

# Tower Hamlets Affordable Self-Build Policy On Council Owned land 2019-2022

## FINAL DRAFT

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## 1. Introduction

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- 1.1 This document sets out the Council's policy on self-build housing on Council owned land and a number of areas associated with the self-build process. In terms of scope, this policy applies to Council owned land within both the General Fund and Housing Revenue Account.
- 1.2 The Council is committed to supporting self-build housing. The Mayor included a pledge in the Labour Party manifesto for the May 2018 local elections to help facilitate up to 50 self-build homes over the next 4 years:

*We will support self-build schemes with residents who want to build their own homes, supporting up to 50 self-build homes over the next four years<sup>1</sup>.*

- 1.3 A self-build guidance document has also been produced that explains how the Council will support residents who want to build their own homes in the borough and explains the operation of the self-build register.

## 2. Delivery of Affordable Housing

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- 2.1 The Council will seek to deliver affordable housing in perpetuity on all Council owned sites provided for self-build. To achieve this, the Council will apply weighted criteria within the bid scoring methodology to prioritise:
  1. Households earning lower than the upper income cap for Shared Ownership in London (currently £90,000 per household). This will be assessed through the submission of an allocations policy and financial model as part of the initial bid and with household income assessed at the point of planning and before the lease is completed.
  2. Applications containing allocation policies for residents whose income is closer to the average household income in the borough.

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<sup>1</sup> Tower Hamlets Manifesto 2018 (Labour)

3. Bid submissions from community led groups or organisation unless the site in question is only appropriate to accommodate a single dwelling unit (see 2.3 for details). All Council owned land sold for self-build will therefore follow one of the following two routes:

**Community Led Self-Build** – The Council will grant a long lease to a community led organisation on individual or multi-unit sites.

**Individual Self Build** – The Council will grant a long lease to an individual on single unit sites

- 2.2 The Council will prioritise self-build proposals that include the provision of affordable rented homes over affordable ownership schemes. In each case the homes will be owned and managed by the bidding group or organisation and may include secure tenancies or cooperative tenures. This preference will be reflected in the bid scoring methodology.
- 2.3 The Council will also prioritise proposals that optimise the density of housing on Council land, in line with planning policy. Bids will be scored on the number of homes (units) proposed in relation to planning advice on the best use of the land at the time of submission. It is the Council's expectation that for the majority of sites, this will exclude individual bidders as most sites will be capable of accommodating more than 1 home (unit).
- 2.4 Affordability in perpetuity will be achieved by including a number of "affordability covenants" in leases that:
- Restrict the permitted use of the land to the provision of community led self-build housing.
  - Restrict the future sale or rent of the self-build homes by requiring a resale price cap to reflect any reduction in value of the land sold for self-build, equivalent to a proportion of the prevailing open market value relative to the initial discounted gross development value.
  - Contain a definition of community led self-build, including the requirement that self-build homes must be occupied by individuals who are members of community led groups and that future occupants live in the homes on the same basis.
  - Requiring community led groups and individual self-builders to have in place clear allocation policies for the discounted sale or letting of self-build homes in line with agree income brackets and caps.
- 2.5 These affordability covenants will be reinforced by a S106 agreement applied to the planning consent that:
- Prescribes the permitted use of the land for Self-Build only.
  - Applies resale price caps to the sale of the homes.
  - Requires clear allocation policies for initial and future sale or letting of self-build homes.

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### 3. Site Information and Pre-Application Advice

- 3.1 The Council will provide general planning guidance for sites considered suitable for self-build. This may involve producing a planning statement for sites as part

of the disposal pack and information on the availability of pre-application advice.

- 3.2 The planning statement will provide self-builders with a summary of the Council's policy requirements and design considerations.
- 3.3 Applicants that are successful in applying to self-build on Council owned land will also have access to professional advice through the Tower Hamlets planning pre-application advice service.
- 3.4 Information on the Council's pre-application advice service can be found here: [Tower Hamlets planning pre-application advice](#). The Tower Hamlets Self-Build Guidance document contains advice on the assistance, including funding support, available to aspiring self-builders.

## 4. Site Evaluation and Disposal

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- 4.1 All Council owned land proposed for disposal to self-builders will be considered by the Council's capital governance structure and evaluated against the following criteria:
  - Value for money (including how the site has been optimised for housing and the quantum of affordable dwelling units).
  - Community benefit (including local connection and level/type of affordability proposed).
  - Deliverability.
  - Design Innovation
  - Energy Efficiency
- 4.2 The disposal of the land for self-build will be by way of a grant of a long lease (250+ years) with a reversionary interest to the Council. The disposal will also be subject to planning permission and the availability of finance to the self-builder.
- 4.3 The land will be sold to the highest scoring bidder assessed against the criteria set out in 4.1 submitting closed bids to the Council. Bids will be assessed according to the following methodology: 80% quality; 20% price.
- 4.4 For self-build by a community led organisation, the Council will enter into an agreement to lease upon the selection of the preferred community led organisation. Once planning permission has been granted, the Council will grant a head lease to the community led organisation.
- 4.5 For single unit self-build sites (see 2.3 for details), the Council will enter into an agreement to lease upon the selection of the preferred individual. Once planning permission has been granted, the Council will grant a lease to the individual self-builder.
- 4.6 The Council will put in place appropriate restrictive covenants in the agreement to lease, the head lease and individual lease documents to ensure affordability in perpetuity.
- 4.7 Self-builders will also be required to incorporate these covenants into future leases and any rental agreements for the self-built homes.

## 5. Site Marketing, Expressions of Interest and Allocation

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- 5.1 Sites that have been approved for sale by the Cabinet will be marketed through the Council's self-build web site: [https://www.towerhamlets.gov.uk/ignl/housing/Self\\_build](https://www.towerhamlets.gov.uk/ignl/housing/Self_build)
- 5.2 The Council will also publicise/market available self-build sites on the [GLA small sites portal](#).
- 5.3 Expressions of Interest from prospective self-builders registered with the Council must be submitted using a **standard pro-forma**. Bidders will be asked to follow the guidance provided when completing the pro-forma. – **[Pro forma and guidance to follow]**.

## 6. Consultation

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- 6.1 The Council will employ a 3-stage consultation process in relation to the evaluation and disposal of sites for community-led self-build:
  - Stage 1 – Site Investigation and evaluation
  - Stage 2 – Pre-sale consultation
  - Stage 3 – Planning application consultation
- 6.2 **Stage 1** - The Council will inform all residents living within a 10 metre boundary of any site being investigated.
- 6.3 **Stage 2** - Where the Council intends to dispose of its land for self-build housing, it will carry out a consultation with neighbouring residents before bidding on the site is opened and the sale is put to the Cabinet for approval.
- 6.4 The resident consultation process will be managed by the Housing Regeneration Team, with each consultation managed on a bespoke basis to include:
  - Involvement of local residents and TRAs.
  - Involvement of co-housing groups and self-builders.
  - Involvement of Ward Councillors.
- 6.5 **Stage 3** – Once a planning application has been submitted it will follow the usual planning process and consultation will be as set out in the *Tower Hamlets Statement of Community Involvement* which details how and when the Council will consult with local communities.

## 7. Quality Control

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- 7.1 The Council wishes to see innovative and well-designed self-build housing, and requires that all self-build projects comply with the Council's design requirements and planning policies, including any pre-application advice, design codes and wheelchair requirements. Additionally, self-builders will be required to comply with all statutory undertakers' requirements.
- 7.2 Once planning permission has been secured, any self-build project must be designed and built in accordance with the current Building Regulations and associated legislation. Self-Builders who are building on Council owned land will be required to use the Council's Building Control team at each stage of the design and construction process.

## 8. Community Infrastructure Levy and VAT

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- 8.1 The Community Infrastructure Levy or CIL is a transparent and fair way of ensuring that new developments contribute to the provision of essential local facilities such as roads, education, recreation and public transport.
- 8.2 All new dwellings are liable for the levy but self-builders can apply for an exemption. This exemption has to be claimed before building work commences and proof of residency and use as a sole or main home is required within 6 months of completion. If this form, or the documentary evidence is not supplied, the whole amount of the levy becomes payable. This is also the case where the dwelling is no longer the self-builder's main home or the dwelling is rented out within 3 years of completion.
- 8.3 As a self-builder, you have to apply for the exemption before commencing work by submitting the following forms:
- Form 7: Self Build Exemption Claim Form Part 1
  - Form 1: Assumption of Liability
  - Form 6: Commencement Notice

Within 6 months of completion you must also send to us the following form and documentation or the Council will clawback the CIL liability:

- Form 7: Self Build Exemption Claim Form Part 2

Documentary evidence:

- Title deed of property (with YOUR name on it)
- Compliance certificate (Building Regs completion certificate)
- Council tax certificate

Plus two of the following (with the bidders name and address on it):

- Utility bill
- Bank statement
- Electoral Roll Registration

Plus one of the following documents:

- Approved claim from HMRC VAT refunds for DIY housebuilders
- Specialist Custom Build Warranty
- Proof of approved self/custom build mortgage

8.4 Please Note – The Council will clawback CIL if you sell or let the property within 3 years of completion.

8.5 Because new build construction is exempt from VAT, self-builders can reclaim VAT on qualifying building works. The following web pages provide you with more details on reclaiming VAT.

[www.gov.uk/vat-building-new-home/overview](http://www.gov.uk/vat-building-new-home/overview)

<http://www.selfbuildportal.org.uk/vat>

## 9. Equalities and Diversity

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9.1 The Council is committed to delivering quality services to all and will respond positively to the needs and expectations of all users of the self-build service. We are committed to eliminating discrimination on any grounds including:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Socio-economic...

9.2 This is derived from our respect for every individual. This policy applies equally to everyone who applies to go on, or is on the self-build register or who accesses any part of our self-build service.

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