

Self and Custom Housebuilding Study

Herefordshire Council

Technical Report – July 2023



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Use of this report	This report is a high-level assessment of the local supply and demand for self-build and custom housebuilding. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.

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Executive Summary

1. Self-build and custom housebuilding has been part of the UK housing market for many years, and its development is now supported through national legislation and guidance. It can be an important tool in assisting with the diversification of the local housing offer and encouraging SME developers or builders. The model has evolved 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. Three Dragons has been commissioned by Herefordshire Council to undertake an independent assessment of local demand for Self-Build and Custom Housebuilding (SBCH) in Herefordshire. The Council are currently in the process of updating their Local Plan. There is an opportunity for Herefordshire 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 SBCH plots across the authority. Plan policies should take account of and reference all demand information.
3. The report finds that:
 - The current supply of plots for SBCH in Herefordshire Council is estimated to be around 70 per annum**
 - Demand as measured by the council's register is, on average, for 82 plots per annum**
 - Demand as measured by the Three Dragons SBCH toolkit identifies demand for 114 plots per annum for the next 5 years.**
4. The current level of supply is estimated to be below the demand estimated by the Three Dragons model. A step-change in delivery is likely to be needed for the council to be able to meet the potential local demand of 114 plots pa (over the next 5 years) demonstrated by the Three Dragons model and the provision of new SBCH units on suitable sites could be an important intervention to allow the council to meet this need. The demand measured by the toolkit shows an increase in demand for years 6-10 (to 118 pa) and again for years 11-15 (to 122 pa), reflecting predicted changes in local demographics. We would advise a re-evaluation of supply after the first 5 years.
5. 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, many are likely to continue to come forward as single plots delivered through traditional planning routes and the council may want to do more to encourage such provision.

6. Demand for SBCH plots as shown by the toolkit modelling (see chapter 4) 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:
 - 30% - low cost/small plots/terrace style developments, including community-led development;
 - 30% - suitable for 3 bed semi/detached homes;
 - 40% - suitable for 4 or 5 bed detached homes
7. Around 5 – 9% % of future SBCH 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 SBCH) shared ownership housing tends to be from younger and smaller households. Therefore, we would suggest that 75% of the affordable SBCH plots should be smaller units aimed at this market and the remaining 25% for larger families.
8. This report has made best use of the available data. However, it is acknowledged that the growth in SBCH 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.
9. This report has been produced by Three Dragons and its contents are the responsibility of Three Dragons. The Right to Build Task Force has supported its development and continues to work with Three Dragons on its application.

Chapter 1 Introduction

Introduction

- 1.1 SBCH 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 National legislation and guidance are in place to support the delivery of SBCH and is collectively known as 'the right to build'. Under the Self-Build and Custom Housebuilding Act 2015¹, all councils are now required to keep a register of those seeking to acquire serviced plots of land for a self-build or custom-built home.
- 1.3 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 SBCH at the local level. The conclusions within this study have the potential to provide a more robust understanding of the likely demand within the county over the next 15 years.

Structure of report

- 1.4 This assessment focusses on the demand in Herefordshire as a whole, and is divided into the following parts:
 - Chapter 2 outlines the national and legislative context for the delivery of SBCH units
 - Chapter 3 sets the context for self and custom housebuilding delivery within the Herefordshire Council area, and an analysis is provided by evidence of current demand (as demonstrated by the council's register) alongside evidence of supply (as demonstrated by single plot permissions and completions).
 - Chapter 4 then provides an assessment based on the Three Dragons demand assessment tool, and provides information on the types of plot and the likely requirements of a prospective developer
 - Chapter 5 concludes to outline the implications of these findings.

¹ as amended by the Housing and Planning Act 2016

Chapter 2 Legislation for SBCH

What is self-build and custom housebuilding?

- 2.1** The Self-build and Custom Housebuilding Act 2015 (as amended by Section 9 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.”²

- 2.3** In simple terms, SBCH 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 Planning Practice Guidance Paragraph: 016 Reference ID: 57-016-20170728

- 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:

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 plots to be made available.
- 2.7 SBCH housing is not, of itself, Affordable Housing as set out in the National Planning Policy Framework (NPPF) (February 2019) although SBCH housing can produce cost savings compared to market housing. Models of SBCH housebuilding are emerging which more directly fall within the NPPF definition of Affordable Housing, for example, as intermediate sale products such as shared ownership and discount market sale³. There are also a small number of schemes of SBCH housing which are developed as Affordable Rent⁴.
- 2.8 The delivery of self-build and custom housing through affordable housing policies is now starting to be found in local plans.⁵
- 2.9 SBCH 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, community-led housing groups and specialist organisations can also bring forward affordable SBCH housing schemes⁶.

³ E.g., Shropshire single plot exception site policy <https://shropshire.gov.uk/self-build-homes/single-plot-exception-site-policy/>

⁴ 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/>

⁵ For example, see b) Cornwall Local Plan adopted Nov 2016 supporting text at para 2.29 <http://www.cornwall.gov.uk/localplancornwall> and

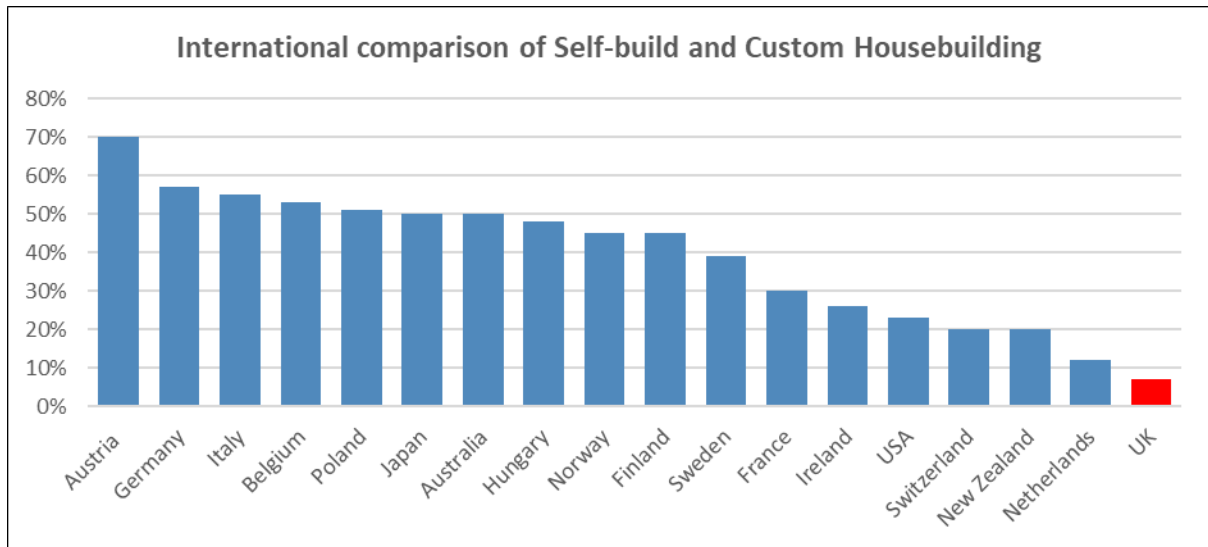
c) Torbay Local Plan adopted Dec 2015 policy H3 <http://www.torbay.gov.uk/council/policies/planning-policies/local-plan/new-local-plan/>

⁶ One example is Alabaré – developing affordable self-build with and for veterans

Self and custom housebuilding Housing Delivery Rates

2.10 The SBCH 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).

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”⁷. A parliamentary research paper suggests that the level of local authority support for community projects is greater in countries with higher rates of self-building.⁸

2.12 The Government stated in its 2017 White Paper ‘Fixing our broken housing market’ that it wants to support the growth of self and custom build housing to help drive the diversification

⁷ Build it Yourself? University of York Spring 2013 p16 – based on previous research ‘Self-provided housing in developed societies’ Dol et al 2012

⁸ 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

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 SBCH 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 self and custom build housing (collectively known as “the Right to Build”). This legislation requires local authorities 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.

Preparing and managing the Register

2.14 As of the 1st 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. 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;
- satisfy any local eligibility conditions set by the relevant authority (but with regard to applications from members of the armed forces and ex-services personnel);
- 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 to enter or remain on the register⁹.

⁹ PPG Paragraph: 008 Reference ID: 57-008-20210208

- 2.15** 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. It is important to note however that the expectation is that “relevant authorities will apply one or both of these tests only where they have a strong justification for doing so” and “must have regard to the entries on Part 2 when carrying out their planning, housing, land disposal and regeneration functions ... (including) in plan-making the starting point for establishing overall demand for self-build and custom housebuilding would be the number of registrants on Part 1 and Part 2 of the register”¹⁰.
- 2.16** 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.
- 2.17** The effect of this in practice is that the requirement to give suitable development permission for enough serviced plots of land to meet the overall 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 self or custom build housing).
- 2.18** Authorities can also introduce an optional eligibility test, the financial solvency test, which can be used to assess whether an applicant can afford (i.e., has sufficient resources) to purchase the plot of land they are seeking.
- 2.19** 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.
- 2.20** 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.

¹⁰ PPG Paragraph 018 Reference ID: 57-018-20210208

2.21 Further details on preparing and maintaining a register are found in the Self-Build and Custom Housebuilding Regulations 2016¹¹ and The Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016¹².

Assessing the number of serviced plots to be provided

2.22 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’¹³. The duty came into force on 31 October 2016.

2.23 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 self and custom build plots and must be taken into account by the authority in undertaking its planning, housing, regeneration and land disposal functions.

2.24 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.

¹¹ <http://www.legislation.gov.uk/uksi/2016/950/made> SI 950 (2016)

¹² <http://www.legislation.gov.uk/uksi/2016/1027/made> SI 1027 (2016)

¹³ 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.

2.25 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:

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.

2.26 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 eligible¹⁴. However, this will not affect the established demand for previous base periods described above.

2.27 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 housing¹⁵. 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).

2.28 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.

¹⁴ 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

¹⁵ <http://www.legislation.gov.uk/ukxi/2016/950/made>

2.29 Government guidance provides more detail on how the exemption works in practice, including the process for applying for an exemption.

Providing serviced plots

2.30 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 authorities should use the preferences expressed by those on their register to guide decisions when discharging their duties under the legislation. In order to assist authorities in determining the number of relevant permissions given, the Levelling Up and Regeneration Bill which is currently on its journey towards becoming an Act will allow for further regulations to specify what counts as a suitable permission¹⁶.

2.31 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.

2.32 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.

2.33 Depending on the form of SBCH 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.

¹⁶ Chapter 6 s117 Levelling Up and Regeneration Bill as updated 5/7/23

The Community Infrastructure Levy

2.34 Self-build and custom housebuilding is exempt from paying the Community Infrastructure Levy (CIL). 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 completed¹⁷. The government has consulted upon a proposed new Infrastructure Levy that, if introduced, will largely replace CIL and s106. However, the technical consultation document continues to exempt SBCH from the levy¹⁸. We note that Herefordshire Council is not a CIL charging authority.

Wider duties of local planning authorities

2.35 The NPPF asks local planning authorities to assess the demand for SBCH and use their local plans to meet such demand¹⁹.

2.36 In terms of assessing demand, the most up to date Government guidance²⁰ 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, as does HC's Housing Market Area Needs Assessment which is discussed in Chapter 3 of this report.

2.37 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.

2.38 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"²¹.

¹⁷ 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')

¹⁸ Para 6.10 Technical Consultation on the Infrastructure Levy Published 17 March 2023

¹⁹ Para 61 NPPF February 2019

²⁰ PPG Paragraph: 011 Reference ID: 57-011-20210208

²¹ DCLG, Planning for the right homes in the right places: consultation proposals, September 2017

- 2.39** The revised NPPF²² did not introduce any radical change to the way SBCH is defined or delivered. However, there are several paragraphs that could have an impact on the way local authorities plan for SBCH, including those discussed in the following paragraphs.
- 2.40** The first is a policy from which SBCH is to be excluded. This is a 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 SBCH readily lends itself to providing affordable home ownership as its contribution to affordable housing, this could be unhelpful – leaving SBCH to rely more heavily on Affordable and Intermediate Rent to make up any required percentage of affordable housing. This possible consequence of the revised NPPF may not have been foreseen (see para 64).
- 2.41** 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 SBCH (see para 68).
- 2.42** Also, with possible implications for SBCH 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 SBCH, especially for smaller and more affordable SBCH products, on sites not already allocated (see para 71).

Independent review into scaling up self-build and custom housebuilding

- 2.43** Published in August 2021, the independent review into scaling up self-build and custom housebuilding (also known as the Bacon Review), recognises the importance of this type of housing delivery by helping deliver consumer choice, and also being an important tool in delivering affordable housing under a range of tenures.
- 2.44** The review suggests the following 6 outline recommendations:
1. A Greater role for Homes England
 2. Raise Awareness of the Right to Build
 3. Support Community-Led Housing
 4. Promote Greener homes and more use of advanced manufacturing
 5. Support Self and custom housebuilding through the Planning Reforms

²² NPPF was revised July 2018 with further revisions in February 2019 and July 2021

6. Iron out any tax creases whereby there are perceived disadvantages in the tax system between the SBCH delivery model and other forms of housing.

- 2.45** Recommendation 5 is perhaps the most notable. Within this recommendation the review advocates that local planning authorities are set a target for serviced plans “unless market demand (not Register demand) can be shown to be regularly met and there are deliverable allocations in the new style local plans to meet this demand”. There is also the recommendation to give “substantial weight to SBCH as a material consideration in the revised National Planning Policy Framework” and to “link under-delivery to the Presumption in Favour of Sustainable Development”.
- 2.46** The government response to the review was published in June 2022 and is largely supportive. As well as launching the new Help to Build scheme, the response commits to establish ‘a dedicated self-commissioned homes delivery unit within Homes England’ and to ‘bring forward legislation to support the delivery of more self and custom build housing’ through the Levelling Up and Regeneration Bill (which has currently passed second reading and is at committee stage in the parliamentary process).
- 2.47** The following chapter sets out the current adopted guidance within the Herefordshire Council area.

Chapter 3 Context for SBCH delivery in Herefordshire

Local Policy context

- 3.1** Planning policy for provision of SBCH is currently set out in the Council's adopted Core Strategy²³. Current local plan policies will reflect the time when they were prepared and adopted and, as shown in figure 3.1, the adopted Core Strategy makes only passing reference to the possibility of SBCH delivery. At the time of reporting, the council are preparing a new Local Plan, which offers an opportunity to reconsider policies for the delivery of SBCH, though an exact policy is currently not yet known.
- 3.2** There are a number of neighbourhood plans that were 'made' or progressing at the time of the report. From a review of these one third include a policy that provides general support or encouragement but not a particular target for provision. Many plans do reference some level of demand expressed through the consultation. These and other relevant policies are shown in figure 3.1 below.

Figure 3.1: Plan policies

Authority	Document	Policy
Herefordshire Council	Herefordshire Local Plan Core Strategy 2011 - 2031 October 2015	<p>The plan does not have a policy that specifically promotes the delivery of self and custom housebuilding. Nor does it have a policy that sets an expectation of a certain amount of SBCH units.</p> <p>However the supporting text to Policy SS2 'Delivering New Homes' recognises that individual or group self and custom build projects will contribute to the delivery of homes over the plan period and notes that the "council will encourage and support this type of development where the proposals are in line with the relevant policies of the Core Strategy and neighbourhood plans (and that) specific sites may be allocated for this type of development in Area and Neighbourhood Development Plans where a demand for this type of development has been demonstrated."²⁴.</p> <p>Additionally, Policy H3 'Ensuring an appropriate range and mix of housing' requires developments "provide a range of</p>

²³ Accessed via Herefordshire Council's website <https://www.herefordshire.gov.uk/local-plan-1>

²⁴ Para 3.38 Herefordshire Local Plan Core Strategy 2011 – 2031 October 2015

Authority	Document	Policy
		<p>house types and sizes to meet the needs of all households” with the latest Local Housing Market Assessment as able to provide evidence for this need. Though not referencing self build and custom houses precisely the demand of SBCH units within the community would be relevant to this policy.</p>
Herefordshire Council	<p>Herefordshire Council Policy Options Consultation Local Plan 2021-2041 April 2022</p>	<p>The consultation paper discusses potential policy options rather than an exact policy per se, however it sets out an intention to amend the policy H3 of the adopted Core Strategy (H3 ‘Ensuring an appropriate range and mix of housing’) The existing policy requires a particular consideration of local needs on sites of over 50 units and the paper puts forward an argument to lower the threshold²⁵.</p> <p>The Issues and options paper also considers whether the current policy could make a more explicit reference to self and custom housebuilders in order to proactively support delivery, consistent with the ambitions of the Planning Policy Guidance²⁶.</p>
Iceni Projects Limited on behalf of Herefordshire Council	<p>Housing Market Area Needs Assessment Final Report July 2021</p>	<p>ICENI, acknowledges that SBCH is a growing sector and “one which has potential to contribute to housing delivery”²⁷.</p> <p>ICENI makes reference to “530 expressions of interest in serviced plots of land” from the council’s self build and custom housebuilding register. They compare this figure against “1,350 people registered on the Buildstore’s Custom Build Register and around 2,000 subscribers to PlotSearch” to suggest that there is likely to be greater interest to just the register²⁸.</p>

²⁵ P49 Herefordshire Council Policy Options Consultation Local Plan 2021-2041 April 2022

²⁶ *ibid* Herefordshire Council Policy Options Consultation Local Plan 2021-2041 April 2022

²⁷ Para 1.41 Housing Market Area Needs Assessment Final Report Iceni Projects July 2021

²⁸ Para 1.42 Housing Market Area Needs Assessment Final Report Iceni Projects July 2021

Authority	Document	Policy
		<p>The report references another study by NaCBA that maps demand from the register on a per 100,000 person basis²⁹ and finds that Herefordshire ranks in the top 10 authorities in England in terms of demand.</p> <p>It also concludes that the Councils “<i>should continue to support the submission and delivery of self-build and custom housebuilding sites where opportunities for land arise and where such schemes are consistent and do not conflict with other national and local planning policies</i>”.</p>
<p>Various Neighbourhood Plan</p>	<p>Various</p>	<p>There are 89 made/adopted Neighbourhood Development Plans. A review of these documents found that approximately one third³⁰ has a policy or reference to either custom and/or self-build properties; however all are written in a similar manner in that they support or encourage delivery for instance “<i>Support will be given to proposals comprising custom built and/or self- build dwellings that comply with other relevant policies contained within this plan</i>”³¹</p> <p>In many of the 30 neighbourhood plans there is anecdotal evidence that there is local need through local surveys when consulting on the neighbourhood plan.</p> <p>One Neighbourhood Plan (Ross-on-Wye) indicated its intention to “<i>Develop a local information pack for people who might wish to self-build</i>”³² however we were unable to locate this online at the time of reporting.</p>

²⁹ <https://nacsba.org.uk/news/nacsba-maps-of-right-to-build-registers/>

³⁰ These include Almeley, Ashperton, Aston Ingham, Bartestree with Lugwardine, Border Group, Bredenbury and District Group, Bridstow Colwall, Humber, Ford and Stoke Prior Group, Kingsland, Ledbury NDP, Leintwardine, Leominster, Longtown NDP, Lyonshall, Much Birch, Much Marcle, Orcop, Pembridge NDP, Peterstow, Pyons Group, Ross on Wye NDP, Stoke Lacy, Titley Group & Walford

³¹ Kingland Neighbourhood Plan Policy (Made October 2017) Policy KNDP 14

³² Ross-On-Wye Neighbourhood Plan (made June 2021)

Evidence of Demand for SBCH from register

- 3.3** The Council holds a self-build register and collects information about the number of households registering in each ‘base period’ and the authority has to give suitable development permission for enough serviced plots of land to meet the demand for self and custom build housing in their area on a rolling, three-year, basis.
- 3.4** Each year, local planning authorities submit data to MHCLG regarding the number of people joining a register in a given year. From this data³³ we understand that there are a total of 715 entrants onto the councils register at the end of base period 7 (October 2022). Figure 3.2 provides a 4 year analysis of entrants onto Herefordshire’s register, and has been provided to Three Dragons by the Council. The data shows that across the 4 years, the number of entrants has fluctuated between 59 and 111 per base period. There are likely to be several reasons for this and could, for instance, depend on factors such as how successfully the register has been advertised, or whether there was pent up demand.
- 3.5** Demand has been derived from all four periods (2018/19 to 2021/2022) and is estimated at an average of 82 entrants per annum. We note additional registrants from base periods 1-3 (April 2016 – October 2018) but have not included these in our analysis for a number of reasons, including that prior to base period 4 registration was carried out differently– but more importantly that these more historic records are not necessarily an accurate picture of the current pattern of demand.

Figure 3.2: Numbers joining the self-build register by base period

	Entrants onto register in 18/19	Entrants onto register in 19/20	Entrants onto register in 20/21	Entrants onto register in 21/22	Average per annum (18/19 to 21/22)
Herefordshire Council	83	59	111	74	82

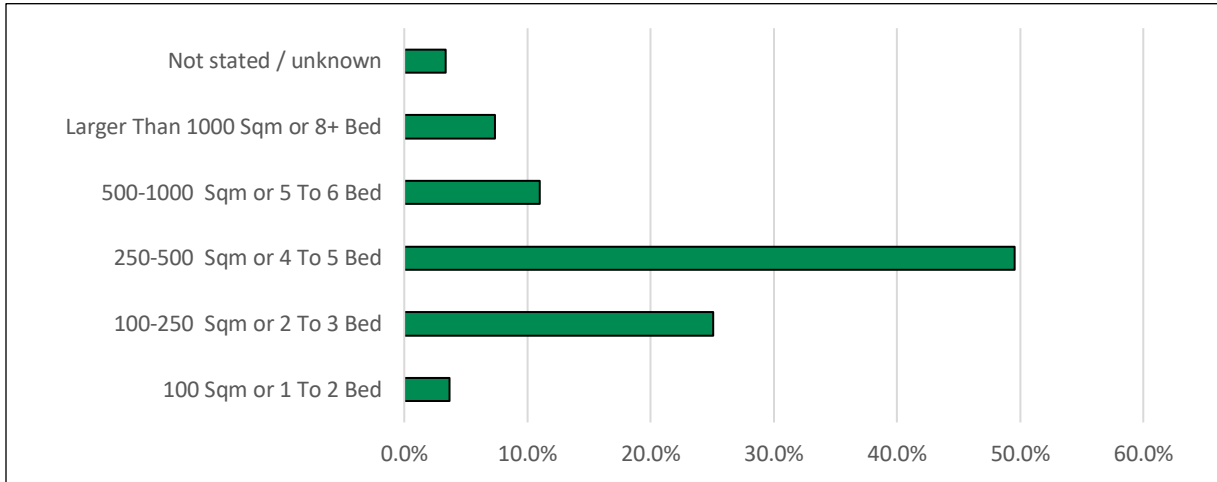
Source: Herefordshire Council

- 3.6** The Council’s register also asks a series of questions that reveal preferences of those on the register. For instance, of the 327 respondents across the 4 years, a total of 307 (94%) expressed a preference for a detached property. The data, as shown in Figure 3.3, shows that almost half of those on the register aspire to a 4-5 bed property, around 29% are considering

³³ MHCLG (2023) Self-build and custom housebuilding data: 2016 to 2021-22 - GOV.UK. [online] gov.uk. Available at: <https://www.gov.uk/government/publications/self-build-and-custom-housebuilding-data-2016-2016-17-2017-18-and-2018-19>

a smaller property and around 18% are considering something larger. The data suggests a demand for a range of properties with family-sized homes predominating.

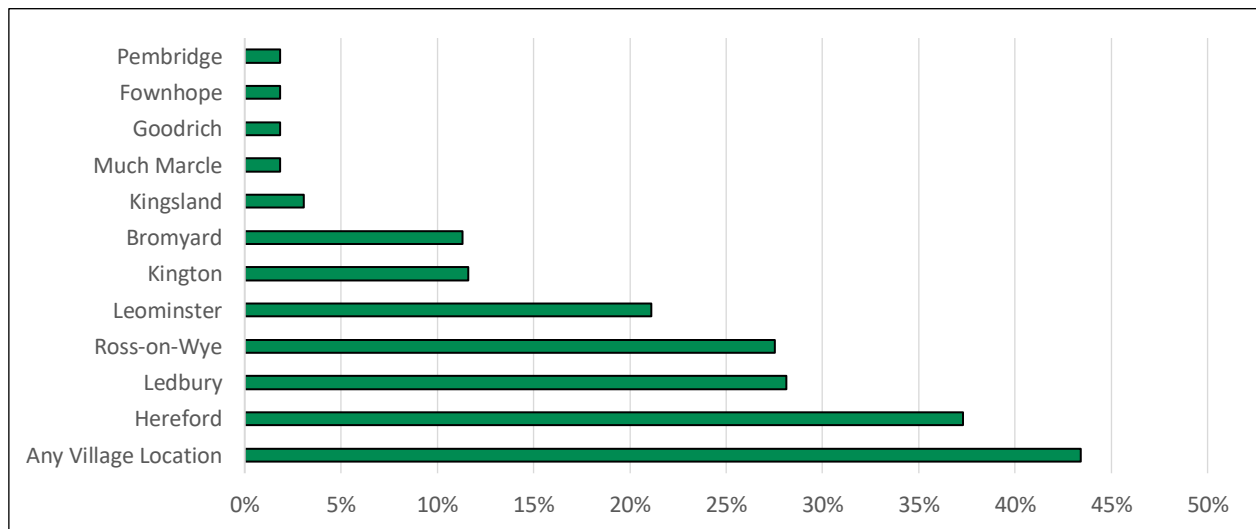
Figure 3.3: Preferences for size of plot expressed by entrants onto register



Source: Herefordshire Council

3.7 The same dataset indicates where registrants would like to purchase a plot. It is important to note that registrants can make reference to more than one location, while some respondents chose to leave this blank. That said, the data shows demand spread in multiple locations with ‘Any Village Location’ specified by 43% of the 327 people on the register between 2018 to 2022. Where an exact location was stated, this was unsurprisingly at the larger settlements in Herefordshire with Hereford (37%) and locations in the South East scoring highly (Ross-On-Wye 28% and Ledbury 28%).

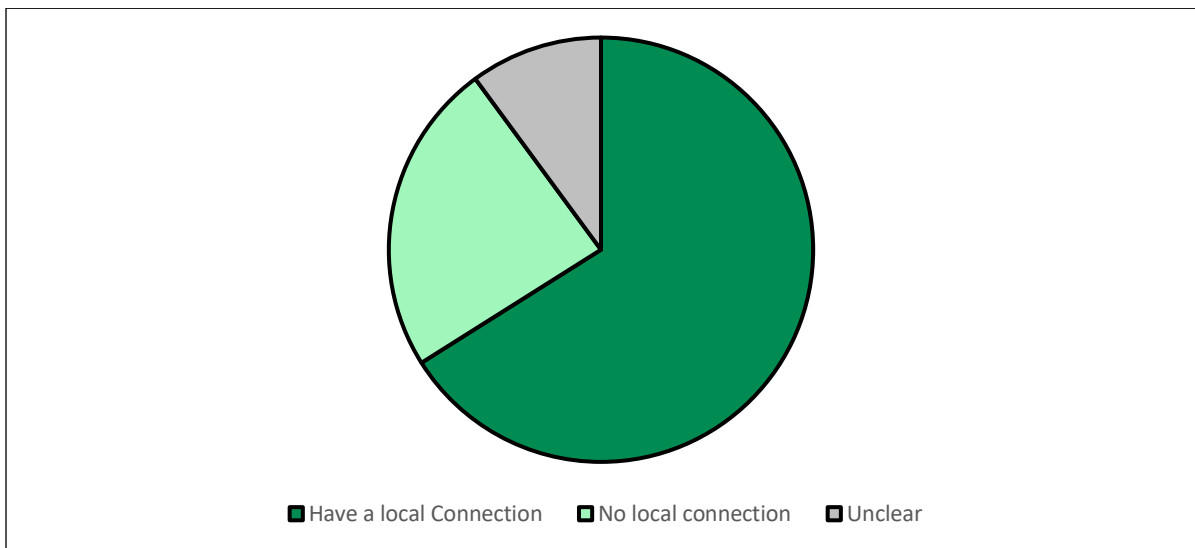
Figure 3.4: Preferences for location of plot expressed by entrants onto register



Source: Herefordshire Council

- 3.8** The register also asks entrants whether they have a local connection to Herefordshire. It is important to note that the council do not currently have a local connection test in place, and the criteria for a local connection varies between authorities, but often involve residency or employment circumstances of entrants. The dataset we have been provided records a range of responses to whether entrants have a local connection, and we have categorised a connection by those stating whether they currently live or work or have a close family member residing in Herefordshire. Figure 3.5 indicates that this is approximately two thirds of responses. The responses did not record how long an entrant had worked or resided in an area, nor what they termed as a 'close family' member, so these figures are indicative only.
- 3.9** Conversely, many responses (24%) stated 'no local connection'. The remaining 10% have been categorised as 'unclear'. This includes instances where responses have differed from the statements set out for the other two options (i.e. 'work', 'live', 'have close family' or 'no local connection') or where the question had been left blank. Overall, Figure 3.5 shows a large demand for plots from entrants with some form of local connection to the area.

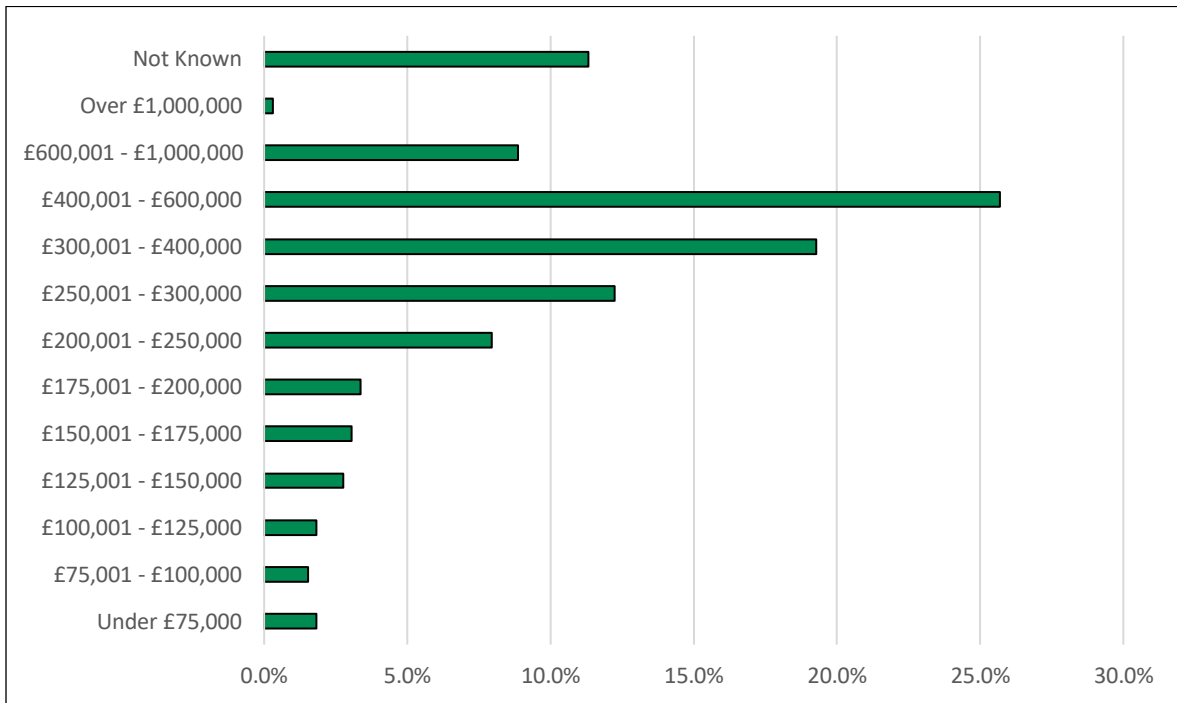
Figure 3.5: Whether entrants on the register stated a local connection



Source: Herefordshire Council

3.10 Finally, entrants onto the register are asked how much they are likely to spend on the plot and on the build. This gives us an insight into whether entrants are seeking SBCH as a route to a modest-sized home or a larger ‘Grand Designs’ style home, or something in between. The below shows just the stated build budget and indicates that this alone is likely to be much higher than the average house price in Herefordshire (understood to be around £295,000 as of May 2023³⁴). Conversely, the data shows that under one quarter (22%) are seeking a build that would cost up to £250,000.

Figure 3.6: Budgets for build of potential SBCH project expressed by entrants onto register



Source: Herefordshire Council

³⁴ UK Land Registry House price Index (all property types) accessed 1st August 2023..

Notional Supply

3.11 There are a number of available measures of the notional supply of SBCH housing that is already taking place. These are discussed below and include:

- Data submitted to DHLUC regarding supply of Self and custom build housing
- Planning permissions for plots where the council believe they might be SBCH
- Council records of single plot completions
- CIL exemptions. However, it is noted that Herefordshire Council do not currently have a CIL in place and therefore this measure has been discounted.

3.12 In addition to statistics of numbers on a councils register, local planning authorities also present data on the supply of new plots per period³⁵. Figure 3.7 records the submitted figures to DHLUC question 'How many planning permissions for serviced plots suitable for self and custom build have been granted' across a 6 year period. The dataset from DHLUC also includes data from a previous year (2016) though this year has been discounted since it does not cover a full year.

3.13 The data shown in figure 3.7 indicates that the annual permissions for SBCH, as reported to DHLUC, gives an average of 93 per annum, however it is also worth noting that the number reported has steadily dropped across the period. An average of just the past four years indicates a delivery of 56 per annum. We understand from the council that this may have been due to two reasons. Firstly, that there was a change in how the council reported figures to DHLUC meaning a slightly higher figure had been submitted for the first few periods. The Council initially monitored SBCH permissions based on a proportion of permissions for single dwellings. However it was decided that, given appeal decisions and emerging evidence, a more robust process was required. Therefore the council analyses all permissions for evidence of self build as outlined in paragraph 3.14 below. Secondly, the council has advised that the restrictions on delivery associated with phosphates may have reduced completion figures in the more recent periods. However, it is understood that the Council has developed a nutrient budget calculator and is now progressing integrated wetlands to address this issue and to unlock planning permissions.

³⁵ MHCLG (2023) Self-build and custom housebuilding data: 2016 to 2021-22 - GOV.UK. [online] gov.uk. Available at: <https://www.gov.uk/government/publications/self-build-and-custom-housebuilding-data-2016-2016-17-2017-18-and-2018-19>

Figure 3.7: SBCH plots granted by base period as reported to DHLUC

	SBCH plots granted to 30 th October 2017	SBCH plots granted to 30 th October 2018	SBCH plots granted to 30 th October 2019	SBCH plots granted to 30 th October 2020	SBCH plots granted to 30 th October 2021	SBCH plots granted to 30 th October 2022	Average per annum Last 4 years
Herefordshire Council	157	176	75	63	42	45	56

Source: MHCLG

3.14 Herefordshire Council, in section 6 of their Annual Monitoring report³⁶ monitor permissions where they understand that the site included an element of self build and custom housing. It is understood that this is from either dialogue with planning agents, references in the application or accompanying documents or if they have seen evidence that plots are marketed for sale. The data in figure 3.8 uses evidence in the latest Annual Monitoring reports Using this data, figure 3.8 shows that the council have granted an average of 76 permissions per base period for SBCH plots.

3.15 Though a useful source of data, it is worth noting some limitations to the data. Firstly, it is possible that this measure may under-record delivery as there is a possibility that not all SBCH will be appropriately communicated to the council. Conversely, it is important to note that these are permissions (as is required to be demonstrated by the legislation) and as such not all permissions will be built out. That said, we would still expect a large proportion to be built out and therefore a useful indication of supply.

Figure 3.8: SBCH plots granted planning permission by base period

	SBCH plots granted to 30 th October 2017	SBCH plots granted to 30 th October 2018	SBCH plots granted to 30 th October 2019	SBCH plots granted to 30 th October 2020	SBCH plots granted to 30 th October 2021	SBCH plots granted to 30 th October 2022	Average per annum
Herefordshire Council	84	87	88	77	49	70	76

Source: Herefordshire Council

³⁶ Herefordshire Council (2022), AMR Section 6 Self And Custom Build February 2022. [online] herefordshire.gov.uk. Available at: <https://www.herefordshire.gov.uk/downloads/file/23453/amr-2022-self-and-custom-built-housing-february-2022> [Accessed 1 Jan. 1970].

3.16 One final method of judging supply is by analysing single plot completions. The data shown in figure 3.9 show the totals of all the single plots completed according to a dataset provided by Herefordshire Council. The table shows an average of 97 per annum across the 6 years.

3.17 There are also limitations to analysing single plot completions as a measure of self build and custom housing. Firstly, although the council has filtered out any extensions or annexes, we do not know whether the completion is solely a new build or whether it is a change of use which may not be wholly suitable for the needs of a prospective self or custom housebuilder. Also, it would be unlikely that all are entirely for people building their own home and it is reasonable to assume that many would in fact be sold on the open market. Conversely, this method would also discount any SBCH plots developed as part of a larger scheme, though it is worth noting that current planning policy does not currently request this. For these reasons, this is not an absolute measure of current SBCH supply, and the figures shown in the table are likely to be considered as an upper figure. Our experience from studies elsewhere indicates that single plot completions may overstate supply by at least 25% when these considerations are accounted for.

Figure 3.9: SBCH plots completed by year (April to March)

	Compl. 16/17	Compl. 17/18	Compl. 18/19	Compl. 19/20	Compl. 20/21	Compl. 21/22	Average per annum
Single plots Completed (Net)	62	123	99	92	87	117	97

Source: Herefordshire Council

3.18 There is clearly no one source upon which to rely for a comprehensive figure of the supply of plots for SBCH, nor do the data sources tally between each other. We have taken into account that:

- The council's submission to DLUHC shows recorded delivery of SBCH at an average of 56 plots per annum, using the last 4 years data;
- The councils own monitoring of permissions over the 6 year period from 2016/17 shows an average of 76 plots per annum; (As explained above this difference is due to a change in approach of monitoring self and custom housebuilding build data);
- The council's single plot completion data gives an average of 97 units per annum over the 6 year period from 2016/17.

3.19 No one source gives a perfect measure, and each have limitations discussed in this report. However, taking the analysis of the three sources into consideration, a notional supply of 70 dwellings per annum could be seen as a reasonable estimation of the pattern of supply for Herefordshire Council.

3.20 A simple comparison between demand for SBCH (as measured by the register) and notional supply (as measured by our analysis above) indicates that the apparent demand is in excess of the estimate of supply. A rough assessment of the pattern for the authority is:

- Demand, as measured by the register, of c. 82 households per annum;
- Notional supply, of c. 70 plots per annum as recorded by the council.

3.21 The above analysis relies on the register as an accurate measure of underlying demand and assumes there are no larger scale SBCH 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 SBCH as differences in patterns of demand.

3.22 Indeed, the government’s independent review into scaling up self-build and custom housebuilding (also known as the Bacon Review³⁷), as discussed in chapter 2, makes this point and the paragraphs on demand are repeated below:

“The most recent general population surveys indicate that around one in three of us would like to self-commission a home one day³⁸

..... Medium term demand is available from the Right to Build Registers that each local authority has been legally obliged to maintain since 1 April 2016. These Registers show a level of demand that is consistently below the level of international delivery or that from consumer surveys. This gap can be explained in part because only 13% of the population are aware of the Self-Build Registers including over half of self-builders. Only one in six self-builders identified as having joined a register. The Registers themselves are therefore incomplete records of demand. Furthermore, both MHCLG and NaCSBA analysis shows a significant volume of records are removed from Registers each year or moved within Registers such that the duties on the authority are reduced.”³⁹

3.23 A recent appeal decision⁴⁰ where the Inspector commented that the register “may underestimate demand for self-build, because awareness of the Right to Build Registers in England is low”⁴¹ is not untypical. In the next chapter we address this issue by providing an alternative measure of underlying longer-term demand for SBCH.

³⁷ the independent review into scaling up self-build and custom housebuilding (also known as the Bacon Review) August 2021

³⁸ Reference from Bacon review references IPSS MRI poll and reads “One survey by Nationwide Building Society put the proportion higher at 53%. Another more recent Nationwide survey found a still higher proportion at 61%, which potential demand even higher among the young”

³⁹ P31 the independent review into scaling up self-build and custom housebuilding August 2021

⁴⁰ Appeal Ref: APP/D2320/W/20/3247136 Land at Pear Tree Lane, Euxton, Chorley

⁴¹ Para 59 Appeal Ref: APP/D2320/W/20/3247136

Chapter 4 Three Dragons assessment of demand

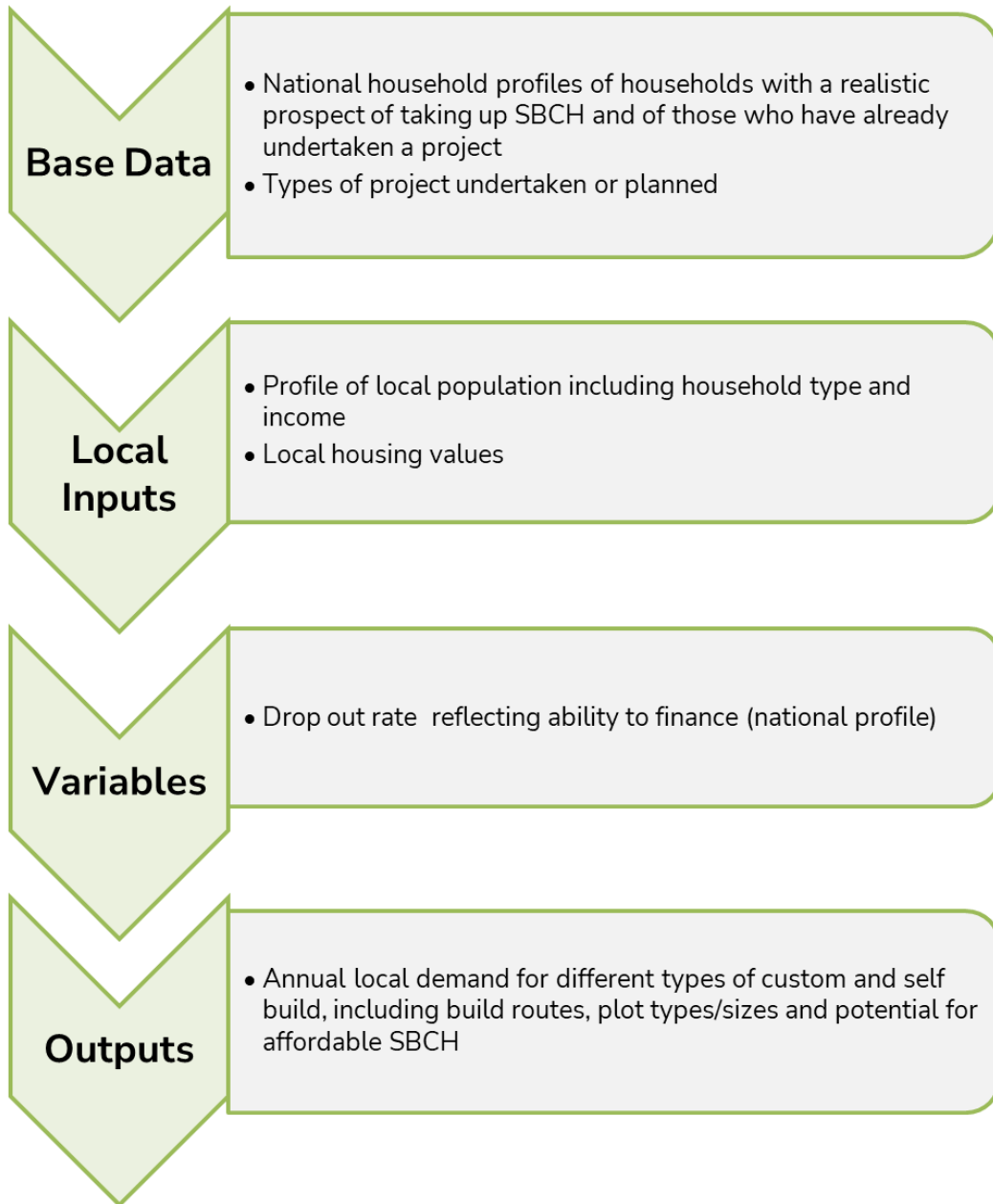
Three Dragons Demand model

- 4.1** With the support of the Right to Build Task Force, Three Dragons has developed a bespoke model for measuring demand for SBCH 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 NaCSBA⁴² for this exercise) 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 SBCH and that local costs and values⁴³ as well as availability of finance will have an impact on this. Figure 4.1 illustrates the process of modelling demand for SBCH.
- 4.2** The model also takes into account that the self and custom housebuilders 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. This is reflected in the demand modelling which gives results on an annual basis. It can also be assumed that in future years demand for SBCH will grow or contract dependent upon future growth in the population.

⁴² Raw data profile provided by NaCSBA from 4 years wide ranging survey on, inter-alia, propensity to SCB (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)

⁴³ Local costs and values based upon i) for income *Regional gross disposable household income by local authority per head* ONS June 2022 and ii) for values *House Price Statistics for Small Areas (HPSSAs)* ONS 2022 (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.

Figure 4.1: Outline of the demand assessment model



Demand estimates from the model

- 4.3** The results of the modelling exercise are shown in the table below. The results assume that potential households taking up SBCH take three years to proceed.

Figure 4.2: Headline results showing demand for SBCH housing⁴⁴

	Demand for SBCH - units per year (yrs 1-5)	Demand for SBCH - units per year (yrs 6-10)	Demand for SBCH - units per year (yrs 11-15)
Three Dragons Model	114	118	122

- 4.4** The potential demand for SBCH across the authority is 114 units per annum over the next 5 years, rising to 118 per annum in years 6 to 10, and 122 per annum in years 11-15; an average of 118 per annum over the 15 year period. No distinction is made in the modelling between individual households and groups taking up SBCH. It should be assumed that demand from any group taking up SBCH will be from within the numbers shown in the table above.

Comparison with SBCH Register and notional supply

- 4.5** Figure 4.3 provides a comparison of both demand figures against the current levels of supply. The level of modelled demand is higher than implied by the earlier analysis of the Self and Custom Housebuilding Register, and to note that the demand modelled here is from the local population only. Importantly, the modelled demand is higher than the assumed current level of supply. Figure 4.3 thus demonstrates that the modelled demand is approximately 44 plots per annum in excess of the estimated supply, based on the first 5 years. We would recommend a review of supply after this period.

Figure 4.3: Demand for SBCH housing Years 1 – 5 against current annual supply

	Modelled demand for SBCH - units per year	Demand for SBCH – based on the Register	Estimated current levels of supply of SBCH
Herefordshire Council	114	82	70

⁴⁴ Assuming 3 years lead in time

Build route

- 4.6** 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 SBCH will be self-builders - half on single plots and half as part of larger site;
 - 30-50% will be custom builders.
- 4.7** 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.
- 4.8** 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.

Household profile and plot types

- 4.9** Guidance on the type (size) of plots that are needed can be inferred from the demand profile for SBCH. The data collected on the profile of custom and self-builders over the past 5 years indicates that whilst the traditional pattern of wealthier 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-sustainability⁴⁵.
- 4.10** Figure 4.4 shows the profile of potential SBCH households in the county in terms of their age and household type. The data shows that ‘families with children’, could account for 40% of the potential demand, which is higher than the national profile of 30%⁴⁶. Couples are likely to account for a similar size, 39% of demand, though this is broadly in line with the national profile.

⁴⁵ Raw data profile provided by NaCSBA from 4 years wide ranging survey on, inter-alia, propensity to SBCH (IPSOS MORI unpublished)

⁴⁶ Nationally, based on raw data from NaCSBA (ibid) nearly 40% of those likely to custom/self-build are couples and nearly 30% are families with children

Figure 4.4: Potential demand for self and custom build in Herefordshire by household type

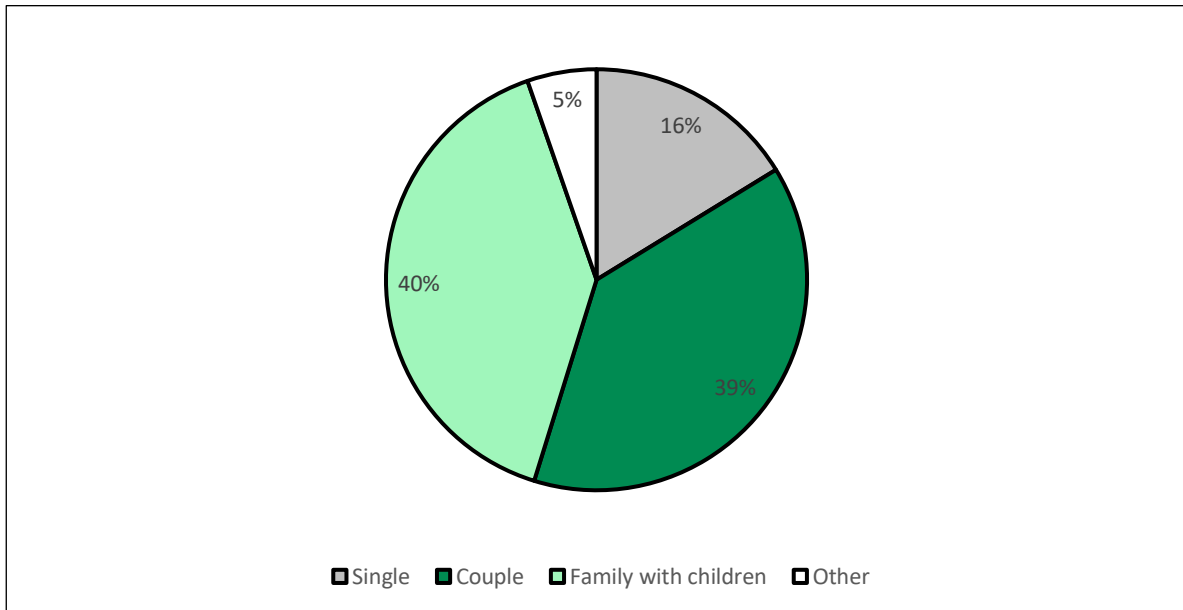
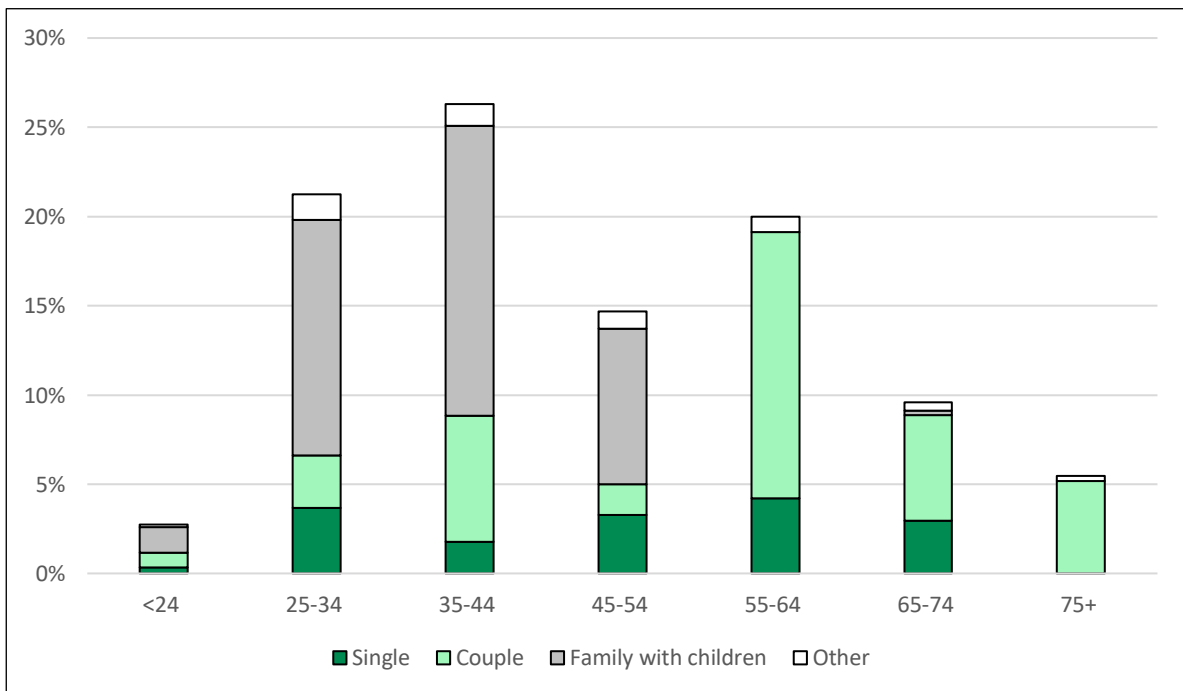


Figure 4.5: Potential demand for self and custom build in Herefordshire by age and household type



4.11 Figure 4.5 indicates the likely take up of SBCH development by age, demonstrating that just over one half (50.3%) of demand for plots are likely to be from those aged under 44 years of age. The main demographics that are likely to require SBCH plots are estimated to be households categorised as ‘families with children’ and aged between 35 and 44 years old (16%) followed by households categorised as ‘couples’ and aged between 55 and 64 years of age (15%).

4.12 On the whole, the data shows a wide range of age profiles that might require a plot in the future. The Council should therefore consider SBCH plots to cater for a wide range of prospective builders, and the available evidence on local households indicates that there is 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.

4.13 This mix should be monitored by the Council, however, as a guide to the mix of plot types required, we would suggest planning on the basis of:

- 30% - low cost/small plots/terrace style developments, including community-led development;
- 30% - suitable for 3/4 bed semi or (smaller) detached homes;
- 40% - suitable for 4 or 5 bed detached homes.

This takes account of both the household mix identified through the modelling showing a predominance of younger and family households, and also the preference identified by the council's own monitoring for larger plots.

4.14 Based on the average need for affordable home ownership products identified in the HMANA, it could be possible to deliver between 5% and 9% of the total demand as affordable home ownership, provided suitable and viable sites can be found⁴⁷.

⁴⁷ Housing Market Area Needs Assessment Icenii 2021 – para 1.5 identifies 846 dwellings required PA based on standard methodology and para 1.15 recommends that an average of 25% of affordable housing should be affordable home ownership – assuming affordable housing at 25% - 40% of development as per current policy H1 (Affordable Housing) – AHO translates to between 6 and 10 units pa or 5-9% of total housing requirement – therefore this percentage could be applied to the demand for SBCH

Chapter 5 Conclusion

Summary of findings & implications

- 5.1** The demand assessment model indicates that potential demand for SBCH development is greater than the SBCH register would suggest.
- 5.2** SBCH development is already occurring in Herefordshire, measured through the development of single plots. The current rates of supply fall below the potential demand indicated by both the register and the modelling. This implies that positive action is required by the council to enable faster rates of SBCH development in the area.
- 5.3** **We have estimated an annual demand for 114 SBCH plots per year (yrs 1-5) against an average supply of 70 plots per year.**
- 5.4** Therefore, as guideline, we recommend the following levels of provision for SBCH to be facilitated through the local plan process for Herefordshire Council. Taking into account the plots already supplied, the figure shown below is for additional plots on an annual basis. For the next 5 year period:

SBCH potential annual demand for additional plots = 44 plots

Rising to 48 plots per annum for years 6-10 and 52 plots in years 11-17

- 5.5** The requirements for SBCH 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 SBCH 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 additional 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 SBCH plots is from a mix of household types and planning policies will need to encourage a diverse range of plots to meet this. 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:

- 30% - low cost/small plots/terrace style developments;
- 30% - suitable for 3 bed semi/detached homes;
- 40% - suitable for 4 or 5 bed detached homes.

5.9 About 5% - 9% of future SBCH development could be delivered as affordable housing, depending on value area. It is anticipated that this would be focused on low cost home ownership products, but suitable Affordable Rented schemes should also be welcomed. National data indicates that take up of (non SBCH) shared ownership housing tends to be from younger and smaller households. Therefore we would suggest that 75% of the affordable SBCH plots should be smaller units aimed at this market and the remaining 25% for larger families. The affordable element of SBCH could be delivered by affordable housing providers, custom build developers or enablers, as well as community groups.

5.10 There is an opportunity for Herefordshire Council to use the information in this report as evidence base for policies in its emerging Local Plan and to plan for greater provision of SBCH 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 SBCH 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.

A.1 Sources used within modelling

Steps	Modelling	Data source
1	National profile of households (by age and type) with realistic prospect of becoming SBCH demand.	2013-2016 data from an Ipsos Mori survey for NaCSBA (available from the NaCSBA on request) Updated using weighted averages with YouGov findings for a similar survey undertaken in 2020
2	Compare with local profile of households by age and type Provide a base figure of all households with potential to take up SBCH	2018 based household projections – DCLG https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforenglanddetaileddataforecastingandanalysis
3	Calculate a ratio of local house prices to incomes and compare with the national average. Increase/decrease base figure to reflect whether SBCH is likely to be 'more affordable' in the local area than nationally.	Gross Disposable Household Income per head – ONS (October 2022 release) House Price Statistics for Small Areas (HPSSAs) - Dataset 9. Median price paid for administrative geographies – ONS (June 2022 release) Tables 1a and 2a relating to data as per year ending September 2022
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 SBCH project if plots were available - data provided by BuildStore, other SBCH financiers, and sense checked with a number of small SBCH developers affiliated to NaCSBA.
5	Assume a timetable for development of 3 years - starts from 1 st steps towards SBCH 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 SBCH project - Self & Custom Build Market Report (Homebuilding and Renovating, 2017)
6	Estimated demand for SBCH in years 1-5	Model output
7	Demand for SBCH 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.