



**CABINET**

**20<sup>TH</sup> APRIL 2017**

**AGENDA ITEM (7)**

**IMPLEMENTATION OF SELF-BUILD REGISTER ELIGIBILITY CRITERIA**

<b>Accountable Member</b>	Councillor Mrs. SL Jepson Cabinet Member for Housing and Communities
<b>Accountable Officer</b>	Philippa Lowe Head of Planning and Strategic Housing 01285 623000 philippa.lowe@cotswold.gov.uk

<b>Purpose of Report</b>	To seek approval to introduce local connection and financial capability criteria for entry onto the Council's Self & Custom Build Register.  To seek approval to introduce a fee for new applicants to join the Council's Self & Custom Build Register and introduce an annual retention fee for renewal of applications.
<b>Recommendation(s)</b>	<p>(a) That the introduction of local connection and financial capability criteria for entry on to the Council's Self &amp; Custom Build Register be agreed;</p> <p>(b) that the fee structure set out within Section 8 of this report be introduced;</p> <p>(c) that the Head of Planning and Strategic Housing, in consultation with the Cabinet Member for Housing and Communities, be authorised to review the fee levels as necessary; and, in any event, in advance of the 2018/19 financial year, in the light of experience and having regard to fees set by other authorities;</p> <p>(e) that the New Burdens funding of £90,000 payable between 2016/17 and 2019/20 be allocated to resourcing in the Planning and Strategic Housing service.</p>
<b>Reason(s) for Recommendation(s)</b>	Local Authorities have a legal duty to hold a Self & Custom Build Register through the Self-Build & Custom Housebuilding Act 2015, and a statutory duty, under the Housing and Planning Act 2016, to grant sufficient planning consents to meet the demand on the Council's Register.

<b>Ward(s) Affected</b>	None directly at this stage
<b>Key Decision</b>	No
<b>Recommendation to Council</b>	No

<b>Financial Implications</b>	The duty to hold, monitor and implement the Self & Custom Build Register is an administrative burden on the Council. However, certain fees can be levied.
<b>Legal and Human Rights Implications</b>	None
<b>Environmental and Sustainability Implications</b>	None
<b>Human Resource Implications</b>	The duty to hold, monitor and implement the Self & Custom Build Register requires resources to administer. The Register is maintained within the Strategic Housing Team. There are additional resource implications for Forward Planning and Development Management Teams in dealing with the duty to provide sufficient serviced plots within three years to meet demand.
<b>Key Risks</b>	Reputational risk to the Council of not maintaining a Register. The failure to provide a robust evidence base will reduce the effectiveness of the emerging Local Plan and its implementation. Current regulations do not set out the implications of not providing sufficient plots to meet demand; however, this may be introduced by further legislation at a later stage. The risks associated with not providing sufficient plots could be financial (e.g. impact upon New Homes Bonus or similar financial penalty), or around decision-making powers.
<b>Equalities Analysis</b>	No effect on protected groups identified
<b>Related Decisions</b>	Council - 27 <sup>th</sup> September 2016 - adoption of Housing Plan, which contained the task to develop information to support custom and self-build.
<b>Background Documents</b>	None
<b>Appendices</b>	None
<b>Performance Management Follow Up</b>	(i) Implement the Cabinet's decisions. (ii) The Strategic Housing service will provide regular progress reports to the Strategic Director and the Cabinet Member for Housing and Communities through the Housing Plan monitoring process.
<b>Options for Joint Working</b>	Each Local Authority has a legal duty to hold a Self & Custom Build Register. Joint information sessions have been held with County partners; and there are opportunities for sharing the administrative burden of maintaining Registers across Councils.

## **Background Information**

1. Self and custom build housing creates an opportunity for local residents to be involved in the design and construction of their own homes. This includes building them from scratch right through to customising elements (for example, the bathroom and kitchen, layout) before moving in. By providing this option to residents, it will benefit the local authority by providing a greater variety of homes and enabling households, who would have great difficulty through existing alternatives, to get onto the housing ladder. Currently, the availability of plots in this District is greatly limited.

2. The Self-build and Custom Housebuilding Act 2015, and the Self-build and Custom Housebuilding Regulations 2016, placed a duty on all Local Authorities to hold a Register of individuals and groups of individuals who are interested in self or custom build in their area. This Council's register was in place on 1<sup>st</sup> April 2016.

3. The initial regulations allowed UK or EEA applicants, over the age of 18 and wishing to develop a plot for their sole residence, to register with any number of District Councils. As at 31<sup>st</sup> October 2016 (the end of the first base period), this Council had 66 eligible applicants.

4. The Act also placed a duty on the Council to have regard to the Register when carrying out planning and other functions, and is a material consideration when determining planning applications.

### **5. The Self-build and Custom Housebuilding Regulations 2016**

5.1 The Self-build and Custom Housebuilding Regulations 2016 came into force on 31<sup>st</sup> October 2016. These provided the ability for local authorities to implement local connection and financial capability tests. The Housing and Planning Act 2016 also came into force on the same date, providing a new Duty to Grant Planning Permission, which requires local authorities to grant planning permission to meet the demand on the register within three years of the base period in which those applicants were approved onto the register.

5.2 Demand, for the Council's purposes, is calculated by the number of applications approved onto the Register within a given Base Period. The first Base Period was calculated from 1<sup>st</sup> April 2016 to the date the Regulations came into force on 31<sup>st</sup> October 2016. This means that the Council is required to provide 'serviced plots' to meet the 66 applications approved during this period by 31<sup>st</sup> October 2019. The current Regulations do not set out the implications of not meeting this target. However, this may be introduced by further Regulations at a later stage.

5.3 To ensure that the Register provides a realistic indication of local demand, the Regulations enable the Council to determine locally-set criteria for future entry onto the Register. Once introduced, the Register can be split into two parts - Part 1 for those applicants who meet the locally-set criteria and Part 2 for those applicants who do not meet them. Locally-set criteria cannot be introduced retrospectively for existing registered applicants.

5.4 Following introduction, it will only be necessary for the Council to consider the number of applicants in Part 1 (plus existing applicants at the time of introduction) when providing sufficient planning consents for serviced plots to meet demand. The Council would still need to 'have regard' to the number of people on Part 2 in carrying out planning and other functions.

### **6. Local Connection Test**

6.1 Based on the rural setting of this District, it is proposed to introduce a local connection test and limit entry to Part 1 of the Register to those who can prove 'a sufficient connection with the authority's area'.

6.2 The Regulations do not specify how the local connection test should be applied. However, it is proposed to use the same criteria as specified for new build affordable homes in the Council's administrative area. This ensures the approach remains consistent and transparent. When this test is implemented, anyone who applies would need to prove they meet one of the following criteria:-

- persons who have, or whose partners have, for a continuous period of three years immediately prior to them applying on the Self-build Register, had their only or principal home in the Cotswold District;
- persons who have or whose partners have, had their only or principal home in the Cotswold District for a continuous period of five years;
- persons who have, or whose partners have, for a period of twelve months immediately prior to applying on the Self-build Register, had their principal place of work in the Cotswold District;
- persons who have, or whose partners have, family members (only including grandparents, parents, siblings or adult children) living in the Cotswold District and whom have been here for a continuous period of five years.

6.3 In addition, in introducing a local connection test, the Self-build and Custom Housebuilding Regulations 2016 require the following to be included:-

- persons who, or whose partners, are in the service of the regular Armed Forces of the Crown (defined within the meaning of Section 374 of the Armed Forces Act 2006) or have left regular service within the past five years immediately preceding their application on the Self-build Register.

6.4 The introduction of a local connection test will not require changes to be made to the Council's online application form as local connection criteria questions were included, but not assessed, from the outset.

## 7. Financial Capability Test

7.1 The new Regulations also allow a local authority to introduce financial capability criteria, requiring applicants to demonstrate that they have sufficient resources to purchase land in the District for their self-build projects. At present, there is no requirement for applicants on the Register to demonstrate that they have the resources to bring forward a project.

7.2 To ensure that the Register provides robust evidence on which the Council can base decisions, it is proposed to introduce the following eligibility criteria (in addition to the Local Connection Test) for applicants for Part 1 of the Register:-

- identifying in approximate terms the amount of land that would be needed to accommodate the size of property they are looking for in the area they are interested;
- indicating the approximate cost of such a site on the open market and evidencing this by way of examples of recent comparable market sales within the District or a confirmation letter from a registered valuer;
- evidencing how they intend to fund the project.

7.3 With reference to the above, sites for self or custom build will be granted planning consent for open market sale.

## 8. Introducing an Entry Fee

8.1 The Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016 allow Councils to charge an initial fee for applicants approved onto both parts of the Register and then subsequently, for Part 1 only, a fee for each year that they remain on the Register. Any fee charged must be calculated on a cost-recovery basis and reflect the reasonable costs incurred by the Council.

8.2 Based on an assessment of the level of staff time involved in assessing new applications to the Register, administering the Register and compiling statistics to inform Planning and other functions, it is proposed to charge an initial registration fee of £75 for entry onto Part 1 of the Register and £25 for entry onto Part 2 - the level of fees will ensure administrative costs are recovered whilst not acting as a deterrent to those who are truly interested in joining the Register. The fees also

reflect the different amounts of staff time likely to be needed to deal with the two types of entry requirements.

8.3 It is also suggested that an on-going annual fee of £50 be introduced with effect from 1<sup>st</sup> April 2018 for applicants to remain on the Council's Register. Under the Regulations, this can only be applied to applicants on Part 1 of the Register.

8.4 Individuals and groups of individuals not renewing their applications on an annual basis, with payment of the annual fee, will be removed from the Register.

8.5 The fees to be levied do not attract VAT.

8.6 Given that this is a new initiative, with very little comparative/benchmark data available, it is also suggested that the fee structure be reviewed in advance of the 2018/19 financial year, in the light of experience and having regard to fees set by other authorities.

#### 9. Association of Individuals

If an association of individuals submits an application, the Local Connection criteria, Financial Capability criteria and Entry Fee would apply to each household within that group.

#### 10. Retrospective Implementation

After taking legal advice, it is not possible to implement the above criteria retrospectively. Any existing and future applicants up to the date of the introduction of the locally-set criteria will be able to remain on the Register and must be included in the calculation of the number of individual self and custom build planning consents required to meet District needs.

#### 11. New Burdens Funding

11.1 In addition to the statutory duty to set up and maintain a Self and Custom Build Register, the Government brought forward further legislation in October 2016 to strengthen the role of local authorities in making available plots of land that can be used for self-build and custom housebuilding. The new regulations require local authorities to permit sufficient land suitable for self and custom build housing to meet the demand on their Registers within three years.

11.2 The Government assessed that these regulations created a New Burden on local government, and funding has been identified through the New Burdens Assessment process to provide support for authorities.

11.3 In a letter to Chief Executives dated 21<sup>st</sup> March 2017, it was stated that £90,000 of New Burdens funding will be paid to authorities between 2016/17 and 2019/20 to take account of additional dedicated resource required to identify land to satisfy the demand on the Register. The first payment was made on 17<sup>th</sup> March 2017.

11.4 The regulations do not set out the implications of not providing sufficient plots to meet demand. However, the letter sent to Chief Executives stated *'Our regulations will be important in unlocking the growth in this sector and the Department will monitor local authorities' response to the legislation carefully to make sure that it is as effective as possible. If it is not having the impact we seek, we will seek to reinforce it.'*

11.5 It is proposed that the £90,000 of New Burdens funding be allocated as additional resources in the Planning and Strategic Housing service to meet the legislative requirements.

(END)