

# YMCA

Here for young people  
Here for communities  
Here for you

## Unlocking Affordable Homes

Boosting affordable housebuilding  
to solve the housing crisis

MARCH 2024

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**EVERYONE  
SHOULD  
HAVE A FAIR  
CHANCE  
TO DISCOVER  
WHO THEY  
ARE AND  
WHAT THEY  
CAN BECOME.**

**YMCA**

Here for young people  
Here for communities  
Here for you

YMCA believes in fairness and opportunity. There are essential building blocks for a full and rewarding life: a safe home; acceptance; guidance; friendship; physical and mental health; academic support; employment skills; and access to real opportunities.

Many young people have never known these things; other people have lost one or more as they grew up, but we all need them. All of us.

At YMCA, we provide these critical foundations for a fresh, strong start for young people and a better quality of life in the community.

**YMCA is the largest charitable provider of supported housing to young people in England and Wales. We provide a safe and supportive home to more than 20,000 people each year, equipping them with the skills and space they need to live independently.**

*Charity*  
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Charity Bank kindly sponsors this report. Charity Bank is the loans and savings bank for charities, social enterprises and people who want to make the world a better place. It uses its savers' money to provide much-needed loans to UK organisations working to drive positive social change – bringing benefits for people, communities, and the environment.

Since 2002, Charity Bank has made more than 1,250 loans totalling over £500m to housing, education, social care, community, and other social purpose organisations. Charity Bank is owned by social purpose organisations and aims to use its expertise, commitment, and flexible approach to lending, to help charities and social enterprises get the support and funding they need.

# EXECUTIVE SUMMARY

Local YMCAs have great ambitions to help tackle the UK's housing crisis by building new affordable housing tailored to the needs of their local community and young people specifically. However, there are a number of barriers which make it more difficult for local YMCAs to achieve these ambitions. As well as the generally difficult economic context facing social and affordable housing providers, we have identified a range of challenges from interviews with local YMCAs and other stakeholders. We make six recommendations to the Government and Homes England about actions they can take to remove these barriers. If our recommendations are implemented, we are confident that we can enter a new era of housebuilding to equip the UK with the safe, warm, affordable homes that our communities need.

# KEY THEMES

Local YMCAs that have already started or completed housing development projects often **use land or buildings that they already own**. However, eventually, local YMCAs will run out of their own land and buildings to use for development projects, and many do not have these assets in the first place.

**It is very expensive to purchase land or existing buildings for development**, and many local YMCAs do not have sufficient assets to borrow against or sufficient cash reserves in order to fund this.

Undertaking housing development requires organisations to acquire planning permission from their local housing authority, but **planning processes can be slow** due to a range of factors, including low levels of staffing as a result of funding cuts.

**Local authorities have a duty to dispose of land for the best value that can reasonably be obtained**, and although there is an exemption for cases where undervaluing the land would benefit the economic, social or environmental wellbeing of the community, many local authorities cannot afford to sell their land to affordable housing providers for less than a competitive market rate.

**Local housing authorities are not required to consider the specific needs of young people** within their local housing needs assessments, and many do not recognise that young people have a particularly acute need for affordable housing.

**The application process for Homes England funding seems to be geared towards large housing associations** and other large organisations which are routinely undertaking development.

The **grant rates awarded by Homes England seem to vary widely** for reasons that are not always clear, and local YMCAs **held a perception that Homes England are unlikely to agree a grant to cover more than 50% of a project's costs**. Still, this level of grant rate makes it difficult to bring forward financially viable schemes.

**Homes England's 'milestone' funding model can be prohibitive for smaller organisations:** the need to purchase the land or building before receiving any funding, and the final 25% of funding only being provided after completion, requires organisations to have significant cash flow in order to bridge these gaps. Smaller organisations, like many local YMCAs, will struggle to be able to cover these costs.

Local YMCAs also expressed **that some of the requirements for receiving Homes England funding are too restrictive**, especially for smaller organisations. Homes England grants remain on buildings in perpetuity, which greatly increases the cost and financial risk if a housing provider needs to redevelop the same building in the future, and makes it very difficult to borrow against that asset in order to access funding to maintain or improve the building.

# RECOMMENDATIONS

1

The Government should offer upfront funding for land acquisition and consider releasing specific types of land for organisations that are looking to develop projects of 100% affordable housing.

The Government should increase funding to local planning authorities to enable them to fast-track applications and offer additional support to organisations delivering 100% affordable housing, and to enable local authorities to offer land or buildings for development at a below-market rate for affordable housing providers.

3

Local authorities should be required by Government to consider the needs of young people as a specific group in their local housing needs assessments, and to provide affordable housing specifically for young people in their area.

2

4

Homes England should undertake a review of its application processes, funding requirements and funding model in regard to how they unfairly hinder smaller providers' access to funding. Homes England should then take action to mitigate these barriers, for example by developing a separate, simpler application process for smaller providers (and any organisations developing 100% affordable housing), which removes any unnecessary barriers and is better adapted for the circumstances and needs of smaller providers; and by paying more of the funding at the beginning of the project, e.g. 95% on purchase of the land and 5% on completion (as is the case for the Single Homeless Accommodation Project).

Homes England should increase its flexibility around grant rates and offer much higher grant rates for 100% affordable housing projects in order to make it easier for applicants to afford to undertake these schemes. The Government should increase funding to the Affordable Homes Programme in order to allow Homes England to offer higher grant rates.

5

6

Homes England grants should depreciate over time rather than remain on buildings in perpetuity. For example, after 30 years, the grant should depreciate by 50%, and after 60 years, the grant should depreciate to 0%.

The UK is currently in the grip of a housing crisis which has been decades in the making. The English Housing Survey 2021-2022 found that there were 4.6 million people living in the private rented sector (19% of the population) and 4 million living in social housing (17% of the population), with 15.6 million living in owner-occupied households. There has been a net loss of an average of 24,000 social homes per year since 1991.<sup>1</sup> The private rented sector has nearly doubled in size since the early 2000s,<sup>2</sup> and at the same time, average rents in the private rented sector have spiralled upwards to levels unaffordable for many, increasing by 27% since before the Covid-19 pandemic.<sup>3</sup>

Statutory homelessness figures released in November 2023 showed that in the second quarter of 2023 (July to September), 105,750 households were living in temporary housing (which is often temporary in name only), including 138,930 children. The number of households in temporary housing has more than doubled since the same quarter of 2010. This is due in part to a lack of affordable housing for these households to move into.

YMCA England & Wales provides housing to more than 20,000 people a year through a range of supported and affordable housing options, and is the largest charitable provider of housing for young people in England (defining young people as between the ages of 18 and 35). Local YMCAs are embedded in their communities and see first-hand the effects of the housing crisis, which can be especially acute for young people. Young people under the age of 21 receive a lower minimum wage. Young people under the age of 25 receive a lower level of Universal Credit in comparison to those over 25, even if they are living independently from family and so have the same costs as older adults. This results in the private rented sector becoming even less affordable for them than it is for older adults.

Young people are less likely to have savings to rely on, including for a rental deposit, and many of the young people we support do not have anyone who can act as a guarantor for them. Young people who are moving out of their family home for the first time or dealing with family breakdown, who are leaving care, trying to avoid homelessness or to recover from homelessness, or simply to make their way in the world, need access to good-quality and affordable housing in their community. Too many of the young people we support are told by their local authority that they must move away from the area where they grew up, where all of their family, friends or support network live, in order to access affordable housing.

<sup>1</sup> [england.shelter.org.uk/support\\_us/campaigns/social\\_housing\\_deficit](https://england.shelter.org.uk/support_us/campaigns/social_housing_deficit)

<sup>2</sup> Department for Levelling Up, Housing and Communities, 'English Housing Survey 2021 to 2022: Headline report', December 2022

<sup>3</sup> Savills, 'Mainstream Rental Forecasts', November 2023

The long-term decline in the levels of social and affordable housing has, combined with the recent cost of living crisis, created a housing emergency. The UK needs a significant increase in the supply of affordable and social housing so that everyone living here has a good-quality, stable home that they can afford.

Despite these urgent circumstances, we still have a much lower level of housebuilding than is needed to tackle the housing crisis. In 2022-23, 212,570 new homes were built in England.<sup>4</sup> Of these, 63,605 were affordable homes, of which 64% were for rent, with the rest for shared ownership or other forms of 'affordable' ownership.<sup>5</sup> 2019 research by Heriot-Watt University suggested that around 340,000 new homes are needed in England per year to tackle the undersupply of housing, including 145,000 affordable homes.<sup>6</sup> This picture is complicated by the ongoing effects of the UK's exit from the European Union, the Covid-19 pandemic, increases in construction costs, and interest rate rises. It is clear that the Government must do more to stimulate and support housebuilding, especially the creation of affordable housing.

Homes England is the Government's housing and regeneration agency, an executive non-departmental public body sponsored by the Department for Levelling Up, Housing and Communities. Homes England provides grants, loans, and land to local authorities, housing associations, housebuilders, and other organisations to accelerate housebuilding and placemaking in England. This includes funding schemes like the Affordable Homes Programme, through which it makes billions of pounds of grants available for the building of affordable homes for rent or sale. Local YMCAs which have undertaken housebuilding have almost all applied for or received funding from Homes England. Still, aspects of the application process, funding model and funding requirements make it more difficult for smaller providers to deliver affordable housing. This theme will be explored further in a later section of this report.

Some local YMCAs have already started undertaking housing development work over the past few years and are keen to scale up. Others have yet to start but are enthusiastic about playing a role in meeting the housing needs of their communities. Overall, the YMCA Federation has great ambitions to help tackle the housing crisis by creating a new supply of supported housing and affordable housing tailored to the needs of local communities, and by functioning as an ethical landlord for young people and adults. Local YMCAs also see this as an important opportunity to help the UK get to meet our net zero goals, and to combat climate change.

<sup>4</sup> Department for Levelling Up, Housing and Communities statistical data set, 'Live tables on housing supply: net additional dwellings, Table 120', November 2023

<sup>5</sup> Department for Levelling Up, Housing and Communities, 'National statistics: Affordable housing supply in England: 2022 to 2023', November 2023

<sup>6</sup> Heriot Watt University Institute for Social Policy, Housing and Equalities Research, 'Housing supply requirements across Great Britain for low-income households and homeless people: Research for Crisis and the National Housing Federation; Main Technical Report', April 2019

*“Our grand plan is... just a commitment to do what YMCA should be doing, which is supporting the most vulnerable in society, and that’s what these homes are for.”*

YMCA Cardiff



*“What I want to build is something that is not quite Passivhaus, up to Passivhaus standard ... we need to have ground source heating, probably underfloor heating, rainwater harvesting, high insulation and probably mechanical ventilation.”*

YMCA Henley

The purpose of this research is to explore the challenges and barriers facing YMCAs in achieving these ambitions, and to give recommendations to the Government and relevant organisations about how they can facilitate this. If our recommendations are implemented, we are confident that we can enter a new era of housebuilding to equip the UK with the safe, warm, affordable homes that our communities need.

## Methodology

45 local YMCAs deliver housing in England and Wales, providing supported housing and affordable housing to over 20,000 people every year. 15 of our local YMCAs have over 200 units of supported and affordable housing each, and a number of YMCAs are looking to expand the amount of housing they have. This includes purchasing existing housing, taking on leases of housing owned by the local authority, or building new housing.

In order to understand the challenges and barriers facing local YMCAs in undertaking housing development, we gathered information from a range of sources. After reviewing existing literature on the UK’s housing crisis and affordable housing provision, we carried out semi-structured in-depth interviews with:

- ▶ 12 local YMCAs;
- ▶ three developers;
- ▶ Charity Bank;
- ▶ the Local Government Association;
- ▶ and Homes England.

Two local YMCAs interviewed had not yet undertaken any development work but were interested in considering housing development. They spoke about their key concerns when considering a development project, what they felt were the barriers to them doing so, and what more support they might like to receive from the Government and other organisations.

The remaining ten YMCAs interviewed had either begun some development work or had already successfully completed one or more development projects and provided insight into the challenges and barriers they had faced in doing so. The conversations covered the various stages of the development process, including getting approval from the organisation’s board of trustees; getting access to land; getting planning permission from the local authority; accessing funding; finding trusted builders and architects; managing the project; and running the building after completion.

Following the development of indicative themes and draft recommendations, we held a focus group with a number of YMCAs who had participated in the research to gather feedback, as well as discussing these with other internal and external stakeholders.





# KEY THEMES

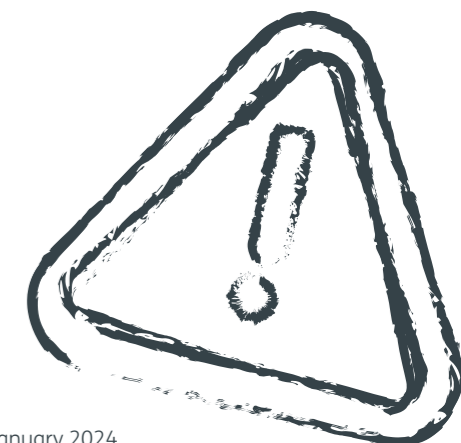
## The wider economic situation

A key contextual theme which arose from this research was the difficult economic and financial circumstances that local YMCAs are facing. Up until May 2022, the Bank of England's base rate had remained below 1% since 2009. At the time of writing this report (February 2024), the rate is now 5.25%.<sup>7</sup> This has massively increased the cost of borrowing, making it a bigger risk for organisations to borrow money in order to fund housing development. Construction costs have also increased significantly over the past few years, rising after Brexit and then increasing even more sharply from the beginning of the Covid-19 pandemic in 2020, with the price of construction materials now resting between 50% and 55% higher than they were in 2015.<sup>8</sup>

Abrupt changes in the economy, such as the interest rate rise, can render housing development projects suddenly financially unviable, even if organisations have put a significant amount of money into scoping out and preparing the project up until that point. The possibility of a project becoming financially unviable due to unpredictable external factors creates a strong disincentive for smaller and less financially secure organisations to undertake development.

*“What’s stopping us doing development now is, quite honestly, the cost-of-living crisis, and the cost of bringing forward schemes. Our site’s got quite a lot of land. We did some options appraisals, where we could, for example, put another 12 bed spaces on our roof... but I think to put maybe 12 units on the roof was about one and a half million, maybe more. The technical fees, just the fees to get it through planning and all the rest of it is like £100,000.”*

YMCA Southend



<sup>7</sup> [bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate](https://bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate)

<sup>8</sup> Department for Business and Trade, 'Monthly Statistics of Building Materials and Components', January 2024

Local YMCAs and other social housing and supported housing providers are already facing increased costs from higher energy bills, the need to decarbonise and retrofit existing housing stock, and increased regulatory requirements from the Regulator of Social Housing and Ofsted. Many YMCAs deliver a wide range of services other than housing, such as youth services or health and wellbeing activities, but these services are being threatened by further local authority funding cuts. It is more difficult for YMCAs to take on the financial risk of a development project if they are also facing a sudden budget shortfall due to the loss of funding for other services.

The contextual factors and challenges explored in this section highlight how important it is for the Government and associated agencies to take action to support smaller providers in undertaking development work. This is vital to enabling an increase in the amount of new affordable housing being built.

## Access to land

Local YMCAs that have started or completed development projects have often used land or buildings that they already owned. Similarly, other YMCAs which are looking at undertaking housing development are planning on using their own land for this. This maximisation of existing assets is a positive use of resources, reducing financial risk and making development projects more affordable. However, YMCAs will eventually run out of their own land and buildings to use for development projects, and many do not have these assets in the first place.

Some YMCAs have been given or leased land from their local authority for a below-market rate or a peppercorn rent (and some for free). This is sometimes because these are plots of land or buildings that commercial developers are not interested in purchasing or developing due to size or location. In other cases, local authorities have chosen to offer commercially attractive land to YMCAs for below-market rates because they recognise the importance of facilitating affordable housing development in their communities. However, many local authorities are trying to achieve a competitive market rate for their land or buildings in order to support the authority's finances.

It is very expensive to purchase land or existing buildings for development, as a significant proportion of land is owned by commercial or for-profit organisations looking to achieve a competitive market rate for their assets. This is particularly challenging in urban areas, where the housing crisis is most acute. Many YMCAs do not have sufficient assets (such as other buildings) to borrow against in order to access credit to purchase new land or buildings for development, or sufficient cash reserves to utilise their own funds for this

## CASE STUDY

**YMCA Derbyshire is currently in the process of building 60 units of affordable one-bedroom apartments. These units will serve as transitional housing for young people living in the City of Derby and/or YMCA Derbyshire's supported housing to move into when they have gained employment and are ready to live more independently but need access to affordable housing run by a reliable, ethical landlord.**

**YMCA Derbyshire used grant funding from Homes England and a loan from Charity Bank to fund the development. A key factor which has made the project possible is their partnership with Rolls Royce which secured the site, as the land is on an old factory site belonging to the business. Moving forward, YMCA Derbyshire has ambitions to build more affordable housing for young people in the community, but getting access to cheap or freely available land will be an ongoing challenge.**

Organisations looking to access Homes England funding are not able to approach Homes England to discuss a grant application until they possess the land they wish to build on (or the building they wish to redevelop). There is some funding available from Homes England for land purchase, but this is only paid after the land has already been bought. This means that smaller YMCAs and other smaller providers may end up being shut out of housing development because of the difficulty and cost of acquiring affordable land for development.



## RECOMMENDATION

1

**THE GOVERNMENT SHOULD offer upfront funding for land acquisition and consider releasing specific types of land for organisations that are looking to develop projects of 100% affordable housing.**



# Working with local authorities

Undertaking housing development requires organisations to acquire planning permission from their local housing authority. A number of factors can make the process of acquiring planning permission more difficult. Many local authorities are now in a very difficult financial situation as a result of cuts to national government funding for local government since 2010/11. This means that many local authorities have had to reduce their staff numbers, especially in planning departments, leaving fewer staff to work on the projects that developers propose. This can slow down planning processes and make the process more difficult for housing providers to get through.

The Local Government Act 1972 requires public authorities to dispose of land for the best value “that can reasonably be obtained” (unless they have the permission of the Secretary of State not to do so, or unless it is for a short tenancy). However, a 2003 amendment to the Local Government Act 1972 created an exemption to the best value duty if the local authority considers that disposing of the land for less than best value would benefit the promotion or improvement of economic, social or environmental wellbeing; and the ‘undervalue’ of the asset is £2 million or less. The provision of new affordable housing is clearly of great economic and social benefit to local communities. Local authorities are impeded from using this exemption by the need to bolster their budgets by using their assets to bring in as much income as possible.

Local housing authorities are required by the National Planning Policy Framework to assess the housing needs of specific groups in their local housing needs assessment and reflect these needs in their planning, including people who require affordable housing; older people; people with disabilities; students; people who rent their homes; and others. Young people are not specified within this. Local YMCAs told us that some of the local authorities they have engaged with do not recognise that there is a specific need for affordable housing for young people in their area, or do not perceive that young people might have different housing needs to older adults.

However, young people do have a particularly acute need for affordable housing, as young people under the age of 25 receive a lower level of benefits than those over 25, and the minimum wage is lower for those under the age of 21 (previously those under the age of 23). Young people are more likely to need one-bedroom flats or studio flats rather than houses with multiple bedrooms, and most young people need access to a good supply of homes for rent rather than options for home ownership.



## RECOMMENDATIONS

2

### THE GOVERNMENT SHOULD

increase funding to local planning authorities to enable them to fast-track applications and offer additional support to organisations delivering 100% affordable housing, and to enable local authorities to offer land or buildings for development at a below-market rate for affordable housing providers.

3

### LOCAL AUTHORITIES SHOULD

be required by the Government to consider the needs of young people as a specific group in their local housing needs assessments, and to provide affordable housing specifically for young people in their area.

# Access to Homes England funding

Many of the challenges and barriers described by local YMCAs during our interviews related to the difficulty of accessing Homes England funding. We have organised these into three themes.

## APPLICATION PROCESS

Local YMCAs raised the issue that the application process for Homes England funding seems to them to be geared towards large housing associations and other large organisations which are routinely undertaking development. The application process is the same for all organisations, regardless of size, and includes a number of questions which are not relevant to smaller providers. Organisations applying for Homes England funding for affordable homes must also be registered providers of social housing, but the process of registering is very time-consuming and difficult; this process is also the same for all applicants, whether they are for-profit organisations or charity providers. YMCAs felt that it was disproportionate for small organisations looking to build, for example, 20 affordable homes, to have to go through the exact same lengthy process as large housing associations looking to build new developments of 100s of homes, of which only a small proportion might be affordable.

## FUNDING MODEL

Homes England operates on a gap funding model, where Homes England will provide a grant to cover the gap in funding required to make a project viable once the applicant has explored other available sources of funding. There are no specific grant rates which Homes England offers as standard, but instead grant rates are decided on a scheme-by-scheme basis. Homes England does have benchmarks against which it assesses schemes for value for money, including by looking at average costs based on geographical area and using this assessment to determine the grant rate it will offer. However, rates can still sometimes be agreed at higher or lower than the benchmark, depending on what is needed.

Broader literature on affordable housing notes that in the past, the Government provided a much higher level of grant as a proportion of the costs of a development project. The level of Government grants as a percentage of investment in house building has fallen from between 50 and 80% in the 1990s and 2000s to around 20% now, although investment such as through the Affordable Homes Programme has started to reverse this trend.<sup>9</sup>

Local YMCAs mentioned their awareness that the grant rate offered by Homes England could vary very widely around the country and from project to project in the same area but that there was not enough explanation or transparency around why this was and how grant rates are decided. They also raised their perception that Homes England are very unlikely ever to agree a grant to cover more than 50% of a project's costs, even when going just over this would make a project financially viable. However, YMCAs told us that the Greater London Authority (which disburses Homes England funding within London) is known to offer grant rates of over 50%, which makes it much easier to bring forward viable development projects.

When Homes England funding has been agreed, it is paid out to applicants on a 'milestone' funding model. 25% of the funding is paid after the purchase of the land or building, a further 50% when building works start, and the final 25% on completion of the development. This funding model can be prohibitive for smaller organisations: the need to purchase the land or building before receiving any funding, and the final 25% of funding only being provided after completion, requires organisations to have significant cash flow in order to bridge these gaps. Smaller organisations, like many YMCAs, will struggle to be able to cover these costs. In addition, Homes England asks applicants to provide detailed designs and building specifications as part of their application, but it can cost a few hundred thousand pounds to pay experts to produce these; this is a considerable amount of money for smaller organisations to spend on funding applications which may not ultimately be successful.

*“Within the grant application for Homes England, they would prefer us to have a detailed design and build spec to have certainty on our development costs, but that’s going to cost us around £200,000 to do. We do not want to spend that money if we are not successful with the grant because then that’s more money that we’ve lost. They said, “Okay, you can put it in without, but you need to sign something to say you’re not going to go back and ask Homes England for any more money in case your costs are wrong.” But it’s very difficult to know your full cost until you’ve done your detailed design. It’s catch-22, really. There’s no flexibility or support, particularly for small providers. For the big housing associations, with numerous development projects, it’s not so much of an issue, whereas for us, it really is. It would be great if there was an at-risk grant fund for small providers to draw on for these costs or have a mechanism for flexibility on grants to account for fluctuating programme costs.”*

YMCA Trinity Group

<sup>9</sup> The British Property Federation and Legal & General Capital, 'Delivering a Step Change in Affordable Housing Supply', March 2022



In order to bring forward an application for a development project, YMCAs must consider what level of rent they will charge residents once the building has been completed and how this will make the project financially viable. Where YMCAs are looking to build affordable housing which is not supported housing or where the rent is charged at an ‘affordable’ level even if there is some support provided, it can be much more difficult to develop a viable financial model for the development project and for operational costs after the building is completed. Affordable rents are lower than the rents it is possible to charge for supported housing (which is a form of exempt accommodation), as it is expensive to deliver the support element of this housing.

*“Getting the rent model right is also a massive barrier, because I want to do it on an affordable basis not an exempt basis. So it’s transitional housing to people that are ready to move on, and to get that model to balance, it’s nigh on impossible if I’m totally honest.”*

*A local YMCA*

However, it is important for smaller providers like YMCAs to be able to develop affordable housing in order to create a pipeline of affordable move-on housing for their residents to move into when they are ready to live independently, as well as to help meet the affordable housing needs of the wider community.

## FUNDING REQUIREMENTS

YMCAs expressed that some of the requirements for receiving Homes England funding are too restrictive, especially for smaller organisations. Applicants are required to have a lease of over 100 years or to own the freehold on land or a building in order to receive Homes England funding for developing it, which can be difficult or expensive to obtain.

One of the YMCAs we interviewed mentioned that they had wanted to develop a block of affordable flats, which would have been partially intended specifically for renting to NHS workers at their local hospital, who are in great need of more affordable housing. However, Homes England does not allow grant funding to be spent on developments intended for a sole employer.

YMCAs felt that Homes England’s timelines are sometimes unrealistic. For example, they had seen funds being offered for developments that needed to be completed within one year of receiving the funding. This is linked to the strict funding rounds within which Homes England offers funding, although some deadlines were extended during the Covid-19 pandemic; YMCAs felt that deadlines should be slightly more flexible.

Another barrier raised by YMCAs is the fact that Homes England grants remain on buildings in perpetuity. This means that if an organisation wishes to sell the building in the future or to use it for a purpose which was not the stated purpose when they received the funding (e.g. for housing at market rent levels), all of the grant funding received would have to be paid back to Homes England.

This greatly increases the cost and financial risk if a housing provider needs to redevelop the same building in the future and makes it very difficult to borrow against that asset in order to access funding to maintain or improve the building. YMCAs felt that it seems self-defeating to have a policy that makes it more difficult for housing providers to maintain their buildings to good quality standards or to improve them to higher energy efficiency standards in the future.

## RECOMMENDATIONS

Smaller organisations like YMCAs have a huge capacity to contribute to solving the UK's housing crisis. In order to do so, funding programmes must be flexible and adaptable to their specific circumstances and needs.

4

**HOMES ENGLAND SHOULD undertake a review of its application processes, funding requirements and funding model in regard to how they unfairly hinder smaller providers' access to funding. Homes England should then take action to mitigate these barriers, for example by developing a separate, simpler application process for smaller providers (and any organisations developing 100% affordable housing), which removes any unnecessary barriers and is better adapted for the circumstances and needs of smaller providers; and by paying more of the funding at the beginning of the project, e.g. 95% on purchase of the land and 5% on completion (as is the case for the Single Homeless Accommodation Project).**

In order to ensure that much more affordable housing is built in the UK, the Government must increase the amount of investment it makes into this.

5

**HOMES ENGLAND SHOULD should increase its flexibility around grant rates and should offer much higher grant rates for 100% affordable housing projects in order to make it easier for applicants to afford to undertake these schemes. The Government should increase funding to the Affordable Homes Programme in order to allow Homes England to offer higher grant rates.**

The Government should reconsider counterintuitive policies that prevent investment in maintaining or refurbishing buildings. If a building which has been developed with Homes England grants has been run as social or affordable housing for decades, then it has already delivered a great deal of social value in that time, and the requirements on the grant should be relaxed in order to reflect that.

6

**HOMES ENGLAND GRANTS SHOULD depreciate over time rather than remain on buildings in perpetuity. For example, after 30 years, the grant should depreciate by 50%, and after 60 years, the grant should depreciate to 0%.**



Homes England also needs to be sufficiently resourced and staffed to enable it to give a high level of support to applicants, and the Government should consider whether the current size of the organisation is conducive to bringing forward the amount of housing needed to tackle the UK's housing crisis.

## CONCLUSION

YMCA is a federation of non-profit organisations embedded in their local communities, closely connected with local partners and in tune with the needs of local people. Local YMCAs are highly well-placed to tackle the housing crisis in their areas by developing affordable housing that meets local people's needs and provides good-quality, safe and stable homes. Local YMCAs have the power and ambition to be a game changer for the delivery of affordable housing across England and Wales. Still, as explored in this report, we need the Government to take action to enable this. If the Government implements our recommendations, we can deliver a new era of affordable housing and help end the housing crisis that is plaguing our communities.



# ymca.org.uk



## #NewsOurChance

### Get in touch

For any questions or support, please get in touch via email at [policy@ymca.org.uk](mailto:policy@ymca.org.uk) or by calling **020 7186 9500**.

# EVERYONE

**should have a fair chance to discover who they are and what they can become.**



Here for young people  
Here for communities  
Here for you

YMCA enables people to develop their full potential in mind, body and spirit. Inspired by, and faithful to, our Christian values, we create supportive, inclusive and energising communities, where young people can truly belong, contribute and thrive.

FAMILY & YOUTH WORK

HEALTH & WELLBEING

HOUSING

TRAINING & EDUCATION

SUPPORT & ADVICE