and delivery against the duties under the legislation. The data collected can inform future reviews of plan policies and action to support this form of house building.
- 5.12 A summary of findings is presented in the table below

**Table 5.1: Summary of findings on custom & self-build for Dacorum Borough Council**

Supply			Demand						
Total CIL exemptions accepted			Demand identified from CSB register				Demand identified from CSB modelling		
2016/ 17	2017/18	2018/19	2015/16 (part year <sup>46</sup> )	2016/17	2017/18	2018/19	Per year (yrs 1-5)	Per year (yrs 6-10)	Per year (yrs 11-17)
15	27	42	31	40	20	23	68	74	78

<sup>46</sup> Includes 7 months between 1<sup>st</sup> April 2016 and 30<sup>th</sup> October 2016

## ANNEX I – THE MODEL

### Modelling process and data sources

Steps	Modelling	Data source
1	National profile of households (by age and type) with realistic prospect of becoming CSB demand.	2013-2016 data from an Ipsos Mori survey for NaCSBA (available from the NaCSBA on request)
2	Compare with local profile of households by age and type Provide a base figure of <b>all</b> households with potential to take up CSB	2016 based household projections – DCLG <a href="https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforenglanddetaileddataformodellingandanalysis">https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforenglanddetaileddataformodellingandanalysis</a>
3	Calculate a ratio of local house prices to incomes and compare with the national average. Increase/decrease base figure to reflect whether CSB is likely to be ‘more affordable’ in the local area than nationally.	Gross Disposable Household Income per head – ONS May 2018 (2017 data) House Price Statistics for Small Areas (HPSSAs) - Dataset 9. Median price paid for administrative geographies – ONS (2017 data)
4	Assume a ‘drop out’ rate – based on likelihood of completing project taking into account ability to obtain loan finance or to finance directly as well as other general circumstances that may prevent a project being completed (e.g. family issues, loss of interest etc).	Data on how many households can be expected to complete a CSB project if plots were available - data provided by BuildStore, other CSB financiers, and sense checked with a number of small CSB developers affiliated to NaCSBA.
5	Assume a timetable for development of 3 years - starts from 1 <sup>st</sup> steps towards CSB project through to completion. Data indicates that this is a reasonable approach as no other data is systematically collected on this	Data on 500 households who have completed a CSB project - Self & Custom Build Market Report (Homebuilding and Renovating, 2017)
6	Estimated demand for CSB in years 1-5	Model output
7	Demand for CSB allocated by whether will be for traditional self-build (single plots and larger schemes) or custom build	2013-2016 data from an Ipsos Mori survey for NaCSBA (available from the NaCSBA on request) Sense checked against data on households who have completed a project (Self & Custom Build Market Report (Homebuilding and Renovating, 2017) and local data from registers where available.
8	Demand for low cost home ownership as a % of the total CSB demand	GL Hearn (2019) Draft Local Housing Needs Assessment para 5.76