

# New Entrants to Housing Market

Janet Sutherland

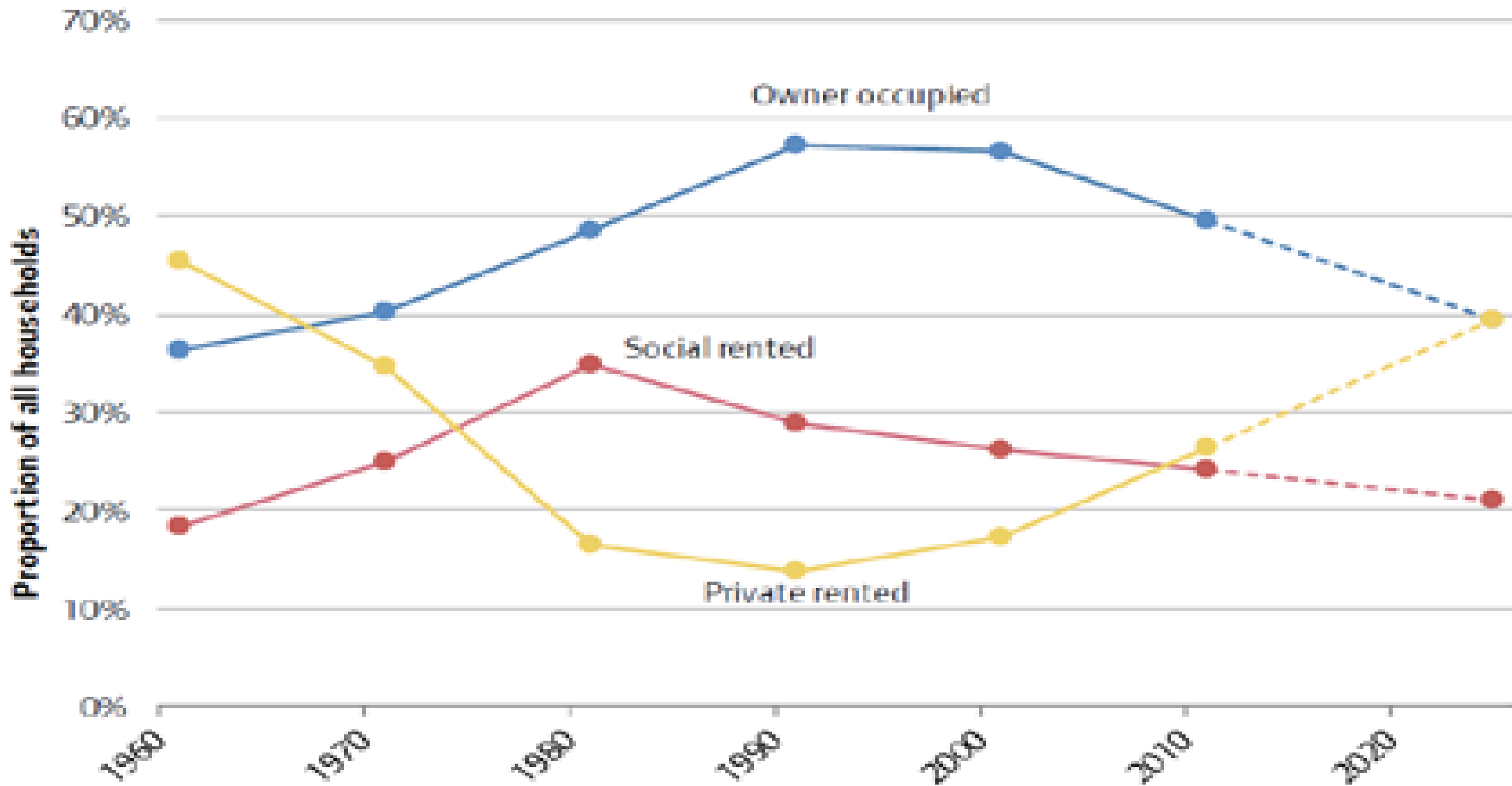
# The role of compact homes and build to rent

- My focus is on London
- Role of **compact homes** for sale and rent for singles and couples
- Family homes also needed, can **Build to Rent** help?
- Build to rent bringing in new investors, developers and MMC and is reaching scale
- Innovation required. Companies struggling to recruit, London is hollowing out.

# Some facts

- Singles now 35% of London's households
- 3m+ people aged 25-44 London in 2016
- Central London unaffordable - leave or commute?
- London must double housing delivery to 50,000p.a.
- London house prices up to 10 times median earnings
- Zone 1 & 2 rents over 50% salary
- Up to half new market housing Central London bought by foreign investors (13% across London)

### Decadal trend in household tenures, London 1961-2011, with PwC projection to 2025



Housing in London: 2017, GLA

# Changes ahead

- Young Londoners choose location over space
- Last year 42% London lets were 1 beds or studios
- Today's middle income singles want:
  - Less stuff
  - Live in centre of town
  - Easy access to great experiences
  - Short distance to work, social life
  - Affordable

# Innovative approaches - Pocket



33sqm well designed one bedroom flats  
Sold outright with at least 20% discount to market  
Targeted at local first time buyers under affordable housing salary limit  
Located near transport links with cycle but no car parking  
Affordable in perpetuity. Resales restricted as first sale  
Developed in private sector with public sector engagement  
55% single, 55% female, 32 average age, £42,000 average  
income. 58% use Help to Buy  
Live or work locally - 50% key workers  
Prices eg Lambeth £267,000, market discount 35%  
15,000 first time buyers registered interested  
2018-2023 aim 450+ flats p.a.



**Pocket is planning to deliver 4000 units**

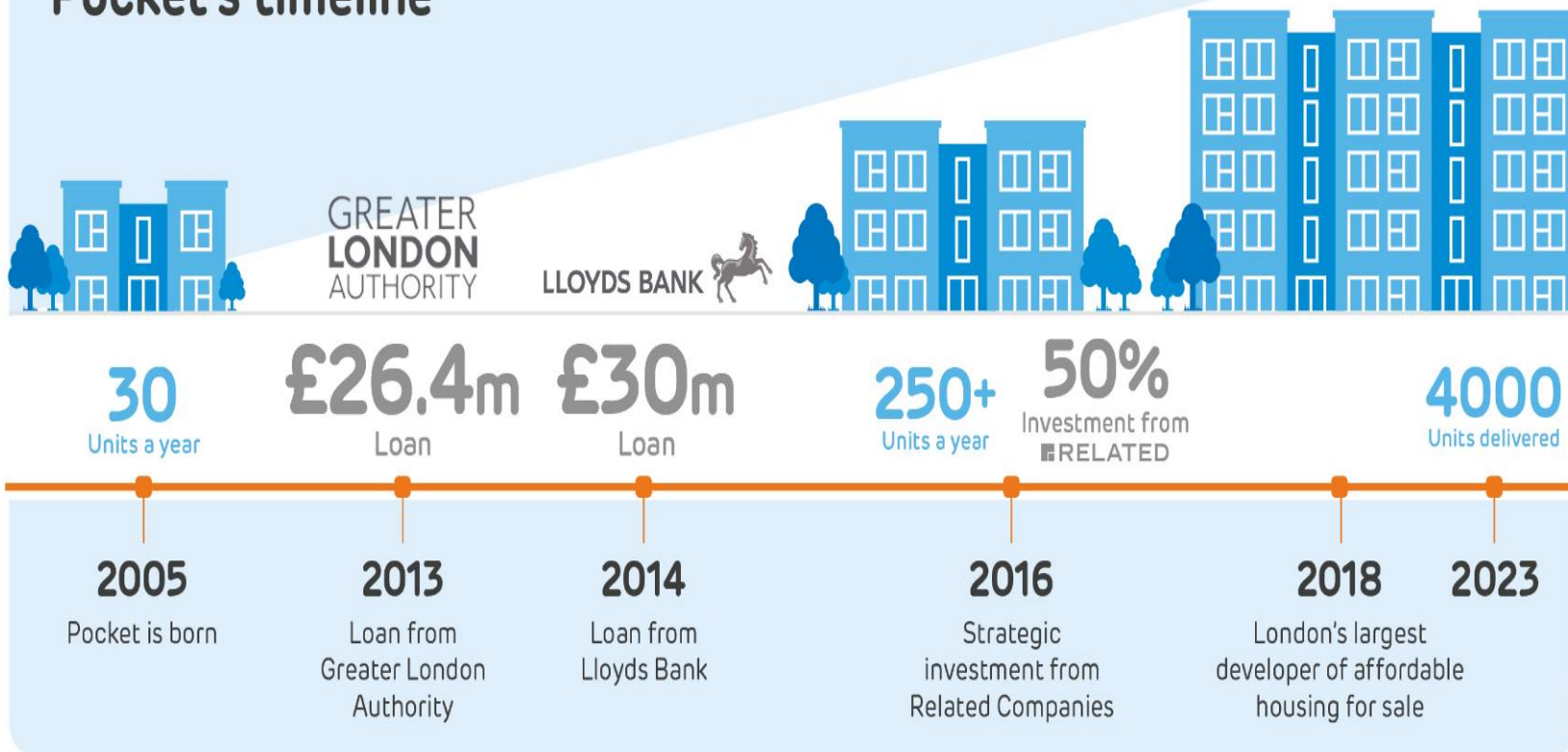
**by 2023**

# Pocket's first scheme, Weedington Road NW5

- Camden selling small industrial site
- Planners resistant to 38sq m and concept of affordable ownership
- Section 106 and covenant to secure affordable in perpetuity and resale qualifying criteria
- 22 flats – 5 local teachers +nurse
- Additional to Social rent and shared ownership. No grant.
- Design to minimise service charges



# Pocket's timeline





# Pocket in 2017

Over 450 homes delivered, and pipeline over 1000

Pocket working with over half London boroughs

Recently secured £25m loan from London's Mayor to deliver 1,059 affordable homes by 2021, and £123.5m from HCA and Lloyds Bank

So far in 2017 new planning permissions in Ealing, Haringey, and Southwark, and 126 homes completed Lambeth and Hackney, and on site in Walthamstow



# The Collective Old Oak, Ealing

**‘Co-living’** for young professionals

546 people , rooms from 10 sq m

Focus on community, shared spaces  
and facilities

Professional management, 24-hour  
security and a front-desk concierge

Co-Living is technically different from  
build to rent and not subject to the  
policies and guidance covered by the  
build to rent pathway in the  
Affordable Housing and Viability SPG.



# The Collective

“Student living for grown ups.”  
Addresses isolation

Roof garden, gym, launderette,  
spa, restaurant, shared  
kitchenettes, work and play  
areas.

Rent from 4 to 12 months, about  
£1000 per month including bills.

Company started 2010.

Schemes also Acton, Kentish  
Town, Hyde Park, Kings Cross,  
Notting Hill.



# Build to rent

- 28% all London h/holds in PRS in 2016. Project up to 40% by 2025
- In London, over 10,000 build to rent homes in recent years, plus 9,500 under construction and 27,500 have planning consent
- Attracts institutional investment, long term income stream
- Different financial model, bespoke approach. Covenant rent min. 15 years , professionally managed
- Benefits: increase supply and accelerate construction, single & families
- Opportunity for boroughs to generate long term income stream
- Can provide range of rental levels, including affordable, Discount Market Rent or London Living Rent

# Build to Rent

## The Forge in Newham

Telford Homes with M&G Real Estate

192 new homes.

M&G are forward funding 125 of the homes for build to rent.

Telford Homes doesn't need to invest any debt into scheme and only limited amounts of equity.

This reduces overall risk and allows funding in new opportunities.

Move into build to rent enables Telford Homes to build more homes.



Greenwich

# Wharf, Greenwich, Essential Living

249 homes, family-focused building

Internal and external play space and an onsite nursery

Helping meet the need for family friendly rental housing.

Onsite management, long-term tenancies , social spaces where residents can meet.

UK's tallest purposebuilt PRS  
Modular construction



# Ferry Lane, Walthamstow Legal & General

**440 homes, build starts 2017**

- The affordable homes will be 20% discount market rent
- prioritised for local key workers
- spread throughout the five buildings to create a tenure blind development



# Marston Court in Ealing is built with shipping containers

Housing Ealing's homeless households

34 flats using a kit of moveable and re-usable parts

Manufactured by ISO Spaces for QED property, Cargo Tec

Sustainable, robust, affordable and flexible solution to short-term accommodation.

Shipping container homes were fully manufactured, fitted and finished within 14 weeks.





# Range of new approaches needed

Need to encourage more self build, and transfer more land to Community Land Trusts

Applewood: Cashes Green, Stroud



# Thank you

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