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# **Housing Options for 18-35 year olds**

**Tech Services  
8<sup>th</sup> July 2016**

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# The Report

- **‘Feasibility study of the prospect of developing a viable housing model for those entitled only to access the shared accommodation rate’**
- **Written by Cambridge University’s Centre for Housing and Planning Research**
- **Co-commissioned by CHC and the WLGA in February in response to the imposition of the LHA cap and the removal of housing benefit from 18-21 year olds**

# Context

- Of young people (aged 16-35) in Wales who form independent households, 46% are home owners, 39% live in the PRS and 15% in social housing
- 13% of all young people in Wales are currently living in shared housing, and nearly all of this is provided by private landlords. There is very little shared housing provided by social landlords, except in the supported housing sector.
- 8,700 young single people are currently claiming housing benefit for social rented housing in Wales. At current rates of turnover it can be estimated that by April 2018, around a third of single young social tenants in Wales will be initially unaffected because they have held their tenancies for more than two years.
- In the future most of this group will be restricted in the amount of benefit they can claim, with average shortfalls of around £21 per week between their housing benefit entitlement and their rent (as well as any existing service charges).
- Around 2,900 18-21 year olds without dependent children currently claim housing benefit in Wales. It is not known how many of these will remain eligible for housing benefit from April 2017 as the ways in which vulnerability will be determined remain unclear. Housing providers consider that the large majority of their 18-21 year old tenants are not able to live with their parents, so should remain eligible for housing benefit.

# Key Findings

Although other solutions are proposed (continued reliance on DHP, tenants taking lodgers, for example) the report points firmly to shared housing as the only financially viable solution for the majority of young people.

“Unless social landlords start to offer shared housing at rents within the new limits, the main option for young people is likely to be the private rented sector. This sector already meets the needs of many young single people, and has grown considerably in recent years, though it remains unclear as to how much further potential there is for expansion into the shared housing sector, especially given the recent regulations around HMO conversions.”

However, “(PRS) Landlords entering the sector are more likely to seek tenants who are older, better off, and can rent an entire property.”

So, it is likely that social landlords will have to provide Shared Housing if this issue is to be overcome.

# Recommendations

**Aimed at: Welsh Government; Housing Associations; Local Authorities; UK Government**

- Education and promotion of shared housing as the main economically viable option for single young people on low incomes or benefits
- Removing barriers to shared housing, at UK, Welsh and local levels.
- Funding for the development and ongoing management of housing for young single people
- Sharing good practice in developing and managing shared housing

# CHC Actions

“The Welsh Government should undertake or commission research into the levels of demand and need for shared housing from those on social housing waiting lists, considering both people’s housing preferences and their ability to pay for the housing they would like. The extent to which young people on waiting lists prefer or need shared housing to be provided by a social (rather than PRS) landlord is also an area where further research would be useful.”

## **Meeting with Welsh Government on 27/07**

Members requested that CHC do more to promote best practice to enable members to meet the recommendations.

## **One Big to be used to showcase good examples of shared housing**

Attendees suggested that WG fund pilot projects to improve understanding of the feasibility of shared housing. They also suggested pilot schemes in which LAs fund white goods, support tenants and engage with RSLs using funding from the homelessness budget.

## **To be raised at meeting with WG/ CHC to support UW/Coastal/Pobl**

# CHC Actions

Allocations policies were a key area of discussion:

The report recommends that allocations policies be amended to enable groups to apply together.

Unifying allocations policies (on this area, in particular, and more broadly) would be welcomed by those CHC members spread across several LAs.

Attendees suggested that a shared process across LAs is needed to identify who is suitable or in need for shared housing

The idea of the creation of a 'home swap' register was proposed. This would mean that tenants in shared housing or PRS can move if their property is not suitable. This could be considered as a wider, cross-organisational approach to examining the suitability of the allocations systems LAs employ, currently.

**Based on Welsh Government research on demand, CHC to call for a working group to be established between WLGA, CHC and WG to consider allocations, using the above points to inform the agenda.**

# CHC Actions

Attendees' views on whether to relax standards for new development were mixed, but this was a hot topic and one which CHC and WG should continue to work on. One idea that was discussed, perhaps worthy of further investigation, is that a new category of temporary housing is created which works to different space standards, etc. The recommendation in the report is that The Welsh Government should address the conflict between reduced housing benefit levels and preserving housing standards (space standards, lifetime homes, etc).

**Again, the survey of demand is key to how this is taken forward**

**CHC to discuss with WG the 20,000 units target and how shared housing fits into this**

**Coastal, Pobl, United Welsh discussing alternative approaches with WG**

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**CHC to discuss with WG the 20,000 units target and how shared housing fits into this**

**Coastal, Pobl, United Welsh discussing this at the moment with WG – CHC to support**

# CHC Actions

Developers pay VAT on conversion, but not on new builds. The report suggests that conversion would be a quicker route to provision of shared housing. CHC could work with Welsh Government on the feasibility of implementing this change.

**Once demand is understood, CHC to discuss further with Welsh Government the viability of converting properties to shared homes & the legislative changes they could enforce to ease this process.**

The planning system, currently, can lead to some of the shared houses needed not being built (due to NIMBYism on councils, local blockages). There is some work to do to ensure that this system takes into account major policy changes like this one.

**To be raised with Arcadis, as part of research into planning viability.**

# CHC Actions

Driving down costs across the board is an obvious solution, as it means that the financial impact of the LHA cap will not scupper RSLs' business plans. Service charges were an area for discussion on this note. Also CHC, WLGA and Welsh Government need to look together at procurement consortia. The WG have had bad experiences of these in the past, but they may be worth reconsidering.

**CHC to raise with the Tech Services Network, in the first instance, to establish how much of this is ongoing already and the pros/ cons**

It is clear from the research that DHP is insufficient to support young people affected by the LHA cap. Whether DHP should be prioritised differently was discussed, but the general consensus was that it should continue to be offered on a case by case basis.

**Understanding of demand & viability will illuminate this issue. CHC to push WLGA on LAs providing clear & consistent DHP policies.**

# CHC Actions

## HMO and Council Tax Legislation

“For council tax purposes, an HMO is generally defined as a property where separate tenancies are held by the separate households within the property. Two tenants sharing a two bedroom flat holding separate tenancies would therefore be classed as an HMO for council tax purposes, even though the property does not meet the criteria for being an HMO for any other purposes. In these circumstances the landlord is liable for the council tax.”

*“We have kept houses at two people to keep below HMO rules. Even if that meant we had to knock a wall down to keep them at two bedrooms.  
(Stakeholder)”*

**CHC to request that WLGA seek clarification on the issues of HMO and Council Tax legislation**