

## Episode 152

# Should you consider the resale potential of your self build? – with Mike Coe

The show notes: [www.houseplanninghelp.com/152](http://www.houseplanninghelp.com/152)

**Intro:** Mike and his partner Lizzie are the self builders behind The Autonomous House in Worcestershire, which was a case study we covered in Episode 54. Today though, we're trying to find out what they've learned about trying to sell their very bespoke home.

I started by asking Mike to give us an introduction to the house and explain why it's so special.

**Mike:** Well we built the autonomous house, my partner Lizzie and I, and the intention was that we would live here for the foreseeable future. We moved in just over five years ago, August 2011 we moved in.

And we spent a good year or so completing the house, but since then we've actually been enjoying living in it and all of the hard work and planning that went into making it extremely low energy, the interesting projects we undertook which was our own whole house rainwater harvesting system, composting toilets and so forth, all of which were quite experimental at the time, have all settled down and basically the house has been running exactly as intended and it's been a pleasure living here. So from that point of view I think we had a successful project.

**Ben:** What changed then for you to get ready and start to tackle another project? We won't lead into that just yet, but what was the motivation?

**Mike:** Well yes. When we were building this house we used to read articles in self build magazines and occasionally watch Grand Designs, and they'd say now that the project has finished, these people are moving on. And we used to say they must be mad! What do they think they're playing at! And now, all of a sudden, we find that we, having done what we thought was a once in a lifetime project, are planning to move on. And I didn't believe that this would happen but it is.

There are a number of reasons for it. There's always a number of reasons for these things. One of them has been the amount of time I have devoted to studying climate change and a belief that I think that things might get very hot in the south of England in the next few years. I don't know but I think it's a possibility.

But also, I shall be 60 in January so I'm not far off being 60 years old. And I've got a slight sense of excitement from the possibility that I think at this age I can take on one more big exciting project. And so that's what we've decided to do. We've decided to take on a big, exciting project and we're moving to the Isle of Skye and the idea is that we're going to build again.

So it's with great reluctance that we will be leaving this house behind because we didn't intend to and there isn't anything about it that we don't like. But the lure of one more big, exciting project is quite compelling.

Ben: So how did you approach selling your existing autonomous house?

Mike: Well after thinking about it this was always potentially a stumbling block, like how do you sell a house like this? We know how great it is. A lot of people who are interested in low energy building have been round it. We've shown probably thousands of people round it, and they know how great it is. But the wider public, I don't think they yet understand the value of a building like this. I think perhaps in 15 or 20 years time when they're more aware of the state of the environment, and perhaps also by then fuel prices have perhaps multiplied by a factor of 10 or something, we don't know what's going to happen, I think the value of this house will be more obvious to the wider public.

But after considerable reflection, we decided actually the best thing to do was initially try putting it on the market with a fairly conventional estate agent. So we did what you'd do if you were selling any house. We got three or four agents to come and have a look at it and from those agents we decided the one that we thought was probably going to be the most sympathetic and perhaps the most likely to sell the house at a good price. So we started out by going with a conventional estate agent.

Ben: And what happened?

Mike: Well, absolutely nothing, funnily enough! We went on the market and I thought this is going to be exciting, because it was a bit of a, at that time we were still almost trying to decide whether we were going to

undertake this project or not and whether we were going to move. And I remember saying to Lizzie well look, one way of making this decision or having the decision made for us, is to try the market and see whether we can sell. So I said we're going to have to make this decision that the house goes on the market.

So having done it, and having put it on the market, absolutely nothing happened. There was no interest whatsoever for, I don't know, a couple of months. Although I understand the housing market is slightly topsy turvey, partly I think due to the changes to the stamp duty. This is what we're told.

And then just when the agent had called us and said we're heading into the school holidays now, it's really, really quiet, just relax, don't expect any viewings, we then got two viewings. One of them was a false start, the other one was actually quite promising and turned out to be a near miss.

So we did begin to get some interest and it became clear that the sort of people who were coming to look round, who wanted to look round a house like this, were interested in low energy features. They weren't scared off by the rainwater harvesting system or the composting toilet. So I began to realise that there are customers for a house like this. There just aren't as many as there might be for a beautiful Cotswold country cottage, which is the kind of the part of the market that we're up against here.

But then, as it was a bit quiet, we'd found this website called GreenMoves.co.uk and you can advertise on that site for a fixed £75 fee. And you send them some text, and you send them some photographs and they put the house up. There aren't very many buildings on that site but they're all there because they're low energy, because that's what the site does. And it's almost like putting an advert in your newsagent's window as you would have done 20 years ago, except that it's on the internet so a lot more people see it. And strangely through that website we have got, I think we're close to having a buyer. We've got some people who really want to buy the house. The only stumbling block now is that they've got to sell. So we've effectively got a chain but we've bounced one link further up the chain so we're actually waiting for another house to sell.

Ben: Have you got any insights on what is motivating people to buy? Is it still led by location first of all, and what else have you discovered?

Mike: I think it's almost always going to be location isn't it, because people will usually have a reason to go to a particular place. I mean I

suppose occasionally you get people who are retiring, or retired, don't have very many family connections or whatever in an area, no longer have a work connection and might say we can just go anywhere. We can go somewhere that we think is beautiful or whatever.

But in most cases, I think pretty much all of the people, there's been a fair few people who've looked round now, we've now had about three near misses but we've got this one couple who do want to buy. But yeah, they've all either been in this area and just interested in the house, or have previously lived in the area or they want to move to this area because they're downsizing and retiring and they want to move somewhere more rural. So location seems to be the primary driving force.

Then of course in the case of a very specialised building like this one it's like well, several of the people who've been to look have been specifically looking for a low energy building. Sometimes the motivation was simply to save money on heating, sometimes they also had perhaps an environmental conscience saying we'd actually like to live in such a way that we're kind of a little kinder on the environment. One or two people I think came because they liked the view and the location and were then horrified by the whole idea of having to kind of move your human waste into the garden every two months when you clear out the composting toilets. And in fact one couple were going to come and then they cancelled, they didn't even come and view it, because they hadn't previously read the brochure properly. And then when they did read it they said no, no, we really wouldn't want to live somewhere like that thanks very much. So it's been quite a mix, but location always seems to be the prime factor. It is the most important thing isn't it, it's where you live.

Ben: And to you, would it matter what the buyer did with the house?

Mike: It's a very difficult thing this. I mean before we built this house I lived in London for 23/24 years and I lived in an Edwardian house which I put a huge amount of effort into. Not particularly at the time into saving energy. I was kind of more interested in restoring it to a state of original Edwardian splendour, which I did fairly successfully. And one of the problems with leaving there was both of us were very attached to the house because we had made it very, very nice.

When it came to it, as a friend of mine had said this to me, he said you won't actually find it that difficult. When you leave you'll be a bit sad and you'll have a lot of happy memories about it, but when you're going if it's under happy circumstances you're normally so focussed

on where you're going and what you're doing next that that actually kind of obliterates most of the memories and so forth.

So we left it behind and he was right. It was quite sad when we left and it was a beautiful day and the sun was streaming through the stained glass windows and yes, it was fantastic.

And I think the same thing is probably going to apply here. We will be very very sorry to leave, but we are moving onto something which I hope will be really exciting. We're also moving to a completely different part of the country which is going to be very interesting. And I think that we will just go and we will leave it behind and I mean realistically we all leave our homes or houses eventually. It's quite nice to be doing it under happy circumstances rather than because I'm being carted off to hospital or something like that. So yeah, I think it'll be difficult.

I think the people who at the moment seem to be the most likely buyers like the house as it is. I think they'll probably make some modifications and things but I think it's unlikely, this is a much more difficult house to modify than any other house. So I don't think they're actually likely to kind of destroy the basic ethos that surrounds it. The design fundamentals of low energy independence from external services, minimal environmental damage, I think that they're most likely to maintain that because the house is so obviously built like that. You can't pretend it's an ordinary house. You can't just sort of move into it and treat it like a Cotswold cottage because it doesn't work that way.

Ben: I guess that's one of the advantages of going through a dedicated website, is you're far more likely to find someone who will actually use the house as you used it?

Mike: Yeah I think that's possible. I mean I would imagine that anybody who came from Green Moves, there may be other websites, I don't know, I mean that seems to be the main one, that they're going to be looking at that site because that's their primary area of interest.

And interestingly the people who did come to us through that site who are the possible buyers, hadn't actually looked at Right Move or any of the mainstream estate agents, websites or online search engines or anything. They had only registered with Green Moves and they came to us and said we've seen your house just appear, we're interested to come and have a look round. So that was an interesting point.

What's incredibly irritating is that once you sign up for a sales period with a regular estate agent you're in a contract with them and you are obliged to pay them their commission if your house sells. Now it won't make any difference if the people who came to us through Green Moves through our £75 advert, if they end up buying it we still have to pay the, I think it's 1.5% or 2% commission to the mainstream estate agent, even though they didn't actually sell it.

Ben: There's something we can take away from that – that's really interesting to know. I'm also sad to hear you've told me before how you're probably going to lose a little bit of money on this.

Mike: Yes.

Ben: So is this because when you constructed the house in the first place, it was your forever home?

Mike: Yes, I think that's the main reason. We didn't really think very much about the possibility of selling it on because we assumed, our plans were that we would stay here for the foreseeable future, so it might have been 20 years, who knows. But we didn't build it with an eye on sales. And had we been thinking that we would sell it on in five or six years time, I would not have built the house the way that I did.

So we built it not exactly no compromise, because we did compromise on cost. We did kind of reign in costs, particularly towards the end of the project when I said this is costing too much. But yes, we hadn't been thinking of selling but also I perhaps hadn't realised quite how the nature of the economy was changing. And really I'm in a situation that I think is different in London, but in this area, mid-Worcestershire, there hasn't really been any significant increase in house prices in the last, well since the recession 2007/2008. So it doesn't seem as though owning a house is actually necessarily that good an investment anymore. When I was younger it was pretty much a guaranteed ever-growing investment.

So I had also been thinking if we stay here for a few years, okay we've spent a bit over what we could sell the house for but I thought we'd stay here for a few years, ten years maybe more, the house prices will catch up so we won't be out of pocket. But as it is, unfortunately we are going to lose money on this house. There's no getting around it. The only way not to lose money on it would be to stay in it.

Ben: Would you have used the land equation? Do you know the land cost plus build cost plus the profit of 20-30% is less than the value? Would you have done that at the time of building The Autonomous House?

Mike: I didn't do it and if I had of done it I think I probably would have come out with a figure that predicted that we wouldn't get back the money that we'd spent on it. We could possibly have built a larger house, so we would have had a possible larger resale value, but we built what we wanted and it's quite a good sized house. I think we might have been able to squeeze a slightly larger house into the area of the site that had permitted development but we didn't.

So as I say, I would be approaching this now in a completely different way, and in that we are hoping / expecting to build another house when we move to the Isle of Skye, I'm taking a slightly different approach. We still want to build very low energy, we still want the capability to exist off-grid, we want it to be comfortable in the winter even when it's freezing cold outside. But I'm keeping a little bit more of an eye on re-sale factors. Even though again the house that we're moving on to we see as being a for the foreseeable future, I'm just thinking well life's full of surprises, maybe we might be selling that in five years time.

So in some senses it's going to be a little more conventional and I'm not going to do things like have a whole house basement in order to store rainwater, because it's a very expensive thing to build. So I'm keeping a little bit more of an eye on those kind of costs and I'm compromising a little I suppose but not very much. I'm compromising a little with an eye on possible future sale.

Ben: Coming into this, I obviously want to build my own house and I must admit as I think about that situation and know what you've gone through, it does change almost what you want to do, because there's that on one side that you've been dreaming for a long time I want this, this, this. And then there's just that voice as you mention at the back of your mind that's thinking if I go down that route and go all-eco I get myself in trouble. So do you think that deters you in terms of any build methods or anything like that, or building straw or is it a case of just finding that one person who will take the house after you?

Mike: Well I suppose when you sell a house you only ever need one successful purchaser don't you. So it doesn't matter if you've turned away two, ten or a hundred other possible purchasers. As long as you get the purchaser who buys your house at a good price, it sort of doesn't matter how many others there were.

There will certainly be for a building like this which is specialised, there will be less potential buyers. Some people have no interest whatsoever in the low energy credentials and just like the views. That's a fact of life.

However I think the situation is changing in that there obviously are more environmentally aware buyers. The degree of environmental awareness varies but a lot of people are now interested in perhaps reducing their environmental footprint and also perhaps are beginning to understand that a low energy building is going to be first of all more comfortable to live in, and secondly, a lot cheaper to live in, even though you might have to pay a little bit more in the first place.

Also notably a number of our possible purchasers or a number of people who came to view, had at least heard of Passivhaus. So they may not always have known what it was but they certainly some of them had heard of it. So I think the landscape is changing because one of the worries, as I said earlier, was that we might not be able to sell the house at all. Well that's obviously not the case. There is interest.

I remember just a few years ago reading in possibly one of the building magazines, I don't remember the details, but I think it was a house in the Lake District which had been built to a very high environmental standard: triple glazed windows, super insulation, all of the kind of things you expect. And it was on the market and they simply couldn't sell it. Nobody wanted to buy it because they thought it was too weird, it was too kind of out there. And I did have a worry that our house might also fall into that category but fortunately that doesn't seem to be the case.

So I think the attitude is changing but I think it's going to be some time before we have the level of awareness that perhaps they do in Germany where there are a lot more low energy houses, a lot more Passivhauses, people understand them, they're not afraid of them. They don't come and ask all nervously can we open the windows or not. I mean even simple basic things like that seem to be a worry for people, so they read the house is airtight, well can't you suffocate? I think that peoples' understanding is increasing and improving but I think we've still got a long way to go.

Ben: When I've chatted with Kay a couple of times about what house we might like, she said shouldn't we put in radiators because when it comes to sell, people will be worried that they don't have a heating source. And I just thought that was really interesting because Kay

does know about Passivhaus and understands that, yet obviously some of those worries are still there. That's not the sort of thing that would worry me. I think on your project, if I was looking at your autonomous house as a potential building to buy, it would be what if it breaks? Because it's very specialist knowledge to keep everything going. And I know what you're going to say next is nothing will break with a composting toilet, but I think that you have a mind to sort of fix the little things.

Mike: Yes, I mean people have asked me this question when they've been looking round. And I have said, because I believe it's true, that you probably do need to be a little bit practical to live in this house. If you're somebody who has to call an electrician when a fuse has blown, this house is probably not for you. But anybody with moderately competent DIY skills, someone who might have added a couple of extra power points or plumbed in a washing machine, anybody who has those skills can live in this house easily because the systems that I designed and installed are all very, very basic. And as long as you look after things.

I mean the composting toilet system for instance, I mean all it is just a big compost bin. So as long as you clear it out every couple of months and maintain it and don't do anything stupid like throw bleach down it and kill off the bacteria, there isn't anything to go wrong.

The only other specialised system is the rainwater harvesting system which I built, and the system that controls the pumps is incredibly basic. It's almost like schoolboy electrics. The idea being that any competent electrician would be able to come in, look at the diagrams, look at the wiring and work out how it works. And there's basically there's three pumps, two floats which is some diodes and a timer, and that's it. I could have built something much more complicated involving some kind of micro-programmer and a lot more sensors and all this other stuff which would have been more sophisticated, but it isn't necessary. The system works. It's sort of almost comparable to the much, much older generation of vehicles that had a kind of a completely mechanically controlled spark ignition system compared to the modern ones having incredibly sophisticated computer controlled electronic ignition. They both work but one of them is a hell of a lot easier to look after than the other.

So there's nothing in this house that's really difficult or really complicated and there are certain things in this house that you don't have to worry about, like a central heating system with a boiler that can break down and needs regular maintenance, radiators to bleed, all of the potential problems with that kind of thing. There's no wood

stove, there's no stoking of stoves or carrying in and out of fuel to do. There are no fuel deliveries to worry about because the house doesn't need any heating fuel.

So it's actually not a difficult house to live in at all. It's different to living in a house with conventional services, but it isn't more difficult. And once you've got used to it and you understand the system, it's really easy.

Ben: It's that fear isn't it, that's all I'm talking about. Probably it wouldn't be an issue but if it was, what would I do then?

Okay we're running out of time so just a couple more questions. I suppose there is an irony on this project that anyone who buys this is really getting a bargain aren't they?

Mike: Yes, they are.

Ben: We'll put a link in the show notes if it's still for sale because I personally feel that people that listen to this podcast, they are also people that understand and really it is something that is a very well built and well thought out building.

Mike: Oh yes it is, yes. I mean the people who are potentially buying it at the price they've offered are getting an absolutely amazing bargain, yeah. But the question then is well do you stay here, which we don't want to do, and okay my pension has started, I'll have a reasonable amount of money in the bank, we'll be reasonably comfortably off, so do you do that, which is not what you really want to do. Or do you say no, okay we can afford it, we'll take the loss because we really want to go and start on this new project because it's very exciting.

Ben: Let's just conclude then with where you are now on this new project. Why it caught your eye, where you wanted to go, and how things are shaping up a second time around?

Mike: Yes. Obviously I'm still in a partial state of shock at the idea of doing another self build because at the end of this one I said absolutely never again. I'm never ever doing that again, and now I am. But then we all tell lies, don't we! I'm no better than anybody else!

The way things moved was sort of relatively rapidly because it was only about a year ago that the idea of moving to the north of Scotland happened, and we made our first exploratory trip and went and spent a week in Inverness and went and had a look around there because

the specification was no further south than Inverness, so let's start there.

After that we decided to put the house on the market and after that we had a viewing that turned out to be a very, very near miss, but at the time we thought that this couple who'd been round twice were going to make an offer. They seemed really serious and very interested. And I said to Lizzie I think we'd better go back to Scotland and see if we can find somewhere to buy where we can live temporarily while we look for a building site and so forth. Because I said if these people make an offer we'll be homeless unless we find somewhere to move to.

So we went to Portree on the Isle of Skye where we hadn't been before. It was on our list of places to investigate, and we stayed there for a few days. And while we were looking at a possible temporary house, which would have actually suited us quite nicely, the man who was showing us round said oh this place next door is on sale and there's a bungalow there but just there further up the hill there's two plots with outline planning permission, or planning in principle as they call it in Scotland. So he said there's two plots with planning in principle.

And we thought hang on a minute, we'd better have a look at this. And we were due to leave the next morning so we had a very hurried look round and I said to Lizzie once we started looking around, I said we ought to try and buy this because we aren't going to find anything better. It's right on the edge of Portree which is the principle town on Skye. It's not that big but it's got very, very good facilities for its size, including several really nice restaurants, because we're not averse to eating!

It was also immediately obvious that it's elevated. You'll have a view over Portree Bay. It's possible to build a south facing house, or at least close to south facing so you can think in terms of another solar heated design. It's in a very nice situation right on the edge of Portree with very, very little likelihood of any significant extra building taking place. And it also has a stream, or a burn that runs down the site and runs constantly 24 hours a day, every day of the year, which I immediately thought well there's a source of water and there is a possibility of running a micro-hydro system which I've always wanted. It may not be justifiable in economic terms but it's just that I've always wanted one.

So we sort of thought well, and some of the other sites we'd looked at: Skye, the Highlands of Scotland, some of them were very

beautiful and you could have had an amazing house with fantastic views, but they were quite remote, which is fine at certain times of the year but maybe in the depths of winter and it's like a ten mile drive to go and get a pint of milk and the roads are all iced up, I think life could be quite difficult.

The great thing with this site was its proximity to the town of Portree and yet still being effectively on the edging countryside. And there were so many things about it that were right. That was what prompted me to say we will never find another site as good as this. We need to try and get it. And with a great deal of financial manoeuvring and essentially cashing in most of my life savings, we've managed to buy it.

Ben: Well I think that's where we should draw this to a close because the story will continue and we definitely would like to get you back at another point when firstly you'll have more on the progress that you've made, but also hopefully you can note down some of the things that have been different or whether you've improved how you've gone about things, because I think that's another interesting aspect, particularly on this second project that was never going to be.

Mike: No exactly. No. It's a real surprise, or shock project really! But it does seem as if it's going to happen now, yes.

Ben: Mike, thank you very much.

Mike: Okay, no problem.