

# Shelter Briefing: Social Housing in Manchester

## Summary

There are at least 320,000 people without a home in Britain today. At the root of this is a **long-term failure to build enough social homes**.

Despite this urgent need, some local authorities have had a poor record of securing the delivery of the social homes that are desperately required. Manchester City Council is one of these local authorities.

Last year, only 28 social homes were delivered in Manchester – less than 1% of the total new homes. This comes at a time when over 4,000 people were recorded as homeless and nearly 13,500 households are waiting for social housing in Manchester.

There are issues within the national policy climate - such as the cost of land and insufficient government grant for social housing delivery - that have severely impacted on local authorities' ability to secure social housing. However, in Manchester, a significant cause is **the council's weak local policies, which make it easy for developers to get out of providing social housing**.

We are calling on Manchester City Council to:

1. **Develop social housing requirements** within its local plan. In line with Shelter's future of social housing report, the council must do everything possible to secure decent social homes that are affordable to all those who would benefit from them.
2. **Remove get out clauses** from local planning to make sure developers are unable to sidestep their responsibility to build social homes.
3. Ensure developers provide **20% affordable housing on all developments**, as required by the council's local policy.

## Key statistics for Manchester<sup>1</sup>:

- As many as **4,042 people were homeless** in Manchester in 2018 - the highest rate of homelessness in North England, at 1 in 135 people.<sup>2</sup>
- There were **123 rough sleepers** recorded in Manchester in Autumn 2018 – a 31% increase from 2017,<sup>3</sup> when the city saw the highest number of deaths of homeless people in England.<sup>4</sup>
- Along with those rough sleeping in Manchester, there were **3,948 people living in temporary accommodation**, such as hostels and B&Bs.<sup>5</sup>
- In Manchester, **13,466 households were waiting for social housing** in 2018.<sup>6</sup>
- In 2017/18, 2,974 homes were delivered in Manchester.<sup>7</sup> Only 305 of these were affordable, and **only 28 were at social rent**.<sup>8</sup>

<sup>1</sup> Please note that throughout this briefing 'Manchester' is used to refer to the Manchester City Council area for brevity.

<sup>2</sup> Shelter, [320,000 people in Britain are now homeless, as numbers keep rising, 2018](#)

<sup>3</sup> MHCLG, Rough sleeping statistics England: Autumn 2018

<sup>4</sup> ONS, [Deaths of Homeless people in England and Wales - local authority estimates: 2013 to 2017](#)

<sup>5</sup> Shelter, [320,000 people in Britain are now homeless, as numbers keep rising, 2018](#)

<sup>6</sup> MHCLG, Table 600: numbers of households on local authorities' housing waiting lists, 2018

<sup>7</sup> MHCLG, Live tables on dwelling stock, Table 122: housing supply; net additional dwellings, by local authority district, England 2001-02 to 2017-18

<sup>8</sup> MHCLG, Table 1011: additional affordable housing supply, detailed breakdown by local authority 2017-18

## The situation in Manchester

The urgent need for social housing is evidenced by the level of homelessness in the city. Homelessness in Manchester has risen starkly, with over 100 people being forced to sleep rough on any given night.

Furthermore, Manchester's private rented market is becoming increasingly unaffordable. In 2018, the average monthly private rent was £775,<sup>9</sup> whilst average full-time wages were £25,660, or approximately £1,728 take home pay a month.<sup>10</sup> This means that, on average, a single person would be spending 45% of their income on rent. Buying a home is also out of the reach of lower-income residents – in 2018, lower quartile house prices were over six times higher than the lowest earnings.<sup>11</sup> <sup>12</sup> This inability to purchase a home, combined with a shortfall in social housing stock, traps people in an insecure and unaffordable private rental market, where they are more likely to experience poor conditions, and are unable to save for homeownership.

Manchester City Council has a poor record of securing the delivery of social housing. In 2017/18 only 28 social homes were delivered. A Guardian report from 2018 revealed that during 2016/17, the council's planning committee granted planning permission for 14,667 homes across big schemes, none of which will provide any social or affordable housing.<sup>13</sup> Hence, there is a clear and immediate need for the council to do all that it can to increase social housing delivery.

## Manchester City Council's housing policy

There are two basic routes that councils can use to secure social housing: direct delivery and Section 106 agreements.

The commitment from Manchester City Council to assess the feasibility of delivering a genuinely affordable housing scheme in the city centre is welcome, along with the proposal to build 3,000 affordable homes over the next 10 years, with a third at social rents. However, these plans will likely only address a small amount of social housing need in the city, and the council must still do more.

There are a variety of other factors that shape a council's ability to secure the delivery of social housing; some of which are outside of the council's direct control, **such as: the availability of affordable land to purchase and the ability to do so; the amount of government grant for social housing delivery; and schemes such as Permitted Development Rights, which exempt some housing developments from providing social homes through Section 106.** These are elements of national policy that Shelter is campaigning on, to enhance councils' capacity to secure social homes.

However, there is another factor within Manchester City Council's control: its affordable housing policy, which, for a number of reasons, is currently not fit for purpose.

### 1. There is no specific social housing target

Without this, there is no policy basis for the council to challenge developers over housing proposals that contain little or no social housing. **The council should therefore develop an overall social housing delivery figure for Manchester.** In order to do this, the council must first conduct a new housing need assessment to evaluate the full range of social housing need for its area.<sup>14</sup> We recommend that the social

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<sup>9</sup> VOA, Private rental market summary statistics: October 2017 to September 2018

<sup>10</sup> Annual Survey of Hours and Earnings – resident analysis, 2018

<sup>11</sup> Shelter, [Results: Lower quartile house price to lower quartile earning ratios in Manchester](#)

<sup>12</sup> ONS, [Housing affordability in England and Wales: House price to residence-based earnings ratio](#), 2018

<sup>13</sup> Pidd, H. [Housing Crisis: 15,000 New Manchester Homes and Not a Single One 'Affordable'](#), The Guardian, 2018

<sup>14</sup> MHCLG, [Housing Need Assessment](#), 2018

housing need assessment should include: all homeless households, including those in temporary accommodation, in over-crowded housing, and concealed households; households on the social housing waiting list; households in unsuitable – poor quality and unsafe - homes; younger private renters who are trapped out of home ownership; and older private renters who cannot afford to own a home.

Afterwards, in accordance with government guidance, **the council should then assess the viability of delivering certain levels of social housing** on different types of sites, including in different areas.<sup>15</sup> The council would then be able to develop a picture of what levels of social housing are deliverable in different locations, and develop area-based housing policies that outline the proportion of social housing that developers are required to provide in different areas.

In Section 106 negotiations, the council would then have the evidence and policy basis to require particular levels of social housing contributions from developers, which would boost the overall supply of social homes within affordable housing provision.

## 2. There are numerous get-out clauses

The council's 20% affordable housing policy only applies to schemes providing **15+ homes**, whereas the recommended threshold in national guidance is for schemes providing 10+ homes. The council's policy unduly narrows the scope of developments that are expected to make affordable housing contributions. Manchester City Council's threshold for affordable **housing contributions should be brought down to be in line with national guidance**. Importantly, this policy change would widen the scope of housing developments from which the council could require affordable housing contributions.

The council's policy also still reflects old viability rules. Under these old rules, developers could use the price they paid for land to argue their way out of meeting affordable housing requirements. However, this changed in 2018 and is no longer an excuse for developers not complying with a council's affordable housing policy. Manchester City Council should **amend its policy so that it reflects new national policy**.<sup>16</sup> The council should leave no ambiguity over the fact that developers will need to factor in a policy compliant affordable housing contribution when deciding how much to pay for land.

In addition, the council's policy allows for a review mechanism within Section 106 agreements that can amend the amount of affordable housing provided in light of 'changed economic conditions'. The wording of the council's policy falsely implies that developers can use a review mechanism to negotiate down their social and affordable housing contributions. National rules now clarify that this is not the case.

Therefore, the council should **incorporate new government guidance about the function of review mechanisms**.<sup>17</sup> This means clearly stating that review mechanisms are not a tool to protect developers' returns, but are instead designed to increase affordable housing contributions, so that a developers' housing scheme complies with the council's affordable housing policy.

The council's affordable housing policy also exempts schemes from providing social and affordable housing or allows a lower proportion of social and affordable housing, as a result of 'material considerations.' For example, where social and affordable housing delivery would:

- take place in areas which already have high levels of 'affordable housing';<sup>18</sup>

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<sup>15</sup> MHCLG, [Guidance: Viability](#), 2018

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Manchester City Council's definition of affordable is housing that it "cost(s) no more, in rent or mortgage, than 30% of the current average gross household income of a Manchester resident of £27,000 (both earned or through benefits)." Under this definition, market or intermediate housing may meet Manchester's definition of affordability, but will actually be unaffordable to most people in low-income wards (i.e. rent or mortgage may be more than 30% of most people's incomes in lower income

- 'prejudice the achievement of other important planning or regeneration objectives';
- 'financially undermine significant development proposals critical to economic growth within the City'.

These considerations risk exempting schemes from delivering social housing, even though the so-called 'affordable housing' which exists already is actually unaffordable to low-income residents. Additionally, the considerations are vaguely defined, meaning developers can use this guidance to get out of providing required levels of social and affordable housing. Manchester City Council **should remove these references to 'material considerations'**. Instead, **the council's policy should be shaped by local need**. If an area needs social housing, then this is what should be encouraged.

### **3. The 20% affordable housing policy acts only as a starting point.**

Within schemes, the council's 20% policy only acts as a "starting point" for discussions, allowing developers to negotiate down social and affordable housing contributions. **The council should remove this clause**, sending a strong message to developers that their affordable housing plans must be policy compliant and will ensure developers provide 20% affordable housing on all developments, as required by local planning policy.

Manchester City Council must amend these three core flaws with its affordable housing policy by:

1. **Developing social housing requirements** within its local plan.
2. **Removing get out clauses** from local planning to make sure developers are unable to sidestep their responsibility to build social homes.
3. Ensuring developers **provide 20% affordable housing on all developments**, as required by the council's local policy.

If Manchester City Council delivers on these three areas and commits to a new generation of social housebuilding, it will be able to effectively address its housing crisis and help many more people to have a safe, secure and genuinely affordable place to call home.

**If you have any questions, please contact [Bryn Phillips@shelter.org.uk](mailto:Bryn_Phillips@shelter.org.uk)**

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wards). There is a real danger that Manchester City Council's policy will lead to developers being exempt from providing social housing in low-income wards even though so-called affordable housing in these wards is unaffordable to most residents.

The Shelter logo consists of the word "Shelter" in a white, sans-serif font, centered within a solid red rectangular background.