AFFORDABLE HOUSING:

Creating a Community Land Trust for housing not growth, through sustainability and well being, for our future



Councillor Laurence Keeley
East Sussex County Council

SO WHAT IS THE PROBLEM ?



BUILDING LAND COSTS

- Housing depends on land – to be able to build
- What is building land worth, and how does it become building land?
- Building land can cost up to £500,000 an acre.
- Clearly, this is far too high for affordable housing



VALUE OF OUR LAND



- Farmland yields £200 profit per acre per year
- The gain over 50 years would equate to £10,000
- The sale value outright is £6,000 – £8,000 per acre

HOUSING DEMAND



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- High cost of open market housing is causing debt and despair for many, including the young, first time buyers and those living in rural communities looking to get onto the property ladder
- Only those already on the 'property ladder' are able to buy and sell can afford to do so

500,000 can't pay mortgage bills

By Sarah O'Grady
Property Correspondent

HALF a million homeowners have missed their mortgage payments in the last six months.

And new figures today reveal that the number of people falling into arrears is only likely to soar as last week's interest rate increase begins to bite.

Owners are already feeling the pain as around 71,000 mortgage payments are missed each month.

It is people aged 25 to 44 – the group most likely to be raising young children – who are struggling most to make their payments, financial website MoneyExpert.com discovered.

Five jumps in interest rates in less that a year to 5.75 per cent mean people will have to find an extra £82 a month to pay the average £160,000 home loan.

Borrowers with a £200,000 mortgage are paying £160.24 more a month now than they were last August when rates were 4.75 per cent.

Debt charities and property experts have warned [illegible] repossessions as families struggle to cope. Economists predicted that rates will rise again to six per cent before the end of the year – tipping many homeowners into a financial crisis.

Robert Bryant-Pearson, of property firm Allied Surveyors, said: "Rates are already dangerously high with a repeat of the 1991-92 property crash only a few rate rises away. If home owners are stretched [illegible] increase in repossessions is a certainty.

"This upward spiral of rate rises must stop or 2007 will see more rate rises than has been experienced in any other year over the last decade.

"Borrowers who took on a mortgage in the years leading up to 2006, roughly calculating their affordability on a five per cent ceiling are [illegible] capacity and [illegible] of a debt [illegible] and buyer [illegible] an all-time low.

At the peak [illegible] crash in 1991 [illegible] repossessions,

Stamp duty misery for first-time buyers

FIRST-TIME buyers are paying on average of £1,458 in tax to get on the property ladder – up from almost zero in 1997.

Ever higher house prices mean young buyers are being forced to hand over thousands of pounds to the Government in stamp duty.

The threshold of one per cent of purchase price still kicks in at £125,000, although first-home prices have soared.

Higher-end buyers have also been hit. Stamp duty is charged at three per cent on properties over £250,000 to four per cent on those valued at more than £500,000.

Oliver Marc Hartwich, chief economist at think-tank Policy Exchange, said: "It is a normal human aspiration to own your own home, but that is now all but impossible for a large number of young people.

"The Government cannot directly control house prices, but it does control stamp duty, and it should help by cutting it or even abolishing altogether for first-time buyers."

Nation of young mortgage slaves

Struggling first-time buyers 'are like bonded labourers'

By Becky Barrow
Property Correspondent

MASSIVE mortgages are turning a generation of young couples into wage slaves, it was claimed yesterday.

A report warned that the spiralling price of housing means Britain is in danger of creating [illegible] whose children and grandchildren will never [illegible]

First-time buyers may manage to scrape together a deposit and get on to the property ladder – but young families are the "modern labourers" tied to their jobs.

The [illegible] report by academics – called the "Pressure – says [illegible] loans are pushing many members of parents to [illegible] in order to help [illegible] buy homes.

Many are taking on second jobs to pay a mortgage which [illegible] up to seven times [illegible] salary.

The study [illegible] figures from the British Bankers' Association showed the average home loan is now a record-breaking £132,324 – compared with £94,000 in 2004.

With a £132,324 mortgage, the monthly repayments are about £1,100, or 35 per cent of take-home pay [illegible] average couple.

[illegible] figures in the Bank, however, take

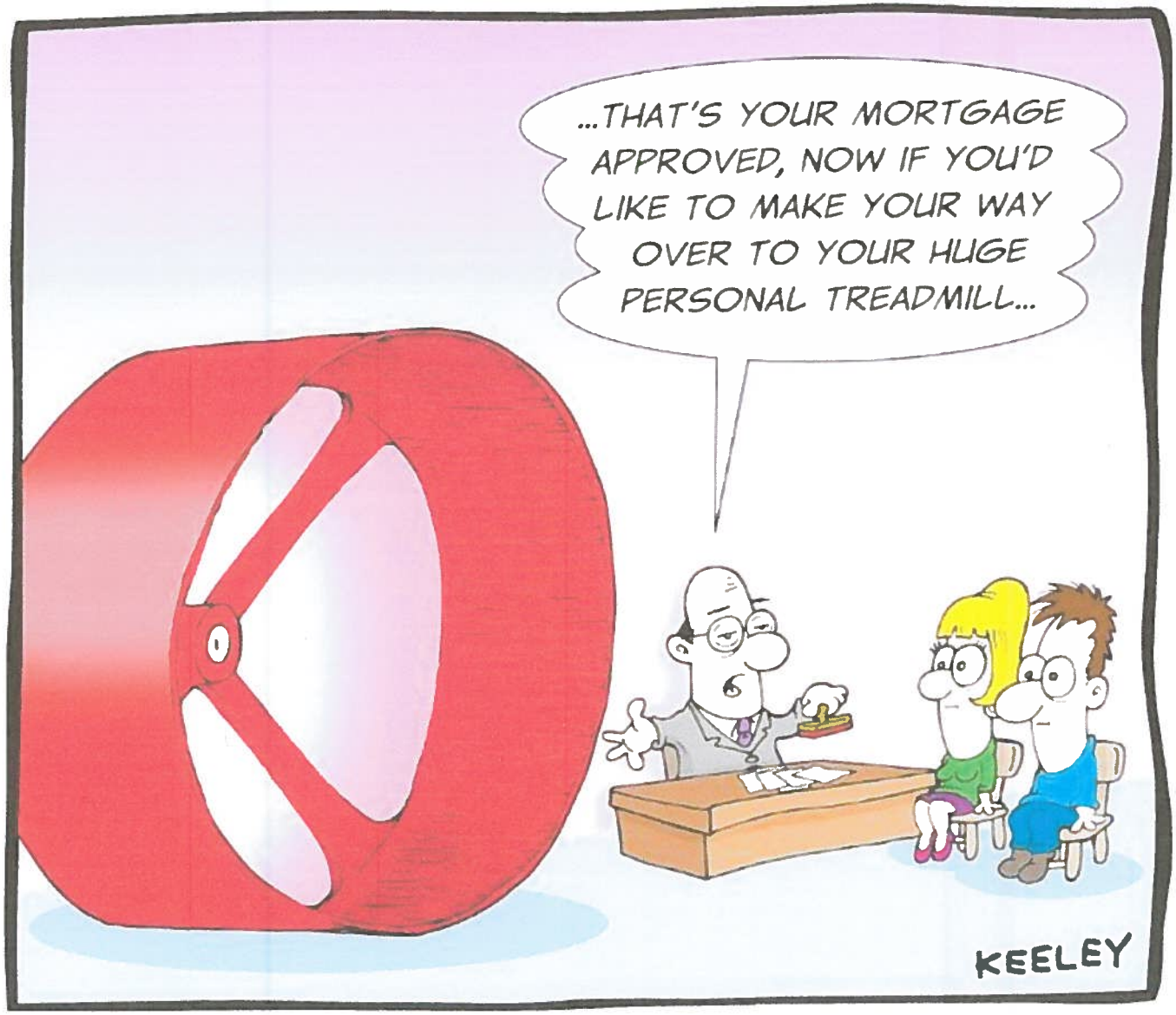


Daily Mail, Friday, March 4, 2005

1m in rural poverty

4 million think they will never afford a house



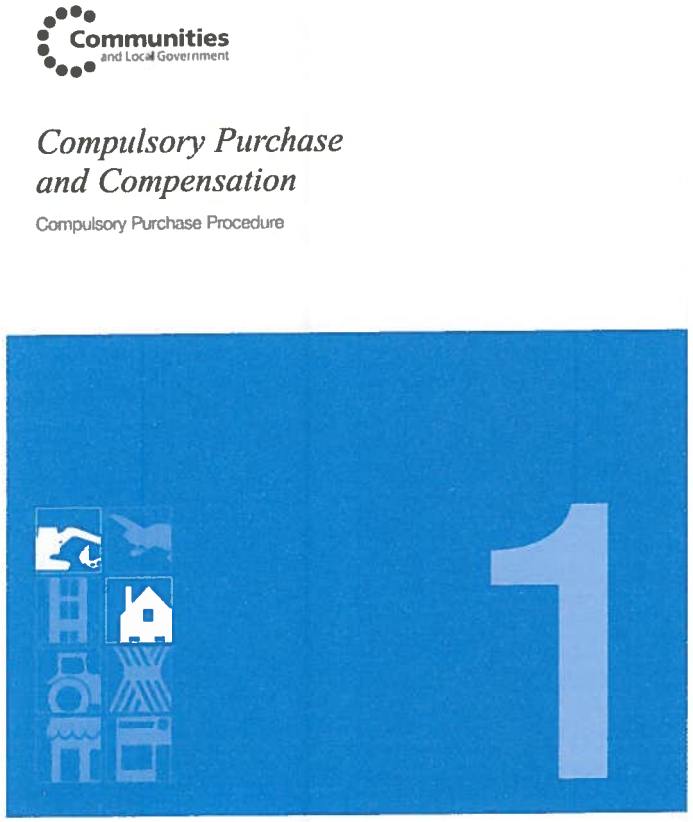

...THAT'S YOUR MORTGAGE APPROVED, NOW IF YOU'D LIKE TO MAKE YOUR WAY OVER TO YOUR HUGE PERSONAL TREADMILL...
KEELEY

COMMUNITY LAND TRUSTS



- A trust can build houses much cheaper, and offer the landowner a good deal.
- The deal is that each house nets the landowner £5,000 per house built.
- This plus, ground rent equate to £200 per house, which equals the agricultural income plus a windfall bonus.
- Basically, it's worth more than 10 times the agricultural income – with no risk.

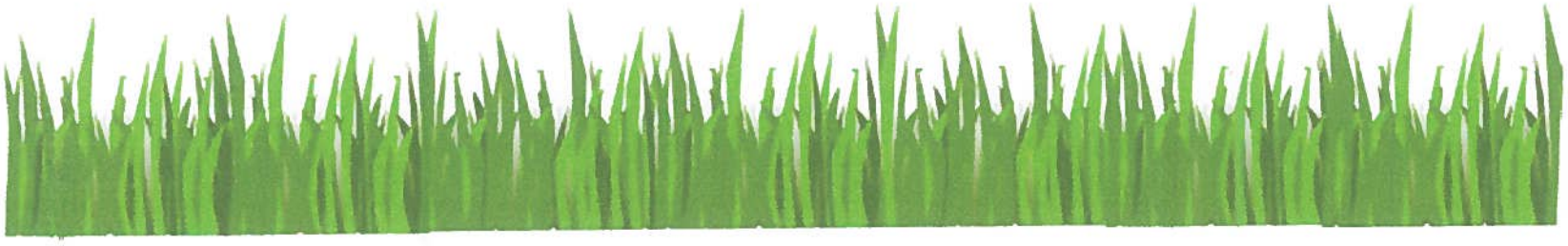
COMPULSORY PURCHASE



- This is a last resort. It is unlikely to come to this with such a good offer on the table.
- It's an amicable solution.
- The next stage is altering Local Plans to earmark land as being for affordable development only. This is a legal requirement in any event under the National Planning Policy Framework (NPPF).

ROLLING STOCKS OF LAND

- The NPPF requires land to be made available for affordable housing.
- However at present, sites are not being identified.
- Time for change maybe? Why not identify land for genuinely sustainable housing – as part of the drive for a Circular Economy.

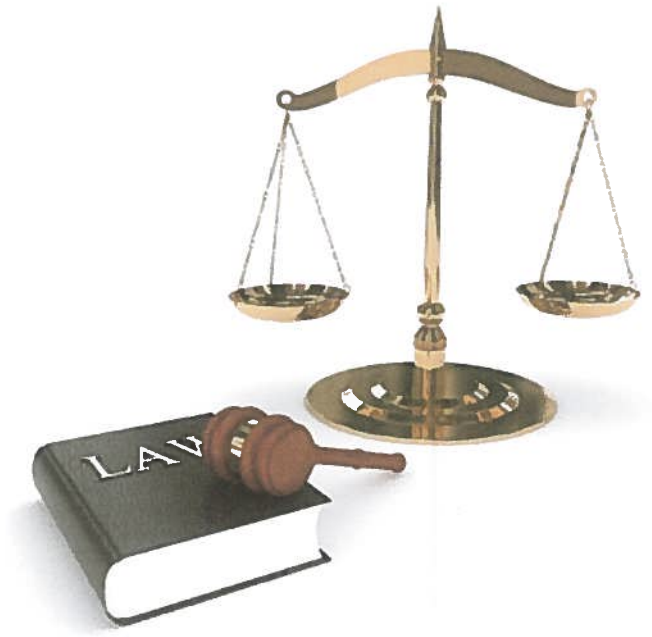


COST OF A CLT BUILD



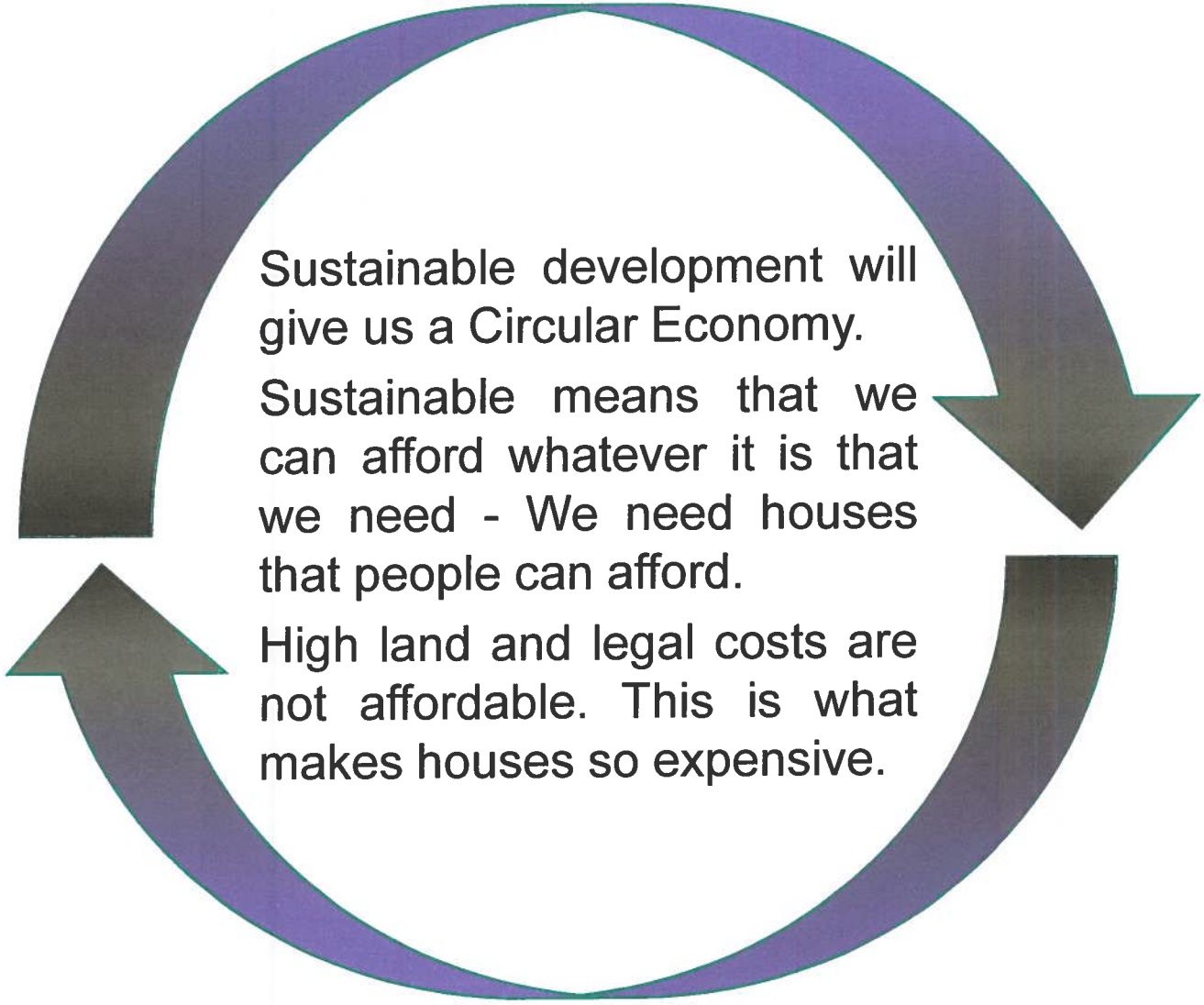
- A Community Land Trust, does not build for profit. It builds to provide houses to people that they can afford to live in.
- A house built in this way can cost as little as £80-90,000. That includes the £5,000 that the Trust has promised to the landowner.
- There will be legal fees as well. But even with all of these costs, a house can be built for £90K.

LEGAL FEES & HELP



- Many people don't realise that the cost of a planning solicitor is about the same as an ordinary solicitor.
- If an application goes to appeal, you then have to think about paying a barrister.
- A CLT has more clout during pre-application negotiations, so is more likely to gain consent cheaply. If an appeal is unavoidable, a CLT may employ a pro-bono representative.

CIRCULAR ECONOMY

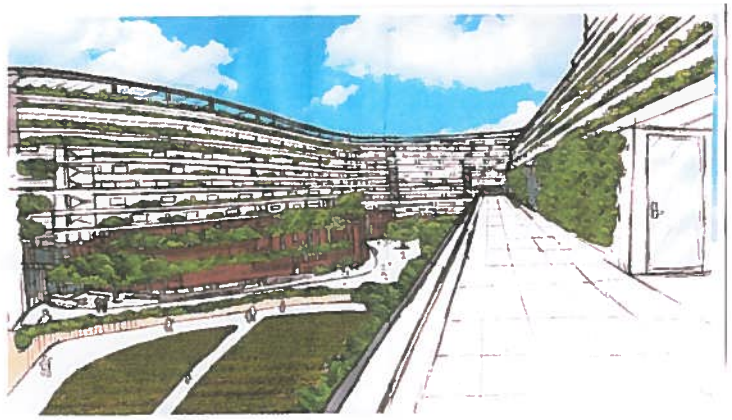


HOUSES FOR SALE & RENT

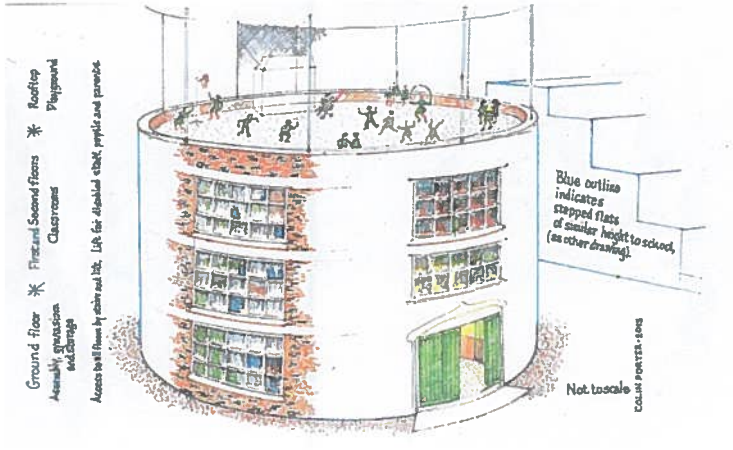
- The CLT sells houses at cost and will re-purchase when an owner wants to move.
- Houses must be offered to the Trust at the current cost of building another equivalent house.
- A CLT can also rent homes, set at an affordable rate. At the present time, we are estimating renting a home for around £81 a week or £350 a month.
- This covers any Trust mortgage and will reduce any State liability for housing benefit. A major bonus for the Circular Economy.



HEALTHY LIVING

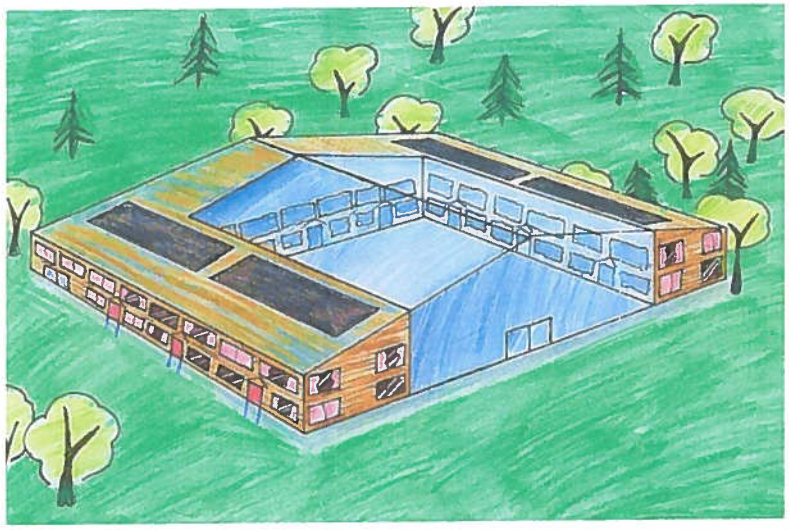


Examples of the proposed affordable community housing projects with local amenities with space for recreational facilities



- Lower build costs, means that a CLT can provide a less stressful living environment.
- The hidden benefits to the State, are that NHS costs may be reduced significantly.
- A CLT can provide space for sports and other community activities that private developers are not interested in providing because of the cost involved.

HOUSING: ADULT SOCIAL CARE



Above: an example of a proposed affordable senior community housing project with local amenities with space for carers to live on site.

- We could create affordable care homes in villages and towns under the same CLT
- 10% of a build site should be earmarked for adult social care housing
- There is a need for a proper local council care plan, to avoid using private companies who have more debt than assets.

Proposed Social & Community Development L.V.Keeley May 2015

