



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Investigation of the feasibility of self build on Council owned land
Meeting of:	Cabinet
Date:	15 th February 2016
Is this an Executive Decision:	Yes
Is this a Key Decision:	No
Is the Report Confidential:	No
If so, please state relevant paragraph from Schedule 12A LGA 1972:	[]
<p>Essential Signatories:</p> <p>ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE</p> <p>Monitoring Officer: Angela Wakefield</p> <p>Date Signature</p> <p>Chief Finance Officer: Sal Khan</p> <p>Date Signature</p>	

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 15th February 2016

REPORT TITLE: Investigation of the feasibility of self build on Council owned land

PORTFOLIO: Built Environment

HEAD OF SERVICE: Paul Costiff

CONTACT OFFICER: Kimberley Evans Ext. No. x1592

WARD(S) AFFECTED: All

1. Purpose of the Report

1.1. This purpose of this report is to set out the main areas for consideration if the Council wishes to deliver a self build programme on council owned land.

1.2. This is the covering report to accompany the Self Build Report attached in Appendix 1.

1.3. The subject of this report is a 2015/16 Corporate Plan target reference PLEG10.

2. Background

2.1. With many areas of the United Kingdom facing severe housing shortages, self build housing has become an important element of the Government's housing strategy because self build homes are seen as one of the ways this output can be increased.

2.2. As outlined in Section 4 of the attached report, recent Government legislation has left the responsibility with local authorities to both assess demand for self build and provide land.

3. Contribution to Corporate Priorities

3.1. Providing Council owned sites for self build within the Borough will regenerate brownfield sites, and deliver new homes. As such, this supports the corporate priority to promote local economic growth.

4. Main Body of Report

4.1. Self Build Defined

4.1.1. Self build is when someone directly organises the design and construction of their new home. Alternatively custom build housing is often described as when someone commissions a specialist developer to help to deliver their own home.

4.1.2. For the purposes of this report (and planning policy), custom and self build dwellings share the same definition and the terms are used interchangeably.

4.2. National Context

4.2.1. The UK as a whole has had a much lower rate of self-building than other European countries. Currently in the UK self-build accounts for about 8-10% of new housing which is markedly lower than other developed countries where it is 30-50%.

4.2.2. Surveys undertaken in the last three years have concluded that around half of the adult population would like to commission their own home at some point, and around 12-14% of the adult population are actively researching how to achieve that goal.

4.2.3. In September 2014 the Government announced that 11 local authorities (including Stoke-on-Trent City Council), would become Right to Build 'vanguards' to test out how the Right might operate in practice.

4.2.4. The case studies within Section 4 of the attached report are good practice examples of existing and up-coming individual and small scale builds, delivering innovative design and other environmentally sustainable development.

4.3. Self Build in East Staffordshire

4.3.1. The Council's Strategic Housing Land Availability Assessment (SHLAA) could be a source of potential sites for a self build scheme, but it's likely that the Council's preference would be to deliver a self-build scheme which utilises Council owned sites.

4.3.2. Alternatively if the Council has little land of its own, one option could be to acquire land and similarly put in the infrastructure. Teignbridge District Council has pioneered this approach by setting up a £1m revolving fund to buy land that can then be split up and sold on to self-builders.

4.3.3. Land for self build must be made available if the sector is to grow; therefore it would be of huge benefit for the Council to proactively provide a real development opportunity in the sector.

4.3.4. The Council owned site at Lynwood Road in Branston has previously been identified for residential development, and may therefore be the most suitable option for a pilot project.

4.3.5. This vacant land is surrounded by predominately residential dwellings. The site is accessible via Lynwood Road and Harwood Road but the Council would need to install the necessary infrastructure, including additional fully serviced access roads.

4.4. **How the Scheme Would Work**

4.4.1. *Identifying Demand* - the Council might gauge local interest and levels of commitment by utilising a number of methods including creation of an online register and organisation of an 'open day' event.

4.4.2. *Support for Delivery* - The Council would need to provide in-house support and commission support from external sources i.e. architectural services.

4.4.3. *Assessment of Applications* - Depending on the level of interest and demand the Council could consider different options to sell off the plots. It's likely that the scheme would work by splitting a self build site into development phases, and work can only begin once all plots in the phase are allocated.

4.4.4. *Design Sign-Off* - Outline planning permission for the site would likely be obtained from the Council, and it's proposed that the plots would come with a 'plot passport' that acts as a building permit and sets out the main planning conditions. Any detailed planning applications and other consents that are needed prior to construction commencing can be required to be submitted to the Council within a set time period from plot purchase.

4.4.5. *Plot Sizes* - Soft marketing testing and creation of a self build register would help determine the mix of housing and the subsequent plot sizes.

4.4.6. *Owner-Occupier* - Typically self build is designed for owner-occupiers particularly to help people get on the property ladder.

5. **Financial Considerations**

This section has been approved by the following member of the Finance Team: Lisa Turner.

- 5.1. The financial issues arising from the attached report will vary depending on the decision that is taken. At this stage, the decision being taken is an in principle decision to pursue further investigation into the financial and funding options for self build within the Borough.
- 5.2. The report does not set out the financial and non-financial considerations that have been taking into account in proposing the Lynwood site for the pilot scheme. This would be taken further in the next stage if the recommendation is approved.
- 5.3. If a pilot scheme were to be progressed on the Lynwood Road site the following costs are estimated:
- 5.3.1. *Roads and servicing costs* - The Custom and Self Build Toolkit states that costs would be approximately £10-15,000 per site plot. This is in line with the figures provided for the Pennycroft site in Uttoxeter.
 - 5.3.2. *Outline planning permission* - This is estimated to cost in the region of £4,000.
 - 5.3.3. *Marketing the plots* - Estimated to be 1% of the development value. Stoke on Trent City Council appointed Buildstore to coordinate marketing who charged £15,000.
 - 5.3.4. *Officer time and Council resources* - Enterprise Team, Legal etc. Estimated to be £20-25,000 based on an Enterprise Team officer post and £5k for assistance from teams within the Council.
 - 5.3.5. *Section 106* - It is possible that there could be Section 106 costs attached to the site, but at this stage these cannot be quantified.
- 5.4. This site was last valued at 31st March 2015 at £960,000, however this assumed the site would be used for social housing and therefore an open market valuation is likely to be higher.
- 5.5. The Council could expect to achieve an approximate average value of £90,000 per plot for the Lynwood Road Site (this is an indicative amount that has been calculated using average detached house values and known plot sale prices for the Stoke-on-Trent case study). Based on the proposed indicative drawing for the Lynwood Road site in Appendix B of the attached report this could expect to achieve £1,890,000.
- 5.6. Should the Council decide to proceed with this proposal it is recommended that an option to tax the site is made in order to protect the Council's partial exemption position and avoid incurring a large VAT liability (in excess of £0.1m).

6. Risk Assessment and Management

- 6.1. The main risks to this Report and the Council achieving its objectives are as follows:

6.2. **Positive** (Opportunities/Benefits):

- Increase housing supply in the Borough
- Diversify housing supply in the Borough
- Support the local economy
- Affordability of self build

6.3. **Negative** (Threats):

- Self builder fails to deliver despite development agreement being in place which leads to development of a plot stalling.
- Plot passport/design code being overly prescriptive therefore limiting the number of people interested in purchasing a plot.
- Timescales for getting the roads approved and adopted by the County Council's Highways Team.
- Unknown ground conditions which could increase costs when the initial construction work starts.
- The capital expenditure needed for the infrastructure work increases financial risk.
- Income from the sale of plots may be lower than expected, therefore reducing profit for the Council.

7. **Legal Considerations**

This section has been approved by the following member of the Legal Team: Angela Wakefield.

7.1. The legal issues arising from this report will vary depending on the decision that is taken. At this stage, the decision being taken is an in principle decision to pursue further investigation.

8. **Equalities and Health**

8.1. **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

8.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

9. **Human Rights**

9.1. There are no Human Rights issues arising from this Report.

10. **Sustainability** (including climate change and change adaptation measures)

10.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) N/A

10.2. Please detail any positive/negative aspects:

10.2.1. Positive (Opportunities/Benefits)

- Potential for new homes eco-friendly homes, even if they are only built to the statutory building regulations.

10.2.2. Negative (threats)

11. **Recommendation(s)**

11.1. To develop a detailed business plan for a self build scheme on Lynwood, for future consideration by Members.

12. **Background Papers**

13. **Appendices**

13.1. Appendix 1 - 'Investigation of the feasibility of self build on Council owned land' report