

Housing Select Committee			
Title	Key Housing issues		
Key decision	No	Item no	5
Wards	All		
Contributors	Executive Director for Customer Services		
Class	Part 1	6 July 2016	

1 Summary

- 1.1 Key Housing Issues is a general report that aims to update the Housing Select Committee on current and new issues important to housing.

2 Result of EU Referendum

- 2.1 The result of the referendum on EU membership held on 23 June is likely to have an impact on the housing market in the UK, London and Lewisham. The scale of this impact, especially in the medium to long-term, will depend on the outcome of negotiations on the detail of the UK's exit.

- 2.2 Responding to the result, property consultancy Knight Frank's initial view of the impact on residential property was:

“The UK vote in favour of Brexit has the potential to make a relatively swift impact on the housing market... In the short-term, consumer confidence is likely to be knocked by the continued uncertainty, especially with regards to trade. However, uncertainty could also result in a further dampening of homes coming onto the market.

The second-round effects from a slowing economy and growing unemployment will also be felt in the housing market, as these factors affect household incomes as well as sentiment.

In the short to medium-term, the fundamental demand and supply dynamics in the market are unlikely to change, with a continued structural undersupply of homes across the country, underpinning pricing in some of the most desirable and best connected areas.”

- 2.3 Committee will be aware that the demand for all kinds of housing in Lewisham far outstrips supply, and this will not change in the short-term. Officers will continue to monitor the implications of the referendum result for housing policy and on the housing market, and provide updates to Committee.

3 Update on legislation timetable

- 3.1 The Welfare Reform and Work Act received Royal Assent on 16 March 2016 whilst the Housing and Planning Act received Royal Assent on 12 May 2016.
- 3.2 The full implications of the legislation for Lewisham will still not be totally clear until the regulations enacting the measures are published and come into force. It is anticipated that the draft regulations on measures including Pay to Stay and High Value Voids will be published in July. Officers will therefore update committee on the implications of the draft regulations when the committee meets in September.

4 Help to Buy

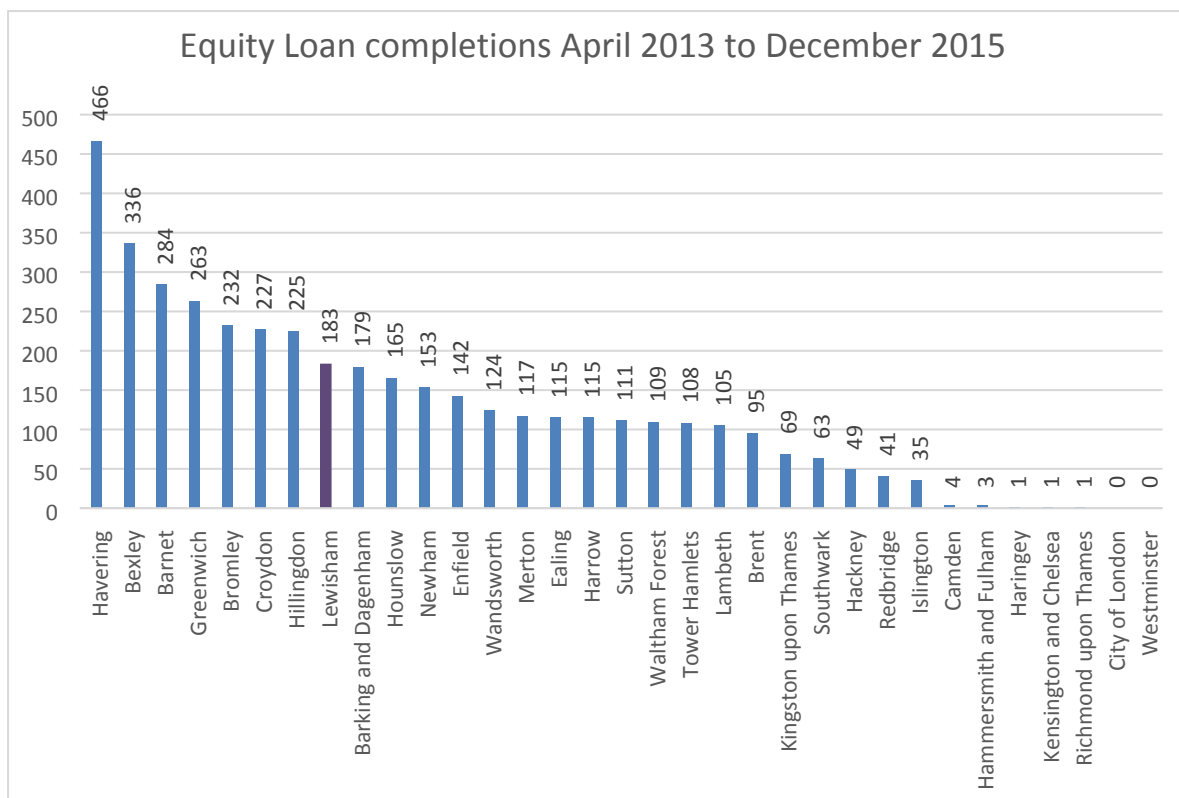
- 4.1 The government has launched two schemes to encourage home ownership under the 'Help to Buy' umbrella: the Help to Buy Equity Loan and the Help to Buy Mortgage Guarantee.
- 4.2 At the last Housing Select Committee, Members asked for information regarding the Help to Buy schemes and data on the take-up in Lewisham. This is provided below.

Help to Buy: Equity Loans

- 4.3 The Help to Buy Equity Loan has been in operation since April 2013. The scheme offers a 5 year interest free loan of up to 20% of the value of the property to first time buyers purchasing a house under £600,000. In recognition of rapidly increasing house prices in London, this was extended to 40% in London as of February 2016. This loan is only available for new build properties.
- 4.4 After 5 years the interest free loan begins to incur charges, starting at 1.75% of the equity loan in year 6 and increasing by RPI plus 1% every subsequent year. These charges do not contribute towards the paying off of the equity loan.
- 4.5 Borrowers can repay the loan or a portion of the loan at any point without penalty. Portions of the loan may only be paid off in increments of 10% of the value of the property. The loan is paid off based on the current value of the property rather than the value of the property at the point which the loan was taken out. Similarly, if the borrower were to sell the property then the amount to be repaid would be calculated as a percentage of the sale value of the property rather than that at which it was purchased.

Equity Loans in London

- 4.6 Nationally, Havering is the only London borough in the upper quartile for take-up of the Equity Loan scheme. London boroughs with a high average house price have tended to see extremely low take-up of the scheme as shown from the table below.



Equity Loans in Lewisham

4.7 Since the commencement of the scheme in April 2013, 183 properties in Lewisham have been purchased with assistance from the scheme, with almost £13m in loans being provided. As with many other London Boroughs, there was a noticeable increase in uptake during 2015 with over 110 completions in Lewisham between April and December 2015.

4.8 The Council is working with Pocket Living to bring forward a scheme for affordable home ownership at Marischal Road. This scheme is near completion and a number of these homes are now for sale. Eligible buyers could apply for a Help to Buy equity loan to buy a property in this development. One bed properties in the Pocket Living scheme are currently being marketed from £214,000 whilst two beds are being marketed from £230,000. Therefore if a buyer took up a full Help to Buy equity loan a property in this scheme would cost them £128,400 for a one bed and £138,000 for a two bed in terms of the deposit and mortgage they would need to raise. These properties are restricted to households who live or work in the borough who are not already home owners and who earn less than £54,500.

Help to Buy: Mortgage Guarantees

4.9 The Help to Buy Mortgage Guarantee was introduced in October 2013 and seeks to increase access to the mortgage market for eligible borrowers whose deposit might otherwise have prevented them from purchasing.

4.10 The scheme allows participating lenders the option to purchase a guarantee on the value of the mortgage which the government will back. Lenders who take part in this scheme are therefore able to offer higher loan-to-value mortgages to borrowers where this would previously have represented a potential risk.

Mortgage Guarantees in Lewisham

4.11 Between October 2013 and December 2015 a total of 185 properties costing almost £58m have been purchased in Lewisham with a Mortgage Guarantee.



5 Lewisham Housing Projects nominated for architecture awards

5.1 Two of Lewisham's housing developments have been nominated for awards in the New London Awards organised by New London Architecture. These awards seek to recognise the very best new and proposed architecture, planning and development in the capital.

5.2 Campshill Road Extra Care scheme has been nominated in the Wellbeing category.

5.3 PLACE/Ladywell has been nominated for two awards. It has been nominated in the category 'The Temporary' and has also been nominated for one of the overall prizes: the Mayor's Prize which will be judged in association with the Mayor of London, celebrating the project that best creatively contributes to the capital's economy.

6 Legal Implications

6.1 There are no specific legal implications arising from this report.

7 Financial implications

7.1 The purpose of this report is to update Members on current housing issues. As such, there are no specific financial implications arising from the report itself.

7.2 As firmer details become available, in particular regarding the new legislation, officers will report back to Members with the implications of each issue.

8 Crime and disorder implications

8.1 There are no crime and disorder implications arising from this report.

9 Equalities implications

9.1 There are no equalities implications arising from this report.

10 Environmental implications

10.1 There are no environmental implications arising from this report.

11 Background Documents and Report Originator

11.1 There are no background documents to this report.

11.2 If you have any queries relating to this report please contact Jeff Endean on 020 8314 6213.