

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 23 May 2023
Executive – 31 May 2023

Subject: Purpose Built Student Accommodation in Manchester

Report of: Strategic Director, Growth and Development

Summary

This report updates the Economy Scrutiny Committee and the Executive on the provision of Purpose-Built Student Accommodation (PBSA) in Manchester and issues that have arisen since the last report in December 2020. It also recommends that the Executive agrees to the establishment of a pipeline of schemes as set out in the report in order to address a projected shortfall of accommodation up to 2030.

Recommendations

The Economy Scrutiny Committee is requested to comment on the report and make recommendations to the Executive.

The Executive is recommended to:

- (1) Note the changes that have taken place regarding the provision of Purpose-Built Student Accommodation since December 2022.
 - (2) Endorse the list of schemes set out in the report as the pipeline that will deliver the required amount of PBSA up to 2030
 - (3) Endorse the approach set out in the report to help guide the decision-making process in advance of the review of the Local Plan and request the Planning and Highways Committee take this approach into account as a material consideration until the Local Plan has been reviewed.
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Wards Affected – Deansgate, Piccadilly, Ardwick, Rusholme, Longsight, Hulme, Moss Side, Fallowfield, Withington, Old Moat, and Levenshulme

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

The sites in the suggested pipeline are close to the University campuses, reducing the need to travel, and minimising carbon emissions. Green travel plans are required as part of the planning process. The quality of accommodation must deliver high standards of sustainability that contribute to achieving the zero carbon target.

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Students make a significant economic contribution to Manchester whilst they live and study in the city. The development of assets within the Oxford Road Corridor area is vital to capture the commercial potential of research and innovation and help to realise the economic potential of the Corridor.
A highly skilled city: world class and home grown talent sustaining the city's economic success	A high quality residential offer for students in appropriate locations, is critical to Manchester's Universities ability to attract and retain students in a global market. The retention of highly skilled graduates from the city's universities is a key component in the drive towards a knowledge economy, and forming the critical mass of activity necessary to strengthen the economy.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Freeing up former student-lets and, therefore, increasing the supply of good quality homes for sale and rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations.
A liveable and low carbon city: a destination of choice to live, visit, work	Managing the impact of large student populations on residential neighbourhoods will improve local resident satisfaction. The city's liveability, sustainability and connectivity aspirations can be achieved by integrating green and smart ideas into new student developments, through the planning process. It is expected that journeys will be made using public transport and active modes, supporting the climate change and clean air policy responses.
A connected city: world class infrastructure and connectivity to drive growth	Student accommodation will be encouraged in areas which are in close proximity to both the University campuses and high frequency public transport routes.

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

- Equal Opportunities Policy
- Risk Management

- Legal Considerations

Financial Consequences – Revenue

Properties used for student accommodation are exempt from Council tax when they are:

- Halls of residences including PBSA provided predominantly for the accommodation of students,
- Dwellings that are occupied only by students, foreign spouses of students, school or college leavers.

In 2022/23 Manchester's income from Council tax was reduced by over £18m due to the above exemptions. Whilst further PBSA will also be exempt from Council tax the proposed developments may help to reduce student exemptions in the city centre and south Manchester by directing students to purpose built student accommodation (PBSA) rather than other dwellings.

The impact on demand for other Council services will need to be assessed, and this will be reviewed annually as part of the demographic demands from increased developments across the city.

The pipeline of proposed developments may lead to planning fee income if the developments are brought forward.

Financial Consequences – Capital

None arising from this report.

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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.

- Manchester Student Strategy - Report to Communities and Neighbourhoods Overview and Scrutiny Committee, 19th May 2009
- Student Strategy Implementation Plan – Report to Executive, 21st October 2009
- The Manchester Core Strategy - Adopted on 11th July 2012
- Manchester Residential Growth Strategy and Action Plan 2016/17 – Report to Executive, 2 March 2016
- Corridor Manchester Strategic Spatial Framework - Report to Executive, 7th March 2018
- Manchester Science Park Strategic Regeneration Framework Update - August 2018
- Oxford Road Corridor Strategic Regeneration Framework Guidance - November 2018
- Manchester Science Park (MSP) SRF update - Report to Executive, 14th November 2018
- Report to Executive - 13 November 2019 - Consideration of Policy H12: Purpose Built Student Accommodation Within the Changing Market Context
- Report to Executive December 2020- Purpose Built Student Accommodation in Manchester

1.0 Background

- 1.1 Manchester has one of the largest student populations in Europe, with over 120,000 studying at Greater Manchester's five universities, and over 400,000 students at the 22 Higher Education Institutions (HEIs) within an hour's drive. 84,260 students were enrolled at one of Manchester's three HEIs in 2021/22, of which 53,155 had a term time address in Manchester (HESA). A significant proportion of the remaining c.25,000 live at home.
- 1.2 Students make an invaluable contribution to the city's economy, diversity and vibrancy. They help to underpin a broad based, highly skilled economy and are essential to some of Manchester's most valuable growth sectors in advanced manufacturing, health and life sciences. Over 50% of students remain in the city after graduation.
- 1.3 Providing a residential offer for students to address needs has been a long-held Council objective as part of its Housing Strategy and planning policy framework.
- 1.4 Planning decisions must be taken in accordance with the development plan and any other material considerations. The development plan in Manchester is the Core Strategy which includes a specific policy, H12, which sets out specific criteria against which a proposal for new Purpose-Built Student Accommodation (PBSA) will be tested.
- 1.5 The key criteria for consideration include in brief:
 - Being close to the University campuses
 - An expectation that regard is had of policies relating to zero carbon
 - High density development should be compatible with existing development
 - Preference will be given to those schemes that demonstrate a positive regeneration impact
 - Designed to be safe
 - Have no adverse impact on neighbouring uses
 - Demonstrate a need for the accommodation; and,
 - That the scheme is deliverable

The Core Strategy, adopted in 2012, is now under formal review.

2.0 Introduction

- 2.1 A report to The Executive in November 2019, set out issues which would need to be considered as part of the Local Plan review in order to develop a policy position on purpose-built student accommodation. It acknowledged at that time that significant changes have taken place in the demography (make up and location) and needs of students and the development context has changed since the adoption of the Student Strategy and the Core Strategy. The report established a revised context in which proposals for PBSA could be considered on an interim basis in advance of the Core Strategy review.

2.2 The report noted that Policy H12 of the Core Strategy remains relevant, but market changes suggested that the interpretation and application of the Policy needed to be reviewed. This included a need to understand and address affordability challenges and the need to provide accommodation close to the higher education institutions (HEI's).

2.3 The key issues identified included:-

- i. high numbers of second and third year students living in the mainstream private rented sector in the city centre, and the need to provide more accommodation in close proximity to the HEI's.
- ii. The HEIs have consolidated their academic estates within the Oxford Rd Corridor from South Manchester and beyond
- iii. a growing proportion of students are international and are choosing to live in the city centre, through lifestyle expectations, property type and management
- iv. the student housing market in the south of the city, and in Fallowfield and Withington in particular, has contracted as the Universities have consolidated around Oxford Rd.
- v. the number of student council tax exemptions has increased by 24% in the city centre .
- vi. economic activity in the Corridor continues to grow with strong demand for additional commercial development with limited opportunities to capture this growth.

2.4 The report was approved subject to consultation being undertaken with key stakeholders with the outcomes to be reported back to the Executive. The key ideas that were subsequently consulted on included:

- the need to support regeneration objectives
- the Corridor Spatial Framework prioritises commercial or educational/research use, and student accommodation should, be in the right locations, in appropriate numbers, and only where it supports wider growth.
- ensuring that students' needs are met at an affordable price. The London policy of 35% of new PBSA to be affordable to be encouraged.
- All PBSA must provide a high standard of living, close to the HEI's and should cater for the overall wellbeing of students.
- PBSA should be in safe and secure locations, with appropriate management and facilities.

- the importance of density in delivering the level of new high-quality accommodation needed within the context of scarce land availability both in the Oxford Road Corridor area and the wider area.
- It should be located in the areas immediately adjacent to the core university areas, around the Oxford Road Corridor area. This may include parts of surrounding neighbourhoods such as Hulme and Ardwick which are immediately adjacent to the university campuses.
- the location should be driven by proximity to university campuses, reducing the need to travel, and to sustainable modes of transport.
- Mix of uses – the need to maintain the right balance of commercial, educational, residential, cultural and leisure use. A limited amount of PBSA will be considered, in appropriate locations, where it can be demonstrated that it will support commercial and educational use, and the overall growth and regeneration objectives for the Corridor and the city.

2.5 A further report In December 2020, informed the Executive of the outcome of the consultation exercise, and sought approval to use the outcomes to assist decision making in advance of a review of the Core Strategy, and to inform a policy approach to PBSA as part of the Local plan review.

3.0 Recent Changes and Appeal Decisions

3.1 It is now broadly recognized and accepted that there is a shortage of PBSA in Manchester. This was brought clearly into focus at the beginning of this academic year when some Manchester students could not be housed in PBSA in the City. This was in part a result of the Universities closing some sub-standard accommodation but also because sufficient new accommodation had not been delivered in appropriate locations.

3.2 Our projections estimate that demand for new PBSA could be between 5440 bedspaces (representing a 1% growth per annum) and 11320 (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.

3.3 Policy H12 requires developers to demonstrate, amongst other things, that there is a need for additional student accommodation and requires any new PBSA to be provided close to the University Campuses or on nearby high frequency public transport routes.

3.4 A recent PBSA appeal at Deansgate South successfully challenged the Council's evidence that the future need for PBSA could be met within a defined spatial area close to the University Campuses. The Planning

Inspector concluded that “it is not certain that there are enough schemes in the pipeline to meet PBSA demand over the next few years.” In a second appeal decision at 188 Wilmslow Road, where the Council was successful overall, the Planning Inspector concluded that: “The Council has also sought to demonstrate that it has a sufficient supply of PBSA in the pipeline to cater for the need. A number of these sites though do not have planning permission, based on what I was told at the hearing. Accordingly, there is limited assurance at the present time that such sites would proceed.”

- 3.5 Officers consider that it is necessary to address the issue that the Inspectors identified and that the Council needs to establish, monitor, and manage a pipeline of schemes in order to demonstrate that demand for PBSA can be met in appropriate locations. Deloitte LLP has been retained to review the continuing appropriateness of Policy H12 and to assess whether it can be robustly demonstrated that PBSA demand can indeed be met in close proximity to the Universities. In association with officers, they have identified and assessed a pipeline of sites that could potentially be used for PBSA; including those within the estate plans of the University of Manchester and Manchester Metropolitan University.
- 3.6 Should there be sufficient opportunity, there would be no obvious need to significantly depart from Policy H12 which has largely been effective in managing the supply of PBSA.
- 3.7 20 sites have been identified which could potentially support around 12,500 PBSA bedspaces. Their suitability, availability and deliverability have been assessed to establish whether they are capable of meeting bedspace requirements, in line with identified and projected need. The analysis has largely been produced on the basis of desk-based appraisals, site visits and discussions with City Council officers and representatives from University of Manchester and Manchester Metropolitan University. Planning permission will be required where permission is not in place.
- 3.8 The report also considers whether the requirements of Policy H12 would be defensible as part of an appeal process in the short term and whether the overall Policy approach remains appropriate and sustainable as Manchester’s Development Plan is reviewed.
- 3.9 The number of bedspaces outlined in 3.7 is purely indicative and not intended to establish capacity at individual site (unless there is an extant planning permission).. Where planning permission has not yet been granted this would be subject to full consideration in the usual manner through the planning process; this includes the actual number of beds.

Potential sites are as follows

Site	Ward
Cambridge Street Circus	Piccadilly/Hulme
Cambridge Halls	Hulme
Church Inn	Hulme

Deansgate South (Fusion)	Deansgate
First Street (Plot 10b)	Deansgate
Gamecock Pub	Hulme
Great Marlborough Street	Deansgate
ID Manchester	Piccadilly
IQ Echo Street	Piccadilly
IQ Masterplan Charles Street	Piccadilly
IQ Masterplan Granby Row	Piccadilly
John Dalton East	Hulme
McDougall Centre	Hulme
St Gabriel's Lodge	Ardwick
New Medlock House	Deansgate
Upper Brook Street	Ardwick
Whitworth Park	Hulme
One Medlock Street	Deansgate
88-90 Carmoor Road	Ardwick
Owens Park	Fallowfield
Moss Lane East	Moss Side

- 3.10 Each site has been assessed based on agreed criteria to objectively test and challenge deliverability, understand the realistic / defensible timing of delivery, and the capacity of those sites: The deliverability criteria include:
- a. the site's planning history and whether that presents an obvious challenge or limitation to PBSA delivery;
 - b. potential land ownership issues or constraints;
 - c. accordance with planning policy;
 - d. potential contribution to regeneration;
 - e. identifiable technical constraints - e.g. access, flood risk, adverse ground conditions, listed buildings and conservation areas;
 - f. any known infrastructure capacity limitations;
 - g. known viability issues;
 - h. adjacent land use and impact considerations, especially with regard to existing local communities;
 - i. buildability / construction logistics where possible to assess; and,
 - j. whether proposals have received support from the universities or form part of their estate's plans.
- 3.11 The capacity has been determined through either planning applications or from feasibility studies. In terms of demonstrating potential capacity, there are circa 2000 beds with planning permission; circa 2250 on sites where planning

applications are under consideration and circa 2800 on sites owned by the Universities. The balance of around 6000 would be within regeneration frameworks where there is already an acknowledgement that student accommodation could be acceptable in principle.

- 3.12 In order to establish a pipeline, each site has been categorised via a traffic light system. Sites that have planning permission are categorised as green. Sites that are amber require further action before they can be established as a fully defensible part of the pipeline, but there is a realistic prospect of delivery. They include those where an application has been submitted. All sites identified as amber or green are considered to form part of the City Council's pipeline of potential PBSA sites.
- 3.13 'Pipeline' is therefore defined as covering sites at all stages of the planning and development process. This includes sites at the pre-planning stage which have been identified within Strategic Regeneration Frameworks, or where pre-application discussions have already taken place with the Local Planning Authority. It also includes sites that are subject to current planning applications, those sites with planning permission secured and those schemes that are under construction. The sites identified above, apart from site 8, are all green or amber and therefore form the City Council's pipeline.
- 3.14 This list of schemes is not exhaustive, and some may not be brought forward. But it does demonstrate that there is sufficient opportunity, and there is no obvious need to significantly depart from Policy H12 which has largely been effective in managing the supply of PBSA. Other schemes may also be progressed that are not on the list but nevertheless comply with policy H12

4.0 Conclusions

- 4.1 There is a clear need for additional Purpose-Built Student Accommodation in Manchester. However, we need to make sure that new accommodation is provided in appropriate locations in accordance with Policy H12. Recent appeal decisions have questions whether the Council can demonstrate that future demand can be met within close proximity to the HEI's.
- 4.2 This report has demonstrated that there is a pipeline of sites and schemes in locations that would be consistent with policy H12. This would form an important part of our evidence base for the Local Plan and underpins the continuing appropriateness of Policy H12 for determining planning applications, particularly those opportunistic applications that fall outside of the Oxford Road Corridor area, on sites that have not traditionally been considered suitable for PBSA.
- 4.3 There are more than sufficient sites within the PBSA pipeline to cover identified levels of demand and there is significant appetite from PBSA operators, development and the Universities to bring forward PBSA in the city. As there is sufficient opportunity to meet identified need for the next 5 years and up to 2030 there is no need to depart from Policy H12 which has largely been effective over the last plan period in managing the supply of PBSA.

5.0 Recommendations

5.1 Recommendations appear at the front of this report.

6.0 Key Policies and Considerations

(a) Equal Opportunities

6.1 This would be considered as part of all planning applications.

(b) Risk Management

6.2 Risks will be considered on a scheme-by-scheme basis.

(c) Legal Considerations

6.3 As set out in the body of the report, planning applications must be determined in accordance with the Development Plan unless material considerations indicate otherwise. This report sets out a proposed approach to the consideration of the question of the need for PBSA under Policy H12 of the Core Strategy. If endorsed, this approach would be a material consideration to be taken into account in determining planning applications. Any new planning policy relating to Purpose Built Student Accommodation will need to be developed and adopted through the Local Plan process.