

Self-Build Challenge

Information Pack





Deputy Mayor Introduction

I am delighted to officially launch the Self-Build Challenge, which offers individuals and families in Hackney an opportunity to build an innovative and environmentally-friendly home.

Since announcing our plans for the Self-Build Challenge in July, we have seen nearly 400 people register their interest, which demonstrates the clear demand and interest for self-build options in Hackney. The small plot of land, which is too small for a Council-led scheme, will be used to build a home to give a priced-out local household a secure home and a different way onto the housing ladder.

Hackney is building thousands of genuinely affordable homes for residents who desperately need them, acting as its own developer on its own land in partnership with local people. The Council continues to explore all options to address the chronic housing shortage we now face. In addition to offering Self-Build options, we are also pursuing other solutions to the housing crisis to support the delivery of a mix of housing that meets the needs of Hackney residents, including the Mayor's Housing Challenge Fund and the launch of Hackney Living Rent.

I am proud that Hackney Council continues to find innovative and successful solutions to the housing challenges we face, providing housing that is affordable for households locally, supporting innovative and environmentally-friendly design, endeavouring to keep households with a local connection in the area and supporting the local economy.

I wish all Self-Build Challenge applicants the best and look forward to seeing your designs.

Rebecca Rennison

Cllr Rebecca Rennison

Deputy Mayor and

Cabinet Member for Finance, Housing Needs and Supply

What is the Self-Build Challenge?

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What is Self-Build housing?

Self-build housing is where an individual directly organises the design and construction of their own home.

What counts as Self-Build?

There are a number of approaches to designing and building your own home, ranging from undertaking all the work yourself to engaging with manufacturers to design and build your home (some examples of self-build are below). We recommend that applicants research the self-build approaches detailed below to identify which approach would suit their needs; taking into account their skills, access to support services and budget.

- Self-build-one-off – Individuals undertake most or all of the design and construction themselves.
- Contractor built-one-off – Individuals manage the design process and select a contractor to undertake most or all of the work.
- Kit homes – Individuals engage a kit manufacturer and work with them on the design and construction plan. The specialist manufacturer supplies and erects the house with the self-builder responsible for providing the slab. Either the kit manufacturer or the buyer 'finishes' the property.



The Site

Our pilot site is located on Balcorne Street at E9 7AY.



Services

The site is not currently connected to services and connecting the self-builder's home to water, electricity, waste, broadband, etc will be the responsibility of the self-builder. Applicants will however be provided with the following searches and surveys:

- Topographical Survey
- Utilities Search
- Water Search
- Envirosearch
- Title Plan

How will Hackney's Self-Build Challenge work?

The Self-Build Challenge has been designed to release a small site of land to an individual, individuals, or a household who have a local connection to Hackney, do not already own a home, and who have a combined or household income under £90,000. Applicants who submit

their bids in December 2020 will find out in February 2021 if they have been shortlisted. Shortlisted applicants will be interviewed, their ability to finance the project will be checked, and they will be asked about their plans in more detail throughout the Spring of 2021. By May 2021, a winner will be selected.

Who is eligible to apply for the Self-Build Challenge?

To be eligible for the Self-Build Challenge applicants should be able to demonstrate a local connection and be in housing need, and should have a household income of no more than £90,000 per year.

What do we mean by local connection?

For this challenge, a local connection is defined as:

- Applicant(s) has been living in Hackney for 12 months prior to application

Or

- Applicant(s) working in Hackney for at 12 months prior to application

Or

- Applicant(s) who has a connection with Hackney through immediate family associations who have a minimum of 3 years residency prior to application (immediate family meaning the applicant's siblings, parents, or children)

What do we mean by housing need?

Housing need refers to individuals (or a household) who do not currently own their own home and who would otherwise be unable to purchase a suitable property on the open market in Hackney.

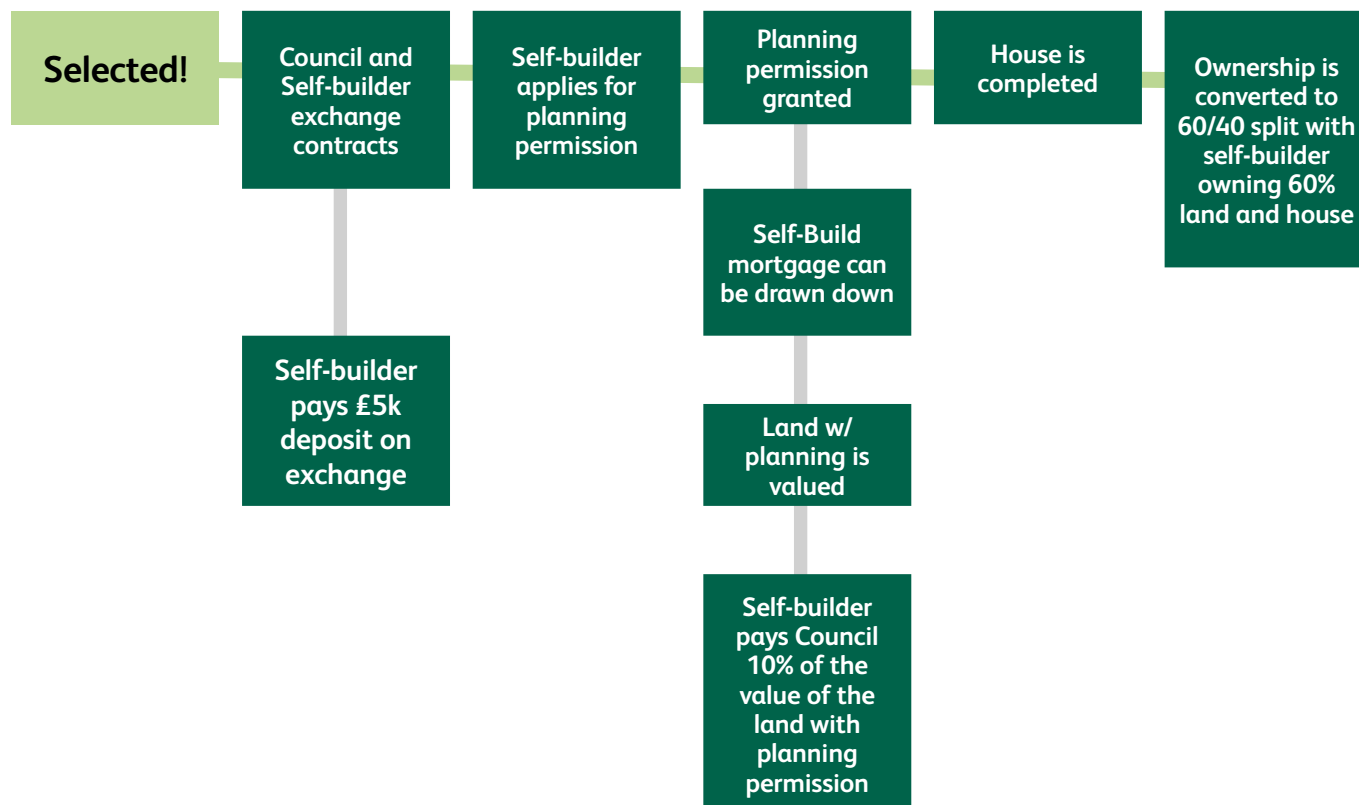
Why is £90,000 the household income limit?

For homes to be offered under the Mayor of London's Affordable Homes Programme, households cannot earn more than £90,000. This threshold is set based on the income required to purchase a property on the open market in London. Earning an income above this threshold thus excludes households from being eligible for intermediate homes such as shared-ownership as well as from this Challenge.

Application process



What happens after the winner has been selected for the Self-Build Challenge?



Terms and conditions

After the successful applicant(s) are selected, they will be asked to pay a £5,000 deposit and sign a contract with the Council. The successful applicant will then develop their plans in more detail and submit a full planning application. Once planning permission has been obtained, the land with planning will be valued. The self-builder will then need to pay the Council 10 % of this value (the value of the land with planning permission) in exchange for being put on the title as a tenant in common who owns 10 %. Once the home is completed, the home and the land will be valued and the Declaration of Trust will be changed to reflect the self-builder owning a 60 % share and the Council retaining a 40 % equity share of the house and the land. The self-builder is expected to use this home as

their only residence and will need permission from the Council to sell the home when the time comes.

There will be restrictions placed on the site that mean that the self-builder:

- Will need to complete their home within 3 years
- Will need the permission of Hackney Council before selling
- Hackney Council will have the right to buy the home back when/if the self-builder sells and will have several months to offer the property to those that meet certain criteria (local connection, household income under £90,000 pa, not already a homeowner, etc...)



Self-Build eligibility criteria and how bids will be scored



Question	Criteria	Weighting
1	Does the applicant have a basic understanding of how much their build would cost? Do they have a plan for how they would finance this project and can they afford their plan?	40 %
2	Design Approach - Are the proposals for the project innovative, yet at the same time realistic? Do they meet the specific needs of the applicant and do they demonstrate a long lasting quality.	20 %
3	Green Features - Does the proposed project demonstrate sustainability, environmentally friendly design, and energy efficiency?	10 %
4	Does the applicant understand the major risks of this project and have they thought about how they will mitigate these? Does the applicant demonstrate that they would ensure high quality in the build of their home?	20 %
5	Will the project support the local economy or provide employment or apprenticeship opportunities for local people?	10 %
	Total:	100 %

Points Awarded	How points are determined
5 Excellent	The bidder has thoroughly answered the question and demonstrated that they have thought deeply about how they would approach the project. The bidder has given consideration to Hackney's Strategic priorities and shown how their proposal meets these. The bidder's answer shows that they have carried out extensive and appropriate research to inform their response.
4 Good	The bidder has provided a response that is thorough and supported by suitable and relevant evidence of experience and technical and professional ability.
3 Fair	The response shows some consideration and preparedness but is not comprehensive.
2 Satisfactory	The response is compliant and the bidder has provided responses that demonstrate they meet the minimum requirements.
1 Poor	The bidder has provided wholly insufficient responses or the responses given demonstrates very limited consideration, capability to execute their project, and or research into self-build and it's requirements.
0 Unacceptable	The bidder has not answered the question, has omitted information or has provided information that is not relevant and the Council are unable to determine whether the bidder possesses sufficient technical and professional ability. Should any potential bidder be allocated with this score, its bid

Application Elements

1) Finance and feasibility - Applicants will be asked about how they plan to finance their project. To provide this information, applicants will need to work out the approximate cost of their self-build project as well as their own borrowing costs and sources of financing. The Council will look for applicants who can show that they have a realistic estimate of the costs of their project, those that have evidence that they will be able to borrow the funds required, and for applicants that can demonstrate their ability to pay the borrowing costs during construction. Applicants are encouraged to provide evidence of funds as well as any in principle self-build mortgage approvals.

2) Design Approach - At the application stage, we do not expect applicants to produce and submit architectural designs. However, applicants will need to be able to demonstrate through illustration and description, the overall design approach of their project, including; how the design fits with the needs of the household and the wider area, construction methods and materials; energy efficiency and sustainability and neighbourhood contribution.

Applicants should submit their completed application form along with any supplementary drawings/sketches/written descriptions that they have. The additional submitted information should be no more than 3 sides of A3 or no more than 6 sides of A4. No 3D models or CGI's will be accepted.

Applicants will be provided with a planning brief for the available site (produced by Hackney Council's Planning Department). Applicants should use the information provided, in addition

to their own research, to produce an initial design submission.

The initial design submission should specify:

- Size and volume of the property, including areas of external garden space
- Sketch layouts of each of the proposed floors, including the approximate size of each room
- Construction materials including an energy and sustainability statement
- A statement outlining the contribution your project will make to the neighbourhood



3) Green Features - By green features, the Council is referring to designs that demonstrate a home's energy efficiency, low carbon footprint, reduction of waste and best use of non-renewable resources, and or the home's use of renewable energy.

There are a number of ways for applicant's to demonstrate these green features, and we recommend applicants explore various options and propose those that work best for their project.

The Building Regulations 2010 for England sets the standards for energy efficiency in new and existing buildings. These standards ensure that buildings are efficient to a certain degree, however, it is possible to design and build homes that are more energy efficient.

4) Project Risks - Self-build projects can involve a degree of risk that is higher than other types of homeownership. Applicants will be encouraged to think about potential risks and issues that could come about throughout the project as well as how the applicant might mitigate these risks. One risk that the Council

will want applicants to consider in particular is the quality of the build and how that would be ensured throughout the project and long-term.

5) Local Economy and Employment

Opportunities -In-line with the Council's corporate objectives, the Council would like to understand how your project can contribute to the local economy or offer employment opportunities for Hackney residents and small businesses. Applicants are encouraged to research the various professionals, tradespeople, and materials that they will need and where possible look to source locally. For the application, details of any engagement with the local market and costings based on these conversations would be helpful.

Finance

Applicants must be able to demonstrate how they will finance their project. Applicants are advised to seek professional advice and if possible, include in their application evidence of a self-build mortgage in principle that has been agreed.

Up-front costs: The successful applicant must have existing funding to cover a number of up front costs which will include (but is not limited to):

Pre-Planning Application & Planning

Application: The successful applicant will be required to submit a planning application to Hackney's Planning Department. It may be useful to submit a Pre-Planning application prior to submitting a full application.

- Pre-application fee is £360 (categorised as a small-scale development)

- Full application fee is £462 (classified as new dwellings (up to and including 50)).

Further information relating to the Councils Planning Service can be found at hackney.gov.uk/planning-applications

Architectural Fees: The planning application for the site requires architectural drawings. The successful applicant will have to engage the services of an architect to apply for planning permission.

It should be noted that should the planning application be rejected, the successful applicant will have to cover the costs associated with submitting an amended application.

Building Control Fees: Following an approved planning application, the successful applicant will be required to engage with building control professionals and submit their plans for approval. The applicant can choose to engage with Hackney Council's Building Control team, or engage with an approved inspector.

Hackney Council's Building Control team fees:

Plan charge	£278.40
Inspection charge	£417.60
Building Notice	£696.00
Total £1,392.00	

Living Expenses: The successful applicant will most likely need to continue to cover their living expenses (rent, bills, etc) whilst making repayments on their self-build mortgage during the construction of their home. Applicants are encouraged to consider this when applying.



Mortgage Fees: Mortgage fees will vary between providers and it is likely that some funds will be required upfront.

Legal Fees: The Council will provide sale agreement documents which can be shared with your solicitor. We recommend that you enquire in advance about solicitor fees and include them in your project budget.

Deposit: Before beginning your self-build, you will need to pay the Council a deposit of £5,000 to enter into a contract with the Council.

Purchase of Land: Once planning permission has been granted, the land with planning will be valued and the self-builder will purchase 10 % of the equity in the land. Until this stage, the Council cannot determine what the value of the land will be, however we estimate that a plot of this size with planning permission could be worth approximately £300,000. If this were the case then the money payable at this point would be £30,000-£5,000 (already paid) = £25,000.¹

We anticipate that the self-builder will be able to finance this deposit through their self-build mortgage however this will need to be discussed and confirmed with the applicant's lender.

VAT Exemption: Self-build projects are eligible for VAT exemption. VAT can be reclaimed by

submitting a 431NB claim to HMRC within 3 months of completion. More information can be found at gov.uk/vat-building-new-home

CIL Levy Exemption: Self-Builders are exempt from the Community Infrastructure Levy (CIL) charge. The successful applicant will need to submit part one of the Self-Build Exemption Claim Form (Form 7) at the time of submitting a planning application. Part two of the form is to be submitted within 6 months of completion along with proof of self-build status (VAT reclaim or mortgage details). More information can be found on the Planning Portal at planningportal.org.uk

Self-Build Mortgages

We assume that to fund the build of their home and the deposit, the self-builder will rely upon securing a self-build mortgage to cover the costs.

We recommend applicants make enquiries with self-build mortgage providers and/or mortgage brokers to explore their options and determine their borrowing capacity prior to submitting a bid. Where possible, the Council will expect to see proof of funds or a mortgage in principle document with the application to show how the project will be financed.

¹ This is an estimate for illustration only. The final value of the property at the time of planning permission will be dependent on many factors which cannot be surmised at this point in time.



Get in Touch



For further information, please visit our website at

hackney.gov.uk/self-build

We recognise that you may have questions whilst preparing your application. Please email any questions to **Self-Build@hackney.gov.uk** by **5 October 2020**. We will group all questions received and email answers to interested applicants by **17 October 2020**.

