

Access to Affordable Housing

Manchester Affordable Housing Strategic Policy Document

Consultation Draft

Manchester City Council, November 2007

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ACCESS TO AFFORDABLE HOUSING

1.0 Introduction

- 1.1 This outline strategy sets out the City Council's overall approach to enhancing access to affordable housing across Manchester.
- 1.2 The ability to access a decent quality home, at an affordable price, is an essential component of a strong and sustainable community. A range and choice of affordable and aspirational homes are necessary to support the City's continued economic growth and to ensure that residents can fully participate in, and contribute to this. In recent years access to affordable housing in many of our neighbourhoods has become more difficult for lower income working families. Left unchecked this will begin to impact on our work to strengthen the inclusivity of our economic strength and future.
- 1.3 Our policies need strengthening and refreshing to reflect this drive and to better respond to current housing market conditions and future trends. Working with the Strategic Housing Partnership there is now an important opportunity to couple partner organisations skills, knowledge, resources and experience with the City Council's clear strategic direction and regulatory powers to develop a range of services that will ensure greatly enhance opportunities to access affordable homes. This strategy explains how we will achieve this.
- 1.4 Our approach to affordable housing is set within the overall aims and priorities of Manchester's Community Strategy. Within this there is a clear target to achieve a more balanced housing market through increasing levels of home ownership to 60% by 2015 from a baseline of 41.8% in 2001. This can only be achieved if policies to increase housing provision and continue to restructure work along side strategies to tackle worklessness raise self-esteem and enhance quality of place. This integration is an essential core component of the strategy.
- 1.5 The access to affordable housing strategy will be implemented through a combination of existing, revised and new policies including:
 - An updated Allocation Policy (for access to social housing)
 - A wider Housing Choices Scheme
 - More effective use of the private rented sector through an enhanced Rent Deposit Scheme aligned with landlord accreditation and licensing
 - The development of tailored equity products to support home ownership
 - New Planning Guidance for the provision of new affordable housing as part of all larger new building projects
 - A strengthened Empty Property Strategy
 - The provision of advice and practical support

2.0 Context and Aims of this Strategy

Recent Market Changes

- 2.1 Through our sustained economic and consequent population growth, Manchester's housing markets have been transformed over the past five years. From an agenda dominated by abandonment, high turnover and the lowest prices in the country, we are now in the position of looking to create a balanced housing offer for a growing population who have higher demands and aspirations.
- 2.2 Although major strides have been taken over these five years, the quantity and quality of our housing supply has still been unable to keep pace with these demands and aspirations. A side effect of this has been that a growing number of residents are priced out the housing market or are unable to access their primary housing choices. We are now experiencing significantly increased waiting times for social rented housing, reflected in growing pressures of demand reported by Councillors and front-line staff.
- 2.3 It is worth reflecting more on the scale of change. In 2002, at least 50% of homes sold in Manchester were affordable to households with the average income of City residents. By 2006, this had fallen to 23%, and the great majority of newly forming households, with below average incomes, are struggling to afford to purchase a home.

The Wider Policy Context: Sustainable Community Strategy

- 2.4 Manchester has not previously needed to develop an affordability strategy. This reflected the long-standing experience that affordability was not a prevalent local problem. The City, together with Central Salford, has historically had a high proportion of social housing and relatively low price private housing (for both owner occupation and private rent) which has meant that residents could usually find affordable housing solutions, even if not always in the location or type of housing they would prefer.
- 2.5 An over-provision of social and private rented housing in certain areas was identified as a contributory factor in the problem of market failure, which has had a serious impact on the sustainability of parts of the inner city. The main policy driver has therefore been to diversify the housing mix and to prioritise the development of higher value, good quality private housing.
- 2.6 The distinctive tenure mix in Manchester compared with the average figures for England is shown in the table below. This shows also the rapid rates of change in the tenure balance over recent years.

Table 1 Housing tenure in Manchester compared to England. 2001-2006

Year	Social rented sector		Private rented sector		Owner occupation	
	Eng	M/cr	Eng	M/cr	Eng	M/cr
2001	20%	41%	10%	15%	70%	44%
2006	18%	35%	12%	19%	70%	46%

Sources. SEH, CLG, Census 2001 and MCC records.

2.7 The scale and potential impact of the imbalance outlined in the table means that development of integrated strategies to address this and improve access to affordable housing must be seen as a key components of achieving the vision and aims set out in the **Sustainable Community Strategy**¹, for a City:

- that meets and exceeds the needs of all residents, with particular regard to those who have been socially excluded;
- of successful neighbourhoods which attract and retain people from diverse communities and in which people feel secure and supported;
- that raises average household incomes and reduces worklessness to underpin the long-term sustainability of the housing markets and give people more choice.

A core driver of success will be the creation of “Neighbourhoods of Choice” with truly sustainable communities where people choose to live because of the quality of life on offer.

2.8 Based on this vision, the Sustainable Community Strategy sets an agenda for a growing population, a higher percentage of working families and owner occupation increasing to around 60% of households by 2015. Implicit in this latter objective is a parallel reduction in the proportion and numbers of social and private rented housing. The aim is to strengthen local housing markets so that they will create new opportunities and raise aspirations for a wider housing choice. The housing offer will increasingly attract and retain economically active households working in the City, whilst continuing to meet the needs of existing residents.

2.9 A key part of the regeneration strategy is the Manchester Salford Housing Market Renewal Partnership (MSP). Successful delivery of the MSP programme will support the City’s Sustainable Community Strategy by creating:

- A significantly increased population, and considerably more households, sustaining high quality local services;

¹ Sustainable Community Strategy 2006-2015, launched March 2006. This is the overarching Partnership Strategy in Manchester which fits into and supports a framework of other partnership strategies and the strategic Regeneration Frameworks.

- A broader range of housing, by tenure and type, with higher levels of home ownership and property values equal to the Greater Manchester average;
- A higher proportion of people in employment and in higher paid and higher skilled employment; and a dramatically lower level of multiple deprivation.

2.10 Central to the Community Strategy, and a core driver of success, is the concept of creating “Neighbourhoods of Choice”, where people choose to live because of the quality of life on offer. This is described in more detail in the Community Strategy as follows: -

Neighbourhoods of Choice.

It is through the creation of neighbourhoods of choice that (we) will succeed in delivering the household growth needed to underpin the City Region’s economic growth potential. The creation of neighbourhoods of choice will demand an integrated and planned approach that can ensure that there are quality public services in the right location, along with quality local amenities, a choice of housing, a quality local environment and low levels of crime and disorder.

2.11 One of the central themes in this vision is choice of housing across the tenures for all income groups with enhanced opportunities to access ownership than currently exists. This aim set an important context for affordable housing delivery.

National and Regional Policies

2.12 Our Strategy also responds to national policy guidance, which is placing increasing emphasis on affordable housing delivery. In November 2006 the Government published revised Planning Policy Guidance on Housing (PPS 3), accompanied by a policy paper “Delivering Affordable Housing”. This has been further underlined by the Green Paper ‘Homes for the future: more affordable, more sustainable’ (CLG July 2007).

2.13 The Housing Green Paper issued in July 2007 sets challenging new targets for the increased delivery of affordable homes, both for rent and sale. Local authorities will need to demonstrate that they have taken all necessary steps to facilitate the supply of affordable housing to meet identified need. This approach represents a critical part of the City Council’s work in this area, as we respond to Government’s challenge that: -

‘Local authorities have a critical role to play in achieving a major increase in new homes and their strategic housing role is at the heart of achieving our ambitions for affordable housing supply. We want to see local authorities step up to play a stronger role in addressing the housing needs of all their residents, as part of their strategic housing role.’

Our Aims

- 2.14 Our approach to affordable housing is developed in this local and national policy context. It takes account of the large existing stock of affordable housing and all the measures we can take to make the best use of this resource, as well as considering how we can increase the supply of new affordable homes. The aims are therefore broad, as set out below: -
- To ensure the development of homes and places to attract and retain workers at all levels in the new economy through their housing life cycles.
 - Making best use of existing affordable housing in the social sector, by more efficient management and by promoting social mobility.
 - Better and more integrated use of existing private housing, especially the private rented sector, through improving its quality and accessibility to deliver social mobility effectively and meet residents' aspirations.
 - Promoting pathways into owner occupation by providing new financial products, together with skills and employment training to retain and attract working households in the City.
 - Utilising opportunities available through the planning system to assist in the provision of affordable housing.
 - Supporting delivery of balanced and sustainable communities through the provision of additional social rented housing where there is an identifiable need.
 - Ensuring the housing needs of key workers are adequately met.

3.0 Affordable Housing Needs in Manchester

Affordable Housing Trends

- 3.1 The changing nature of the housing market in Manchester and the City Region has now resulted in a shortage of affordable housing. This has resulted principally from a sharp reduction in the availability of social housing relets, linked to the sharp increase in house prices relative to local incomes, in the City.
- 3.2 Whilst cyclical house price increases may be an element of this, almost all expert commentators forecast that the house price increase over the last 5 years, relative to incomes, will persist. We therefore expect the shortage of affordable housing to continue at least into the medium-term future until underlying economic growth in Manchester significantly increases household incomes and therefore the capacity to access market housing.
- 3.3 The extent of the current housing needs, their causes, and the likely level of future needs for affordability housing have been extensively researched to establish policies that will meet the long term aims of the City's Community Strategy. The principal sources of additional information are:
- Technical report: Affordable Housing Trends in Manchester and Salford (2007) ²
 - Housing Needs Assessment (2007) ³

The key points from this evidence are now summarised.

- 3.4 The cost of buying a home in Manchester puts outright purchase beyond the reach of many residents who aspire to owner occupation. The median price of the "entry level" terraced house in 2006 is £95,000⁴, which compares to an average household income in Manchester of £24,000 and is therefore 3.9 times income. Whilst there are some parts of Manchester that offer lower prices, mainly for entry-level small terraced housing, these do not provide an adequate range of choice to meet the range of needs, nor a sufficiently attractive offer to retain many younger households in the City.
- 3.5 The amount of affordable rented housing stock has fallen by 10,353 over the six years 2001-2007, a reduction of 11.6%, due to right-to-buy sales, demolitions and limited new building. Alongside this, the number of low-income households on housing benefit in the private rented sector (which is the main alternative) has fallen by 1,673 (18%).

² Technical Report: affordable housing trends. Arc4 Ltd. 2007.

³ Housing Needs Assessment 2007.

⁴ First half 2006.

Table 2. Affordable rented housing stock 2001-2007.

Tenure	2001	2002	2003	2004	2005	2006	2007
Manchester Local Authority	53,054	52,290	50,394	45,841	41,782	40,559	34,914
RSL & other social	26,972	25,960	26,642	28,804	31,882	30,782	36,432
Private Rented HB	9,173	8,864	8,260	7,946	7,766	7,702	7,500 ⁵
Manchester Affordable Total	89,199	87,114	85,296	82,591	81,430	79,043	78,846

- 3.6 The reduction in available lettings has been far greater with turnover rates reducing from 11.6% to 8.2%, resulting in an overall decline in lettings (2002-6) of 34.1%. This reduction has been particularly sharp for family housing (3+ bedrooms) with the supply falling by 42%. The increasing pressure on family housing is illustrated by the longer waiting times for larger homes, as recorded from the Council's housing register, shown in the table below. The reduced availability of lettings has been greatest in certain neighbourhoods of south Manchester especially Rusholme and Mosside, Withington and Burnage and Gorton.

Table 3. Average waiting times by property size (June 2007)

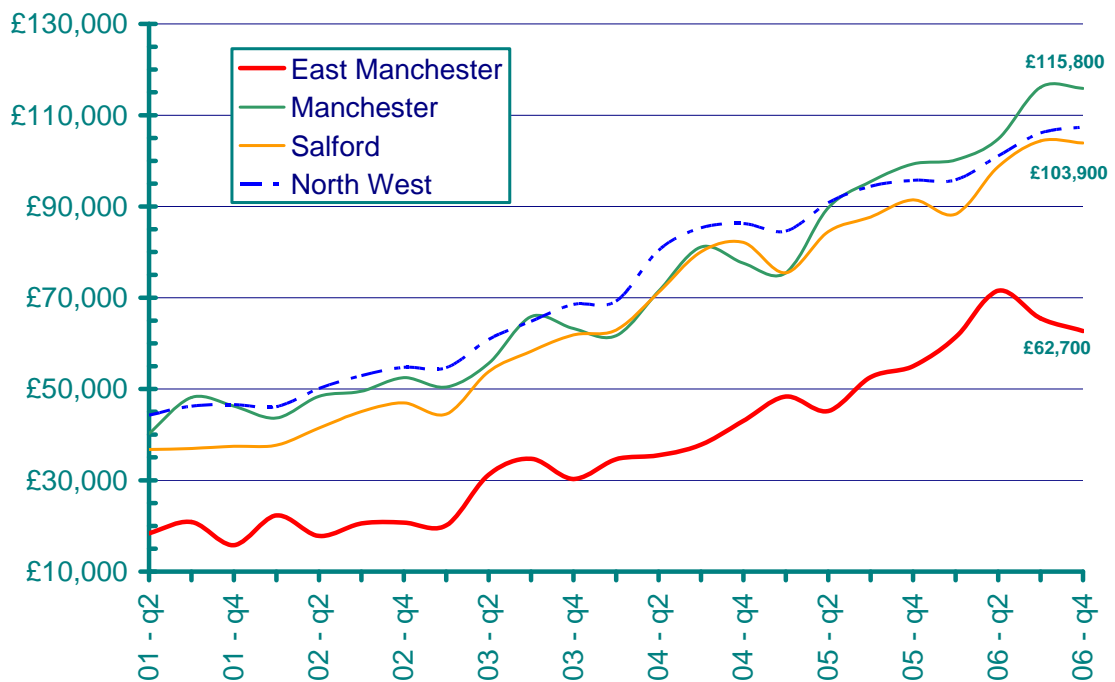
Bedrooms	House Average Wait in Days	Flat Average wait in Days
1	494	514
2	623	476
3	733	469
4	831	662
5	1091	N/A

Source; MCC Housing register.

- 3.7 House price increases have been a major factor in these changes, as households find it increasingly difficult to afford to buy a home. The increase in prices of properties attractive to "first time buyers" has been comparable to, and slightly exceeded, the Regional rate of increase, as shown in the graph below (Figure 1).

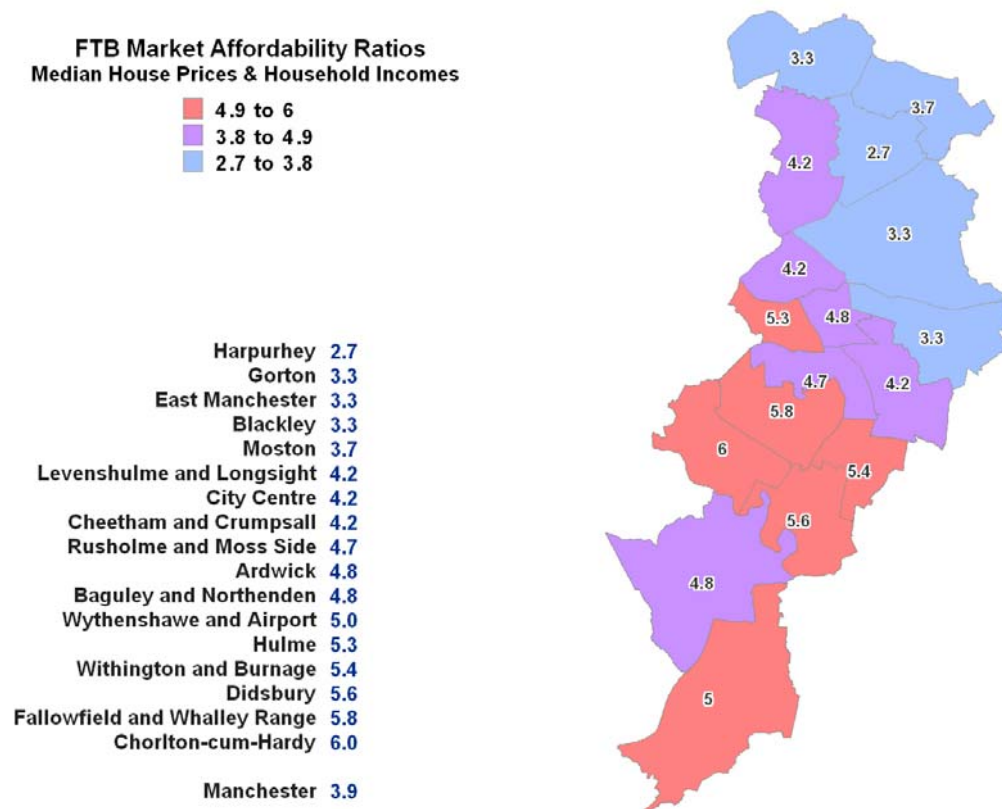
⁵ (* = Estimate)

Figure 1: Increase in first time buyer property prices



- 3.8 As a consequence the affordability of these “first time buyers” properties is now above the recommended affordability ratios for most parts of Manchester (which are 2.9 times a joint income and 3.5 times a single income). The pattern is shown in map 1 below.
- 3.9 The option of a two-bedroom Victorian terrace in part of North and East Manchester is the main option for the average household. Whilst it is welcome that this market situation will help strengthen regeneration in these areas, we recognise that this limited choice will not meet the aspirations of all first time buyers. The consequence is that many will continue to rent in their area of choice (putting pressure on the affordable rented housing sector) or will decide not to live in the City, given the wide range of choice elsewhere.
- 3.10 Therefore we wish to see a broader affordable home ownership offer, which will meet these aspirations and help retain residents wishing to stay within, or move into the City whilst also building sustainable communities. This underpins our approach to the provision of a strong “intermediate housing” offer and to a mix of new affordable housing provision, which places the emphasis on home-ownership options.
- 3.11 The City Council, through the Strategic Housing Partnership is looking at a range of mechanisms to increase access to affordable home ownership opportunities. These include existing publicly supported schemes (English Partnership’s First Time Buyer Initiative for example) but these are too restricted in scale and eligibility to make the impact we are seeking. We are looking therefore to develop a range of more flexible and accessible commercial products tailored to the City’s needs

Map 1: Affordability of median terraced house/flat prices.



Source: Land Registry data sets 2006.

Housing Needs Assessment

- 3.12 During 2006, the City Council commissioned, with Salford City Council, a Housing Needs Assessment of the Cities. This research provides an up-to-date evidence base, setting out affordable housing requirements across the City. The Study found that:

“Despite the high proportion of existing affordable housing in Manchester, there is still a net need for extra affordable housing”⁶

⁶ Housing Needs Assessment 2007

- 3.13 The study identified a **net annual shortfall of 1,375 affordable homes** across the City. Table 4.1 sets out the summary results of housing needs assessment for Manchester.
- 3.14 In line with PPS3 requirements, the study identifies how many social rented homes are needed and how many intermediate tenure homes; these requirements are also summarised in Table 4. The research demonstrates that approximately half, or 47.9%, of affordable housing requirements are for intermediate tenure homes.

Table 4: Housing needs assessment for Manchester

ref			Social rented	Intermediate housing	Total
1	Current need		2,059	100	2,159
2	Available stock		1,380	0	1,380
3	<i>shortfall</i>	<i>Line 1 less line2</i>	679	100	779
4	Newly arising need		5,160	636	5,796
5	Future supply		5,123	77	5,200
6	Net shortfall	Line 3 plus (line 4 minus line 5)	716	659	1,375
7	% of net shortfall		52.1%	47.9%	100.0%
8	Gross annual need		7,219	737	7,955
9	Gross annual supply		6,503	77	6,580
10	Net annual need		716	659	1,375

Source: Housing Needs Assessment 2007.

- 3.15 The table above has been prepared in accordance with the practice guidance issued by the department for Communities and Local Government. It shows how the net annual shortfall (line 6) takes account of both existing needs, which are assumed to be met over 5 years, and anticipated future needs. It takes account of the availability of existing social housing stock and the incomes of households requiring a home.
- 3.16 On the basis of this evidence the research suggests that the City Council considers an affordable housing target for new house building in the range of 30%⁷ and this has informed the development of out Planning Guidance.

⁷ Housing Needs Assessment 2007 paragraph 12.2

Key workers

- 3.17 Provision for “key workers” has become an important element of policies for housing choice and affordable housing in other parts of the country. The position in Manchester has a different slant. The housing offer in the City needs to be sufficiently good to attract and retain the workers needed for growing business sectors. This is an important requirement to underpin the economic strategy.
- 3.18 The national definition of “key workers” is based on public sector employees. There is no current firm evidence of significant labour market problems in Manchester amongst public sector employers, which are attributable to a lack of suitable affordable housing. This will be kept under review. But experience of local pilot schemes shows that there is a potential market for specific groups of key workers, and the availability of such accommodation improves the offer to potential recruits. In turn, this helps improve the quality of staff. We have therefore considered alternative local definitions of “key workers” who are essential to the economy of Manchester, rather than the national definition.
- 3.19 The option of providing priority for workers who will have a key role in the local economy is therefore one that the City Council wishes to have available. This would be limited to access to intermediate tenure housing. A key worker priority will be established in the allocations/marketing priorities for specific schemes, or groups of schemes, where this is appropriate to the key worker needs, having regard to location and the types of property available.
- 3.20 It will be particularly valuable to identify opportunities for the provision of market and affordable family type housing in areas where this will be attractive. The City attracts many younger single and childless key workers but tends to consistently lose this group when family housing is wanted⁸.

⁸ Most recently confirmed by the “Who, What, Where” Study; key findings. DTZ for Manchester Salford Pathfinder August 2007

4.0 Policy Tools

4.1 To deliver the aims set out above, our Strategy comprises a set of policy tools, which are

- Providing Pathways to Home Ownership
- Making best use of existing affordable social housing
- Making best use of existing private sector housing
- Provision of new affordable housing

Our approach to each of these is now outlined.

Providing Pathways to Home Ownership

4.2 Providing increased opportunities for home-ownership at prices affordable to Manchester residents is fundamental to our Sustainable Community Strategy and to creating socially mixed and vibrant neighbourhoods. The critical issue for a successful policy is to define the purchase price that is affordable to the target groups. This requires a firstly a definition of the income levels of the target households. Secondly, it requires a view about the price level at which an assisted home-ownership property will usefully supplement existing supply and provide a real ownership option, rather than just add another choice for households who would probably move into owner-occupation in any event.

Target income levels and Sale prices

4.3 It is proposed that the target income level should be the median Manchester household income. The justification for this is that:

- At this level, products should assist at least half of all households to access owner-occupation, which brings the Manchester Sustainable Community Strategy target of 60% owner-occupation within reach. (Especially when we bear in mind that some long-standing owner-occupiers, especially pensioners, will not have the current income necessary to purchase their current home at present market values).
- This income level is currently below that necessary to access the average “first time buyer” property in Manchester (assuming a prudent income/mortgage ratio of 3.5).
- It is a measure that is easily understood and explained in terms of helping the average local household into home-ownership.

- It can be up-dated using readily available data.
- 4.4 Based on the median household income in 2006 of £24,246, this would result in a target price level of £84,861, using a 3.5 times income multiplier. In practice, there will need to be some flexibility in the target figures as some households will have the benefit of savings or other resources, whilst others may have existing financial commitments which would mean they cannot reasonably borrow at 3.5 times income. A range of +/- 10% is suggested, which would mean a target range of approximately £80k-£100k purchase price levels. The most effective mix of properties and prices will be established through experience of this market.
 - 4.5 This range of prices seems appropriate as in 2007 average prices in the FTB market are approx. £100k and new build sale prices in excess of £160k. A 50% stake in a new build property will therefore result in an initial purchase price at a minimum of £80k and more for a larger property. This suggests that properties targeted at this price range will usefully extend the option of home-ownership to households in housing need and should be able to be delivered. The target price levels will need to be up-dated in proportion to household incomes.
 - 4.6 Our research estimates that there is a potential market of about 1800 existing Manchester households for such a product, although much would depend on location, property type and the attractiveness of the specific financial package⁹. In addition, there will be households moving to Manchester for whom this assisted home-ownership product would be attractive. This may include “key workers” as defined above. But the total numbers mean this is a small, albeit important “niche” market of households who might be persuaded to move into owner-occupation, and to stay in the City. Our objective is therefore to extend the choices available and encourage these households to stay in the City as homeowners.
 - 4.7 Implementation of this programme will need to monitor carefully the inter-relationship between these assisted home ownership products and the lower end of the second-hand terraced housing market. In parts of the City such properties are available at comparable or lower prices and it will be important that the new housing is effective in appealing to aspirations for a different product and fulfilling our objectives for affordable housing.

Assisted Home Ownership products

- 4.8 Given the limited scale of the market, the choice of suitable products is important. We will wish to use both nationally –supported products and to use other products particularly suitable for the local market.

⁹ This estimate is based on the numbers of households with an income in the target range currently in rented accommodation, who expect to move in the next 2 years, and wish to become owner-occupiers.

- 4.9 Currently there are 2 main nationally supported products, HomeBuy and First Time Buyers' Initiative (FTBI), sponsored by The Housing Corporation and English Partnerships respectively¹⁰.

HomeBuy provides for the buyer to purchase a share of between 25% and 75% of the full market value with payments on the balance, usually at 2.75%. There are models for both new-build and open market properties.

First Time Buyers' Initiative (FTBI) provides for an equity loan on up to 50% of the purchase price of the property. There is no charge on the equity loan for 3 years, but it is introduced at 1% in year 4 and increases to 2% in year 5 and 3% pa by year 6. The buyer may "staircase" to full ownership in both models.

- 4.10 We will wish to make the best use of these products, and any further products that supplement or replace them. However, we recognise that these products have 2 potential disadvantages. Firstly, the resources for them depend upon the agencies' funding decisions and it can be difficult to align their funding to forthcoming schemes, especially when they are privately controlled developments. Secondly, the charges on the retained equity can mean that the cost to purchasers will sometimes represent a high proportion of income, especially if they cannot access the lowest mortgage rates (e.g. due to a poor credit rating, or lack of a deposit).

A "Manchester mortgage"?

- 4.11 We will therefore establish suitable local products, aiming to create a "Manchester mortgage" to help the priority target group of First-time Buyers. We will work through the Strategic Housing Partnership to establish a preferred product, which will need to have the support of partners. We are considering the option of a competition amongst developers and RSL's to develop a product that is best tailored to the City's needs. We would want the "Manchester mortgage" to be:-

- Affordable to our defined target group based on both a 3.5 income multiplier and a maximum cost of one-third gross income or 45% net income;
- Attractive to as wide a cross-section of this group as possible. This should include existing tenants in social rented housing and private accommodation, newly forming households and key workers (as defined in 3.18) currently resident outside the City.
- Practical for application across a range of new housing developments, for one-off re-sale properties and to support priority purchasers in the open market;

¹⁰ Details of HomeBuy at <http://www.housingcorp.gov.uk/server/show/nav.550> and FTBI at <http://www.englishpartnerships.co.uk/ftbi.htm>

- Efficient in the use of resources through Developers taking a greater share of any risk.

Making best use of existing social housing

The City Council as a strategic housing authority

- 4.12 This is a landmark time in the history of housing in Manchester. At the time of preparing this Strategy, the City Council is close to the point of divesting itself of all its direct housing management responsibilities. All the “Council housing” stock once managed by the City will soon have been transferred to either RSLs or an ALMO. The City Council will focus on its strategic housing role. This means working with a wide range of partners to ensure that the housing needs of the City’s residents and housing demands of the City’s thriving economy are properly and efficiently met, in a way which provides for quality places to live..
- 4.13 This changing role makes it an ideal time to review how the City exercises its responsibilities for helping residents and others to find housing suitable for their needs. The Council retains a responsibility to manage a housing register and to assist people in housing need. This includes specific duties in relation to homeless people and other vulnerable groups. The City Council need no longer be a “gatekeeper”, regulating access to council housing. We aim to strengthen our service to customers. The focus is to help people in all types of housing situation find a solution to their housing needs, working with all our partner housing providers, through
- Readily available and accessible provision of good information,
 - Similarly accessible provision of individual advice about their housing options, and then
 - Guiding the more vulnerable people to obtain practical support, for either moving home or adapting/repairing their current home.

Opportunities for improvement

- 4.14 The major resource to help many lower income customers will be the existing social housing stock. Through the above roles, the Council has many opportunities to achieve better use of this existing stock. Our research and experience has shown that there are 3 major areas with potential to make significant improvements in utilisation. These are concerned with
- directing potential applicants into other options where this will meet their needs;
 - encouraging mobility of existing social tenants into other sectors where this will meet their aspirations;

- encouraging mobility within the social rented sector to release high demand stock such as family housing.

Wider housing options

- 4.15 The major factor in the increasing pressure of demand for social housing has been the dramatic reduction in the turnover of the stock. This fell from 11.6% in 2002/3 to 8.2% in 2006/7. This change is probably due largely to increases in house prices and private rentals, which makes it harder for existing tenants and applicants to move into the private sector. Our response to this is to work harder to help people access the range of housing options.
- 4.16 Some of the improvements listed above will be taken forward and as part of the current review of the Council's Allocations policy. This will look especially at how the available options are presented to people in housing need and how our existing work on housing options can be extended. It will aim to move perceptions further away from the presumption that the best solution to a housing need will be a social rented home. This option will often not be the best one; it may not be available in the right place, or in the timescale desired by the customer. A private sector letting or a low-cost home ownership opportunity may be a practical outcome.
- 4.17 Advising people about the opportunities for low cost and assisted home ownership will be integrated into the information and advice procedures. Whilst only a small proportion of potential applicants will be able to take this option, it will help ease the overall pressure on the social rented stock.
- 4.18 Providing this information and advice to existing social tenants about home-ownership opportunities is equally important. We know from the Housing Needs Assessment research that there are tenants who aspire to home ownership and some may have the means to achieve this. Good quality information and support will help some tenants to make this move when otherwise they would be reluctant to take this risk. As part of the review we will consider how best to provide the right quality of home ownership advice and guidance.

Releasing family housing in the social sector

- 4.19 Availability of family housing has become a scarcer commodity. Not only has there been the sharp overall reduction in dwelling turnover, but the proportion of larger properties (3 bedroom or more) in this turnover has also fallen from 35% in 2001/2 to 31.7% in 2005/6. Waiting times are considerably longer for family housing. At the same time, the Housing Needs Assessment identified many households in need because they could not cope with their existing home that is too large. We need to encourage more mobility.
- 4.20 A comprehensive approach to this problem is required. It isn't sufficient to concentrate action on the improvement of existing elderly persons' accommodation. This may help to encourage mobility, but it may not be value

for money if the accommodation does not meet the needs or aspirations of the under-occupying tenants in family housing. Our approaches will be focussed on understanding the needs of these older residents and designing proposals that will be cost-effective in meeting their needs and achieving the desired greater mobility.

- 4.21 We will also explore whether any form of Incentive scheme for tenants would be a useful and cost-effective tool to encourage mobility. Experience of national schemes has shown that it is difficult to target schemes effectively so resources promote genuine additional mobility. But there may be opportunities for incentives to encourage people to consider alternatives and to participate in new programmes.

Making best use of private sector housing

The role of the private rented sector

- 4.22 The private rented sector provides a housing solution for many households across all income levels. It provides about a third of all the new lettings for the lowest income groups, who depend on Housing Benefit and probably much higher proportions of lettings for higher income groups where they seek rented housing.
- 4.23 It is a large sector in Manchester comprising 15% of households in 2001 (England 8.8%). It has substantially increased since 2001 and changed significantly in its nature with the arrival of a new lettings culture in the City Centre. This market is providing a valuable additional flexible housing choice for many new or young residents working in the City Centre.
- 4.24 The wider role of the whole private rented sector in providing affordable housing is absolutely crucial. However, although the sector has grown strongly in recent years, its ability to meet the needs of the lowest income groups does appear to have been declining in Manchester. The data on the numbers of private sector tenants in receipt of HB show a decline of 16% from 2001-2006 (from 9173 to 7702). There are a number of possible reasons for this such as increased competition from working households who may be able to pay higher rents than payable through housing benefits, landlord" experience of housing benefits system and concerns over future Local Housing Allowance.
- 4.25 Whatever the cause there is now growing evidence that the traditional private rented sector in the City does not provide the easily accessed housing option it once did for lower income households. This could have serious implications for the City if left unchecked and we have begun work on the package of measures detailed below to improve access to the sector and maximise its performance.
- 4.26 In recent years we have made great strides in tackling the worst conditions and management standards in the private rented sector. This has included sustained pro-active enforcement, licensing of HMOs and now Selective Licensing in key neighbourhoods together with a citywide accreditation scheme. This work will

continue as there remains much still to do. We will ensure, when we directly intervene, that we are able to confidently direct people in housing need to a warm, safe and secure housing option.

Increasing affordable housing opportunities

- 4.27 We therefore aim to better utilise the stock of accredited or licenced properties, if the landlord so wishes, to help meet the needs of housing applicants, homeless families and other vulnerable groups. This can be further strengthened by;
- Providing further information and advice about the opportunities to access housing in the private rented sector through Housing Choices;
 - Expanding the rent deposit scheme to assist more potential tenants to secure good lettings;
 - Providing neutral third party advice in cases of tenancy disputes from either side.
 - Exploring the opportunities for longer-term leasing of properties to meet the need for short-term homeless families accommodation;
 - Promoting the value of the good working relationship between the sector and the Housing Benefit services.
 - Exploring options for bringing short-term leased accommodation into long-term use as settled affordable housing.
- 4.28 A further option for making a modest increase in the affordable housing stock is to use the powers in the Housing Act 2005 to require purchasers to give the Council the option to “Buy-back” dwellings sold under the Right-to-Buy legislation. The Council can also make this offer on a voluntary basis to earlier RTB purchasers. We would wish to work in partnership with RSLs or the ALMO in making such offers. Given the particular pressure on family accommodation, there is merit in considering this option for high demand family-type dwellings, subject to the resources being available.

Empty Homes Strategy

- 4.29 The City has a very successful Empty Homes strategy that is currently being reviewed and up-dated. It provides a menu of routes to secure the return to use of unoccupied privately owned properties. It provides for a range of procedures and ultimately sanctions that the City Council can use to achieve this result. In most cases, the outcome is that the property offers private rented accommodation.
- 4.30 As part of the current review, we will consider how we might increase the opportunities for dwellings to be returned to use as affordable housing. In some

cases, this is likely to require an element of grant, loan or subsidy, for example if an RSL is involved, and wishes to rent the property at social, not market rents. Funding for such activity will need be sourced and we are considering whether this may be a suitable way of applying any commuted sum payments received as a result of Planning Agreements.

Provision of new affordable housing

Provision through Planning Agreements and National Investment programmes

- 4.31 Whilst the existing housing stock will be major source of affordable housing to meet future needs, there are specific shortages and gaps that need to be met by provision of new affordable housing. We therefore intend to make proper use of our planning powers to introduce new guidance on choice in housing provision and to negotiate with developers to provide suitable new affordable housing, as part of all larger new housing developments. This has potential in the medium to long-term to produce a significant supply of new affordable housing.
- 4.32 Alongside this, we place great importance on the targeted use of available national public sector resources to deliver affordable housing provision, in addition to that which can be secured through the planning system and development agreements. This will include working with the Housing Corporation to target the National Affordable Housing Programme (NAHP) to address the regionally defined strategic priority of the Manchester Salford Housing Market Renewal Area, and to meet our wider affordable housing needs. In addition, we will achieve affordable housing outputs from the City's PFI schemes and the Pathfinder programme.
- 4.33 Priorities for the NAHP should include a specific priority about provision of older persons' housing in areas where needed to diversify the stock and reduce under occupation of family housing. This complements our aim to release under-occupied family housing to meet the strong demand.
- 4.34 We will work closely with RSL's and the development sector to take account of the targets for increased efficiency set by The Housing Corporation for the use of NAHP resources. Within this, we recognise that targeted use of the City's assets has a very important role to play. We will carefully and creatively explore the opportunities to do this, but will need to balance the diverse pressures on our limited asset resources.

Planning Guidance for new Affordable Housing

- 4.35 A draft Planning Guidance document is being published for consultation in parallel with this Strategy. The policy being proposed would require 20% of new housing to be affordable on all sites of 15 dwellings or more (0.4ha 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. This policy would be applied Citywide.

- 4.36 The strong emphasis placed on home ownership is intended to meet the wider social objectives of the Sustainable Community Strategy and “Neighbourhoods of Choice”. The proposed policy aims to provide a wider choice of housing options to encourage young families to stay in the City and contribute to mixed, diverse communities. It is complemented by policies to encourage residents into training and work, which will raise their incomes and increase housing choice.
- 4.37 The policy specifies that the assisted home ownership options should be affordable to households identified as being in need, and for whom access to owner-occupation may be difficult, taking account of preferences for property type/area. This sets the same parameters as described at para 4.4 above.
- 4.38 The policy also anticipates that the appropriate mix of housing provision on each site will need to be assessed in pre-application discussions, on a site-by-site basis with reference to the most up to date evidence.

5.0 Implementation and Review

- 5.1 This strategic document sets the context for the development or review of a series of other City Council policies. These include
- An updated Allocation Policy (for access to social housing)
 - A wider Housing Choices Scheme
 - More effective use of the private rented sector through an enhanced Rent Deposit Scheme aligned with landlord accreditation and licensing
 - The development of tailored equity products to support home ownership
 - New Planning Guidance for the provision of new affordable housing as part of all larger new building projects
 - A strengthened Empty Property Strategy
 - The provision of advice and practical support.
- 5.2 An Action Plan will guide the broader work of implementation activities. This is being developed with the Strategic Housing Partnership, as our partner organisations will have a major role in delivering the changes necessary to improve access to affordable housing.
- 5.3 As part of the Action Plan work, we will also consider the appropriate arrangements and timescales for review so this takes account of the practical experience of our partners and of our customers. We envisage that a review should occur within three years, as this is a significantly new policy area, which will clearly continue to be a local and national priority.