

As a flat with a near-£1m price tag is marketed as 'affordable', **Martina Lees** investigates what the term actually means

**T**hink a price tag close to £1m is "affordable"? The government does. At £925,000, a three-bedroom flat in Islington, north London, is probably one of the most expensive new-builds ever marketed by a housing association. If you bought a 25% share in the shared-ownership property on Hall Street, Islington and Shoreditch Housing Association estimates you would spend a total of £2,382 a month on living there – almost three-quarters of the average monthly income of a Londoner. Yet the flat meets official criteria for "affordable housing" and qualifies for taxpayer support.

"Affordable" is a term used loosely and often abused," says Gavin Smart, deputy chief executive of the Chartered Institute of Housing. That is unsurprising given the housing crisis: after more than 30 years when up to 100,000 fewer homes a year were built than needed, most under-40s are now spending too much on the roof over their heads.

Of all the London homes for sale via the property portal Zoopla on one day in March, only 43 were affordable for a first-time buyer family with two children and a mortgage of 3.4 times the average income in their borough, the housing charity Shelter has found. Besides bland flats above shops, the two-bedroom shortlist included a £139,500 houseboat in Vauxhall and a £125,000 mobile home in Bromley. "The affordability and availability of homes in the UK is a national emergency," says Jeremy Blackburn, head of policy at the Royal Institution of Chartered Surveyors.

After the financial crisis, government grants for building affordable homes were cut by 75% from £2.5bn in 2010-11 to £651m in 2013-14. To keep up numbers, the official definition of affordable housing was changed. It used to mean social rent – what many of us would call council homes, let at less than 50% of market rates, such as a £65-a-week one-bedroom flat in Grimsby – and part-owned, part-rented shared-ownership schemes. Now it also includes "affordable rent" at up to 80% of market rates and "starter homes" sold to first-time buyers at a 20% market discount.

The result is increasingly unaffordable affordable housing. Starter homes can be sold for as much as £450,000 – more than 16 times the median national income. In London, you can qualify for a three-bedroom affordable rental on



# Talk is cheap

**The price is right** Thanks to a £9m grant from the Greater London Authority, St James completed all 182 affordable homes at Chambers Wharf, in Bermondsey, south London, before starting the private ones. There is no difference between the entrances and exteriors of the subsidised and 'mainstream' flats



Shared-ownership flats at Saxton, in Leeds city centre, start at £53,000 for a 50% share in a one-bedder. [urbansplash.co.uk](http://urbansplash.co.uk)



Pocket's new one-bedders at Oak Grove, London NW2, are smaller than standard – but at £265,000, go for 20% below market rate. [pocketliving.com](http://pocketliving.com)

an £85,000-a-year income, which would include MPs. Meanwhile, fewer than 4,000 social-rent homes were started in 2013-14, down 90% from before the policy changes three years earlier.

Legislation has also made it easier for private housebuilders, hit by the downturn, to build less – or no – affordable housing as a condition of getting planning consent. Better to get some homes than to require affordable ones and end up with none at all, the thinking went.

"This is a hot potato," says Adam Hesse, director at Aston Mead estate agency in Surrey and Berkshire. "We sell a lot of land, and many developers are anti affordable

housing." It makes it harder for them to secure "top money", he adds. "Some potential buyers have told me they don't want to have to work all hours to buy a nice new home, then see someone get a similar house across the way for nothing. Some also say that where they have seen affordable housing mixed with private developments, the affordable houses aren't looked after, with abandoned cars on the drive."

That might be why the glossy brochure of the first phase of the £8bn regeneration project around the Earls Court exhibition centre, in west London, made no mention of the 200 affordable homes on the site, where one-bedroom flats sold

for £595,000 on the open market. It also helps to explain why the Planning Inspectorate is considering 31 appeals lodged by developers who say Section 106 requirements, which include having to build affordable homes or contribute infrastructure, have made their schemes unviable.

It's not all bad, however. Some developers have stepped into the gap in the market with innovative affordable offerings. Pocket has built and sold about 200 London flats at 20% below the market rate to "intermediate" couples and singles earning an average of £40,000 – too much to qualify for social rent, but too little to buy on the open market.

The catch? Starting at 400 sq ft, Pocket's one-bedroom pads are up to 30% smaller than the required minimum for affordable housing. The key, says the firm's founder, Marc Vlesing, is clever design: oversized windows, high ceilings, lots of storage and a wider than expected front door in the middle of the unit, "so you don't need a long corridor".

To be eligible, buyers must live or work in the borough and earn less than the mayor's limit, set at £71,000. The flats cannot be sold, or even resold, to investors. "Space is a price people are prepared to pay for proximity to the centre and owning outright," Vlesing says.

From delivering the largest single tranche of affordable housing outside London at Saxton, a £40m regeneration of two derelict 1950s council blocks in Leeds, to turning a grade II listed Imperial Tobacco factory at Lakeshore, south Bristol, into 270 eco-homes atop a private lake, Urban Splash is known for award-winning design with a social conscience. "Great architecture should not be the preserve of the rich, nor should affordability be a barrier to great design," says the developer's founder, Tom Bloxham.

Yet to solve the shortage of affordable homes in the long term, "we need a comprehensive housing strategy that addresses supply of all tenures", says Julia Unwin, chief executive of the charitable Joseph Rowntree Foundation. Affordable housing supply can't be tied to the market as it is now, adds Adam Challis, head of residential research at the property services group JLL. "People need it whether the market is good or bad."