

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	Corporate Director, Economy
Date of Decision:	25 July 2017
SUBJECT:	INCENTIVISING SELF-BUILD IN THE CITY
Key Decision: Yes	Relevant Forward Plan Ref: 003723/2017
Relevant Cabinet Member(s):	Councillor John Clancy, The Leader
Relevant O&S Chairman:	Councillor Victoria Quinn, Housing and Homes Councillor Mohammed Aikhlaq, Corporate Resources and Governance
Wards affected:	All

1. Purpose of report:
1.1 To present proposals to enable the development of self and custom build homes in the City.

2. Decision(s) recommended:
That Cabinet:-
2.1 Approves the proposal to enable the development of new homes for self and custom build in the City;
2.2 Delegates to the Leader and the Corporate Director of Economy, approval to identify and dispose of suitable Council owned sites for self and custom build;
2.3 Authorises the Corporate Director of Economy to apply for grant or loan funding to support self and custom build from any available funding sources including, but not limited to, the Homes and Communities Agency and the Local Enterprise Partnership.
2.4 Authorises the Assistant Director of Property (Interim) to negotiate terms for the disposal of any sites for self or custom build subject to achieving best consideration.
2.5 Authorises the City Solicitor to take any steps/enter legal agreements needed to bring the above into effect.

Lead Contact Officer(s):	Clive Skidmore, Head of Housing Development, Economy Directorate
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3. Consultation

3.1 Internal

- 3.1.1 The Assistant Director (Property) and the Service Director (Housing Transformation) have been consulted and support the recommendations within this report.
- 3.1.2 Officers in Legal Services, City Finance, Procurement, Birmingham Property Services, and the Place Directorate have been involved in the preparation of this report.
- 3.1.3 The Cabinet Member Housing and Homes has been consulted regarding the contents of this report and supports the proposals coming forward for an Executive Decision.
- 3.1.4 Local ward councillors, parish and town council members will be consulted as each site is identified as a potential self-build opportunity.

3.2 External

- 3.2.1 Residents will be consulted as part of the planning application process.

4. Compliance Issues

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.1 This proposal responds to the Council's key priorities:

Children – a great place to grow up in - – new homes will be developed which will provide a safe, warm, sustainable and connected home in which our children can thrive;

Housing - a great place to live in - the Council is committed to the development of enough high quality new homes to meet the needs of a growing city, and the proposals within this report seek to accelerate housing growth in the city;

Jobs and Skills – Skills – a great place to succeed in - development activity will help to create jobs and support supply chain industries, supporting the local economy;

Health - Health – a great place to grow old in - the links between health and housing are well recognized. Self and custom house building provides an opportunity for people to design homes customized to their personal health and wellbeing needs.

- 4.1.2 There are no identified implications for the Birmingham Business Charter for Social Responsibility (BB4CSR).

4.2 Financial Implications

- 4.2.1 The disposal of Council owned sites for self and custom build will generate capital receipts which will be used to fund Council priorities. In order to achieve best consideration, disposals will be at market value which will be demonstrated through either a competitive process or benchmarking comparable sites. In the event that the land disposed of in this way is housing land, the capital receipt must either be utilised for housing investment purposes, or will require a transfer of debt from the HRA to the General Fund if the receipts are used for non-housing purposes. It is not anticipated that the capital receipts generated will be material. The development costs of the new homes, including Planning Permission, will be met by the self-builders. The development of new homes on the sites sold by the Council will generate Council Tax income, and may lead to a reduction in the revenue costs associated with maintaining and securing empty sites.

4.3 Legal Implications

4.3.1 Local authorities have powers to dispose of land under S123 of the Local Government Act 1972 and S32 of the Housing Act 1985 (General Consent A).

Under the Self-build and Custom Housebuilding Regulations 2016 (S.I.2016/950); and Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016 (S.I.2016/1027), local authorities are required by law to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in the authority's area and to have regard to that register when carrying out their functions. Unless exempt, they also have a legal duty to grant sufficient 'development permissions' to meet the demand for self-build and custom house building in their area.

4.4 Public Sector Equality Duty

An Equality Assessment (EA002123) has been completed which indicates that there are no implications for protected groups arising from this report.

5. Relevant background/chronology of key events

5.1 Self-build and custom build (SCB) provide routes into home ownership for individuals and groups who want to play a role in developing their own homes. Activity in this area has increased in recent years and self-build schemes currently deliver around 10,000 homes per year in the UK. The Government has taken steps to raise the profile of self-build through a series of measures including easing constraints in the planning systems, cutting taxes for self-build developments, providing a number of funds to assist individuals and communities to self-build, and by releasing public land for self-build projects.

5.2 This report sets out proposals to enable self and custom build in Birmingham and to assist potential self and custom builders to realise their aspiration to build their own home. The Council's Housing Strategy sets out a number of proposals to drive housing growth in the city and the development of a policy to support self-build is consistent with the objectives of this Strategy. The Council's policy is to facilitate self-build by ensuring that a requirement to provide opportunities for self-build within site specific Supplementary Planning Documents such as the Langley SPD and through an update of the Affordable Housing SPD. The Council will also dispose of land for self-build subject to the criteria set out at 5.7. The Birmingham Design Guide currently being developed will include design related guidance for SCB Housing.

5.3 'Self-build' is when the end user directly organises the design and construction of their home. The most traditional is where the self-builder selects the design and undertakes much of the actual construction work themselves. However, self-build also includes projects where the self-builder arranges for an architect/ contractor to build their home for them; and those which are delivered by kit home companies. Some community-led projects are also defined as self-builds as the members may organise and undertake a proportion of the construction work themselves.

5.4 'Custom Build' tends to be when the end user works with a specialist developer to help deliver their home. These organisations can take on most of the work from securing or

providing a site to managing the construction work and even arranging the finance. This is a more 'hands off' and de-risked approach.

- 5.5 There is already a dedicated Self and Custom Build webpage on the Council's website with concise information on the purpose of the register, eligibility and a form to apply to the register. The Council will use the register to assess demand for SCB and opportunities that arise will be directly advertised to those on the register in the first instance. It is proposed to build upon the current Birmingham SCB web page to provide links to projects, information and resources relating to SCB housing.
- 5.6 SCB will also be promoted through site specific Supplementary Planning Documents (SPD), master plans, and frameworks such as the Langley SPD which requires land to be reserved for SCB housing and through an update of the Affordable Housing SPD.
- 5.7 The criteria for selection of sites as suitable for self-build are likely to be-
- A proportion of major private sector led development schemes;
 - Small sites owned by the Council which are uneconomic for the Council to develop itself through the BMHT – likely to be single plots;
 - Sites owned by the Council which are unlikely to generate a high capital receipt;
 - Sites in areas where demand for self-build is well-evidenced.
- 5.8 In terms of making available sites for SCB, these will be offered to people registered on the Council's self-builders register in the first instance on a competitive basis. While it will be the Council's preference that sites are paid for "up front" by self-builders, in order to encourage self-build, it is proposed that the Council can use the methodology set out below to market and dispose of suitable land specifically for SCB when appropriate. The method will enable the Council to control development and meet the legal requirement for best consideration. In addition, this approach will make it easy for potential self-builders to find plots, and will help them to afford to build their own homes by deferring payment for the land.
- 5.9 The basic sale structure would provide for the Council to enter into a development lease with any nominated Group or individual, which would enable them to secure and develop land. Under such agreement, the Group / individual would develop the site under licence and on practical completion of the development / plot, the Group / individual would complete a long (125 year) lease which would be subject to a deferred land premium equivalent to the plot value of the constructed dwelling.
- 5.10 The deferred premium payment would take the form of a resale covenant against the property, i.e. a sleeping equity, which could be released upon request by the lessee at any specific time, or upon future onward sale or transfer by the lessee, at which point, the Council would receive the greater of the either the documented plot value at the date the lease is completed, or an agreed percentage of the property's value at the point of transfer (including the value of the buildings). The equity would be secured by the first legal charge.
- 5.11 This provision would ensure that the Council would receive a land receipt no lower than the market value at the date that the Council granted the original lease. The proposed structure would also have the added benefit of deferring land costs to any nominated / individual so mitigating initial entry costs and improving overall affordability. A consequence for the Council is that its capital receipt from the site disposal is deferred to an unknown date into the future.

5.12 This provision would enable the Council to meet its legal obligation to achieve best consideration in disposing of land, while at the same time enabling the sale of sites specifically to satisfy identified market demand for self and custom build development opportunities. In addition, by adopting the proposed sale structure, initial land costs will be deferred potentially enabling groups or individuals from a wider range of household income levels to access self or custom build opportunities. The self-builders will be required to meet the Council's reasonable costs for the land transactions and the monitoring arrangements will be managed within Economy Directorate on an annual basis.

6. Evaluation of alternative option(s):

6.1 The Council is obliged by law to both keep a register of potential self and custom builders and to facilitate access to suitable sites for interested parties. The alternative is that the Council does not comply with its legal duty.

7. Reasons for Decision(s):

7.1 The approach outlined within this report will enable the Council to discharge its legal duty in respect of self and custom build and will incentivise potential self-builders to develop their own homes, making a contribution to meeting the housing needs of the city.

Signatures

Date

Councillor John Clancy
The Leader

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Waheed Nazir
Corporate Director (Economy)

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List of Background Documents used to compile this Report:

Relevant Officer's file(s) on the matter, save for confidential documents

List of Appendices accompanying this Report (if any):

Nil

PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none"> (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> (a) tackle prejudice, and (b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none"> (a) Marriage & civil partnership (b) Age (c) Disability (d) Gender reassignment (e) Pregnancy and maternity (f) Race (g) Religion or belief (h) Sex (i) Sexual orientation

