



## A Beginner's Guide to Building your own home

**F**or many Britons the idea of designing and building a home of our own can seem an alien and rather frightening concept. It's the sort of project usually reserved for those who have deep pockets and don't mind standing out from the crowd – star footballers, captains of industry, famous actors.

Either that, or it's a specialised task for those in the know, which generally means building professionals – builders, architects – people who are familiar with the tricks of the trade and can bring in professional friends, workmates and family members to help them out.

Why do we think like this? Most of our continental neighbours, particularly the Germans and Austrians, certainly don't. Neither do the Americans, Australians and Japanese. But then they haven't been spoon fed by a commercial housebuilding industry for over a century. The result is that for the vast majority of Britons acquiring a new home means buying someone else's idea of what a home should be. Our choice of internal layout, orientation and overall design is actually quite restricted.

Not surprisingly, our first reaction on moving in is to redecorate, and re-model to suit our individual needs. We create through lounges, expand kitchens, add on conservatories, convert lofts. One result, of course, is a booming home improvement industry. The other is to massively inflate the cost – in time and effort as well as cash – of homeownership. Selfbuilding is a way of cutting short that process by giving us exactly what we want

straight off: a home built the way we want, hopefully in the place where we want it. It's about taking control of how and where we live.

### WHY?

Including several years' worth of home improvements in the initial building process will save you money in the long-term, but there are other, much bigger financial benefits on offer. The first is that by building your own home you are cutting out the developer's profit – 10-30% of the total cost, depending on the quality of the build and location.

That saving can leave you with a smaller mortgage, a larger or a better quality house or enable you to live in a more expensive area than you might otherwise have been able to afford. In practice, most selfbuilders opt for better quality – a higher 'spec'. That can mean better quality brickwork or tiles, a higher standard of flooring or internal fittings, improved insulation or perhaps extra features like a sauna or swimming pool.

But there is a major tax benefit, too. All the materials and labour you use in building your own home are free of VAT (Valued Added Tax). If you hire a single VAT-registered contractor, bills for labour and materials should not include VAT. If you are managing your own build, you will have to pay VAT initially, but within three months of the completion of your project you can send all your VAT invoices to HM Customs and Excise and receive a refund – usually within a month – for the

### DIY DESIGN

Although industry professionals such as Grand Designs' Kevin McCloud strongly recommend using architects to design your home, there is nothing to stop you doing it yourself – at least to a basic level which can then be interpreted by a surveyor or draughtsman to meet planning and building regulations. Nothing more sophisticated than a piece of graph paper is required for a basic floorplan, though there are now many cheap software packages which provide more visual aids, including walk-throughs. CAD systems are more sophisticated and usually require training.



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VAT you have paid up front. This is a one-off opportunity and you don't have to be VAT-registered yourself to take advantage of it.

All this represents a 17.5% cashback on your project and a welcome bonus for when funds are likely to be tight. Many selfbuilders use the money to carpet or decorate or landscape their new garden; others make up unexpected shortfalls in their budgeting. Incidentally, VAT is also recoverable on conversions such as barns, churches, and offices but not on extensions. Renovations don't count either, unless the property has been empty for at least three years or it is being converted into flats, in which case VAT is charged at the reduced rate of 5%.

## HOW?

Many would-be selfbuilders get excited at the thought of a project, but then balk at the size and complexity of the task. Common fears are lack of knowledge of the building trade, a belief that they are not sufficiently practical, and an anxiety that their main life asset – their home – may be put in jeopardy if things go wrong.

The simplest answer to this is: don't worry! Self build may seem like a lonely path but an estimated 20,000-25,000 people build their own homes each year in the UK. Ninety to 95 per cent have never built anything before. The majority end their projects successfully. Most contribute only marginally in practical terms – their input is mainly organisational.

They also come from all backgrounds and all ages, though they tend to be existing homeowners. Other popular categories include couples in their 30s and 40s with young families who are keen to leap two or three rungs in the housing ladder, and empty-nesters, people coming up to retirement, perhaps living in a large home where they brought up their children, who want to downsize to somewhere smaller, easier and cheaper to maintain.

What this disparate group does share, however, is the ability to organise. That includes knowing how to work out a budget, how to prioritise, how to negotiate – often the most worrying aspect to the beginner, but a skill that develops with surprising ease – and, perhaps most important of all, knowing how to ask questions.

And to go on asking until you get an answer that makes sense! All that can be summed up by the term 'project management' – something many of us do all the time in our jobs or social and family lives.

On top of that, there is more help available to the selfbuilder than ever before, and not just in terms of information provided by magazines like this one.

Self build currently represents around 25% of the detached house building market and around 15% of the housebuilding market as a whole. That makes it bigger than any single commercial developer.

Rather belatedly, both the lending and the building industries have woken up to this fact. Even five years ago building societies and banks would have looked askance at anyone trying to finance their own house build; builder's merchants could be distinctly hostile to non-trade outsiders.

Now around 40 banks and lenders have mortgages specifically tailored for self build, and major builder's merchants, like Jewsons and Travis Perkins, actively court the selfbuilder who is seen as reliable, well-organised, motivated and with a great deal of money to spend. Their custom is welcome.

## FIND A PLOT

This is the first and biggest hurdle and one which deters many prospective selfbuilders. Unless you are lucky enough to own building land already or are seeking it in a remote area, finding a suitable plot from scratch is likely to take time and effort. Not only are the most popular areas highly developed or fenced off by planning restrictions, plots that come on the market are constantly sought by local and national developers.

So what chance does the lone, usually inexperienced selfbuilder have? Actually, he or she has advantages denied to the professional. The first is that paying the keenest price is not always a priority. A developer will usually need to build and sell a new property as soon as possible – to reduce borrowing and maintain his business. A selfbuilder, however, is likely to spend several years in the house they build, allowing them to spread the cost of the plot over a long period.

Not all plots are going to appeal to developers. They may be too small to generate sufficient short-term profit or they may have potential problems – a steep slope, an awkward shape. Remember, no plot is going to be perfect. Often solving a local problem can inspire you or your designer to think in new and imaginative directions that might never have occurred to you otherwise.

## WHERE DO I LOOK?

Estate agents are a good starting point, though don't be surprised if many insist they rarely handle land sales. Get on the mailing lists of those who do, but don't expect them to call you first when opportunities arise. The reason is simple. Agents receive commission on plot sales, just as they do on houses and flats. If, however, they sell to a developer or builder, they are also likely to receive commission on the sales of the houses that are then built. The answer is to contact estate agents regularly – at least once a week – to convince them you are a serious player and to stand a chance of grabbing opportunities first.

Another approach is to use a plot-finding agency, which, for a subscription, will typically provide plot opportunities from, say, three chosen counties for a six-month period. SelfBuild & Design's PlotBrowser, of course, provides this service in the magazine and on our website ([www.plotbrowser.com](http://www.plotbrowser.com)), where details are updated constantly.

Auctions are another plot source, but demand strong nerves and ready cash. A 10% deposit is normally required at the fall of the hammer, with the remainder payable within a month.

If you are targeting a particular area, visit it often. Chance conversations in pubs, wine bars or cafes can sometimes flush out potential vendors. Even more important, explore the area, preferably on foot. Look for large, neglected gardens, particularly with road access, gaps between terraces. Find out the owners by asking locally or through the Land Registry in London.

Another source of plots is the local authority planning department. Successful applications for planning permission go on file for between three and five years. Occasionally, applications are not acted on. You may spot an opportunity.

Unsuccessful applications also remain on record. Sometimes you, or your designer, may see a way of making an application successful – perhaps by changing the size or position of the house.

Many people are unaware that you can apply to build on land you don't actually own. If planning permission is granted, that may well encourage the original applicant to sell to you.

Finally, an increasingly popular option in high-priced areas like the South East is to buy a run-down property and replace it. At least you know that planning permission exists for a dwelling on that spot, even if the new house – as sometimes happens – has to cover the same footprint.

## WHAT AM I BUYING?

You are buying land on which planning permission has been granted for a dwelling to be built. There are three forms of planning permission. Outline consent grants the right to build in principle – only rough details of the eventual house are needed. This lasts for five years. You have, however, three years in which to obtain detailed planning permission, giving precise plans of the proposed development. This gives you the right to actually start building. Alternatively, you can apply for full planning permission straight off. Once granted, the consent lasts for five years.

If you are buying a listed building to convert or renovate – or you plan to build or convert within the boundary of one – you will also need listed building consent.

Plots sold at bargain prices without planning consent are, in almost all cases, a gamble not worth taking. Generally speaking, if planning consent had been possible, it would have been obtained, and the plot sold at a much higher price.

## DESIGN YOUR HOUSE

Traditionally, architects design houses. Local practices specific to your needs and budget can be found through the Royal Institute of British Architects (RIBA). Fees aren't fixed, but range from between 7-10% of your build budget for a new house, though expect to pay more for smaller projects, such as extensions. One-off fees can also be negotiated.

An alternative is an architectural technologist, whose expertise leans more to the practical aspects of design. Find one through the Chartered Institute of Architectural Technologists. Other options are chartered surveyors or, if the design you have in mind is relatively simple and conventional, a local draughtsman, perhaps allied to a contractor you plan to employ.

Design and build package companies usually offer a range of standard house designs, which will be adapted to your particular plot and requirements by an in-house designer or design department. Your designer will prepare a full set of plans and scale drawings to be submitted to the local authority responsible for your plot. Often, though not always, the designer will obtain the various planning consents.

## PLANNING PERMISSION

This can be the second major hurdle for the selfbuilder. Planning permission is granted by the local authority planning committee, made up of elected councillors, who act, if they choose, on the recommendations of the planning officers. Planning decisions can often seem arbitrary and inconsistent. But you can prepare the way for your submission, and gain an idea of its likely reception, by an initial informal chat with the planning officer for the area where you have bought or intend to buy. If it looks like permission won't be granted, think of hiring a local designer or builder who has had success with similar projects. Find them by asking around locally or studying successful applications at the planning office. Certain names may recur.

Even if the planning officer is broadly favourable, keep in touch to monitor the progress of your application. Be prepared to compromise and negotiate. If it looks like things are going wrong, it's better to withdraw and resubmit a revised application than get a refusal on your record. If you are refused anyway, you have 12 months to submit revised proposals without paying another application fee. Alternatively, you can appeal to the Secretary of State. The appeal itself costs you nothing, though you may require legal advice and a decision can take up to nine months.

Fighting the appeal will, however, cost your local authority expense and man hours. Demonstrating you are determined enough to take this path may persuade them to be more amenable. But it's a gamble. Once you have got planning permission, you then need to apply for Building Regulations consent. This is basically to ensure that your house will be built according to the legal requirements for construction. In other words, it won't leak, collapse, catch fire or sink into the ground. A structural engineer's calculations may be required.

## BUILD ADVICE

Make a friend of your building inspector. He, or she, is not only an invaluable source of technical expertise, but may be able to steer you in the direction of reliable and competent contractors or sub-contractors. Don't ask outright: officially they are neutral. Simply suggest you are thinking of using so-and-so. The reaction you get may speak volumes.



## CASHED UP

Ready cash always gives you an edge. Maximise your buying power by selling your existing home before you start plot searching. Put the cash in an easy access account and use any interest to offset the cost of temporary accommodation. When you have your plot, move into a caravan or mobile home on site (there is a brisk market in second-hand models for this). Normally you will not need planning permission for this form of residence.



## PREPARATION

Preparation is the key to a successful self build. The more information you can gather in advance the less vulnerable you will be to awkward surprises. That includes the smallest details.

There is, for example, a point in your build when your carpenter will want to fit door handles and locks. If you haven't chosen and ordered these in advance, you may be left with whatever is available at the nearest builder's merchant or DIY warehouse – which may not be your ideal choice. The same goes for kitchen units and any bedroom and bathroom fittings.

## VAT FACTS

If you are renovating a property that has been empty for at least three years, VAT is payable at only 5% for the materials and labour you use. But if the property you are renovating has been empty for over 10 years, all the VAT paid on labour and materials can be reclaimed from Customs and Excise.

### ■ SBD TIP

VAT cannot be reclaimed on fees paid for professional services, e.g an architect, structural engineer or surveyor. But if you pay for design services as part of a package from a design and build company, the VAT you pay on the total bill can be reclaimed.

A building inspector will turn up at various stages of your build to check things are being done correctly. If he decides it isn't, he is legally empowered to order you to re-do it.

## ORGANISE FINANCES

Most people obtain a mortgage to finance their project. Mortgages, however, are granted on the basis of collateral. That obviously doesn't exist when all you have is a building plot. Self build mortgages are therefore funded on the completion of various stages of the build, typically four or five. This means, of course, that you need to be able to fund stages, either from your own resources or other borrowing, before you are reimbursed by the next payment from your main lender. In the case of a timber frame house, where the frame might account for a third of your total budget – payable in one go – this is likely to require careful juggling of finances.

Always establish clearly with your lender when and how stage payments will be made so you don't find yourself running into cash flow problems and perhaps losing a reliable subcontractor.

One solution is to raise a loan on your existing home, to be re-paid when you sell it. There are also schemes like The Advanced Flexible Mortgage (info@afsbm.co.uk) and the Accelerator policy from Buildstore, which allow you to remain in your home until your new house is completed. Information on the requirements of current lenders is published in our Mortgage Table (see Contents page).

Another way of managing cash flow is to open an account with a builder's merchant. Thirty days' payment is common and provides a welcome respite when cash is tight. Clear your credit cards, too, before you start. They are useful, short-term back up.

## FIND A BUILDER

This can be a single contractor, who takes over the whole project, or a series of subcontractors – groundworkers, bricklayers, roofers etc, or companies providing those services – hired on an ongoing basis. But who will supervise all these tradesmen? How will I know if they're doing things properly?

Remember self build is all about taking control. You decide how much or how little you exercise, though, generally speaking, the more you give up, the more expensive it is. The costliest approach, therefore, is likely to be the 'turn-key' operation, in which you hire an architect or a design and build package company to handle everything. They find a plot, design your house, source a contractor, project manage the build and hand over the finished property on completion.

At the other extreme, the DIY selfbuilder will do much of the labour himself, using what building skills he already has, learning new ones and working alongside tradespeople hired for specific jobs. This is the cheapest approach to self build, but also the hardest.

Most selfbuilders fall between the two, buying, for example, a timber frame design off a package company,

who erect it, but then hiring in subcontractors to clad it, roof it and fit out the interior.

Many selfbuilders manage their own projects. Others, less confident or experienced, prefer to hire a professional project manager. Certainly, it is advisable to have access to someone whose expertise and judgement you trust – if only for reassurance. One insurance company, Zurich, which provides building warranties for self builds, actually insists policyholders have a 'professional friend'.

Traditionally, architects have fulfilled this role, but other building professionals, such as a building surveyor or a retired building inspector, can also help. Professional project managers – some former selfbuilders – exist and often advertise in our classified section. Many selfbuilders, however, are perfectly satisfied with the single contractor they hire – often on the basis of having worked with them before, or having seen them work for a relative or friend.

## HOW MUCH?

This will be based on available savings, the likely profit from the sale of your existing home and what you can expect to raise on a mortgage. Traditionally, around a third of the total has been devoted to purchasing a plot with the remainder covering construction. At today's land prices, 40-60% is more likely to account for the plot and in popular areas the percentage can rise even higher.

Estimating the build cost will depend on the house size, the form of construction, the complexity of the design, the materials selected, local labour rates and the specific conditions of the site such as poor ground conditions which demand specialist foundations. In other words, it's complicated and you're almost certain to require specialist help.

Having said that, architects' and builders' price books, detailing the costs of every aspect of construction and updated annually, are available in local libraries (look for names like Spon or Wessex).

Estimating software such as EstimatorXpress from HBXL is a good way to plan the cost of your project. Easy to understand building diagrams help you input your project's dimensions to calculate the cost, and because it's linked directly to a builders' merchants price list, the estimates are totally accurate. It also guides you through each build phase step by step, so you don't forget to factor in certain materials, labour or plant which can prove costly later on!

Design and build package companies will also provide basic estimates for their standard designs. Some builder's merchants will supply free estimating services based on detailed house plans.

Traditionally, construction estimates are provided by a quantity surveyor, though the service is unlikely to be cost-effective for a project as small as a single house. In practice, arriving at a precise budget will depend on negotiations with your designer or project manager and your contractor. Don't expect to tie everything down before you start. Every build has its own peculiarities. A 10% contingency fund is recommended.