

**Manchester City Council  
Report for Information**

**Report to:** Economy and Regeneration Scrutiny Committee - 7 November 2023

**Subject:** Housing Needs Assessment

**Report of:** Strategic Director of Growth and Development

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### **Summary**

The report provides an update of the Housing Needs Assessment commissioned to inform the development of housing policies in the emerging Local Plan.

The HNA is expected to be finalised over the next few weeks with a final report issued by the end of November 2023. This report focuses on the current position relating to a number of key aspects of the HNA, namely affordable housing; mix of size and type of housing need; housing for older and disabled persons including the need for accessibility standards; housing for people with additional need; the private rented sector; and self-build and custom housebuilding.

Where appropriate the report highlights key considerations and implications for emerging policies in the Local Plan. Appendix A provides an executive summary from the HNA – this will be updated to include further detail, where appropriate once the full study is finalised by the end of November.

### **Recommendations**

The Committee is recommended to:

- Consider and comment on the information in the report.
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**Wards Affected:** All

<p><b>Environmental Impact Assessment</b> -the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>	<p>The Housing Needs Assessment is a key element of the evidence base for the Local Plan. It will inform policies within the plan around affordable housing; mix and type of housing; and the needs across various housing sectors. The evidence base and subsequent policies will help the city work toward zero carbon including by encouraging compact patterns of urban development, with a range of housing accessible by active and public transport to employment and services.</p>
<p><b>Equality, Diversity and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments</p>	<p>The Local Plan will include the completion of the Equality Impact Assessment (EqIA). to inform how the draft policies, including housing policies, in the plan may impact on different protected or disadvantaged groups.</p>

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the Our Manchester Strategy/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The delivery of housing will complement the aim to improve Manchester's economic performance and spread of the benefits of this growth across the city to reduce economic, environmental and social disparities, and to help create inclusive sustainable communities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The supply of an appropriate mix of housing will support the vision for Manchester of a knowledge-based economy flourishing within an entrepreneurial community, characterised by a fully skilled, inclusive working population.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The supply of an appropriate mix of housing aims to reduce economic, environmental and social disparities, and to help create inclusive sustainable communities.
A liveable and low carbon city: a destination of choice to live, visit, work	The delivery of housing will complement aims to provide a framework within which the sustainable development of the city can contribute to halting climate change.
A connected city: world class infrastructure and connectivity to drive growth	The supply of an appropriate mix of housing in sustainable locations will link into Manchester's physical connectivity, through sustainable and accessible transport networks, to enhance its functioning and competitiveness and provide access to jobs, education, services, retail, leisure and recreation.

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.

- Purpose Built Student Accommodation in Manchester – report to Executive (31 May 2023)
- Manchester Housing Strategy (2022-2032) - report to Executive (22 July 2022)

## 1.0 Introduction

- 1.1 The overall housing requirement for Manchester is set out in Places for Everyone, the joint local plan for nine of the councils in Greater Manchester. The plan identifies in Policy JP H1, an average minimum annual net housing need of 3,533 dwellings for Manchester out of a total housing requirement of 10,719 dwellings per annum for the joint local plan area. Places for Everyone is now at an advanced stage; it is anticipated following an in-depth examination it will be adopted in Spring 2024.
- 1.2 The Greater Manchester Housing Strategy which sits behind Places for Everyone sets out an aim to deliver at least 50,000 additional affordable homes across Greater Manchester as a whole (including Stockport) by 2037. In doing so it acknowledges that not all affordable housing will be delivered through planning policy requirements and Section 106 agreements.
- 1.3 Each authority's own local plan will set targets for the provision of affordable homes for sale and rent as part of market-led residential development schemes. A high proportion of affordable housing is delivered by local authorities, registered providers and using government funding. This is likely to continue to be the case.
- 1.4 Manchester's Housing Strategy, 2022- 2032, set out an ambitious plan to deliver 36,000 new homes over this period, 10,000 being affordable. Both Places for Everyone and our Housing Strategy provide a clear context for the work commissioned to support the refresh of the local plan.
- 1.5 As part of the evidence base, the Housing Needs Assessment (HNA) assesses the size, type and tenure of housing needed up to 2039 for different groups in the community to inform the policies of our Local Plan. The requirement is that it is carried out in line with the National Planning Policy Framework (NPPF) and National Planning Policy Guidance – further details are set out in section 2.
- 1.6 Its main focus is on the following key elements:
  - Affordable Housing.
  - Mix of size and type of housing need.
  - Housing for Older and Disabled Persons including the need for Accessibility Standards/ Housing for people with additional needs.
  - Private Rented Sector.
  - Self-Build and Custom Housebuilding.
- 1.7 The study uses a mix of primary and secondary data looking at the city as a whole, that then splits the analysis into three main sub areas covering the City Centre, the North and Central areas together; and the South Area. The study has not covered accommodation needs for the Gypsy and Traveller community nor for Travelling Show people as a separate study has already been undertaken. As Members will be aware the Council had also commissioned a specific study with respect to student accommodation needs

which was reported to Executive in May 2023. A further piece of work on affordability relating to student accommodation will be commissioned shortly.

- 1.8 This report provides an update on the key aspects of the HNA noted above and it is important to acknowledge the work is still in progress. It nevertheless identifies the implications for emerging policies in the Local Plan.

## **2.0 Background**

- 2.1 Members will be aware Manchester has an overall housing target of 3553 new homes per annum. Through our work on the Strategic Housing Land Assessment, land has been identified across the city to meet this figure. Overwhelmingly, this is on Brownfield sites and assumptions have been made about what achieving this means in relation to height, scale and density. There will undoubtedly be challenges in delivering on some of these sites but it is important to recognise and understand the scale of housing that will be required for our future growth.

- 2.2 The next stage in understanding the size, type and tenure of these new homes through a Housing Need Assessment (HNA). This provides the council with up-to-date evidence on housing need across all sections of the community over the period 2023 to 2039. The evidence will inform the update of the preparation of the Local Plan, other strategies, policies and decisions of the council and its partners. Places for Everyone and our Housing Strategy also provide a clear context to this.

### **National Planning Policy and Guidance**

- 2.3 The evidence base needs to take account of the requirements of the National Planning Policy Framework (NPPF). The latest version was published in September 2023 and is supported by Planning Practice Guidance (PPG). The NPPF sets out the government's planning policies for England and how these are expected to be applied. Paragraph 11 of the NPPF states that plans, and decisions should apply a '*...presumption in favour of sustainable development*'. As part of this, in relation to plan-making, it sets out that this means that '*...strategic policies should, as a minimum, provide for objectively assessed needs for housing...*'

- 2.4 Paragraph 60 of the NPPF provides an important context to the policy for housing delivery, as follows:

*'To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay'*

- 2.5 Paragraph 62 of the NPPF further states:

*'Within this context, the size, type and tenure of housing need for different groups in the community, should be assessed and reflected in planning policies including but not limited to: those who require affordable housing; families with children; older people; students; people with disabilities; service families; travellers; people who rent their homes; and people wishing to commission or build their own homes.'*

- 2.6 Paragraph 63 of the NPPF specifically highlights the matter of affordable housing noting that, '*...where a need for affordable housing is identified, planning policies should specify the type of affordable housing required*'.
- 2.7 The Planning Practice Guidance provides information on the calculation of affordable housing need taking account of the following:

- the number of homeless households;
- the number of those in priority need who are currently housed in temporary accommodation;
- the number of households in over-crowded housing;
- the number of concealed households;
- the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and
- the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.

The guidance states that, "*Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.*"

- 2.8 It also provides detail and advice on gathering evidence on the needs of different groups and their potential accommodation requirements. Guidance is set out in several areas including:

- Housing needs of different groups;
- Guidance on older and disabled people; and
- Planning policy for traveller sites

As noted in 1.8 above separate studies have already been commissioned to look at both the Gypsy and Traveller community, Travelling Show people and student accommodation.

### **Housing Needs Assessment - Methodology**

- 2.9 The HNA has utilised several methods in its approach including:

- An online survey of stakeholders which included representatives from strategic and local organisations.
- Interviews with estate and letting agents operating across Manchester City.

- A review of relevant secondary data including the 2021 Census, house price trends, ONS sub-national population projections and DLUHC/ONS household projections, CORE lettings data and DLUHC statistics.
- A comprehensive online household survey. 15,000 households were contacted across the city and 972 responses were achieved representing a 6.5% response rate and a sample error of +/-3.1% which the ONS describes as 'precise' in terms of using the survey findings to draw out conclusions about housing matters within the city. This lower level of response was anticipated as this was the experience of the consultants in conducting these surveys across the country, particularly in recent years.
- A review of client groups relevant to NPPF Paragraph 61, including hard to reach and vulnerable groups.

2.10 The household survey was carried out by mailing out letters to a random sample of 15,000 households across Manchester that invited people to take part in research into the future housing needs of your area. The letter explained that the research would provide evidence of the need for different sizes and types of housing including homes to buy and rent; and the housing needs of older people and those with additional needs. Residents were invited to complete an online survey by scanning a QR code to access the survey. Where residents did not have access to the internet but wanted to take part in the survey, a telephone helpline was offered so that the research team could contact residents to complete the survey over the telephone. If there was a need for an alternative format for the survey, residents could also contact the telephone helpline. Social media channels were also used during the time period when the survey was live to widen the awareness of the survey.

2.11 The approach taken by the consultants to the household survey fully complies with the National Statistics Code of Practice and the project director from arc4 is a member of the Market Research Society. The consultancy operates stringent quality control measures and data validation during the processing of household surveys. The measures included to ensure a robust survey process encompassed the following key aspects:

- Household letter printing and dispatch through a sub-contractor that held relevant quality standards (e.g. ISO 9001 (Quality); ISO 14001 (Environmental); ISO 27001 (Data Security and Business Continuity); and ISO 45001 (Health and Safety)).
- Data validation methods including clear geo-referencing of questionnaires by ID and postcode; real-time data processing, with surveys completed online; and cleaning of the data to geo-reference relevant data (previous place of residence and workplace), removal of any duplicates, append with tenure, household reference person (HRP) age group and creation of additional variables to facilitate data analysis and a check of response frequencies to remove any erroneous data.
- The final dataset was carefully weighted on the basis of age group and tenure and grossed up to reflect total households in 2022. The source data for weighting included 2021 Census data, ONS tenure estimates and latest household estimates from ONS household projections.



- Any paper-based survey material will be confidentially destroyed after six months in line with the consultancy data destruction policy.

### **3.0 Main issues**

#### **General Overview**

#### **Affordable Housing**

3.1 Using the approach set out in Planning Practice Guidance, the HNA is suggesting the 10,000 figure in the Housing Strategy is not an unrealistic target. There are two key assumptions in the HNA which have been considered carefully for testing:

- Affordability in terms of 30% of gross income for renting and a four times multiplier of income for purchase of housing (There is no official guidance on what proportion of income should be used. The former CLG SHMA Practice Guidance (2007) recommended 25% and Shelter suggest using 35% of net income. The former CLG SHMA Practice Guidance (2007) recommended a 3.5x multiple for a household).
- Factoring in a timespan to account for meeting the existing unmet need for affordable housing – ten years has been assumed in the HNA which corresponds with the approach set out in the Council’s Housing Strategy.

3.2 When determining the overall affordable tenure split, the HNA is already beginning to recommend that the council is mindful of different outcomes when an allowance for First Homes is included. The First Homes concept, introduced by the government in 2021, are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;
- b) are sold to a person or persons meeting the First Homes eligibility criteria;
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,
- d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government’s preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

3.3 Given there is a need to prioritise social/affordable supply, one recommendation is likely to be that the overall tenure split for policy making purposes is 80% rented (constituting a mix of approaches including social

rented and affordable rented) and 20% affordable home ownership including First Homes which reflects the overall policy approach in the Places for Everyone plan.

- 3.4 The council’s affordable housing policy should then continue to support the ongoing delivery of affordable housing and diversify the affordable products available to local residents to reflect identified needs.

**Mix of size and type of housing need**

- 3.5 The dwelling mix analysis in the HNA is underpinned by a demographic scenario model which takes into account projected household change to 2039 using 2014-based ONS household projections – these are still the recommended base projections for local plans and were used to inform Places for Everyone. The recommendations being made for dwelling mix are based on the number of bedrooms rather than specific dwelling type to allow for a greater level of flexibility in terms of delivery.
- 3.6 Table 1 below sets out the recommendations from the HNA with respect to the proportion of dwellings across different tenures and the number of bedrooms. It also identifies a mix for dwellings that provide level access accommodation (note these are a subset of the previous four rows covering the number of bedrooms). The recommended mix will inform the policy approach in the emerging Local Plan. By adopting a bedroom-based approach this provides flexibility with respect to the type of accommodation that is likely to come forward in the city. The latest Authority Monitoring Report, published by the Council, states that 89% of completed dwellings were apartments in the year to April 2022.

Table 1: Overall dwelling mix by tenure

Number of bedrooms	Market	Affordable Rented	Affordable home ownership	Overall range
1	5-10%	10-15%	10-15%	5-10%
2	35-40%	40-45%	30-35%	35-40%
3	35-40%	35-40%	40-45%	35-40%
4	15-20%	5-10%	10-15%	10-15%
Overall need for level-access dwellings	10-15%	20-25%	10-15%	10-15%

**Housing for Older and Disabled Persons including the need for Accessibility Standards/ Housing for people with additional needs**

- 3.7 There is evidence to support a programme of accommodation delivery to help meet the needs of older people and those with disabilities. Although the majority of older people, it is understood, want to remain in their own home with support when needed<sup>1</sup>, there is a need to diversify options available to older people wanting to move to more appropriate accommodation.

<sup>1</sup> Identified through the household survey

- 3.8 Currently there are around 7,867 units of specialist older person accommodation comprising 1,910 units of residential care (C2 use class) dwellings and 5,957 units of specialist older person dwellings (C3 use class) such as sheltered and Extra Care. Based on current supply, population projections and housing LIN estimates of demand for different types of accommodation, there is a modelled need for 3,789 additional units of specialist older persons' accommodation by 2039. This comprises 534 residential care bedspaces, 806 Extra Care units and 2,449 other types of accommodation
- 3.9 An emerging conclusion is that there is likely to be a broader housing offer for older people across Manchester and the HNA is providing evidence of scale and range of dwellings needed.
- 3.10 A range of information has also been assembled from various sources which helps to scope out the likely level of disability across Manchester's population. The strategic need for different types of accommodation has been evidenced using available information including the Supported Housing Strategy and Older Persons' Housing Strategy.
- 3.11 Given the ageing population of Manchester and the identified levels of disability amongst the population, the HNA is recommending that 3.6% of new dwellings are built to M4(3) wheelchair accessible and adaptable standard and all remaining new dwellings are built to M4(2) accessible and adaptable standard. This would take account of the ageing demographics of Manchester and to align with, when adopted, a requirement of Places for Everyone.
- 3.12 It is reasonably expected that some of this need will be met through the development of C3 accommodation and there is overlap between affordable, specialist older person and M4(3) need. For instance, the development of an older person's level access, wheelchair accessible affordable dwelling would help address three aspects of housing need. It is also assumed that there will be ongoing adaptation of existing dwellings to support those with additional needs.

### **Private Rented Sector**

- 3.13 The private rented sector has become an important tenure in both meeting people's housing needs and providing flexible housing options for those moving for employment, to respond to changing circumstances and provides a housing option for those on low incomes. Across the city, the proportion of households renting increased from 18.6% in 2001 to 32.5% in 2021 (ONS census data). Any decisions regarding discounts and the amount of affordable private rent to be secured will need to be affordable to local households and take into account viability assessment analysis. The development of planning policies in the emerging Local Plan will need to consider the following matters:
- what constitutes Build to Rent in terms of size of scheme;
  - the percentage discounts that will be applied to Build to Rent schemes to secure affordable private rent as an affordable product for local people in

line with their affordability policies. It is likely the evidence in this report will need to be tested against viability evidence;

- (the council may wish to consider) whether it wishes to vary the proportion of and explore a trade-off between the number of affordable private rent units and the discount offered on them across the development, with the proviso being that these should accord with the headline affordable housing contribution agreed through the planning permission;
- the requirement that the affordable private rent units should be retained as affordable housing in perpetuity; there should be no break clause for the affordable housing which should remain as a community benefit in perpetuity;
- the groups that affordable private rent should be targeted toward (the product is affordable for lower and median income groups across various locations and property sizes);
- the size of units required for affordable private rent;
- (the council may wish to consider) establishing an intermediate housing list and a mechanism for access to these properties;
- a requirement for applications to demonstrate how any negotiated discount is affordable to local incomes;
- the need for all options to be agreed jointly between the local authority and the developer as part of the planning permission; and
- on site provision to be a priority but where this is not the requirement by the council, a commuted sum mechanism be developed to reflect the bespoke nature of Build to Rent.

### **Self-Build and Custom Housebuilding**

3.14 Planning Practice Guidance states that, *“To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, ‘Need-a-Plot’ information available from the Self Build Portal and enquiries for building plots from local estate agents.”*

3.15 The Council holds a self-build register as set out in section 1 of the Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016). At the last annual check (October 2022) there were 606 entries on the register of which 4 were associations (i.e., groups of people). This equates to a current provision for around 86 self-build plots a year. It is important to note that an individual or group can register with more than one local authority so an element of double counting exist in the figures when neighbouring councils’ records are considered.

## **4.0 Next Steps**

4.1 The HNA is an important component of the evidence base for the emerging Local Plan. The Local Plan is moving into an important stage with the completion of much of the key evidence base over the next few months. This will enable policies to be drafted and considered through the necessary internal channels before consultation on a draft local plan.

- 4.2 A key factor that determines the timing of consultation on the draft local plan is the relationship between the local plan and Places for Everyone. Places for Everyone is a joint local plan for the nine Councils involved in its development. It sets out a collective planning policy framework with key matters around housing and employment set out as an agreed position over the period 2022-2039. Once the Places for Everyone Plan is adopted it will form part of Manchester's development plan. Manchester's local plan will need to be consistent with it.
- 4.3 Places for Everyone is now at a final key milestone of consultation on the main modifications. On conclusion of the consultation (6 December) there will be an intensive period required to analyse the consultation responses to enable them to be passed to the Inspectors in a timely manner. The Inspectors in turn will then complete their final report on the examination which they then issue to the nine councils/GMCA for a final fact check and subsequent publication. After that the process of adopting Places for Everyone can occur. It is anticipated the adoption process will take place in Spring 2024.
- 4.4 On adoption of Places for Everyone, the path will then lie clear for a consultation on the Manchester Local Plan. It is therefore anticipated that a consultation on the draft local plan will take place in summer 2024.

## **5.0 Recommendations**

- To consider and comment on the information in the report.

## **6.0 Appendices**

Housing Needs Assessment - Executive Summary