



Economy and Regeneration Scrutiny Committee

Date: Tuesday, 18 July 2023

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published.

Access to the Antechamber

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Filming and broadcast of the meeting

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Membership of the Economy and Regeneration Scrutiny Committee

Councillors - Johns (Chair), Abdullatif, Baker-Smith, Benham, Hussain, Iqbal, Northwood, Richards, I Robinson, Shilton Godwin and Taylor

Supplementary Agenda

- 5. Manchester Housing Strategy (2022-2032) - Annual Monitoring Report** 5 - 56
Report of the Strategic Director (Growth and Development)
- This report provides an update on the progress made towards the Strategy's objectives during 2022-23.
- 6. This City Programme Update** 57 - 72
Report of the Strategic Director (Growth and Development)
- In December 2021, the Executive approved a business case outlining the ambitions and intentions of This City, the Council's wholly owned housing delivery vehicle.
- This report outlines the significant progress to date both in the formation, constitution and governance of the operational company but also in the spearheading of the construction of its maiden scheme, Rodney Street alongside the development of a long-term business plan.
- 7. How the Council works with MHPP (Manchester Housing Providers Partnership) and the Private Rented Sector** 73 - 100
Report of the Strategic Director (Growth & Development)
- This report provides an overview on how the Council works with partners in the Manchester Housing Provider Partnership (MHPP) and within the Private Rented Sector to achieve our strategic objectives. It also provides an introduction to the Council's role as a good landlord following the move to bring the homes previously managed by Northwards Housing back in-house.
- 8. Strategic approach to developments of social homes via a city-wide New Build Local Lettings Policy (LLP)** 101 - 110
Report of the Strategic Director (Growth & Development)
- Following the implementation of the revised Manchester City Council Part VI Scheme for the Allocation of Social Housing on 3rd November 2020, there is a risk that new social housing developments could find significant numbers of potential tenants with support needs and concentrating dependency in a very localised area.
- In order to create genuinely mixed communities in new build developments and enabling local people the opportunity to get a new local home it is necessary to put in place a strategic response in the form of a New Build Local Lettings Policy (LLP) for all new developments of social homes to be let at social or

affordable rent.

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on **Wednesday, 12 July 2023** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension (Library Walk Elevation), Manchester M60 2LA

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Manchester City Council Report for Information

Report to: Economy and Regeneration Scrutiny Committee – 18 July 2023

Subject: Manchester Housing Strategy (2022-2032) – Annual Monitoring Report

Report of: Strategic Director Growth & Development

Summary

The Manchester Housing Strategy (2022-2032) was published last year and set out the long-term vision on how best to deliver the city's housing priorities and objectives based around the following four priorities:

- Increase affordable housing supply & build more new homes for all residents
- Work to end homelessness and ensure housing is affordable & accessible to all
- Address inequalities and create neighbourhoods & homes where people want to live
- Address the sustainability & zero carbon challenges in new and existing housing stock

Sitting underneath each priority are a series of measurable objectives including the headline target of delivering 36,000 new homes including 10,000 new affordable homes by 2032. This report provides an update on the progress made towards each of these objectives during 2022-23

Recommendations

The Committee is recommended to consider and comment on the progress made towards the ambitions set out in the Housing Strategy (2022-2032).

Wards Affected: All

Environmental Impact Assessment – the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The Manchester Housing Strategy (2022-2032) outlined how we are planning to address the sustainability and zero carbon challenges in new and existing stock in Manchester. In particular, it relates to how we are going to develop and implement a long term plan which will map out each home's journey towards lower energy costs and net zero. It also relates to growing the city's zero carbon housing pipeline in a way that enables us to decouple future housing growth from any associated increase in CO2 emissions.

Importantly however, the strategy's zero carbon ambitions will only be achieved by a huge collective effort across the city, which the strategy commits us to catalysing and shaping

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

The Housing Strategy has been developed with an acknowledgement that housing inequality in Manchester is directly related to the disadvantages suffered by some individuals or groups because of their characteristics and that this remains a significant issue in the city.

The Housing Strategy will work in conjunction with other strategies to identify the needs of people from protected or disadvantaged groups to enable us to increase the supply of suitable accommodation. This includes working with commissioners and trusted providers (utilising the extensive data and evidence they hold) to understand demand.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS / Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Housing Strategy sets out our ambition to ensure that the right scale and mix of housing is delivered across Manchester to meet the needs of our growing population
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Housing Strategy aims to ensure that the right scale and mix of housing is essential to the retention of a highly skilled population
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The Housing Strategy sets out aims to support the delivery of homes across all types and tenures including those designed for our most at risk residents
A liveable and low carbon city: a destination of choice to live, visit, work	The Housing Strategy will promote the continued delivery of sustainable neighbourhoods with a focus on active travel as well as the use of low carbon construction methods and retrofitting
A connected city: world class infrastructure and connectivity to drive growth	The Housing Strategy will promote residential development on sites close to public transport connections and support infrastructure investment as part of the planning of new neighbourhoods

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue:

There are no direct revenue consequences to the Council arising from this report

Financial Consequences – Capital

There are no direct capital consequences to the Council arising from this report

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Background documents (available for public inspection)

The following documents disclose key facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Manchester Housing Strategy (2022-2032) - Economy Scrutiny Committee, 23rd June 2022 and Executive, 22nd July 2022
- Enabling Independence Accommodation Strategy (2022-2032) – Health Scrutiny Committee, 12th October 2022 and Executive, 16th November 2022
- Housing Retrofit - Environment, Climate Change and Neighbourhoods Scrutiny Committee, 9th March 2023
- Manchester Climate Change Partnership. Manchester Climate Change Framework (2020-25) – 2022 Update.

1.0 Introduction

- 1.1 The Manchester Housing Strategy (2022-2032) was adopted by Executive on the 22 July 2022. The strategy commits MCC to publishing an Annual Monitoring Report to monitor progress against the Housing Strategy objectives over time.
- 1.2 This report, to be considered alongside the slides included in Appendix 1, presents the progress made against each of the Housing Strategy objectives over the last twelve months (i.e. the first year of the Housing Strategy period). The Committee is asked to consider and comment on the information included within the report and accompanying presentation.

2.0 Background & Context:

- 2.1 The Housing Strategy sets out a long-term vision linked to a programme of work designed to tackle the city's housing priorities and objectives in light of the scale and complexity of the challenges ahead. The priorities for the Housing Strategy are as follows:
- Increase affordable housing supply & build more new homes for all residents
 - Work to end homelessness and ensure housing is affordable & accessible to all
 - Address inequalities and create neighbourhoods & homes where people want to live
 - Address the sustainability & zero carbon challenges in new and existing housing stock
- 2.2 The Strategic Housing Board has overseen the implementation of the strategy and this Annual Performance Update reports on progress against all of the objectives set by the Housing Strategy during the 2022-23 financial year.

3.0 Principle 1 - Increase affordable housing supply & build more new homes for all residents:

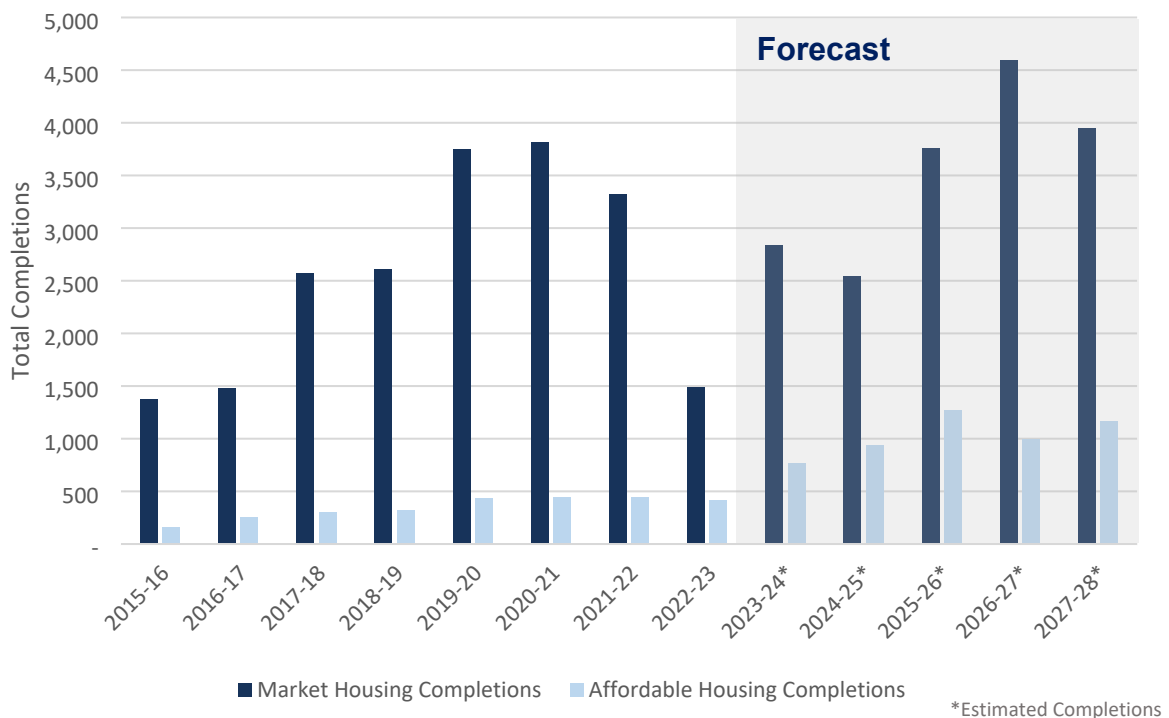
- 3.1 **Deliver 36,000 new homes by 2032 including 10,000 affordable homes (c.28% of total delivery)**
- 3.2 Since the Housing Strategy was published last year, the context for the delivery of both market and affordable housing has changed. In particular high inflation, rising interest rates and supply chain issues have all contributed to increased costs for developers. This, combined with the continued knock-on effects of a slowdown in activity during Covid, has meant that total completions in 2022-23 dropped to 1,907 (compared to c.3,800 last year). This represents 5.3% of the total Housing Strategy target (36,000) - split almost evenly between the city centre (969) and the rest of the city (938).
- 3.3 In the city centre over the past twelve months notable market housing completions have included:

- Angel Meadow Plots 2&3 (The Gate & The Stile) – 286 units
- Potato Wharf Blocks 3&4 – 191 units
- 76 – 82 Oldham Street – 100 Units

3.4 Looking forward, there are signs of resilience. During 2022-23, construction started on a number of large-scale, high-density developments including Renaker’s Trinity Islands (1,950 homes), Select Property’s development at Port Street / Tariff St (481 homes) and the second Union Co-Living Tower at St Johns (372 homes).

3.5 In total, over 11,000 new homes are currently under construction across the city with a further 11,700 with planning approval (yet to start on site). The overwhelming majority of these schemes are expected to complete within the next 5 years (see Graph 1) – potentially achieving just over half of the Housing Strategy target by 2027. As activity recovers, it is anticipated that the focus of market housing delivery will continue to be in the city centre with the area accounting for 87% of the homes under construction and 77% of homes with planning approval.

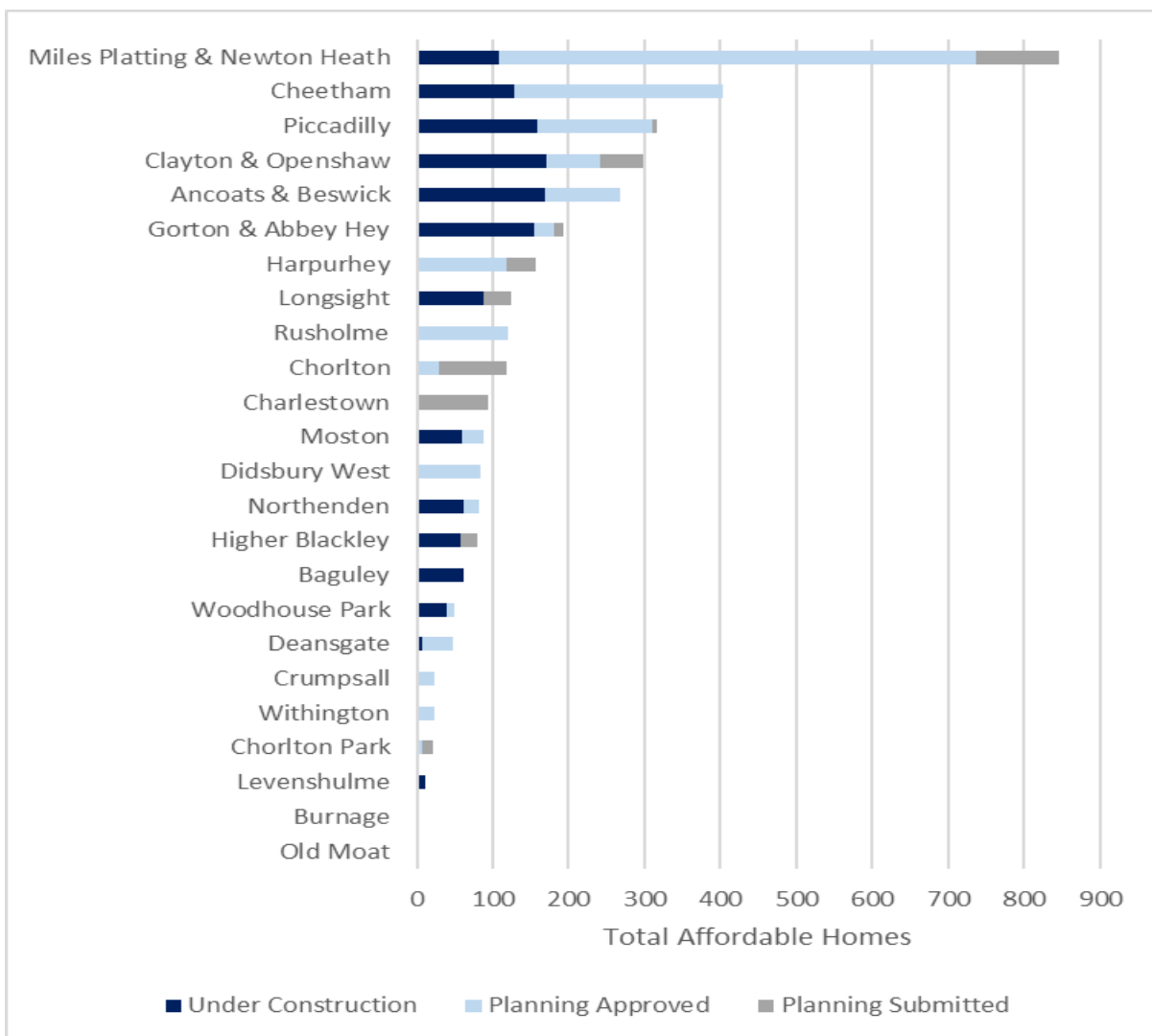
Graph 1 – Housing completions & pipeline forecast



3.6 As with the market pipeline, the number of affordable completions in the city dropped last year slightly from 532 in 2021-22 (when more new affordable homes were completed than any year over the previous decade) to 415 in 2022-23. Importantly however, the 2022-23 figures still represent a much larger pipeline than in any year between 2015-19 (see Graph 1).

- 3.7 In terms of tenure, last year’s completions included 199 Shared Ownership, 127 Social Rent, 70 Affordable Rent (Manchester Living Rent - capped at the LHA rate) and 19 Rent to Buy. In terms of sites, the figures show the beginning of an encouraging shift towards larger sites including 45 homes on Edge Lane Business Centre in Clayton & Openshaw (Your Housing Group) and 43 homes at the Former Belle Vue Stadium site (Great Places). These schemes are expected to continue to deliver over the next 2 years and once complete will provide over 340 new affordable homes.
- 3.8 The move towards larger sites is an indication of increasing strength and scale of the affordable pipeline in the future. There are currently c.1,300 new affordable homes under construction across Manchester and a further c.1,700 with planning approval (yet to start on site) – predominantly in North and East Manchester (see Graph 2). Of these, c.57% will be delivered on larger schemes (75+ new homes). In comparison just 34% of affordable homes delivered between 2015-22 were on larger sites.

Graph 2 – Affordable Pipeline (Under Construction / with a Planning Application approved or validated)



- 3.9 Despite this, over the past 12 months Manchester continued to lose affordable homes to Right to Buy (236 MCC-owned homes)¹. As a result, the net gain of affordable homes in 2022-23 was 179. The continued loss of affordable housing through these schemes presents a significant issue for MCC in terms of affordable housing options for residents as new delivery is merely sustaining (rather than increasing) the quantum and availability of affordable homes in the city.
- 3.10 Therefore, if we are to deliver genuine net growth of affordable housing, we need to accelerate delivery on sites across Manchester. With this in mind, progress has been made on a number of affordable delivery programmes over the past 12 months which will see significant numbers of affordable homes delivered on MCC-owned land:
- **Project 500** – Phase 1 sites were approved at Executive in November 2022 and the first planning applications have been submitted. The first phase of P.500 will deliver 371 new affordable homes predominantly in North & East Manchester. Work is ongoing to identify and bring forward a second phase of sites which will meet and exceed the initial 500 homes ambition.
 - **MHPP Disposals** – A portfolio of larger (and more commercially viable) MCC owned sites have been identified across the city which over the next 12 months will be shared with delivery partners in the Manchester Housing Provider Partnership (MHPP). Sites currently in first phase of this programme have the potential to deliver c.500 new affordable homes.
- 3.11 At the same time, we are committed to identifying and accelerating delivery on large-scale mixed-tenure sites including opportunities some of which were previously programmed to come forward beyond the lifetime of the Housing Strategy (10 years plus). All these schemes have the potential to make a significant contribution to meeting our affordable housing targets and are now likely to deliver affordable homes in the latter part of the ten-year strategy target period.
- **Strangeways** – Working with Salford City Council to regenerate a high-profile urban area with a series of new residential and commercial neighbourhoods with exceptional design credentials.
 - **Clayton Canalside** – A large, under-utilised area of brownfield land in East Manchester which has the potential for c.1,000 well-connected new homes. Work is underway to identify opportunities and constraints across the site.
 - **District Centres** – Gorton District Centre & Wythenshawe Civic Centre alone have the potential for nearly 2,000 new homes and represent the start of a wider programme of work that will look to increase the role and contribution of centres to the delivery of new homes across the city.

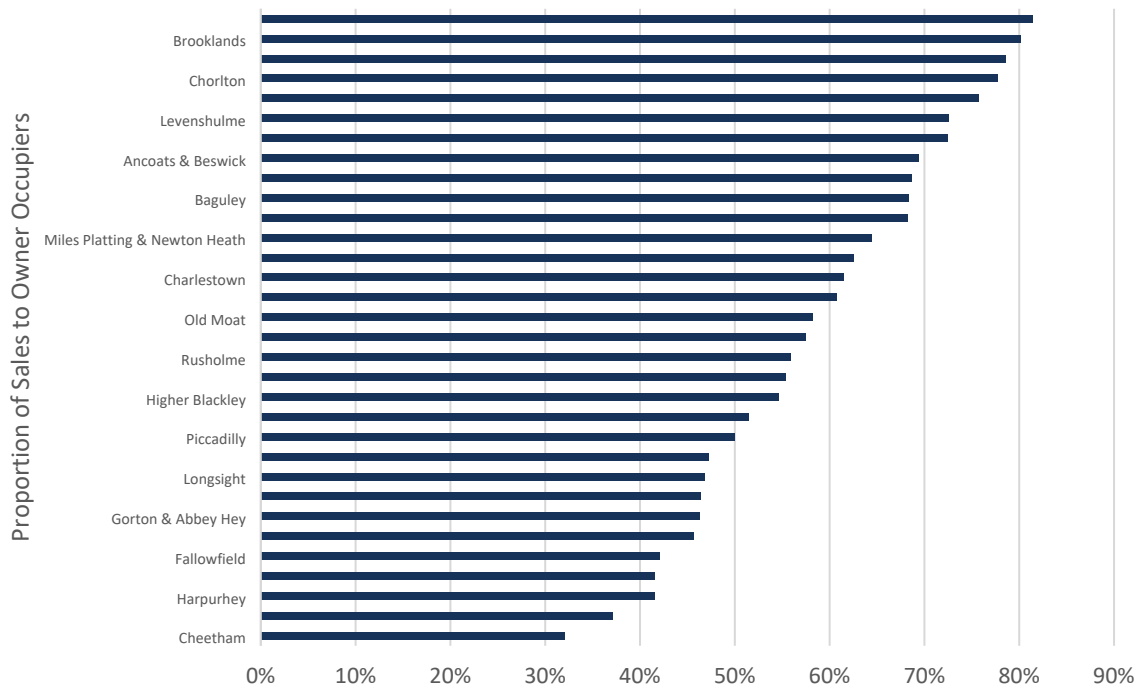
¹ Manchester also continues to lose homes to Right to Acquire however, at the time of writing, information on Right to Acquire during 2022-23 was not available

- **Grey Mare Lane** – Plans are underway for an updated and expanded masterplan which will guide the delivery of over 500 new homes across a number of sites within the Estate.
- 3.12 Added to this and underpinning our efforts to meet the Housing Strategy delivery targets will be our continued work to grow the means by which we build affordable housing in the city. Over the past 12 months, we have progressed work with both our Joint Venture partnerships and This City on various schemes including:
- **Victoria North** – Construction has started on the first phases of Victoria Riverside (634 homes incl. 128 affordable) in Red Bank, Collyhurst Village and Collyhurst South which together will deliver 274 new homes including 130 new Council homes. Planning applications have also been submitted for c.4,800 new homes across the remainder of the Red Bank neighbourhood.
 - **Holt Town** – We are accelerating the transformation and regeneration of a significant tract of brownfield land on the edge of the city centre that builds upon the successes of Ancoats & New Islington. Initial high level scoping work suggests that the area could deliver c.3,600 new homes including around 1,000 new affordable homes (10% of the Housing Strategy target) as part of a new mixed-use neighbourhood on the eastern edge of the city centre.
 - **Back of Ancoats** – A number of sites are progressing across the third phase of the regeneration of Ancoats including new Manchester Life sites at Eliza Yard and Phoenix Ironworks and affordable schemes at Downley Drive and Ancoats Dispensary. Once complete, c.1,500 new homes including over 150 new affordable homes will be delivered in the area.
 - **Rodney Street** – Construction has recently started on Rodney Street, the first site to come forward as part of MCC's new housing delivery vehicle – This City. The scheme will deliver 128 new homes including 30% let at the Manchester Living Rent.
- 3.13 There can be no doubt that the programme of work outlined above to grow and secure the longer-term pipeline (post-2027) represents major progress towards achieving the ultimate target of 36,000 new homes including 10,000 new affordable homes in Manchester by 2032. Indeed, taking all this into account, as Graph 1 above shows we expect that our affordable pipeline will double over the next 3 years and by 2026, we will reach and exceed the 1,000 affordable homes threshold.
- 3.14 The well-publicised market volatility experienced over the past twelve months means it was always highly unlikely that affordable housing delivery would reach 1,000 homes in the first year of the strategy period. However, given the scale of work currently underway across the city, we remain confident that we will be able to grow and sustain capacity to deliver 10,000 affordable homes over the course of the Strategy period in order to meet the overall target.
- 3.15 Of the 10,000 new affordable homes by 2032 – 3,000 will be built in the city centre**

- 3.16 In the period from April 2015, c.2,450 new affordable homes were delivered in Manchester – none of which were in the city centre. This is despite the city centre accounting for c.64% of the total pipeline since 2015 (13,500 homes). Addressing this imbalance therefore represents a major objective of the Strategy. Clearly however, meeting this target will require a major shift in the mindset of delivery partners and a redirecting of activity both in terms of location, property type, density and scale.
- 3.17 Early indications suggest the pipeline has begun to respond with 462 new affordable homes under construction in the city centre and an additional 501 with planning approval (yet to start on site). This is in addition to the 2 affordable homes in the city centre acquired through the Rough Sleepers Accommodation Programme (RSAP) in 2022-23.
- 3.18 Notable schemes currently in the consented pipeline (either under construction or with planning approval) include:
- Laystall Street – Great Places – 89 affordable homes (58 Rent to Buy & 31 Social Rent)
 - Islington Wharf – Clarion – 54 Shared Ownership (as part of a mixed tenure scheme with Muse and Canals & Rivers Trust)
- 3.19 The growth in the city centre affordable pipeline has been driven by Homes England Strategic Partners (SPs) who are currently responsible for 385 homes under construction and a further 276 with planning approval. We are however currently reliant on a small number of SPs with just 2 partners currently set to deliver c.55% of the consented pipeline. As the market housing sector has demonstrated in the city, a diverse mix of developers including new entrants is essential to sustaining delivery and reducing the risks associated with market shocks. We are therefore keen to work with new entrants who have both the requisite capacity and experience to build affordable housing at scale and density to ensure the city centre delivers on its massive potential and makes its full contribution to achieving the 10,000 affordable homes target by 2032.
- 3.20 Affordable home ownership products (Shared Ownership & Rent to Buy) currently account for 60% of the consented affordable pipeline in the city centre and are expected to account for a third of the total city centre affordable pipeline by 2032. These products are important not only in helping meet our objectives for affordable housing in the city centre but are also fundamental to our objectives around owner occupation (see 3.3 below) – particularly in an environment of increasing interest rates and other lending constraints impacting residents including First Time Buyers. Affordable Home Ownership products are also supported within the national funding environment with around 50% of the current round of Homes England Affordable Homes Programme funding (2021-26) identified for affordable home ownership tenures.
- 3.21 Currently, the city centre affordable pipeline is focussed in neighbourhoods to the North and Eastern parts of the city centre. This is a result of a combination

of the availability of land, land ownerships and where the Council's focus on delivery is currently concentrated. Working with FEC in Victoria North, Manchester Life at the Back of Ancoats (expanding into Holt Town) and through This City, there has been a greater emphasis on the delivery of affordable housing which has helped to quickly grow the pipeline in the city centre market.

- 3.22 Looking forward, a concerted effort is now required to support and grow the contribution of existing partners whilst also encouraging new entrants – including large scale operators with a presence in GM and possibly further afield in order to help us meet the ambitious Housing Strategy target for the delivery of affordable homes.
- 3.23 Increase the number of owner occupiers in Manchester by 15,000 by 2032**
- 3.24 Owner occupation in Manchester has declined to levels last seen in the early 1980s, as a consequence of increasingly limited supply and prolonged rises in house prices compared to incomes. In response, the Housing Strategy commits us to increasing owner occupation by 15,000 by 2032.
- 3.25 Since the publication of the Housing Strategy, there has been significant disruption within the sales market linked to high inflation, rising interest rates (average 2-year fixed rate mortgages now exceed 6% compared) and the reduction in the availability of mortgages – particularly higher Loan to Value mortgages targeted at First Time Buyers (the availability of residential mortgage deals dropped 13% between May 22nd and June 5th this year according to MoneyFacts).
- 3.26 As a result, prospective buyers are having to save larger deposits and contend with the prospect of significantly higher repayments or longer mortgage terms – further adding to budget pressures for residents who have already been impacted by the increasing cost-of-living. Against the backdrop of these challenges, it is not unexpected that owner occupation has dropped slightly over the past 12 months – albeit by less than 0.5% (c.350 fewer owner occupiers across Manchester compared to 2021-22).
- 3.27 Despite this, the proportion of sales in 2022-23 bought by owner occupiers increased from c.55% in 2021-22 to over 58% over the past 12 months (albeit overall transactional activity was 43% lower than the year before). In particular, the evidence suggests owner occupiers make up a larger proportion of the market in South Manchester (Graph 3) - an area where sales market activity has become increasingly concentrated in the past 12 months (c.31% of sales in 2022-23 were in South Manchester compared to 23% in 2021-22).

Graph 3 – Proportion of sales to owner occupiers in 2022-23

- 3.28 A fundamental element of growing owner occupation across the city is the delivery of affordable home ownership products such as Shared Ownership (SO) and Rent to Buy (RtB). These products break down some of the barriers to home ownership (particularly deposit size) making them attractive to many previously squeezed buyer profiles including Key Workers, First-Time-Buyers and families. Eligibility criteria for SO / RtB homes means that they are also protected from investors in a way that mainstream Open Market Sale (OMS) accommodation is not.
- 3.29 In total 155 new SO and RtB homes were built in 2022-23 – 14.8% more than in 2021-22. Delivery is expected to continue to accelerate over the next four years, with over 900 additional SO / RtB homes either under construction or with planning permission in the city centre alone.
- 3.30 Ensure at least 80% of all homes built by 2032 are on brownfield sites close to public transport**
- 3.31 Part of the Council's ambition to ensure future growth benefits everyone is ensuring that new homes are delivered in well-connected locations where residents can easily access the city's growing employment offer. Principally, this means focussing activity on brownfield sites, in the core of the conurbation, in areas already well served by public transport. This approach is reflected in the fact that we have comprehensively exceeded the Housing Strategy target this year, with 96% of properties completed since April 2022 on brownfield sites - c.69% of which are within 500m of a Metrolink, Rail or Bus Station.

- 3.32 A key element of this success has been seeking funding opportunities to unlock sustainable opportunities for housing growth across the city – including for the delivery of affordable housing. As part of the Trailblazer devolution deal the GMCA has secured £150 million over the next 3 years to unlock brownfield land across the region as part of the Brownfield Housing Fund. MCC, working closely with our partners has secured £19.83m for 1,645 homes (40% affordable) across 28 sites in the first-year allocation of this fund (a list of the sites that received funding can be found in Appendix 2).
- 3.33 Working with the GMCA we are now looking at how greater flexibility can be worked into the allocations criteria for Y2 & 3 funding to reflect local priorities and build on the success of the Y1 bid. To make the most of these opportunities we are currently reviewing our priority programmes that would be suitable for Y2 & 3 funding.
- 3.34 In addition to this MCC has also submitted 6 bids for c.£3m to unlock the development of 209 homes (circa 60% affordable) via the Governments' Brownfield Land Release Fund Round 2 (a £60 million pot available to unlock smaller brownfield land opportunities). An announcement of successful bids is anticipated in advance of the summer recess.
- 3.35 Continuing to maximise funding opportunities like these will be crucial to meeting our delivery ambitions. Sites in the core of the conurbation can be some of the most complex and costly to deliver due to requirements around infrastructure and remediation, however they remain some of our best opportunities to deliver the scale and density needed to meet the overall strategy target.

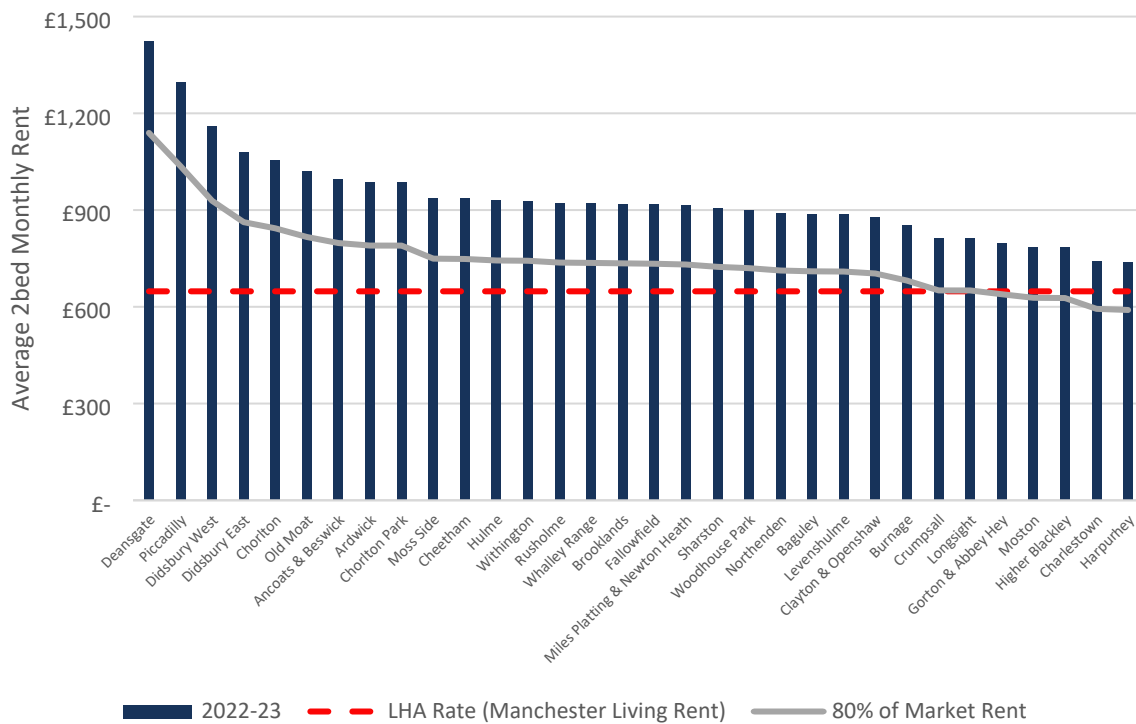
4.0 Principle 2 - Work to end homelessness and ensure housing is affordable & accessible to all

4.1 Develop our approach to affordability in light of the increasing cost of living

- 4.2 The Housing Strategy committed us to develop our approach to affordability in light of the increasing cost of living which we know has affected some of our lower income residents, particularly those living in the Private Rented Sector (PRS), disproportionately. The effects of undersupply in the lettings market continue to be exacerbated by students living in mainstream accommodation and Short Term Lets (STLs) further limiting the availability of homes. Whilst this is mostly evident in the city centre, there are neighbourhoods across the city where this remains an issue such as Moss Side (where it is estimated that as many as 1 in 4 PRS properties are lost to students or short term lets).
- 4.3 As a result, over the past 12 months households living in the PRS have faced rapidly rising housing costs with average 2bed rents growing by 18.3% in the city centre and by 15.5% across the rest of the city. This is having a significant impact on affordability.

4.4 Following the freeze on Local Housing Allowance (LHA) rates at 2019-20 levels, average rent in all wards is now above the LHA rate and in many locations there is little difference between the LHA rate and 80% of market rent – equivalent to what RPs are able to charge for Affordable Rent homes (see Graph 4). Indeed, according to Rightmove there are currently only 5 wards where the Affordable Rent (80% of market rent) is lower than LHA.

Graph 4 – Average rent (2beds):



4.5 This explains why in the last year the Council introduced the Manchester Living Rent. The Manchester Living Rent is a truly affordable tenure which will remain pegged to the LHA rate – ensuring that homes remain accessible to tenants claiming benefits. The tenure is being pioneered by This City (see above), however MCC is working with RP partners across MHPP to ensure that all Affordable Rent homes delivered in Manchester are capped at the LHA rate.

4.6 Increase the supply of appropriate housing for households in Priority Bands 1-3 to reduce the time spent on the Housing Register

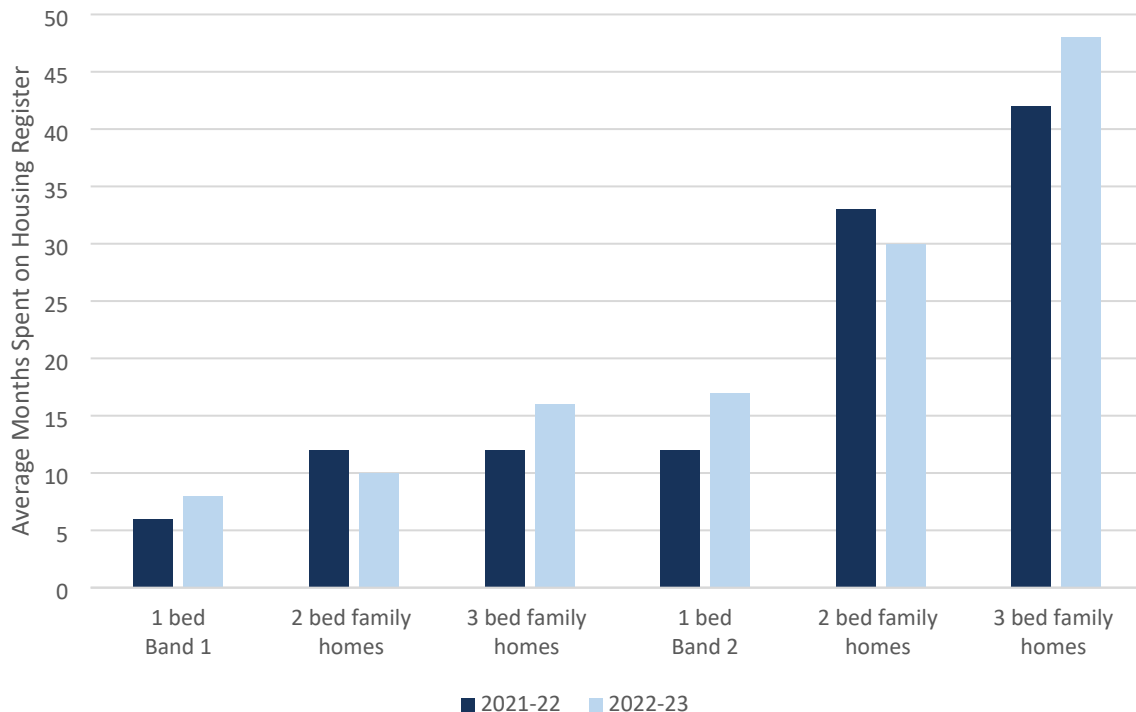
4.7 The Housing Strategy acknowledges that there are too many people in Priority Bands 1-3 on the Housing Register in Manchester. That is one of the fundamental reasons for setting ourselves the ambitious target of delivering 10,000 new affordable homes - to ensure all residents have access to safe, secure and affordable homes.

4.8 However as discussed above, since the publication of the Housing Strategy the challenging economic climate has temporarily slowed delivery of new homes across all tenures. Combined with the ongoing cost-of-living crisis and

sustained population growth (c.9,500 new residents in 2022-23) this has meant that demand for affordable housing has continued to grow in a manner which is out of sync with supply. As a result, in the 12 months to May 2023, the number of households in Priority Bands 1-3 has grown by c.13% to 8,746.

- 4.9 At the same time the number of homes let to households in Priority Bands 1-3 through Manchester Move (MM) has fallen from 2,314 in 2021-22 (97% of total lets through MM) to 2,057 in 2022-23 (93% of total lets through MM). This decline is in line with the long-term trend in the availability and reduced turnover of social housing and is further evidence of the pressing need to increase affordable housing delivery across the city.
- 4.10 In responding to this challenge, it is important that we build the right homes in the right places matched to demand. In recent years 2bed homes have made up the majority of new affordable homes built in Manchester. As a result, the average time households in Priority Bands spend waiting for a home has increased for all but those needing a 2bed property (see graph 5). In particular, there is a growing need for affordable larger homes with families in need of a 3+ bed home having to wait twice as long as households needing a smaller property. As a result, the Housing Strategy looks to prioritise the delivery of larger properties – family housing - in areas where demand is highest (see Section 5.1).

Graph 5 – Average Time Spent in Priority Bands 1-2 (Months)



- 4.11 Increase the supply of appropriate housing for homeless households to reduce the time spent in Temporary Accommodation**

- 4.12 The number of homeless households and households currently in Temporary Accommodation is too high and because of this there is an urgent focus across the Council to address this need from some of our most vulnerable residents. The ongoing review of the Homelessness Strategy (2018-2023), the recently published A Place Called Home (which brings together Housing Services & the Homelessness Service) and the Homeless Transformation Programme are all designed to urgently respond to this issue. The emerging response is structured around increasing prevention, reducing rough sleeping and providing more suitable and affordable accommodation.
- 4.13 Whilst this response is still in the relatively early stages of its implementation, there is already evidence of positive change. Whilst the total number of households in Temporary Accommodation (TA) is c.6% higher than 2021-22, there has been an 11% drop since the peak in January 2023 and the average time spent in TA is currently c.22 weeks (compared to c.34 weeks in 2021-22).
- 4.14 This follows changes to the Allocations Policy in February 2023 which awarded applicants owed a prevention duty Band 2 status (in line with applicants owed a relief duty) and ensured applicants who voluntarily accept a private rented tenancy as an alternative to going into TA are able to retain Band 2 status. Part of the impact of this has been to enable c.200 households to be 'Homeless at Home' by the end of April 2023, further reducing demand for TA.
- 4.15 In 2022-23, the net annual cost of TA was almost £24m - 77% higher than the previous financial year. Looking forward, the projected costs for 2023-24 (the first full year with the changes to the scheme) are currently anticipated to be around £17.6m (a 26% decrease) with this number potentially falling further as the number of people supported in B&Bs continues to reduce. Importantly however, the costs of TA remain subject to rapidly rising costs within the PRS. As such, a £3.5m uplift has had to be factored into the forecasts for 2023-24.
- 4.16 Whilst there is emerging evidence that our response to the homelessness crisis appears to be reducing demand for TA, truly addressing demand requires a significant increase in supply of the right type of homes in line with our affordable housing growth ambitions outlined above.
- 4.17 Work with commissioners & trusted providers to increase the supply of supported housing to meet demand**
- 4.18 The Enabling Independence Accommodation Strategy (EIAS) was approved by the Executive in November 2022 and set out a partnership approach to improving housing with care and support options to meet people's needs and better enable their independence.
- 4.19 To date, the delivery of supported housing has primarily focused on two sub-tenures – Extra Care and HAPPI (Housing for an Aging Population Panel for Innovation principles) schemes which enable older people to continue living independently with care and support if required:

- Since the first Extra Care scheme opened in 2005 – the sector has grown to 762 homes across Manchester with a further 4 in the pipeline.
- In 2022-23, MCC appointed Great Places as the preferred provider for the LGBTQ+ majority scheme at Russell Road in Whalley Range (c.120 homes) and progressed plans for Jurby Avenue (13 homes) with Irwell Valley as part of Project 500.
- In 2022-23 MSV opened 40 HAPPI principle Older Persons Shared Ownership apartments in the final phase of their redevelopment of The Depot in Whalley Range.
- Work also progressed on 16 HAPPI apartments at Silk Street which are expected to open later this year and MSV submitted planning for 50 HAPPI principle homes as part of the redevelopment of Chorlton Baths.

4.20 We know however that there is an acute need for additional supported housing across all sub-tenures. We have therefore commissioned an analysis of future demand from the Housing LIN for people with a Learning Disability and/or Autism, Older People and people with Mental Health. Understanding this will be key to establishing a pipeline of sites capable of meeting demand. Generally, supported housing sites have much stricter criteria than for General Needs housing linked to size and nearby housing tenures, amenities and other considerations. In an environment of limited land availability, meeting need and ultimately our Statutory obligations may therefore require the prioritisation of Supported Housing even on sites which could deliver more homes or a greater land receipt if they were brought forward for other types of affordable housing.

4.21 Added to this, not only do supported housing schemes tend to have higher design standards than General Needs – leading to higher construction costs - they also tend to be limited in their potential size due to client’s care needs and associated support work. As a result, there is limited flexibility to address viability when faced with cost pressures, presenting an even more acute risk to delivery. It is therefore vital that, following the identification of a suitably diverse pipeline of sites, we work with Commissioners and the wider public sector (incl. Greater Manchester Health and Social Care Partnership) to engage the right (trusted) partners with a track record of delivery of specialist and supported housing.

4.22 Importantly however, the emerging funding environment suggests now is the time to put an increased focus on the delivery of supported housing. As part of the latest round of Homes England Affordable Homes Programme (AHP) funding, 10% was identified for supported housing – a target which is currently not being met. At the same time, as discussed above, the £150m Brownfield Funding agreed through the GM Devolution Deal provides greater certainty around future funding which has the potential to help deliver some of the more costly schemes aligned to local priorities.

5.0 **Principle 3 - Address inequalities & create neighbourhoods where people want to live**

5.1 **Deliver 3,000 affordable family houses by 2032 to address overcrowding in areas where average household sizes are highest**

5.2 The city's housing market remains polarised, and we know that too many people are living in unsuitable and overcrowded accommodation – mainly in the city core. As of the end of 2022-23, there were c.3,600 households in overcrowded accommodation on the Housing Register across Manchester including 350 in Moss Side and 250 in Longsight. Disproportionately it is residents from ethnic minority backgrounds that are the worst affected with 18% of Asian / Asian British households and 17% of Black / Black British households currently living in overcrowded accommodation - compared to just 3% of White British households (according to the 2021 Census).

5.3 The undersupply of larger affordable homes has meant that many of these households are waiting on the Housing Register for too long. At present, the average time spent waiting for a 3bed home is at least 10 months for a household in Band 1 and at least 40 months for a household in Band 2. For a 4bed home, those times increase to 16 months and 51 months respectively.

5.4 In 2022-23, 129 new 3+ bed affordable homes were delivered across the city. However, if we are to truly meet demand for larger family accommodation, we know that new supply needs to increase rapidly and be prioritised in areas where demand is most acute. With that in mind we are working on a number of projects, in conjunction with RP partners, which are helping to increase the supply of larger family homes including:

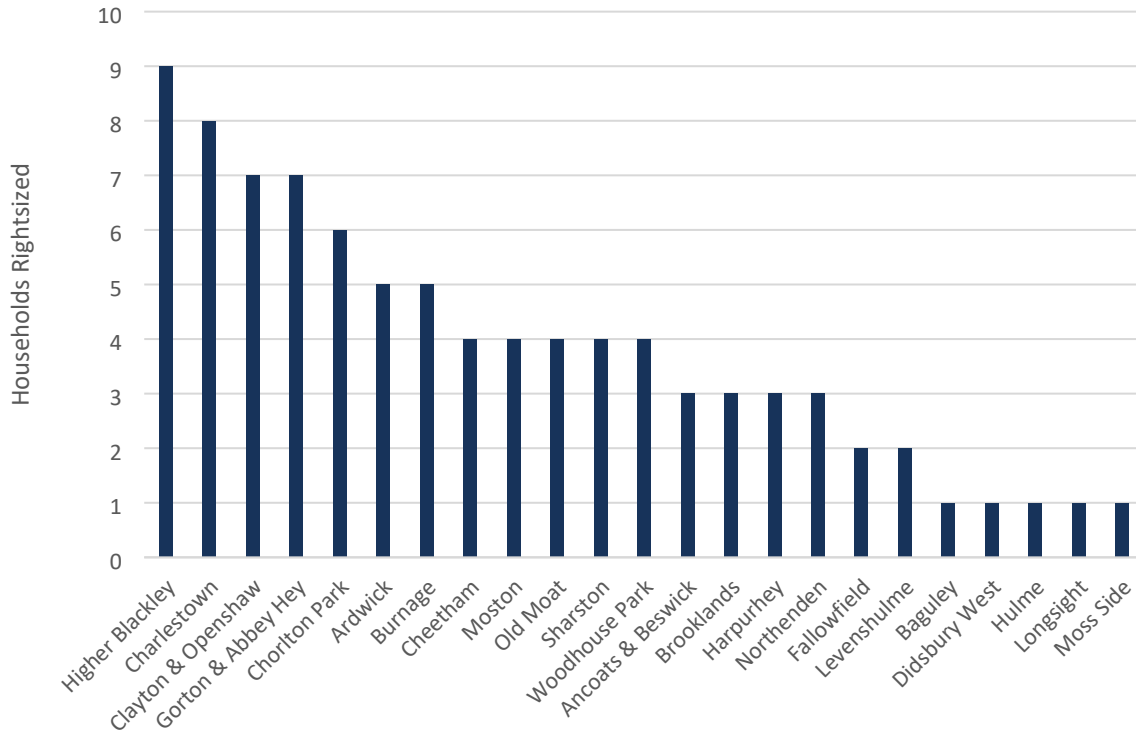
- **Moss Side** – Working with MSV, we are looking to redevelop 4 sites across Moss Side with emphasis on meeting demand from local residents including larger families. Around 15% of the new homes delivered across the sites will be 3+bed homes designed in direct response to evidence around local housing pressures including family housing demand.
- **Edge Lane Business Centre** – Your Housing Group are on site delivering a fully affordable 216-home scheme in Openshaw which includes over 100 3+ bed properties. The first homes on the scheme were completed in 2022-23 and will continue to deliver over the next two years.
- **Larger Homes Acquisitions Project** – Working with our RP partners, we continued to purchase and refurbish properties for families living in Temporary Accommodation throughout 2022-23. In some months, homes purchased through this scheme were the only larger homes let through Manchester Move.

5.5 **Encourage & promote right-sizing across all tenures to release family housing**

5.6 As demand continues to outstrip supply, alongside upscaling delivery we need to ensure that we are making the best use of our existing stock. This includes maximising opportunities to free up accommodation for families through the delivery of smaller properties targeting (generally older) residents looking to rightsize. Rightsizing also has the added benefit of allowing residents to lower their bills to help counteract the impacts of the ongoing cost of living crisis.

5.7 In 2022-23, 88 households were rightsized through Manchester Move. As Graph 6 below shows, rightsizing was most common amongst households in North and East Manchester – consistent with where we know there are larger numbers of older residents in social housing.

Graph 6 – Households rightsized by Ward



5.8 Looking forward, we are increasing opportunities for residents to rightsize through the delivery of smaller properties targeted at older residents in schemes such as Silk Street and Chorlton Baths. One of the main barriers to rightsizing which was highlighted through our work at Silk Street was the cost of moving, particularly given existing pressures on residents’ budgets. Therefore, to encourage and incentivise existing tenants to take up the opportunity to rightsize, we have offered a financial incentive alongside a free packing and removal service.

5.9 Improve the safety, quality & management of private rented sector homes

5.10 The city is engaged in a rolling programme of Selective Licencing (SL) which currently encompasses just over 2,000 homes in live schemes. New designations were introduced in February 2022 and most recently in May 2023 when five new areas (totalling c.690 PRS homes) began a 3-month statutory designation period:

- Moss Side: Claremont Road / Great Western St (346 PRS Properties)
- Levenshulme: Matthews Lane (170 PRS Properties)

- Longsight: The Royals (74 PRS Properties)
 - Rusholme: Birch Lane (70 PRS Properties)
 - Rusholme: Laindon/Dickenson (38 PRS Properties)
- 5.11 All the 2,700 homes under the Council's three PFI schemes have undergone energy efficiency and carbon reduction works, with the average EPC rating rising from E to C. Zero-carbon plans are also in place for all PFI funded contracts as of the end of March 2023. Again, funding is perhaps the greatest challenge as there is no external funding for properties at EPC C and insufficient contract funding to deliver all priorities.
- 5.12 In response to the deadly Grenfell Tower fire the City Council works collaboratively with colleagues from Greater Manchester Fire and Rescue Service to identify buildings where residents might be at risk and to agree action to ensure those buildings are made as safe as possible.
- 5.13 Following the tragic death of Awaab Ishak the Council and registered provider partners are working together to identify properties where damp, mould and condensation are problematic and to prioritise remedial action to remove the risk. This includes seeking funding from the devolved budget held by GMCA to deal with poor quality housing across the public sector.
- 5.14 The Council is also actively working with housing partners to prepare for the new regulatory regime including the introduction of Tenant Satisfaction Measures which will be used to rank social housing providers.
- 5.15 A separate report providing further detail on how the Council is working with the PRS to achieve our Housing Strategy objectives is available elsewhere on the agenda for this Committee meeting.
- 5.16 Utilising the Housing Affordability Fund to support placemaking & encouraging RPs to purchase and refurbish low quality PRS for affordable housing (incl. former student lets)**
- 5.17 In an environment of rising construction costs, it is important that we identify and maximise the ways in which we can fund the delivery of affordable homes that meet the objectives of the Housing Strategy. Through the Housing Affordability Fund (HAF), we have been able to utilise money collected through Section 106 and Right to Buy receipts to support the development of affordable homes in key locations across the city. In particular, the HAF aims to support schemes that deliver family housing or homes for homeless households at Social Rent or schemes with strong zero carbon credentials.
- 5.18 Since its inception, the HAF has supported the delivery of c.150 affordable homes including schemes such as the Larger Homes Acquisition Project which has been vital in providing homes for families living in Temporary Accommodation. Looking forward, the HAF will be used by This City to help ensure we are able to deliver affordable housing in the city centre at Rodney Street that exceeds sustainability targets set by both MCC and RIBA for 2030 developments.

5.19 We are also committed to working with our RP partners to maximise funding from national Government to acquire private sector properties for use as affordable housing. During 2022-23, the Rough Sleepers Accommodation Programme was used to purchase 11 properties across Manchester including 2 in the city centre which represented the first new affordable accommodation available in the city centre in well over a decade.

6.0 Principle 4 - Address the sustainability & zero carbon challenges in new and existing housing

6.1 Complete the zero-carbon retrofitting of a minimum of 1/3rd of the 68,000 homes managed by MHPP partners by 2032 & reduce energy use across the estate so that all homes achieve an EPC rating of B or above.

6.2 The Housing Strategy sets a target of retrofitting at least a third of the city's 68,000 homes managed by the MHPP to 2032 and reduce energy use across the estate so that all homes achieve an EPC rating of B or above. Whilst 1,077 MHPP homes have moved from an EPC D (or below) to C (or above) during 2022-23² (up from 887 in 2021-22), there is a consensus from RP partners that the Council's Housing Strategy target – whilst rightly ambitious – may indeed be a stretch for some providers.

6.3 This is down to the huge challenges relating to the retrofitting of social housing, including the cost (originally estimated to be around £25k per property but with cost inflation, now more likely to be c.£30k) compared to a lack of Government funding (which is typically geared towards achieve EPC C rather than the more ambitious Housing Strategy target). There are also challenges related to competing asks on RP finances (incl. fire safety and damp & mould) and the relatively limited supply of people with the skills needed to undertake large scale retrofitting.

6.4 Therefore, if we are to meet the Housing Strategy target the Council will need to lead the way in retrofitting its properties, with approximately 60% of the Council's own stock (c.9,460 homes) needing to be retrofitted by 2032 to meet the Housing Strategy target – assuming that other Manchester RPs will retrofit 25% of their properties. In the region of £83m has been spent on retrofitting Council owned homes since 2005 (resulting in a 49% reduction on Carbon emissions) and achieving an average EPC Band C rating for most properties. Housing Services has continued to successfully deliver retrofitting schemes supported by external funding during 2022-23 including:

- The Council's Social Housing Decarbonisation Fund programme which involves 6 projects including High Rise blocks, Maisonettes, Heritage Properties, Individual Properties (which require boiler replacement) and a trial Void Project, all of which will be delivered by September 2025.
- The European Regional Development Fund's Homes As Energy Systems project to retrofit 500 properties by the end of May 2023.

² [Workbook: Five Year Environment Plan \(2019-24\) progress \(gmtableau.nhs.uk\)](https://gmtableau.nhs.uk)

- In total 104 retrofit installs were undertaken in Housing Services properties during 2022-23 comprising 64 air source heat pumps and 40 PV panels & batteries.
- 6.5 One of the biggest challenges we face in decarbonising the housing stock is funding and affordability within the Housing Revenue Account (HRA). Whilst the approved programme does include some schemes that will support the Council in becoming carbon neutral by 2038, the main priorities for 2023-24 include Decent Homes Standards, fire safety, damp & mould (and decarbonisation). Retrofitting MCC properties will therefore have cost implications over and above the works already planned. Consequently, the cost of retrofitting Council properties will not be achievable from within the ringfenced HRA without government support and / or changes to the current HRA regulations.
- 6.6 Given the limitations on the programme to reach zero-carbon it will therefore need to be delivered in manageable phases and proposals are being worked up which look at:
- Cease fitting gas boilers in 2023-24
 - Retrofitting properties as they become void
 - Aligning works with decent homes and asset management works where possible.
 - Developing a programme to retrofit a fixed amount of properties per annum to achieve economies of scale and to make sufficient progress on the zero carbon ambitions.
- 6.7 All the 2,700 homes under the Council's three PFI schemes have undergone energy efficiency and carbon reduction works, with the average EPC rating rising from E to C. Zero-carbon plans are also in place for all PFI funded contracts as of the end of March 2023. Again, funding is perhaps the greatest challenge as there is no external funding for properties at EPC C and insufficient contract funding to deliver all priorities.
- 6.8 Develop a Retrofit Plan for Manchester across all tenures**
- 6.9 Given 85% of the homes Manchester residents will live in by 2032 have already been built, the majority of Manchester homes will need to be retrofitted in order for us to meet our targets.
- 6.10 Over the past 12 months, significant progress has been made by the Zero-Carbon Housing team to draw up a deliverable retrofitting plan in line with funding constraints over next few years, collaborating with Work and Skills, Neighbourhoods, Housing Services, Zero Carbon and Finance as well as externally with a range of partners and stakeholders. The emerging thinking was set out in a report to the Environment and Climate Change Scrutiny Committee³ earlier in the year.

³ [Governance Report \(manchester.gov.uk\)](https://www.manchester.gov.uk/governance-report)

6.11 The zero-carbon team have also focused on identifying and accessing funding and have been successful in securing the following over the last 12 months to support the retrofitting of homes in the city:

- **The Energy Company Obligation (ECO)** - The scheme is available to homeowners in receipt of means tested benefits and live in EPC D–G rated properties; however, the Council can also refer private households that are considered to be living in fuel poverty or are on a low income and vulnerable – this is known as ECO Flex. Manchester City Council is delivering ECO Flex through GMCA appointed delivery contractors and will be targeting the improvement of c.1,200 homes through between April 2023 and March 2026.
- **Homes Upgrade Grant 2 (HUG2)** – The Council was successful in a bid of £10.4m to support the retrofitting of 500 properties across the city, with funding released in April 2023. It provides grant for energy efficiency measures to be installed in owner occupied and privately rented properties (where the landlord owns less than 4 properties in total) and in certain Lower Super Output Areas or where household incomes are below £31k. The first stage of work is currently underway to identify neighbourhoods with clusters of eligible properties, with some engagement of residents and landlords to gauge levels of interest.
- **Warm Homes Manchester programme** – Funding via the £150m national Warm Homes Fund, administered by Affordable Warmth Solutions, will be used to install air source heat pumps and where possible loft and cavity wall insulation. The programme is currently identifying eligible properties and aims to upgrade c.50 properties in Manchester in 2023.

6.12 Increase the proportion of low and zero carbon homes in the affordable pipeline from 20% to 50% by 2025

6.13 In 2015 the Government abolished the Code for Sustainable Homes, therefore our current policies for sustainable construction have been limited by changes to national guidance. There are a range of other nationally recognised sustainable construction standards and targets that new homes can achieve, including the Passivhaus Standard, Living Building Challenge, Home Quality Mark (HQM), BREEAM Assessments and RIBA 2030 targets.

6.14 In Manchester, a task group of private, public and third sector representatives have also been brought together to provide guidance on how zero carbon should be defined for new buildings in Manchester and how this ambition could be implemented. Their key recommendations are detailed in the Manchester Climate Change Agency’s (MCCA) report “A Roadmap to Net Zero Carbon New Buildings in Manchester”⁴. In addition to this a Low Carbon Build Standard (based around the Top 10 Carbon Priorities including energy controls, efficient boilers and using renewable energy sources) has also been developed by MCC. It sets minimum expectations for all projects delivered by the Council with the objective that all new schemes will be zero carbon and climate resilient well in advance of new government legislation.

⁴ [FINAL Roadmap.pdf \(manchesterclimate.com\)](#)

- 6.15 Various sustainable construction approaches and standards are therefore being considered and tested through the Local Plan process, alongside other policy asks (e.g. affordable housing or open space) as part of a whole plan viability exercise. In the meantime, Manchester's affordable pipeline has been assessed in terms of the UK's new Part L building regulations (introduced in June 2022) which set out energy efficiency and carbon emissions requirements and represents a mandatory 30% cut in carbon emissions for all new homes compared to previous standards.
- 6.16 In 2022-23 13% of the new affordable homes delivered in Manchester went beyond the Part L requirements and can therefore be considered low carbon homes. In addition, c.25% of affordable delivery over the next 5 years is expected to be low carbon (including a peak of 45% in 2024-25). These figures are expected to continue to increase as scheme specifics are established. The national Future Homes Standard should ensure that all new homes built from 2025 will produce 75-80% less carbon emissions than those delivered under current regulations. However, it is likely that this standard will fall some way short of net zero carbon in operation and in construction.
- 6.17 Looking forward, Homes England have committed to routinely consider sustainability in project approval processes for the Levelling Up Home Building Fund and the fund for brownfield, infrastructure and land which will act as a powerful incentive to grow the proportion of low carbon homes in the affordable homes pipeline. Similarly, the Government is encouraging partners to use Modern Methods of Construction in order to drive greater efficiency and productivity and reduce carbon emissions more extensively through greater levels of funding from Homes England. MMC approaches have been identified as having various advantages over traditional methods of construction including the adoption of more sustainable build techniques, which alongside improved energy efficiency will help to reduce the project's contribution to the production of CO₂.
- 6.18 Ensure estate regeneration & placemaking (including demolitions) is directed by zero carbon principles**
- 6.19 As part of our efforts to increase delivery across the full suite of housing, we are progressing a number of large-scale long term regeneration projects that will deliver homes over many years. Given the accelerating need to decarbonise and the likely advancement of both technologies and zero carbon targets both locally and nationally, it is important that sustainability plays a central role in the development of these projects.
- 6.20 Since the Housing Strategy was published, working with FEC, we have submitted two applications for c.4,800 homes in the Red Bank area of the scheme. In order to remain responsive to the evolving zero carbon agenda, rather than committing to a single technology or material, they have ensured emerging and future technologies can be easily incorporated into the Development.

- 6.21 Plans for Red Bank are relatively well progressed compared to other schemes currently in the pipeline. Despite this, it is important to ensure we are viewing regeneration through the lens of our zero carbon targets from the outset. We have therefore placed a strong emphasis on incorporating sustainability into the master-planning work on longer term projects such as Grey Mare Lane, Clayton Canalside and Strangeways.

7.0 Conclusion

- 7.1 The Manchester Housing Strategy (2022-2032) set a number of ambitious targets, not least the headline target of delivering 36,000 new homes including 10,000 new affordable homes by 2032. In practice, it was unlikely that we were going to be able to meet all of them within the first 12 months of the strategy period, particularly given the ongoing challenging economic climate of high inflation, rising interest rates and cost of living crisis.
- 7.2 Despite this, we have made good progress in a number of areas and the evidence suggests that we are laying the groundwork for a significantly expanded residential pipeline to enable us to increase the speed of delivery over the course of the Strategy period in order to meet our targets.
- 7.3 We know however there is still plenty of work to do particularly around ensuring supply is appropriately matched to demand in order to reduce the number of households on the Housing Register and in Temporary Accommodation.
- 7.4 The Strategic Housing Board will continue to oversee the implementation of the strategy and we will continue to publish an annual report to this Committee in order to monitor progress through the full Housing Strategy period.

8.0 Recommendations

- 8.1 The Committee is asked to consider and comment on the information included within the report and accompanying presentation.

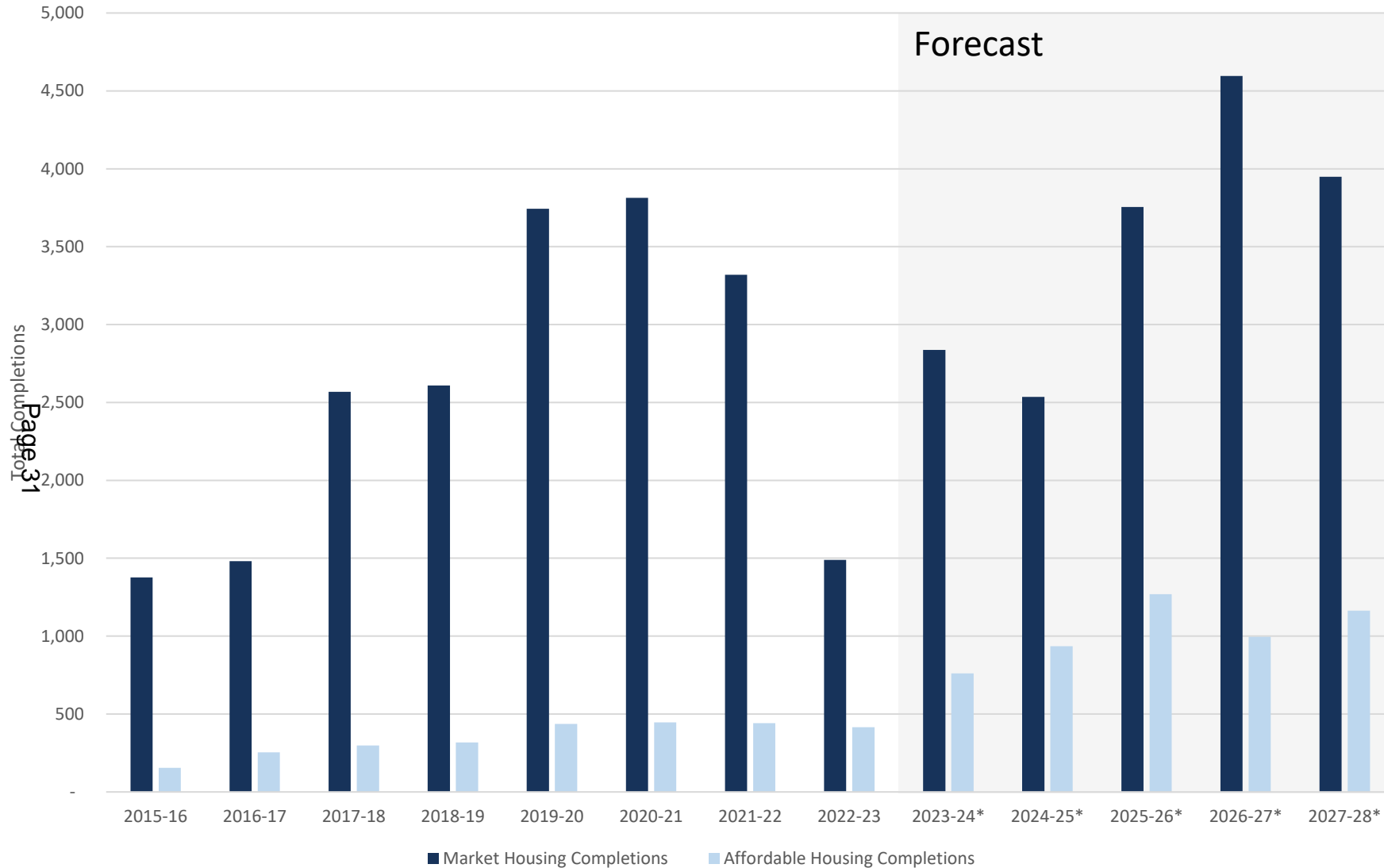


Manchester Housing Strategy (2022-2032) Annual Monitoring Report 2022-23

Increase affordable housing supply & build more new homes for all residents

Over 1,900 homes built in 2022-23 across the city (5.3% of the 36,000 home target)

Drop in yearly completions a result of drop off in starts during Covid & construction delays due to rising costs



	Annual Total	Strategy Total	Progress To Target
New Homes Built (Manchester excl. City Centre)	938	938	-
New Homes Built (City Centre)	969	969	-
Total New Homes Built	1,907	1,907	5.3%

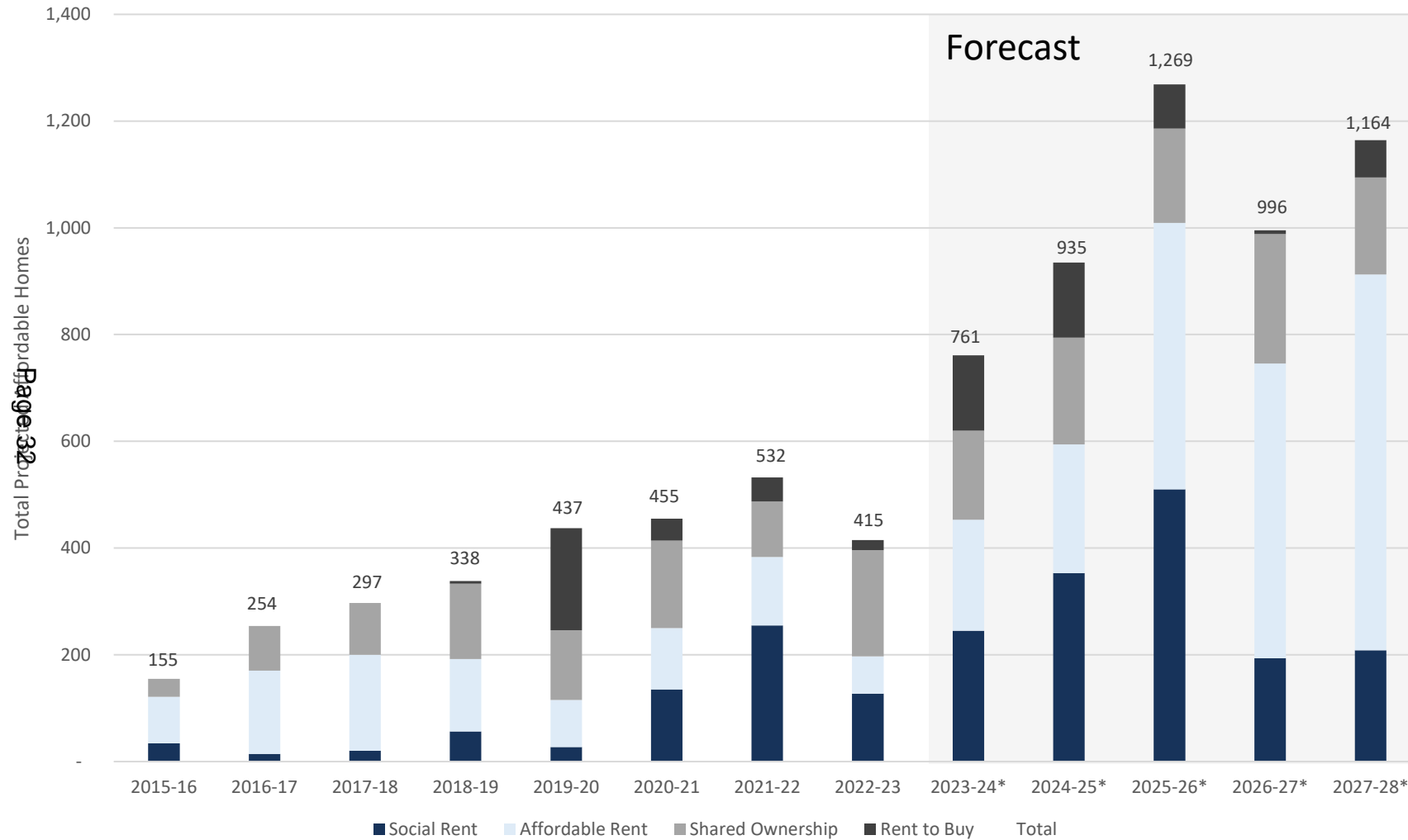
- Over 11,000 units under construction & a further 11,700 units with planning permission
- Majority of these c.23,000 homes expected to complete in the next 5 years (over 52% of Housing Strategy target)

Appendix 1, Item 5

Deliver 36,000 new homes by 2032 including 10,000 affordable homes

Affordable homes - 415 completions in 2022-23 (4.2% of Housing Strategy target)

A slight drop on 2021-22 but still represents a strong pipeline compared to 2015-2019 figures & strengthening future pipeline



	Annual Total	Strategy Total	Progress to target
Social Rent	127	127	-
Affordable Rent	70	70	-
Shared Ownership	199	199	-
Rent to Buy	19	19	-
Total	415	415	4.2%

- Completions include 45 homes on Edge Lane Business Centre (Your Housing Group) & 43 homes at the Former Belle Vue Stadium site (Great Places)
- Over 1,280 affordable homes under construction & a further c.1,760 with planning permission
- 105 new affordable homes were built on MCC owned land in 2022-23 - representing 25.3% of total delivery

Appendix 1, Item 5

Deliver 36,000 new homes by 2032 including 10,000 affordable homes

Right to Buy responsible for loss of 236 MCC owned affordable homes in 2022-23 (net growth of 179 affordable homes)

Delivery merely sustaining (rather than adding to) the availability of affordable housing in Manchester

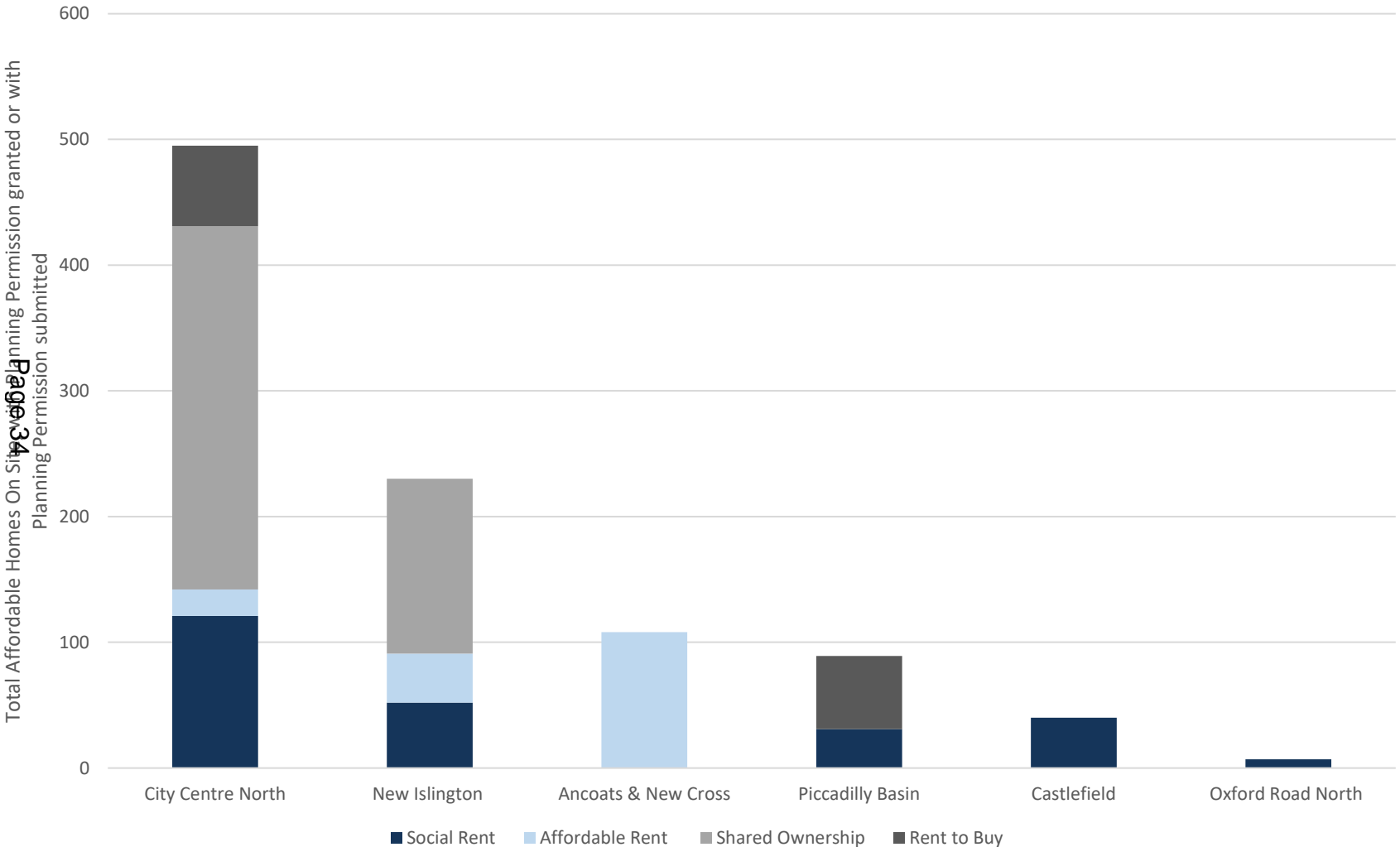
Year	New Affordable Homes					Affordable Homes Lost			Net Affordable Homes
	Social Rent	Affordable Rent	Shared Ownership	Rent to Buy	Total New Affordable Homes	Right to Buy	Right to Acquire	Total Homes Lost	
2015-16	34	87	34	0	155	107	23	130	25
2016-17	14	156	84	0	254	167	36	203	51
2017-18	20	180	97	0	297	222	7	229	68
2018-19	56	136	141	5	338	181	92	273	65
2019-20	27	88	131	191	437	191	69	260	177
2020-21	136	115	164	41	456	76	44	120	336
2021-22	263	159	70	40	532	174	60	234	298
2022-23*	127	70	199	19	415	236	0	236	179
Total	677	991	920	296	2,884	1,354	331	1,685	1,199

* Right to Acquire data not currently available for 2022-23

Deliver 36,000 new homes by 2032 including 10,000 affordable homes

Notable upscaling of affordable development activity in the city centre

Whilst only 2 homes have been delivered (Rough Sleeping Accommodation Programme), there are currently 462 affordable homes on site in the city centre, planning permission granted for a further 501 affordable homes (32% of Housing Strategy) & 6 homes with planning permission pending



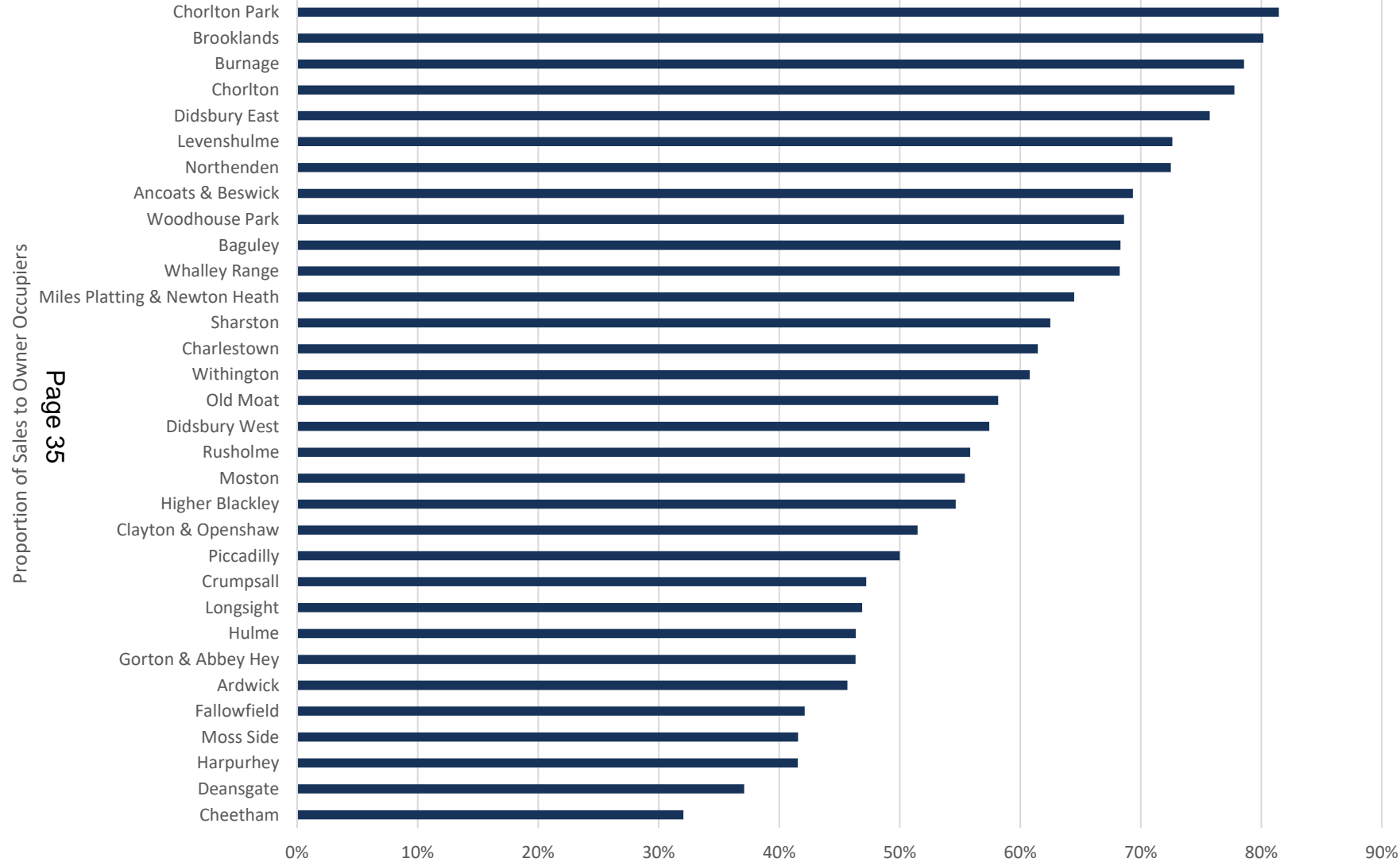
	Annual Total	Strategy Total	Progress to target
Social Rent	1	1	-
Affordable Rent	1	1	-
Shared Ownership	-	-	-
Rent to Buy	-	-	-
Total	2	2	0.06%

- Growth in the pipeline has been driven by Homes England Strategic Partners
 - Victoria Riverside, 128 Affordable Homes, L&Q – Under Construction
 - Laystall Street, 89 Affordable homes, Great Places – Under Construction
 - Downley Drive, 75 Affordable Homes, Great Places – Under Construction
 - Islington Wharf Phase 4, 54 Affordable Homes, Clarion – Under Construction

Of the 10,000 new affordable homes by 2032 – 3,000 will be built in the city centre

Slight drop (0.4%) in owner occupiers across the city – c.350 less than 2021-22

c.6% growth in proportion of sales to owner occupiers compared to Buy-to-Let investors from 2021-22



Proportion of Sales to Owner Occupiers

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Metric	Annual Total	Strategy Total	Progress To Target
Change in Number of Owner Occupiers	-346	-346	-2.4%

Metric	Previous Year Total	Current Year Total	Change
Proportion of Sales to Owner Occupiers (New Build & Existing Stock)	55.2%	58.4%	5.9%
New Shared Ownership / Rent to Buy Homes	135	218	61.5%

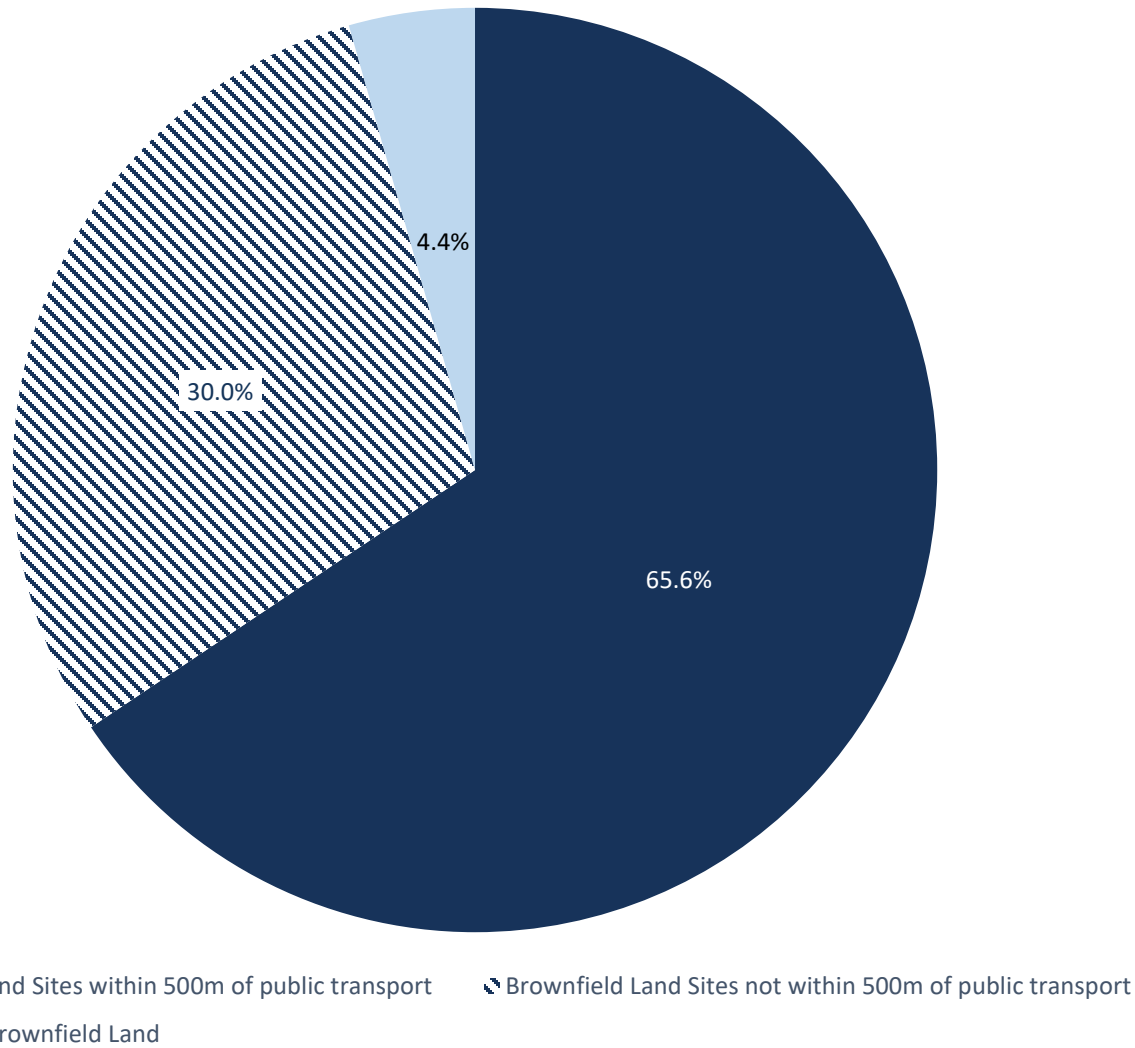
- Increasing role for affordable home ownership tenures in an environment of increasing interest rates and constraints on high street lending for first time buyers in particular

Appendix 1, Item 5

Increase the number of owner occupiers in Manchester by 15,000 by 2032

Over 96% of properties delivered on brownfield sites (including c.69% within 500m of public transport) in 2022-23

Continuing to seek funding to unlock opportunities on brownfield land



Metric	Annual Total	Strategy Total	Difference from Target
Total New Houses Built	1,904	1,904	-

Proportion of homes built on brownfield sites	95.6%	95.6%	15.6%
Proportion of homes built on brownfield sites within 500m of Metrolink/Rail/Bus Station	68.6%	68.6%	- 11.4%

- GMCA Brownfield Housing Fund secured c.£20m for over 1,600 homes (c.40% affordable)
- OPE Brownfield Land Release Fund – MCC submitted 6 bids for c.£3 million pounds to unlock the development of 209 homes (incl. c.60% affordable housing)
- Trailblazer devolution deal provides greater certainty and flexibility around funding
- Work to review potential sites for next round of funding to commence in Summer '23

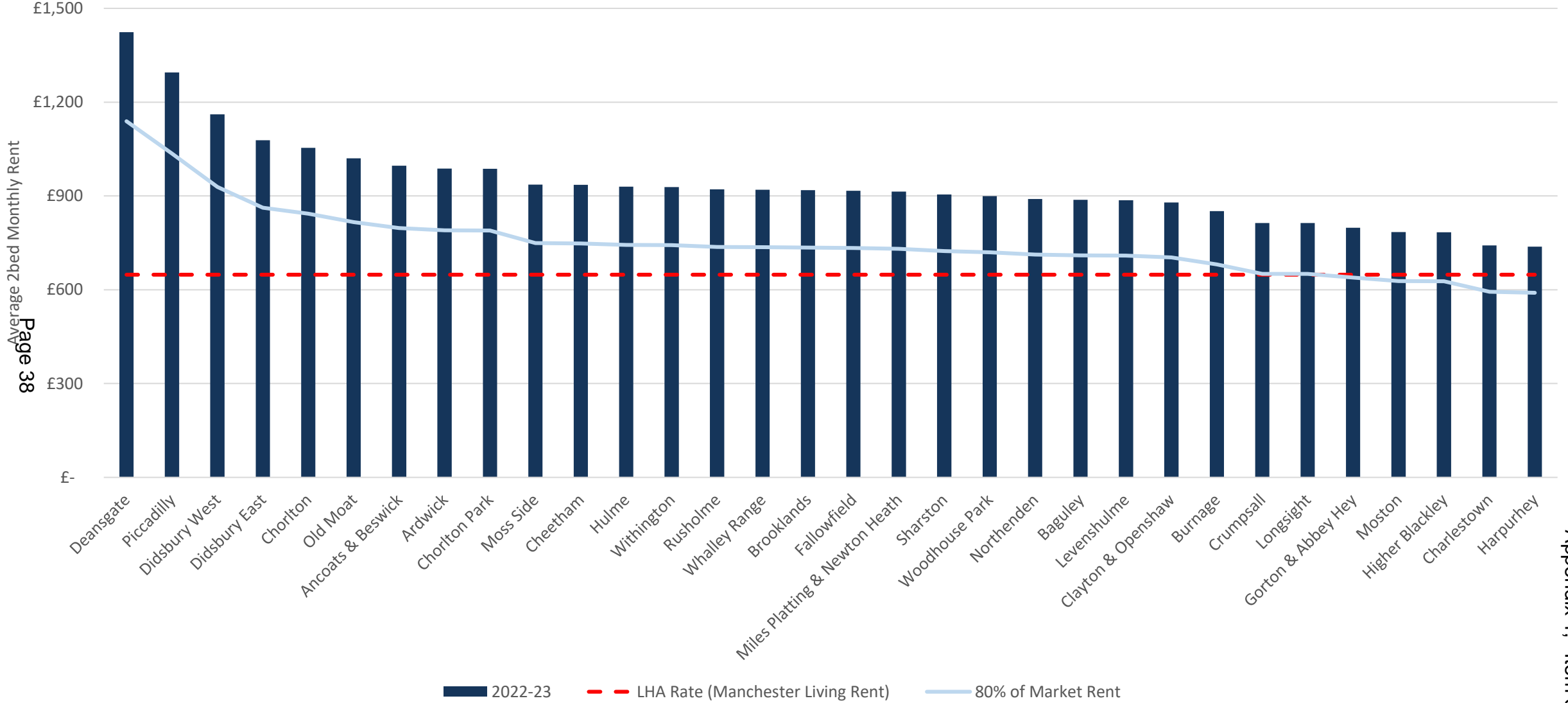
**Work to end homelessness and ensure housing is affordable
& accessible to all**

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Manchester Living Rent launched in July 2022

This City Phase 1 includes 38 affordable homes available at Manchester Living Rent

MCC also working with RP partners to ensure all new Affordable Rent homes are capped at the LHA rate (Manchester Living Rent)



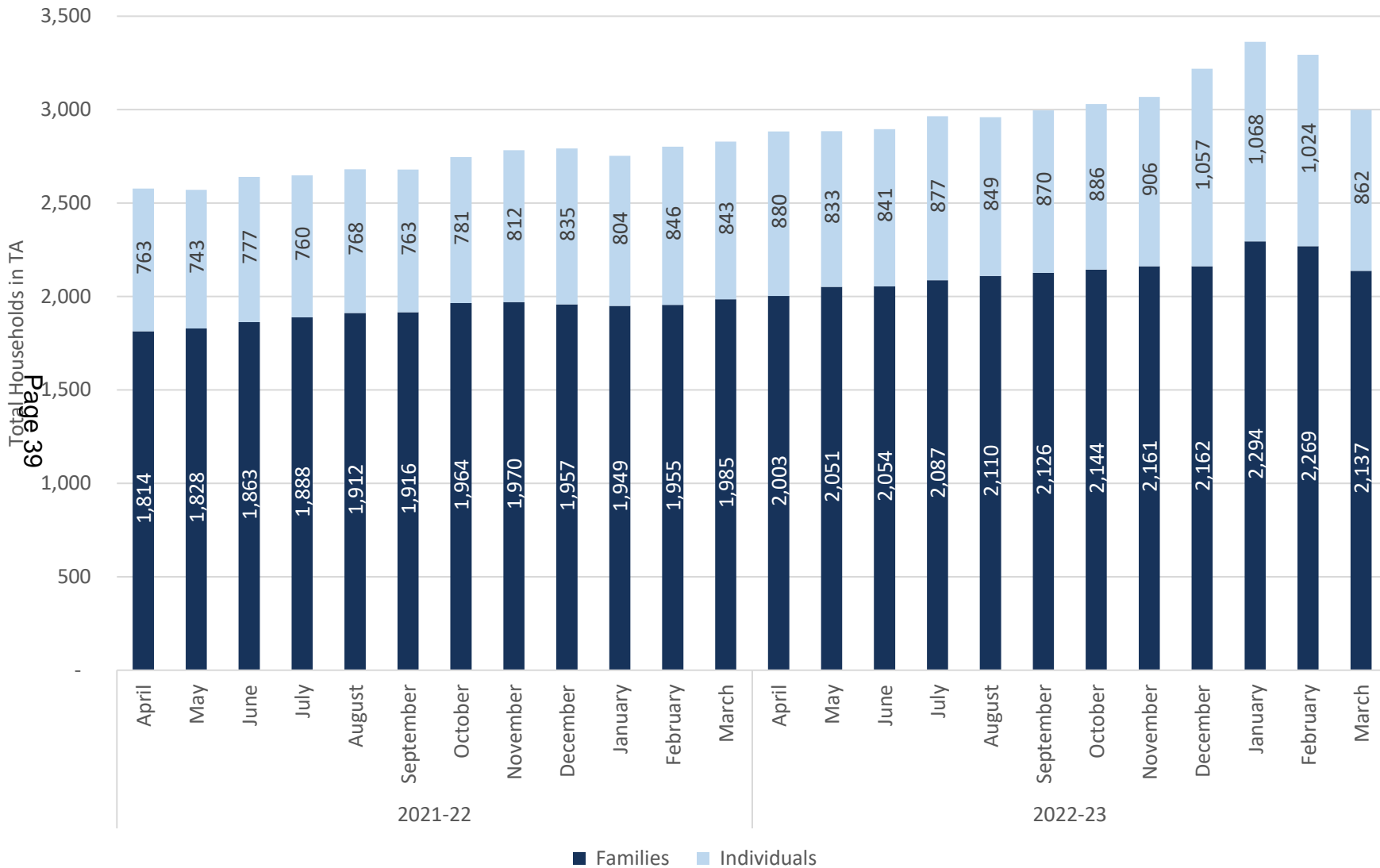
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Appendix 1, Item 5

Develop our approach to affordability in the light of the increasing cost of living

Demand for Temporary Accommodation peaked in Jan 2023, however 171 more households in TA than in March 2022 (6.0% growth)

Albeit numbers beginning to drop following the implementation of the updated Allocation Policy in Feb 2023 (9.1% drop from Feb to March)



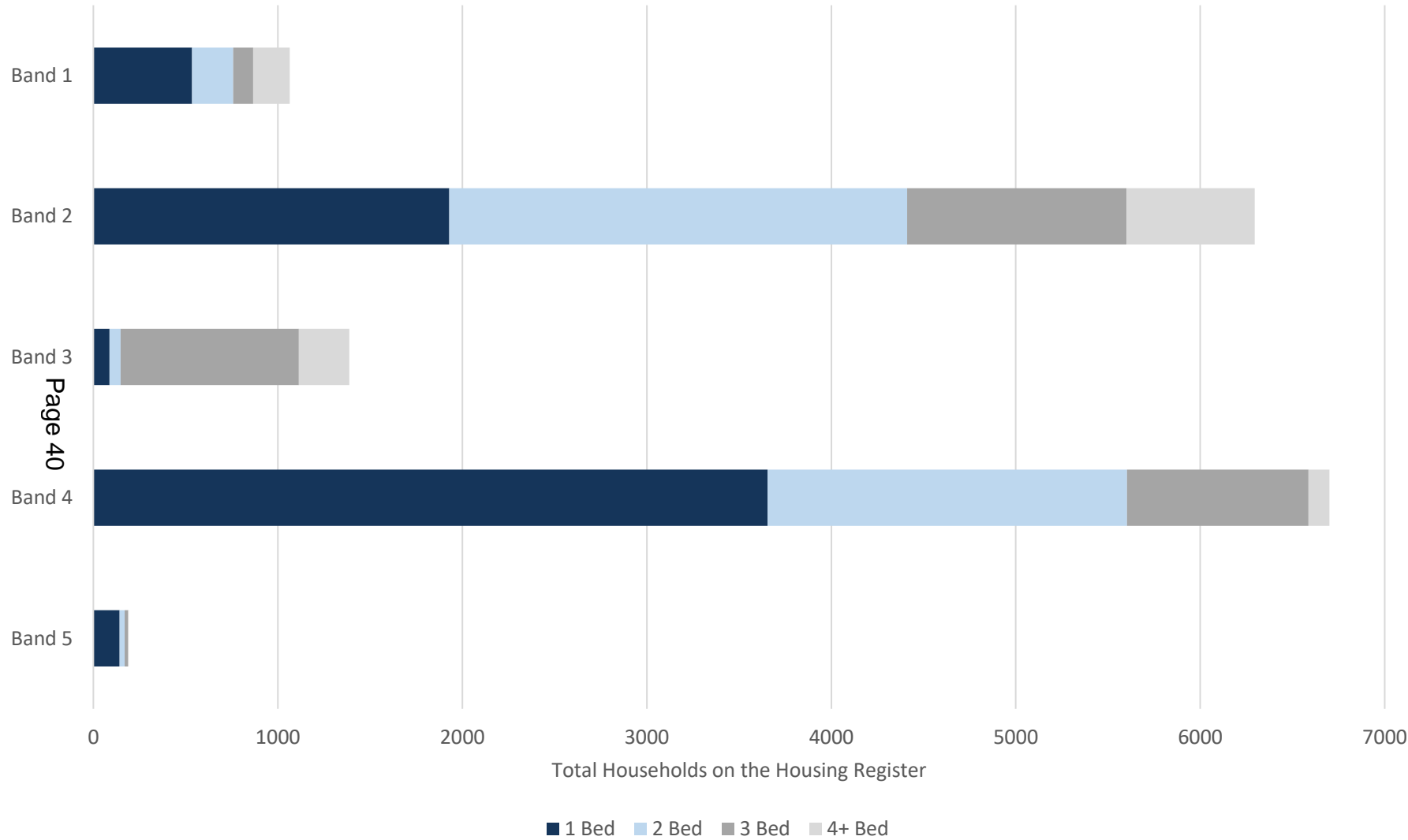
Metric	Previous Year Total	Current Year Total	Change
Number of Households in TA	2,828	2,999	6.0%
Average Time Spent in TA (Weeks)	34	22	-36.1%
Annual Net Cost of TA	£13.5m	£23.9m	77.0%
Prevention Metric*	-	200	-

*Number of People homeless at home – first measured in 2022-23

- Changes to the Allocations Policy ensured more residents affected by homelessness get Band 2 status
- Costs of TA forecast to fall to c.£17.6m in 2023-24 with potential to fall further as use of B&Bs reduce

Total number of households in Priority Bands 1-3 increased by c.1,000 in 2022-23 – 12.8% higher than 2021-22

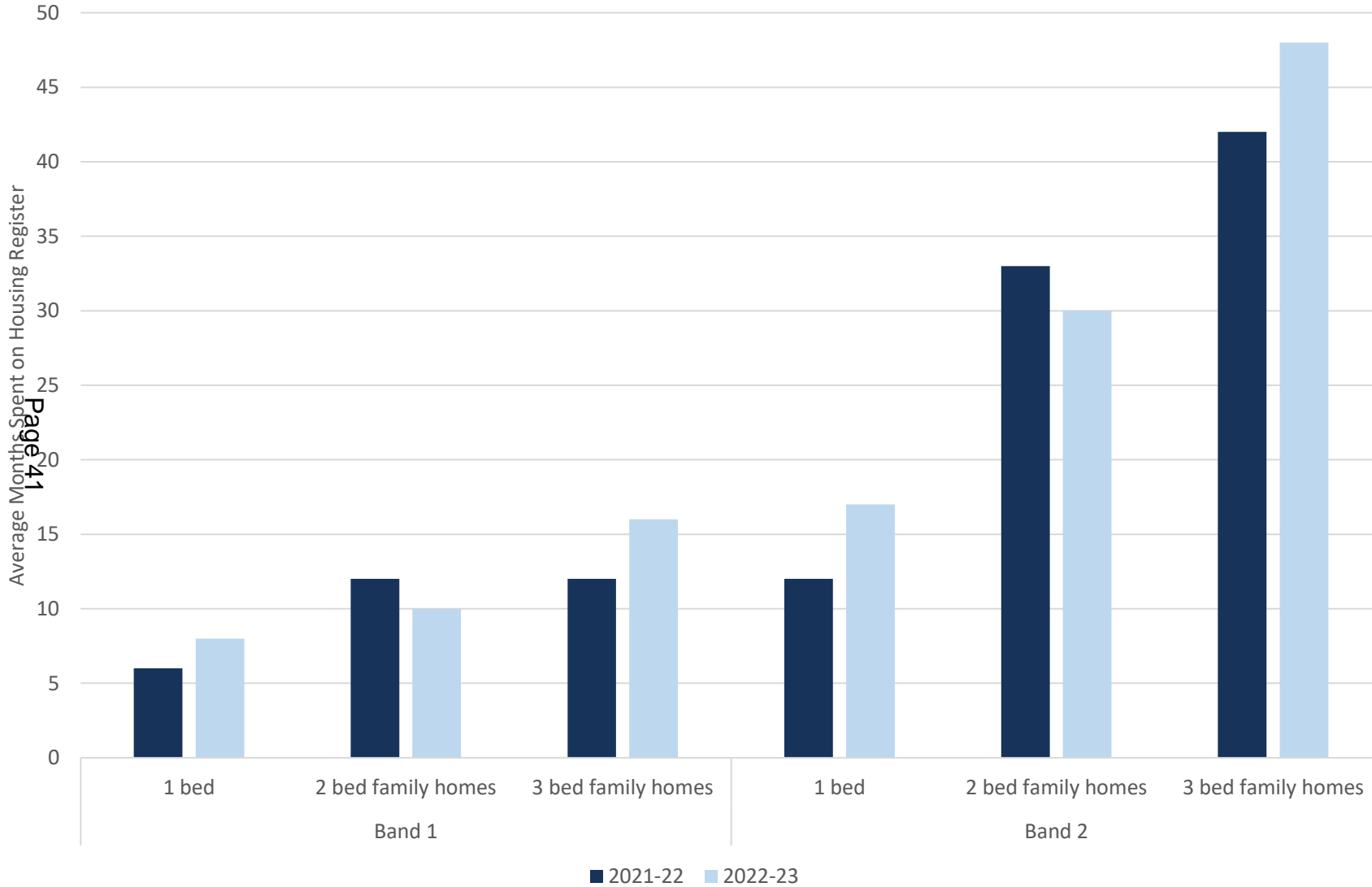
Availability of homes let through Manchester move continues to reduce – homes let to priority bands 1-3 dropped by 11% over last 12 months



Metric	Previous Year Total	Current Year Total	Change
Number of Households in Priority Bands 1-3	7,756	8,746	12.8%
Number of Homes let to Priority Bands 1-3	2,315	2,057	-11.1%

Average time spent in Bands 1-2 on the Housing Register up 10.3% from 2021-22 (1-3 bed properties) – a increase of 2 months on average

Slight reduction in the waiting time for 2beds but families in need of a 3+bed property currently having to wait twice as long as households waiting for a smaller property



Metric	Priority Band	Previous Year Total	Current Year Total	Change
1 bed	Band 1	6 months	8 months	33.3%
	Band 2	12 months	17 months	41.7%
2 bed family	Band 1	12 months	10 months	-16.7%
	Band 2	33 months	30 months	-9.1%
3 bed family	Band 1	12 months	10-21* months	33.3%
	Band 2	42 months	40-55* months	14.3%

*Dependent on whether a home has 1 or 2 living rooms

Appendix 1, Item 5

Increase the supply of appropriate housing for households in Priority Bands 1-3 to reduce the time spent on the Housing Register

The Enabling Independence Accommodation Strategy (EIAS) was approved at Executive in November 2022

Housing Needs Analysis has been commissioned from the Housing LIN to understand demand for the various sub-tenures of supported housing



- The Extra Care Programme has seen 762 extra care apartments delivered across the city to date.
 - Pipeline schemes include Russell Road (Great Places) and Jurby Avenue (Irwell Valley)
- The Housing LIN HNA suggests that 1,200 new Extra Care apartments are needed over the next 20 years, involving a scaling up of delivery.
- Reports for Mental Health and Learning Disability and Autism expected to be returned soon.
- This will provide the evidence base for a Supported Housing Development Programme.



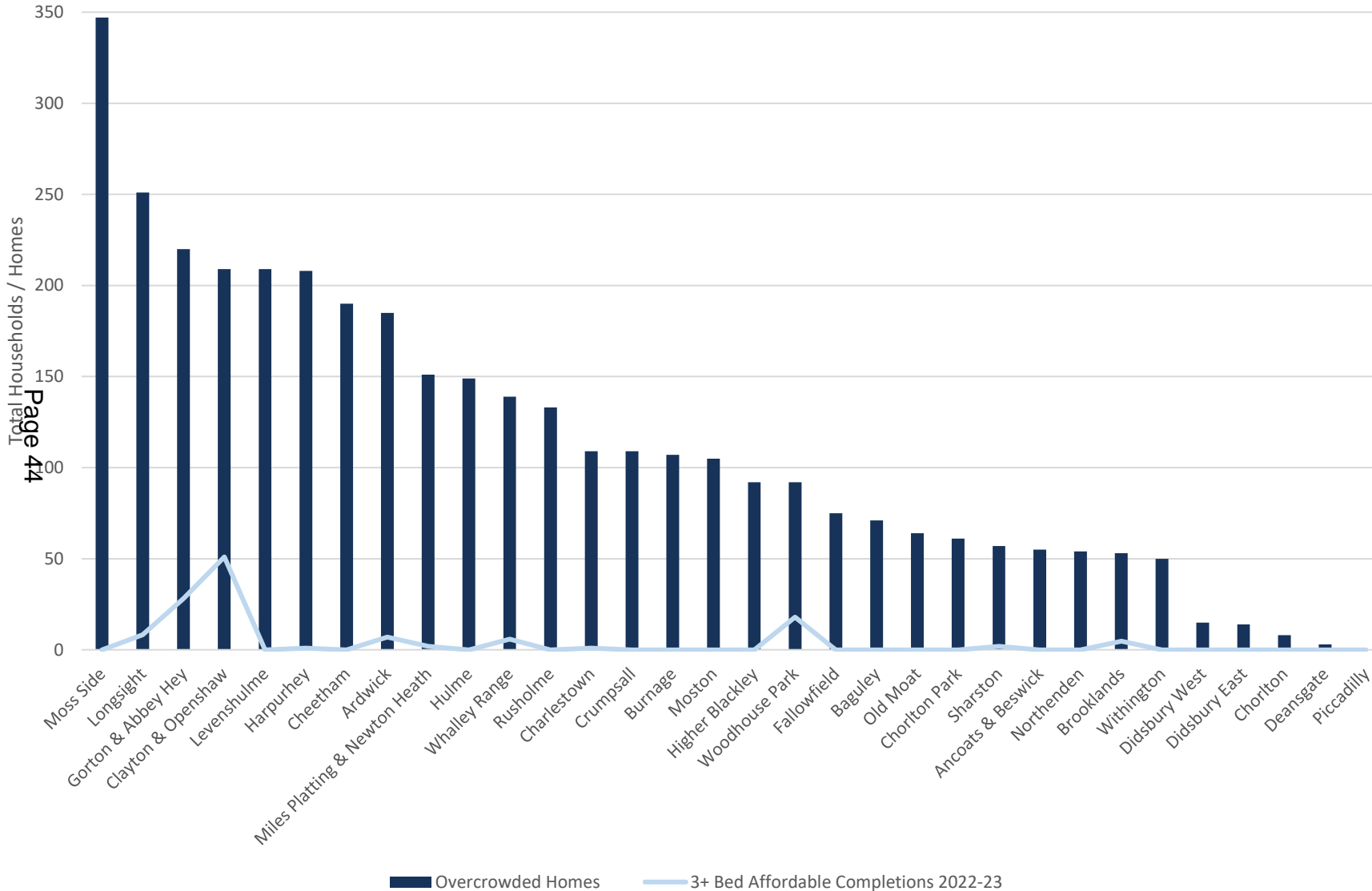
Pictured: 40 older persons (55+) Shared Ownership homes completed at Bowes House, The Depot, Whalley Range (MSV)

Work with commissioners & trusted providers to increase the supply of supported housing to meet demand

Address inequalities & create neighbourhoods where people want to live

129 3+ bed affordable completions in 2022-23 (but supply well out of sync with demand)

Number of schemes incl. Moss Side Sites (c.50 homes) & Edge Lane (101 homes) helping increase the delivery of larger family homes but more still needed



Metric	Annual Total	Strategy Total	Progress to Target
3+ Bed Affordable Homes Built	129	3,000	4.3%

Metric	Previous Year Total	Current Year Total	Change
Overcrowded Households on Housing Register	2,991	3,585	19.9%
Average Household Size (excl. City Centre)	2.54	2.55	1.0%

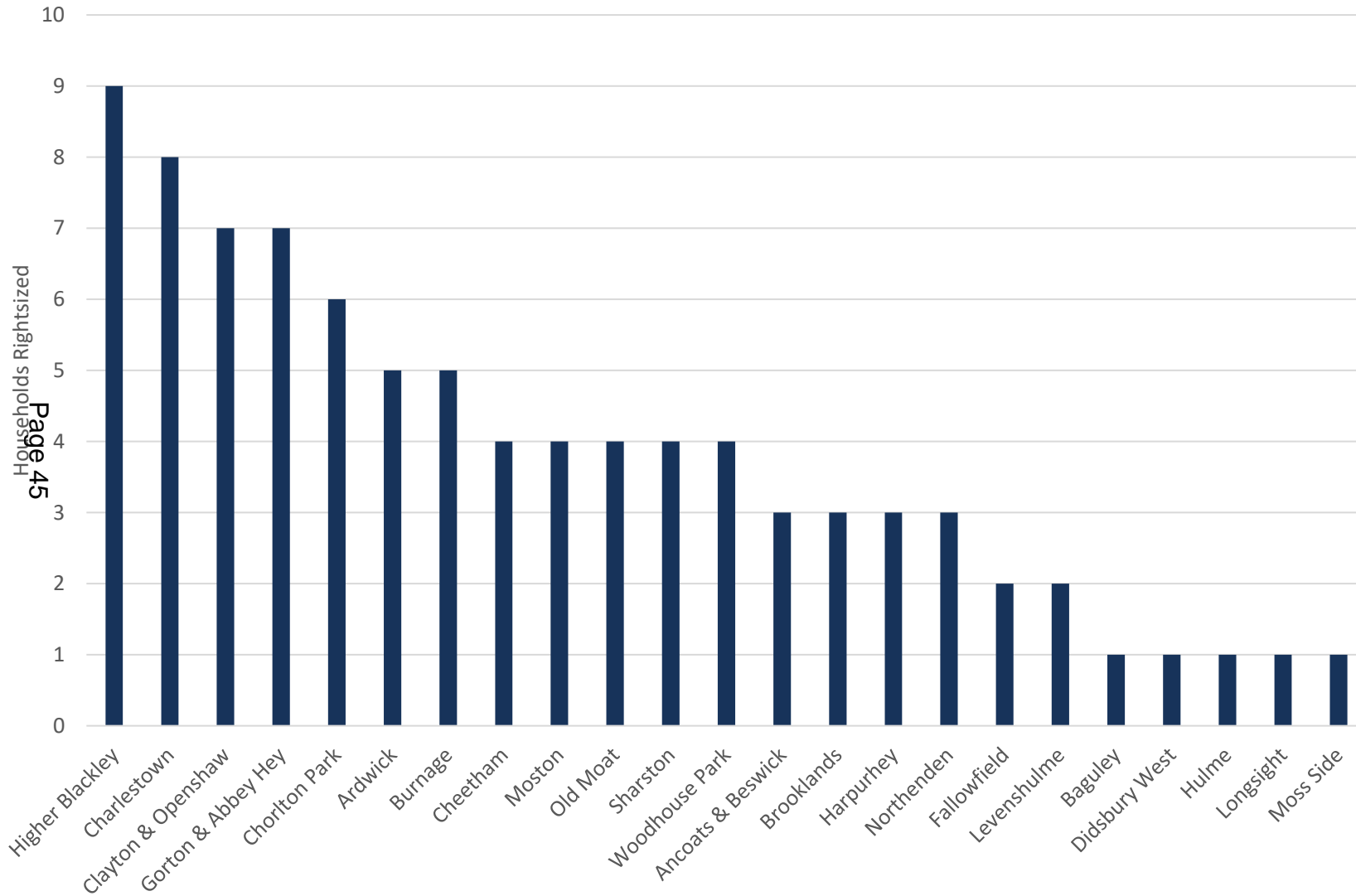
- 156 affordable 3+ bed family homes to be delivered through P500 Phase 1

Appendix 1, Item 5

Deliver 3,000 affordable family houses by 2032 to address overcrowding in areas where average household sizes are highest

A total of 88 households rightsized in 2022-23 - the majority in the north & east of the city

Both freeing up family housing & allowing residents to lower their bills to help counteract the impacts of the ongoing cost of living crisis



Metric	Previous Year Total	Current Year Total	Change
Households Right-sized through Manchester Move	-	88	-

- Rightsizing has been promoted at Silk Street through the offer of a financial incentive and a free packing and removal service
- We will continue to identify and encourage rightsizing on schemes across the city including Chorlton Baths

There is a rolling programme of Selective Licensing in Manchester encompassing c.2,090 PRS homes

The latest phase of the rollout (P3), covering 5 new areas (c.690 PRS homes) were designated in May 2023



- **Phase 1 – Complete**
 - Crumpsall, Moss Side, Moston and Old Moat
 - 1,886 homes
- **Phase 2 – Live**
 - Gorton & Abbey Hey (2 areas), Harpurhey and Clayton & Openshaw
 - 1,402 homes
- **Phase 3 – Formal 3 month designation period (May – August 2023)**
 - Moss Side & Whalley Range, Levenshulme, Longsight and Rusholme (2 areas)
 - 688 homes
- **Phase 4 – Pre-Consultation**
 - Areas TBC

The Housing Affordability Fund is supporting the development of affordable homes in key locations

Including the first phase of This City (Rodney Street – 38 Affordable Homes) to ensure we can deliver Manchester Living Rent homes to high sustainability standards

The HAF prioritises the delivery of:

- Social Rent homes for larger families in areas with highest average household sizes
- Social Rent homes targeted at homeless residents (£99k used to help fund MSV's Dalton Avenue scheme)
- Manchester Living Rent homes in locations where the gap between market rent and LHA is highest
- Schemes where additional funding can unlock Social Rent rather than other affordable tenures
- Affordable homes with high low or zero carbon credentials
- 10 homes acquired using HAF through the Larger Properties Acquisition Programme

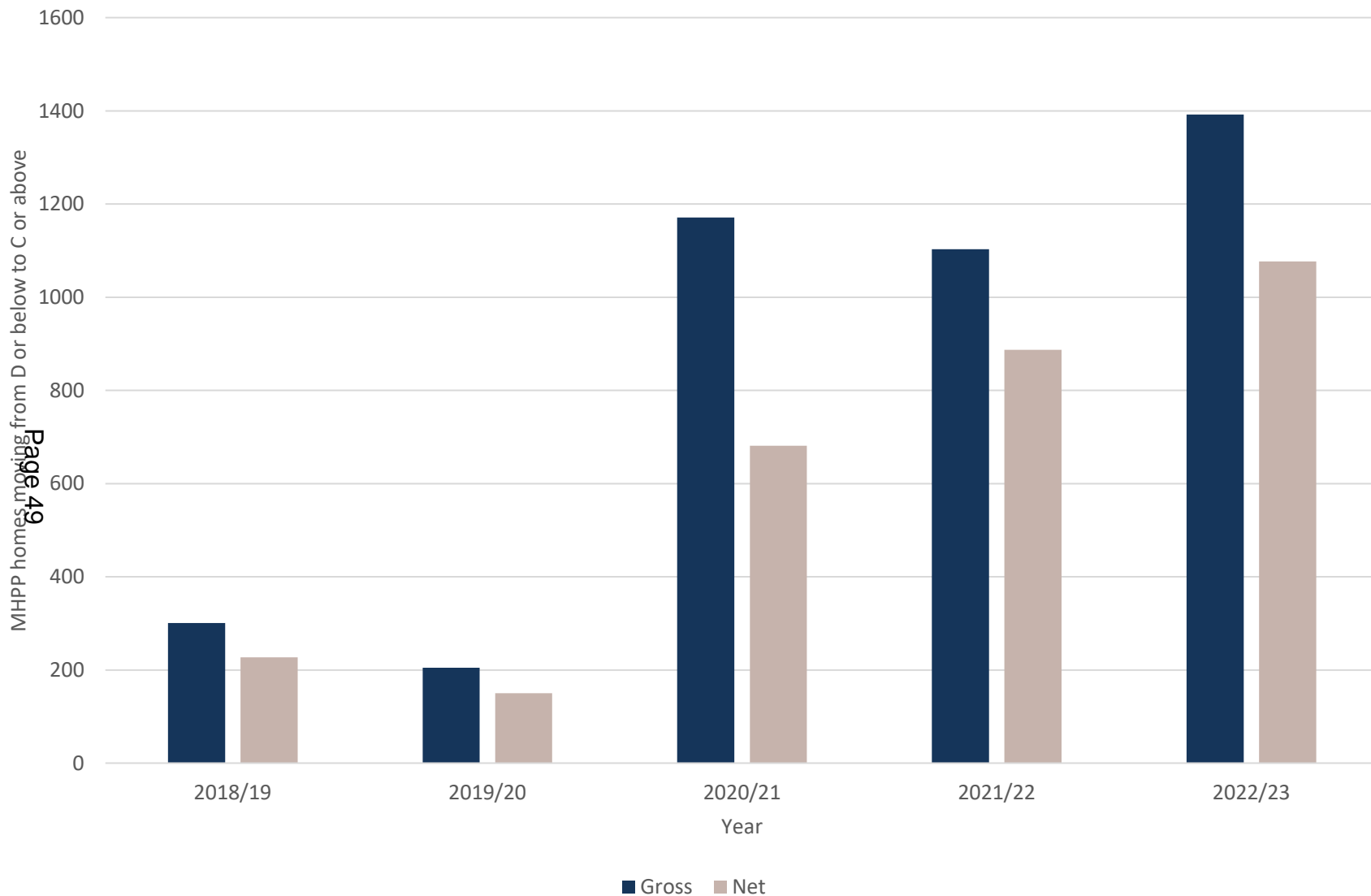
Appendix 1, Item 5

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Utilising the Housing Affordability Fund to support placemaking & encouraging RPs to purchase and refurbish low quality PRS for affordable housing (incl. former student lets)

Address the sustainability & zero carbon challenges in new and existing housing

Over 1,000 MHPP homes have moved from an EPC D (or below) to C (or above) during 2022-23 & Housing Services have undertaken 104 retrofit installs
Housing Strategy targets not aligned to those used nationally or by GM or RP partners



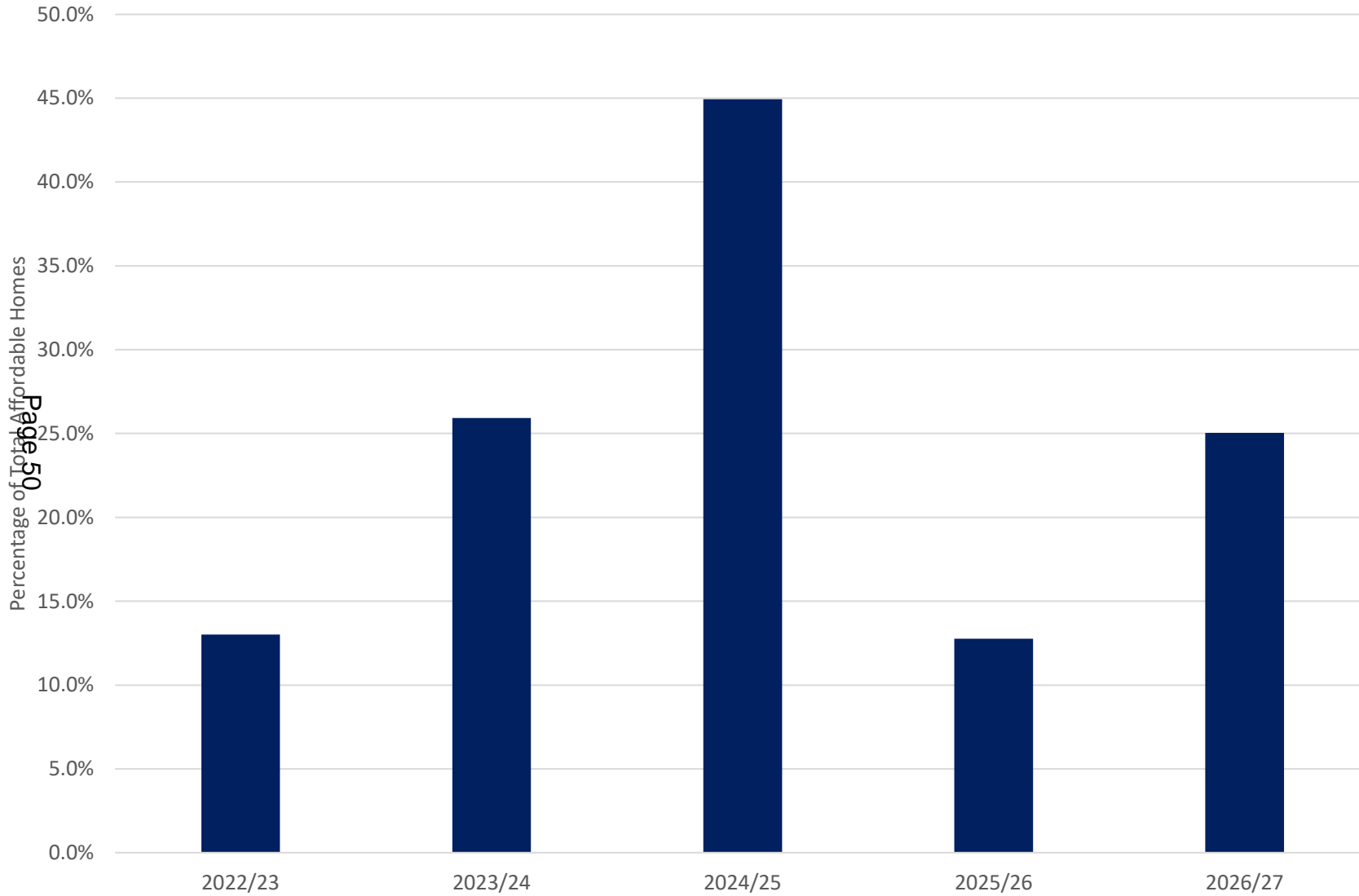
Source: [Energy Performance of Buildings Data England and Wales \(opendatacommunities.org\)](https://www.opendatacommunities.org/energy-performance-of-buildings-data-england-and-wales)

MCC Retrofit Installs in Housing Services Properties 2022-23	
Technology	Number Installed
Air Source Heat Pump	64
PV Panel & Battery	40
Total Homes Retrofitted	104

- To meet the Housing Strategy target the Council will be expected to lead the way in retrofitting its properties – c.60% of the MCC-owned stock to be retrofitted by 2032 to meet the Housing Strategy target
- Housing Services will continued to upscale the delivery of retrofitting schemes supported by external funding including the Council’s Social Housing Decarbonisation Fund programme which involves 6 schemes all of which will be delivered by September 2025.

13.0% of new affordable homes delivered in 2022-23 (54 homes) were low or zero carbon

c.25% of affordable delivery over the next 5 years expected to be low or zero carbon (beyond Part L Building Regulations)



Metric	Annual Total	Strategy Total	Difference from Target
Percentage of low carbon new affordable homes completed	13.0%	13.0%	-37.0%

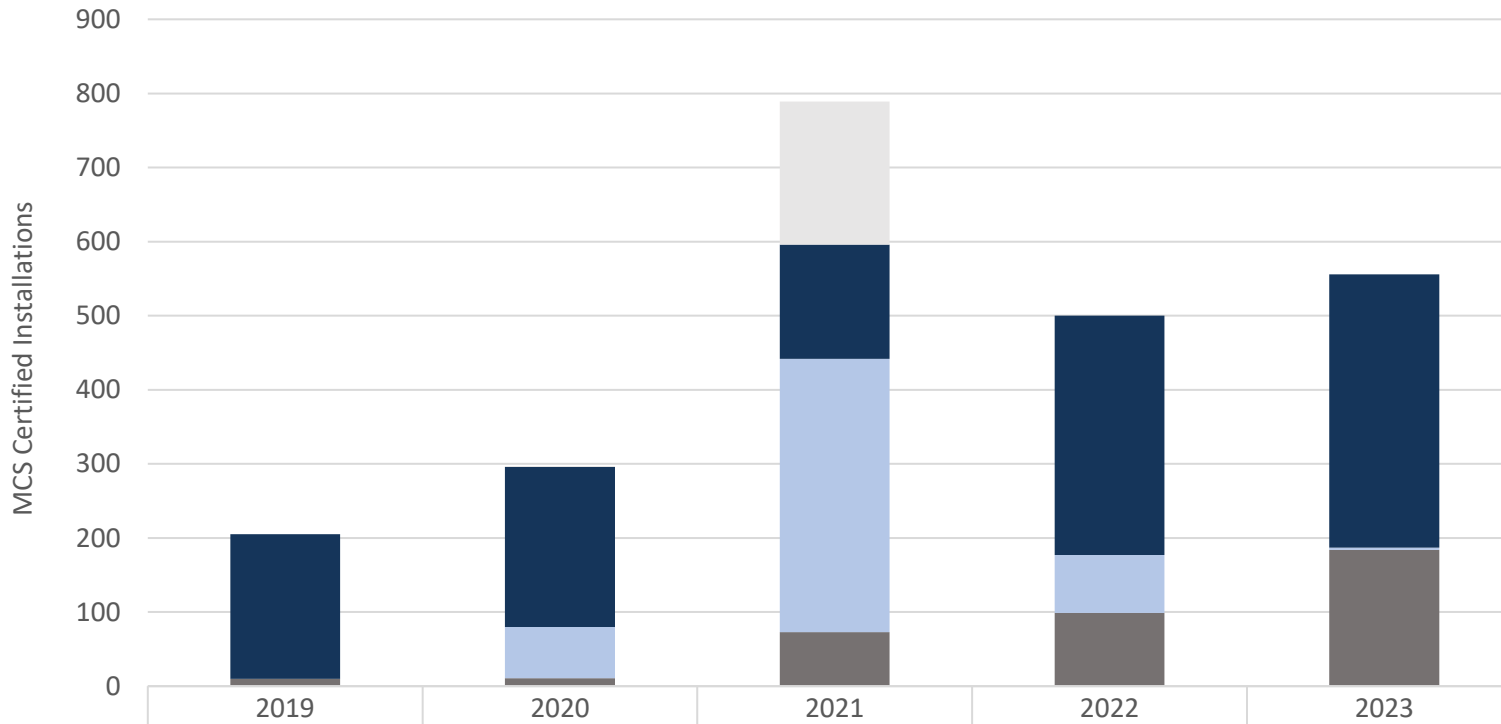
- Low carbon schemes completed in 2022-23 include:
 - Axis (Stockport Rd) – 33 homes
 - Mayton Street – 21 homes

Increase proportion of low carbon homes in the affordable pipeline from 20% - 50% by 2025

Emerging thinking on our plans for zero carbon retrofitting were taken to Environment & Climate Change Scrutiny and progress is being reported to Environment OSC every 6 months

However, given the scale of the challenge and the need for immediate action we aren't waiting for a formal plan to be drafted and agreed before progressing retrofitting projects across the city

MCS Certified Installations in Manchester*



Page 51

■ Solar Thermal	0	1	193	0	0
■ Solar PV	195	216	154	323	369
■ Ground / Water Source Heat Pump	0	69	369	78	3
■ Air Source Heat Pump	10	11	73	99	184

■ Air Source Heat Pump ■ Ground / Water Source Heat Pump ■ Solar PV ■ Solar Thermal

*MCS installations only –N.B. this data does not cover the full scale of retrofit installations

- The emerging retrofit plan is founded on four key enablers:
 - Resident Engagement
 - Skills
 - Funding
 - Partnerships
- The Microgeneration Certification Scheme (MCS) is an organisation that creates and maintains standards relating to low carbon products, installers and installations. MCS accreditation is a sign of excellence in a renewable installer.

Appendix 1, Item 5

Outline planning application for Red Bank (3,250 homes) aims to meet evolving and ambitious best practice to align with Net Zero aspirations

Recognising that regulations & targets will advance significantly over the course of the neighbourhood's 10-year delivery



Energy	RIBA 2030 Climate change - 2025 targets	RIBA 2030 Climate change - 2030 targets	LETI 2030 target
Carbon	RIBA 2030 Climate change - 2025 targets (A-C) whole embodied carbon	RIBA 2030 Climate change - 2030 targets (A-C) whole embodied carbon	LETI design target
Renewables & heat	LETI heating demand target		
	LETI on-site renewable generation target		
Buildings (fabric and spec.)	Building regulation 2010 - Part L volume 1, 2021 edition - Table 1.1		
	Future Homes Standard (FHS) compliant		
Water	Part G 2010 - 110 L/person/day compliant	RIBA Climate Challenge - 2025 target: < 95 L/person/day	RIBA 2030 target: < 75 L/person/day
Biodiversity	Biodiversity Net Gain: Minimum of 10%		
	Urban Greening Factor: 0.3	Urban Greening Factor: 0.4	



Aspirational Carbon KPIs for Red Bank

- Aspire to be Net Zero carbon in operation (including regulated and unregulated energy);
- Meet 'Phased' fabric, energy, embodied carbon, and water targets to deliver homes and buildings that are resource efficient;
- Deliver homes that can achieve applicable RIBA Climate Change targets and LETI EUI targets;
- Use RIBA version 2 target 2030 to achieve low embodied carbon for homes (A-C); and
- Minimise cut and fill and infrastructure carbon - set a baseline and then reduce.

Appendix 1, Item 5

Ensure estate regeneration & placemaking (including demolitions) are directed by zero carbon principles



Manchester Housing Strategy (2022-2032) Annual Monitoring Report 2022-23

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Appendix 2

Scheme Name	Ward	Developer Name	Affordable Homes	Market Homes	Total Homes	Grant required (£m)
Former Manox Works (Iron St / Coleshill St)	Miles Platting & Newton Heath	NPL Group / Equans	114	296	410	£ 2,000,000
Olympic Freight Terminal	Ardwick	Kellen Homes		272	272	£ 4,624,000
86 Rochdale Rd	Piccadilly	McGoff Group		237	237	£ 2,370,000
Rodney St*	Ancoats & Beswick	This City	38	90	128	£ 1,680,000
Osborne Yard	Miles Platting & Newton Heath	Cert Property		90	90	£ 1,350,000
Didsbury Point	Didsbury West	Southway	76		76	£ 1,140,000
Louisa Street (Former Iron Foundry)	Clayton & Openshaw	Jigsaw/Westchurch homes	71		71	£ 1,065,000
Downley Drive	Ancoats & Beswick	Great Places	52		52	£ 880,000
Chorlton Baths Site	Chorlton	MSV	47	3	50	£ 450,000
Chorlton Irish Club	Chorlton	Southway	29		29	£ 479,109
Winston Rd/ Hodge & Lord Street	Moston	One Manchester	28		28	£ 420,000
Vine Street	Gorton & Abbey Hey	Kirkland Developments / Jigsaw	25		25	£ 500,000
Brigham Street	Clayton & Openshaw	One Manchester	24		24	£ 360,000
Longhurst Rd	Higher Blackley	Great Places	22		22	£ 330,000
Oakwood Lodge	Northenden	WCHG	20		20	£ 380,000
351 Palatine Road (Grants / Viks Bar)-	Northenden	Gustav Bonnier / WCHG	16		16	£ 320,000
Jurby Avenue*	Higher Blackley	Irwell Valley	13		13	£ 215,280
Plant Hill Police Station*	Higher Blackley	Irwell Valley	12		12	£ 175,000
Audrey Street / Egbert Street	Moston	One Manchester	12		12	£ 180,000
Kenyon Lane	Moston	Jigsaw	10		10	£ 150,000
The Rossett	Didsbury West	Great Places	8		8	£ 120,000
Cross Lane	Gorton & Abbey Hey	Southway	8		8	£ 120,000
Queens Road	Harpurhey	Guinness	8		8	£ 149,640
Palgrave Avenue	Harpurhey	Guinness	7		7	£ 131,194
Lathbury Road	Harpurhey	Jigsaw	6		6	£ 90,000
Varey Street	Gorton & Abbey Hey	Southway	5		5	£ 40,000
Canberra Street	Clayton & Openshaw	Guinness	4		4	£ 78,748
Minden Close	Didsbury East	Southway	2		2	£ 30,000
		Total	657	988	1,645	£ 19,827,971

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**Manchester City Council
Report for Information**

Report to: Economy and Regeneration Scrutiny Committee – 18 July 2023

Subject: This City Programme Update

Report of: Strategic Director Growth & Development

Summary

In December 2021, the Executive approved a business case outlining the ambitions and intentions of This City, the Council's wholly owned housing delivery vehicle.

This report outlines the significant progress to date both in the formation, constitution and governance of the operational company but also in the spearheading of the construction of its maiden scheme, Rodney Street alongside the development of a long-term business plan.

Risk management is outlined throughout the report along with a matrix of future decision making requirements.

Recommendations

The Committee is recommended to consider and note the updates within the report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The delivery of sustainable homes is a key priority for This City. Homes than reduce the environmental footprint of residents and help combat energy poverty. Environmental impacts are core design considerations for all homes that will be delivered through the This City. Careful consideration is being given as to how the developments will make a positive contribution to the zero carbon agenda and support the Council with the achievement of zero carbon by 2038.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

This City actively supports equality, diversity and inclusion in both its approach to development and creation of policies which will directly affect its customers. Examples of this include:

- Designing homes that meet the needs of our citizens- for example - all homes at the Rodney St. Development are designed to M4(2) standards, allowing flexibility if the needs of the residents change or if one of the tenants requires adaptations to be made prior to move in.

- Development of an inclusive approach to lettings through the This City Lettings Policy to ensure that homes are available to all.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	A successful economy must be supported by a vibrant and diverse housing market. The provision of a multi-tenure, high quality, low carbon range of housing options will assist the City to attract investment and provide a housing offer to those working on lower incomes in the city.
A highly skilled city: world class and home grown talent sustaining the city's economic success	A successful jobs and skills market has to be supported by a vibrant and diverse housing market. The provision of a multi-tenure, high quality, zero carbon range of housing options will assist the City to attract and retain talent.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The scale of development envisaged will provide much needed accommodation in the city which will be delivered across a range of communities to meet the needs of the city.
A liveable and low carbon city: a destination of choice to live, visit, work	All homes being developed will be expected to contribute to our zero carbon targets through the sustainability measures that will be included within design specifications.
A connected city: world class infrastructure and connectivity to drive growth	Housing development makes a direct and influential impact on infrastructure and growth. By ensuring an accelerated delivery programme, it is anticipated that there will be a stimulus to investment and development.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Any revenue consequences are associated with the use of revenue funds from the Housing Investment Reserve to cover the costs of establishing This City and initially covered design team fees.

Financial Consequences – Capital

A capital budget funded by prudential borrowing was approved by Full Council and the Executive towards the construction costs to deliver the first scheme through the This City housing delivery vehicle.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Executive: Delivery of new affordable homes in Manchester – 25th March 2020
- Executive: A Housing Delivery Company – 3rd June 2020
- Executive: This City Housing Delivery Vehicle – 15th September 2021
- Executive: This City: Manchester's Housing Delivery Vehicle Business Case – 15th December 2021
- Economy Scrutiny: This City Progress Update – 23rd June 2022
- Executive: Capital Programme Monitoring Q3 2022/23 - 15th February 2023

1.0 Introduction

- 1.1 The purpose of the report is to provide Economy and Regeneration Scrutiny Committee with an update of the creation of This City, the Council's wholly owned housing delivery company. The report will outline progress to date, on both strategic and site specific activity, along with proposed future activities

2.0 Background

- 2.1 Further to the June 2022 Economy Scrutiny report and subsequent report to the Executive dated February 15, 2023, there has been continued concerted work undertaken to establish This City as a housing delivery vehicle.
- 2.2 In September 2021, the Executive approved the creation of This City based upon the following core principles:
- Viable proposition – to ensure that as a minimum the company can repay principal and interest finance costs back to the Council as well as managing and maintaining the property to a high-quality standard;
 - Provision of an accessible tenure – that a proportion of each scheme, a minimum of 20%, is let at Manchester Living Rent, which is defined as at or below Local Housing Allowance levels;
 - Sustainability – demonstrate that a high-quality housing product, meeting long term zero carbon aspirations and providing affordable homes is achievable;
 - Retention of control – that the company will retain control of rent setting, management and lettings functions;
 - Commercial with a conscience – the company is a trading entity with a key focus on maximising the number of Manchester Living Rent homes that can be delivered through cross subsidisation from the market rented units and ensuring that the delivery of Social Value is embedded through the companies policies and practices;
 - Scalable and adaptable – flexibility in the structure and model of the company in order for delivery to be scaled up and provide a route in for investors, with the ability to deliver up to 500 new homes per year.
- 2.3 The Economy Scrutiny report presented in June 2022 provided progress updates on strategic activities that included the business plan, procurement strategy, management, maintenance and lettings, the This City Board and governance, investor memorandum and progress on the first two planned developments (Rodney St. And Postal St.).

3.0 This City – Progress Update

Company Formation and Initial Business Planning

- 3.1 In the summer of 2022 the This City Board appointment process was completed with four (4) non-executive directors appointed (Chair Adam White, Helen Robinson, Heath Thomas and Matthew Harrison) selected out of 90

applicants, along with three (3) Manchester City Council Officers (Becca Heron, Samantha McArdle and Shefali Kapoor) and one (1) Councillor (Cllr. Lynch). This brings together national and regional expertise in finance & investment, legal, house building and property management and their advice will be invaluable in the growth of the company. The inaugural Board meeting was held in June 2023 where the Shareholder's Agreement and company Articles were recommended and moved.

- 3.2 This City also operates under Council governance through monthly meetings with the Strategic Programme Board, chaired by the Executive Member for Housing & Development. The Strategic Programme Board continues to act as a consultative forum for activities and approaches which This City proposes to take.
- 3.3 Ernst and Young completed a business plan for This City in late summer 2022. This is now being reviewed and updated to reflect current construction cost inflation and increased financial borrowing rates. This will be completed by September 2023.

3.4 Phase 1 Developments

Rodney Street

- 3.5 This City's inaugural development at Rodney St. located within the Ancoats phase 3 development area received planning consent mid 2022 and a final construction budget confirmed in early 2023. Wates Construction was awarded to construction contract in June 2023 and site works have begun on site. Practical completion is on target for early 2025.
- 3.6 The Rodney St. scheme currently comprises 128 new homes; 118 x 1 and 2 bedroom apartments and 10 x 3 and 4 bed townhouses. The scheme will provide 70% (90) market rented homes and 30% (38) Manchester Living Wage homes, which would be let at or below Local Housing Allowance levels. The building is designed to Association for Environment Conscious Buildings (AECB) standards, which exceeds the Manchester Roadmap to Net Zero Carbon targets. The scheme significantly improves the local public realm and supports public access from Miles Platting to the Ancoats Mobility Hub and Green schemes.
- 3.7 The development at Rodney Street will contribute toward the wider regeneration of the Back of Ancoats area and will be situated adjacent to the newly reinvigorated Ancoats Green Park. Residents of the This City Rodney Street homes will have use of the Mobility Hub cycle, delivery and parking facilities.

Postal Street

- 3.8 Design development of proposals for the site at Postal Street have been progressed to RIBA stage 2 with a view to progressing as part of Phase 1 of This City. The This City Strategic Programme Board has now decided to

prioritise the delivery of this site within phase 2 as set out below. To expedite development the vacant garages located on the site will be demolished in July 2023.

3.9 Pipe of Development – Phase 2

- 3.10 Five (5) sites, listed in table 3.3.2, are identified as priorities for This City developments in phase 2. Early capacity studies were completed in 2022. The studies estimate that the sites can currently deliver in the region of 1189 to 1567 new homes, depending on density and approval through the planning process.

Site	Ward	Estimated New Homes
A	Piccadilly	115 to 145
B	Ardwick	99 to 145
C	Longsight	130 to 150
D	Ancoats & Beswick	181 to 246
E	Harpurhey	464 to 625
F	Piccadilly	200 to 256
Total		1189 to 1567

- 3.11 Given the sustained period of cost inflation, revised construction cost values will be sought from the market that will be inputted into financial viability assessments for the pipeline. The initial opinion is that the scale of potential new homes available combined with appealing locations that includes existing access to amenities, city centre locations, close proximity to district centres and existing metro lines accessing the city centre, along with ESG credentials it's believed this pipeline will appeal to the investor market and unlock capital to deliver the schemes.

3.12 Investment Partnership(s)

- 3.13 Manchester is an investable city. It is envisaged that there is an opportunity to kickstart and upscale the delivery of This City through partnership with an investor partner or partners.
- 3.14 To inform this process in terms of scale, financial and operational opportunity PwC were appointed to complete soft market testing that in turn would inform the contents of an investor memorandum that can be used to formally procure a partnership.
- 3.15 This market testing involved potential investor groups, developers and fund managers to evaluate appetite in the sector along with indications of possible Joint Venture structures and the working relationship between This City and investor partners.
- 3.16 PwC have been appointed to finalise the procurement process, preparing a final market facing investment memorandum along with a targeted

engagement strategy with market operators along with providing strategic advice in relation to the final selection criteria and process.

- 3.17 This work is scheduled for completion in November 2023 with a target for announcing the selected partner in Q1 2024. A report will be submitted to the Executive Committee with full details of the arrangement.

3.18 Recruitment

- 3.19 Operations to deliver This City are current resourced through MCC Strategic Housing, Capital Programmes Finance and Development. In line with previous approvals, the recruitment of the This City Director was completed in December 2023. Further internal resources are being brought to bear through the further recruitment of a This City Programme by September 2023.

4.0 Recommendations

- 4.1 The Committee is recommended to consider and note the progress outlined in the report.

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THIS CITY

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Appendix 1, Item 6



THIS

growing
ground breaking
beautiful
historical
iconic
affordable
zero-carbon
proud
equitable
grounded
livable
world-beating
beloved

CITY

THIS CITY







THIS CITY

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Manchester City Council Report for Information

Report to: Economy and Regeneration Scrutiny Committee – 18 July 2023

Subject: How the Council works with the MHPP, the Private Rented Sector and the Council’s role as a good landlord

Report of: Strategic Director (Growth & Development)

Summary

The Manchester Housing Strategy (2022-2032) was published last year and sets out the long-term vision on how best to deliver the city’s housing priorities and objectives. It recognises however that it can’t be fully delivered by the Council working in isolation.

This report therefore provides an overview on how the Council works with partners in the Manchester Housing Provider Partnership (MHPP) and within the Private Rented Sector to achieve our strategic objectives. It also provides an introduction to the Council’s role as a good landlord following the move to bring the homes previously managed by Northwards Housing back in-house.

Recommendations

The Committee is recommended to: -

- (1) Consider and comment on the valued contribution of our MHPP partners to not only the delivery of new affordable homes but also across the full suite of MCC objectives.
 - (2) Consider and comment on the progress made on the objectives of the PRS Strategy and the progress made on the rollout of Selective Licensing in particular
 - (3) Consider and comment on the outline of the Council’s role as a Good Landlord and request a more detailed report to a future Committee
-

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
Manchester housing stock accounts for around 1/3 of the city’s total emissions. Improving the efficiency of our homes – including those in the Private Rented Sector and owned by our MHPP members - will therefore be crucial to meeting our target of becoming a zero carbon city by 2038.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Housing inequality in Manchester is directly related to the disadvantages suffered by some individuals or groups because of their characteristics and this remains a significant issue in the city. Sir Michael Marmot's Build Back Fairer in GM review found that the poor housing conditions experienced by many residents living in the Private Rented Sector are likely to have deteriorated since the pandemic, further widening health inequalities.

This report outlines how we are working with our partners to build our understanding of the needs of people from protected or disadvantaged groups living in social housing or the Private Rented Sector and how we are looking to improve property conditions for these residents.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Working with our MHPP partners and the Private Rented Sector is key to ensuring we can deliver the right scale and mix of housing to meet the needs of our growing population
A highly skilled city: world class and home grown talent sustaining the city's economic success	Delivering a diverse mix of housing including well managed PRS accommodation is key to attracting and retaining a highly skilled population
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	We are working with our MHPP partners and the Private Rented Sector to ensure we can deliver homes across a range of price points so that all our residents can access safe, secure affordable accommodation
A liveable and low carbon city: a destination of choice to live, visit, work	We are working with our MHPP partners and the Private Rented Sector to improve the quality and energy efficiency of homes across the sector
A connected city: world class infrastructure and connectivity to drive growth	We are working with partners across the sector to promote and maximise the delivery of homes on well-connected sites close to jobs

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

None

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Private Rented Sector Strategy 2020-2025 - Neighbourhood and Environment Scrutiny, 4th March 2020
- Manchester Housing Strategy 2022-2032 – Economy & Regeneration Scrutiny Committee, 24th June 2022 and Executive, 23rd July 2022
- Final Evaluation of the Crumpsall Selective Licensing Area and Proposed Next Phase of Selective Licensing – Economy & Regeneration Scrutiny Committee, 24th June 2022 and Executive, 23rd July 2022
- Purpose Built Student Accommodation in Manchester – Economy & Regeneration Scrutiny Committee – 23rd May 2023 and Executive – 31st May 2023

1.0 Introduction

- 1.1 This report sets out how the Council works with the Manchester Housing Providers Partnership and the Private Rented Sector (PRS) to deliver on our strategic objectives, as well as to support the management of neighbourhoods and the delivery of services.
- 1.2 In addition to the PRS and homes managed by Registered Provider (RP) partners, the Council also owns approximately 15,700 homes and has 2,700 properties managed by contractors and funded by the private finance initiative (PFI). This report also provides a brief introduction to the Council's role as a good landlord in its own right.

2.0 Background

- 2.1 The Housing Strategy (2022-2032) sets the vision for housing in Manchester and sets a series of ambitious delivery targets including delivering 36,000 new homes by 2032 including 10,000 new affordable homes. It also reaffirms our commitment to “improve the safety, quality & management of private rented sector homes” in line with the objectives set out in the Private Rented Sector Strategy (2020-2025).
- 2.2 Importantly however, the Housing Strategy recognises that we can't deliver on our ambitions alone. Instead, we will need to work collaboratively with a wide range of partners. A key element of this is working with our existing partnerships through the Manchester Housing Providers Partnership (MHPP) and also exploring ways in which we can improve our engagement with traditionally hard to reach parts of the market – including all elements of the PRS.

3.0 The Manchester Housing Providers Partnership (MHPP)

- 3.0.1 The Manchester Housing Providers Partnership (MHPP) was set up in 2016, replacing the previous Strategic Housing Partnership between MCC and the city's RPs. It brings together eighteen social housing providers (see Appendix 1) that together manage and oversee approximately 68,000 affordable rented homes across Manchester.
- 3.0.2 The MHPP also cooperates with other strategic partners such as the Greater Manchester Police (GMP), Manchester Local Care Organisation (MLCO) as well as the third sector. The partnership aims are to work collectively to deliver a range of objectives; integrating housing delivery & management, neighbourhoods, place-making, skills & education and health & social care.

3.1 Review of the MHPP

- 3.1.1 Between December 2022 and April 2023, the MHPP undertook an internal review to assess if the partnership is still fit for purpose, able to respond to and deliver relevant Manchester strategies (including the new Housing Strategy)

and deliver the service that the partnership needs to appropriately address the housing challenges faced in 2023 and beyond.

3.1.2 The review found that over 80% of partners believed that the MHPP is a useful and effective partnership. The consultation with members also arrived at three top priorities for the MHPP over the next three years which were:

1. Improving housing conditions
2. Delivering the Housing Strategy's 10,000 affordable homes
3. Delivering on the city's ambition to be zero carbon by 2038

3.1.3 In addition to this the review identified some of the key areas where the MHPP needs to strengthen, most notably how the MHPP measures its impact, its relationship with the neighbourhoods it operates in including how it works with the GMHP and its governance arrangements.

3.1.4 In recent years, the Council has utilised the MHPP as a means to effectively engage and consult with our RP partners on the development of a number of strategies including the Our Manchester Strategy, the Housing Strategy, the Enabling Independence Accommodation Strategy (EIAS), the Work and Skills Strategy and many more. To ensure that the partnership is able to effectively help deliver on these strategies, following the review, the various MHPP workstreams were reviewed to ensure they are aligned to and support relevant MCC strategies. An overview of the workstreams is provided in Appendix 2.

3.2 How we work with MHPP to deliver new affordable homes in line with the Housing Strategy objectives

3.2.1 The Manchester housing market has evolved rapidly since the inception of MHPP with demand for housing (including affordable housing) at a record high. This is reflected in the enhanced focus on increasing affordable housing supply within the Housing Strategy and our target to deliver 10,000 new affordable homes by 2032 in particular.

3.2.2 Since 2016, the MHPP has led our efforts to grow the number of affordable homes built in the city – delivering almost 90% of the total affordable pipeline since 2015 – and we expect them to continue to play a critically important role in delivering the new affordable homes we need.

3.2.3 MHPP partners are currently expected to deliver c.75% of the consented affordable pipeline incl. 1,000 homes currently under construction and 1,140 with planning approval (yet to start on site). Live schemes coming forward within the short to medium pipeline include:

- Edge Lane Business Centre – Your Housing Group (216 homes)
- Former Belle Vue Stadium – Great Places (171 homes)
- Pottery Lane / Gorton Lane – One Manchester (130 homes)

Enabling Independent Accommodation

- 3.2.4 Similarly, the Housing Strategy and the Enabling Independence Accommodation Strategy (EIAS) outline the need to increase the delivery of supported housing. Not only was the partnership central to the development of the EIAS, but also provides a vital, singular route for engagement and the sharing of information between operators and commissioning services.
- 3.2.5 Current estimates suggest that Supported Housing will need to account for c.10% of total affordable housing delivery by 2032 if we are to meet demand for the various sub-tenures (including Extra Care, Learning Disability / Mental Health schemes etc.)
- 3.2.6 The complexities of delivering supported housing – including to stricter criteria for sites and higher (and less flexible) design standards – has meant that recent supported housing delivery has been concentrated amongst a small number of partners. If, however we are to deliver the diverse range of supported housing we need, it is likely we will need to engage a broader range of partners – including potentially engaging those currently operating within GM but not necessarily in the city and beyond.

Project 500

- 3.2.7 Project 500 sets out to deliver affordable homes on small, non-commercially facing land assets owned by the Council and delivered by MHPP partners. The programme was conceived to deliver the following objectives:
- Deliver 100% affordable housing on brownfield infill land
 - Address viability and deliverability issues through a portfolio approach to smaller sites
 - Dispose of multiple public owned sites at the same time to improve efficiencies around the associated work for the Council and RPs i.e. site finding, valuations, due diligence etc
 - Identify common areas of agreement i.e. legal matters relating to disposals
 - Work to establish new ways of working with MHPP partners i.e. engagement through a single point of contact
- 3.2.8 In November 2022 the Councils Executive approved the disposal of land for the first phase totalling 378 homes. Phase one has been facilitated by 7 MHPP Registered Providers (RPs) One Manchester, Great Places, Southway Housing Trust, Mosscaire St Vincents, Guinness, Jigsaw and Irwell Valley Housing Association.
- 3.2.9 Phase two is in the final stages of preparation, currently totals over 150 additional homes and will be submitted for approval to the Councils Executive later this year.
- 3.2.10 The Strategic Housing team have led a lessons learnt process, the recommendations from which will allow the programme to evolve and form a revolving process in which future affordable homes will be delivered.

Land Disposal Programme

- 3.2.11 The City Council has commenced a Strategic Asset Management Plan (SAMP) which forms the basis of an evaluation tool and governance process that is able to make evidence-based decision making on surplus property and land assets.
- 3.2.12 The evaluation tool is able to identify financial benefits of certain redevelopment options along with the ability to prioritise development that meets the wider strategic fit with corporate objectives.
- 3.2.13 When decreed surplus and evaluated for disposal there are three opportunities for MHPP (and other RP's in some instances) to engage with the process and purchase the site for new housing:
1. Open Market Sale (OMS)
In which the site is disposed of at full market value and, where viable, that the land value capital receipt is representative of the requirement to deliver 20% affordable housing (provision on plot or via commuted sum) as part of the planning approval.
 2. Affordable Housing Programme (AHP)
Sites are prepared with standardised condition and title information along with a clear development brief identifying strategic fit and local needs which can be addressed through new affordable homes. Disposals shall be informed by market testing to all members of the MHPP framework (to demonstrate best value) however partners with adjacent ownership or locality specific operation may be prioritised to ensure quality standards in delivery and operation.
 3. Supported Housing or Enabling Independent Accommodation Strategy
Land is identified in locations with specific locality needs or that the site would lend itself, subject to planning, to a bespoke facility. There is a large range of supported accommodation types that MHPP and other public partners provide and it is anticipated that the pipeline of potential land opportunities should reflect this and scale of need in the future.
- 3.2.14 The Strategic Housing Partnerships team have consulted extensively with MHPP Strategic Partners on the scale of their new development ambition, their current financial and operational capacity, and their medium-term business planning.
- 3.2.15 Using the Councils Housing Affordability Fund (HAF) along with working closely with Homes England and Greater Manchester Combined Authority we can ensure that funding is available to deliver the appropriate viable schemes.
- 3.2.16 Through a combination of Council land disposals, collaboration on strategic regeneration projects and joint working with stakeholders we are able to match pipeline to affordable housing partners to deliver.
- 3.2.17 It should be noted that non-MHPP RP's do deliver affordable homes in the city – such as L&Q's acquisition of 128 new homes at Victoria Riverside from FEC.

3.2.18 The AHP work conducted in collaboration with MHPP partners is in addition to MCC direct development of social rented homes such as Silk Street in Newton Heath and Collyhurst Village along with the new homes delivered through our housing delivery vehicle, This City.

3.2.19 Meeting the Housing Strategy targets however will need us to place a greater emphasis on building affordable housing at scale and density including in the city centre. In practice, this will likely mean growing the contribution of Strategic Partners and other larger RPs who can bring added financial capacity in order to boost the affordable pipeline in Manchester.

3.3 How we work with MHPP to improve outcomes for existing residents across Manchester

3.3.1 The delivery of new homes is just one of the important roles that the MHPP plays in Manchester. Throughout Covid, the MHPP provided a vital framework to share information on social housing tenants to allow Neighbourhoods teams to focus resources on identifying vulnerable residents in the private sector. More recently, the MHPP has also proven an effective means of bringing together the Council and RP community to create a joined-up approach to respond to the challenges of the cost-of-living crisis. For example, RPs have been looking to provide funding and support to their tenants before referring them to MCC to ensure we are able to reach as many residents as possible. Members of MHPP were also heavily involved in the anchor work which got MCC accredited as a Living Wage City in October 2022.

3.3.2 MHPP partners are fundamental to meeting our zero carbon objectives. We are currently working with the MHPP to deliver improvements through the Social Housing Decarbonisation Fund (SHDF) – over 70% of homes in the bid are in Manchester. We also work with the MHPP on our acquisitions programmes which have helped to increase the availability of homes for residents (including larger families) currently living in Temporary Accommodation.

3.3.3 From a safeguarding point of view, the partnership provides a valuable and efficient framework through which MCC Childrens and Adults Services can engage the social housing sector to ensure potential issues with tenants can be identified and addressed as early as possible.

3.4 Working with MHPP to continue to meet the city's strategic objectives

3.4.1 Manchester is in an enviable position of having such a strong and well-established social housing partnership and we believe that the recent review confirms that the Partnership can continue to evolve to become more closely aligned to the Housing Strategy and its headline objectives. We are keen to ensure however, that as we look to grow the RP community within Manchester, the MHPP welcomes new entrants to ensure it reflects the city's evolving priorities and capacity to deliver a significantly enhanced affordable residential development programme over the next 10 years.

3.4.2 The Committee is asked to accept this report as a key piece of evidence of how the MHPP supports the city in delivering its priorities, with a particularly strong focus on neighbourhoods and the Housing Strategy and note we will continue to work with and support the MHPP to grow and evolve over the next 10 years.

4.0 The Private Rented Sector (PRS) is growing and diversifying in Manchester

4.1 Over the past 20 years, Manchester's population has grown rapidly, focussed in the city centre (driven by graduates & professionals) and in neighbourhoods across the core of the conurbation (linked to high numbers of new residents many of whom have come to Manchester from overseas). A large majority of these new residents have entered the PRS which has grown to over 100,000 properties (c.40% of total stock) currently, compared to just 19% in 2001.

4.2 As the market has grown, a number of diverse submarkets have emerged which cover the full range of quality and management standards with poor property conditions evident and in some neighbourhoods widespread, at the lower end of the market – see table X.

Table X – Manchester's Private Rented Sector Market Segments:

Private Rented Sector Market Segment	Common Characteristics
Premium Market	<ul style="list-style-type: none"> Houses & apartments in affluent areas Signature residential buildings in the city centre incl. many with high numbers of international students
Middle or Mainstream Market	<ul style="list-style-type: none"> Conurbation Core & South Manchester Older city centre buildings delivered during the first phases of city centre living
Student Market	<ul style="list-style-type: none"> A range of products (PBSA, PRS apartments / HMOs / shared houses) covering a range of markets and price points
Lower End – Professionally Managed	<ul style="list-style-type: none"> Concentrated in North and East Manchester and Central
Lower End – Unprofessionally Managed	<ul style="list-style-type: none"> Unregulated with absent landlords & some criminality Poor property conditions & management Intensive use of property by vulnerable tenants

Bottom End

- Almost exclusively LHA claimants
- Poorest quality & management
- Some Temporary Accommodation & B&Bs
- Informally let including various precarious housing options / borderline homeless

A continued & fundamental shortage of accommodation to rent across Manchester in the context of exceptionally strong population growth in the conurbation core

- 4.3 Since 2018, there has been an increase of c.39,000 residents across Manchester (6.8% growth). The city centre population is currently 77,600 and forecast to grow to 100,000 by 2030. According to Rightmove, PRS properties in Manchester take just 1.5 weeks to let (on average). Despite building 20,000 new homes since 2017-18, including over 7,800 Build to Rent properties, there is no doubt that Manchester continues to remain undersupplied for well managed accommodation to rent.
- 4.4 Current forecasts suggest a further 8,760 Build to Rent properties will be delivered over the next 5 years. Increasing supply in this way is our primary response to addressing rental inflation in particular locations where recent annual rental inflation has created affordability barriers. The Council's new Delivery Vehicle, This City, which has recently started construction on its first scheme at Rodney Street is a good example where 38 homes will be available at the Manchester Living Rent¹ (capped at the LHA rate – affordable to people on benefits).

Too many students living in mainstream PRS & not enough new Purpose-Built Student Accommodation (PBSA) to ensure students aren't living in homes more suited to working households

- 4.5 In 2022-23, there were over 8,900 students living in the mainstream PRS market including 2,800 in South Manchester and c.3,900 in the city centre – equivalent to £14.8m in lost Council Tax charges. The result is that PRS accommodation is priced according to the potential for student occupiers in these locations. In the city centre in particular, there is evidence to suggest that international students are able to pay some of the highest rents in the city and in some buildings, this is pushing the new build premium and increasing rental inflation year on year.
- 4.6 In response, a recent report to Economy and Regeneration Scrutiny Committee² highlighted the requirement for additional PBSA in Manchester and emphasised the need to make sure that new accommodation is provided in appropriate locations (where demand is most acute) in accordance with Policy H12. This report also presented a pipeline of sites and schemes capable of responding to demand:

¹ [Policies and strategies - The Manchester Living Rent | Manchester City Council](#)

² [Purpose-Built Student Accommodation.pdf \(manchester.gov.uk\)](#)

“Our projections estimate that demand for new PBSA could be between 5,440 bedspaces (representing a 1% growth per annum) and 11,320 (representing 2% growth per annum) up to 2030. The actual demand will depend on a number of factors, including the growth of the Universities, government policy (e.g., tuition fees), the highly competitive global market for international students, global pandemics... etc., which are outside of the control of the city and its universities. Therefore, we need to review demand regularly, but officers currently consider that around 750 new bed spaces are required per annum up to 2030.”

Increased mortgage costs for landlords appear to be being passed to tenants through increases in rent

- 4.7 The impact of the issues outlined above is that in recent years as the PRS market has grown, rents have steadily gone up. Over the last twelve months changes in the mortgage market following the increase in the Bank of England base rate have made the costs of owning PRS properties more expensive for landlords with buy-to-let mortgages (the average rate on a buy-to-let mortgage is currently 5.8% compared to 3.7% this time last year³). In Manchester the evidence suggests that these costs have been passed directly onto tenants. Whilst rents have been increasing steadily over the past 5 years, the rate of growth over the past 12 months has accelerated rapidly. Outside the city centre, average 2bed rents have grown by 15.5% (compared to 4.7% average growth p.a. between 2018-22) and by 18.3% in the city centre (compared to 3.1% average growth p.a. between 2018-22). – see Appendix 3 for breakdown by ward.

Increasing rents are adding to the existing cost of living crisis affecting some households & families in particular

- 4.8 Appendix 3 shows that some of the highest rental inflation has been in wards where rents have traditionally been lower including Crumpsall (9.4% p.a. since 2017-18), Gorton & Abbey Hey (9.4% p.a.) and Moston (8.5% p.a.). This is principally due to rapid population growth in these areas combined with limited land availability constraining the number of new homes which can be delivered to meet this growing demand. Rising rent levels along with the ongoing freeze of Local Housing Allowance at 2019-20 rates means that there are currently no wards in the city where average 2bed rents are below the LHA rate. This is evidence of the catastrophic impact of freezing LHA rates since 2020 and associated impact on affordability in the PRS.
- 4.9 Despite delivering 129 affordable family homes over the last 12 months, evidence suggests that affordability pressures are particularly acute for larger families. Whilst 2bed rents on average outside the city centre are £336 above the LHA rate, for 3bed and 4bed properties, that figure is £523 and £718 respectively.

³ [What's happening to buy-to-let mortgage rates? - Which? News](#)

- 4.10 Added to this, growth in average incomes across the city has failed to keep pace with rising rental inflation in the past 5 years – increasing by just 5.5% p.a. in Blackley & Broughton Constituency, 4.4% p.a. in Manchester Central Constituency and 4.0% p.a. in Manchester Gorton Constituency. The widening gap between the incomes and rents means that residents, including families, who are already experiencing pressures on budgets from the cost-of-living crisis, are having to top-up what they can claim in benefits with an increasingly larger proportion of their income in order to meet their housing costs.

Improving standards & providing better value for money for tenants in the PRS through the rollout of a large-scale programme of Selective Licensing across Manchester

- 4.11 Whilst the Government undertook a period of consultation on the introduction of a Decent Homes Standard in the PRS in 2022, there is currently no regulatory framework to ensure quality of PRS properties in England. Experimental official data published for the first time this month by the Department for Levelling Up, Housing and Communities shows⁴ that in 2019, 11% of all homes in Manchester had a Category 1 Health & Safety Hazard⁵ while over 19% did not meet the current Decent Homes Standard. In the PRS these figures rise to more than 15% with a Category 1 Hazard (c.9,500 homes), and almost 28% that would not meet the Decent Homes Standard (c.18,000 homes).
- 4.12 Sir Michael Marmot’s Build Back Fairer in Greater Manchester: Health, Equity and Dignified Lives review in June 2022 concluded that housing conditions in the PRS in GM had deteriorated before the pandemic and that poor quality and overcrowded housing is harmful to health and widens health inequalities. The review also concluded that, in the aftermath of the pandemic, it is likely that the quality of some poorly managed private rented sector houses will continue to deteriorate. In addition to this there are well over 23,000 PRS homes in Manchester receiving the housing element of Universal Credit or Housing Benefit, with no assurance about the quality of the homes that landlords are providing.
- 4.13 Both the city’s Private Rented Sector Strategy and the new Housing Strategy, identify continuing to roll out a programme of Selective Licensing (SL) as a key tool in delivering on our ambitions to improve the safety, quality and management of the PRS. SL currently encompasses just over 2,000 homes in live schemes across the city. This includes new designations which were introduced in February 2022 (c.1,400 homes) and most recently in May 2023 when five new areas (totalling c.690 PRS homes) began a 3-month statutory designation period:
- Moss Side & Whalley Range: Claremont Road / Great Western St – 346 PRS properties
 - Levenshulme: Matthews Lane – 170 PRS properties
 - Longsight: The Royals – 74 PRS properties

⁴ [English Housing Survey: local authority housing stock condition modelling, 2019 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/english-housing-survey-local-authority-housing-stock-condition-modelling-2019)

⁵ The most serious category where a hazard poses a serious risk of harm or death

- Rusholme: Birch Lane – 70 PRS properties
 - Rusholme: Laindon/Dickenson – 38 PRS properties
- 4.14 The first pilot Selective Licensing (SL) scheme in Crumpsall came to an end in March last year following a five-year designation. A full evaluation of the impacts of SL in Crumpsall was taken to Economy and Regeneration Scrutiny Committee in June 2022. The remaining SL pilot schemes, in Moss Side, Moston and Old Moat (totalling c.1,500 PRS homes) came to an end at the start of this year and an evaluation of these areas will be brought to the Economy & Regeneration Scrutiny Committee in September. This will evidence the impact of SL on improving the quality & management of privately rented properties and how the schemes have contributed positively to improving the wider neighbourhood.
- 4.15 Looking forward, work is planned to expand SL into a fourth phase of the rollout in the city. A report detailing the proposed Phase 4 areas and evidence to support their potential designation will be brought to Scrutiny & Executive in December 2023 / January 2024 requesting permission to go out to public consultation. Pending approval, the public consultation is scheduled to begin in May 2024 for 12 weeks – with a view to Phase 4 areas being formally designated at the start of 2025.

Selective Licensing operates alongside existing HMO Licensing

- 4.16 HMO Licensing Schemes across the city are assisting landlords to meet their individual responsibilities to tenants and encouraging safer and sustainable communities by improving housing conditions, reducing anti-social behaviour, environmental crime, reducing tenant turnover and supporting cohesion. There are also ongoing efforts to proactively identify and deal with rogue landlords – a key element of our approach to dealing with hidden vulnerability in the PRS and removing criminality.
- 4.17 There are a range of tools available to Local Authorities to assist with managing the PRS (and delivering the city's licensing schemes) including:
- Interim and final management orders - if the manager of an HMO is considered unable to manage a property, the local authority can take over its management for a maximum of 12 months through an interim management order.
 - Prohibition orders - An order from a local authority stopping the use of a building, part of a building, or restricting the type or number of people who can live there. Usually due to the presence of Category 1 or 2 hazards.
 - Banning orders - Prohibits a landlord or letting agent from letting out or managing privately rented properties
 - Civil penalties - An alternative to prosecution that local authorities can issue to landlords or letting agents for a variety of offences, including failing to comply with an improvement notice, failing to licence an HMO, breaching a banning order or failing to comply with an overcrowding notice
 - Improvement notices - An improvement notice is issued by a local authority to a landlord requiring they carry out work to fix a Category 1 or 2 hazard.

- Rent repayment orders - A landlord or letting agent that has committed a relevant offence during a tenancy, can be required to repay up to 12 months' rental income.
- Prosecution - Local authorities can bring a prosecution against landlords or letting agents for a variety of offences under many different pieces of legislation.
- Abatement notices - When the state of a property is poor enough that it is deemed 'prejudicial to health', such as serious damp and mould, the landlord can be issued an abatement notice under the Environmental Protection Act 1990 (similar to an improvement notice).

Enforcing Minimum Energy Efficiency Standards in the PRS

- 4.18 From the 1st of April 2020, all domestic private rental properties have had to have a minimum Energy Performance Certificate (EPC) Band E, unless a valid exemption is in place. Work is ongoing to identify PRS properties with EPCs below E through investigations as requests for service. EPC certification is also requested as part of the HMO and SL application process.
- 4.19 Where minimum domestic energy efficiency standards are not met, enforcement action is being pursued to ensure that the necessary remedial work is being carried out. This includes issuing penalty notices for non-compliant properties and / or issuing a publication penalty, which registers details of the landlord breach(es) on the National PRS exemption register.

Local Authorities do not have any legal powers to introduce rent controls in the PRS but the Renters Reform Bill includes provisions to protect tenants

- 4.20 The 2022 White Paper, 'A fairer private rented sector'⁶, acknowledged cost of living pressures from rent increases. However, the UK Government does not support rent controls. The Department for Levelling Up, Housing and Communities (DLUHC) has responded to rent control lobbying with concerns about the desired outcome on the PRS, including the potential for discouragement of investment and decline of property standards. Added to this, evidence from Scotland suggests that the introduction of a rent freeze doesn't act to restrict rental inflation. According to data from Zoopla, between April 2022 and April 2023, rents in Edinburgh increased by 13.7% despite the introduction of a 3% cap on increases (due to the fact there is no limit on the rents at which landlords can advertise new tenancies).
- 4.21 Instead, Government is committed to legislate to ensure more predictable rent increases via the Renters Reform Bill (see Appendix 4) by:
- Only allowing rent increases once per year.
 - Increasing the minimum notice landlords must give of a rent increase to two months.

⁶ <https://www.gov.uk/government/publications/a-fairer-private-rented-sector>

- The increase must go through a formal process and tenants can dispute the increase at a First-tier Tribunal if the increase is above market rate.
- 4.22 The Bill is also expected to make significant changes to a wide range of private renting regulation including scrapping Section 21, changing the existing eviction grounds, introducing a new national landlord register, a new PRS ombudsman and other changes to enforcement. As such, it will have implications for a wide range of local services, including local authority enforcement, homelessness teams and social landlords. The Bill has recently been brought to parliament for its first reading and whilst further changes are expected, and it is widely anticipated that this will include government amendments to introduce the Decent Homes Standard in the PRS, outlaw ‘no families’ and ‘no DSS’ blanket bans and give councils new investigatory powers.
- 4.23 In light of the existing legislative framework and the parliamentary progress of the Bill, the remainder of this report identifies the challenges associated with the key drivers of rental price growth in Manchester and outlines how the Council is working to address the causes of increasing rents in locations where inflationary pressures are most acute.

Manchester is losing mainstream PRS properties to Short Term Lets (STLs)

- 4.24 As with student housing, Manchester is losing mainstream PRS accommodation to short term lets (STLs). The result is further pressure on the availability and price of accommodation to rent. At present there are 3,573 Airbnb listings across Manchester – 1,443 in the city centre and 2,130 across the rest of the city. Entire homes now make up 56% of the market (2,015 listings) and shared listings 44% (1,558 listings). The number of STLs available on other (non Airbnb) platforms is unknown but could be as high as a further 1,000 listings.
- 4.25 The emergence of the STL market in the city is a by-product of the success of the visitor economy but is also a reflection of the historic undersupply of hotel spaces in the city and the wider city centre in particular. With the new Co-op Live Arena set to open later this year, Aviva Studios and Champions League football, demand for visitor accommodation is set to grow and despite c.1,700 hotel beds under construction, there remains an urgent need to address latent undersupply.
- 4.26 As the STL market has professionalised (reflected in the increasing proportion of entire properties in the overall offer), there have been growing industry calls for a full registration scheme in the UK. After consulting with key stakeholders (including Local Authorities), a “White Paper” from Airbnb recently called on Government to bring in “a clear, modern and simple nationwide registration system for short-term lets”⁷.

⁷ https://news.airbnb.com/wp-content/uploads/sites/4/2021/06/UK_RegistrationWhitepaper_2021.pdf

4.27 Following on from this, MCC submitted a response to the Select Committee following the call for evidence on ‘Developing a tourist accommodation registration scheme in England’ in September last year. The consultation findings were published on the 12th of April 2023. Of the 4,000 responses received:

- 60% of all respondents indicated support for further intervention
- 42% of all respondents supporting a registration scheme
- 18% of all respondents favoured a more interventionist approach (for example a licensing scheme)
- Most respondents favouring a registration scheme called for it to be light touch and low cost.

4.28 In light of these findings, the Government has committed to introducing a registration scheme in England through the Levelling Up & Regeneration Bill which was tabled in December 2022. The specific details of how the scheme will operate will be subject to the outcome of a further consultation to which MCC submitted an additional response in June which made the case for:

- A mandatory national registration scheme
- Administered by English Tourist Board
- Registration dependent on meeting all statutory conditions (e.g. regulations related to gas safety, fire safety, electrical installations etc.)
- The length of registration should be dependent on the length/validity of relevant documentation
- MCC should have full access to the data collected alongside other relevant beneficiaries (e.g. enforcement agencies, combined authorities etc.)

4.29 In addition to this MCC has also responded to a concurrent government consultation on the introduction of a use class for short term lets and associated permitted development right which makes the case for:

- Control over short-term lets through the planning system via the introduction of a new use class (C5) for short term lets
- That the C5 classification should be linked in some way to Council Tax, with a special band introduced for such uses
- That there should be a new permitted development right for the change of use from a C5 short term let to a C3 dwellinghouse (but not vice versa)

4.30 At the time of writing the Bill is making its way through the Parliamentary process and is currently being looked at in the House of Lords with the Report Stage expected to begin in July. It is anticipated that some form of registration scheme will be contained in the Bill following Royal Assent.

Delivering the GMCA Good Landlord Charter & Good Landlord Scheme

4.31 In 2015, MCC launched the Manchester Renting Pledge – a voluntary public register that enables landlords to state their commitment to being a good landlord by following agreed practices that create a better private renting experience for tenants, and consider accreditation through local, regional or

national professional landlord bodies, as well as raising awareness of the rights and responsibilities for both landlords and tenants.

- 4.32 More recently, the Good Landlord Scheme was established in March 2021 with a budget of £1.5 million. The Scheme's primary purpose is strengthening and focusing Council enforcement against bad landlord practice and poor conditions, with 75% of the funding initially earmarked for enforcement. The Scheme is funding two projects to reverse the current shortage of qualified housing standards enforcement officers, which will jointly deliver up to twenty newly qualified enforcement officers over the next three years including 10 new housing standards enforcement trainees – one for each Local Authority in GM and new on-the-job training for existing officers. A third Good Landlord Scheme project has also been initiated to support Councils to progress the use of the enhanced enforcement tools of additional Houses in Multiple Occupation (HMO) licensing and selective licensing.
- 4.33 More recently, the GM Mayor has launched the GM Good Landlord Charter - essentially an accreditation scheme for the city-region which has a clear set of standards that both social landlords and private landlords will be required to meet. At present, a working group, which includes landlords' representatives and representatives from the Greater Manchester Tenants Union, is drawing up the detail.
- 4.34 Underpinned and funded by the Trailblazer Devolution Deal and building on the forthcoming Renters' Reform Bill, the Charter will include new measures such as:
- A package of tenant protection measures, starting with an independent 'GM Property Check' inspection regime of rented properties to find those homes below standards
 - The ability to create a 'Property Improvement Plan' for every rented home - giving landlords a tailored blueprint to get their properties up to the decent homes standard and beyond
 - Compulsory purchase powers to acquire properties from landlords who are unable or unwilling to meet standards
 - Enhanced enforcement teams within councils with the powers to protect tenants if they have problems with their landlord or home
 - A universal, mandatory Property Portal or register of landlords (a measure proposed within the Renters Reform Bill)
- 4.35 It is hoped that these measures will set out what tenants are entitled to expect from their landlord and, over time, give visibility through accreditation to good landlords providing good quality accommodation and differentiate them from those who are not.
- 4.36 It is expected that Councils will lead on the implementation of the measures, however as part of the launch, it was proposed that a multi-agency team will be established to carry out work on inspections and bolster the local enforcement capacity.

5.0 The Council's role as a good landlord

- 5.0.1 Complementing the ambitions of our new Housing Strategy is the insourcing of the former ALMO (Northwards) and the creation of MCC Housing Services. Following this, MCC now own approximately 15,700 homes. The majority of these (12,800) are managed by Housing Services with a further 2,700 properties managed by contractors and funded by the private finance initiative (PFI) in Miles Platting, Brunswick, and Grove Village. In addition, the Council also owns a small number of properties which are managed by a housing association (Peaks & Plains) in Alderley Edge.
- 5.0.2 As part of the integration of the social landlord service the Council has developed a new vision for housing management called A Place Called Home. The need for a new vision was clear as housing services were not only now directly delivered by Manchester City Council, but the social housing sector is in the midst of the biggest policy shift in a generation with the introduction of the new social housing act, new building safety legislation and new consumer standards.
- 5.0.3 Following the consultation with residents, our A Place Called Home vision for our managed social housing focuses on three priorities:
1. Resident-led services, putting you at the heart of everything we do
 2. High-quality housing services and home improvements for secure, warm, sustainable homes
 3. Welcoming, safe and vibrant neighbourhoods

5.1 Performance

- 5.1.1 Underpinning these three priorities are the performance fundamentals of delivering a good housing service and since integrating back with the council these have been steadily improving. Set out below is a selection of the key indicators that matter most to residents and to the sector. Over Quarter 1 of 2023/24 Performance stands at:
- Resident satisfaction with Repairs at 85%
 - Emergency works attended on time 99%
 - Average Number of days to complete a repair at 12 days
 - Works completed on time 90%
 - Voids relet at 22 days and number of voids at 95.
 - Social Value contribution of 1300 hours of volunteering
 - Compliance with Gas Safety, Asbestos, Fire Alarms, Lift Servicing
 - Income Collection at 99%
 - Customer Contact: Calls answered at 75%
 - % Decent Homes at 95%

5.2 Place Based Working & Bringing Services Together for People in Places

- 5.2.1 Through the Bringing Services Together approach the council is working across different service areas to improve the cleanliness of the public

realm/estates, coordinating activity and targeting hot spots in North Manchester. This is a major priority for our council tenants. To support this, we regularly hold estate walkabouts with local residents and services, as well as jointly visit community agencies to hear and then act on resident feedback.

5.3 Cost of Living Crisis

- 5.3.1 In 2022/23, as part of the council's overall approach to supporting local people during the cost-of-living crisis, the community living fund has been introduced, rising from £200k in 2022/23 to £1m in 2023/24. The overall aim of the community living fund is to offer financial help to tenants who are in extreme hardship in the form of a cash payment or voucher. This can be in conjunction with other sources of funding, such as Discretionary Housing Payments (DHP) or Universal Credit advances.

5.4 Capital Investment

- 5.4.1 The council is proposing £25m of capital investment for 2023/24 focussing on key priorities such as Decent Homes, Energy Efficiency, Building Safety Works and Adaptations. Last year the council spent £16m on improving council homes. The capital investment is a key enabler our zero carbon ambitions, tackling damp and mould through targeted investment and bringing homes back into use. The £25m excludes the SHDF programme.

5.5 Housing Advisory Board

- 5.5.1 A key recommendation in insourcing housing services was to improve the governance arrangements, including the monitoring of the performance set out above, as well as increase resident participation.
- 5.5.2 Consequently, the council created the Housing Advisory Board in July 2022, which consists of 5 resident, 5 elected members and 3 independent housing experts and is chaired by Cllr Gavin White, Executive Member for Housing and Development. The board meets bi-monthly in North Manchester and is responsible for overseeing the delivery of the housing services to the Council's housing stock; primarily in, but not limited to, North Manchester. This includes the monitoring of the performance of all housing functions and the engagement of residents in the effective delivery of services.
- 5.5.3 As an advisory board it has no decision-making powers of its own but may make recommendations to the Council or the Council's Executive on matters relating to the discharge of their housing functions, insofar as those functions relate to the Council's housing stock.
- 5.5.4 It is proposed that a more detailed report will be presented to future Scrutiny Committee as part of the agreed work programme.

6.0 Recommendations

- 6.1 The committee is recommended to note the continued contribution of our MHPP partners to not only the delivery of new affordable homes but also across the full suite of MCC objectives.
- 6.2 The committee is recommended to note the progress made on the objectives of the PRS Strategy and the progress made on the rollout of Selective Licensing in particular.
- 6.3 The committee is recommended to note the outline on the Council's role as a Good Landlord and request a more detailed report to a future Committee.

Appendix 1 – MHPP Membership

Any Registered Provider with a stake in the city and a commitment to our objectives may be invited to join MHPP.

Members can choose to sign up to one of two partnership agreements – see below. Lead and Stakeholder Agreements set out the role and expectations of membership.

Members will agree to work towards the aims and objectives of the 'Housing Strategy and the MHPP Objectives

The representatives attending the Forum should be at a senior level with the authority to speak on behalf of and to make commitments from the member RP or MCC.

An annual membership fee will be paid by the members. The fund will be used to cover the salary of the Partnership Coordinator and any relevant costs incurred by MHPP in relation to ongoing projects or sponsorship.

Lead Partners:

Arawak Walton Housing Association
Great Places Housing Group
Manchester Housing Services
MSV Housing
One Manchester
Southway Housing Trust
Wythenshawe Community Housing Group

Stakeholder Partners:

Arcon Housing (Bolton at Home)
Clarion Housing Group
Irwell Valley Housing Association
Jigsaw Housing Group
Johnnie Johnson Housing
Onward Housing
People First Housing Association
Places for People
Riverside
The Guinness Partnership
Your Housing Group

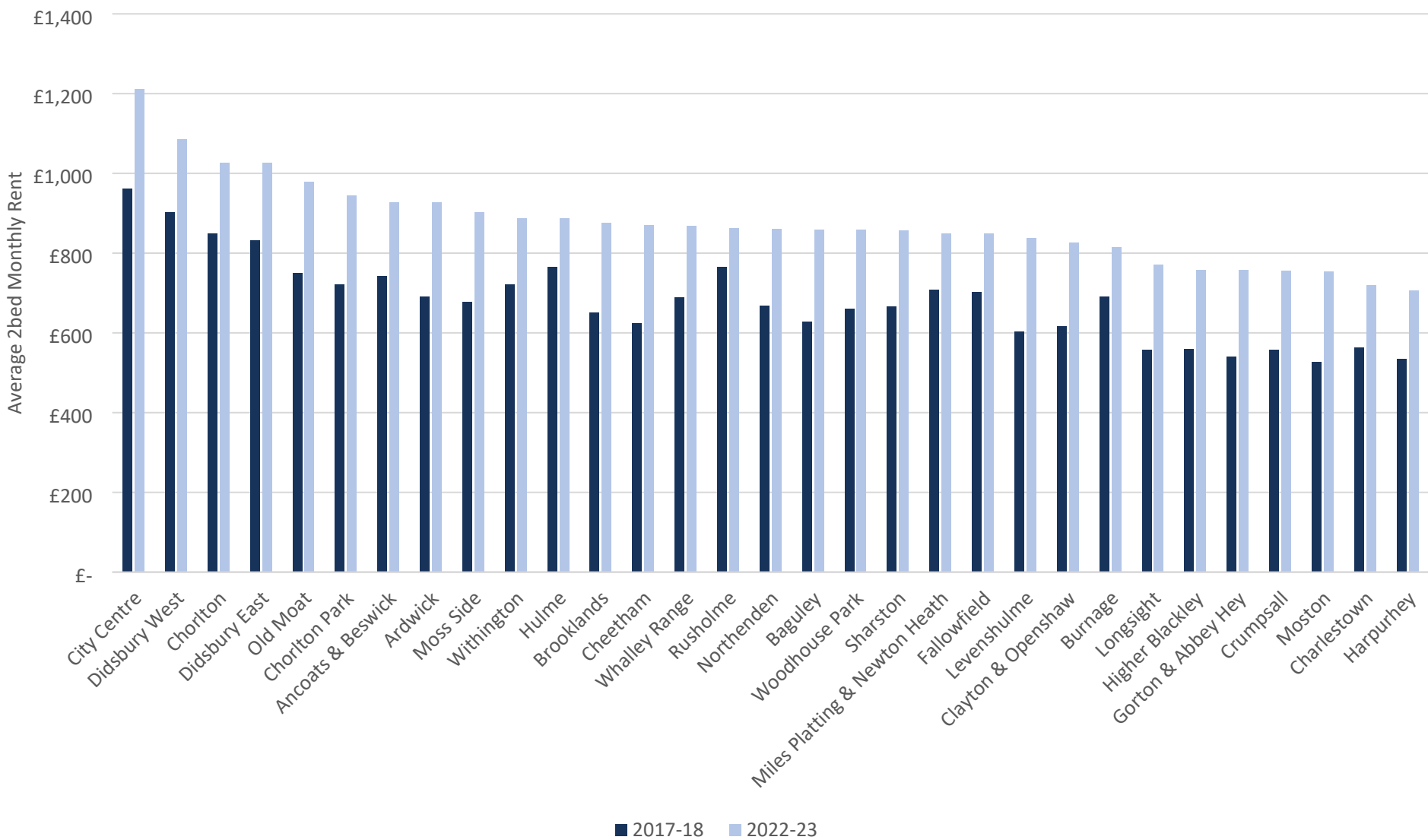
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Appendix 2– MHPP Workstreams

Workstream	Purpose	Relevant Strategies	Chair
Growth & Affordable Housing	To collaborate on matters related to the development of new affordable homes in Manchester	Manchester Housing Strategy (2022-2032) Enabling Independence Accommodation Strategy	Helen Spencer (Great Places)
Connecting People	To bring together RPs specialising in Supported housing with MCC Commissioners and other support agencies	Enabling Independence Accommodation Strategy	Guy Cresswell (Great Places)
Homelessness	To bring together RPs and the City Council to collectively work to reduce homelessness in Manchester	Homelessness Strategy Better Outcomes, Better Lives	Paul Seymour (WCHG)
Zero Carbon	To work together with MCC and MCCA to achieve zero carbon targets across Manchester	Manchester Climate Change Framework	Matt Roberts (Southway)
Work & Skills	To collaborate and create pathways into employment and skills opportunities for the benefit of our customers and Manchester	Work & Skills Strategy Anti-Poverty Strategy	Nicole Kershaw (One Manchester)
Community Safety	To share challenges & good practice around community safety across Manchester	Community Safety Strategy	Tracey Ferguson-Black (MSV)
Green & Blue	To share good practice & knowledge of envelopment projects in the city	Green & Blue Infrastructure Strategy	Rafiq El-Bouaeshi (MSV)
Community Support & Food Response	To respond to challenges communities experience during the cost-of-living crisis	Making Manchester Fairer	Paul Seymour (WCHG)
Funding Opportunities	To source and apply for external funding to develop joint action and initiatives within Manchester communities	-	Daniel Mountford (Great Places)

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Appendix 3 – Average 2bed Monthly Rent by Ward 2017-18 & 2022-



Appendix 4 – Renters Reform Bill Summary

Scrapping Assured Shorthold Tenancies and Section 21:

- Section 21 will be repealed, scrapping Assured Shorthold Tenancies and making all tenancies assured tenancies. They will be periodic, meaning tenants will not have a time limit on their tenancy
- Landlords will no longer be able to evict tenants through “no fault” evictions, and will only be able to evict on a legal ground (e.g. rent arrears, upgrading the home, moving in themselves or moving family in)

Changes to grounds for possession:

- Landlord moving in grounds extended to ‘close family member’. Property cannot be re-marketed for rent for 3 months.
- Landlord intends to sell. Property cannot be re-marketed for rent for 3 months.
- Landlord needs to evict to comply with enforcement notice (e.g. overcrowding, breaching a banning order).
- Change to ground 8 (serious rent arrears): if tenant has some or all rent paid by Universal Credit, any unpaid of unpaid benefits can be ignored
- A “three strikes” rule for rent arrears. If arrears exceed 2 months on three occasions over three years, a ground 8 notice can be served, even if the tenant pays out arrears by the hearing
- Changes to notice periods: the notice period for the mandatory ASB ground will be reduced so the landlord can begin proceedings immediately. Eviction due to rent arrears will be increased from 2 weeks to 4 weeks

Changes to rent and other notice periods:

- Private landlords will be able to increase once a year with the notice period raised from 1 month to 2 months.
- The increase must go through a formal process and tenants can dispute the increase at a First-tier Tribunal if the increase is above market rate.
- Social housing providers can raise the rent once a year with one month’s notice.
- Tenants will now have to give 2 months’ notice rather than one if they wish to leave a property

Pets

- Private rental sector tenants can request a pet and the landlord cannot unreasonably refuse.
- Landlords can mandate that insurance against damage from the pet is purchased for the property, either through adding a premium to their own insurance or through the tenant making their own arrangements.

New penalty powers

- Local Authorities will be able to issue civil penalties for illegal eviction and harassment, rather than prosecution

Local Authority homelessness duty

- Several changes to homelessness duties to remove references to fixed term tenancies (as all future tenancies will be periodic).
- Also removes the 'reapplication duty', where a council's homelessness duty currently reactivates if a tenant becomes homeless again within 2 years after being discharged into the PRS

Landlord Redress Scheme

- A new PRS Ombudsman. Residential landlords will be required to register with the Ombudsman, with enforcement and disputes working in the same way that it currently does with social housing.
- If the landlord is operating while not in the scheme, a first offence civil penalty of up to £5,000 can be applied, with the penalty increasing to up to £30,000 on the second offence, as well as potential criminal proceedings.

The Private Rented Sector Database

- A public database, with information on both landlords and their properties, will be set up. This is already being referred to outside of the Bill as a "Portal".
- Nothing yet on what information the property entries will hold, but landlord entries will hold information on any LA enforcement activity against that landlord.
- Again, there will be penalties applied if the landlord does not sign up themselves or their properties to the database.

Lead enforcement authority

- Creates the possibility of setting up lead enforcement authorities.
- These would be able to take enforcement action themselves (equivalent to any council's powers) and issue guidance.
- Lead enforcement authorities could be Local Authorities or combined authorities

Supported and Temporary Accommodation:

- Requires the government to write a report within a year on policy on safety and quality for exempt supported accommodation and temporary accommodation

**Manchester City Council
Report for Resolution**

Report to:	Economy and Regeneration Scrutiny Committee – 18 July 2023 Executive – 26 July 2023
Subject:	Strategic approach to developments of social homes via a city-wide New Build Local Lettings Policy (LLP)
Report of:	Strategic Director Growth & Development

Summary

Following the implementation of the revised Manchester City Council Part VI Scheme for the Allocation of Social Housing on 3rd November 2020, there is a risk that new social housing developments could find significant numbers of potential tenants with support needs and concentrating dependency in a very localised area.

In order to create genuinely mixed communities in new build developments and enabling local people the opportunity to get a new local home it is necessary to put in place a strategic response in the form of a New Build Local Lettings Policy (LLP) for all new developments of social homes to be let at social or affordable rent.

Recommendations

1. Economy and Regeneration Scrutiny Committee commends the New Build LLP to the Executive.
2. The Executive approves and adopts the New Build LLP with a review of the policy to take place in 5 years.

Wards Affected - All

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

Each individual development of new social homes covered by this LLP will make its own contribution to achieving zero-carbon targets. This LLP will not directly affect achieving the city's zero-carbon targets.

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	By seeking to avoid concentrations of dependency

A highly skilled city: world class and home grown talent sustaining the city's economic success	By making working households in priority need of rehousing preferred applicants for some social homes
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	By facilitating households to sustain their commitment to their local area
A liveable and low carbon city: a destination of choice to live, visit, work	By facilitating sustainable new developments of social homes
A connected city: world class infrastructure and connectivity to drive growth	NA

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

None

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Report to Economy Scrutiny Committee February 2023 - Housing Allocations Policy Evaluation
- Manchester City Council Part VI Scheme for the Allocation of Social Housing 2020
- Report on Housing Allocations Policy Review, Neighbourhoods and Environment Scrutiny Committee, 6th November 2019 and Executive, 13th November 2019
- Housing Act 1996
- Allocation of Accommodation: Guidance For Local Housing Authorities In England (2012) DCLG
<https://www.gov.uk/government/publications/allocation-of-accommodationguidance-for-local-housing-authorities-in-england>

1.0 Introduction

- 1.1 This report describes how it is necessary to ensure that there is a genuinely mixed community in newly built social housing developments.
- 1.2 The risk is managed by putting in place a city-wide New Build Local Lettings Policy.

2.0 Background

- 2.1 At the end of 2020 the council and partners completed a two-year project to review and update the Manchester City Council Part VI Scheme for the Allocation of Social Housing.
- 2.2 The scheme was agreed by all the Manchester Move participating organisations before being put to the council's Executive. The scheme was approved by the Executive in November 2019. Following comprehensive reworking of the IT system, training of users, and extensive engagement with applicants, advocates and service areas, the scheme took effect on the 3rd of November 2020.
- 2.3 The basic aim of the scheme review was to improve access for those in greatest need.
- 2.4 Key changes included the ending of awarding additional priority (band 2) for working or volunteering, such requirements being unachievable for most households in crisis. Most homeless households were in band 3, with very little chance of an offer since the level of demand meant that almost all homes were going to bands 1 and 2.
- 2.5 The most significant effect of introducing the new scheme was to increase the priority of many homeless applicants. The majority saw their priority increase from band 3 to band 2, and many have relatively long award dates (also known as queue dates). These applicants, and other applicants in crisis situations similarly now in band 2 rather than band 3, can have significant support needs.
- 2.6 As expected, following the changes to the scheme, band 2 almost doubled, increasing from 2,312 applicants (December 2019) to 4,449 applicants (April 2021) and at May 2023 was 6295.
- 2.7 The Part VI allocation scheme is a statutory function of the City Council. The law is that the scheme must be followed when allocating social homes.

3.0 Developing sustainable communities

- 3.1 As a consequence of the allocations scheme now looking only at housing need, the proportion of lets to households with varying degrees of complex needs and dependency is likely to remain relatively high for some time. There is a risk that allocations of new developments could find significant numbers of

potential tenants with support needs, concentrating dependency in a very localised area. This could lead to some negative impact on the residents and community, and the immediate area where new social and affordable homes are being built. Concentrations of vulnerable and dependent tenants can lead to exploitation, criminal activity and antisocial behaviour.

- 3.2 When such situations have arisen previously, the social and economic cost of dealing with issues has been considerable. Learning from those experiences shows us that prevention is far better than cure.
- 3.3 It is sensible to put in place proportionate measures to prevent concentrations of dependency while still facilitating an overall increase in the number of homes available for those in greatest need.
- 3.4 At the same time, for the same reasons, homes in local communities are at risk of becoming unavailable for local people who wish to remain in areas where they have made commitments. It is necessary to manage this possibility carefully, with a view to facilitating some local applicants in priority need remaining in the areas where they have a longstanding commitment.

4.0 New Build Local Lettings Policy

- 4.1 It is necessary to put in place a strategic response to ensure that new build developments have a mix of residents to help to make them sustainable in the longer term. The aim is to avoid the likely concentrations of dependency and higher-level support needs in new builds while also offering local people a chance of a local home and thereby contribute to achieving sustainable communities for the benefit of all. By facilitating successful and sustainable developments in this way, the total number of social homes will increase and more households in urgent need will be rehoused.
- 4.2 This strategic response is a New Build Local Lettings Policy (LLP) for all new developments of social homes to be let at social rent or affordable rent. After five years the effectiveness of the LLP will be reviewed with a view to it being amended, ended or extended for such period as necessary. Under this LLP:
- 50% of any development would be let to working households (defined as a member of the household being in work and working for at least 16 hours a week) who are in priority housing need on the Manchester housing register (Manchester Move bands 1-3), subject to the normal affordability check that all applicants have at point of offer,
 - 20% of the new development would be let to applicants living in the Manchester City Council boundary area who are in priority housing need on the housing register (Manchester Move bands 1-3) and have an established connection to the immediate area of the development, defined as:
 - i. living in the council ward where the development is located, or living in an adjacent ward, or
 - ii. have lived in the ward for at least 3 of the last 5 years, or
 - iii. have a parent or a child living in the ward, or

- iv. provide care to, or receive care from, someone living in the ward (carers are defined at appendix 4 of the Manchester City Council Part VI Scheme for the Allocation of Social Housing)
 - v. homeless and living in temporary accommodation but from that council ward when accepted as homeless (even if living elsewhere in their current accommodation)
- 30% of the new development would be let as normal, in accordance with the allocation scheme.
 - For all three categories, assuming enough applications are received, additional priority will be given to transfer applicants who are rightsizing and freeing up family homes to be let via the Manchester Move system.
 - If insufficient applications are received for homes to be let to the working household or local resident categories, those remaining will be offered via the Manchester Move system in the normal way.
- 4.3 The Council has successfully adopted a Local Letting Policy on this basis for the 69 new Council homes in Newton Heath which will be let and occupied this Summer.
- 4.4 Where new build schemes are being delivered as part of a larger regeneration initiative, additional priority will be given to local residents within the regeneration boundary to facilitate the ongoing regeneration. The detail will be set out on a scheme-by-scheme basis, but might include additional priority for existing residents within the regeneration boundary who wish to rightsize into an apartment in order to make better use of Council stock.
- 4.5 Where regeneration schemes involve demolition those affected residents would be given priority to move into new homes and stay in the area and such moves would be accommodated outside of the allocations scheme.
- 5.0 General needs only and first let only**
- 5.1 This policy would only apply to what are called “general needs” properties – that is, general housing for most applicants, not specialist housing developed for a particular purpose, such as retirement homes or extra care provision.
- 5.2 This policy would apply only at first let. Having created a mixed community through this policy, all subsequent relets would be to the applicable allocations scheme.
- 6.0 Effect of Restricted Lettings**
- 6.1 All partners are concerned to minimise the potential disadvantage of restricted lettings for those in greatest need.
- 6.2 It is important to note that that the New Build LLP adheres to the broad principles of the allocations scheme by ensuring lets are only to applicants in urgent need of rehousing (bands 1-3 in priority order).
- 6.3 Within that strict focus on housing need, restricted lettings then apply to create

mixed communities. This only applies at first let, all subsequent lets must be made via the Manchester Move system in the usual way.

- 6.4 By giving additional priority to transfer applicants freeing up badly needed family homes, this LLP would help to increase the number rehoused into family homes. Often these are families in temporary accommodation.
- 6.5 31% of applicants in priority bands 1-3 are transfer tenants. It is likely that approximately 30% of applicants for homes under this policy will be transfer tenants freeing up other social homes for let under the normal unrestricted rules across the city. Overall, the quantity of social homes becoming available will increase.

7.0 Equalities Impact

- 7.1 This strategic LLP is about allocations. It does not and cannot take into account the nature of each development in terms of construction standards, accessibility, rent levels, target demographics, etc. It is not possible for a strategic policy of this nature to predict the composition of individual developments, and those are not allocations matters.
- 7.2 Each individual development must pay 'due regard' to their Public Sector Equality Duties, via undertaking an Equality Impact Assessment and be guided by the relevant housing design standards in place, particularly in relation to accessibility.
- 7.3 In terms of allocations, it is possible to make general statements about the overall impact of this proposed LLP. In particular, this is in the light of case law that makes it clear that women applicants and disabled applicants are most likely to be disadvantaged by a working households priority. An equalities impact assessment has been undertaken that shows the general level of net disadvantage to applicants in the priority bands (bands 1-3), that results from making working households a priority.
- 7.4 Disadvantage in this context means that a percentage of the homes of any development is likely not to be available to applicants with certain protected characteristics. Taken in aggregate, the net disadvantage to all non-working households in the priority bands is approximately 35% of any development. The net disadvantage to women applicants in the priority bands is approximately 13% of any development. And the net disadvantage to disabled applicants in the priority bands is approximately 8% of any development.
- 7.5 Relative disadvantage is permitted so long as it does not skew the overall allocations scheme and so long as the restrictions are reasonable impositions to achieve a legitimate outcome.
- 7.6 While it is unavoidable that the working household restriction will be a disadvantage for women applicants and disabled applicants, that disadvantage will be minimised by the policy ensuring the maximum number

of social homes are freed up by transfers and rightsizing, such homes being available to all applicants.

- 7.7 The working household priority disadvantage for disabled applicants is addressed by the allocation scheme's built-in process for managing applications from people who need adaptations or adapted homes.
- 7.8 While inevitably there will be some disadvantage for certain applicants in respect of such new build homes, the fact that transfer tenants will make up a proportion of successful bidders for these homes will release other social homes, ameliorating some degree of disadvantage.
- 7.9 The fact that this policy requires developments to be let strictly to applicants in priority need is further amelioration of potential disadvantage. If enough applicants do not come forward from the prescribed categories, any homes remaining will be let without restriction according to the allocation scheme.
- 7.10 Taking advantage of potential interest from transfer tenants who might be persuaded to rightsize means that more family homes will become available to let in the normal way. This will have a significant impact on families who would otherwise be growing up in temporary accommodation.
- 7.11 Taken together, these measures mean that greater numbers of social homes will become available for those in greatest need.
- 7.12 Senior managers and the council's social landlord partners all believe that the desired outcome of creating mixed communities and avoiding concentrations of dependency is a legitimate one. Further, since developments using this policy will be bringing forward additional social homes that are badly needed, the overall impact will be positive.

8.0 Manchester Housing Providers Partnership

- 8.1 The Council expects all members of the Partnership to adopt the citywide policy but would discuss any proposed variations with a partner who did not want the city-wide LLP to apply to one or more of their developments, for example if they preferred to let those homes 100% to the allocations scheme.

9.0 Contributing to a Zero-Carbon City

- 9.1 Each development of new social homes will make its own contribution towards becoming a zero-carbon city. This Strategic LLP does not have a direct impact.

10.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 10.1 By helping to create sustainable communities and to avoid concentrations of dependency.

(b) A highly skilled city

- 10.2 By making working households in priority need for rehousing preferred applicants for some social homes

(c) A progressive and equitable city

- 10.3 By facilitating households to sustain their commitment to their local area

(d) A liveable and low carbon city

- 10.4 By facilitating sustainable new developments of social homes

(e) A connected city

- 10.5 Each development will have its own connectivity attributes.

11.0 Key Policies and Considerations**(a) Equal Opportunities**

- 11.1 As noted in section 7, case law makes it clear that there are unavoidable equalities issues arising from giving working households a degree of priority for social homes and how those disadvantageous effects are minimised where possible.

(b) Risk Management

- 11.2 Each development that is covered by the New Build LLP will need to produce its own Equalities Impact Assessment (EIA) to ensure the risk of challenge is minimised.

(c) Legal Considerations

- 11.3 Section 166A(6)(b) of the Housing Act 1996 is the statutory basis for LLPs that allows local housing authorities to allocate particular accommodation to people of a particular description such as is proposed in this report.

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