

TRANSCRIPTION

INTRO VIDEO:

Hi, I'm Jenny Chandela. I specialise in helping self builders just like you develop your bespoke low-energy home. And at AC Architects, we really know that you want to live in a home that truly fits your needs. But we also know that you need to understand the self build process. And the problem is that many of these self build shows and exhibitions are located far away or inconveniently. And this is going to leave you frustrated, confused and quite often just simply not knowing where to begin. We believe that all people should feel empowered to build their dream home. We also understand that self build resources really need to be easily accessible regardless of individual location or circumstances. And this is why we're really excited to announce that we've developed the Self Build Hour. So what is the self? This is going to be a series of monthly live online sessions. They're going to be completely free and available to everyone. We've also invited self build experts from across the industry to provide you with their specialist knowledge. And additionally, we're going to record these events so that if you couldn't attend or you wish to revisit the information, you can watch them on demand. So what are you waiting for? Register your monthly self build Hour in order to turn that frustration and a decision into knowledge and action. And now you can stop thinking about your dream loan and start building it. We really look forward to seeing you.

EPISODE 01 TRANSCRIPTION:

So we have the pleasure of being joined today by Jason Orme. He is our expert as the editorial director of Home Building and Renovating magazine. He will be providing us with an introduction to self build and self build projects. In addition to working on numerous self build projects himself, he's also advised the government on self build policy and he's authored the book *The Self Build Dream*. So we welcome Jason today as an advocate for and promoter of self builders. And with that, I will let him take the stage, thanks to you. Thanks Jenny. I hope everybody can hear me okay. If you can't, then just raise that hand. I think hopefully it should be pretty clear. Thanks for the introduction. And as Jenny said, I've been working in the self build industry, as we call it, for 25 years. This year I've built houses for myself. I guess most of you might know me a little bit as the former editor of Home Building and Renovating.

I still speak at the shows and my job now is to run Home Building and Renovating as a business, along with various other homes, magazines and websites for a business called Future. So I am an advocate of self build and what I'm trying to do today is give you, I guess, a whistle stop tour of what the process looks like because certainly from my experience, it's quite difficult to make a start. I think that's the key thing. There's something like as I've gone on and kind of say in my talk, there's no shortage of people who like to do this, but there's not many people actually go on to do it. And as a result of that, I think we want to make sure that we're very clear in terms of how we're getting you started on this journey.

So I'm going to share with you a very quick visual aid so you don't have to look at me all the time, which is probably a good thing, and hopefully everybody can see this. Now, again, if you can't, let me know, Jenny, hopefully you'll shout up if we can't see it, but I'll crack on regardless.

So we're going to really posit this as a beginner's guide to building your own home and it's going to cover some of the things that you'll get covered off in more detail later on in this kind of self build hour series that Allan Corfield architects are providing for you. But we're going to cover off some of the key things. Really, all of this starts with money, so we're going to cover financing and how self build mortgages work as the start of this. That's really the most important thing we're going to cover, finding a plot, just a quick guide to getting started on that front as well. And actually, those two first things are the things that are going to stop you. So if you don't go on and build your own home, chances will be because you don't find a bit of land or because you don't get your money in order. The rest of it actually is the fun bit, which is designing the house. You might argue that the cost element isn't much fun at the moment, but we'll give you some information in terms of how much it is going to cost you, and then the different ways in which you can actually build your own home. And we put that in there because actually, really, this is a very broad church of people. There's something like 39 people, plus me possibly on this call. And we all might well go on and build our own home in a slightly different way.

We might use builders, we might use a package company, we might build it ourselves, we might manage our own site, all that kind of stuff. And we might almost invariably use all of those different methods in the same build as well. What makes us unique, actually, is that regardless of how involved you're going to be in it, you're reversing the process of which we usually buy houses, which is that a developer builds one and then you decide whether you like one. And actually, really what we're doing here is becoming the property developer ourselves. So we are taking on that kind of instigation of the commissioning of the construction of the house, regardless of the amount of decisions you make. So you're going to be influencing in some significant way, the construction of the home that you end up living in. That's really what we're defining as a self build and there are, of course, a million ways to do it and we'll talk about that in a bit. You're one of about four, or you will be one of about 14,000 people each year who go on and build their own home. Actually. Doesn't sound a lot, but it is quite a lot. I think taken together, you'd be about the third biggest housing developer in the UK.

So almost as big as Persimmon and Taylor Wimpey and that lot. If you were taken together, of course you're not a single entity, but there's about 14,000 people a year who want to do it, who do it, and something like a million people a year who actually want to do it, according to the surveys that we run. The reasons why they don't, obviously we'll talk about in a second in terms of finding the land and the finance. But the reasons why they do are they generally most people come to this because they don't like what they can get on the open market. So they're pretty dismissive of the houses that our friends at the Simmon and Taylor Wimpey might build. You only need to read newspapers and listen to the

radio pretty much weekly to hear stories about the standards of new mass scale developer housing. Primarily speaking, people do this because they want an individual design, and that could be a design from an aesthetic external perspective. I like really cool, contemporary kind of mid century housing. I can't buy that on the open market. Equally, it might be that you want seven bedrooms and it's really difficult to find a seven bedroom house. So the individual element of what you want from a house is really why you're here.

Of course, it might also be really because you actually want the house how you want it. So good example of this is that if you were Persimmon or Taylor Wimpy sat in their offices and you were specifying a house as in deciding what was going to go into it, you would be choosing, relatively speaking, the sort of highest return bricks and the cheapest cost insulation to go in and meet the building regulation standards. Now, that's all very well and that's what you would expect them to do and I would do that in their situation too. If you're going to live in the house, that's different. If you're going to live in the house, you're going to want to actually put more insulation in and you're going to want to have slightly nicer bricks because you're going to feel them and touch them and see them every day and benefit from the insulation, of course. So these houses tend to be better built because actually they take into account the people who live in them much more so than the standard developer houses. All sounds great, doesn't it? And who wouldn't want a bespoke, individual kind of Grand Designs house? And I'll talk a bit about Grand Designs in a minute. Generally speaking, when you do those bespoke things, you tend to pay more for them, bespoke tailoring and all those kind of things in the market. The good thing about this, the journey that you're about to embark on, is that actually you're going to become a property developer, whether you like that thought or not. And actually, with the development of housing comes the risk, obviously, all the trauma and the stress that you might well end up going through over the next couple of years. But equally, you get the reward, which is the uplifting value, the profit that the developers make. And typically, on average, that's about 30%. And what I mean by that is by the time that you've bought the land and by the time that you've paid all the money out to builders and the materials providers, the total cost of the construction of the house, on average, is about 30% less than the value of the house on the day that you walk in. So it's a really, actually instant profit kind of thing.

Now, I'm definitely not trying to sell it to you in that respect, but it's a really nice benefit to think about that equity uplift that you'll enjoy, the developers profit going into your pocket effectively. So it's a really good thing to do. So why on earth don't more people go on and do it? I just want to quickly talk about what it looks like as a pathway for you. So, generally speaking, when we talk about building a house, we talk about these things. We talk about, the first thing that you'd need to do is find land. Second thing you need to do is then go on and get a design on it. Speak to Allan and all his colleagues there, zeke, we'll come back to those questions at the end, if that's all right, but we'll make a note of them and definitely get back to you. And with the design, obviously, once you've agreed, that comes the planning process, getting planning approval for it. And at that point, then you're beginning to

engage now with the builders and work out how to get it built and what it's going to cost. So all that kind of pre work effectively. One of the things that I always found amazing the first time I did it, was actually how long it took to get to the point where the house was built. Really, the process that you're in now, even before you might have even found land, or if you found land, working with designers or planning consultants to get around planning issues, all that stuff, takes a lot of time. Then you're into the construction, which is actually usually nine months, twelve months, six months, depending on various factors.

And then really, you got landscaping, finishing and moving in. So when we talk about building a house. We actually really are talking about the whole thing. And actually a lot of the kind of work we do on home building and renovating really actually doesn't deal with construction at all. It deals with the project management actually getting these projects off the ground. Now, from a finance perspective, I think it's worth saying that one of the kind of the spirits of this talk really is to help you avoid the stresses that you might get or might worry about getting if you've watched too many Grand Designs effectively. Now. We all love Grand Designs. In fact, I started the year that that started on Channel Four in 1999 and I think it was very much responsible for the boom in interest in self build, but obviously also painted a picture that for most people it would lead to either bankruptcy or divorce or heart attacks or all three. Actually what we try to do is with talks like this and the ones that are going to be appearing in Self Build hour really try and destress the situation. And my view very strongly is, generally speaking, the stress comes from money and it comes from money in various ways. But I think the most important thing to do is not to overstretch yourselves and to be very clear with yourself in terms of how much money that you can generate. So I just want to quickly talk about budgets because actually all of it should start with a budget. How much money have I got to spend on this? And if you can filter that through in terms of all the decisions that you make, then that can generally destress the situation. So we all know fairly obviously that the budget is a mix of what you can borrow and what you've got, liquid savings plus borrowed funds. Typically speaking, these self build mortgages, and I'll talk about them in a second in terms of how they work, you can generally get up to 90% to 95% of the cost of the land, the plot, and 90% to 95% of the cost of the actual construction itself. Now the land money obviously is released with 95% of the purchase price.

So they'll give you that and then you pay the rest of the deposit. And then in terms of the actual construction, that's released in a range of stages throughout the build. Now, depending on the provider build store, whose slide I've nicked here is a pretty good one that will either be in advance or in arrears of the work being completed. But this isn't a seminar to give you financial advice, but the point being that these mortgages work in the way that they give you staged release of the amount that you've borrowed. So if you were borrowing 200,000 for the construction element, they wouldn't give you 200,000 on day one. They'd give you 40,000 to get up to roof height or whatever. So the stages tend to release as you go and that helps a little bit because obviously you're only paying interest on the bit that you borrow. The other thing to know is that for almost everybody these self build mortgages

get converted to a standard you basically remortgage at the end of the project and you can convert them to any old regular property mortgage that you want, HSBC and the like. So these are specialist lenders and usually the secret is in the name most of them are building societies who lend into this market. So you are really well advised to have a chat with somebody like buildstore the brokers just to get a sense of what you can borrow and how it's going to work. Hopefully that gives you a bit of an oversight in terms of generally speaking how it actually works for most people. Most people will need to have some money to fund the cost of the land upfront. What most lenders don't do is give you the money in addition to you owning a house or ready in terms of you paying a mortgage. If you've got a house that you live in, you got a mortgage on for most people you are going to have to think about selling that in order to go on and fund the purchase of the land and then the construction of the new house on it. So again a conversation for the likes of build store I think it's useful for you to do that. The sort of finance bit is key obviously and once you've got that element of like I can get 500,000 pounds and this is my budget, you are then working out how to go on and find the land on which to build the house.

Now, one of the questions I always get asked is roughly how much should I be spending as a percentage of my budget on the land? And I'm afraid one of the things that you're going to have to get used to when you think about self building is the great horrible answer it depends I always come back to one of my favorite kind of quotes on it is if somebody asks me how much does it cost to buy a car? It depends. It depends on how expensive the car is and building is very much an it depends world. The point being in terms of this land versus build costs percentage, I think generally speaking it follows the local market and what I mean by that is that building materials and the cost of building varies less nationally than the cost of land. Point being, if I was building in Kensington and Chelsea, in London, most expensive part of the country, I'd be expecting to spend probably 80% to 90% of my budget on my bit of land that I've been lucky enough to find and just squirreling away to try and find enough to build a house on there. The point being, in Scotland, where plots generally, or Lincolnshire, where plots are relatively plentiful and relatively cheap, that percentage is going to be a lot lower. I'll talk about what the costs are and how to put together a budget in a second, but there's certainly no hard and fast rule. I think the way to price a plot is very much around working out from the end value of what the house is going to be that you build on it. So actually, estate agents in this sense are actually very useful to you when you're looking at a plot. The estate agent will talk you through it and the first question you should ask them is, well actually, if we had the most amazing house on the world on this site, what would it be worth? And then you're taking off your construction costs, which we'll come to in a second, you're taking off effectively any development costs that you've got. So for example, the cost of architecture, the cost of interest on the loans, plus obviously you want to bake in, that 30% profit that taken off is effectively what you're left with as the residual land value surveyors will value the plot at, so you can do a fairly good mathematical take on it. But we'll come to that in a bit. So, onto finding land, and I think again, just my view on it really is that people generally just aren't active enough when it comes to looking for land. They tend to. Certainly.

In my experience, they'll probably watch a few episodes of Grand Designs, fall in love with the concept of building a house for themselves, and then go on to right move after a couple of glasses of wine and try and look for a plot in their area and then be very disappointed that they can't find one at the price that they can afford. And that is when their self build journey stops and they give up on the dream entirely. What a shame that is that they end up doing that. I think they need to and anybody who's doing that needs to be a lot more active because I think the message I'm trying to give you is that the more things that you do, the luckier that you get. Two types of plots, plots that are on the open market, as you can see from the slide above you, in front of you, and plots that aren't. And the plots that aren't are the ones that the developers tend to come up with. There are a few things that we can do in order to take on those roles ourselves and I'll talk about those in a second. But hopefully what you're doing now if you're looking for land is you've already registered with the estate agents in your area that deal with land, not all of them do. You are understanding the auction process in your local area. Different types of auctions, including these very small localized village auctions, really, that are held at sort of golf clubs on the edge of villages, where you get maybe a handful of lots once every quarter. It's always a couple of building plots for sale on those. But equally, and probably more importantly now, these big national auction houses with the likes of Roy Pew and SDL, and you can google them after this self built hour just by typing in property auction, you'll see a list of names that are basically these big commercial auction houses, usually online. They used to be held in big football stadiums, actually, and they tend now to be selling off buy to let opportunities, commercial land and all that kind of stuff. Stuff that doesn't interest us as self builders. But where it's interesting for us as self builders is that they are also the place where the big national utility companies go to sell off their bits of land. Now, round our neck of the woods, we've obviously got HS two that's just been basically mothballed, a lot of land going being sold there by the big government agencies. Railways, water, electrics, all of these big quasi national businesses. National utility companies got loads of land. Ministry of Defense has got 2% of the whole of the UK land mass, but all of them, as you might imagine, are under huge amounts of pressure from the government to get rid. And they sell these bits of land through auction houses like the ones I've described. And actually, generally speaking, they're really interesting for the likes of us because they're unusual little weird bits of land that developers don't want because they're too problematic, but we like them because we can then go on and build an interesting one off fantastic house on them. So get out there and have a look at the auctions is the point. Landfinding agencies like Plotfinder Net tend to gather up all of these opportunities for you for a fee. But the most important point of this slide is this one, which is effectively knowing what to look for and being realistic in terms of what you look for. So I think we all look to the point of the one on the top right there.

We all look for land like that. It's not very flat, but certainly greenfield, beautiful green sites with lovely views. Actually, about 55% of self build projects are on the site of an existing house. So like the one on the bottom right, where most of us on this call, we can probably recognize that as a potential self built plot where knocking down that bungalow would release a bit of land for us. So actually, when you're

looking on right move, if that's all you want to do, you should also, at the very least, look for bungalows and look for houses and look for properties that estate agents seem to think are in need of refurbishment, but we know are probably better served by being knocked down. And the knockdown costs are minimal. Compared to the benefit of finding the land, typically in the low tens of thousands, maybe even less than that. So open up your sphere of search and I think you'll begin to find some interesting ones. I talked earlier about the plots that developers find. I'm interested very much in that for us. I think as potential self builders, they do things that we wouldn't think about. There's nothing stopping you doing it. So Google Maps, this isn't, I don't think, a Google Map image, but it's a representative of the kind of thing that you might get if you went on Google. It helps you identify the gaps in the local street know, and actually in built up areas, generally speaking, the gaps are potential building plots. So this garden that I've identified in red here, owned by probably the house next door, there's nothing stopping a developer, and I'm sure the developers already have done, saying, look, there's a big better land next to you. You never seem to use it. Would you be interesting in selling it to us as a plot where I to get planning permission on it, and the developer, if they get the task agreement of the owner, would then go off and create an option. It's called an option agreement with that owner that says something like, if we get planning approval, we'll give you 300,000 pounds or whatever the agreed fee is, there's nothing stopping you doing that at all. And generally speaking, within built up towns and cities, that's how developers find land. They use Google maps, they use pro maps. Nothing stopping you doing that tonight. Just having a wonder know from a bird's eye view of your local area and the land registry for I think it's four pounds or three pounds will tell you who owns that bit of land. And it may well be that actually the owner of it didn't even know that it was a potential self built plot and they've been sitting on something that is a potential windfall for them and they'll be delighted to get the money. Thanks very much. Almost certainly not. But actually the more you do of this kind of thing, the more chance you've got of it landing.

Also worth saying, who knows about plots? It's usually the local building network. So it might be builders that were maybe quoted to create a house on a bit of land, they didn't get the job, but actually that bit of land never got built on, and I don't know what happened to it. They're going to know about stuff like that that you don't architects will know about land that they've done designs on that never got built on. Even local small developers will own land that they don't build houses on for various reasons. So the more that you can get out there, even in terms of talking to the subcontractor in trade, the electricians and the plumbers and the like, they know about stuff that you don't. So I think the more that you can talk about that kind of thing, the better. Okay, so that's, again, a whistle stop tour through plots. I think the reality of it is that the more you do, the more chance you've got of being successful. And certainly the way that I found land in the past has always been accidental. It's never been entirely as per the textbook. But I think certainly my view is the more things you do, one of them will eventually land for you. So once you through raising the cash, understanding what the budget is, getting the land, you've done the hard bit, you're on to the bit that actually you're really interested in, which is designing a really great house for yourself and your family. And you don't need me to give you

loads of brilliant design advice. That's what certainly really great architects like Allan Corfield's team can do for you. But what I do want to do a little bit is talk about the process and how you might do this. Now, I'm aware that obviously we are in a self build hour that is run by an architectural team. My view is that, generally speaking, you can build whatever you want. There's three things that will stop you doing that the planning climate in your local area. No doubt you'll come up against the budget, of course, and also, to a degree, engineering. Although if you're a fan of Grand Designs, you'll recognize that beauty on the right, which looks nothing like a house and shows really, that engineering actually has very little impact on how houses look and are built these days. The point being that it's your relationship with a designer that will be key to unlocking this process. And actually, there are a million people who can design your own house. If you were mad completely in theory, I could do it for you. You wouldn't want me to because I'm a terrible designer.

But the point being that you need some sort of professional help, some sort of professional experience. And we ran some surveys on home building and renovating back in the day where we found that something like 25% of people were planning to design their own home, which is insane. You wouldn't design your own car, wouldn't design your own clothes. And the point being, don't design your own house. This is going to be the biggest life changing investment you'll ever make, I suspect. And therefore, you do need experience, and you need the professionalism of a really good designer to come through, and I'm using that term very specifically, architects. Designers. What you need is the skill of the person involved in the experience that they can bring to you. So what you should be looking know, and I'm aware of, obviously, I think probably most of you already decided, because you know Allan and his team very well, but if you haven't, you should be looking at things. Like the build. You know, how many of the designs that actually this team that you're looking at has gone on to design have actually gone on to be built? So, obviously, designers get paid on the design bit. They don't get paid when the house gets built. So you want to actually have that as a measure of success. That's really what you're paying for. Be really clear with them in terms of the fees. I think that's an important point and it can become a bone of contention, I think, between you and designers. If you're not clear on that when you get a surprise invoice from them, that's pretty hurtful. So make sure that you expect everything that you're going to get. And I think probably, most importantly, be really clear in terms of brief and the briefing process. And it's going to be interesting to get, at some point, Allan's views on this and his team's views on it at some point. But I think my view is that as a layperson, clearly you don't want to be telling an expert what to do with their job. I wouldn't expect anybody to tell me how to run magazines and websites, although that doesn't seem to stop them. But my point is that leave the experts to do what they do well and give them the bare bones of what you need. So I think at some points I see people who massively over brief, where they will literally buy a ten quid CAD package from Argos, spend evenings and weekends on it, diligently creating a really awful looking house with four beautifully designed, completely square bedrooms, and then give it to their designer to redraw for them, and then submit as a planning process. That is a complete waste of everybody's time, I'm afraid to tell you.

The opposite of that is under briefing, where effectively you're saying to a designer, I'm just so glad that you've taken me on board, just design me a fantastic house, please. That is too much. You need to be giving them what I would say are hard requirements. I need three bedrooms. One of them's got to have an en suite with this. This I need to have it four stories high or whatever. All the things that are factual are the things that you need to give them. And then I think if you can begin to give them a flavor of the kind of designs that you like, obviously, hopefully, you've chosen them a little bit in terms of the designs that they've already done, then you'll be able to get that value added and you'll see something as beautiful, hopefully, as that image in the top. Right. That is created entirely through professional design. It's not created by amateurs having a good go on CAD software packages. So give them the brief, let them do their work is the important bit, because that's the value that you're getting. This is a whistle stop tour and I'm always conscious that this is probably the most important one. What is this going to cost me? I talk to Allan quite a lot at the home Building and Renovating shows and we often have a bit of a laugh about this bit because it does change and I know that Allan will have his views as well, I think in terms of what we should be talking about. But by and large, I think as a finger in the air view, if you're allowing something like 2000 pounds a square meter to two and a half thousand pounds a square meter at the moment for your build project, then you won't be too far wrong. And what that means is for every square meter's worth of space inside the house, it's going to cost you between two and two and a half thousand pounds a square meter. What you get for that is everything that's included in the house from the foundations through to the paint. But what it doesn't include are the things that you can take with you where you go. So for example, TVs and sofas and so on. And it obviously doesn't include the land as well. So if you think about that when you're imagining, well, actually, what can I afford to build for the money? I've got a typical, I'd say typical developer show home would be in the region of about 150 m², maybe 170 stroke four bedroom houses that you see on estates. That gives you probably a sense of the size. So 150 m² times 2000 is 300,000 pounds if my math is right.

So if you were to build that house, the estimate that you would get from me now, is that's going to cost you 300,000 pounds ish now that's as far as I would go because actually the broad range of what most people end up spending is between maybe one and a half. Even now I still see people building houses, maybe 1000 pounds a square meter all the way up to 20,000 pounds a square meter. It's back to my old car analogy. You can really spend what you want and I'll talk to you about how the costs are made up in a second. But my point is that when you're beginning to kind of talk to people about can I afford to do this? And back to that bit about how much of the budget you can spend on your land versus the build, 2000 pounds a square meter is not a bad way to think about it. And just to be clear again, what we mean by that is if you had a bungalow that was 10 meters by 10 meters, that's 100 m² worth of space. And if you add it as a two story house, that's 200 m² worth of space. Right? So I'm aware that we talk about these things and assume people know what we're talking about. I just want to be really clear and then you get into the detail and that's really where the cost bit is interesting to me. So these are two. This is just designed to illustrate the point I've already made, really, which is

these are both houses, but actually, clearly the one on the right is going to cost an awful lot more. It's bigger, it's got a swimming pool, it's got loads of cool architectural detailing in it's, got some fancy looking windows. When you ask a builder, without them seeing any detail and no plans, don't know where you are, how you're going to build, it be really suspicious of builders who are giving you fairly detailed pricing because they're not going to know anything and the costs are going to be wrong. So the more flavor that you can put onto the price or onto the quote that you're going to go with, the more detailed the price is going to be and the less is unknown. Clearly these things affect, or the most important things that affect cost size. The bigger the house, the more expensive it's going to be to build. You only need to go and buy some wood flooring from BnQ this weekend to know that clearly the specification will impact it. So if you want to put a swimming pool in, that's going to cost you probably 70,000 to 100,000 pounds, if not more. So the choices that you make is what I'm saying, are going to massively impact on the cost. That's all very obvious how you build it. We talked at the start about the different ways to self build. Actually, how you go on and build these houses is going to impact on what it costs and I'll tell you why in a second. But also, to an extent, the design, and this is, I think, a fascinating, although slightly simplistic view of the impact that design can have on value and cost. So these are two bird's eye views of bungalows.

One is square and one is a rectangle. And you can see there that actually they've both got the same amount of external linear walling. So the square has got ten by ten by ten by ten, which is 40 linear meters worth of wall and the rectangle has got exactly the same. So 15 and 15 is 32. Fives gets you to 40. So both the same amount of bricks that have gone into those shapes, but you can see because it's a square, you get 25 meters square meters more worth of space from the design that you've chosen as opposed to a rectangle. Let me be really clear with you, none of you should be going away to speak to Allan at the end of this and saying you want a square house. What I'm saying is that every single decision you make around design is going to impact on the quantity of materials, the impact, the time it takes to build these things. So just be really mindful that actually, if budget is a really key thing for you. And for most people it is the more complex the design, the more intricate all the curves and the shapes. I'm one of those people who tend to put curves. I love curves, curves on walls. They're horrendously expensive to build and can be quite tricky. So if you want simplicity, then if you want budget as a key thing, then simplicity is really where you should be at. This is really what I like to think about when I'm looking at costs effectively. Being really upfront about what you've got to spend is really obviously critical. And then I think the important bit is to really begin to deal very early on, I think, where you can with builders, because actually the arbiters of the cost are going to be the builders. The designers and architects will know about costs to a degree, but actually the people that you're going to be paying are the builders. So actually, why not get them involved much earlier on than you might have previously imagined? The more you can engage with them, the better you engage with them again. After you've got that conceptual design, and then you've got a final specification once you've finally gone through the process with the builders and the designers, and it's at that final spec stage where you know exactly what brick you're using, exactly what window you've chosen, exactly

what wooden flooring is going to go in that you should have a fixed cost. And we did a lot with both new build housing and renovated housing on home building and renovating. And my view is that actually building a house from scratch, you are, once you're out the ground, I think, in particular, in complete control of the costs. So if you've been completely brilliant in terms of the detail that you've given to your builder and the designs come back with everything specified already, there should be no surprises.

And so therefore, actually, the need for a contingency is there, but it's really only there because actually, materials prices might have changed or a labor quote might come back, because actually somebody can't do it and somebody else is more expensive, needs to. That kind of thing is really where cost detailing and value engineering is part of a really sensible approach to building houses. A really quick illustration of actually, I talked earlier on about the costs and the benefits, the value of building houses. This is an example of what a developer would expect to get from a house effectively. You can see there, the red bit is the cost of the land. It's what Pacific are paying per land is about 30,000 pounds a plot. They're building the land for about they're building the house about another 130. And then they're going on and making about 74,000 pounds as profit on each of the houses that they do. You can see how different that is now to 2010. The point being that actually, that's about 29%, 30% in terms of the overall value. Now, you will not be buying land for that cheap and as a result, actually your profit might be squeezed in some areas. Don't forget, generally speaking, estate houses have a lower value than the houses that you'll be building to. I just kind of thought it was interesting to kind of illustrate that mix from a developer perspective. Not going to talk about materials inflation too much because that's actually not quite the problem. It was six months ago. I just do quickly want to talk about build routes and how you get these houses built. So I talked a lot about we are all self builders, despite our different approaches. And my view is that most people probably will approach this and think they're going to use a builder or what they might call a main contractor, somebody you would have the main contract with to build the house for them. So a builder, in that sense of the word, and the builder would either do a bit of labor themselves, but for the most part would bring in either their own employed team or subcontract out quite a lot of the projects to electricians and plumbers and plasterers and so on and so forth. About 40%, 40% to 50% actually, of self builders use builders in that regular sense. And if you've done extensions on your house, it's the kind of process that you know well, they will be the people who are the point person for everything that goes on on site. They'll arrange materials, deliveries and so on and so forth.

Some people will want to take on that role themselves and become their own main contractor. And actually that's not beyond the wit of anybody on this call. Sometimes it's a restriction in terms of time. So my wife's a teacher, it's impossible for her to do it because obviously she can't answer the phone during the day, she can't get to site if needed, whereas I can because I'm here all the time and very flexible. So I think it's more about your availability and your circumstances rather than necessarily knowing exactly how to ensure that a bricklayer does a straight run because actually the bricklayers

should do straight walls. Anyway, the point being that actually if you employ the right people, then generally speaking you can keep off them. Some people will use a package company, about one in ten will use the package companies that you've no doubt seen on Grand Designs if you've watched that TV show, the design and build companies where you go to them directly, they are good in that. Generally speaking, you'll have a relatively stress free project because actually you're outsourcing almost every single thing to them and it's their problem to deal with. Very much a kind of tailored service.

Obviously what you're doing there as well is paying for it because you're outsourcing some of that risk as well. So they're the three main ways that people do it, something like 9%, I think it is, of self builders actually build the houses themselves. So the DIY element is there, but not massive. I think it's also true to say that quite a lot of people will approach some of these things in their own hybrid ways. So, for example, I've used builders to get me through to weathertight stages and then taken on the project myself and manage my electricians and plumbers and plasterers and so on. So you can do that and as long as you're clear with the main contractor up front in terms of your involvement, the better. I'm kind of aware that I'm running out of time a little bit. I do want to wrap up with these really important points. There's a lot of information available to you on the internet and self put hours and I'm sort of conscious that we shouldn't overload you early on. But these are really important, I think. So five things to take away. The first one really is around making sure you understand what's important to you. We are all different. We've all got different reasons for doing it and different constraints on why we do it. Some of us might need it done in a hurry, some of us might have a very tight budget and some of us might have just sold a business and have got 80 million quid in the bank.

The point being that actually if you're clear on that in terms of how you're going to make these hundreds of decisions that you're going to make, and you are going to make hundreds of decisions, then that really gives you a bit of a fast track to filtering through them. This is an interesting old builder's bit of wisdom called a builder's triangle. Effectively, the point here is that you can have two, but not three points of the triangle and you've got to choose which ones you want. So it's there to illustrate the point about priority, but it's interesting anyway. So in theory, you could have a very cheap house, low cost house, but you can either have it fast or very well built. You can't have it both. And so the point being that there are always going to be compromises and things that you need to take on board here. You might want to build a house because you've got a requirement to have zero energy bills into your retirement, for example. That will be the filter which you apply all the decisions that you're going to make over the next 18 months too. And knowing that now is really important. I think so many people at self pill shows who just kind of want to build a house, not quite sure why they haven't got particular reason to do it, and that's when they get into difficulties, I think, making decisions and can spend quite a lot of money on stuff that really they don't need to. I think this is really important. In many ways, the gap between design and build is in many ways the Grand Designs drama. The point I'm making is that what generally happens and if you've done extensions on your house in the past, you might remember this, is that you will go to a designer, you'll tell them the budget, and

then after about six months of back and forth in terms of the design and getting planning approval for it. You then go out to builders and the builder quotes come back and twice the price of what you'd hope to spend. And that is a failure of the process, there's no question of that. It's not that the house not that the builders are trying to rip you off, it's just that they're quoting on what the design is. I'm a big fan of trying to narrow that gap and effectively integrating the design and the build bit. And the good architects, I think, will be very aware of that and ensure that the Achievability and the buildability of the house is baked into the design process. Because what happens on Grand Designs often is that they'll come up with an amazing design, the budgets are tight anyway, and then they'll go out to builders and it's always way more than they can afford.

Then they're back to the designer and they're chopping a few bits off the house and they're compromising and borrowing more money. And it just piles on compromise and stress and constraint into the project, in my view. And that is really where Grand Designs loves. But for the most of us, we want to avoid that stress. So the more upfront you can be, the clearer you can be with costs, with buildability, with Achievability from the start, really, you can take out a lot of that pressure later on. Kind of made this point quite a lot. But the point being that really all this, the truth of building really, is that actually you can kind of fix anything with money. If you've got the money and something's gone wrong, then you can do it. But if you've got no money, you're not going to be able to go any further. So certainly be realistic with yourself in terms of what you're budgeting for this. Don't forget around, generally speaking, prices only go one way. So if you can buy stuff early on in a project and store it, then do so. And I think my view is just always have the filter of money. So you are kind of always looking at stuff through that lens. There are quite a few silly mistakes that first time self builders tend to make. You get good advice as you go with a really good architect to think about this in a builder. But generally speaking, they're things like planning conditions. So when you do finally get that planning approval document and it says approved at the top, don't just chuck it in the bin, have a read through it, because at the bottom of that will be a list of planning conditions that you need to show that you've discharged, which is the word that they use for it. They will be things like, we want to see the brick that you're using, or we want to make sure that we've got an approved landscaping plan before you start. If you don't meet those, the planning consent is invalid. And I've known people who've been burnt that way before as well. The other one is cash flow. We haven't talked about that much, but it's worth 30 seconds. I think one of the great things about building your own home is that it's VAT free. So as opposed to extending or renovating an existing home where you pay 20% on everything, when you're building a house from scratch, it's zero rated for VAT. And what that means in reality is that if you're employing builders laborers, they should not be charging you VAT on their invoices. And if they have, then you shouldn't pay it, and you should ask them to reinvoice. They're effectively VAT collectors, and they shouldn't be collecting VAT from you. If you're buying materials, of course, you'll have to pay VAT on them. Good luck trying to go to BnQ this weekend and buying some wooden flooring and declaring yourself a self builder to the 17 year old cashier. You need to get that receipt

from the 17 year old cashier at BnQ, keep it, and then you can claim back. I think it's within six months of the completion of the project from HMRC, the full 20% of VAT that you've paid.

Often for most self builders, that's typically in the low tens of thousands by the times you've been through building, buying everything you need. So there's a cash flow thing there. So the point being that when people give you a quote about how much it's going to cost, actually you need to be thinking about, well, actually, I need to almost, like, fund that six months worth of VAT as well. So those kind of things are hopefully the details that good architects and good builders will help you out on. And lastly, and most importantly, my last slide, which is really about making sure that you're realistic with what you are going to know, so you will ultimately never become an expert. I know a lot of people who are engineers who go into self building. I've got a family of engineers, so I can kind of say this. They try and find out everything. They try and find out how thick the insulation should be, so then they can tell the insulation company who's been doing it for 50 years what the insulation thickness should be. Leave the experts to do what they need to do. And actually, if you are beginning to interfere and try and second guess, then generally speaking, you've made the wrong choice in terms of the builder or the laborer that you're using. It's really important that actually you just let them get on with it. And the thing that you can do is choose well, choose the right people and choose the right materials. That's kind of it just really quickly. It's a really prosaic talk, hopefully, like some good bits of information for you. I don't try and sell it. Self building isn't for everybody. But actually, if you are willing just to take a bit of a chance on stepping out of the mainstream, then certainly I found it life changing in terms of the houses that I live in on a relatively standard salary. My wife's a primary school teacher. We're living a house. This is the house we're living in right now that we could never have afforded to live in if we just bought a house on the open market and not had those few sleepless nights and not spent time thinking about it and going out to the selfie shows and all that. So it is completely worth it. 99% of you will have a really great experience if you choose the right people and listen to experts. And that is it, hopefully. That was useful. Jenny, over to you.

Q&A SESSION TRANSCRIPTION

Yes, thank you very much. That was a really broad stroke presentation to self build, but loads of content in it. So I think that will be useful for everyone to sort of get started, understand what they need to be looking at from the onset and where they can do a bit more research on things. So we have had several questions that have come in during the presentation, so I'm going to hand it over to Allan, but to field some of those questions and start them off. Yeah.

Thanks, Jenny. And thanks, Jason. That was really good introduction to self building. Lots of nuggets to take away there, I think. I would like to start with a question, Mr Orme, you've done numerous projects. What has been your biggest challenge and what would you do if you had the chance over on your recent house? Anything that you would change on it? Yeah, I changed lots and I think we care

about houses as self builders, and I know you do, we think a lot about them. There's only a certain part of the population that actually cares where they live and how it looks and how it works. I think once you into it and once you do a house, you're never quite happy and I think you end up thinking, I could always just improve that one. So I would spend more, actually, is the truth of the matter. I think. Easy said than done, of course, but I would invest more in good quality materials and not always take the cheapest option. At the time, that got me through it. So investing in the stuff that you can't change, I mean, I spent a lot of money on windows, but I spent hardly anything on flooring, for example, and you end up redoing it three years later. I think that's probably quite a good lesson for life, is just invest well, and this is a house. And just really quickly, as I always tell my wife, she always kind of says, god, you spend a lot of money on houses. It's not spending it, we're investing it. These are houses that are going to add wealth to a degree, but also we get to enjoy it. So I don't buy clothes, as you can probably see. I don't buy fancy cars, but I do spend money on houses, and it's worth it. Agreed on that one.

Zeke had asked, is the 30% still the case now land is quite expensive and increased building costs. Yeah, it's an interesting one, and I think it's absolutely true that I think if you went on Right Move and looked for a bit of land, you would generally struggle to find that 30% gap once you've taken the build costs off. And I think that speaks a little bit to where you find land. I think a lot of people actually don't struggle to find land on right move, but what they do struggle to find is land at the right price. So I would definitely urge you that you do need to make sure that you're trying to factor in 20% to 30% uplift, because ultimately that could be a contingency in terms of the project anyway. So if it's not 30% to 20%, then it's probably the wrong price in terms of where you're starting from. And you're right. Zeke, is that, generally speaking, I don't think land prices have come down as much as house prices. But they will. Yeah. And I think it's definitely about getting out there and being creative and proactive to try and find those plots. Because you see, right move, plot search, plot finder, there's lots of good products on there, or opportunities, but it's not what people want. They want to find that real bargain. And as you mentioned with that side garden, it's creating a plot, it's creating an opportunity that's going to be at that better value and just continuing.

There was a sort of follow up question I've noted on in the Q A, where's it gone? We've got a flurry of questions have come in, which is great, actually. So, yeah, what's your opinion on purchasing consented land, then? Working on the amended consented design versus purchasing unconsented? What percentage premium would a seller expect on consented land? Well, yeah, certainly you could definitely argue that a definition of a building plot is one that's already got planning consent on it. And so, generally speaking, I've never, ever bought land that hasn't got planning approval on it. Equally, I don't know a self builder that's ever, ever built what the site's got planning approval know they will always take you still there, Jason. I'm not sure if it's my camera or if Jason's just gone off there, but I. Can just follow on on that in terms of as Jason, I think was alluding to there most people buy for the plot, not for the you back, Jason? Yeah, I'm back. You're fine. You just nipped out there. I was just following on just I think that you were getting to that most people are buying for the plot rather than

the design, which is really the norm. And I think that having consent derisks it, that's where we always look at. I would be looking for purchasing something that at least has outlined planning permission, if not full planning permission because that's really derisking it from your point of view. If they've got full planning they might have spent 5000 pounds more in terms of outline planning, in terms of professional costs. So there will be a premium attached to that. You still there, Jason? Yeah, I am. Yeah. Perfect. And just get Jason's camera back on would be great. So what construction method would you say is most cost effective for myself build and how early on in the process should I consider construction method? I think personally construction methods are a bit of a red herring. I think people are obsessed by them and I think I'm not quite sure I ever understand why. I've built in both of the main types of construction, block work and brickwork and timber frame. And of course you never quite know if one's more expensive than the other because the houses are different. But generally speaking, all the evidence that I've seen suggests that both timber frame and block work and brick are completely almost identical in terms of the overall costs. I think my cameras I can see myself, I know seeing me is not massively important. So yeah, generally speaking, I think from a timber frame versus block work perspective then I don't think it matters. And I think I would leave the choice to the builder. I'd almost rather find a good builder and work out what they specialize in rather than insist on timber versus block work the other ones. And we're losing Jason a little bit with the internet there. So just continue on with trying to rattle through these last couple of questions.

I think there was a correction on the VAT. So it's a three month VAT reclaim and somebody had Gordon had asked can you reclaim this in stages? My understanding is no. You've got one off chance to do this in terms of one hit after three months. And if you're wanting to move in, one thing people quite often do is try and cut costs by not finishing and then try and move in early. At that point you'll be practicably complete in the eyes of HMRC and you won't be able to get the VAT saving on the other parts. But we do hope to have Andrew Jones, the VAT man, the sort of leading industry expert, as one of our guests in the self powered hour in the future. I'm just trying to see if there's anything else we can get through. As Jenny said, we will be trying to answer all of these back in the recorded option that we'll give out of these.

How do I navigate through all the available experts to make sure I pick the right one on my project? That's a really good question, actually. Just to finish on, I think doing your due diligence, speaking to at least three people, whatever it may be, architects, structural, engineers, designers, and getting fixed costs, no percentages of construction costs. We need to know what our fixed costs are going to be. Get references, go and speak to their projects, go and see their projects, speak to builders, speak to everybody who's been involved in it. Find out the mistakes that they've made, how they fixed them, and just get the right people that do the right thing. So not all architects are trained the same way. If you want a low energy, passive house using zips or timber frame, then go and speak to somebody that does that. There's a small, local, simple extension. Go and speak to a CAD technician that does that. That'll be the most cost effective and simple way. So I think we've got through most of the questions.

Jenny. Yes, there are still some questions unanswered, but we anticipate that. I think we've gotten through a lot of the themes of the various questions.

TOP TAKEAWAYS

So I'm just going to summarize Jason's talk right now with sort of the top takeaways that I jotted down during his presentation. So, number one is just that you should have a clear understanding of your budget, and working within that budget is really important for destressing the project. Number two, be creative about searching for your plot because this is going to give you the best opportunity for competitive pricing or lowering the cost of that land. Surround yourself by the right expertise and the right experience for the greatest success within your project. For different projects that may be different people, different experience, different expertise, and always start with a well considered brief. So, additionally, size is one factor related to costs, but it's not the only factor. Evaluate your own skill sets and time to determine the best build route for your project. And finally, just clarify your priorities as this will help you guide your decision making. So, with that, I thank you all for joining us today. I thank Jason for joining us as our first expert speaker and presenter. I think it's been a really informative session.

Our next session is going to be taking place on the 14 December that's once again the second Thursday of the month. It's at 01:00 p.m.. Tom McSherry will be presenting to us from the build store a slide of which you've seen from Jason, and he's going to be presenting on funding and protecting your project. So those of you who are here have already signed up. You'll receive a notification closer to the date with the team's link, we will be sending out a presentation, an email following this presentation that includes some of the links that were put into the chat on teams as well as just additional information about the upcoming events. Following that, as soon as the video recording of this is online and ready to be viewed, we'll send you a second follow up email that just tells you that it's been uploaded and you can access it and where you can access it from. So thank you for your participation today and good luck with your projects.