

A DIFFERENT KIND OF PROJECT

First-time buyers are still out in the cold – but it's not all doom and gloom, says Wire star Idris Elba, who is backing a new affordable housing scheme. And it's just one of many. **Oliver Bennett** reports

It's a long way from the mean streets of Baltimore but British actor Idris Elba – who played Stringer Bell in US hit drama *The Wire* – is back in the development business. His character, a drug kingpin, may have branched out (unsuccessfully) into real estate with his ill-gotten narcotic gains, but now Elba is supporting a £6.2m affordable homes scheme in Hackney, east London. Elba House is one of two blocks in the Andre development, an ex-factory site and one of the more prominent affordable home schemes taking root across the country.

The Golden-Globe nominated Wire star says: "As a former Hackney resident myself, I was pleased to open Elba House at the Andre Street development, which will bring modern, affordable new homes to local people."

It's bright, new and in north-east London which – as well as being Hipster Central – means it will get a boost from next year's Olympics.

Plus, affordable housing is cool, since Brad Pitt helped to bankroll new budget housing in New Orleans. In the UK and US, affordable housing has become a buzzing policy issue.

Like many such schemes, Elba House has strict entry criteria. People must already live or work in Hackney and no household can earn more than £60,000. "Our part-buy, part-rent schemes are designed to help people on modest incomes who are in need of housing, but who cannot afford to buy outright," says Tariq Qureshi of A2 Dominion, the company behind the project.

Thus, Elba House conforms to the



'As a former Hackney resident I'm pleased Elba House brings affordable homes to local people'

bulk of British affordable homes initiatives, as led by the New Build Home Buy scheme, the part-buy, part-rent Government-led and subsidised initiative. There are many similar housing schemes across the country and most affordable housing can be simplified into two main categories: ownership of a new property shared between an individual and a housing association; or ownership of the whole property combining equity loans and conventional mortgage.

As with Elba, these schemes tend to limit buyers geographically. At Hurlington Court, Roehampton, buyers must be from the local area of



Wandsworth (prices start from £50,625 for a 25 per cent share in a studio flat priced at £202,500). In St George's Grove, Tooting, buyers must also be Wandsworthians: £57,750 buys a 30 per cent share in a £192,500 one-bedroom flat. "Shared ownership is often the only option for

first time buyers, especially in London and the South East," says a spokeswoman for Thames Valley Housing. Nor are affordable initiatives confined to the overheated south-east. At Liverpool's St Paul's Square, which launched last month, buyers can move into two-bedroom apartments for 80



Corner boy

St Paul's Square apartments in Liverpool (far left); Golden Globe-nominated actor Idris Elba as Stringer Bell in *The Wire*; the actor in front Elba House in east London from A2 Dominion (main); St Paul's Square interiors (this page)



per cent of the full purchase price in a shared equity scheme. "It allows the buyer to own 100 per cent of their home from the day of completion," says Martyn Green of agents King Sturge. And rural areas are rolling out affordability schemes, as well.

Via the Duchy of Lancaster, The Duke of Lancaster Housing Trust hopes to provide affordable housing on its estates to help maintain communities, in the shape of 12 new homes in the village of Dunsop Bridge. Here, a points system addresses the issue of those who, as Duchy CEO Paul Clarke puts it, "may [otherwise] have been obliged to leave their communities due to a lack of suitable and affordable accommodation".

It's true that the parlous lack of lending, continuing high prices and limited housing stock point firmly in the direction of such schemes and it's laudable that they continue as part of housing provision. But there is

another private model for affordability, being delivered by London company Pocket Housing. At Weedington Grove, in Camden, Pocket has developed 22 units. Each one is about 38 sq m – hardly palatial, but designers have stolen space back wherever they can: cisterns in outside cupboards, underfloor heating, complemented by big windows and light wood flooring. "The typical development has 15 units and 30 per cent or so have to be affordable," says Pocket's director Marc Vlessing. For the same footprint, he says, Pocket can create 22 smaller units and sell them for less – in this case £190,000, which Vlessing claims is over 20 per cent less than the market rate. And unlike New Build Home-Buy, this model is grant-free. Pocket developments in Camden, Hounslow and Ealing have all sold and it is developing other sites in Hammersmith and Westminster. So where does the land come from? "We look at typical London infill," says Vlessing. "The Camden site used to be a taxi repair shop, for instance."

And who is buying? Well, Pocket claims to have identified a huge "squeezed middle" or intermediate housing market. "There are huge numbers of people stranded between social and private housing. The last 50 years has seen a bi-polar system develop. That used to be okay, but now the ladder has broken for a whole generation. The average age of a first-time buyer is now 37 and it'll soon be 40."

Vlessing's "intermediates" pay more rent than the cost of buying similar property, but have been "locked out". He is informed by a Joseph Rowntree Foundation report published three years ago indicating that 35 per cent of working Londoners aged 20-39 can neither afford to buy in their area, nor are they eligible for housing benefit, a figure that rises to over 40 per cent in central London. This is a large group of people, says Vlessing, with 1.7m 20 to 39-year-olds in London alone and £190,000 is a good price, although Pocket punters need £30,000 or so to lay down and over four times-salary mortgages.

Still, if Vlessing "had 500 apartments I'd sell out. Demand is ferocious". It might be a buy-to-let magnet, but there are restrictive covenants, including a low secondary market: one Camden Pocket is about to come on stream at (probably) £210,000. Pocket can't do family houses, as Vlessing doesn't get what he calls "the density gain". But he claims his buyers, who tend to be tertiary-educated private sector workers, are filling a hole between the rich and the poor in central London.

These people "mistrust shared equity", he says – and find such schemes over-complicated. Indeed, Vlessing reckons the mood is changing away from the shared-ownership scenarios. "The problem with the RSLs (registered social landlords) is that they are size-compliant, which keeps them more expensive," he says. "My buyers can afford 38 sq m flats but not 50 sq m flats." As a result, the shared ownership flats are often priced higher and if you pay 50 per cent of £300,000, with the various add-ons, "it's like paying a mortgage of £180-£190,000". Moreover, they are subsidy-driven: "They're using taxpayers to build one-bedroom flats and then using these flats to gear up their balance sheets," adds Vlessing. "They privatise their gains and socialise their losses, just like the banks." Elba's Andre Street development is typical as it's in receipt of £2.7m from the Homes & Communities Agency, part of a system that is looking rusty, says Vlessing. Planning needs to relax, local authority land needs to be released. "It's absurd that councils are sitting on land." And what Vlessing calls the "anti-development types" will have to change their tunes, which will happen when their children are locked out. The bottom line? "We need safe, practical ways to get into home-ownership."

AFFORDABILITY EXPLAINED

HomeBuy is the Government's name for its affordable housing system. It's New Build HomeBuy and Open Market HomeBuy schemes are all open to key workers and to first-time buyers who satisfy the regional rules: both are administered through a HomeBuy agent. (www.homebuy.co.uk)

New Build HomeBuy

First-time buyers can buy a share of 25 per cent or more of a newly-built home. A housing association or housebuilder will own the remaining percentage. The buyer pays rent on the percentage not owned, and can increase their share – the jargon is "stair casing". May include stamp duty exemption.

Open Market HomeBuy

First-time buyers are normally expected to pay (with a mortgage) for about 75 per cent of an open market home. Certain lenders offer interest-free loans for 12.5 per cent of the property's value, alongside the regular mortgage, matched by an interest-free government loan of up to 12.5 per cent of the property's value. Stamp duty paid.

Social HomeBuy

This scheme allows council tenants to buy a share in their rented home. It works in the same way as New Build HomeBuy, with the tenant buying 25 per cent or more of the property and the landlord retaining ownership of the remainder.