

**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

Contact Officers

Name: Rebecca Heron
Position: Strategic Director (Growth & Development)
Telephone: 0161 234 3030
E-mail: rebecca.heron@manchester.gov.uk

Name: David Lynch
Position: Director of Development
Telephone: 0161 234 4811
E-mail: david.lynch@manchester.gov.uk

Name: Dave Ashmore
Position: Director of Housing Operations
Telephone: 0161 219 2539
E-mail: david.ashmore@manchester.gov.uk

Name: Martin Oldfield
Position: Head of Strategic Housing
Telephone: 0161 234 3561
E-mail: martin.oldfield@manchester.gov.uk

Name: Nick Cole
Position: Strategic Lead - Housing Strategy & Policy
Telephone: 0161 219 6492
E-mail: nicholas.cole@manchester.gov.uk

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:

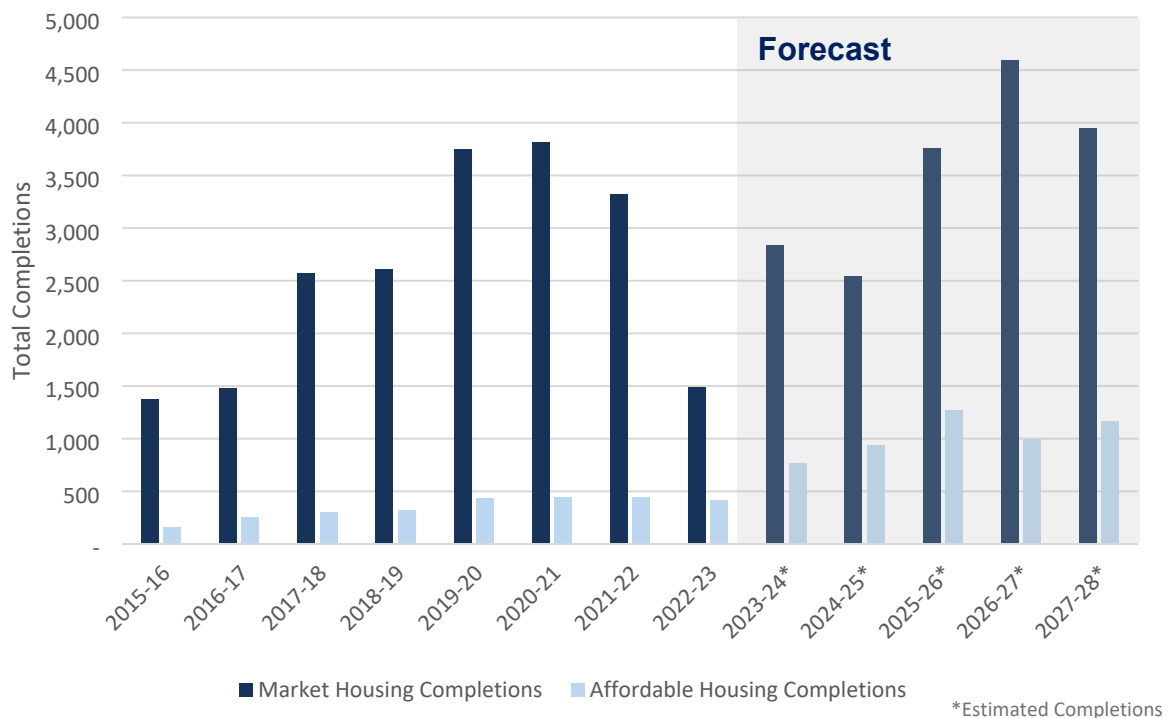
- 3.1 **Deliver 36,000 new homes by 2032 including 10,000 affordable homes (c.28% of total delivery)**
- 3.2 Since the Housing Strategy was published last year, the context for the delivery of both market and affordable housing has changed. In particular high inflation, rising interest rates and supply 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

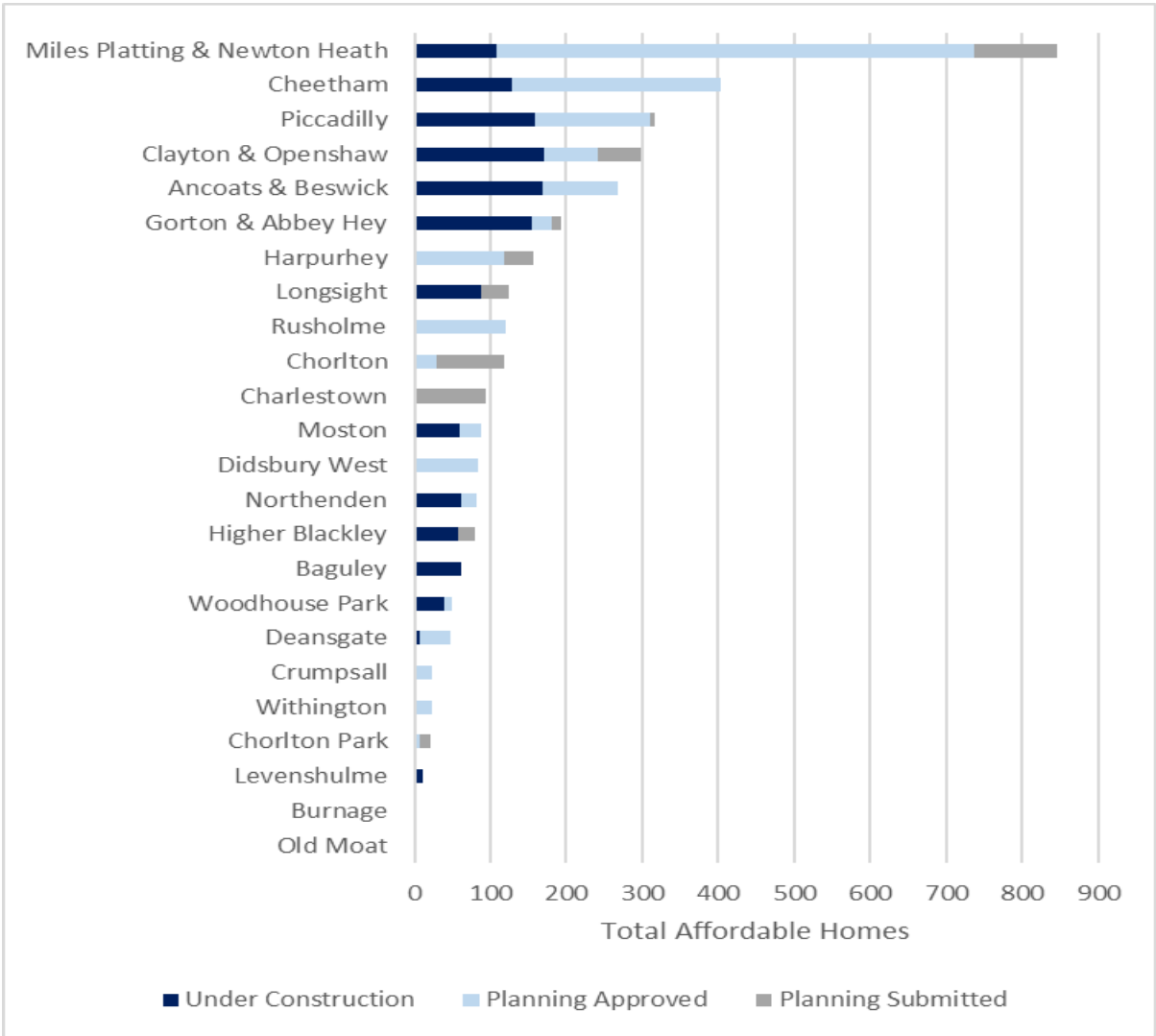


3.6 As with the market pipeline, the number of affordable completions in the city dropped last year slightly from 532 in 2021-22 (when more new affordable homes were completed than any year over the previous decade) to 415 in 2022-23. Importantly however, the 2022-23 figures still represent a much larger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

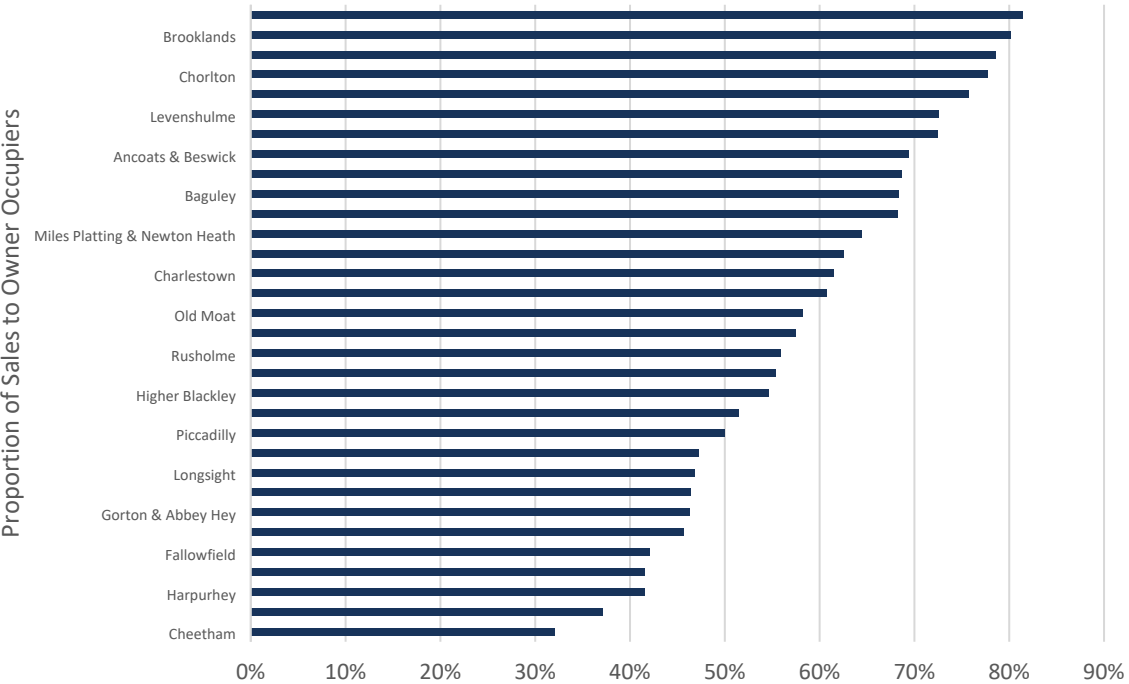
3.15 Of the 10,000 new affordable homes by 2032 – 3,000 will be built in the city centre

- 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.

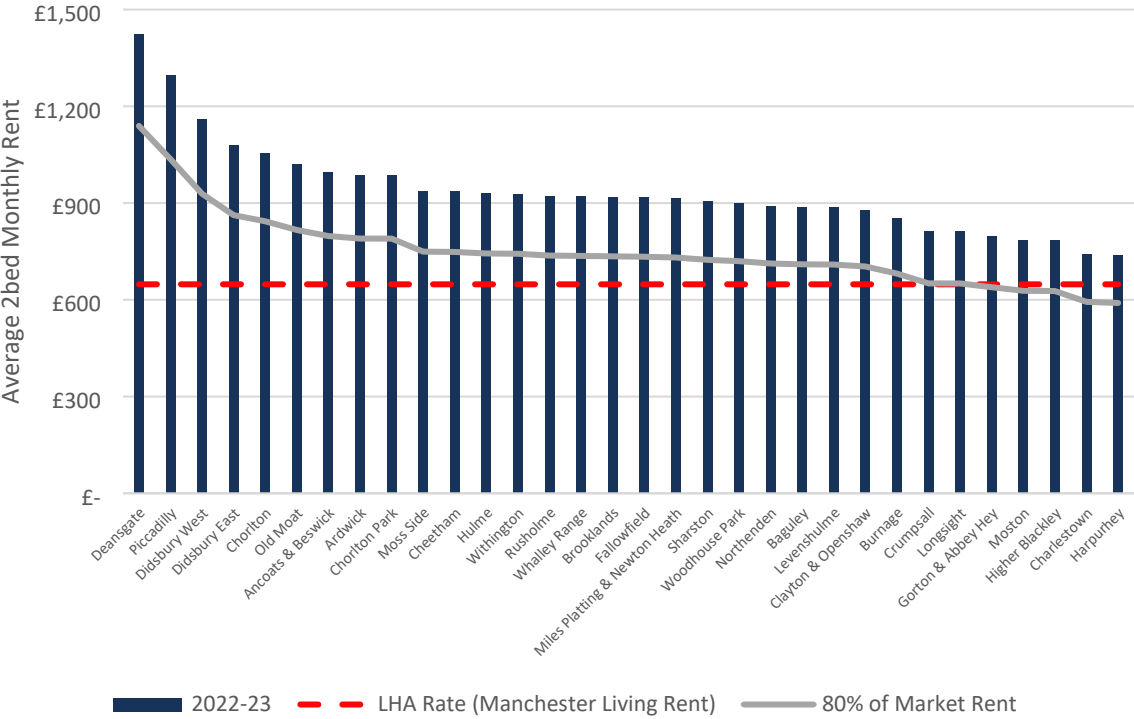
4.0 Principle 2 - Work to end homelessness and ensure housing is affordable & accessible to all

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

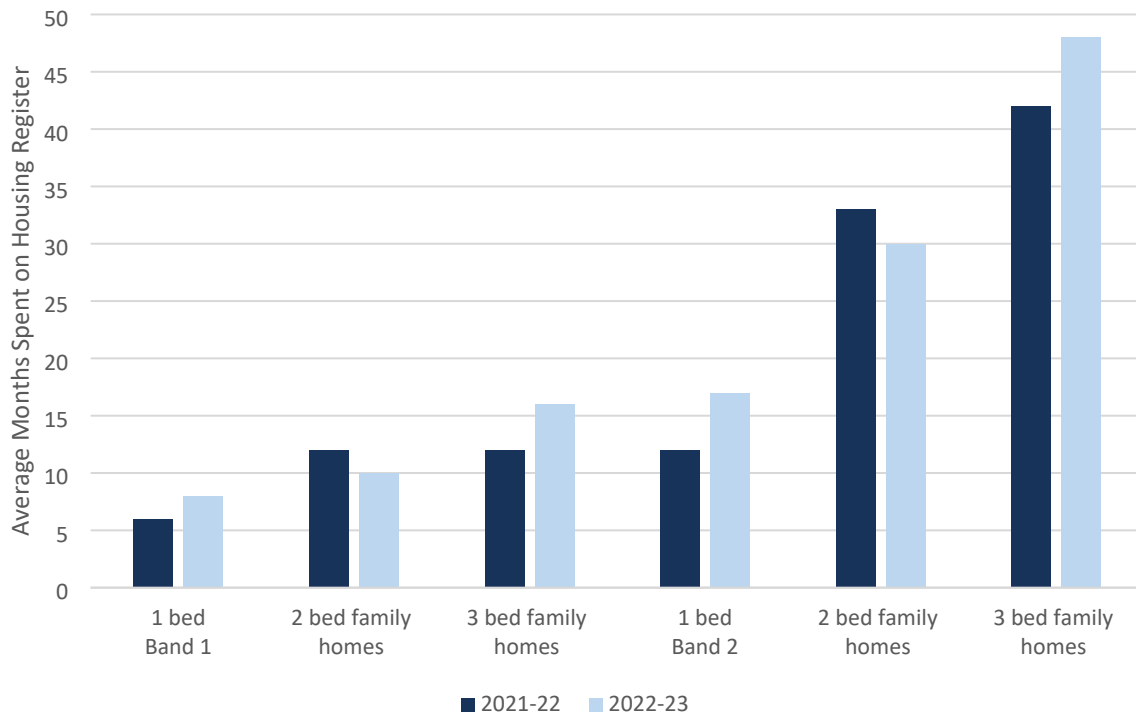
4.7 The Housing Strategy acknowledges that there are too many people in Priority Bands 1-3 on the Housing Register in Manchester. That is one of the fundamental reasons for setting ourselves the ambitious target of delivering 10,000 new affordable homes - to ensure all residents have access to safe,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

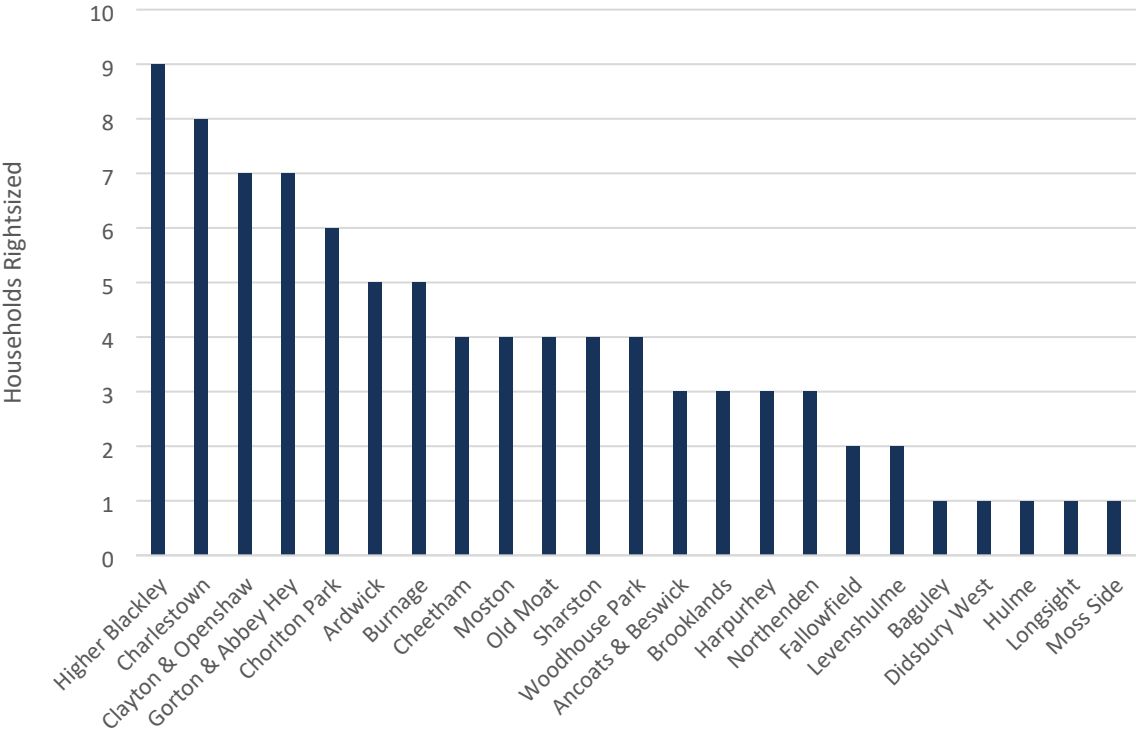
- **Moss Side** – Working with MSV, we are looking to redevelop 4 sites across Moss Side with emphasis on meeting demand from local residents including larger families. Around 15% of the new homes delivered across the sites will be 3+bed homes designed in direct response to evidence around local housing 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.