

Report to: Scrutiny Committee.
Date: 6 February 2020.
Title: Meeting the Housing Needs of the District's Young People
Report of: Deputy Chief Executive (Director of Regeneration and Planning).
Ward(s): All.
Purpose of report: To suggest the scope for a potential scrutiny review examining the barriers that young people in the District face in securing an access to a suitable housing options.
Officer recommendation(s): (1) That Scrutiny Committee consider the contents of this report and consider whether any further scrutiny activity is required on this issue and if so how this might be focussed.
Reasons for recommendations: To enable the Committee to consider how it might wish to review the issues at hand.
Contact Officer(s): Name: Oliver Jones.
Post: Strategy & Partnerships Lead - Housing & Communities.
E-mail: Oliver.Jones@lewes-eastbourne.gov.uk.
Telephone number: 01323 415 464.

1. Introduction.

- 1.1. The Committee agreed, as part of its work programme for 2019/20, to receive a report on the support available for young people, with a particular focus on access to housing, youth support and employment opportunities. As the primary responsibility for youth and education services lies with the County Council, this report will focus on examining the barriers that young people face when seeking to find quality and affordable homes across the District. Committee may wish to consider further the best way of engaging County Council on the other matters (i.e. youth services and employment opportunities).
- 1.2. In addition to playing a critical role of investigating Cabinet decisions and policies, it is within the scope of the Scrutiny Committee's remit to investigate any issues which it is felt affect the local area or the local area's inhabitants. Relevant guidance encourages scrutiny committees to 'tackles issues of direct relevance to local people' (LGA Councillors Workbook on Scrutiny). The high cost of both rented and owner occupied housing and the limited supply of low cost options for young people has been highlighted as once such concern by the Committee.
- 1.3. This report provides the Committee with information about the operation of the local housing market and considers how this might be impacting the ability of young people to secure a home of their own. For the purposes of this report, young people are defined as households, with or without children, headed by members under the age of 35. As such, the scope of the report can consider the issues experienced by single people seeking to leave their parental home for the first time, as well as households with children looking to rent or buy their first family home. A combination of high rents and house prices, reductions in welfare support and a low supply of affordable homes impacts disproportionately on these household groups.

2. Background.

- 2.1. Access to safe, secure and affordable housing is fundamental to supporting the health and independence of all residents, creating sustainable communities and promoting economic growth. For this reason, *Housing* is one of the key themes that shape the vision for Lewes District set out in the current and 2020-2024 draft Corporate Plans, which set out a series of goals that reflect the District's broader statutory responsibilities and policy activities. This broader set of activities includes:
- 2.2.
 - Planning for and demonstrating a sufficient supply of housing.
 - Promoting the delivery of social affordable housing in both towns and villages.
 - Supporting the delivery of sustainable, energy and resource efficient homes.
 - Preventing and relieving homelessness in their local area.
 - Promoting housing options for all residents.
 - Enforcing minimum housing quality standards across all tenures.
 - Supporting independent living and distributing disabled facilities grants.
- 2.3. Lewes District Council is a direct provider of housing, owning and managing 3,200 rented and leasehold homes. It also administers the local housing register, through which available rented Council and residential social landlords (housing associations) homes are allocated.
- 2.4. Duties to provide various forms of supported housing, housing for 16-17 year olds facing homelessness and households with children that are found to be intentionally homeless fall on East Sussex County Council.
- 2.5. Whilst there is no specific statutory requirement for the District Council to provide housing for young people, the consequences of not making adequate provision could have a significant negative impact at both a personal and district level. *A Place to Grow*, a study released by *The Health Foundation* found that expensive and insecure housing, along with unstable employment contracts were repeatedly identified as factors that had a negative effect on the life chances of young people. Meanwhile, at a district-wide level supporting the independent living needs of younger households is fundamental to the creation of sustainable and economically viable communities. Not doing so presents a risk to this.

3. The District's Housing Challenges

- 3.1. Lewes faces a series of housing challenges, in the main driven by high housing costs across the District and the limited supply of affordable housing for those on low and middle incomes. High costs are not factor unique to Lewes, though it should be noted that average incomes for the District are below the regional South-East average. Together with the implementation of recent welfare reforms, the structure and limited size of the local private rented sector and low levels of social rented lettings, these factors have a significant impact on the ability of all the District's residents to access secure, stable good quality homes. Younger people are likely to be disproportionately affected by these issues, as they are more likely to have lower than average incomes, more likely to be reliant on temporary or insecure jobs and less likely to have equity in an existing property.

- 3.2. As a result many young people are, until their thirties at least, generally unable to raise the finance necessary to purchase a home and may often struggle to raise rental deposits for a privately rented home in the District.
- 3.3. Looking at each of the key housing challenges in turn:
- **Affordability** - Lewes is the most expensive District or Borough in East Sussex in which to buy a home. Although house prices have dipped from their peak in 2016, the average price of a home in February was £320,000, over eleven times the local average full-time salary. Meanwhile average rents for all sizes of accommodation have risen by 16 percent in the past five years and a rent of below £700 for a one-bedroom self contained flat is rare in any part of the District. To remain affordable this would require a household income of £26,000 for those in work, which is above the average of all employees in the District.
 - **Housing welfare subsidies** - A continued freeze of *Local Housing Allowance* rates has a direct impact on those claiming *Housing Benefit (HB)* to pay all or part of their rent, meaning that as private rents increase the contribution or 'top up' that households need to find has increased also. The one-bed rate for the majority of areas in Lewes is £684 pcm, so falls below the majority of rents charged for a one bedroom flats. In addition, the HB (now the housing element of Universal Credit (UC) for new claimants) rate for single claimants under the age of 35 is capped at the shared room rate of £358 pcm, an additional barrier to young people in the District who are unable to find stable employment. There are almost 3,000 single claimants of HB across the District.
 - **Welfare reforms** - The ongoing implementation of welfare reforms and rollout of UC in particular, are continuing to have an impact on all households in the District. Although there are no specific figures available to assess the impact by age of households, feedback from *Homelink Lewes* (a District backed charity that provides emergency loans to cover rent and deposits for local household threatened with homelessness) points to a large increase in the number of referrals in receipt of UC. Over 40% of these applications are from households headed by a person under 30 years of age.
 - **Private rented sector** - There is a high level of home ownership in Lewes, with only 14 percent of the local housing stock available for rent privately, lower than the equivalent national, regional and County (18 percent) level. A low proportion of these are available as shared accommodation and there are only 15 registered Housings in Multiple Occupation (HMOs) and an estimated 200 shared homes across whole of the District. A recent search on *Rightmove* returned a total of just 18 one bed and 3 studio flats available for rent. There were no shared rooms being advertised. The same search for Eastbourne (bearing in mind that the total housing stock in not dis-similar) returned almost eighty available properties.
 - **Demand (overall)** – The overall population of Lewes is projected to grow by 6.7% in the next ten years and whilst the overriding trend across the District is one of ageing, the number of young people is expected is projected to grow by 10% during this time. As such, within the context of higher demand more generally, there will be ongoing demand for affordable homes that meet the aspirations of young people who want to live independently in the District.

- **Social housing vacancies and demand**– The turnover of social rented homes is low and has decreased as those in social housing have been unable to move on to home ownership. In 2017/18 there were only 61 lettings of existing and new Council general needs homes, with a similar number of housing association lettings recorded across the District (59). There are over a thousand applications accepted on the District’s housing and the demand for social housing amongst younger households, unsurprisingly, is high. An analysis of the age of lead applicants shows that 18-34 year olds make up 31% of the list (yet only 19% of the District’s adult population¹).

3.4. The combined impact of these challenges mean that young people now face a significantly greater challenge of moving towards independent living than previous generations. This process can be even more difficult for those young people often living with identified vulnerabilities, which can include care leavers or those experiencing physical or mental health issues.

4. Addressing High Housing Costs – Council Policies

4.1. The focus of the District’s housing approach is set out in the *Local Plan*, which recognises that high housing costs and below average earning for the South-East are driving the demand for more affordable rented and low cost ownership homes. Specific plans to boost supply were set out in a supplementary planning document in July 2018². This set out a District wide policy requirement for developers to build 40% affordable housing on all schemes of eleven or more homes, based on a guideline 75% rented / 25% shared ownership split. The 2020-24 draft Corporate Plan sets out a clear target to build 300 affordable and 200 Council homes across the plan period, to help open up access to quality housing options for low and middle income households.

5. Meeting Young Peoples’ Housing Needs

5.1. Increasing availability of affordable homes will undoubtedly be of benefit to young households with low-cost home ownership products in particular, tending to be directed at and taken up by this group. However, there are a range of other strategic approaches that may be able to help address the housing needs of this group, including; research that look to better establish housing needs; measures that take a cross-tenure approach to meeting demand; and schemes that can draw on a range of subsidies to reduce the market cost of housing. These schemes may use ‘supply side’ subsidies, such as the grants provided to councils and residential landlords to reduce the costs of the homes the build and ‘demand side’ subsidies, that reduce the cost of housing at point of purchase, such as the Government’s ‘Help to Buy’ scheme, which provides equity loans to reduce costs.

5.2. The section below set out some of the areas that Committee may wish to consider:

¹ ONS Population projections for 2020 (trend based).

² LDC Affordable Housing – Supplementary Planning Document, July 2018

- **Better understanding local young people's housing needs.** Fully understanding the levels and nature of future demand is key and as well as the routine analysis of population projections and migration trends, future housing needs assessments could be scoped to include a greater focus on young people. In doing so they could; include a robust analysis of young people's incomes in relation to local purchase prices / rental costs; seek to assess the housing aspirations of young people in the district and what drives these; and set out to better understand the needs of local young people with vulnerabilities or additional challenges.
- **Meeting the home ownership aspirations of young people.** Positively engaging with developers and directing planning policy to ensure that new schemes make provision for delivering flats and smaller one and two bed houses can help ensure a supply of homes that are more affordable to first time buyers. Other measures might include; encouraging all developers applying for permission in the District to sign up to the Government's Help to Buy scheme (a new scheme running from 2021 has recently been announced); optimising the provision of shared ownership delivery in schemes; and ensuring that these schemes subscribe to new Government criteria offering 'staircasing' opportunities in smaller increments.
- **Shaping private renting.** Measures that might look to expand the role of the size of the private rented sector and improve its resilience, by improving the range, quality and stability of the homes it provides. These may include:
 - Exploring the potential to open up the development of 'build for rent' schemes that provide new purpose built homes (usually flats) for rent. Schemes have proved a popular model of development in larger towns and cities and encourage institutional investors to provide professionally managed accommodation that can offer the benefits of longer fixed term tenancies. Schemes should include the provision of 'affordable private rent' homes, generally determined to be let at 80% of the full market rent.
 - Working with developers to model schemes that reduce rental costs by balancing communal and private space to reduce the size of individual units, increase density and lower weekly rents.
 - Supporting the more traditional private rented sector by introducing income protection bonds that underwrite the rent for young people - such schemes are commonly used for helping incentivise landlords to house homeless households.
- **Direct provision of schemes for young people.** Council owned investment vehicles can provide mechanisms through which to directly build schemes to meet recognised local needs. The Executive Committee of the Lewes Housing Investment Company meets in March to discuss how strategic objectives can be directed to meet local needs and make a commercial rate of return, whilst Aspiration Homes already sets out an ambition to meet the needs of younger households through the provision of low cost rental and shared ownership homes. Broader partnership work with our statutory partners and local housing associations can help ensure that the housing needs of young people with vulnerabilities and additional needs are met across the District.

- **Housing options advice.** Ensuring that our teams providing housing options services are fully aware of the options available to middle income households, who are struggling to move on and obtain a foothold in the property market, is a straight forward way of opening up the access that local residents have to developers and residential social landlord offering Help to Buy, shared ownership and other low cost home ownership products. Ensuring that our webpages to provide up to date links to providers is also key.

5.3. Taking steps to improve the access that younger people have to securing quality housing in the District is likely to require considering a blend of the measures set out above. Further work to assess the implications costs and viability of each of the areas suggested for consideration would be required before any clear proposals could be put forward for adoption. This process could take part as part of a forthcoming review of the Lewes' Housing Strategy scheduled to take place in the Spring.

6. Financial appraisal

6.1. There are no recommendations associated with this report that have any direct financial implications for the Council.

7. Legal implications

7.1. There are no recommendations associated with this report that have any direct legal implications for the Council.

8. Risk management implications

8.1. There are no recommendations associated with this report that have any direct risk management implications for the Council.

9. Equality analysis

9.1. There are no recommendations associated with this report that have any direct equality or diversity implications for the Council. However, should any recommendation arise from this report, or any further scrutiny activity, then this position will need to be reviewed.

10. Environmental impact analysis

10.1. There are no recommendations associated with this report that have any direct environmental or sustainability implications for the Council.

11. Appendices

11.1. There are no appendices associated with this report.

12. Background papers

12.1. • Local Government Association – A Councillors Workbook on Scrutiny

<https://www.local.gov.uk/councillors-workbook-scrutiny>

- The Health Foundation – A Place to Grow

https://www.health.org.uk/sites/default/files/upload/publications/2018/A-place-to-grow_0.pdf