

**Manchester City Council
Report for Resolution**

Report to: Executive – 3 July 2020

Subject: Co-living in Manchester

Report of: Strategic Director - Growth & Development

Summary

This report informs the Executive of the outcome of a consultation exercise with key stakeholders on co-living, and requests the Executive endorse an approach to co-living in advance of the review of the Local Plan.

Recommendations

The Executive is recommended to:

1. note the outcome of the consultation exercise with key stakeholders on co-living; and
 2. endorse the approach set out in the report to help guide the decision making process in advance of the review of the Local Plan and request the Planning and Highways Committee take this approach into material consideration until the Local Plan has been reviewed.
-

Wards Affected: All

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

Future residential development proposals, including co-living, will need to be carefully considered in order to ensure that they contribute towards the city meeting its zero-carbon target by 2038. Construction will be required to meet the highest standards of sustainable development. Where residents are choosing to live in the city centre, close to their place of work, and using walking and cycling facilities to travel to work, vehicle trips and the resulting congestion and carbon emissions associated with them are reduced.

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	A residential market offer of high quality design, targeting young professionals as occupiers, contributes to place-making in an area and will support growth of the economy by maximising the competitiveness of the city. Schemes that support the wider regeneration of an area can

	help drive new investment and redevelopment and meet the demands of a growing and dynamic work force. Young workers living in the city could support the growth of the local economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	New residential led development within the region's economic hub will both support population growth, and the retention of graduate talent in Manchester by providing an attractive residential offer in key areas of the city centre. Construction is a growing sector, and employment opportunities will arise from the development of new accommodation.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	New residential led development, where appropriate to the area it is built in, will support the Residential Growth Strategy to deliver new homes in the city, as well as the attraction and retention of the talent required to support Manchester's strong growth trajectory over a range of economic sectors.
A liveable and low carbon city: a destination of choice to live, visit, work	The Council is committed to providing new homes in the city, close to job and leisure opportunities, reducing the need to travel. A key priority of new development is to promote sustainable travel modes to access the city centre, and to provide high quality public realm that are attractive places for residents, workers and visitors alike.
A connected city: world class infrastructure and connectivity to drive growth	Residential development in the city centre provides opportunities for residents to live close to their place of work as well as close to major transport hubs in the city centre, ensuring productivity, and enhanced connections to employment, networking and training opportunities.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

New co-living schemes could have implications for Council Tax revenue.

Financial Consequences – Capital

None arising from this report.

Contact Officers:

Name: Louise Wyman
Position: Strategic Director, Growth & Development
Telephone: 0161 234 5515
E-mail: l.wyman@manchester.gov.uk

Name: Dave Roscoe
Position: Deputy Director of Planning
Telephone: 0161 234 4567
E-mail: d.roscoe@manchester.gov.uk

Name: Pat Bartoli
Position: Director of City Centre Growth & Infrastructure
Telephone: 0161 234 3329
E-mail: p.bartoli@manchester.gov.uk

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.

- Greater Manchester's Plan for Homes, Jobs, and the Environment: Greater Manchester Spatial Framework Draft 2019
- Manchester Residential Growth Strategy and Action Plan 2016/17 – Report to Executive, 2 March 2016
- Manchester Residential Growth Strategy: Action Plan Update, Economy Scrutiny Committee, 9 January 2019
- Manchester City Centre Strategic Plan (2015-2018)
- The Manchester Core Strategy - Adopted on 11th July 2012
- Manchester Housing Strategy (2016-2021)
- Report to Executive - 19 December 2019 - Co-living in Manchester

1.0 Introduction

- 1.1 Manchester city centre has seen significant growth over the last 20 years, including growth in demand for residential lettings and the redevelopment of neighbourhoods, to offer high quality cultural, leisure and employment opportunities for residents and visitors. By 2025, 100,000 people are expected to live in the city centre. In line with recent trends, a significant proportion of this increased population is expected to be in the 20-35 age group. It will be necessary to provide accommodation at a price point that is attractive to this age group and to young graduates, who are considered essential to many growth sectors.
- 1.2 Traditionally, a significant proportion of young graduates have either gravitated to the south of the city and often live, in shared accommodation, or sought accommodation in the city centre. However, price points and availability in the city centre has not always made it possible for them to secure the choices they seek. In particular, new graduates some of whom may also be new to the city, do not always find it easy to secure accommodation quickly, close to their place of work. This can make it more difficult to attract and retain talent in the city.
- 1.3 As reported to Executive on 19 December 2019, Manchester has seen operators promote new occupancy models in the residential letting market INCLUDING Co-living. The Executive agreed that key stakeholders should be consulted on the key policy considerations and issues on co-living, as detailed in this report and summarised in Section 4.0 below.

2.0 Background

- 2.1 There is no standard definition of co-living accommodation, which can comprise of a mix of private studios and 'cluster-style flats' (with shared communal areas) in which bedrooms can be rented out individually or in groups.
- 2.2 The co-living market is new and untested in Manchester. The report to Executive in December set out a number of issues and policy considerations regarding co-living schemes in Manchester, which would need to be considered in advance of developing a policy position, as part of the review of Manchester's Local Plan.
- 2.3 The Council has begun the review of the 2012 Core Strategy and the retained policies from the Unitary Development Plan (UDP) 1995. In addition to this, an initial public consultation on the Local Plan was held February - April 2020, on the issues to be covered as part of its review.
- 2.4 The reviewed Local Plan will set out how the city should plan for new development, infrastructure and a growing population over the next 15 years, whilst ensuring that key policy proposals such as the zero-carbon framework are achieved. The review of the Local Plan will also consider the residential context in the city centre.

2.5 Phase 1 of the consultation was held prior to the outbreak of Covid-19, which is expected to have a significant impact on the local economy and the needs of city centre employers and residents. This is considered in more detail in section 7.0 below. The reviewed Local Plan is due to be adopted in 2023, after further consultation stages are completed.

3.0 Consultation Process

The initial consultation on co-living was carried out in two phases. A consultation process has taken place with developers and key organisations. (Phase 1). Consultation with wider stakeholders, including residents (Phase 2), has taken place as part of the Local Plan review.

4.0 Key Issues and Policy Considerations

4.1 The report to Executive in December outlined some of the considerations for an approach to co-living in Manchester, which would be consulted on. It noted that co-living represents a new, emerging sector. Although there are some similarities to short-term serviced accommodation, the market is ahead of policy and this presents challenges in appropriately appraising planning applications for proposed developments, with little or no historic precedent in the city. This coupled with the fluidity in the definition of co-living, means there is a challenge to develop policy capable of keeping pace with the rate of change. There is therefore, a need to consider how the Council should approach any co-living applications that are currently being proposed and begin a consultation process on this.

4.2 There is anecdotal evidence from some developers delivering schemes in Manchester targeted at digital and technology businesses, that there may be a link between co-living and growth, as such accommodation could be attractive to employees where it is directly linked to the proximity of such companies, aiding talent recruitment and retention.

4.3 Given that the product is untested in Manchester, it is not considered appropriate to approve a significant level of co-living accommodation. It is suggested that only a restricted amount can be supported in advance of a full policy approach being developed, on the basis outlined below. The performance and impact of co-living will need to be regularly reviewed to ensure the right policy is adopted.

4.3a It is suggested that the following considerations are applied to any co-living schemes that come forward in the interim period before a policy on co-living is developed, and whilst the product is new to the market: [Detail included from previous report to justify the need for a new approach]

- Co-living should be restricted to a limited number of key areas of high employment growth within the city centre, where it can be demonstrated that a co-living development could provide added value to the wider commercial offer in the area.

- The size and scale of the developments need to be underpinned by the generation of employment opportunities from growth in key sectors in the city.
- Safe and secure, zero carbon developments will only be considered. Schemes should be in city centre locations that are well connected, to ensure residents can access jobs, public transport, walking and cycling routes in the city.

4.4 The following conditions are to be considered for co-living schemes, for example, through Section 106 agreements:

- Development should provide an appropriate mix of cluster flats and private studios, complying with MCC's adopted space standards, as part of the Manchester Residential Quality Guidance.
- A long-term operational management platform will need to be provided for across each scheme in its entirety. This should include a single management and lettings entity, with a long-term commitment.
- Developers should be required to legally commit to renting only to working households, or households actively seeking work, and precluding letting to students.
- A maximum stay should be defined for short-term studio lets, for example, six months.
- Developments must contribute to Council Tax revenue, with Council Tax paid by the operator, in order to strengthen the tax base.
- A contribution should be made in accordance with the city's affordable housing policy.
- Developments must have a clear place-making delivery strategy, including open spaces and public realm.
- Planning applications should include a conversion plan to demonstrate how the building could be repurposed if required.
- Co-living is not an affordable housing product on a price per sq. metre basis and cannot be seen as a mechanism for developers to meet affordable housing targets in Manchester.

4.5 In addition to the above, we would not expect parking to be a component of any co-living scheme.

5.0 Outcomes of the consultation

Phase 1

5.1 The Phase 1 stakeholder consultation closed on 9 March 2020 and 5 developers responded. They all expressed an interest in developing co-living schemes in Manchester and considered that:

- a) The approach should be less cautious in the city centre and the amount of accommodation should not be limited;
- b) There should be more flexibility about where it would be supported in the city centre;

- c) The scope should be broadened to include existing successful business and not just new or recently arrived employers;
- d) The size of units in co-living schemes should not necessarily have to comply with approved space standards;
- e) Restricting the length of tenancies could disrupt tenants;
- f) Some considered co-Living to be affordable housing;
- g) Zero carbon policy requirements could undermine viability; and.
- h) Co-Living schemes should not automatically exclude students.

Phase 2

- 5.2 Consultation on Local Plan issues closed on 3 May and phase 2 respondents were asked to comment on the following statement:

The emerging issue of co-living accommodation is a matter the plan will also need to address. The Council has recently set out an initial position on the matter, noting the issues around its development, the nature of the product, and the limited contribution it could make to the city's housing offer. Further work will be required to help inform any policy approach that will feature in the Local Plan in due course. Other forms of short-term renting, including AirBnB, will also need to be addressed in the Local Plan."

- 5.3 There were 561 responses from residents, businesses, statutory consultees and partner agencies (although not all commented on the co-living statement). Most of the responses were from residents.
- 5.4 Whilst most residents who responded on the co-living statement acknowledged the need for a range of good quality, affordable accommodation there was a general consensus that this should not include multi-occupation developments or subdivision of buildings into multiple units.
- 5.5 There was also concern that car parking is prioritised over green spaces when planning for multi-occupational developments, and there is often increased instances of littering and build-up of refuse in the surrounding areas of multi occupational buildings.
- 5.6 Submissions from landowners and developers (normally via a professional agent) generally seek to promote their own sites for this type of development, and are supportive of growth and development in general.

6.0 Response to the Issues Raised from the Consultation

- 6.1 It should be noted that in adjacent authorities, large co-living schemes have either already secured planning consent or are in the pipeline, which reinforces the need to consider this issue with great care. It is considered that we should maintain a cautious approach to this product as it is unproven in the city and elsewhere in the UK. However, we should be open to new and innovative housing models, and on this basis a co-living product could be supported in limited numbers, to enable us to fully understand if and how it would contribute to our overall housing offer. An initial ceiling of up to 5,000

units would allow the Council to evaluate the suitability of this type of development at a manageable scale, and the contribution these facilities can make to our core objectives.

- 6.2 In order to ensure that any co-living development is sustainable, and supportive of the city's inclusive growth agenda, the Council reaffirms the principles of the report presented to December's Executive. All co-living proposals, up to an initial ceiling of 5,000 units, should be tested against the issues and considerations, as set out in Section 4 of this report, and will need to be able to demonstrate that they meet the criteria.
- 6.4 Certain areas within the city centre could be more suitable for co-living schemes, where they could support regeneration, economic outcomes and place-making. St Johns, First Street/Oxford Road Corridor and Piccadilly/Northern Quarter could be particularly suitable in this respect, in terms of the sectors that are targeted in those areas (i.e. media & creative and tech) and the importance of graduate recruitment to those sectors. It is considered therefore that co-living development could support on-going regeneration in these areas.
- 6.5 Within this context, developers will need to demonstrate a clear rationale and need, based around their contribution to the local economy, responding to the specific needs of employers and supporting jobs; it would be essential to demonstrate that there was a clear link between the need to recruit and retain staff and the adjacency of the co-living product. This could potentially include existing businesses as well as new employers in these locations. This would ensure that a balance of different types of housing is delivered in the city centre, which meets the needs of all residents, support our growth and regeneration objectives, and is in line with Manchester's Housing Strategy.
- 6.6 As a general principle co-living schemes should conform to Manchester policies and specific standards, in line with existing policy. The circumstances of co-living outlined in section 4.1-4.3 above are relevant to the consideration of co-living proposals and should be regarded as a material consideration in planning decisions pending the adoption of a formal policy on co-living. If a co-living proposals does not accord with current policy (for example, departing from space standards), it will need to show that there is a compelling and over-riding rationale for so doing, and that the benefits outweigh the areas of non-compliance . Where developers were able to demonstrate this, it would be a requirement that additional amenity space would be provided in close proximity to those units, that did conform to those standards.
- 6.7 Any policy developed through the Local Plan, would have to balance the needs of existing and new residents. Good management would be an essential requirement of any co-living scheme, and the respective developer should contribute to place making, public realm provision, and public service management and delivery. In general terms, we would not expect parking to be a component of any co-living scheme.

6.8 In balancing the views of developers and residents, along with current policies and standards, it is considered that the principles set out in the report to December Executive remain appropriate. The principles will be kept under review as applications come forward, and a formal policy can be developed and tested through the review of the Local Plan. The current context (see below) should also be considered.

7.0 Covid-19 – Potential Impact on Co-Living Developments

7.1 It should be noted that the consultation with Phase 1 stakeholders closed before Covid-19 social distancing restrictions were put in place.

7.2 The full economic impact of Covid -19 and the speed of economic and business recovery will not become clear for some time. The city centre is likely to be particularly badly hit, with some businesses remaining closed for a significant period and demand in some areas slow to return. This could affect the level of business growth and their talent and employee needs.

7.3 The current indications are that social distancing policies are likely to be in place for some time, while the longer term behaviour change resulting from the outbreak is still unknown. The result could mean that co-living arrangements could become unpopular with potential tenants who may be reluctant to share accommodation and amenities with strangers, and make such developments less viable.

7.4 These issues would suggest the need to keep the quantum of co-living schemes under close review, as recommended in this report.

8.0 Conclusion

8.1 This report details the outcomes of a consultation process with stakeholders on the co-living concept in the city, in order to inform a policy approach in advance of the Local Plan review. While not formal policy, the recommendation is for this approach to be of material consideration when considering planning applications for co-living schemes.

8.2 It is, therefore, recommended the City Council adopts the approach set out in this report on an interim basis, in advance of the Local Plan review and update in 2023, and that the Planning and Highways Committee take the recommendations of the Executive into material consideration when considering planning applications for co-living. As part of this, the impact of any new co-living proposal should be appraised and evaluated, and that such review is continued on an on-going basis.

9.0 Recommendations

9.1 Recommendations appear at the front of this report.

10.0 Key Policies and Considerations

(a) Equal Opportunities

- 10.1 The Council's proposed approach to co-living has been consulted upon with a wide range of stakeholders, enabling all interested parties to engage in the process.

(b) Risk Management

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

(c) Legal Considerations

- 10.3 Any new planning policy relating to co-living will need to be developed and adopted through the review of the Local Plan.