

Wokingham Borough Council

# **Topic Paper: Self-build and custom housebuilding**

Wokingham Borough Local Plan Update:  
Proposed Submission Plan (Regulation 19)

September 2024



**WOKINGHAM  
BOROUGH COUNCIL**

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# 1 Introduction

- 1.1 This topic paper provides background and evidence to support the Local Plan Update: Proposed Submission Plan (2024), and specifically Policy H6: Self build and custom housebuilding. It provides national and local policy context and a breakdown of the demand for custom and self-build in the borough. It also details how demand will be addressed in the plan period.

# 2 Policy Context

- 2.1 The Local Plan Update (LPU) provides an opportunity to introduce new policies and/or allocations that seek to address the need for custom and self-build based on the council's evidence. This will apply to the whole of the borough.

## National Planning Policy Framework

- 2.2 The National Planning Policy Framework (NPPF) was published by the government in December 2023. It sets out the government's planning policies for England and how these should be applied. It provides a framework within which locally prepared plans for housing and other development should be produced.

- 2.3 Paragraph 63 of the NPPF states:

*"... the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and car homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes".*

- 2.4 Paragraph 70 (b) of the NPPF says policies should:

*"seek opportunities, through policies and decisions, to support small sites to come forward for community-led development for housing and self-build and custom-build housing".*

## Planning Practice Guidance

- 2.5 The Planning Practice Guidance (PPG) provides guidance on housing needs assessments and states that local authorities should identify the need for certain types of housing and the needs of different groups which includes custom and self-build housing. The PPG also states that from 1 April 2016 local authorities are required to keep a self-build and custom housebuilding register (hereafter referred to as 'the register') to assess demand from individuals and associations who are seeking to acquire serviced plots of land in their area to build homes for those individuals to occupy.

### 3 Background to Self-Build and Custom Housebuilding

#### Self-Build and Custom Housebuilding Act 2015

- 3.1 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal 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.”*

- 3.2 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) requires relevant authorities to:

- Keep a register of individuals and groups who wish to self or custom build in their local area;
- Have regard to demand on their register when undertaking planning, housing, disposal of land and regeneration functions; and
- Grant permissions to enough suitable serviced plots to reflect the demand within 3 years.

- 3.3 A serviced plot is a plot of land which either has access to a public highway and connections for electricity, water and wastewater; or where in the opinion of the relevant authority, can be provided with access to those things within the duration of a development permission granted in relation to that land.

#### Levelling Up and Regeneration Act (LURA) 2023

- 3.4 The Levelling Up and Regeneration Act (LURA) 2023 includes provisions related to self-build and custom housebuilding. The key aspects are outlined below:

- Notification and reporting: Housing developers are now required to formally notify local planning authorities when they commence development (via development commencement notices) and report annually on their actual housing delivery (via development progress reports). These measures help authorities identify slow-moving sites and decide whether to sanction developers for delays.
- Completion notices: The Act modernizes and streamlines existing powers for local planning authorities to serve completion notices. These notices allow for the removal of planning permission for any unfinished parts of a development after a specified period.

- Declining applications: A new power allows local planning authorities to decline to determine applications made by developers who fail to build out at a reasonable rate, especially if earlier permissions were granted on any land in the authority's area.

3.5 Additionally, the LURA aims to support the delivery of more self and custom build housing, meeting the needs of those interested in such homes.

#### The Community Infrastructure Levy

3.6 The Community Infrastructure Levy Regulations 2010 (as amended) states that self-build and custom housebuilding is exempt from 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 complete.

#### Bacon Review 2021

3.7 The Bacon Review<sup>1</sup>, commissioned by the then Prime Minister in April 2021, aimed to boost capacity in self-build and custom housebuilding. The key findings are as follows:

- Diversity and choice: The review emphasized that self and custom build housing can enhance diversity in the housing market, increase overall supply, and provide homes that people truly desire.
- Empowering individuals: It highlighted the desire for self-commissioning, especially among young individuals. The goal is to empower families and individuals to create quality homes tailored to their lifestyles.
- Barriers: The review identified land availability, planning regulations, and financing as key barriers. Addressing these challenges is crucial for scaling up the sector.
- Data clarity: The review called for better data collection to accurately assess the size and impact of the UK self and custom build sector.

#### Self-build registers

3.8 As of 1 April 2016 all relevant authorities in England are required to keep a register of individuals and associations who are seeking to acquire serviced plots of land in the authority's area. Eligible applicants must:

- Be aged 18 or over;
- Be a British citizen, a national of a European Economic Area (EEA) state other than the UK or a national of Switzerland;
- Satisfy any local eligibility conditions set by the relevant authority.
- Have paid any fee required by the relevant authority to enter or remain on the register; and
- Be seeking (either alone or with others) to acquire a serviced plot of land in the relevant authority's area to occupy as that individual's sole or main residence.

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<sup>1</sup> [Bacon Review](#)

- 3.9 The Self-build and Custom Housebuilding Regulations 2016 and the Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016 allowed local authorities to introduce a:
- Local connection test; and/or
  - Financial solvency test; and/or
  - Registration fee and an annual charge to cover reasonable costs of maintaining the register and granting permissions.
- 3.10 The local connection test allows the register to be split into two parts. Applicants that meet the local connection criteria are added to Part One of the register. Applicants that fail the local connection test but otherwise meet the eligibility criteria must be entered onto Part Two. The council has a duty under the Self-Build and Custom Housebuilding Act 2015 (amended by the Housing and Planning Act 2016) to grant sufficient permissions to meet the number of applicants on Part One of the register. Entries on Part Two do not count towards demand for granting development permissions but relevant authorities must have regard to the entries on Part Two when carrying out the planning, housing, land disposal and regeneration functions.<sup>2</sup>
- 3.11 The Self-Build and Custom Housebuilding Act 2015 (amended by the Housing and Planning Act 2016) states local authorities must give suitable development permission to enough serviced plots of land to meet the demand for self-build and custom housebuilding in the area arising in each base period. The first base period commenced on 1 April 2016 (when the council first established its register) and concluded on 30 October 2016. Subsequent base periods will begin on 31 October each year and have a duration of one year.
- 3.12 At the end of each base period, relevant authorities have 3 years to approve an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period. This duty does not apply to individuals or associations on Part Two of the register.
- 3.13 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). Relevant authorities can therefore ask those on the register to re-register if optional eligibility tests have been introduced and/or to check if those who are registered wish to remain on the register. This means people can be removed from the register if they are no longer deemed to be eligible<sup>3</sup>. However, this will not affect the established demand for previous base periods described above.

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<sup>2</sup> <https://www.gov.uk/guidance/self-build-and-custom-housebuilding> - further information on what ‘having regard’ means

<sup>3</sup> 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.

## 4 Self-build and custom housebuilding need

### Wokingham Borough Self-Build and Custom Housebuilding Register

- 4.1 The council holds a self-build register and collects information about the number of households registering in each 'base period'. The council should give 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.
- 4.2 The register has been operational since 1 April 2016 and is publicised on the council's website. At the end of most recent base period at 30 October 2023, the register includes 266 individuals on Part One and 357 on Part Two of the register. There is also a single association on Part Two of the register. Individuals that have now removed themselves from the register are not included in these figures.
- 4.3 On 1 June 2018, the council implemented a local connection test. This decision was driven by the council's commitment to effectively address housing challenges and resource limitations while fulfilling its broader responsibilities. Consequently, the priority is meeting the demand for self-build and custom homes from individuals and associations with a strong local connection to the borough.
- 4.4 In order to be eligible for Part One of the register, applicants are required to:
- Have either lived in the borough for at least 5 years; and/or
  - Be in full-time employment (greater than 16 hours per week) within the Borough for at least 5 years; and/or
  - Have an immediate family member (mother, father, brother, sister or adult child) who has lived in the borough for the past 5 years prior to the application.
- 4.5 Current or former personnel (applying to join the register within 5 years of discharge) of the armed services will automatically satisfy any local connection test. Some flexibility may be applied to the above criteria in exceptional circumstances (for example, where someone is unable to work more than 16 hours due to disability). The applicant must also meet the original criteria in the 2015 Act.
- 4.6 Table 1 shows the number of applicants on the register for each base period as of 30 October 2023. The first two base periods are not split into Part One and Part Two as the local connection test did not apply then. From this data there are a total of 623 entrants onto the register at the end of base period 8 (October 2023). The data shows that across the 8 years, the number of entrants has fluctuated between 30 and 137 per base period. There are likely to be several reasons for this, for example, how successfully the register has been advertised, and general levels of interest in self and custom housebuilding.
- 4.7 There are opportunities to improve the visibility of the self-build register including additional measures to boost awareness and participation. This is likely to include targeted outreach campaigns through local media and social platforms, collaborating with community organisations, hosting informative sessions and workshops with the Right to Build Taskforce.

*Table 1: Self-build and custom housebuilding register by base period*

Register Base Period	Total Joining the Register	Part One	Part Two
1/04/16- 30/10/16	63	NA	NA
31/10/16- 30/10/17	107	NA	NA
31/10/17-30/10/18	63	10	53
31/10/18-30/10/19	85	18	67
31/10/19-30/10/20	75	15	60
31/10/20-30/10/21	137	39	98
31/10/21-30/10/22	64	9	55
31/10/22-30/10/23	30	6	24

4.8 Table 2 below sets out the number of CIL self build exemptions granted per base period:

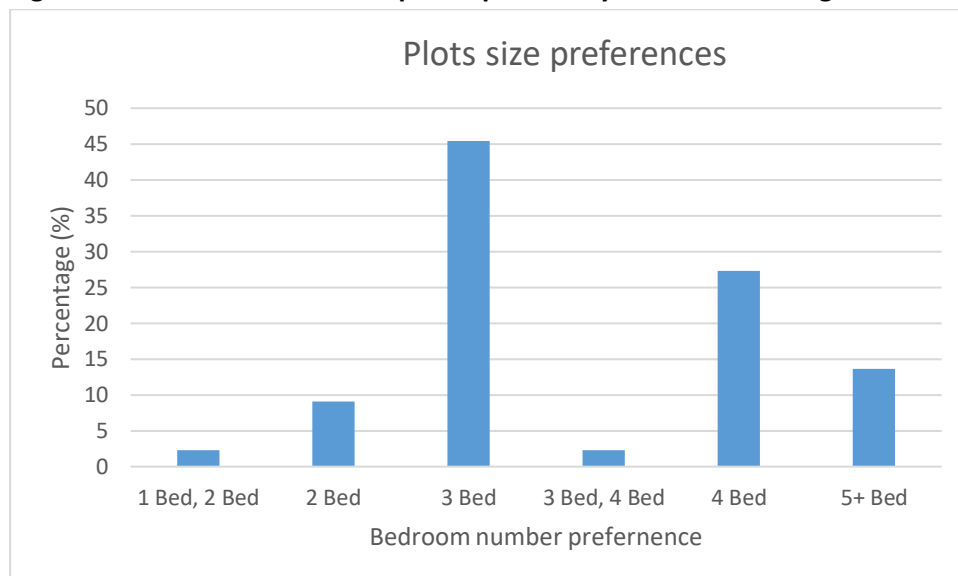
*Table 2: CIL Self Build Exemptions: 1 April 2016 to 30 October 2023*

Base Period (BP)	Start	End	Delivered	
			Base Period	Cumulative
<b>1</b>	01/04/2016	30/10/2016	19	19
<b>2</b>	31/10/2016	30/10/2017	33	52
<b>3</b>	31/10/2017	30/10/2018	35	87
<b>4</b>	31/10/2018	30/10/2019	35	122
<b>5</b>	31/10/2019	30/10/2020	39	161
<b>6</b>	31/10/2020	30/10/2021	34	195
<b>7</b>	31/10/2021	30/10/2022	21	216
<b>8</b>	31/10/2022	30/10/2023	34	250

4.9 The register also asks a series of questions that reveal preferences of those seeking plots. For instance, of the 108 respondents from June 2018 on Part One of the registers, a total of 88 (81.4%) expressed a preference for a detached property. The data, as shown in Figure 1, shows that almost half of those on the register aspire to a 3-4 bed property, 13.6% preferred a 5-bed property and approximately 11% preferred a 1-2 bed property. The data suggests a demand for a range of properties with family-sized homes predominating.



**Figure 1: Preferences for size of plot expressed by entrants onto register.**



4.10 In plan-making the starting point for establishing overall demand for self-build and custom housebuilding is the number of registrants on Part One and Part Two of the register.

### Calculating future need

4.11 There are multiple ways of calculating future needs for self-build and custom housebuilding. Two methods are set out below which have informed the approach.

#### **Method 1: Part One and Part Two entries on the register (2016-2040)**

4.12 The first step is to calculate the number of additions to the Part 1 Register from 2016-2023, which is then projected to 2040.

*Table 3a: Additions to Part One Register: 01/04/2016 to 30/10/2023 per base period*

Base period	Additions to Part 1 of the register
Apr 2016 – Oct 2016	63
Oct 2016 – Oct 2017	106
Oct 2017 – Oct 2018	10
Oct 2018 – Oct 2019	18
Oct 2019 – Oct 2022	15
Oct 2020 – Oct 2021	39
Oct 2021 – Oct 2022	9
Oct 2022 – Oct 2023	6
<b>Total Part 1 Register</b>	<b>266</b>
Average increase per base year	33.25
Project increase from 2023-2040:	565.25

33.25 x 17 years	
Total projected number of entrants from April 2016 – October 2040	831

- 4.13 The second step is to calculate the number of entries to Part 2 of the Register from 2016-2023, which is then projected to 2040.

*Table 3b: Additions to the Part Two Register*

Base Period	Additions to Part Two of the register
April 2016 – October 2023	357
Average increase of entries over above 8 periods	44.6
Projected increase from October 203 – October 2040: 44.6 x 17 years	758
<b>Total number of entrants from April 2016 – October 2040</b>	<b>1,115</b>

- 4.14 A further factor is the number of planning permissions benefitting from an exemption from CIL due to self/custom building housebuilding.

*Table 3c: Planning permissions benefitting from exemption from CIL*

Number of planning permissions granted self build exemption from CIL April 2016 – October 2023	250
Average exemptions per base period (8)	31.25
Projected number of exemptions 2023-2040 31.25 x 17 years	531
Total number of exemptions 2016- 2040	781

*Table 3d: Summary of Method 1*

Part One (Table 3a)	831
Part Two (Table 3b)	1,115
<b>Total</b>	<b>1,946</b>
Minus CIL Exemptions (Table 3c)	781
<b>Method 1 Plots (2023-2040)</b>	<b>1,165</b>

**Method 2: Part One entries (confirmed), plus all Part Two entries (2016-2040)**

- 4.15 In contrast to the first method, Method 2 only includes entrants on the Part One Register who have confirmed their continued interest in self and custom housebuilding. In 2023 all those registered on Part One of the register were contacted to understand whether they wished to continue to be included on the register. Only 41 confirmed that they wished to remain on the register.

Table 5: Summary of Method 2

A	Part One entrants onto register April 2016 – October 2023	41
B	Average increase in entries to the Part One Register from 2016-2023	5.1
C	Part One: Projected entry increase 2023-2040 (B x 17 years)	87
D	Part One: Total number of entrants 2016-2040 (A+C)	128
E	Part Two entrants (Table 3b)	1,115
F	Total Part One and Part Two (D+E)	1,243
G	CIL exemptions (Table 3c)	777
H	<b>Method 2 - Plots (2023-2040) (F-G)</b>	<b>466</b>

- 4.16 Results from the two methods show large differences between the potential need for self and custom plots.
- 4.17 The PPG also notes that local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources to understand and consider future needs. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.
- 4.18 The Local Housing Need Assessment (LHNA) (2023) also considered how to calculate future self and custom housebuilding needs, and states:

*‘7.202 As noted earlier, PPG recommends that alternative sources of data beyond the register, such as Need a Plot, can be considered to highlight the need for self and custom housebuilding plots. However, this now reverts back to council register, so the only recorded information on the demand for self and custom housebuilding is the housing register and the actual up take of plots.’*

- 4.19 Nevertheless, other secondary sources have been reviewed, including websites marketing plots for self and custom housebuilding. In summary this review has identified the following types of sites for sale:

- Sites with planning permission, which have a high asking price, and are only likely to be affordable to those with significant savings/income;
- Sites without planning permission, which are lower value, but also in locations unlikely to be suitable for housing (due to environment/policy constraints).

4.20 The secondary sources referenced in the PPG therefore do not provide reliable additional data sources which can usefully inform the calculation of future needs.

#### Summary of future need

4.21 In summary when calculating future needs, Method 1 provides the starting point, but is likely to be an overestimate given the further work subsequently undertaken to understand those wishing to remain on the Register.

4.22 Method 2 takes into account those who have expressed a wish to remain on the Register, and therefore provides a lower figure, which is likely to be a more realistic assessment of needs. However, it includes those on Part Two of the Register, which do not pass the local connection test. The council must have regard to those on Part Two of the Register, but this figure may also be an overestimate.

4.23 When considering future needs, several other factors have been identified:

- The level of interest in self and custom housebuilding is likely to vary. This is likely to be based on the availability, location and price of individual plots once available. For example, interest may increase once plots are available.
- How effectively plots are marketed.
- Wider economic factors including interest rates and changes in the cost of building materials.
- Those claiming CIL exemptions for self and custom build houses may/may not have also been included on the Register.

4.24 In summary it is difficult to ascertain the future need for self and custom housebuilding with absolute certainty. The lowest need figure is likely to be 128 plots, as set out in Table 5, based on those who have confirmed their interested in remaining on the Part One Register. However, as highlighted above, there are several factors that mean the overall need figure may be higher.

## 5 Meeting the self-build and custom housebuilding need

- 5.1 Data outlined in Section 4 has been used to understand the demand for self and custom housebuilding and to consider how to support the delivery of serviced plots.
- 5.2 Self-build and custom homes fall within the same C3 planning use class category as dwelling houses. As a result, there is flexibility to accommodate future demand for plots on land allocated for residential use.

### Options to deliver self-build and custom housebuilding

- 5.3 There are a number of policy options to support the delivery of self and custom build plots.
- 5.4 Firstly, the earlier Draft Local Plan (2020) proposed a policy approach that required schemes of over 100 homes to deliver 5% of the units as self and custom build plots. However, following a review of the consultation responses, and best practice advice, it was decided that this approach would not provide sufficient confidence that plots would be delivered. Concerns were also raised about the practicality of delivering a small number of plots on sites of only 100 units, including regarding construction and marketing.
- 5.5 A second option is to allocate land specifically for self and custom build plots only. However, very few areas of land were promoted to the council for potential self-build plots. This was recognised in the Local Housing Needs Assessment (2023):

*'It should also be noted that few opportunities for self-build and custom build housebuilding have been promoted in response to Call for Site exercises or separately. Those options that have been promoted are not considered to be in suitable locations for housing development.'*  
(Paragraph 7.201)

- 5.6 A third option of a general support policy in the LPU was considered unlikely to deliver the number of plots needed and can be challenging to implement on its own. In light of the limited interest in promoting land for plots this would be unlikely to deliver additional plots by itself.
- 5.7 Fourthly, and as a wider point, a general exception sites policy would not provide enough clarity or certainty as to whether self and custom build was considered to be affordable housing. It is therefore important to be clear the provision of self-build and custom housebuilding would only be classed as affordable housing if it was available at below market rate.

### Proposed policy approach

- 5.8 To help support future delivery the preferred approach comprises two elements. The first element is to deliver serviced self and custom build plots as part of strategic scale sites.
- 5.9 The LPU therefore seeks the phased delivery of self and custom build serviced plots from the three largest proposed allocations, which form extensions to existing SDLs, or a new SDL. This ensures that the plots can be integrated and incorporated into the wider development and are in a sufficient number to be effectively delivered and marketed. Delivery of plots at the Loddon Valley Garden

Village in particular will be expected to be delivered across multiple phases, and across different geographical areas of the site.

5.10 The three sites are also located in different parts of the borough, which help to provide different options for those seeking plots.

5.11 Table 6 sets out the number and location of the proposed plots.

**Table 6: Supply of self and custom build plots**

Policy	Site	Number of plots
SS11	Arborfield Green SDL	25
SS12	South Wokingham SDL extension (Land south of Waterloo Road)	25
SS13	Loddon Valley Garden Village SDL	100
	<b>Total plots</b>	<b>150</b>

5.12 The second element is to provide a positive policy framework for the delivery of new plots. LPU Policy H6: Self build and custom housebuilding, further sets out the council’s support for the plots where the proposals are consistent with the policies of the local plan, and sets out how plots will be delivered, marketed and be subject to a design code.

5.13 This revised approach of allocating plots on the largest proposed development sites is considered more appropriate and provides greater certainty that plots will come forward.

Supply Summary

5.14 In total 150 self and custom build plots are proposed for allocation on the three largest development sites identified in the LPU.

5.15 The timing of delivery is subject to further engagement as part of masterplanning, and the subsequent planning application processes. However, it is anticipated the plots will be delivered across the plan period, to help provide choice in terms of the location and timing of delivery.

5.16 Estimated supply and demand information from the above tales shows that the council is projected to meet its duty to provide sufficient plots and permissions to meet those on Part One of the self and custom build register. Allocating the 150 plots helps to provide greater confidence that the plots will be delivered, whilst providing some flexibility if the projected demand of 128 increases, noting that there is likely to be variation in demand over the plan period. In addition, Local Plan policy H6 will help to meet any increase in demand, including from those on Part Two of the register.

## Monitoring

- 5.18 The council will publish information in the Authority Monitory Report (AMR) about the custom and self-build register. The AMR will provide information on the number of individuals and associations included on the self-build and custom housebuilding register within the relevant base periods, and the number of plots provided and exemptions applied.

## 6 Conclusion

- 6.1 This paper provides background and evidence to support a proposed approach towards and local plan policy on custom and self-build housing. It has set out legislation, current demand and supply and also projected demand and supply. It also discussed policy options to meet the demand.
- 6.2 The planned delivery of self and custom build plots on three strategic sites highlights how the council intends to provide plots as part of comprehensively planned, high quality mixed communities. Local plan Policy H6 will help to meet demand for Part One of the register and provide flexibility and support towards meeting demand from Part Two of the register.
- 6.3 The council will monitor the level of demand, and delivery of plots through the AMR and relevant government data returns.