

Your guide to

Building your own home

from Standard Life Bank



STANDARD LIFE



Hello.

Self-build: Get what you want, where you want, and at a price you like.

In 2004 alone, self-build projects accounted for approximately 25,000 properties, and it is now estimated that 13 per cent of all residential properties built each year are self-build – and because the average self-builder can save 30 per cent on the cost of a home, it's no wonder building your own home is so appealing.



“Thanks to a rising property market and the popularity of TV shows and magazines that showcase domestic architecture and design, there has never been such interest in self-build and renovations as building with imagination and skill has been revealed to have the potential for comfort and value beyond the sum of parts.”

Naomi Cleaver

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP
REPAYMENTS ON YOUR MORTGAGE**

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Where can I find help on the web?

Where can I find land?

Finding a plot of land that fulfils all your property dreams is likely to be the single biggest challenge you'll face – and the largest single expense. The availability of land isn't part of the challenge – the real issue is whether you are allowed to build on it.

Finding a plot

The following can help you to find land:

- Local estate agencies
- Specialist land finding agencies
- Local surveyors
- Online sites (e.g. PlotSearch, Property Spy and SelfBuild Plot Browser)
- Local Authorities
- Local auction houses

Before buying land at auction:

- understand that bids are legally binding – you won't be able to back out
- get a survey carried out by a qualified surveyor
- check that the land is being sold with outline planning permission. If it's not, find out if you'll be able to get it
- get a ballpark figure for how much utilities will cost to be installed

Step back and survey the land

It's also important that you realise that like property purchase, buying land doesn't come without risks – and there are checks you can do to determine the suitability of the plot you're looking at.

Things like the slope of the land, the view, drainage arrangements etc. can affect the design of a new home – and can have a significant impact on building costs.

When you visit a plot of land that you think has purchase potential, take this check list with you and consider a variety of elements that will affect your lifestyle.

SITE CHARACTERISTICS	IMPORTANCE OUT OF 5 (5 being the most important)	ADDITIONAL NOTES
Locale (access to roads, services etc)		
Size (is it big enough for any future plans etc)		
Slope of land (access/building potential; risk of landslide?)		
Soil quality (for foundations, plants etc)		
Water/Sewage systems (is it connected, will it be an additional cost etc)		
Pollution (previous issues/current problems?)		
Exposure (is the land protected from wind, rain etc)		
Sunlight		
View		
Privacy (from roads, neighbours, noise etc)		
Future Developments (are there any future developments?)		
Any restrictions to the land (agricultural usage etc)		

Like the surveys that are carried out on properties before purchase, a land survey can help you to pinpoint any potential problems that could arise in the future.

Remember, get a RICS chartered surveyor to carry out a survey on the land you want to buy. To find a surveyor local to you, visit www.ricsfirms.com or call 0870 333 1600.



Can I build on it?

Building on any land requires planning permission from the Local Authority. You can normally buy land that doesn't automatically come with planning permission cheaper than that which does, however you should ask your solicitor or surveyor to check that there are no reasons why it wouldn't be granted in the future.

There are two types of planning permission that are required on a self-build project:

- Outline Planning Permission – OPP
- Detailed (or Full) Planning Permission – DPP

OPP gives you the right to use the land for residential development, and details the permitted development, such as the size and height of the building. Full details of the building must be provided and approved before building work can start.

DPP must be obtained before any building works can commence.

Before granting either of these, local Planning Officers like to know that your project will fit with the look and feel of the local area. You can avoid any potential issues by contacting the local planning authority and asking a few questions to establish what they would (and wouldn't) approve. Doing this at the start of the design stage, could save you valuable time and money!

Remember, after obtaining OPP, you must apply for DPP within three years. And – building must commence within two years of getting DPP.

How much could the land cost me?

Buying the land is likely to be your biggest single expense – and it generally accounts for around 45 per cent of the completed property's market value. So, if you're looking to build a property that will be worth £500,000, you can assume the cost of the land will be around £225,000.

Value of land for residential development as at 1 January 2006

Region	Small site* £ per acre
North East	946,985
North West	1,137,191
Merseyside	505,868
Yorkshire & Humber	1,096,722
East Midland	930,797
West Midland	938,891
Eastern	1,331,445
South East	1,392,149
South West	1,072,440
Inner London	4,111,696
Outer London	2,614,326
Wales	946,985
Scotland	635,370
Northern Ireland	801,700

Original source: the Valuation Office

* Small site = site for less than five houses

Some financial benefits of self-building

- As well as saving money on the cost of buying a home, self-build properties are zero-rated for VAT (this is payable up-front, but is reclaimable)
- You can sell on a self-build property without paying any Capital Gains Tax provided it's been your main residence for a qualifying period

*Remember,
the land you
buy is liable for
Stamp Duty*

Getting your plans off the ground

Remember, building your own home may be a dream of yours – but be careful not to let your ideas run away from your budget.

Know your budget, before you set about finding your project team – and you should be better equipped to keep your budget on the right track.

So you've found your piece of land – the next step is to employ a team to help you turn your ideas into reality.

There's no point being unrealistic about the scale of your project – it's big, and you're going to need help from the professionals. Your two main 'go to guys' will probably be your architect and main contractor (builder). So what can you expect from them?

Architects

A good architect will have the creativity and flair you need in order to realise your self-build dreams.

They will be able to listen to your initial thoughts and ideas, find out what you want from a home, and set about designing a property that meets your design specifications while (hopefully) sticking to your budget.

An architect can help you with some or all of the following during your project:

- Give advice on budget and build process
- Draw up a brief and sketch designs
- Negotiate with planners, submit planning applications, and prepare building regulations applications
- Prepare and issue invites to tender for the build
- Advise on contractors, prepare contracts, manage the teams on site, check quality on site and deal with any issues arising during the project
- Certify the work, issue interim and final build certificates, advise on snags on completion, undertake a final quality check 6 months post-completion

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How do I find an architect?

RIBA (Royal Institute of British Architects) –
www.architecture.com (Tel: 020 7580 5533)

RIBA 

ASBA – www.asba-architects.org (Tel: 0800 387 310)

asba

Look in business directories e.g. Yellow Pages/Yell.com

Personal recommendations

Look through recent Local Authority planning applications

Searching online and visiting architect websites is good to give you a feel for the practice and its work, but use RIBA and ASBA to check qualifications.

Things I need to answer before choosing an architect:

- Did we 'click'?
- Did they listen to my ideas?
- Who'll do the design work for me?
- Did I like their manner?
- What experience do they have?
- Do I like the style of their work?
- How do they calculate their fees?
- What am I getting for my money?

Builders

Your construction team will ultimately be responsible for making your house come alive, so it's important that you have a good working relationship from the start.

When looking to employ a contractor to your project make sure you find a reputable company. Word of mouth always helps, and your architect should also be able to come up with a few ideas.

How do I find a builder?

Professional bodies such as Chartered Institute of Building (CIOB) – www.ciob.org.uk (Tel: 01344 630 700)



Personal recommendations – but check that the builder is suitable for the type of work you require and always get references from previous work.

Business directories e.g. Yellow Pages – but don't necessarily believe what you read in the ads. Always make sure you get the address and telephone number of the office or headquarters.

Check with your local council – some hold details of reputable local companies.

For larger works the Chartered Building Company and Consultancy Schemes (CBCs) can help you to find an accredited firm in your area – www.cbcscheme.org or 01344 630743.

Remember, before appointing a builder you should always get their full contact details; information on their public liability insurance; their VAT number and proof of a recognised qualification for their trade.

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Things I need to answer before choosing a builder:

- What types of project have they worked on?
- Are they a member of a trade association/professional body?
- What assurances do I have if anything goes wrong?
- Will the work be guaranteed or insured?
- What do they think the timeframe for my project will be and will I get any compensation if they don't meet the agreed deadlines?
- What am I getting for my money?



Trustmark is a scheme supported by the Government consultancy group and the building industry. Firms with the Trustmark logo have been checked and meet government standards – www.trustmark.org.uk

The Build Cost

One of the best and easiest ways to find out how much the construction of your home is going to cost is to first ask your architect how many square feet or square metres the completed building will occupy.

The average cost of a new home is somewhere in the region of £50 per square foot (£450 per square metre) including walls.

However, it's important to bear in mind that this cost will fluctuate depending on the cost of labour, and the materials you choose to use in your build.

Way to work out approximate build cost:

No. of sq ft (sq m) occupied x £50 (£450) = approx. build cost

Remember, make sure your project team know what you want, and equally what you don't. And, it's important that your architect and builder work together and are in contact as the build progresses.

The last thing you need is for both parties to be working to their own plans – this only leads to mistakes that cost you money to rectify and delays your project completion.

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The bare bones – the shell of the property

Before you even start to think about the more exciting parts of your project, you have to make some less glamorous decisions.

Your build team will be able to give you the benefit of their experience and advice, but you need to think about:

What type of frame will support your home?

- Timber
- Brick & Block

What type of foundation do you want?

- Trench fill
- Traditional strip
- Raft
- Block & beam

Remember, your foundations are the key to your project's success so always consult an expert

What do you want your outside walls to look like?

- Brick stone
- Cladding (wood or plastic)
- Hung tiles
- Render
- Wood

Utilities

Although not the most exciting aspect of your project – without these, your home won't come alive. You need to think about:

Fuel – Can you connect to a gas supply? If not, can you use oil instead? How much does it cost and where can you store it? Do you need a supply of gas canisters for your hob? How much do these cost?

Electricity – How far away from the mains supply is your home? How much is it going to cost to get connected?

Water/Sewerage – Contact your local water company for information on getting access to mains water and sewerage.

Telephone/TV – How much will your supplier charge to connect your property? What's terrestrial TV coverage like in your area? Do Cable TV companies operate in your area?

Internet – Can you get a broadband internet connection? If not, how long will it be before you can?

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The heart of your home – some internal details

Before you get down to the specifics of interior design, you'll need to think about the practicalities of your new home. The main question you need to ask yourself is, "how am I going to use each room?"

Then think about:

Plumbing – do you want to use copper or plastic?

Plug sockets – how many do you need, do you want external lights?

Heating – do you want central, electric, underfloor or a mix? Would you consider solar heating or another renewable source?

Bathrooms – do you want an en-suite? Do you want a wet room? Do you want a separate bath and shower?

Kitchens – do you want a separate kitchen or a kitchen diner?

Flooring – do you want carpets, tiles, wood or stone? Where do you want to use it?

Windows & Doors – do you want a traditional or contemporary style? PVCu or wood?

Remember, the type of windows and doors you choose are key to successful design. If you choose well, they'll complement and even enhance the front of your home – but if done badly they can ruin the design of your property.

Financing your self-build

Before you start to plan your self-build project, you need to know that you can afford to do it.

In an ideal world, you will have organised the money before you even find the land on which you're going to build your new home – but in reality, you won't be able to set an accurate budget for the project until you've agreed the build plans with your architect and the quote from your builder.

Remember, if you're doing the work yourself, take into account any money you could be losing from not doing your normal job.

Even if you're planning on doing most of the work yourself, you still need to have a good idea about how much you think you're going to spend.

How can I fund my self-build?

One of the most common ways to fund your self-build project is to get a mortgage.

The way in which a mortgage for a self-build project works is different to that of a 'traditional' mortgage.

If you're getting a mortgage on an existing property, the value of the property and the land is taken into account in the asking price. However, with a self-build project, the value of the property and the land increases as the project progresses.

Remember, throughout your project, there'll be times when you could be paying several thousands of pounds a week to trades people and suppliers.

So, instead of a one-off lump payment, the lender will release you the money in stages. For example:

Having some cash available before you look to borrow is a major help, as it's not unusual for self-builds to run into unexpected costs.

Stage one	
Foundations	= £70,000
Stage two	
Frame, wind & watertight	= £70,000
Stage three	
Total completion	= £70,000
Total mortgage allowance	<hr/> = £210,000 <hr/>

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These stages vary with lenders, and aren't necessarily written in stone. If you need to borrow extra money between any stage (to pay unexpected bills, labour costs etc.), speak to your lender and they may allow it (based on the valuation of your household income).

Try to find a lender that has experience of lending on self-build projects, and get contact details of one of their self-build experts/underwriters to talk to you through the process.

The maximum loan to value (LTV) on a mortgage for self-build projects tends to be lower than the traditional mortgage LTV (e.g. 75-90%). But, you should only have to pay interest on the total money that has been released at each stage.

Before a lender will offer you a mortgage on your project, they will want to:

Agree your architect's plans

See proof of your planning permission

Check that the timescales you are working to are realistic (longer projects cost more money)

See a copy of your costs and estimates

Get details of your architect's Professional Indemnity insurance

Get details of your Self Build Policy

Financing your self-build continued...

Standard Life Bank's flexible Freestyle® Mortgages are an ideal option for self-builders, because they allow you to choose from a number of products from our 'traditional' mortgage range.

For example:

You need £300,000 to complete your self-build project. You decide to take our Freestyle 3-year fixed rate product at 5.22% (moving on to our Freestyle SVR) over a period of 20 years, and pay it back on an interest only basis.*

** rate correct at time of printing*

Stage	Time since first release	Amount released	Total amount released	Your monthly payment	Time left on current rate
One	–	£100,000	£100,000	£435.00	3 years
Two	6 months	£100,000	£200,000	£870.00	2 years, 6 months
Three	1 year	£100,000	£300,000	£1,305.00	2 years

All of our Freestyle residential discount, fixed and flexible mortgage products come with the option of a variety of features including overpayments (up to 10 per cent allowed on fixed rate products per annum), payment holidays, income self verification (up to 75 per cent LTV), and Freestyle Cash Reserve. Offsetting is also available on our Freestyle discount and flexible products. Fees may apply. For more information visit www.freestylmortgages.com

If you don't want to take out a second mortgage in order to fund your self-build project, you could remortgage to free up the extra cash (assuming you have enough equity in your existing property). Speak to an independent financial adviser to discuss the options available to you.

We also consider cases where you want to buy land for your project (up to 75% LTV, subject to availability). Initially we'd need to see outline planning permission with a breakdown of indicative costs and timeframes for the build, and before we'd release further funds, we'd need evidence of full planning permission and costings.

Insurance

There are a number of policies available for self-builders that you will need to be aware of. An insurance broker can give you information with regards to what your requirements will be, but in general you need to make sure you (or your project team) have the following insurance:

- **Professional Indemnity**

The cover provided by the build supervisor e.g. architect, surveyor, engineer. The minimum is normally £0.5m but should cover the full value of the completed property. This is the equivalent of an NHBC (National House Building Council) guarantee and normally lasts for 6 years.

- **Public Liability**

This covers legal liability for claims made by any other person or body in respect of death, injury or loss arising from your building operations, and there is standard cover for either £1,000,000 or £2,000,000 in all self-build policies.

- **Self-Build Policy**

In essence, this provides insurance on the property as it is being built. This normally has a duration of one year, and must cover the full cost of all aspects of the contract – not just the main contractors' element. This insurance protects against theft, vandalism, structural damage, fire, flood, storm damage, damage by delivery vehicles etc. The building is protected at every stage, and materials are covered as soon as ownership of them passes to the self-builder, whether on or off the site.

- **Employers Liability**

This is a legal requirement if you are employing anyone, including sub-contractors. For the duration of your project, you owe your workers a 'duty of care' to ensure they do not get injured on your site.

Other types of insurance

Throughout the duration of your self-build project, you may be asked to take out additional cover by someone who is undertaking work for you. A common example is when the local Drainage Authority requires that you take out insurance to cover their workers during the half hour that they are making a drain connection.

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Useful links

Land Search information

Plot Browser – www.plotbrowser.com

Plot Sales UK – www.plot-sales-uk.co.uk

Property Spy PLC – www.propertyspy.com

Professional Bodies & Trade Organisations

ASBA – www.asba-architects.org

Chartered Building Company
& Consultancy Scheme –
www.cbcscheme.org.uk

CIOB – www.ciob.org.uk

RIBA – www.architecture.com

RICS – www.rics.org/www.ricsfirms.com

Trustmark – www.trustmark.org.uk

Governmental Agencies

Customs & Excise – www.hmrc.gov.uk

Valuation Office – www.voa.gov.uk

Local Authority Information

List of Local Councils –
www.direct.gov.uk

List of main UK water companies
& Authorities – www.netregs.gov.uk

Utilities information

Local electricity suppliers/gas transporters –
www.energywatch.org.uk

Ofgem – For information on how to get
connected to gas and/or electricity visit
www.ofgem.gov.uk

UKpower.co.uk –
www.ukpower.co.uk/suppliers.asp

uSwitch – www.uswitch.com

Self-Build Funding

Standard Life Bank –
www.freestylmortgages.com

Self-Build information

Build It – www.self-build.co.uk

Self Build ABC – www.selfbuildabc.co.uk

Self Builder – www.self-builder.com

Self-Build Glossaries

Self Build Homes –
www.selfbuildhome.net/self-build-glossary.htm

Self Build ABC –
www.selfbuildabc.co.uk/self-build-glossary.htm

Other

Naomi Cleaver – www.naomicleaver.com
Standard Life – www.standardlife.com

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Investments
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Speak soon.

For more information on our products in this booklet or if there's anything more about Standard Life Bank or our Freestyle Mortgages that we can help you with, please call us on this number or go to the website below.

0845 272 6634

www.freestylmortgages.com/granddesigns