



The grass is always greener ...

A London architect has got planning permission for a £1.1m development of four homes and office space in Camden, north London. Crawford Partnership will redevelop the former builder's yard with developer Newmac Properties into three-bedroom homes that will meet Lifetime Homes accessibility standards. They will also have sedum roofs, photovoltaic panels and parking space for bicycles rather than cars. The architect hopes the scheme will meet or exceed the EcoHomes "excellent" rating.

NEWS IN BRIEF

No mortgage for first-time buyers

The Intermediary Mortgage Lenders Association said 56% of brokers could not find a suitable mortgage for first-time buyers at the end of 2008. It said the government should bail out small lenders to help the buy-to-let market support rising demand for rented housing.

Housing starts to plummet more

Housing starts could fall to levels Britain hasn't seen since the Second World War, a report claims. Property consultant CB Richard Ellis said starts could fall to 60,000 in 2009 and would struggle to rise in 2010. It said it could be 2012 before starts neared 100,000 and that it would be some time before levels returned to where they were before the credit crunch.



IT'S TIME WE LEARNED TO SHARE

Shared ownership has been hailed as one of the ways to kickstart the housing market, but it will never work while mortgages on offer are so uncompetitive, says **Julian Thompson**

There are nearly 10,000 shared ownership properties unsold at the moment. Some of this is because of market conditions, but there are other factors that make the prospect of owning property in this way unappealing. Several changes to the mortgages and rents on offer could make this ownership model more attractive.

Shared ownership borrowers should be considered a good risk as the ratio of their loan to the value of the property is often between 20% and 45%. But in fact they are being assessed as sub-prime customers. As such, they are attracting punitive interest rates. Typical shared ownership mortgages are in the region of 4% to 5%. The same

lenders are offering other buyers with similar loan-to-value ratios interest rates that are between 1 and 1.5 percentage points lower.

A first mortgage charge (a mortgage that has the first claim over the property offered as security), as enjoyed by shared ownership banks and building

TYPICAL SHARED OWNERSHIP MORTGAGES ARE 5%. THE SAME LENDERS OFFER OTHERS 1.5 LESS

societies, takes precedence over all other claims. Hence, lenders are exposed to little or no risk since any loss is likely to be borne by the affordable housing provider or ultimately the Homes and Communities Agency (HCA).

But if the government or the HCA is genuine in its desire to kickstart this market sector, then it should offer shared ownership mortgages guarantees. This would pose no added risk and would encourage lenders to offer more competitive interest rates.

Some housing associations charge annual rents as high as 2.5% to 3% on unsold equity, which is nearly as high as the

cheapest mortgages. Perhaps we should consider not charging rent in the early years or a rent of no more than 50% of the mortgage rate. Shared ownership properties do not come with the incentives that the housebuilders offer, such as free legal fees, so the product often fails to meet the needs of potential clients.

Finally, it seems silly that local authorities are asking for more shared ownership homes to be built when the existing homes are not selling ...

Julian Thompson is managing director of chartered surveyor and affordable housing consultant Jolliffe and Flint

 More housing news and comment at www.building.co.uk/housing