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Right to BUILD TASK FORCE
Supporting Custom and Self Build Delivery in the UK

Wood for Good

SESSION 4:
FINANCE CONSIDERATIONS

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Mortgage & finance availability

BUILDSTORE
Custom Build

Tom McSherry

National Relationship Manager, BuildStore

Funding for
Custom and Self Build Housing

Tom McSherry

National Relationship Manager – BuildStore Group

Agenda

- Introduction
- BuildStore Group Funding Solutions via BuildStore Mortgage Services and BuildLoan
- Supporting Local Initiatives
- Funding Streams for Landowners, Developers, Local Authorities.
- Challenges of accessing Homes England funding programme

Mortgage Availability

BuildStore is the UK's leading Broker and Distributor of Mortgages for the Self and Custom Build Market

Exclusive mortgages

designed specifically to meet the requirements of self build and custom build customers

Mortgages for Self & Custom Build

BUILDSTORE

- Up to 95% on land/property with outline planning and up to 95% on build costs
- Up to 100% against land already owned
- Stage payments – in advance or arrears
- Overpayments allowed without penalty
- No need to sell current home first - clients can stay in their existing home as they build their new one due to enhanced cash position offered
- More money earlier - particularly useful in the case of timber frame kits where client is required to pay for their kit early on

Lenders

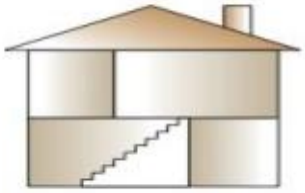
The market is primarily supported by Regional Building Societies with the exception of Virgin Money who entered the custom build market last year, exclusively through BuildStore.

BUILDSTORE Mortgage Services

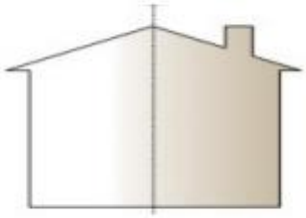
BUILDLOAN

Mortgages for Custom Build

BUILDSTORE



Custom Build



Shell Scheme

Serviced Plots

- **Funding for all three options available on a stage payment basis for both Shared Ownership and Open Market Purchase**
- **Up to 95% of the purchase of plot/shell/property, and 95% of costs to complete the property for Open Market**
- **Up to 95% of share of purchase of plot/shell/property, and 95% of share of costs to complete the property for shared ownership.**

Custom Build

- **Funding Not just 3rd or 4th time movers**
- **Younger demographic requiring**
  - Lower deposit mortgages
  - More affordable homes through Starter Homes Scheme or Shared Ownership

Mortgages for Custom Build

BUILDSTORE

Self Build Options

- ✓ Serviced Plots
- ✓ Golden Brick

Custom Build Options

- ✓ Golden Brick
- ✓ Shell
- ✓ Terraced Villas

Affordable Options

- ✓ Discounted Plots – Restricted Resale
- ✓ Shared Ownership Model (to be discussed)

Supporting Local Initiatives

- Teignbridge Council
- Cornwall
- York
- Glasgow Council
- Perth & Kinross
- Working with 3rd party developers and lending schemes
- Housing Associations

Funding Streams for Landowners & Developers

- Development finance lenders
- Building Societies
- Homes Building Fund via Homes England

Home Building Fund

A £3 billion fund to increase the number of homes built in England. The Fund is specifically designed to support small builders and custom builders as well as larger builders and developers.

How much is available

- £3 billion
- £1 billion short term development loan
- £2 billion long term infrastructure loan

Challenges to accessing the fund

- The borrower must be a private sector entity which has a majority control of the site
- Not available to purchase sites
- Loan to cost not loan to value
- Must Demonstrate without the funding the scheme would develop as quickly or at all
- Fluid Terms

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SESSION 5:

PLANNING & DESIGN CONSIDERATION

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Implications for custom & self-build – the National Planning Policy Framework

-&

Local authorities in action – examples of real projects

Mario Wolf, interview

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LOCAL AUTHORITIES IN ACTION

Mario Wolf, Director of the Right to Build Task Force

How are local authorities responding?

- *Policies promoting housing mix with high level Custom/Self Build references*
- *Land allocations, disposals and acquisitions*
- *Supplementary Planning Documents*
- *Action through Housing Strategy*
- *Proactive promotion through neighbourhood planning*
- *Promotion as part of affordable housing (eg. Exception sites)*
- *Specific support for projects (in some cases with Homes England) and 'revolving funds'*
- *Financial help (mortgages/development finance)*
- *Percentage policy asking for custom/self build to be provided on larger housing sites (typically 5-10% for sites over 20 homes)*

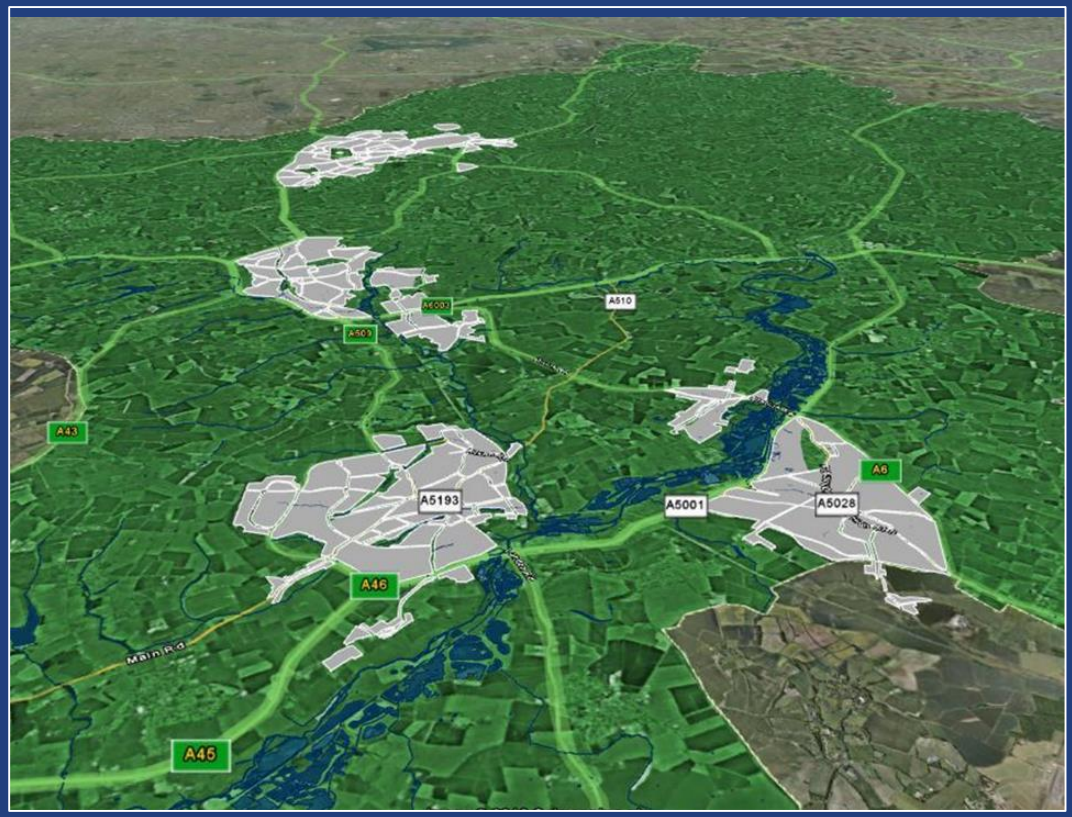
Custom and Self Build experience from vanguard Councils so far

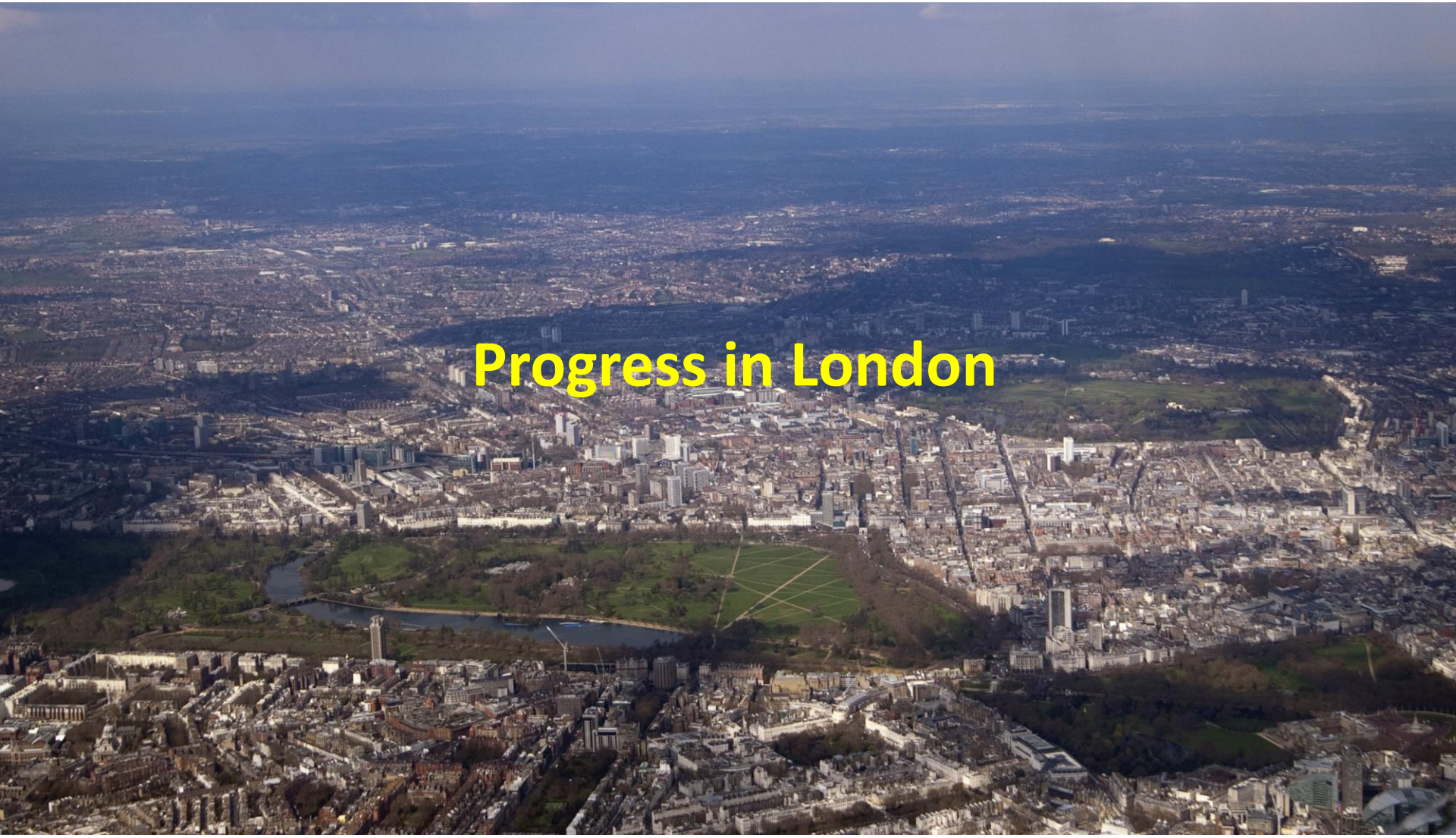
- *Can work across all tenures – including affordable housing*
- *Can meet specific housing need e.g. older persons housing, co-housing*
- *Can form part of regeneration programme to attract/retain wealth creators*
- *Can help reverse rural depopulation and help regenerate poor quality landscape*
- *Can deliver high density housing – suitable for urban environments*
- *Can meet demand for affordable rural housing using exception site policy*
- *Can diversify housing supply and accelerate build out rates in new settlements*
- *Can utilise existing redundant buildings converted to use for housing*

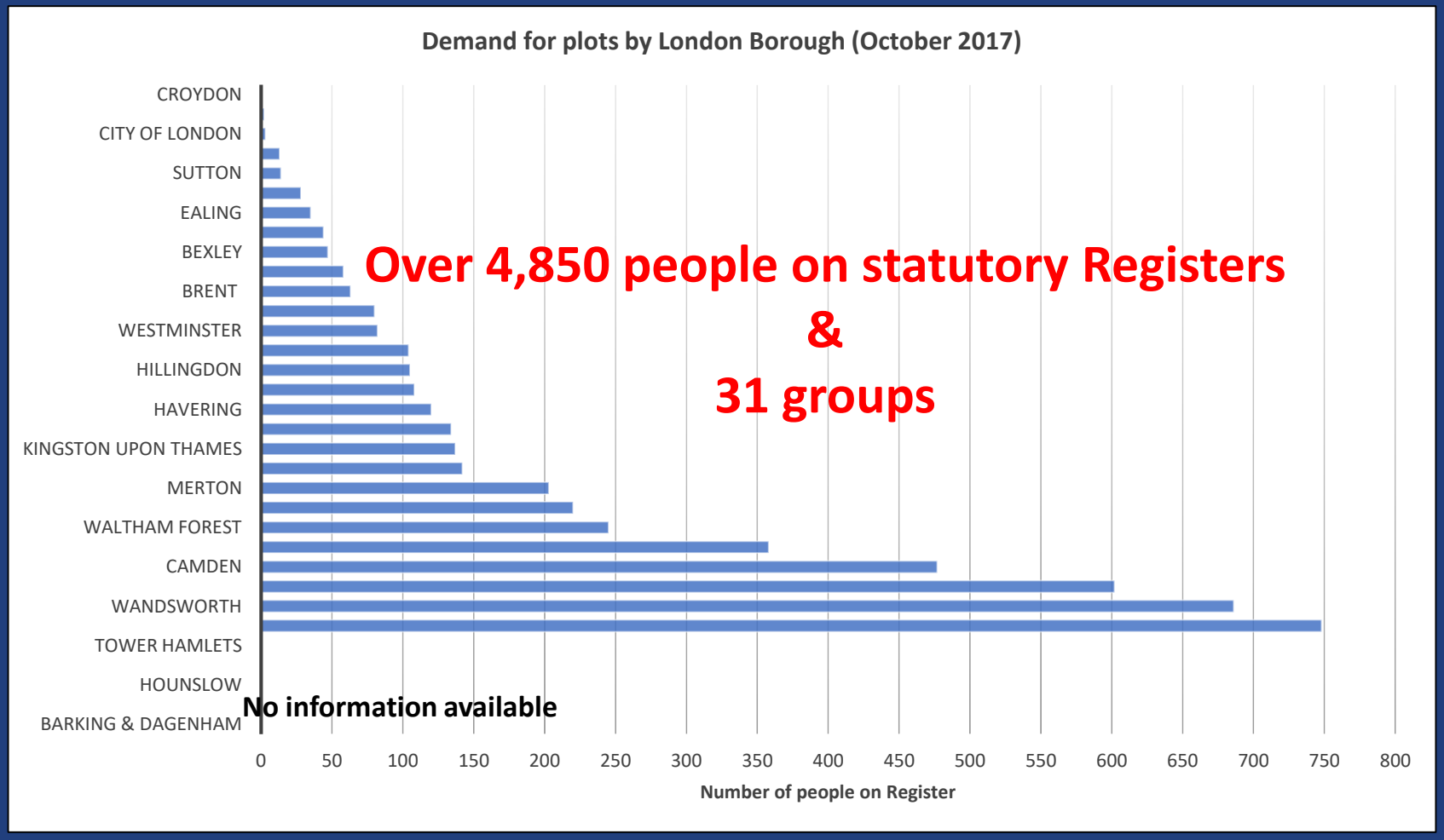
North Northamptonshire

Objective to secure 10% Custom and Self Build housing at Tresham Garden Village and elsewhere, including the 6 sustainable urban extensions of 20,000 homes

Tresham Garden Village masterplan consultation includes target of 20% Custom and Self Build homes of up to 1,500 homes

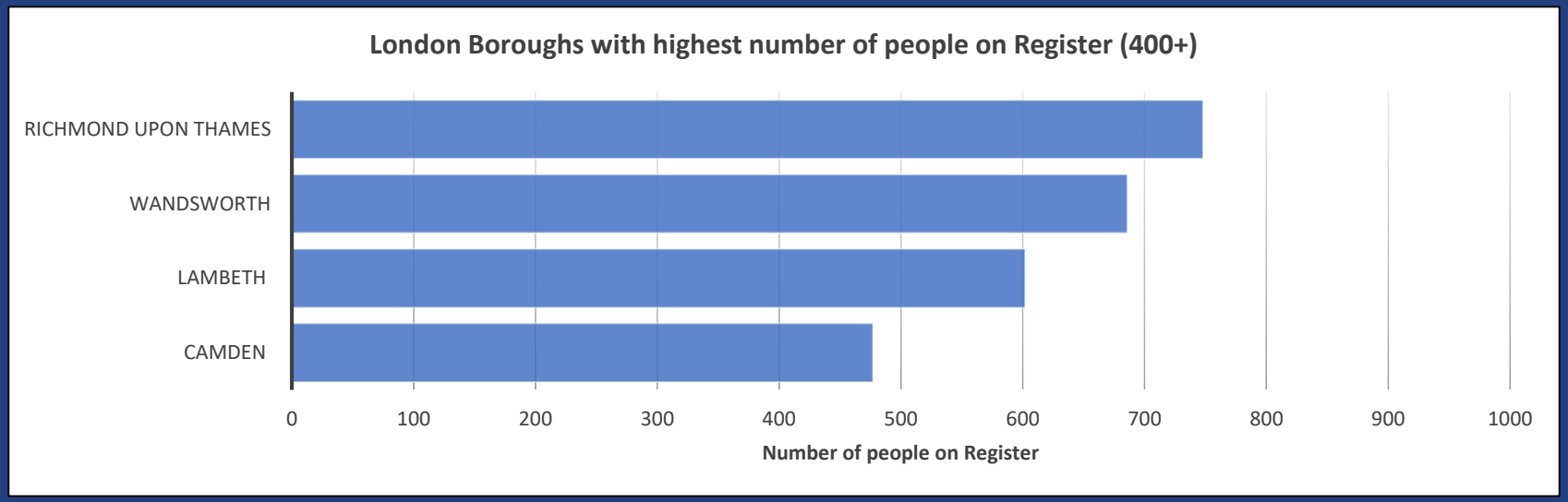



Progress in London



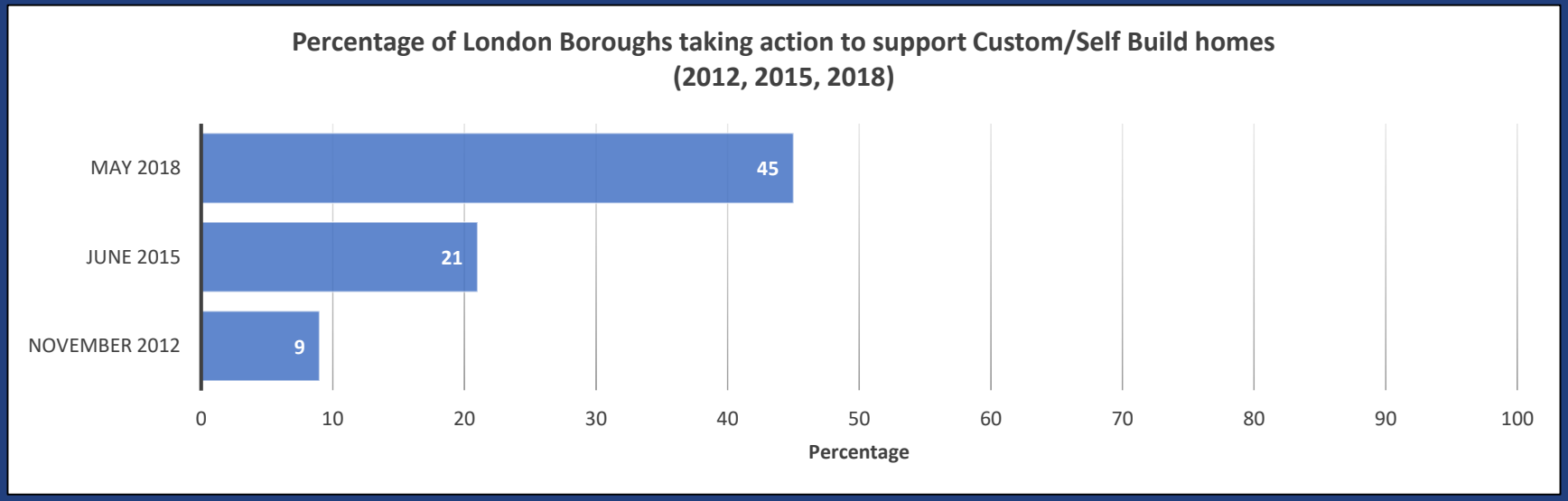
Source: NaCSBA 2017

Where is demand highest?



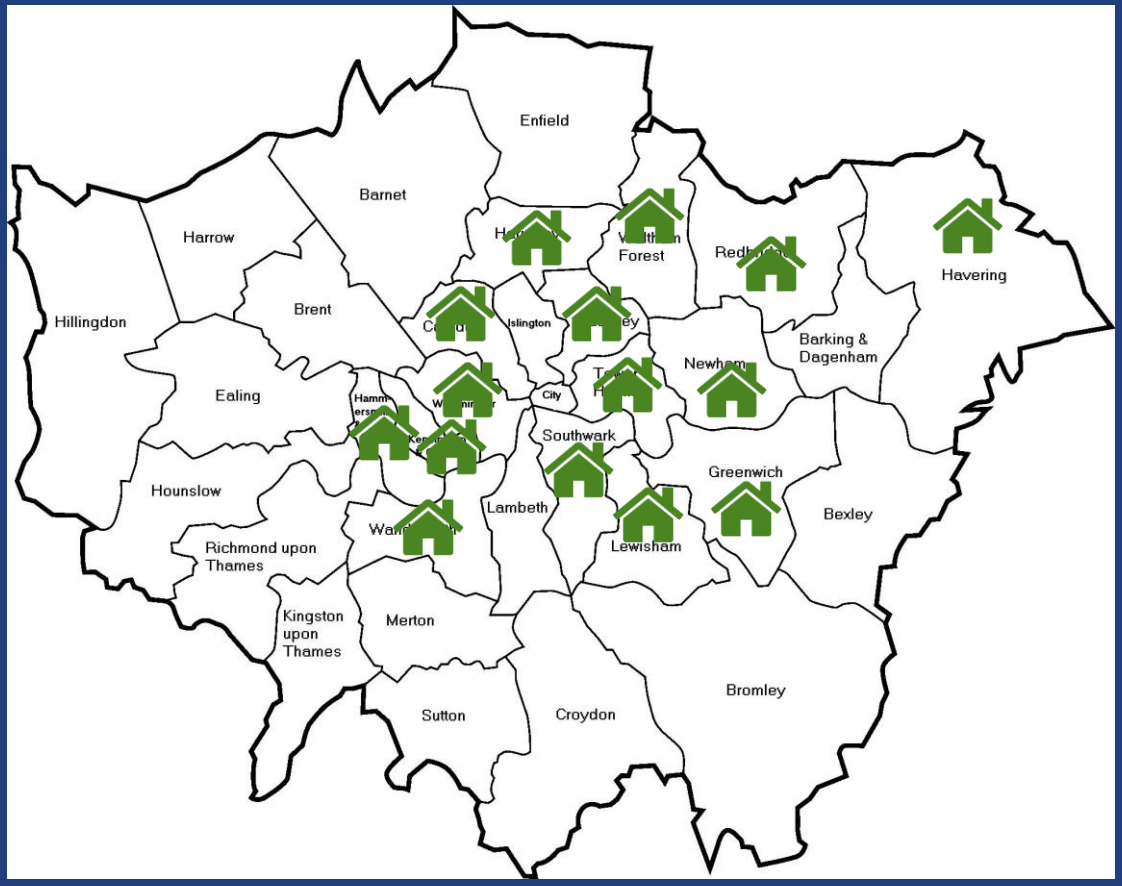
Source: NaCSBA 2017

Number of Boroughs taking action



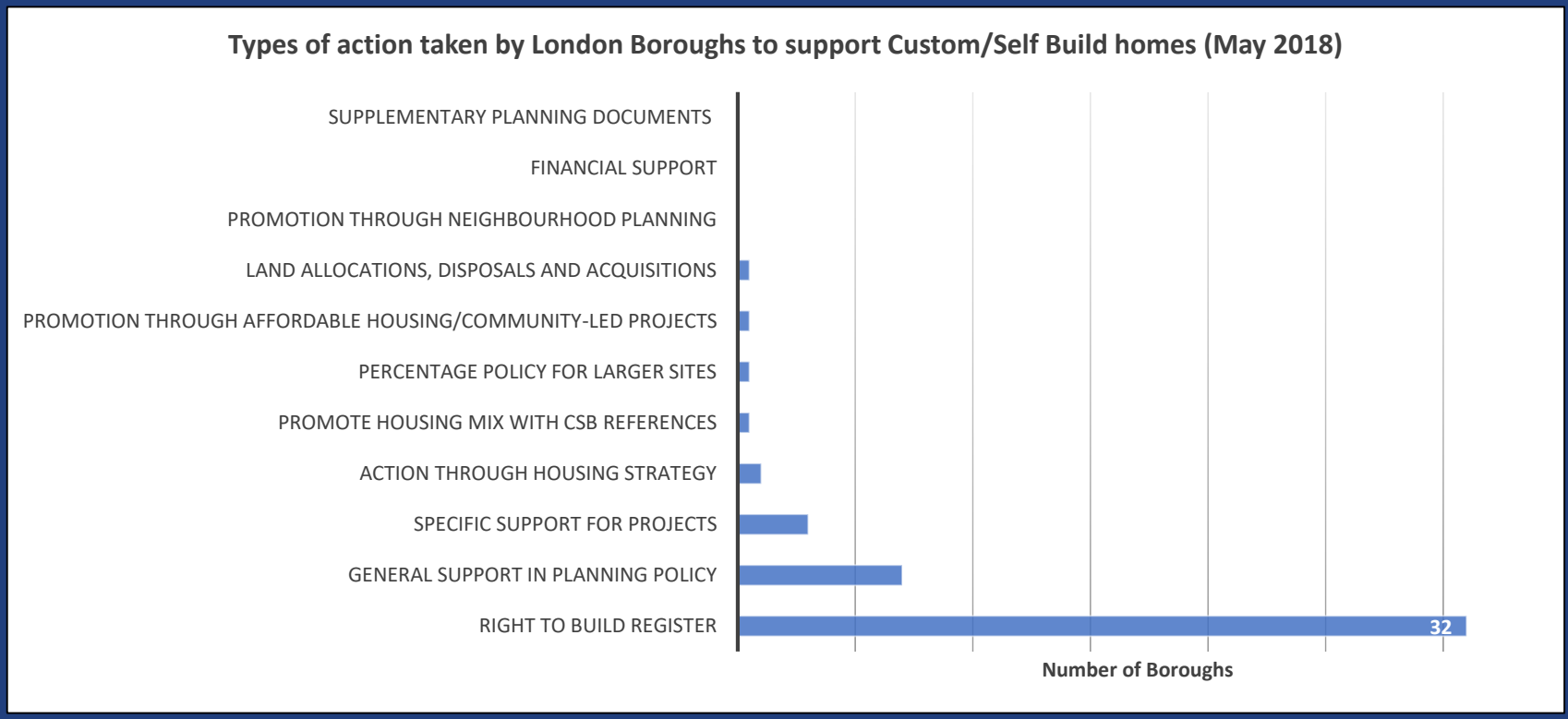
Source: Right to Build Task Force, May 2018, unpublished

Where is action being taken?



Source: Right to Build Task Force, May 2018, unpublished

What action is being taken?



Source: Right to Build Task Force, May 2018, unpublished

Policy approaches offer limited support- 10 extracts from Local Plans

1. *"Planning applications for 'self or custom build' housing…will be supported…"*

2. *"Council will seek to identify plots… across a range of tenures where the need is identified"*

3. *"Development will be expected to contribute towards the creation of mixed and balanced communities…. This will be achieved through:… complying with our duty to support local demand for self-build"*

4. *"Development of serviced plots of land suitable for self and custom build homes should be permitted where there is evidence of sufficient self-build demand…"*

5. *"The Council will seek to maximise the provision of affordable housing in the borough by… monitoring the level of demand for self build or custom build in the borough and planning for this need accordingly"*

Source: Right to Build Task Force, May 2018, unpublished

Policy approaches offer limited support- 10 extracts from Local Plans

6. *"The Council will… support self build by providing serviced plots subject to availability"*
7. *"The delivery of new homes will also be achieved by… supporting self-build initiatives"*
8. *"New homes… will be achieved by… where possible, supporting applications for self and custom builds that are in accordance with the relevant Local and London Plan policies"*
9. *"Proposals for self/custom build housing projects to meet demand will be supported provided they are compliant with all other plan policies."*
10. *"Large developments of 0.25ha or more should explore options to make provision for serviced plots of land for self/custom build housing"*

Source: Right to Build Task Force, May 2018, unpublished

MAYOR OF LONDON

Greater London Authority is supportive

MAYOR OF LONDON

New Draft London Plan provides support

- All boroughs have new **10 year target of delivery on small sites** – potential for Custom Build

- **Policy H2:** Small sites should play a much greater role in housing delivery and boroughs should pro-actively support well-designed new homes on small sites through both planning decisions and plan-making in order to support those wishing to bring forward Custom, Self Build and community-led housing

- **Policy H12:** To determine the appropriate mix of unit sizes in relation to the number of bedrooms for a scheme, applicants and decision-makers should have regard to Custom Build and community-led housing

MAYOR OF LONDON

Investment Programmes and Support

- **Innovation Fund** – bespoke funding arrangements allowing organisations to offer schemes with elements of Custom Build:
  - Rural Urban Synthesis Society – scheme in Lewisham
  - Naked House – opportunities in Enfield for subsidised ownership with element of customisation finished by owner
  - London Community Land Trust – support to initiate proposals across several Boroughs

- **Loan fund** – specific loan deal with private developer selling customisation ready homes

- **London Community-Led Housing Hub** – providing various support to the community sector in delivering community led housing

- **Small Sites Delivery Programme** – pilot schemes offered to smaller developers/groups of developers. Pilot launched on TfL land with Custom Build potential (eg. Cable Street, Shadwell)

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Land at Cable Street, Shadwell, E1 0DR
Vacant site along DLR viaduct with grass/concrete hardstanding, available on 250-year lease, subject to planning (proposals for 100% affordable community-led housing required)
Owner: Docklands Light Railway Limited
Site area: 0.51 acres approx.

MAYOR OF LONDON

- Demand in London demonstrated by the number of registrations on the GLA register (1000+ registrations with limited promotion)- now closed

- London Boroughs have own register under the 2015 Act

- London Strategic Housing Market Assessment 2013 suggested that typical self-build sites in London are small infill sites, end of terrace spaces, backland sites, gardens, garages and small industrial sites

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Design considerations in custom build projects

Paul Maddock, Senior Associate and Architect, HTA Design

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BREAK

Resume: 3.45pm

Meet our SPONSORS:

Buildstore

Meet our EXHIBITORS

Beattie Passive

Bright Forest

BuildStore

Buildzone

Ecology Building Society

KISS House, Unboxed Homes

Wood for Good &

Wood Window Alliance

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SESSION 6:

The Right to Build & opportunities for London

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Customised redevelopment of an urban terrace: learning from the Hafer Road project, Clapham

Adam Street

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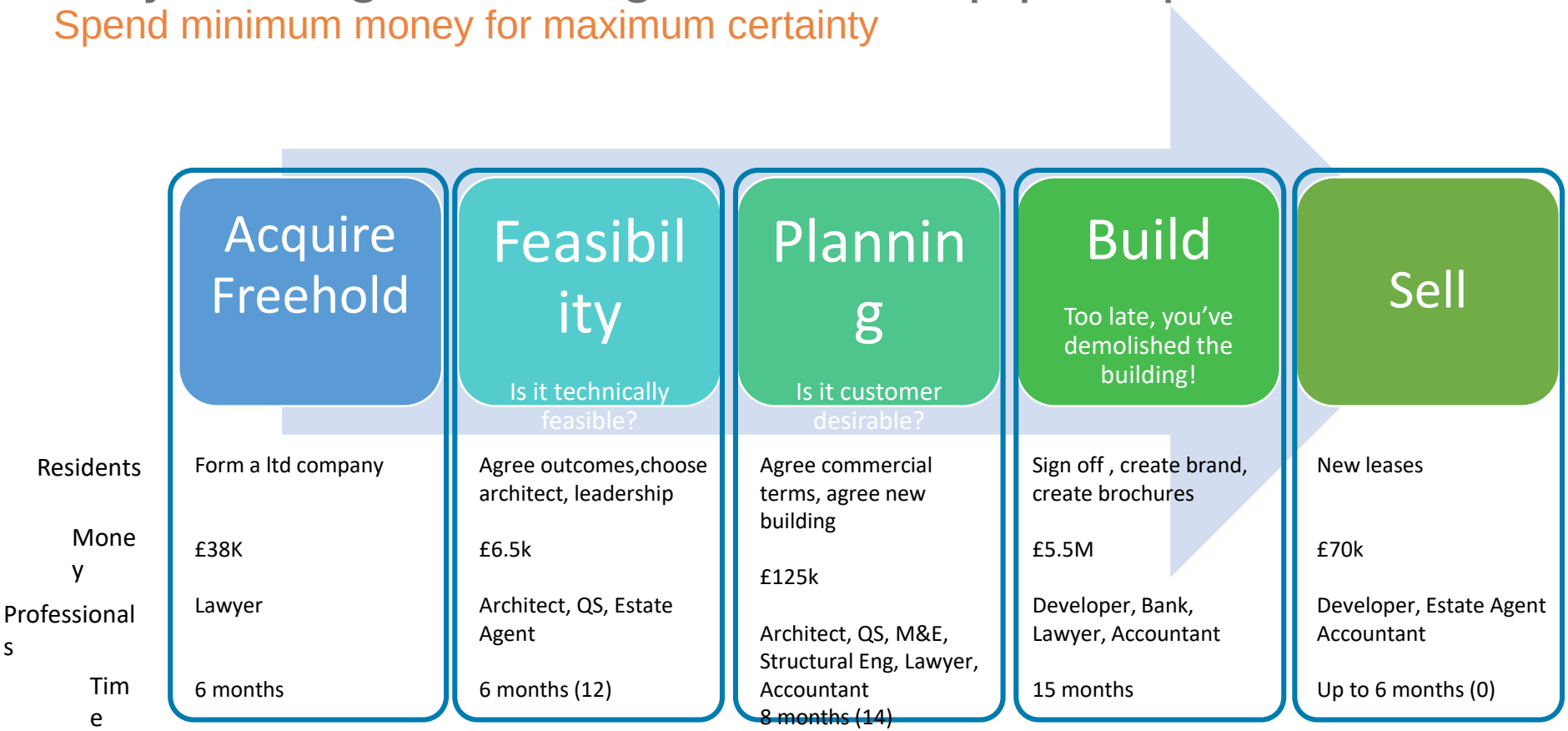
Project Stages – using lean start up principles

Spend minimum money for maximum certainty

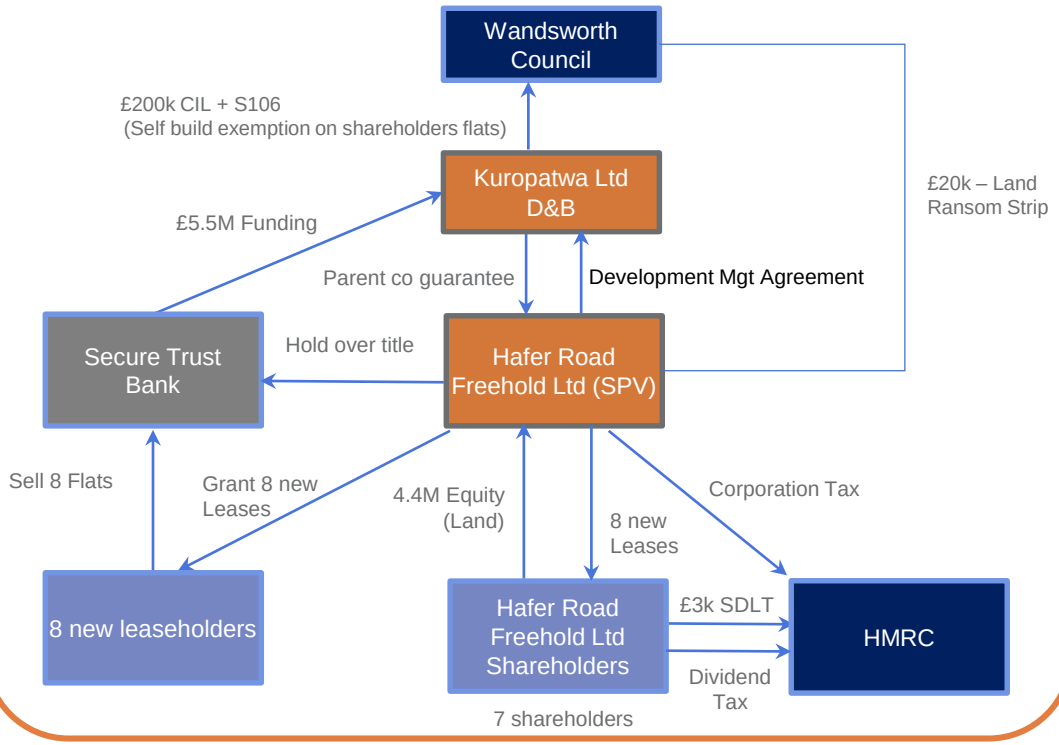


We bought the freehold end of Dec '10, moved back in Apr 16'…. 5 ¼ years in total

on the RISE

Project Financial Structure

Finance Structure



Project Structure

2 Directors

- Adam Street: Managing Director
- Carl Johnson: Construction Director

Decision Making process sits within the 2 directors, step in rights from the bank

2 Directors liaise with other shareholders if necessary during build

Shareholder agreement signed to ensure surrender of leases to HFRL

Development Management Agreement between HRFL and Kuropatwa Ltd

HRFL sell flats through agent

HRFL liable for corporation tax

Shareholders liable for dividend tax & SDLT (where applicable)

Looks more complicated than it is!

on the RISE

Key Successes & Lessons Learnt

Key Successes

We weren't afraid to ask for help

Assemble a team of experts

Don't be afraid to challenge

Plan for the worst, hope for the best

Open and transparent on the money

Slim down decision making as you get to the build phase

Some aligned commercial terms with JV partner

Lawyers are your friend!

Key Lessons

Get all the land first before you go to planning… £250k council ransom strip!

Use digital.. Understand design in 3D from day 1.. Clients don't get 2D

CIL saving was luck.. Not enough research Build regs (especially on noise) weren't enough

Needed a more detailed client specification for D&B… developer focused on cost

Tax & P&L issues weren't fully clarified until after shareholder agreement signed

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Learning from current projects: Rural Urban Synthesis Society's Church Grove project, Ladywell

Sam Browne, John Broome Architects &

Ted Stevens, OBE, Dep. Right to Build Taskforce Ambassador

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RURAL URBAN SYNTHESIS SOCIETY

Church Grove

Ladywell, Lewisham

An innovative and replicable approach

to Community-Led Housing in London

Building on 30 years

of Community-Led Housing innovation

RUSS has huge support

More than 700 members

RUSS has huge support

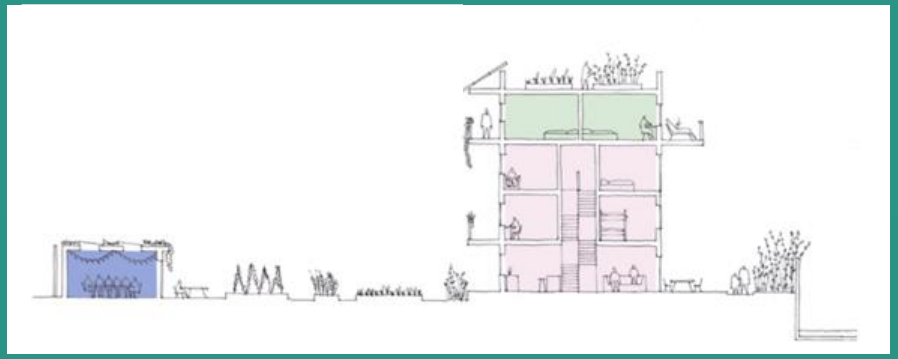
The Church Grove project is a model that guarantees the long-term provision of affordable housing and the best value use of publicly owned land. It's a real version of the big society in action, and an example other local authorities would do well to follow.

Oliver Wainwright
Architecture and Design Critic, The Guardian

Self-build is empowering, enriching and damned tough at times.
We don't yet have much of a culture for doing it in the UK, but that's changing. RUSS is a pioneering group that has, unusually, grown out of a powerful self-build culture in Lewisham. They deserve every ounce of support. In fact, they deserve to be cheered on.

Kevin McCloud MBE
Author, Broadcaster and Designer

Why the Church Grove project is so special



It will deliver *truly* affordable, highly-sustainable homes

The residents and the local community have been *deeply involved* in the design of their homes and other key decisions

It is the *first* project of its type in London

Why the Church Grove project is so special

It will deliver *truly* affordable, highly-sustainable homes

The residents and the local community have been *deeply involved* in the design of their homes and other key decisions

It is the *first* project of its type in London

There is *masses of potential* for it to be widely replicated by RUSS and others

Progress to date

Site acquired from Lewisham

Detailed plans drawn up for 33 affordable homes

Top panel of expert consultants advising us

Homes have been allocated to local people who meet key affordability criteria

Planning application now formally submitted

What will it look like?

What will it look like?

What will it look like?

The temporary Community Hub building

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Enabling custom & self-build housing for older people: New Ground Co-Housing, Barnet

Patrick Devlin, Partner,

Pollard Thomas Edwards

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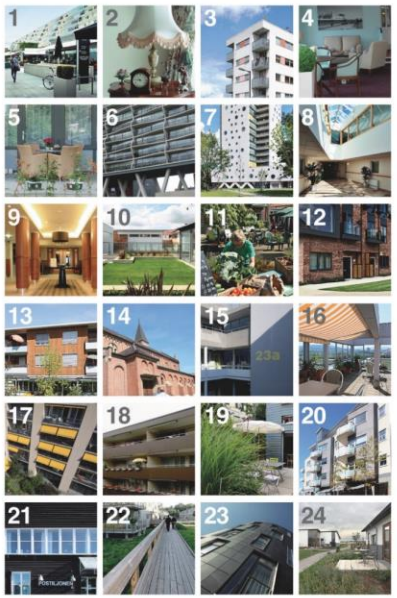
Enabling custom and self-build housing for older people

New Ground Co Housing, Barnet
Right to Build Expo, 10 May 2018

Pollard Thomas Edwards

Case Studies

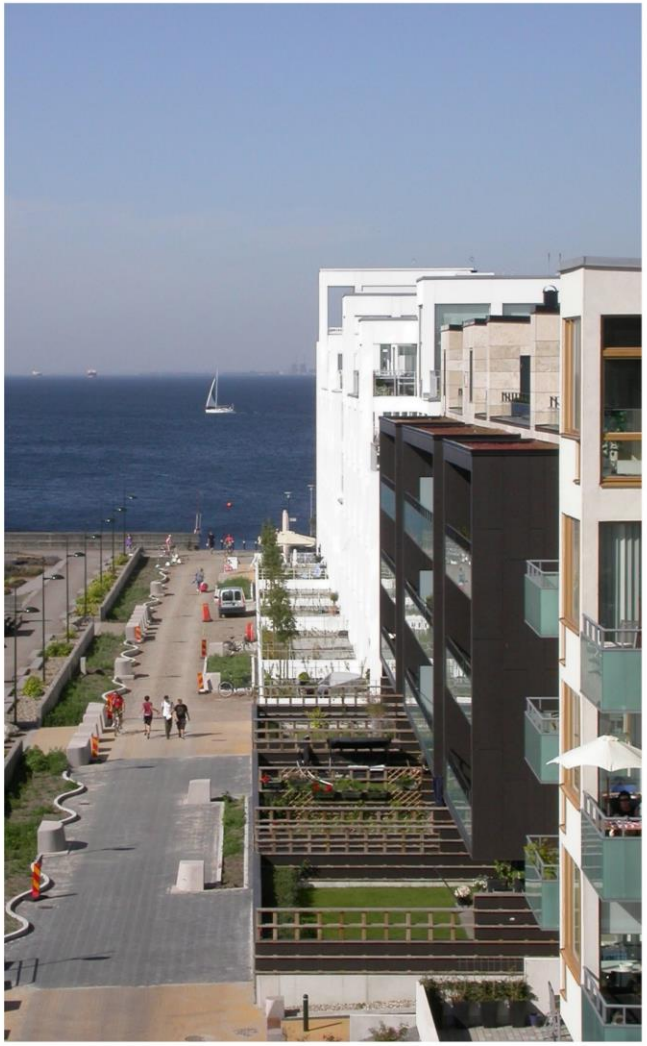
1 **Brunswick Centre**, Bloomsbury, London
2 **Holly Street**, Hackney, London
3 **Darwin Court**, Southwark, London
4 **Patching Lodge**, Brighton, Sussex
5 **Oranjehof/de Lombarde**, Lombardijen, Rotterdam, Netherlands
6 **De Plussenburgh**, IJselmonde, Rotterdam, Netherlands
7 **De Rokade/Maartenshof**, Groningen, Netherlands
8 **Colliers Gardens**, Bristol, Avon
9 **Painswick Retirement Village**, near Stroud, Gloucestershire
10 **Spire View**, Pickering, Yorkshire
11 **Hartrigg Oaks**, New Earswick, York
12 **Allerton Bywater**, Wakefield, Yorkshire
13 **Gradmann Haus**, Stuttgart, Germany
14 **Sankt Antonius**, Stuttgart, Germany
15 **Irchel**, Zurich, Switzerland
16 **Gibeleich**, Zurich, Switzerland
17 **Konradhof**, Winterthur, Switzerland
18 **Flurgarten**, St Gallen, Switzerland
19 **Wohnfabrik Solinsieme**, St Gallen, Switzerland
20 **Neptuna**, Bo01, Malmö, Sweden
21 **Postiljonen**, Vellinge, Skånor, Sweden
22 **Opus**, Ljunghusen, Skånor, Sweden
23 **Flintholm Care Home**, Copenhagen, Denmark
24 **Herfra til Evigheden**, Roskilde, Denmark



Postiljonen : Sweden

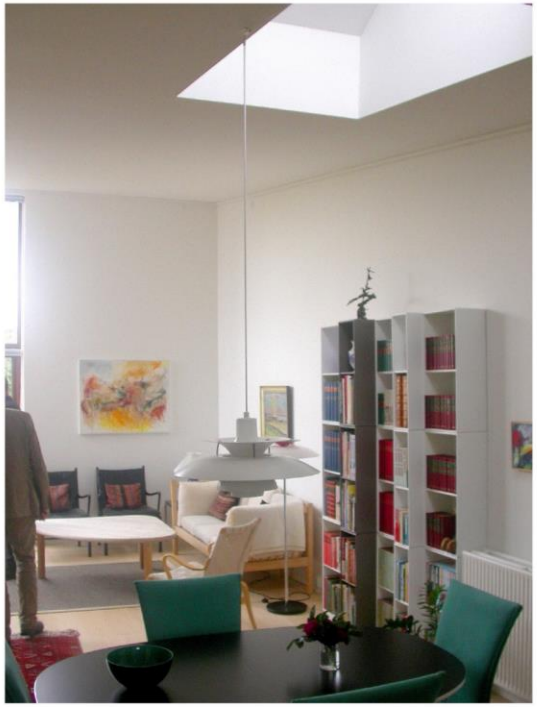
Konradhof : Switzerland

Neptuna : Sweden

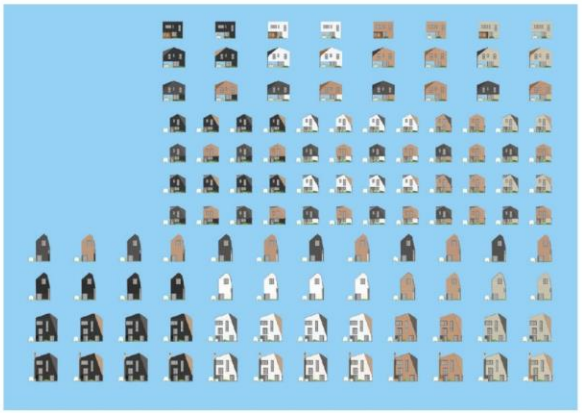


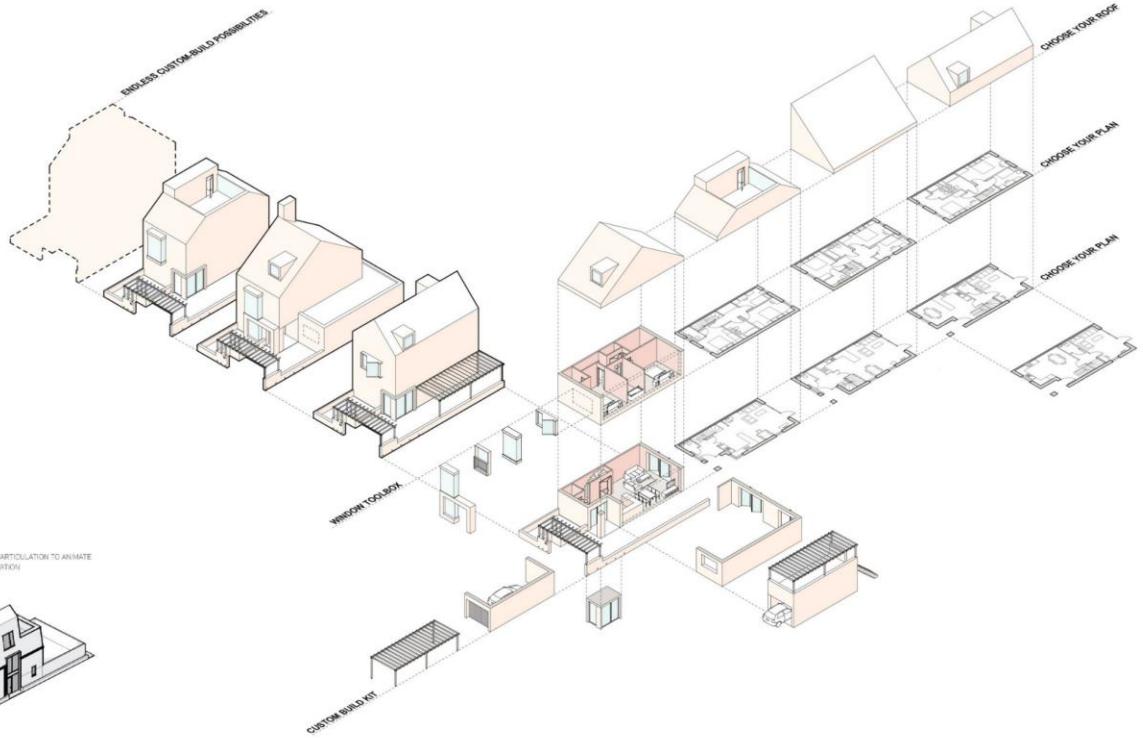
Solinsieme : Switzerland

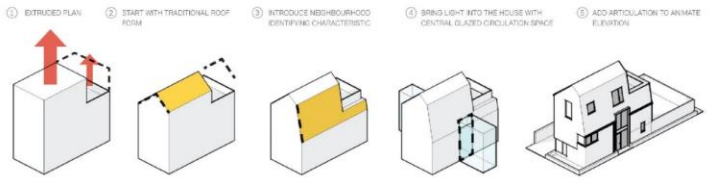
Herfra til Evidheden : Denmark



Beechwood : Basildon







Attitudes to Ageing

- Where would I like to live in future?
- What kind of home would I like to grow old in?
- Who would I like to live with as I get older?
- Who will provide health and personal care when I'm older, should I need it?

CoHousing Culture: People

Physical factors

NORTH

WEST

EAST

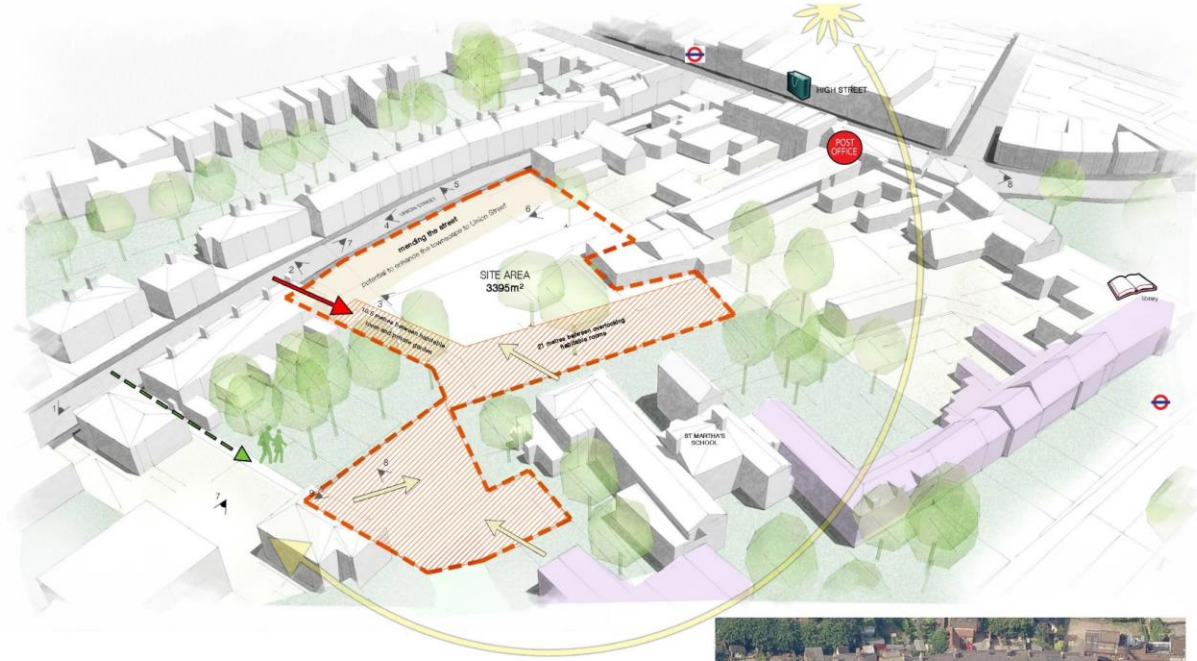
SOUTH

Resident developers

9 North edge of garden site

8 The garden site and overlooking issues

7 The adjacent terrace



7 Recent neighbouring flat development

8 High Street context

DRAWING KEY

- Overlooking
- View Finder
- Site Boundary
- Restricted Development Zone
- Existing Site Access
- Existing Site Pedestrian Access
- Bus Stop
- Listed Building

Planning Opportunities and Constraints

Union Street Presence
As the site is in the Wood Street Conservation area it is felt that design and conservation teams will have strong views on maintaining the townscape frontage of Union Street and the massing and design of the whole development.

Open Space
H18 of Barnet's Unitary Development Plan details amentity space standards for residential buildings - 5m² per habitable room for each flat. Communal and private gardens are proposed with the buildings being designed to integrate with these spaces.

Car Parking
The site has a PTAL rating of 4 and 5 (50/50). Current proposals have included 10no car parking spaces, which equates to a ration of 25-29%. The adjacent St Martha's development is car free.

Separation and Overlooking
The development proposals will need to adhere to the privacy standards set down in policy H17 of Barnet's Unitary Development Plan as shown.

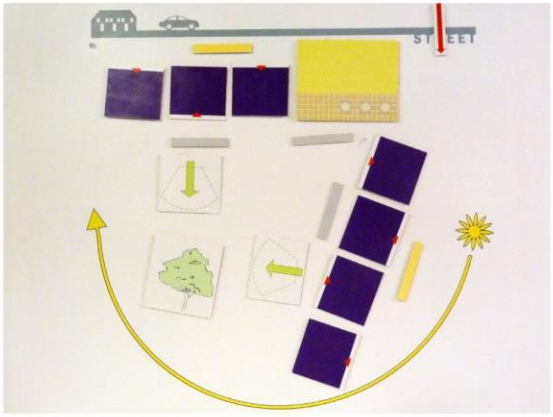
Density – Habitable Rooms
The site falls within what the London Plan (policy 3A.3) describes as an urban area for the purposes of density calculations. This would suggest a range of 200-700 habitable rooms per ha. Option B, the most dense of teh currnet proposals = 330 HR/ha.

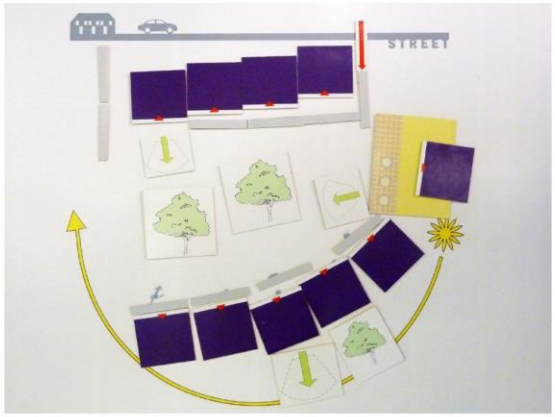
Physical (?) context

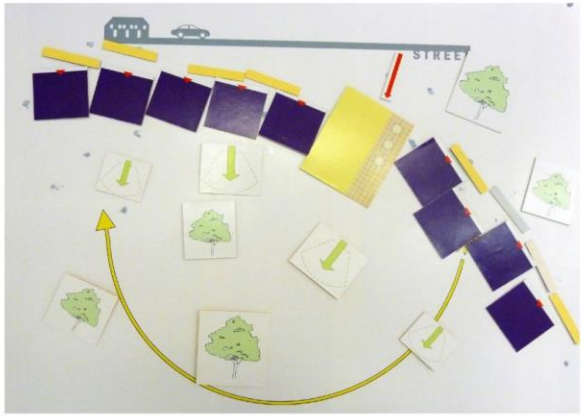
Physical (?) aspirations

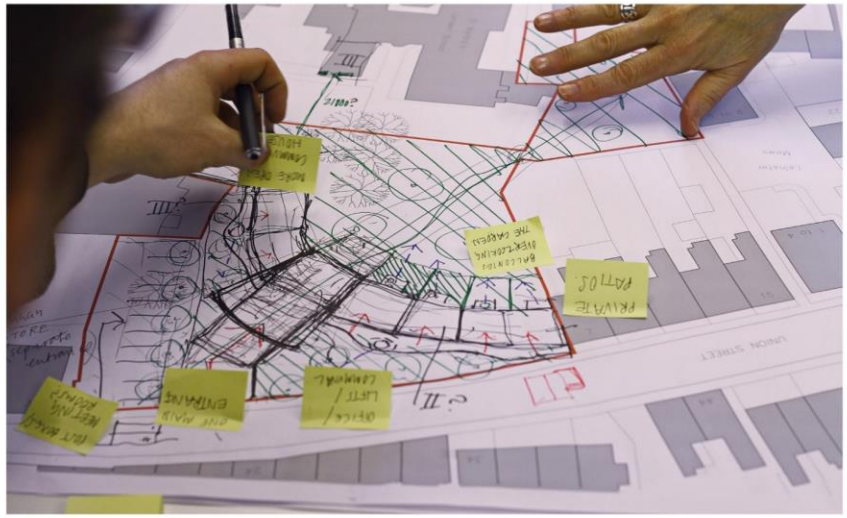
MOOD BOARD

Collaborative design - site layout

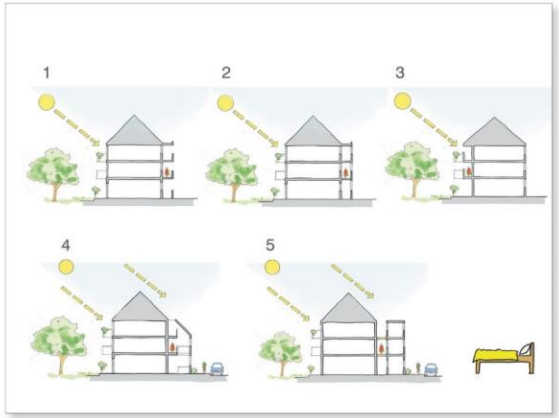






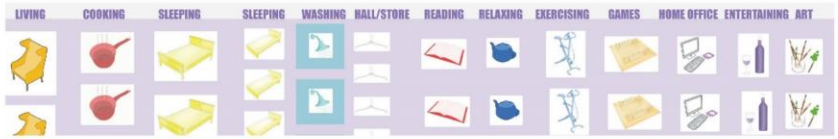


Collaborative design development



Group 1

Group 2



Group 3

Review of Collaborative Design

Investment

- Time
- Compromise?
- Programme uncertainty/life timing
- Financial risk?
- Work

'Tangible' benefits

- Lots of daylight
- Bespoke flat layouts
- Common laundry
- Sociable circulation

- Guest flat
- Focus on gardens

Intangible benefits

- Sense of ownership
- Choosing to join in
- Shared project
- Continuing personalisation
- Pride in achievement
- Health and care benefits?

Discussion

NaCSBA
National Custom & Self Build Association

A NaCSBA Initiative
Right to BUILD TASK FORCE
Supporting Custom and Self Build Delivery in the UK

Wood for Good

Supporting community-led projects across London

Interview with Levent Kerimol,

Project Director

London Community-Led Housing Hub

community led housing . london
resource and advice hub

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Supporting Custom and Self Build Delivery in the UK

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SESSION 7: KICK-STARTING YOUR RIGHT-TO-BUILD PROJECT

Michael Holmes,

Chair, NaCSBA

BUILDSTORE Custom Build

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Right to BUILD TASK FORCE
Supporting Custom and Self Build Delivery in the UK

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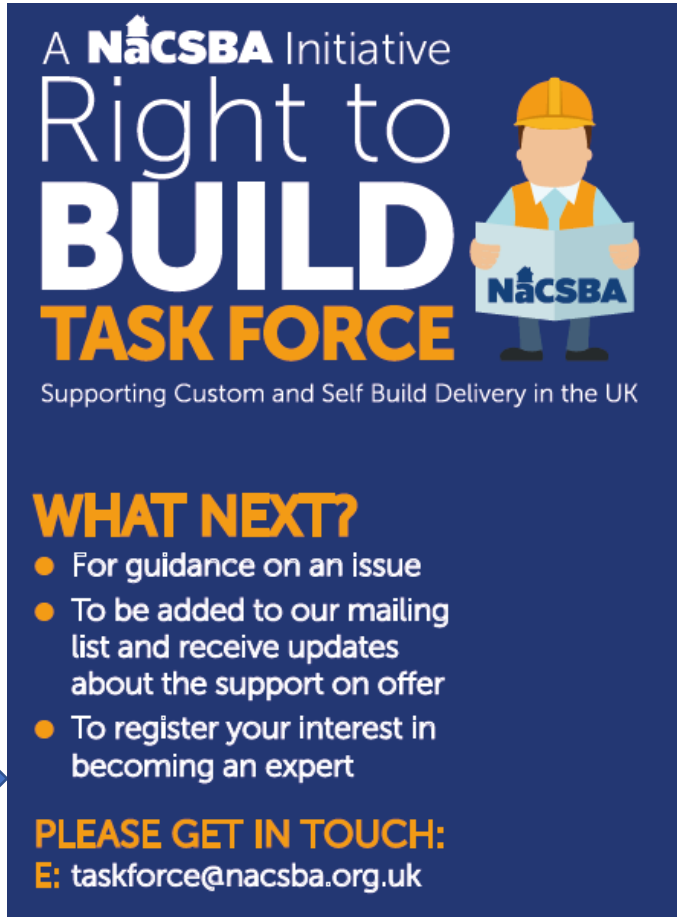
Thank you for attending today

Contact us for **further right-to-build guidance** and **information**



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