
Economic Affairs Committee
Committee Office
House of Lords
London
SW1A 0PW

14 December 2015

Dear Sir or Madam,

YMCA England response to the House of Lords Select Committee on Economic Affairs inquiry into the economics of the United Kingdom Housing Market.

YMCA was established in 1844 and is the largest and oldest youth charity in the world, helping over 58 million people in 119 countries. Here in England where it all began, 114 YMCAs work to transform over 530 different communities, impacting on the lives of nearly 600,000 people every year

Amongst its roles, YMCA is the largest provider of safe, supported accommodation for young people in England – providing just under 10,000 beds every night.

YMCAs across England offer a wide range of accommodation; from emergency beds through to supported longer term accommodation. Our philosophy of supporting young people holistically means that YMCA provides not only a bed, but also seeks to help young people gain the training, skills and confidence to go on to lead independent lives.

Not having access to quality housing can have a huge impact on the life of a young person. Poor housing increases the risk of a young person suffering from ill health, lower educational attainment, unemployment and poverty.

YMCA launched its manifesto, *We Believe*, in Parliament on the 10th March 2015. The manifesto development process engaged over 350 people, including the five main stakeholders for YMCAs; its chief executives, staff, trustees, young people and service users. It is the thoughts and experiences of these stakeholders, as well as those submitted directly in response to inquiry, which form the basis of this response.

What measures can be taken to increase the supply of reasonably priced housing in the UK?

How can we improve the availability of low cost private rental properties? Will the current trend for a decline in home ownership and rise in the private rental sector continue and is it desirable?

- 1.1** It is recognised that not enough new homes have been built over the past generation and this has contributed to a lack of low cost housing available for

young people and first time buyers. As such there are now 4.4 million households privately renting and 3.9 million households renting socially in England.¹

- 1.2** Such is the demand for housing that it is critical that the Government takes bold decision to increase its supply. At YMCA, we are particularly concerned about the supply of housing for young people; their experiences within the rental market, and with soaring house prices how young people will ultimately be able to get on the housing ladder.
- 1.3** YMCAs up and down the country are increasingly seeing young people struggling to afford the costs of private rent. Even for a young person in employment, a combination of low wages and high rents can quickly seem them priced out of the market. This problem is further compounded in London, with the average price of renting a flat or house now £1,500 a month.² This is illustrated by the fact that within the 16-24 year old age bracket, the number of households privately renting has decreased from 16% in 2003-04 to 12% in 2013-14.³
- 1.4** YMCA England's research 'Delayed until Further Notice',⁴ found that over four in five (81%) of supported accommodation residents surveyed confessed to worrying about being able to find somewhere to live when they are ready to move on. With over half of residents (56%) feeling ready to move on but unable to do so, and one in five (20%) left waiting for over six months.
- 1.5** In addition, the research found that over two thirds (70%) of supported accommodation residents felt that it was the lack of available housing that was either very likely or likely to prevent them from being able to move on.
- 1.6** Accordingly, YMCA is calling on the Government to invest in the development of alternative models of housing to solve the current crisis in this country. To help young people make the transition and address the chronic housing shortage in London, YMCA London South West, in partnership with architects Rogers Stirk Harbour + Partners, has developed Y:Cube.
- 1.7** The unique off-site construction and design system provides high quality accommodation which can be built quicker, and for up to 40% less than the cost of traditional construction. The self-contained one-bed flat with its own bathroom, living room and kitchen are all housed in a compact 26 square metre unit, built-off site and craned into place.
- 1.8** Y: Cube uses a pre-constructed 'plug and play' modular system which enables the streamlined units to stack easily on top or alongside each other, making them completely adaptable to the size and space available and therefore perfect for tight urban sites, particularly in London.

¹ Department for Communities and Local Government, English Housing Survey, July 2014,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461439/EHS_Households_2013-14.pdf

² <http://www.theguardian.com/money/2015/jun/15/london-rents-homelet-survey-housing-crisis>

³ Department for Communities and Local Government, English Housing Survey, July 2014,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461439/EHS_Households_2013-14.pdf

⁴ YMCA England, Delayed Until Further Notice, January 2015, available: <http://www.ymca.org.uk/research/delayed-until-further-notice>

- 1.9** Each unit is constructed from high quality, eco efficient materials (primarily renewable timber), creating accommodation that is so well insulated that they require little or no heating, even in winter months with a three week test showing each home can be lit and heated to 20oC all day and night for £7 per week. This presents further valuable savings as the cost of energy rises.
- 1.10** The design of the scheme means that the units can be moved off site as quickly as they are installed. The programme operated on short-term leases and people are expected to stay on average for between three to five years, giving them the time to save for a deposit.
- 1.11** For the Y:Cube development in Mitcham, opened in September 2015, the weekly rent is set at around £145. This is 65% of market rent in the area and, looking at London renting costs, a single room in the capital will soon be comparable to renting a Y:Cube flat and the project will still pay for itself in 15 years.
- 1.12** In addition to building new homes, there are also clear examples across communities where previously unused buildings can be brought back into use. The Empty Homes Scheme run by YMCA Downslink Group is one such example, which works to bring these empty properties in Sussex and Surry back into use. The aim of the scheme is to provide affordable and safe accommodation to young adults and families in housing need. This is achieved by leasing properties from private landlords and refurbishing them to a standard that means they are ready to be let.

Is there a case for restricting rent increases in the private sector?

- 2.1** YMCA is calling for the Government to introduce a rental cap to reduce the amount that landlords can increase rents annually to help tackle the rising cost of rent that prevents so many young people from accessing the private rented sector.
- 2.2** In addition to the large rents young people identified high charges by letting agents as a significant barrier to being able to access the private rented sector. The recent upsurge in the private rented market seems to have exacerbated the situation and YMCA believes that this whole area needs to be regulated. YMCA is therefore calling for the Government to reduce the upfront costs to tenants by regulating the fees that letting agents can charge them.
- 2.3** For many people access to the private rented sector is further inhibited by the initial upfront costs needed to make the move. Buyers who are able to afford mortgage payments but not the deposit are assisted through Government schemes. The Government, in association with banks, should take similar action to support those seeking access to the private rented sector.
- 2.4** Rent deposit and bond schemes run by local authorities, housing associations and charities operate across England but despite such schemes being in place, it remains a postcode lottery as to whether they are available in a given area, as

well as who is eligible to receive them. The transfer of Community Care Grants and Crisis Loans into local welfare provision schemes has made it even more difficult to access this support.

- 2.5** Even where such schemes are still in place, many are viewed as worthless or second rate by landlords in the private rented sector, again further limiting the options available for those leaving supported accommodation.
- 2.6** The introduction of a national 'help to rent' scheme which provides individuals with a deposit that they can then pay back over a 12 month period is needed.
- 2.7** This would give people who have been homeless an important helping hand in moving towards independent living, meaning that they are no longer caught in supported accommodation or with their parents when they are ready to make the transition into independence. It would also free up supported accommodation for those who are in need of the support that YMCAs provides.
- 2.8** As well as ensuring national coverage, having similar Government backing to the schemes to that are provided for prospective home owners would improve its credibility amongst landlords, opening up more of the private rented sector to those leaving supported accommodation.

Are new measures needed to increase the supply of social housing?

What will be the impact of the Right to Buy for housing association tenants?

- 3.1** For the most part, the accommodation provided by YMCAs would not fall under the regulations for which Right to Buy could be extended to. However, one area which could potentially be affected is the 'move-on' accommodation YMCAs provide.
- 3.2** The purpose of the move-on accommodation is to be an intermediary step between supported accommodation and full independence. Move-on accommodation general exists where YMCA's have purchased properties that enable young people who have previously been living in supported accommodation to move in to, prior to moving into the private rented sector or social housing.
- 3.3** If move-on accommodation such as this would be eligible under the Right to Buy extension it would eventually reduce YMCA's housing stock and no longer allow the organisation to provide the necessary support that vulnerable young people require to complete the full transition to full independence.
- 3.4** YMCA England's research, *Delayed until Further Notice*, highlights the problem that YMCAs are facing with increasing numbers of young people trying to access its homelessness services and YMCAs being forced to turn them away individuals in need of accommodation in the past year due to being at capacity.⁵

⁵ YMCA England, *Delayed until Further Notice*, December 2015

- 3.5** With YMCAs already struggling to move young people into the private rented sector, the issue would only be exacerbated further were YMCAs no longer able to provide move-on accommodation as part of its homelessness support due to a lack of properties within its provision.
- 3.6** The extension of Right to Buy to housing associations would also likely discourage YMCAs from investing in move on properties through fear of having these purchased by residents.

What will be the impact of the proposed changes to social housing rents announced by the Chancellor of the Exchequer in the 2015 budget? Are there any additional or alternate changes to social housing rents needed?

- 4.1** YMCA supports some of the most challenging and vulnerable young people in our society. A natural consequence of this is that they will often be in and out of work or claiming housing and unemployment benefits which enable them to stay at YMCA while they rebuild their lives.
- 4.2** The provision of supported housing is specifically designed to help disadvantaged people to achieve or remain as independent as possible and live healthy lives. The income in rent received by YMCAs in its projects goes straight back in to providing this support and educational opportunities to enable these young people to get their lives back on track. If YMCAs had to absorb the costs of a 1% reduction in social rents, it would in turn mean that the level of support they would be able to offer to vulnerable young people would decline.
- 4.3** An alternative option would be to ask young people to contribute more towards their accommodation. However, due to the financial tightrope that these young people will often walk, with most living hand to mouth asking them to make up the shortfall is simply unfeasible and would have a significant consequence on their ability to make ends meet.
- 4.4** Therefore if the 1% reduction in social rents is introduced, the only way of potentially mitigating this damage to the individual's financial situation would be for the costs to be absorbed by the association, which is likely to result in a reduction of support through a limitation of services and/or a loss of staff.
- 4.5** Accordingly, YMCA is calling on the Government to remove supported housing which meet the definition of specified accommodation (as defined in the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014) from the mandatory 1% annual reductions.
- 4.6** Exempting specified accommodation, as with previous benefit changes, presents a straightforward solution because the definition was already exists and was agreed after two years of work between the Government and charities. The

definition has been in place for over a year and has worked well in protecting supported housing for the most disadvantaged.

- 4.7** In addition to the 1% reduction in social rents, the most crucial announcement for YMCA's ability to provide supported accommodation is the Government's announcement in the Comprehensive Spending Review that social rents as funded by Housing Benefit will be capped to Local Housing Allowance (LHA) levels.
- 4.8** While much of the detail surrounding the announcement is yet to be revealed the potential effects of the policy, if specified accommodation is not made exempt as with the 1% reduction, will fundamentally undermine the ability of YMCAs across the country to support those people in the most need.

If you require any further information or have any follow-up questions regarding our response, please do not hesitate to get in touch using the contact details included.

Yours faithfully,



Denise Hatton
YMCA England
Chief Executive