



Chelmsford Local Plan
**Self-Build and
Custom Build**
Planning Advice Note

January 2025

Self-Build and Custom Build: Planning Advice Note

Background

The development of self-build and custom build homes by individuals or community groups can help meet the need for additional housing and provide a more diverse housing stock. Based on Chelmsford’s current self-build and custom build register and projected demand until 2036, 5% of new homes on larger housing schemes will need to be built on self-build/custom build plots.

Purpose

The purpose of this advice note is to summarise the demand for self-build and custom build homes to enable developers to have regard to this demand when planning to meet the requirement set out in Policy DM1 (C) (i) - within all development of more than 100 dwellings the Council will require 5% self-build homes, which can include custom housebuilding.

This note will be updated on an annual basis, to provide the latest summary of demand information to inform the type and mix of self-build and custom build housing required.

Local Demand for Self-Build and Custom Build Housing

The Self and Custom Housebuilding Act 2015 places a duty on the Council to keep a register of individuals, and association of individuals, who are seeking to acquire self-build serviced plots of land in the Council’s area for their own self-build and custom house building.

Profile of Demand

As of 1 November 2024, there are 340 individuals on the Self-Build and Custom Housebuilding Register. A summary of the income and savings information from the Register is provided in Table 1 below by bedroom size preference:

Table 1:

Desired No. of Bedrooms	No. of Applicants	Median Annual Household Income Category	Median Savings Category
1	2	£20,000 - £34,999	£5,000 - £14,999
2	32	£35,000 - £49,999	£5,000 – 9,999
3	101	£50,000 - £74,999	£30,000 +
4	155	£75,000 +	£30,000 +
5 or more	48	£75,000 +	£25,000 – 29,999
Not specified	2	£50,000 - £74,999	£5,000 - £9,999
TOTAL	340	£50,000 - £74,999	£30,000 +

Tables 2 and 3 below show the desired house types and tenure types as identified on the Register.

Table 2:

What type of home are you hoping to build?	No. of applicants	Proportion of applicants
Detached bungalow	39	11%
Detached house	291	86%
Semi-detached house	6	2%
Terraced bungalow	2	1%
Terraced house	1	0%
No response	1	0%
Grand Total	340	100%

Table 3:

What is your preferred tenure	No. of applicants	Proportion of applicants
Owner occupation	333	98%
Unspecified	7	2%
Grand Total	340	100%

The Register also provides information on the type of self-build and custom build options, which shows a general preference for single plots over multiple plot methods, as shown in Table 4 below. Please note that it is possible for applicants on the Register to select multiple options.

Table 4:

Self- Build / Custom Build Options	No. of applicants	Proportion of applicants
SP - Contractor Built	182	54%
SP - Self Build	248	73%
SP - Kit or Package	184	54%
SP - Developer Built	76	22%
MP - Supported Community	48	14%
MP - Community Collaboration	52	15%
MP - Developer-Led Group Project	43	13%

Housing Cost Analysis

Using the variables listed below, Table 5 provides an indicative minimum annual household income required to be able to support the land and build costs involved in pursuing a self-build / custom housebuilding opportunity in the current housing market. The analysis in Table 5 focuses on owner occupation and the provision of houses, as this represents the greatest demand currently on the Register.

Variables

- 90% Loan To Value ratio (based on all savings used as a deposit)
- Median asking price as at January 2025
- Best available mortgage rate on 90% Loan To Value ratio
- 30-year mortgage repayment term
- 35% of gross household income spent on housing costs

Table 5:

No. of Bedrooms	Best Available Mortgage Rate	Annual Mortgage Repayment	Indicative Minimum Household Income
1	4.50%	£10,944	£31,269
2	4.50%	£15,036	£42,960
3	4.50%	£24,612	£70,320
4	4.64%	£33,372	£95,349
5 or more	4.64%	£48,672	£139,063

The information in Table 5 does not seek to determine the open market value of self-build and custom build homes, nor is it intended to determine the value of a plot of land associated with each of the bedroom preferences. Rather, it provides summary information to evidence the indicative affordability of an X-bedroom self-build/custom build dwelling for developers to consider and assess against the income and savings levels of those on the Register (see Table 1) to ensure development proposals are marketable to the Register.

Key Documents

Local Plan:

Policy DM1 (C) (i) states that within all development of more than 100 dwellings the Council will require 5% self-build homes which can include custom housebuilding.

Planning Obligations SPD:

This provides information on:

- types of self-build and custom build projects which can be secured by individuals and / or a community group.
- the method for calculating the quantum of self-build and custom housebuilding,
- the definition of a serviced plot of land,
- CIL exemption.

It confirms that the self-build and custom housebuilding offer should meet the range of demand and affordability evidenced by local demand on the register – see ‘Local Demand for Self-Build and Custom Build Housing’ above.

The SPD also confirms that the Council will seek to secure self-build and custom build housing by way of a section 106 obligation and that a Design Code will need to be provided at outline planning stage, to be secured by a planning condition, that will establish a clear set of design rules and parameters that future development will comply with.

Section 106 Template:

A template section 106 agreement will define:

- the amount of self-build and custom build housing,
- the type of self-build and custom build housing,
- the mix of self-build and custom build housing,
- priority mechanisms relating to the restrictive marketing period of the self-build and custom build housing for households on the Register and with a local connection to the City,
- occupation restrictions on the market housing to ensure the availability and marketing of self-build and custom build housing,
- the process for the reversion to market housing that could be built out by the Developer after a period of 12 months from initial marketing.

Self-build and Custom Build Design Code Template:

This provides design guidance for strategic growth sites and sites with multiple serviced plots. It provides a structure for the Design Code which will be secured by a planning condition at outline planning stage and should include:

- Site wide vision (for strategic scale sites)
- Site and context overview
- Self-build and custom build character and delivery approach
- Design code (general design guidance)
- Plot passport (plot specific design parameters)

The indicative process for self-build and custom build planning approval is set out in Figure 1 of the Self-build and Custom Build Design Code Template. See Appendix 1 to this note for ease of reference.

Appendix 1

Figure 1: Indicative process for Self-build and Custom Build planning approval

