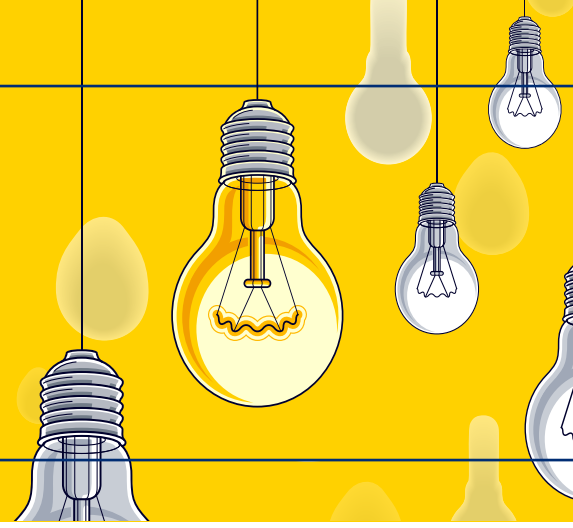


Industry insights

New housing options post Covid-19



COULD REDEVELOPED SHOP UNITS BECOME A NEW OPTION FOR MORTGAGE BROKERS?

With New Year resolutions made, many in the UK will be looking ahead having firmly shut the door on 2020. Despite a particularly difficult year generally, and with our current lockdown status in force; on a social and an economic level, those serving the mortgage industry can still look to the future with optimism.

THE LEVEL OF HOUSING SHORTAGES*

Household growth is one factor affecting overall housing demand and emphasises the need for more residential options. The number of new households in England for example is projected to grow by 159,000 per year, based on current trends.

- The backlog of existing demand for suitable, affordable accommodation is often cited as a pressure on housing supply, as is desire for more space by households that can afford it.
- There has been a range of research into the amount of new housing needed, with estimates as high as 340,000 new homes per year.
- The government's target is to supply 300,000 new homes per year by the mid-2020s
- There is geographic variation in household growth and housing need, with greater demand in London and the south of England.

LEARNING TO ADAPT

For some in our sector 2020 had been a buoyant year, but less so for others. The business development team at Harpenden has never been busier although we are acutely aware of the need to continually adapt to best serve current and emerging customer needs. Market conditions are changing like never before. Some challenges in the market will diminish as the sector negotiates 2021, others will remain and no doubt more will be introduced - we'll all need to constantly review our approach.

One ongoing challenge, which has been an issue for some years now, is the lack of housing stock to place mortgage business against.





NEW HOUSING OPTIONS

Adapting redundant retail units, an ever increasing feature of our high streets could be one answer, repurposing a prime location and converting it into much needed housing.

The demise of the high street retailer was already in view but massively accelerated by Coronavirus. As a result we're seeing a change of usage for some underutilised units with many examples of premises becoming or destined to become split retail / residential dwellings or a complete change of use to become flats and apartments.

The examples are endless and seen in virtually every town and city - I can reel off a string of examples in Hertfordshire where Harpenden Building Society is head quartered. The former Debenhams store in Welwyn Garden City is one such case and has gone through planning for part conversion to 27 flats. Could a similar outcome be seen at former British Home Stores units vacant around the UK or some of the department store giants now facing closure post COVID-19?

Other examples go one stage further. The former Bircherley Green Shopping Centre in Hertford, built as recently as the 1980's and wholly devoted to retail, became increasingly unviable and is now being demolished to create a brand new, mixed shopping, leisure and residential development. Work on the site, located right in the heart of the town, has already started with 92 one to three bedroom apartments forming a new and integral part of the development.

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 a 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.

GETTING BACK ON TRACK

As recent as March 2020, the government announced relaxed new measures to accelerate the building and modifying of homes, welcome news for potential property owners and those of us in the mortgage industry. The question is, what other new residential opportunities will be available post Covid-19?

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 provide opportunity and could kick start housing development in ways previously unimagined in our town centres.

For all of us supporting the property market we need to prepare, and make sure we are ready to service new opportunities like this.

Future mortgage applications may look different as a new breed of property comes onto the market but the team at Harpenden 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 here and ready to support you.

Craig Middleton

Craig Middleton, Mortgage Sales & Distribution Manager, Harpenden Building Society



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.