

Manchester Housing Demand Study



Main Report Final

November 2010.

Contact: Rick Elliott/ Helen Brzozowski

arc⁴ Ltd
Beehive Mill
Jersey Street
Ancoats
Manchester
M4 6JG
T: 0161 228 1689
F: 0161 228 6514
M: 07721 011 276
Email: helen.brzozowski@arc4.co.uk
Website: www.arc4.co.uk

TABLE OF CONTENTS

1. INTRODUCTION.....	5
2. CONTEXT	6
The National and Regional Picture	6
Economic Growth	7
Recession and Recovery	8
Local Investment Plan.....	9
Local Strategies.....	10
3. THE EVIDENCE BASE.....	12
Overall Projections of Demand	12
Population	12
Households	13
Components of Population Change.....	14
Demographic Components of Forecasts	14
Migration Components of Forecasts	15
International Migration	16
Internal Migration.....	17
Housing Demand Profile.....	18
Profile of Demand Overall	18
Profile by Household Type.....	18
Older Person Households.....	20
Students	20
Profile by SRF Area	21
Housing Choices.....	23
Impact of Economic Growth on Housing Demand Profile	26
ACORN Analysis of Resident Households by SRF Area	27
Housing Aspirations of Key Household Groups	29
Housing Need	31
Property type and size	33
Affordable housing tenures.....	34
Supply	36
Existing Supply	36

New Supply.....	36
New Supply Profile	38
Balance of Supply and Demand.....	39
Empty Homes and Under-Occupation.....	40
4. CONSULTATION AND REALITY CHECK.....	42
Consultation Event for External Stakeholders	42
On-line Survey	42
Follow-up and internal consultation	42
5. ANALYSIS OF EVIDENCE AND STAKEHOLDER VIEWS	44
What reliance can be placed on conclusions from this data?	44
The big picture of a metropolitan city	45
How many homes are needed?	45
Which household types should we focus on?	46
Which types of housing should be developed?	46
Where should the new homes be?	48
6. IMPLICATIONS FOR HOUSING POLICY	49
7. RESOURCES AND DELIVERY IMPLICATIONS	56
New Funding Strategies for Hard Times	56
Product Research and Development	57
Partnership Working	58
8. CONCLUSIONS AND RECOMMENDATIONS.....	59
APPENDIX A: DETAILED DATA TABLES	60
APPENDIX B: METHODOLOGY.....	67
APPENDIX C: ACORN CLASSIFICATION	70
APPENDIX D: FEEDBACK FROM THE CONSULTATION EVENT	72
APPENDIX E: DEMAND FOR HOUSING BY SRF AREA	78

APPENDIX F: DRAFT CORE STRATEGY KEY DIAGRAM	81
APPENDIX G: NEW FUNDING STRATEGIES FOR HARD TIMES.....	82
Planning Obligations	82
Tax Increment Financing.....	83
Alternative Models for Delivering Affordable Housing	84
Asset Backed Models	84
New Investment Products	85
Mortgage Guarantee and Assisted Purchase Schemes	86

Manchester Housing Demand Study:

1. Introduction

- 1.1 In 2006/7, a Housing Need and Demand Assessment was jointly commissioned by Manchester City Council, Salford City Council and the Manchester Salford Pathfinder (MSP) and its outputs have been used since then to inform housing and planning policy in both cities.
- 1.2 arc⁴ has now been commissioned to undertake a further assessment for Manchester City Council and MSP, in order to:
 - Review the validity of the results obtained from its Housing Needs Assessment conducted in 2007 in the light of the impact of the recession upon the local housing market.
 - Work with developers and other partners to refine existing evidence regarding the types, sizes and tenure of housing which will enable the various housing markets within Manchester and Salford to contribute most effectively towards economic growth targets to 2027.
- 1.3 A key element of this work is to understand the two main drivers of demand: the growth in population and the demand arising from economic growth attracting additional workers into the City. How to promote the housing offer in Manchester and to “capture” a good proportion of these incomers is undoubtedly a major strategic challenge for housing development and regeneration strategy.
- 1.4 The methodology we used is reported in detail in Appendix B and included 8 blocks of activities:
 1. Inception
 2. Assessing evidence of demand
 3. Assessing evidence about potential supply
 4. Prepare Discussion Paper about housing provision targets and options, and hold Consultation Event.
 5. Prepare update of Housing Needs Assessment
 6. Develop and consult on Policy Options
 7. Main Report Drafting, including discussion with MCC Senior Managers.
 8. Final Report and Sign Off.
- 1.5 This report sets out our findings from the study as well as policy options and recommendations that flow from them.

2. Context

The National and Regional Picture

- 2.1 Much has changed in the national, regional and local landscape since the previous study was commissioned, not least in regard to the economy. The housing market peaked in September 2007 and the worldwide economic downturn has overshadowed everything since then and will continue to do so for some considerable time.
- 2.2 This assessment comes at a pivotal time in regard to the future economy of the City, sitting as it does at the heart of the Manchester City Region, and in regard to future housing provision needed to underpin economic potential.
- 2.3 The national context has shifted significantly with the election of the Coalition Government, now into its stride having delivered its first **Comprehensive Spending Review (CSR)** in late October. With the overriding need to tackle the unprecedented national deficit, the one thing that is already clear is that resources for housing will be extremely constrained for some years, and that new models of delivering housing growth and other housing objectives must be found. The implications of changes to Local Housing Allowance regulations and social housing rents/tenure are discussed further in para 3.71.
- 2.4 The government now has a clear focus on “**localism**” and its concept of the “**big society**”, although the precise nature of them has yet to be fully explicated. Significant new players will be **Local Enterprise Partnerships (LEPs)**, which will in future be empowered to rewrite the economic geography of the country, unconstrained by arbitrary boundaries of Regional Development Agencies and the top-down prescription approach taken previously. Proposals include partnerships that cut across existing regional boundaries and include universities or community groups among them. Greater Manchester has submitted one of the 56 LEP proposals which have been submitted to government and are now being considered.
- 2.5 Alongside this, the bidding period closed in early September 2010 for the £1bn **Regional Growth Fund**, intended to provide support for projects that offer significant potential for sustainable economic growth that can create new private sector jobs.
- 2.6 Much of the initial impact of the new government’s policies has been experienced at the regional level. A whole swathe of regional governance has been abolished including the Regional Development Agencies, Leaders Boards (including 4NW), Government Offices, Regional Assemblies and others. Regional Spatial Strategies have been abolished and the responsibility for decisions on housing provision and many other matters has been devolved to local authorities.
- 2.7 A great deal of collaborative work is being done within the aegis of the **Association of Greater Manchester Authorities (AGMA)** which is providing a valuable mechanism to enable collaboration (including research and intelligence) across the City Region on economic, housing, planning, environmental and other fronts. In particular, they support work on the Local Investment Plan and the cutting edge Greater Manchester Forecasting Model (GMFM), which has formed much of the backdrop to this assessment, discussed below.

Economic Growth

- 2.8 The policy context for this study is very much informed by the **Manchester Independent Economic Review (MIER, 2009)** which outlined the following vision:-
- “by 2020, the Manchester City Region will have pioneered a new model for sustainable economic growth based around a more connected, talented and greener City Region where the prosperity secured is enjoyed by the many and not the few.”*
- 2.9 Significant growth is planned in the Manchester City Region. Over the ten years 2008-2018, the **Greater Manchester Economic Forecast Modelling (GMFM 2010)** forecasts an annual 2.4% increase in GVA, together with a total 8.8% increase in employment and 4.9% increase in population. The City Region is growing more strongly than the North West overall.
- 2.10 Manchester itself is leading the City Region out of the recession, with an anticipated 3.5% p.a. increase in GVA over the period 2010-2018, growth in employment of 14.3% and an overall population increase of 10.9%. For housing policy makers, the key is to plan for a residential population that will support the economy and take pressure off commuting.
- 2.11 The **Greater Manchester Strategy (August 2009)** focuses on the key strategies that will help bring this growth about, namely innovation, skills, competitiveness and the increase in productivity that this can bring.
- 2.12 One of the key messages from the Greater Manchester Strategy is the need to increase the proportion of highly skilled people in the City Region, in order to meet the availability of high skilled jobs resulting from rapid growth of the knowledge economy. Workers with high-level skills currently make up 40% of those employed in the private sector Knowledge Business Industries (KBIs).
- 2.13 KBIs provide opportunities for well paid young workers at the early stage of their career as well as high status occupations. Manchester will need to attract these workers nationally and internationally. As well as attracting these people into the city region there will be a need to increase skills levels amongst existing population and retain them.
- 2.14 The Greater Manchester Strategy also considered the housing preferences of KBI workers, and possible implications for housing demand:
- Much of the new housing creating mixed communities around the core should potentially be targeted more at the existing population whose skills and earnings are improved.
 - Mobile high-skill employees may be more likely to be attracted to existing areas of choice. The issue in terms of Manchester City Council area is that much/most of the land supply will be in the area around the city core.
 - There are limited opportunities for additional housing in the existing areas of choice, with potentially refurbished and some infill new build as a result of gentrification of some neighbourhoods close to those neighbourhoods of choice.
 - Consider opportunities to create some ‘ultra expensive’ housing in the south of the city and potentially city centre.
- 2.15 The panel below summarises the GMFM 2010 outlook for Manchester. It highlights the sectors within which employment growth is expected, together with migration and commuting forecasts. These are clearly elements that will affect the type and price of housing that is needed.

GM FM Outlook for Manchester 2010-2018

- The latest data give rise to some concerns and the medium term forecast for Manchester may prove optimistic. However the strong nature of the high end professional services sector jobs in the Oxford Economics outlooks are attracted to locations with pools of high calibre students and this lies behind the Manchester outlook.
- Though the finance and business sector is expected to grow more modestly than the decade past it remains a key source of growth going forward, as does education and health reflecting the major public institutions in the city.
- The much more limited drag from a declining industrial sector and concentrations of key growth sectors mark Manchester out from many of the other GM locations (retail job growth alone will be close to offsetting total manufacturing job losses).
- Migration has been strongly positive in Manchester but over the medium term it is forecast to move into negative territory as residents move out to more affluent commuter areas in response to their rising incomes. A congested city may also lead to more in-commuting through public transport as opposed to living in the more congested core.
- The result of the migration and employment trends is a steady increase in net commuting flows, expected to rise by some 9,000 by 2018, reaching well above an 110,000 net inflow.
- Natural increase (which is based on official birth and death rate assumptions) remains the major factor in increasing the city population - this requires careful monitoring.

See Appendix Tables A11-A14

Recession and Recovery

- 2.16 The 2010 GMFM projections are policy neutral and primarily trend based although they do seem to take into account the recession (e.g. identifying a 6.5% decline in employment in the 'Financial and Business Services' sector from 2007 to 2010).
- 2.17 Any forecasts like those produced by the GMFM for a 20 year+ period would expect to encounter peaks and troughs in the economy, however the intervals and regularity of them are difficult to predict. These cycles are influenced by national factors including fiscal policy, but also increasingly by global factors. It is known that the financial and related services sector has been particularly badly hit by this recession and while its performance in the short term is uncertain, the likelihood is that the longer term forecasts of the GMFM could still be considered reasonable.
- 2.18 Particularly uncertain however, and more likely to be an issue in terms of the current GMFM forecasts, is the future of public service employment. The 'policy off' scenario of the GMFM is unlikely to take fully into account the scale and timing of the significant

public spending cuts that will take place in the coming months and years. The GMFM does forecast employment in 'Public Administration and Defence' falling by 12.9% (from 20,800 to 18,100) by 2018. However, given current Government policy, those 3,800 jobs – and potentially more – could be lost to the economy earlier in that period. That would impact upon the forecasts in the short to medium term however in the medium to longer term of the forecast period it will be very much dependent on future Governments and their policies.

- 2.19 Districts in the south of Greater Manchester are forecast to see the biggest increase in jobs in the recovery, especially the City of Manchester. This is a consequence of the sectoral composition of those areas which have a higher concentration of service sector export activity.
- 2.20 The view of the Manchester Independent Economic Review on the current recession is that it is likely to have profound, if uneven, impacts upon the City Region's performance in developing high skilled employment for some time to come. However it concludes that the long term necessity of continuing to prioritise the growth of high skilled employment, and the attraction and development of high skilled people within Manchester, will nonetheless remain.
- 2.21 AGMA has commissioned research into the effects of the recession on the housing markets of Greater Manchester.¹ It concludes that completions are down 45% on 2007-08 and that developers have adopted risk averse business models, restricting the types of developments coming forwards to traditional 3 and 4 bedroom properties. It also identifies a number of challenges ahead, many of which are also identified in this report:
 - Getting the right balance between developing sites in the urban core and more desirable locations
 - Prioritising public investment robustly to maximise returns
 - Maximising growth opportunities in the private rented sector
 - Facilitating new delivery models.

Local Investment Plan

- 2.22 A **Local Investment Plan (LIP)** has been agreed with the Homes and Communities Agency setting out planned investment in housing to March 2011 across all of Greater Manchester. The LIP was published in December 2009 and sets out both the expected levels of resources to be allocated (£375m from a variety of funding "pots"), as well as a set of shared objectives, which are to:
 - accelerate the delivery of housing growth;
 - secure the delivery of new affordable housing and ensure existing social rented stock is made decent;
 - accelerate the regeneration of underperforming areas and the renewal of deteriorating estates;
 - ensure high standards of design and to embed sustainability, with a legacy of skills, knowledge and capacity;

¹ "Understanding the impact of the recession on Greater Manchester's housing ambitions"; AGMA, October 2010.

- contribute to the wider community development and capacity building effort ongoing across Greater Manchester where HCA investment can be allied to other programmes; and
 - ensure that areas of multiple deprivation continue to be the focus for targeted intervention and investment.
- 2.23 Investment plans are currently being reviewed in order to develop LIP2 in the light of the CSR and other government policy changes. It will be set out as a city region “prospectus” to guide investment after March 2011, taking account of the new Regional Growth Fund which is expected to include the former Housing Market Renewal Fund.
- 2.24 AGMA has supplemented the LIP with the **Greater Manchester Housing Strategy (GMHS)**, due to be approved shortly. The GMHS sits with the Greater Manchester Strategy mentioned above, and shares the same vision as MIER. It sets out a framework for a sub regional approach to housing issues, with a particular focus on sustainability.
- 2.25 The geography of the City of Manchester places it in the centre of the conurbation, encompassing most of the city centre, and means that it is both impacting on and impacted by its neighbouring authorities. The LIP and GMHS therefore have a huge contextual bearing on housing and planning policies framed and adopted by the City Council, and have a significant bearing on this Housing Need and Demand Assessment.

Local Strategies

- 2.26 There is also a good deal of local context to this report. Manchester’s draft **Core Strategy** is to go out to public consultation in January/February 2011, and strengthening the evidence base for the Core Strategy is the key purpose of this commission. The draft Core Strategy plans for approximately 60,000 new dwellings between 2009 and 2027, mostly located within North, East and Central Manchester and the City Centre. In the absence of Regional Spatial Strategy housebuilding targets, Manchester has set this as its own target. This level of new house building is seen as vital to support economic growth ambitions and the increase in jobs in the City Region, as well as creating growing neighbourhoods of choice.
- 2.27 In addition, the Council’s new **Housing Strategy Statement for 2011 – 2021** is also in the process of being completed and approved. It has a principle focus on delivering neighbourhoods of choice and supporting delivery of the Community Strategy objectives. The Housing Strategy Statement has three key objectives which this study will help to underpin:
- Enhancing opportunities to access homes for residents with raised aspirations and sense of self esteem.
 - Raising the quality and sustainability of our homes and neighbourhoods.
 - Increasing the quantity of housing to ensure the right types of housing are available in the right places.
- 2.28 At the same time, the Council is reviewing its **Strategic Housing Partnership** and in particular sharpening the focus on how to strengthen collaboration in regard to neighbourhood management and housing provision in order to maximise delivery in these increasingly austere times. It has also taken or been involved with a number of new initiatives, including
- Taking a lead role in establishing the NW Urban Investment (JESSICA) fund, a £100m fund to support urban regeneration projects across the Northwest.

- Taking a lead role in developing the NW Evergreen Fund, a £185m fund to stimulate economic development.
 - Taking steps to attract institutional investment into exciting new private rented housing proposals.
 - Developing a Student Housing Strategy to address this significant sector within the city's housing markets.
- 2.29 The **Manchester Salford Pathfinder**, particularly in the core of the conurbation, still has a significant role to play in creating successful places. 'Place' is a theme that comes through this study, especially in the feedback received from partners and stakeholders. Regeneration within the city is delivered through the five **Strategic Regeneration Frameworks**, and this is set to continue into the future. This report sets out a range of proposals in regard to future housing provision in each of these areas and the City Centre in order to link the results of the research to a set of effective and practical policy responses.
- 2.30 The current recession, with public spending cuts and limited developer investment in new housebuilding, is clearly affecting delivery of these local strategies. Manchester has had some success in maintaining housebuilding activity through, for example, the Homes and Communities Agency's Kick Start programme, and the Local Investment Agreement. Nevertheless, net completions are down 70% on the 2007-08 peak of 5,147. We don't expect to see this level of housebuilding activity again until at least 2015.
- 2.31 Although the exact trajectory of the recession is uncertain, we are confident that it is part of a cycle. We will emerge from recession in the early part of the period covered by this demand study, 2011 to 2031, so our conclusions need to be for the medium and long term, whilst at the same time take fully into account the effects of current economic conditions and the ameliorative policies required to deal with them in the shorter term.
- 2.32 There are many other influences on housing that need to be taken into account in reviewing housing demand in Manchester. For example:
- impact of other growth areas/city regions - Liverpool, Mid Mersey/Warrington, Leeds, Cheshire
 - metrolink expansion
 - science and university funding, and the impact of immigration caps on numbers of foreign students
- 2.33 This study has not sought to capture data on all these areas; nevertheless, we need to bear them in mind in reviewing policy. The task of this study is to advise on the type and quality of housing in each area that will help achieve Manchester's strategic objectives, competing with other locations in the City Region and North West, and supporting the anticipated growth sectors and changing population growth profile.
- 2.34 The unprecedented degree of flux in the national, regional and local contexts provides a very dynamic and fluid backdrop to this study. It is clear through the assessment that the direction of travel of the City Council's developing policy and strategy responses is essentially "on target". The rest of this report sets out the evidence which underpins this assertion, and provides further support to future housing developments.

3. The Evidence Base

Overall Projections of Demand

Population

- 3.1 Over the next 20 years, the Greater Manchester Economic Forecast Modelling 2010 (Table 1) forecasts a 70% increase in GVA and a 20% increase in jobs for Manchester, together with an 17% increase in population and 22% rise in households. Accommodating these additional 50,000 households in 20 years is the key challenge for housing and planning policy.

Table 1: GM Economic Forecast Modelling 2010: Manchester.

000s	2011	2016	2021	2026	2031	20 yr Increase %
Households	217	233	248	258	264	22%
Population	499	534	563	580	581	17%
Total Employees	298	331	349	355	354	19%
Total Jobs	321	356	375	382	381	19%
Residential Employment	187	205	216	222	224	20%
Net Commuting	97	109	115	114	111	15%
GVA £ Billions	£13b	£16b	£18b	£21b	£22b	70%
Household Size	2.3	2.3	2.3	2.2	2.2	-4%

- 3.2 The Office of National Statistics provides a higher forecast of population than GMFM as can be seen from Table 2 below. The annual rate of population growth declines over the period, much more markedly in the GMFM forecast.

Table 2: Comparison of Population Forecasts

Growth in Population	PopIn	Growth in Population per annum				PopIn	Overall Growth	
	2011	2011-16	2016-21	2021-26	2026-31	2031	2011-31	2011-31
ONS 2008	495,900	5,640	4,320	4,020	3,820	584,900	89,000	17.9%
GMFM 2010	499,000	7,040	5,820	3,360	260	581,400	82,400	16.5%

- 3.3 Both projections are trend-based, making assumptions about future levels of fertility, mortality and migration based on levels observed over a five-year reference period. Therefore, they give an indication of what the future population, by age and sex structure, might be if recent trends continue, and take no account of policy or development aims in local authorities.
- 3.4 Whilst ONS applies age based fertility rates to derive natural increases in population, GMFM also applies an equation based on the ethnic composition of the area.
- 3.5 Both forecasts also model domestic and international migration trends. Data sources used by ONS for domestic migration include the NHS Patient Register supplemented by National Insurance Number Registrations and Higher Education Statistics Agency to

estimate student numbers. For international migration, the International Passenger Survey is used plus Home Office data on asylum seekers. The GMFM models the result of the interaction of a variety of economic, social and demographic factors, including relative house prices, ethnicity, crime, Index of Multiple Deprivation, resident employment rates and asylum seekers.

- 3.6 By way of illustration, GMFM have identified that an increase in house prices in the North West relative to London, or an increase in unemployment rates, increases out-migration and/or decreases in-migration. In other words, the GMFM modelling can be expected to better represent the effects of current Greater Manchester economic development and Place-Shaping policies on population forecasts than might the ONS forecasts. GMFM therefore should provide a better starting point for policy development.

Households

- 3.7 Table 3 shows the forecasts for household growth. ONS household forecasts after 2006 are not yet available, and given the lower population forecast for 2008, might be expected to be lower than the 2006 household growth forecast.

Table 3: Comparison of Household Forecasts.

Growth in Households	Hholds	Growth in Households per annum				Hholds	Overall Growth	
	2011	2011-16	2016-21	2021-26	2026-31	2031	2011-31	2011-31
ONS 2006	219,000	4,400	3,800	3,200	3,000	291,000	72,000	32.9%
GMFM 2010	216,700	3,300	2,860	2,180	1,140	264,100	47,400	21.9%

- 3.8 Although population is forecast to grow by 16.5% from the 499,000 in 2011, a continuing reduction in average household size, from 2.3 people to 2.2 people, further increases household numbers. By 2031, the number of households is expected to grow from just over 216,000 to more than 260,000 (290,000 ONS). The annual rate of household growth forecast by ONS declines over the period, but the GMFM forecast rises slightly before falling.
- 3.9 This household forecast has implications not just for the scale of housing provision, but also for the type. Smaller average household sizes might be expected to equate with smaller homes with fewer bedrooms, but this may not be the case as the demand data shows. Households where parents are separating often require extra space for visiting offspring, older people require space for family visits or carers, single people often demand more than one bedroom for visitors, work, hobbies or storage.
- 3.10 Because household forecasts are primarily trend based, neither ONS nor GMFM will yet have taken fully into account the effects of recession. For example, couples may postpone the decision to have a family until their personal employment prospects improve. Similarly, potential household formation may be inhibited by the additional costs of living separately. Sharing, concealed households, and overcrowding may increase as a result, leaving a (temporary) dip in household growth rates. For practical purposes, i.e. informing planning policy, monitoring housing strategy performance, etc, the household growth profile will need to be kept under review in relation to the contextual factors discussed in Section 2.

Components of Population Change

- 3.11 There are two components of population change: demographic or natural change i.e. the difference between births and deaths, and migration which itself is broken down between internal (within England), international and cross border (between Wales, Scotland and N Ireland). Table 4 below is an extract of ONS 2008 Sub-National Population Projections for the five years 2009-2013. It shows that there is an excess of births over deaths which will increase the population by 4,400 in 2010, and the rate is increasing over time.
- 3.12 Net migration is also increasing the population, by 3,400 in 2010, but on past trends this rate is expected to reduce significantly. Equally importantly for this study, domestic migration (i.e. internal plus cross border) shows a net out migration of some 3,200 and this drift away from Manchester is expected to increase over time on past trends.

Table 4: Components of Population Change 2009-2013 (ONS 2008)

COMPONENT	2009	2010	2011	2012	2013
Start Population² (000s)	481.0	488.8	495.9	502.3	508.3
Births	7.9	8.0	8.1	8.2	8.3
Deaths	3.8	3.6	3.6	3.5	3.4
Natural Change (000s)	4.2	4.4	4.6	4.7	4.9
Internal Migration In	32.8	33.0	33.2	33.2	33.2
Internal Migration Out	35.6	36.5	37.3	38.1	38.7
International Migration In	15.7	17.8	17.9	17.9	17.9
International Migration Out	9.5	11.3	11.4	11.5	11.6
Cross Border Migration In	2.1	2.1	2.1	2.1	2.1
Cross Border Migration Out	1.8	1.8	1.8	1.8	1.8
All Migration Net (000s)	3.8	3.4	2.6	1.7	1.0
Total Net Population Change (000s)	8.0	7.8	7.2	6.4	5.9
End Population (000s)	489.0	496.6	503.1	508.7	514.2

Demographic Components of Forecasts

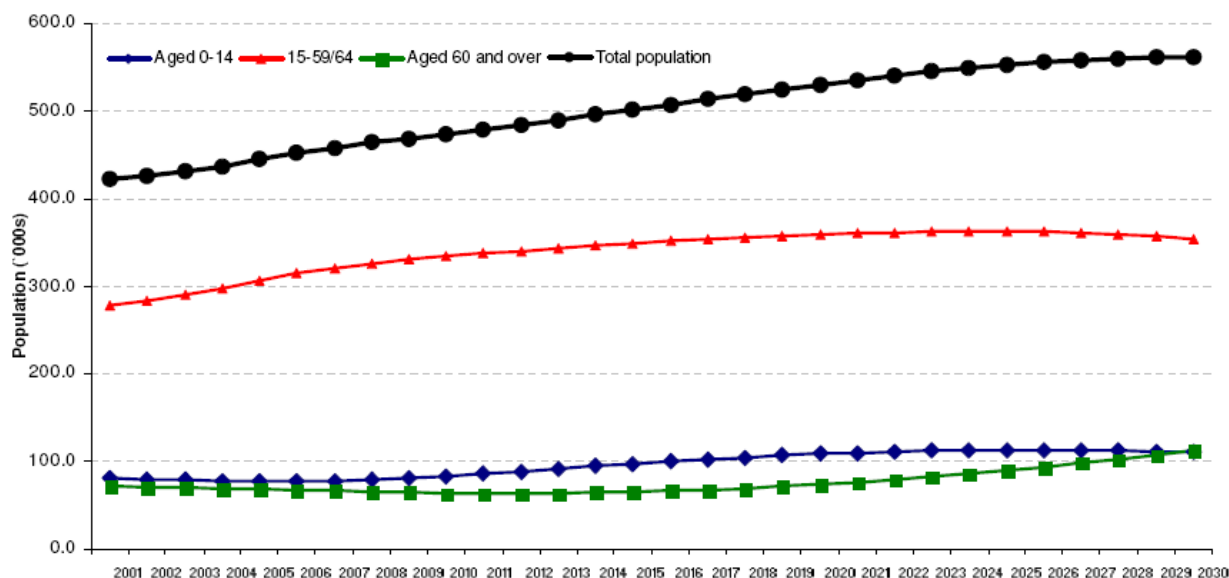
- 3.13 Of the demographic components of population increase, Table 5 below shows how the population of Manchester is increasing overall much faster than for the North West region generally, but the proportion of people of different age groups is significantly different. Across the UK generally, and also in the North West, older age groups are expected to increase significantly faster than other age groups as the “baby boomer” cohort born post-war reach old age. Although pronounced in Manchester, this effect is much less significant than in the North West generally. By contrast, the younger age groups, particularly 40-64s increase strongly, suggesting an availability of labour to support economic growth. Chart 2 below shows this graphically using GMFM 2009 data.

² Controls applied to recalibrate start population to overall population forecasts.

Table 5: Population Growth Trends by Age (ONS 2008)

	Population Change 2011 to 2031				
	0-19	20-39	40-64	65+	Total
Manchester	24,600	21,500	28,600	14,300	89,000
Manchester %	20.9%	10.1%	24.9%	28.8%	18.0%
North West %	2.8%	1.6%	-4.6%	44.4%	7.1%

Chart 1: Population Forecasts by Age in Manchester.



Source: GMFM 2009.

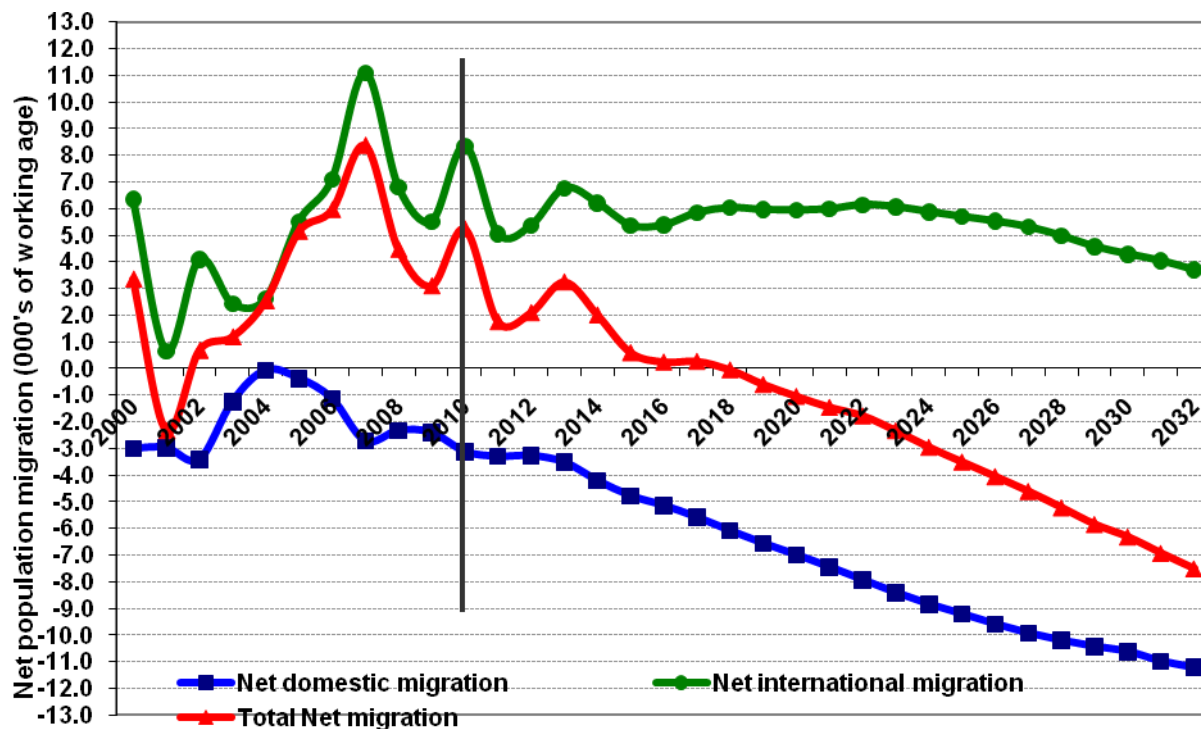
Migration Components of Forecasts

- 3.14 Of the migration components of population change, Chart 2 and Table 6 show how migration will affect the working population of Manchester over the next 20 years. According to NHS registration data, net migration into the city is expected to increase as a result of international in-migration exceeding the net exodus of domestic population until about 2016. After that, GMFM 2010 forecasts that net domestic out-migration starts to exceed net international in-migration.
- 3.15 It is worth noting that there are some significant uncertainties in forecasting international migration. See paras 3.15 -3.20 below. . Note also that domestic migration includes a spike of 5,600 in the 15-19 age range. This may well result from the annual influx of students, and appears to be followed by de-registrations spread over a number of years. Significant work has already been undertaken on student housing requirements, and we take account of this in our demand profiling work.

Table 6: Components of Migration, 2009.

NHS Registrations & Re-registrations 2009			NI Registrations 2009		
Domestic In Flow	Domestic Out Flow	Net Domestic	European	Non European	Total International
35,500	37,900	-2,400	3,920	5,960	9,880

Chart 2: Net Migration of Working Age Population in Manchester.



Source: GMFM 2010

International Migration

- 3.16 Some 9,880 foreign nationals registered for National Insurance in Manchester during 2009, two thirds of whom were from non-EU countries. This inflow is likely to be significantly restricted under new immigration rules expected to be introduced soon. In addition, EU migrant workers are returning home as employment opportunities are reduced as a result of the recession. Each new in-migrant household will not form a new household requiring separate accommodation e.g. through use of hostels, shared housing, informal housing arrangements, etc.
- 3.17 It is currently unclear what the impact of new immigration policies will be, i.e. restricting non-EU immigrants. Some commentators suggest it will actually have very little impact on immigration numbers, while others claim it will put the economic recovery at risk by creating skills gaps and placing the UK at a competitive disadvantage in the global competition for talent and inward investment – rejecting the high value people needed by business, and forcing companies to invest and create jobs somewhere else. The Government plan however is that they will up-skill British workers so that we do not need as many economic migrants to fill jobs.
- 3.18 Migrants from non-EU countries currently account for around 44% of people who come into the UK – the rest are returning British Nationals or EU citizens. According to the 2008 mid-year population estimates 14,820 international migrants came into Manchester. Assuming 44% were non-EU migrants, 6,520 of these would have come into Manchester. Therefore in the context of projected overall population growth of 96,800 from 2009 to 2032, which averages growth of 4,209 per annum, a cut in 5% in non-EU migrants (as intended in the current interim cap) may have a limited impact – 326 fewer non-EU migrants.

- 3.19 Ultimately the impact on the Manchester population and economy will depend upon what the actual immigration caps and targets are, whether the Government achieves them and whether they are successful in up-skilling British workers to fill the gaps left.

Internal Migration

- 3.20 ONS have estimated origin and destination of internal migrants using data from former Health Authority patient registers combined with migration data from the National Health Service Central Register. The results for Manchester are in Table 7 below. They present a picture of in-migration from the larger urban centres in the UK, and out-migration to the less urban areas of the North West, i.e. rural areas, small towns and suburbs. Exceptionally, there is net out-migration also to London. The picture may be characterised therefore as one of migration to Manchester for employment opportunities counterbalanced by migration to less urban places to settle down. By this process, we think that Manchester is becoming more metropolitan in character.

Table 7: Origin and Destination of Internal Migrants

	To/Out	From/In	Diff
Cheshire E	900	700	-200
Cheshire W	370	440	70
Bolton	650	520	-130
Bury	1,170	830	-340
Oldham	950	870	-80
Rochdale	940	790	-150
Salford	2,480	2,100	-380
Stockport	2,790	1,610	-1,180
Tameside	1,640	1,050	-590
Trafford	2,960	2,200	-760
Wigan	410	450	40
L'pool	510	690	180
Sheffield	470	630	160
Leeds	720	790	70
B'ham	560	570	10
All London	2,600	1,680	-920
All other LAs	16,680	18,380	1,700
Total	36,800	34,300	-2,500

Source: ONS Internal Migration by LA, 2009.

- 3.21 These migration figures raise the critical question as to who will fill the 80,000 new jobs forecast for Manchester over the next 20 years. Unless domestic migration trends are reversed, jobs will be taken by commuters and international immigrants, which will have long term implications for Manchester's communities. Further research is needed to help understand the reasons why households are drifting away from the city.

Housing Demand Profile

- 3.22 This section analyses what sort of housing Manchester's future population will require. This is a wide question that covers, tenure (social rent, intermediate, private rent & owner-occupation), size of property (number of bedrooms), type (apartment, town house, semi, detached, bungalow, supported), quality (square footage, Code for Sustainable Homes, Design for Life, Life Time Homes), location (SRF areas, outside of Manchester), and above all, price (weekly costs, purchase price). More detailed tables are in the Appendices.
- 3.23 The data was collected as part of the 2007 demand survey. Over 5,000 households responded in the survey, and more detailed analysis was undertaken on the 969 households expecting to move within two years.

Profile of Demand Overall

- 3.24 Around one fifth of households needed to move within two years, and one third of these households needed to move immediately. An analysis of their expected next home (as distinct from their desired next home) showed:
- A high proportion, 31.2%, of households living in Manchester City Centre needed to move (Manchester average 19.5%);
 - 31.8% expected to move to a flat, but only 8.6% expected to move to a detached house, reflecting availability of property to a large extent.
 - Highest requirement for family homes i.e. 3 beds and over, was in Wythenshawe (57%), whilst highest demand for flats was in the City Centre. The requirement for 2 bed homes in the City Centre (50%) was nearly double the requirement for 1 beds (28%), again reflecting the availability of larger flats.
 - Across Manchester, there was a surprisingly low expectation of buying a home for owner occupation: only 31.8% thought this would be their next tenure, whilst 37.5% expected to move into social rented accommodation.
 - Most significantly, more than one third of movers (34.4%) expected to move out of Manchester, underlining the domestic migration trend identified in para 3.12 above.

Profile by Household Type

- 3.25 We have also re-analysed the data on households needing to move within the next two years according to their household type. Note that these household sub-groups are overlapping, e.g. a particular family may also appear in the sub-groups of in-migrants and professionals.
- Professionals (top 8 professional categories)
 - Working / economically active (18-64)
 - Families (1 or more dependent children)
 - Young Retired (50-64)
 - Older (65-84)
 - Older (85+)
 - In-migrants (previously outside Manchester)

- 3.26 Table 8 below makes comparisons between these groups regarding expected moves in terms of tenure, property type and location, also incomes. Particularly noteworthy are the expectations of young retired and older households. For example, only 39.2% of younger retired households expect to stay in Manchester, and 56.5% of these households expect to move to a flat/maisonette/apartment. For the over 65s, only about one third expect to leave Manchester. For 65-74 year old households, 37.9% expect to move into a flat/maisonette/apartment, with this proportion rising to 50.6 % for over 75s. Around three quarters of all older households expect to move to social rented accommodation.
- 3.27 The professional sub-group is distinguished by high levels of demand for home ownership (63.7%) and houses (64.0%), but note that 41.5% expect to move away from Manchester. Families are the least likely to move out of Manchester (26.5%), but they have a high requirement for social rented accommodation (59.0%).

Table 8: Profile of Sub-groups Moving in Next 2 Years

Tenure	Professionals	Economically Active	Families	In-migrants	Young Retired (40-64)	Older (65-74)	Older 75+
Owner	63.7	40.2	26.2	33.1	11.5	27.3	17.4
Social Rented	14.2	34.2	59.0	18.8	59.6	70.0	77.5
Private Rented	22.2	25.7	14.9	48.0	29.0	2.7	5.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Property Type	Professionals	Economically Active	Families	In-migrants	Young Retired (40-64)	Older (65-74)	Older 75+
House	64.0	72.0	88.9	65.0	43.5	62.1	49.4
Flat	36.0	28.0	11.1	35.0	56.5	37.9	50.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Location	Professionals	Economically Active	Families	In-migrants	Young Retired (40-64)	Older (65-74)	Older 75+
Manchester	58.5	66.5	73.5	56.0	39.2	69.0	61.6
Elsewhere	41.5	33.5	26.5	44.0	60.8	31.0	38.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gross HH Income	Professionals	Economically Active	Families	In-migrants	Young Retired (40-64)	Older (65-74)	Older 75+
£0-£12,500	16.8	41.3	60.9	51.1	88.5	70.3	85.9
£12,501-£20,000	16.0	23.5	19.6	17.0	0.0	19.0	9.4
£20,001-£31,000	23.7	15.6	7.5	17.9	4.8	10.7	4.7
£31,001-£78,000	38.6	17.7	10.9	13.1	2.3	0.0	0.0
Over £78,000	4.9	1.8	1.2	0.9	4.4	0.0	0.0
Total	100.0	99.9	100.1	100.0	100.0	100.0	100.0

Older Person Households

- 3.28 We have looked in more detail at the housing expectations of households where the head of household is 65 years old or more. The preliminary analysis revealed that there appeared to be a high requirement for social rented accommodation, around two thirds of all older person households, as is shown in Table 9 below. This is particularly seen from those already in social rented accommodation as might be expected, but also a high proportion of older households that own their own home outright (58.2%) or are in private rented accommodation (52.1%). Although it cannot be tested without further research it is likely that this requirement is probably for shared ownership rather than social rented and older people are considering down sizing and releasing equity in the future. Primary research undertaken elsewhere by arc⁴ confirms that older owners like shared ownership and believe it offers support and would be keen to move into it in the future.

Table 9: % of older person households preferring move to affordable housing

Current tenure	%
Outright owners	58.2
Mortgage owners	18.2
Rented from the Council	77.9
Rented from a HA	100.0
Private rented	52.1
All older households	66.3

- 3.29 Of the older person households expecting to move, around two thirds want 2 bedroom accommodation. 72% of those currently in 3 bedroom homes are downsizing to 2 beds, and 55% of those in 1 bedroom homes want to upsize to 2 bedrooms.
- 3.30 More than two thirds of these households are under-occupying, 30.5% by one bedroom and 37.9% by two or more bedrooms. Under-occupation is most prevalent in South Manchester SRF area (30.7% of older person households) and Central Manchester (26.7%).

Students

- 3.31 The brief for this study is not concerned with student housing requirements because a study by Tribal has recently been completed providing the basis for a student housing strategy in Manchester³. However, student housing issues have a bearing on the wider housing market and the housing choices of Recent Graduates are closely linked to the student housing market. Key facts concerning the student housing market are:
- In 2007-08 there were just over 64,000 students studying at Manchester higher education campuses.
 - 84% were full time, and 71% undergraduate.
 - Only modest growth, approx 1%, was expected over the next 5 years, mainly amongst international students.

³ Manchester City Council Student Strategy Final Report, May 2009

- Students represent 12.5% of Manchester's population, some 6.5% of households.
- In 3 Wards, Ardwick, City Centre and Hulme, the proportion of student households rises to over 20%.
- Student housing areas extend in a corridor south from the City Centre to Fallowfield and Withington.
- 54% live in private rented accommodation.

3.32 Encouraging students to live in Manchester and stay on after graduating is an important strand of economic policy. The new Student Strategy aims to support students living there and deal effectively with any neighbourhood issues that arise.

Profile by SRF Area

3.33 Using the 6 Strategic Regeneration Framework areas for Manchester, we have analysed housing expectations for property type/tenure by area in which households currently live. These are in Table 10 below; a map is at Appendix F. Data on housing requirements by destination is not available from the 2007 survey. Significant features of this analysis are:

- More than half of Wythenshawe residents expect to move into social rented accommodation; 82.9% require a house;
- By contrast, less than 20% of South Manchester residents require social rented accommodation, with around 40% expecting to be owners and 40% private renters; 40% require flats, the second highest proportion after the City Centre;
- East and North Manchester have similar profiles of demand, with about two thirds requiring social rented accommodation, mostly houses; residents of these areas have the least expectation of moving out of Manchester;
- Central Manchester has a profile quite close to East and North Manchester, except there is a noticeable shift to higher proportions of private rented (34%) away from social rented (42%);
- The profile for City Centre is particular, around half of residents expecting to move to private rented, and half to owner occupation; 58% require flats, and 45% expect to move out of Manchester all together.

Table 10: Housing Requirements of Movers by Area

Tenure	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
Owner	24.3	51.6	16.2	22.2	39.9	37.0	31.1
Social Rented	41.9	6.1	66.1	62.2	18.4	52.3	38.8
Private Rented	33.7	42.3	17.8	15.6	41.7	10.7	30.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Property Type	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
House	67.6	41.9	72.1	79.3	60.2	82.9	67.4
Flat	32.4	58.1	27.9	20.7	39.8	17.1	32.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bedrooms	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
1-2 Bedrooms	61.6	78.7	60.9	50.5	64.2	43.3	59.9
3-4 Bedrooms	33.8	17.7	37.1	46.9	32.1	56.7	36.9
5+ Bedrooms	4.6	3.5	2.0	2.7	3.6	0.0	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Location Preferences	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
Manchester	67.3	54.5	68.3	72.3	63.4	61.3	65.6
Elsewhere	32.7	45.5	31.7	27.7	36.6	38.7	34.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

3.34 Table 11 below identifies incomes by area. City Centre followed by South Manchester has the highest incomes, whilst Wythenshawe has relatively high proportions of both high and low incomes. More than 70% of households had incomes of less than £20,000 which has significance for home ownership levels. Note that income data from this type of survey may be less reliable than other data in the survey.

Table 11: Gross Household Incomes by SRF Area

Gross HH Income	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
£0-£12,500	63.5	26.9	67.5	64.0	41.4	49.5	53.4
£12,501-£20,000	20.7	10.6	15.5	22.8	22.3	21.2	20.4
£20,001-£31,000	8.4	25.0	13.0	8.8	16.3	10.3	12.6
£31,001-£78,000	6.6	32.1	4.0	3.8	17.7	19.0	12.3
Over £78,000	0.8	5.3	0.0	0.6	2.3	0.0	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

3.35 Appendices provide some detailed profiles by area of intending movers by household type, ethnicity, and reasons for moving. Key points generally for Manchester are:

- Couples and singles under 60 make up the biggest household group (41.4%), families with dependent children 26.3%, and households with older non-dependent children or multiple adult occupants make up a further 24.7%.

- The main reasons for moving are: present home too small (27.9%), better environment (22.9%), safer neighbourhood (19.2%), cheaper accommodation (15.2%), to be nearer employment/facilities (13.4%). Households moving from the City Centre for reasons of safety were very low (7.3%).
- In terms of ethnicity, just over one fifth of moving households were headed by a non-white person. The highest proportions of Black and Minority Ethnic households were in Central and North Manchester.

Table 12: Ethnicity by SRF Area

Ethnicity	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythen shawe	Total
White (all groups)	69.6%	85.3%	81.6%	74.0%	82.5%	93.3%	78.7%
Black & minority Ethnic	30.4%	14.7%	18.4%	26.0%	17.5%	6.7%	21.3%

- 3.36 We have also analysed the housing choices of in-migrants to Manchester from the 2007 survey, by destination SRF Area, by years of residency, and by characteristics of household and property. A detailed profile is at Appendix Tables A11 and A12.
- 3.37 Migration into City Centre and South Manchester in Years 1-2 is likely to be heavily skewed by students. Those still there beyond year 2 are likely to be more representative of the non-student in-migrants. One third of these in-migrants went to Central Manchester, with a quarter each to North and South Manchester. A further 11% went to East Manchester, and 5% or less to each of City Centre and Wythenshawe. Although these proportions follow the proportions of housing stock to some extent, it is noticeable that fewer in-migrants locate in Wythenshawe and South Manchester than expected, where as more locate to North Manchester and significantly more to Central Manchester.
- 3.38 The detailed profile of in-migrants to Manchester based on all households resident for 5 years or less shows a high proportion of households in private rented accommodation and a high proportion of people in the 16 – 29 age bands, again indicative of a significant student influx.

Housing Choices

- 3.39 Another approach is to think about housing choices available to particular groups. Those in housing need are considered in more detail later in the section. Our analysis takes price as the common denominator. This is because research elsewhere has established that in choosing a home, people inevitably buy at the price they can afford, and compromise on house type/size, quality, neighbourhood and location. Research by JRF⁴ suggests that location is a strong determinant for 3 out of four types of buying groups.
- 3.40 Table 13 sets out costs for different tenures of housing by area. Lower quartile (LQ) house prices/rents are a more realistic choice for those on lower incomes. Mortgage costs calculated at 90% loan to value with 6% fixed rate interest and 25 year period.

⁴ "Why do people buy new build housing?" JRF Findings, Jan 2004.

Further data on maximum affordability thresholds of moving households is given at Table A10 (Appendix).

Table 13: Housing Costs by Area

SRF Area	Housing Costs (purchase prices, annual rents)				
	Median Market House Prices	LQ Market House Prices	LQ Market Rents	Intermediate Rent (80% LQ PRS)	Social Rent
Central Manchester	£99,998	£72,474	£5,850	£4,680	£3,328
City Centre	£143,000	£120,400	£7,740	£6,192	£3,328
East Manchester	£95,000	£65,000	£5,850	£4,680	£3,328
North Manchester	£95,000	£72,000	£4,500	£3,600	£3,328
South Manchester	£167,000	£125,000	£6,750	£5,400	£3,328
Wythenshawe	£113,550	£93,500	£4,770	£3,816	£3,328
Total	£120,000	£87,000	£5,850	£4,680	£3,328
SRF Area	Weekly Housing Costs 2010				
	Median Market House Prices	LQ Market House Prices	LQ Market Rents	Intermediate Rent (80% LQ PRS)	Social Rent
Central Manchester	£135	£98	£113	£90	£64
City Centre	£194	£163	£149	£119	£64
East Manchester	£129	£88	£113	£90	£64
North Manchester	£129	£97	£87	£69	£64
South Manchester	£226	£169	£130	£104	£64
Wythenshawe	£154	£127	£92	£73	£64
Total	£162	£118	£113	£90	£64

- 3.41 Table 14 sets out the proportion of moving households in each area that can afford particular housing options. In working out what households can afford, we have assumed that mortgages are available for up to 2.9 times income, we have taken into account savings and equity in their existing home, and we have used the CLG rule of thumb that housing is affordable using up to 25% of gross income.

Table 14: Affordability of Housing Options.

SRF Area	% Afford different tenures				
	Median Market House Prices	LQ Market House Prices	LQ Market Rents	Intermediate Rent (80% LQ PRS)	Social Rent
Central Manchester	16.3	21.5	12.1	18.6	36.5
City Centre	30.0	33.6	37.5	56.9	73.1
East Manchester	9.2	18.8	13.8	20.3	32.5
North Manchester	16.9	23.1	20.0	27.5	36.0
South Manchester	17.5	23.3	27.7	32.9	58.6
Wythenshawe	21.4	25.7	32.0	42.9	50.5
Total	19.0	24.7	21.9	29.9	46.6

- 3.42 This table suggests that less than one fifth of moving households could afford median house prices and less than a quarter could afford lower quartile house prices. In addition, more households can afford to buy lower quartile priced homes than can afford LQ private rented housing. The annual cost of a privately rented home of £5,850 would support a mortgage sufficient to finance a lower quartile house purchase in 3 of the 6 SRF areas, at the existing historically low interest rates, but which would be impacted by increases in interest rates. It also appears that more than half of households cannot afford social rented housing. Generally, housing benefit would ensure that this would not be the case, and suggests that many respondents have not included HB fully in their estimate of household income.
- 3.43 The tentative conclusions that can be drawn from this data are that
- 75% of households will not be able to buy a home in Manchester.
 - 78% will struggle to find affordable housing in the private rented sector.
 - There may be a shortfall in supply of social rented housing for these households not able to find suitable market housing.
- 3.44 Emerging from this analysis is the concern that there is a group of households that have sufficient income that they are not eligible for social housing, but insufficient income to afford to buy or rent a home suitable for their needs in the market place. If 75% of households cannot find suitable accommodation on the open market in Manchester, and social rented housing is only available to 36% of households, there is an “Excluded Middle Market” of perhaps 39% of all households as can be seen from Table 15 below.

Table 15: The Excluded Middle Market

Accessibility	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythen shawe	Total
Access Market	18.3	48.3	9.2	19.5	31.2	28.6	24.7
Access SR	39.3	20.3	47.9	41.1	29.4	39.0	36.1
Excluded Middle	42.3	31.4	42.9	39.4	39.4	32.4	39.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

- 3.45 More than half of these households (53.2%) currently live in private rented accommodation, and age is a significant factor. 45.5% of the “Excluded Middle Market” is aged 16 – 29, and 25.1% is aged 30 – 39.
- 3.46 Housing choices for this group include sharing accommodation with friends or family e.g. living with parents, intermediate housing such as shared ownership and shared equity, living in less than suitable accommodation or in neighbourhoods not of their choice, or moving out of Manchester to find affordable housing elsewhere. This may be of particular relevance to housing policy makers because the key groups that are needed to support Manchester’s economic growth may be over-represented in the Excluded Middle Market, e.g. recent graduates, Knowledge Based Industry workers, professionals and managers at early career stages.

Impact of Economic Growth on Housing Demand Profile

- 3.47 Significant job growth is forecast and it will be driven by the financial and business services sector. According to the 2010 GMFM, employment in the City of Manchester in 2010 is 319,400. By 2032 employment is forecast to be 380,300. This is job growth of 60,900 (19%), of which nearly two thirds (40,300) are forecast to be in Financial and Business Services.
- 3.48 The types of additional employment created will be predominantly in higher skilled, better paid occupations. According to estimates in the 2009 GMFM which breaks employment down by occupation:
- Around two thirds of all the additional people in employment will be in management or professional occupations.
 - Almost a quarter will be Corporate Managers.
 - Half of all the new jobs created will require graduate qualifications.
- 3.49 If the people to fill these jobs are to be attracted or retained in the City Region, and more particularly the City of Manchester, there will need to be the supply of housing they need and demand. The interdependence of the economic and housing strategies is critical. A key outcome of both strategies must be to raise the average income level of residents to afford better homes and services. Achieving this involves assisting existing residents in accessing better paid employment opportunities, encouraging upwardly mobile young professionals/managers and families to remain in the area and attracting more residents to move into the area – particularly higher paid professional and managerial workers. Underpinning this is the residential offer. If the majority of higher paid workers still continue to choose to live outside the city then it will be very difficult to secure a sustainable housing market and if existing residents cannot move through the housing ladder, finding appropriate housing as their economic circumstance change or through their life cycles then they will look elsewhere, leaving the city.
- 3.50 It will still of course be necessary to provide housing within the City of Manchester for many of those people on lower incomes who also play a vital role in the economy. While those with higher skill levels are increasing at a greater rate going forward, they will still be a minority of the workforce. According to the 2009 GMFM Forecasts, by 2030 65% of those in the workplace in the City of Manchester will not have a degree or equivalent and 34% will have no qualifications, as shown in Table 16 below.

Table 16: City of Manchester Workplace Based Skills Forecasts

	2009		2032		Change
	Number	%	Number	%	
Degree or equivalent	68,373	21.3%	103,211	25.7%	34,838
No degree	231,120	72%	261,040	65%	29,920
Total*	321,100		401,600		

*The data identifies a small proportion whose qualification levels are 'unknown'.

- 3.51 There will be an overlap between the growth in jobs and the growth in population, with many of the additional population occupying many of the additional jobs. The likely degree of overlap – i.e. what proportion of the additional jobs will be taken by growth of the existing population or will generate in migration – is unclear. While there is a current mismatch between the incomes of those living and the incomes of those working in the City of Manchester (and a widening income gap between those living and working in the

City of Manchester is forecast in favour of the work-based population), that mismatch does not seem however to apply to occupations or levels of qualifications.

- 3.52 According to the ONS Annual Population Survey 2008, 42.2% of the working age population who were in employment and **resident** in the City of Manchester were Professionals, Managers & Senior Officials or in Associated Professional and Technical occupations; 35.8% had NVQ4+ qualifications. This compares to GMFM data which suggests that in 2009 about 45% of those who **worked** in the City of Manchester were in corporate management or various professional occupations; only 21.3% had NVQ4+ qualifications.
- 3.53 Table 17 below indicates, according to GMFM forecasts, which business sectors and employment areas will grow most strongly over the next 20 years, together with average gross earnings in 2009.

Table 17: Forecast employment 2009-2031 (GMFM 2009).

Occupations in Manchester	2009	2030	% change	Av Gross Earnings 2009
Corporate Managers	34,500	49,400	42.9	£40,455
Business and Public Service Professionals	12,300	19,500	57.7	£35,413
Caring Personal Service Occupations	15,400	22,500	46.0	£12,829
Science and Technology Professionals	10,500	15,300	46.0	£26,760
Customer Service Occupations	5,900	9,200	55.9	£10,844

- 3.54 Working on the CLG rule of thumb that housing is affordable using up to 25% of gross income, a comparison with Table 13 will indicate what private rented sector housing choices will be available to workers coming to Manchester to take up these new jobs. For example, income of £30,960 is needed to rent a lower end apartment in the City Centre, or £18,000 in North Manchester.
- 3.55 In summary this analysis points to a City with potentially increasing opportunities and wealth for existing and incoming residents. There is a need to continue to accommodate its lower skilled population and workforce which will continue to grow, but to increasingly focus on attracting and retaining the higher skilled population that will account for the majority of the future growth.

ACORN Analysis of Resident Households by SRF Area

- 3.56 Data is available to help us understand the type of people who make up the communities in each SRF area. ACORN⁵ is a commercially available geo-demographic population typology. Using 400 variables from a wide range of data sources, the UK population can be classified into any one of 56 types which are themselves aggregated into 17 groups and 5 over-arching categories, as listed in Appendix C. The make-up of individual postcode areas can be analysed by these ACORN types.
- 3.57 Chart 3 below shows the make-up of the 5 SRF areas. Table 18 makes comparisons between Manchester and other areas: Greater Manchester, North West Region and UK. There are several important observations we can make from this chart:

⁵ <http://www.caci.co.uk/acorn-classification.aspx>

- The City Centre is dominated by Urban Prosperity types; at 28.8%, this is significantly higher than other areas, underlining Manchester's metropolitan nature.
- There are few locations categorised as Wealthy Achievers, principally in South Manchester and Wythenshawe; at 1.8% this very low compared to other areas.
- There are significant concentrations of Hard Pressed households in all SRF areas except City Centre; at 39.9%, this represents a greater proportion of the City than other areas of the UK.
- People of Moderate Means appear to be squeezed out of City Centre, South Manchester and Wythenshawe, perhaps reflecting house prices in these places.
- There are relatively low levels of Comfortably Off people compared to other places.

Chart 3: ACORN Analysis by SRF Area.

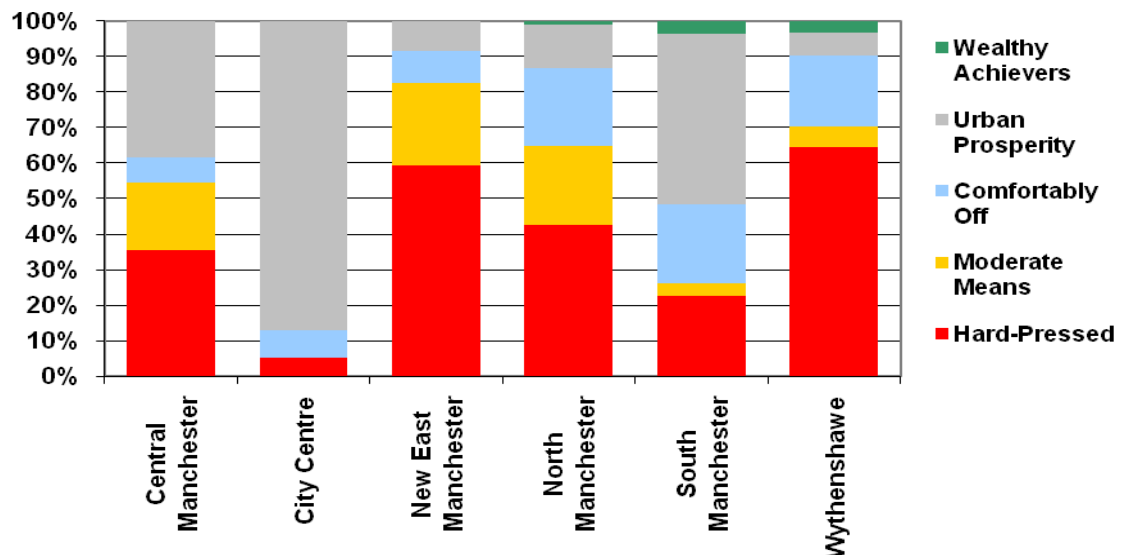


Table 18: ACORN Categories Comparison with UK (%).

Category	Manchstr	GM	NW	UK
Wealthy Achievers	1.8	12.9	19.5	24.0
Urban Prosperity	28.8	9.3	6.3	13.0
Comfortably Off	16.5	29.6	31.1	27.7
Moderate Means	13.1	20.4	19.6	13.5
Hard-Pressed	39.9	27.7	23.6	21.8
Total	100.0	100.0	100.0	100.0

- 3.58 This data helps paint the picture of Manchester's population. It shows a somewhat polarised city with high levels of both Urban Prosperity and Hard Pressed households, from which the Wealthy Achievers have moved away.

Housing Aspirations of Key Household Groups

- 3.59 Understanding the housing aspirations of key household groups that are critical to Manchester's economic growth is important in planning policy responses. Looking particularly at Recent Graduates, Family Builders and people working in Knowledge Based Industries, we have drawn on work from other City Regions, particularly Newcastle Gateshead and Tees Valley⁶, which includes household surveys, surveys of people moving home and focus groups.
- 3.60 For Recent Graduates, early moves back with parents or into private rented accommodation with friends/partner/own tenancy were found to be the norm. Most aspire to home ownership perhaps via an apartment/FTB house/affordable home ownership scheme, and those in home ownership had aspirations to trade up preferably to new housing in existing urban areas or new developments on the edge of town. They are reluctant to move to HMR intervention areas. A study in Central Lancashire in 2008⁷ found that 70% of graduates were leaving because they aspired to home ownership and could not afford entry level housing.
- 3.61 For the Family Builders in Tees Valley, i.e. couples under 40 with or without children, almost half were considering moving in the next three years. Of the three key household groups, this was most likely to reside in or near Housing Market Renewal intervention areas. Most (87%) were owner occupiers. Their main preferences were for properties with three or more bedrooms, preferably detached or semi-detached houses. Family Builders were most likely to consider rural towns/areas, locations outside of the urban area and new developments in edge of town locations. Only around 20% would consider new housing in urban areas.
- 3.62 The housing aspirations of people working in Knowledge Based Industries are described in the panel below. Although these findings are not bound to apply to Manchester, nevertheless they dovetail reasonably well with our expectations for Manchester and with the housing demand profile data. We might therefore draw some tentative conclusions about the sorts of policy issues that will facilitate attracting these groups, such as pathways into home ownership, quality Urban Living with open space and good local facilities, and affordable family housing in safe neighbourhoods.

⁶

⁷ More and Better Homes campaign study, Central Lancs. LAs 2007/8, Central Lancs. and Contour Homes press campaign 2009

Housing Aspirations of Knowledge Economy Workers

- Households are more likely to travel further to work and therefore being close to good transport links is important
- These households have the financial capabilities to look in a broad area for housing which meets their needs; however, access to mortgages and deposits was another key issue for this group.
- The main compromise made by households was not being able to get the right size/type of property in the area that they wanted to live.
- Due to higher household incomes, people will not compromise on affordability or location but the availability of their preferred house type in their preferred location. But detached houses was their preference
- For singles and couples in this group, a significant minority expressed a preference for City Living apartments
- In terms of tenure, home ownership is a general aspiration; private renting is a common early stage, with affordable home ownership schemes important to many in seeking home ownership in a location of choice.
- Availability of private open space was also an important factor
- In terms of location, people considered properties in similar areas to where they live now.
- Households will consider a number of locations throughout the area. This suggests that this group would move as a result of their careers but would not necessarily move close to the location of their work and that property factors would dominate the decision making process. This may also be as a result of two income households and the need to locate somewhere convenient to both places of work.
- Quality of life and environmental factors are particularly important in order to achieve their desired home; having access to urban centres for nightlife and leisure opportunities was also important.
- Density and design factors may also be important, reflecting the quality and perception of a new build area.

Housing Need

- 3.63 This section reviews the existing evidence base and considers the extent to which affordable housing requirements have changed since 2007 based on the DCHR 2007 work. It also provides an opportunity to establish a robust baseline affordable dwelling requirement figure using latest data on house prices, social rented lettings and intermediate tenure occupancy. Substantial modelling work was carried out by DCHR in their affordable housing strategy work and this has formed the basis for updating the housing needs data. Note that the statistical analysis in this section is based on arising need recorded in 2007. It cannot of course take account of the regeneration and changing nature of areas of Manchester, nor of the City's ambitions to change the nature of neighbourhoods to create economically diverse communities.

Housing Need is defined in PPS3 as the quantity of housing required for households who are unable to access suitable housing without financial assistance.

- 3.64 The actual affordable housing requirement for Manchester has been assessed in several studies and these provide a considerable range of annual affordable housing requirements: 1154 (DCHR 2007 Affordable Housing Strategy Technical Report), 1,375 (Housing Need and Demand Study, 2007) and 2,448 (Greater Manchester SHMA, 2008).
- 3.65 The 2007 Housing Needs Assessment concluded that 1,375 additional affordable homes were required each year, split 50:50 between social rent and intermediate home ownership. The agreed policy being applied City wide requires 20% of new housing to be affordable on all sites of 15 dwellings or more (0.3ha or larger). The emphasis is placed on affordable home ownership with a requirement that 5% of provision should be social rented and 15% intermediate, delivering affordable home ownership options.
- 3.66 In establishing a new estimate of the scale of housing need in Manchester, we have remodelled data from the 2007 housing needs survey using up to date house price and social rented/intermediate tenure lettings data. Again using the CLG needs assessment model, remodelled data suggests an annual shortfall of 1,850 affordable dwellings split between the SRF areas as presented in Table 19 below.
- 3.67 The standard housing needs assessment model advocated by the CLG focuses on the role of existing affordable housing (social rented and intermediate) in offsetting housing need. In Manchester, it is recognised that the private rented sector plays an important role in providing housing to low income households and help offset demand for affordable housing.
- 3.68 The 2007 household survey indicated that there were around 1,400 private rented lettings to low income households (receiving less than £250 each week) who also received housing benefit. By including private lettings capacity into the needs analysis, the total net annual shortfall is reduced to around 438 each year. Central and South Manchester are the SRF areas with the greatest net shortfall of affordable housing.

Table 19: Affordable housing requirements by SRF area

Needs assessment model stage	Central Manchester	City Centre	New East Manchester	North Manchester	South Manchester	Wythen shawe	Total	Notes
Stage 1a: Total current housing need	5695	495	1679	3670	3849	1349	16736	1
Stage 1b: Total current need who cannot afford open market solutions	5317	401	1344	3245	3709	1295	15311	2
Stage 1c: Current need, not in social rented, who cannot afford open market solutions.	3125	326	192	1486	2597	265	7992	3
Stage 2: Annual requirement to reduce need (20% per year)	625	65	38	297	519	53	1598	
Stage 3: Total newly-arising need	1308	114	447	887	987	572	4315	
Stage 4a: Annual supply of affordable dwellings	578	44	804	1134	481	1024	4064	4
Net annual affordable requirement	1355	135	-318	50	1026	-399	1849	
Stage 4b: Annual Supply of PRS to low income households	522	0	258	334	158	139	1411	5
Net annual affordable requirement allowing for PRS	833	135	-576	-284	868	-538	438	

1 – 2007 Housing Needs Survey

2 – LQ house prices 2008-2010; Private sector rents

3 – The model assumes that those currently in social rented accommodation can move within social rented stock to offset their needs.

4 – LA and RSL core lettings and RSL sales data 2006/7, 2007/8 and 2008/9

5 – 2007 Housing Needs Survey: low income (<£250 per week) and receiving Housing Benefit

3.69 This analysis provides a more comprehensive review of overall affordable requirements in that it reflects on broader housing market dynamics and in particular the role of private renting in providing low-cost housing. That said, security of tenure is an issue due to the short-term nature of private rented tenancies; and stock condition is commonly cited as a problem within the tenure.

3.70 The calculation of affordable housing requirements set out in Table 19 above suggests that on 2007 data, Manchester is nearly able to meet affordable housing need across the city, despite having a waiting list for social rented accommodation of some 16,000 live applicants. Need is being met through the open market including the private rented sector, through the normal turnover of social rented tenancies and the additional affordable housing currently being provided each year. However, in different SRF areas the balance varies. There are small surpluses in North and East Manchester and Wythenshawe, and small shortfalls in Central and South Manchester suggesting that current policies aimed at achieving a better balance of supply across the city will continue to be needed.

3.71 At the time of writing the implications of the Comprehensive Spending Review have not been fully appreciated or considered. However, early announcements confirm that there will be implications for affordable housing supply and requirements going forward. In particular:

- From April 2012, the Local Housing Allowance shared room rate (and single room rate in the old scheme), which apply to most single people under 25, will be extended to people aged 35 and under. The Shared Room Rate (SRR) currently applies to single people aged under 25 years old living in the private rented sector who receive Housing Benefit under the Local Housing Allowance rules. These claimants are restricted to the rate for a single room in a shared house, rather than the rate for a self-contained one bedroom property. This will encourage younger single people to share accommodation, potentially reducing the need for affordable housing.
- The potential to increase supply of affordable housing without grant through the flexibility of rent setting to 80% of the local market rent and to offer accommodation for a limited time period, offering higher turnover levels in affordable housing and the potential to meet future needs more quickly.

Property type and size

- 3.72 Table 20 below provides a suggested profile of affordable dwellings on the basis of the size and type expectations of households in need. Analysis suggests that the majority of households in need are expecting to move to a house (63.7%) followed by a flat (32%), with 60.4% expecting to move to a property with one or two bedrooms.

Table 20: Property type and size expectations

No. Bedrooms	Property type (table %)				Base(000s)
	House	Bungalow	Flat	Total	
1	6.8	0.6	14.7	22.0	2978
2	21.5	2.6	14.2	38.4	5202
3	23.6	0.8	2.6	26.9	3649
4+	11.8	0.4	0.5	12.7	1725
Total	63.7	4.3	32.0	100.0	13554
Base (000s)	8629	589	4336	13554	

- 3.73 As of 1st April 2009, there were 22,723 households on the housing register (Table 21 below), around 16,500 of which are considered “live” and able to be allocated housing. Of the overall waiting list, the majority of households (82.9%) were requiring a one or two bedroom property. Arguably a greater diversity of affordable housing provision is required to offset the requirements of households in need and there is a potential ‘self-fulfilling prophecy’ with households who only require smaller dwellings registered on the housing register.

Table 21: Manchester Housing Register 1 April 2009

No. bedrooms	No. households	Valid %
One	12762	56.2
Two	6058	26.7
Three	3374	14.8
Three+	441	1.9
Unspecified	88	
Total households on register	22723	

Source: 2009 HSSA

Affordable housing tenures

- 3.74 Local authorities are increasingly diversifying their affordable dwelling stock by developing intermediate tenures alongside social renting. The tenure aspirations of households in need remain relatively traditional, with 97.8% of existing households in need expecting to move to a social rented property and only 2.2% considering intermediate tenure (i.e. shared ownership). Amongst newly-forming households, the proportion who would consider social renting is 92.2% with 7.8% considering intermediate tenure. Arguably, at the time of the household survey in 2006, intermediate tenure options had not developed sufficiently. Given recent mortgage finance restrictions intermediate tenure is an increasingly attractive option, particularly for economically active households.
- 3.75 A total of 194 households have moved into intermediate tenure dwellings across Manchester in the three year period 2006/7 to 2008/9. Analysis of the values of these properties and the initial equity stake purchased provides a useful measure of realistic intermediate tenure prices in the Manchester context and the equity stakes households can afford.

Table 22: Moves into intermediate tenure 2006/7 to 2008/9

Property value (£)	Initial percentage equity stake (%)							Base
	25	25 to <50	50	51 to <75	75	100	Total	
<80k	0.5	0.5	1.5	1.0	1.0	1.0	5.7	11
80k-<100k	3.6	0.5	6.2	3.6	1.5	0.5	16.0	31
100k-<120	0.0	0.0	12.9	2.1	3.6	0.0	18.6	36
120k-<140	6.2	0.5	17.5	3.6	2.6	0.0	30.4	59
140k-<160	2.1	0.0	8.8	3.6	1.0	0.0	15.5	30
160+	1.0	0.0	7.7	2.1	3.1	0.0	13.9	27
TOTAL	13.4	1.5	54.6	16.0	12.9	1.5	100.0	
Base	26	3	106	31	25	3		194

- 3.76 Table 22 above indicates that two-thirds of intermediate tenure properties were bought with an initial equity stake of 50%. Around 70% of properties sold were valued at between £65,000 and £140,000.

- 3.77 The development of intermediate tenure has an important role to play in providing affordable housing and diversifying the range of tenures available to households unable to access the open market, particularly the Excluded Middle Market. Intermediate tenure development can also boost the financial viability of delivering affordable housing on new sites and a useful mechanism for stimulating affordable housing delivery.
- 3.78 Finally, there is now significant interest in intermediate rent solutions, particularly for households in the excluded middle market. Generally rents are set at 80% of lower quartile private rents. Government announcements as part of the Comprehensive Spending Review propose that intermediate rent should constitute a significant proportion of future affordable housing supply in order to maintain outputs with reduced grant levels.

Supply

Existing Supply

- 3.79 Existing supply of housing in Manchester (CLG Live Tables for 2008-09) totals 208,232, of which 66.1% is privately owned. More detailed data from the demand survey of 2007 gives the profile of existing stock by area shown in Table 23 below. Table A13 in the Appendices gives a breakdown of housing stock by age and type.

Table 23: Existing Stock Profile by Area.

Tenure	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythens hawe	Total
Owner	35.3	46.5	27.1	47.7	55.9	45.4	45.0
Social Rented	40.9	7.4	61.0	37.6	20.7	49.2	36.1
Private Rented	23.8	46.0	11.9	14.7	23.5	5.5	18.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Property Type	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythens hawe	Total
House	74.4	1.4	78.2	78.4	73.5	77.3	72.6
Flat	25.6	98.6	21.8	21.6	26.5	22.7	27.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bedrooms	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythens hawe	Total
1-2 Bedrooms	50.0	90.7	51.1	43.1	33.0	35.7	43.4
3-4 Bedrooms	46.9	4.8	47.2	55.8	60.0	63.2	53.2
5+ Bedrooms	3.2	4.5	1.6	1.1	7.0	1.1	3.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

New Supply

- 3.80 During 2009-10, overall completions were 2,107 units, a decrease of 17.5% on the 2008/9 gross figures. Net completions were 1,496, down 21% on 2008/9.
- 3.81 Chart 4 shows projections of new supply based on the RSS and Growth Point targets together with the SHLAA. It demonstrates that there will be a serious shortfall of new housing completed over the 5 years 2008 – 2014: 8,000 on RSS target, or 11,000 on Growth Point Target. Supply moves back into balance in 2014-15, but the shortfall is not made up until around 2020, assuming that the Managed Delivery Target can be achieved. Note that following the CSR, Growth Point funding is being withdrawn and the RSS revoked.
- 3.82 We have compared this supply performance with the household growth profiles discussed in Section 4 and housebuilding targets (see Table 24 below). The Supply forecast for 2011-16 is mid way between the ONS and GMFM forecasts for household growth (which we think on current information is the most likely situation), and should exceed the Core Strategy target for this period. Note that the Core Strategy housebuilding target, unlike RSS or Growth Point, takes some account of the effects of

recession. Supply in later years is expected to exceed household growth on any forecast in order to make up shortfalls occurring during the recession.

Chart 4: Supply and Demand Balance

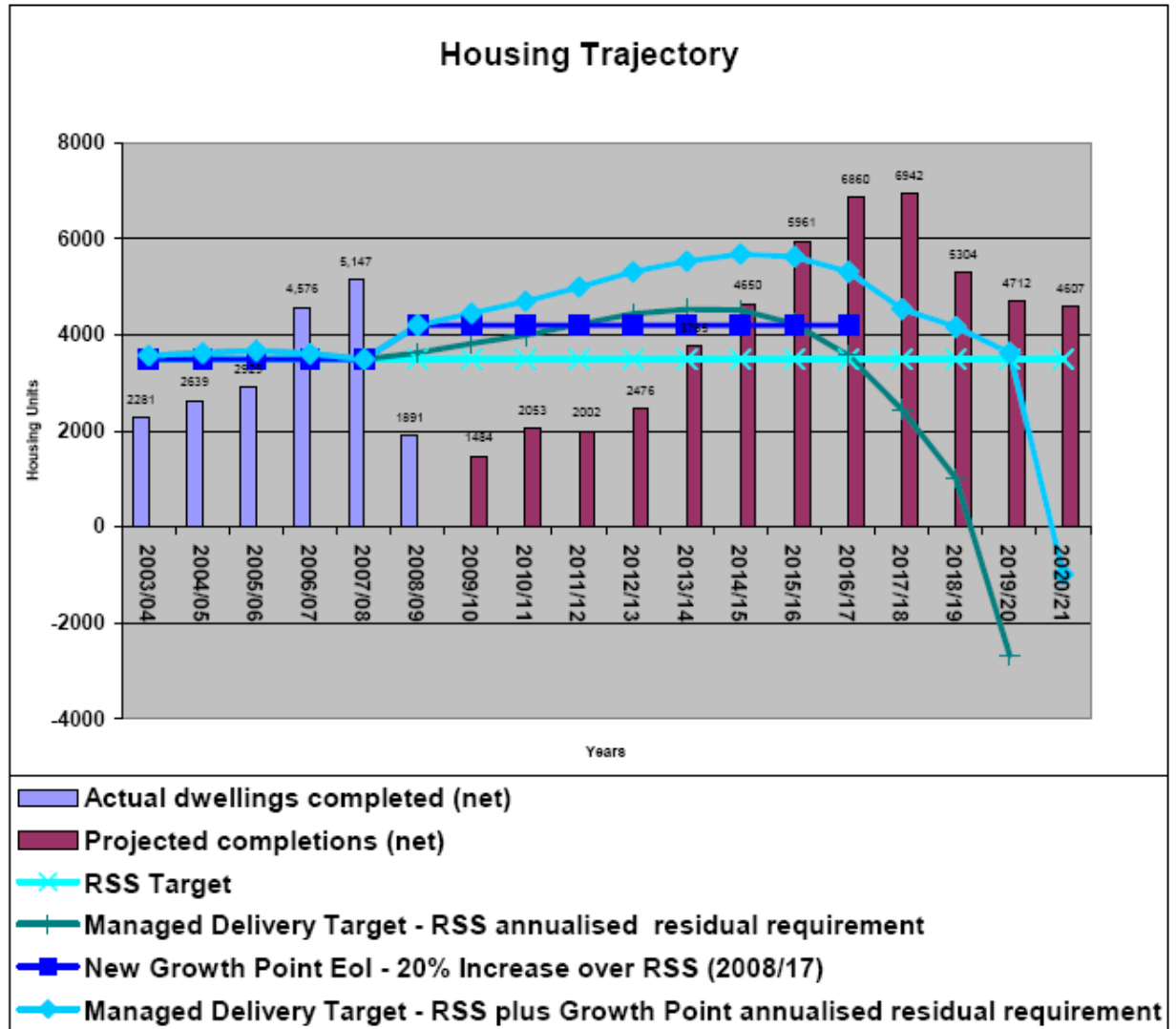


Table 24: Comparison of Household Growth, Housebuilding Targets and Supply

Suggested Households Growth Profile	Hholds	Growth in Households per annum				Hholds	Overall Growth	
	2011	2011-16	2016-21	2021-26	2026-31	2031	2011-31	2011-31
ONS Forecast	219,000	4,400	3,800	3,200	3,000	291,000	72,000	32.9%
GMFM Forecast	207,918	2,616	2,800	2,800	2,000	259,000	51,082	24.6%
Growth Point Target		4,200	4,200					
RSS Target		3,500	3,500					
Core Strategy		2,760 ⁸	5,271 ⁹	1,883				
Supply Forecast		3,770	5,685					

New Supply Profile

- 3.83 Table 25 below shows the proportions of flats/houses and affordable housing by area. Three out of four completions are flats, which compares with an overall demand profile (Table 10) of one in three flats. Just 5.9% was housing built for Registered Providers or the Local Authority compared to a 38% social rented housing requirement of movers. This position appears to be replicated within the current supply pipeline: 5,455 units were under construction at 31st March 2010, of which 212 (3.9%) are for Registered Providers/Council and 73% are flats. No data is available to tell us how much of this new development is for private renting.

Table 25: Completions 2007-10

Area	Houses %	Flats %	Private %	RSL/LA %	Number	% in Core Strategy
Central	18.3	81.7	93.5	6.5	1,677	13%
City Centre	0.0	100.0	97.6	2.4	1,159	28%
East	31.8	68.2	93.3	6.7	2,446	32%
North	31.6	68.4	97.1	2.9	1,674	19%
South	30.8	69.2	90.5	9.5	1,049	5%
Wythenshawe	43.9	56.1	94.8	5.2	709	3%
Total	25.8	74.2	94.4	5.6	8,714	100%

- 3.84 Table 26 below provides a more detailed comparison of movers' requirements and supply from the 3 years 2007-10. Note again that the movers' data is for current location rather than destination. The table shows one bedroom homes are roughly in balance with supply although there were too many one beds built in the City Centre. Three bedroom homes were also too low a proportion of supply compared with demand, and larger four bed and above homes were also underprovided. The balance of oversupply is two bedroom homes which we have identified elsewhere as an overproduction of two bedroom flats.

⁸ 2009-2014

⁹ 2014-2021

Table 26: Comparison of Supply and Demand by Area and Number of Bedrooms

	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythen shawe	Total
Movers' Requirement							
1 Bed	22.2	28.2	24.6	14.3	24.9	5.1	20.6
2 Bed	39.5	50.6	36.2	36.2	39.3	38.2	39.3
3 Bed	25.6	14.6	29.8	33.7	23.3	44.6	27.7
4 Bed	8.2	3.2	7.3	13.1	8.9	12.0	9.2
5 bed +	4.6	3.5	2.0	2.7	3.6	0.0	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Supply							
1 Bed	14.1	41.3	21.0	20.7	10.6	5.2	19.8
2 Bed	61.9	50.4	48.9	50.7	58.0	59.0	53.9
3 Bed	19.3	8.2	23.8	15.9	17.3	21.4	18.3
4 Bed	4.7	0.1	6.3	12.7	14.2	14.4	8.0
5 bed +	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Balance of Supply and Demand

- 3.85 Using data on household aspirations and the level of turnover in existing stock, it is possible to explore the extent to which demand for open market dwellings is met by current supply. The scale of market demand has been estimated by considering demand:
- From existing households who are planning to move in the open market within Manchester on an annual basis (based on households planning to move in the 2007 survey);
 - From newly-forming households who can meet their needs in the market, based on the same affordability criterion as used for affordable housing requirements; and
 - From in-migrant households; the estimate is based on the actual numbers of such households using the 2007 survey evidence.
- 3.86 This has then been reconciled with the likely supply based on turnover rates derived from the household survey (imputed from length of residence information) and also Land Registry data. From this we have been able to identify where there are imbalances in the provision of general market accommodation. These are set out in Table 27 below. Because of the limitations of the data used to develop this presentation, conclusions should be regarded as indicative rather than definitive.

Table 27: Balance of Supply and Demand by SRF Area for Open Market Housing

		Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
Tenure	Total	0.9	0.9	1.1	1.0	1.0	1.0	0.9
	Owner Occupied	0.4	0.7	0.5	0.6	0.6	0.9	0.6
	Private Rented	1.3	1.2	2.5	1.7	1.4	1.3	1.4
Property size	One	0.6	1.3	2.6	1.2	1.1	0.0	1.1
	Two	0.9	1.0	1.2	1.5	0.7	1.4	1.0
	Three	0.8	0.2	0.7	0.9	1.1	1.1	0.9
	Four or more	1.0	0.3	0.6	0.4	1.1	0.3	0.8
Property type	Detached	0.2	0.0	0.0	0.2	0.2	0.0	0.2
	Semi	0.5	0.1	0.7	1.2	1.1	1.1	0.9
	Terraced	1.6	0.0	2.7	1.5	1.2	1.8	1.4
	Flat	0.9	1.3	2.1	1.1	1.3	1.8	1.2

< 0.5	Demand exceeds supply and particular pressure on stock
0.5 - <1	Demand exceeds supply and some pressure on stock
1 >	Demand equals supply; demand likely to be satisfied

- 3.87 This chart shows that there is an oversupply in East Manchester of terraced houses and flats, particularly those with one bedroom. Private rented accommodation supply also significantly exceeds demand. Several other SRF areas also have an oversupply of terraced housing, but note that in Wythenshawe, this is mostly post-1981 terraced housing rather than pre-1919 terraced housing (see Table A13).
- 3.88 There is a shortage of detached housing in all areas, although the demand in terms of absolute numbers is relatively small. There is also a significant shortage of larger accommodation in the City Centre, North Manchester and Wythenshawe.

Empty Homes and Under-Occupation

- 3.89 One approach to ensuring an adequate supply of housing is to improve the utilisation of existing stock. Currently, some 5.8% of existing stock is unoccupied, with around 3.5% unoccupied for more than 6 months as shown in Table 28 below. Manchester City Council has active programmes in place to reduce this. New East Manchester has the highest levels of long term empty homes at 5.7%. Note that this data is sourced from Council Tax data which is collected for other purposes and may not give a completely accurate and comprehensive picture of empty properties.

Table 28: Empty Homes by SRF Area

SRF Areas	Central Manchstr	City Centre	New East Manchstr	North Manchstr	South Manchstr	Wythen shawe	Total
Occupied Properties	93.9	92.5	92.1	94.2	94.5	96.9	94.2
Void Properties	6.1	7.5	7.9	5.8	5.5	3.1	5.8
Includes void > 6 months	3.6	4.2	5.7	3.6	3.0	1.7	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Base	36,668	10,886	32,619	45,136	59,059	33,264	217,632

Source: MCC Council Tax Data

- 3.90 Under-occupation is defined by government as having two or more bedrooms over and above the number of bedrooms required by the household (the “bedroom standard”). In principle, if an under-occupying household could be persuaded to move to a smaller property, then the larger home could be used more effectively. Clearly this has significant cost savings potential for the social sector. The situation from the 2007 demand survey is set out in Table 29 below.

Table 29: Under-Occupation by Tenure and SRF Area.

Current tenure	% under-occupied	SRF area	% under-occupied
Owner occupied	41.2%	Central Manchester	17.8%
Rented from Council	16.6%	City Centre	3.2%
Rented from a H A	11.7%	East Manchester	18.4%
Private Rented	9.0%	North Manchester	24.9%
Shared Ownership	21.2%	South Manchester	34.2%
Other	23.5%	Wythenshawe	32.4%
Total	25.7%	Total	25.7%

- 3.91 Overall, a quarter of all homes in Manchester are under-occupied. This rises to 41% in the owner-occupied sector, and totals 14.5% in the social rented sector. Under-occupation is most prevalent in South Manchester and Wythenshawe. Almost 38% of older person households (para 3.31) are under-occupying, and unsurprisingly, under-occupation correlates strongly with household income.

4. Consultation and Reality Check

- 4.1 Having reviewed the extensive evidence base for Manchester's housing strategy, we were able to draw a number of preliminary conclusions. The next stage was to test our conclusions with practitioners who are dealing with the day to day realities of housing in Manchester: developers, estate agents, landlords, Registered Providers (RPs - formerly known as Registered Social Landlords) and particularly City Council officers from a range of relevant disciplines such as housing, planning and economic development.
- 4.2 The intention was to invite challenge to our conclusions, to refine them in the light of experiences on the ground, and begin to develop practical new solutions. To do this, we used a number of consultative mechanisms which are discussed in this Section below. The outcomes of this process, a combination of evidential conclusions validated through intensive practitioner discussion, are set out in Section 5.

Consultation Event for External Stakeholders

- 4.3 After the preliminary analysis of evidence, we undertook a consultation event with external stakeholders with support from key City Council officers. The focus of the event was to work with developers, letting and estate agents, Registered Providers and other stakeholders to:
- Seek confirmation about the interpretation of the evidence base
 - Seek evidence about demand, and the products that will meet these demands
 - Seek views on the appropriate balance between different market sectors, including the opportunities and strategic rationale for higher-density development versus the opportunities for suburban-style.
 - Identify the implications of limitations on the level of resources available from public sources to support new development, and exploration of alternative ways that development can be promoted, especially for lower-income groups.
- 4.4 The key issues emerging from the initial evidence review were written up into a Discussion Paper with the purpose of informing, stimulating and structuring discussion at the Consultation Event held on 31st August 2010 in Manchester Town Hall.
- 4.5 Invitations to the consultation event were sent to over 50 people representing private landlords, estate agents, property developers, and registered providers. The event attracted 27 attendees at the event representing every key sector. The detailed views of participants are at Appendix D.

On-line Survey

- 4.1 We developed an online survey (www.futurehousingmanchester.info) the details of which were sent to all original invitees to the consultation event and more widely. The findings from this survey were incorporated into the general consultation findings.

Follow-up and internal consultation

- 4.2 arc4 have followed up on some of the points raised in the consultation event and contacted relevant people, as well as pursuing a range of other key contacts in the

region or the sector, in order to obtain as wide a spread of views as possible to inform the assessment.

- 4.3 Following the consultation event, we developed a consultation paper setting out views to date, together with a series of policy propositions for tackling the key issues emerging from our work. We used this paper as the basis for consulting with stakeholders from the City Council who focus on delivery of key strategies and work within the Strategic Regeneration Framework geographies.
- 4.4 We have met with representatives of Manchester City Council Senior Management Team (5 October 2010) to discuss our findings and policy propositions. Throughout this study we have been guided by the thoughtful contributions of the Steering Group, for which we pay tribute.
- 4.5 The results of these consultations and discussions have been used to refine the conclusions and propositions included in this final report.

5. Analysis of Evidence and Stakeholder Views

- 5.1 This section draws together the results of our evidence review and consultations. It has been an iterative process, testing preliminary data inferences against the realities provided by practitioner stakeholders, re-formulating propositions and re-testing them.

What reliance can be placed on conclusions from this data?

- 5.2 A variety of data sources have been used in building the evidence base for this study. Some are official government statistics such as the ONS Sub-National Population Projections. We have looked at three sets of data, 2004, 2006, and 2008, each of which has provided different forecasts. We are most interested in forecasts of household numbers, and the Greater Manchester Financial Model provides a further (lower) household forecast.
- 5.3 Generally, we have used the latest available data (ONS 2008), however, as household forecasts are not yet available based on these 2008 population forecasts, we need to interpolate from the 2006 household forecasts. We would expect 2008 household forecasts to be lower since the population forecasts are lower. As expected, the forecasts of the GMFM 2010 have moved towards the ONS forecasts with the more recent data incorporated. GMFM has the added advantage of taking into account a number of current policy assumptions, so might be expected to form a good basis for housing policy review.
- 5.4 Much of the data we have used for developing the profile of housing demand is taken from the 2007 survey which was outside of our control. The survey has the drawback of being 3 years old and carried out before the recession. Results, therefore, need careful interpretation as well as support from other quarters, e.g. other data and practitioner views. Nevertheless the data provides a useful set of indications of people's immediate housing expectations and can be seen as indicative of real housing choices.
- 5.5 The Housing Needs Assessment provides a rather precise figure for net annual affordable housing requirement. This is effectively the difference between two larger figures i.e. the needs assessment and the supply assessment, and is subject to the limitations of the 2007 survey and other data. It also relies on the government needs assessment model with its own assumptions and limitations. Affordable housing needs figures should therefore be regarded as indicative of a particular scale of provision, rather than being taken as an absolute target to aim for.
- 5.6 In summary, the various strands of data help us paint a picture of the likely housing requirements in Manchester. The absolute numbers may not be precise, but the scale of demand, its profile, and the trends are sufficiently clear in our view that they provide a sufficient basis upon which to formulate policies for housing provision. There will be an on-going need to keep the evidence base under review to ensure that any significant changes to trends and assumptions can be fed into future policy making, and in the near future it may be appropriate to consider undertaking a new demand survey in order to develop a post-recession basis for policy development.

The big picture of a metropolitan city

- 5.7 There are two stand-out conclusions from this evidence base that broadly describe a restructuring that is taking place in the makeup of Manchester's households. The first is that there is a polarisation of household types taking place. The ACORN data (Table 18) shows twice the concentrations of Urban Prosperity than the UK overall (three times that in Greater Manchester), and almost twice the concentrations of Hard Pressed households as elsewhere in the UK. This is supported by data from the demand study regarding the types of households intending to move out of Manchester (Table 8).
- 5.8 The second key issue is the drift of households away from Manchester. More than one third of households intending to move expect to move out of the City (Table 8). This is particularly evident for middle and high income households, and is supported by the ACORN data showing very low concentrations of Wealthy Achievers living in Manchester.
- 5.9 Further, there is an age related dimension to this drift. Domestic migration data identifies that unlike elsewhere in the UK where the over 65 demographic is set to increase the most, in Manchester it is the 40 – 64 demographic component that will increase most (Table 5), despite the fact that nearly two thirds of younger retired households in this age group expect to move away.
- 5.10 In many respects this is a forecast population profile that will serve Manchester's economic ambitions well. The workforce is maintaining a younger, dynamic profile which brings economically active people here to drive the economy forwards and upwards. The student population is part of that dynamism. Older people, potentially with higher spending power but higher long term care needs, are tending to move away, but so are the higher earning households.
- 5.11 This is a very metropolitan profile, and migration statistics support this picture of Manchester (Table 7), as do the profiles of the future workforce forecast by GMFM. The picture may be characterised as one of migration to Manchester for employment opportunities counterbalanced by migration to less urban places to settle down. By this process, we think that Manchester is becoming more metropolitan in character. There may be lessons to learn from Birmingham and London which have developed this profile some time earlier.
- 5.12 The down side of this profile, however, is that a significant proportion of households will require affordable housing, particularly social rented accommodation, and the higher metropolitan land values exacerbate affordability issues particularly for those in between the lower and higher income brackets, i.e. the excluded middle market (Table 15).

How many homes are needed?

- 5.13 Our analysis of ONS and GMFM household forecasts confirms that the draft Core Strategy assumption of 60,000 new homes over the period 2009 – 2027 is appropriate based on current assumptions (2.24). However, there are a number of contextual factors that will need to be kept under review in order to ensure that supply and demand achieve and remain in balance:
 - Housing supply has been severely hit by the recession, and management of delivery as Manchester moves out of recession is critical. This is partly a question of confidence from the private housebuilders at a time when private capital and mortgage finance are both restricted, but also the effects of public funding austerity on HCA and other publicly funded housing programmes.

- Government policy is changing rapidly, and will have potentially significant impacts in two particular areas: firstly, rules for international migration will likely reduce the numbers of foreign nationals coming to Manchester and may reduce the population increase largely to the natural demographic element; secondly, proposed changes to housing benefit rules may exacerbate pressures on social rented housing and homelessness.
- The GMFM provides a forecast of employment growth which essentially drives our modelling of housing demand. Should those forecasts change in scale or profile e.g. fewer professional/corporate manager types, then the housing demand profile will also require review.

Which household types should we focus on?

- 5.14 The new jobs expected to be created in Manchester over the next 20 years are mainly in Financial & Business Services, Education & Health, and Distribution, Retail & Health (Table A14). There will be significant increase in high earning occupational job classes including Corporate Managers and Professionals, but also significant increases in lower paid jobs such as Personal Service and Customer Service occupations (Table 17).
- 5.15 This analysis points to a City with potentially increasing opportunities and wealth for existing and incoming residents. There is a need to continue to accommodate its lower skilled population and workforce which will continue to grow, but to increasingly focus on attracting and retaining the higher skilled population that will account for the majority of the future growth.
- 5.16 Our analysis of the housing requirements of households expecting to move can be interpreted in terms of the above employment opportunities, in relation to affordability, house types and location. We have concluded that several household types that are critical to Manchester's future economic development will have difficulty finding suitable market housing that is affordable (para 3.35, Housing Choices). We think that housing policy should focus primarily on developing products to help these groups settle and stay in Manchester:
- Recent Graduates
 - The Excluded Middle Market
 - Families requiring affordable housing, including social rented housing. The annual shortfall is currently estimated at around 438 affordable homes each year (para 3.70).
- 5.17 In addition, we have identified two household types that have a disproportionate impact on Manchester's economy, but generally plan to move away. These are younger retired people and high net worth individuals. Supporting housing that will attract and retain households in these niche markets should also be considered.

Which types of housing should be developed?

- 5.18 Our analysis of housing demand and supply suggests that family homes may be being underprovided (Table 26 and 27), particularly larger houses. Only one out of four completions is a house, which compares with an overall demand profile (Table 8) of two in every three moving households requiring a house. Less than three quarters of Manchester's existing residential stock is a house and clearance of obsolete, low

demand terraced housing continues. Maintaining an adequate supply of family homes in decent neighbourhoods is critical to Manchester's future success.

- 5.19 There is a strong demand for Urban Living style housing (see panel below), particularly from the key household groups such as Recent Graduates and younger professionals. This is being well catered for in City Centre and fringe City Centre locations. Twice as many two bed flats are being provided as one bed, which reflects the demand we have identified for larger flats. Out of the City Centre, however, there may be an oversupply of flats, particularly in East Manchester and Wythenshawe.

City Living.

The term “urban/city centre living” has emerged over the last 10 years with the publication of a number of policy documents which underpinned the government's ambition in relation to housing and its wider ambition in creating long term sustainable communities. The priority for development outlined in Planning Policy Statement 3 (PPS 3) was focused on previously developed land in particular vacant and derelict sites and buildings.

The growth of city centre/urban living is a key indicator of urban renaissance in the UK, research by the Centre for Cities “City People - City Centre Living in the UK” (2005) recognised that the phenomenon is a result of a number of demographic, economic, social and cultural factors influenced by public policy. The development of high density flats and apartments has influenced urban living, whose characteristics are dominated by young single households, yet to settle down, with socialising a key attraction of living in the centre of urban areas. Much of the growth has seen creative businesses move into areas where conversion of buildings has taken place and led to a multiplier effect of this type of business growth.

City Living is generally characterised by apartment blocks of high density, with limited car parking. Access to public transport is therefore essential, and as is a high quality built environment usually incorporating open space, pedestrian routes and cycleways. Waterways are often important elements, together with modern bars, restaurants and social amenities creating a “buzz” that appeals to young single households.

- 5.20 In terms of tenure, the data for the balance of supply and demand for owner occupation and private rented accommodation needs careful interpretation. Whilst there appears to be a shortage of housing for owner occupation and an oversupply of private rented housing (Table 26), the data pre-dates the effects of the recession. Our analysis of the effects of recession suggest that demand for owner occupation will have fallen as a consequence of the tighter rules governing mortgage availability, with compensating increases in demand for private rented housing. The issue is effectively one of affordability which is discussed above.
- 5.21 Although Manchester has a high proportion of social rented housing (36.1%), nevertheless there remains pressure on this sector which may increase as national policy changes take effect, e.g. on housing benefit. We estimate there is an annual shortfall of around 438 affordable homes, particularly in Central and South Manchester, with small surpluses elsewhere. Policies to ensure continuing supplies of social rented and lower quartile private rented accommodation will continue to be important, as well as policies to ensure a balance is achieved across the city. This situation is dynamic and will require careful monitoring.

Where should the new homes be?

- 5.22 We have used the evidence base to identify what types of housing should be provided for key household groups in each Strategic Regeneration Framework Area. A more detailed analysis is at Appendix E. These conclusions are indicative, and may be used to guide delivery of the housing required by the Core Strategy in each area. Keeping the supply and demand balance under continuous review is important as the economic and social context for housing provision develops.

Central Manchester

- 5.23 The demand profile indicates the need for a balance of flats and family homes, including larger detached homes. There are possibilities for City Centre Fringe type housing and a student village. This SRF area will be important for providing products to assist Recent Graduates and the Excluded Middle Market, as well as providing additional social rented accommodation.

City Centre

- 5.24 The demand profile indicates the need for a range of flats. It is important to attract Recent Graduates to locate here, and encourage a more diverse range of householders, including younger retired and high net worth individuals, with up-market and larger homes with private/communal open space.

New East Manchester

- 5.25 The demand profile indicates the need for family homes, including larger detached homes, as well as continuing measures to deal with oversupply of terraced houses. There are possibilities for City Centre Fringe type housing. This SRF area will be important for providing products to assist Recent Graduates and the Excluded Middle Market, and tenure diversification in social rented estates will be important.

North Manchester

- 5.26 The demand profile indicates the need for a balance of family homes, including larger detached homes. There are possibilities for City Centre Fringe type housing, as well as products to assist Recent Graduates and the Excluded Middle Market in for example the Lower Irk Valley. Place Shaping and a neighbourhood based approach to the housing offer are important to ensure that into the future households can regard these neighbourhoods as safe places to locate to.

South Manchester

- 5.27 The demand profile indicates the need for a balance of family homes, particularly for owner-occupation, including larger detached homes. It will be important to develop lower cost options for the Excluded Middle Market, and there is a need for additional social rented accommodation in this SRF area. Deconversions of former student housing may be important, and there is a premium on using to the best strategic advantage any significant development opportunities that arise e.g. from the relocation of MMU, Oakfield School, etc.

Wythenshawe

- 5.28 The demand profile indicates the need for a balance of family homes, particularly larger detached homes. It will be important to develop lower cost options for the Excluded Middle Market in this SRF area, and tenure diversification in social rented estates will be important.

6. Implications for Housing Policy

- 6.1 In Section 5, we drew out a number of conclusions from our analysis of data and consultations with stakeholders and practitioners. In this section, we identify a number of policy options, “Propositions”, that Manchester City Council might consider in tackling the key issues we have identified in this study.
- 6.2 The format we have adopted sets out the proposition against a summary of the key issue and a justification for taking action. The propositions have been tested and refined with internal and external stakeholders. A number require further technical development to establish feasibility before they can be adopted as policy.

Key Issues & Justification	Propositions
1. Graduate Retention	
<ul style="list-style-type: none"> Over the next decade, half of all job opportunities in the city region will require a higher level qualification, particularly graduates; It's therefore important to increase graduate retention (currently 41.6%) and to attract talented students who have studied elsewhere. Areas of preference to live in following graduation are those in and around the areas of student concentration, e.g. City Centre, Didsbury, Withington, West Didsbury and Fallowfield. Increasing graduate debt levels will impact on their ability to purchase a home. Recent graduates have a history of sharing accommodation and may look for larger forms of accommodation in houses rather than flats. Recent graduates may have lived in poorer quality neighbourhoods and properties and are not exposed to the more attractive housing offer available in the City 	<ul style="list-style-type: none"> An exclusive graduate product is developed offering high quality larger new build houses (to share) and 2 bed apartments; Available on a below market/at market rent with a quality management service (quality marked). Leases are offered on a 2-3 year guaranteed basis and marketed through universities, employers, & job fairs. Leases to start within 5 years of graduation.
	<ul style="list-style-type: none"> A rent to purchase product exclusively for graduates is made available on new build homes offering below market rents with a 3-7 year rental period with buy in option. Available within 5 years of graduation. Available with similar management standards as above and financial advice support offered as standard.
	These properties would be made available on the fringe of the City centre-potential New East Manchester and Central area.
	The Council might work closely with university, employers and estate agents to inform graduates and undergraduates about the availability of such products. In this way, Manchester may be able to promote an image of “graduate friendly”.

Key Issues & Justification	Propositions
2. The “Excluded Middle Market”	
<ul style="list-style-type: none"> The evidence suggests that 70% of households will not be able to buy a home in Manchester; The global ‘credit crisis’ has impacted on purchasers ability to buy because for example, mortgages are only available on lower loan-to-value ratios, significantly larger deposits are now required and the mortgage market has shrunk choice for purchasers. This has created a new ‘excluded middle market’ for households on average income levels but without prospect of buying. The excluded middle market is important in terms of Manchester’s economic growth because a high proportion of the future workforce will experience difficulties in buying a home in Manchester. 	<p>The City should focus on the needs of this new ‘excluded middle market’ potentially as a higher priority than social rented housing in order to support the attraction and retention of the new workforce.</p>
	<p>The City should support the development of the products listed below, focused specifically (but not exclusively) on first time buyers on strategic sites in the City Centre and Central areas.</p>
	<ul style="list-style-type: none"> A shared equity product mirroring Homebuy Direct delivered by developers and Registered Providers and potentially secured through public sector land deals.
	<ul style="list-style-type: none"> A cash deposit loan placed as a second charge against the property. A rent to purchase product with options to save for deposits, enabling potential purchasers to commit to a property and neighbourhood without having to purchase.

3. The Family Offer	
<p>At present, three out of four completions are flats, which compares with an overall demand profile of only one in three households requiring flats:</p> <ul style="list-style-type: none"> Three bedroom homes were too low a proportion of supply compared with demand, Larger homes with four or more bedrooms are also underprovided. The profile of housing needed for the future growth of households in Manchester is predominantly for 3 bedroom houses. 	<p>The balance of new development should switch away from apartments toward much larger houses to deliver the family offer that is required. In particular this should focus on:</p> <ul style="list-style-type: none"> Priority of 4/5 bed homes in Wythenshawe and Central area (the latter to meet BME needs) 3/4 bed homes in New East Manchester Mix of larger family homes between 3-5 beds in North Manchester
<p>Home workers in the UK at the end of 2009 represented 13% of all workers in the UK. It is important that new housing is sufficiently spacious and adaptable to support increased levels of home working.</p>	<p>New housing should be flexible and sufficiently spacious to facilitate a home office and/or secure storage for skilled trades.</p>

Key Issues & Justification	Propositions
4. The City Centre and Fringe City Centre Offer	
<p>Urban Living is successfully established in the City Centre and Fringe City Centre areas, e.g. Hulme, Ardwick, attracting mainly younger professional households.</p> <p>There is also demand from other households particularly:</p> <ul style="list-style-type: none"> • younger retired households, only 39.2% of which expect to stay in Manchester, but 56.5% of which expect to move to a flat, maisonette or apartment. Retaining this population with its wealth and spending power within the City is an important element of the City's growth. • innovative entrepreneurs and 'high net worth' individuals who disproportionately drive growth and investment in the local area. <p>A housing offer attractive to these groups would provide an increasingly diverse population within the City centre as well facilitating home working.</p>	<p>The City should ensure a flexible approach to density thresholds and height restrictions in the City centre in order to support larger numbers of 2 bed, 3 bed & larger apartments which provide more private open space and an option for a wider target market.</p>
	<p>Apartments/maisonettes specifically targeted toward younger retired households:</p> <ul style="list-style-type: none"> • larger space standards, in excess of 2/3 bedrooms • large balconies/roof gardens • quality communal gardens • a marketing offer to access the leisure and cultural facilities within the City.
	<p>A housing offer to attract high net worth individuals which will in many cases be £1m+ properties:</p> <ul style="list-style-type: none"> • penthouse developments in new apartment blocks; • creating whole apartment/housing blocks aimed at the upper end of the market • development will need to be within or directly connected to the City centre.
	<p>The City should initiate a design competition to encourage innovation in the quality, form and diversity of City Centre and Fringe City Centre accommodation.</p>

Key Issues & Justification	Propositions
5. Developing the Role of the Private Rented Sector	
<p>A well managed private rented sector can make a very positive contribution to economic and social sustainability through allowing social mobility, near instant access to accommodation and with much lower transaction costs than home ownership.</p> <ul style="list-style-type: none"> • Almost 20% of existing stock is in the private rented sector, with the highest in the City centre (46%) followed by Central (23.8%) and South (23.5%). • 30% of future demand will be in the private rented sector, and likely to increase as a result of the recession. • Around 1400 lettings are to low income households in the private rented sector each year. <p>For the City the critical roles of the private rented sector are:</p> <ul style="list-style-type: none"> • to provide an alternative to social rented housing • to support the requirements of the excluded middle market • to meet the needs of households who would prefer to live in this tenure; • to meet the needs of mobile “high skill/high income” individuals that choose to rent before buying. This is an ideal investor market but one that requires a quality product and management service. 	<p>A rental product, similar to the Recent Graduate rental product,</p> <ul style="list-style-type: none"> • Offering high quality larger new build houses (to share) and 2 bed apartments; • Available on a below market/at market rent • Quality management service (quality marked). • Leases are offered on a 2-3 year guaranteed basis.
	<p>A rent to purchase product, similar to the Recent Graduate rent to purchase product</p> <ul style="list-style-type: none"> • Based around the apartment and starter home market for first time buyers in and around the City centre and in district centres in North and East Manchester, • Available at below market rents, a without time limits rental period and purchase option. • Similar management standards as above and financial advice support offered as standard.
	<p>The City should support the development of a high quality management company designed to target, market and manage private rented homes targeted specifically at the mobile skilled workforce. These may be existing companies/ Registered Providers but the quality standard should be determined by the City.</p>
	<p>These propositions could work with the City’s initiative to bring institutional investment into the private rented market.</p>
	<p>Continued action to support private rented sector tenants and enforce standards particularly for vulnerable and low income households.</p>

Key Issues & Justification	Propositions
6. Tenure Diversification	
As the economy of the City grows, residents of social housing estates will find employment and greater prosperity, enabling social mobility and a move through the housing ladder. Where residents buy their own homes, tenure diversity improves, leading ultimately to more sustainable and popular neighbourhoods.	<p>The City should consider this a priority and work with Registered Providers in designated areas to:</p> <ul style="list-style-type: none"> • introduce specific products to support economically active social renters to buy the home they are living in; • actively sell void properties as they arise, e.g. through use of discounts and shared equity products. <p>The City should also consider the option of delivering social rented housing units on a time limited basis, say 10 years as proposed in the CSR, and then revert the properties to a higher rental market/sale.</p> <p>This will improve financial viability and potentially provide an opportunity for other forms of investment e.g. institutional investment. It will also support the flexible housing ladder approach to tenure diversification within the plans for economic development and prosperity.</p>
Mobile high-skill employees may be more likely to be attracted to existing areas of choice. There is a shortage of the type of housing that high-skilled and professional workers demand in the places they need it (e.g. South Manchester and North Cheshire). This preference is likely to become more rather than less marked in the future.	<p>The City should identify any strategic sites that can be used to create a new high end market which does not support mixed accommodation but creates an exclusive offer of a scale to stand alone.</p> <p>Commuted sums can be required which will support tenure diversification policies in other places.</p>

Key Issues & Justification	Propositions
<p>7. Social Housing</p> <p>Although Manchester has a high proportion of social rented housing (36.1%), nevertheless there remains strong pressure on this sector, particularly in view of the polarising effects of becoming a more metropolitan city. We estimate there is an annual shortfall of 438 affordable homes, particularly in Central and South Manchester, with perhaps 90% or more requiring affordable rented accommodation.</p> <p>Only 5.6% of new homes are for social rent, and the effects of the recession are placing more pressure on this sector. A policy of disposing of social rented stock in order to secure gains in diversity and sustainability in neighbourhoods with high concentrations of social rented stock will exacerbate these pressures.</p> <p>The City has introduced a policy of requiring 20% of new housing to be affordable on all sites of 15 dwellings or more (0.3ha or larger). The emphasis is placed on affordable home ownership with a requirement that 15% of provision should be for affordable home ownership, 5% for social rent. Commuted sums may be required as an alternative to on-site provision of affordable housing.</p> <p>Under-occupancy is running at over 25% across the city. In the social rented sector, under-occupancy is 14.5% and real gains could be made by encouraging people to vacate these homes.</p>	<p>The City should consider additional ways of maintaining an adequate supply of social rented housing by:</p> <ul style="list-style-type: none"> • taking commuted sums in lieu of on-site provision where appropriate; • reducing the threshold to create a required payment on most sites; • using commuted sums to assist social tenants to buy their homes; • reinvesting commuted sums and capital receipts from social housing sales to create replacement social rented homes in areas of particular high demand (Central and South Manchester). <p>The city should widen the offer and advice service available to households looking for housing solutions and ensure that those able to consider a range of options other than social rented are presented with information on the full range of appropriate choices.</p> <p>This will require the city or its partners to play a coordinating role in identifying the options available such as private rented, new build with low cost homeownership products and any other products developed in the future.</p> <p>It is likely to require additional training and support to officers providing advice and information e.g in homeownership options.</p> <p>The city should develop a package of initiatives to encourage people under-occupying homes, particularly social rented homes, in designated areas to move to more suitable accommodation. This might include:</p> <ul style="list-style-type: none"> • opportunity to move into a new, energy efficient home in the area of their choice • dedicated advice and support through the decision making process, including assisted viewing of prospective homes • practical help with clearing, packing, removals, liaising with service suppliers, recycling bulky items, etc • help with moving in, connecting services, domestic appliances, carpets, curtains, fittings, decorations, adaptations, etc • redirecting mail • cash incentive and expenses reimbursed • selling home or guaranteed letting if owner occupied

	<p>Where older people are under-occupying homes, the city should offer a 'vetting' and management service for older people prepared to offer a room for rent to young people, particularly those affected by the increased age of the single room rate. This has a number of benefits: it offers additional good quality accommodation to the city without significant capital investment and enables older people to access additional income, security and support whilst remaining in their homes.</p> <p>The city should partner with a housing association to develop a product for older people that enables older owners the opportunity to access an ethical equity release product on their existing home and move into a new smaller home. The equity released should be used to invest in a long term care package or to pay for on going maintenance and repairs in their new home in the future.</p>
--	---

7. Resources and Delivery Implications

- 7.1 In putting forward a range of propositions for consideration, we have been mindful of how they might be delivered at a time of public funding austerity and limited investment in private housebuilding. We have not undertaken a review of available resources nor of the likely costs of these propositions. That is certainly beyond the scope of this study. Nevertheless, we offer some discussion of potential sources of funding and support as a preliminary step to ensuring these propositions are deliverable. Some of this discussion is built upon our work and the work of others elsewhere.

New Funding Strategies for Hard Times

- 7.2 Since 2007/8 there has been an enormous change in the economic environment in which housing delivery operates. This is not only attributable to the economic downturn but also the cost implications of rising sustainability standards. In its response to the global financial crisis the UK Government initially made funding available to support fiscal stimulus as private sector activity collapsed but this came at a heavy price and the current government has entered into a strict regime of reducing budgets and fiscal austerity. This has brought housing budgets under immense pressure and coupled with the impact of the down turn, the traditional routes to affordable housing delivery have become fragile and in many cases economically unviable.
- 7.3 For the last 2 years the most critical issue facing housing and regeneration practitioners has been developing a new policy and funding response to the downturn. This will remain the case for the next 2-3 years at least and it may be unlikely that the market will return to the conditions which existed prior to 2008. Arguably those conditions were themselves unsustainable and contributed to the housing market crash in mid 2008. As always in a recession the house builders have responded by restricting their activity to the least risk areas and the least constrained sites.
- 7.4 Public subsidy, in particular Kickstart and Homebuy, has helped maintain housing delivery and regeneration momentum on some sites. The next few years will be characterised by far less public funding than hitherto, a restriction of mortgage lending to the most deposit-risk and risk-free customers, and a reticence by housebuilders to invest outside demonstrably strong market areas. The challenge now is to define a new funding response to these conditions which will drive forward improvements in Manchester's housing offer.
- 7.5 We have identified three alternative approaches beyond the usual public funding and cross-subsidisation routes. These are summarised in Appendix G and a more detailed paper is available separately.
- 7.6 **Planning gain and Community Infrastructure Levy.** Section 106 Agreements are already widely used for supplementing the provision of affordable housing. The Community Infrastructure Levy Regulations 2010 can now be used for necessary infrastructure and regeneration costs that are sufficiently important to apply a charge on development to secure additional funding for their provision.
- 7.7 **Tax Increment Financing** is a new approach to local taxation. It involves a local authority raising finance up front, e.g. by selling bonds, against the expectation of higher property tax revenues. Many LAs are considering TIF although it is not currently available to local authorities in the UK.

7.8 **Alternative Models for Delivering Affordable Housing** include:

- Making use of publicly owned land assets in joint ventures and asset-backed vehicles;
- Approaches that make use of new investment products such as JESSICA, deferred interest payments for land, Alternative Affordable Housing Contributions, and Institutional Investment;
- Revenue supported products to assist purchase, such as mortgage guarantees and assisted purchase schemes.
- The potential to use the Governments proposed local authority incentive for new homes built as a retrospective grant/investment on new schemes.

Product Research and Development

7.9 A number of the propositions we have made require further development to establish viability and suitability before they can be turned into practical policies. Once decisions have been made as to which ones are priorities for further development, significant staff resource will be needed to deliver finished products. The key propositions that require further development are:

- To develop the “**Graduate Product**”, further market research is needed to understand graduates requirements, as well as identifying prospective employers to ascertain their potential role in marketing and developing the “graduate friendly” image for Manchester. We believe that the city is in a strong position to work in partnership with the universities and housing providers to develop a graduate housing offer. This will need to be developed within a marketing and management framework that attracts and retains graduates to the City and the proposal would form part of further market research.
- We would also recommend doing further research to substantiate the scale and nature of the “**Excluded Middle Market**” so that products targeted at this market can be accurately designed. Beyond the data we have used in this study, current evidence is relatively anecdotal. While some relaxation of the barriers created by the down turn may occur in the next few years, there is unlikely to be a return to lending on pre June 2007 terms. Regulators have realised the dangers of excessive exposure to the wholesale money markets for long term lending and require a higher provision in deposited funds. Deposit requirements for borrowers will therefore remain high. This presents the Authority with a new priority group who can sustain home ownership but require support to access homeownership and the Authority should consider innovative options to support this group.
- The **private rented product** we propose uses 2-3 year leases for graduates and mobile economically active households. This requires technical work to ensure that it will be within the legal assured shorthold tenancy framework. A number of rent to purchase products are now in use, and work is required to identify and brand one or more versions suitable for Manchester’s needs. There has been an increase recently in the options available for rent to purchase. Introducing a rent to purchase product on a longer or equivalent time frame than the current Rent to Homebuy option (5 years), with options to save for deposits and incentives for doing so, may be attractive to the current private renters and newly forming households. It could also attract in movers. This product would assist potential purchasers to commit to a property and neighbourhood in the current

market without having to purchase. The client group is likely to buy the property outright when they buy, but an equity arrangement could be offered.

- A **cash deposit loan scheme** with the loan being placed as a second charge against the property. This product is now becoming increasingly popular and is generally accepted by lender. The funder (usually a housing association) provides the purchaser with an interest free loan to provide the deposit. This could either be a personal, unsecured loan or a charge on the property and would be repayable at the latest on sale, or after an agreed number of years. It can support economically active households wishing to buy a property who are unable to purchase *solely* for the reason of either not being able to raise full amount of money required for a deposit, or to reduce the price of the mortgage.
- Develop a **design competition** to encourage innovation in the quality, form and diversity of City Centre and Fringe City Centre housing.
- Identifying a partner to take forward the development of a **high quality management company** to target, market and manage private rented homes specifically targeted at the mobile skilled workforce
- Amend planning policy to reduce the threshold to create a required payment on most sites and take **commuted sums in lieu of on-site provision** where appropriate. This would require careful wording within an affordable housing policy where on site provision is the norm particularly to maintain on site provision on suitable sites where developers may be reluctant.
- Develop social rented housing units that can be let on a **time limited basis**, say 10 years, and then revert the properties to a higher rental market/sale.
- Develop a package of initiatives to encourage people **under-occupying homes**, particularly social rented homes, in designated areas to move to more suitable accommodation. There are a number of good working examples in other authorities and this option works particularly well where the replacement home forms part of a new build site.

Partnership Working

- 7.10 This study has identified a number of new approaches to ensuring Manchester's housing offer will fully support the City's economic ambitions. The current housing strategy has moved a long way from the traditional provision, enabling and public protection functions. Our propositions are a further step into market intervention in order to secure particular strategic goals.
- 7.11 In this real world of working with the grain of housing markets, the Council's ability to secure its goals depends as much on market intelligence and good working relationships with housing players as it does in providing public funding. There is therefore a particular premium on continuing to develop partnerships with Registered Providers, housebuilders, estate agents, private landlords and others as these propositions are considered and further developed.

8. Conclusions and Recommendations

- 8.1 This study has reviewed the housing evidence base and consulted key stakeholders and practitioners, and we have drawn a number of conclusions which are set out in Section 5.
- 8.2 In summary, we see Manchester is developing as a metropolitan city that is leading the City Region, and the North West, out of recession. To help provide the right housing offer to support Manchester's economic ambitions, it will be important to:
- Manage achievement of the 60,000 new homes required in the Core Strategy, whilst keeping under review the indicators of economic and housing market progress.
 - Support the development of new housing products to encourage Recent Graduates and the Excluded Middle Market to come to and remain in Manchester.
 - Maintain an adequate supply of family homes in decent neighbourhoods; a total of around 438 additional affordable homes will be required each year, mainly in Central and North Manchester.
 - Use the SRF area profiles we have developed to guide the provision of housing across the city.
- 8.3 To assist you in this, we have developed a number of housing policy options or Propositions, set out in Section 6, and suggested ways and means of helping deliver them in Section 7. This requires further work and consideration by the city but will provide new approaches to meeting needs and demands across Manchester. At a time when funding may be severely limited, these new approaches will be essential and we urge the city to be bold in implementing new products and innovative solutions.
- 8.4 Whilst much of this study has provided a wealth of detail, we also make two overarching recommendations that are in effect first steps in dealing with the study findings:
- Consider commissioning a further Housing Demand Study to provide post recession data to help deliver your housing strategy most effectively;
 - In conjunction with housing partners, consider which propositions to take forward for further development and implementation.

Appendix A: Detailed Data Tables

Data Source for Tables A1 – A12 is 2007 SHMA Survey

Table A1: Households and Households Expecting to Move, by Area

Households	Moving	Total	% of Total
Central Manchester	10,672	42,150	25.3
Manchester City Centre	2,620	8,405	31.2
East Manchester	3,280	17,684	18.5
North Manchester	6,086	39,581	15.4
South Manchester	11,208	55,300	20.3
Wythenshawe SRF	3,802	30,279	12.6
Total	37,668	193,400	19.5

Table A2: Bedroom Requirements of Movers, by Area

Bedrooms	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
1	22.2	28.2	24.6	14.3	24.9	5.1	20.6
2	39.5	50.6	36.2	36.2	39.3	38.2	39.3
3	25.6	14.6	29.8	33.7	23.3	44.6	27.7
4	8.2	3.2	7.3	13.1	8.9	12.0	9.2
5+	4.6	3.5	2.0	2.7	3.6	0.0	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table A3: Expected Tenure of Movers, by Area

Tenure	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
Owner	24.3	51.6	16.2	22.2	39.9	37.0	31.1
Social Rented	41.9	6.1	66.1	62.2	18.4	52.3	38.8
Private Rented	33.7	42.3	17.8	15.6	41.7	10.7	30.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table A4: Property Type Expected by Movers, by Area

Property Type	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
Detached house	7.7	5.2	10.6	11.1	7.6	11.0	8.6
Semi-detached house	24.9	16.6	15.9	28.9	25.8	41.6	26.2
Terraced house	30.3	18.4	40.4	32.0	25.7	23.0	28.5
Detached bungalow	1.0	0.0	0.0	1.6	0.5	4.8	1.2
Semi/terraced bungalow	3.8	1.6	5.1	5.7	0.6	2.5	3.0
Flat, maisonette	32.1	56.0	27.9	20.3	38.2	17.1	31.8
A caravan etc	0.3	2.1	0.0	0.4	1.6	0.0	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table A5: Reasons for Needing to Move, by Area

(NB More than one reason can apply)

Reasons	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
Current home is too small	31.2	21.7	20.2	37.1	22.4	31.2	27.9
To move to a better environment	30.8	15.8	14.8	22.0	18.8	26.2	22.9
To move to a safer area	23.5	7.3	17.7	20.3	15.6	25.1	19.2
To move to cheaper accommodation	15.0	15.7	10.8	13.6	18.1	13.4	15.2
To live closer to employment or other facilities	14.9	15.6	1.4	9.2	18.5	9.2	13.4
To be near family	11.8	3.5	13.0	12.2	12.7	14.5	11.9
Addition to the family	11.7	7.1	9.6	14.6	8.2	20.0	11.5
Unable to manage in current home	8.8	2.8	5.7	10.5	4.3	8.4	7.0
To move to live with partner	8.5	5.8	3.0	2.8	7.0	8.5	6.5
To live independently	7.3	2.0	8.9	6.4	5.6	4.3	6.1
To move closer to shops and services	7.3	2.2	8.0	9.3	3.9	3.5	5.9
Access problems (e.g. steps, stairs)	6.6	1.7	9.8	9.0	2.6	6.3	5.7
Current home is too big	3.7	0.0	2.0	6.9	7.1	6.0	5.1
To be less isolated	4.2	0.0	7.4	6.9	3.7	9.8	5.0
To move into a school catchment area	5.3	3.7	0.0	7.0	3.6	5.9	4.6
To move closer to transport links	5.0	0.9	2.0	4.0	4.3	3.3	3.9
To receive support or care	3.3	0.7	5.5	5.9	3.4	3.8	3.8
Relationship breakdown	3.2	1.7	0.0	4.9	1.1	1.1	2.3
To provide support or care	2.3	0.0	3.7	1.4	2.1	3.2	2.1
To be near my place of worship	1.5	0.7	2.6	4.0	0.8	1.1	1.7
Total	206.0	108.9	145.9	208.0	163.7	204.8	181.6
Total respondents	10,672	2,620	3,281	6,086	11,208	3,802	37,668

Table A6: Types of Households Needing to Move, by Area.

Household Type	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
Single under 60	25.8	41.6	31.4	19.5	30.8	21.3	27.4
Single 60 or over	3.4	0.7	1.8	9.6	5.5	8.4	5.2
Couple only under 60	11.6	29.7	8.4	7.6	17.4	14.4	14.0
Couple one or both over 60	1.4	0.0	2.9	4.7	1.9	4.9	2.4
Families with Children	26.2	2.7	34.5	40.4	17.6	40.2	26.3
Other Families (non-dependent children) & Multiple occupants	31.6	25.4	21.0	18.3	27.0	10.8	24.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table A7: Ethnicity of Movers, by Area

Ethnicity	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
White - British	59.4	67.5	77.7	61.2	71.3	88.8	68.3
White - Irish	3.5	0.9	3.9	1.7	1.7	2.1	2.4
White - Polish	0.7	0.0	0.0	3.3	0.3	1.1	0.9
White - Central or Eastern European	1.5	4.1	0.0	3.5	2.7	0.0	2.1
White - Other	4.5	12.9	0.0	4.3	6.5	1.3	4.9
Mixed - White & Black Caribbean	0.8	0.0	0.0	1.7	0.8	2.4	1.0
Mixed - White & Black African	2.2	0.0	1.6	1.0	1.9	0.0	1.5
Mixed - White & Asian	0.0	0.9	0.0	1.2	0.8	0.0	0.5
Mixed - Other	1.2	1.7	0.0	0.0	0.9	1.2	0.9
Asian or Asian British - Indian	1.9	0.9	0.0	1.6	1.5	0.0	1.3
Asian or Asian British - Pakistani	5.3	0.0	1.7	6.4	4.4	0.0	4.0
Asian or Asian British - Bangladeshi	1.4	0.0	0.0	0.0	0.6	0.0	0.6
Asian or Asian British - Other	2.0	2.4	0.0	2.2	0.9	0.0	1.4
Black or Black British - Caribbean	3.2	2.1	0.0	2.5	2.8	0.0	2.3
Black or Black British - African	8.8	0.0	9.5	4.8	0.7	3.2	4.6
Black or Black British - Other	0.7	0.0	0.0	0.5	0.5	0.0	0.4
Chinese	1.6	4.4	0.0	0.0	0.0	0.0	0.8
Any other ethnic group	1.3	2.4	5.5	4.3	1.4	0.0	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table A9: Existing Stock, by Area

Property Type	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
detached	1504	0	445	1703	2551	1890	8093
semi-detached	8552	64	3736	15336	24419	10363	62470
terraced	21297	57	9656	14007	13700	11158	69875
A flat, maisonette or apartment that is - in a purpose built block	9320	6539	3479	7262	8978	6071	41649
A flat, maisonette or apartment that is - part of a converted or shared house	1209	1162	109	843	5339	650	9312
A flat, maisonette or apartment that is - in a commercial building	184	583	259	235	241	146	1648
A caravan or other mobile or temporary structure	84	0	0	195	72	0	351
Total	42150	8405	17684	39581	55300	30278	193398

Table A10: Moving Households and their Maximum Affordability Threshold (%)

Affordability Threshold	Area						
	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythenshawe	Total
Under £50k	62.5	27.1	69.4	62.3	41.8	53.6	53.6
£50k to under £100k	19.0	22.5	19.7	18.2	26.0	17.8	21.1
£100k to under £150k	8.1	17.7	7.1	8.0	9.9	10.0	9.4
£150k to under £200k	4.2	8.9	1.8	5.5	5.9	8.6	5.5
£200k to under £250k	2.4	8.8	0.0	1.9	5.5	0.0	3.2
£250k to under £300k	1.2	4.5	2.0	1.6	3.4	4.7	2.6
£300k or more	2.7	10.5	0.0	2.5	7.4	5.2	4.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Base	10674	2626	3278	6085	11203	3804	37670

Table A11: Destination of In-Migrants to Manchester by Years of Residency

SRF Area	% by SRF				Number	Stock
	Less than 1 year	1 to 2 years	2 to 5 years	Total	Total In Migrants	
Central Manchester	30%	22%	33%	28%	4,993	22%
City Centre	15%	15%	3%	14%	2,574	4%
East Manchester	3%	8%	11%	5%	985	9%
North Manchester	13%	11%	24%	13%	2,383	20%
South Manchester	27%	35%	24%	29%	5,334	29%
Wythenshawe	11%	9%	5%	10%	1,847	16%
Total	100%	100%	100%	100%	18,116	100%

Table A12: Profile of In Migrants to Manchester (Area %)

Current Tenure	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythen shawe	Total
Owner	18.1	35.7	10.9	30.7	27.8	55.4	28.5
Social Rented	16.9	2.9	49.7	17.8	6.4	21.3	14.2
Private Rented	64.9	61.4	39.4	51.6	65.8	23.3	57.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Property type	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythen shawe	Total
House	61.7	0.0	49.1	61.4	44.6	71.0	48.1
Flat	38.3	100.0	50.9	38.6	55.4	29.0	51.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bedrooms	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythen shawe	Total
1-2 Bedrooms	50.8	88.4	79.5	50.4	58.7	54.7	60.4
3-4 Bedrooms	41.3	1.7	20.5	46.2	35.0	41.3	33.3
5+ Bedrooms	7.9	9.9	0.0	3.4	6.2	4.0	6.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Age Bands HHRP	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythen shawe	Total
16-29	62.7	53.8	25.5	28.2	52.2	38.8	49.3
30-39	18.5	25.1	27.9	39.9	27.9	35.2	27.2
40-49	10.7	9.6	23.4	19.3	10.5	11.0	12.3
50-64	7.3	10.6	18.0	7.2	5.9	10.3	8.2
65-74	0.9	1.0	5.3	3.4	2.4	4.8	2.3
75+	0.0	0.0	0.0	1.9	1.1	0.0	0.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Household Type	Central Manchester	Manchester City Centre	East Manchester	North Manchester	South Manchester	Wythen shawe	Total
Single	22.8	59.3	63.4	39.4	33.0	31.8	36.4
Couples	18.1	27.3	16.1	12.6	33.1	36.0	24.9
Families	14.3	2.9	20.5	33.6	11.0	24.6	15.6
Other	44.8	10.6	0.0	14.4	22.8	7.6	23.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table A13: Composition by Age of Housing Stock

		Age						Grand Total
SRF	type	pre-1919	1919-1944	1945-1964	1965-1974	1975-1981	post-1981	
Central	end terrace	912	244				967	2123
	mid terrace	5833	78	171	76	185	4805	11148
	detached	36	9		1	112	172	330
	semi detached	588	1215			18	128	1949
	not applicable	719					534	1253
Central Total		8088	1546	171	77	315	6606	16803
City Centre	end terrace	285						285
	mid terrace						1448	1448
	not applicable						1140	1140
City Centre Total		285					2588	2873
East	end terrace	1344	167	240	10	98	261	2120
	mid terrace	7454	733	1167			1245	10599
	detached		129	139	6	93	370	737
	semi detached	345	1269	695	215	147	793	3464
	not applicable	83	24				50	157
East Total		9226	2322	2241	231	338	2719	17077
North	end terrace	1496	1250	158			144	3048
	mid terrace	4489	2452	114		266	996	8317
	detached	106	374	216	190		277	1163
	semi detached	392	5600	1029	628	184	583	8416
	not applicable	310	150				143	603
North Total		6793	9826	1517	818	450	2143	21547
South	end terrace	2479	191				1098	3768
	mid terrace	5893	910				1713	8516
	detached	1095	941	142	27		1399	3604
	semi detached	4118	10328	731	162	416	292	16047
	not applicable	4229	144	307	29	1	205	4915
South Total		17814	12514	1180	218	417	4707	36850
Wythenshawe	end terrace	308			300		1045	1653
	mid terrace	8		300	308		899	1515
	detached			705	8		1005	1718
	semi detached	300	908	900	624	300	2010	5042
	not applicable	16			170	117	16	319
Wythenshawe Total		632	908	1905	1410	417	4975	10247
Grand Total		42838	27116	7014	2754	1937	23738	105397

Source: MCC Stock Survey 2007; excludes Ex Council sold under RTB

Table A14: Sectoral Growth 2010-2030

Sector in Manchester	2010	2032	Change	% change
Financial and Business Services	86,100	126,400	40,300	46.8
Education and health	74,000	81,600	7,600	10.2
Distribution, retail & hotels	56,200	66,200	10,000	17.8

Data revised to GMFM 2010

Table A15: Growth of Occupational Classes, 2010-2030

Occupations in Manchester	2009	2030	Change	% change
Corporate Managers	34,500	49,400	14,800	42.9
Business and Public Service Professionals	12,300	19,500	7,100	57.7
Caring Personal Service Occupations	15,400	22,500	7,100	46.0
Science and Technology Professionals	10,500	15,300	4,800	46.0
Customer Service Occupations	5,900	9,200	3,300	55.9

2009 GMFM

Table A16: Gross Earnings in NW by Sector

Average gross earnings in NW	£ (Mean)
Wholesale and retail trade	18,524
Accommodation and food service	12,837
Financial and insurance	28,416
Professional and scientific	30,702
Health and social	21,354
Education	22,589

Table A17: Gross Earnings in NW by Occupational Class

Average gross earnings in NW	£ (Mean)
Manager and senior occupations	40,455
Professional occupations	35,413
Associate professional & technical occupations	26,760
Admin and secretarial occupations	17,109
Skills trades occupations	23,737
Personal service occupations	12,829
Sales and customer service	10,844
Process, plant and machinery occupations	21,816
Elementary occupations	12,336

Appendix B: Methodology

1. Inception.

A steering group was convened to agree the detailed programme, timetable, data sources and contact arrangements for the study.

2. Assessing Evidence of demand.

This included reviewing and summarising the evidence about future housing demand. The evidence came mainly from the following sources:

- ONS and CLG forecasts of population and household growth
- The Greater Manchester SHMA
- The Housing Needs Assessment (HNA) 2007
- Manchester Independent Economic Review
- Greater Manchester forecasting model
- MSP Movers' survey
- House price trends
- ACORN

We also explored in more detail the economic forecasting model to improve the information about household growth arising from economic development. The links between economic development and household growth – and therefore housing demand – are often the most difficult to assess with any confidence and they will be important in establishing overall projections for the preferred levels of housing growth to 2027. The update of GMFM to the latest ONS data is important. Generally, we have taken as read the work underpinning the draft Core Strategy housing provision policies.

The work on demand focused strongly on the various sub-markets, characterised by tenure and by aspirations about the types and prices of housing being sought. We are not able to give a definitive breakdown of demand between sub-markets, not least because there are varying ways these can be defined and it is a fluid situation - there is always a trade-off for individuals between different aspirations. However, we have been able to give sufficient indications to provide a good steer for policy development.

3. Assessing evidence about potential supply.

This task relied on existing data to assemble information about the potential supply of housing, based upon land availability and viability. We looked at the potential forms and types of development on this land, as the main aim of this activity is to identify the potential supply in a way that can be set alongside the pattern of projected housing demand.

The sources of information for this work were:

- SHLAA and viability study
- Planning pipeline
- Housing Information Monitor
- Current housing stock data
- Land Registry data
- Commercial reports and Council information about private rent levels.

4. Prepare Discussion Paper about house provision targets and options and hold Consultation Event.

The paper was drafted to be accessible to a wide audience of interested professionals involved in housing and planning including for discussion internally in the City Council. A meeting with the steering group was held on 13 August 2010 to discuss the draft paper and plan the consultation event.

A workshop was held on 31st August 2010 with developers and other (mainly) external partners including lettings and estate agents, and major private landlords. The workshop was informed by the Discussion Paper and a presentation of key points from this paper, highlighting specific questions, together with discussion groups. A feedback form for the event was provided for people to complete afterwards, and for those who cannot attend, and a web-based questionnaire was available reflecting the questions raised at the event.

5. Prepare update of Housing Needs Assessment

The methodology we used for this element of the commission complies with CLG guidance. The principal scope of the work will be to up-date the information about:

- House prices, rent levels and affordability
- The supply of new affordable housing over the period since the study.
- The supply of relates and re-sales of affordable housing
- The trends in the numbers of households falling into housing need.

We also reviewed certain assumptions in the modelling, such as the time-period for meeting existing housing needs and the affordability thresholds for intermediate products. The output is a standalone report with a revised assessment of housing needs up-dated to 2010. These findings were incorporated into the Main Report.

6. Developing Policy Options

After the event, we followed-up certain points raised in the consultation, including collecting additional evidence, and discussed possible policy responses with the steering group (14 September 2010).

A consultation paper was prepared bringing together the evidence findings, views of stakeholders and possible policy options. This was consulted with mainly internal stakeholders advised by the steering group, including regeneration and estates colleagues, using telephone and face to face meetings. The purpose of this consultation was to consider some of the practical implications and explore issues about the balance of housing types and tenures in each SRF area, and to examine whether current strategies will maximise the overall opportunities for economically active and higher income household to locate in Manchester.

7. Main Report Drafting. An interim report was prepared to inform a discussion with MCC Senior Managers on 5 October 2010. We also met with the project group to discuss a first draft of the final main report on 15th October 2010.

The main report aims to suggest the appropriate size, types and tenures of market housing provision planned through the Core Strategy up to 2027, and to identify this in respect of the Strategic Regeneration Framework areas. It examines the role for niche markets and for specific key areas, such as the City Centre apartment market. It seeks to assess this in the context of a realistic view about the resources likely to be available from the HCA, institutional investors, through joint equity schemes and planning agreements.

8. Final Report and Sign Off.

The final report was agreed by the steering group following clarifications and discussion of final revisions. The study team would like to record their sincere thanks to the steering group for their enthusiasm and assistance throughout this project.

Appendix C: ACORN Classification

Category	Group	Type
<u>Wealthy Achievers</u>	<u>Wealthy Executives</u>	01 - Affluent mature professionals, large houses
		02 - Affluent working families with mortgages
		03 - Villages with wealthy commuters
		04 - Well-off managers, larger houses
	<u>Affluent Greys</u>	05 - Older affluent professionals
		06 - Farming communities
		07 - Old people, detached houses
		08 - Mature couples, smaller detached houses
	<u>Flourishing Families</u>	09 - Larger families, prosperous suburbs
		10 - Well-off working families with mortgages
		11 - Well-off managers, detached houses
		12 - Large families & houses in rural areas
<u>Urban Prosperity</u>	<u>Prosperous Professionals</u>	13 - Well-off professionals, larger houses and converted flats
		14 - Older Professionals in detached houses and apartments
	<u>Educated Urbanites</u>	15 - Affluent urban professionals, flats
		16 - Prosperous young professionals, flats
		17 - Young educated workers, flats
		18 - Multi-ethnic young, converted flats
		19 - Suburban privately renting professionals
	<u>Aspiring Singles</u>	20 - Student flats and cosmopolitan sharers
		21 - Singles & sharers, multi-ethnic areas
		22 - Low income singles, small rented flats
		23 - Student Terraces
<u>Comfortably Off</u>	<u>Starting Out</u>	24 - Young couples, flats and terraces
		25 - White collar singles/sharers, terraces
	<u>Secure Families</u>	26 - Younger white-collar couples with mortgages

		27 - Middle income, home owning areas
		28 - Working families with mortgages
		29 - Mature families in suburban semis
		30 - Established home owning workers
		31 - Home owning Asian family areas
	Settled Suburbia	32 - Retired home owners
		33 - Middle income, older couples
		34 - Lower income people, semis
	Prudent Pensioners	35 - Elderly singles, purpose built flats
		36 - Older people, flats
Moderate Means	Asian Communities	37 - Crowded Asian terraces
		38 - Low income Asian families
	Post Industrial Families	39 - Skilled older family terraces
		40 - Young family workers
	Blue Collar Roots	41 - Skilled workers, semis and terraces
		42 - Home owning, terraces
		43 - Older rented terraces
Hard Pressed		44 - Low income larger families, semis
		45 - Older people, low income, small semis
	Struggling Families	46 - Low income, routine jobs, unemployment
		47 - Low rise terraced estates of poorly-off workers
		48 - Low incomes, high unemployment, single parents
		49 - Large families, many children, poorly educated
	Burdened Singles	50 - Council flats, single elderly people
		51 - Council terraces, unemployment, many singles
		52 - Council flats, single parents, unemployment
	High Rise Hardship	53 - Old people in high rise flats
54 - Singles & single parents, high rise estates		
Inner City Adversity	55 - Multi-ethnic purpose built estates	
	56 - Multi-ethnic, crowded flats	

Appendix D: Feedback from the Consultation Event

Q 1: What mix of homes do you think we should be planning for on new housing developments in the different areas of the city in terms of size, type, density, tenure and affordability, to support anticipated growth in population, growing numbers of (small) households, and a growing economy based around knowledge based jobs?

City Centre – the requirement is principally for 1 – 3 bedroom flats and apartments. There is potential also for specifically designated and designed older persons' accommodation, towards fringes of city centre (these have proved successful in recent developments). There is huge demand for private rented accommodation, including for 2nd and 3rd year students, who have increasingly abandoned traditional “student housing” areas

South Manchester – will continue to be a high demand aspirational area for middle income households, but potential for an “executive” housing offer to rival south Cheshire is unlikely as the area cannot offer the same lifestyle choices and “rural retreat” aspect. The market should continue to build, on a limited scale, a range of housing types for low to high income households.

North Manchester and New East Manchester (NEM) – the existing range of brown field land strategic sites will supply over half of Manchester's housing for the next 15 years. There is an opportunity to create some high quality family accommodation to attract and retain households who would normally consider leaving Manchester. Family builders i.e. young couples who are looking at their longer term housing needs and are considering a larger family home as their next dwelling for a 10-15 year period. There is the potential for a new product such as shared communal gardens for new town house developments. This would help maintain higher densities. Large sites should provide a mix of housing e.g houses 3-5 bedrooms, flats 2-3 bedrooms. Note that there is an existing over-supply of 2 bed terraced accommodation. There is a sizeable Black and Minority Ethnic (BME) community and they require larger sized properties e.g. affordable 3-6 bedrooms. With such a large programme of family house building, investment in schools should continue to match the needs of parents.

Wythenshawe - Limited new build should continue to provide for this market, majority being 3 and 4 bedroom houses and some ‘entry level or first step’ flats.

Tenure changes – increased owner occupation should remain the target for Council, but in present climate may be more about supporting existing level of Owner Occupation. Recession and tightened mortgage finance mean attitudes to tenure are changing, people are being more realistic, and demand for rented housing has increased. Demand for social rented housing is high, but with long waiting lists, this means private rented market is buoyant with rising demand. Future developments likely to have significant private renting. Shared ownership, shared equity, and low cost housing are attractive ways of accessing affordable home ownership, and in current climate is a workable option. Need for clearer and more streamlined product offer

Policy and structural changes – Housing Benefit changes will favour minimum bedroom standards and may lead to rebalancing of households to more appropriate house sizes, freeing up larger homes in social and private rented markets. This could make smaller entry level housing coming onto the market more viable. Downside would be that people are left without space to meet needs e.g. for offices cultural needs, carers etc.

Commuter market – large strategic sites in North Manchester and NEM should be built to stimulate demand from people who commute into central Manchester from further afield (i.e. to reduce commuting distances) – future fuel costs may mean costs of commuting become a critical factor. This would mean that infrastructure, transit, and quality of environment need to be addressed.

Empty properties – social landlords should be given greater freedom to buy up empty properties and bring back into use on less stringent quality or decency standards, and Registered Providers to be given more freedom to provide a private/market rented offer.

Q 2: The City has an outflow of (a) graduates, (b) people on higher incomes, and (c) younger retired people. What does the housing “offer” need to consist of to maximise opportunities to retain existing population and attract new households?

Private/Social Rented – demand studies tend to have inherent bias towards tenure people are already in – this tends to overstate social rented requirement. There are financial and cultural barriers to people moving out of social rented sector, and little chance of getting back once tenancy is surrendered. Could private renting offer encouragement/incentive for people to leave social rented, possibly with a guarantee of return if it doesn’t work out?

Recent graduates – this is the most important group to focus on in terms of economy. How to create neighbourhoods (i.e. not “rough”!) – build outwards from successful places e.g. Hulme, Whalley Range), large scale developments and renewal, re-brand neighbourhoods, quality homes and environments. There is a need to develop and offer a specific product geared to recent graduates’ needs?

Urban living – not just apartments but need to offer more diverse forms e.g. London squares, communal private gardens, high quality environments. Use Asset backed vehicles/Joint Ventures to share risk. Set up more community schools including selective grammar schools.

Existing residents’ aspirations – since most of expected growth will come from expanding families/households of existing residents, there is a need to keep a focus on their housing and not just Knowledge Based Industries (KBIs) and graduates. Ensure there is a supply of affordable 3 bed housing, and a supply of larger homes especially for BME households. Also need to consider the housing offer of neighbouring boroughs, and commuter linkages.

Q 3: Given that the majority of land coming forward for development is in the East and North of the City, but demand remains strong in the South, how will this affect future housing development proposals and what needs to be put in place to assist future development?

North/East Manchester - developer interest in the North and East of the city is very limited in the current market, compared to south Manchester, where they will bid even in the current climate. This will remain the case for the medium to long term.

Making N/E Manchester more competitive Continue the process of 'place making', supporting the creation of the physical and community infrastructure to help create neighbourhoods of choice - likely to become more difficult as very reliant on public funding.

Compete with South Manchester on the basis of location a better product – in terms of size, build quality and price. This could be enabled by the council addressing their minimum density policy, or utilising the significant land holdings they have in these areas to enable developers to spend more on the build quality.

Create and experiment with new housing offers. Sites in South M/cr will probably be developed for a tried and tested products which developers know they will sell. The more difficult market, but cheaper land in North and East provides opportunity to experiment and innovate. Products could include those aimed at recent graduates or institutional investors in the private rented sector.

New residential developments should be of sufficient scale (200/300+ units) to create a critical mass that can substantially change a location.

New developments should look to make the most of the potential benefit provided by linking to the major economic drivers within or next to these areas – replicating how Wythenshawe has used its proximity to the airport to attract a greater mix of housing. These drivers include the City Centre, Central Park, Sportcity and hospitals.

Make the most of and try to expand upon adjacent attractive locations such as the City centre and Prestwich. Focus on continuing to expand the offer in these types of locations and drawing it into North and East Manchester.

In attracting higher income groups it is considered important to utilise and build upon any existing built environment or neighbourhood character. Whilst difficult in extensive parts of East and North Manchester, there are still locations and buildings of character to be exploited. Clarity and certainty on future planning policy will help to encourage developers to take risks in these areas. This would help on a city-regional basis as well as city basis. If it is clear that land will not be released in the more attractive southern parts of the City region, developers are more likely to take the risk on providing units for that market in North and East Manchester.

Learn the lessons from elsewhere in the city (NEM, Hulme, Wythenshawe, etc.). What has been behind the successes and failures in introducing a greater range of house types into these areas?

The Council should look to understand as much as possible about the housing market and in particular existing and potential customers. It is recognised that Manchester probably does more of this than other local authorities. However while developers and RPs often do detailed and ongoing research about their customers, the Council does not have the same level of

understanding about housing consumers' motivations and wishes. A good and ongoing understanding of these motivations and wishes would be extremely useful in helping to develop deliverable policy aspirations. Work could include research, evaluation, consumer profiling and surveys.

South Manchester sites – release more brown-field sites in the south for residential use, support creative and innovative conversion of existing buildings, actively encourage students to move to purpose built accommodation, freeing up more family homes.

Q 4: What new approaches, products or mechanisms are needed to make development sites viable? What products do we need to enable households earning up to the City average income (currently around £25,000) to access home ownership?

Many recent products have been developed to help shift unsold stock – helping to target particular groups and help them achieve their tenure of choice will take a different approach, but maybe not different products.

There is a multiplicity of products at the moment – these can be of-putting and hard to understand – they need to be simplified and streamlined. Shared ownership, a more “traditional” product which has struggled in recent years, still has a part to play.

HomeBuy Direct has been popular with both Developers and buyers – simple and helps reduce prices to manageable levels. Developers also offer their own variants generally over 10 years. At times these compete with RP's products which can cause tension.

There is demand for products delivered by RPs, however these need to be tailored to clients needs and the market. LCHO products may now be supporting a “middle excluded” market rather than lower income households to whom they were aimed.

The Council's home ownership target of 60% by 2015 is now unrealistic – target groups e.g. graduates, FTB's may now be more open to private rental offering more flexibility and mobility. Is here a need for a product aimed at graduates to assist in retention and moves them on from the poorer quality private renting?

A rent to purchase product is essential, using intermediate or market rent, enabling “try before you buy” and opportunity to save for a deposit. This needs to be managed by an RP or (ethical) private management company who will also provide good advice about the buying process.

The local authority may have a role in providing mortgages/guarantees, but may be too risky and they can support purchase in other ways.

There is a need for a good quality private rented offer in terms of location, condition, and standards of management. This could be a “branded” offer across the city of properties that meet a specified standard – and could possibly as a result achieve a premium rental. Recognition that market wider than City boundaries and more than just apartments.

The needs of “up-sizers” (moving to larger homes as families grow) and (“down-sizers” (older households needing smaller homes) need to be considered in terms of the offer.

Q 5: How will proposed changes to government policy impact on the economy and what will this mean for housing development? What can the City Council do to promote development in the light of proposed changes?

Impact of other Growth Areas/Regions – plans by some other areas (e.g. Leeds) to decrease new homes targets could be an opportunity for Manchester. The impact of policies being pursued by neighbouring Boroughs needs to be considered.

Impact of regeneration – subsidy was initially needed to “kick-start” N and E Manchester in order to create interest from Developers, however, reducing the “tax” burden on new homes (i.e. through S106, Code for Sustainable Homes, Design for Access etc) could reduce need for subsidy – and do all standards need to apply to all homes in a new development?

Impact of Metrolink expansion – this may open up the city to more commuting in from further afield, and may weaken the link to the City’s housing offer. It may stimulate localised housing markets around new stations and “unlock” some new neighbourhoods, may improve viability of some sites and will provide new jobs directly.

Impact of immigration policies – there are still lots of plans in the pipeline for purpose built student housing, and City Centre is now 10% students. A decline in student numbers coming to the UK could be a big challenge, however Manchester University’s reputation may still mean it is able to compete effectively to fill places.

Role of housing offer in retaining graduates – it is more about jobs/employment than the housing offer, and other factors e.g. “lifestyle” offer also influence locational choices. There is a need for a more affordable offer for graduates.

Impact of down-turn/recession – this may not yet have been fully felt as Manchester has still benefitted from large programmes e.g. Kick-Start and BSF. Manchester’s economy is also not now so reliant on manufacturing and is more resilient. There is a need to consider additional bedrooms in homes to assist with home working/self employment

Impact of changes in tenure – there may be limited interest from institutional investors who look for large portfolios and good rental yields, but there is still lots of scope for intermediate products and Low Cost Home Ownership products via RPs and house-builders.

Plenary Session: What is the most appropriate focus for housing development in each of the SRF areas?

City Centre and “Fringe”

- 2 bed apartments, and homes for “down-sizers” and “empty-nesters”, who may need spare rooms, so a mix of 3 bed and over is needed
- More private open space – larger balconies, communal private gardens, garden flats, roof gardens.
- “Niche” market for shared ownership/equity and low cost market sale

North Manchester SRF

- Expand the city centre outwards (land available) and city centre fringe style housing.
- Use large strategic sites to create whole new communities, and re-provide poor housing lost through HMR interventions. Family housing.
- Neighbourhood based approach to housing offer and focus on schools and transport; challenging established reputation and re-brand the areas.
- Improve the quality and mix of existing terraced stock (rented and owner occupied) including greening/retrofitting.
- Improve the mix and quality of social housing estates including poor lay-out.
- Consider how strategic sites fit with existing neighbourhoods and support their regeneration.

New East Manchester

- Continue to encourage owner-occupation and improve management of flats (all tenures).
- Reduce over-supply of 2 bed terrace homes and introduce more quality 3 and 4 bed homes. Pilot new models of quality high density urban living.
- Make the area attractive to students and graduates.
- Continue the focus on place-shaping – skills, education, transport.

Central Manchester SRF

- Provide larger 4 bed family homes and city centre fringe type of housing.
- Develop a proposed student village and an offer to retain graduates.
- Provide flats for “downsizers” and robust Private Rented Sector (PRS).

South Manchester SRF

- Make the area more sustainable by developing lower cost options for younger people.
- Encourage students to locate to purpose built accommodation, refurbish freed up family houses and Houses in Multiple Occupation (HMOs)

Wythenshawe SRF

- Stimulate the PRS.
- Build bigger 4/5 bed homes, mainly family housing.
- Encourage extensions and conversions.
- Continue to vary the housing mix.

Appendix E: Demand for Housing by SRF Area

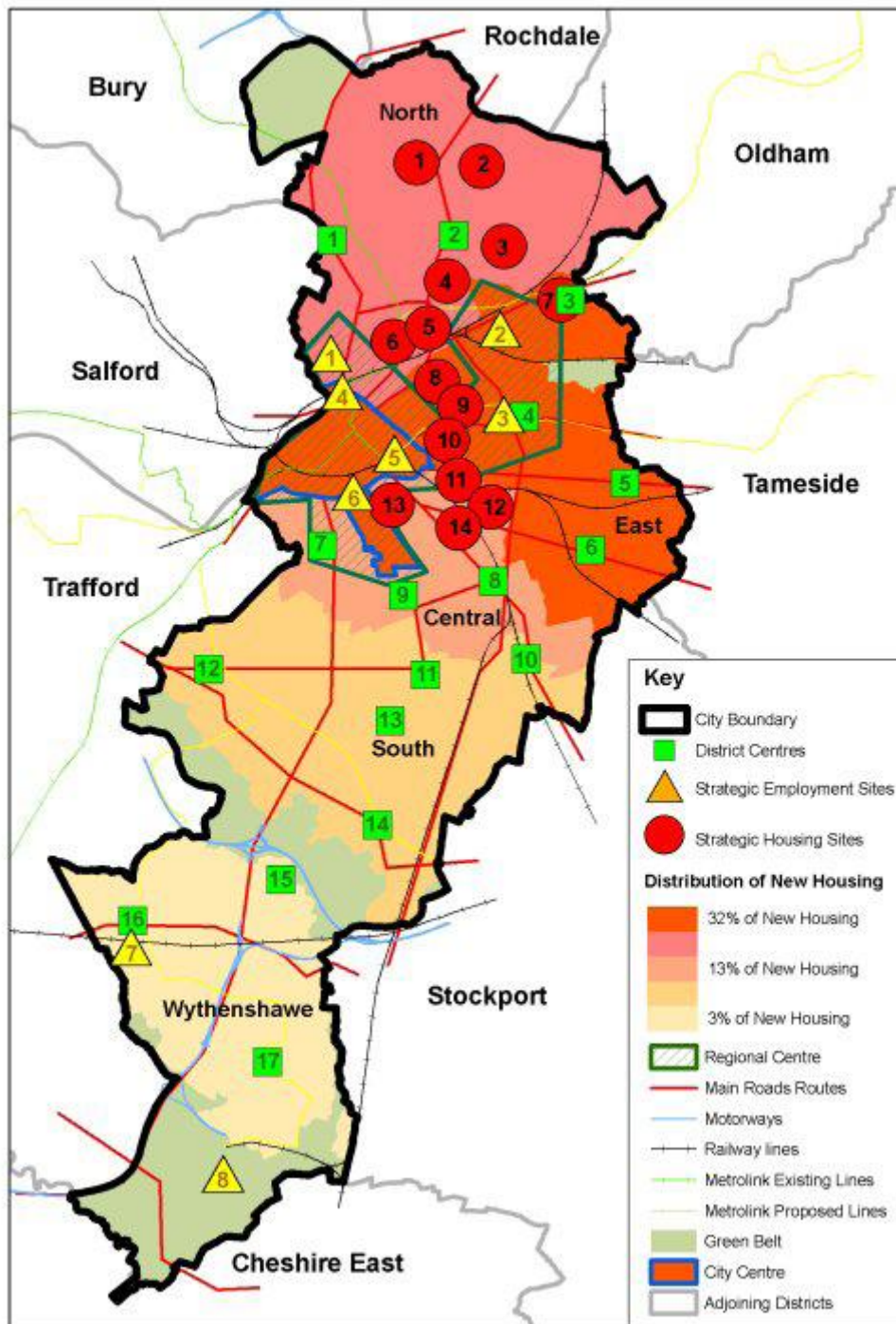
We have used the results of data analysis together with stakeholder and practitioner views to suggest a provisional profile for new housing in each Strategic Regeneration Framework Area. The draft Core Strategy Key Diagram map is reproduced at Appendix F.

Current Housing Offer	Demand Profile	The Future
Central Manchester		
<p>No. of h'holds: 42,000;</p> <p>35% owners, 41% social rent, 24% private rent.</p> <p>74% houses, 26% flats;</p> <p>50% 1-2 beds; 47% 3-4 beds</p> <p>Median house price £100,000</p> <p>559 new homes built p.a. (3 yr av) - 82% flats, 7% social.</p>	<p>25% of h'holds expect to move in 2 years.</p> <p>Of movers, 33% want to leave Mcr, 24% want to own, 32% want flats, 38% want 3+ beds.</p> <p>19% can afford median priced homes here;</p> <p>There is a shortage of homes for owner occupation, and of detached houses.</p>	<p>Draft Core Strategy provides for 13% of new homes here, with Strategic Housing sites at Brunswick and Coverdale (750 homes).</p> <p>Demand profile indicates need for a balance of flats and family homes, including larger detached homes.</p> <p>Possibilities for City Centre Fringe type housing and student village.</p> <p>Important for Recent Graduates and Excluded Middle Market propositions, and tenure diversification in social rented estates will be important.</p>
City Centre		
<p>No. of h'holds: 8,400;</p> <p>47% owners, 7% social rent, 46% private rent.</p> <p>1% houses, 99% flats;</p> <p>42% 1 beds; 49% 2 beds; 5% 3-4 beds</p> <p>Median house price £143,000</p> <p>386 new homes built p.a. (3 yr av) - 100% flats, 2% social.</p>	<p>31% of h'holds expect to move in 2 years.</p> <p>Of movers, 46% want to leave Mcr, 52% want to own, 58% want flats, 21% want 3+ beds.</p> <p>35% can afford median priced homes here;</p> <p>There is a shortage of 3+ bed homes, and of houses.</p>	<p>Draft Core Strategy provides for 28% of new homes here.</p> <p>Demand profile indicates need for a range of flats.</p> <p>Important to attract Recent Graduates to locate here, and encourage a more diverse range of householders, including younger retired and high net worth individuals, with up-market and larger homes with private/communal open space.</p>

Current Housing Offer	Demand Profile	The Future
New East Manchester		
<p>No. of h'holds: 18,000;</p> <p>27% owners, 61% social rent, 12% private rent.</p> <p>78% houses, 22% flats;</p> <p>51% 1-2 beds; 47% 3-4 beds</p> <p>Median house price £95,000</p> <p>815 new homes built p.a. (3 yr av) - 68% flats, 7% social.</p>	<p>19% of h'holds expect to move in 2 years.</p> <p>Of movers, 32% want to leave Mcr, 16% want to own, 28% want flats, 39% want 3+ beds.</p> <p>17% can afford median priced homes here;</p> <p>There are significant over-supplies of private rented accommodation, 1 bed homes, terraced houses and flats.</p>	<p>Draft Core Strategy provides for 32% of new homes here, with 6 Strategic Housing sites (9,730 homes).</p> <p>Demand profile indicates need for family homes, including larger detached homes, as well as continuing measures to deal with oversupply of terraced houses.</p> <p>Possibilities for City Centre Fringe type housing.</p> <p>Important to support the Recent Graduates and Excluded Middle Market offers here, and tenure diversification in social rented estates will be important..</p>
North Manchester		
<p>No. of h'holds: 40,000;</p> <p>48% owners, 38% social rent, 15% private rent.</p> <p>78% houses, 22% flats;</p> <p>43% 1-2 beds; 56% 3-4 beds</p> <p>Median house price £95,000</p> <p>558 new homes built p.a. (3 yr av) - 68% flats, 3% social.</p>	<p>15% of h'holds expect to move in 2 years.</p> <p>Of movers, 28% want to leave Mcr, 22% want to own, 21% want flats, 50% want 3+ beds.</p> <p>21% can afford median priced homes here;</p> <p>There is a shortage of detached homes.</p>	<p>Draft Core Strategy provides for 19% of new homes here, with 6 Strategic Housing sites (5,188 homes).</p> <p>Demand profile indicates need for a balance of family homes, including larger detached homes.</p> <p>Possibilities for City Centre Fringe type housing, as well as products to assist Recent Graduates and the Excluded Middle Market in for example the Lower Irk Valley.</p> <p>Place Shaping and a neighbourhood based approach to the housing offer are important.</p>

Current Housing Offer	Demand Profile	The Future
South Manchester		
<p>No. of h'holds: 55,000;</p> <p>56% owners, 21% social rent, 23% private rent.</p> <p>74% houses, 27% flats;</p> <p>33% 1-2 beds; 60% 3-4 beds</p> <p>Median house price £167,000</p> <p>350 new homes p.a. (3 yr av) - 69% flats, 10% social.</p>	<p>20% of h'holds expect to move in 2 years.</p> <p>Of movers, 37% want to leave Mcr, 40% want to own, 40% want flats, 36% want 3+ beds.</p> <p>20% can afford median priced homes here;</p> <p>There is a shortage of detached homes.</p>	<p>Draft Core Strategy provides for just 5% of new homes here because of limited site availability. However, some significant development opportunities may occur, e.g. due to relocation of MMU.</p> <p>Demand profile indicates need for a balance of family homes, particularly for owner-occupation, including larger detached homes. Deconversions of former student housing may be important.</p> <p>Important to develop lower cost options for the Excluded Middle Market, and there is a need for additional social rented accommodation in this SRF area.</p>
Wythenshawe		
<p>No. of h'holds: 30,000;</p> <p>45% owners, 49% social rent, 6% private rent.</p> <p>77% houses, 23% flats;</p> <p>36% 1-2 beds; 63% 3-4 beds</p> <p>Median house price £114,000</p> <p>236 new homes built p.a. (3 yr av) - 56% flats, 5% social.</p>	<p>13% of h'holds expect to move in 2 years.</p> <p>Of movers, 39% want to leave Mcr, 37% want to own, 17% want flats, 57% want 3+ beds.</p> <p>26% can afford median priced homes here;</p> <p>There is a shortage of detached homes, and an oversupply of terraced houses and flats.</p>	<p>Draft Core Strategy provides for just 3% of new homes here.</p> <p>Demand profile indicates need for a balance of family homes, particularly larger detached homes.</p> <p>Important to develop lower cost options for the Excluded Middle Market, and tenure diversification in social rented estates will be important.</p>

Appendix F: Draft Core Strategy Key Diagram



Appendix G: New Funding Strategies for Hard Times

This appendix summarises three alternative approaches beyond the usual public funding and cross-subsidisation routes for securing funding for delivering housing strategies. A more detailed paper is available separately.

Planning Obligations

The planning system can be used to capture value from private sector land (development) and then channel that private value into the provision of affordable housing, the development of brownfield regeneration sites or improvements to the social, environmental or physical infrastructure of those areas. The most obvious methods of capturing value in this way are either planning obligations (Section 106 Agreements) or the Community Infrastructure Levy (CIL).

Section 106 Agreements are already in use for supplementing the provision of affordable housing. Our proposition is to extend this to a range of smaller sites and to require commuted sums where it is not appropriate to provide affordable housing directly on- or off-site. This can be introduced by means of the usual planning policy mechanisms, and its success will to a large extent depend on the viability of housing sites.

The Homes and Community Agency's Good Practice Note on "Investment and Planning Obligations" published in August 2009 provided useful guidance on how affordable housing and other planning gain should be secured in the current difficult economic climate. The note encourages a flexible approach to the consideration of viability issues and the preparation of Section 106 Agreements and in considering future delivery these models should not be ignored but may require refining and increased flexibility.

The guidance supports the re-negotiation of existing Section 106 Agreements and encourages flexibility on the nature and timing of contributions. It says that Local Planning Authorities need to weigh up whether the development is of sufficiently high priority to warrant re-negotiation of planning obligations to restore viability and allow delivery, and says there may be some flexibility to alter the terms of planning obligations provided that the integrity of the permission is not thereby called into question in the light of local policies.

The **Community Infrastructure Levy** Regulations 2010 have made it unlawful to secure any obligation from a development unless it is:

- Necessary – i.e. permission must be refused without it
- Directly related to the development i.e. a clear nexus
- Related in scale and kind to the development applied for.

In effect the Government has prevented LAs securing any obligations unless they are necessary to offset impacts from the development. The Community Infrastructure Levy (or its replacement) will therefore be the mechanism by which funding for necessary wider infrastructure can be secured from developers. The process for setting a local CIL would be to:

- Determine scale of social, environmental and physical infrastructure required (Infrastructure Study);
- Determine the infrastructure costs and phasing;
- Identify and compare the options for the spatial strategy and the scale of development envisaged;
- Viability testing and alignment testing of the spatial options against infrastructure costs;
- Arrive at a preferred spatial and infrastructure strategy;
- Set infrastructure charges for new development:
 - by location?
 - by floor space?
 - by units?
- Apply the charges to all developments coming forward.

Setting and applying CIL is not compulsory and Manchester would need to decide whether the infrastructure and regeneration needs are such that it is important to apply a charge on development to secure additional funding for their provision. The levy will need to be passed to the landowner to ensure developers and housebuilders can continue operating viably. The publication of the charge will clearly make this process easier by providing clarity to landowners on the scale of infrastructure charges required to be borne by the land value. Nevertheless the potential advantages and disadvantages of CIL need to be carefully considered before coming to a judgement.

Tax Increment Financing

Tax Increment Financing (TIF) involves a local authority raising finance up front against the expectation of higher property tax revenues. TIF is not currently available to local authorities in the UK as parliamentary changes are required; however, the coalition government has indicated that it may do so. Many LAs in England are considering TIF. In Scotland schemes are already well advanced in Edinburgh, Ravenscraig and Glasgow.

The LA raises the required capital by selling bonds into the market, to funding institutions or the Government. The LA then relies upon there being sufficient increased property tax revenues to pay the dividend on the bond, and sufficient assets to cover the repayment of bonds at the end of the term. The credit rating of the bond-issuing authority (usually strong in the case of Local Authorities) is clearly an important factor.

The potential attractions of TIF in Manchester would be:

- It enables the infrastructure to precede the housing.
- It recovers the cost of the up-front investment from the asset (i.e. the housing) which itself generates the main need for the infrastructure in the first place. The value of the housing is also enhanced by the infrastructure being in place.

- It provides an incentive for local authorities to work closely with developers to deliver additional housing and more aspirational communities because the LA will see direct financial benefit through enhanced infrastructure funding.
- It could help provide a local focus for communities, LA, RSL's, developers and infrastructure providers to work positively towards a new partnership which levers new funds into regeneration areas.
- It fits squarely with the Government's localism agenda by enabling LAs to play a greater role in shaping their own regeneration funding strategies, building on the current success in preparing Local Investment Plans.

A major drawback of TIFs is that the additional local borrowing would count against the net public sector debt. Given current fiscal restraints this is clearly a major obstacle unless it is crystal clear that the risks are low and manageable. Nevertheless, there may be merit in further research and liaison with the HCA and the Government on the feasibility of a TIF in Manchester.

Alternative Models for Delivering Affordable Housing

New models of funding and delivery will be needed for Manchester to successfully deliver sufficient new affordable homes into the future. Manchester, like many other LAs works closely with funders, developers and others to create new funding sources and delivery models but more needs to be done. Imaginative solutions are needed to bring more money into the system and to reduce cost. Authorities will have to be prepared to think radically, to form effective partnerships and to maximise the efficiency of funding and development.

We have compiled a compendium of case studies to illustrate new mechanisms and approaches which have either been recently used in providing affordable housing, or are under current development within the sector. A more detailed paper is available separately. In this section we summarise some of the key mechanisms. It should be noted that these cover a whole spectrum of homes that may or may not satisfy the PPS3 definition of "affordable housing".

The mechanisms can be categorised into three types:

- Approaches making use of land assets in joint ventures and asset-backed vehicles
- Approaches that make use of new or particular products, investments and other funding
- Revenue supported products to assist purchase.

Asset Backed Models

Increasingly local authorities are offering publicly owned land to support affordable housing delivery. This may be at reduced costs or offered for free. It may be on a site by site basis or through a partnership approach with other stakeholders. Generally, in these models, the Local Authority offers its investment into these partnerships 'in kind' using its land assets and rather than gifting the land it will receive a return from its investment. These delivery vehicles are known by different names but commonly called

- **Special Purpose Vehicles** (usually having less risk and return for the Authority),
- **Joint Ventures** (where risks, control and return are increased for the Authority).

The partnership holds land and funding on an agreed split to enable development and returns are generally over a longer time frame e.g. 20-30 years. The partnership oversees development through contracts with developers and Registered Providers; it undertakes a strategic role, such as land assembly and recycling of funding. In this way it is not a delivery agent, and can limit development risk, which is taken by the developer/Registered Provider. Usually there is no upfront land payment or equity contribution from the developer or Registered Provider but they guarantee future payments to the partnership/ delivery vehicle.

New and more complex structures are now being developed where a parent organisation is established as a **Limited Liability Partnership** and invests funding and land. The partners in the parent are usually the local authority and investors, more commonly institutional investors. Subsidiary joint ventures are then developed for individual strategic sites. It is within the subsidiary joint ventures that developers and Registered Providers are involved. These structures offer scalability and control for the authority and enable strategic sites to be brought together under one structure. These ventures tend to be designed to invest over a 0-30 year period.

There are more complex structures such as **Local Asset Backed Vehicles** (LABVs) which are a form of public and private sector partnership that allow public sector bodies to use their assets (usually land and buildings) to attract long-term investment from the private sector in order to deliver socio-economic development and regeneration in communities, this may be far wider than housing outcomes. The public sector is not selling "the family silver", it is creating a development portfolio of assets which is fit for purpose and ensuring that it receives maximum financial, regeneration, and economic returns from any disposal or revenue income.

A **Community Land Trust** (CLT) is a mechanism for the long term ownership of land by the local community. Land is taken out of the market and separated from its productive use so that the impact of land appreciation is removed, therefore enabling long-term affordable and sustainable local development. The value of public investment, philanthropic gifts, charitable endowments, legacies or development gain is thus captured in perpetuity, underpinning the sustainable development of a defined locality or community.

New Investment Products

The **Public Land Initiative** has been launched by the Homes and Communities agency and is designed to pilot an alternative procurement methodology in the housing market using land in public ownership. Rather than selling land outright to these developers, public landowners take 'deferred payment'. The HCA's public land initiative demonstrates how public bodies may be able to dispose of land at no or low cost in return for an eventual share in the value of the final development through an agreement based upon a joint venture model. The completed homes will then be transferred to Registered Providers of social housing, to Private Rental Sector Initiative partners, or sold on the open market to individuals.

A major new source of funding is anticipated to be **Institutional Investment**, and Manchester City Council is in partnership with Redrow Homes to develop housing equity investment funds. This is intended to offer an innovative opportunity to bring in finance to sustain development in the city during the housing market downturn, and provide good quality rented homes to help meet housing demand. The fund will build agreed developments or acquire units in completed schemes at agreed prices. The scheme is unlikely to work for affordable housing given the return on social rented homes, but intermediate markets may be viable.

The Council usual affordable housing requirement is for 35% affordable homes under S106 Agreements but in the current economic climate this requirement made the scheme unviable. The Council has now negotiated for the developer to retain 26% of the 155 homes at an intermediate rent for 21 years.

Flexible approaches to **Alternative Affordable Housing Contributions** as part of Section 106 agreements are becoming more common. For example, Birmingham City Council is allowing a property investor to make affordable housing contributions in the form of private rented homes rented out at discounted rates, for up to 21 years. After this, they can be returned to the private market. It may be possible to involve institutional investment funding into social rent if it has a finite shelf life. To date no models exist without public funding but there are a number in development.

There appears to be a growing trend (in an attempt to combat the current economic climate) in **deferred interest payments** for land. Payment is made at the back end of the development programme in order to optimise cash flow, reduce borrowing requirements of developers and enhance scheme viability. It may be particularly applicable in the context of sites that are in the Council's ownership, where they are prepared to take a deferred receipt.

The Joint European Support for Sustainable Investment in City Areas (**JESSICA**) fund is a new financial instrument created by the European Commission in conjunction with the European Investment Bank. Under this instrument, the £100 million "Northwest Urban Investment Fund" (NWUIF) has been set up to help support urban development projects in England's Northwest. The Fund will provide debt, equity and guarantee investment to support projects that will unlock sustainable development projects in urban areas, and forms part of the Manchester City Council institutional investment model.

The HCA is exploring ways of using **HCA funding as investment**. The grant would be in the form of a loan which would be repaid or almost repaid at say year 20 following a extended period of development with significantly reduced grant levels.

Mortgage Guarantee and Assisted Purchase Schemes

Under the **Local Authority Mortgage Guarantee Scheme** (LAMGS), each Local Authority will be able to specify the qualifying characteristics for those who should qualify for a mortgage under the LAMG scheme. The criteria should be driven by the Council's housing needs survey and the housing strategy. The potential buyer will obtain a 95% mortgage on a new build home on the same terms as a 75% mortgage, but without the need to provide the substantial deposit usually required.

South Yorkshire Housing Association (SYHA) has established its own mortgage guarantee scheme with the Mansfield Building Society. By guaranteeing to repay

mortgages in default for up to 5 years, the Mansfield Building Society has agreed to make up to £2m available to purchasers of SYHA properties who purchase up to 60% of the property. Buyers can borrow up to 100% of the amount to cover their share of the purchase price without requiring a deposit.

A number of **Purchase Models** have been developed by individual Registered Providers, for example:

- Derwentside Homes has created a subsidiary to purchase properties off the open market and allocated £18M to buy around 200 houses. These will be targeted at income level households that cannot afford a mortgage (in the current climate) and are being forced into rent.
- London and Quadrant Up2U scheme will be available to those with an annual income of less than £72,000. As tenants, they will pay rent at just 80% of the market value and should they choose to buy the amount of rent they have paid will be deducted from the total cost of the property.
- Hackney First step (HFS) offered an equity loan of up to 30% of the open market value for a New Build HomeBuy home purchased through an Registered Provider.
- The Golden Triangle Partnership Homebuy Plus Scheme (Harrogate, York and Leeds Councils) provides equity loans to eligible people of up to 45% for purchase of new-build or existing homes. No rental payment is charged on the equity loan.