

Episode 137

Opportunities to self build at Graven Hill – with Philip Singleton

The show notes: www.houseplanninghelp.com/137

Intro: Today we're talking to Philip Singleton, Managing Director of the Graven Hill Village Development Company. They are creating the UK's largest self build development near Bicester in Oxfordshire, of around 1900 homes.

Philip started by explaining the two key areas that he worked in before he was appointed to the Graven Hill role earlier this year.

Philip: My background is I am an architect. I designed buildings for 14 years. For the last 14 years if you like I've been doing management of things. I've been looking at how places and cities and towns get regenerated and what the mechanisms are, how the finance works, how the politicians work, how decisions in planning, as in town planning, are made. I've been developing my management skills around that. So I've got a design background, a management background and also delivery of projects. So a lot of that brings us to where we are today.

Ben: We're talking about Graven Hill as a particular project. Are we calling this a group self build?

Philip: No I wouldn't necessarily give it that kind of label. What we have here is a huge variety, diversity of opportunity. So if a group wants to come to us and say we would like to do such and such in a row, or on a floor or an apartment of whatever then obviously we would entertain that.

Of course it's a 10 year project so we can be very clear about the next 2 to 3 years, but you look 4 years, 5 years onwards and I suspect we'll be looking at factors externally, the market funders, what our buyers are interested in. As well as how we might vary things on our site and do things in a different way, because everybody's learning. We're learning how to do in the UK self build and custom build at this time. So we're kind of in the vanguard. We're not the only ones. We happen to be very large and the largeness gives us a lot of opportunity around being able to be

diverse so it's not a single proposition. It's a multiplicity of propositions.

Ben: How did this particular project and area evolve and get to this stage where we are now?

Philip: My predecessors should take all the credit for this. I've been running the Graven Hill team, the delivery team here, since January (2016). And this project goes back 2 years, 3 years, probably longer. It started I think with political engagement and ambition, and if you don't get that in any local authority, or indeed at a regional or a national level, things don't happen. So it has to be someone that has an interest, and an aspiration, an inspiration to do things. So that rests definitely politically.

And then what Cherwell District Council here did was adopt that ambition and look at opportunities. And the opportunity arose where the government had asked the MoD to dispose of their assets, their sites, and consolidate, which has been happening all over the country. Certainly in this part of Oxfordshire there's quite a few MoD sites that have been vacated. So Graven Hill is one of those.

So Graven Hill's a very large 188 hectare piece of land and on it has been a very substantial distribution and storage place. The UK has fought wars and the machinery, the clothing, the wiring, the temporary bridges and so on and so on and vehicles, have all been stored in huge warehouses that are scattered around this hill. It's a very open, very large site. So that was a coming together of 2 public sector opportunities.

Now the MoD could have disposed to any of the big 4 or 5 UK house builders that have always done what they've always done. They just follow on a tradition of making things that, whether people want them or not, or desire them or not as products, people have no choice so they have to buy them and that's why it perpetuates the model of that particular private sector economy.

So there was a desire in Cherwell looking at the growth of Bicester, which is one of the main towns alongside Banbury, that's looked after by Cherwell District Council. Bicester's a growth town. It has a garden town status which is around a government policy on growth in a sustained way of making towns larger. And that certainly applies to Bicester. Incredibly well located in terms of 2 stations that connect it to Marylebone and up to Birmingham and Oxford and to Cambridge ultimately as well in a few years time. So very well connected with the M40 as well.

So it also has a rather nice historic heart to it which goes back to the Roman era. So it's a place which is not just a commuter town, it's a place that's got a centre, and the food offer and so on is getting much better in the place. So it's a really interesting opportunity.

So what Cherwell District said was why don't we have an eye on the national government agenda which has been emerging over the last 3 or 4 years around self build / custom build opportunities, and marry that to a local opportunity in a growth town and say right, let's buy at market value, it has to be that way, this MoD site at Graven Hill. And let's create a private company, the Graven Hill Village Development Company was then created about 2 years ago, and we'll fund it, we'll find it from reserves and from borrowings, the way to fund it over a 10 year period. And look like any other development company would look for and indeed any enterprising local authority should look for, is a return on its investment. With a degree of social and enterprising values around it so we have a particular set of mission purposes and values that have now very recently been put in place.

So the background was that there's a vision, there's a site opportunity, there's a growth in the town, a great location, and then invest and set up in what's been a small and growing private development company to execute and deliver the idea over a 10 year programme.

Ben: There's so much we could dig into there! Let's start with who owns this plot of land. It's the company that was set up?

Philip: Correct. So the Graven Hill Village Company has the freehold on the land that we are acquiring over a period of years, in phases from the MoD. In fact the major part for the residential development we only were able to take over in June 2016 from the MoD, so we have it now in the bag to develop.

Ben: And it would have been the same price, you've already talked about the major house developers, if they came in and I know there are schemes around Graven Hill as well that they've got going on, but it would more or less have been the same price that they would pay for their projects?

Philip: Yes, it was market value.

Ben: Okay, if it is market value then, are you hoping that this company makes a profit at the end or is this really about funding the process?

Philip: We'll make a profit at the end. That's the whole idea. It's structured in that way. It's a very slow burn project so there's many many millions of pounds get pumped into already and will go on for the next 2 or 3 years before we see on a plot by plot basis some return on the investment. But even when we get that we'll still be investing in basically it's kind of a little bit like virgin land so we're rolling out roads, underneath those roads are all the services and all the drainage. We're creating a village centre, we're creating a primary school, a community centre, some allotments, an orchard, investing in road infrastructure on the edge and beyond the site in and around Bicester.

We're also creating 30% of all the homes. There's circa 1900 homes in the overall masterplan. 30% of those will be affordable so we'll be working with what used to be known as a Housing Association, now they're known as Registered Providers for Social Housing and there'll be a split between pure rent and shared equity.

So there's a very very big investment in the social, economic and physical infrastructure in what is basically virgin land. So from that ultimately yes it's geared to make a return, but I think the important thing for your audience is that we are providing lots of, we're looking at 188 hectares which is enormous, so we're looking at providing individual plot opportunities and terrace housing opportunities and apartment opportunities for enterprising people.

So we're being enterprising, we make sure the economics work so that if you want to come along and buy a plot, or a terrace, or an apartment from Graven Hill, and develop your own thing or ask us to tailor finish something or take an apartment from us for example, we will always have the opportunity to demonstrate to you that the market actually allows you a head room between what you'll pay and what the home is then worth under a valuation process.

So if you self build in particular as you know there'll be a significant margin of a number of percent on each plot if you do it sensibly and well between what it's cost you to buy the plot and develop out your own design and what it's actually worth in the market. And the market in Bicester, in Oxfordshire, is pretty healthy.

So for example, a 3 bed detached house presently here we are talking July 2016 would be around £375,000. Now you can buy a

plot with a Golden Brick foundation which we can talk about, develop, design your own home or purchase a custom built house to drop onto that plot, what I call plug and play, for early £300,000s if not less. So you can see immediately where the profit is in the development.

Ben: Just before we move off costs and get into how you divided up all of this area that you have, I'd like to know about if we can create a business that does create a profit, this is quite exciting for self build because it should mean that there is a real rival for the volume house builders because you can make a profit from land that you can pay the same amount for and you can have this as a business that can repeat it again.

Philip: Absolutely. And that's the territory, that's the waters we're sailing into. You'll have to ask me in 5 years time, 10 years time whether it's actually ticked all of those boxes!

Ben: This is number 1 as well.

Philip: It's number 1 in terms of scale, yeah. There's a lot of other people doing it across the UK and I don't necessarily think biggest makes you best. It never does. I've worked in very big cities and they all think they're amazing but actually they don't necessarily do the right thing, they're not necessarily the best.

What I want us to do is have real choice, real diversity and be good at providing those opportunities. So we're developing our techniques, we're developing our approaches and I know that we're going to be learning just like our clients will be telling us what they want, and what works and what doesn't work for them. We will be responsive, that's the whole idea.

But yes, I think the government, local authorities, individuals with ambition and drive and enterprise, really have the opportunity to build what they want, not what they've always had to buy. And I think that's the absolute imperative and being able to do it at scale, demonstrate it works is going to be a masterstroke, if we get it right.

Ben: I think getting it right on the first attempt is a tall order, so lessons learned from this fullstop will be very very useful and I'm pleased to see this project taking place.

I suppose there are some concerns about the pace of it because I know we did an interview with one of the cohousing groups in Cambridge a little while ago and they were saying how people

dropped out over time just because they couldn't hang with the programme. And you've already said this is a 10 year programme, so is that a constraint of this, that the timings are just so tricky to fit in with what people want as well?

Philip: I think that's about clarity of communication because you or I now might have money in the bank, might have just sold our house, might have got a great design, quite like a site, but planning or the owner of the site are procrastinating and it causes a problem to pursue the project.

I think there'll be as many people in 1 or 2 or 3 or 4 years time, if not more actually, able to say we're oven ready to get on with it. So what we need to do is make oven ready, plug and play opportunities for people to come along and buy.

And for example, we are going to the market on 22 August this year, 2016, with our first release of our first phase. However, the road rollout which I've already talked about and all the infrastructure which starts this autumn on this new land that we've acquired, will actually enable to move in, have the keys to the fence to your plot which will be there with your foundation as designed for your particular proposal, with the services in place. All the services, so gas, electricity and telecoms and water, will all be there to the site, and the drainage will be from the site out into the new road. That'll all be packaged up. But that won't happen until August 2017 so there's a year between when you could reserve a plot with us until you can actually get onto site.

However that year can be put to good use in terms of design development, maybe looking at custom build opportunities as well as componentry, working with your architect, your design team, particularly managing costs because that's one of the really big challenges for everybody is understanding how you chunk up costs between the purchase of your land asset and then the actual components that make up the whole home. And then having a contingency, managing in your own sweat equity, your own time or somebody else's. Adding all that up and managing it over a period of probably 2 years from where we're speaking now to getting your own home built.

So there's a very sort of big challenge for people to take on the big enterprise, but what I want to be able to do is make sure that we're here with a kind of helping hand or framework, whether it's an individual or website based information or working with people like you that actually help and signpost and hold people's hands.

Because it's very exciting but also has with it its heartache and pain at the same time.

Ben: One of the issues I've had in looking for land is that the second you have a plot size where 2, 3 houses can be put in, the person who wants just a house and a garden ends up losing out on this land all of the time. So have you done anything to try and deter developers from saying I'll buy this one and then sell it off at a profit?

Philip: We will make best endeavours not to sell to developers. We will wheedle that out. We are interested in working with individuals. Like you said earlier there might be families, there might be people that want to group build and have an association of interest. We would need to be very convinced that wasn't somebody just trying to sort of mask the fact they want to sort of buy 3, 4, 5 in a row, develop them out, sell them in due course. I think our systems will be good enough to detect that. Whether it's completely foolproof I will only be able to tell in a year or two's time I suppose.

But the point I want to keep making is the plot sizes vary, so we've got 1 bed, 2 bed, 3 bed, 4 bed and 5 bed plot opportunities at Graven Hill. And of course what that actually means the whole curtilage on a 5 bed is quite a large site. With the assigned area where you can develop right through to in fact something that I think is very very interesting is the value proposition that we're still actually just carving out.

We know where the micro sites, they're for 1 or possibly 2 bed homes scattered around the site, there's a small number of those. Then we have mews developments as well so people can actually create a new home at a very low cost purchased from us with a very low cost foundation. And because of the scale they naturally will be building something quite compact on it.

So I'd like to appeal to a 25 year old that's got £3000 or £4000 in the bank, rather than somebody in their 50s that maybe their parents have died, they've got £200,000, £300,000 in the bank and that's about diversity of investment opportunity by individuals but also will create a very mixed place. So you'll have people of age ranges, of income groups, some people in social housing, people that want to live and work in the village centre which we need to talk about as well, and make a real mixed, vibrant village community on the edge of a town in Oxfordshire. So that's the kind of ambition. So we're looking for the levers and drivers we can pull to create a very mixed up place.

Ben: Just while we're on this topic, one of our Hub members, Dean, is looking to buy one of your plots and he's gone through some of the process to try and make himself look like a candidate who can definitely do this, the finances, the design of a house and all of the various considerations that you might have to submit.

The trouble is obviously this is upfront money and he's not sure for example when you go for a mortgage you'll need to have a mortgage in principle and then if the dates don't come about or something changes, you know we know this is a big project.

So what would you say to someone like that who's going to be putting their money where their mouth is in terms of Graven Hill?

Philip: We've just appointed a complete sales team so they're working really closely with us and the delivery team so they actually know what the practicalities of the site is, they understand the customer journey as I call it, because it's long. It's quite detailed, it's very different from walking into the sales office of a big spec home-builder and going I'd like to have the keys for that in 6 weeks time, thank you, end of story.

This is a much longer journey. So the point is actually communicating with us, what your timescales are, what selling your current property if you've got one might be or when your tenancy finishes. Analysing something called the plot passport so every single plot across Graven Hill will have a passport which sets out the plot dimensions, its location in the masterplan, where it sits in this thing called the Local Development Order, which we need to talk about, because that's a huge planning privilege across Graven Hill. The services and the timescale and I guess, most importantly is the package cost of the land and the Golden Brick and the services because the point is that is zero rated as a sale, so purchaser is not paying the 20% on the VAT that you would otherwise buy on a product like that.

So your point around the effectively we need to be convinced that somebody has got the ability to buy because we don't want anybody to trip over later for their sake as well as ours because that just stymies things happening, and equally we need to be sure that they can then say in 6 months or a year's time, we'll talk about time again in a minute, that actually that money is still in place and they can draw down their mortgage and drop into place to buy and then develop their own home, that the money's in place at that time in the future.

The skill there is in finding a really good broker that understands the self build market because that broker can give advice but also those brokers are communicating with a lending market so the lenders that are specialists in self build / custom build absolutely understand the point that it takes time to get from I'm ringing you up to make an enquiry to actually saying I've bought a plot to the foundation to the first floor to the roof to completion and then turning it into a conventional mortgage.

That's a long journey. It's complicated but there are specialists, there are good advisors, and what we're trying to do at Graven Hill is not only make a good value proposition which I've talked about but also make that purchase lower risk, VAT free and very clear from your planning prospects as well. So it's de-risking a lot of the one-off opportunities that people have across the UK because we're masterminding it wholly as a self build and custom build opportunity.

Ben: Let's rewind a bit and talk about the whole planning of the piece of land. So this was bought from the Ministry of Defence, I appreciate it's probably before you got here, but how on earth did you start dividing it up and working out what each plot might be worth and how many 5 bedroom, how many 1 bedroom, social housing?

Philip: Well the masterplan was commissioned originally by the MoD so we inherited the overall kind of bones of the structure if you like. And the planning authority, local planning authority which is Cherwell District Council, so the division is very clear in my mind between the fact that we the developer are owned by Cherwell but we have to deal with the local planning authority as the MoD did when it wanted to look at this masterplan. Just like any other developer which is quite right and true. I just want to be very clear about that.

So any developer will say I want to put all these houses on and the local planning authority will say yes but you're creating a lot of new homes therefore we need a school, we need a community centre, we need the road system sorting out and so on and so on.

We are also dealing with the county council which is the organisation that adopts the roads through there as well. So all these new roads have to be adoptable so there's a lot of constraint on what we do, but that's normal. I mean that's what development is all about in the UK.

Having an awareness of what values are in the Bicester and the wider Bicester area in this part of Oxfordshire, in the market, so we've always talked about, well we've done research so every few months we get reports that actually tell us where 2, 3, 4, 5 bed homes are and detached and terraced and apartment. So we've got a very good strata to all of those things.

So we therefore need to make sure that how we do an appraisal of our development, in other words the actual cost of buying the land, running the team and rolling out the infrastructure to keep it simple, is less than what we can sell it at, and what we can sell it at is less than what it's worth in the market. So everybody benefits that way. If there were some huge recession or massive fallout from Brexit obviously I have an eye on that, we are careful about both our pace of development, our pace to go into the market, and making sure for our benefit and also for the benefit of our customers, that the sums still add up.

So we're constantly looking at the market. So you've got a physical asset, you know what it's costing you to develop, you've got the market as a strata above it and we're working in between those two things to make it a good value proposition.

Ben: Because I guess that's something the volume house builders have been classic at, of just sitting on a piece of land when this happens they're not under any pressure. Are you under a pressure to put these sites out or can you slow things down as you say?

Philip: I think it's a matter of judgment really. That isn't a black and white answer. It's not a binary answer.

I think firstly the demand is there. There's a political aspiration to do it, so why on earth are we not out there doing it. So going out this summer we know we can deliver, we know that's the first phase, we've got that very well structured. I'm really really pleased to be saying that and being out there. Some people are very impatient, they wish we'd done it 6 months ago. Well we didn't actually have the land until June this year so it is what it is. So we have constraints on us.

If we can balance, to a degree, the supply and demand model. There's no point in us sort of rolling out millions of pounds on the road and not being able to sell anything, equally I don't want to make it difficult and make people impatient because people are eager to get on and develop it, their own enterprising homes.

So it's making judgement all the time and we can probably be slightly different in the way that we behave from spec house builders, however there's a real driver in the market which none of us can really control because it's enormous, about the national economy. If valuation surveyors say land's gone up then that's healthy and everybody feels better about it, it all feels rosy. But if values go down as they did do back in 2008 for 3 or 4 years, that actually gives everybody a bit of a headache and funders start to sort of freeze funds and so on and so on. So you would expect us I think to be responsive to the broader economic conditions whilst making our own micro economy the best we can.

Ben: Let's talk about some of the special things. Planning is one of them isn't it?

Philip: Planning is I think amazing actually here, because there's something called a Local Development Order, an LDO, and basically we've talked already about having a masterplan so there's a masterplan here, then there's something called a Design Code, which actually has a way of setting what I call the wire frame. So this is how the overall mass of any individual house can look relative to its neighbours, where it sits in and around the site. So you don't put everything at the back, you don't put everything at the front, they have a kind of neighbourly relationship. The kind of material pallets that you can have, and then that's put into 3 kind of categories, so there's a little bit more control towards the village centre. The roads and lanes a little bit further out are a little bit more relaxed and right at the edge of Graven Hill you can kind of do almost what you like really, again within this overall design code.

So that gave, the masterplan and the design code, gave comfort to the local planning authority, and what we did here, my predecessors did, was say right, we've got that. What we want to be able to do is take the first several hundred of the plots of the 1900 at Graven Hill, and put them into a Local Development Order and say that actually allows us to be able to say here's a plot, it's serviced, we'll put the foundation in for you, therefore we will take the risk out of the ground where a lot of self building is actually risk because of ground conditions and weather and everything else. We'll do all that and on top of it we can say if you want to build a neat 3 bedroom home on a 3 bedroom plot and it's within certain wire frame parameters and it's built of this kind of big family of materials you can choose from and mix it whichever way you wish to mix it, you will get planning approval, the final approval which is a verification process, between 7 and 28 days.

Now at Build-It Live recently in Bicester I was talking about a project away from here that had taken 7 years to move from that's an interesting site to getting planning to actually moving in. Now that's a long one obviously but even conventional planning periods when you've done all the drawings, you've done all the designs, you've done all the pre-application discussions and negotiations with the local planning authority, they receive your application and then you're talking about a minimum of 8-12 weeks. Those are the sort of the statutory periods that are laid down by government for a planner to determine the application.

So 7-28 days, you know, a week to 4 weeks is an amazing thing because that's something that your lender will look for, your conveyancing lawyer will look for and it's a big tick in the box. So it's massively smoothed out all the planning risk.

Ben: Were there any other points about it that you wanted to mention? I've forgotten the terms that you brought up earlier in the interview!

Philip: Well other than the value proposition and the fact that there's a diversity of choice. So even in Phase 1A, that includes the village centre, so we'll be looking at apartment blocks, we are going ourselves to developing terraces.

So terraces are not impossible, but more difficult to do party wall to party wall, because if you're the first one to build you build your party wall and then the next person comes along and builds their party wall, so actually you have 2 party walls for every line you have across where the terrace homes kiss against each other to make a terrace.

So what actually we're doing is providing people in the first phase with the opportunity to come along and say here's a list of how the inside of your home might look like and maybe some of the external influences as well, but how many bedrooms, what kitchen type it might be, what bathroom, where certain things go within certain fixed points. And we're calling that the tailor finished product.

So we work from a menu, you're still determining your own home so you're still describing it, you're still ordering it basically, but we will then hand you over the keys to a brand new home to your internal choice of specification and taken out all of the headache of actually making your own home if you like, the challenge of doing that. So that's a tailor finished product as well.

So we have the Golden Brick detached, we have tailor finish, and then we'll also be talking in the future about how we're going to be creating apartment blocks and whether we allow people to do some self finishing in those apartments. Bit of a debate we've got going on about that at the moment. We've got to finish that debate off, look at our structure to deliver and then those will be part of the overall finish as well.

And of course the nice thing about the apartment blocks, they're at the very heart of the village centre, the ground floor of those are dedicated to retail and to work space, and live/work space and things like that and I'm hoping that that's where the micro economy of people that have built and want to stay and work and it's what I call, one of the mantras for me, is Graven Hill is all about a community of builders building a community. Because I think the purpose and interest is very common between all those self builders before they've even moved in. So they'll have a huge amount of affection and knowledge about each other before they actually become neighbours.

Ben: We're almost out of time, so I think I need to speed up a couple of questions here in terms of is there a message that you're trying to get out to people? This is a project with lots of moving parts, is there anything you need to tell potential people who want to come and build at Graven Hill?

Philip: I think there's two things. Firstly, come and talk to us, because everybody's got slightly different drivers, ambitions, cash, borrowings, desires, programmes, timescales, individual issues. Even talking to our first 10 people, every single one of those has got different particular opportunities and issues. So talk to us about those because it helps us build intelligence about how we can help people through their customer journey. We're defining very clearly all the steps that there are on the customer journey.

And the second point is linked to that, so what we're looking at, having test driven this project already with a small group of people, is to say we're streamlining it, we're making it simple, we can explain where the levers are, we can help you turn those levers so you can get to the point where you arrive on your site. We can keep you safe on your site, we can help you be clear on your responsibilities, the logistics of delivery. That's once you've got the site from us and actually out there building. We've made it simple in terms of foundations and VAT and planning and there's a lot more certainty. I think it's the 2 C's really – one is communication, the other is about certainty.

Ben: Going forwards then, this is quite experimental but I hope the start of many other projects like this. So what can you tell us about how it could impact at this stage? I know nothing's actually happened yet.

Philip: Well I looked at the RIBA survey, the Royal Institute of British Architects, at the end of 2015, and there's a lot of architects that are smaller scale right across England, Wales, Scotland and Northern Ireland who work with small, private clients, either extending houses or renovating houses, or indeed building new homes.

And there were 2 abiding things that I remember from that survey, was that people want choice. They want to decide how big their rooms are, how those rooms interrelate to each other, how it sits in the land.

And the land issue links the second big thing that I remember from reading that report, is that people want to define their own carbon footprint. So how much energy their home consumes, or indeed actually contributes back to the grid, the fabric, insulation quality of all the components that make up the whole, and drawing energy from the earth or from the sky and from the wind and so on.

So both of those things are around choice and environmental awareness and I think that is absolutely not what you get from the standard house builder. So if there's enough quantum of people lending in the market, people buying and then developing their own designs, making it a design led proposition, and then componentry manufacturers really waking up to the opportunity for self build / custom build, and many of them are really really clearly looking in on this and providing opportunities for people which is fantastic.

When we get the volumes up then a lot of all those things will start to align really really well. At the moment we're all trying to bring it to bear so that the opportunities are right for people, and that will just get easier because there are parts of Europe where 40/50% of homes are done this way. So it shouldn't be that hard.

Ben: Philip, good luck with the next few months and years. Thank you very much.

Philip: Thank you.