

Manchester City Council
Assessment of the Need for Shared Housing
in Manchester

November 2011



MANCHESTER
CITY COUNCIL

ASSESSMENT OF THE NEED FOR SHARED HOUSING IN MANCHESTER

Purpose of this paper

1. A Strategic Housing Market Assessment (CD14.5) was carried out for Greater Manchester in 2008, and a Housing Demand Study (CD14.9) in 2010. Neither of these documents makes a specific assessment of the need for shared housing, therefore this paper has been produced to set out how need for this type of accommodation will change over the plan period, and whether policies proposed in the Core Strategy have the potential to prevent changes in demand being met.

Current Demand for Shared Accommodation

2. Demand for shared accommodation emerges from the following groups.
 - *Students* - There are in the region of 95,000 students attending higher education establishments in Manchester and the wider Regional Centre. The majority of students attending the University of Manchester, Manchester Metropolitan University and the Royal Northern College of Music live in Manchester. A small proportion of students who attend Salford University live within Manchester. Shared accommodation is required for those students living in Manchester who do not live at home (therefore excluding students who stay at home after school or mature students who establish a new family home whilst continuing studies.)
 - *Other sharers, including local housing allowance claimants (non-students)* - From the data sources available to the Council it is not possible to accurately assess how many other people may need or would prefer to live in shared accommodation (such as young professionals who have recently graduated). The 2001 census suggests that approximately 12,500 households in 2011 could require shared housing (assuming the same proportion of 2011 households as in 2001). This group will include a proportion of the 5,500 local housing allowance claimants within Manchester who receive the shared housing rate of support and may live in shared housing within the private sector. The need for shared accommodation for non-students would be concentrated amongst people under 35 years old: this is the age group most likely to choose to house-share as it provides affordable access to renting in the private sector for people who are students or have just started working. This age group may not currently be able to afford to rent on their own or to become owner occupiers due to the difficulties associated with obtaining a mortgage and high house prices.

Current Supply of Shared Accommodation

3. The supply of shared accommodation also comes from a variety of sources. Student halls and other purpose built student accommodation cater specifically for students. Shared houses are a further significant supply of shared accommodation. This type of housing includes:
 - Houses in Multiple Occupation that fall under the C4 use class
 - Sui generis Houses in Multiple Occupation
 - 2-person shared households
 - Shared housing that falls under the C3 use class, including those managed by a Registered Provider or owned by an occupant with 2 renting tenants.
4. The City has a wide range of accommodation that falls within these categories. Student house-shares are concentrated in South Manchester along the Wilmslow Road corridor. Around a third of students at the two Manchester universities live in purpose built student accommodation owned by either of the two Universities or by a private sector provider. The City centre is the focus of 2-bedroom accommodation, although 2-bed options are available across the City.
5. There is evidence of demand shifting somewhat within the shared housing stock. Consultation carried out with stakeholders during the Strategic Housing Market Assessment (CD 14.5) preparation process found that whilst demand for student accommodation three years ago was still focused on the HMO market, over recent years there has been significant growth in demand for new private sector accommodation. It was considered that this was being driven by higher expectations regarding the quality of the product alongside a desire for more central locations (page 176 in the Strategic Housing Market Assessment). The University of Manchester has also reported that there is latent demand from second and third year students living in HMOs who would rather have stayed on in halls. Evidence suggests that demand is moving towards two bed accommodation, particularly in the City Centre and its fringes where private rented sector growth over the last decade has been greatest. Analysis of letting times for privately rented properties shows that in the City Centre properties are successfully re-let within six weeks on average, whereas the average in Fallowfield and Old Moat is twelve and thirteen weeks respectively (information from Manchester Salford Pathfinder, 2010). This demonstrates that demand is higher for the City Centre product, typically one and two bedroom flats, than the larger HMO lets in the Fallowfield area.
6. There is no evidence that suggests that the provision of shared accommodation across the City does not currently meet the existing demand. The remaining issue is whether the prospects of meeting the likely change in demand for shared accommodation in Manchester over the Core Strategy period are adversely affected by proposed policies (in particular H11 and H12).

Changing Demand for Shared Accommodation 2012-2027

- *Students* – The Council does not anticipate a significant increase in the demand for shared accommodation from students across the City up to 2027. Whilst there has been significant growth in student numbers over the past decade, this growth is forecast at a much slower rate over the next four to five years. The introduction of increased student fees and the restriction in the numbers of foreign students are factors which further limit the potential for growth in student numbers.
- *Local Housing Claimants and Other Sharers* – Need for shared accommodation from people claiming Local Housing Allowance will increase from 2012, when people will be restricted to claiming the 'shared room rate' until they are 35, rather than until 25 as at present. This will mean that claimants aged 25-34 are likely to need a room in shared accommodation as they will be less likely to be able to afford to rent alone on the lower shared room rate. There are currently 2,000 claimants in the private rented sector in Manchester aged 25-34 in single person households, who would therefore potentially need to move into an HMO following this change. The demand for shared housing is also likely to increase in response to the challenges in the housing market at the moment. However, The Greater Manchester Forecasting Model 2011 forecasts that the number of 20-34 year olds in the City (CD 14.17) will fall from 2012 onwards, therefore the increase in need from benefit claimants and other sharers will be mitigated by the decrease in the population in this key age group. The overall increase in demand is therefore unlikely to be significant.

Changing Supply of Shared Housing 2012-2027

7. The number of bedspaces in purpose built student accommodation schemes with extant planning permission exceeds the forecast growth in student numbers from the University of Manchester, Manchester Metropolitan University and Salford University. The extra spaces in purpose built accommodation will also be able to accommodate second and third year students who would prefer to continue living in halls rather than move into a HMO, potentially increasing the stock of shared housing available to non-student sharers. Policy H12 reflects the Council's approach to managing purpose-built student accommodation. The policy will therefore support the on-going development of appropriate student accommodation.
8. The remaining need will be accommodated in smaller shared accommodation (two-bed accommodation) across the City and in additional HMOs which will be able to come forward over the plan period (to 2027) in areas where concentrations of shared housing are lower than 10%.
9. Two-person households are not affected by Policy H11, and will continue to come forward throughout the plan period as the Strategic Housing Land Availability Assessment (CD 14.10) identifies capacity for around 16,000 residential units in the city centre, a significant proportion of which will be two bedroom flats. Two-bedroom accommodation will additionally provide

an element of the housing capacity to 2027 elsewhere in the City. Whilst rents for two bedroom properties in Manchester have remained stable the number of properties available to rent fell by nearly half between October 2009 and 2010, demonstrating the increasing demand for this type of accommodation.

10. Ten wards¹ in Manchester have areas with high concentrations of shared housing known about by the Council - properties which are exempt from paying council tax because they are entirely occupied by full time students and HMOs which are licensed by the Council. Therefore, under Core Strategy Policy H11 planning applications for Class C4 or 'sui generis' HMOs would be unlikely to receive planning permission in large parts of these wards. (An explanation of the types of use which would fall within these use classes is given in Appendix 1.) The remaining 22 wards contain 70% of the properties in Manchester at present, and the majority of new residential development over the plan period will come forward in these areas. The intention of Policy H11 is to prevent new HMO provision in areas where there are unsustainable concentrations of this type of use; it will not prevent additional HMOs in areas of low concentration, which includes the majority of the City.

Conclusion

11. There is no evidence which shows that current need for HMO accommodation in Manchester is not being met. As set out above, the Council considers that need for shared accommodation in HMOs is unlikely to increase materially over the Core Strategy plan period based on forecasts of student number and demographics. Increase in demand due to difficulties with accessing owner occupation is likely to be mitigated by decreasing numbers of people aged 19-34 over the plan period.
12. The approach set out in H11 has been developed following numerous consultations as part of the preparation processes for both the Core Strategy and the South Manchester Strategic Regeneration Framework. It has been supported by residents in the areas affected by high concentrations of HMOs and elected members in these areas have actively represented the views of residents. The policy has also been tested at appeal earlier this year, where the Inspector gave weight to the 10% threshold approach set out in the draft Core Strategy Policy H11 due to it being "based on recent local assessments and a substantiated evidence base" (see CD 14.15, paragraph 10). The appeal decision also recognises that the policy has been through a series of consultations.

¹ Fallowfield, Old Moat, Withington, Levenshulme, Longsight, City Centre, Rusholme, Hulme, Ardwick and Moss Side

Appendix 1

Small Houses in Multiple Occupation (between three and six people sharing) fall within the C4 Use Class. Since October 2010 permitted development rights have allowed for a change of use from a Class C3 dwellinghouse to a Class C4 house HMO without planning permission being required, across England.

Local planning authorities have the option to make an 'Article 4 Direction' to remove permitted development rights for certain types of development in their area, so that planning permission must be obtained. Manchester City Council made an Article 4 Direction (CD14.14) to remove permitted development rights for a change of use from Class C3 to Class C4 on 7th October 2010. The Direction came into force on 8th October 2011, meaning that planning permission has been required for a material change of use from a C3 dwellinghouse to a C4 HMO in Manchester from this time. Properties which were already being used (on 8th October 2011) in a way which meets the C4 definition do not need to apply for planning permission to continue to be used in this way.

The Town and Country Planning (Use Classes) (Amendment) (England) Order 2010 states that "house in multiple occupation" has the same meaning as in section 254 of the Housing Act 2004, with the exception of converted blocks of flats to which section 257 of the Housing Act 2004. Section 254 of the Housing Act defines a "house in multiple occupation" as set out below (1 (e) does not apply to the term House in Multiple Occupation as used in Class C4 of the Use Classes Order).

"(1) For the purposes of this Act a building or a part of a building is a "house in multiple occupation" if—

- (a) it meets the conditions in subsection (2) ("the standard test");
- (b) it meets the conditions in subsection (3) ("the self-contained flat test");
- (c) it meets the conditions in subsection (4) ("the converted building test");
- (d) an HMO declaration is in force in respect of it under section 255; or
- (e) it is a converted block of flats to which section 257 applies.

(2) A building or a part of a building meets the **standard test** if—

- (a) it consists of one or more units of living accommodation not consisting of a self-contained flat or flats;
- (b) the living accommodation is occupied by **persons who do not form a single household** (see section 258);
- (c) the living accommodation is occupied by those persons as their only or main residence or they are to be treated as so occupying it (see section 259);
- (d) their occupation of the living accommodation constitutes the only use of that accommodation;
- (e) rents are payable or other consideration is to be provided in respect of at least one of those persons' occupation of the living accommodation; and
- (f) **two or more of the households** who occupy the living accommodation share one or more basic amenities or the living accommodation is lacking in one or more basic amenities.

(3) A part of a building meets the **self-contained flat test** if—

- (a) it consists of a self-contained flat; and
- (b) paragraphs (b) to (f) of subsection (2) apply (reading references to the living accommodation concerned as references to the flat).

(4) A building or a part of a building meets the **converted building test** if—

- (a) it is a converted building;
- (b) it contains one or more units of living accommodation that do not consist of a self-contained flat or flats (whether or not it also contains any such flat or flats);
- (c) the living accommodation is occupied by **persons who do not form a single household** (see section 258);
- (d) the living accommodation is occupied by those persons as their only or main residence or they are to be treated as so occupying it (see section 259);
- (e) their occupation of the living accommodation constitutes the only use of that accommodation; and
- (f) rents are payable or other consideration is to be provided in respect of at least one of those persons' occupation of the living accommodation.

(5) But for any purposes of this Act (other than those of Part 1) a building or part of a building within subsection (1) is not a house in multiple occupation if it is listed in Schedule 14.

(6) The appropriate national authority may by regulations—

- (a) make such amendments of this section and sections 255 to 259 as the authority considers appropriate with a view to securing that any building or part of a building of a description specified in the regulations is or is not to be a house in multiple occupation for any specified purposes of this Act;
- (b) provide for such amendments to have effect also for the purposes of definitions in other enactments that operate by reference to this Act;
- (c) make such consequential amendments of any provision of this Act, or any other enactment, as the authority considers appropriate.

(7) Regulations under subsection (6) may frame any description by reference to any matters or circumstances whatever.

(8) In this section—

“basic amenities” means—

- (a) a toilet,
- (b) personal washing facilities, or
- (c) cooking facilities;

“converted building” means a building or part of a building consisting of living accommodation in which one or more units of such accommodation have been created since the building or part was constructed;

“enactment” includes an enactment comprised in subordinate legislation (within the meaning of the Interpretation Act 1978 (c. 30));

“self-contained flat” means a separate set of premises (whether or not on the same floor)—

- (a) which forms part of a building;
- (b) either the whole or a material part of which lies above or below some other part of the building; and

(c) in which all three basic amenities are available for the exclusive use of its occupants.”

A single household is defined within section 258 of the Housing Act 2004:-

“(1) This section sets out when persons are to be regarded as not forming a single household for the purposes of section 254.

(2) Persons are to be regarded as not forming a single household unless—

- (a) they are all members of the same family, or

(b) their circumstances are circumstances of a description specified for the purposes of this section in regulations made by the appropriate national authority.

(3) For the purposes of subsection (2)(a) a person is a member of the same family as another person if—

- (a) those persons are married to each other or live together as husband and wife (or in an equivalent relationship in the case of persons of the same sex);
- (b) one of them is a relative of the other; or
- (c) one of them is, or is a relative of, one member of a couple and the other is a relative of the other member of the couple.

(4) For those purposes—

- (a) a “couple” means two persons who are married to each other or otherwise fall within subsection (3)(a);
- (b) “relative” means parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew, niece or cousin;
- (c) a relationship of the half-blood shall be treated as a relationship of the whole blood; and
- (d) the stepchild of a person shall be treated as his child.

(5) Regulations under subsection (2)(b) may, in particular, secure that a group of persons are to be regarded as forming a single household only where (as the regulations may require) each member of the group has a prescribed relationship, or at least one of a number of prescribed relationships, to any one or more of the others.

(6) In subsection (5) “prescribed relationship” means any relationship of a description specified in the regulations.”

Some buildings are not HMOs for the purpose of the Housing Act definition even if they meet the requirements for being a HMO set out earlier. These are set out in Schedule 14 of the Housing Act 2004 and are:-

- Buildings managed or controlled by a local housing authority, a Registered Social Landlord or certain other public bodies.
- Buildings regulated under other enactments e.g. care homes and children’s homes.
- Buildings occupied mainly by students studying full time where a specified educational establishment manages the building e.g. a hall of residence.
- Buildings occupied for the purpose of a religious community whose main occupation is prayer, contemplation, education or relief of suffering.
- Buildings occupied by a freeholder or long leaseholder and any member of their household (if any) and by not more than two other people who do not form part of the freeholder’s household.
- Buildings occupied by only two persons each of whom form a single household.

Larger HMOs lived in by more than six people are classed as ‘sui generis’ i.e. they are in a class of their own. Planning permission is required for a material change of use from any Use Class to a use which is sui generis.