

# A RIGHT TO BUILD

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The next mass-housebuilding industry

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# **A RIGHT TO BUILD**

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The next mass-housebuilding industry

**Taylor Wimpey**

21,910 homes



**BARRATT**  
HOMES

19,702 homes



**PERSIMMON**

16,701 homes

**Bellway**

7,117 homes



**REDROW**

4,735 homes

**BOVIS**

3,123 homes



**Crest**  
NICHOLSON

2,946 homes

TOTAL  
195,000  
homes

500 homes 30 homes <10 homes

5850

professional housebuilders



**Who builds our houses?**

The distribution of power in Britain's housing supply. (Housebuilders along the horizontal axis by the number of houses they completed in 2006.)



# HOUSING'S LONG TAIL

## Who Builds Our Houses?

*'The next big thing... will be many small things'*

Since the Industrial Revolution it has been accepted as normal that houses, like many other market commodities, are mass-produced by professionals and mass-consumed by citizens.

It is an assumption many of us have forgotten we ever made. In a market economy, we have become accustomed to our role as consumers, theoretically governing the mass-producers who work on our behalf through the levers of market choice and government regulation. That assumption, though in itself simple enough, nonetheless has profound implications for our lives and the society we live in. The housing market is not something we can choose to opt out of; housing is a basic human need, and one for which there is growing demand.

### The big getting bigger

Over the last few decades, the gap between those who produce housing and those who use it has undergone a massive concentration. In other words, over time, more and more of us live in homes produced by fewer and fewer companies and organisations. In the same way that most of our food supply came to be delivered by a very small group of big supermarkets, the vast bulk of our national housing supply came to be produced by a very small 'peak' of very big housebuilding companies. In the early 1960s the top ten

housebuilding companies contributed only about 8-9% of total production.<sup>2</sup> Towards the peak of the boom, in 2006, the top ten housebuilding companies accounted for *almost half* of all newly completed dwellings in Great Britain.<sup>3</sup>

In this respect, housing supply roughly follows what economists refer to as the 'Pareto Principle', whereby a minority of a population (typically 20%) carry a majority of the weight (typically 80%). So, for example, it is often said that the top 20% richest people in the world control around 80% of the total wealth. The UK housing supply is more consolidated even than this – and that is not an accident.

For a long time, in the world's industrialised economies, the shift from 'do-it-yourself' production and small local industry to mass-production by large national and multinational businesses has been considered a measure of progress. We tend to associate mass-marketisation with improved efficiency, higher levels of innovation, more consumer choice, an ability to attract finance and a greater ability for government to regulate output.

Accordingly, government policy has focused on meeting the growing demand for housing by increasing the output of that 'peak' of housebuilding: in other words by encouraging that oligopoly of a few *big* producers at the top of the graph to become even *bigger*.

1. Distribution of power in Britain's Housing. (Housebuilders by the number of houses they completed in 2006.) Does not include N.Ireland.

Data: National Housebuilding Council, Calcutt Review, Joseph Rowntree Foundation Housing and Neighbourhoods Monitor

2. Office of Fair Trading *Housebuilding Market Study* (OFT, 2008)

3. The Calcutt Review and Joseph Rowntree Foundation Housing and Neighbourhoods Monitor [www.hnm.org.uk](http://www.hnm.org.uk)

Over the years, arguments about policy have gravitated around whether housing should come from the state, the market or independent non-profit organisations. But whichever of these was the favoured mechanism at any given time, the assumption has always remained that only a top-down, 'one-size-fits-all', big-provider model is viable for the sheer scale of the task.

### The banking collapse

That certainty has been profoundly shaken by the effects of the 2008 / 2009 banking crisis. The sudden retraction of finance both to house builders and to house buyers stalled the UK housing supply, and with it the forms of public welfare provision and progressive investment for the future (such as affordable housing and community infrastructure) that were being delivered as a tax on those developments (called Section 106 planning agreements).

The combination of this contracting private sector, and the subsequent shrinking of the public sector leaves the UK housing supply stranded. We now have to ask ourselves; how are we going to build enough houses to meet our needs?

### A self-provided housing industry

This booklet will put forward a case that our almost total dependence on the big-provider model is no longer rational or realistic, and a rethink is now needed if we are to meet the UK's housing needs in the coming decades. It will try to draw the outline of a very different kind of emerging housing industry, one which is focused on growing the housing supply

not by extending the narrow 'peak' of big providers, but by growing the 'long tail' of small groups and individuals who seek to find a plot of land and provide homes for themselves. Although they might not know it, these individuals and small groups collectively form a growing, emergent, bottom-up, mass housebuilding industry: self-provided housing.

### The 'prosumer' revolution

All the indications are that in fact a huge number of us *want* to build our own homes, but we don't because, quite simply, it is just too difficult.<sup>4</sup> The organisational challenge, financial risk, and the difficulty of obtaining land, finance and planning permission seem insurmountable to most of us. What is odd is that just as we are encountering the social and economic liabilities of our heavy dependence on a 'big producer' model in housing we are also witnessing a 'prosumer' revolution in so many other sectors of the economy: music, film, journalism, home-improvement and even some public services.

Driven largely by the internet, these mini industrial revolutions have all been propelled by a single phenomenon: a new capacity to liberate the 'long tail' as a productive force.<sup>5</sup> In other words, to make it easier for ordinary people to produce things for themselves.

The huge multitude of amateur 'prosumers' (producer-consumers), once equipped with tools and the ability to aggregate their knowledge and their collective purchasing power, form a powerful, high-volume sector of producers. YouTube, Wordpress,

4. A Norwich and Peterborough Building Society survey indicated that 70% of homeowners have considered building their own home. **National Self Build Association** *Self-build as a Volume Housebuilding Solution* <http://www.nasba.org.uk>  
5. **Chris Anderson** *The Long Tail* (Cornerstone Digital, 2010)



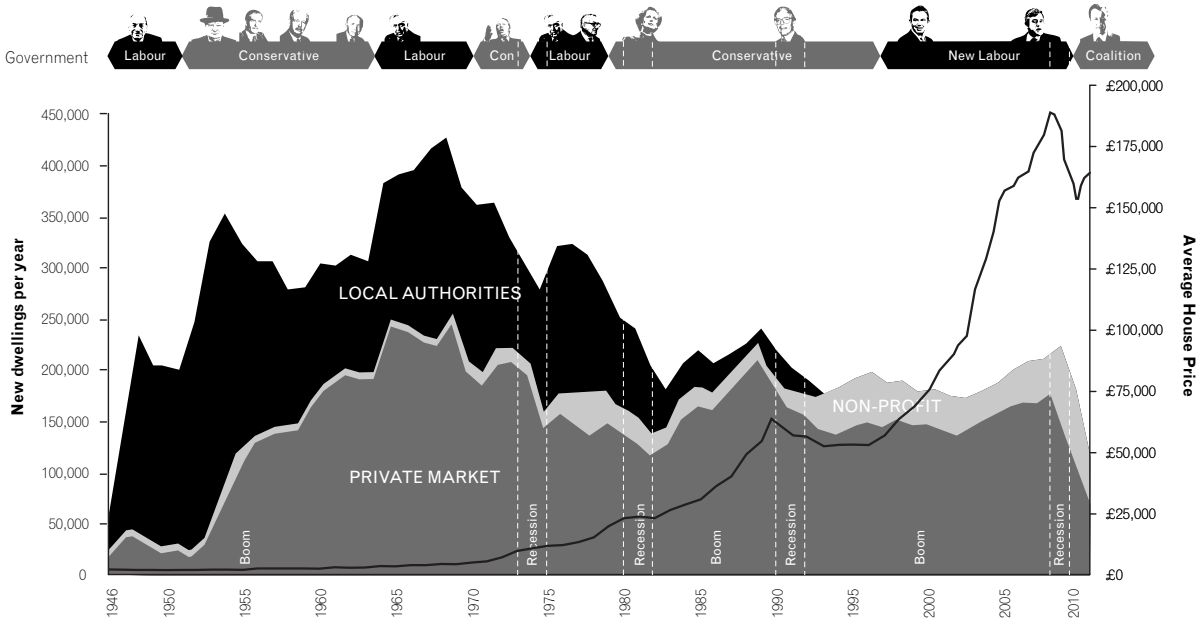
Lulu, MySpace, AirBnB, Kickstarter and Wikipedia are all examples of this.

What is strange is that this transition from the 'consumer' paradigm to the 'prosumer' one has yet to occur within the housing sector, where it is so badly needed. In fact, UK housing is unique as a field of production and consumption in that the *majority* of the population occupy such a hugely disadvantaged position.

### **The shape of a new housebuilding industry**

The research that led to this booklet was conceived as an opportunity to investigate and anticipate that urgently-needed shift within the UK housing industry. It aims to clarify what self-provided housing *is*, and explore why it is intrinsically more capable of delivering housing of high-quality, affordability, sustainability and resilience. It explains why those goals, though long-held and widely shared, are almost never met in the production of housing today, and how by intelligently redesigning markets (rather than fighting them) we have the power to change that.

It also identifies the current constraints that hold housing's 'long tail' back, and how they could be overcome. Through a series of interviews, it explores different models by which people can be empowered to build their own homes, and what a mass self-provided housing industry might look like; identifying some of the key instruments that local authorities, businesses and organisations can use to pioneer – and profit from – a massive self-provided housing movement in the UK.



**A Brief History of Post-War Housing** Housing supply (broken down into sector), average house price and political leadership since 1945. *Data: Calcutt Review, Department for Communities and Local Government*

# THE UK HOUSING CRISIS

## The crisis before the crash

*"There is no need to mourn the potential death of the typical housebuilder model – after all, it singularly failed to deliver the number or the quality of homes we need during years of record house-price growth and profits."*

Toby Lloyd <sup>1</sup>

### The collapse of housebuilding

The 2008 banking crisis was a catastrophe for the UK housing supply: within a year, new housing starts fell to their lowest level since the 1929 crash.<sup>2</sup> Construction sites across the country fell silent and were mothballed as finance to developers was retracted. At the other end of the pipeline, demand also contracted as mortgage approvals to buyers fell from a 2007 high of 137,000 per month to a low of 20,500 in January 2009.<sup>3</sup>

Although the causes of the crash were financial, the immediate costs were social: mortgage repossessions leaving families homeless; growing social housing waiting lists; massive unemployment in the construction industries and increasing numbers of households in temporary accommodation as the housing supply shortfall grew. Perhaps driven by those realities as much as habit and vested interest, the instinctive reaction from professionals and policymakers was focused on the idea of 'recovery' – on propping up the existing system<sup>4</sup> and hoping for a return to business as usual. In the words of Robin Murray:

"The first great financial crisis of the twenty-first century has been met with the theory and instruments of the twentieth century... there has been broad agreement about the tasks... after the typhoon, the ship must be repaired so that it can return to sail on its former course."<sup>5</sup>

It was perhaps an understandable response, but one based on an unwillingness to understand the causes behind the crash, and an overestimation of banks' ability to resume previous levels of lending beyond the immediate aftermath.

The banking crisis and subsequent recession undoubtedly stalled the supply of housing, but it had also exposed the extent to which the housing production model of the last decade was fundamentally unsustainable, founded as it was on the supply of cheap credit and a speculative build-to-sell and buy-to-let housing bubble. What looked like a short-term shortage of liquidity, was in fact the opposite: the bursting bubble of a housing supply model which had been pumped-up by the long-term supply of *too much* liquidity – mortgages and loans freely handed out to finance value which didn't really exist. Like a huge game of musical chairs, it had worked, but only for as long as the music was playing. In late 2007, the US 'sub-prime' mortgage market hesitated, and the music stopped.

**1. Toby Lloyd** *No Turning Back* in *Ground Breaking: New Ideas on Housing Delivery* (Shelter, 2009)

**2. Tom Aldred** *Arrested Development* (Centre for Cities, 2010)

**3. Ibid**

**4.** In the 2009 Budget, the government allocated £500m to kickstart stalled housing projects. The quality of the resulting schemes was subject to heavy criticism.

**5. Robin Murray** *Danger and Opportunity: Crisis and the New Social Economy* (NESTA, 2009)

### The inflation game

To fully understand the UK housing crisis we need to look further back than the crash itself, to the years of market growth that led up to it. The UK housing market is a complex and controversial system, but at its heart is a dilemma which is universally acknowledged: the constrained supply of land. As the Barker Report recognised, on one hand our planning policies constraining the supply of land for new housing prevent urban sprawl across the countryside, but at the same time, those constraints on the housing market fundamentally disable our ability to provide houses for all those who need them, where they need them. Like any market with limited supply and rising demand, the result is massive inflation in the price of land and property. In 1971, the average price of a UK house was £5,362. By 2008 it was £227,765.<sup>6</sup> To put that in perspective: had the price of food inflated by the same amount, buying a supermarket chicken would today cost around £47.<sup>7</sup> Much of that inflation took place within the recent boom, from the mid-nineties to 2008. During the same period, average earnings grew by only 28%.<sup>8</sup>

The result was that fewer and fewer people could afford decent quality housing, even those whose wages have increased.<sup>9</sup> In the last seven years of the boom, the average cost of a house in the UK had risen from £98,000 to £216,000.<sup>10</sup> That increase was a result not of better quality or size, but simply inflated value – money that appeared out of nowhere, a reward for no work at all.<sup>11</sup> The UN measure of housing affordability uses the 'median multiple' (the median house price divided by the

median household income) as a measure of housing unaffordability. Even after the crash, at 5.1, the UK was rated as 'severely unaffordable'.<sup>12</sup> As prices rose, buyers had to rely on the ever-more-generous mortgages on offer, which even included loans for 100% of the value of the house or more. As our ability to borrow more rose, so in turn did the house prices.

The inflationary effect became a vicious cycle, as people wanted to avoid being 'left behind' by the gold rush and raced to become homeowners – amplifying demand *even further* relative to supply.

Ordinarily, any government which presides over runaway inflation is considered to have failed - and is usually voted (or forced) out of power. Inflation in property however is seemingly unique in that it is actually counted as *growth* (in fact, alongside financial services and the public sector, land and property formed one of the key UK 'growth sectors' of the boom years). There may be a number of reasons for this hesitancy to confront housing inflation as a problem. Firstly it may be considered a flattering contribution to the overall GDP of the nation and our apparent economic prosperity. Secondly, it may be that the greenbelt planning policies restricting the supply of land are overwhelmingly popular with the electorate and that local resistance to development generally outweighs support. Thirdly, it may simply be that the middle and upper classes (who form a voter majority) have for a long time perceived the inflationary growth of their homes as a *right*: a form of pension investment, so anything but its steadily increasing value is viewed as 'stagnation'.

6. Shelter based on CLG data, 2010 [www.shelter.org.uk](http://www.shelter.org.uk)

7. *Ibid*

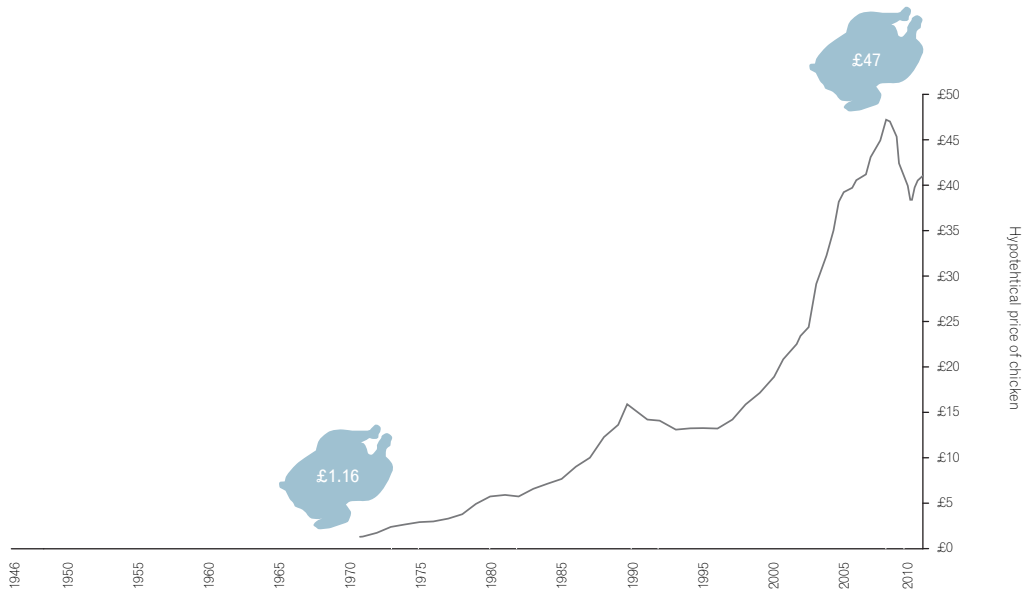
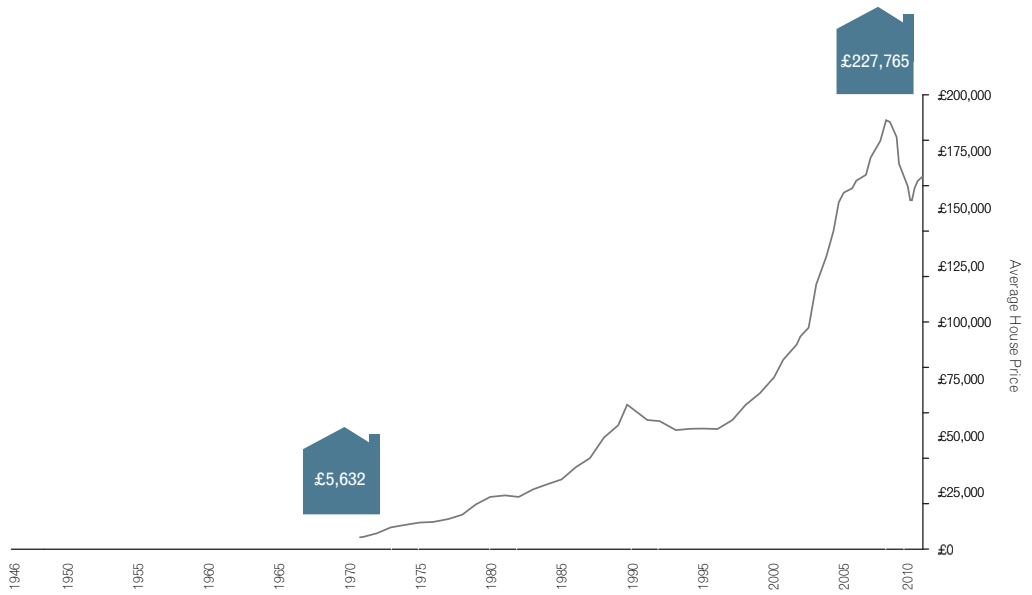
8. Tom Aldred *Arrested Development* (Centre for Cities, 2010)

9. Housing and Neighbourhoods Monitor [www.hnm.org.uk](http://www.hnm.org.uk)

10. Liz Peace in *Who should build our homes?* (CABE, 2009)

11. Political economists have referred to this as 'the unearned increment': the extra sum of money that accrues simply as a financial reward for having had enough money to buy the asset in the first place

12. Demographia *International Housing Affordability Survey* ([www.demographia.com/dhi.pdf](http://www.demographia.com/dhi.pdf))



### The Great Inflation

Had the price of chicken inflated at the same rate as the average house since 1971, by 2007 a supermarket chicken would have cost something around £47.

Source: *Shelter*

In fact, all of those things may be factors contributing to a 'policy bias' in UK housing: "The housing market is a classic application of what economists call the insider-outsider problem, where there is a clear conflict of interest between those who own houses ('insiders') and those who don't ('outsiders')".<sup>13</sup> On the face of it at least, the odds would *seem* to be stacked in favour of 'insiders' at the expense of 'outsiders'. The controversial Thatcherite 'Right-to-Buy' policy<sup>14</sup> was founded on this. To its proponents, it was seen as a way to improve welfare for many by allowing them to become 'insiders'. To its opponents it was little more than cynical electioneering, at the expense of the 'outsiders' left behind.

Whichever side of the political spectrum one favours, there is no doubting that housing inflation has become one of the primary amplifiers of social inequality, pushing an ever-wider wedge between 'insiders' and 'outsiders'. As they rise, inflated house prices become more and more vital to those who own houses as a pension investment, but more and more of an obstacle to outsiders' ability simply to find a decent place to live. Between those wealthy enough to easily buy homes, and those who earn no income at all, is an ever-larger portion of the population whose incomes are too low to be able to afford to buy, but too high to qualify for social housing or housing benefit. This demographic is referred to as the 'intermediate market'.

But the widening gap separates not just those in different income groups, but also, as the

Barker Review identified, it "tends to favour older generations at the expense of the younger"<sup>15</sup> Under 50s make up around two thirds of the UK population, but control less than a fifth (18%) of the total housing wealth in the UK.<sup>16</sup>

As the divide becomes more acute over time, it becomes increasingly hard for governments to show leadership or take radical action to address the inflation problem.

### **Section 106**

At the core of the policy of 'Urban Renaissance', which prevailed throughout much of the 1990s and 2000s, was the idea that rather than *stem* house price inflation, government could *harness* it as an engine for developing cities through large private-sector companies, who could, in turn, make a profit by harvesting the inflated value of the houses they sold. A percentage of those increases in land value could then be 'recaptured' through 'Section 106' agreements. These are special conditions for planning consent, which require the developer to additionally provide buildings or infrastructure in the public or community interest, such as social housing, libraries and health centres. Rather paradoxically, Section 106 is a way of *using* asset inflation in the housing market to partially mitigate the social inequality which it itself generates, effectively a sort of non-monetary tax on housebuilders. So though in itself positive, Section 106 offers something of a pyrrhic victory, since it *depends* on the continuation of the negative effect it aims to (inadequately) compensate.

13. Tom Aldred *Op Cit.*

14. The tenants 'Right to Buy' is a piece of housing legislation which gives long-term social housing tenants the right to buy the house they have been living in, often at below market value. It was introduced as part of the Housing Act 1980.

15. The Barker Report (HMSO, 2004)

16. Neil O'Brien for *The Daily Telegraph* 8th September 2010.

As a method of creating wealth, the 'urban renaissance' model was, until 2008 at least, hugely successful. In 2006, the top 25 housebuilders alone accumulated a combined profit of over £3 billion<sup>17</sup>, and employed around 36,000 people<sup>18</sup>. Yet, as method of delivering housing, it was failing dramatically.

### **The long crisis**

Contrary to what we may assume, in an inflating market it was not just the 'outsiders' who became materially worse off, but also the 'insiders', as even those who *could* afford to buy a home found themselves getting less and less for their money. Within the realistic constraints of cost, location and number of bedrooms, consumers were left with very little choice. Housebuilding companies no longer had any incentive to compete in terms of quality, environmental performance or size; a fact which the 2007 Calcutt Review, to its great credit, made unambiguously clear:

*"The hard fact is that, across most of the current market, aiming for high quality is questionable commercial strategy which often adds little to shareholder value."*<sup>19</sup>

In such a constrained market, this led to a tendency for the design of houses to prioritise supply-side economy and short-term *asset* value over long term sustainability or actual *use* value. Housebuilders were operating on a build-to-sell basis in a market where almost anything sold: often to buyers who themselves were more interested in properties as capital investments rather than as places to live.

Buy-to-let, and even buy-to-leave<sup>20</sup> rather than buy-to-use became far more common. In reality, what we were constructing were not dwellings, but monopoly houses: financial assets made into thin replicas of human dwellings.

During a decade of affluence, the UK found itself essentially constructing a form of deprivation: unhealthy, socially isolating, inflexible, energy-hungry buildings, and the second smallest dwellings in the whole of Europe - 25% smaller than the European average.<sup>21</sup> Furthermore, because many of the housebuilders had aimed at increasing revenue by maximising density and targeting a certain young, urban demographic, the homes that were built tended disproportionately to be one and two bedroom flats. In short, it was more profitable for developers to cater "for the want rather than the need",<sup>22</sup> which in many inner-city areas has resulted in a chronic shortage of homes for families.<sup>23</sup>

Perhaps more surprising still is that even at the height of the boom, the big-provider model was not capable of providing the *quantity* of housing we needed either. In 2007, housing supply in the UK reached a peak of around 224,000; still some way short of the 240,000 government target at the time, and far below the projected annual household growth of 290,000.<sup>24</sup>

The socially deleterious effects of such a poor housing supply are, in a sense, self-evident. Rising inequality, homelessness, poor health, time-poverty, depression and low self-esteem (even for the

17. Mark Leftly *Who'd be a Goliath?* Building (2007)

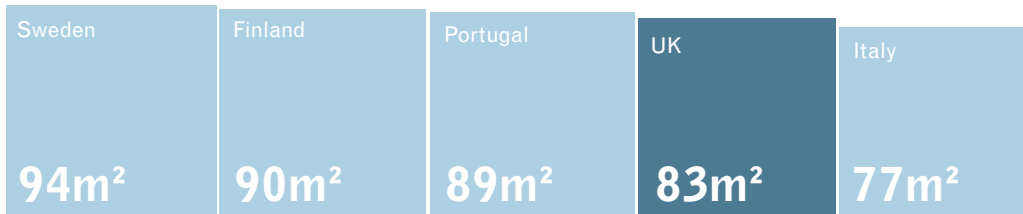
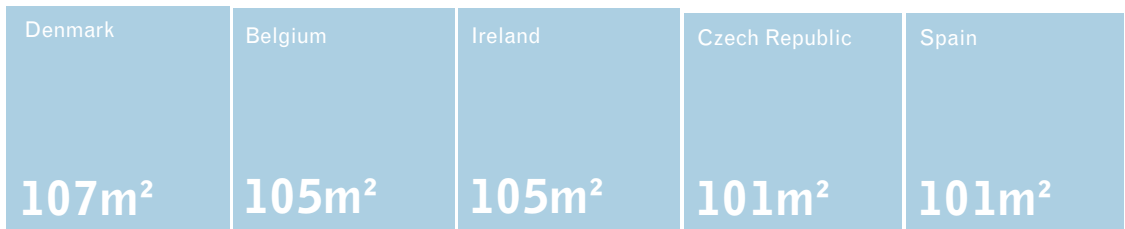
18. Home Builders Federation 2007 ([www.hbf.co.uk](http://www.hbf.co.uk))

19. The Calcutt Review (DCLG, 2007)

20. 'Buy to leave' referring to properties bought by owners and not used or rented, but kept empty while they went up in value, at which point they could be sold to harvest their capital inflation.

21. Italian Housing Federation *Housing Statistics in the EU* (Italian Ministry of Infrastructure, 2006) 22. Chris Balch Interview by the authors 2010

23. Less remarked upon is a correlating shortage of one and two bedroom flats in suburban and rural areas, which would be naturally more affordable, but would offer less return for speculative housebuilders.



**Who builds the largest homes in the EU?**

Selected EU countries ranked according to average useful area of a new-build dwelling.

*Data: Italian Housing Federation*



wealthy) are likely direct consequences. It is easy to overlook these costs, because many of them are impossible to measure: how can the loss to a family be calculated when a parent has to commute for several hours per day, or see their children only at weekends? There are also indirect consequences arising from competition for housing, such as hamstringing local labour markets, or rising support for far-right political parties in white working class neighbourhoods.<sup>25</sup>

In short: delivering housing exclusively through an ever-inflating property market and a 'big provider' business model was *diminishing* our real wellbeing rather than increasing it, eroding the social and civic fabric and lowering the quality of life, even for those who own assets and would consider themselves relatively well-off.

However, it is also important to recognise that such an environment is damaging to the UK not just in social terms, but even in purely economic terms, as the Barker Review identified: "Inadequate housing means (that) the UK will become an increasingly expensive place to do business, with high housing costs and reduced labour market mobility"<sup>26</sup>. So, although the monetary wealth and employment generated through the construction of property is significant, it is ultimately self-defeating if it over-prioritises the role of homes as *financial assets*, and under-prioritises the role of homes as *providers of social and economic welfare*; as places to live and work from which enable us to productively engage in communities and the economy. It may well prove that the hidden cost to the national economy of poor

housing supply is actually *far* greater than the total value of the speculative housebuilding industry or even the inflated property market.

### The end of the big housebuilder era

If, as we have argued, the years of successful speculative housebuilding were themselves a form of failure and have come to an end, we now find ourselves stranded: between 'stagnation' on one hand and 'recovery' on the other; between a short-term crisis of supply and a long-term crisis of unaffordability and poor quality; between no growth at all and a form of growth that is predicated on fewer and fewer people being able to afford smaller and smaller dwellings.

The crisis is more urgent than we might think; without private sector profits as an engine for housing delivery, the Section 106 model is of limited use. We are left with no viable means to deliver social housing or community facilities on a sufficient scale. Meanwhile, the need for housing continues to rise.

Historically, the expectation would be that where the market cannot, the state must step forward to meet housing need. But to do so would require a massive influx of public spending, and effectively a re-nationalisation of housing production; a prospect which seems almost inconceivable in today's economic and political climate. As the private sector housebuilders and Residential Social Landlords (RSLs) are forced to retreat at one end, the public sector is retreating at the other, with government spending cuts needed to reduce the public deficit. What's left behind is a huge gap.

24. CLG Live table 401

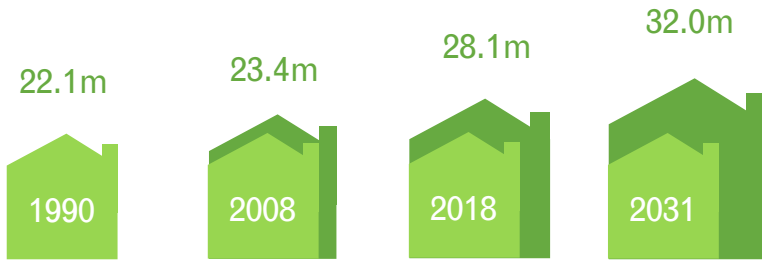
25. Margetts *et al.* *The BNP: the roots of its appeal* (Democratic Audit, Human Rights Centre, University of Essex 2006)

26. The Barker Review (HMSO, 2004)

One way or another, there will need to be some kind of quiet, but profound industrial revolution in housebuilding: a period of intense social innovation, developing more rational, sustainable models of housing production which are viable in an age of scarce resources, and better suited to our policy goals of energy-efficiency, quality, affordability and strong community. The question is not 'What homes do we need?', but rather 'Who should build them?' <sup>27</sup>

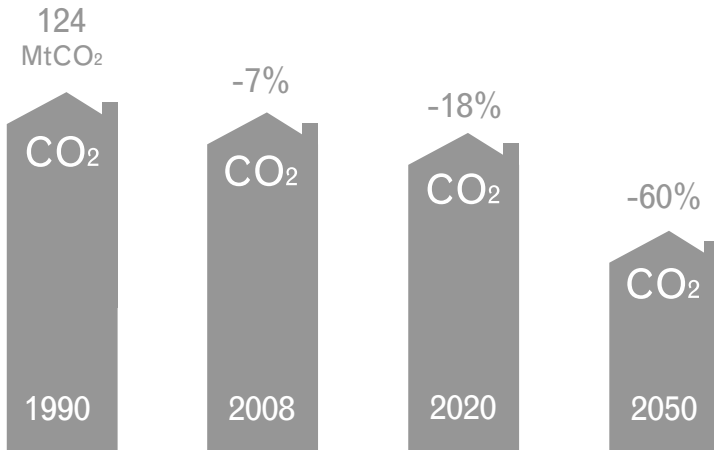
If we're serious about meeting the UK's housing need, a good answer might be: *WE should.*

27. This question led a CABE publication entitled *Who should build our homes?* (CABE, 2009). One of the six experts who wrote a piece in this was Stephen Hill on self-provided and self-organised housing. He is interviewed on page 75.



**WE NEED TO BUILD MANY MORE HOUSES...**

The number of households in Britain will continue to grow at a rate of around 250,000 a year.



**... USING MUCH LESS CARBON**

Meanwhile, the Climate Change Act places a legally-binding commitment on the UK to achieve a 60% *reduction* in total household greenhouse gas emissions by 2050.



# WHO SHOULD BUILD OUR HOUSES?

Why *who* builds our houses matters more than *how many* they build

*"It's time to rethink the role of markets in achieving the public good. There is now a widespread sense that markets have become detached from fundamental values... that we need to reconnect markets and values."*

Michael Sandel <sup>1</sup>

*"As the ends, so the means. If we take care of the means we are bound of reach the end sooner or later."*

Mahatma Gandhi

Much of the debate around who should build housing in the UK post-war has been orientated around a perceived dichotomy between 'the state' and 'the market'. Is the public sector (as a provider of homes in the 'national interest') or the private sector (as a provider of homes through the market mechanism of 'self interest') the best instrument to provide the housing we need? Housing was absorbed into two polarising ideological silos, between opponents of 'big government' who saw markets as more efficient, and opponents of 'big markets' who saw a market oligopoly as dangerous, and the state as more responsible. The problem is, such fierce opposition leads us to overemphasise the differences between the two, and underemphasise the similarities. Whether driven by state or market, the assumption behind both has been that only a top-down, professional 'big provider' model is fit for the scale of the task. Even as the range of policy approaches widened, to include the third sector

(not-for-profit organisations and Residential Social Landlords) and New Labour's 'third way' (which arguably harnessed the two sides of the dichotomy together without actually resolving them), that core assumption remained unchanged: houses should be mass-produced by professionals, and mass-consumed by consumers. Bigger is better.

We now need to realise that at the core of that assumption are three fundamental misconceptions:

## **1. Bigger ≠ more effective**

The first is that only big-provider models are viable for large scale industrial production. In part this is based on a Fordist emphasis on efficiency - a belief that large companies can provide a greater number of mass-produced houses for the least amount of money due to their size, experience and ability to exploit economies of scale. While this may still be true in a narrow sense, new (particularly web-based) technology in other fields is demonstrating that with the ability to aggregate their knowledge and resources, and attract the attention of large companies supporting their needs, the huge crowd of small producers can be more efficient than ever before; together forming a powerful and diverse market.

There is also a distinction to be made here between *efficiency* and *effectiveness*. While big-provider housebuilders may remain more *efficient* in purely

**1. Michael Sandel** *A new citizenship: markets and morals*  
BBC Reith Lecture 2009  
<http://www.bbc.co.uk/programmes/b00kt7rg>

financial terms, as we have argued, this is too narrow a measure of success, since it excludes the overall *effectiveness* of a housebuilder in producing desirable housing outcomes for the end users and for society as whole. In the context of a scarce land market, large housebuilders' ability to build a greater number of properties for less translates simply into increased profit margins. It has little or no impact on the market price of the product for the end user.

### 2. The ends are shaped by the means

The second misconception, which ran at the heart of the 'third way', is that a house is a house, regardless of who built it. The belief has been that complex innovations in the process through which a dwelling is procured have no intrinsic effect on the dwelling itself.<sup>2</sup>

It should by now be clear to us that the opposite is the case; changing the nature of the process through which a product is conceived, designed and procured has far more impact on the outcomes than regulations applied directly to the end-product. Debate on housing policy has arguably been much too focused on housing product and tenure (owner-occupied vs private rented vs social rented vs cooperative etc.) and not focused enough on the actual production process and what values drive it.

### 3. We need a new approach to markets

The third misconception is that all markets are somehow the same, and as such are universally 'good' or 'bad' (depending on your political viewpoint). It is now widely recognised that markets vary in the way that they encourage or discourage

competition, preference larger or smaller companies, support different kinds of behaviour and produce or exploit different kinds of value over different periods of time. Just because a particular kind of market works for one thing (providing sandwiches for example), that does not mean the same model will be an effective solution to a fundamentally different problem (such as providing care for the elderly). Our responsibility is to decide what our priorities are and choreograph those markets accordingly.

### 'Value architectures'

The theme which underlies these three realisations is that while architects and governing agencies such as CABE<sup>3</sup> have hitherto been largely focused on protecting public value by changing the architecture of the *product* (the design of buildings), in fact in doing so they have been marginalised to the end of the process: to a point of very poor leverage. In order to shape housing outcomes, and find a better model of mass-housing provision, we need to extend our focus from the architecture of the *product* to the architecture of the *process*: redesigning the systems of procurement and delivery which shape our environment.

In their 2008 book, *Nudge*, behavioural economists Thaler and Sunstein coined the phrase 'choice architecture'.<sup>4</sup> What they mean by it is that any choice we make, from shopping to recycling, always has an underlying structure to it, often biasing one kind of choice over another. Sometimes that structure is accidental, sometimes it has been carefully planned. For example, when you go to the supermarket, the products which are on the shelf at

2. This attitude was very nicely summarised by the **Calcutt Review's** assertion: "Government can specify outcomes, such as good quality or environmental performance, but should allow the industry to determine the best means".

3. The Commission for Architecture and the Built Environment was created in 1999 to advise on and review new architecture and urban design. Public funding was withdrawn in 2010.

4. **Thaler & Sunstein** *Nudge: Improving decisions about health, wealth and happiness* (Yale University Press, 2008)

eye-level are more evident than ones higher up, so the choice between these two is uneven. Whether designed or not, there is *always* a choice architecture of some kind.

A similar approach can be taken to *value*. Every process by which housing might be procured has a basic 'value architecture': in the way that the design and procurement process structurally *tends* towards maximising certain *kinds* of value at different stages. In this context, the word 'value' expands to take in not just financial asset value (also known as 'exchange value'), but also other forms of value, be they short-term, long-term, economic value, utility value, or other, less measurable value sets which are nonetheless universally acknowledged, such as social status, a sense of belonging, or pride.

In order to understand housing, therefore, we need to understand the basic value-architecture of the processes by which housing might be produced. What motivates different people, and how does that change the way they produce?

### **The speculative housebuilder model**

*“(Speculative) housebuilders are not in business to serve the public interest, except incidentally. Their primary concern is to deliver profits for their investors, now and in the future – in other words, to ensure that their business is a good investment.”*

The Calcutt Review <sup>5</sup>

In the typical speculative housebuilder model (known as the ‘current trader’ model), a single housebuilder is building a batch of, for example, 30 houses. He plays the role of land promoter, acquiring land, procuring designs, securing planning permission, raising finance and contracting the dwellings, while marketing them to buyers.

But in taking control of the entire process, the housebuilder is also taking on a huge amount of risk; in fact the ‘speculative’ element lies in taking on as much of the risk of the venture as possible in order to get the maximum reward. Rather perversely, but not surprisingly, the housebuilder’s job subsequently consists of trying to mitigate that risk in every way possible.

The risk comes in three different forms:

*Planning Risk.* The risk of being unable to acquire land with planning consent for housing or secure planning permission for a sufficient number of dwellings to yield a profit.

*Project Risk.* The risk of rising costs associated with site works and the delivery of the project.

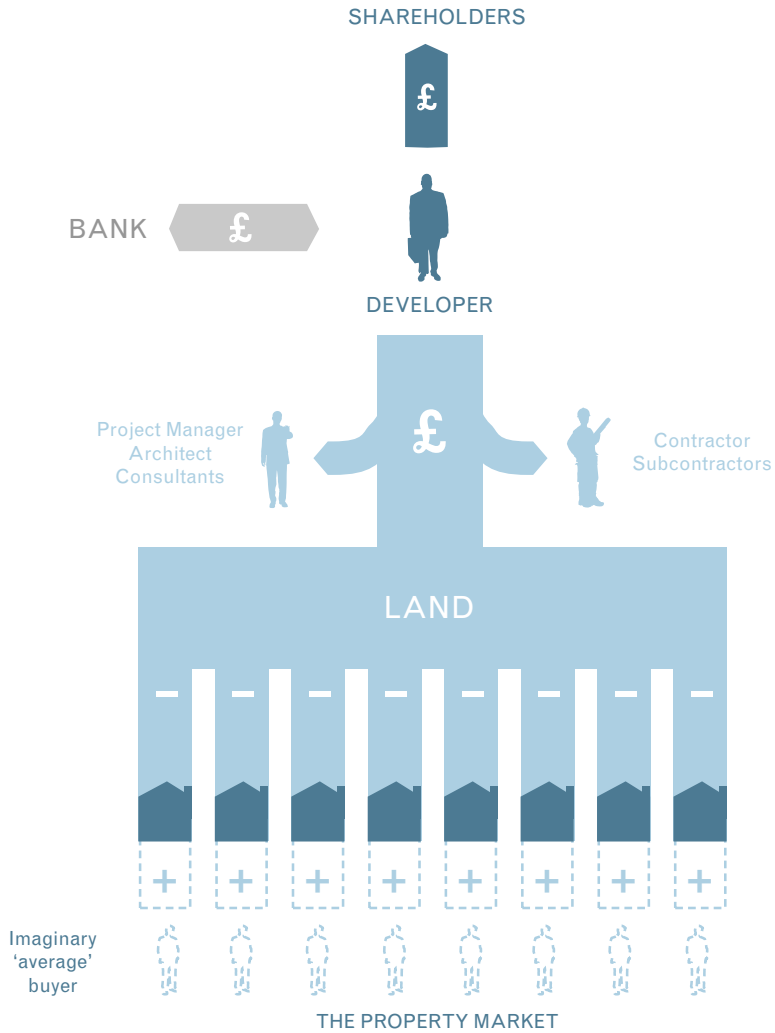
*Market Risk.* The risk that the housing market may founder, or there will not be demand for the houses when finished.

Herein lies the advantage that large housebuilding companies have over small ones; with the ability to spread risk more widely comes a greater ability to absorb shocks. This also means there is an advantage for housebuilding companies in buying-up land long in advance of its development, sometimes without even developing it; a practice known as ‘land banking’. Land banking has been widely criticised as anti-competitive because of its role in driving land price inflation, but for housebuilders working to protect a steady revenue for their shareholders, it is a necessary business strategy.

Undoubtedly the riskiest, and most bizarre part of the speculative housebuilder model is that the end users are unknown at the outset: the housebuilder is making a prediction that they will exist based on local market data. In a sense, the model works backwards: rather than designing 30 houses for 30 actual families, the housebuilder builds 30 houses for an imaginary, universalised ‘average’ household, and hopes that they will be able to find buyers. This means a big extra risk for the housebuilder, and results in a rigid one-size-fits-all design model, even on very small-batch developments.

### **5. The Calcutt Review (DCLG, 2007)**





Speculative houses are not principally *designed* as houses to be lived in, but rather as financial assets to be sold or rented. In a market where developers do not have to compete in terms of quality, the effect of this can be huge. It becomes logical for housebuilders to design structures which are focused on minimising risk during construction, and minimising the overall build cost as far as is possible; which includes lowering overall quality, making houses smaller, less flexible, providing less storage space and reducing energy performance. That is not a business *failure*, but a business *success*. It is astonishing how often housebuilding executives are labelled as 'greedy' or 'lazy' for doing this. A professional housebuilder's *de facto* responsibility is to maximise profitability for shareholders; a housebuilder who didn't do this simply wouldn't attract investment.

What it does highlight is the inherent paradox in seeking all the things we'd associate with the good design of a house; 'affordability', 'community', 'sustainability', 'flexibility' and 'high quality'<sup>6</sup> from a business model which actually sees those things as costs - that increases its reward by *reducing* those things.

In the search for public value, we effectively harnessed ourselves to a horse which was going in the other direction: a kind of tug of war in which the only rope is tougher government regulation (space standards, energy standards and planning requirements).<sup>7</sup> These force housebuilders to make more financial contribution towards use-value than is otherwise in their financial interest, but

they put a heavy burden on the terms by which those regulations are defined. The problem is, in the words of sociologist Émile Durkheim, that 'so much that is contractual is not in the contract'.<sup>8</sup>

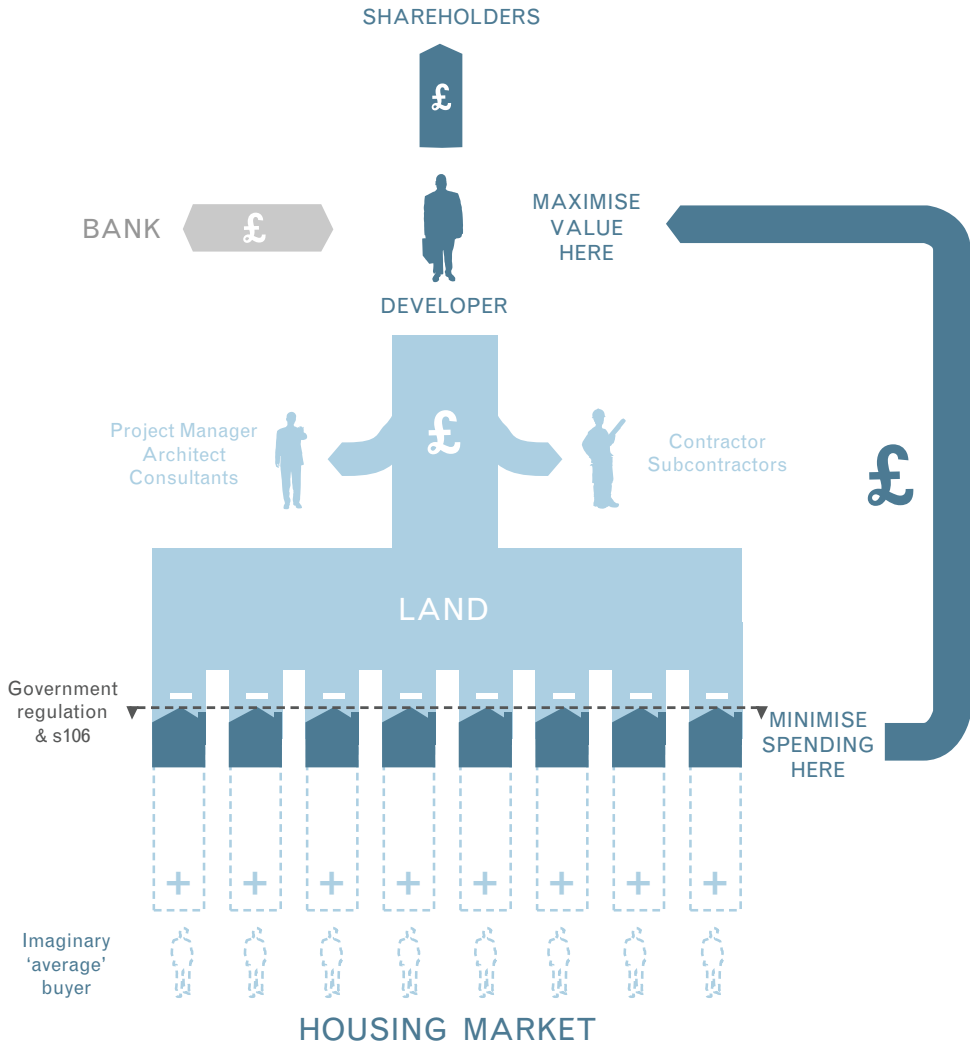
The speculative housebuilding model employs a value-architecture which is *profoundly* un-generous, because housebuilders have a strong motivation to provide less wherever and however possible, and any technical innovations such as prefabrication are applied not to increase quality or reduce the sale price (*providing more for less*), but to increase the profit margin on the sale (*providing the same for less*).

6. Refer, for example to the 2007 Housing Green Paper *Homes for the Future: More affordable, more sustainable* (HMSO, 2007)

7. It is worth noting that beyond the basic Building Regulations, there are no universal space standards in the UK, except those set by the Homes and Communities

Agency and the Mayor of London which only apply to projects which they have supported. Section 106 agreements are not generally applied to space standards, they usually refer to identifiable assets such as affordable housing, public space or amenities.

8. Emile Durkheim. *The Division of Labour in Society* (1893). New Ed. (Palgrave Macmillan, 1984)



### The not-for-profit housebuilder model

In principle, Residential Social Landlords operating on the behalf of the public sector are not constrained by the need to generate increased profit for external shareholders, and as such operate according to a totally different value-architecture.

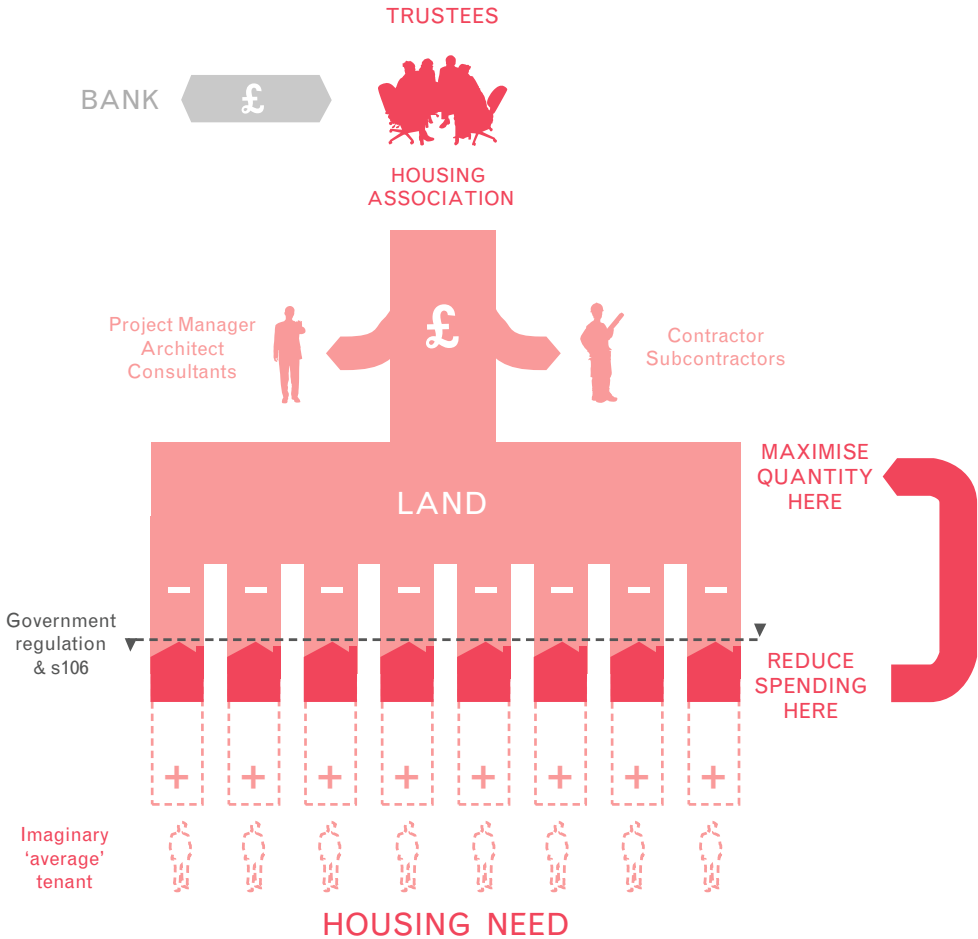
Their measure of success is reputational (based on reporting outcomes), and focused on building homes as providers of social welfare to those in need, rather than as financial assets (although in recent years there has been an increase in RSLs integrating market homes into affordable housing projects in order to raise money, and create more mixed communities). So there *is* a real desire to increase quality and environmental performance built into the process.

The reality however, is often not so different from the private sector housebuilder model. For one, many RSLs subcontract the construction of dwellings to private housebuilders anyway, so similar rules apply. Even RSLs engaged in their own housebuilding have had to compete with the private sector, while having to meet the tighter regulation which comes with public funding.

Structurally, the not-for-profit housebuilder model is still largely based on a top-down, one-size-fits all model, which sees end users as universalised 'average' consumers. As such, it is still prone to putting supply-side economy over use-value, but in a way that may well be politically justified: from the point of view of someone working in the non-profit housing sector, who is fully aware of the chronic

shortage of affordable homes, it may seem tempting, or even morally necessary, to build a *greater quantity* of *less generous* homes, rather than a *lesser quantity* of *more generous* homes. After all, it must be better to house many people adequately than it is to house a few people superbly? It is very hard to say they are wrong for making this choice.

As such we can think of RSLs as manufacturing not *financial* assets, but *political* assets. That is by no means a pejorative term, but a recognition that the number of affordable houses provided in an area where there is pressure for housing is the key political objective. That sense of obligation to maximise the short-term *political asset* value is just as likely to shape design decisions as the private sector's desire to maximise short-term *financial asset-value*. That leads, again, to less investment in long-term use-value: smaller, less flexible, lower quality, lower energy-performance homes, built according to normative designs.



### **Self-provided housing**

Self-provided housing describes any process whereby those who will be living in the dwellings take responsibility for procuring their own home. This includes not just those who physically construct the structure themselves, but also those who contract certain tasks out to professionals but retain the central role of carrying the financial risk for the project and having control over design decisions.

Although the basic stages of the project are unchanged, this creates a fundamentally different value-architecture. Most simply, because rather than designing for *asset* value generating shareholder profit, self-providers tend to design for long term *use-value* in the first place because they are the future users; designing a more generous house which is more appropriate to their specific family needs (out of self-interest). Because of this, their houses are likely to be better in terms of energy performance and quality.<sup>9</sup>

There are two key reasons for this. Firstly, because the design decisions are taken by the long-term user, this extends the cost equation to take in the whole life-cycle of the building. For example, money invested in increased energy performance of the building fabric is offset against reduced energy bills in the future – so decisions to invest up-front in better insulation (which would be irrational for a speculative housebuilder) become rational ones for a self-provider, who has a stake in long-term as well as short-term savings. A similar principle can apply to qualitative choices. For example, a canny speculative developer might realise that by lowering

the ceiling heights of a dwelling, he can save, say, two thousand pounds. In itself this is not much, but multiplied across an entire development, it yields a significant extra margin. By contrast, a self-provider would probably not see that two thousand pound saving as a worthwhile economy.

Secondly, a self-provider may also (inadvertently) make '*irrational*' design choices which favour increased use-value, because they are making those decisions within what behavioural economists might refer to as a 'social norm' rather than a pure 'market norm'. In other words, as they design, the self-provider is not only calculating the cost of the project and protecting its long-term asset-value, but also imagining their home as a place to live. We're human – we simply can't help ourselves: "*I really want big south windows because I like to sit in the sun.*"... '*I'm a guitarist, so I need somewhere to practice without disturbing the neighbours*'...

9. Refer to **Barlow, Jackson and Meikle** *Homes to DIY For* (JRF, 2001), **Buildstore** Self build moving centre stage (Buildstore, 2009), **National Self-Build Association** *Self-build as a volume housebuilding solution* (NaSBA, 2008)

BANK



SELF PROVIDING GROUP

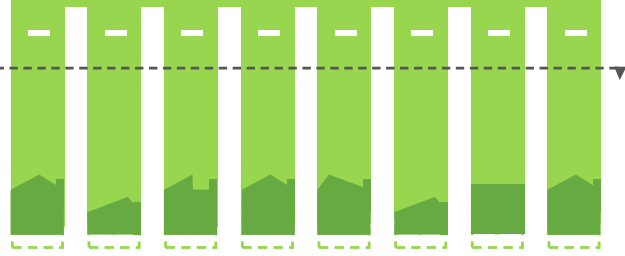
Project Manager  
Architect  
Consultants



Contractor  
Subcontractors

LAND

Government  
regulation  
& s106



New  
community



USE

INVEST  
SPENDING  
HERE

MAXIMISE  
VALUE  
HERE



This is just an economic logic, but it is supported by the available evidence. By re-connecting *value to the provider* and *value to the user*, and blurring the distinction between *design* and *use*, the self-provision process fundamentally transforms the kind of houses and neighbourhoods that get built.

### **Higher quality dwellings**

As we might expect, evidence shows that self-provided homes are consistently more generous to their users. If we take space provision alone as a general indicator of this, the average size of a self-provided home is 218m<sup>2</sup>.<sup>10</sup> If we adjust this figure to take account of the fact that self-provided houses tend to be 3-4 bedroom houses (3.75 bedrooms on average),<sup>11</sup> an equivalent 2.5 bedroom house would have an area of 145m<sup>2</sup>. That's *significantly* more generous than the UK new-build average of 82.7m<sup>2</sup>.<sup>12</sup>

This attention to the value of houses as places to live also translates into a greater interest in technical innovation, either in terms of services, construction materials or overall space design.<sup>13</sup> This time, the innovation benefits the user, not just the supplier (because they are one and the same). However, it should be noted that this desire to innovate is still tempered by budget and a mindfulness towards the future sale-value of the house.

### **Less energy-hungry dwellings**

The National Self-Build Association estimate that "25,000 self built homes would save perhaps 100,000 tonnes of CO2 a year compared to conventional

alternatives."<sup>14</sup> It is possible that this could simply be a byproduct of the fact that self-providers currently tend to be reasonably wealthy, with a particular 'green' lifestyle aspiration - in which case it doesn't necessarily follow that this would occur if the sector were to grow in scale. However, the financial rewards for self-providers who build sustainably are still very tangible, so it seems highly plausible.

It is also worth noting that new housing in the UK constitutes less than 1% of the entire housing stock each year. If we are going to meet the Climate Change Bill emissions targets, we need an industry which can address the incremental replacement of some of the other 99%, many of which are in individual ownership. The self-provided sector is the only industry realistically capable of doing this.

### **A more resilient supply**

Because speculative housing is built to sell, rather than to live in, it is a production process that more or less stops if the market falls.<sup>15</sup> As such it is highly vulnerable to market volatility, and economic cycles of boom and bust.

By contrast, self-providers are building to *live* in houses rather than sell them (even if they plan to sell at some point in the future) so generally they continue to build through economic downturns if they can. Evidence from both the previous recession<sup>16</sup> and the recent one<sup>17</sup> suggests that not only does self-provided housing hold up better as the economy sinks, but can actually be counter-cyclical, taking advantage of the lower costs of land and labour during a recession. This supports the construction

10. **Buildstore** Self build moving centre stage (Buildstore, 2009),

11. *Ibid*

12. **Italian Housing Federation** *Housing Statistics in the EU* (Italian Ministry of Infrastructure, 2006)

13. **Barlow, Jackson and Meikle** *Homes to DIY For* (JRF, 2001)

14. **National Self-Build Association** *Self-build as a volume housebuilding solution* (NaSBA, 2008)

15. In 2008, the National Home Building Council (NHBC) reported a massive 96% drop in new planning applications by housebuilders compared with the previous year.

16. **Barlow, Jackson and Meikle** *Homes to DIY For* (JRF, 2001)



industries when they need it most, and because of the 'mass-micro' scale of the self-provided sector, often feeds wealth directly into small, local companies as well as large national ones. This benefit to the economy was reiterated in the Office of Fair Trading's 2008 report on housebuilding which asserted that "in terms of ensuring that land which is already available for homebuilding is used efficiently and output maximised, it is important to maintain a vibrant small and self build sector."<sup>18</sup>

### Long-term affordability

Although at present self-provided housing may be less cost-efficient in terms of pure construction, the overall cost of a self-provided home to the user is significantly lower than an equivalent market home would be, because there is no marketing cost, and no profit margin going to external shareholders. This means that even where the self-provider buys the land, the overall cost of the project is around a third less than the equivalent cost on the market.<sup>19</sup> The financial cost of the project can also be massively reduced through users investing so-called 'sweat equity': taking on work which would otherwise have been paid for (whether it be project management or actual construction tasks) and doing it for yourself.

On top of all this, the potential for alternative ownership and land tenure arrangements, such as mutual home ownership and community land trusts,<sup>20</sup> means self-provided housing can be intrinsically more affordable on a permanent basis, offering 'outsiders' a good place to live, and even a way into the property market. This differentiates it

from many of the 'affordable housing' mechanisms which we have relied on over recent years, such as shared ownership and shared equity schemes, many of which could be better described as 'the temporary mitigation of *unaffordability*'.

### Unlocking investment

At a time when lending from banks is low, self-builders can actually give an extra boost to the housing supply (and wider economy) because of the capital they already own and bring to the project. As Stephen Hill points out, this includes not just "the financial capital they bring through savings, mortgages, rent and sweat equity" but also their "individual and collective social and environmental capital"; their knowledge, their contacts, their determination to succeed and their commitment to a more sociable, sustainable lifestyle, which shapes the places they build.<sup>21</sup>

### Functioning communities

Community friendship ties play a qualitative role in improving the general quality of life, and they can also generate quantifiable long-term savings in welfare spending: on crime, street maintenance, childcare and care of the elderly which result from the mutual support given by friends and neighbours.<sup>22</sup> Building housing which supports strong community interaction has, for a long time, been a key objective in housing policy, but usually as a rhetorical addendum to housing policy, rather than a practical structuring mechanism for it.

17. Buildstore

18. Office of Fair Trading *Housebuilding Market Study* (OFT, 2008)

19. Ibid.

20. For more on community land trusts, see page 105.

21. Stephen Hill *Time for a citizens housing revolution in Who should build our homes?* (CABE, 2009)

22. There are a number of pieces of research which seek to fully understand and quantify these 'externalities' often organised by organisations such as Shelter or the Campaign to End Loneliness. There is a great need for more however, particularly learning from pioneers / prototypes.

One of the key structural weaknesses of the speculative housing delivery model is that because end-users have no role in the production process, it isolates them as individuals. Your neighbour is simply whoever you end up buying the house next-door to. Policymakers and architects have therefore been on a steep uphill struggle trying to support any community cohesion at all. They have tried to do so largely on the supposition that somehow the design of three-dimensional objects in a certain way can engender positive community interaction. To some extent it can, but speculative housebuilders are naturally cautious about taking unconventional design decisions that may help do this (such as creating no-car zones between front doors). Not knowing their buyer, they tend towards a lowest-common-denominator sales offer: high-security; high-privacy; clearly delineated ownership; minimum-effort access. Self-provided housing (particularly group self-provided housing or co-housing) forms relationships *through* the actual process of making a place, rather than expecting the product alone to engender community relationships *in spite of* the isolating procurement process. This also means that design questions can be negotiated, and users can co-design the kind of neighbourhood they want to live in.

#### **A more diverse and generous housing stock**

As well as resulting in houses which are generally of a higher-quality and larger size than speculative houses,<sup>23</sup> self-providers also design for their individual family needs. This may include highly customised provisions for, say, a disabled user, but also might include features that a speculative

housebuilder would rarely provide, such as the ability to convert part of the house into an annexe, or a space for working or practicing a hobby. Even when these houses come to be sold to others, they are more generous and characterful, qualities which are highly desirable to prospective buyers in the secondhand market.

The potential benefits which might accrue are not just to market quality, but also to the economy as a whole, if our dwellings become more generous providers of space, including spaces which are not strictly programmed for consumption, but useable for hobbies or new business. There are many well-known anecdotes of multinational Silicon Valley enterprises which began in spare rooms and suburban garages. What might the economic benefits be if thousands more UK homes had 'spare' workspace to support fledgling inventions and enterprises?

#### **Evolution rather than revolution**

Although self-provision represents a radical shift in the way we think about providing volume housing in the UK, what makes it all the more plausible is that none of the various models are mutually exclusive of big-provider models, as we can see from other western societies where self provision comprises a larger component of housing supply.<sup>20</sup> Nor does the prospect of a larger self-provided housing supply undermine the principle of asset-based welfare upon which a generation of homeowners are now dependent. Not only can self-provided housing models exist alongside other forms of housebuilding, but in fact support them through partnering

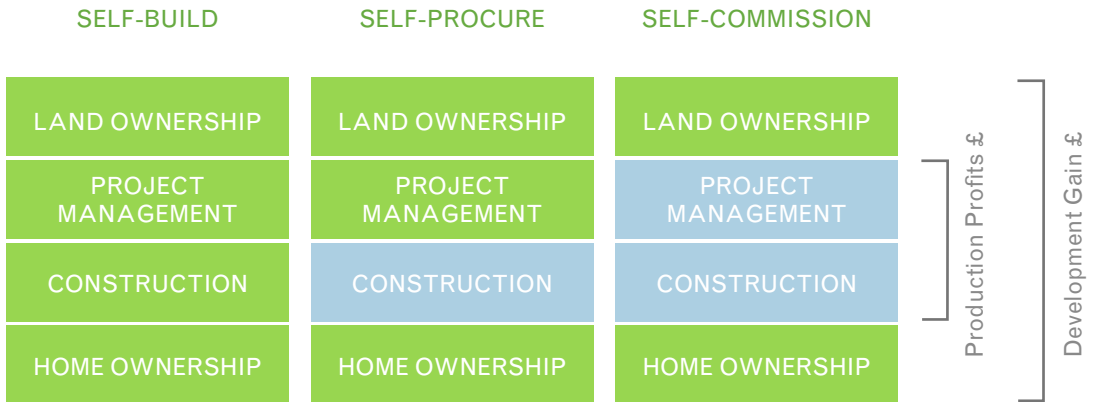
23. Barlow, Jackson and Meikle *Homes to DIY For* (JRF, 2001)

**Buildstore** Refere to page 43

relationships with large housebuilders and housing associations. In Japan, where housebuilding is largely conducted on a self-procured / mass-customised basis, the housebuilding industry is in fact larger, not smaller, since replacement rates are higher.<sup>24</sup>

The presence of a large self-provided sector would, undoubtedly, drive the speculative market to compete more vigorously on quality. But recognising the potential in this paradigm shift, many of the existing large housebuilding companies will alter their business model to *serve* and *profit-from* the self-provided sector as much as compete with it. The transition from a speculative-housebuilding-only world to a more diverse range of housing models can therefore be gradual, competitive and surprisingly permissive.

**24. Office of Fair Trading** *Housebuilding Market Study* (OFT, 2008)



**A spectrum of models**

There are varying degrees to which the self-provider can take on risk and do work for themselves, depending on their skills, time and wealth. Each of these have different implications for the cost of the project.

# THE SELF-PROVIDED SECTOR AS FOUND

## Analysis of self-provided housing in the UK

One of the reasons that the potential of self-provided housing is not more widely understood is a considerable degree of misunderstanding and confusion around what it actually *is*, and the different terms which are used (and confused) to describe it. Sometimes also referred to as 'self-organised', 'citizen-led' and 'self-build', self-provided housing as an umbrella term is frequently confused with specific self-provision models, such as 'co-housing', 'community-led housing', 'mass-customised housing', 'self-help' housing and 'mutual housing'. Perhaps the most common, and widely recognised term is 'self-build', which is often a misnomer, since in many cases, self-providers do not *physically* build the structure themselves, but employ a builder.

The most important thing to recognise is that self-provided housing is not a single housing model; it is a spectrum of models, some of which can be almost unrecognisably different in terms of the needs and motivations they are tailored to serve.

The common characteristic is that the first owners *always* act as the client in commissioning their own home, but there are varying degrees of involvement the owners might have. Each one of these has different implications in terms of access to the financial rewards of development and the design of the houses.

In very simple terms, there are three basic levels of involvement self-providers can have.

### Self-build

In the first, which we can think of as a genuinely 'self-build' model, the end user not only secures land, finance and planning permission, but physically builds all or part of the structure themselves. This means they keep both the *development gain* (the increased value of the land and property which they own and can later sell) and the money which would otherwise have been the *production profit* (the fee paid to the contractor or the consultants on top of costs of materials, labour etc).<sup>1</sup> At present, self-build makes up around a quarter of all self-provided housing in the UK.<sup>2</sup> Very many of these are self-providers who are actually in the construction industry themselves and already have the appropriate skills and tools.

### Self-procure

The most common type of self-provided housing in the UK might be termed 'self-procured' housing. Here, the end user secures land and planning permission and manages the project themselves but engages a contractor to do the physical work of construction. They keep the development gain and some of the production profit (what could be thought of as the 'white collar' component of the production costs) but pays a significant production profit to a contractor, or a system-build ('kit') house selling company. Many also employ an architect.

1. For more explanation of this, refer to **Barlow, Jackson and Meikle** *Op Cit.*

2. **Buildstore**

### **Self-commission**

At the far end of the spectrum are those self-providers who have almost no involvement in managing or delivering the project. They find and purchase land (probably using an agent) and pay a project manager, an architect, a contractor and others to deliver the project. A good term for this model might be 'self-commissioned housing' (it is also sometimes referred to as 'self-promoted' housing). It tends to comprise wealthy households, who typically make up somewhere around a third of the current sector.<sup>3</sup> Generally speaking, architects like to work with this kind of self-commissioning homeowner, building one-off houses and villas, which make interesting and highly bespoke projects.

It might seem counterintuitive that this should be thought of as self-provided housing; after all, the user doesn't seem to be doing anything more than buying a house to-order (as a developer would). But this doesn't actually matter; the self-provider is still taking the financial risk, and keeps the development gain, even if they pay a large slice of money to architects, project managers and contractors along the way. More importantly, the self-commissioner remains in ultimate charge of design decisions which affect the long-term use-value of the dwelling (its size, quality, performance, flexibility etc.), so the key characteristics of the self-provided value architecture still apply.

In essence, all the self-commissioned model really does is separate the procurement of the *land* from the procurement of the *building*, isolating the market effects of each. This is really the fundamental

proposition of self-provided housing, and it makes a huge amount of sense. After all, it is the land which forms the volatile, inflationary component of the total value, and the supply of land in certain locations which forms the crucial constraint on the market.

By separating this part of the process, a house can then be procured in the same way as any other consumer durable such as a car, a dishwasher or a tent. Even if you don't want to build the house yourself, or organise the construction of it, you can simply buy one from a market of off-the-shelf or customised house-constructors. There are very few reasons why such a market should be seriously un-competitive.<sup>4</sup> On the contrary, if housebuilding companies are competing to sell to *users* rather than *speculators*, there is likely to be ever more intense competition (and hence innovation) to provide a more flexible, higher performance and higher-quality house at a more affordable cost.

In many ways it is odd that this ever became anything other than the norm; we became used to a housing supply system which parcelled-up the design of houses with the limited supply of land, and thus allowed the conditions of the land market to detrimentally affect the design of dwellings. We would never expect (for example) to buy a car along with its parking space, despite the fact that all cars need one, just as all houses need land.

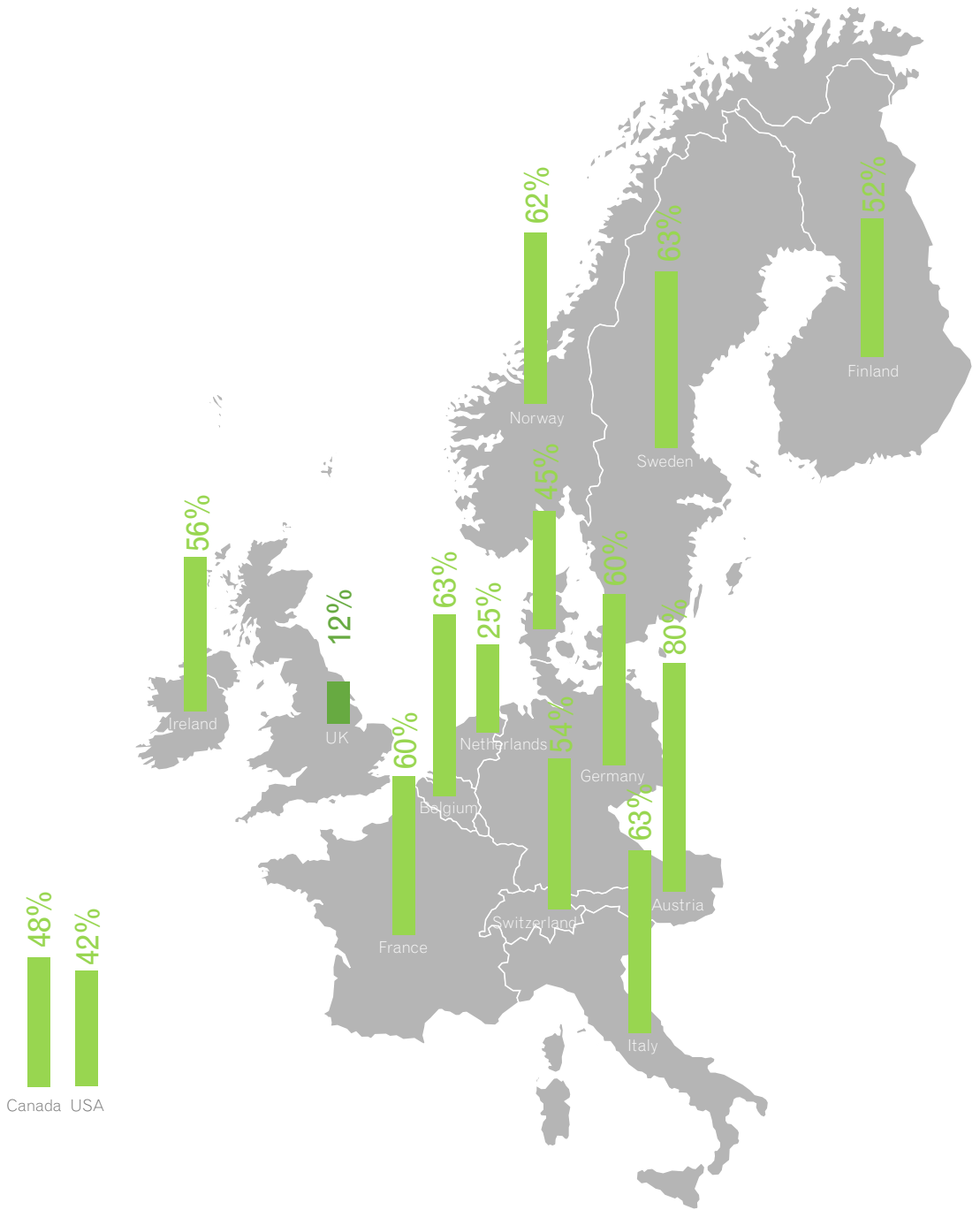
In practice, there are not just these three positions on the spectrum, but almost every conceivable variant in-between; an endlessly mixable menu of different models for different users, with different degrees of

### **3. Buildstore**

4. There would still exist threats to competitiveness which are common to almost all consumer markets; such as the formation of monopolies, distracting sales techniques or the use of misleading advertising.



The basic principle of self-provision is that the procurement of the house and the procurement of the ground it sits on should be separate. There is an almost unlimited variety of ways in which each of these things can be done, provided it is always the user of the home who designs or chooses the design of the house.



Self-provision as a percentage of national housing supply

Source: NaSBA



user involvement. Collectively, these models make up the self-provided housing sector. The map on page 50 aims to clarify the differences between some of the models being used, and highlight how they work.

### **The size of the sector**

Self-provided housing is a large component of housing supply in almost all of the world's major developed economies, and yet it is difficult to know precisely *how large* it is.<sup>5</sup> A 2001 report for the Joseph Rowntree Foundation estimated that the size of the UK self-provided housing sector had grown to around 15,000 units per year, 8% of the housing supply, and worth over £2bn.<sup>6</sup> That report predicted that if it was supported by a range of policies and private-sector support structures, the annual self-provided housing supply could rise to over 20,000. In fact, those policy changes were not made but it was since estimated that between 2001 and 2005 the sector (supported by private enterprise and fuelled by TV programmes such as *Grand Designs*) had grown to 19,400,<sup>7</sup> roughly 10-12% of the UK housing supply, and 25% of new detached housing.<sup>8</sup>

Although this represents a tenfold growth over the last three decades<sup>9</sup>, what's interesting is that 10% is still significantly lower than almost all other developed countries. In most of Western Europe and Scandinavia, over half of housing supply is self-provided. In Austria around 80% of new housing is procured by users.<sup>10</sup> The political and cultural reasons for this difference are complex and diverse, but nonetheless it does indicate that the UK is highly unusual in our high dependence on a 'big-provider'

model, and specifically on speculative housebuilding; even compared to other countries which, like the UK, have a strong preference for home ownership.

### **Who are the self-providers?**

Arguably since the 1980's, self-provided housing has gone from being associated with "backwardness" and marginality<sup>11</sup> to the precise opposite: the aspirant idea of building one's dream home – but only the wealthy need apply. Obviously *Grand Designs* has been an inspiring cheerleader for self-provision – and certainly cannot be accused of disguising the difficulties of conducting a housebuilding project – but it has created a perception of wealthy self-providers who can afford the apparent luxury of a home with strong environmental credentials, and sheepishly confess to having 'accidentally' slipped over-budget by tens of thousands of pounds.

That stereotype is not entirely inaccurate, but the real picture is more interesting. Certainly, a percentage of self-providers are what one of our interviewees referred to as "the executives":<sup>12</sup> super-affluent households for whom planning consent is the only major constraint. But in fact the volume of the self-providing demographic peaks below this group, at a household income of between £40k and £60k. Solely on the basis of income, self-providing seems to be within the reach of roughly a third of UK households.<sup>13</sup> For most of these people, self-providing is not being used as a vital way onto the property ladder, but neither is it necessarily being used purely to make a cultural statement. Rather it is being used as a way to build a house which a speculative housebuilder could never provide; either because

5. Over the years, different estimates have been based on a number of indicators, such as VAT reclaims (which is indicative only, as it doesn't take account of self-build projects where VAT is not reclaimed), mortgage lending, industry feedback and market research by organisations such as *Buildstore*.

6. Barlow, Jackson and Meikle *Op Cit*.

7. Datamonitor UK Self Build Mortgages (2006)

8. *Buildstore*

9. National Self-Build Association *Self-build as a volume housebuilding solution* (NaSBA, 2008)

10. *Ibid*

11. Duncan and Rowe *Self-provided Housing: The First World's Hidden Housing Arm* (Urban Studies, 1992)

12. Raymond Connor & Jaclyn Thorburn

Interviewed by author, page 83

it is more generous, more ecological, in the right location, or simply more personalised and tailored to their needs and desires than a mass-market design would be.

There are other clues to be found in the socio-economic characteristics of self-providers. Firstly, self-providers tend to belong to a fairly narrow age group. Reports have attested to two demographic “bulges... occurring around the 35-44 and 55-59 age groups”.<sup>14</sup> The former probably comprising professional couples (perhaps with young children) moving out of inner cities, the latter usually comprising couples coming up to retirement.

### **The capital barrier**

These characteristics point to an interesting conclusion: that the key barrier to becoming a self-provider is not household income *per se*, but possession of capital.

Most obviously, that means *financial* capital: today pretty much all self-providers secure finance for their projects by selling or remortgaging a previously owned property. This makes lending to self-providers an appealing prospect for cautious banks and building societies, because the loan-to-value ratio is very low (Buildstore report that the average loan-to-value rate of their self-build and renovation mortgages is only 62%) but it also means that young couples and first-time owners are excluded. This is not necessarily because their income is lower. After all, lower income families could just build smaller houses (i.e. 1 and 2 bed) and have smaller mortgages. It is revealing is that this doesn't happen.

It would seem that currently only people who are capital-rich can self-provide, so when they do, they naturally build large, detached houses.

Our understanding of capital in this context also needs to extend beyond pure financial capital, to other forms of capital, such as *social* and *individual* capital: the support networks; knowledge, organisational skills; construction skills; confidence and time that a self-provider can bring to the project. The advantage that comes with this is well illustrated by the disproportionately high number (about one third) of self-providers who are actually employed in the construction or property industries, for whom designing or building their own house seems like a natural thing to do given the skills they already have.

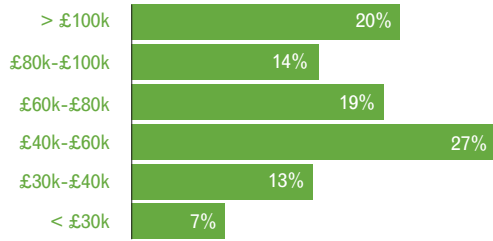
These other kinds of capital can be used to lower the financial barriers to self-provision. As we have already discussed, those who do have time and relevant skills are able to make dramatic cost savings by investing 'sweat-equity'. We generally tend to think of sweat-equity as a blue-collar phenomenon (using manual construction skills such as brick-laying, plumbing, plastering and decorating), but in practice just as much (or possibly more) sweat-equity is invested as white-collar work (such as project management, administration and design).

For those who don't possess a surplus of at least one of these kinds of capital at the outset, buying land and building your own house is, at present, more or less impossible. For those who do however, it tends to be like a rolling snowball: over a third of self-providers, having gone through one housebuilding

13. Office for National Statistics *Household Income* ([www.statistics.gov.uk](http://www.statistics.gov.uk))

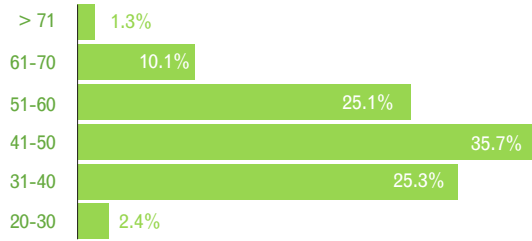
14. Barlow, Jackson and Meikle *Homes to DIY For* (JRF, 2001)

# WHO ARE THE SELF-PROVIDERS?



## HOUSEHOLD INCOME

Source: Buildstore



## AGE RANGE

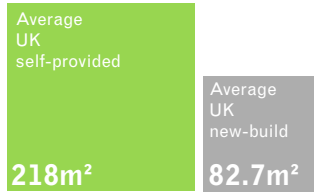
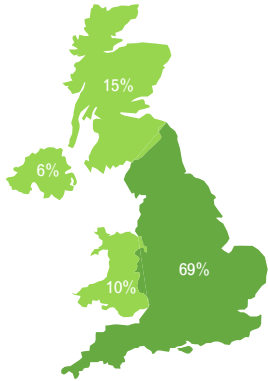


Around 75% are married.



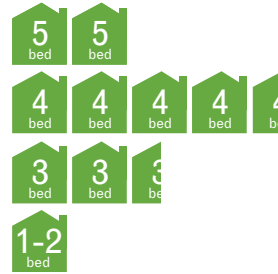
40% have children living at home

# WHAT ARE THEY BUILDING?



## AVERAGE SIZE

Source: EU Housing Statistics, Buildstore



## NUMBER OF BEDROOMS

Source: Buildstore

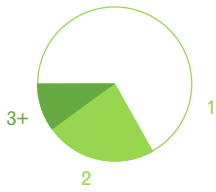


60% build a garage.  
55% a double garage.

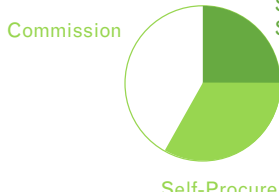


10% have a basement

# HOW DO THEY BUILD IT?



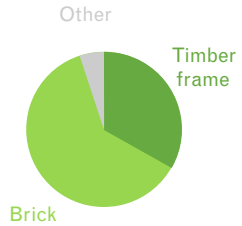
## NUMBER OF PROJECTS



## TYPE OF SELF-PROVISION



## % IN RELATED OCCUPATIONS



## METHOD OF CONSTRUCTION



## INTERNET RESEARCH

Source: Buildstore



## SPECIALIST MAGAZINE READERS

# PROJECT FINANCE

**£336,000**      **62%**

AVERAGE END VALUE 2007-2008

AV. LOAN TO VALUE

Source: Buildstore Accelerator Mortgage Scheme. National average may be lower value, higher LTV.

project, later go on to repeat the process at least once.

This knowledge offers a crucial insight into the scalability of the self-provided housing industry.

### **How might the industry be scaled up?**

One approach to scaling would be removing some of the barriers to self-provision in order to liberate *more* of the demographic who *can* currently self-provide to do so. This would include, for example, increasing the number of sites available for self-providers, and providing more comprehensive and clear support and advice. This aspect of growing the self-provided housing sector is crucially important. But to *only* do this would do very little to harness the potential of self-provision as an affordability mechanism for those who cannot get onto the housing ladder and an engine for sustainable development.

The most challenging, but most crucial aspect of scaling the self-provided housing sector is not just increasing capacity for the current self-providing demographic, but coming up with innovative models which *lower the economic threshold for participation* – reaching down into the intermediate housing market and transforming it into a mass-housebuilding industry. It's not just a social policy solution (a way for governments to ensure access to affordable housing within the constraints of lean resources), but it is also, put bluntly, a large untapped new portion of the market waiting to be discovered: a colossal business opportunity.

### **Designing-down the threshold**

How might we lower the economic threshold for self-provision? That is, how can self-providing become easier, and make fewer demands on time, financial capital, social capital and knowledge capital?

During the last decade, the generally accepted solution to the problem of poor access was more risky lending: mortgages with a loan-to-value rate of 100% or more, which allowed those on lower incomes to borrow more and buy more. That, as we have discovered, was an unsustainable way of going about the problem. But there are other ways. Rather than bring households *up* to the threshold through attempts at (what is, essentially) financial alchemy, we can actually *design-down the threshold* to meet ordinary households. The Walter Segal housebuilding method, conceived in the 1960s and 1970s is one historical example of an attempt to do this. It proposed a system of building which:

1. Used an affordable, widely available and easy-to-work with material: timber.
2. Lowered the skill-threshold for self-builders. With a bit of basic training and common sense, even those who didn't have mainstream construction skills could put together a Walter Segal house.

In fact, as it turned out, one of the most useful characteristics of the Walter Segal method was its ability to accommodate uneven and sloping sites. It has been used by a number of self-builders and self-procurers in recent decades to build on sites which speculative housebuilders found too awkward

and would not bid for, thus making the land price affordable for self-builders.

That spirit of 'low threshold' construction has also emerged, more recently, in the movement for straw bale construction – which has a similar set of advantages.

However successful the Walter Segal building system was, and still is, it is not an adequate solution for the full complexity of the problems we face today; where shortage of time is as much a problem for the lower middle classes as shortage of money, and inflated land values represent even more of a cost-barrier perhaps than the structure itself. It is, however, a pioneering example of a strategic way of thinking about design that we can learn from.

### **Two strategies to lower the threshold**

If the hurdles of money, time and skills required for a single project are too high for the majority of households, there are two basic ways to go about lowering them. The first is to establish generic, society-wide support infrastructures which are available to all to make the process easier. As in other sectors, many of these would be delivered through web-based interfaces, giving individual self-providers the ability to aggregate their knowledge, resources, lobbying-power and even buying-power. One can imagine in this space a number of growing big brands and system-builders (imagine a 'B&Q', 'IKEA' 'Volkswagen' or 'Apple' for housebuilding) emerging. As we will explore, some of these already exist - such as online plot search websites, and market aggregators such as Buildstore. It would

also include pioneering government policies or schemes to make land available, make the planning process easier, or to manage adherence to building regulations on a more mass-micro scale.

The second strategy would be to move from a self-provided sector made up almost entirely of individual households building detached houses, to one which also includes groups, building a range of dwellings from large to small, and from detached houses to flats. There are a number of past examples of this, including the community self-build movement during the 1970's and 80's and the co-housing movement, which began in Denmark during the 1970's and has since spread around the world, particularly to the US. The former is particularly interesting in that it was a truly working-class self-provision model, whereby "people on low incomes (built) their own homes, usually on land provided by local authorities". These "often had parallel objectives such as retraining unemployed people."<sup>15</sup> Since then, group self-provision and co-housing has been much less common in the UK, and has largely involved mixed middle class groups. However, it does appear to have been successful in seeding very popular neighbourhoods.<sup>16</sup>

### **The advantages of the group**

Self-providing as a group lowers the capital threshold in a number of key ways:

1. It shares the land cost, construction costs, and professionals' fees, making the whole process more affordable for individuals. Even a small group can come together to buy a site and build more, smaller

**15. Barlow, Jackson and Meikle** *Op Cit.*

**16.** For more on this, refer to interviews with Stephen Hill and Harry Charrington on pages 75 and 91.

## STRATEGY 1. AGGREGATE THE CROWD



## STRATEGY 2. FORM GROUPS



dwellings as well as fewer larger ones. Large groups can benefit from economies of scale and their combined strength as a purchasing unit.

2. It allows for a greater range of densities, from detached houses, terraces to low rise buildings. This is particularly important for urban sites, although groups will still struggle to compete for land with large speculative housebuilders.

3. The group pool their knowledge and skills, supporting and motivating each other. By becoming a single 'client', they make large savings by sharing all the overheads (in terms of time and money) that *any* project entails.

4. Members of a group with specific construction skills can also put in sweat-equity, if there is a sufficient diversity of skills in the group, this can significantly reduce the up-front cost.

5. Risk can be aggregated between the members, making the group a more attractive proposition for lenders.

6. Building as a group opens the door to new collaborative tenure / ownership models, such as a community land trust, or mutual home ownership.<sup>17</sup>

7. A community network is formed 'incidentally' by the process of working together as a group (be it positive, negative, or both). This can lead to a lasting mutual involvement in the governance of, and care for the neighbourhood and perhaps each other. In this sense we can think of building community

social ties as a being a positive side-effect of building the houses themselves, or vice versa. This arguably matters even more than any particular three-dimensional characteristics of the design.

In a way, we can think of group self-provision as operating at a scale similar to many small and medium sized speculative housebuilders; but the arrangement is more direct. Rather than 1 client speculatively building 30 houses for 30 imaginary, universalised households, and hoping that 30 customers will come along and buy them, why not just allow 30 households to come together, become a single cooperative client, and build their own homes?

These two strategies combined form the general approach to scaling the self-provided housing sector. The question is, what are the specific obstacles facing that growth and how will they be overcome?

<sup>17</sup>. For explanation of these models, please see pages 105 and 113.





# CATALOGUE OF SELF-PROVIDED HOUSING



SPECULATIVE FOR RENT <i>Individual</i>	SPECULATIVE <i>Individual</i>	CUSTOMISATION <i>Individual</i>	SELF-COMMISSION <i>Individual   Group</i>	SELF-PROCURE <i>Individual   Group</i>	SELF-FINISH <i>Individual   Group</i>
LAND OWNERSHIP	LAND OWNERSHIP	LAND OWNERSHIP	LAND OWNERSHIP	LAND OWNERSHIP	LAND OWNERSHIP
PROJECT MANAGEMENT	PROJECT MANAGEMENT	PROJECT MANAGEMENT	PROJECT MANAGEMENT	PROJECT MANAGEMENT	PROJECT MANAGEMENT
DESIGN	DESIGN	DESIGN	DESIGN	DESIGN	DESIGN
CONSTRUCTION	CONSTRUCTION	CONSTRUCTION	CONSTRUCTION	CONSTRUCTION	CONSTRUCTION
OWNERSHIP	OWNERSHIP	OWNERSHIP	OWNERSHIP	OWNERSHIP	OWNERSHIP
<p>Risk and control over design is carried by the speculative housebuilder. Usually units are sold to landlords.</p> <p><i>Makes up a large proportion of housebuilding, particularly during house price boom.</i></p>	<p>Risk and control over design is carried by the speculative housebuilder, who builds properties to sell on the market.</p> <p><i>Makes up the majority of UK housing production.</i></p>	<p>Speculative builder retains risk and design control, but allows some degree of pre-customisation, design participation, or 'self-finishing' to lower the cost.</p> <p><i>'Grow Homes' Montréal Canada.</i></p>	<p>A self-provider buys the land and assumes risk, but contracts more or less all work out to professionals.</p> <p><i>Many expensive 'grand design' projects, country houses for footballers. etc.</i></p>	<p>A self-provider buys land and contracts design and construction to professionals, but manages the project themselves. Not recommended for groups.</p> <p><i>Most individual 'grand design' projects. Springhill cohousing, Stroud.</i></p>	<p>A self-provider buys land and contracts design and construction to professionals, up until (for example) 'first fix'. They then saves money by finishing the construction themselves.</p> <p><i>Phases 2 &amp; 3, Ashley Vale, Bristol</i></p>

Private sector housebuilding

SELF-PROVIDED HOUSING



A NATIONAL SELF PROVIDED H. AGENCY

THIRD SECTOR ORGANISATIONS

LOCAL AUTHORITIES

HCA & CLG

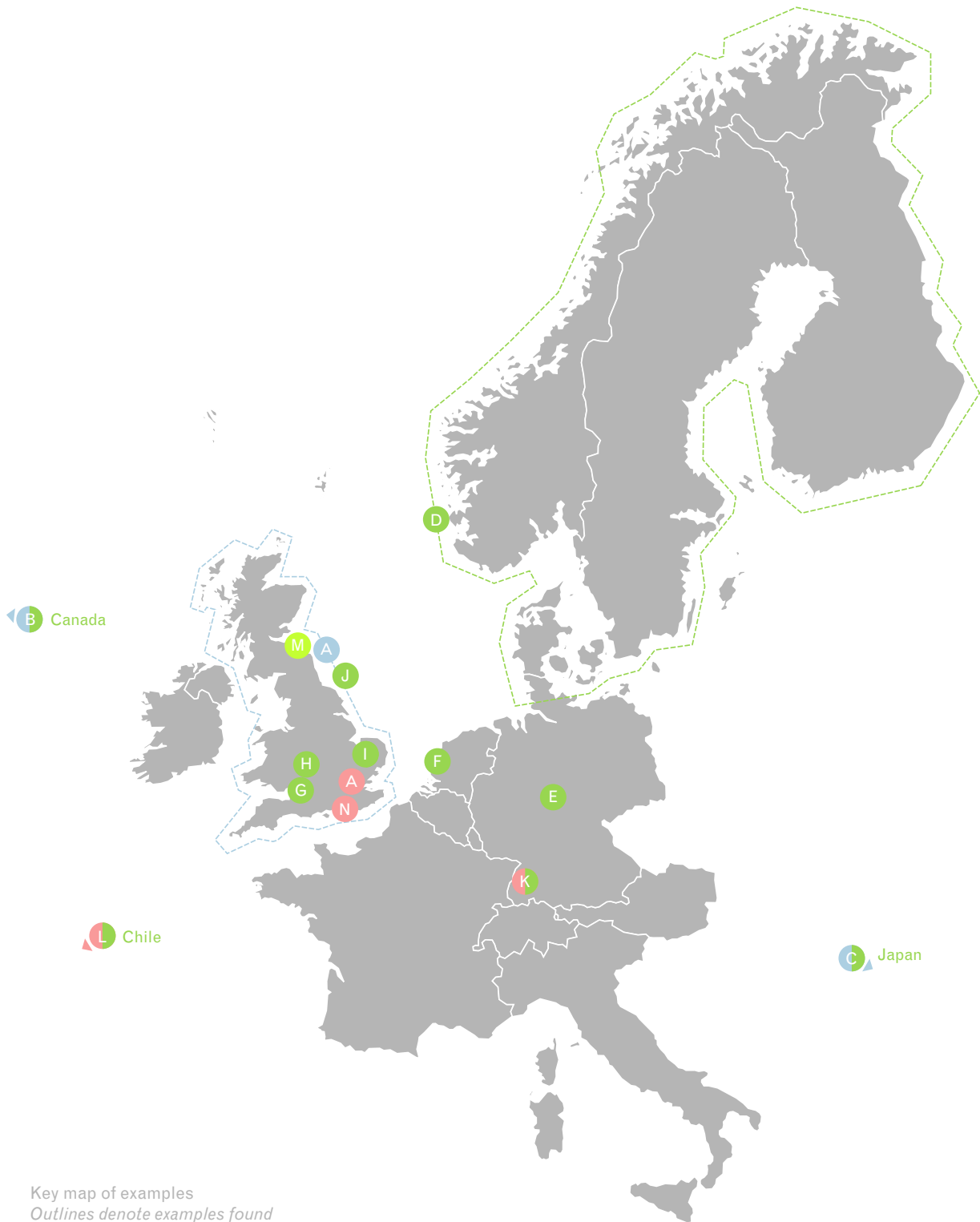
e.g. Community Self Build Agency, Housing Associations

SELF-BUILD <i>Individual   Group</i>	CLT + SELF-PROVIDE <i>Individual   Group</i>	ENABLED SELF-PROVIDE <i>Individual   Group</i>	COMMUNITY LAND TRUST <i>Community</i>	SELF-BUILD FOR RENT <i>Group</i>	SOCIAL RENTED HOUSING <i>Individual</i>
LAND OWNERSHIP	LAND OWNERSHIP	LAND OWNERSHIP	LAND OWNERSHIP	LAND OWNERSHIP	LAND OWNERSHIP
PROJECT MANAGEMENT	PROJECT MANAGEMENT	PROJECT MANAGEMENT	PROJECT MANAGEMENT	PROJECT MANAGEMENT	PROJECT MANAGEMENT
DESIGN	DESIGN	DESIGN	DESIGN	DESIGN	DESIGN
CONSTRUCTION	CONSTRUCTION	CONSTRUCTION	CONSTRUCTION	CONSTRUCTION	CONSTRUCTION
OWNERSHIP	OWNERSHIP	OWNERSHIP	OWNERSHIP	OWNERSHIP	OWNERSHIP
<p>Self-provider does everything, perhaps contracting an architect or specialist subcontractors where necessary. Affordable in cost terms, but costly on time.</p> <p><i>Quite rare in the UK. Usually eco-communities or professional builders.</i></p>	<p>Land is provided for self-providers through a Community Land Trust arrangement. This could be as individual plots, but is more likely to be a co-operative model such as mutual home ownership.</p> <p><i>No examples yet. In development: St.Minver CLT, SOAR Sheffield.</i></p>	<p>Land is provided (and possibly prepared) through a local authority or housing association, They support self-providers to develop housing.</p> <p><i>Vauban, Freiburg, Germany.</i></p>	<p>A Community Land Trust acquires and procures houses on behalf of the community, these are sold or rented to the users at affordable rates.</p> <p><i>Holy Isle of Lindsfarne CLT, Cornwall CLT.</i></p>	<p>A non-profit Housing Association procures housing in the usual way, but involves future tenants in the design or construction process (often as a form of skills training).</p> <p><i>Darwin Road, Tilbury. Diggers Housing Brighton</i></p>	<p>A non-profit Housing Association procures housing and rents it at affordable rates.</p> <p><i>Most Housing Associations.</i></p>

Public / Non-profit housebuilding

Self-organised housing

Community Land Trusts Public / Non-profit Sector



Key map of examples  
 Outlines denote examples found  
 throughout a country



**A SPAN HOUSING, UK**

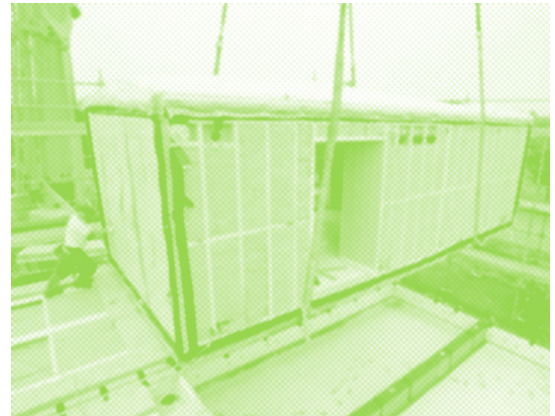
*1960s Housing System*

Housing model developed by architect Eric Lyons delivered through a speculative procurement model which nonetheless established a highly successful model for the social planning of neighbourhoods.

**B GROW HOMES. Canada**

*Housing system for change*

House design system developed by Avi Friedman with the capacity to minimise initial cost but allow a high degree of customisation and adaptability in future. Highly successful, but the 'grow' element is often a misnomer as the re-configuration potential is largely internal.



**C DAIWA HOUSING Co, Japan**

*Manufactured Housing*

Daiwa is the largest of all the Japanese prefabricated house manufacturers who, together, dwarf the UK construction industry. Many are more like (or indeed, are) electronics or car manufacturers in the degree of quality and customisation offered.

**D BO KLOK (IKEA), Scandinavia**

*Prefabricated Housing System*

'Flat pack' housing system by IKEA offering design, performance at affordable price, however in the UK this has only been delivered through a speculative development model.



**E HUF HAUS, Germany / Worldwide**

*Prefabricated Housing System*

Major prefabricated house manufacturer offering high-quality and high customisability and performance. Zero-carbon.



**F NIEUW LEYDEN, Netherlands**

*Private sector plot sale for self-procured*

Private sector land promoted in Leiden, selling serviced plots with relatively few design-constraints. For those who did not wish to self-procure, a user-customisation scheme was offered.



**G ASHLEY VALE, Bristol, UK**

*Group land purchase for self-procure / self-build / self-finish plots*

After fighting a planning application for speculative housing, a local group of residents bought a former scaffolding yard and subdivided it into self-provided plots.



**H SPRINGHILL COHOUSING, Stroud, UK**

*Self-procured Cohousing*

Sloping site was acquired by Stroud Cohousing group, who co-designed and procured the project, which includes pedestrian streets and a common house. (See interview with Harry Charrington, page 91)



### **I** THE PLOTLANDS, UK

*1930s Plot sale for self-build | allotments*

The falling value of agricultural land led a number of farmers in Essex to sell 'plotlands'. Prior to introduction of planning regulations in 1945, these offered working and middle class families space to build houses and grow food.



### **J** WALTER SEGAL METHOD, UK

*Construction system*

Timber construction system designed by architect Walter Segal in the 1960's and 70's. It used standard construction materials, minimal need for 'wet trades', offered a low-skill threshold for non-professional builders, and could accommodate sloping sites with difficult ground conditions.



### **K** QUARTIER VAUBAN, Freiburg Germany

*Public-sector land promotion, group self-procure*

Led and supported by the local authority, large plots were sold to and co-developed by groups ('baugruppen') according to strict performance guidelines. Though often lauded as an example of sociable and ecological urban design, the self-provision engine which drove much of the development is often overlooked.



### **L** QUINTA MONROY, Iquique Chile

*Housing designed for growth*

'Half and half' housing concept designed by Elemental Architects, Chile, whereby the basic house infrastructure is planned and built by a public organisation, leaving half of each plot available for gradual self-provision by the user.



**M GREEN LANE**

**Lindisfarne, UK**

*Community Land Trust*

A community development trust received funding to purchase land and procure housing which could then be sold or rented to local people.



**N DIGGERS, Brighton UK**

*Self-build for rent*

A neighbourhood procured by a Housing Association but with strong involvement of users (members of a residents' co-op) in design, planning and construction, using the Segal construction method.



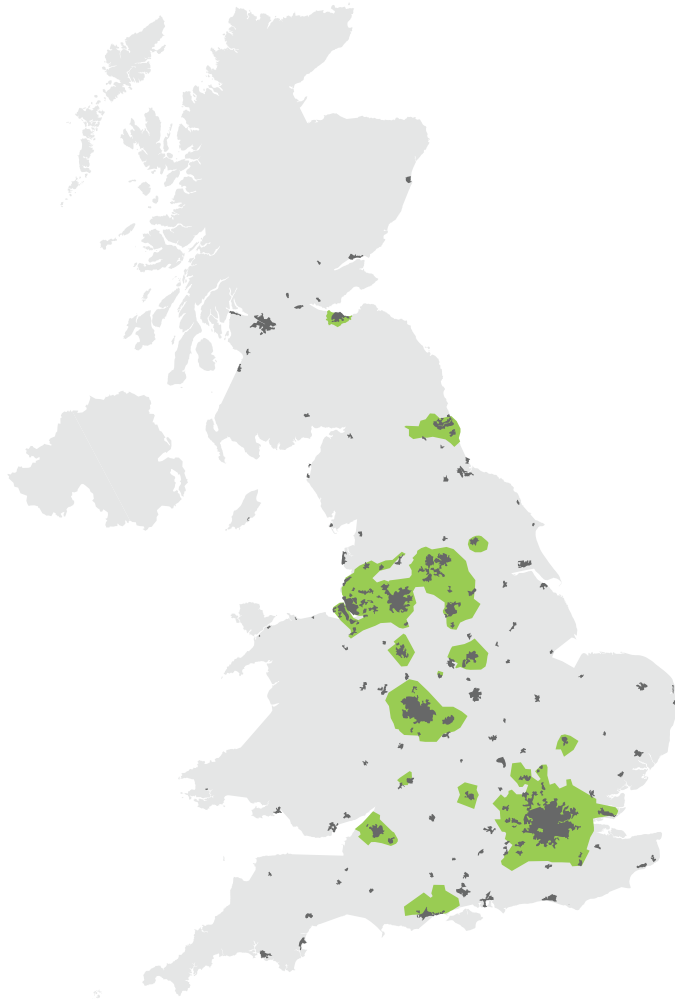
**O DARWIN ROAD, Tilbury UK**

*Self-build for rent with training*

Although procured by a Housing Association, the development offered local people the opportunity to train and achieve construction qualifications while constructing a home, which they then went on to rent, thus combining investment in both physical and social benefits.



HOW WILL  
SELF-PROVIDED  
HOUSING  
BECOME A  
MASS INDUSTRY?



UK Major settlements and the Greenbelts which  
constrain their expansion  
DEFRA

# 1 LAND

It is widely acknowledged that one of the toughest obstacles facing self-providers today is finding and purchasing a plot of land in a place where they want to live. In a market which is dominated by housebuilding companies with significant buying power and an incentive to build up a trading buffer of 'landbanks', individual households and groups struggle to compete for sites in or near cities. We need to build up a healthy and varied supply of land specifically for self-provided housing through the private and public sectors.

### 1a Private sector land promotion

Competition from speculative housebuilders means that medium-sized and large sites in particular are extremely difficult to acquire. Often self-providers manage by finding 'leftovers'; land which is too sloped, has poor ground conditions or an awkward infill position which makes it unattractive to commercial developers.

On the long-term, we should anticipate a growing opportunity for private sector to move into a 'land promotion' industry, in which companies will purchase large sites, divide them up and sell them as consented, serviced plots, recovering their costs and a profit margin. For those companies, the attraction of such a business model would be a much smaller risk, an ability to turn-over very quickly and an ability to market and sell the plots from the moment they acquire the land (since what they are selling is the ability to live in that place – infrastructure and services are easy for prospective buyers to imagine for themselves). It is also highly possible that overall sale revenue will be higher to individual self-providers than it would be to a bulk purchaser.<sup>1</sup>

Some of these companies may be current housebuilders, adapting their business model for the post-bubble era. Plot promotion would enable them to quickly get yield from their landbanks (which they will not be able to finance development on in the near future). In the US and Europe, developers have also begun to allocate *part* of a large site for self-providers. This has a number of benefits for the developer. For one, it brings in an immediate return

on investment while the rest of the scheme is being 'built out'. It also brings attractive, high-quality development onto the site, which will increase the value of the speculative housing developed on other parts of the site, and potentially make it easier to sell.

Entrepreneurial companies which begin to service this market should be encouraged, but there are caveats. Self-provision positively impacts quality of design not just in the design of the dwellings themselves but also of the site layout and spaces between the buildings. The way a site is subdivided into plots should therefore include as much input as possible from both designers and self-providers.

### 1b Section 106 land agreements

Whether private sector companies lead this model for themselves or not, there is also a clear case for local authorities to include the provision of plots on part of a site as part of a Section 106 requirement when the circumstances are appropriate. These might be individual plots, or the sale of part of the site to a pre-formed cooperative, Community Land Trust or cohousing group. Barlow *et al.* highlight that there may well be legal limitations on doing this, in that planning law will not allow a 'forced' sale of land, and requires a defined guarantee of affordable housing. This requires further attention.<sup>2</sup>

### 1c Public Sector Land Promotion

In the short term, Local Authorities have the most crucial role in bringing forward land for self-provided housing. In France and Germany, where self-provided housing (mostly self-*procured*) constitutes over half of overall housing supply<sup>3</sup> it is entirely normal

1. Stephen Hill *interviewed by the authors 2010.*

2. Barlow, Jackson and Meikle *Op Cit.*

3. NaSBA *Op Cit.*

for Local Authorities to buy agricultural land on the outskirts of a town, install infrastructure and sell plots. This direct land-promotion role for Local Authorities is perhaps harder to imagine in the UK's highly contested planning landscape, where resistance to development from local communities often outweighs recognition of need, and the 'greenbelt' is held to be sacrosanct. But there may well be areas where pioneering Local Authorities can take a lead in enabling self-provision by providing "oven ready plots with infrastructure and planning permissions"<sup>4</sup> as discussed in section 1h of this chapter.

#### 1d Sale of public land

The most immediate source of significant land supply for self-providers is through the sale of public land. Particularly over the coming years, as Local Authorities look to tighten their belts following government spending cuts, they will review the land they own. Forward-looking Local Authorities can use these asset sales wisely to kick-start the new housing paradigm.

In considering the sale of all public land and assets, Local Authorities are bound by 'best-value' considerations. This has tended to be associated with a fairly constrained view of value (namely, immediate *financial* value), but with a certain degree of leeway for Local Authorities to sell land at below-market bid within certain conditions.<sup>5</sup>

In many cases there is no reason why self-providers should not be able to meet market value, but clearly there is a strong case to be made that a calculated

low valuation of land in purely financial terms should be counted as a form of *investment* in the wider forms of value that underlie the long-standing policy objectives of a local authority<sup>6</sup>. The case for Local Authorities to use their land assets to promote self-provision is more and more widely understood and has been strongly advocated by the housing minister and the Office of Fair Trading:

*"With a view to maximising output... Local Authorities should consider the possibility that group self build could deliver a healthy proportion of new housing. Local Authorities should be encouraged to make publicly owned land available to an 'enabler' who will control the overall design of the site, divide it into suitable plots and plan necessary infrastructure allowing people building their own homes to develop these plots."*<sup>7</sup>

However, it may also be argued that direct sale of public assets is risky, since it is a one-off disposal, diminishing the long-term capacity of the state to deploy land as a form of social investment.

#### 1e Use of public land

Local Authorities' role does not need to be so clear-cut. Many will also opt to allow *use* of public land for self-provided housing, as a way of allowing low-income self-providers to build their own affordable housing, either as individuals or, more probably, as a cooperative.<sup>8</sup> Local Authorities might well form joint venture land development partnerships between private companies who can service the land, and even build the houses for a group of self-providers, as has happened in Germany. Throughout this, the

4. Office of Fair Trading *Housebuilding Market Study* (OFT, 2008)

5. At the time of writing, under the Local Government Act 1972 General Disposal Consent 2003 local authorities need permission from the Secretary of State to sell land at below market value unless that undervaluation is less than £2 million and contributes to the economic, social or environmental wellbeing of the area and residents.

6. Again, more evidence is required on how these short-term investments can be recovered through long term savings for public services.

7. Office of Fair Trading *Op Cit*.

8. In Germany, these building cooperatives have a name, 'Baugemeinschaften'.

Local Authority can retain ownership of the land, but it could be arranged on the basis that the land would latterly be purchased over time by a cooperative or Community Trust. Stephen Hill recommends that standard forms of contracts be written for this kind of development-under-licence, and financial models established for clawback arrangements on resales, or rents which are geared to increase with the capacity to pay.<sup>9</sup> In May 2011, Housing Minister Grant Shapps announced one such initiative called 'Buy now, pay later' allowing self-providers the chance to build on plots of public land but pay for them only upon completion of their house (at which point they have an asset to borrow-against).<sup>10</sup>

Whether or not Local Authorities begin to pioneer the provision of public land for self-provided housing, communities must begin to *demand* it of their local councils, under the banner of 'a Right to Build'. London Citizens' campaign to acquire a disused hospital site in Bow, East London is an excellent example of this.

### The economic power of the planning system

Although we often refer to a 'scarcity of land' in the UK, in fact what we really mean is a scarcity of land *legally allocated for development* through the planning system. So any conversation about land is also a conversation about planning.

It is an open secret that in reality, the UK has no scarcity of land as such. In fact 87% of England remains open space, and domestic buildings cover just 1.1%.<sup>11</sup> Furthermore, the scarcity for land is localised. There is plenty of affordable land in the far

North, away from economic centres, but much less in the South East where there is demand. But even in the South East domestic buildings cover only 1.3% of the land.<sup>12</sup> So we are also talking about a scarcity of land *where people want to live* (within commuting range of their work, for instance) which is consented for development.

The scarcity of that resource is ultimately created by constraints we impose upon ourselves through the planning system. This means that when local planning authorities zone previously agricultural land as land for housing, they are effectively *creating new land*, shifting it from one class (for which there is relatively low competition) to another (for which competition is high). When land is given consent for housing, its value will go up from something like £10,000 per hectare to perhaps £2 million per hectare. Planners are essentially creating this money out of thin air, and can decide how to recover it in the best interest of the community. This was one of the core principles of the 1947 Town & Country Planning Act.

### 1f) 'Creating' new land for self-providers

So the most innovative and powerful means for Local Authorities to pursue a sustainable, affordable housing agenda on lean resources would be to 'create' a new class of land specifically designated for self-provision only.

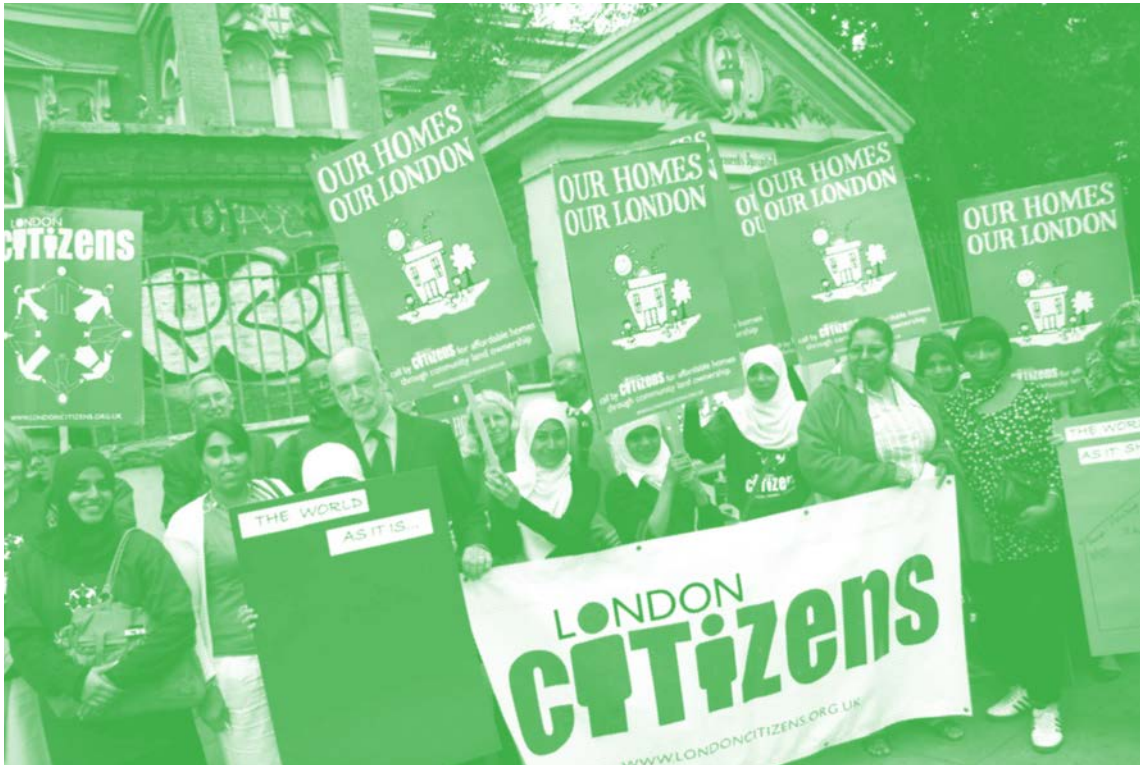
This would begin simply by including self-provided housing as a recognised class of development in their Strategic Housing Market Assessments (SHMAs)

9. Stephen Hill *Self-organised housing: levers for change* (Discussion paper for CLG, 2010)

10. It is not clear, at the time of writing, to what extent 'Buy now pay back later' will be of advantage to self-providers rather than speculative developers.

11. Tom Aldred *Op Cit.*

12. *Ibid.*



London Citizens' campaign for a Community Land Trust at St.Clement's Hospital site, Bow, East London, 2010

and identifying a *proportionate* allocation of land for self-provided housing through their Strategic Housing Land Area Assessment (SHLAA). Since self-provided housing constitutes 10-12% of supply nationally, and local market demand might be even higher in places, we would expect this allocation to be significant.

A number of planning experts and economists (notably Tim Leunig in his report '*In my back yard*')<sup>13</sup> have recently argued that the UK should recognise the inevitable need for more land for housing, and use the power of creating it to harvest the planning gain for Local Authorities through 'land auctions'.

The obvious problem with this is that local communities would still be naturally resistant to new development, and are less likely to respond to financial incentives (lower council tax for example, or even being 'cut in' to the revenues) than free-market economists might assume. Elected councillors would still find themselves facing unpopularity for promoting such developments. On top of that, there is no convincing reason why speculative developers, having purchased this land, should create neighbourhoods or housing of any significantly greater quality, sustainability or sociability than they have done previously, and communities are likely to know that.

The broad challenge we face is to turn the planning system upside down, so the motivation to develop comes from citizens rather than government or big business. The aim of a directly democratic planning system is to put the same communities who object

to new development in the driving seat, giving them the power to *retain* the value they create.

### **1g** Land through the Community Right to Build

This is the principle behind the coalition government's proposed '*Community Right to Build*'.<sup>14</sup> It gives communities themselves the ability to grant themselves planning consent through a community referendum with a 75% majority, thus retaining the planning gain, and control over the development.

On one level the *Community Right to Build* represents the first step in a rethink of the planning system in the UK, but actually it is not as new as it might appear (or likely to be as effective). Communities have been able to acquire planning consent on 'exception sites' for a long time, provided they can prove need.<sup>15</sup> Only very occasionally did this happen, as local resistance to development often outweighed support. It is highly probable that the *Community Right to Build* will come up against the same problem. For every optimistic and community-minded local citizen, there is likely to be at least one who will habitually object to *any* kind of development in the immediate vicinity of their home.

Although it is an attempt to give communities the power to acquire land for building community assets, the *Community Right to Build* still does not work with the real grain of motivation for most people, since it still depends on a certain kind of *existing* community<sup>16</sup> developing houses in their neighbourhood on someone else's behalf, either for profit or out of altruism. Even if those end users

13. Tim Leunig *In my back yard: unlocking the planning system* (Centre Forum, 2010)

14. Proposed as part of the Localism Bill which was introduced to parliament in 2010. [www.communities.gov.uk](http://www.communities.gov.uk)  
15. [www.idea.gov.uk](http://www.idea.gov.uk)



are the children of locals, or local teachers, it still requires a extrinsically motivated consensus of some kind.

The only communities who seem to fit this mould are those in remote coastal locations such as rural Scotland, Northumbria or Cornwall, for whom economic and social density is crucial to the survival of the settlement, and often where houses being bought as holidays homes have inflated property prices beyond the reach of people born in the neighbourhood. In these remote areas, communities have to build houses because speculative developers never would. However, in most of the UK this impetus doesn't really exist. If anything, it is possible that some communities might build housing as a *defense* mechanism (i.e. to counter the threat of a speculative housebuilder doing so), but it is more likely still that communities will simply not be motivated to develop at all (and certainly not on a scale which will meet national housing need). This is a problem the *Community Right to Build* will need to overcome. In order to be realistic - that is, to harness the real grain of motivation - the concept of a *Right to Build* must be accountable to a constituency not just of those already living in an area but those who wish to move *to* that area.

As an aside, it is also worth mentioning that the *Community Right to Build* must also confront some associated moral hazards, such as the issue of accountability and legitimacy, the risk of corruption (private companies manipulating certain influential members of a community to gain access) and even the risk that un-arbitrated politics between

neighbours could lead to intimidation and bullying.

### 1h Self-build zones

Although we should reject the idea that people act only out of self-interest, neither can we rely on the opposite. If the aim is to unlock self-provided housing as a sustainable mass-housing industry, the approach cannot be dependent on pure altruism or a semi-altruistic investment in the common good (as valuable as those things are). To hope that paid work can simply be 'subcontracted' to altruists would be cynical and ultimately unsuccessful. The approach must be designed primarily to harness people's basic desire to find land, and build high-quality, sustainable homes *for themselves* to live in and own. At the same time, this must be done in such a way as to cause minimum imposition upon existing neighbourhoods.

That would suggest a need to establish whole *new* self-providing neighbourhoods or zones through the planning system, where it is understood from the outset that your own *Right to Build* extends to your neighbours and the whole community.

These village or town-sized sites could be established on under-used agricultural land or ex-industrial sites. These could be purchased through a 'buy now, pay later' and/or a land-auction system, using the value-uplift created by planning consent to fund the cost of infrastructure and allowing plots to be purchased at prices affordable for first-time buyers.

One way or another, if the population is going to

16. It is worth noting that one of the general weaknesses in both the *Community Right to Build* and the Localism Bill is that it struggles to define what a community actually is, and if it is a geographical entity, where its boundaries should be drawn.

One way or another, if the population is going to continue to grow over the next few decades, new land *will* have to be made available for housing. Self build zones of this sort might be the most logical mechanism for delivering this, through something like the previously proposed 'eco-towns' model.

# CHRIS BALCH

## on Access to Land

*Chris Balch is a town planner, chartered surveyor and former head of UK consulting at DTZ. He now champions innovative urban strategy and is professor of planning at the University of Plymouth.*

### How can self-providers' access to land be increased?

The key benchmark is what a developer will bid for land as this effects what a local authority can sell that for, given that they're operating under best-value considerations. Unless you can demonstrate that the self-commissioned housing model is capable of competing in the land market with the private developer model it isn't going to work. So I've tried to examine that.

Looking at the components of cost, in a self-build model then the requirement for developer's profit is much less because although to an extent a self-commissioner will always think of what the end value will be, and probably build in contingencies, profit is not the principal concern. Clearly finance costs will be different because of what the cost at which a self-builder can finance will be more expensive than a housebuilder will be more expensive. Although there is probably not a lot of difference.

So is there any fundamental reason why someone who was going ahead with a self-provided scheme as opposed to a normal housebuilding project could not be able to compete in the market? One advantage is a significant saving in terms of marketing and sales costs, and you don't have any of that do you, because you identify your end user before you start.

### Are you taking out affordable housing contribution as well?

Yes... I think when you wash through (local authority fees, professional fees, site preparation costs and buildings costs), because you've taken out the profit element and the marketing costs and you take out the affordable housing contribution – there's no theoretical reason.

### Apart from the fact that (speculative housebuilders) have a whole infrastructure there in terms of sourcing and buying land before self-providers can get to it.

Basically anything that looks like a building site in this country is probably under option to a housebuilder. In essence they've established an oligopoly over housing and land.

### So do you think there is a case to be made to local authorities that in the interests of better social outcomes they should prefer self-provided housing where possible?

AN ENLIGHTENED LOCAL AUTHORITY OUGHT TO BE LOOKING AT MAKING IT A REQUIREMENT, CERTAINLY ON LARGE SITES

Frankly, an enlightened local authority ought to be looking at making it a requirement, certainly on large sites, an element of new housing ought to be made available through a right-to-build type approach. If you're interested in community-building and placemaking then I think 'right to build' and self-build ticks all the boxes which the speculative housebuilder model tends not to.

So a new community like Sherford near Plymouth, where some 4000 homes are proposed, there ought to be a requirement for say , 250 or 400 self-provided homes. For the private housebuilder there isn't necessarily any disadvantage in them doing that, because it may mean they can shift their land and get some cash in early.. So in the discussions I've had with the private sector and the developer community there is interest in the opportunity with this model, based on identifying sites, getting planning, servicing and selling them to individuals who wanted to build.

FOR THE PRIVATE HOUSEBUILDER THERE ISN'T NECESSARILY ANY DISADVANTAGE

### On a plot by plot basis?

On a plot by plot basis. You could actually move your money quicker than you could if you were having to build the whole thing out, take all the risk on selling them and so on. So you can see some housebuilders potentially saying we wouldn't mind mixing approaches. On the other hand the pure housebuilder sees the advantage in banging out boxes to maximise return on capital. I'm sure that their model will probably in the end produce more return on capital which economists would argue is more efficient.

### So there is a viable model of private sector land promotion?

The model I have been exploring is based on example sites across a range of environments. This includes small sites of say 5 units, medium sites of say 15 units and large sites of say

25 units. Allowing for variations and making some heroic assumptions about the sort of plot price one could achieve. I have convinced myself that there's a viable model here. And to be fair there are companies out there doing this on a small scale basis. Developers who go and find land, get planning permission, prepare it and flog it.

I THINK THERE IS A GAP IN THE MARKET FOR SOMEBODY TO START GOING OUT AND TRYING TO FULFIL THIS MARKET NEED.

They'll tend to flog it to volume builders. It's a well understood model; it's a land development model rather than a housing development model. I think there is a gap in the market for somebody to start going out and trying to fulfil this market need, because the housebuilders aren't going to do it.

The key would be to get it to a point where there is critical mass through preparing and selling around 500 to 1000 plots per year. That would mean around 25 sites. If you think of revenues on that, 1000 plots a year, at £100,000 a plot that's a ten million turnover business. But I think it would need to be a geographically, say regional business.

And the advantage of doing that as opposed to reaping the rewards of inflated end property value would be the fact that that company doesn't have to become involved in all the risk of building and selling the houses.

...  
So how is Grant Shapps going to make Community Right to Build actually work? It's all very well having lots of well meaning communities doing it but they need somebody with a bit of muscle to go in and say, we'll work with you, you find us a site, we'll bring the expertise and the capital to help you get the planning. Community Right to Build says they're going to be able to give themselves planning permission anyway, but we'll bring the capital and expertise on site preparation.

**What does that mean, for the planning system, but also for banks and lenders?**

At the minute you'd find it difficult to get a bank to lend you money on that. So I think you probably need equity or some long term fund where you can keep recycling the money and taking your 10% or 20% return per year and keep rolling that around and around. What you need are some institutional investors who are just looking for steady returns... I don't think it is that risky, because...

**.. you already have a guaranteed bunch of people who are end customers.**

..yes. You're not going to spend any money until you've identified your end users. You wouldn't commit large sums of money.

**So it's like the private housebuilder model but with a lot of the risk taken out, because you're not having to cope with market risk if you're providing for specific households .**

And all the signs are that there is an unfulfilled, suppressed desire from people to build their own house.

...

I also looked at a different model.. (the previous one) was a direct development model where it was assumed you'd go in, you'd buy the land and do it all yourself. I explored a JV (joint venture) model where you don't buy the land but share the profit with a landowner.. So you're bringing your expertise and your money for planning and servicing, but you are not buying the land. You are working alongside, say a local authority, offering a way of bringing it forward to market. You would then agree as part of the JV what your target rate of return would be. In essence it viability would depend critically on what deal you negotiate with the landowner...

**So then you sell the plots to self providers?**

Yes, your customers would be buying plots from you. You would be providing the expertise and capital to run it through planning and get the servicing in, but your JV partner would not be getting their receipts until such a time that you sold the plots.

**But does that mean that the design of the neighbourhood gets shaped effectively by the same things that shape speculative development; because the level of quality that self-providers bring is not just in the design of the buildings themselves but in the design of the neighbourhood?**

Yes, through the design code that is put in place... The issue is at what point do you get potential people involved. The way it's done in Germany is that the local authority makes a plot available for self build and people will come forward and pay €1000 deposit to be part of that club who will then start to work on what it is they want, start to develop a design brief before the thing gets built.

But then the guys I've talked to in the private sector, the 'pure' developers say, actually, this is the way it's done in America: you just provide plots. People go to Home Depot in America and they can buy their house, get it delivered on a lorry, and bolt it together. That's the way they do it.. whereas here you get a HUF house. That's the way it's done. What the land developers do in the United States is they'll be paid for creating the amenity that will attract people they like, with a

golf course or whatever!

**So you have quite a worked-through vision of the private sector as an enabling mechanism, but why aren't we doing this now?**

I think we've got locked into a structure around housebuilding in this country which is around speculative housebuilding. That's the model. It's exactly the same as the supermarket model – there is no other game in town. That's just the dominant mode of production...

I've heard the comment that planners would far rather deal with a volume housebuilder because it's one point of contact, its professional to professional... We have got locked into a system of production which is a monoculture that says 'this is how we produce houses'. It doesn't have to be like that.

**What needs to happen to make self-provided housing a major part of housing supply in 20 years?**

I think you'd need an intervention in terms of Competition Commission to actually break the dominant effect of the increasingly small number of providers. New providers need to be encouraged to come into the market. I guess that self organised housing will never be more than say 25 to 30 percent of output. But that could be a really valuable contribution.

SELF-ORGANISED HOUSING WILL NEVER BE MORE THAN SAY 25 TO 30 PER CENT OF OUTPUT. BUT THAT COULD BE A REALLY VALUABLE CONTRIBUTION.

I think you clearly need a planning system which is more responsive to user requirements rather than producer requirements.

**In what way?**

Well, a more outcome-focused approach not just to quantity but quality. I think that inevitably brings you more to looking at the user perspective rather than the producer perspective.

I think we've got locked into the producer perspective... The Barker Report looked at the whole issue of planning and land supply and so on. I think it looked down the wrong end of the telescope; it didn't look at the system of production, it simply looked at the planning and land component.

THE BARKER REPORT... LOOKED DOWN THE WRONG END OF THE TELESCOPE... IT DIDN'T LOOK AT THE SYSTEM OF PRODUCTION.

(The question is): Why should the market for new homes be so different from the second hand market? In the second hand home market you have individuals, sweat-equity; they go in, they'll buy a wreck, they'll put all their effort into it themselves.

New build is all part of the commoditisation of homemaking by the housebuilding industry and the financial services sector, who see a good buck to be made out of selling people a dream home.. the lifestyle, (has) been commoditised. What most people do to get on the housing market is they buy a wreck and do it up. That's not available to you in new build.

**Why do you think that isn't the case, because of the inflated value of a walk-in, turn-key, 2 bed urban flat? Or is it purely a question of supply side culture?**

It's like most things. Consumer capitalism has created the want rather than the need, whereas housing is a pretty fundamental need, isn't it? So they're selling off an inflated value which is generated by selling to the want rather than the need.

.. Actually the reason that housebuilding has collapsed is because of the over-inflated funding going into the thing, the huge bubble of land speculation etc, and the problem is nothing to do with planning actually. ...

WHAT MOST PEOPLE DO TO GET ON IN THE HOUSING MARKET IS THEY BUY A WRECK AND DO IT UP. THAT'S NOT AVAILABLE TO YOU IN NEW BUILD.



## 2

# FINANCE

At a time when banks and building societies are extremely cautious in their lending, self-providers, like all housebuilders, struggle to get development finance for their project. This is especially a problem for those who don't already own a property to borrow against. We need to make self-provision projects as low-risk, and as transparent as possible so more households can get finance for their project.

Although they occupy a small share of the mortgage market, and are sometimes treated by lenders as difficult, unknown territory, conventional 'self-build' mortgages are in many ways intrinsically low risk. Firstly, because there are no profit margins or marketing costs to pay the cost of buying land and building tends to be considerably less than the final market value of the property. Secondly, self-providers tend to be highly motivated and committed to the project. Thirdly, because mortgage funds are released in lumps as each stage of the project is complete. If the project falls through at any time, the lender can take possession of the property. Most high street lenders offer a maximum of around 75-80%, but *Buildstore* report an average loan to value of just 62%.<sup>1</sup>

However, there are relatively few banks and building societies which specialise in self-build mortgages. In order to scale-up finance for the self-provided housing sector, and lower the capital threshold so those on lower incomes can self-provide, we need to find ways to offer greater security on loans which have higher loan to value ratios. There are a number of strategies that might achieve this.

#### **2a) Co-operate / spread the risk**

By forming co-operatives, the risk is carried collectively between a number of people. This has the benefit of aggregating risk across a number of people (so it is less vulnerable to one person being made redundant, for example). A small number of ecological banks and building societies such as *Triodos* and the *Ecology Building Society* already cater for this market, even if many high street

lenders do not. There is potential for future growth of special lending vehicles financed by funds looking for steady, long-term returns on investment, such as pension funds.

#### **2b) Partner with housebuilders**

By working with established, experienced housebuilders, self-provider groups can offer assurances to lenders. This in turn is a lower risk strategy for housebuilders who by working under contract for a client effectively eliminate market risk because they have guaranteed pre-sales. The contract does need, nonetheless, to retain the clients' control over the design of the project.

#### **2c) Set up enabling intermediaries**

A major problem for lenders is the difficulty in understanding new self-provision models. We need to set up national intermediaries to "bring together all the self-organised sectors to represent themselves to the lending market as simply as possible... so in a sense the banks don't have to worry too much about what lies behind that. The intermediary deals with it."<sup>2</sup> Such an intermediary would create a single point of contact for bond schemes and pension funds as well as Local Authorities, combining a thorough understanding of the needs of both self-providers and lenders. *Buildstore* has begun to play a similar role in the private sector, acting as broker between banks and borrowers to offer specialised 'accelerator' mortgages, which draw down funds in advance of each stage, meaning self-providers can have positive cashflow throughout the project.

Such intermediaries, be they national or regional,

**1. Buildstore** Self-build moving centre stage (Buildstore, 2009)

**2. Stephen Hill** interviewed by the authors.



also have the ability to curate lending consortia between lenders looking to share risk and to develop relationships with local or specialised ethical lenders.

#### **2d) Establish revolving funds**

Community Land Trusts (CLT) or public authorities in principle will only require a single initial fund, the revenues from which can then be recycled to invest in further schemes over time. An example of this is the Cornwall regional 'umbrella' CLT, which has established a revolving fund, so revenue can be reinvested continuously to provide funding for new CLTs, rolling out over time.

#### **2e) Design down the capital cost**

There are a number of ways in which the overall cost which has to be borrowed relative to the value can be reduced through design, without reducing size or quality.

First, a group scheme can be phased such that upon completion of the first stage, it can be borrowed-against in order to complete latter phases. With each phase, the growing level of skills and knowledge will give extra assurance to lenders.

Second, models which take out the land component (for example through a Joint Venture model with the public sector or a Community Land Trust)<sup>3</sup> can bring down the overall level of lending.

Third, by investing 'sweat equity' wherever possible: equity earned by work done in kind (such as plumbing, wiring, decorating etc.). This can be

augmented by a group pooling their skills and even setting up a system of time-banking. Like Walter Segal houses, the structure itself can be designed such that it lowers the skill threshold, allowing even those with basic skills to invest sweat equity.

3. Refer to 1e and 6



# STEPHEN HILL

## on supporting the self-organised sector

*Stephen Hill is a Chartered Planning and Development Surveyor, and director of C20 Futureplanners, specialising in sustainable development and regeneration, land economics and spatial planning.*

*As well as serving in a number of expert advisory capacities, he has championed citizen-led developments and Community Land Trusts for many years.*

### What are the financing issues facing self-organised housing?

Actually they're not even particularly unique to the self-organised sector; they're the same set of issues for everybody. Even for some of the big players now, simply getting capital is so difficult. For the smaller firms it's even more difficult.

So, a lot of the efforts are focused on how you can bring together all the self-organised sectors to represent themselves to the lending market as simply as possible, and have some kind of financial intermediary, so that the banks don't have to worry too much about the detail that lies behind it.

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### So that intermediary, let's call it a Community Housing Agency, at what level would it engage? With individuals, with groups?

Mainly with groups. We've got the beginnings of a powerful infrastructure in the south west. Cornwall's got its own countywide parent community land trust now. In Devon, Somerset Dorset and now Wiltshire, they're setting up county-wide structures. Then you have the Wessex Reinvestment Trust. They would be the retailer to the counties and then down to small local organisations in their area. The Confederation of Cooperative Housing have had discussions with commercial banks, building societies and institutional funds who would all prefer to deal with an intermediary, and don't want to get involved in the small – to them - coops..

### Would it be focused on self-provided housing in general, or community land trusts? Is there a distinction?

It depends what your definition is. I'm tending to use the word self-organised as opposed to self-provided, partly

because it's the word that seems to be used more in Europe. So if you google it, you get a lot of stuff in Europe. Quite a lot of the EU programmes, particularly in Germany, post unification, have been focused on genuinely community-led self-organised projects. Whereas CLTs started off mostly as an idea from the new economics foundation in the early 1990s, which was then initially put by professionals to local people saying: Is this something you'd like to do? Whereas, now the message is out, most of the ones that have come forward recently have been rural communities taking the lead: 'we need affordable rural housing and think that community land trusts are a good way to do it.' This movement has been strong in Cornwall because of the high price of market and holiday homes, and because local landowners have been keen to help with free or low cost land for the benefit of their own communities.

...

To me, every type of self-organised housing...they are all just different members of the same family; co-housing, cooperatives, ordinary self-commissioned housing with no particular form of social organisation, CLTs and self-build. So what we're now trying to do is represent that cluster of interests as a coherent group getting the government, funders, and public bodies to engage with us as a whole.

### And presumably the common thread for that movement is a kind of shared belief that these are more affordable, more sustainable ways to produce housing?

It is, and what I've tried to do, certainly in the community land trust work, is to say spatial planning must deliver the kind of outcomes that communities are looking for to meet their needs and demands. So it's part of the responsibility of the local planning authority... to be engaging with those bodies that are best able to deliver these outcomes.

QED: community land trusts, and the rest. They are the placemakers. House builders are not, and not enough housing associations are either...

### Because logically you'd say if we are focused on those outcomes the private sector didn't make all that much sense anyway.

That's right. We can bash the house builders round the head for as long as we like: they're not going to change, because they can't. That's not their business model. It's not what their shareholders invest in

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them for. So let's stop beating them up for not doing something they're not really equipped to do. Find people who are. Maybe you then go back to the house builders and say, we want these people to be involved, and we want you to build houses for them. This is really where the CLG would like this 'self build' interest to go – not exclusively – but they have said that we'd like to see how self organisers can engage with mainstream house builders so that they can develop a new range of services and products.

The other thing I'm trying to add into that narrative really comes out of work I've been doing last year. I was a lead enabler at CBE on a project reviewing nearly 300 Kickstart Round 1 projects, and then I was on the Housing Design Awards panel, and there were 200 schemes there – so I've looked at nearly 500 schemes in a year... a pretty depressing experience. They're all the same: the space outside and between the buildings is crap! With just a few, a very few honourable exceptions. The conclusion we came to was that most house builders simply don't know what the space outside the buildings is for.

What I've found over the years is that, almost by default, when I'd been looking for successful schemes, I'd been choosing, without consciously knowing it, self-commissioned housing, cooperatives, CLTs, co-ownership, and co-housing projects. These were the ones where residents did know what the space between the buildings was for...they designed for it, and then they lived the experience of that space and place...often magical in quality.

WHEN I'D BEEN  
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HOUSING,  
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AND CO-HOUSING  
PROJECTS

**So the big story is, if you want that kind of product it's got to come from the right process.**

Absolutely. And if you want decent space around the building that people own, inhabit, use... then they must also be involved in its design, production and finally stewardship.

People will say that can't be done, not because it can't but because they don't know how to or just won't change what they do now. At last year's UK Co-housing Network Conference, I heard US cohousing architects Chuck Durrett and Kathryn McCamant. What they now find in the States is that because of the quality of placemaking

that comes out of cohousing – a developer, often a New Urbanist one will either look out for a cohousing group, or they get in touch with Chuck, when they're looking for a partner for the site breaking first phase of a new 400 to 500 unit development. It reduces marketing risk, introduces cash flow, gives them a project of 30 to 40 homes to build efficiently all at once; and they don't have to discount the first batch of sales!

**So you're saying that there is this institutional shift in the market realising the advantage of allocating a portion of a project to self-provided housing?**

Yes... There was a scheme in North Denver where this happened in the first phase, and because people started inhabiting the public spaces straight away, the developer photographed it and used it as promotional material. So, you've got a living advert when people come and visit the site. But although the developer has copied many aspects of the layout in the later phases, nobody uses the space in the same way; they all migrate to the cohousing part! Which the cohousing people actually seem to be quite happy about because it makes the whole place more sociable, and they're the centre of the place.

But again, it's ironic, people think you can achieve something of quality and character by copying the look of it, but you can't. That's how most of our design codes work...they are about picture book styles rather than an understanding of how places are made, adapt and acquire character over time.

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**Going back to the issue of finance... What realistic pathways do you see for improving the financing situation? Even if there are support agencies who can turn around the political inertia.**

I think there are opportunities for particular people to take up the enabling role. There are one or two large housebuilders, and certainly quite a few smaller ones who want to do it, and have got a good track record, and are respected in the industry. The second thing is to develop relationships with bigger players. In the RSL world, people like Accord and Synergy are always held up as good enabling development partners. Equally, there are some situations where both a local authority and a major house builder want to do a self-organised housing scheme as an exemplar. It's about creating a product they can pick up easily, in terms of somebody else locating and supporting the social organisation. There is a job to link groups to land and enabling development partners, negotiate a deal around sharing the risks that are unique to that project. There may be cases where the group will take the whole risk, and the house builders just build to order, and others where the developer takes more risk, especially on

marketing. There will be a spectrum of risk sharing.

### **Are there key areas where design can actually lever advantage?**

Two ideas. One is the design of houses, the other is planning. If we deal with planning first, one of the things the chief planning officer at Cambridge wants to do is find some way of retaining the design code but also recognising that it's far too detailed. So I suggested why don't you think of a kind of 'development control-lite' designation – almost try Vauban; one page of design constraints and a proactive relationship with the cohousing group members and the developer. So you have a minimal code, with maximum storey height, setback from the pavement and a dwelling mix... and that might be it.

### **You allow diversity within an apparently rigid framework?**

Absolutely Apart from the basic statutory requirements you might have a limited series of 'comply or explain' criteria – people will have to explain why they want to do something else...because they want to do something different or better. So, if you said 'it's got to be 1 to 1 parking' and they'll say, 'no, because we're running a car club, so it's 7 to 1'. That's the deal. So you have a series of things that get incorporated into section 106 or planning conditions. One of the planners' main fears is always that diversity becomes unmanageable. Other developers, before or after this one, will either complain that they weren't allowed to do that, or will go in, on a new scheme, with what to them is just a way of reducing cost or quality and standards.

The other lesson from the cohousing scheme at Stroud was that they spent huge amounts of time on both the layout of the site as well as the individual dwellings, but that the amount of time they spent on the dwellings didn't produce the same kind of dividend as the layout did. It is the layout of the site that gives Springhill its unique character and charm, because it's in the space between the buildings that interesting things happen and which make up the social life of the place.

I think they had seven generic house types, and then almost every one of those was bespoke.... They could probably have done a more basic house type and people could have used the money they saved to just adapt it as they wanted to – as most of us normally have to do...and rather like doing!

### **Closer to a self-finish arrangement?**

Yes. Kim Slowe at Zero C wants to do another phase at Poundbury, or a scheme somewhere else, but offer people a range of selling and finishing options: first fix, second fix, decorating and fully finished. There are some technical issues, because at first fix there are still things which need to be building reg. compliant. What the architecture could do is to replicate some of the inherent adaptability of town house types and the capability of adding space at the side, back or on top.

That approach to house-type design was what Lifschutz Davidson actually followed on the Telford Millennium Community project. They came up with a way of rationalising plans around circulation and services. So a series of standardised elements which dealt with those in a number of layout arrangements.

The house type then had flexibility, but equally it had the potential for adding on in ways that would not infringe rights to light and so on.

People would know they're buying a house with that kind of potential, and their neighbour would as well – so they can't then complain about the right to a view or overlooking.

PEOPLE WOULD KNOW THEY'RE BUYING A HOUSE WITH THAT KIND OF POTENTIAL, AND THEIR NEIGHBOUR WOULD AS WELL – SO THEY CAN'T THEN COMPLAIN ABOUT THE RIGHT TO A VIEW OR OVERLOOKING.

BECAUSE IT'S IN THE SPACE BETWEEN THE BUILDINGS THAT INTERESTING THINGS HAPPEN AND WHICH MAKE UP THE SOCIAL LIFE OF THE PLACE.

**While advocating self-provided housing, there is this tendency to overlay rose-tinted spectacles. I think we have to honestly confront the issue of social inclusion. Is there a risk that we are actually creating a kind of planned-in parochialism?**

I think there is that risk. I used the idea of cohousing in some coursework I ran recently. Initially all of the post-qualification students were rather repelled by it. I then got them to go back a step, and think that 'during your professional lifetime, by the time you've retired in 2050, we'll have hit the 80% carbon reduction target... or not. So what you have to do you have to imagine what your professional lives will look like over that period. What will you have done by the time you retire? It will be substantially different from now. What are the values which will be implicit in your work? When you retire what kind of living environment do you expect to be in? What that enabled them to do is look at their own value sets and compare them with people who live in cohousing. What they found was much more similarity than they expected, and a better understanding of what we can do autonomously and what we will have to do collaboratively; something that they could easily relate to, as the course

was about their role as professionals in the Integrated Design of the Built Environment, in which collaborative working and co-production were at the heart of their studies. In the end, they came up with far more socially radical ideas about living in the future than cohousing.

**Sure, but what I mean is can these models only work with a) middle class capital and b) middle class values, what can we do to any of these models that will enable those who at the bottom of the social ladder to be involved? Can we do anything?**

Absolutely. There are already tried and tested models. The coop model applies to anybody on any income. The Sanford Coop in Lewisham has been going for nearly 40 years, and on the most unpromising site has now developed a model for reducing their collective carbon footprint by 60%, based mainly on their prudent stewardship of the place over all that time. So that's a pretty challenging role model for the rest of the comfortable middle classes to live up to! And there are no rules or regulations making them do it. This what we will all have to do, sometime soon

Within any given housing development, if you think this is a methodology for making good places, we need to think about the kind of scale of social organisation and place that clearly works. Therefore are the units of scale...are they...

SO MUCH DEVELOPMENT... ISN'T THINKING ABOUT THE KIND OF SCALE OF SOCIAL ORGANISATION THAT CLEARLY WORKS.

**...socially optimal?**

Yes. So maybe one of the jobs is to say, if these things work, maybe we need to be rethinking how we masterplan, how we conceive of certain sites and how they'll work so local authorities can begin to say, this is a site with three or four community-sized units on it. The design therefore has to be based on an understanding of how social organisation makes place. The era of the Beaux Arts masterplan, the 2D diagram, should be consigned to history. They don't tell us anything useful about making places on their own.

**Could you paint a pathway that you see us moving on from now, where self-provision represents such a small sector of UK housing supply?**

Well, I suppose my story would be that already there are signs that the market may go down again. What developer is going to do anything, unless by good luck he has some guaranteed customers? At the moment, outside London, most of the house builders have very

strict rules about the amount of standing stock they can have on site; 3 or 4 houses at a time, with big gaps in between. This not a plausible way to build communities. But 30 or 40 pre-sales? Then they can commit to building 30 or 40 homes in a much more interesting and cost effective way. That would be a very attractive proposition.

IN A SENSE, WHAT DEVELOPER IS GOING TO DO ANYTHING, UNLESS BY GOOD LUCK HE HAS 30 OR 40 PRE-SALES?

Actually if you got opportunities to build for...effectively subscribers... operating in a number of different markets in terms of price, you begin to re-create a market which is modest but more diverse, and predictable and less risky... or 'more boring' as our Housing Minister would like to see it. One of his better ideas!

### 3

# ENABLING SELF-PROVIDERS

The complexity and sheer difficulty of building your own home represents a real obstacle - not just to individual self-providers, but also to design and construction professionals, who might perceive self-providers as 'difficult' and harder to work with than other professionals. We need to establish a network of professional and peer-to-peer support mechanisms for self-provided housing; demystifying the process, sharing standard models and making it faster and easier for everyone.

### 3a) A self-provided housing agency

A crucial step will be the creation of a national bridging agency for self-provided and self-organised housing of all kinds, as advocated by Stephen Hill. It would fulfil a number of roles. It would operate as a single point of contact for Local Authorities, Housing Associations, RSLs and other community organisations, offering help, advice and support. At the same time it would represent self-provision to banks and lenders, establishing and implementing trusted, reliable standard legal and financial models and helping groups and communities use them.

It would also operate as a node for action-learning, pulling together key experts and undertaking research to find evidence on real-world outcomes, and representing the sector to government, the public and private sector. This has not previously happened as the self-provided sector is, by its nature, distributed as a political force in comparison to professional housebuilders, who have been well represented.<sup>1</sup>

Given the size of the self-provided housing sector, it is odd that such an organisation does not already exist, even as part of the Homes and Communities Agency. It should now be seen as an essential catalyst to unlock self-provided housing as a mainstream part of housing supply.

### 3b) A network of enabling organisations

That agency would form a node at the centre of an already growing network of Community Land Trusts, Cooperatives, housebuilders, manufacturers, land promoters, RSLs and community organisations, as

well as professional organisations like the RICS and the RIBA.

### 3c) Private sector aggregators & web-based interfaces

There are already a number of private sector 'aggregators' and dot com enterprises boosting self-provision. Apart from media fora, such as *Grand Designs Magazine*, there are land finding services such as *plotfinder.net*.

The most impressive and comprehensive aggregator at present is *Buildstore*, who run the the *National Self Build & Renovation Centre* in Swindon. The centre is, in effect, a huge museum-like experience (complete with audio guide) which explains almost every aspect of self-providing, often using 1:1 models and actual houses and materials to make the issues more tangible.

*Buildstore* hosts a Plotsearch service, and a Financial Services Team, offering specifically created mortgage packages for self-builders. Fundamentally, its role is to match self-providers to products and services, from which it generates its income. The infrastructure it uses to do this is smart. Visitors tour the centre with a barcode scanner, scanning barcodes on items to request further information. This in turn forms a profile (not unlike an amazon.com profile). *Buildstore* have also created a *TradeCard*, which effectively combines the collective buying power of its members to buy at trade prices and negotiating specific deals with certain manufacturers.

1. In particular by the Home Builders Federation (HBF) which is an industry body representing the providers of around 80% of new homes each year in England and Wales. [www.hbf.co.uk](http://www.hbf.co.uk) and National Housing Federation (NHF) who represent Housing associations. [www.housing.org.uk](http://www.housing.org.uk)



The centre also sees education and awareness as a major part of its remit, hosting classes and seminars for self-providers, but also discussions and educational events for universities and professional organisations. Although only established in 2007, the clarity and knowledge the centre brings to self-provision is having a big impact: it is now attracting increasing interest from Local Authorities looking at pioneering self-provided housing models.

### 3d A new UK house-manufacturing industry

The operations of businesses such as *Buildstore* makes it very easy to imagine massive innovation from the private sector if the public sector can create the conditions for a growing self-provision market.

Firstly, private sector companies operating as land-promoters could physically prepare plots more extensively, including groundworks and even the construction of party-walls, eliminating some of the most difficult aspects of the project.

Secondly, the further emergence of customisable off-the-shelf system-build brands (such as Huf or Potton) will have a significant impact in lowering the cost and risk of self-provision and increasing energy and use performance of new houses. Designing integrated procurement infrastructures in this way can perhaps do more than anything else to lower the demands on skill, capital and time that self-provision makes on people. By focusing on the market of self-providers rather than speculators, it also can finally unlock the long-promised (but never realised) advantages of prefabrication, and create

an innovative, competitive, use-value orientated house manufacturing industry on a similar scale to other manufacturing industries for cars or household appliances.



# RAYMOND CONNOR & JACLYN THORBURN

## on a new mass housebuilding industry

*Raymond Connor is the chief executive of Buildstore, a company established to support the self-provided housing market. It has now established the National Self-Build & Renovation Centre in Swindon, a huge facility providing information and support to self-providers.*

### Who are, at present the self-providers?

**RC** Well, we get about 20,000 people a year through the door. About 20% are what we call, 'the executives', so time-poor, cash-rich... we've had our fair share of premier league footballers, actors. They know what they want. They're not hugely involved in, say, the structure; they wouldn't care if it was timber frame. More and more these days though they're more interested in the eco side of things. Then there's 20% at the other end, who we call 'traders', they'll be in the trade. They will question everything, they will buy everything themselves and they will look for the best value. Then you've got the typical *Buildstore* customer who is a project manager who is pulling it all together themselves, but most likely choosing the building system, the contractor and so on.

### By project manager you mean a self-procurer effectively.

**RC** Yes. So if we talk about what's scary for people; it's the big hole in the ground. That's probably the most scary thing. That's why a lot of people will go for the package companies, because they'll erect it and do the groundworks. What we've done is basically put together a whole series of underground maps, like a tube map. We've made section cuts through the ground so you get a worms-eye view of things like a greywater tank, a biodigester. Essentially we're just trying to add a bit of theatre. We also get a lot of students from Reading and Swindon, from the construction schools and architecture schools.

All the time, as you go round, if you want any more information on anything you scan it with a barcode scanner. So when you come out we take the chip out and email out all the requests for information to the relevant companies.

### Like a wedding list.

**RC** Yes. So it's really to get people to understand what the issues are. A lot of architects actually bring their clients here to actually explain design decisions. It explains all

the different types of foundation you can get and why you would use a particular one. You've also got wall types, building systems etc. So we have that aspect of the operation, but we're also working in other ways, for example, we're organising a lenders conference, because what you've not got with Modern Methods of Construction (MMC) and eco-design is the lending support. You've got legislation and incentives going one way, and the building societies and lenders going the other. All they really care about is, if I repossess it...

### They just want to keep risk down.

Yes, and it can't continue like that. What we find is that actually much of it is a lack of awareness. We're about to do an eco-launch with a particular building society. We asked, ok, what will you allow in terms of fabric? They said, 'Well, we'll go to timber frame...SIPs? Hemcrete?... I don't know. We'll need to talk to our surveyor'. So we're bringing the surveyor here and we'll talk them through. A good example would be Structural Insulated Panels (SIP) – they just don't know what they are.

### So what what you're doing here is not just knowledge for self-providers, but also professionals and financiers?

That's right, yes. We've got RICS in here, we've had colleges, surveyors, we've had RIBA South West. Because we have the ability to bring things to life.

### So the operation is quite big. How has your business model developed over time?

When I first wrote the plan for *Buildstore* back in 1999/2000, in my plan were a number of visitor centres. The key issue is that there is no tangibility to self-build. We can't even get the name right! A crate of champagne for whoever comes up with the right name! If there's a national centre and there's things in it, it must exist.

AS YOU GO  
ROUND, IF YOU  
WANT MORE  
INFORMATION  
ON ANYTHING,  
YOU SCAN IT.

THERE'S £22BN OF LENDING THAT THE BUILDING SOCIETIES ARE GOING TO DO THIS YEAR. JUST 2.5% OF THAT DIRECTED TOWARDS SELF-BUILD WOULD BUILD MORE HOUSES THAN THE HOUSEBUILDING FEDERATION

### What effect did the banking crisis have?

The aspirant level has not decreased at all. The ability.. has. The overriding aspect for most people is finance. Not just finance to build it, but how do you get from 12 Acacia Avenue to self-build. That's what's hit it. When we were at the peak of the market, 2006 to 2007, we would place between 75 and 80% of

finance enquiries. At the height of the recession we were down to 20%. It's now, I'd say about 40%. We've managed to keep it alive and we're introducing new lenders. I think what's kept it alive was this centre, because we were able to bring people in and say, 'we do it properly'. Banks use the lack of money they have to lend to say, do we really want this type of stuff? We argue, yes, you do. I'm speaking at a conference at the end of this month to the building societies and arguing that they need to. It gives them good clients. There's £22 billion of lending that the building societies are going to do this year. If we could get just 2.5% of that directed towards self-build we would build more houses than would be built by the housebuilding federation and will create or maintain about 30,000 jobs. There's a lot to be said for the activity.

...  
One of (our) key products is a trade card, where we are aggregating the purchasing power of customers. We have various partners.

### **Can you explain how that trade card works?**

Through a master account as it were. We have specific deals, we have deals with merchants, we have deals with individual companies like magnet kitchens or homebase, people like that. What people also like is that if you were at an exhibition and you stopped to look at something, somebody would be on me trying to sell me something. Whereas here I can walk around and have a look.

### **So you've almost created a neutral space between the manufacturers and the consumers.**

Yes. But also the leads the manufacturers get are strong, because if they receive an information request it's because somebody has actually scanned for it – unless its a four year old who's come round with mum and dad! But somebody is saying 'please send me more information' and the detail they get is fabulous.

### **What is the level of resistance from the big speculative housebuilders, your Wimpeys, Barratts, people like that? Are they worried, are they resistive? Are they open to it?**

I wouldn't say they're open to it. I'd say we're largely irrelevant to them, although I think more and more are happy to see plots being made available, being sold to the customers. No I don't think they really have a firm view on self-build. What they're a wee bit worried about is whether the recent government policy announcement by Grant Shapps, they're worried the self-builder may get preferential treatment.

...  
So, we also have a renovation zone. We've built a wreck, with four identical facades in various stages of restoration. You put on your helmet and on the audio

guide you hear Tommy Walsh... Essentially it takes you on a journey through a wreck.. So we start with what's wrong. So then you start to work on how to fix it. I think with renovation what we're really keen to get across is to people who'd say, 'well I'd want to renovate something before I build something', that the opposite is true: it's much easier to build than it is to renovate. So they need to understand, it's the down-taking, strip it back and see what you've got left, if anything.

### **So introducing the realities of contingency etc.**

Exactly.

### **So Buildstore is operating as market aggregator from the private sector, but to what extent is the public sector involved?**

It's both. We spent this morning at the Swindon Borough Council offices where they're working in tandem to create 14 or 15 plots. The Council have land they want to make it available to sell. But they can't do it either. They form a partnership and say, here's a scheme, we'd like you to do it. You can have a fairly wide remit in terms of design, but it must be as green as it comes. They've got lots and lots of land. I'm going up to another council tonight and they've got plots they'd like to sell. More and more we're seeing that.

### **And to what extent to you expect to cater not just for individuals but groups and communities in the future?**

Certainly, group and community self-build, like we're doing with Swindon Borough Council, 15 local people will be asked do you want to build your own house in Swindon? The local authority are accepting within reasonable grounds that they'll have to provide (the land) that bit cheaper. But we know we can create a three bedroom family home for a local Swindon family for £160k and it's probably valued at £200. More than that, they can actually create it and live in it.

### **What are councils such as Swindon focused on achieving? Family homes? Eco homes?**

Probably the eco aspect is the incentive. The type of housing, yes would be subject to the planning process. If you take the capital out of the market, the market finds other ways to provide it. We're probably more sceptical about some of these self-build schemes which are put about by builders, who are really just trying to access the end users capital as working capital.

### **Just taking out their market risk without changing what they're doing**

Exactly. And maybe giving a bit more choice of finishes.

### **Tell me about Plotsearch as a response to the land supply.**

Access to land in bitesize chunks is the challenge. People are perfectly entitled to go out and compete with housebuilders for the land, except the housebuilder has more money.

### **So sites the larger housebuilders aren't normally...**

...interested in. But as we know many of the upmarket housebuilders are. You can still make quite a bit of money on a million and a half / two million house these days. But yes, access to land where people want to live is the thing. There's an interesting debate we've got going with a company that want to develop for self-builders. Is this self-build or... can they create plots at a price that is acceptable to the self-builder? How much should the self-builder make out of it? Or should the self-builder be quite happy just to get the house that he wants? Research that Jaclyn has done will say that for 70%, the prime motive is a bespoke house, not to make the money. The cynic in me says that if people see that for the amount of hassle it causes, and they're only going to make X, they might not do it.

**JT** So as long as the money is there... If you save money and you get the house I want at the end of it. I think if it wasn't for that money they wouldn't do it.

### **So would you say most of the people who are self-building are building a house that they're going to live in as opposed to... amateur developers?**

**RC** Now, yes. We are very well aware of the serial self-builder; the – 'three strikes and you're out' – builder. That is, 'three projects and I don't have a mortgage'. That is definitely a phenomenon, there's no doubt about it. If you think about it, why wouldn't you? You do it once, you make all the mistakes, then you think...

### **I've got the hang of this.**

**RC** But also you start to recognise opportunities you never saw before, that run down area with a garage on it is actually a prime plot that you now recognise as a prime plot that you didn't even see before. So the experience is something that comes out.

### **And maybe that's OK, because if you add up the total volume being produced by those people, you have a massive micro-market of developers.**

### **Have you considered moving into land-promotion yourselves?**

**RC** We very much see ourselves going into that and becoming an enabling developer. I think that's very much on the cards that we will work either with a land owner such as a local authority, a housing association, housing associations aren't selling and developing and making profit to be ploughed back into the social housing aspect, so can we do shared ownership, shared equity. One of the

things I'm discussing with lenders at the moment is can we create the financial products for that.

### **What can still be done though in terms of allowing the sector to grow?**

**RC** I'm not sure the community right to build bill will necessarily be the thing that will enable it. You've got have the infrastructure to support it, you've got to have the financial products etc.

**JT** And a legal definition of what a community is actually going to be.

**RC** I'm not sure that that will make a huge difference. I suppose an acceptance of self-procurement as a housing route as the best way is good. They are paying local authorities per new house, so it could be a bit more for example if it was a self-build house, even more if it was a community build house, or an eco house. You need some arrangement where the real stakeholders, the local authorities, the landowners benefit from it. Planning policy: something that says 10% of all permissions, Section 106s or whatever should go to self-build.

### **What are the most credible strategies in terms of providing infrastructure?**

**RC** Well, it's interesting we were talking this morning how Community Infrastructure Levy (CIL) is £15,000, sometimes £20,000 per house in certain areas. You would have to exempt the self-builder from that, to give them some space. At that point maybe the Housebuilding Federation might say, why is it not an even keel? There is a very straightforward conflict between the quality.. let's not say quality, that's probably unfair.. on the amount spent against the profit margin and the ambition to provide good housing outcomes.

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**RC** We're in a period now where there's probably very little house price inflation, certainly there's little land inflation. If we're going into a period of ten years or whatever where that inflation, which was really the builder's profit, by virtue of the bubble, isn't there, there isn't going to be the reason for housebuilders to build. Therefore, who is going to build the housing? They will build the million-and-a-half mansions, but who is going to build ordinary housing? If someone could answer that question I'd be grateful. I remember before the recession we needed 250,000 a year – now we've gone pre-war. Who exactly is going to do it, and when are we going to face it?

IT'S LOGICAL  
ISN'T IT? IT'S A  
NO-BRAINER...  
BUT THAT'S  
PROBABLY WHY  
IT'S BEGINNING  
TO HAPPEN.

**So to some extent it's one of the only ideas in the room.**

**RC** That's how I feel! It's logical isn't it? It's a no-brainer... but that's probably why it is beginning to happen.

**I'm sure that has been helped along by Grand Designs etc. helping to normalise the idea in people's heads.**

**RC** Yes. But of course, that was built on the bubble, on the money to be made etc. Going forward, the idea is more to do with getting a place to live. My particular background is the financing – it's the financial models and products that are going to have to be put together, if you're going to have to start self-building en-masse. Our average mortgage at the moment is £186,000, and our average house value must be £300,000 odd thousand. They're making an uplift of 25%. But for us to take the market forward you're going to have to have that average value down at roughly the same average value as any other house. You're going to have to be around about the £150, £160 thousand mark. That's where the challenge is.

**Finally, let's talk about architects and their role. What proportion of self-providers are working with architects?**

**RC** I would say 60-70%, maybe even 80%. Architects are very heavily represented. That said, often I don't think that they do themselves or their clients any favours. For example, schemes can be beautifully designed but very difficult to build... or you get the other end of the spectrum: you get a fairly run-of-the-mill design because the guy doesn't know enough about new techniques or materials, or the client's needs.

Self-build is not regarded highly enough. I think it's regarded by architects as a good source of income, but little more.

**How could that change?**

**RC** Architects need to be an integral part of the team: the support team to the customer.

...

I want to invite RIBA to have a studio here, a permanent studio that their members can use. We'll give it rent-free, but they must allow ten hours a week for people to come and speak to them, free of charge, just to get their ideas etc.

Where architects are in danger, as I see it, in the process, is that more and more lenders are going to require structural warranties. That is going to lead to more package build. Architects need to wake up now – about five or six years ago I suggested we should work with the RIBA to create a structural warranty. I'll bring you an underwriter and then every architect, just by virtue of signing it off can issue an insurance-backed structural warranty. Whereas the liability they've got... and this is why we're always telling clients to avoid the Professional Indemnity cover on their architects... is that you have to *prove* the architect's negligence.

If you do that, and you follow your own process, you keep your own PI cover *and* you give the client a reassurance. All it is, is instead of the inspectorate saying 'this is fine' and signing it off, the architect can sign it off. Why don't architects have warranty link approval in the same way surveyors do?

# RE-SCALING THE PLANNING PROCESS

The process of securing planning permission for a development is long and complicated, and delays can be prohibitively expensive. While large speculative companies and wealthy individuals may be able to absorb this difficulty, most households could not. Because of that slowness, the system has a natural bias towards handling fewer, larger developments, who incur less administrative strain. On top of this, planners may find it easier to work with professionals than 'amateur' self-providers. We now need a planning process that is proportioned to accommodate not just large developers, but the mass-micro nature of the self-provided housing industry.

#### 4a **Increasing Understanding**

Local authorities and housing associations, need to be well-informed of the potential value of self-provided housing and the various models, integrating it as a normal part of everyday planning thinking, and part of a bigger housing strategy in the UK. A number of local authorities have already begun to take a proactive role in pioneering self-provided housing, and their experience should be shared to allow others to do the same <sup>1</sup>.

#### 4b **Exemption from section 106 / CIL**

There is a very clear case that certain forms of self-provided housing should be given exemption from S106 agreements or a Community Infrastructure Levy (CIL). In the case of some mutual or Community Land Trust schemes, this may not be an issue, since the housing will qualify as affordable housing. However, even self-provided developments serving the intermediate market will struggle in the immediate future if burdened with the extra cost of Section 106 obligations. The Office of Fair Trading have suggested that if CIL is extended to self-provision, it should at very least be paid after completion of the project.<sup>2</sup>

#### 4c **Making the process more proportionate**

The planning process needs to recognise that developers and RSLs are more capable of dealing with the complexity of the process than self-providers. Self-providers' relative inexperience must be accounted for in terms of clarity of information, consultation and support. For example, self-providers probably do not work on their projects Mon-Fri, 9am-5pm, and may not be experienced with terminology

and background knowledge that professionals take for granted. There is continuing scope for innovation on (for example) customer-facing interfaces which make this level of interaction more scalable without draining the resources of Local Authorities.

These and a number of other recommendations were made by the 2008 Killian Pretty Review, a major part of which was focused on streamlining small applications, for example by lowering the requirements for information provided with small applications.<sup>3</sup>

#### 4d **Local Development Orders**

Perhaps the most progressive such innovation came into force in October 2008, in the form of General Permitted Development Rights,<sup>4</sup> namely an expansion of the range of modifications and extensions that can be made to an existing property without planning permission. The estimated impact of this is a large saving in unnecessary bureaucracy on small developments, and a liberation for those who wanted to more easily alter or extend their house.

Notwithstanding local exceptions and conservation areas etc., these permitted development rights are nationwide, but they only apply to existing buildings and only follow a single iteration. They do however set a precedent for a different mode of operation for local planning authorities, which would allow them to reduce their burden, liberate self-providers, and in fact yield better outcomes (particularly in terms of sustainability). As well as the general permitted development rights, local authorities should strongly

1. One such example is Swindon Borough Council, who partnered with Buildstore to activate self-build plots.

2. Office of Fair Trading *Op Cit*.

3. Killian Pretty Review (CLG, 2008)

4. The Town and Country Planning (General Permitted Development) Order 2008 [www.legislation.gov.uk](http://www.legislation.gov.uk)



consider the use of Local Development Orders (LDO) for new build houses within a particular neighbourhood or zone. These essentially provide a framework for permitted development (development which does not require planning permission), providing it complies with certain standards or requirements. LDOs were introduced in 2004 but are still very rare (High Wycombe became the first local authority to use one in 2010, applying to use classes in an area of the town centre <sup>5</sup>). However the stipulations for a Local Development Order could in fact be quite stringent (insisting for example on houses built to a high standard as per the Code for Sustainable Homes). Provided they stay within those stipulations, self-providers and their financiers would be liberated from the cost and risk of the planning process.

There has already been governmental support expressed for the principle of designated 'self-build zones' on unwanted sites, but without, perhaps, a recognition of the role Local Authorities would have to play in actively leading these. The Community Right to Build is unlikely to deliver such sites. Local planning authorities should consider Local Development Orders for new homes to be a major tool at their disposal, possibly even combined with enterprise zones offering tax / CIL exemptions for self-providers. This would have the regenerative effect of 'seeding' sustainable communities in otherwise difficult areas. <sup>6</sup>

5. [www.wycombe.gov.uk](http://www.wycombe.gov.uk)

6. The Thames Gateway in East London, for example, could be an ideal environment for this sort of initiative.



Image courtesy of Harry Charrington



Image courtesy of Harry Charrington

# HARRY CHARRINGTON

## on designing and building as a group

*Harry Charrington is an architect, lecturer and one of the directors of the co-housing group who successfully self-provided Springhill cohousing in Stroud, UK. He was not the architect of the scheme, but formed part of the group of residents who developed the project. He lectures at the University of Bath.*

### **So you were involved in the Stroud project, but not as an architect?**

Well, to go back to the beginning, there was this cohousing group in Stroud. Rather like an endless number of cohousing groups that I've come across since, they knew about what was going on in Denmark, they attracted people in Stroud probably more from a sort of communal aspect than a volunteerist aspect you might say. Like most of the groups in Britain the problem for them was finance and land really. How you bought the land, how you organise money for land and that financial collectivism is a problem that ran through the building contract as well, because how to do you get everyone's money into place to be able to release to a builder all the way through the project. So it was more than a talking shop. I know a few others, and that's been more or less what's happened, there's a sort of despondency that sets in at some point.

### **Because the obstacles are so huge?**

Or there's a group of people go and are like; 'this is quite nice: meeting, having a chat with like-minded people', that's ok!

I must be cautious about everyone I talk about, but I think I will go so far as saying that everything that happened at Stroud happened because of and in spite of David Michaels... I think David saw that Stroud might be a very good place to do it, its a very, inverted commas 'green' town – it has a green town council, all of that... The prescribed vision was very much that it would be in the town centre. Anyway, a piece of land came up for sale which is where the cohousing is now built. It came up for sale I think in early 2000. It was fairly affordable because it was scree, very unstable, sloping land. The history of planning permissions on it were probably seven or eight that had gone to a point and then fallen through because they couldn't add it up. You couldn't get a housing estate on there because you couldn't get wiggly roads on the site and get the number of dwellings – which is great.

Basically David made this proposition which was to buy this piece of land because I think he'd been involved in property development in London.

### **So he had enough money to buy the land outright?**

He had enough money to buy it – this is quite a critical thing – he had enough money to buy the land outright or enough money to secure the loan to buy the land. What then happened was that some of the group left, thinking this was not the way to do it. Because of course, what you're immediately looking at is the tension of doing it together.

### **Because you have an unequal power arrangement in the group?**

Yes. This does run through the history of the whole thing. I think if you talk to people in the cohousing in Stroud, a lot stems from there. The group wrote a protocol, a set of articles. What they said was that to join the cohousing group you had to put £5000 as shares, and those made you an equal director.

David only had £5000 worth of shares also, so there was a company to which David had loaned x... but he was an equal.

### **HAVING BOUGHT THE LAND TOGETHER THOSE PLOT COSTS WERE INCREDIBLY LOW**

...

They appointed architects, engineers... (and) shook out a plan which was roughly what they might put on the site and agreed that what they'd have is a number of 900 square foot houses, 1300, 1600 and some flats. Then they said, right we will price the plots to the number of square metres, so everyone is paying per square metre. So the plots were equivalent to the square metres necessary to build those houses. That also carries forward in that everyone would pay for building their house by the square metre, that square metre was a division of the total build cost, so it included the landscape, it included the common house. This was deliberately get round the problem of a lot of cohousing whereby the common house is built last and you run out of money.

### **So basically the pound per square metre was even across the whole development.**

Exactly. And in that is not so different to how you buy

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So in legal terms it was a plc. Everybody who was going to develop it and live it was a director of it. Then, to pay the loan off, everyone had to buy their plot. Of course this is really interesting because having bought the land together those plot costs were incredibly low.

apartments in Helsinki, you buy by the square metre and that gives you the number of shares in your housing company.

Then we had weekly directors meetings. For any decision to be made at a meeting it had to be a consensual decision and you had to give... I can't remember the number of days.. of warning for any decision to be made. One of things I would say about the cohousing was that it wouldn't have happened without the internet. We had a Yahoo group. So any meeting we had we could send out a spreadsheet.

ONE OF THE THINGS I WOULD SAY ABOUT THE COHOUSING IS THAT IT WOULDN'T HAVE HAPPENED WITHOUT THE INTERNET.

### **Pre-meeting data?**

You could send that out around everyone, who would then be consulted, with all the problems that of course email brings, about the abruptness and the rest of it. But really without that data and being able to put decision spreadsheets in front of people you wouldn't have got it to work.

...

But a lot of people were into cohousing because they were into cohousing, they did not want to develop it. For them it was nerve-wracking financially and in every other way as well and they didn't really want to be involved in it. So what you found was..

### **A certain amount of power accrued to those who were taking the decisions?**

I think there was. There were lots of people who were more interested in, 'can we talk about how we might live in the common house, how we might do food', you know. All sorts of things, actually really important things; people wanting to talk about gardening; I think that was a really interesting thing. With cohousing there are two things in terms of a product that have to be there, only two things. That's one of the big things about cohousing, there are very few rules attached to it, except that it must be car-free, if you go to most cohousing in Germany or Scandinavia, that's built in. Those are the two product things. The two development things I picked up in Denmark are that it must be non-hierarchical and it must be developed by the dwellers. Now the continual tension in that is that a lot of the British cohousing are closer to the American model, and there you do have much more developer-led cohousing.

### **By developer led you mean..?**

You build it, and people move in. One of the divisions within the group, and the divisions in the group are subtle and they're complex and they're interesting and they aren't black and white by any means, was the people who bought in when everything was at risk when we didn't even have planning, and the people who came in afterwards. They came in with a very different set of tasks and a very different mindset. As the costs went up, people were angry about that as you can imagine as they'd given up a lot of life, people left... Since the cohousing has been built hardly anyone has left, so this makes the point that its the development...

### **The trauma of the process.**

The trauma of the bloody process and the rest of it is actually more what people wanted.

...

### **But there were also different ideas about what cohousing should mean?**

Well I was going to say I've been to ones in Denmark where no one eats in the common house ever. The point for this is again my point about loose fit. The common house is a common house, whether you use it for woodworking shop or you put up looms in it, whether you just use it for parties or whether you have a laundry, which the Stroud one has ... you can make a social thing out of that. And it is.

But for other people there was a fixation on the commune which does come from that kind of monastic tradition. I love the idea of communal eating because I think, great, to come home from work and not have to cook and have people to talk with. So I wasn't against that, but I'm using that as an example. I was really excited about building the development, because I'm an architect. I was quite thrilled by that. For other people that was a really difficult thing.

### **So what was the approach towards the degree of customisation in the design?**

Well, a lot of people said these are just people in the big houses want to customise it themselves and it's going to cost us all more because of the square metre division and if we didn't customise it would all be much cheaper... So how would you do to do the electric works on that? Well, simple, you get a 1:50 plan, draw it, give it to the electrician. Somehow that process of customisation became a nightmare. There was a cost put on everything, say £50 or whatever.

Actually that's the one thing CAD does really simply, even on a simple programme you could simply duplicate all the three bed houseplans and then make all the changes. (That's) what, a couple of hours work?

### **So you would have gone for a much tighter degree of variability within the house types? The external envelope?**

Pretty much the same, you could move windows about.

If you go and look at the way Alvar Aalto thought about standardisation, he thought about elastic standardisation, and it's absolutely the opposite of the rigidity most architects have. They constantly think about wholes. Aalto in a way, going back to the late 1930's and early 40's understood: you standardise the components and that's what gives you flexibility. He was looking at Georgian architecture in Boston, he was looking at Finnish log building. All of this, but it's not that far from IKEA, you standardise the components, and then you assemble, and the assembly is where the inventiveness and the creativity is. Actually there isn't a huge cost implication because you're not changing the fabric or even the quantities, you're changing the organisation. If you have a little bit more stud wall, so what? Stud wall is not very expensive, when you pay the extra. I've talked to people quite recently and said that's the mistake we made, we should have standardised all the houses.

(ALVAR AALTO)  
THOUGHT  
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Architype, quite reasonably would come back and say, well we didn't have the money to do it. I was involved in (some elements of the design) and that really was because they didn't have the time or the money to do it, and that's because we'd beaten them down too much on the bid. They were underpaid... I would say we beat our consultants to death.

### **So the company built everything, and it was paid for through the square metre price?**

There was a collective build loan from the cooperative for the building and the landscape, and then the individual in their house paid the company, of which they were a director, the full amount.

...  
There was a man called John Hodgson who was our contractor... He had originally not wanted to be involved, because it was too big. When we went and said, 'bloody hell it's not going to happen, no one wants to do it', we went with a management contract cost plus.

We started, and this is a tension that's worth saying, on that contract we started with him at £95 per square foot and we ended at £120. However when people had joined the group, which was by then two or three years earlier it was at £75 per square foot. That is worth saying because the £75 per square foot was never realistic...

### **Presumably there was always a protocol for people to leave and get their equity back?**

There was. But what we did to cut it back further was we built them as envelopes so there were no bathrooms, no kitchens. So John Hodgson did it at management cost he changed a few things, he refused to build the suspended timber floor so we had suspended beam and block floors instead and we built the timber frame off it. He was pretty good. We built in stages, which is quite important... we built eight first, then six, then two, the common house then built our way out of the site. When those eight were finished they released all the money, so the loan got topped up as we went through it. What I had to do was get my own building society mortgage in place and once my house was finished, once we'd completed my mortgage clicked in.

But without the loan to buy the land and without the loan to buy the houses we would have been in a very, very difficult situation. We were just very lucky to have the co-op bank.

### **So can I ask, the plot was £30,000, what was the build cost?**

Well it was £120 times 1600. I can't remember whether I included the kitchens etc or not, but it all came out just over £220,000. I think that was roughly it.

...

### **Did it consume a huge amount of time? How much?**

I would say it was up to 20 hours a week, once we'd gone into planning

...

### **So what would you say are the key lessons?**

(One of the group), Max Comfort did this thing called 'lessons learnt', and that might be interesting... He thinks there was some bad feeling about, guess what, M&E! Don't bring professionals down too much on their fee. Though I don't know if you'd get that from everyone in the group. Don't use an internal project manager but do use an external one. Absolutely. Because it's too personal. think it would have de-politicised it, it would have paid for itself in terms of efficiencies.

Don't individualise the homes. I disagree with that, I think you can individualise the homes. It's what computers allow you to do. It's back to the Aalto thing. If you've got standardised components you can just vary them.

Spend time growing the group. I think we did do that, but we'll come back to that... Stop endless meetings. Yes.

...

There were falling outs. There is a kind of selfishness, we're all going to be communal on my terms! I'm exaggerating.. but that's why cohousing works because of the volunteerism. I think. It's not coercive.

### **It's as in or as out as you want to be.**

As I always say, no one would join in if they weren't interested. They just wouldn't do it.

### **It's a positive ethic.**

It's a positive ethic, it's not coercive and there is this mistake some people make of 'this is how it should be done'. People around the cohousing network that I've bumped into on and off, some have said, well the Stroud one, that was too hierarchical wasn't it. And I say, yeah, but on the other hand, it got built. It goes back to my point, in spite of, because of. What I think from talking to people who live there now, four years later after I've moved out. The corners have rubbed off, and the friendships are based on people you like. I think it all works fairly happily.

....

### **And you had this internet-based governance process, that worked?**

(We had) decision schedules that we did for the meeting. So we'd send it to all the consultants and consultants would even generate their first ones, so we'd have all the issues on when a decision needed to be made. The you could adjust it so that the spreadsheet got recycled over and over again, which was brilliant.

### **Like a wiki.**

In a way, yes. So we knew when the deadline was, say 12th October for example, you could keep adjusting the case depending on what meeting we'd had, different voices. We had another one about other things like eating, social behaviour, policy behaviour.

Basically we tried to keep it as loose-fit as possible, but occasionally people came up with really doctrinaire things and they got debated out.

### **It's a lot like a mini parliament isn't it. And everyone had the 'ownership' of those documents?**

Well David probably had the most complete but we all had access to these so I had a complete folder and I could go into the Yahoo group and get every decision out of it if I wanted to.

### **So massively internet-enabled.**

It really changed things and it did keep things non-hierarchical. Interestingly the tensions came up when people dug out bits from the archive that contradicted what was happening now. When people had had creative memories, to put it bluntly.

### **That's interesting.**

It was interesting. People talk silly things about the internet, either over-optimistic or over-negative, but this seemed to me to be a genuine organisational tool that empowers. Because the archive is accessible to everybody, so there's nothing can be done in an untoward manner.

What there are, therefore, are tensions that arise because people don't get their way. I often didn't get my way – as it happens. That's democracy.

# 5

## CO-DESIGN

Architects and other professionals in the construction industry are accustomed to working for single clients, often professional housebuilders. The growth of the self-provided sector represents a very different way of working. How can groups design and develop together? How does working with 30 clients change the design process? How can design professionals adjust to this new paradigm?

### 5a Negotiated design: how do groups make design decisions?

Group self-provided housing projects open the door to a new range of design negotiations that would not happen with a single developer. For example, how the space between the buildings will be designed for privacy, access, sharing and social interaction. This a speculative developer does not do, since the expectation is to adhere to the market norm. But with a self-provided scheme it becomes a crucial forum for a group to decide how they want to live.

Equally, a key set of decisions must be made around the degree of customisation which will be afforded each individual household within a group. Too standardised, and self-providers may feel the design does not fit their individual needs. Too loose, and costs can quickly escalate for minimal benefit.

### 5b Group governance

How a group comes to these decisions will vary – each will establish its own constitution, especially if it is part of a CLT, a co-op or a co-housing group. From the lengthy conversations about this issue during the interviews, two key lessons can be drawn.

1. *Use of online wikis.* Stroud co-housing group successfully employed an online decision-form filing system, which could be accessed by anyone at any time. Each decision was given a deadline, and debated until a consensus was reached, which could then be referred back to by anyone later on. This established a hierarchy-free transparency, and allowed the group to hold itself accountable to previous decisions.<sup>1</sup>

### 2. *Appointing a neutral project manager*

Throughout the design process, there will inevitably be disagreements and tensions within the group. This makes it all the more important to have a hierarchy-free group structure. Rather than one or another of the group acting as project manager, two interviewees strongly emphasised the need to appoint an independent project manager to act as mediator and to work directly with other consultants, both asserting that "it would pay for itself in terms of efficiencies".<sup>2</sup> This should not be the architect, partly because of the time required to manage the process and partly because the architect too may need the freedom to take a partisan position at some point during the design process.

### 3. *Pre-design conversations*

When an individual client begins a project, they already have some idea of what they want, and have greater freedom to latterly change their mind. A group cannot take this for granted, so a considerable amount of extra time needs to be invested at the first stages of the design process (even before the project has really begun) to establish a set of shared aims, aspirations and constraints. This might include visiting existing schemes.

### 5c A new kind of client

For many design professionals, the growth of the self-provided housing sector means a shift in scale. Traditionally, housing architects have aspired to work on one-off houses for wealthy clients, or large speculative developments for housebuilders. The latter requires designers to engage in 'consultation' (usually with local communities), or very occasionally in enabling some process of more serious

1. Harry Charrington Interview with the authors 2010

2. *Ibid.*



'participation' by future users in the design. The problem with even the most well-meaning of these forms of engagement is that they are ultimately a condescension, a brief invitation to momentarily 'participate' in a process you are ultimately not in charge of, and to do so on professionals' terms. Whatever users might contribute, the fundamental value-architecture of whichever procurement model they are being invited to 'participate' in cannot be avoided or contradicted. A group or community self-provision project presents a totally different situation. The users may not wear suits, but they are in control, taking the financial risk and wielding ultimate authority over the design decisions. This recasts the role of the professionals who serve them, and presents a number of new difficulties.

#### 5d New roles for architects

This new kind of client has interesting implications for how architects and other design professionals might adapt to meet the new market.

*1. Strategic design thinking.* When thinking about customisation, future adaptability or energy microregeneration for example, designers need to develop a disciplined strategic framework for thinking about components, materials and economy in innovative ways. No longer exclusively formal, spatial or 'functional', design thinking needs to be creatively applied to the complexities of process, cost, phasing and construction.

*2. Communicating Choice.* Architects, quantity surveyors and engineers need to play a strong role in setting out choices for the group based on clear

information and data which can be understood by non professionals. For example, by outlining the whole life-cycle costing implications of investment in building fabric or micro-regeneration, well-informed decisions can then be made within the group.

#### *3. Architectural Entrepreneurialism*

One interesting example of how professional design practice might look in an era of mass self-provision can be found in VPB Architects, a Dutch firm working in France. They have established a programme under the name 'Habitat Groupé',<sup>3</sup> where they work with self-providing groups. What is perhaps most interesting is that, recognising the difficulties and uncertainties groups face early on, VPBA adopt a highly entrepreneurial position in the process by sharing the risk as co-developers at the initial stages of the project.

VPBA take out an option to buy a site, and conduct research and preliminary designs for the project as a seed, around which a self-providing group can form. In this way, VPBA take on up-front development risk, and defer their fee for the early stages of work (effectively a kind of 'no-win, no-fee' arrangement). Members cover these fees when they buy into the group, and adopt the project as clients, working with VPBA to develop the scheme and apply for planning permission. On securing it, the group complete the purchase of the land, and contract the houses, taking on the full risk. The practice have developed a number of schemes using this method.

**3. Rob Bais** Eva van Panhuys & Rob Bais Architectes  
Telephone interview with the authors.  
[www.habitatgroupe.fr](http://www.habitatgroupe.fr)



Imaged courtesy of VPB Architects.

# IAN DRAYTON

## on enabling self-providers

*Ian Drayton is Partnership Manager at SOAR, a successful community based regeneration nonprofit organisation in North Sheffield. Having acquired a plot of land, they have been working to enable a community housing development.*

**There might be a tendency to think that self-provided housing means less top-down effort, but SOAR has found the appropriate support very difficult to organise?**

Well, we had a meeting a while back, where you had all these different people round the table, with different agendas. We're the stakeholder at the table who is currently in possession (of the land) so it's our project and our land ... I sound like a farmer there!... One of the consequences was that someone would want to push it a particular way according to their particular worldview. In an ideal world maybe, but it's not going to happen in the way that you'd think. We had a conversation afterwards and said; we're not going to do it like this. We're not going to be driven by other people.

**So there's a hazard that as soon as you bring people on board they bring their baggage and load it on?**

One of the reasons why we were seduced into doing that was resource. Whether that's people's time or money. Because in order to move it forward we knew that it required people's time or money, or a mixture of them. Then we realised that, really, the resource that those people have is not going to deliver the project in the way we see it. We would see our role as being the custodians for a group that doesn't exist. That group has to be able to develop and define the nature of the CLT, what they want to do, everything like that. What I didn't want them to do was come in to something where there was already some sort of framework on the table.

**So there is a contradiction in initiating a project but for it to be genuinely led by the future residents.**

I think we've had an element of the top-down perspective. The history of SOAR has always been a kind of bottom-up.. that's where it grew out from. I know that with a number of other CLTs they have a group where its the group that starts it off, so that group that we met in Leeds, that was definitely a group of individuals.

### LILAC.

They knew each other informally and socially, and it came together and grew organically. I much prefer the bottom up stuff because I think it works better. Whereas here, we're in a situation where we're sat in the middle. We

knew we'd got this piece of land. Based on the research that Jon Watson did, we knew that potentially there was a model out there that could actually bring affordable housing to people in this area, but we then need to try to find a group of people. But with all these other players in, there was a danger that they were going to form it. Because we did not have anybody who we employed that would work to our brief and bought into our philosophy and ethics, without that it just wasn't worth doing.

We did have an initial meeting (of prospective self-providers) and there was a group of people turned up and were committed to it, but we just didn't have the resource to follow it up.

**Can you tell me more about that meeting? Who came?**

(We) were there, a few men, one was in his forties or fifties and looked like he worked in construction, three of four families and a couple of women there on their own as well. So quite a mixed group. They were local people and we went through and kind of explained it and answered their questions. We made it very, very clear that... if you were coming expecting to have a three-bedroom semi built in 12 months, it's not going to happen. It's a long term investment of your time. We made it very clear to manage their expectations at that first meeting. So they were interested then in moving it forward.

**So you don't want to create false expectation?**

No. We then had a brainstorm about the kind of resources we'd need, but (we) found it exceptionally difficult.

**It's difficult to calculate really how much time is going to be sucked up?**

Well, and I knew that it does take up a lot of time, and you need someone with commitment drive and energy to just chase the buggers. When I was living on Longley which is an estate (in Sheffield) I was involved with ... a group of 5 or 6 activists who were keen to do something. So we had an aspiration to take over a shop, set up a company with charitable status. That was a pre-existing group, and there were a number of people in that group who were committed to doing something more and that took up loads and loads and loads of time. Whereas with this group here, you haven't even got a group. You might have a group that's expressing an interest, but it's not a group that's developed itself. I knew that would take up even more time because it's not just working with those existing people because I think the fall-out rate would have been quite high. So as well as working with the group you're going to have to be perpetually recruiting. It would take you a fair bit of time before you got sufficient numbers in that group that were going to merit moving it forward.

## So how did they respond?

They were all very interested, they liked the idea that they could shape the design and that the concept behind the mutual housing coop that the amount of money they pay related to their income. So all those very interesting facets of the model they understood and bought into. There were questions about it like, what happens if the average wage is lower than the median wage you require to make the thing work? 'Don't know!'. That's not necessarily a bad answer, it's a good question, but at the moment we don't know. So they were asking intelligent questions and they were committed.

That piece of work we were doing in three stages. The piece of work we commissioned from Jon Watson was stage one.. Is there a model out there that will enable us to develop a piece of land on a CLT type model? Basically, yes. So the next phase is to get this group together and we did some costings about what would you have to do, things about organising the visits, things about developing and supporting the group. Fairly detailed costing thing. It was about £70k I think and that was for about 12 months which might be being a bit optimistic to pull that group together. That would be phase 2 and at the end of phase 2 you'd be with a group that was sufficiently committed, you'd have done more detailed financial work looking particularly at the site and taking that model and crunched all the numbers to see if it would stack up and had some indications from bankers as to whether they'd lend. So a more detailed feasibility based on that site and those people. Phase 3 would then be turning the thing into reality.

## What is your thinking around mixing local people and people who come from wider afield who have that energy and drive and certain values?

I don't think we've thought that through. The aspiration really is to try and encourage local people to do it but we knew that if we didn't have enough local people then you're going to broaden your area and broaden your area. There would be an issue if there was a group from somewhere else that came and developed it.

In principle I wouldn't have a problem with (mixing it). But I would want to make sure that that custodian role, making sure it wasn't people coming in taking advantage of the fact that we've got the land. I'm not saying that's likely, but someone has to be in there as a kind of custodian to make sure it's all above board and they do put energy and effort into recruiting local people.

## So you've got a site, a list of people, but what are the constraints that have stopped that happening? Your time, your money?

Yes.

## Where could that money come from?

Well we did a punt to HCA and they said there's no money. We're looking around at pots of money to go for. I think there should be someone around who can look at providing that kind of funding, as long as at the end of phase 2 you can demonstrate this, and this.. etc

## Because in the grand scheme of things, £70k isn't that much is it? That must be frustrating.

The other interesting thing about this is, I'm not aware of any CLTs that have worked in cities. They tend to work in small villages and I can understand why they would work there. One of the interesting things for me is, can we make it work here? Speaking to the Leeds lot, you've got a group of – I'm not being pejorative – middle class people particularly interested in the green agenda.

But on a white working class estate where people aren't necessarily motivated by those kinds of ideological reasons. The motivation is, I want a three-bedroom house, I can't get one. That to me is the more interesting challenge, because if we can make this work here... you could then roll that out elsewhere across the city and across the country. Because if you think about where you have the need for affordable housing, its working class (not necessarily white) estates where that needs to happen.

## Is the middle class values problem intractable?

I think it's about leadership really. I'm blowing SOAR's trumpet here, but because we're already here and we've been around for a while, there is this bottom-up approach. Although we are focused around our own sustainability, the health services and employment services... we are interested in broader regeneration across the peaks. But the reason we don't do development is that there's no money to do it. If we could get hold of the resource I'm convinced we could find a development worker who would have the right philosophy, ethos and approach that would enable it to happen.

## Who would effectively act as a consultant and supporter for that group.

Yes, as a mentor, developer, facilitator... I don't think it would necessarily be an issue of getting that particular group together. As long as you can get the group together and you've got someone with the right credentials, ethos and right kind of approach, you can then set up and say, let's try and

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make it work. You never know whether it's going to work or not. There is no guarantee. But as long as you've got the resource there to move it forward.. you stand a good chance.

**It's a big question for self-provided housing: is it ever going to be anything other than a middle class phenomenon? Just because it requires such so much time, skills and capital.**

I think it can. I spent 10 years working at the sewage works at Blackburn meadows working on the shop floor... 'and after the third year they gave me a shovel...' !The thing that struck me about the people who work there was that there were some people who were smarter than me. If they'd have been born into a different family, into a different class they'd be managing directors. The reason a lot of people are on these estates is an accident of birth, not because they're innately thick. So it's not as if white working class people breed more thick white working class people. That's not the case at all. I think one of things, particularly with the work we do with people who are unemployed... if you put people together in the same room who have lack of self-esteem and self confidence, it's in the nature of those people that they'll always assume that people are more confident, smarter and cleverer than them. The way the course is constructed, they realise very quickly that actually, 'I thought you were smarter than me but actually we're on a par'.

**To reset that sense of entitlement.. or its opposite.**

And I think all of a sudden they realise, 'no, I can do this, I can do that, I can do the other'. So I think there's all this latent potential that's there, waiting to be released and I do think with the appropriate amount of resource and the right person, you can unlock it. I was just thinking about that £70 grand. When we were managing some of the SRB (Single Regeneration Budget) schemes, some of the contracts we were giving out. Phenomenal amounts of money was thrown at stuff. In the scheme of things we spent £50 million including match and all that kind of stuff.

£70 grand is hardly anything in relation to what you could potentially develop here, not just for the people in Parson's Cross but the people who are involved but a replicable model. You're very conscious all the time, what are the key things, the generic lessons we could learn from this? I think it would actually be incredibly cheap.

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**So let's say there are other SOARs around the UK, who want to act as support agencies for self-provided housing, what kind of support infrastructure should we create?**

You mention support agencies.. what I wouldn't think

would be a good idea is if you had some kind of national organisation that was set up as a support agency for CLTs because I don't think that would work. You have to have a development trust, something like SOAR that is empathetic with the area where it is. Do its governance structures create opportunities for local people? Is it embedded in that community?

**So an ideal model would be where there are national support agencies there to support and fund organisations like SOAR?**

Yes. It might be useful if they did proffer up individuals who had the right kind of skills you'd need. So you could pick from those individuals if you wanted to, or you could recruit from someone else. Or if there was an agency you could get funding from.. especially initially with the development worker you could use better access to more technical stuff. One of the things we factored in for the phase 2 was access to someone that could do the more detailed financial number crunching work around it. That'd be good, because you wouldn't have to go to the trouble of finding these people, finding the money for them.. that would be part of the package.

You'd then need a built-in review process. I suppose that national mentor, someone with no particular vested interest in it, because the danger is the development worker gets so sucked into the detail.

**So in other words you get the best out of skills and knowledge at national level and the best out of the embedded knowledge at community level.**

The local knowledge, yes... On the middle class thing, I think one of the things (we discussed) was sweat equity and people having an involvement in the design, and you did that spectrum thing. I thought that was really excellent, because when we stripped it down, from the point of view of explaining to that group when we met with them it was dead easy to understand..

So it said these are the kinds of things you might have an involvement in, this is your starting point (so you can have a controlled influence on that) and you choose as a group... you come up with a consensus over where you want a high level of involvement and low-level of involvement. You can choose. So you can develop the model that suits you.

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MODEL

**And actually it becomes the role of the supporters**

**to actually outline those choices for people..**

And help people think through what they mean, and what the consequences of doing this, that and the other are.

...

**So you're saying it's about building an engine for helping people choose, rather than saying, you will do this in a sustainable way?**

Well you don't empower people that way. (It's like any business). It always struck me that if you can empower people, from a commercial point of view you make more money don't you? Because they buy into what they do, they're energised. Because they have the power to improve the service for the customers, it's self-fuelling, you don't have to intervene the whole time. The tighter the control is, the worse business ends up becoming. It seems to me a self-evident fact.

# COMMUNITY LAND TRUSTS

A Community Land Trust (CLT) is a local non-profit organisation created to act as the steward of land and buildings, on behalf of a community, holding it 'in common' so it can remain permanently affordable. Originating in 1950s India as a way of holding farmland, the model was further developed in the US, and is now gaining momentum in the UK as a mechanism for providing affordable housing, particularly in rural areas.

### **How do CLTs work?**

There are a number of different types of CLT. In every case, the CLT owns the land, and is democratically controlled by the community, and other trustees. The CLT is a legally recognised entity, so once part of a CLT, the houses are separated from the open market, and instead are owned according to the charter of the trust. CLTs vary in size, from regional networks to local ones of only a few houses.

Many housing CLTs are not strictly 'self-provided', in that the housing is normally commissioned by the CLT and rented or sold to users (often on a shared equity basis, or with a price control in the leasehold agreement that means the property remains affordable for the next buyer). So the residents themselves are not necessarily involved in procuring the dwelling themselves. Essentially, CLTs like this operate as if they were hyper-local Housing Associations: procuring houses as an organisation then renting them out or selling them at below-market rates according to a non-profit business model. However, while the CLT movement is not *necessarily* a self-provided housing movement, it can be thought of as sitting *alongside* self-provided housing, under the wider umbrella of 'self-organised' housing. It operates according to a similarly use-value orientated value-architecture. In a sense, it can be thought of as the *community providing for itself*, so still very much part of the 'long tail' of non-professional housebuilders. In the UK, this has so far occurred in remote, rural areas where high property prices (often driven by second-home ownership) become economically damaging to rural

communities, and where people on lower incomes cannot afford to stay. So by providing affordable housing and other amenities outside of the market, the community is given a boost, and can better support local people on lower incomes. Two such examples would be Lindisfarne CLT, and Cornwall Community Land Trust.

### **CLTs from a rural to urban and suburban model**

CLTs do however have the potential to play a role in self (user) provided housing too. Most CLTs build houses as a community organisation, then sell them (or sell equity in them) in order to raise revenue. However, in cases where the land can be acquired for low or no initial cost, there is an opportunity for CLTs to play a role as a provider of land for a group of self-providers. Freed from the land-cost component, the houses are valued as just that: houses, rather than as speculative properties. CLTs could be a fantastic mechanism to allow permanently affordable, sustainable new communities to be created in cities and suburban areas.

In particular it allows Local Authorities and public bodies to sell or lease public land in such a way as to ensure that it continues to offer affordable, sustainable housing in the community interest which is nonetheless a path to asset ownership for its owners.<sup>1</sup>

**1. UK CLT Network** For more info on community land trusts [www.communitylandtrusts.org.uk](http://www.communitylandtrusts.org.uk)



# RUTH CRAWLEY & FIONA YOUNG

## on Community Land Trusts

*In 2008 the Esmée Fairbairn Foundation and the Tudor Trust became the first contributors to the CLT Fund. They have since been joined by the Charities Aid Foundation, the Nationwide Foundation and a private investor. Ruth Crawley and Fiona Young manage the fund's work supporting fledgling Community Land Trusts with feasibility assessment and technical support.*

### **The CLT picture in this country is quite young isn't it? Can the degree of interest it's now receiving be attributed to a sense of urgency about affordable housing?**

No, I think the impetus was there before that. Getting the government alongside has been a difficult journey, and I think with a new administration in place we're actually seeing more support than we were before. It is part of the 'big society'. They've struggled to get a definition... I think it's not politics that's brought it where it is, it's a lot of hard work by people on the ground, and the political wind is now following... catching up. Although given what we're seeing with the hoops they're having to jump through with the Tenant Services Authority (TSA) and the Homes and Communities Agency (HCA), given the size of the projects, comparing them to RSLs, they're still facing an uphill struggle.

### **So it's about shifting from 'in principle' agreement to actual delivery of projects. How many CLTs have been supported?**

Tudor was doing funding for Community Land Trusts before the CLT fund was launched. We funded two or three projects. Holy Island, which you might have come across. That was a £200,000 grant which went alongside HCA and Three Rivers, a housing association. Then there's Worth Matravers and Buckland Newton, so there are a number of projects that we've supported; I think we approved the grants back in 2007, and they're just on site now.

...

### **And what has the CLT Fund supported? I assume there are many more prospective projects than there are that actually get pushed through to development?**

Actually that's hard to quantify, because we only know about the ones that apply to us through the fund. 46 feasibility 'scoping' days have been funded and 26 technical assistance fund grants have been given. Of the CLTs that have received feasibility support and technical assistance only one (so far) has reached the stage of actually getting on site and starting construction. So, I don't know what that is in terms of proportions, but you get

the ideal

### **How many of those schemes are new build projects?**

Most of them. There's an urban / rural split. In rural areas so far they've been almost all new build because relatively speaking

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land is easier to come by. In the urban areas they're almost all refurbishments because you can't get the spare land to build on, but you can get the properties that are there already. So, there's more move activity in the rural areas.

### **What is the actual mechanism by which CLTs actually create affordable houses? Do CLTs procure houses for purchase or for renting?**

When we set the fund up the anticipation was that homes would be for purchase rather than for rent. CLTs can build homes for rent and while the CLT Fund can support rental schemes through the feasibility and technical assistance funds it cannot provide investment support for them. This is because the CLT Investment Fund is a revolving loan fund that requires repayment over a short timeframe so that further loans can be made to other CLTs. Because of the returns on rental, because rental only works over a long period, or refinancing, given that it's a pilot fund the only way it would work would be on an equity model. Although in the grant fund we've tried to look at both types of CLT model, because of the recycling we need to get the money back from the sale of the properties. But there is potential for a staircasing arrangement on a part equity-sale model. So the land has been donated and you've got people able to buy-in. Either that or they're buying the full property at a reduced level with a covenant over it.

### **So in a part equity-sale model the users are buying less than 100% of the house and the CLT retains the rest which is rented?**

Yes, and they have the option to buy-in. There is some cross-finance going on as well. Because it's not so easy to get mortgages all of a sudden. When the CLT Fund was launched it wasn't a problem. It's become a problem; you can't get the mortgages. So we're finding that some of the schemes who really ideally wanted to sell the properties are having to move over to a rental scheme instead. So they're having to increase the number of properties being sold on the open market in order to finance the remainder that are going to be for affordable rent.

There is a difference between the way that the CLT fund

works and the CLT model as a whole. The CLT fund can't fund rental schemes because the money wouldn't come back quickly enough. But the CLT model as a whole, as I understand it, doesn't have any restriction on the type of (tenure). Every CLT owns the land. That's the one groundrule. No pun intended!

**So although it is possible to have CLT models where it's the residents commissioning the houses for themselves, in many cases it's being done more.. speculatively?**

When you say speculatively, what do you mean? You can't just build houses, the point of a CLT is that the community knows there is a need. So there's nothing speculative about it.

**Sorry, what I mean is that they're not specifically designed by and for John Smith and his family?**

Yes and no, because everything that the Fund supports has to have a housing need assessment done. So even though it may not be a house for John Smith they will know that within the area there are, you know three-bed houses, two-bed houses, flats, so they will know what the housing need is. And in fact it was the housing need that generated the impulse to actually do the thing in the first place.

It's about keeping local people in local communities, particularly in rural areas. In certain rural areas there have been a lot of incomers. Looking at the distribution of a lot of the projects at the moment, a lot of them are in the south west. So where you have traditionally got a lot of incomers coming in and that was forcing the prices up so local people couldn't stay. So the motivation, as I understand it, in the early days was to retain the local employees within the area.

...

But when you say the houses aren't necessarily built for John Smith and his family – because of the length of time it takes to come up with the idea, to generate the community support, get planning and actually go on site, by the time you've got on site, and in fact through that process you actually *do* know who's going to be living in that house. And if they are involved, as in not just part of the community but they are sitting on the steering board, then the chances are that they are going to have much more input into the design of the house than in other kinds of developments. So it's quite a personal kind of thing. They're quite personal projects, and a lot of the people involved are actually going to be the people who live in the houses, or whose children are going to be living in them.

**So in one sense it is self-provision, but of a different nature from conventional 'self-build' in that it is collective self-provision.**

Yes. The community is building, or having built, the houses for itself.

**How do CLTs acquire land?**

You get a range. Lots of public land that's council owned. A lot of councils struggle with the idea that you might sell land at less than market value. Because if they've got land they want to sell it at a profit, to then feed it back into the community. Whereas the idea of a CLT... In most instances the buyers have been given consideration because they are a community. The land has been sold to them at slightly less than market value. If land was sold at market value, I don't know whether communities would be able to buy it.

Sometimes it's gifted, so sometimes you'll have someone who would like to give up part of their garden or a local farmer who thinks he or she will benefit from having employees living locally.

**If you were going for an equity buy-in of any kind, of any amount, presumably the person buying would get a mortgage. But all mortgages are at risk of the home being repossessed. Will mortgage providers provide mortgages if the CLT is setting conditions for the sale?**

It is a problem. Some of the work that's been done has been around finding the friendly mortgage provider that will understand the model and work with them. It's often more the building societies that are on board with that than the high street banks.

I think one of the things to mention is that it's still not a perfect model. We're still seeing ways of retaining that interest. I think potentially there could be a way that the mortgage provider could come in and sell the property and sell it on the open market to a certain extent. But my understanding in the situation is that there would be an element of the covenant which is owned by the CLT which the mortgage provider would be happy with, and the proceeds would have to go back into the CLT and could be used for the part-purchase of another property. So even though the specific property might drop out of the net to meet a debt, some of the capital can be reinvested.

There are a number of different ways of holding (properties). So the CLT can choose how it holds its properties and the way that future sales takes place. I think some of the concerns that have been raised around the model are that given people's right to sell, where does that sit within the CLT model. I think there could well be a test case in the future around it. That's slightly concerning for the movement because the whole idea is to make it affordable and by allowing local people to buy in and then profit from that runs counter to the ethos of CLTs.

**Who is actually initiating the CLTs? Is it just a bunch of friends? Is it parish councils?**

With any small community you've got people involved in after school clubs, you know, the village fete.. they're just community minded. There might be links to the parish council but there's no guarantee. I think it tends to be older people, semi-retired who've seen their children have to leave because they can't afford to stay in the area. They're looking for ways of stopping that happening for their own children and for the community. A lot of them have had professional careers, so a lot of people are retired solicitors, surveyors.. people who have got some idea of what the possibilities might be. I'd say it's still a little bit unclear how some of these groups are coming across the idea of CLTs.

I think probably in most cases people think, 'oh isn't it a shame that our post office is closed, our pubs closed, people are moving away, we can't do anything about it' ... and then, by chance (unless they're living in one of the regions where there is a very well developed CLT movement i.e. the south west or Cumbria/ Northumberland) they happen to come across the idea of CLTs in a serendipitous way and discover a possible solution to their housing problem.

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**One of the questions which applies to the whole localism movement is actually defining what a community is. In rural areas that's slightly more clear because there's a degree of geographical delineation. Is there a structure for resolving that question of accountability?**

No. I suppose we're quite passive, because we receive applications rather than (approaching people) and we're making those judgement calls on whether we consider those people to be a community. So we're probably not the right people to talk to about what is community. We rely on the strength of community commitment to come through the application and we have turned down applications (both in urban and rural areas) where we have not felt a strong sense of community ownership of the project. On a few occasions we have felt that an application has been primarily about the preservation of a building and that the provision of affordable housing for a community has been of secondary concern. The absolute priority for the CLT Fund is the provision of permanently affordable, community owned housing.

The difficulty is I suppose, we don't have a definition of community as such but it's generally quite clear when you

get an application in whether there is a degree of..

**...representation?**

Yes, basically. The ones that we've turned down, we've turned down because we get the impression that there's more of a focus on the building and people will just happen to come along to fill it, and that's actually not what we consider to be the right way around... It might be easier to define a community in rural areas than it is in urban ones because there is a clearer geographical delineation. I suppose that's the difference. But it's done at the moment on a case by case basis.

**So it may not be about looking for a systemic definition, but looking in each case at, representation, integration into the community..**

Yes, and also about exclusions. Who might be excluded from joining the community?

...

To some extent it will also be about what people do for jobs. A small CLT is unlikely to be able to provide enough housing for everyone in need in the community and so the members will have to decide who they would prioritise. If you have a small primary school and your teacher has to live 25 miles away, then actually where the ability for that teacher to live in the community in which they work benefits so many more people than just the individual themselves.

**So could CLTs become a major part of mainstream housing provision, or will it always be limited in scale because it's more a grassroots community movement?**

I don't know, I think at the early stages it's a grassroots movement. But if you can prove that the model works and the movement gets bigger, then I don't see why it shouldn't be one of the major options. At these early stages it just seems a long way off. It's difficult to envisage a situation in which it would be considered one of the main alternatives. But I don't see why just because it starts off as being community based why it can't be ..big.

The States and Canada are good examples of where it has gone to scale and apparently.. This applies maybe more to cooperatives, but the fact that more and more you can go into building societies and they've got a teller who deals particularly with those kind of mortgages says something. Something that might once have appeared small scale and 'alternative' has become mainstream not only in terms of public perception but also in terms of being able to get high street financing for it. Ultimately, this is the aim of the CLT movement in the UK.

**So the barriers the CLT movement is coming up against now are, the same barriers as everyone has, perhaps political inertia, land and finance?**

And also the layers of bureaucracy that CLTs have to deal with as well. If you look at some of the paperwork hoops that they have to jump through.

### **From where?**

The TSA and the HCA. I suppose when we were setting off we were hoping that CLTs would be able to finance themselves without having to approach people like the HCA and that's not proved to be the case. I think every one we've seen has had some degree of HCA funding.

Often there's then an RSL partner involved as well, often in the form of a housing association. Holy Island is an example, that had something like a 250 page application form to fill in from the HCA for 4 houses and one of the issues is that the scale of the CLTs at the moment is 4-6 houses whereas an RSL is out there building hundreds of houses, and yet the same bit of legislation is hitting both. The concern is that with the CLT still being quite a new and forming movement, that to be hit by that layer of bureaucracy is... out of proportion. We're not saying they shouldn't be governed by something but the scale of what they are being governed by seems out of proportion to what's being provided.

Also I think there are uncertainties around legal form and structure, around how you set yourself up, and having set yourself up how you deal with the various bodies who all seem to want something different from you.

### **Because each one is unique?**

What we're hoping to do is try to normalise it. But what we're seeing quite often are small groups that are just setting up and they get put off by the fact that they've got bureaucracy that they need to engage with, and so it layers on costs because you do have to bring in people who do understand it. Quite quickly you're looking at a range of different costs that a CLT has to enter into when the projects are still quite small, early stage proposals that carry a high level of risk.

### **So what does the future, scaled-up model of CLT housing look like?**

I think the best place to look would be Cornwall CLT. This is an umbrella body so they provide support to individual CLTs who are wanting to set up. They've got to the scale now where they are self-financing. They've got a paid worker who provides support and advice to CLTs. So they've got a degree of critical mass and knowledge, as well as a good relationship with the Local Authority.

Although they have one distinct advantage which is that the Cornwall Unitary Authority has established a one

million pound revolving loan fund.

It was a hugely positive thing that the Cornwall Unitary Authority managed to find a million pounds to create this revolving fund – and surely that must mean that other areas could do the same. If they can do it, then others could.

# MUTUAL HOME OWNERSHIP

In 2009, co-operatives expert David Rodgers wrote a report entitled 'New Foundations', setting out a mutual home ownership model for self-provided housing. It puts forward a financially viable way for individual households who could not otherwise afford it, to attract finance, build their homes and own a share in it over time. The basic principle is very simple: rather than owning houses individually, a group can collectively own equity (shares) in a co-operative which owns their home. This levers some crucial advantages.

### **How does mutual ownership work?**

Co-operative housing is a widespread national and international phenomenon. There are 3 basic types:

1. *Par-value rented co-ops* are made up of residents who rent their homes. They do not own any equity value in the properties themselves as individuals, but do collectively own and govern it. There are many of these in the UK.

2. *Full-market co-ops* occupy the opposite end of the spectrum. The asset is simply owned outright by the group. Each resident owns a fixed share, which they can latterly sell at normal market value. Many of these can be found in New York City freeholds for example.

3. *Limited equity co-ops* sit between these two. Residents own a level of equity in the co-op, but not the full market value. Often the amount of equity they buy will be proportionate to their income. The precise value of the shares is determined by a set of formulae written into the lease.

The proposed model belongs in this latter category. In principle, the co-op could buy the land and develop the houses, subject to its ability to attract finance to do so. They could also form a contract with the landowner (e.g. a Local Authority) to purchase the land slowly over time.

Rodgers' model goes further: it separates the cost of the land from the cost of the houses themselves, by using a CLT ownership model for the land, and a mutual-ownership model for the houses.

For example, a co-operative consisting of ten households would procure 10 houses, costing around £100,000 each to construct. The co-operative take a corporate loan for the entire build cost of £1m, which they must steadily pay back over a period of time. The total £1m (being the net 'worth' of the co-operative) is divided up into shares. Rather than buy their own houses from the co-op individually, the households buy shares in the co-op. Importantly, how many shares they buy per month is proportionate to 35% of their monthly income. Those on higher incomes own more equity. If they decide to move house, they sell their shares, which are valued according to a 'fair-valuation' formula in the lease.

By separating the house and land cost component in this way, the houses are treated not as speculative properties, but as a consumer durable like any other - for example a car or a dishwasher, with a certain useful lifetime, and an initial cost which must be paid-off over a period of time.

### **What are the benefits of mutual ownership as a self-provision model?**

*Affordable ownership* In an 'ownership society' it creates a graduated spectrum of ownership for those on low incomes, so those who do not have the capital to own a house on their own can nonetheless own assets and grow capital, which may allow them to later buy their own home if they wish.

*Lower risk* Because the returns are tied to household income rather than land values it is far less volatile. This will attract lenders interested in a steady

investment, such as those backed by pension funds.

*More resilient* In the event that a resident should become unemployed, the model leaves scope for them to temporarily stop buying equity, and instead rent their own house using housing benefit, meaning they do not have to suffer the upheaval of moving house at a time when they have just become unemployed. Thus the co-op is unlikely to fail, and overall welfare costs to the public are reduced.

*Shared infrastructure* Because it is the co-operative who are procuring the houses (rather than the individual members) they can procure and design shared spaces and micro energy-generation collectively. Even if an individual plans to move out after a few years, the co-op invests in energy performance on behalf of the next member. This also allows a more logical utilisation of capacity: photovoltaics, for example, which generate power for all the homes can be located on the roof most exposed to the sun, rather than being constrained by the individual ownership of separate buildings.

Ref. **David Rodgers** *New foundations: unlocking the potential for affordable homes* (Cooperative Party, 2009)





# DAVID RODGERS on Mutual Home Ownership

*David Rodgers is Executive Director of CDS Cooperatives and an expert on resident and community managed housing. In 2009 he wrote 'New Foundations', a report for the Co-operative party, setting out a model of mutual home ownership as a means to build new affordable housing in the UK.*

## **A lot has happened since you wrote 'New Foundations'. Is the case now even stronger? Has the idea changed?**

Well, I think it's worth actually rehearsing the history of the idea and the way it grew. First and foremost it was actually a response to the financial and economic climate that existed before the global financial crisis, before the meltdown of the banks. It was really in 2001, 2002 when we saw a growing divide between those who could get into affordable housing for rent and those who could buy into the market.

A huge gap opening up when you compare it with the 1980s and 1960s generation. We saw the increasing difficulty and cost in providing affordable housing.

Affordable housing for rent was no longer necessarily the ideal tenure for choice, for those people who we began to describe as the intermediate market, those whose incomes did not allow them into the open housing market but also not a priority for affordable housing. So that's where the genesis of the idea was; it came before the global financial crisis.

Once the crisis hit us it became even more relevant. For one, what's happened in the financial markets means that individual mortgages are much harder to get, you need to have a much larger deposit. The private housing market was in decline, construction was in decline. Therefore you needed new and alternative forms of tenure to stimulate the construction industry and actually new forms of finance to enable that housing to be built. So we didn't need to change the model greatly, there was just a shift in emphasis as to the reasons why it was now attractive. In a sense what drove New Foundations was a realisation that what we had proposed before was even more relevant now. I guess that the only slight difference was that whereas our financial modelling before the crisis was on the standard 35 year commercial loans from the banks, what we realised was that after the financial crisis even more significantly we needed to attract different sources of finance. What we were targeting was the institutional finance: pension funds, life insurance... long term.

## **Long-term, low-risk, cautious lenders.**

Long-term, low-risk, cautious lenders wanting a fixed yield that was inflation indexed linked, inflation-protected and a long-term borrower that was secure and there's high-quality management. We knew we got this from cooperative and mutual ownership with the asset so there was, in a sense a fit before the financial crisis and an even better fit afterwards.

So that's what motivated us. Why haven't we succeeded? Well, in the aftermath of a crisis that has been the worst since the 1930s, if prudence was the watchword before, absolute extreme caution is the watchword after the financial crisis.

## **Has there been interest in this model from those sorts of finance sources?**

I would not be truthful if I didn't say it was extremely difficult to get them interested. 'What we know' is the approach at the moment, very much heads below the parapet; we've taken lots of risky investment, we've had our fingers burnt on hedge funds and derivatives and all sorts of stuff. One investment advisor described it to me as 'we will only do plain vanilla'. Any other flavour, anything slightly out of the ordinary is not playing.

## **And there's potentially a similar attitude in local authorities?**

Yes. Of course the irony is that when you have such a fundamental shift in circumstances, a change in the environment, that's when you need to innovate. Having said that, I actually think that I am now beginning to detect the first real signs of understanding. The first signs of people coming out of cocoons that they'd wrapped themselves in in the immediate aftermath of the crisis. They're now beginning to come out of those cocoons and see that the world has changed.

## **And looking for a more sustainable model.**

Yes – saying, actually we might be interested in this. One of the intriguing things which I hadn't thought of, because it's only in discussion with investors that you get this perspective... there is a now a realisation that in 2012 what I think is the new Personal Investment Authority comes onstream. Everybody has to have a pension. Irrespective of who you are employed by, if you are in employment, and I think the limit is over 16 hours per week, you have to have a personal pension, even if your

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employer doesn't have a pension plan. So the employer, in association with the Personal Accounts Delivery Authority.. is going to suddenly have billions of pounds more money as a compulsory... where is that money going to go?

If you focus all that new money into traditional investments, then all you're going to do is inflate their value.

That's less than two years away, because it comes in on the first of April 2012. So what we actually need is actual yield somewhere that are totally open and transparent, you can track it right through, to something that's socially useful.

### **And resilient.**

Resilient, yes.

### **The other big constraint, of course, is land. The idea you've put forward is combining the mutual home ownership model with a Community Land Trust. Is public sector land the big idea for you in terms of land supply?**

I think we've won the land argument. There is absolutely no doubt in my mind about that. The availability of public sector land, particularly land that's in the public ownership is going to be made available. The mayor (of London) is talking about it the government's talking about it. I think the case

that public sector land has to be made available for this type of initiative is won. I hesitate, because it's partially won, it's not fully won. I say partially because everybody is saying, take Boris Jonson, 'land should be made available' but, and there is a but, we expect a return on that in years to come. They look at traditional equity models like shared ownership and they say..

### **You mean a financial return as opposed to a return in reduced welfare costs?**

Yes. And they haven't yet, they're not yet sophisticated enough to actually measure true yield on the investment of that asset. Now I keep saying to them... and I had some criticisms that said 'well your model presumes that land will come in at no cost to the end user.' but it's not true to say that the provider of the land gets no capital appreciation or no return on the asset put it, that they

don't actually get it bought out at its asset value at some point in the future.

That's what they're looking at. 'We're putting our hand in now, but ten years down the track we want to start getting some of that value out, not at current land values but at then market values. So we get the growth, so over time there will be a return on that capital investment.'

In our model, that happens also, because if you have a very stable community, then gradually as that community gets wealthier over time, as you would expect it to, then particularly because our proposals involve a rental charge which has equity growth in it.

### **You'd expect there to be surplus capacity at some point?**

Yes, you'd expect there to be surplus capacity over and above the build cost, and as that surplus develops whoever provided the land can release the land equity as shares.

### **Does the mutual equity model predicate a need for a degree of engineering around creating communities with a mix of different incomes?**

I think it does assume that there will be a mix of people on different incomes. I wouldn't describe it as engineering. What you have to do is, if you assume that there is no subsidy other than the availability of the land at nil cost.. Then for every person you can agree can live there, whose income is not sufficient to fund the whole of the build cost, you've got to balance that with someone whose income is greater than the build cost therefore, in terms of holding their equity if you look at it in terms of straight terms, they're making some contribution to the land cost. Actually their contribution is benefitting someone else.

### **But even though, within the system they would appear to be losing out, when you zoom out, they're not?**

They're not losing out when you look at what their situation would be. Two ways they're not: firstly purely economically they're getting the economic benefit of the equity they're funding... It's about access. It's about increasing the availability of housing people can afford in a way that is sustainable and owned and controlled. The principle of equity is very important, it's one of the fundamental principles of the whole co-operative and mutual sector.

THE PRINCIPLE OF EQUITY IS VERY IMPORTANT, IT'S ONE OF THE FUNDAMENTAL PRINCIPLES OF THE WHOLE CO-OPERATIVE AND MUTUAL SECTOR.

When you apply it to someone who is, let's say earning £40-£50,000, still can't get into the market in London. They're paying (say) the build cost plus roughly half of the land

cost. By doing that they're enabling someone else who can only afford half the build cost to live in the property as well. It's the nurse and doctor scenario, you know. Now it's equitable, because they're each paying the 35% of net income. Whatever asset they're funding they're getting the benefit of it, long-term, assuming there is long term growth, which we think still will be there, but modest.

For the person who is paying less than the build cost, and therefore more of the land subsidy.. it's also equitable. They may be paying £50,000 on £16,000 a year, which is what a nurse would start at: that sort of figure. It's still equitable, because they got 50 equity shares whereas the person who is paying more has got 150 equity shares. The fact that they even out means... dare I say there's a bit of Karl Marx in there! To each according to their needs.. from each according to their ability. But then there's also quite a bit of Adam Smith in there as well!

Average earnings... is the underlying driver. If you look at the history of land prices you get huge ups and downs but the underlying driver is average earnings. The other two drivers, a lack of availability in land and an excess in the availability of finance, well, the excess availability of finance is gone.

What we're trying to do is create a new paradigm for communities to turn around to government and politicians and say, actually, to be sustainable, we need houses for our sons and daughters for this community, we need it for essential workers. We're going to have a new mechanism, a new paradigm which communities themselves, through whatever you might like to call it, the 'new localism agenda', the 'Big Society', whatever you want to call it, can turn around to their elected politicians - who frankly should serve them anyway – and say we want this land to be developed for housing and we want to capture some of that benefit. I think you create a new incentive, a new paradigm. We're trying to create something that allows supply to meet demand so that the only underlying driver of asset value is increased earnings.

### **So you really envisage this as an engine for a mass housebuilding movement?**

I do. Driven by communities, with the support of professional organisations; housing associations, professional developer agencies that can carry the risk and help and support communities. It's not something that without that access to technical expertise communities can really do for themselves. But there are 800 million of us around the world, us cooperators!

### **So what we're talking about is quite a big jump to a cooperative model which is used to build new houses.**

Well, we've always done that – CDS I mean. We've gone out and bought the land, got the grant from either local authorities or the housing corporation or the HCA, and we've gone and bought homes. The difference is they've been rented just like any other social housing tenants. The users are in control, they own the property collectively through membership of coop, they don't have any equity stake but they definitely have everyday budgetary and management control.

Where we're breaking the mould is actually going from what we call a non-equity cooperative to a limited-equity cooperative. If you look at cooperatives internationally they fall into three broad groups:

What we'd call par-value rented coops, where the residents rent their property, the cooperative owns the property they rent from, they are members and control it but they have no interest in the capital value. They're just renters like you and me. Renters who own it collectively and govern it, but when they leave, that's it.

There is then a group of cooperatives called limited-equity cooperatives or part-equity coops. Scandinavia would be an example of those, where there is some equity ownership but it is limited, it is not the full market value. There are a variety of ways in which you can evaluate the asset value.

Then you have the full market value coops, New York City being the classic example – you fund everything. You're buying into the cooperative that owns the building. The absolute title in New York, the brownstones, lots of them are coops, and the members own a registrable right of occupancy, they own absolute title of that particular dwelling. They get a private mortgage to buy in and they sell when they leave, and it's a market value.

### **In principle you could do a mutual home ownership model on the basis of outright ownership?**

You could yes. Lilac coop in Leeds is just that. They've taken the mutual home ownership model and they've applied it to what is going to be an entirely privately financed scheme.

### **How would you say a mutual ownership model changes the design parameters?**

Well I think the first thing that changes design is that you take the speculative risk out of the product... We still build the smallest homes in the whole of Europe which I think is a real condemnation on us, we build very poor space standards. So I think if you take the risk of the speculative gain and the concern for shareholder value out of the

process you can invest more in quality of space and quality of design.

Because you're financing over a long term, you're not looking at individual mortgages, you're looking at longer term investment of at least 35, 40 years. I would like to get us to match the investment term to the life of the asset which in my view is 60 years. That's what we ought to be doing. You can then start to make much longer term decisions about the quality of design and construction.

### **Energy performance etc.**

Particularly energy performance, you can look at high-quality components, design and provision because you are taking a long term view... You buy a place that's going to be suitable for you and your family into the future and you stay there. That's the intention of most people, to create a home, not necessarily to move up this so-called 'property ladder'

The tradition, certainly since the 1980s is that you start small and you buy a bigger and bigger house. You don't need to do that and increase your asset because as your income goes up you don't need to move you can increase your investment while staying in the property. So you can take a much longer term view over the quality of design and stability of the communities, because we're trying to remove that pressure for people to move out.

### **And we don't necessarily know the full quantified benefits of that to communities.**

Well we do know some of them. We know what the value is – we're beginning to get methodologies whereby we can evaluate some of those benefits. Some of them you can't, they're qualitative not quantifiable but some of them you can. We're beginning to be able to develop a matrix, a framework whereby you can say, actually we can say there is a value in community safety, there is a value in security for old people, there is a value in mutual support for young children, safe neighbourhoods where children can grow up. So you can say it's beneficial even if you can't put pounds shillings and pence on it.

You also design for human interaction – for use. You design for communities which are where people are going to relate to one another. Simple things: you don't put backs to fronts of houses. We've never done that, in the coops we've always tried to ensure that people interact in a constructive and positive way.

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I think climate change is a big issue I think we haven't touched on.. it's about houses which are zero carbon in use. You can't afford that if you're a Barratt or Berkeley homes or Redrow and your target purchaser is someone who is on the property ladder who is going to be there on average for no more than ten years. You're not going to be able to sell that. Also a lot of the design elements that you would need cannot be individually owned, if you want groundwater recycling, you can do a bit of that on individual properties.

If you want ground source heat pumps, you can't do that. If you want a Combined Heat and Power plant, you can't do that. It's impossible. You've got to have some form of collective ownership of those assets. If you want to do photovoltaic panels its got to be on the south facing roof, and it shouldn't matter whose roof that is, and it should be funded by the community for the benefit of the community.

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You can't use those technologies on an individual ownership basis. So mutual ownership has a lot going for it there.

### **It makes those investments highly rational.**

Rational and fundable because it's not about how long the individual stays, it's about how long the community is going to be there using those. The individuals can change, but the community has the benefit and continues to fund those elements of design and construction.

### **What are the big steps that need to happen in the next 20 years for mutual ownership to become a mainstream form of housebuilding?**

I think two fundamental things need to change, the first is to have methodologies that actually value the non-financial benefits for investing in this type of thing. Now I'm not saying that a local authority putting land in should give up all potential aspiration to get capital out of it, but they should factor in that external value.

The second thing, and this is absolutely fundamental, is that the investors need to see this as a credit rated, sustainable, attractive investment. Now that's our challenge, to get them to see that. I think that's getting easier. I think they're much more interested now than they were, say, 12 months ago. But it isn't plain vanilla, it's matching their aspirations with ours, and I don't think we've yet matched their aspirations and ours. We have to get it accepted as a secure, credit rated investment.

If you want a third, it's to actually get communities to understand that it's possible. At the moment if you try to get involved in this you're surrendering yourself to a five year battle. Lots of time, lots of energy because it's not seen as the norm. We want it to become the norm rather than the exception, where communities see that they have the power to say to their elected politicians, whether locally or nationally: 'We need this for our community to thrive.' It's the three-legged stool of sustainability, socially, environmentally and economically.

WE WANT IT TO  
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**But there are issues aren't there, which underlie the whole localism and land debate, about what is a community? Particularly in urban areas. Do you think that we need agents to bring those communities together?**

I do, but I think communities rather define themselves. Even if you go to London, big city, it's actually a conglomeration of quite small village communities, there's no such thing really as Dagenham. There are bits of Dagenham that would identify with other bits of Dagenham. Or bits of Ealing that would identify .. or bits of Lambeth and so on. There are natural barriers, there are railway lines, major roads, regional local centres, there are parks. I think that the community is not about being exclusive and keeping people out but actually working together. You need organisations who are then facilitators who will say, you can't do it literally next door because you haven't got the land, but if you work with these people over there..

I think it's not something you can have a crystal clear definition of. They will emerge. Some will have aspirations to go much wider and they will start off local and widen out, others will start off wide and narrow down. You'll see that as an organic thing.



## 8

# DENSITY

Self-provided housing in the UK is almost exclusively a low-density model; detached houses, usually in rural or suburban settings. If self-provision is going to become a more mainstream, accessible housing industry – if it's going to extend from a rural development model to a suburban and urban one – we need to develop higher-density typologies. These nonetheless must retain the core characteristics of self-provided housing rather than revert to the design norms associated with high-density speculative models.

### **The economics of density**

As earlier chapters of this document describe, the average value of most UK self-provided homes at present is some way above the average house value, indicating that self-provision in its current form is not generally affordable to those on average incomes. That does not necessarily mean, however, that it never could be, since at present new build self-provided housing is almost uniquely a suburban or rural, detached-house phenomenon (with a few notable exceptions - including urban reclamations of existing buildings of the *Grand Designs* variety).

The concept of density in planning is often discussed in relation to sustainability, lifestyle and building heights, but in practice it is primarily an economic factor. Self-provided housing only *appears* to be more expensive in the UK because there is not yet any financial / organisational framework by which it can operate in higher density environments, where the cost of the land can be shared between all those who live upon it. In other words it has yet to exploit the same economic advantages of density which are used by speculative developers to lower their unit cost by getting more out of a site. If such models could exist, they would be considerably more affordable than the equivalent high-density speculative market homes, liberated as they are from profit margins or marketing costs.

### **Self-provision as an urban model**

Evidence of the current self-providing demographic (particularly populated by young families and retiring couples) also reinforces the impression that much self-provision is an escape from the

city. However if self-provision is to succeed as a volume model it needs to operate at the points of greatest housing need, particularly in cities and well-connected suburbs, where people most want to live and where competition for land is most intense. This means developing mid and high-density self-provision typologies in ways that have not yet been developed in the UK, as they have in Freiburg, Germany (for example). In simple terms, that means models whereby self-providers act not only as individuals but organise (or are organised) into groups, co-operatives or projects which co-develop their homes or build in close proximity. This allows them to hire the necessary professional consultants, such as engineers, architects, quantity surveyors and project managers who are needed to deliver larger scale constructions.

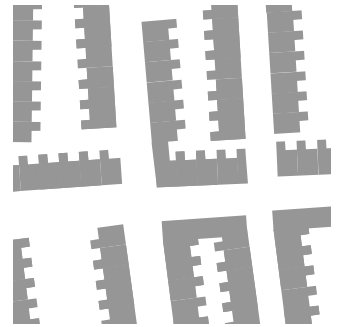
Architects in particular may serve a role in 'hosting' these teams of experienced consultants, making it easy for inexperienced groups to feel comfortable taking on larger construction projects.



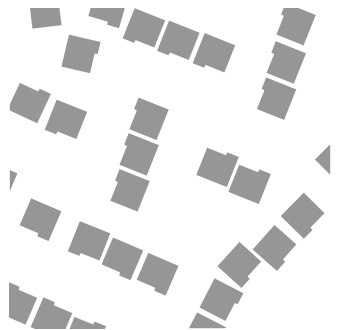
**Dense urban**  
>100 Dwellings per Ha



**Mid urban**  
50-90 Dwellings per Ha



**Suburban**  
25-40 Dwellings per Ha



**Rural**  
<10 Dwellings per Ha

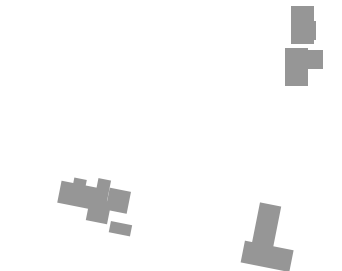




Image courtesy of Payton Chung (via flickr)

### **Quartier Vauban, Freiburg**

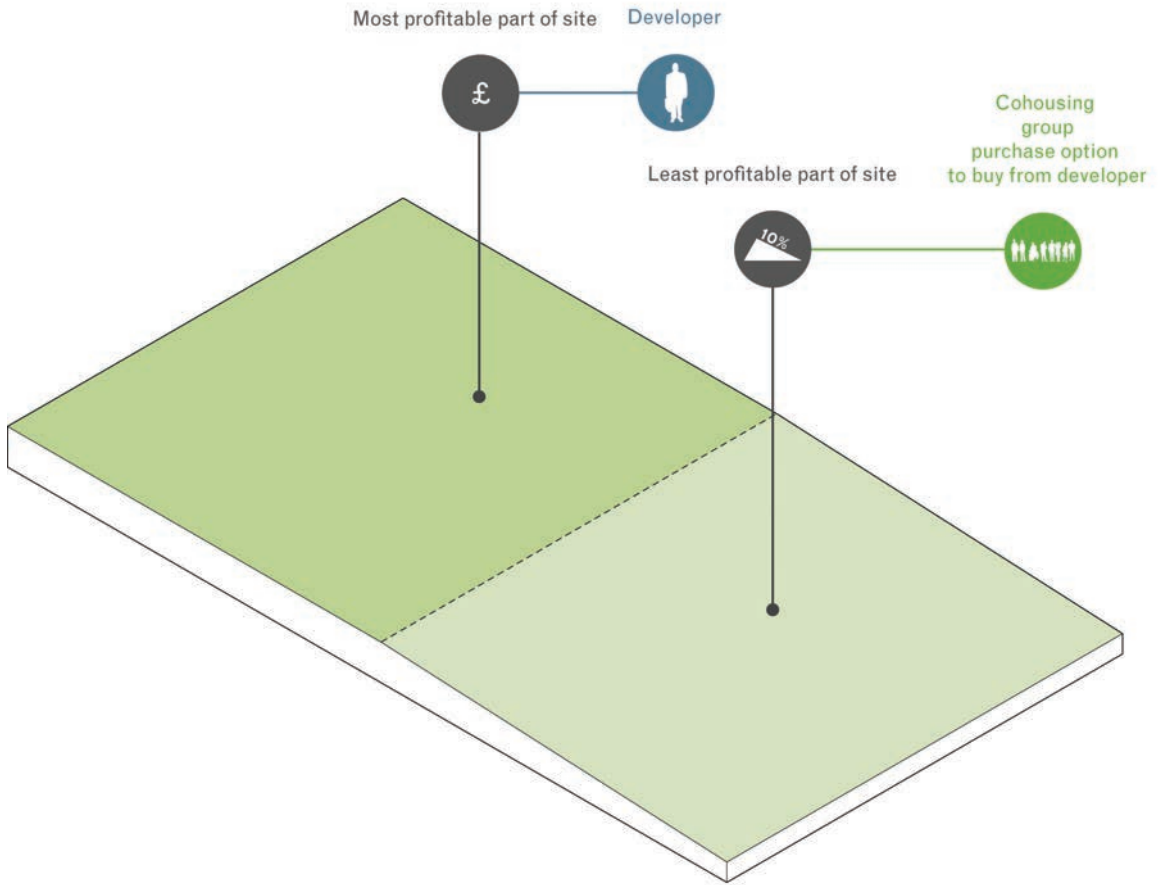
Procured by 'baugemeinschaften', the developments at Vauban offer an appealing example of mid-urban density self-provided housing.

THREE  
DEVELOPMENT  
MODELS  
FOR THE  
21st CENTURY

Combined, these various strategies open up a new field of possibility for ways of developing housing using self-provided models. There are no prescriptive, defined 'types' of self-provided development; aspects of all the models discussed can be combined in almost any number of ways. But here, we explore three near-future scenarios for the development of self-provided housing on a larger scale.

1

# Suburban cohousing

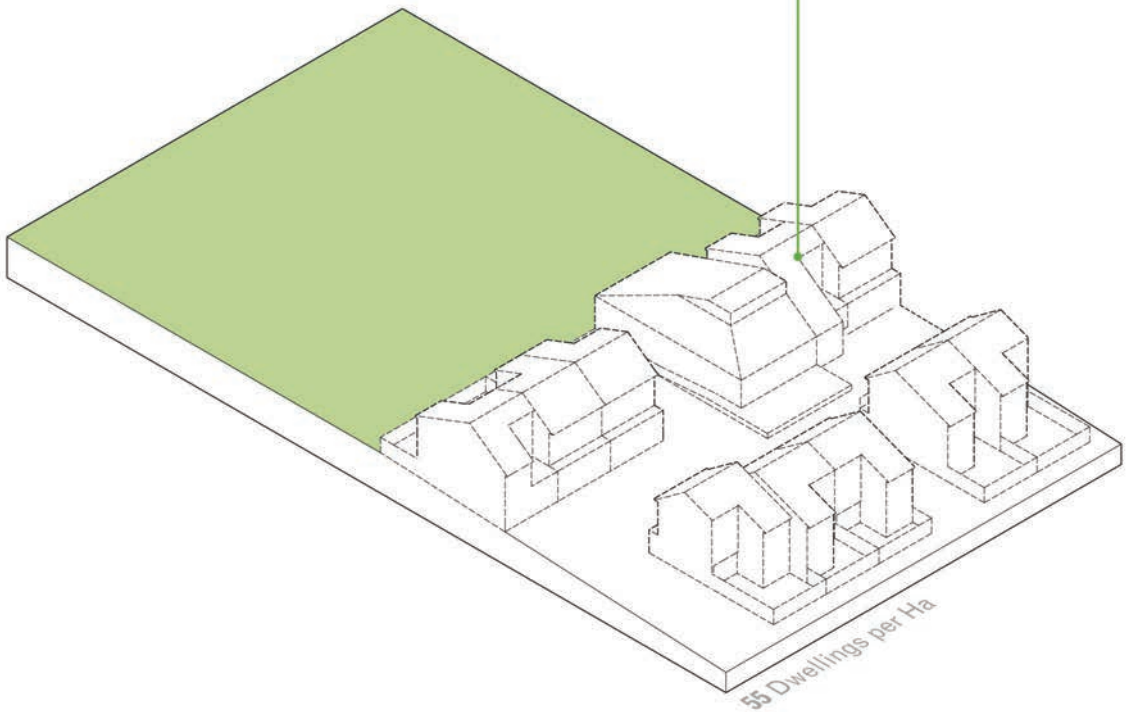


### 1. A housebuilder sells an option on part of large sites.

In the years following the banking crisis, the rate of housebuilding lingers at a record-low, as bank lending to developers and potential buyers remain in short supply. Even house-builders with large landbanks find themselves unable to develop them for market. As a result, Local Authorities are left with very little capacity to provide affordable or lifetime homes.

A solution emerges which suits both sides. Housebuilders with large sites, rather than trying to develop entire sites in an uncertain market, identify portions of the site which will be less profitable to develop (either because they are sloping, or because of other constraints predicating a contextual design response such as nearby railways or contaminated ground). An option to buy this part of the site is sold to a local cohousing group.

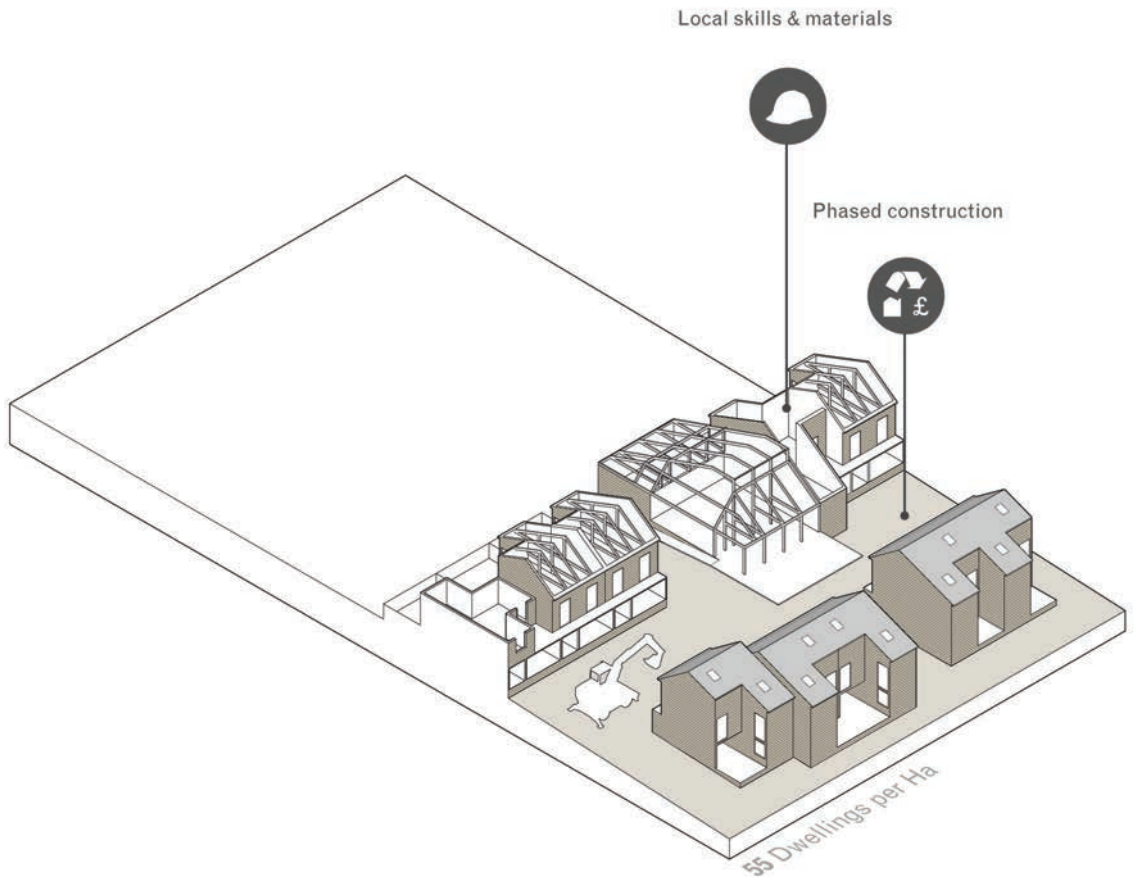
Local Authorities, recognising the demand for land from local cohousing groups, begin to make this land use a Section 106 planning condition.



## 2. The cohousing group secure planning permission

Having purchased an option to buy the site, the cohousing group enter an energetic co-design phase, usually employing a project manager and an architect to produce a scheme which matches their individual and shared aspirations as well as their capacity to borrow.

On securing planning permission for the development, the cohousing group, acting as a co-operative, purchase the plot from the housebuilder.



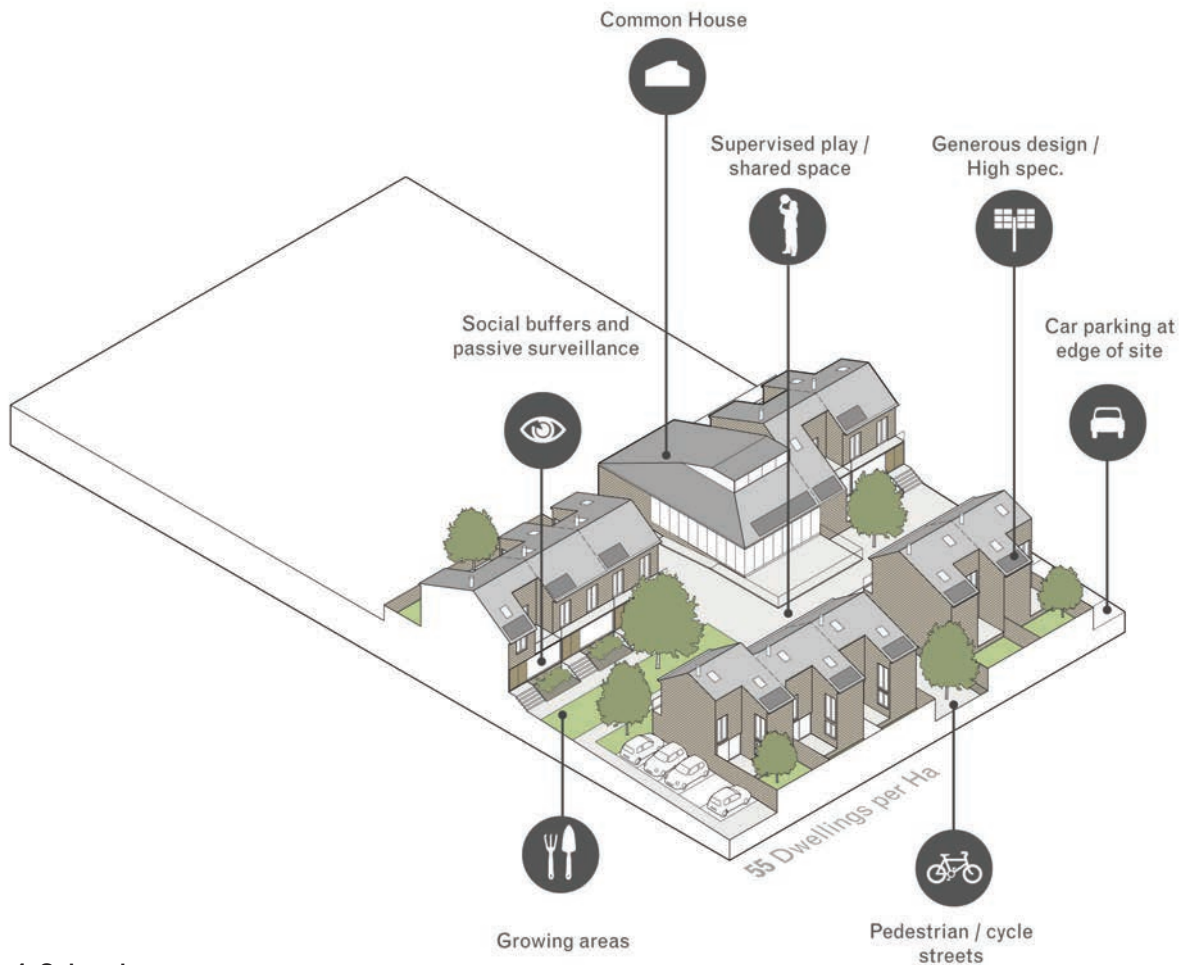
### 3. Construction

The cohousing group tender to local and regional contractors - because of this the design and specification of the buildings are reasonably conservative, tailored to match local skills and materials. This often includes timber structures and materials with much lower embedded energy, as well as the integration, where possible, of reused components.

The financing of the project usually requires that the project is constructed in phases, borrowing against (and learning from) each completed phase to finance the next.

Each member of the cohousing group purchases their house from the coop according to a universal £/m<sup>2</sup> price within which the entire cost of the project is covered, including shared spaces and the common house, which provides a 'village hall' space. The common house is often used for communal dining and events, but may also provide laundry facilities, workspace and workshops.





#### 4. Cohousing

Cohousing members are free to choose any degree of involvement in the community. Locating the parking at the edge of the site liberates sociable pedestrian / cycle streets between the houses. Like all self-provided housing, the long-term financial interest in use-value allows for a more generous design specification and better energy performance.

The beneficial 'externalities' begin to show within months of occupancy: for example, the ability for young families to share the load of childcare, or for the elderly to remain mutually inter-dependent rather than being forced to choose between total independence and the total dependency of a care home. Those who work from home often choose to work together in the common house. The cohousing setup naturally tends to diminish loneliness, crime, fuel-poverty and time-poverty, but it remains a largely middle-class phenomenon, accessible mostly to those with prior capital.

Developer builds-out main site



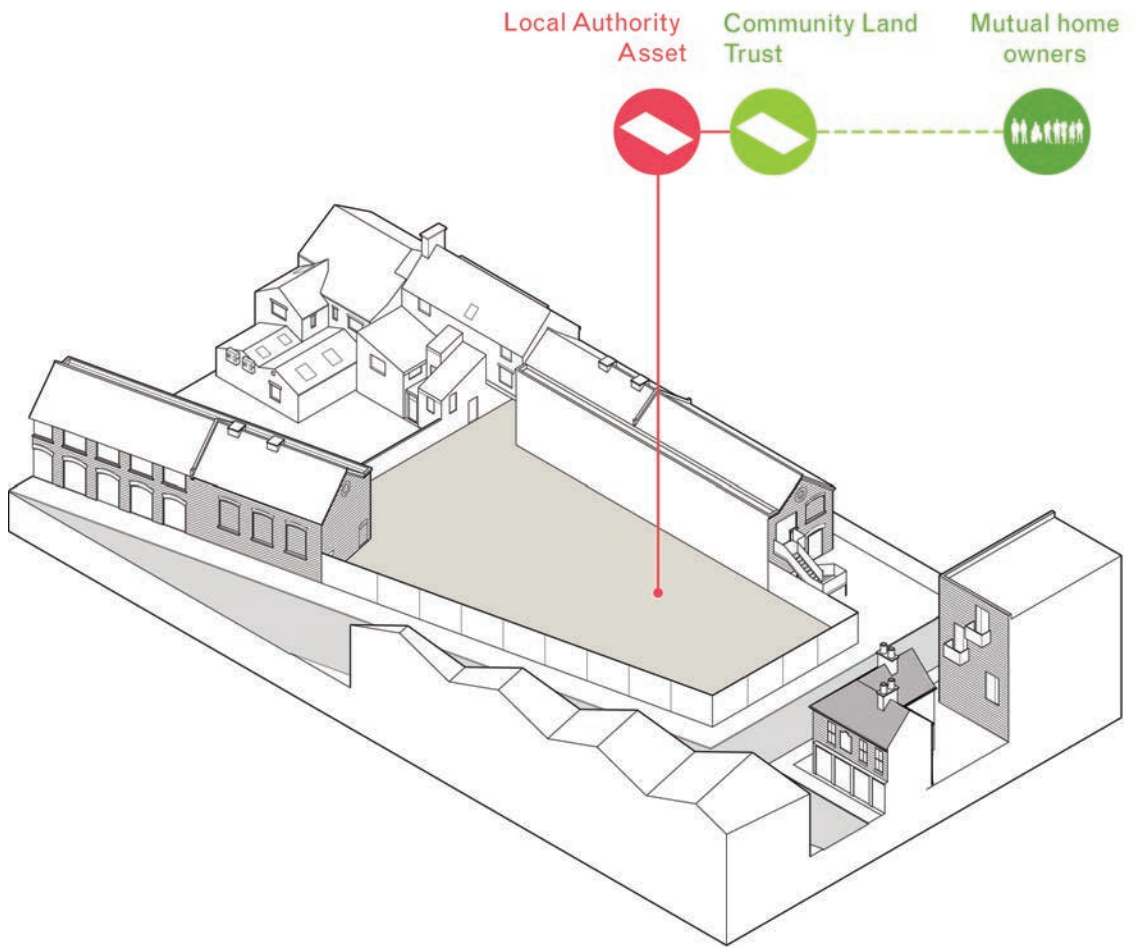
Market attractor / seed community

## 5. Housebuilder uses cohousing as a seed development

The presence of the cohousing yields a number of key benefits for the housebuilder, who now proceeds to build-out the main site according to a more conventional market design model. The initial sale of the land yields a one-off financial boost, but also once complete, the attractiveness of the co-housing and the community it supports is a valuable attractor to potential buyers; who are attracted to the sense of place and the associative opportunity of being part of an active community. In this sense, the cohousing group act as a 'seed' community, even beyond the physical boundaries of the actual cohousing development.

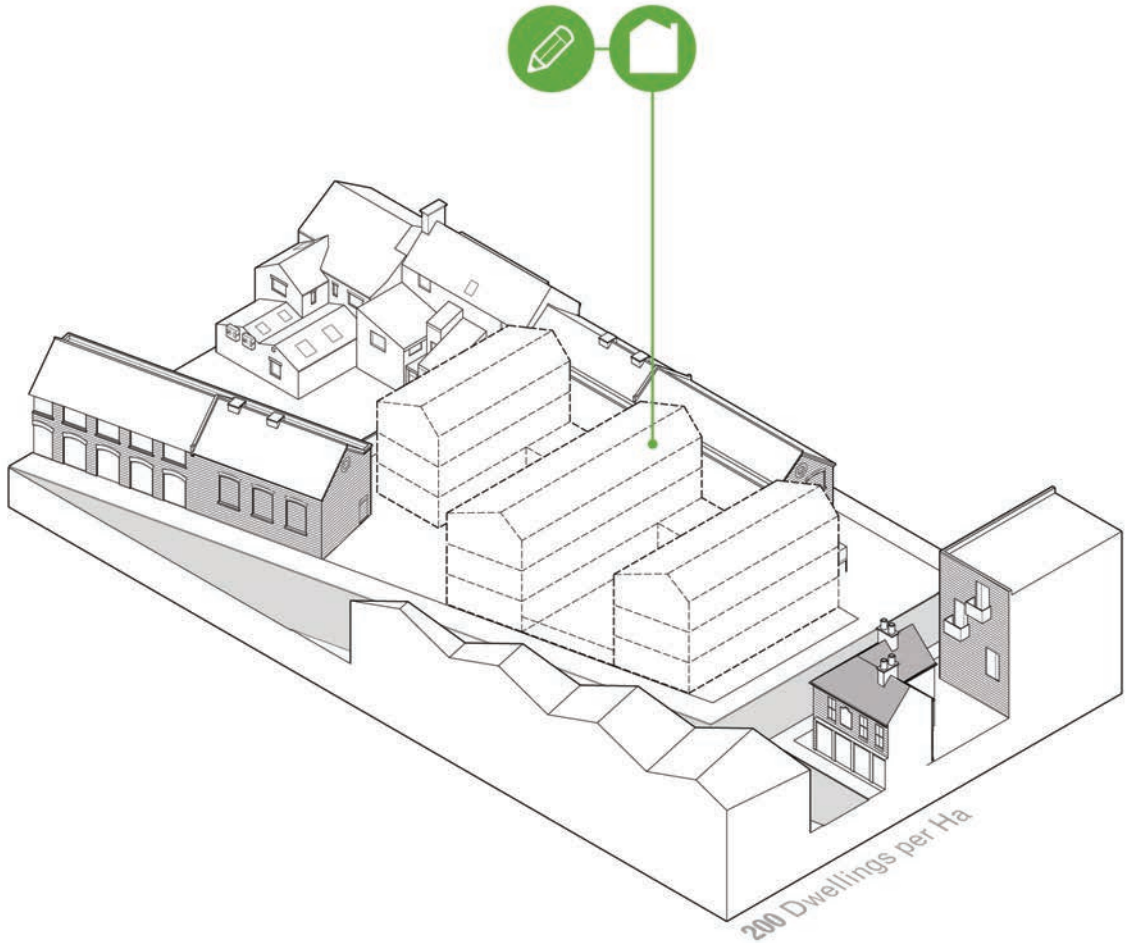
2

# Urban Community Land Trusts



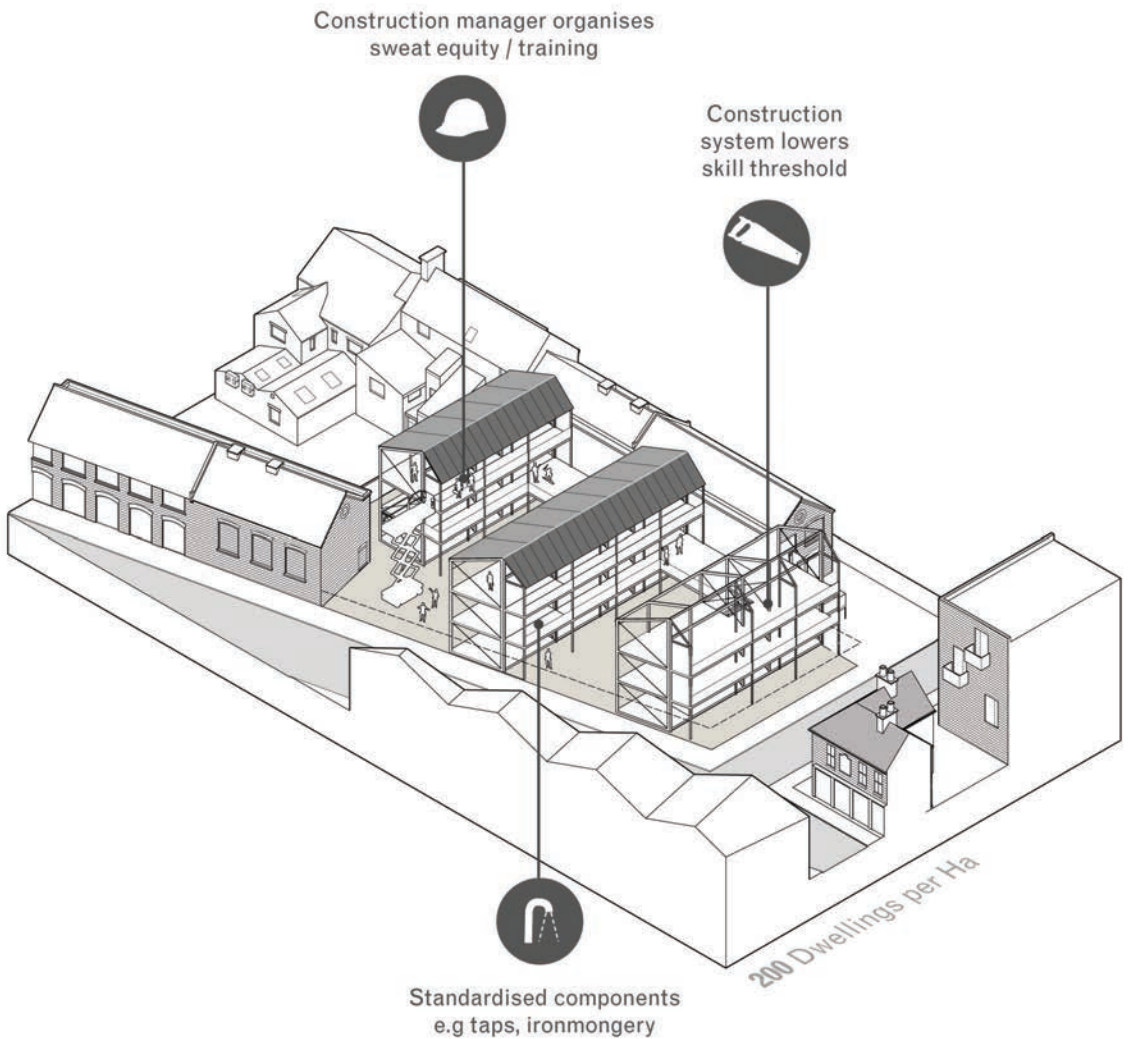
## 1. Public asset

The cuts which follow in the wake of the crisis force many Local Authorities to review their public assets, seeking either to sell them or increasingly to use their disposal as leverage to kick-start new models. The growing demand for affordable housing in cities leads to the formation of local urban Community Land Trusts. The Local Authority sell (or lease) a public-sector owned site to a newly formed CLT, often at market prices or marginally below, setting certain conditions for provision of affordable housing on the site. Some CLTs choose to develop houses themselves for rent or sale, but in this case a group of prospective mutual home owners are found and organised, who agree to rent and develop the site supported by the Community Land Trust and other local non-profit organisations.



## 2. Mutual home owners secure planning permission

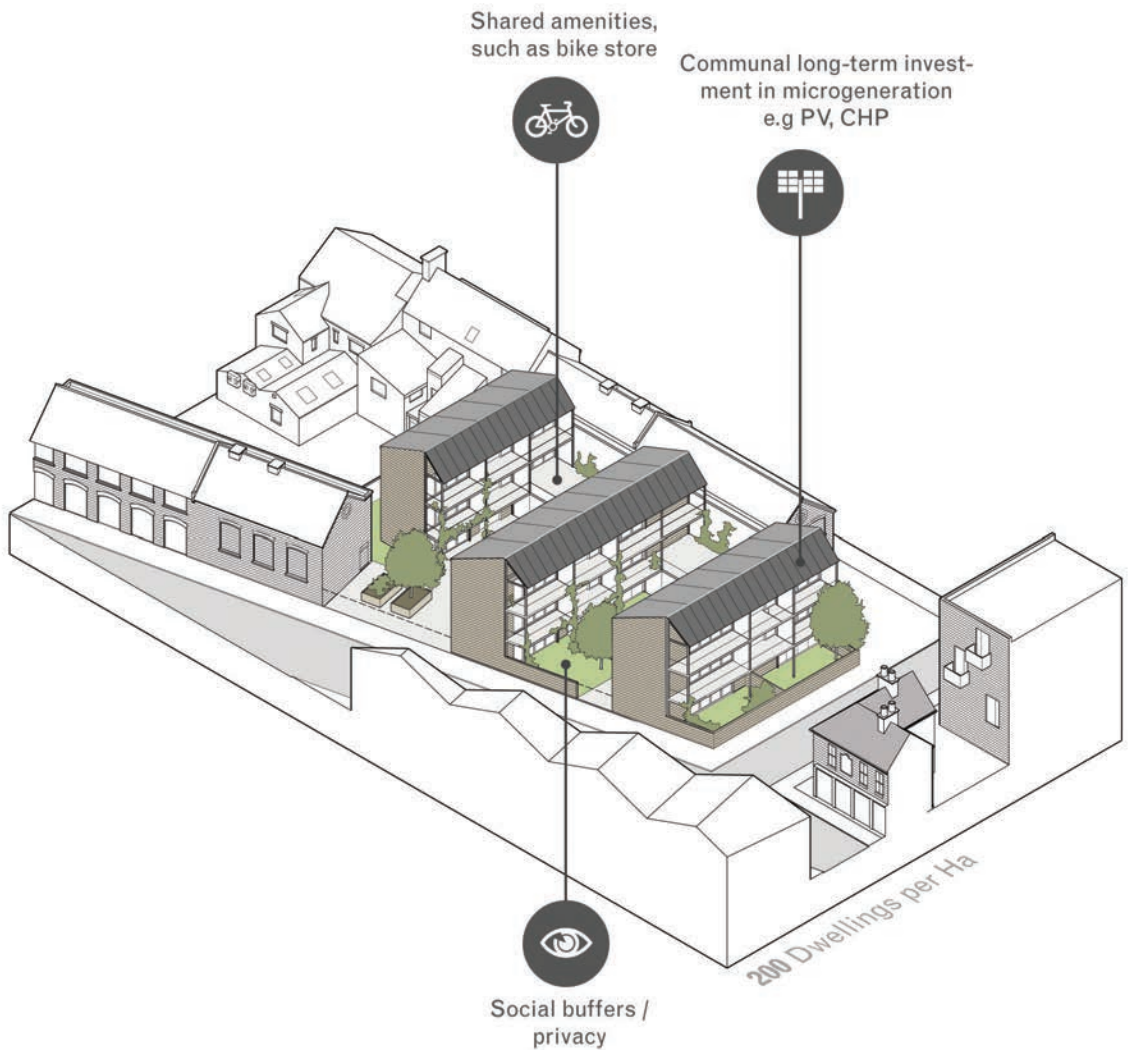
Working with an architect and project manager, the mutual home owning co-operative develop a design for the site, maximising density as far as possible (without compromising quality of life or escalating the construction cost) in order to share the project cost as widely as possible. Although there is some scope for internal customisation, the apartments must be designed in as equitable a way as possible, such that while they accommodate different family sizes, no flats are significantly disadvantaged in terms of size or aspect.



### 3. Sweat Equity

The construction process is designed to maximise opportunities to reduce the overall cost of the project in any way possible. A standardised palette of components are used to maximise the buying power of the co-op. Most importantly, the construction is designed to maximise opportunities for co-op members to invest 'sweat equity'. This is done in a number of ways:

- A construction manager is appointed who assesses skills, appoints tasks, and provides basic training where possible.
- The structure is designed to lower the skill threshold of builders, using high-tolerance, workable materials. In this case, the building is initially assembled as a steel frame with staircases and handrails, which safely serves as scaffolding during the rest of the build.
- Often the permanent construction team will include local unemployed people, seeking to train and gain a qualification in various construction skills.



#### 4. Co-owners buy equity

The loan taken out by the coop to construct the project (£1.5 million) constitutes the value to be paid off over an agreed number of years. That value of £1.5 million is divided up into equity shares. After an initial buy-in, the members of the co-op buy shares at a rate which is tied not to the fluctuating land prices or interest rates, but as a percentage of their household income (typically around 35-40%) - ensuring it is permanently affordable for all. Those who can afford to do so own a larger equity share in the co-op, which they can later choose to sell when they move out. But everyone has a place to live, regardless of their income.

Although the construction and specification budget is appropriate to the limited resources of the project, long term investments in energy performance and microgeneration are worthwhile, even if individuals only plan to live there for a few years, since it is the co-op collectively who calculate these investments in long-term cost savings, not any one individual.

Community Land Trust grows and reinvests surplus in more local regeneration



+ workspaces, crèche...



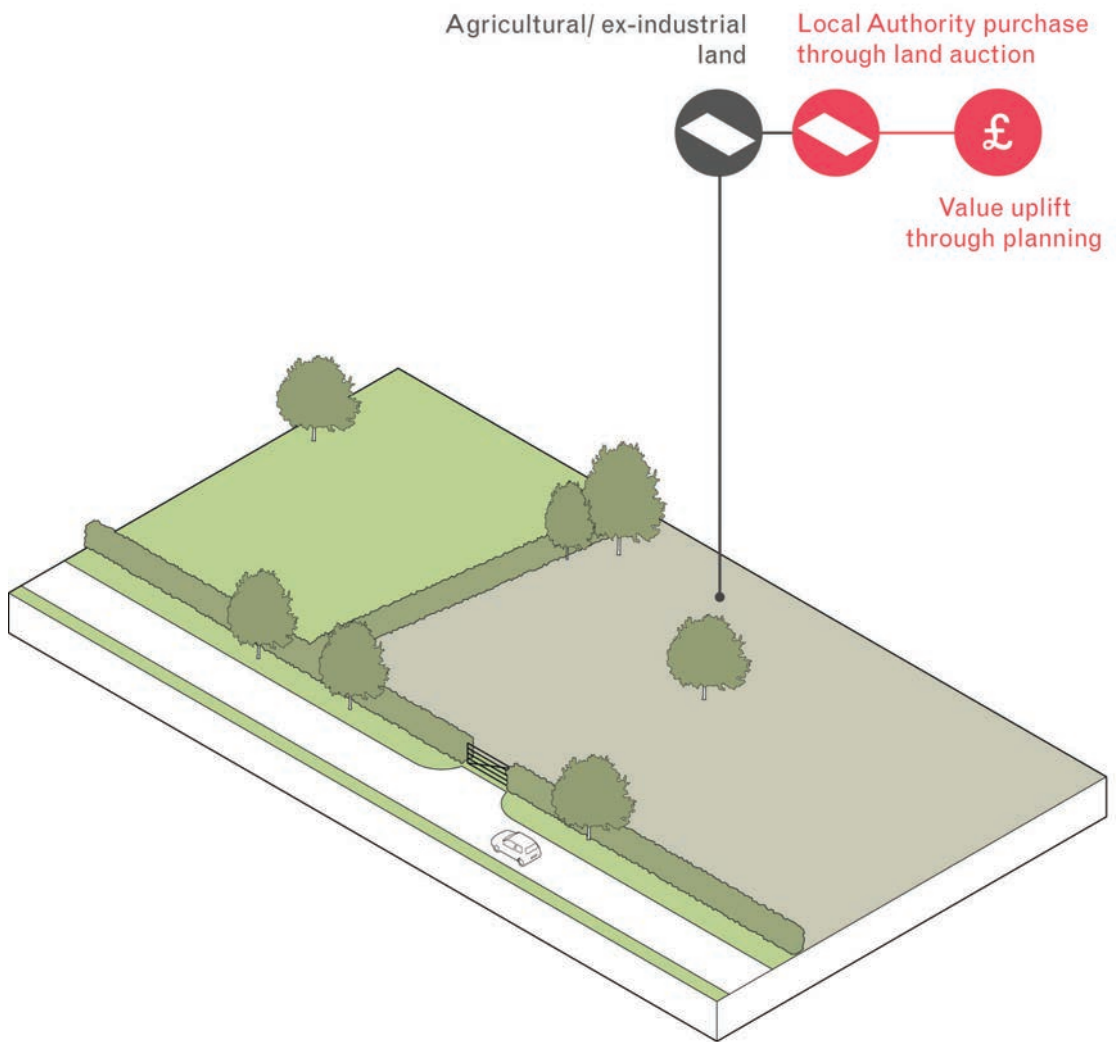
## 5. Rolling investment

Over time, as the Community Land Trust begin to generate surplus from ground-rent, they are able to re-invest this in local regeneration, rolling-out more homes, or investing in community facilities and programmes such as workspaces, local enterprises or local amenities.



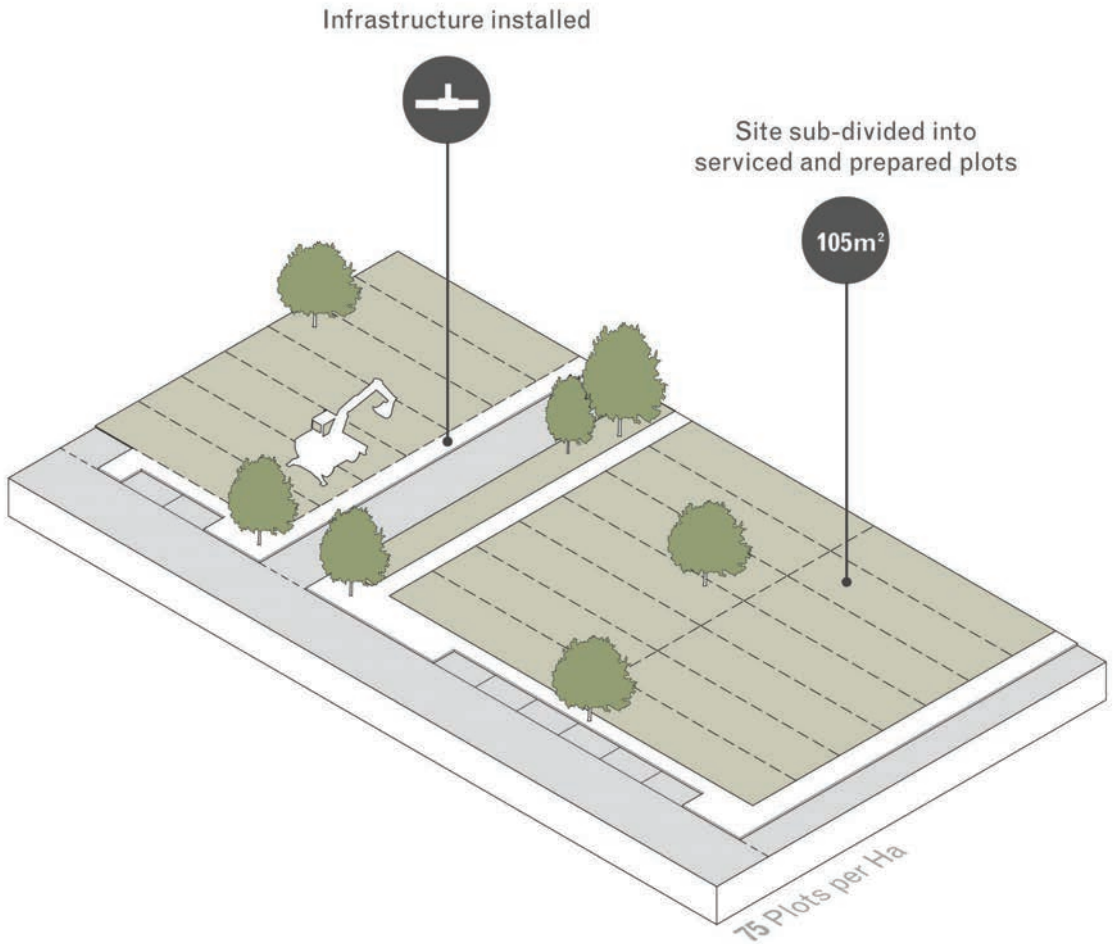
3

# Self-build zones



## 1. Land auction

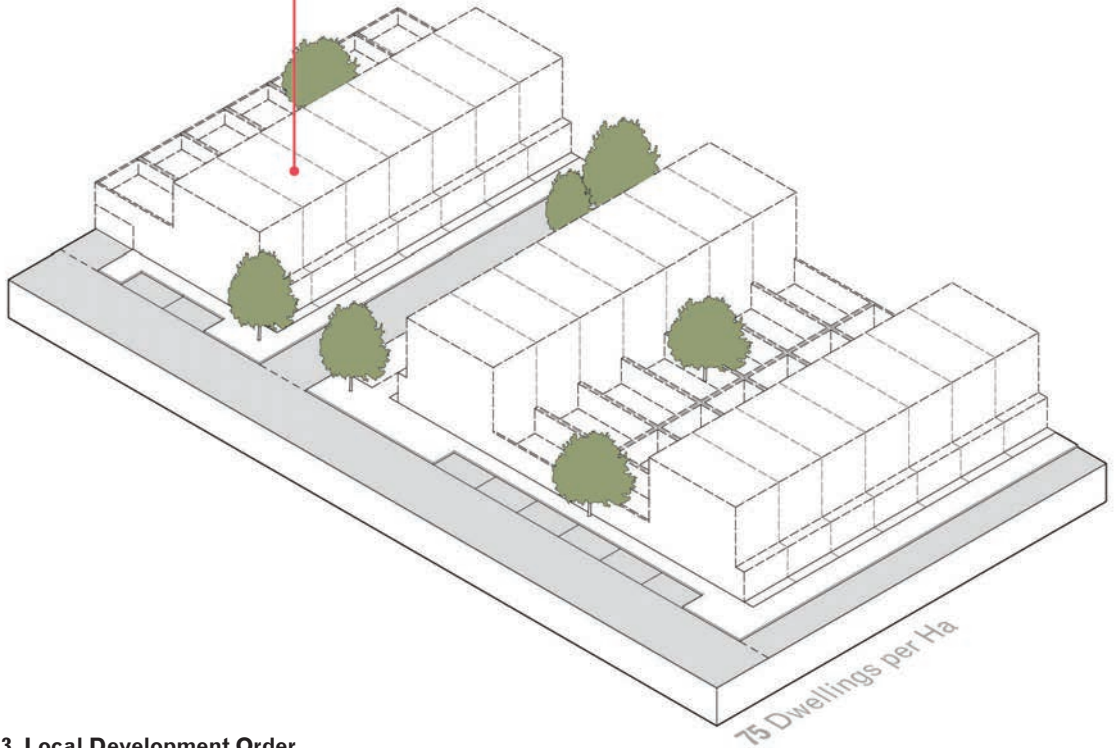
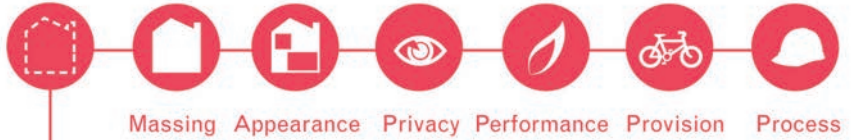
As the economy begins to slowly recover, the desperate need for more housing can no longer be ignored, but existing communities are reluctant to allow development near their homes. Local Authorities begin to realise their capacity to take the lead. Through a 'land auction' system, Local Authorities effectively form a joint-venture and buy a large piece of agricultural or ex-industrial land at near-market price (around £20,000 per hectare) before zoning it for self-provided housing in the local plan. In doing so, they retain the value 'uplift' which they create by designating land for housing (increasing its value to something like £2 million per hectare).



## 2. Preparation of plots

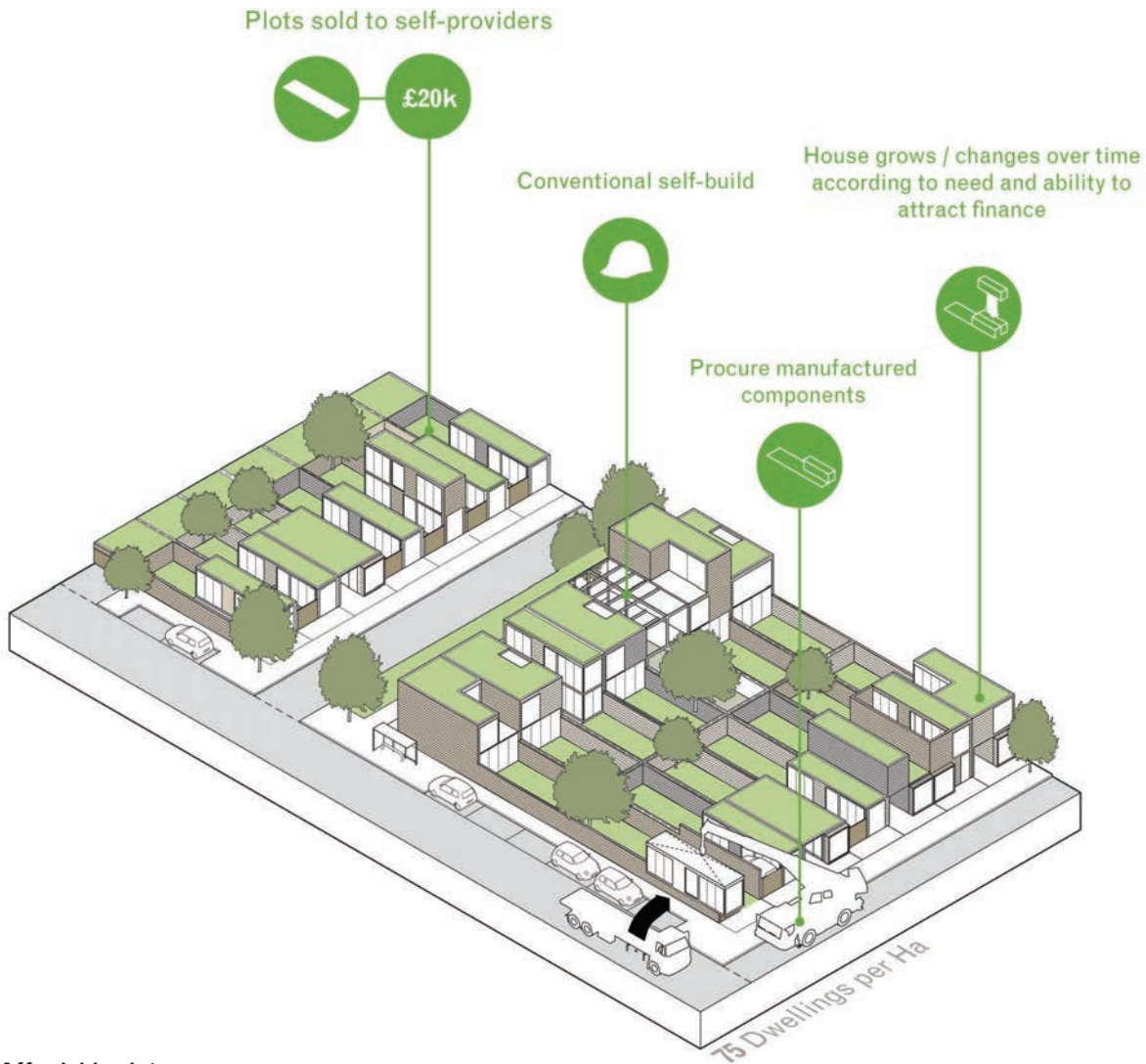
The site is then planned out and subdivided into plots following a terrace typology. The plots are sufficiently small to give a density of around 75 dwellings per hectare. This is for a number of reasons: by making plots as narrow as reasonably possible, the cost per plot is reduced, the infrastructure is used more efficiently, the scarcity of land is recognised and the resultant neighbourhood has sufficient social and economic density to support shops, schools and bus services. Infrastructure is installed and the sites prepared at a cost of approximately £15,000 per plot.

Permitted development rights according to strict design codes



### 3. Local Development Order

A Local Development Order (LDO) is prepared by the planners, taking the form of a set of strict design codes, specifying size and appearance (e.g. materials), but also other factors such as minimum energy performance, party wall rules, and constraints on the construction process. For example, the rules specify that construction work can only take place between 9am and 9pm, Monday-Saturday. These rights are universal between neighbours, and providing they are complied with, residents do not need to submit planning applications to build, extend or change their home.



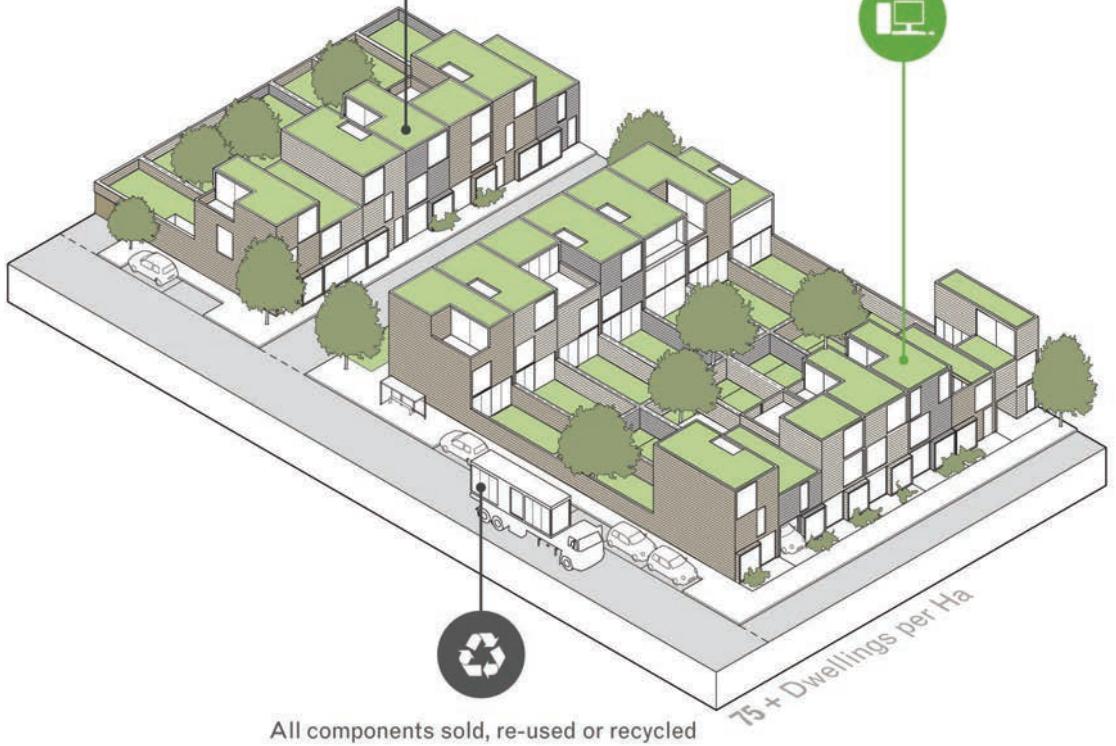
#### 4. Affordable plots

Plots are then leased or sold to self-providers, for around £20,000. Some households choose to proceed with a conventional self-build project, employing an architect and builder to make a fully bespoke house. Many more choose to purchase off-the-shelf or customised house components. Much like any other household durable (such as a car), they are manufactured off-site, fast to construct and carry almost no development risk. This creates a market where the long-fêted advantages of prefabrication can finally be used to increase generosity, quality, flexibility and energy performance. One basic 'starter' house can be purchased for £20,000, providing first time buyers with a very low-threshold mortgage of only £40,000. Popular with young couples and families, it is, in effect, a form of micro-mortgaging.

Adaptive to changing lifestyles  
/ economy

45a  
45b

Web-based platforms to monitor /  
design / procure your house



All components sold, re-used or recycled

## 5. Grow your own home

Over time, a number of large, British house-manufacturing brands emerge, competing hard to offer a high level quality and choice of house components. Zero-carbon lifetime energy performance becomes unremarkable - it is entirely normal. Some brands begin to shift away from a 'product sales' mindset towards a service provision model, offering maintenance of components during their use and recycling at the end of their life. Others do the opposite, offering low-tech user-maintained components.

Internet platforms emerge which increasingly blur the distinction between *design* and *use*: monitoring house performance, offering user design platforms, architects' services and making recommendations for future configurations ('customers with this house also bought...'). At the same time, online marketplaces for secondhand parts and user communities emerge, engaging in open-source problem-solving and group-buying.

The terrace houses themselves, though regularly upgraded and as adaptable to change as their Victorian antecedents, nonetheless retain strong resale values, owing largely to their character, quality, robust durability and spatial generosity. Very often, the extra capacity within the neighbourhood is used to support hobbies and fledgling businesses. Over time, many houses integrate a 'granny' flat, either to better support an elderly relative, or to rent out.

## DAVID CAMERON   GORDON BROWN   NICK CLEGG

"We want to see Community Land Trusts across the country making home ownership more affordable and more fairly distributed. It makes sense."

"Community Land Trusts enable people to have greater land ownership. We will be backing their extension all the way."

"Yes.. to government land being loaned to communities"



# A RIGHT TO BUILD

## Self-provided housing as a 21st century housing solution

*"On (the) evidence, a larger self-organised housing market should be in every politician's toolkit for fixing broken economies and societies... Politicians of all parties have now cottoned on".*

Stephen Hill, 2010 <sup>1</sup>

*"It is arguable that a society whose industrial base is slipping away, which cannot provide employment for its population, and where house-building, public or private, has reached its lowest ebb for decades, might well seek to encourage rather than deter those who choose to turn their own labour into capital, in housing themselves."*

Dennis Hardy and Colin Ward, 1984 <sup>2</sup>

### The politics of a Right to Build

Self-provided and self-organised housing, whether built by individuals, co-operatives, mutuals, or Community Land Trusts, has been described by some as 'the real third way', in that it is structured around neither a concentration of power in the 'big state', nor a concentration of power in 'big business'. As such, it has gained support from across the political spectrum. But where, more precisely, does self-provided housing fit into the broader political narrative of government, welfare and society? Does it have the potential to change our approach to meeting housing need?

There are, broadly speaking, two strong arguments for establishing and shaping a right for citizens to

provide their own houses in the UK.

The first, which has formed the subtext of this research, is a basic utilitarian argument. Simply, that if we are *really* interested in building housing which manifests the forms of value we say we are looking for (affordability, generosity, sustainability, flexibility, community) then we need a form of procurement which is actually structured around valuing those things, rather than one which views them as costs. Whether our concern is for the overall wellbeing of society as a whole or the success of the national economy (two aims which are frequently confused in modern political discourse) it is self-evident that overexposure to a market oligopoly leaves us at risk, and the poor supply of housing, and its relative unaffordability, places a huge burden upon us as a society, the hidden cost of which probably far outweighs the economic contribution of the inflated property market. A 'long tail' strategy simply represents the most economically sensible way forward for UK housing.

The second argument looks beyond housing itself to test housing supply against the principle of freedom, or more particularly, the principle of our *substantive freedoms* (or 'capabilities'), put forward by economists such as Amartya Sen <sup>3</sup>. The core premise of this argument is that genuine freedom (as it is experienced) is not only a function of *freedom from* something (oppression, for example), but also

**1. Stephen Hill** *Time for a citizens' housing revolution* RICS Journal (Feb 2010)

**2. Dennis Hardy and Colin Ward** *Arcadia for All: The Legacy of a Makeshift Landscape.* (1984)

**3. Amartya Sen** *Development as Freedom.* (New Ed. Oxford Paperbacks, 2001)

our *freedom* to do things, or the extent to which society invests us with the opportunity to unlock our full capabilities.

As participants in a developed economy and society which gives us an unprecedented degree of access to healthcare, food, mobility, and other forms of wellbeing, poor access to good housing where we need it stands out as one of the greatest inhibitors to freedom which we will all encounter during our lifetimes. This is by no means confined to those on low-incomes. In London, even the comparatively wealthy find themselves in small, sub-standard housing. We therefore *all* have a good reason to re-inspect the instruments by which society acts to increase our freedoms through housing; namely through the market, the state and our own effort.

### **Housing and Welfare**

Throughout the history of social democracy, and before it, there have been many different conceptions of how to provide welfare within a society. The two we have become most used to is the idea of the market, which aims to reward our own work with access to the work of others, and the redistributive welfare state, or 'safety net', whereby as a citizen you pay proportionate taxes, and in return, have some *right to be provided for* if you find yourself in desperate need (of food, shelter or healthcare for example) <sup>4</sup>.

This *right to be provided for* necessarily implies that someone else must *provide*: it relies upon paid professionals to meet these needs. In the

case of housing, for example, by procuring housing through big-providers, or paying housing benefit. In some sense or another, more or less all of these transactions occur as monetary exchanges.

From a long historical viewpoint, this is actually a relatively recent form of state welfare provision; introduced in Europe in the early part of 20th century, and post-war in the UK. There were, however, other forms of less comprehensive welfare system before this, through philanthropic enterprises during the industrial revolution, and before that through the 'open field' system: better known as the *commons*. This agricultural system, which formed the *de facto* system of welfare for several centuries, is interesting because it was based not on a *right to be provided for*, but rather upon a *right to provide for yourself*, or more specifically, a right to be provided with the means to provide for yourself. For example, subsistence rights (rights to produce food for yourself and to sell) were ensured by farming rights on common land. For a long time, housing was actually one of these rights. Until the 'Act against the erection of cottages' in 1589, an Englishman could even build his house on common land, provided he could do so before sunset.

The idea of a right to build your own home, regardless of wealth, re-emerged, almost accidentally, in the 1930s in the form of the 'Plotlands', but this time it was through the market. Under-used (and at that time, unsubsidised) agricultural land became unprofitable for farmers, so it was divided up into plots and auctioned off at very cheap prices. At that time, there were no universal planning restrictions to prevent this. Poor families, particularly from London, could buy their own piece of 'Arcadia', <sup>5</sup> and build

4. In the UK, rights to housing are not universally guaranteed, but are allocated according to need. See the Shelter Emergency Housing Rights Checker: [http://england.shelter.org.uk/get\\_advice/downloads\\_and\\_tools/emergency\\_checker](http://england.shelter.org.uk/get_advice/downloads_and_tools/emergency_checker)

5. Colin Ward

themselves a house upon it at a price they could afford. Although it was used by some as a rural weekend retreat (in essence an elaborate allotment), for many it was a means to provide a home for themselves that they could not otherwise afford.

The introduction of regulated planning permission as we know it today, in the 1947 Town & Country Planning Act, and the establishment of the Green Belt, meant individuals were no longer free to simply self-provide anywhere they could buy land. The Act turned land for housing into a constrained resource, and thus finally shifted the meeting of housing need from citizens themselves onto an industry driven by effort in the monetised economy, be it controlled by the state, or the market (regulated by the state).

### **A struggling welfare system**

The welfare system today is under increasing pressure: faced by market failures, a growing, ageing population, growing inequality and the challenge of responding to climate change. There has been, in recent years, an increasing awareness of the stress the welfare systems is under, and of the need to renew it<sup>6</sup>.

The first, and most obvious dilemma for a welfare system based only on a *right to be provided for* is that as the need for housing (and the cost of meeting that need) rises, procuring that housing becomes more and more expensive for governments and they struggle to keep up. This has proven to be the case in the UK. Quite rightly, administrations target their resources towards those in the most need, and the most wealthy will still have access to the

best resources. But that still leaves many who are, although slightly better-off, also in real need but beyond the stretched support-range of the welfare state: the 'intermediate market'.

A second problem is that *the right to be provided for* by the state becomes contested. As society grows more unequal: resentment grows between those who are not dependent on support and those who are – a lack of empathy and an unhelpful rhetoric of 'rewarding laziness' takes more and more political space. If those who are dependent on support happen to be in a democratic minority, that spells trouble for those in most need. The majority, (themselves less than adequately housed or cared for) become unwilling to vote in favour of sustaining support for the less well off.

Thirdly, by treating citizens *only* as passive users of a finished commodity provided by professionals, it can actually *decrease* the usefulness and quality of that commodity (as this booklet has argued in the case of housing) and decrease also the self-reliance and mutual support within communities. Citizens can be treated as passive, rather than active users, and their potential value can be overlooked. As the New Economics Foundation wrote in their 2008 pamphlet on the subject:

*"The reason today's problems seem so intractable is that public services, and technocratic management systems, have become blind to the most valuable resource they possess: their own clients and the neighbourhoods around them. When these assets are ignored or deliberately side-lined, then they atrophy."*

6. A number of universities and think-tanks have published research on this subject, ranging from **Demos**, to **Centre for Social Justice** and the **New Economics Foundation**.

7. **The New Economics Foundation** *Co-production: A manifesto for growing the core economy* (NEF, 2008)

### **The shift towards co-production**

All of the hidden (and unpaid) work that is done by families, neighbourhoods and friends for themselves and each other has been termed 'the core economy'.<sup>8</sup> Unlike the monetary economy it is motivated by a far wider conception of value than money alone. As chapter 3 explored, when we produce for ourselves and our friends we produce in a fundamentally different way, for fundamentally different reasons, according to a fundamentally different value-architecture, often leading to more sustainable, resilient results than professionals alone can achieve.

During the years of New Labour, the way in which professionals provided for those in need of housing became more complex, with the private market harnessed to produce public value. That complexity appeared to mask the underlying paradox: that affordable, sociable and sustainable housing was to be funded and built as a byproduct of the precise phenomenon that made it more and more scarce - property price inflation. The fundamental failure to recognise the distinction between the 'virtual' economy and the 'real' economy turned housebuilding into a game of numbers - a phyrric victory which created capital as it eroded place.

In that environment, 'affordable', 'family', 'eco' and 'lifetime' homes were created as separate classes of minority product - the names of each class being euphemistic revelations of everything the speculative land market would not provide unless forced to (logically the implication is that most new housing was *not* affordable, *not* for

families, *high*-carbon and *not* suitable for lifetime occupation). As a housing model, it outwardly proclaimed, but inwardly undermined the role that generously designed, affordable, sustainable housing and well-networked communities play in society: supporting economies, increasing the quality of life and reducing the burden on the welfare state not just for the poorest, but also for the middle classes and the comparatively wealthy. Although it purported to champion 'community consultation' and 'user satisfaction', in reality it fundamentally ignored the latent capacity of citizens to produce housing which is intrinsically generous, affordable, sustainable and sociable in the first place. It ignored the *quality* of the work that citizens do.

### **A Universal Right to Build**

Incorporating this work into our welfare model is not a matter of simplistically 'sub-contracting' all welfare provision to citizens (i.e. fully replacing a *right to be provided for* with a *right to self-provide*, which would be tantamount to negligence towards the least privileged). Neither is it a choice between 'big' and 'small' government, 'state' or 'market'. Enabling systems of co-production means creating a new sphere of activity between markets, citizens and public authorities, and co-ordinating the best characteristics of each. Understanding value architectures beyond monetary transactions or straightforward competitive procurement shifts the role of government away from arms-length market regulation (or deregulation) towards an understanding that all markets are not the same, and they can be *curated* and shaped to prioritise different forms of value.

8. *Ibid.*

In the case of housing, a true shift towards co-production on a large scale would take the form of a *Universal Right to Build*, whereby households, regardless of income, wealth or background have the ability to rent or buy a plot of land and provide a house for themselves at a price which they can reasonably afford, providing they comply with given standards and regulations. The latter part of that aim 'regardless of income, wealth or background' represents a significant challenge; requiring positive intervention and co-operation between the public and private sectors. As this booklet has argued, although the public value of mass self-provision is potentially huge, the process is tough and the barriers high. Unless offered leadership, support and finance by businesses and government, only the wealthy and skilled will be able to navigate it.

### **The Right to Build as a UK housing solution?**

As we discussed at the beginning of this booklet, the UK housing crisis is two-fold.

On one hand, it is a crisis of *numbers*. After the collapse of the credit bubble, the private sector supply has shrunk. With no outpouring of public spending to make up the resultant gap in supply, we are left with very few scalable ways to build housing.

At the same time, it is also a crisis of *value*; such that even at a time of economic growth and prolific housebuilding, output was ungenerous, inflexible, unsustainable and socially isolating.

This booklet has put forward the case that unleashing the capability of self-providers on a massive scale represents a very timely solution to

the latter of these crises: the *long-term* problem of quality and sustainability. It offers a procurement model for houses and neighbourhoods which values them as *places*, not just as *properties* – one which budgets long-term *performance* alongside short-term *profit*. Self-provided housing offers us massive gains in this way: it offers a model which is efficient, resilient and rooted towards producing the deep, 'real' value which we have looked for in housing for so long, but has hitherto been frustrated.

However, as a solution to the quantitative crisis of overall supply, its impact is much less clear. Self-provided housebuilding does offer *some* extra capability to develop fallow sites, by removing the risky speculative aspect of development and unlocking other forms of investment which do not rely on banks (i.e. personal capital and 'sweat equity'). Ultimately though, the ambition to scale the self-provided housing industry still comes up against the same barriers and limitations that speculative housebuilders come up against. In particular, *finance*, *the planning process* and *access to land*.

UK housebuilders are almost permanently calling for greater deregulation and more land to be provided through the planning system. In one sense, they are right to: any significant increase in housing supply will necessarily require a prior increase in the supply of land for housing. However, it is hard to imagine that if more land *were* to be made available for speculative development the design outcomes would be any better.

In the immediate future, it comes down to a value-judgement for public authorities. Where public land is available, or where 'new' land is created, they

must choose between the merits of the different development models; the important message is that the 'big-provider' model is no longer the only idea in the room, and is certainly not the one most likely to deliver public value. In many cases 'micro-development' (dividing the site into plots and making it easy for self-providers to procure houses in 'self-build zones') will offer a similar level of overall financial return on the land, whilst yielding dramatically better results in terms of place design.

### **The infrastructure shortage**

But the conversation over how land should be supplied and allocated is itself a limited one. As discussed earlier in this booklet, the scarcity of land for housing, even through the planning system, is ultimately shaped not by the lack of land *per se*, but the lack of land *where people want to live*. As one commentator has put it succinctly:

*"The north-south divide can be summed up, broadly speaking, like this: in the north there are homes, and in the south there are jobs."*<sup>9</sup>

This is the root of the UK's housing dilemma: outside the Greenbelts, there is plenty of land, but insufficient connectivity to employment, education and public services. In this sense, the true solution to the housing crisis lies *beyond housing itself*, in the problem of *infrastructure*. Not just physical infrastructure (roads, railways, energy supply, water mains, broadband cables etc.) but also the social infrastructure which, in many ways, has a greater impact upon the value and desirability of a place as somewhere to live: schools, healthcare, libraries.

9. Lynsey Hanley *What kind of home makes you pick either family or job?* The Guardian (Feb 15th 2011)

After the crash, investment in, and finance for social infrastructure now faces the same difficulty as housing. Perhaps the crucial question of our time is not just *who should build our houses?* but also *who should build our social infrastructure?* Can we begin to imagine new ways of funding and delivering new infrastructure at scale through Local Authorities? Or are there new private sector investment models which are based on long-term revenue, such as those suggested by The Princes Foundation<sup>10</sup>, or by Cisco and Microsoft *et al.* with PlantIT Valley who plan to build a new 'intelligent' city in Paredes, Portugal, which is funded not by short-term asset value but long-term service-provision revenues; the up-front capital cost will be overshadowed by the long term provision of services (energy, data, water, waste etc) which support the use of that house.

Perhaps the characteristics of the self-provided housing sector also hold lessons beyond housebuilding. Could the quality of user-led procurement extend into infrastructure itself? Examples of this are already available: in 2010, the village of Lyddington in Rutland formed a joint venture with a telecoms company to fund the installation of broadband internet connection.<sup>11</sup> How could government and private industry support a *Right to Build* which goes far beyond housing, to the broader challenge of investing in infrastructure and whole places?

### **Towards 'long-tail' urbanism**

The broad conclusion we can draw is that at a time of lingering economic uncertainty, when the 'urban renaissance' has so clearly foundered, leaving no

10. The Prince's Foundation *Valuing Sustainable Urbanism* (The Prince's Foundation 2007)

11. <http://news.bbc.co.uk/1/hi/sci/tech/8619388.stm>

plausible model to replace it, we collectively have far more capacity than we realise. But growing a new UK development model will require more than a tweaking of the status quo, more attention to investment than just spending, more attention to individual freedom than just market de-regulation.

The long-held aims we have for housing in this country *can* be met. But we should not expect them to be if we continue to procure and design neighbourhoods primarily as inflated financial assets, designed and built in such a way as to isolate and impoverish those who will own and use them as places to live. It should be our generation, inheriting financial and physical debt, confronted with climate change, but empowered by the web, who finally decide that poor housing is a problem worth solving.

*“Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody.”*

Jane Jacobs <sup>12</sup>

**12. Jane Jacobs** *Death and Life of Great American Cities*. (New edition. Random House, 1997)

# INDEX OF KEY ACTIONS

## NATIONAL GOVERNMENT & HCA

**A national self-provided housing agency** Continue to pull together experts, lenders, private sector companies and self-provision organisations at a national level through a central agency, in order to serve as a resource for local authorities, private sector companies and communities, as suggested by Hill et al. Of course the aims and agendas of these actors will not always cohere into a single clear message, however, their collective aim should be to make different models of mass self-provision as normal, accessible, easy and risk-free as possible, for everyone involved. (3a) **Page 80**

**Research** Gather together ongoing research and evidence of the externalities and public value outcomes which emerge from pioneer projects. This should also include a watchfulness for external negative consequences, such as social exclusion. (3a) **Page 80**

**Develop standard models** Create, communicate and support standard legal, financial and planning models, which are backed by partnerships. (3a) **Page 80**

**Set up revolving funds** Establish catalyst funds for communities, groups or organisations trying to develop self-provided housing schemes with limited capital resources, but good prospects of long-term revenue. 2d **Page 73**

**Public land assets** Pioneer the sale and use of public land assets for self-provision models. These should include Self-Build Zones, assembled around Local Development Orders and development partnerships. These zones will form a tangible catalyst for the UK Right to Build. (1d) (1e) **Page 61**

## LOCAL AUTHORITIES & PLANNERS

**Land and market assessments** Include demand for self-provided housing types in Strategic Housing Market Assessments (SHMAs) and Strategic Housing Land Area Assessments (SHLAAs), so that land can be allocated proportionately to its market share, as advocated by the Office for Fair Trading. (1f) **Page 62**

**Public land disposal** In the interests of achieving the best public value outcomes, local authorities should consider making sites or plots for self-provided housing a standard component of all public land disposals. This might include slow 'geared' land purchase, rather than single one-off payment. Even where there may be a disparity between the financial yield offered by self-provision and conventional market purchase, an evidenced case should be sought and put forward that the disparity be considered a form of investment in place-making outcomes (this might be guaranteed, for example, by the formation of a CLT). (1d) **Page 61**

**Section 106 and CIL** Where small self-provided housing schemes need support, local authorities should consider exemption from external Affordable Housing contribution or CIL. Alternatively, they can make this easier for self-providers to finance by deferring CIL payments until after completion. (4b) **Page 88**



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**Use of public land** Seek to design legal arrangements and contracts allowing licensing of public land, which may include rents geared up over time with the resident's ability to pay. (1e) **Page 61**

**Land through planning conditions** Seek legal and professional advice on the capacity to make land (and / or infrastructure) for self-provision models (including self-finish) part of a Section 106 planning requirement on large sites for private development. (1b) **Page 60**

## PRIVATE SECTOR LANDOWNERS, CONTRACTORS, CONSULTANTS & MANUFACTURERS

**Self-provided plots as 'seed' development** Develop business models which use plot-promotion on part or all of sites as a means to catalyse placemaking and de-risk the initial phases of development, or to shift from short to long-term revenues. (1a) **Page 60**

**Take out market risk** Seek to partner with local authorities and self-providing groups to deliver houses, effectively as a form of pre-sales. This will require new ways of working for users who are leading projects, and new ways of eliminating risk. (2b) **Page 72**

**Innovation** Innovate to capitalise on the latent-desire to self-provide by designing processes and products which makes self-provision easier, less risky and more sustainable. Design-in capacity for the investment of user 'sweat equity' where appropriate. This may include sharing risk for fees at the initial stages of a project. 2e Page 73 3c (3d) **Page 80**

**Communication** The shift towards a mass-micro operating model means communicating with non-professionals as much as professionals, without 'dumbing down' the full complexity of options or reverting to a 'consultation' mindset. Clear user-facing interfaces of all kinds, throughout the process are required to allow self-providers to make informed decisions. (5d) **Page 97**

**Co-operate** Connect with other groups, organisations and networks to share and aggregate knowledge, risk and market power.

**Establish a 'constitution'** It is often remarked upon that the slowness and difficulty of initiating self-provision schemes is a major cause of pessimism for self-providing groups. Yet equally, it is also highlighted that the long pre-project interval is necessary to calmly establish common aims and design principles, as well as equitable systems for making decisions. (5b) **Page 96**

**Appoint a project manager** The occasionally conflicted and adversarial nature of the design process is more or less inevitable, and perhaps important. Thus it has been suggested from a number of sources that the appointment of a neutral project manager is a worthwhile investment in terms of overall savings, and helpful in bringing building procurement expertise which extends to, for example, whole life-cycle costing etc. This may or may not be the architect. (5b) **Page 96**

**Design process as well as product** As well as negotiating the design of the 'finished' houses and neighbourhood, explore ways of reducing cost, risk and financial thresholds through the design of the houses, including density, degrees of individual customisation and scope for allowing members of the group with relevant skills to invest 'sweat equity' in a fair, verifiable way. (2e) **Page 73**

**Innovative Models** Investigate innovative procurement and tenure models which suit the situation and the aims of the project, possibly including Community Land Trusts and mutual home / land ownership, or equitable ways of co-investing in neighbourhood infrastructure, such as shared resources or micro-regeneration. **Pages 91-118**

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