

A fresh approach is needed to make sure we can provide affordable housing for those caught between the private and social markets - often the nurses, teachers, architects and accountants who we rely on to make our cities tick. Marc Vlessing says Pocket FMB has an answer.

# A helping hand to 'generation rent'

**A**s urban populations increase and demographics shift, we desperately need to build more homes. It is a case of simple economics: demand continues to outstrip supply. If the solution is to build our way out of the housing crisis, and tackle genuine market failure, it will require a truly joined up approach from local authorities, strategic authorities such as the GLA, central government, private developers as well as registered providers.

Policy makers must identify where there is real need and to devise and implement policies to meet it. In some areas this means investing in the development of social housing or affordable homes for families. However, in London and many urban areas, the greatest need is for affordable housing specifically for the intermediate market. Often referred to as 'Generation Rent', the intermediate market comprises largely of first time buyers, looking for one or two bedroom flats, who are caught between the private and social markets. They are priced out of the

open market, but earn too much to qualify for social housing. Very often the people who fall into this category are key workers and city makers. These are the people who make cities tick: teachers, architects, accountants, and of course nurses, all of whom want to live as part of a community rather than as a commuter. They want a decent place to live that is both affordable and reasonably near to their work, and they do not want to be dependent on hand-outs.

Councillors and planners in local authorities have an important role to play in creating an innovative and collaborative framework through which housing can be developed between the public and the private sectors. The main challenge is to adopt a joined-up approach between the release of public land and the delivery of particular housing outputs, such as intermediate housing. This will require designing and managing planning guidance that both regulates the private sector and ensures that developments meet the genuine needs of local communities. Because the market mechanism is clearly failing to meet housing demand, local authorities must become more pioneering, and engendering greater public land release is a crucial part of this.

Building on smaller infill sites in urban areas will benefit everyone: these sites are often near council estates, and intermediate housing in these locations can help build social cohesion and a sense of community. Constructing social sector family homes on small sites would provide



Interior of a flat in Camden

sub-optimal numbers of units. If the choice is between three family homes or 20 smaller units for the intermediate market, surely there is no question of which makes better use of a small site.

The Pocket model delivers flats that are 100 per cent affordable where there would otherwise be none. Properties are sold outright to buyers at a 20 per cent discount to the local market rate. To ensure these homes reach the people they are intended for, Pocket prioritises buyers who already live and work in that local authority, and each year the Mayor of London sets the maximum household income for eligible buyers and the maximum price of a flat (currently £231,000). Solicitors and lenders ensure that buy-to-let investors are excluded, and Pocket leases ensure that on resale the homes remain affordable as they can only be sold to eligible buyers.

The Pocket idea has taken off in London and both the GLA and the Mayor have made a landmark commitment to boosting our market. Through the Mayor's

Housing Covenant, we received a loan of £21.7 million to deliver 400 Pocket homes a year across London. Another endorsement was the £30 million revolving credit facility we recently secured with Lloyds Commercial Banking. This is a truly innovative partnership between the public and private sectors that has the potential to be replicated across the country. We are already in talks with a number of local authorities outside London, where affordable housing is in huge demand.

Sustainable neighbourhoods require affordable homes so people live, work and socialise within their communities. This keeps people in economic centres, supporting community infrastructure and businesses. Prioritising housing for the intermediate market means prioritising the city makers who will help cities tick for decades to come. **RTI**

Marc Vlessing is CEO and Co-founder of Pocket

