



Small step on to the ladder

Affordable homes for young key workers have always been in short supply. But a private developer has a pocket-sized solution

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With its award-winning architect design, split-level patio, roof terrace and enviable location just 15 minutes from London's West End, Stephen Nash's new home is the kind he always aspired to, and could never afford. But thanks to a private developer that targets key workers, academics and low-paid private sector workers, Nash, a 32-year-old charity worker, bought the studio flat outright last month.

"I just fell in love with it," Nash says of his flat in the 22-home building in Camden, north London, "Before this place, there was nothing within my reach. I don't qualify for social housing, and didn't fancy shared ownership."

The £2.6m block, on the site of a former taxi repair workshop, is special not only because it provides home ownership for the often overlooked intermediate market - the first-time buyers who are priced out of getting on to the housing ladder and don't qualify for social housing - but because it was created without any public money.

The developer, Pocket, builds its grant-free schemes on small sites, such as former pubs or workshops, in partnership with local councils. Under section 106 planning gain agreements, the developer gets planning permission in return for restricting eligibility to households earning less than

£72,000. That sounds like a lot, but still does not go far in the capital. The properties are aimed at those earning between £25,000 and £30,000 and have to be resold within the intermediate market, so the homes stay affordable. As well as being located in established neighbourhoods, the flats feature communal patios, cycle racks, and car club schemes.

Pocket has another development in Hounslow, west London, and a third is due to open next month in Ealing, also west London. Over the next two years it plans to create 500 similar flats across the capital. It works with a specialist mortgage broker that secures mortgages of up to 90% for first-time buyers. Pocket can afford to sell at a discount - typically 20% less than the average cost of a home in the same area - because of its high density development. Where a larger developer would build 14 homes, Pocket can create 35 one-bedroom flats or studios. It targets sites that others might consider too small, or on which other developers would create too small an amount of private housing to oblige them to include any affordable homes.

Pocket's director, Marc Vlessing, explains: "The intermediate housing market is a critical part of the solution to the housing market's problems. Local authorities have no obligation to house those in intermediate housing need and

the system prioritises social housing. We certainly don't claim to be the answer to the housing crisis, but it's just more homes to add to the supply."

Vlessing says that the biggest challenge to creating more grant-free homes is "getting planning departments to think about intermediate housing". He adds: "We need a cultural shift in the housing debate as there's no discussion of intermediate housing at the moment."

According to research consultant Home-track, 41% of younger working households in London are in the intermediate housing market, 40% in the south-west and 36% in the south-east. As a result, the government's new Homes and Communities Agency is keen to create more intermediate housing. David Lunts, the HCA's regional director for London, says: "The intermediate market is a very important slice of the population because if we don't help first-time buyers, we won't get the housing market moving. Finding a product that is appealing to people on modest incomes is important."

The downside of such schemes is that buyers still need a hefty deposit - Nash put down a £25,000 deposit - and Pocket properties are also small, the flats being around 25-35 square metres (300-400 square feet).

But Vlessing stresses that the high-quality design means that the homes do not feel cramped and, as Nash points out, the space is perfect for his current needs. "As a single man who needs to be in central London, this suits me," he says. "Maybe in five years' time I'll want more space, but no one lives in their first home forever. This is a good first step on the ladder."

The developer gets planning permission in return for restricting eligibility to lower-income households

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