

INDUSTRY INSIGHTS

Housing on the High Street

A lack of housing stock remains an issue today, as it has for decades, with demand outstripping availability. What new types of housing have been introduced to help ease this issue, what are the latest options and what opportunities does this create for mortgage intermediaries?



LOOKING BACK

With the UK population growing significantly during the 20th century to the record levels seen today, there have been a range of solutions created to house the rising numbers. From the first Garden City in 1903 in Letchworth, Hertfordshire - the county where our Society is based; to the huge council building projects built throughout the UK and modern day shared ownership projects whose methodology has been revamped by government in recent days - all options have provided much needed accommodation in our towns and cities.

Many of these initial projects were funded by monies from the public purse but 'right to buy', commercially funded housing and all manner of residential developments have since created increased private ownership opportunities needing a mortgage. As well as new builds, it's been interesting to see how developers have creatively converted all manner of existing buildings into residential properties to meet the demand of private buyers.

The examples are numerous. As early as the 1950s we saw the first barn conversions as farming became less viable with outbuildings being converted into residential dwellings - a lucrative change of use for farmers. The opportunity to live in the countryside has made barn conversions increasingly desirable as time has passed. In more recent decades barn conversions have been positioned as a 'dream home' by many estate agents if the popular TV show 'Escape to the Country' is anything to go by.

Another example was public and private investment poured into city centre renewal in the 1980s - transforming urban areas once dominated by heavy industry, into diversified economic centres. All saw massive redevelopment with housing stock cleverly created from buildings repurposed from those originally created to support these now defunct industries. Liverpool's Albert Dock is one example of this type of regeneration and still remains a highly desirable source of accommodation for city living.



NEW HOUSING OPTIONS

So, what development opportunities are there in 2020 and beyond? Adapting redundant retail units is one answer with shop units no longer needed in such demand as in previous decades. There is barely a week where we don't hear about a shop closing in our high streets. Vacant shop units could be increasingly reclaimed and converted into housing, creating new opportunities for lenders and mortgage intermediaries.

The demise of the town centre retailer has been evident for some time but significantly accelerated by COVID-19. As a result we're seeing a change of usage for some of these underutilised units with many examples of premises becoming, or destined to become, split retail / residential dwellings or a complete change of use to flats and apartments.

With permitted development rights relaxed in recent years allowing offices, pubs and other redundant buildings to become housing, surely we will see more flexibility when it comes to change of use for unviable retail units. Advancing building techniques such as 'modular' construction is also making it easier for retail space to be quickly converted into residential dwellings.



THE MORTGAGE INDUSTRY'S RESPONSE

So change is afoot. Housebuilders once dependent on clearing brownfield sites or negotiating the complexity and controversy of a green belt planning application may see alternative options arising.

The availability of redundant retail units coupled with the shake-up of planning laws to trigger a home-building surge is one such opportunity and could kick start housing development in ways previously unimagined in our town centres.

As lenders, mortgage intermediaries or those involved in servicing the wider property market we need to prepare, ensuring we can service and help drive new opportunities.

The demise of town centre retail could be a valuable accelerant to a much needed housebuilding drive.

Future mortgage applications may look different as a new breed of property comes onto the market but the team at Harpenden Building Society will be looking at all requests in the same individual way. Every application, however complex, will be reviewed by a personal underwriter with a solution-driven approach.

This and other opportunities will create a bright future for the mortgage industry beyond COVID-19 – we're getting ready to play our part.

Craig Middleton

Craig Middleton, Mortgage Sales & Distribution Manager,
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We individually assess and approach applications.



We offer a manual underwriting process, no credit score involved.



A flexible view on merits of all cases - we're very accommodating.



We provide clear, fair and transparent charges for all cases.



Many types of income are considered when assessing affordability.