

Roundtable Discussion

Wrong homes in the Wrong Places?



The UK housing crisis has been a major issue for the past decade. Whilst the shortage of all house types is widely acknowledged, the question we posed was about whether we are being directed to build the right type of homes that the market demands.

Bowman Riley and Quod hosted a roundtable discussion on 24th October to debate the question around the disparity between the smaller starter homes that the Government is promoting with the emerging data from mortgage providers that first-time buyers are purchasing larger properties.

We brought together some of the Yorkshire property industry's most prominent housing designers, planners, officers, consultants, developers, lawyers, agents and contractors. A lively debate was sparked leading to some real insight into the current state of the marketplace.

Hosts

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| Colin Briggs | Bowman Riley |
| Emma Lancaster | Quod |
| April Marsden | Bowman Riley |
| Jack Martin-King | Quod |
| Samantha Jevons | Bowman Riley |

Attendees

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| Tony Gillman | AB Property Consultancy |
| Mike Atkinson | Atkinson Associates |
| Richard Coy | |
| Paul Thornton | Bellway Homes |
| Simon Mydlowski | Gordons LLP |
| Hamer Boot | Henry Boot Developments |
| Lesley Fargher | Ryedale District Council |
| Michael Barnett | Strata Homes |
| David Blakey | Summers Inman |
| Helen Drennan | Wates |
| James Garbett | Womble Bond Dickinson |

Why are first-time buyers are buying bigger homes?

April Marsden "House sizes have been shrinking since 1994. First-time buyers want bigger homes because that space standards are getting smaller, so what would've been a three bedroom house two decades ago, is now marketed as a four-bed house. There's an 8m² difference between a three-bedroom house in the 1990s and a three-bedroom house today. People need space, it's about quality of life. We can achieve this in terms of design by maximising living spaces and minimising circulation space".

Michael Barnett "It's about national space standards. What are we doing to

determine acceptable space standards? There needs to be consistency across local authorities. Why aren't councils incorporating space standards into local policy? This would provide an even playing field for developers and would also mean that initial concept proposals, normally done for land bidding, can be carried out accurately.



Unfortunately, the net effect is often that local authorities impose these standards at a much later date, ultimately affecting viability."

Lesley Fargher "Space standards are the biggest issue we have in Ryedale. We have experience of developers creating bedrooms too small to actually fit a bed in. 13 homes designated as affordable housing within a S106 scheme, were lost to the open market because the room sizes were too small and Registered Providers were unwilling to take them on board. The crucial thing is for developers to open a conversation with local authority housing officers at the outset. It's about compromises over the right size versus numbers."



Michael Barnett "We have carried out an internal exercise on adaptable and accessible housing. We took a couple of house types and increased them to accord with standards from Building Regulations. The impact was quite profound in terms of site and value. It would be really helpful to work with the public sector to demonstrate the impact of such design standards being imposed. An understanding the timing of when standards are going to be implemented would be really useful"

Emma Lancaster "Where you are pushed to smaller house types, the density goes up but introduces other issues in terms of transport infrastructure or drainage. These issues are sensitive with neighbours."



Is there a difference between aspirations and affordability for house buyers?

Simon Mydlowski "The profile of a first-time buyer has changed. People are hanging on to buy a better home. As a 25-year-old, I was happy to buy a two-bedroom property, as a 35-year-old I would want more space".

David Blakey "There's a generation change, today's millennials have higher expectations".

James Garbett "A lack of housing supply has suppressed and delayed household formation. It's perhaps not surprising that, when first-time buyers are finally ready to buy their first home, they are looking for a larger family home".

Simon Mydlowski "There's also the Government's 'Help to Buy' scheme making buying a home more affordable for

first-time buyers, but you can use it on a £600,000 house!"

Richard Coy "Help to Buy is based on the asking price for a property with no discounts. The scheme actually boosts the market because developers use it as a tool to up-sell bigger homes to buyers. This can lead to developers then struggling to sell the two-bed homes. If developers get the price right, two-bedroom homes should fly out of the door."

Is it all about location?

Mike Atkinson "It depends on the local market. In the north west in places like Blackpool, two-bed properties are very much in demand but in the Craven area of North Yorkshire, you can't sell them".



Hamer Boot "In city centres, councils often limit the number of one bed apartments to encourage a higher proportion of larger units including some aimed at families, consequently the one beds are often the first to run out. The interesting aspect with PRS is that there aren't the distorting effects of 'Help to Buy' so tenants are more likely to rent what they need rather than pushing the limits of what they can afford."

David Blakey "One of the reasons that there is a shortage of homes is that older people are not downsizing".

Jack Martin-King "At the other end of the spectrum, I am part of 'generation rent' living in a desirable location in north Leeds. I don't want to compromise on location. I think younger people want to live in central town or city locations"

Samantha Jevons "As a city dweller, people are surprised that I am raising a family in the city. It's actually great with easy access to lots of attractions and amenities. The problem is infrastructure – schools"

April Marsden "There is actually a trend for older people living closer to town centre hubs because it provides easier access to amenities and helps prevent social isolation".

Emma Lancaster "Actually people in mid-life too are moving to more central locations."

Is the availability of land a hindrance to residential development?

Tony Gillman "The main problem is that there is simply not enough houses or land available for residential development. We need more land released for house building. There's just not enough competition in the market. We need more modular homes. In Japan they build 140,000 modular homes every year."

April Marsden "People think house builders bank land, but this is simply not the case. Harrogate is now flooded with new homes, this has negatively affected house values".

Richard Coy "Currently the market has been going for low lying fruit in terms of development land. We need to look at land remediation going forward using brownfield sites rather than greenbelt. There is enough money in housing to make this happen, no one is going to make a loss by developing more difficult sites. It's the responsible way forward. There has to be a greater enforcement of existing use".



Conclusions

1. The profile and expectations of a first-time buyer has changed and that to day's more mature buyers are not willing to compromise on space or location.
2. There is a trend towards living in more central locations for all age groups.
3. Houses are smaller than in the past, so people are buying larger properties to achieve good living spaces.
4. Government incentives are encouraging buyers to upscale to bigger properties.