

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
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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, Mosscafe 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.