

# NaCSBA's Manifesto for England

**Ten areas where Government support can help the custom and self build sector fix our broken housing market.**

NaCSBA believes that the private sector will only deliver more new homes for England if some of the 67%<sup>1</sup> of adults who would not currently consider the newbuild product change their mind when offered greater choice of location, design, quality and value for money. Overseas it is the custom and self build sector that provides this choice, delivering on average 39% of new homes and there is no reason by England should be any different.

The majority of the population would like to build their own home at some stage in life<sup>2</sup>, and NaCSBA's research indicates that if the choice of serviced plots, accessible finance and quality custom homebuilders were in place to meet this demand, it would lead to a dramatic rise in home completions. A custom and self build revolution could deliver 40-50,000 new homes a year. It would also support the growing community led housing movement including group self build, and co-housing and deliver more affordable homes.

**NaCSBA's vision is to make Custom and Self build a mainstream choice for all those seeking a home of their own.**

To help deliver this change NaCSBA is seeking Government support in ten areas to help fix our broken housing market.

**1**

## **Raise public awareness with a national consumer campaign**

**Raise public awareness of (1) Right to Build, (2) Right to Build Registers, and (3) the nature of plots to be provided under Right to Build through a national consumer campaign.**

Whilst fifty-three per cent of adults would like to build their own home at some stage in life, awareness and understanding of the Right to Build is limited. This is very different from the situation with regards to Help to Buy which has been supported by a brand and a Government-funded advertising campaign, ensuring that the public are more aware and better informed.

A national campaign will inform and excite the public and send a clear message to local authorities, developers and lenders as to the Government's commitment to the sector.

*NaCSBA is seeking a commitment from the Government to the development of a Right to Build / Help to Build brand and £500k of promotional activity timed to coincide with the 2018 Autumn Budget.*

**2**

## **Ongoing oversight of Right to Build implementation**

**Ongoing oversight and reporting of local authority implementation of Right to Build is necessary to support the Right to Build Task Force in the effective spread of best practice, and to eliminate poor practice at an early stage.**

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<sup>1</sup> Why buy new? Home buyer intentions and opinions. hbf you gov survey 2016

<sup>2</sup> Lending information for self build in the UK April 2012 Building Societies Association

Despite the positive progress of the Right to Build Task Force, local authorities have adopted differing approaches to their legal duty to introduce, promote and operate a Right to Build register and to flow the process through into permissioned plots to meet demand. This includes differing levels of promotion and charges for accessing the register that are sometimes disproportionate.

*NaCSBA is seeking Government commitment to undertake and publish an annual review of Right to Build implementation for the next 3 years, starting from July 2018.*

### **3** Review exception site policy in relation to Custom and Self build to help local authorities implement the Right to Build and to help community led housing

**Introduce a custom and self build exception site policy for small sites akin to the rural exception site scheme to ensure local demand for serviced plots can be met. Make it clear that custom and self build is an acceptable form of affordable housing provision where it meets the criteria in the NPPF.**

The Autumn Budget proposed changes to support discounted sale to FTB / affordable rent developments outside of agreed plans. The custom and self build sector should be provided with similar support with the option for the local authority to apply a ‘local connection test’.

Encourage the use of rural exception site policy to delivery serviced plots for affordable custom and self build homes (including single dwelling), cross-subsidised by open market plots to help encourage landowners to release more sites.

Where land is provided at below market value then the use of standardised legal structures, developed with Homes England, will help support the mortgage lending process.

*NaCSBA is seeking a similar consultation to that for FTBs and the additional support of Homes England in drawing up and hosting the standard legal documentation.*

### **4** Promote best bid over highest for community led housing

**Simplify the process for community led groups to buy land and get planning permission for homes, including preferential bidder status on the sale of public sector land.**

Local authorities’ estate department’s default is often to dispose of land on the basis of the ‘best consideration reasonably obtainable’. The wider benefits of community led housing, including group self build, are often overlooked.

Councils already have the ability to prioritise public policy measures over best bid, but clearer guidance is required to ensure they are aware of this option when disposing of land.

*NaCSBA is proposing that public policy measures require local authorities in all cases to specifically consider community led housing.*

## 5 Release more public land including on a 'build now, pay later' model

**Release more public sector land for the creation of serviced custom and self build plots, ideally on a 'build now, pay later' model.**

Action is underway to release more public land for housing, but more can and should be done. The use of this land for custom and self build is further supported by the Right to Build, as well as the Autumn Budget consultation that councils bring forward 20% of their housing supply as small sites.

Provision of land / plots on a 'build now, pay later' basis aligned to build out schedules would incentivise development and also support the cash flow and financing position for community groups including self build groups and others.

*NaCSBA is seeking a commitment from the Government to support the release of more public land, including on a 'buy now, pay later' basis.*

## 6 Improve tax treatment for gifts of land and sale of individual serviced plots

**Review the taxation of land disposals to; encourage more owners to bring forward land as serviced plots; and incentivise gifts of land to community led schemes to deliver affordable homes**

Landowners are currently unable to make tax free gifts of land and property to not-for-profit community led housing projects unless the organisation is a charity; but not all groups are, or can be, structured as charities. Tax relief would encourage benevolent gifts of land to communities to meet local housing need.

Many landowners support custom and self build or see it as an opportunity to add value and influence what gets built, but the tax system appears to favour a single disposal of farmland as 'a going concern'. Equalising the tax status for the disposal of individual serviced plots will remove the current tax bias and increase the delivery of serviced plot.

Simplifying the recovery of VAT paid on the cost of installing infrastructure for serviced plots will remove the added complication of having to use 'golden brick' to create a link between the sale of a serviced plot and a taxable supply to trigger the zero rate.

*NaCSBA is seeking a commitment from the Government that the sector can work with HMRC to deliver improvements to the tax approach.*

## 7 Simplified and improved S106 and CIL rules for small site developments

**Simplify and improve the current exemptions from locally levied development taxes, such as Section 106 contributions and community infrastructure levy (CIL)**

There is currently an exemption from the Community Infrastructure Levy (CIL) for custom and self builders. The wider S106 position is not always clear.

Those building a home for themselves should not inadvertently be caught by a system aimed benefitting the wider community from some of the land value added by the grant of planning permission for larger housing sites.

*NaCSBA is lobbying Government to commence Paragraph 159 of the Town and Country Planning Act 2016 to ensure small sites are always exempt from s106 contributions. NaCSBA is also calling for MHCLG to issue further guidance to local planning authorities on the application of the CIL exemption for custom and self build through phased permissions to simplify the process on multi plot sites.*

## 8

### **Introduce a Right to Build equity loan scheme**

**Introduce a ‘Right to Build’ equity loan scheme for custom and self build homes to equalise the position compared with the speculative new build market.**

Help to Buy Equity Loan has provided a major boost to the speculative new build sector, allowing access to cheaper mortgages with lower deposits by providing a loan of 20% of the value of a property up to £600,000, interest free for the first five years. The scheme is funded until 2021.

An equivalent but bespoke scheme for the custom and self build sector, using the Right to Build brand, would enable the sector to expand and grow by creating access for those without the substantial cash deposit currently required. The structure of the scheme would ensure that it is focussed on more affordable and lower risk builds, capped at a completed market value of £600,000 in line with Help to Build.

*NaCSBA is seeking a commitment from the Government to work on the launch of a scheme by the Autumn Budget 2018.*

## 9

### **Provide further access to low cost public funding**

**Expand the provision of low cost funding to local authorities, landowners, developers and individuals for custom and self build developments.**

The Home Building Fund provides welcome development funding for developers although the processes could be further enhanced and simplified. The Autumn Budget included a further £630m of funding from the National Productivity Improvement Fund to accelerate building on small sites stalled by on-site infrastructure and land remediation. The NPIF could further support accelerated build through funding to serviced plot stage, including garden villages and towns.

*NaCSBA is seeking the extension of the NPIF to include the creation of serviced plots for self and custom build.*

## 10 Support work with lenders to increase mortgage supply

Action is required to end the discrimination currently faced by the custom and self build sector with regards access to mortgages.

Custom and self build does not benefit from the same access to mortgage finance as other sectors despite an absence of link to poor credit performance. There are reasons why this is the case. These include some added complexity and some regulatory caution. Progress is being made, but more work from all, including the sector and Government, should achieve a breakthrough in the increased supply of mortgages for affordable (low deposit and part-ownership) custom and self build homes.

*NaCSBA is seeking combined No 10, HMT and MHCLG support to a NaCSBA-led review to be produced and reported back by the end of July 2018.*

These actions taken together help create a virtuous cycle of activity supporting a step change in the quality and quantity of homes built.

### The Virtuous Cycle

