

Greater Manchester Strategic Housing Market Assessment.

Final Report

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Prepared by

Deloitte MCS Ltd

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GVA Grimley

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Deloitte MCS Ltd
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

Audit • Tax • Consulting • Corporate Finance •

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1 Executive Summary

The analysis conducted as part of the Strategic Housing Market Assessments uses 'whole-Authority' Housing Market Area definitions where data is insufficient to facilitate more detailed and 'bottom-up' analysis. Accordingly, absolute estimates of housing, employment, GVA and other such variables include an element of double counting. It is important that this is taken into consideration when using the report.

The past ten years have seen extraordinary change in the Manchester City Region housing market. There have been major transformations since the 1940s ...

Greater Manchester's population recently increased for the first time since 1970, and in the central areas for the first time since the Great Depression. Most recently, this increase in population has been much higher for those of working age, contributing to economic growth. Recent signs, however, suggest that such growth may be slowing.

... with a growing population and falling household size significantly boosting the demand for housing – a greater proportion than ever in the private rented sector.

There have been significant increases in the number of households since 2000, underpinned by both population growth and an increasing propensity for household formation. There have been absolute increases in the take-up of housing across all tenures since 1997, but there has been a strong relative shift into the private rented sector and away from owner occupation. Some areas – such as Manchester and Salford – have seen large proportionate increases in the take-up of social housing but this balances out across the whole of Greater Manchester. The considerable reduction in the levels of vacant properties within the social rented tenure further reinforces the evidence for increased demand for this tenure.

Changes in the structure of the economy – in both sectoral and occupational terms – are driving changes in the type of housing demand (as well as social polarisation).

The move toward service sector-based economy has continued alongside the decline of the manufacturing sector in the North of the UK – a key output of sustained global economic restructuring. As well as changing the industrial landscape of the Manchester City Region it has changed the occupational profile of all HMAs. There has been a relative shift towards both high-end and low-end occupations at the expense of traditional mid-range occupations, such as administrative and skilled manual roles. This has worked to change the demand profile for housing within the Greater Manchester sub-region when compared to the context further South, as well as contributing to increasing socio-economic polarisation, which is particularly acute in the North Eastern HMA.

Analysis suggests that HMAs and other parts of Manchester City Region are linked to other areas in subtly different ways, with the Urban Core, North Western HMA and peripheral districts showing the greatest external links.

As the City Region's Core, Manchester has strong connections to external districts and regions, both in terms of commuting and migration. By the same measures Macclesfield and High Peak are linked strongly to Manchester City Region, whilst Warrington, Vale Royal and Congleton have stronger links to other areas. The North Western HMA, and more specifically Wigan and Bolton, have strong links to non-Manchester City Region areas with more than 60 per cent of out-migrants leaving the Manchester City Region. Thus changing economic and housing market outcomes in areas such as Liverpool, Leeds and even London are likely to have more significant effects on the Central and North Western HMAs.

Markets for housing have emerged in new locations and for different types of product meaning choice has increased but supply does not always meet demand ...

First and foremost the high demand for family housing is not matched by supply, and the supply of such housing is generally found outside the regional centre and on the edges of local authority areas. There are also major issues regarding price ceilings in inner areas, which do not match developer appetite and risk and therefore present deliverability issues particularly in the short term. The Regional Centre has witnessed a rapid expansion in its residential supply over recent years reflecting the onus in policy to encourage a greater mix of uses within the centre. The supply within this particular market has been heavily skewed towards the provision of 1 and 2 bedroom apartments targeted at a particularly dynamic section of the wider market. This supply profile has been policy, regeneration and value driven, with density requirements, brownfield land requirements and investor activity working collectively to create a comparatively skewed market in terms of both supply and demand.

... in particular the supply of new housing has been uneven across HMAs. This is policy led in part ...

Over the last decade increases in the number of households have been concentrated in the Central HMA and over this time completions within the Central HMA have risen significantly – much of this has been concentrated in the Regional Centre and as noted above has taken the form of apartments. There are currently challenges associated with elements of this stock, although because of current conditions the market is in a state of flux and it is hard to generalise apart the dynamics of individual developments with the market responding to balance supply and demand. Of late there have been notably higher levels of completions in the North Western HMA, with this new supply showing the greatest balance in terms of type. There has been a policy led approach to supply in the Southern HMA, where constraints have been highest.

... whilst house prices have increased significantly across almost every part of the conurbation, but these increases hide a number of underlying structural problems ...

On the face of it, the significant increase in house prices across the conurbation represents a step-change from the past, although the effects of the credit crunch on prices over the short-to-medium term remains to be seen. That aside, there is little evidence to suggest that other socio-economic or housing outcomes have actually changed in some areas. Evidence suggests that much of the price growth has been driven by speculator and investor activity rather than owner occupier purchases.

This glosses over continuing issues around sustainable communities, deprivation and social exclusion and polarisation. In absolute terms, price gaps and the relative positions of Housing Market Areas have largely remained the same. Social housing has benefited from major investment through Decent Homes and has increased its share of housing stock, but it remains a tenure where social exclusion is often concentrated. The spatial concentration of much of this social rented stock further compounds the impact of these deprivation issues, impacting on neighbouring areas and market performance.

... and now the credit crunch is giving rise to a wide range of housing market impacts, including a reduction in the pace of supply even though long-term underlying demand drivers (demographic growth) are strong ...

The effects of the credit crunch are still to be fully understood, although most commentators (and more recently the Bank of England) are still anticipating a short-to-medium term correction and a return to 'business-as-usual' in the longer-term. The short-term restrictions on business lending and investment and uncertainty may lead to job losses and slower growth. Coupled with this the further tightening of mortgage lending criteria and consumer uncertainty has the potential to significantly dampen market demand, with fewer people able to access finance and a general attitudinal shift towards consolidation.

This is already leading to a 'stand-off' between buyer and seller. Developers are reacting to dwindling investor confidence, restrictions on the availability of capital and increasing uncertainty by delaying or cancelling developments and shedding jobs, which further decreases the supply of new housing and the potential for near-term delivery. This has prompted Government to announce a series of measures aimed at buoying the market, assisting those struggling with affordability and those struggling to meet mortgage interest repayments. The impact of these measures at national, HMA and local level remain to be seen although some commentators suggest that the impacts may be marginal.

... this is likely to have significant short term impacts on a number of market segments including regional and town centre investors and first time buyers.

Analysis of the City Centre markets illustrates that investor purchasers have formed a significant proportion of total sales since 2003. The nature of these purchasers, with smaller investors comprising the vast majority, suggests that these areas will be more exposed to wider market fluctuations than suburban regeneration areas, where larger investors with longer-term investments tend to proliferate. Despite this, suburban regeneration areas continue to demonstrate an over-reliance on investor sales. The Central Salford market shows more vulnerability than Manchester City Centre, with the investor profile detailed above more pronounced in this area.

Given the changing nature of lending activity and general impingement on 'marginal buyers', it is expected that smaller investors may find it difficult to purchase buy-to-let property. As a result, areas that have traditionally relied upon smaller investor activity (i.e. regional and town centres) may be opened up to first-time-buyers as competition for stock reduces. However, offsetting this to some extent is the fact that first-time-buyers will find it increasingly difficult to access mortgage finance alongside an escalating environment of decreased prospective purchaser, and investment, confidence within the current context of declining market values achievable for property nationally.

Within this context it is important to recognise that demand within the private rented sector remains high with households choosing or limited to this tenure as a result of the current turbulent financial times. This rapidly changing

dynamic is most evidently highlighted within the city centre markets where increasing demand within the private rented sector is apparent.

Affordability benchmarking shows the gap between tenure “entry points” is now at its widest point ...

There is a particularly large gap between owning and renting a property across Greater Manchester. The gap is most substantial in the Southern HMA (in Stockport and Trafford) driven by very high average house prices, but also evident in Salford where rental levels are notably low but where house prices have increased significantly. In both North Eastern and North Western HMAs, the gap is less significant but exists nonetheless. At six-digit postcode level there are still a number of areas with the North Eastern and North Western HMAs that retain some degree of affordability (measured by lower quartile price to income ratios). The same is true of peripheral parts of the Central HMA, but in the Southern HMA there are few areas where entry level properties could be classed as affordable to those on below average incomes.

Intuitively the anticipated fall in house prices due to the credit crunch will ease affordability constraints across the HMA. However, as lending criteria tighten it may make entry more difficult with fewer market transactions – also anticipated as a result of falling market confidence leading to fewer opportunities to purchase. It remains to be seen how these two effects will balance out. It may be the case that into the medium term after prices have fallen, lending criteria will ease and ease affordability constraints, but this may take some time and will require careful monitoring.

... and due to the combined effects of this and population growth, the Private Rented Sector is growing and is now the tenure of choice for younger households ...

Pressure is being transferred to the private rented sector which plays an intermediary role in housing provision – it is both a cause of and response to affordability issues. Specifically, young cohort affordability is a significant issue and has led to increasing activity in the private rented sector. In the future, the growth in elderly owner occupied households may make it harder for younger cohorts to access and enter the market.

... which are located primarily in and around the Central and Southern HMAs and reflect university presence and associated demand.

The southern reaches of the Central HMA and much of the Southern HMA is the focus for younger persons housing demand. The former has a concentration of student housing and the latter popular with non-student but younger cohorts. There are also significant numbers of younger person households in other HMAs, notably in the North Western HMA around Bolton. However, this concentration is perceived to generate a number of problems. Manchester City Council is currently examining policy options including the relative merits of concentration or dispersal measures, and research on the topic is not yet completed. The outcome of this and subsequent policy could affect housing in each HMA markedly.

Demand for social rented stock remains high, as does the demand for suitable family accommodation. However supply of new stock is failing to meet demand on both counts.

Whilst owner occupation remains the tenure of choice for many it is not achievable for all households. Financial barriers to owner occupation result in increased pressure on the social rented sector (reducing capacity) and pressure on families unable to make the step up the ladder into suitable accommodation that meets their aspirations. Strong demand for social housing has seen waiting lists peaking at over 90,000 in 2006 – this represents eight per cent of all households within Greater Manchester. Demand, as measured by waiting lists, is highest in Bolton and Manchester.

Further, there is a limited housing choice for families within the social-rented sector, with a deficit of larger, council-owned and other social rented family housing containing 7 or more rooms. The Central HMA contains the highest proportion of larger, family sized, social stock with 7 plus rooms and the highest volume of small, 1-2 room, social accommodation is situated within the Southern HMA. There are high turnover rates of social stock, with an average of eight per cent in Greater Manchester. At the HMA spatial scale, the North Eastern HMA sees a particularly high rate of 11 per cent. By contrast, the North Western HMA demonstrates the lowest stock turnover rate, at six per cent.

Future economic scenarios based upon the Greater Manchester Forecasting Model, all show strong service sector driven economic growth in the core of the City Region, associated population increases and commensurate changes in both the level and type of housing demand ...

The baseline scenario is Oxford Economics' independent projection of economic growth and associated housing growth, whilst the Accelerated Growth Scenario is a 'growth plus' scenario also inclusive of 'policy-on' employment generation at key sites. During the course of this commission a third GMFM scenario based on a short-term downturn has also been commissioned. The five-year trend scenario is 'Economics-neutral' and predicated on official

projections and previous 5-year trends. Each indicate or imply a further shift toward the service sector and with that a drift toward both high-end and low-end occupations and quite probably a further polarisation in terms of earnings and social outcomes. A key policy challenge is to ensure that both existing and potential residents, including those at the lower end of the income scale or those who are workless are able to benefit from the anticipated long-term economic growth of the conurbation.

In housing terms scenarios point to between 160,000 and 192,000 additional households by 2026, an annual rate of 7,800 - 10,100 p.a. This compares with draft RSS rates of 9,700 per annum. The lower GMFM estimates are generally caused by a combination of roughly equivalent population estimates but a larger average household size.

... so in GMFM, as well as in key local and regional policy and strategy documents, it is anticipated that much future housing and economic growth with the Manchester City Region will be concentrated in the Central HMA and the Southern HMA.

Inclusive of double counting (due to local authority boundaries spanning HMAs), the baseline scenario indicates the following annual rates of provision in HMAs (with equivalent RSS provision in brackets):

- ⇒ Central HMA 3,900 (5,700);
- ⇒ Southern HMA 3,800 (4,550);
- ⇒ North Eastern HMA 1,600 (1,450); and
- ⇒ North Western HMA 3,000 (3,700).

Whilst baseline forecasts are below draft RSS provision in all cases apart from the North Eastern HMA, the Accelerated Growth Scenario is more in keeping with RSS and reflects the aspirational nature of planning provision. Further details of district level estimates are available in the main body of the text, although it is stressed that these figures are demand side outputs of an econometric model and do not reflect any of the wider supply side and planning and policy issues that will be relevant at a regional and Manchester City-Region level in defining the scale and distribution of housing provision.

In housing mix terms, simple analysis based on the relationship between occupations and demand, suggests that for Greater Manchester as a whole there is likely to be a reduction in absolute terms in the level of demand for terraced housing and in relative terms for semi-detached housing.

Non-terraced housing is likely to see absolute increases in demand, with the most significant being for flats and semi-detached properties. Although demand for semi-detached will increase in absolute terms, the mix model suggests that in relative terms it will fall and account for a lower proportion of total demand.

In the baseline case each HMA is expected to see different growth patterns and hence different mix outturns in 2026:

- ⇒ The North Western HMA with stronger than average change in mix toward detached and semi-detached houses;
- ⇒ The Central HMA is likely to see a relative increase in demand for detached, semi-detached and flatted properties at the expense of terraces;
- ⇒ The Southern HMA could see a relative demand shift towards terraced-equivalent and flatted properties (potentially in keeping with spatial constraints) rather than other types; and
- ⇒ The North Eastern HMA may realise a stronger than average drop in mix for terraced properties.

The crucial point, however, is that demand for all types of housing apart from terraced will be higher across all HMAs if the baseline economic outcomes come to fruition and demand amongst occupations for house types stays the same. The mix shift could be stronger (or weaker) if this is not the case. It should also be noted that the above analysis is based on quantitative analysis and that some stakeholders suggest that the relative share of semi-detached housing will also need to increase – this highlights the need for further discussion on all aspects of provision: quantum, type, and affordable units.

Housing needs analysis provides a 'snapshot' of the current situation in Greater Manchester and develops an image of future need for affordable housing projected forward from this ...

Such analysis has firstly highlighted a significant backlog of households that meet the CLG 'priority need' criteria, which is a primary indicator of housing need, has developed in each of the Greater Manchester local authorities. The highest numbers of priority need households waiting to be provided with social rented accommodation are located in Manchester, followed by Salford and Bolton. Respectively, these local authorities have 10,300, 8,000 and 8,000 households deemed in priority 'need' located within the borough as things stand. Issues around the affordability of

owner-occupied stock also suggests the potential generation of further future housing need on an annual basis throughout many of the authorities of Greater Manchester. Falling turnover of social rented properties and a limited supply of new affordable homes are evident trends across all the Greater Manchester authorities.

... but in order to develop robust affordable housing targets and reduce housing need it is important for authorities to consider policy priorities and develop analysis beyond this SHMA in conformity with PPS3 ...

A key AGMA policy objective is to ensure the sustained economic growth of Greater Manchester, and to ensure that the benefits of this economic growth are experienced by a greater proportion of its citizens. Through the implementation of new governance arrangements, including the agreement of an MAA with Government, Greater Manchester is in an enhanced position to work strategically to tackle the causes of housing, improving skills and education in order to improve the opportunities available and people's ability to access better quality housing. Notwithstanding the requirement for affordable and social housing in specific locations where affordability problems are most marked, policy-makers are planning for balanced communities, to ensure that affordable housing, and social housing where necessary, is co-located with market housing to minimise the probability of further embedding deprivation. These strategic objectives should be borne in mind when designing future policy.

Paragraph 29 of PPS3 reinforces that the economic viability of land for housing within an area must be established by local authorities, within Local Development Documents, to inform the development of a borough-wide overall target for affordable housing provision. Economic viability must reflect risks to delivery of housing development, adequate financing including public subsidies and the level of developer contribution that is reasonably achievable.

The 'pure' assessment of need is also driven by and responsive to a significant number of external drivers, including for example the overall supply and demand dynamic, market forces, financial and economic climate and the constraints imposed by the current supply profile of affordable units. The impact of these drivers on the 'demand' for future affordable housing provision will require careful monitoring in order to ensure a balance is met between supply and demand.

Following a simple link between the quantum of households in need and a potential supply provision, the estimate of 8,600 households in need would represent 89 per cent of all housing development brought forward towards the RSS requirement (assuming a one-to-one direct relationship) being of an affordable tenure on an annual basis over the next five years. This is clearly an unrealistic proposition, not least for developers or for potential residents, but it does serve to highlight a snapshot of the current level of need for affordable housing as per CLG's methodology and it evident that there is a significant requirement for affordable housing across Greater Manchester. It will be important to balance the provision of affordable housing with the evidenced need for increasing numbers of family and aspirational housing across Greater Manchester and in particular the North Eastern HMA and the Central HMA.

... and local authorities therefore need to develop robust evidence bases to establish a realistic, and achievable, target for the proportion of affordable housing to be incorporated within new housing developments.

Analysis of the supply of affordable (lower quartile) housing absorbing demand illustrates that the supply of housing falling within the lower sales brackets is relatively small and therefore likely to have a limited impact on addressing need. This is an issue, alongside the evolving role of the private rented sector, which will require careful further monitoring given the current dynamic state of the wider housing market.

It is here that the future role of the private rented sector is key in Greater Manchester, for a high quality private rented offer is likely to absorb a significant proportion of those households in priority need with the assistance of housing benefit finance. Indeed there is anecdotal evidence within the Regional Centre market that this tenure is witnessing a significantly high level of demand with the market responding to the current financial and supply context. As noted above, housing led solutions to meeting housing need represent just one element of a spectrum of policy measures, which also include approaches which ensure that a greater proportion of households are able to benefit from economic growth and therefore access a greater choice of housing and increase their 'market mobility'.

More details regarding district and HMA specific 'need' analysis appears in individual synopses at the end of this executive summary.

In future, there will be a major growth in the elderly population across all HMAs, although incomes and needs differ across locations.

The magnitude of change and the fact that stakeholders suggest that little priority has been given to the older cohort's housing issues, even though it means that the ageing population is likely to be a major housing market issue going forward. The effects of this will extend to other age cohorts due to changing patterns of tenure in the 65 plus population towards longer owner occupation. If official projections come to fruition the North Western HMA will see the most significant rises in elderly population of any HMA.

It is important to note that characteristics of older people differ markedly across and within HMAs. In the north of the North Eastern HMA and the Central HMA, the over 65 population is generally low income. In the North Western HMA – where growth in the over-65 population is expected to be highest – the group is mostly middle-income. The Southern HMA contains most of Greater Manchester's affluent elderly population. Thus broad brush actions are likely to be of little practical worth and consultations suggest that the problem needs to be tackled at an authority level. Many authorities are in the process of gathering further evidence on this topic.

This SHMA has identified six key policy and delivery challenges that will need to be addressed moving forward across each HMA

These differ in subject but also in terms of the temporal need for intervention. Two issues are short-to-medium term and are likely to cease to be an issue when the current economic cycle is reversed, whilst the remaining four are termed 'long-wave' issues, as they are likely remain issues throughout the lifetime of the RSS and other policy and strategy lifecycles.

The two immediate delivery challenges (e.g. short-to-medium term) issues are:

- ⇒ Responding to the credit crunch; and
- ⇒ Regional Centre and town centre markets.

The four key strategic 'long-wave' challenges are:

- ⇒ Meeting the need for additional housing;
- ⇒ Housing and regeneration;
- ⇒ Meeting the long term needs of specific groups; and
- ⇒ Bridging the affordability gap.

Policy and strategy considerations for each of these six issues include:

The credit crunch presents a strong tide for regional, sub-regional and local level policy makers to swim against, so it may be worth 'sitting-out' the crunch, but monitoring its effects on the housing market in the Manchester City Region.

The lack of consensus as to the extent of the crisis and when it may end means greater uncertainty that affects developers, buyers, sellers and policy makers alike. If in time it becomes apparent that the effects of the crunch are here to stay then it may be worth taking specific interventionary actions in the housing market. However, if as anticipated the effects are transitory, short-to-medium term inaction is likely to be the best policy.

The key issues for regional and town centre markets relate to the need to respond strategically to the potential short-term effect of the current financial and economic climate.

Although there is a temptation to react to current short term market challenges, the aim should be to respond strategically to the long term requirements of the regional centre and town centres, focusing on increasing quality of new housing, diversifying the supply, and improving social and community infrastructure. This long-term approach recognises the identified continuing demand for flatted properties (in line with a projected increase in single person households) across all HMAs but importantly within the Central HMA.

There is also a requirement to address poor quality housing in city centre fringe locations, and maximise the potential benefits flowing from public sector land assets.

It is also important to recognise the broader role of the regional centre and other town centres within Greater Manchester as strategic locations for employment and it is important that a viable balance is struck between residential and commercial uses in order that sustainable economic growth is not inhibited by an insufficient supply of available land.

To best meet housing requirements there is a need to provide the quantum of growth required over the long-term whilst maintaining the focus on design quality, regeneration, sustainability, mix and the right way to achieve affordability.

Although supply may be softening at the current point in the economic cycle, and there is likely to be a requirement to release additional land for development to meet higher targets in the long term, there are significant merits in maintaining current policy, even if in the short term, this coincides with a slight downturn in supply. Given the need to increase build rates beyond what has been achieved in recent years, and in all likelihood without the same

contribution from the apartment market in the regional centre, there is a need to ensure sufficient quantum of land over five-ten year cycles to deliver the necessary build rates to meet GMFM and RSS numbers. This may mean additional Greenfield release through a policy led 'planned growth which continues to place priority on facilitating and supporting urban regeneration. Further consideration will be required of the outcomes of the SHLAAs currently underway which will assess the future residential capacity including reference to deliverability and viability.

Although affordable housing is an important component of any scheme, it is important to set the level of affordable provision appropriately to reflect viability issues and the broader range of planning obligations/infrastructure requirements. A lower proportion of a higher level of supply will still yield greater levels of provision. Given the important role of the private rented sector in meeting needs, there is a need to give it the appropriate attention to improve standards, through HMO enforcement and Landlord accreditation.

In the face of limited resources across a significant range of regeneration challenges, there is a need to be clear about the policy approach and how to prioritise across and between areas and types of intervention based on the objectives of partners.

There is a need to put in place strong mechanisms for engaging the private sector, understanding the right stance to take in the short term uncertainty, and structuring delivery for the long term in a way that maximises value capture. The role of public sector assets and other funding options should be explored to maximise the potential of public funding.

Harnessing private sector renewal powers (including compulsory licensing) to maximise investment in poor quality stock, particularly in pre-1919 areas will be of increasing value and importance. Strong stakeholder and resident engagement and alignment mechanisms will be needed to deliver change.

There is a need to develop a better understanding of specific needs of particular groups, including further research on the impact of the ageing population, and migrants ...

There is a need to address the potentially significant impact of the ageing population, but there is still too little information on precisely how this major demographic shift will impact on housing needs and on the aspirations and requirements of the older cohort. This is an issue which is only just starting to be addressed through national policy in detail. Given the evidence that indicates the increasing size of this demographic cohort it is clear that addressing their future housing needs should be given priority in the development of policy. The effects of more and longer owner occupation by older residents are likely to affect younger cohorts, who are currently struggling with affordability constraints. With specific respect to students, it is worth waiting for emerging research to be concluded before considering strategic options in more detail.

... and in areas such as Oldham & Rochdale a need to tackle the pervading ethnic, social and economic polarisation through housing market and cross-agency interventions.

Issues of economic and social exclusion continue to pose a problem for BME communities in the Manchester City Region, with housing being one of a number of contributory factors. This is especially the case in the North Eastern HMA, where sections of the community are increasingly polarised, ethnically and socially, both with respect to other areas of the districts in question and the wider Manchester City Region as a whole and will need to be tackled as part of a multi-agency approach if social cohesion is to change for the better. Finally, evidence suggests that the significant influx of migrant workers centred on the core of the Manchester City Region may be drying up. The effects of a potentially weakening economy may also reduce economic migration in the short to medium term. Just as the influx caused housing capacity issues, any outflow will also create associated problems as demand falls in those areas which have seen the biggest inflows. This is likely to have the greatest effect on those more 'vulnerable' markets with demand created through this significant period of migration for properties which may otherwise have remained in low demand. In the future, further waves of migration may have similar effects, and to this end – in spite of patchy and inconsistent data – it is necessary to monitor the situation.

Affordability remains a major issue, and given underlying drivers is likely to remain so, whatever the ramifications of the credit crunch. Accordingly bridging the affordability gap should be a crucial component of any future strategy.

This will involve a number of key principles, above all, from a housing led perspective, the need to recognise and embrace the role of the Private Rented Sector in meeting affordable housing requirements – there is an optimal balance between quantum and quality. This means ensuring that the trade off between viability, affordable housing provision, and other policy objectives are explicitly considered in assessing schemes through procurement or planning processes.

Secondly, whilst there are no easy answers or 'quick-fixes' and progress to date has been limited, there is a need to continue to take forward intermediate housing products including fine tuning the offer in a maturing market. This means further exploring financial and other mechanisms available for increasing the supply of accommodation (market, intermediate and non-market) in appropriate locations (rather than across the board), including as part of regeneration schemes, within mixed communities.

Finally, reducing the quantum of households with low incomes will be critical in alleviating the number of households in housing need. Therefore, non-housing led measures represent an important component in improving market mobility and housing choice. By tackling skills and education and therefore improving people's ability to access better quality housing, alongside the provision of housing which meets their requirements, they and others, will then choose to reside in new and strengthened neighbourhoods.

Looking at these drivers and approaches to bridging the affordability gap it is important to recognise that the responses across HMAs and their constituent authorities to addressing the demand for affordable housing will be different and need to respond to the current supply and the balance between the drivers of need and demand (i.e. incomes and house prices).

Finally, this research is not intended to be a strategy document per se, and neither is it designed to replicate or replace more detailed analysis at a district level. Rather it is an important contribution to the evidence base.

For these reasons, it is important that the findings and any implications for policy that flow from it are properly considered within a wider policy making framework, including understanding other contributory factors to the policy choices that need to be made.

Synopsis of key findings for each HMA

Details of the make-up of each HMA can be found in Chapter three.

Central HMA

Background, demographics and economy

The Central HMA forms the core of the conurbation, incorporating the regional economic centre. Because of this, the Central HMA has seen the healthiest rates of economic growth with annual GVA growth and job creation being well above the Manchester City Region average. Today this economy is characterised by a continuation of the 'service-sector-shift', which has led to a substantial increase in the proportion of workers engaged in higher-end and higher paid occupations, which has implications for housing demand in the Manchester City Region. However, core neighbourhoods in the Central HMA have largely been identified as areas of priority regeneration need.

Thus the Central HMA is a tale of two stories – in spite of high levels of economic growth and higher average incomes, inequalities in income still remain. Workplace earnings are often significantly higher in the Central HMA than workplace earnings in other HMAs and equivalent residence based earnings, with high levels of unemployment persisting.

The major change in migratory flow in the Manchester City Region over the last decade has been concentrated in the Central HMA and specifically around international inflows to Manchester and Salford – there are currently 25 A8 workers per 1,000 residents in Manchester. This typifies Manchester's relatively strong external links. Whilst Manchester loses people to the rest of the Manchester City Region, the city helps to redress this in domestic migratory terms by attracting in residents from outside the Manchester City Region and acting as the major destination for in-commuters.

These characteristics mean that the Central HMA, more than any other, drives outcomes elsewhere in the City Region.

Housing Stock

Growth in housing numbers has been very strong within the Central HMA, with a total increase of over 20,000 units between 2001 and 2007. The rapid growth of city centre apartments has represented a significant component of this growth with the vast majority of large schemes concentrated within the city centre. The scale and pace of development of this product has created a particularly dynamic market exacerbated by the current financial and economic conditions created as a result of the Credit Crunch.

The Central HMA also has the smallest proportion of private stock (73.1 per cent) with conversely the largest social rented stock provision. In terms of the stock profile by type the Central HMA has the most significant imbalance, with

notably low proportions of detached and semi-detached properties, and comparatively high levels of terraced and flatted properties.

Other notable features of the Central HMA include:

- ⇒ High levels of properties cleared over recent years due to HMR interventions – this is particularly evident in the urban fringe of the Housing Market Area into Salford and in parts of East Manchester;
- ⇒ There are a significant number of unfit properties within the Central HMA despite reductions occurring in Manchester and Salford in particular. Analysis indicates that 42.1 per cent of stock across tenures is deemed to fall short of 'decency standards' at present;
- ⇒ Manchester has the highest number of unfit private rented properties, which strongly influences the overall proportions witnessed across the Central HMA; and
- ⇒ The Central HMA also includes large numbers of vacant properties, again with the majority of these concentrated within Manchester and Salford, even though overall levels of vacancy within the HMA have reduced markedly since 2001.

Active Market


The Central HMA witnessed the greatest escalation in property values of the four HMAs between 2000 and 2007. In 2000 the HMA had an average price which was the lowest of the four HMAs, however, by 2007 it recorded a price second only to the Southern HMA. This rapid growth in prices has been driven both through new developments in regeneration areas but significantly through the rapid development of high quality city living properties in the city centre and the rise in investor activity within both regeneration and city centre locations – again the Credit Crunch poses particular short term challenges to this market as a result of its nature and role within the wider market

With new development playing an integral role in this price growth it is important to note that the market area contains significant spatial discrepancies in house prices. The regional centre includes some postcodes with very high average house prices, however, many of the more 'urban fringe' areas record some of the lowest property prices across Greater Manchester.

However, intrinsically linked to this is the expansion of affordability difficulties. Analysis of household incomes highlights the importance of recognising that the Central HMA records the lowest median and lower quartile household incomes of the four HMAs. This means that affordability problems have developed rapidly within this market area over recent years as a result of property price rises.

Concurrently, demand for social rented properties (indicated by waiting lists) remains high and has remained relatively stable over recent years.

Future Market

Central HMA	HMA Summary – Main Variations
Quantum of Housing Growth	<p>3,400 p.a. (Downturn). to 3,900 (Baseline). to 4,400 p.a. (Trend). to 4,500 p.a. (AGS). Subject to double counting. Highest of each HMA.</p> <div> <p>Central HMA - Baseline Housing Shares</p>  <p>■ Manchester ■ Salford ■ Trafford</p> </div>
RSS Equivalent	5,700.
Supply Issues	<p>Current planning permissions are clearly concentrated within the Regional Centre, however, there exists a strong future capacity of land within the more peripheral parts of the Central HMA. The pressure to deliver high housing numbers could potentially lead to competing demands between housing and employment land requirements; and</p> <p>Longer-term aspirations, policy and forecasts suggest that Central HMA is the</p>

	focus for growth across Greater Manchester.
Economic Drivers	<p>The Regional Centre remains the focus of City Region and Regional growth agendas and is forecast to generate significant employment growth. Therefore both economic and housing growth is expected to be concentrated within the Central HMA;</p> <p>The Central HMA represents the largest and strongest economy in terms of structure – with abundant service sector focussed on the regional centre;</p> <p>Major developments such as MediaCityUK also contribute to this economic growth and the generation of employment opportunities; but</p> <p>Core area deprivation is still amongst the worst in the North West despite economic and housing market change. Little movement in social exclusion or mobility indicators.</p>
Economic Scenarios	<p>Employment growth expected to be around 1.1 % p.a. – the highest of any HMA; and</p> <p>Future housing demand strongly linked to economic outcomes - upside gain and downside pain.</p>
Demographic Drivers	<p>Highest population increase (0.8 %); and</p> <p>Higher than average future average household size (c. 2.22).</p>
Social Rented Housing	<p>600 p.a. (Baseline & AGS).</p> <p>To 3,300 p.a. (Trend) – not a realistic outcome.</p> <p>Higher than Greater Manchester Average.</p>
Housing Mix	<p>Increase in demand for all types except terraced, with above average increases in demand for flats. Clear absence of detached properties within the overall mix of the housing stock within the Central HMA.</p>

Housing Need

In absolute terms the Central HMA records very high levels of housing need reflecting the high levels of social rented provision and the scale of concentrated areas of multiple deprivation and the quantum of low income households.

The greatest levels of future housing need are to be located within the Central HMA authorities of Manchester and Salford, with the highest numbers of priority need households waiting to be provided with social rented accommodation located in Manchester, then Salford.

Both Manchester and Salford are well placed to accommodate the high levels of future housing need identified within Stage 2 of the analysis, with large numbers of affordable housing projected to be available to meet demand for social rented accommodation from households in priority need on an annual basis within each city, challenging market conditions notwithstanding. The drop in turnover rates however suggests that whilst the potential supply remains high unless affordability problems are reduced it will not be sufficient to meet projected demand.

Demand remains strong for all property sizes based on an assessment of waiting lists and lettings. However, demand appears to be particularly acute for 3-bedroom properties suggesting a deficiency of stock suitable for larger families. Whilst demand remains high for one bedroom properties in absolute terms, the comparatively high turnover rates and quantum of stock provides a greater balance between supply and demand.

Policy Issues for Consideration

Given the above features and other key factors specific to the Central HMA, the following policy points are raised:

The Central HMA was arguably hit hardest by post industrial transition but has re-emerged as a strong commercial centre for Greater Manchester and the wider region. Its “gravitational pull” is evident in travel to work patterns and

migration into the Central HMA, relative to other areas within Greater Manchester. Over the last decade the Central HMA has received considerable private and public investment which, guided by policy, has started the process of regeneration and reinvestment in neighbourhoods. In particular the emergence of the Regional Centre (including Salford Quays), and Central Salford as high density residential locations has reflected a remarkable pace of development and investment activity coupled with a changing demand for homes. Most recently, the extension of the City Centre “effect” to adjacent neighbourhoods has been apparent.

Despite the advances that have been made, the Central HMA is characterised by stark contrasts in terms of the quality and choice of residential environments. The area still contains areas of mono-tenure housing, large social rented housing estates and pockets of intense multiple deprivation. Housing deprivation and conditions are only one driver of multiple deprivation and a co-ordinated strategy response is demanded in order to tackle deep seated problems of economic competitiveness and residents’ ability to participate in the workforce and therefore their market mobility and ability to access different housing choices. Estate renewal and tenure diversification remain key challenges for the Central HMA in order to improve neighbourhoods and better harmonise the quality of residential experience across the area. The operation of the Local Housing Company will be key in this respect.

Housing tenure is skewed considerably towards the private rented sector with this trend being exacerbated by the conversion of a significant volume of larger stock to cater for the student rented market, as well as the wave of development that has catered for the buy-to-let investment market. The private rented sector has become a mainstream choice for many newly forming households and prospective first time buyers who have been priced out of the market. In common with other HMAs, the Central HMA needs to develop more sophisticated mechanisms of regulating quality within the private rented sector, which is prevalent throughout much of the area. Accreditation and licensing schemes have been trialled and linked to programmes of regeneration (such as the MSP Programme). However there is potential to establish these regulatory mechanisms on a more universal basis across neighbourhoods with high concentrations of private rented property.

Housing choice continues to act as a “block” on the area achieving its wider economic potential. A process of residential “leapfrog” continues to occur with household interchange particularly apparent with the Southern HMA area and aspirational neighbourhoods therein. Policy needs to be locally specific and to recognise the role of appropriate products. For example, development of family housing within the city centre may not be appropriate or achievable given prevailing land values. However, the delivery of aspirational family products within edge-of-centre neighbourhoods will play an important role in addressing choice deficiencies in the overall market area.

Encouraging the development of a palette of housing typologies that will appeal to a broader range of household groups through policy in areas benefiting from strong transport links to the regional centre represents an important objective and challenge. This will help to stem the effective loss of certain income and occupational groups and widen the residential appeal of the Central HMA to incoming households as well as encourage sustainable transport movements.

In terms of delivery, the Central HMA will play an integral part in the housing growth point. However, the ability to deliver the proposed uplift in housing numbers is still influenced in many inner locations by site abnormalities associated with previous land uses and the high costs of land assembly. Additionally, infrastructure requirements are likely to be most pronounced within this HMA due to the overall scale and density of households and the economic role that the Central HMA plays within the wider sub-regional/ regional areas. A strong link between housing strategy and the proposals incorporated within the TIF bid will be critical in facilitating sustainable development and maintaining private sector investment.

Southern HMA

Background, demographics and economy

The Southern HMA includes the traditionally ‘wealthier commuter’ authorities of Stockport and Trafford and the southern neighbourhoods of Manchester. Many neighbourhoods within the Southern HMA are considered as attractive or aspirational places to live with the area containing large areas of ‘suburban’ housing linked to the regional centre or the town centre of Stockport.

The Southern HMA has seen one of the healthiest rates of economic growth with annual GVA growth of 3.3 per cent over the past ten years. It has also had strong job creation with annual employment growth at 1.2 per cent over the period. Furthermore, the structure of employment in the Southern HMA being dominated by private sector services (c. 67.5 per cent of total) reflects the strong economic performance in the area.

The continued ‘service-sector shift’ has led to a substantial increase in the proportion of workers engaged in higher-end and higher paid occupations. This has implications for housing demand yet inequalities in income still remain and workplace earnings are often significantly higher in the Southern HMA than in the North Eastern and North



Western HMAs. The Southern HMA has the lower proportion of social stock located compared to the other HMAs. It also remains the area with the highest values – helping to attract the ‘wealthier commuters’.

Housing stock

The Southern HMA has the highest overall levels of private sector stock (78.8 per cent), conversely therefore it also has the lowest levels of social rented stock. In spatial terms, this Housing Market Area also includes a strong concentration of private rented properties spreading out from the Central HMA linked to the student markets.

With regard to stock types the Southern HMA appears to have the greatest balance of properties with comparatively high proportions of detached properties and relatively low levels of terraced properties. However, the HMA also includes a relatively high proportion of flatted units (over 13 per cent). This is reflected in the breakdown of properties by number of rooms. With notably higher levels of larger sized properties included within the market area, suggesting a greater range within the overall residential offer.

The Southern HMA has seen a notable increase in the number of housing units over the last six years. However, there have been relatively few large housing developments within the market area (at least within Stockport and the parts of Manchester within the market area). Where new supply has come forward there has been a strong skew towards flatted developments with very few new build detached properties coming forward, particularly in the areas abutting the Central HMA.

The total number of social rented units within the market area has reduced significantly as a result of targeted clearance and high levels of Right to Buy. The influence of clearance is significantly reduced however, when Manchester is excluded and analysis focuses on Trafford and Stockport.

In terms of stock quality, unfitness levels appear to be relatively high in proportional and absolute terms across the HMA area. Private sector estimates developed by the NWRA research on private sector housing projected to meet ‘decency standards’ provides an up-to-date insight into the HMA, with a number of authorities recording high levels of stock failing to meet the ‘decency standard’. Despite this, excluding Manchester, vacancy rates appear to be relatively low across the market area.

Active Market

The Southern HMA represents by far the most expensive market in terms of average house prices of the four HMAs. The average property price in 2007 was recorded as being in excess of £200,000.

Examining trends back over time indicates that in absolute terms the Southern HMA was also the most expensive market in 2000. However, the rate of increase over the six years to 2007 has actually been the lowest of the four HMAs. This indicates that the other market areas are, at least in part, narrowing the proportional gap in prices.

New development within the Southern HMA achieves very strong values, in part a result of the limited supply of certain types of products being developed identified in the previous section, but also as a result of the strong market context.

High average house prices mean that the Southern HMA also has by the highest lower quartile house prices. This has implications for households looking to enter the owner-occupancy market, with a general lack of ‘entry-level’ priced properties.

The Southern HMA does record the highest overall levels of household income of the four HMAs. However, the increment between the Southern HMA and the North Western HMA is not of a scale with the incremental gap in house prices. This is translated into the Southern HMA having the most acute affordability issues of the four HMAs.

Driven, at least in part by these affordability issues, demand for social rented stock (indicated by waiting list data) remains very high within the Southern HMA. However, the trends indicate that overall demand has witnessed a slight reduction in the last five years, although the exact drivers of this reduction are unclear. It could be the result of data discrepancies or potentially a perception by households that the opportunity to enter the tenure in this market area as a result of a lack of supply is limited.

Future Market

Southern HMA

HMA Summary – Main Variations

Quantum of Housing Growth	<p>3,300 p.a. (Downturn)</p> <p>to 3,800 (Baseline)</p> <p>to 4,200 p.a. (Trend)</p> <p>to 4,600 p.a. (AGS)</p> <p>Subject to double counting.</p>	<p>Southern HMA - Baseline Housing Shares</p>  <p>■ Manchester ■ Stockport ■ Trafford</p>
Supply Issues	<p>Spatial constraints currently in terms of land capacity within Stockport, but Trafford may be able to deliver above current requirements; and</p> <p>Growth in housing provision will be critically linked to development of infrastructure, including proposed Metrolink extension and the improvement of other core transport routes.</p>	
Economic Drivers	<p>Significant growth potential afforded by Manchester Airport and the direct and indirect jobs that it will continue to support;</p> <p>Potential further strengthening of Stockport town centre will underpin further generation of employment which will complement provision with the Regional Centre; and</p> <p>Investment planned for the Metrolink will further enable growth of employment within Trafford building on for example the Trafford Park employment area.</p>	
Economic Scenarios	<p>Employment growth expected to be around 1.1 % p.a. – although biased upwards slightly by Manchester's inclusion; and</p> <p>Future housing demand strongly linked to economic outcomes - upside gain and downside pain.</p>	
Demographic Drivers	<p>High population increase (0.7 %) in spite of recent falls in Stockport; and</p> <p>Highest future average household size (c. 2.22); but</p> <p>Very high socio-economic polarisation, especially in Stockport; and</p> <p>Significant out-commuting – although not viewed as an issue.</p>	
Social Rented Housing	<p>700 p.a. (Baseline & AGS)</p> <p>to 2,600 p.a. (Trend)* – not a realistic outcome.</p> <p>Generally highest reflecting more acute affordability issues.</p>	
Housing Mix	<p>Increase in demand for all types except terraced, with above average increases in demand for flats reflecting the comparatively healthy current provision of detached housing when compared with the other HMAs in Greater Manchester.</p>	

Housing Need

As a result of acute affordability issues, driven by high house prices, and a comparatively limited provision of social rented stock the Southern HMA has a very high level of evidenced housing need.

The levels of need identified are unlikely to be met through the current delivery of housing and there will be a need to explore the potential to work with adjacent areas within Greater Manchester to address need. Intermediate housing products have to date been successful within the Southern HMA, with this in part a result of confidence in the market

and the scale of affordability issues. The further development of intermediate products will be important in the future in meeting housing need with the private rented sector also likely to play an important role.

Family-sized (2 bed, 3 bed and 4 bed) social rented properties are particularly under stress as a result of high demand and limited turnover. However, there also exists a high overall demand for smaller products, again reflecting the problems have in obtaining access in other tenures within the Southern HMA. Whilst demand for 1 bedroom properties remains high the comparative levels of turnover are able to accommodate demand levels sufficiently.

Policy Issues for further Consideration

The analysis clearly identifies the continued delivery of affordable housing within the Southern HMA as a core requirement in continuing to develop a sustainable and balanced housing market in the future. The delivery of affordable housing to date whilst clearly showing an improvement over recent years still falls considerably short of successfully addressing the levels of need identified through the range of assessments of housing need.

The Southern HMA continues to represent the highest priced market within Greater Manchester and is likely to continue to attract significant developer interest as a result of this market strength and constraints on land availability. However, in order to advance a considerable elevation in the levels of affordable housing delivered consideration will be required of the possibility of releasing a further supply of land within, or in close proximity to, those areas which continue to be identified as suffering from severe affordability issues. The release of further developable sites would need to be undertaken with the clear policy objective of delivering higher thresholds of affordable housing within these developments. This in turn could require consideration of the need for authorities within the HMA to relax existing restraint policies but only with regard to development contributing significantly to the delivery of affordable units. In order to ensure that the further releasing of land does not impact negatively on regeneration areas within the Southern HMA (Wythenshawe and Brinnington in particular) or adjacent market areas, this will need to be advanced through detailed joint working between authorities.

The Local Housing Company model may also provide a vehicle for accelerating the supply of aspirational and affordable homes while using local authority assets in delivery.

The development of intermediate housing products has also been met with healthy levels of demand, with the strength of the overall housing market within this HMA supporting this demand. The impact of the credit crunch and in particular the availability of mortgage finance whilst representing a short term issue is unlikely to undermine this demand in the longer term and therefore policy should continue to emphasise the importance of delivering this tenure alongside additional social rented properties, where appropriate and as part of mixed tenure developments and further market housing.

Developing a greater mix of housing choice should include the encouragement of urban (town) living within the major centres, including Stockport Town Centre. Whilst the Regional Centre has an abundance of apartments reflecting the unprecedented development levels witnessed over recent years this market remains comparably undeveloped within the larger centres in the Southern HMA. This supply of new housing within town centres would assist in reinforcing the vibrancy and vitality of these centres and introduce greater choice in the overall housing offer, including the potential delivery of a high quality rental market to assist in easing the current pressure on the social rented and intermediate housing stock. This mix of housing could also serve a wider demographic than that associated with the product delivered within the regional centre with the cluster of services on offer within town centres – including transport hubs – creating the potential to deliver housing catering for elderly households.

North Eastern HMA

Background, demographics and economy

The area is one of continued economic restructuring and manufacturing decline, although over recent years growth in the service sectors has started to offset this trend. Services now account for 56 per cent of the economy. The North Eastern HMA has experienced markedly lower growth than the Central and Southern HMAs.

The 'service-sector shift' has, to an extent, helped to increase the proportion of workers engaged in higher-end and higher paid occupations but economic and social exclusion is still a major issue (especially in Oldham and Rochdale). Inequalities in income still remain and workplace earnings are often significantly lower in the North Eastern HMA than other HMAs. This has implications for levels and type of housing demand. In terms of external linkages areas within the North Eastern HMA have stronger links to adjacent authorities to the north than other HMAs. The North Eastern HMA has slightly stronger international inflows of workers than average with around 16 A8 workers per 1000 residents at present.

Housing stock



The North Eastern HMA has a comparatively high proportion of stock within the private sector (77.4 per cent). However, there is a notable imbalance in the profile of stock by type (although not as acute as witnessed in the Central HMA) with low proportions of detached properties and very high proportions of terraced properties (34 per cent).

The North Eastern HMA has seen the lowest absolute change in housing units, with a net increase of approximately 4,000 between 2001 and 2007. As with the other HMA this has incorporated a significant reduction in the number of social rented properties as a result of targeted clearance and Right to Buy.

This has been compounded by relatively few large new housing developments being brought forward within the North Eastern HMA over the last six years. Where there have been larger residential developments (over 50 units) these have tended to have been concentrated in Oldham. Where new units have been developed there appears to have been a mix of property types, with developments of both detached and flatted units apparent across the market area.

Despite HSSA records showing notably low levels of clearance, the HMR programme in Oldham and Rochdale has led to significant levels of clearance in the last few years, with unpopular and vacant properties being removed to enable new higher quality developments to emerge. In Oldham there are delays with planned clearance whilst awaiting the outcome of the Compulsory Purchase Order inquiry.

Rochdale, Oldham and Tameside are distinguished by having high levels of properties classified as unfit, which means that this represents an issue for the North Eastern HMA as a whole. This is reinforced by NWRA research on private sector housing projected to meet 'decency standards' across Greater Manchester, which estimates that nearly 50 per cent of stock within the North Eastern HMA currently fails to meet 'decency standards'. Alongside high levels of unfitness the Market Area as a whole includes relatively high numbers of vacant units, with overall levels increasing by 15 per cent since 2001.

Active Market

The North Eastern HMA, despite witnessing a rapid increase in house prices (as seen nationally) represents the cheapest of the four HMAs based on average house prices. Concurrently, a comparatively low lower quartile house price is recorded within the market area, driven by relatively low house prices in Oldham and Rochdale.

Furthermore, analysis illustrates that the North Eastern HMA records the second lowest levels of income. It is important to recognise that as well as overall low household incomes the market area includes a number of areas around the urban parts of Oldham and Rochdale which record some of the lowest incomes in Greater Manchester. Regeneration strategy is actively working to address the proliferation of low income households through improving skills and education and ensuring that people are able to access new jobs which are generated through wider economic growth. This in time will impact critically on their ability to access a greater choice of housing.

Importantly, despite the identification of suppressed income levels in absolute terms, demand for social rented stock (indicated by waiting lists) is lowest for the North Eastern HMA (of the four HMAs), and has been comparatively less stable compared to trends in the other HMAs. This is likely to reflect the relative affordability of stock in the market area when contrasted against the other HMAs.

Turnover of social rented stock is highest within the North Eastern HMA, potentially representing an indication of potential issues relating to the attractiveness of stock, but also reflecting the comparatively high levels of smaller properties.

Within the private rented sector, achievable private rents are notably low within the North Eastern HMA, with Oldham recording the second lowest overall rent of the ten Greater Manchester authorities. This suggests that the private rented sector plays a significant role in alleviating 'housing need' within this market with strong interactions with the social rented sector, a finding which resonates with separate research being undertaken by Oldham MBC.

Quantum of Housing Growth	<p>1,600 p.a. (Downturn and Baseline);</p> <p>to 1,800 p.a. (AGS);</p> <p>to 2,300 p.a. (Trend); and</p> <p>Lowest of each HMA.</p> <p>Subject to double counting.</p>	<p>North Eastern HMA - Baseline Housing Shares</p>  <p>■ Oldham ■ Rochdale ■ Tameside</p>
RSS Equivalent	1,450 p.a.	
Supply Issues	<p>Consideration of the supply of land is critical in terms of continuing to support the regeneration areas of Oldham and Rochdale. Much of this supply is linked to the clearance of sites posing questions around the current availability of supply; and</p> <p>The majority of available sites are small which may impact viability, further reinforced by the comparative performance of the housing market in this HMA with house prices lower than the Southern and Central HMAs.</p>	
Economic Drivers	<p>Structural deficiencies – weakest economy of the four HMAs; still reliant on manufacturing; and challenges around linking economic opportunities to housing; and</p> <p>Importance of strategic sites located around the M60 and M62 junctions in generating future investment and employment. Strong links with the development of the Northern Way and linkages to the Leeds City Region.</p>	
Economic Scenarios	<p>Employment growth expected to be around 0.1 % p.a. – lowest of all HMAs; and</p> <p>Model suggests housing market outcomes are less dependent on economic growth than average.</p>	
Demographic Drivers	<p>Significant Minority Ethnic and Migrant communities;</p> <p>Lowest population increase of each HMA (0.2 %); and</p> <p>Average future average household size (c. 2.21).</p>	
Social Rented Housing	<p>400 p.a. (Baseline & AGS).</p> <p>to 200 p.a. (Trend).</p> <p>Lowest of each HMA in absolute terms.</p>	
Housing Mix	<p>Increase in demand for all types except terraced, with above average increases in Detached and Semi-detached demand reflecting the comparatively low supply of these properties currently.</p>	

Housing Need

The lowest numbers of current need are located within the authorities of Rochdale and Oldham which fall into the North Eastern HMA. However, these comparatively low absolute levels mask a supply imbalance with the small overall stock numbers in Oldham impeding the ability to absorb demand – especially if need were to rise. This potentially represents a medium to long-term problem with high levels of newly-arising need predicted to occur within Rochdale in particular. Furthermore, the lower levels of supply projected to be available to Oldham is likely to act as a constraint on supply and drive up need.

The lowest net annual social housing need is focused within the North Eastern HMA (an annual need of approximately 1,211 households/units). Whilst addressing housing need is important within the North Eastern HMA it

is important to recognise the lower property values achievable in this area impacting on the viability of development. In addition there is a need to balance the delivery of housing to meet local needs against the achievement of other core objectives including attracting new economically active households into regeneration areas and raising levels of owner-occupation.

Highest rates of social churn are associated with the smaller properties in Rochdale and Tameside. Medium sized (3-4 bedroom) properties are under the greatest stress in Tameside due to the majority of applicants for this size having to wait for in excess of a year to be housed. This is exacerbated by particularly low turnover rates in Tameside for this size of stock.

The North Eastern HMA in particular shows high demand per property across all sizes of stock reflecting the limitations of the supply of social rented stock outlined above. Demand is particularly acute for 2 and 3 bedroom properties in line with the other HMAs.

Policy Implications

The analysis has clearly illustrated that the North Eastern HMA and in particular the HMR areas of Oldham and Rochdale could be particularly vulnerable in terms of the level of supply of housing achieved over the short-term as a result of the current market conditions. However, it is critical that the momentum achieved through regeneration programmes is sustained through this short-term period with the overall objectives of delivering a greater choice of viable housing products, including the delivery of aspirational housing and affordable housing products. This provision of housing will be important not only to the North Eastern HMA but the overall housing offer across Greater Manchester and create an improved spatial balance and contribute to ensuring sustainable transport choices and patterns for the residents of Greater Manchester. Further public sector investment and funding will be required over the coming years in order to maintain the impact of recent development within the HMR areas.

It is the overall conclusion of this study that for market renewal to be truly successful within the North Eastern area, further commitment and public sector support is critical to delivering a critical mass of aspirational homes. Commitments to deliver key infrastructure within the North Eastern HMA including the extension of Metrolink should be maximised in terms of bringing forward strategically located sites to deliver housing which will improve the overall mix and maintain a health supply of development. Whilst there is a clear identifiable housing need for affordable housing within the HMA policy will need to carefully consider the viability of bringing forward the supply of non-market housing and indeed the priority placed upon its delivery at least in the short-term when balancing against other priorities.

Creating a co-ordinated framework for improving the quality of the private rented stock within the HMA will need to be given consideration as this tenure could potentially represent an aspirational alternative to contribute towards meeting current levels of housing need. The introduction of complementary and consistent landlord accreditation schemes and potentially licensing should be considered in order to ensure the creation of higher overall standards within this tenure.

The introduction of new high profile infrastructure within the town centres, in particular of Oldham and Rochdale, alongside wider environmental improvements offers the potential to develop new housing within this urban environment. As with the Southern HMA this market remains relatively embryonic at this stage and therefore should represent a different proposition for developers than the over-developed regional centre.

North Western HMA

Background, demographics and economy

The North Western HMA displays high levels of interlinkages – both in commuting and migration terms with areas outside the City Region. Economic and housing market drivers for these areas are therefore more complex and related to factors external to the City Region, and in particular to the west towards Warrington, and the more rural housing markets of Vale Royal.

Unlike the North Eastern HMA the centres are relatively detached centres, with Bury especially being thought of as quite distinct from the other authorities in the HMA. In economic terms, therefore, the North Western HMA tends to be self-contained within authorities but plays a major supporting role to the City Region and other areas to the west. This leads to an outflow of skilled workers from the HMA. The economy is based upon a higher than average incidence of public sector services and still retains significant levels of manufacturing. The North Western HMA has the second highest proportion of A8 workers at present after the Central HMA with around 18 per 1,000 residents.

Housing Stock

The proportion of private stock within the North Western HMA is in line with the Greater Manchester average at 78.1 per cent.

Overall the North Western HMA appears to have a relatively balanced stock profile looking at the type of housing. However, this balance is not necessarily represented at a local level with the urban areas of Bolton and Wigan including high proportions of terraced properties.

The number of housing units within the North Western HMA has increased significantly in total over the last six years with almost 17,000 new units recorded between 2001 and 2007. However, this has masked a marked tenure shift, with the market area losing approximately 11,500 social rented units. Right-to-Buy sales have featured heavily in driving this shift, with a significant proportion of social units being sold within Wigan and Bolton since 2001 (11 per cent and ten per cent respectively).

Examining the location of new housing development it is clear that there have been a large number of medium sized residential developments (50 – 300 units) brought forward across the North Western HMA over recent years. These have been distributed across the market area but with a significant amount coming forward within West Salford and bordering the Central HMA. These completions have included a notable amount of new detached dwellings which distinguishes this market area from the others across Greater Manchester.

Stock quality does not appear to be a significant problem within the North Western HMA, although Bury experienced growth in the total number of unfit stock between 2001 and 2007. Despite this, NWRA research on private sector housing estimated to meet 'decency standards' in 2007/08 provides an up-to-date assessment of the private sector. The research indicates that the North Western HMA has the lowest proportion of unfit stock in Greater Manchester, at 27.4 per cent.

Overall vacancy is not notably high within the market area, although again it is likely that this disguises pockets of areas where vacancy is an issue. Wigan in particular records comparatively high levels of vacancy compared to Bolton and Bury, which suggest that this could be an issue in specific localities within the HMA.

All HMAs decreased affordable housing output across the timescale, with the greatest decrease occurring in the North Western HMA, with the number of units produced falling from 812 in 1997/98 to 174 in 2006/07.

Active Market

House prices have risen significantly within the North Western HMA since 2000. However, along with the North Eastern HMA it continues to represent one of the more affordable market areas as a whole and has witnessed the lowest overall rate of growth in house prices between 2000 and 2007 of the four Housing Market Areas.

Despite comparatively low average house prices, the large number of new-build developments (including larger family housing) means that a price premium is emerging when compared to comparable schemes within the Central HMA. This suggests that the market is strengthening as a whole as it continues to develop a greater proportion of aspirational houses.


In overall terms the North Western HMA has comparatively high lower quartile house price. However, there are a number of areas in and around the urban parts of Bolton and Wigan which record notably low house prices within the wider market area.

In terms of household incomes the North Western HMA records the second highest median incomes. However, this disguises significant disparities across the market area, with the urban parts of Wigan and Bolton highlighted as being areas with notably low household income levels.

This is likely to be reflected in terms of housing need. With demand for social rented stock remaining high within the North Western HMA, although this is driven in part by very high numbers of households on the waiting list in Bolton.

With regard to the private rented sector, Wigan has the lowest overall average private rents across Greater Manchester, and this is reflected in low rental levels across this market area. As with the North Eastern HMA this suggests that the private rented sector plays an important intermediary role with interactions with the social rented sector in meeting housing 'need'.

Future Market

North Western HMA	HMA Summary – Main Variations
Quantum of Housing Growth	<p>2,900 p.a. (Downturn). to 3,000 p.a. (Baseline). to 3,200 p.a. (AGS and Trend). Subject to double counting.</p> <div> <p>North Western HMA - Baseline Housing Shares</p>  <p>■ Bolton ■ Bury ■ Salford ■ Wigan</p> </div>
RSS Equivalent	3,700.
Supply Issues	<p>Supply has historically been strong within the HMA, however, investment to unlock additional brownfield sites to meet RSS housing targets and maintain high levels of development; and</p> <p>The delivery of Infrastructure will be important in unlocking a number of larger sites within the HMA.</p>
Economic Drivers	<p>Bolton has been growing and has economic development aspirations to match, redevelopment of town centre and HE/FE offer could be a catalyst;</p> <p>Wigan's growth expected to be 'knowledge'-led; but</p> <p>General structural deficiencies - reliance on public sector employment; and</p> <p>Area struggles to retain skilled residents who tend to commute out.</p>
Economic Scenarios	<p>Employment growth expected to be around 0.5 % p.a. – slightly below average; and</p> <p>Model suggests housing market outcomes are less dependent on economic</p>

	growth than average.
Demographic Drivers	Low population increase (0.3 %); but Lowest future average household size (c. 2.19); and Substantially ageing population.
Social Rented Housing	600 p.a. (Baseline & AGS). to 400 p.a. (Trend). Lower than Greater Manchester Average.
Housing Mix	Increase in demand for all types except terraced, with above average increases in Detached and Semi-detached demand.

Housing Need

The North Western HMA contains areas which all demonstrate areas of acute current or future housing need. There are high levels of newly arising need predicted to occur within Wigan where the net annual housing requirement represented by priority housing need exceeds the annual average RSS housing development requirement for the authority. Meanwhile, the highest numbers of priority need households waiting to be provided with social rented accommodation are located in Bolton. And the highest rates of social churn are associated with the smaller properties in Bolton, Bury, and Salford.

Lower levels of supply are projected to be available to the local authorities of Bury, which is likely to act as a constraint on supply and in turn drive up need. Medium sized (3 and 4 bedroom) properties are under the greatest stress in the North Western HMA.

Policy Issues for further Consideration

It is clear that the North Western HMA has over recent years, realised high levels of new housing development reflecting the comparably strong supply of available land. However, this high rate of development whilst increasing the overall choice in new housing has not led to the development of significant numbers of new affordable housing. Affordability concerns have become an increasing issue within these authorities in particular with regard to local need with a notable proportion of new development not necessarily considered to be targeted or meeting local needs. Whilst the supply of land and indeed land values are considered as representing potential development barriers in the current market context over the longer term the strong infrastructure network and the wider site opportunities represent an important asset in delivering affordable housing to meet local needs and assist in the development of a greater mix of housing at a wider Greater Manchester level.

The analysis has indicated that whilst at a wider HMA level there is a comparable balance of housing type and tenure (when compared with other HMAs) it is important to note that concentrations of housing of poorer condition or relatively low demand are concentrated in and around the major town centres in the HMA. This is reflected in the comparably localised socio-economic deprivation issues identifiable within this particular HMA. Under current market conditions these areas could potentially be exposed to market fluctuations and also in the longer-term are likely to impact negatively on the ambitions of town centre regeneration and adjacent housing markets. Whilst the regeneration of larger scale housing areas across the Central HMA and North Eastern HMAs (HMR areas) remain a priority these smaller areas should continue to receive public sector investment in order to ensure their future sustainability.

The potential to complement the ambitions around the improvement of the town centres within the North Western HMA (in particular Bolton and Wigan) should be considered alongside the potential introduction of new residential uses which could contribute positively to the overall housing offer and mix within the HMA. Emphasis will need to be placed through policy on expecting high quality development in order to reflect the importance of achieving a sustainable mix of housing that complements the existing offer.

2 Introduction

2.1 AGMA's Introduction

The Association of Greater Manchester Authorities (AGMA) commissioned this suite of four Strategic Housing Market Assessments (SHMAs) for the four functional Housing Market Areas (HMAs) covering Greater Manchester, to provide a firm and consistent evidence base to inform the development of the Core Strategies of all 10 Greater Manchester authorities, the key document within their Local Development Frameworks. The development of coherent spatial planning and housing policies within Core Strategies will be a key part of ensuring that Greater Manchester's status as a New Growth Point delivers the right mix of housing, as well as increased numbers. The SHMAs will also be used to inform policy development at a sub-regional level, including the Greater Manchester Strategic Plan, including the Greater Manchester Spatial Strategy and the Greater Manchester Housing Strategy, and engagement with the development / review of regional strategies.

The 10 Greater Manchester authorities have worked together on matters of mutual interest since the abolition of the Greater Manchester Council in 1986. AGMA is currently strengthening governance arrangements at the Greater Manchester level through the introduction of an Executive Board, made up of the leaders of the 10 local authorities, and seven Strategic Commissions, including a Planning & Housing Commission, through which strategic priorities can be identified and appropriate policy responses formulated collectively. AGMA has also recently agreed a Multi Area Agreement (MAA) with Government to further strengthen joint working and improve delivery effectiveness. Improving the economic performance of Greater Manchester is the key overarching objective for AGMA, as the most effective mechanism through which deprivation can be tackled and the quality of life improved for residents. Ensuring an appropriate housing offer is in place to provide existing and new residents with quality and choice is key to that objective. The SHMAs, which span local authority boundaries and reflect the functioning nature of the city, provide a comprehensive and integrated evidence base regarding Greater Manchester's housing market and, because they are updateable, will ensure that future planning for housing remains both well evidenced and appropriate.

A broad range of stakeholders, including developers, RSLs, and national, regional and sub-regional agencies have been engaged in this process and have helped to shape the outputs. The SHMAs have been prepared in the context of DCLG guidance and with regard to sub-regional and local strategies, recognising the functional relationships between and within the four HMAs, and between the HMAs and housing markets in neighbouring authorities, particularly in the wider Manchester City Region. The linkages between housing offer and economic growth and regeneration are also recognised. Within the context of the RSS, the SHMAs provide a robust and evidenced indication of the numbers, types, sizes, tenures, prices and spatial distribution of dwellings that are required in Greater Manchester in order to support AGMA's twin objectives of sustainable growth and regeneration.

It is important to emphasise that neither the overall scale and distribution of housing provision, nor the affordable housing provision that is identified through the SHMAs, should be directly translated into future housing requirements across Greater Manchester. PPS3 Housing also identifies the other evidence that will need to be taken into account by local authorities in formulating policy such as the availability of land for housing, the impact of development upon existing or planned infrastructure and social and economic implications of policies and proposals. The SHMAs are therefore one key part of the evidence base available, placing AGMA in an informed position to develop a strategic framework that will direct growth, investment and intervention to ensure delivery of the required housing offer.

The difficulty with commissioning any work of this nature is that it is inevitably a point-in-time assessment that cannot reflect very recent changes in circumstances. This is clearly the case regarding the emerging economic downturn; this report has incorporated any intelligence available at the time of writing, but has not been able to reflect on all developments in what is an unprecedented and rapidly changing period of economic change. At some point a line has to be drawn under what has been produced, with the recognition that there will be some issues within it that are unable to be fully addressed. More recent developments will need to be picked up through updates to this work or other studies, but the underlying objective of creating sustainable balanced communities across Greater Manchester remains highly relevant.

2.2 Report Structure

This report is structured along the lines of the guidance provided for conducting Strategic Housing Market Assessments (SHMAs).

The report begins with Chapter Three setting the context for the Manchester City Region and HMAs, examining recent economic performance and drivers as well as demographic and socio-economic change. Chapter Four considers the current housing market taking in – Recent trends; Supply and stock; The 'Active' market; Social Rented Sector; Private Rented Sector; and Young, Elderly, Family and Minority Markets.

Chapter Five considers the future of the housing market in Manchester City Region and the HMAs – both in terms of supply and demand – and considers future scenarios. The report concludes with an assessment of affordability and need before drawing conclusions for policy in Chapter Seven.

Throughout the report there is recap on the major issues for policy at the end of each Chapter/Section.

The schedule below summarises the key components of the HMA guidance and where the corresponding analysis can be found in this document.

Guidance Element	Analysis can be found in:
The demographic and economic context	Chapter Three
The housing stock	Chapter Four
The active market	Chapter Four
Indicators of future demand	Chapter Five
Current housing need	Chapters Four and Six
Future need	Chapters Five and Six
Affordable housing supply	Chapters Four and Six
Housing requirements of households in need	Chapters Five and Six
Families, older people, minority and hard to reach households and households with specific needs	Chapter Four
Low cost housing market	Chapters Four and Six
Intermediate affordable housing	Chapters Four and Six
Market Failures	Chapters Four, Five, Six and Seven

2.3 Methodology

Points of Note

The analysis conducted as part of the Strategic Housing Market Assessments uses 'whole-Authority' Housing Market Area definitions where data is insufficient to facilitate more detailed and 'bottom-up' analysis. Accordingly, absolute estimates of housing, employment, GVA and other such variables include an element of double counting. It is important that this is taken into consideration when using the report.

This report provides a robust and evidence-based assessment of the quantity of housing required in each HMA and Greater Manchester, and further provides assessment of requirements by factors such as type, size, tenure and price. However, it should be noted that the degree of accuracy afforded by the extent and availability of information differs substantially according to the variable presented.

In our view it is not helpful to provide meaningful breakdowns across all the above factors (an example being the number of semi-detached, three-bed houses required as intermediate housing under £100,000 in specific areas of HMAs). Any attempt to do so would be spurious in its accuracy and to try and influence the market to extent by micro-management is not a sensible or feasible option.

Instead we attempt to use quantification where this can be justified and qualitative analysis otherwise. Within the quantitative analysis data is presented in its full form where appropriate (for instance in terms of total housing demand or social housing demand) or in terms of the direction of change (for instance with respect to HMA specific changes in mix).

Moreover, as an overarching SHMA the discussion at a strategic level should focus on requirements and trends in the broadest sense otherwise it ceases to be strategic in nature and risks contradicting more detailed research conducted at sub-HMA area.

The analysis included in this report, and thus the recommendations arising from this, has been informed by the following research streams.

2.3.1 Leveraging other research

Our work has built upon a number of previous workstreams, most notably Making Housing Count (MHC), but other research includes:

- ⇒ Specific HND studies at authority levels;
- ⇒ Ongoing NWRA research into Regional Housing Needs;
- ⇒ Urban Capacity Studies / ongoing SHLAAs;
- ⇒ Bespoke research commissions from the Manchester, Salford and Oldham Rochdale Pathfinders; and
- ⇒ NWRA Project – 'Establishing a Private Sector Decency Baseline'.

2.3.2 Primary data collection

It has been necessary to source primary data from individual authorities to underpin the analysis. This has included:

- ⇒ Housing need data;
- ⇒ Waiting lists;
- ⇒ Council Tax data;
- ⇒ Planning data – completions / extant planning permissions; and
- ⇒ Student projections from the major educational institutions.

2.3.3 Secondary data collection

The above data have been augmented by significant data collection from official sources for economic, social and housing variables. These have included data from:

- ⇒ Office for National Statistics (ONS);
- ⇒ Department for Work and Pensions (DWP);
- ⇒ Department for Communities and Local Government (CLG);
- ⇒ Land Registry;
- ⇒ Rents Service;
- ⇒ CORE; and
- ⇒ CACI Paycheck / Community Insights.

2.3.4 Stakeholder consultations

The process for stakeholder consultation throughout the study has been as follows:

- ⇒ Initial breakfast meetings for authorities within each HMA to understand specific local issues;
- ⇒ A developer workshop to draw out developer thoughts on salient topics;
- ⇒ A 100+ stakeholder consultation event across authority representative and other key organisations (public and private), which included 10 breakout groups where specific topics were discussed; and
- ⇒ Individual stakeholder consultations where required.

2.3.5 Data analysis and modelling

Using the primary and secondary sources outlined above, as well as the Greater Manchester Forecasting Model developed for AGMA by Oxford Economics it has been possible to consider economic outcomes, housing market outcomes and the links between the two.

2.3.6 Strategic analysis

Finally, based upon the above research streams and analysis Deloitte and GVA Grimley, in conjunction with the project steering group have developed the strategy/policy section. Again, it is worth noting that this document does not aim to be a strategy document and attempts instead to provide an insight into some of the key issues prior to specific strategies being considered and actioned.

3 Setting the context

This section initially sets out a broad description of the spatial characteristics of each of the Housing Market Areas and particular unique drivers in their operation as identified through the Making Housing Count research. This sets the context for the subsequent chapters which look in more detail at both the Greater Manchester and Housing Market Area housing markets in terms of current and future drivers of change.

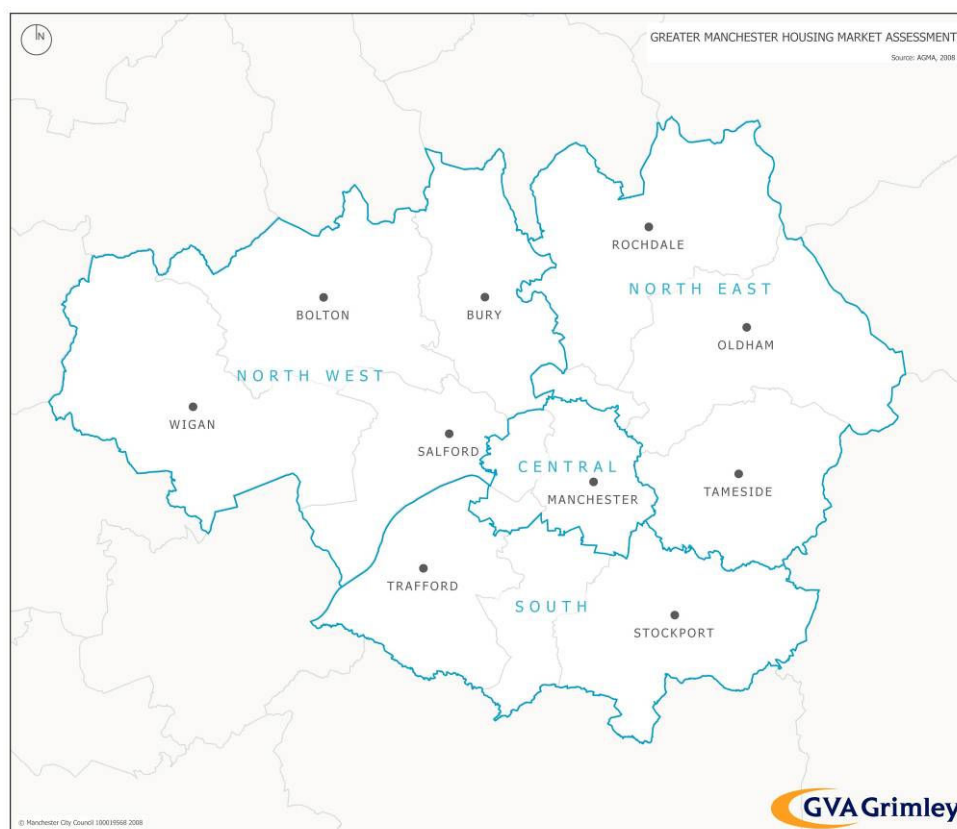
The operation of housing markets are driven by a large number of factors, however, the relationship between economic performance and demographic change represents a core element of understanding the way in which housing markets are currently working and how they will change in the future. In order to establish a clear context for the analysis in subsequent chapters this section looks at the trajectories of both the economy and the demography of the area. Examination is also made of a number of elements which contribute to the overall quality of place of housing markets including deprivation issues.

The section also builds upon the Making Housing Count research and examines the inter-relationships between housing markets both within and beyond the Greater Manchester authority areas.

3.1 The Housing Market Areas

Whilst the SHMA aims to provide a strategic analysis of the Greater Manchester housing market each section also includes analysis specifically examining the relative performance and issues faced in the four housing markets which the Making Housing Count research identified as making up the wider Greater Manchester market.

Figure 3.1.a: Greater Manchester and HMAs



Source: NWRA, GVA Analysis.

The four Housing Market Areas operate independently but obviously link with one another and the adjacent market areas, an issue explored in more detail in Section 3. However, in order to contextualise the strategic analysis within

the proceeding sections broad spatial descriptions are included below. These spatial descriptions outline key defining geographical features and also pay reference to the conclusions of the Making Housing Count research into neighbourhood typologies.¹

3.1.1 The Central Housing Market Area

The Central HMA forms the core of the conurbation incorporating the regional centre. The market area has seen remarkable change over recent years as a result of both market led growth and regeneration initiatives. The regional centre has witnessed a rapid expansion in the number of flatted properties and therefore the number of households living and working within its boundaries. This growth has led to a continuous expansion of the 'city centre' market into surrounding areas included areas of previous employment/industrial use.

The Central HMA is also clearly characterised by the inner core neighbourhoods which circle the regional centre and have largely been identified as areas of priority regeneration need. Indeed within the Central HMA all of the neighbourhoods identified within MHC, with the exception of the City Centre, Hulme and Old Trafford fall within the MSP Pathfinder boundary.

In understanding the dynamic nature of this Housing Market Area MHC identifies the importance of the continued period of de-industrialisation from the 1930s which had a significant effect with this area traditionally containing the core of industrial and commercial activity. The progressive economic collapse, in particular through the 1970s, led to substantial increases in dereliction and a reduction in passing trade to sustain local facilities. Importantly alongside this period of sustained economic decline a programme of slum clearance and replacement social housing development was undertaken – dramatically altering the physical appearance of neighbourhoods as well as the demographic and economic make-up of the area. The scale of change is evidenced by the unprecedented level of population loss through this period with the central Manchester and Salford areas losing 330,000 residents over a fifty year period.

However, as noted above, the Central HMA continues to be notably dynamic and vibrant with the last ten years witnessing significant change both within the regional centre but also in those areas of concerted regeneration focus including the New East Manchester area, Ardwick, Gorton and Hulme and Moss side and the Inner Core areas of Salford.

3.1.2 The North Eastern Housing Market Area

The North Eastern HMA includes the local authority districts of Oldham, Rochdale and Tameside as well as the Moston and Blackley neighbourhoods of Manchester². There are clear links within the market area to adjacent authorities to the North Eastern HMA including Rossendale. The market area contains a notable mix of neighbourhoods which include the town centres of Ashton-under-Lyne, Oldham and Rochdale all of which are significant and independent towns with unique senses of identity and heritage. Each of these towns are surrounded by areas of inner and outer suburbs with the close proximity of these centres creating a sense of sprawl and limiting the opportunity for the emergence of traditional suburban housing areas. However, on the fringes of the market area to the North Eastern and east more rural areas exist representing very different housing areas influenced significantly by the unique topography and natural environment of the moors which stretch out beyond these authorities to the east.

The MHC research identified that the picture in the North Eastern market area is one of continued economic restructuring and manufacturing decline, although over recent years growth in the service sectors has started to offset this trend. Alongside a range of other drivers this economic restructuring has placed significant pressure on housing stock within large parts of the market area with several areas falling within the HMR Pathfinder within Oldham and Rochdale. Indeed the prevalence of terraced housing in many of the urban areas of the market area, resulting from the rapid industrialisation and growth of mill communities, continues to represent a lasting legacy of an over supply of inappropriate housing for the current and future demand and stifling the performance of the wider housing market. However, a core objective of the HMR initiative is to radically change the housing offer with significant progress already being made. Coupled with planned improvements to transport infrastructure including the Metrolink expansion will assist in better linking these areas to the employment opportunities presented in the regional centre and providing a new role and function for this market area.

¹ MHC (2006) Neighbourhood typology and trajectories in the Manchester City Region

² Note: Bury was included within the MHC work in the Northern HMA however is now included within the Western HMA – a full explanation is included within the proceeding section.

3.1.3 The Southern Housing Market Area

The Southern HMA includes the traditionally 'wealthier commuter' authorities of Stockport and Trafford (with the exception of the Old Trafford area) as well as the southern neighbourhoods of Manchester, which includes the attractive residential areas of Didsbury and Chorlton the student areas around Fallowfield and Withington and the large council housing areas of Wythenshawe.

Many of the neighbourhoods within the southern HMA are considered as attractive or aspirational places to live with the area containing large areas of 'suburban' housing linked to the regional centre or the town centre of Stockport. However, the lower density housing and large attractive areas of green space which make these areas attractive also present issues regarding the future capacity for new housing development and sustained growth. Strong public transport networks and road connections to the regional centre and out to surrounding areas of countryside also serve as key elements in creating successful housing markets in these areas. The centre of Stockport acts independently from the regional centre and represents an important service centre for the market area with recent investment in its retail and employment offer creating a stronger town centre. A number of the housing areas directly bordering Stockport town centre, including Brinnington, represent consolidated areas with greater levels of socio-economic issues linked to concentrations of social rented stock.

3.1.4 The North Western Housing Market Area

The North Western HMA includes the authorities of Bolton, Wigan and Bury along with the Salford neighbourhoods that fall outside of the inner, pathfinder areas. These areas are also closely linked with areas to the west including Warrington and the more rural housing markets of Vale Royal.

As with the North Eastern HMA there are three strong and distinct centres, these being Bolton town centre, Bury town centre and Wigan town centre. Unlike the centres within the North Eastern HMA these are relatively detached centres, with this being particularly true of Wigan and Bolton with the centres being surrounded by the traditional mix of inner and outer suburbs including more aspirational housing on the periphery. Significantly the inner suburbs of these towns suffer from socio-economic issues as well as problems around the choice of housing stock similar to pathfinder areas in other parts of Greater Manchester, with this being again driven by the industrial legacy of these areas. Bury in contrast serves as more of a commuter town to the regional centre assisted through the development of the Metrolink tram system.

The dispersed nature of the urban areas within parts of the HMA continue to offer the potential for further growth of housing with areas strongly linked by existing road corridors to both the regional centre and the Liverpool City Region.

3.2 HMA Statistical Definitions

This report subscribes to the following Housing Market Areas as defined by the work led by the North West Regional Assembly:

- ⇒ Central;
- ⇒ Southern;
- ⇒ North Eastern; and
- ⇒ North Western.

In practice there are significant overlaps at district level which are clear in the map included within the preceding section.

For simplicity, where data is only available at district level the following definitions are used which include some double counting – most notably with Manchester.

- ⇒ Central: Manchester, Salford, Trafford;
- ⇒ Southern: Manchester, Stockport, Trafford;
- ⇒ North Eastern: Tameside, Oldham, Rochdale; and
- ⇒ North Western: Bolton, Bury, Salford, Wigan.

NB – whilst a very small proportion of Manchester Authority lies within the North Eastern HMA, it had been excluded from the associated authority based definitions as an initial data-run based on its inclusion led to potentially spurious conclusions. In addition, the defined HMAs do not include areas outside the formal Greater Manchester metropolitan

area. Previous work has identified that there are potential significant housing and economic relationships between the Greater Manchester area and contiguous districts that fall within Manchester City Region. Although these fall outside the defined HMAs, the analysis highlights the key aspects of these relationships where relevant. As well as the 10 authorities within Greater Manchester, the Manchester City Region includes the following outlying Authorities:

- ⇒ High Peak;
- ⇒ Macclesfield;
- ⇒ Warrington;
- ⇒ Congleton; and
- ⇒ Vale Royal.

The Reference Area geography used in Making Housing Count (MHC) differs to that used in this study. A key difference is the where Bury is categorised as it is now part of the North Western HMA whereas in MHC it was included in the North Eastern HMA.

3.3 Economy and Housing Conceptual relationships

There is no easy metric link between economic change and household formation/migration and therefore need and demand for housing. The link between economy and housing is neither simple nor uniformly causal. Whilst in the long-run housing is a requirement for growth as it affects the available labour pool, the way in which the labour market works and the economy grows also impacts on the market for housing.

There have been limited attempts to quantify what impact economic growth/decline has on the propensity to form a household and thereby generate need.

In response to a recommendation of the then Environment, Transport and the Regions' Select Committee Report, the 1996-based household projections were accompanied by sensitivity assumptions as to the possible impact at a national level of different circumstances on household growth. It was assumed that at a national level, a 0.25 per cent change in annual GDP growth could result in plus or minus 190,000 households over the 20 year period of the projections. However, these assumptions were expressed with extreme caution and it was specifically noted that it would be inappropriate to apply these at a regional level.

There are myriad extraneous variables that can impact these links such as relative house prices and relative economic performance of areas that are beyond the scope of this study. In addition, there is clearly a link between macro-economic change and the investment market for housing, which has clearly impacted on the demand for certain types of accommodation and which has not been the subject of any credible economic modelling. The recent 'credit crunch' has impacted, inter alia, on the lending criteria applied to many residential mortgage products, and the ability of many house purchasers and this in turn is impacting on the pricing and supply of new and second hand accommodation in the market.

AGMA, through the Greater Manchester Forecasting Model (GMFM), have attempted to link economy and housing market through a formal econometric setting.

This report uses the output from that model as a basis for discussion, but Oxford Economics (the providers of the Model), Deloitte, GVA Grimley, and AGMA stress that such modelling has limitations (particularly with more granular data and model outputs) and accordingly the results from the model should be used in conjunction with other, qualitative, elements of the research rather than as a 'black-box' solution.

3.4 Economic performance and change

This section analyses the economic performance and change in Manchester City Region, HMAs and districts. The analysis is designed to capture key issues and trends relating to these areas but clearly the dynamics that affect the functioning of the economy transcend administrative or other defined boundaries.

For instance, employees will not necessarily choose to commute to or from a particular HMA – or even a particular district – as they will commute to regional or local centres where available jobs exist and where transport links allow them to travel. These areas are typically areas where there is higher economic growth.

This section focuses on the key issues in the HMAs that are evident using available official data and data from GMFM. To overcome such limitations in the assessment the analysis of HMAs has been complemented with qualitative information from interviews and stakeholder events.

3.4.1 The functioning economy

Manchester City Region has important economic assets which help to drive both local economies as well as the wider region's economy. This section describes some of these key economic assets.

There are a number of sectors that have a significant economic contribution to Manchester City Region in terms of gross value added. Broadly, these include Financial and Professional Services, Manufacturing, and the Life Science Industries. These sectors are therefore critical to growth and the prosperity of the City Region's residents. Sectors that are also important due to the high levels of per worker productivity (GVA per employee) they support include Logistics, Manufacturing, Financial and Professional Services, ICT Digital / Communications, Aviation, Creative / Digital / New Media and Life Science Industries.

The City Region also benefits from excellent infrastructure and connectivity, particularly through multi-modal transport links including:

- ⇒ The airport;
- ⇒ Key transport links to the rest of the country – such as the M62/M60 and the M6; and
- ⇒ The extensive rail network which provides helps to create and maintain links with organisations associated in rail service and infrastructure provision.

In addition to this, Manchester has a strong position as a place to do business – supported particularly by these strong connectivity through road and airport linkages. It is the only UK city outside of London in the top 20 European business destinations and is currently the largest commercial centre outside of London.

Manchester's financial and professional services, media production, digital communications, high value manufacturing and a regional retail, cultural and sporting offer also help to attract investment into the city and Manchester City Region. This has been further developed through recent economic growth which has been matched by a renaissance of the City Region's urban centres. For instance, the redevelopment of Salford Quays has created a world-class business and cultural area of great national and regional significance.

Manchester City Region's current skills base also has many positive features which benefit the local and regional economies. This includes a relatively highly skilled economically active workforce with over three quarters (77.8 per cent) economically active population in the City Region, marginally lower than the UK rate (78.3 per cent) as well as the existence of the universities cluster (University of Bolton, University of Salford, University of Manchester and Manchester Metropolitan University) and another higher education institution (Royal Northern College of Music, or RNCM).

Some key economic features specifically within each of the four HMAs are outlined below:

Central HMA (Manchester, Salford, Trafford)

The Central HMA forms the core of the conurbation and is seen to be the most dynamic HMA in the City Region. Manchester is viewed as most important area in the Central HMA in terms of the economic growth potential and spillover effects. However, there are also other major employers close to the Central HMA in the form of the Airport, Wythenshawe Hospital and Sharston Business Park. Manchester Airport is a major employment centre but while neighbouring districts such as Wythenshawe are well connected to the motorway network, public transport to major employment centres – excluding the airport – is more limited.

The Central HMA also benefits from the hospitals and universities which support a large student and younger population. In addition to this, the areas also have a strong night time economy which attracts people from around the region.

Trafford has the largest industrial park in Europe adjacent to Salford Quays and close to the urban core of Partington and Old Trafford. The Old Trafford neighbourhood is within the Central Housing Market Area.

Levels of economic activity spillover into areas such as Sale (in the Southern HMA) which is supported by connectivity to employment in major centres such as the city centre and Trafford Park as well as good access to the airport and motorway.

Southern HMA (Manchester, Stockport, Trafford)

The Southern HMA forms an area of greater economic prosperity than other HMAs with some popular and attractive residential areas although it suffers from affordability problems and pressure for growth exceeding the supply of land.

Trafford and Manchester lie in both the Southern HMA and the Central HMA. However, the South of Manchester falls into the Southern HMA and it has been characterised by good links to economic opportunities, and significant growth due to airport related activity. The Southern HMA also has significant links with external areas such as Warrington.

Stockport is a net-exporter of labour, due to the nature of its stock and local employment mix. However, Stockport is nonetheless a major employment centre and there are aspirations for manageable levels of strong growth. It is 4th most polarised area in England in terms of extremes of income distribution. It has seen steady population decline which has financial implications for provision of services and council budgets.

North Western HMA (Bolton, Bury, Salford, Wigan)

In the North Western HMA links with the core are significantly less strong than other HMAs and there may be overlaps with other employment and housing markets in Lancashire and Merseyside. Nonetheless, the single most important link - at least in terms of the labour market and growth sectors - remains with the Regional Centre. The HMA is thus well positioned/linked to take advantage of economic/housing opportunities in both Regional Centre and Lancashire markets.

The HMA contains areas with strong economic growth, but also issues of deprivation and decline.

The traditional employment base in some areas of the North Western HMA have been centred on mining and associated chemical industries and many of the sites have now closed leaving a legacy of subsidence and contamination.

In Wigan growth is primarily in the knowledge sectors. Bolton has seen strong growth and the redevelopment of Bolton town centre and office accommodation in the borough is expected to create an additional 10,000 new jobs with a range of skill requirements. The expansion of Bolton University and investment in FE centres is also expected to be a major driver for economic development.

Bolton is bringing forward major regeneration frameworks in the Town Centre and at other strategic locations of regional importance, including Horwich Loco Works and Cutacre. Work is underway on delivering a private investment programme valued at over £1billion in Bolton Town Centre, which is expected to create around 10,000 new jobs alone, in key growth sectors. The Bolton Innovation Zone and Church Wharf developments, for example, are modernising Bolton's economic-base to attract and retain high growth businesses. Overall, Bolton is expecting to create more than 15,000 new jobs, over the next 10 years, which would make the area Greater Manchester's largest and fastest growing location, outside the Regional Centre.

There is relatively little job generation in Bury through particular programmes. Some include the schemes around Radcliffe town centre and the current feasibility work being developed for Prestwich town centre.

Employment opportunities have been created in the North Western HMA through new developments which have helped to boost the proportion of economically active people. Economic development has taken place on previous industrial sites e.g. Middlebrook, part of the Bolton Economic Development Zone.

North Eastern HMA (Tameside, Oldham, Rochdale)

The North Eastern HMA faces continuing manufacturing decline, the need to improve its housing offer to support economic regeneration, plus the challenge of meeting the evolving needs of significant and growing minority ethnic communities.

The town of Oldham itself grew as an industrial centre for the cotton industry and the housing form expanded rapidly in the 19th and early 20th centuries. Oldham also has close links to both North Manchester and to Tameside.

Tameside has links from different parts of the District to Manchester (in the West), Oldham (in the North), Stockport (in the South) and High Peak (in the East). The district has a historic textile economy and as the manufacturing base has sharply declined it remains a primarily low waged economy. However, the final phase of the M60 has helped to boost new employment in Tameside – shown through Ashton Moss

development – and beyond. The M62 corridor has also been an economic driver for the North Eastern HMA and the wider City Region.

The town of Rochdale grew up as an industrial town distinct from Manchester and Oldham to the south, and remains separated by a narrow band of green belt. The A627(M) links Rochdale south to Oldham. There are rail links to Oldham, Manchester and Leeds and a new Metrolink is planned to Manchester via Oldham.

The next section presents the economic performance to date of Manchester City Region and each of the four HMAs.

3.4.2 Manchester City Region

The past ten years have seen GVA growth of 2.5 per cent per annum in Greater Manchester. This is above comparable rates for the North West of England but below those for the wider Manchester City Region. To this end, both Greater Manchester and surrounding authorities in the wider Manchester City Region have been major drivers of regional growth.

Figure 3.4.2.a: Economic Growth Summary, 1997-2007



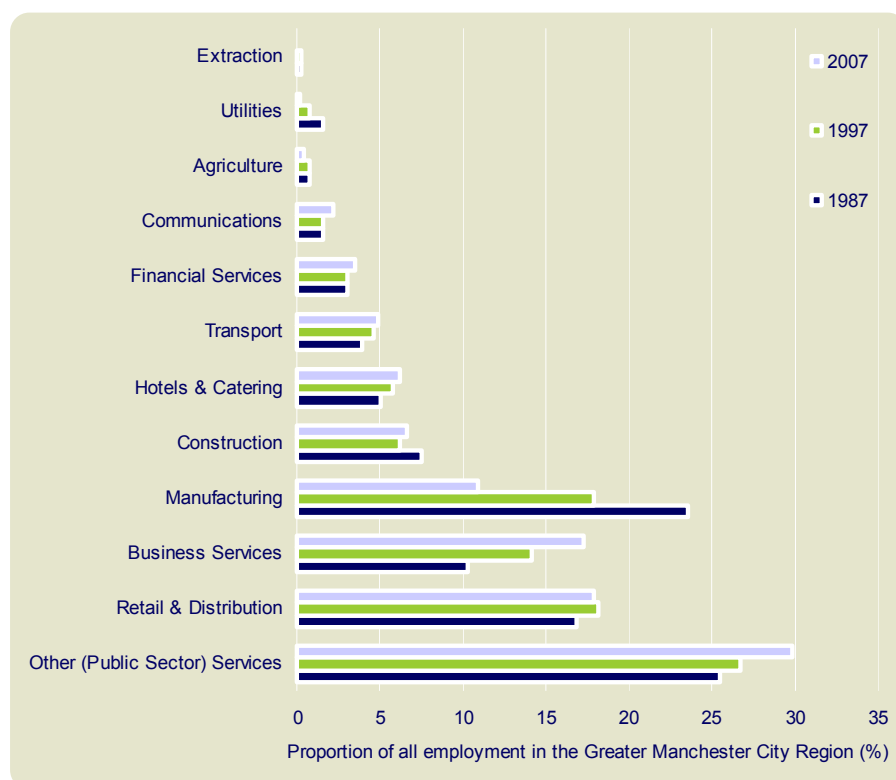
Source: Oxford Economics GMFM, Deloitte Analysis.

Per worker productivity growth has been higher in the Manchester City Region, with Greater Manchester productivity growth only marginally faster than the North West. Employment growth, however, at 0.9 per cent per annum, has been quicker in Greater Manchester.

In terms of per capita economic growth GVA per head has increased at a slower rate than GVA itself (2.4 rather than 2.6 per annum in Manchester City Region and 2.3 rather than 2.5 per cent per annum in Greater Manchester). This suggests that whilst wealth has increased in the area some growth is due to the influence of extra people as well as improvements in individual productivity levels.

As figure 3.4.2.b shows, employment is now highly concentrated in services with Other (Public Sector) Services, Retail and Distribution, and Business Services together supporting over 65 per cent of all employment in the Manchester City Region, up from just over half in 1987. The bulk of this change has been caused by a relative contraction in Manufacturing.

Figure 3.4.2.b: Changing Industrial Structure in Manchester City Region, 1987-2007



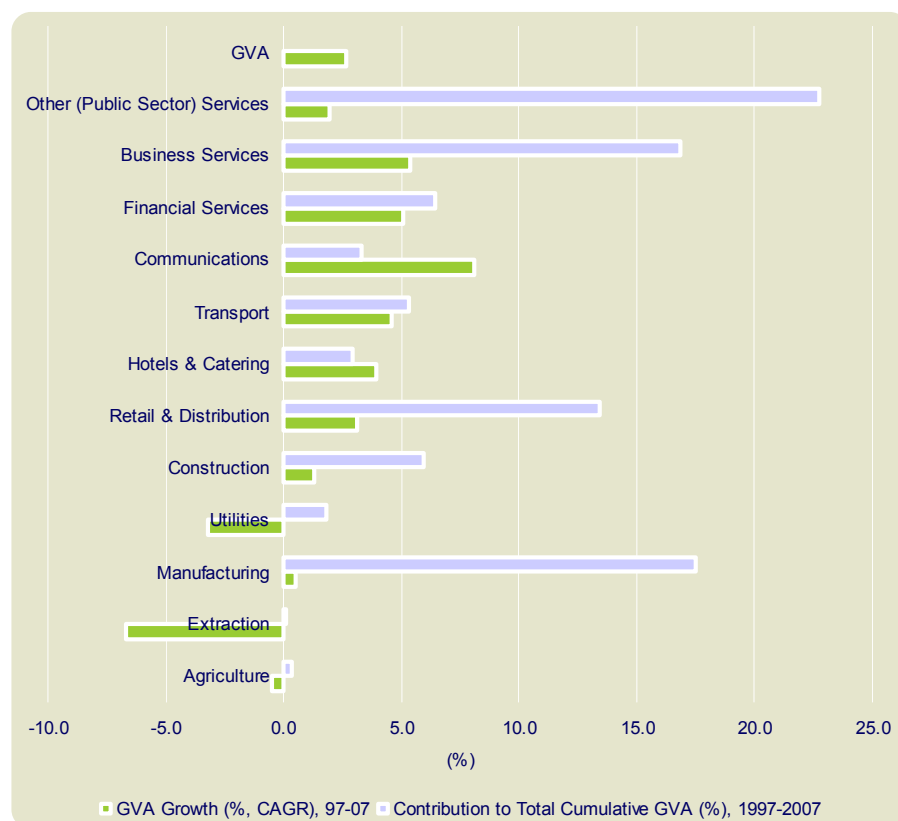
Source: Oxford Economics GMFM, Deloitte Analysis.

Figure 3.4.2.c, overleaf, details the sectors responsible for GVA growth in Manchester City Region over the last decade. Whilst the green bars indicate compound annual growth (as per Figure 3.4.2.a), the blue bars break down total cumulative GVA over the entire period into those industries providing the additional GVA. This is known as GVA contribution analysis.

In standard growth terms at the broad industrial level it is evident that growth has been almost entirely concentrated in service-based sectors, mirroring a pattern experienced across the UK and its urban areas.

This has been particularly strong in Communications, Business Services, Financial Services and Transport. To a lesser extent, growth has also been generated by Hotels and Catering, Retail and Distribution, Other (Public Sector) Services, and Construction. Manufacturing GVA increased slightly over the decade, bucking the trend seen in Extraction, Utilities and Agriculture.

Figure 3.4.2.c: Components of GVA, Manchester City Region, 1997-2007



Source: Oxford Economics GMFM, Deloitte Analysis.

Contribution to GVA, however, is also dependent on the level of resources deployed in the sector – so whilst Other (Public Sector) Services realised lower GVA growth than the Manchester City Region average its contribution to total cumulative GVA was the highest of any individual sector – 23 per cent by virtue of the level of resources deployed to it. Business Services and Manufacturing each contributed over 15 per cent of total GVA growth. Financial Services, Construction and Transport all contributed more than five per cent each.

In terms of the broad balance of contribution to GVA, 54 per cent is attributable to Private Sector Services, 23 per cent is attributable to Public Sector Services and 20 per cent is due to Primary and Manufacturing Industry.³ In the preceding 7 years to 1997, Primary and Manufacturing Industry accounted for 25 per cent of GVA contribution, demonstrating further how the sectoral focus of Manchester City Region has shifted.

Changes in the growth and formation of new business reflect these trends across the North West. In the last decade growth in the number of new businesses has been strongest in the construction sector. Over the same period, growth in new businesses within the real estate, renting and businesses and the financial services sector was also strong – with a compound annual growth rate at 2.6 per cent and 2.3 per cent respectively. Indeed, growth in new businesses amongst all service-based sectors – except (not unexpectedly) public administration – has been strong over the period. Although many sectors are not directly comparable, and this is a different measure of activity across the economy, the data shows a similar pattern to the GVA growth analysis in figure 3.4.2.c highlighted earlier. In contrast, weaker sectors in the North West region – which have contracted sharply in the past ten years include manufacturing, mining and quarrying and utilities.

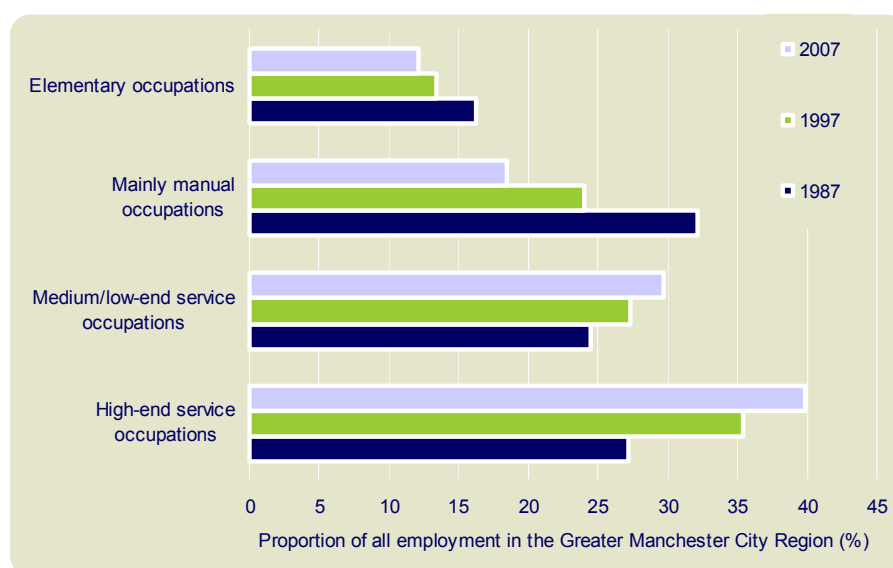
³ The remaining three per cent is due to the adjustments made in converting the sum of individual sector Value Added into Gross Value Added.

The occupational structure has also changed markedly of late, as Figure 3.4.2.d clearly shows. Rather than using the 9 major Standard Occupational Classification categories, results are presented in terms of high-end occupations, medium-low end service occupations, manual and elementary occupations.

The magnitude of elementary and manual occupations has declined significantly over the last twenty years (from around 48 per cent of total employment to 30 per cent which also means an absolute decline). This has important implications for housing given the housing-work link often associated with employment in those sectors.

Although medium and low value added service sector occupations have increased strongly, most growth has come in the highest value added occupations – managerial and professional activities, which now account for 40 per cent of total employment in Manchester City Region, a very significant change which will impact on housing preferences and aspirations. This equates to an increase of 250,000 on 1987 employment levels in high value added activities and demonstrates further the quantum of change that has been seen in Manchester City Region in recent times.

Figure 3.4.2.d: Changing Occupational Structure in Manchester City Region, 1987-2007

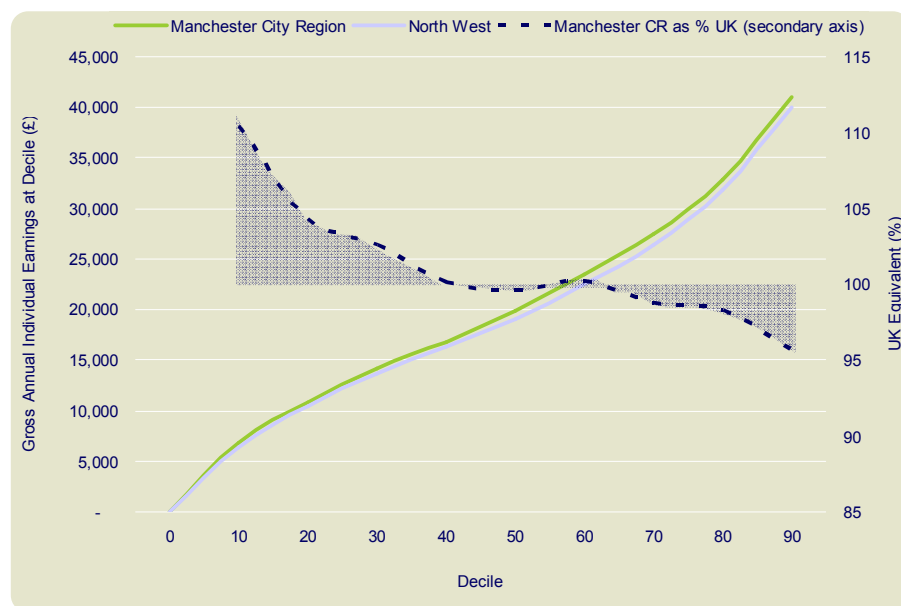


Source: Oxford Economics GMFM, Deloitte Analysis.

More productive workers in higher value added occupations equates to earnings growth. The Greater Manchester Forecasting Model (GMFM) estimates that household disposable income increased by 2.2 per cent per annum, on average between 1981 and 2007.

In spite of increases in income levels, the distribution of earnings in Manchester City Region remains unequal. The s-shaped slope of the green curve in Figure 3.4.2.e suggests that incomes at lower deciles rise more slowly than incomes at upper deciles. At each decile earnings in Manchester City Region are higher than the equivalent decile in the North West.

Figure 3.4.2.e: The Distribution of Individual Earnings in Manchester City Region, 2007



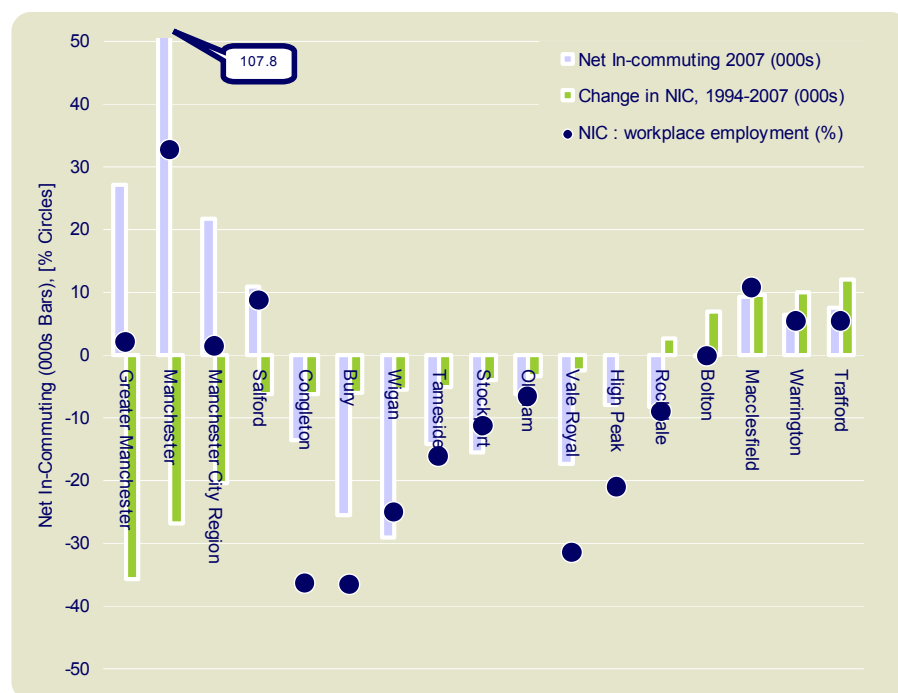
Source: ONS ASHE, Deloitte Analysis.

This points to a growing inequality which will impact on housing demand and choices. Relative to the UK, however, Manchester City Region earnings are higher at lower income deciles, more or less equivalent at middle income levels, and lower at higher income deciles. Whilst the distribution of earnings is uneven in Manchester City Region, it is more even than the distribution at national level. Subsequent sections of the report assess earnings with respect to house prices to consider affordability in Manchester City Region and HMAs.

The number of job opportunities and relative earnings in different areas of the North West has driven commuting patterns around Greater Manchester and Manchester City Region. Figure 3.4.2.f summarises current levels of net in-commuting in and around Greater Manchester.⁴ The chart is ranked from right to left in terms of recent changes in net-in-commuting (NIC).

⁴ Net-in commuting is the difference between an area's workplace employment and residents in employment adjusted for those holding two or more jobs. A positive figure implies net commuting into an area, a negative estimate implies net commuting out of an area, whilst a balance indicates that those leaving the area to work are matched by the number of people coming into the area to work.

Figure 3.4.2.f: Net in-commuting around Greater Manchester, 1994-2007



Source: Oxford Economics GMFM, Deloitte Analysis.

Whilst Manchester City Region itself is the major draw in employment terms and sees a net increase in its daytime working population of more than 100,000 persons, both Greater Manchester and the Manchester City Region as a whole see significant net inflows of 28,000 and 22,000 respectively. Other 'centres' of economic activity include Salford, Trafford, Macclesfield, and Warrington. The remaining boroughs (with the exception of Bolton which is broadly in balance) are net exporters of labour.

Rochdale, Bolton, Macclesfield, Warrington and Trafford have all seen increases in net in-commuting over the last 10-15 years, whilst net in-commuting levels in all other areas has fallen. This is especially so for Manchester and Greater Manchester and Manchester City Region as a whole. This suggests that whilst Manchester is the core driver of employment growth and opportunity in the region and Manchester City Region, other regional centres have accounted for an increasing amount of activity over the period. This does not mean that fewer people now travel to work in Manchester as it is a shift in net level rather than actual levels.

Commuting flows, as well as migratory flows receive more attention in section 3.6 where the report considers linkages both within and outwith the Manchester City Region.

3.4.3 Analysis of Housing Market Areas

The previous section has highlighted significant recent trends for the Manchester City Region as a whole, such as the shift to a service sector economy, some of which hold true for each HMA, but the economies and role of each HMA differ substantially. The economic roles of Manchester City Centre and the Airport are of paramount importance to the region and have been key drivers past success.

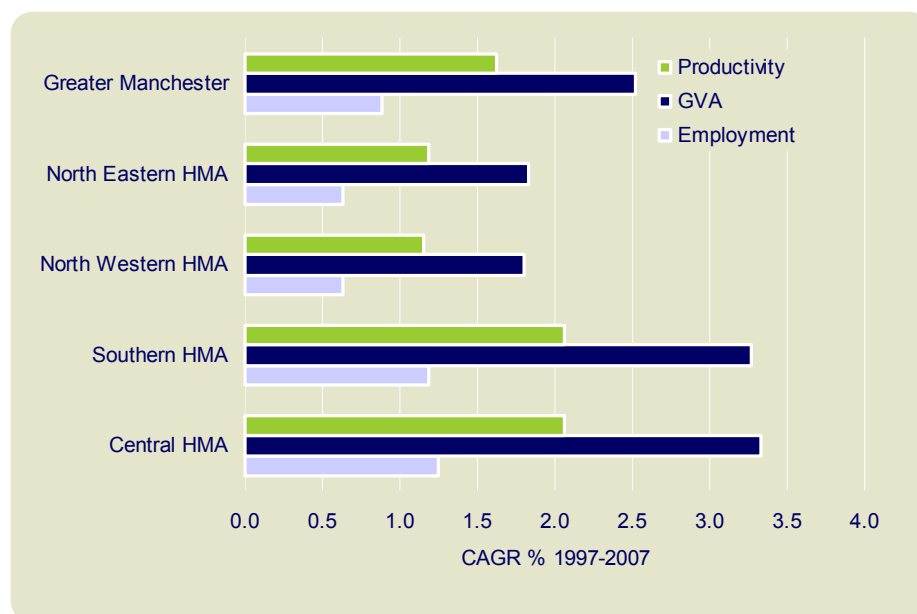
Figure 3.4.3.a shows the three main economic indicators for the four HMAs and Greater Manchester and shows how the areas have performed relative to each other on these measures in the last ten years. The comparisons that can be made between HMAs are – to an extent – limited as there are some local authorities that are included in more than one HMA. Likewise, some local authorities may have experienced stronger performance than others, helping to boost performance in some HMAs which may include other local authorities that have not performed as well.

The Southern and Central HMAs have seen the healthiest rates of economic growth with annual GVA growth of 3.3 per cent in both areas. They also have the strongest job creation with annual employment growth at 1.2 per cent in both regions over the period. Growth in these regions exceeds that of Greater Manchester as a whole on both measures, although there is double counting due to area overlap. GVA growth the Southern HMA has been driven by growth in Trafford (3.7 per cent in the past ten years) and Manchester (3.4 per cent) whilst both districts have also

boosted employment growth – with rates of 1.5 per cent and 1.4 per cent respectively. Trafford and Manchester also fall into the Central HMA and are unsurprisingly the drivers of growth in that area.

The North Eastern and North Western HMAs have experienced markedly lower growth across all measures. However, Bolton, which lies within the North Western HMA, and Rochdale, which lies within the North Eastern HMA, have experienced faster employment growth (each at a rate of 0.9 per cent per annum since 1997) than Salford and Stockport which lie in the 'better performing' HMAs. On the productivity measure, over the past ten years, there are similar patterns amongst the performance of HMAs as with GVA and employment growth. However, Salford and Stockport have experienced higher GVA growth relative to some regions despite having lower employment growth resulting in comparatively higher productivity than other districts. Meanwhile, Bolton and Rochdale experienced lower productivity despite benefiting from higher employment growth over the same period.

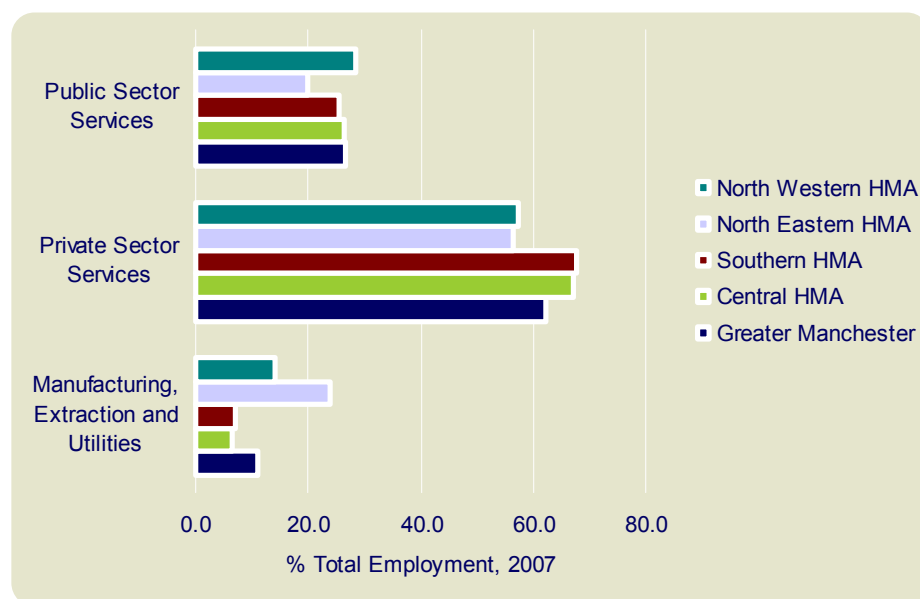
Figure 3.4.3.a: Economic Growth Summary, 1997-2007



Source: Oxford Economic GMFM, Deloitte Analysis. Subject to double counting.

Over time the structure of employment in the Manchester City Region and across HMAs has changed markedly and today each HMA is dominated by private sector services. This is more so in the case of the Central and Southern HMAs (c. 67.5 per cent of total) in line with their stronger economic performance, but equally so in the North Eastern and North Western HMAs (56 and 57.5 per cent respectively).

Figure 3.4.3.b: Employment Structure in the HMAs, 1997-2007



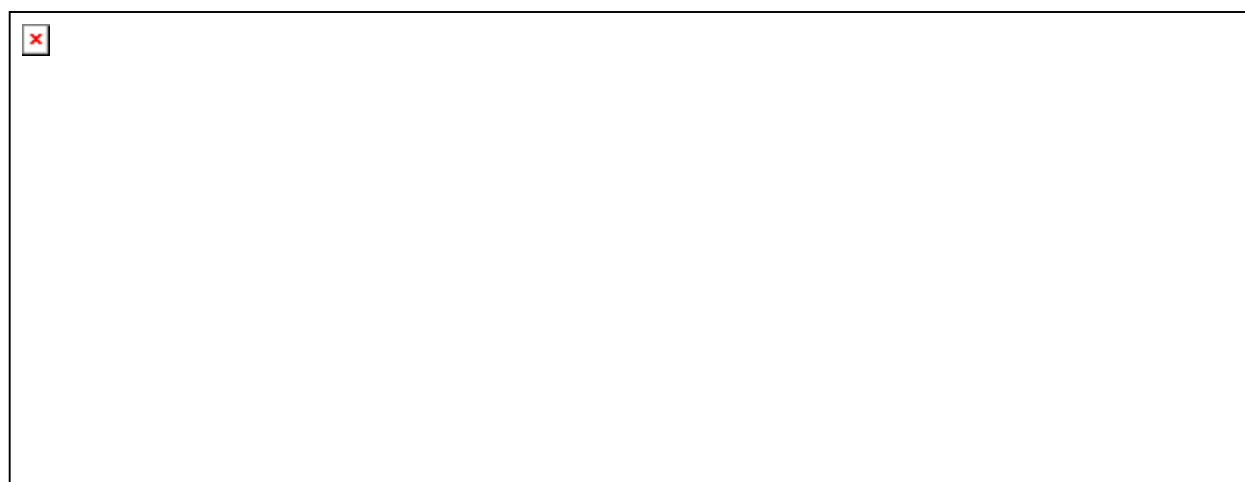
Source: Oxford Economic GMFM, Deloitte Analysis. Subject to double counting.

The continuing de-industrialisation of the economy has impacted heavily on specific areas with the Manchester City Region, although the North Eastern HMA still includes a high proportion of Manufacturing, Extraction and Utilities. The North Western HMA (which has experienced the lowest levels of economic growth since 1997) still has the highest proportion of public sector services, with Southern and Central HMAs having the lowest.

Figure 3.4.3.c highlights patterns in business creation and growth in the four HMAs based on data from the Small Business Service analysis on value added tax business registrations and de-registrations. The left-hand side chart shows the annual number of business registrations in each of the areas since 1994. The Southern HMA has seen the most business registrations – suggesting a higher level of business activity relative to the other areas. This is because Manchester, Trafford and Stockport had the highest number of registrations. The North Eastern HMA, however, has seen a lower level of business registrations relative to the other areas with Oldham, Rochdale and Tameside experiencing the lowest growth in new businesses registrations over the period.

However, considering businesses registrations alone does not take into account business failures and therefore the growth of businesses overall. The chart on the right-hand side illustrates that net registrations (registrations less de-registrations) have been higher in the North Western HMA for most of the ten year period to date, despite lower levels of business registrations over the same period relative to the Central and Southern HMAs.

Figure 3.4.3.c: Business registrations and net registrations per annum in the four HMAs



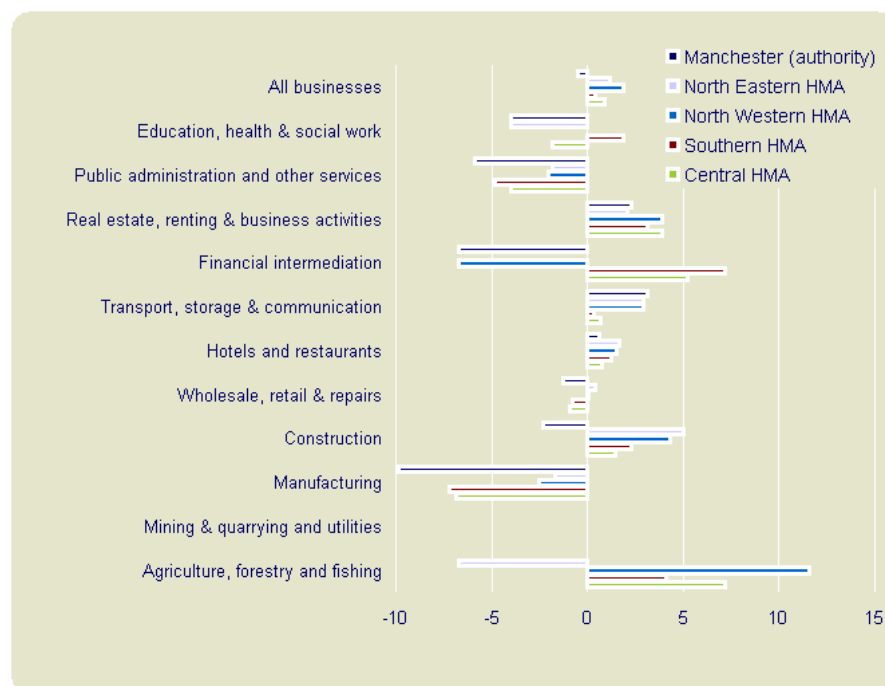
Source: Small Business Services Statistical Unit, Deloitte Analysis. Subject to double counting.

This suggests that actual growth in businesses has been stronger / more resilient in this area than in others. Meanwhile, although the Southern HMA saw a higher number of business registrations over the period, when taking into account business failures, the annual number of net registrations were the lowest in the first half of this decade.

Growth in business registrations by sector also reinforces the earlier analysis of changing employment structure. The analysis by sector below highlights that the growth in the number of businesses has come from across many different sectors in the economy – but predominantly service-based sectors. The sectors that have particularly helped to boost growth across all Housing Market Areas include construction, real estate, transport, storage and communication and hotels and restaurants.

Notably, however, whilst financial intermediation registrations have grown strongly in both Central and Southern HMAs, they have contracted significantly elsewhere, so whilst the swing towards a service sector economy is in effect in all HMAs, the nature of this activity does differ in each HMA.

Figure 3.4.3.d: Growth in business registrations by sector, 1997 – 2007, CAGR %



Source: SBS, Deloitte Analysis. Subject to double counting.

Growth in agriculture, forestry and fishing businesses has been exceptional in the North Western HMA with 11.6 per cent annual growth over the period – although these figures are based on relatively low absolute figures.

Estimates of sectoral earnings in 2007 are shown in Figure 3.4.2.e. This confirms that there are nuances in the type and productivity of tasks performed in the same industry classifications across HMAs. The top chart shows absolute annual Earnings, whilst the bottom chart shows earnings as a proportion of the Greater Manchester average. Earnings are generally higher in the service sector than in manufacturing, but are highest in extraction and utilities which account for a small proportion of employment locally.

Figure 3.4.3.e: Workplace Sectoral Earnings and Differentials across HMAs, 2007



Source: ASHE, Deloitte Analysis. Subject to double counting.

Earnings (and productivity) tend to be higher in the Central and Southern HMAs, followed by the North Eastern HMA and, finally, the North Western HMA, reflecting the relative overall economic performance across other indicators. In absolute terms, the earnings gap appears fairly constant across all service sectors and in total, but relative to the Greater Manchester average there are visible differences. The gap between Southern and Central HMAs and the North Western and North Eastern HMAs is lowest in public and private sector services but highest in Manufacturing and Extraction.

3.4.4 Housing's role in economic growth and regeneration

Although the link between housing and economy is often discussed, in practice, the focus of research has been on how economic change drives the demand for housing and how a failure to deliver the right type and amount of housing will act as a barrier to achieving economic growth (notably through the retention of economically active/higher earning households in locations where it would be desirable to attract their skills and local spending). There is less evidence base on how housing change can *drive* economic growth in itself, particularly at a local level. However, there is a growing recognition that housing can help support local regeneration, often characterised as achieving more mixed communities.

Nevertheless, there are a number of factors to consider:

The growing 'de-coupling' of residential location and place of work, particularly as income increases, meaning that those who can, exercise choice of housing will do so (reflecting the commuting patterns to the Central HMA). Economic performance in a particular location (and the attraction of more mobile upper-income employment) may therefore be more dominated by the housing offer within its wider Housing Market (and beyond), rather than individual housing choice within individual boroughs. Of course, this is not to say that wider housing choice is not desirable for other reasons, nor that the above trend might change as travel becomes more difficult or expensive.

The impact of house price rises and access to credit. Residential property has formed an economic role for a long period, for example by providing collateral to underpin financial borrowing that has been used to support business start-ups. The past decade of significant price rises, capital appreciation, and historically cheap credit has had three major economic impacts:

- 1) It has helped underpin borrowing (e.g. through re-mortgaging) that has fuelled household spending which has in part supported overall UK economic growth;
- 2) It has driven an investment market for property leading to the buy-to-let market where many households have become landlords (often on the basis of its providing a 'pension'), and the activity of speculators and overseas investors who have become the predominant purchasers of property in many locations, particularly in the centre of the conurbation; and
- 3) It has created increasing affordability problems reducing access to owner occupation for newly forming households and those on lower incomes (the impact of this is considered elsewhere).

The impact of a downturn in credit availability and reduction in the buy-to-let/investment market. The converse of the trends described above (house price rises and access to credit) have an economic impact that, at the time of writing, is currently being experienced in the UK. The implications of this are discussed in the next Chapter. The specific economic issues, which we explore later in the report, include:

- ⇒ Reduction in house prices, leading to negative equity, inability to sell property at a price acceptable to the vendor (impacting on labour market mobility), and major losses among investors;
- ⇒ Economic problems in the construction industry, particularly those developers over-exposed to the investor led market; and
- ⇒ In the longer-term the potential improvement of affordability issues as house prices steady or fall relative to incomes and mortgage finance lending recovers to a healthy state.

The challenge of house price affordability and access to labour. The difficulties of employers in securing access to labour in certain economic sectors due to the high cost of housing.

Economic inactivity and social exclusion in areas of poor housing. Data below shows a correlation between poor housing and economic problems. Although it is difficult to argue that housing per se is a driver of economic underperformance, it is recognised as a component of multiple deprivation, and poor housing condition is recognised as having an impact on the ability of families to provide a high quality environment for education and a platform for employability.

Housing, mixed communities and employability. There is a growing research base that points to the economic challenges that flow from neighbourhoods dominated by social housing or areas of poor quality often lower value private housing with concentrations of economic inactivity among the resident population. These neighbourhoods, and their associated education, social and community facilities, do not provide the characteristics needed to retain or attract a broader range of households (in terms of size, type, demography, background or employment) and this inhibits the ingredients needed to support economic growth (e.g. local economic vibrancy, positive role models for

children, good schools). The concern among some stakeholders that social housing, particularly in mono-tenure neighbourhoods, provides a hand out rather than a hand up, acting as a perverse disincentive for economic activity, was at the root of the Hills Report.

Ethnic segregation in housing. Pakistani and Bangladeshi groups are under represented in the workforce per se (or are over represented amongst workless). When ethnicity is combined with the social exclusion in areas of poor housing it makes disconnection from the labour market even more likely. This has potentially serious impacts for social cohesion. This is a factor which is of concern in the North Eastern HMA.

Key Issues for Policy & Implementation

The Southern and Central HMAs have seen the healthiest rates of economic growth with annual GVA growth of 3.3 per cent in both areas. They also have the strongest job creation with annual employment growth at 1.2 per cent in both regions over the period. The North Western HMA and North Eastern HMA have experienced markedly lower growth.

In annual percentage terms public sector growth has been low in comparison to other private sector services, although it should be noted that due to the size of the public sector (now accounting for approaching 30 per cent of all employment), more than 20 per cent of growth over the last ten years is due to the public sector, and given fiscal tightening this may not continue.

Over time the structure of employment in the City Region and across HMAs has changed markedly and today each HMA is dominated by private sector services. This is more so in the case of the Central and Southern HMAs (c. 67.5 per cent of total) in line with their stronger economic performance, but equally so in the Northern and Western HMAs (56 and 57.5 per cent respectively).

The continued 'service-sector-shift' has led to a substantial increase in the proportion of workers engaged in higher-end and higher paid occupations, which has implications for housing demand. In spite of this inequalities in income still remain and workplace earnings are often significantly higher in the Central and Southern HMA than in the North Eastern HMA, and in particular the North Western HMA.

Manchester and Salford are still the major importers of labour in the City Region, but over the last decade there has been a relative shift to other regional centres including Trafford, Macclesfield, Warrington and Bolton – where the balance is now small and positive. All other areas with the exception of Rochdale export labour to other areas.

3.5 Socio-economic and demographic change

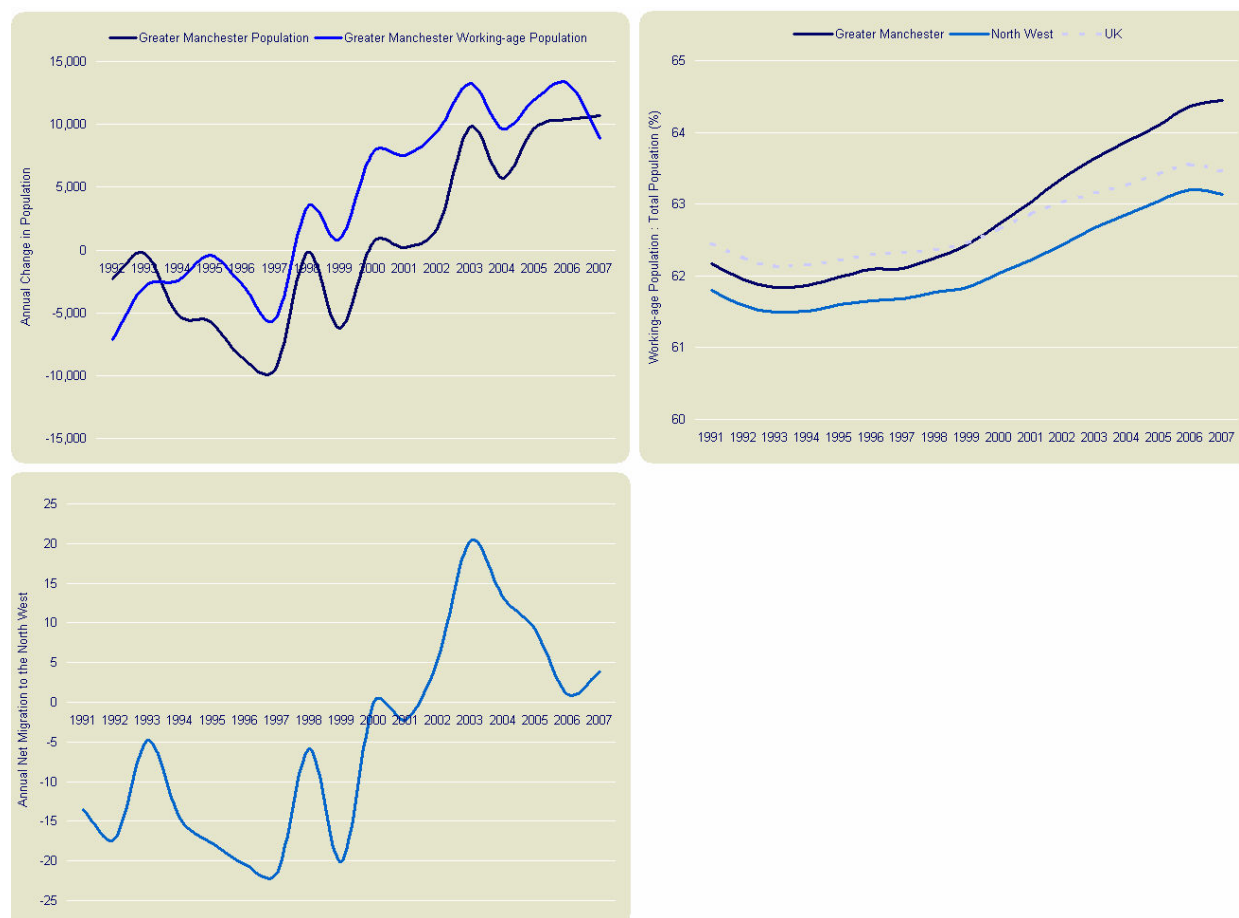
3.5.1 Manchester City Region

The last fifteen years have seen significant change in the demographic profile of Manchester City Region. This section makes use of Greater Manchester level information on total and working-age population change, and regional estimates of migration. Migration specific to HMAs and Districts is included later in this Chapter.

Alongside demographic change, economic growth and associated impacts on socio-economic circumstances represent an important consideration when examining both the current and future housing requirements of households. Levels of disposable income and household socio-economic circumstances directly impact on a household's market mobility and ability to access choice in the housing market. Accommodating these diverse drivers requires a holistic approach to assessing housing within a wider context and this theme runs throughout the SHMA.

Figure 3.5.1.a shows, clockwise from top left, estimates of the annual change in population; estimates of the proportion of population of working age; and levels of net in migration.

Figure 3.5.1.a: Population Change in Greater Manchester, 1991-2007



Source: Oxford Economics GMFM, Deloitte Analysis.

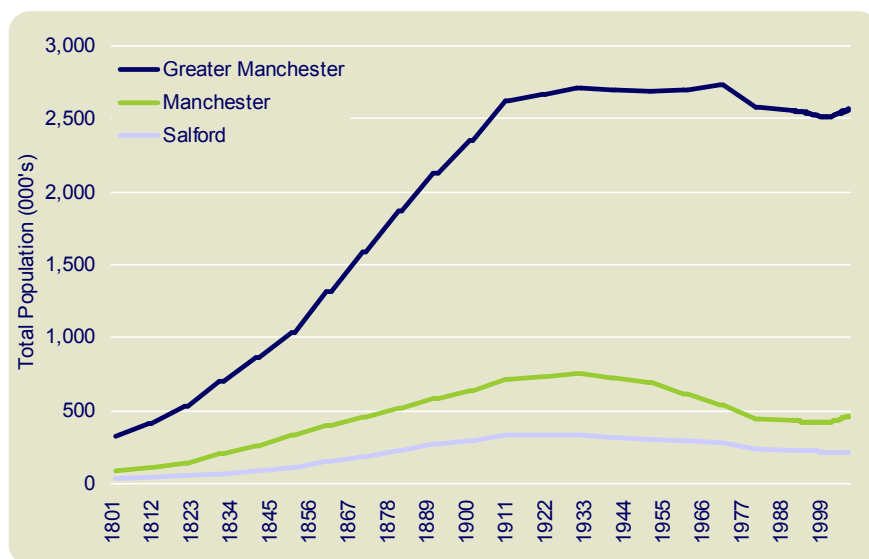
The period before 2000 was characterised by a declining population in Greater Manchester, which itself was underpinned by an exodus of working-age residents, a trend that has been a feature since the early 1970s, with no real population growth since about 1930. Since 2000 the evidence suggests that Greater Manchester population has grown strongly, with the level of increases in both total and working-age population increasing in absolute terms year-on-year. This corresponds with high levels of in-migration into the North West, and whilst the equivalent data is not available for Greater Manchester, it is obvious that this in-migration is responsible for the step-change in demographic fortunes.

Over the same time period since 2000, the working age population has increased at a significantly faster rate than overall population – suggesting that the majority of in-migrants have been of working age. In Greater Manchester the proportion of population of working-age rose from 62 per cent in 1991 to 64 per cent in 2007, overtaking the UK average in the process (around the turn of the millennium) and increasing the gap with the North West.

This buoyant period for Manchester City Region has ramifications for trend analysis of housing requirements (see subsequent sections of the report) because five-year trends determine (to a large extent) the trajectory of official population projections and household representative rate projections.

These changes in population are significant but it is important to consider them in the context of population shift over the longer term.

Figure 3.5.1.b: Population Change in Greater Manchester, 1801-2007

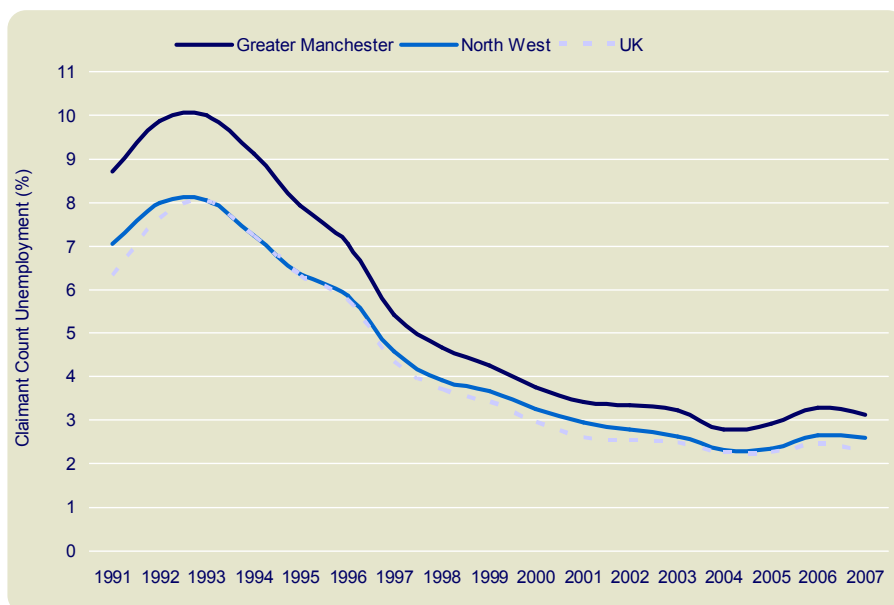


Source: Census data, Office for National Statistics, Deloitte Analysis.

There are four phases evident in the chart – exponential growth in Greater Manchester's population between 1801 and WWI; relatively stable population between WWI and the 1960's; subsequent decline in population to 2000; and most recently an upturn in population. In this context the recent upturn in Greater Manchester population and also Manchester's population is still evident but small in scale relative to the past.

In spite of very significant inflows of population into the Greater Manchester area (and the wider region and the UK), the claimant count rate of unemployment has dropped from peaks of 10 per cent in 1993 to just above three per cent today.

Figure 3.5.1.c: Claimant Count Unemployment, 1991-2007



Source: Oxford Economics GMFM, Deloitte Analysis.

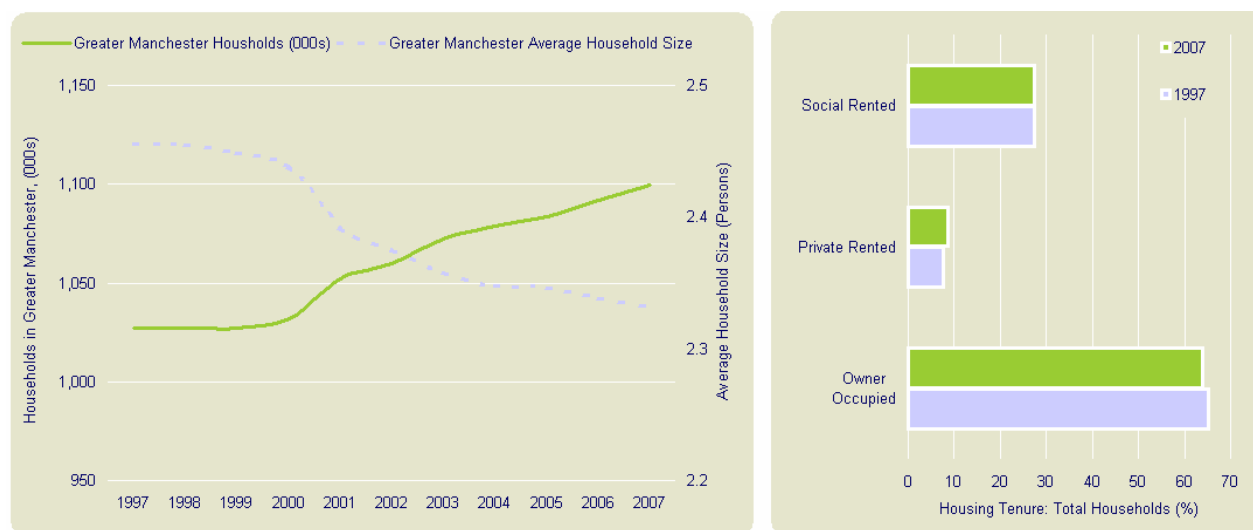
So it is likely that the level of job creation in Greater Manchester has supported jobs for the significant levels of migrants as well indigenous residents, and indeed, helps explain why inequalities and the low levels of economic activity in some neighbourhoods continue despite major growth in employment.

3.5.2 Change in Households

Demographic changes over the last ten years have also been coupled with significant change in household structure driving growth in the total number of households. After three years of insubstantial growth at the Greater Manchester level the turn of the millennium saw an increase in levels of household formation which further increased substantially between 2002 and 2005 before slowing down to pre-2002 levels.

According to GMFM, levels of household growth over this period were comparatively faster than general changes in population, meaning that the average size (in persons) of households in Greater Manchester dropped from c. 2.46 in 1997, 1998 and 1999 to 2.33 in 2007. In other words, both absolute increases in population and an increasing likelihood of any given individual choosing to form their own household have contributed to this increase in households. Clearly, this is an evolution from the more historical trend (particularly in the centre of the conurbation) where declining population was offset by household size reduction to create a smaller level of household growth.

Figure 3.5.2.a: Households in Greater Manchester, Size and Tenure, 1997-2007



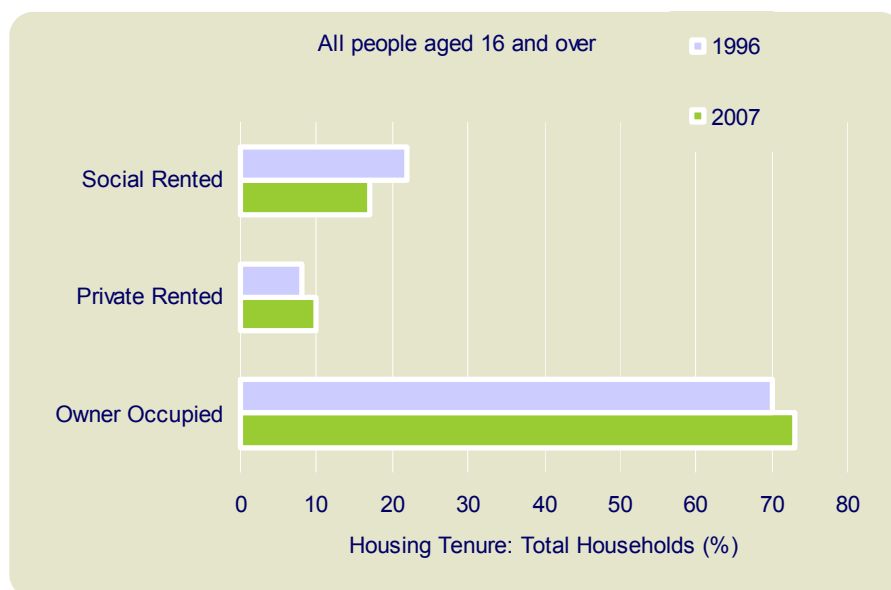
Source: Oxford Economics GMFM, Deloitte Analysis.

There have been significant shifts in housing tenure over the last decade too, as represented by the rightmost chart.

Owner occupied households now account for 64 per cent of all households – down from 65 per cent in 1997. The private rented sector has increased its share – up from 7.6 to 8.7 per cent, whilst social rented households now only account marginally more of for 27.4 per cent, up from 27.3 per cent. This broadly stable level of social housing is not surprising given the current demand for Council and RSL owned properties, but is a significant change from many of the predictions that were being made by social housing stakeholders in the 1990s and early 2000s, when the view was that people's aspirations away from social rented housing, and the relative affordability of owner occupation at the bottom end of the market would gradually see a reduction in the need for social rented accommodation.

The current affordability problems have challenged that orthodoxy – with private renting becoming the tenure of choice for many younger people - even if the underlying aspirations may still be for owner occupation. Data for the North West region highlights similar proportions but differing trends as shown in figure 3.5.2.b.

Figure 3.5.2.b: Households in the North West, Tenure, 1996 and 2007



Source: LFS, Deloitte Analysis.

At both Greater Manchester and regional level, private renting has increased significantly, reflecting changing market conditions. The proportion of social rented households has remained stable in Greater Manchester, but has fallen at the regional level. The owner occupied share of total in the North West has increased over the last decade, whilst it has fallen slightly in Greater Manchester.

However, it should be noted that in absolute terms the number of owner occupied housing (excluding unrealised demand) has increased by 3,400 households per annum over the last decade as shown along with other key indicators in figure 3.5.2.b. Note that HMA definitions include significant levels of double counting due to Manchester, Salford and Trafford transcending HMA boundaries.

Figure 3.5.2.c: Housing Market Summary Changes Greater Manchester and HMAs.

	Central HMA		North Eastern HMA		Southern HMA		North Western HMA	
	Absolute Change (p. a.), 97-07	CAGR (%), 97-07	Absolute Change (p. a.), 97-07	CAGR (%), 97-07	Absolute Change (p. a.), 97-07	CAGR (%), 97-07	Absolute Change (p. a.), 97-07	CAGR (%), 97-07
Population (000s)	4,200	0.2	3,500	0.40	200	0.04	3,400	0.36
Households (000s)	7,300	0.7	4,300	1.18	1,200	0.45	4,200	1.07
Owner Occupied Households (000s)	3,400	0.5	500	0.30	900	0.52	1,000	0.43
Private Rented Households (000s)	1,700	2.0	1,000	2.37	500	2.84	800	1.87
Social Rented Households (000s)	2,100	0.7	2,700	2.02	-200	-0.33	2,400	2.03
Average Household Size (Persons)*	-0.12	-0.5	-0.19	-0.8	-0.10	-0.4	-0.17	-0.7

* Absolute change NOT p.a. basis

Source: Oxford Economics GMFM, Deloitte Analysis.

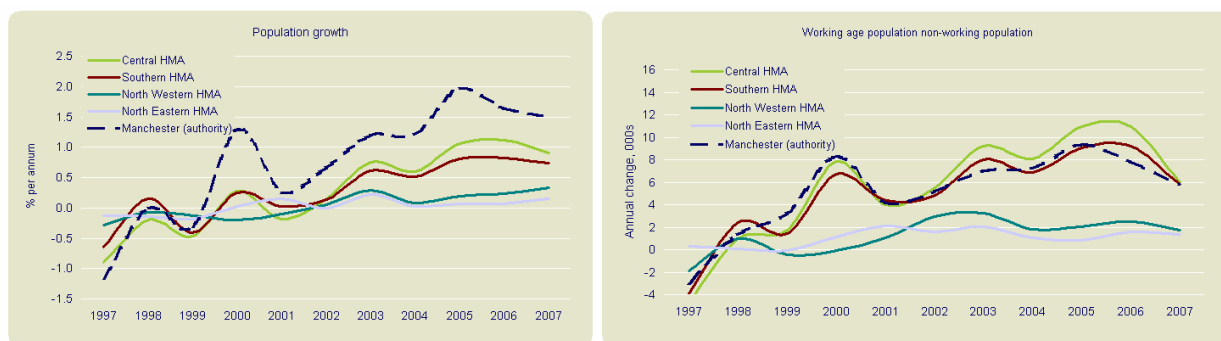
This reiterates the fact that the number of households have increased much faster (nearly four times as fast) than total population, reflected in the reduction in average household size.

Social renting has increased at the fastest pace in Manchester, which shows through in the Central and Southern HMAs. In the North Eastern and North Western HMAs the extent of social renting has fallen.

3.5.3 Housing Market Areas

Figure 3.5.3.a shows estimates of the annual change in population (left hand side chart) and estimates of total population above working age population (right hand side). The annual change in population has risen across all four HMAs over the past decade – with those HMAs including Manchester (Central and Southern) rising at a faster pace.

Figure 3.5.3.a: Population growth per annum in the HMAs, 1997-2007

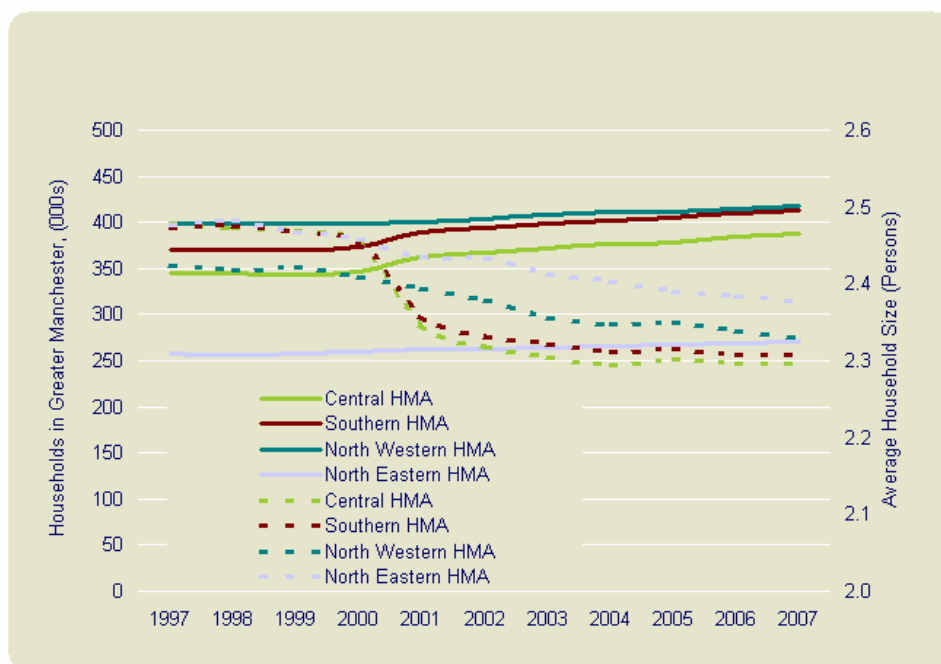


Source: Oxford Economics GMFM, Deloitte Analysis. Subject to double counting.

The second chart shows that the changes in working age population have historically been in excess of the annual change in non-working age population. This suggests that the dependency ratio has decreased (the number of non-active residents to active working-age residents). However, this trend has recently fallen off in all HMAs.

Within the HMAs there has been a similar trend seen in Greater Manchester of rising population but even faster growth in the number of households – the increase in the number of households (and fall in household size) corresponds exactly in time to the positive step change in population seen in figure 3.5.3.a. This is evident in figure 3.5.3.b which shows a falling trend in the size of household in all HMAs. This is most notable in the Central HMA – despite similar levels of growth in households to the other HMAs – and least in the North Eastern HMA – due to slower growth in the number of households.

Figure 3.5.3.b: Number (LHS) and size (RHS dotted line) of households in the HMAs



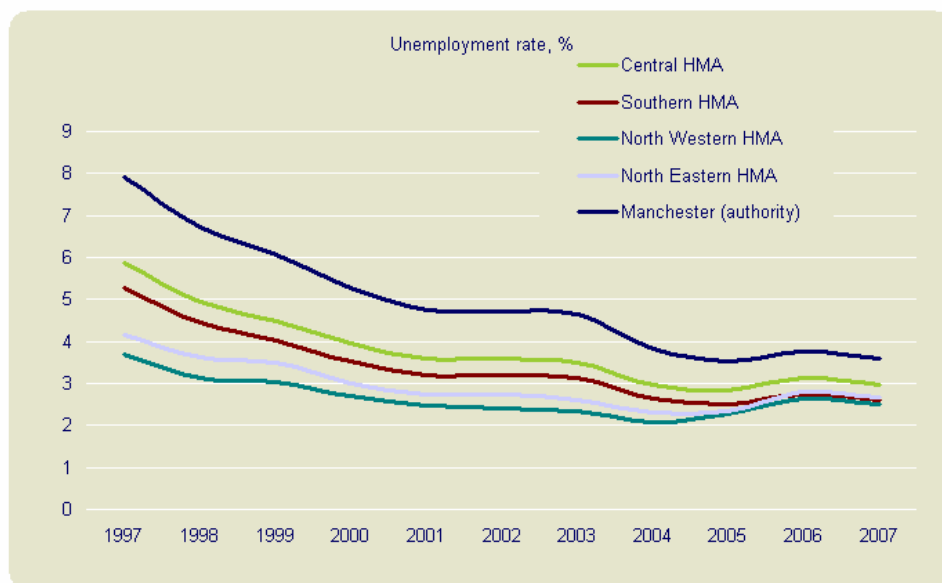
Source: Oxford Economics GMFM, Deloitte Analysis. Subject to double counting.

This is, at least in part due, to changes in supply. In the Central HMA much of this is due to the supply of and subsequent demand for 1 and 2 bedroom flats. Similarly in the North Eastern HMA, the housing supply has not been relatively skewed towards larger family houses and the large and growing Asian population contributes to household sizes above other HMAs due to larger average household size.

In the same way the Greater Manchester area has experienced a decline in unemployment levels, as already discussed, the claimant count rate of unemployment has also fallen in all four of the HMAs. The convergence of

unemployment rates for the HMAs to around the 3 per cent level over the past year, coupled with the current economic climate suggests that they are unlikely to fall significantly further in the short to medium term.

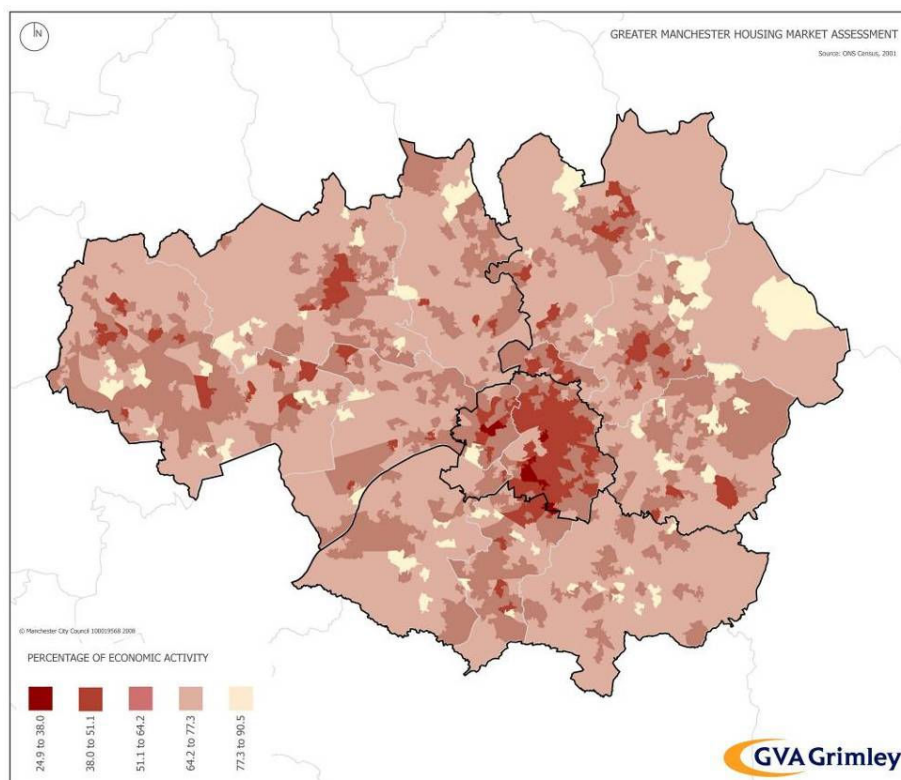
Figure 3.5.3.c: Unemployment rate, %



Source: Oxford Economics GMFM, Deloitte Analysis. Subject to double counting.

The relatively higher unemployment rate in Manchester is coupled with higher inactivity rates – the proportion of working age population that are neither in employment or actively seeking employment. This is shown in the schematic below, along with the prevalence of benefit claimants in each HMA.

Figure 3.5.3.d: Economic Activity & Benefit Claimants, as % Working Age Population



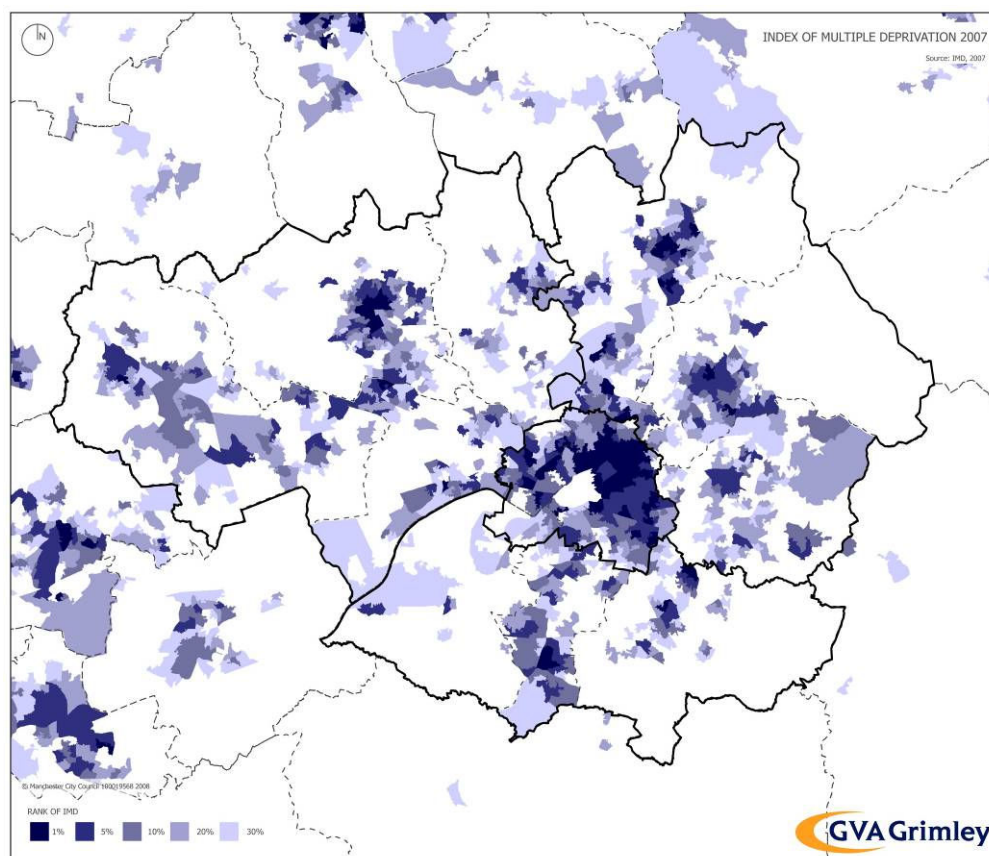
Source: Department for Work and Pensions, Deloitte Analysis.

Unemployment and inactivity feeds into measures of deprivation through the employment domain. The 2007 Index of Multiple Deprivation (IMD2007) is measured by data collected from each of the following domains:

- Income;
- Employment;
- Health and Disability;
- Education, skills and training;
- Barriers to Housing and Services;
- Crime; and
- Living Environment.

Ranks are based upon 354 districts in England where 1 is the most deprived and 354 is the least deprived area. The most deprived areas with Greater Manchester (and beyond) are shown in the darker shades of blue in the map below.

Figure 3.5.3.e: IMD 2007



Source: ONS, GVA Grimley, Deloitte Analysis.

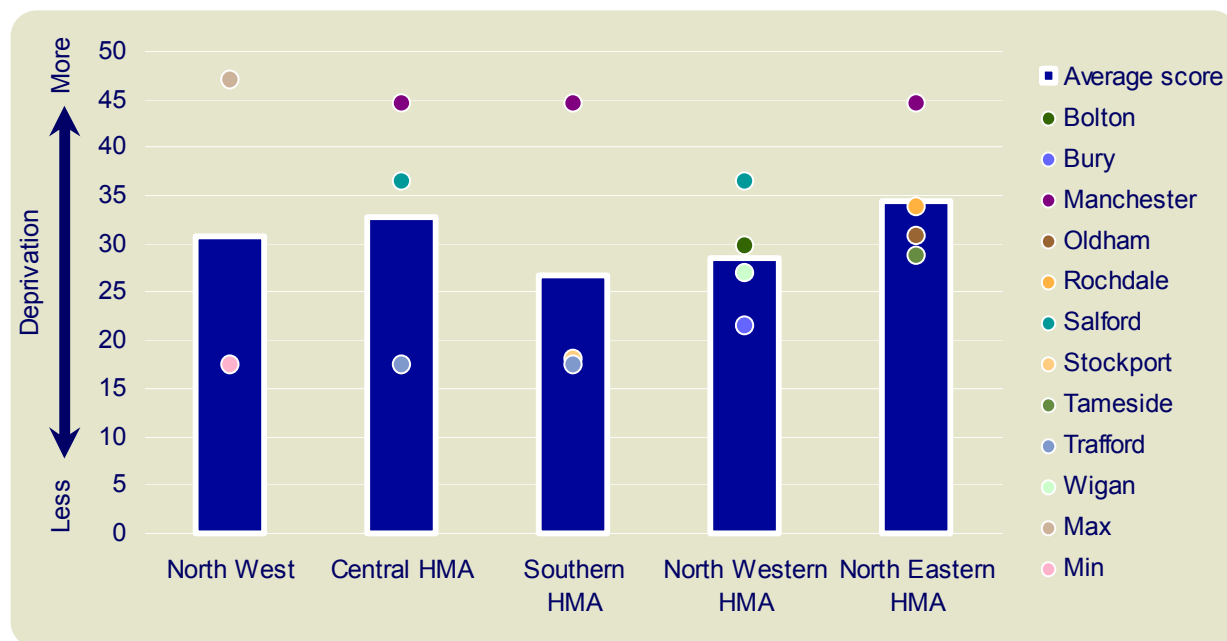
The map suggests that, as a whole, the Central HMA features the highest concentration of deprived areas, but that there are deprived areas within each HMA, and that these tend to be concentrated together.

Figure 3.5.3.f, overleaf, shows the overall deprivation scores in the four HMAs a higher score corresponds to a higher level of deprivation.

The Southern area has the lowest score suggesting that it benefits from lower levels of deprivation. However, relatively high levels of deprivation in Manchester are included within this score. The North Western HMA also has a

low score but the distribution of scores for the local authorities within the area is much narrower than other regions which are skewed by some of the local authorities.

Figure 3.5.3.f: Index of Multiple Deprivation, average score by area

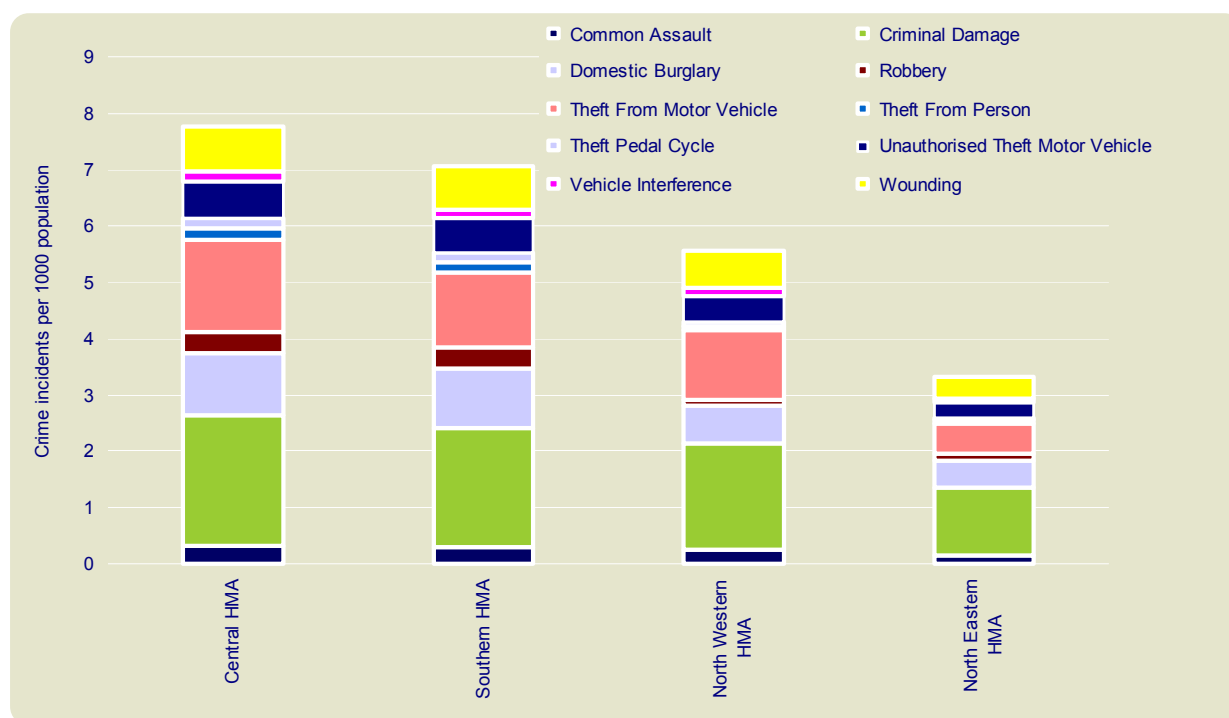


Source: IMD statistics, Deloitte Analysis.

Both Central and Southern HMAs have a distribution of scores on deprivation almost as wide as that of the Northwest. In contrast, the North Eastern and North Western HMAs have a much narrower distribution suggesting a more even level of deprivation across local authorities within those areas. However, we recognise that there will be sub-area variations and we will consider this later in the analysis.

The data on crime levels per unit population – shown in figure 3.5.3.g – presents a different pattern to the deprivation scores in each of the HMAs with lower scores on the crime measure within the North Eastern HMA in particular and North Western HMAs relative to the Southern HMA. The Central HMA however has high crime rates and high levels of deprivation.

Figure 3.5.3.g: District level crime data in Greater Manchester



Source: ONS crime statistics and Deloitte Analysis. Subject to double counting.

3.6 Links between areas: commuting and migration

This section outlines issues that influence the household location decision and commuting and migration patterns. Although the four Housing Market Areas overlap and link with each other, there are key features in the commuting and migration patterns for each for the four HMA:

Central HMA (Manchester, Salford, Trafford)

Students comprise a significant proportion of the population in the Central HMA and therefore the area is attractive to many young people, particularly students and young professionals who wish to be on the doorstep of a vibrant nightlife and do not wish to commute.

However, there are also commuters who travel within and beyond the HMA. For instance, in Withington and Burnage there are travel to work linkages with other parts of Manchester, especially Central Manchester and Didsbury and, to a lesser extent, Central and Northern Stockport.

In Fallowfield and Whalley Range there are clear travel to work linkages with Manchester City Centre, Ardwick, Chorlton, Hulme and Didsbury, but also with Old Trafford, Salford and Central Stockport. The main link to and from the Central HMA in terms of migration is with Wythenshawe, although a significant number of moves occur between Baguley/Northenden and Altrincham and Sale. The Central HMA has also received new migrants to the City Region from other HMAs and abroad, especially younger people.

North Western HMA (Bolton, Bury, Salford, Wigan)

The fringe of the North Western HMA has external links with Bolton linking with the North, Bury has strong links into Manchester, Salford and Bolton, and the more affluent western edges of Wigan link well with Merseyside.

For Bury the proximity of the M66 gives fast car access into the conurbation centre and it is increasingly a destination of choice for commuters in higher occupations.

The North Western HMA also has good transport links to Chester, Liverpool and Manchester Airport via the M6 and M56.

North Eastern HMA (Tameside, Oldham, Rochdale)

The North Eastern HMA benefits from close proximity to motorway connections (M60/M62) giving quick access into Manchester and the neighbourhood.

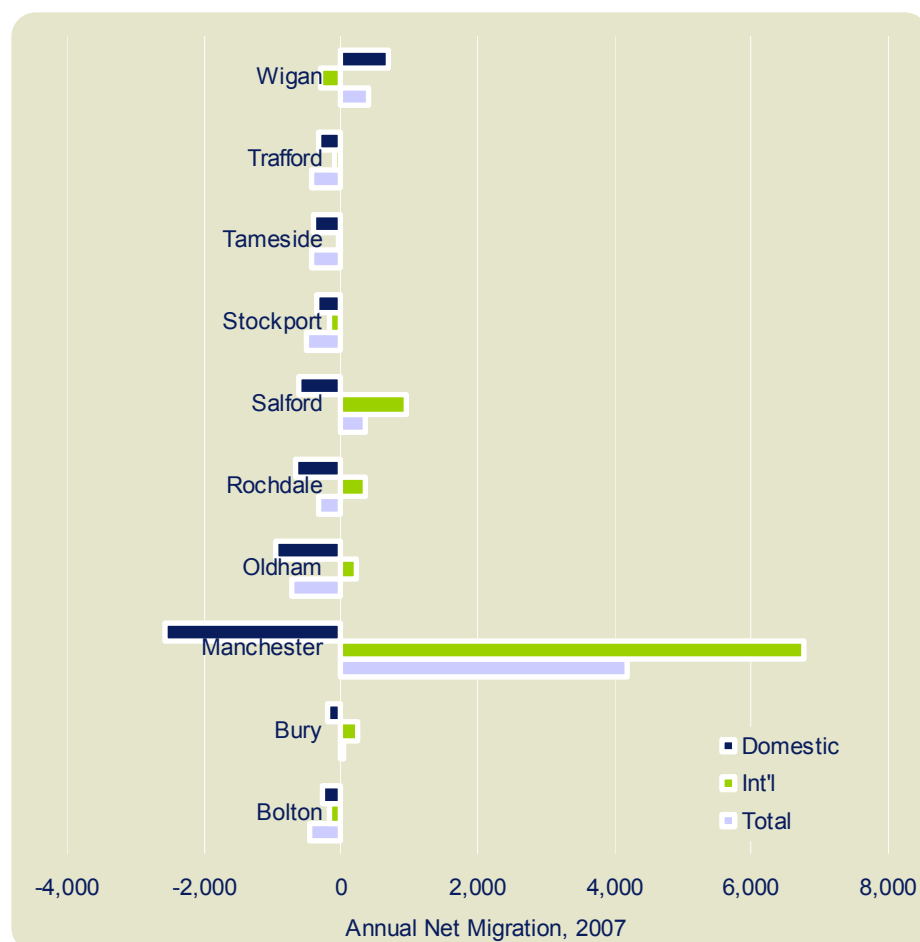
There is significant out migration to Rochdale from places like Whitworth where there are typically better accommodation types and employment opportunities.

Southern HMA (Manchester, Stockport, Trafford)

In the Southern HMA, areas such as Altrincham and Timperley within Trafford encompass an area of predominantly settled suburban neighbourhood typically providing a mix of higher value housing where residents can commute from.

Apart from the links to Old Trafford there are few links between the South Manchester market and other parts of Trafford although there are some flows between Sale and the Wythenshawe and Baguley neighbourhoods.

Figure 3.6.a: Annual net migration, 2007



Source: Oxford Economics GMFM, Deloitte Analysis

Figure 3.6.a presents the latest annual net migration data for 2007 across the districts in Manchester City Region. It highlights how Manchester has seen the highest level of net migration despite the highest level of net domestic out-migration due to higher levels of international immigration. It is unknown whether the domestic out-migration is due to immigrants or existing residents leaving the city.

The only other districts which have experienced positive net migration (including both domestic and international) in 2007, aside from Manchester, are Salford and Wigan. And Wigan is the only district to have seen positive net domestic migration.

In 2007, Bury, Oldham and Rochdale saw positive net international migration but it has been outweighed by the domestic out-migration.

This section has highlighted how transport links can affect commuting and migration patterns but relative earnings, as well as other notable factors such as family-ties, can also help to influence the household location decision as well as commuting patterns. Detailed analysis of specific commuting and migration flows are provided in Annex 1. The analysis in this section summarises origin and destination information to draw out the main linkages (internal and external) for Manchester City Region and HMAs, as well as information on overall migratory flows.

In migration terms there is a gap in terms of data coverage. However, the Institute for Public Policy Research (IPPR) have recently undertaken a study that considers post-enlargement migration flows to and from the UK. It presents evidence on the scale and nature of migration from the eight new Central and Eastern European countries that joined the EU in 2004 (the so-called 'A8' countries) and, to a lesser extent, from Romania and Bulgaria, which joined in 2007 (the so-called 'A2'). It suggests that 10.7 per cent of UK nationals of working age are based in the North West. Analysis by local authority suggests that the number of A8 workers is highest in the Central HMA with around 25 A8 workers per 1,000 residents, the North Western HMA has the second highest number of A8 workers per 1,000 residents (18), followed by the North Eastern (16) and Southern (15) HMAs. Higher migration flows into the Central and Southern HMAs is a result of higher estimates A8 workers per 1,000 residents in Trafford (11) and Manchester (9).

In addition to this, the NHSCR records moves made within the UK by patients registered with a GP. Although this misses out significant quanta of migration between areas, it does provide a timely way of considering origin and destination information, which is vital to understanding flows around Manchester City Region. The associated gaps can be filled to some extent with information produced as part of the GMFM, which shows total migration into and from local areas within Greater Manchester over the last 10 years.

In origin and destination terms, which are of significant interest to this SHMA, figure 3.3.3.a. shows that for cross-authority boundary flows, most of the significant flows are concentrated around Manchester. The arrows indicate that the net effect is an outflow of indigenous population from Manchester City Centre to authorities in its immediate environs. Other significant flows tend to be between neighbouring authorities, with no flows exceeding 500 in 2006 where the authorities involved were non-adjacent.

Whilst this analysis does not consider the significant levels of internal churn – the number of people moving within the confines of a single authority – it does give a measure of the extent to which each authority is linked to areas within and outwith Manchester City Region. The second schematic shows flows with respect to Manchester City Region and UK as a whole and also the proportions of in-migrants and out-migrants that come go to or come from regions outside Manchester City Region, in the green and yellow circles respectively.

Manchester has relatively strong external links, particularly in terms of in-migrant coming from outside Manchester City Region. The balance of Manchester City Region specific migration to and from Manchester is -4,700 per annum, whilst the equivalent estimate for all areas of the UK is -1,600. This indicates that whilst Manchester loses people to the rest of Manchester City Region (as indicated by the arrows in the first schematic), the City goes some way to redress this situation in domestic migratory terms by attracting in residents from outside Manchester City Region. This is likely to include some element of young influx from outside Manchester City Region and older outflow to the rest of Manchester City Region.

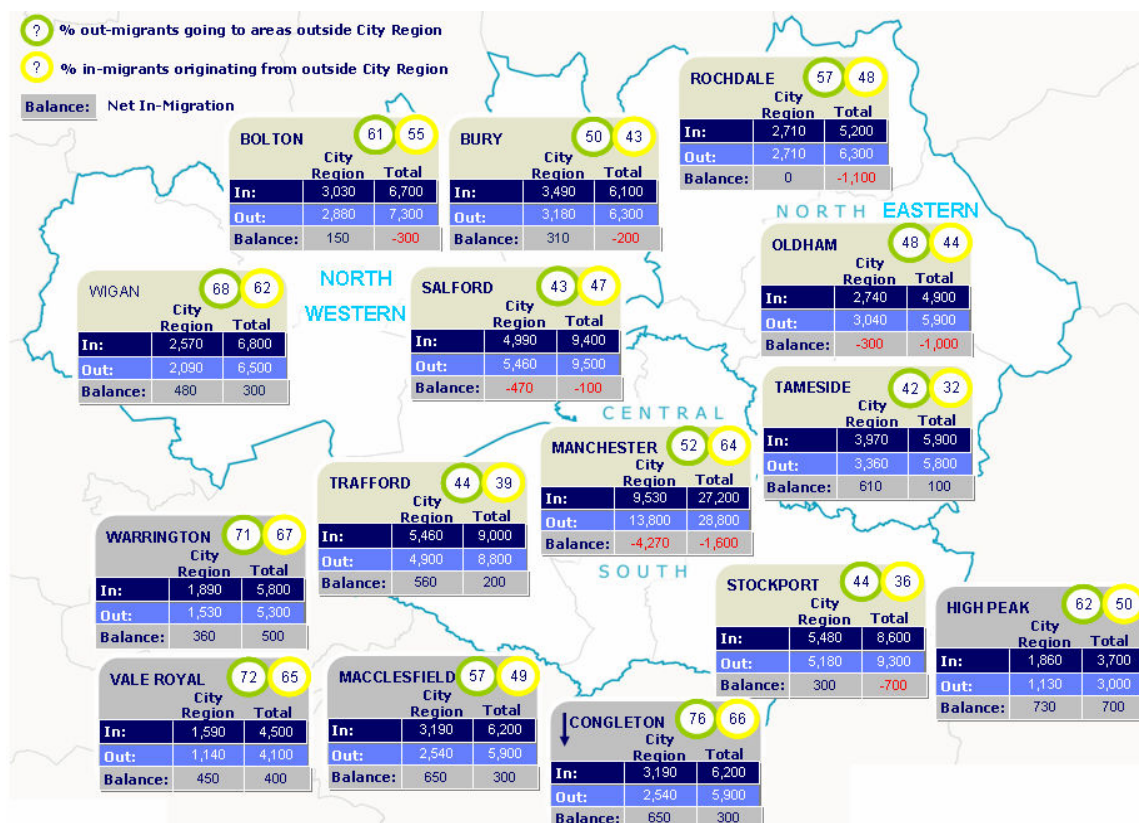
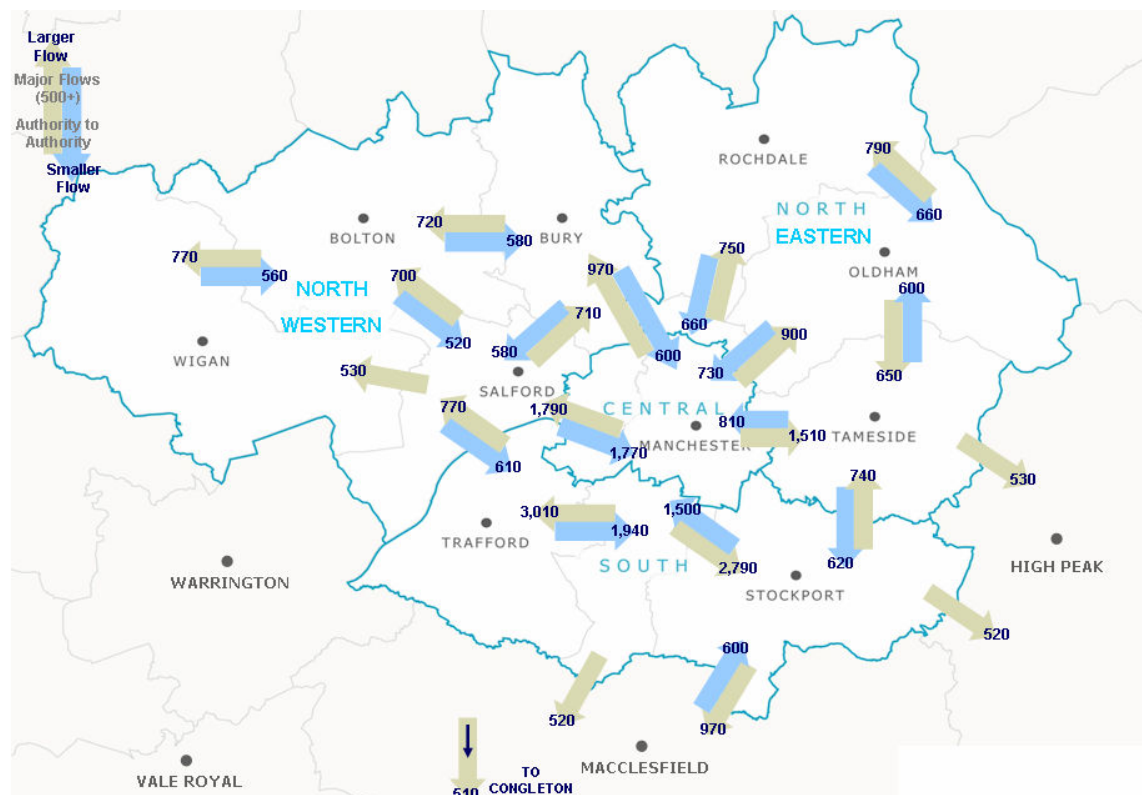
The remaining authorities, and by proxy HMAs, can also be categorised into a number of types:

- ⇒ The North Western HMA and more specifically Wigan and Bolton, have strong links to non-Manchester City Region areas with more than 60 per cent of out-migrants leaving Manchester City Region. In migration from outside Manchester City Region is lower in percentage terms but strong nonetheless;
- ⇒ Trafford, Stockport, Tameside, Oldham and Salford have the weakest links with external areas of all Greater Manchester districts, and tend to be linked more closely with surrounding authorities;
- ⇒ Although outside Greater Manchester, Macclesfield and High Peak tend to have strong migratory links with the rest of the Manchester City Region – stronger in percentage terms than many areas in Greater Manchester;
- ⇒ Congleton, Vale Royal and Warrington have the strongest links with areas outside Manchester City Region and in this case areas into Merseyside and the 'Mersey Belt'; and



- ⇒ In this respect it can be said that the North Western HMA, the core of Manchester City Region and the most peripheral members of Manchester City Region have stronger than average links with areas outside Manchester City Region.

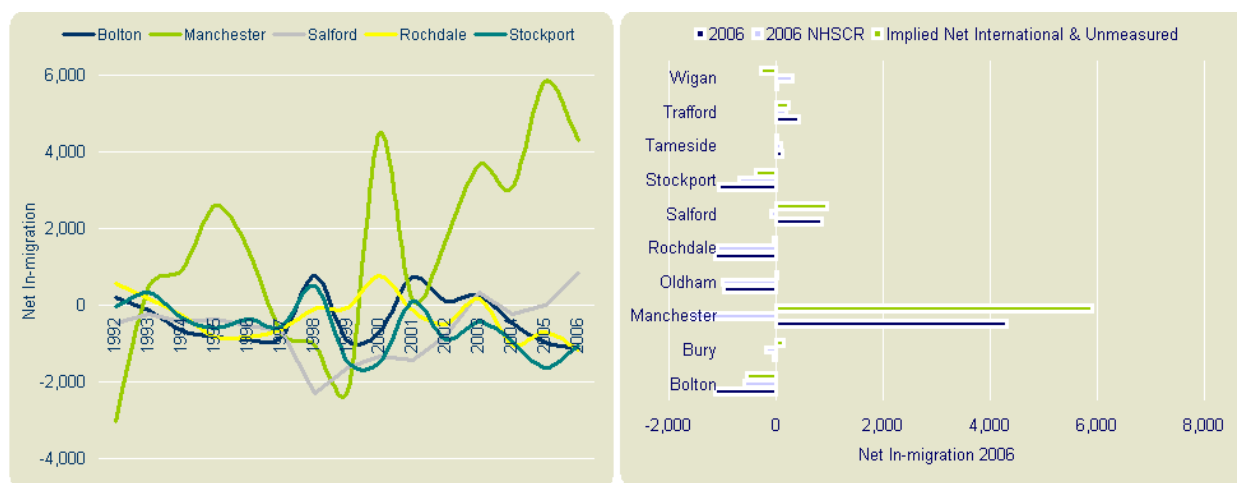
Figure 3.6.b: Migratory flows in and around Manchester City Region, 2006



Source: NHSCR, Deloitte Analysis;

As mentioned earlier, however, this analysis does not complete the picture. In figure 3.6.c the total net-migration into each authority in Manchester City Region over the last 15 years is presented to give a fuller idea of the dynamics of change. This analysis cannot be conducted at HMA level due to the non-additive nature of migratory flows.

Fig 3.6.c: Selected net in-migration statistics, 1992-2006



Source: Oxford Economics GMFM, Deloitte Analysis

The major change in migratory flow over the last decade has been concentrated in Manchester. Particularly since 1999 the net inflow to the area has been significant and positive breaking with long-standing trends. Over the same period, Salford has also seen an increase in net in-migration, but other areas have seen increases in net outflow, including Bolton, Rochdale, and Stockport.

This is at odds with the NHSCR analysis which indicates that the balance of flows from Manchester and Salford are negative. This means that migration not included in NHSCR data – namely the indigenous unregistered population and international migrants, have contributed to an increase in working age population.

These are important conclusions. The central core of Manchester City Region, roughly approximated by the Central HMA attracts in population from the rest of the UK and internationally, but then tends to disperse existing population to other HMAs in Greater Manchester as well as the wider area of Manchester City Region.

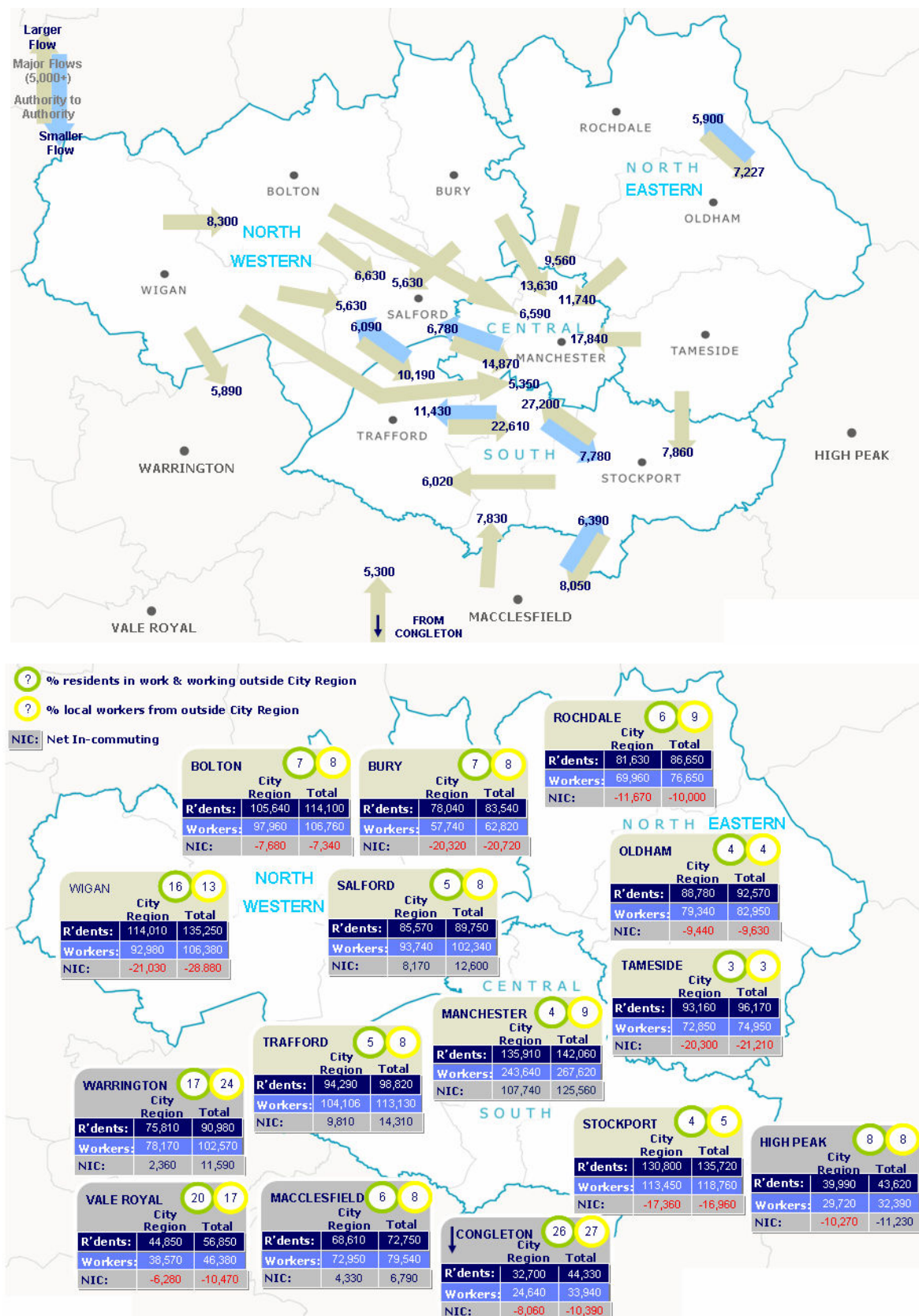
The Central HMA also acts as the City Regional Centre and provides a substantial proportion of local and regional employment opportunity. Whilst the above analysis suggests that indigenous population moves away from this core area, the equivalent commuting analysis overleaf indicates that the commuting flows work in the opposite direction. That said there are also significant outflows from Manchester to Salford, Trafford and Stockport.

Where there are only comparatively few and predominantly small migratory flows that work across non-adjacent authorities, there are significant flows to Manchester and Salford from non-adjacent authorities in Manchester City Region.

Other major flows include those between:

- ⇒ Rochdale and Oldham in both directions;
- ⇒ Trafford and Salford in both directions;
- ⇒ Stockport and Macclesfield in both directions;
- ⇒ Wigan to Bolton and Warrington; and
- ⇒ Tameside to Stockport.

Figure 3.6.d: Commuting flows in and around Manchester City Region, 2001



Source: NHSCR, Deloitte Analysis;

Using the same methodology used for the previous migration analysis, the second schematic considers the proportion of residents in work and working outside the Manchester City Region and those local workers from outside Manchester City Region for each of the 15 authorities in the Manchester City Region. These are displayed in the green and yellow circles respectively

Again, Wigan, Warrington, Vale Royal and Congleton have the strongest links with employment centres and labour pools outside Manchester City Region.

Another key point from the schematic is that the contiguous area consisting of Manchester, Salford, Trafford, Macclesfield and Warrington are all net importers of labour with the respect to Manchester City Region and all areas of the UK.

In terms of housing demand, commuting and migration flows have had a significant impact on the extent and type of housing demand. Recent spatial growth patterns have been driven by employees and the availability of jobs. Over time, this will have had impact on the level of housing demand and potentially the type.

These issues are considered in more detail later in Chapter 5 which analyses potential housing demand based on forecasts from the GMFM which implicitly considers the relationship between future patterns of migration, employment and housing growth.

3.7 Conclusions

3.7.1 Summary of findings

The last decade has seen profound economic and demographic changes in the Manchester City Region and beyond;

Years of population decline have given way to strong migratory inflows into the urban core of the City Region;

Contemporaneously, the economy has continued to see a shift towards the service sector at the expense of manufacturing. This has been associated with changes in the occupational structure of the area, higher earnings and subsequently high demand for housing;

Key economic assets in Manchester City Region which have helped to drive both the local and wider region's economy include:

- Sectors that have a significant economic contribution to Manchester City Region in terms of gross value added such as Financial and Professional Services, Manufacturing, and the Life Science Industries;
- Excellent infrastructure and connectivity, particularly through multi-modal transport links such as the airport and the road and rail networks;
- Manchester's role as an international business centre and place to invest; and
- Strong skills base through the universities and research centres.

In spite of the strong economic growth there remain significant pockets of deprivation and social and economic exclusion in many areas of the City Region.

3.7.2 Summary of HMA level findings

There are differences in the performance and issues faced by the different four Housing Market Areas:

- The Central HMA forms the core of the conurbation incorporating the regional centre and core neighbourhoods have largely been identified as areas of priority regeneration need;
- The North Eastern HMA has clear links within the market area to adjacent authorities to the north. The area is one of continued economic restructuring and manufacturing decline, although over recent years growth in the service sectors has started to offset this trend;
- The Southern HMA includes the traditionally 'wealthier commuter' authorities of Stockport and Trafford and the southern neighbourhoods of Manchester. Many neighbourhoods within the

southern HMA are considered as attractive or aspirational places to live with the area containing large areas of 'suburban' housing linked to the regional centre or the town centre of Stockport; and

- The North Western HMA is closely linked with areas to the west including Warrington and the more rural housing markets of Vale Royal. Unlike the North Eastern HMA the centres are relatively detached centres.

Economic performance and change has varied between the HMAs:

- The Southern and Central HMAs have seen the healthiest rates of economic growth with annual GVA growth of 3.3 per cent in both areas. They also have the strongest job creation with annual employment growth at 1.2 per cent in both regions over the period. The North Western HMA and North Eastern HMA have experienced markedly lower growth;
- Public sector growth, in annual percentage terms, has been low in comparison to other private sector services, although it should be noted that due to the size of the public sector (now accounting for approaching 30 per cent of all employment), more than 20 per cent of growth over the last ten years is due to the public sector, and given fiscal tightening this may not continue;
- Over time the structure of employment across HMAs has changed markedly and today each HMA is dominated by private sector services. This is more so in the Central and Southern HMAs (c. 67.5 per cent of total) in line with their stronger economic performance, but equally so in the North Eastern and North Western HMAs (56 and 57.5 per cent respectively);
- The continued 'service-sector-shift' has led to a substantial increase in the proportion of workers engaged in higher-end and higher paid occupations, which has implications for housing demand. In spite of this inequalities in income still remain and workplace earnings are often significantly higher in the Central and Southern HMA than in the North Eastern HMA, and in particular the North Western HMA; and
- Manchester and Salford are still the major importers of labour in the City Region, but over the last decade there has been a relative shift to other regional centres including Trafford, Macclesfield, Warrington and Bolton – where the balance is now small and positive. All other areas with the exception of Rochdale export labour to other areas.

Socio-economic and demographic change:

- The last decade has seen a major reversal of the historical trend of population decline, and for the majority of the last decade migration has led to the working age population of the City Region growing at a much faster rate than the non-working age population (although this has fallen away of late). This has undoubtedly supported the areas economic resurgence over the same period;
- Significant increases in population since 2000 have been coupled with increases in the number of households. However, the average size of each household has continued to fall over this period in all HMAs;
- Unemployment has fallen significantly in all HMAs but remains highest in the North Eastern and Central HMAs and specifically in Manchester. Deprivation levels, benefit claimants and economic inactivity are also more concentrated within the Central HMA, but each HMA has its own problems in distinct locales; and
- Crime incidence is higher per unit population in the Central HMA, and lowest in the North Western HMA.

Links between areas: commuting and migration

- Commuting and migration patterns across districts for each HMA are attributable to close proximities to good transport links. However, relative earnings, as well as other notable factors such as family-ties, also help to influence the household location decision as well as commuting patterns;
- The Central HMA has the most A8 workers with around 25 A8 workers per 1,000 residents, the North Western HMA has the second highest (18 per 1,000 residents), followed by the North Eastern (16) and Southern (15) HMAs;
- Migration flows into the Central and Southern HMAs have been boosted by higher estimates A8 workers per 1,000 residents in Trafford (11) and Manchester (9) whilst for cross-authority boundary flows, most of the significant flows are concentrated around Manchester;



- The major change in migratory flow over the last decade has been concentrated in and around Manchester;
- Manchester has relatively strong external links, particularly in terms of in-migrants coming from outside Manchester City Region;
- But whilst Manchester loses people to the rest of Manchester City Region, the City helps to redress this in domestic migratory terms by attracting in residents from outside Manchester City Region; and
- Areas within other HMAs, notably the North Western HMA, display high levels of interlinkages – both in commuting and migration with areas outside the City Region. Economic and housing market drivers for these areas are therefore more complex and related to external factors.

4 Current housing market

This Chapter assesses the current housing market based around two key elements:

- ⇒ Housing Stock Assessment; and
- ⇒ Active Market Assessment.

Collectively these assessments provide a comprehensive picture of the current housing market of Greater Manchester and the characteristics and differences within the four constituent Housing Market Areas. The analysis within this section provides a solid platform to progress the assessment of future housing demand and needs in Sections 5 and 6 and therefore the strategic implications and conclusions arrived at in Section 7.

It is important to note that there is significant diversity across and within the HMAs in Greater Manchester, particularly in the Central HMA between the City Centre and inner urban areas, and whilst this chapter and report is cognisant of this, because of the nature of a strategic housing market assessment it is not useful or practicable to explore every angle in depth – that being a matter more appropriate to local HMAs. However, the analysis is underpinned by data built up from a low spatial level where it is available and plans are used to show small spatial distinctions and trends.

In addition to the wider strategic analysis the section also analyses a number of specific demographic or household components or particular elements of the wider housing market to explore in more detail particular issues facing the Greater Manchester housing markets. Those market segments analysed in more detail are:

- ⇒ City Centre Market;
- ⇒ Vulnerable Investor Driven Markets;
- ⇒ The Student Market;
- ⇒ Young, elderly and family markets; and
- ⇒ Minority markets.

4.1 Housing Stock Assessment

This section aims to provide a detailed understanding of the baseline position with regards to the existing housing stock evident within Greater Manchester and the differences in the profiles of the four market areas. By way of achieving this, the pursuant analysis will be broken down according to the following structure:

- ⇒ Housing Stock Profile;
- ⇒ Housing Stock Change; and
- ⇒ Quality of Stock.

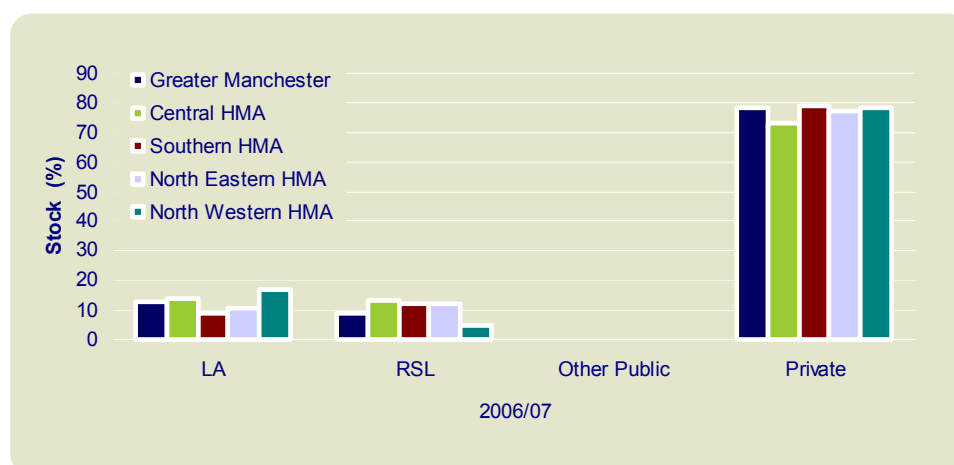
Given the large amount of information collated through the 'Making Housing Count' where possible we have drawn upon this resource and provided an update or extension of analysis using new data. In order to allow for consistent comparisons between authorities and against national benchmarks secondary sources such as HSSA forms have been used within the analysis.

4.1.1 Housing Stock Profile

The mix of housing stock within a market is a key component regarding its housing 'offer' and its ability to meet current and future housing demand and need. Core distinctions can be made regarding the relative distribution of an areas stock profile by the two key elements of type and tenure.

Figure 4.1.1.a: Housing Stock breakdown by Tenure, 2006/07

	LA	RSL	2006/07 Other Public	Private	Total
Stock Breakdown (%)					
Greater Manchester	12.6	9.3	0.0	78.1	1,146,340
Central HMA	13.8	13.1	0.1	73.1	407,749
Southern HMA	9.0	12.2	0.1	78.8	428,369
North Eastern HMA	10.5	12.1	0.0	77.4	279,804
North Western HMA	16.9	4.9	0.0	78.1	438,167
Bolton	15.7	6.0	0.0	78.3	117,867
Bury	10.6	5.1	0.1	84.2	80,226
Manchester	16.8	17.0	0.2	66.1	208,295
Oldham	15.5	6.3	0.0	78.2	92,925
Rochdale	15.9	8.7	0.0	75.4	89,669
Salford	24.5	6.4	0.0	69.0	104,126
Stockport	10.3	3.7	0.0	86.0	124,746
Tameside	0.0	21.4	0.0	78.6	97,210
Trafford	0.0	15.8	0.0	84.2	95,328
Wigan	17.0	2.1	0.0	80.9	135,948



Source: HSSA 2006/07

It is apparent that the stock profile of Greater Manchester is dominated at present by private stock (owner occupied and private rented). At 78.1 per cent, this dwarfs the proportion of social-rented stock located in the area, with council-provided housing representing 12.6 per cent of all stock and RSL stock representing a further 9.3 per cent of stock across Greater Manchester.

At the HMA spatial scale the chart above indicates that the Central HMA has the lowest level of private stock, yet also has the highest proportion of public sector stock, with LA and RSL stock contributing 13.8 per cent and 13.1 per cent respectively.

The North Western HMA has the highest proportion of LA-owned stock in Greater Manchester, at 16.9 per cent, yet has the lowest volume of RSL stock, at just 4.9 per cent, which indicates that a smaller proportion of stock has been transferred into RSL ownership within this area than in the other HMAs. The highest proportion of private sector stock is situated within the Southern HMA, which also has the lowest proportion of LA-owned social-rented sector stock – at 9 per cent.

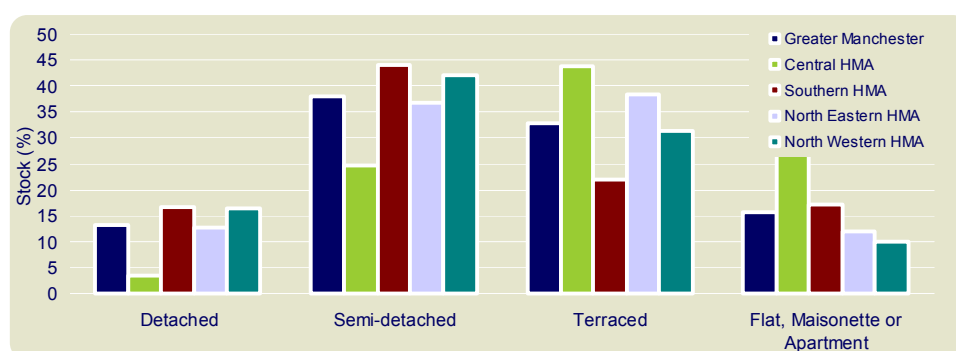
Of significance at the authority level is the high level of social-rented stock located within Manchester and Salford, which constitutes 33.8 per cent and 30.9 per cent of the total stock within the respective authorities.

Each of the tenures is examined in more detail separately throughout this section to understand both supply and demand dynamics.

Examining the breakdown of the stock by type also provides an important aspect of understanding the existing stock profile within and between housing markets. The Census 2001 provides a robust data source to examine the breakdown of type, despite being a number of years out of date. New completions represent a comparably small proportion of the overall stock and therefore are unlikely to have changed the overall proportion significantly. The subsequent section examines housing stock change and therefore highlights where stock profiles are likely to have altered to change market conditions.

Figure 4.1.1.b: Housing Type, 2001

	All Household Spaces	Detached	Semi- detached	Terraced	Flat, Maisonette or Apartment
Stock Type (%)					
Greater Manchester	1,092,419	13.2	38.1	32.7	15.6
Central HMA	377,089	3.5	24.5	43.8	27.9
Southern HMA	401,922	16.7	44.1	21.9	17.2
North Eastern HMA	272,370	12.8	36.8	38.3	12.0
North Western HMA	418,127	16.5	42.1	31.3	10.0
Bolton	113,365	16.0	35.3	37.1	11.4
Bury	76,838	18.2	38.9	31.0	11.7
Manchester	186,285	4.3	32.2	36.0	26.6
Oldham	91,435	11.5	33.6	41.9	12.8
Rochdale	86,897	14.9	33.3	38.6	13.0
Salford	98,791	8.6	37.0	32.5	21.5
Stockport	123,624	21.4	42.2	22.2	14.0
Tameside	94,038	11.1	38.6	37.1	12.8
Trafford	92,013	15.4	44.8	22.3	17.1
Wigan	129,133	16.6	46.4	29.2	7.5



Source: Census 2001. Note: figures (%) may not sum to 100% with caravan's and temporary structure data not included within the table.

The table above indicates that there is an imbalance between the stock types offered in the Greater Manchester area with a high volume of stock represented by semi-detached (38.1 per cent) and terraced accommodation (32.7 per cent) compared to a lower number of detached, family units (13.2 per cent) and flatted homes (15.6 per cent).

At the HMA scale, the chart above highlights that semi-detached stock is particularly well-represented in both the Southern and North Western HMAs, with this type accounting for 44.1 per cent in the Southern market area and 42.1 per cent in the North Western market area. Conversely, the stock type most poorly represented across all the HMAs is detached property, with the lack of choice in this type particularly acute within the Central HMA where detached homes account for only 3.5 per cent of total stock in the area.

The Southern HMA has the highest proportion of detached stock, at 16.7 per cent, closely followed by the North Western HMA which records 16.5 per cent of properties within this classification.

The North Western HMA contains the lowest volume of flatted accommodation, at just 10 per cent with the North Eastern HMA also recording a comparatively low level against the other market areas at 12 per cent.

At the authority level there appears to be a particularly high proportion of terraced stock in Oldham (41.9 per cent), which is significantly in excess of the average for Greater Manchester. Rochdale and Tameside also have a high proportion of terraced stock, which represents 38.6 per cent and 37.1 per cent of total stock respectively.

Furthermore, the proportion of detached stock appears to be particularly low in the authorities of Manchester and Salford, representing only 4.3 per cent and 8.6 per cent of total respective stock.

The conclusions produced through Making Housing Count⁵ clarify the current, and future, necessity to ensure a balanced housing offer is provided in Greater Manchester and this is echoed here. For, such an approach to development is imperative to meet the challenge of ensuring that household and employment growth is captured and supported by a housing offer which not only increases the supply of units but provides a residential offer which provides a greater balance of types of homes across the wider market area. In achieving this, there will need to exist a satisfactory residential offer that will be attractive to new, and existing households, whom may otherwise choose to commute from the fringes of the city region or other areas outside of the Greater Manchester area.

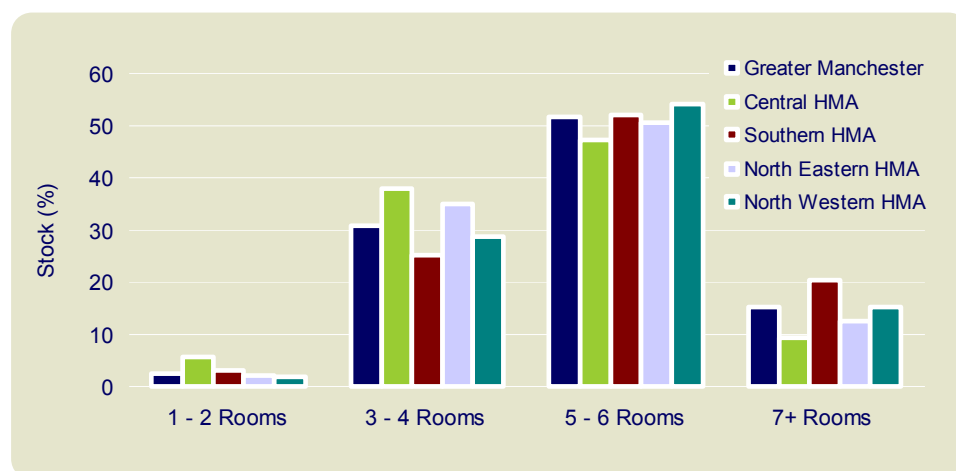
It is important to recognise that the Census type categories are broad in their scope. For example a terraced property can look very different and represent a very different housing product depending upon its age of construction and its size. Therefore, with regard to the latter the table below shows a breakdown of stock by size (number of rooms)⁶, the age of buildings is examined as part of the assessment of quality.

⁵ Making Housing Count, 2007 - ECOTEC

⁶ Note: This references total rooms as opposed to just bedrooms. It is important to note therefore that open plan developments will appear to include fewer rooms, with this indicator therefore not necessarily indicating the total development size of the property.

Figure 4.1.1.c: Housing Size, 2007

	1 - 2 Rooms	3 - 4 Rooms	5 - 6 Rooms	7+ Rooms
Housing Size (Rooms %)				
Greater Manchester	2.5	30.6	51.5	15.4
Central HMA	5.7	37.9	47.2	9.1
Southern HMA	2.9	24.9	51.9	20.2
North Eastern HMA	2.2	34.8	50.4	12.5
North Western HMA	1.8	28.7	54.2	15.3
Bolton	2.2	32.7	49.7	15.4
Bury	1.8	29.1	50.6	18.5
Manchester	5.6	32.7	51.2	10.5
Oldham	2.1	36.9	48.9	12.1
Rochdale	2.5	34.6	48.6	14.3
Salford	2.7	32.2	52.6	12.5
Stockport	2.1	24.8	52.1	21.1
Tameside	2.1	34.5	51.9	11.6
Trafford	2.5	22.7	51.1	23.7
Wigan	1.6	26.1	58.3	14.0



Source: Community Insights Data, 2007

The table above suggests that a significant amount of stock located within Greater Manchester is of a medium size; with 51.5 per cent of homes containing 5-6 rooms. There are a lower proportion of larger homes, containing 7 or more rooms (15.4 per cent), situated within the Greater Manchester area and on average very few homes have only 1-2 rooms (2.5 per cent).

Nevertheless, 5.6 per cent of stock in Manchester has only 1-2 rooms, which is significantly higher than the neighbouring Greater Manchester authorities and some cause for concern due to the cramped conditions such accommodation offers. Furthermore, there are a low proportion of larger homes, containing 7 or more rooms, in Manchester when compared with other local authorities at only 10.5 per cent.

At the HMA spatial scale, the chart indicates that the Southern HMA holds the highest proportion of large 7+ room properties, at 20.2 per cent, and also has the lowest proportion of smaller property in the 3-4 room bracket – representing 24.9 per cent of total stock in the area.

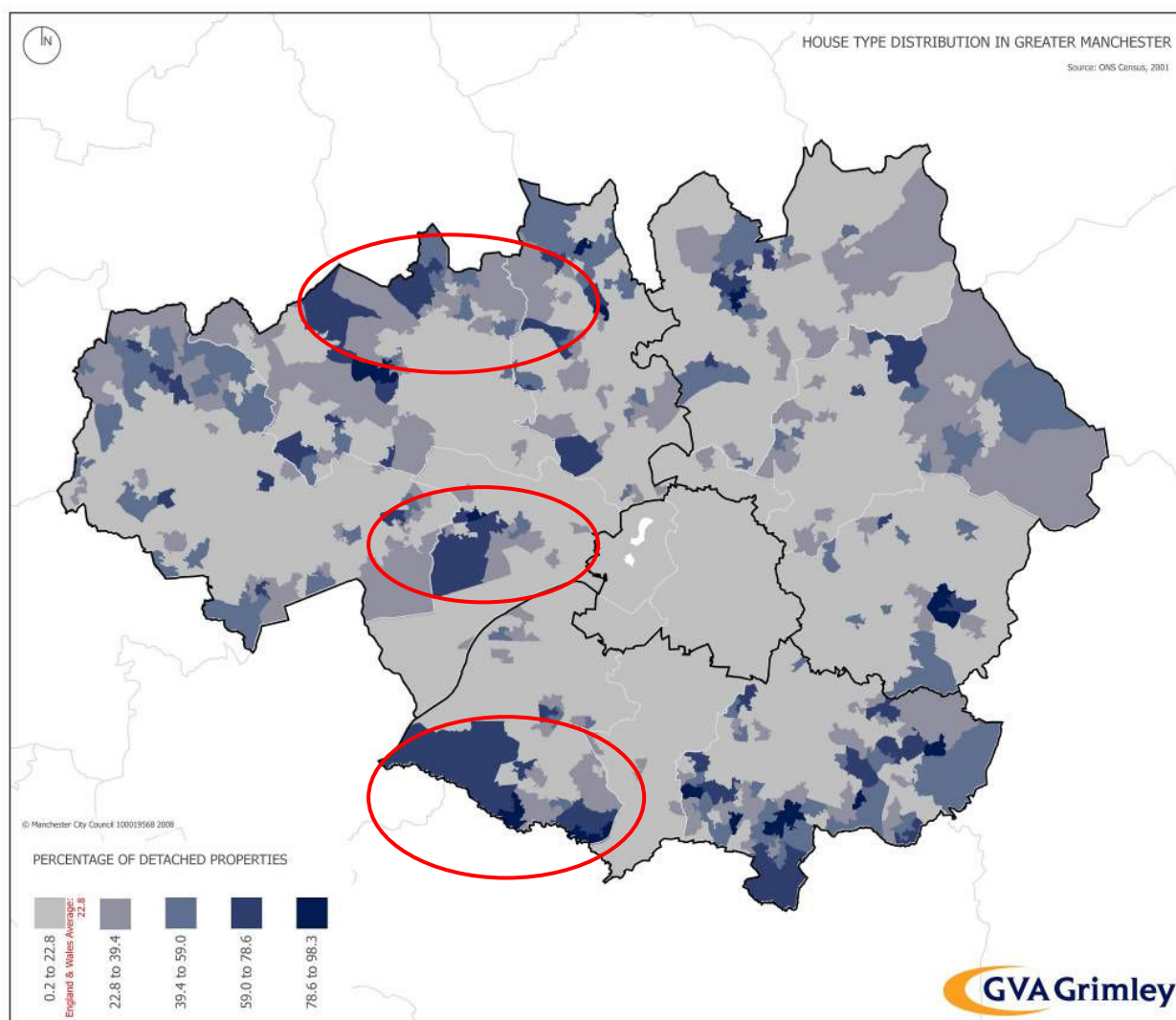
Conversely, the Central HMA has the lowest proportion of larger 7+ room housing (9.1 per cent) and the highest proportion of stock in the smaller 3-4 room bracket (37.9 per cent) and the 1-2 room bracket (5.7 per cent). This suggests housing in this area is particularly skewed towards smaller accommodation, which represents an issue regarding the overall 'range' of properties available. It is likely that the prevalence of single-bedroom, or studio, apartments accounts, to some extent, for the high representation of units in the very smallest property size category and this reflects the unique property, economic and amenity-based 'offer' of the City Centre market.

The authorities of Bury, Stockport and Trafford all have proportions of larger properties, which are notably above the proportions for Greater Manchester. As will become clear through further sections, this has a notable impact on their market performance and role as areas delivering a greater proportion of 'aspirational' housing.

These authority and market wide averages provide a valuable indication of the overall stock profile distinctions and overall characteristics. However, certain types of stock and tenures of stock are often spatially concentrated within localised areas impacting significantly on the 'feel' of neighbourhoods.

The following plans use Census 2001 data to show LSOA averages across Greater Manchester. Within each plan the first set of plans look at house type with the second set looking at each of the major tenure types.

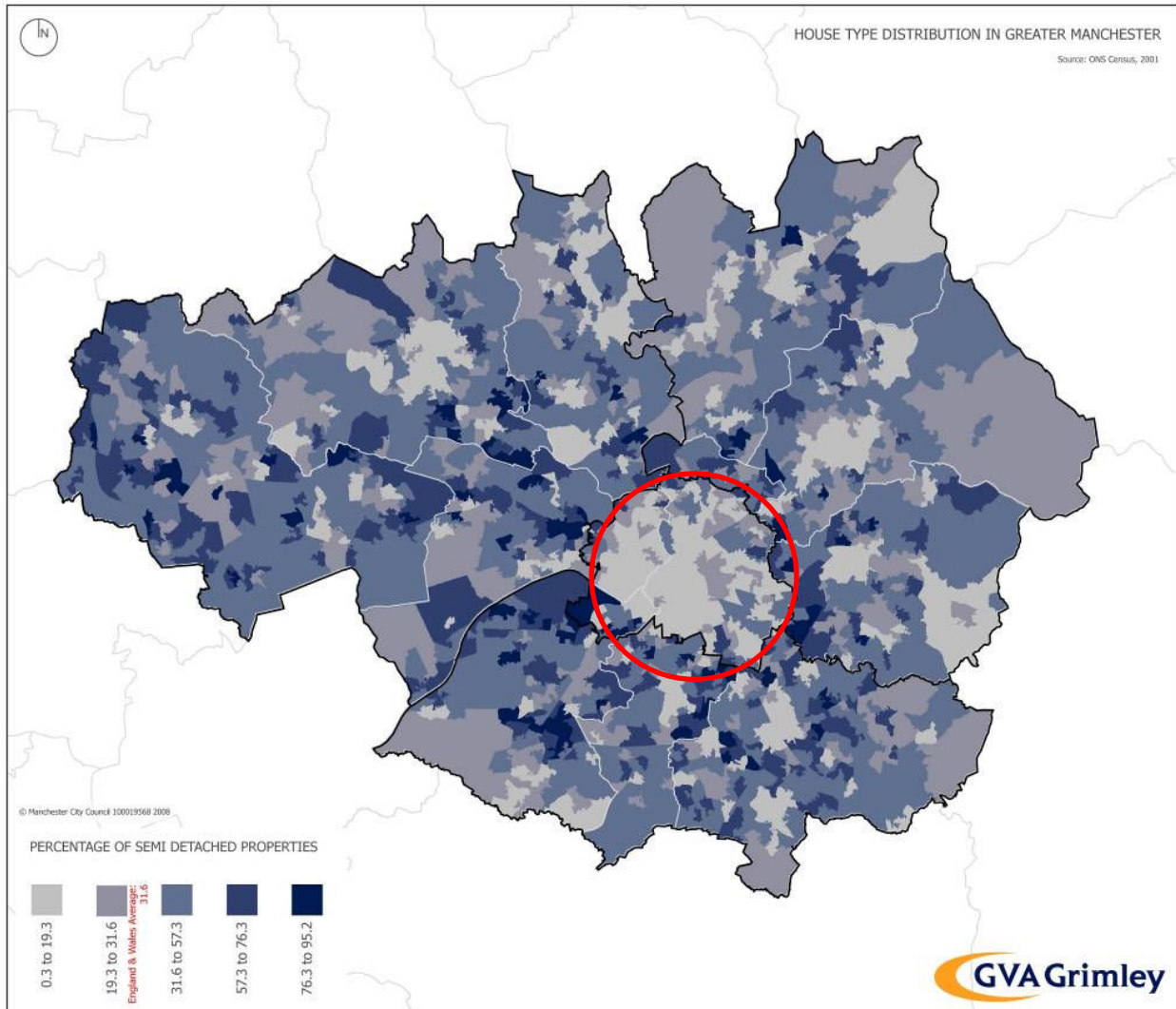
Figure 4.1.1.d: Detached Properties



Source: Census 2001

The above plan indicates a low proportion of detached properties, ranging from 0.2 per cent to 22.8 per cent (national average), within the central HMA. In fact, the concentration of detached properties appears to increase towards the extremities of all HMAs in the more suburban areas. This pattern is highlighted in the circled areas within the Southern HMA and the North Western HMA.

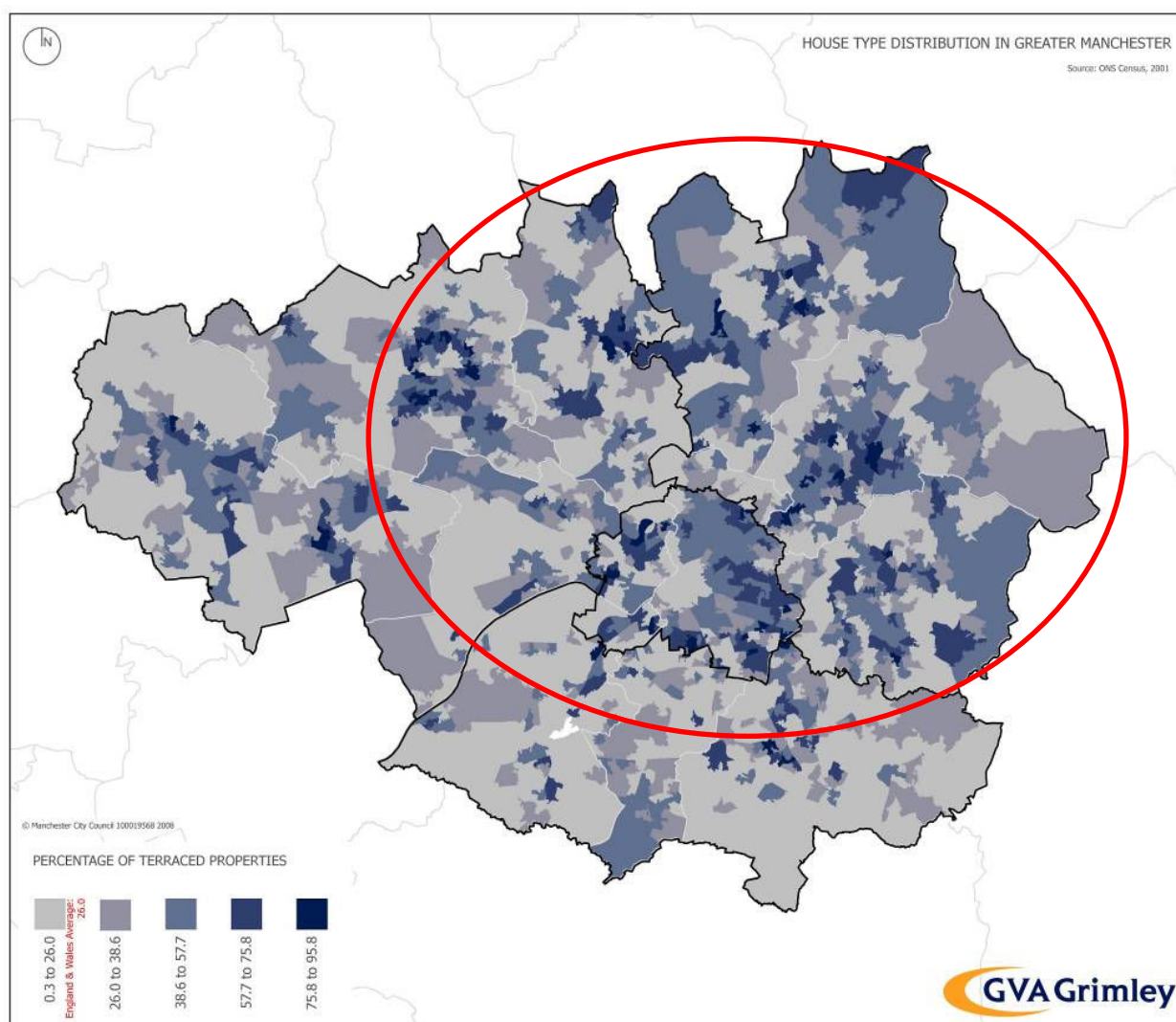
Figure 4.1.1.e: Semi-detached Properties



Source: Census 2001

The highest prevalence of semi-detached property appears to form a band surrounding the Central HMA, yet mirroring the aforementioned trend visible for the prevalence of detached properties there is a deficit of semi-detached housing within the Central HMA when contrasted with the national average of 31.6 per cent. This is indicated by the circled area on the plan. There is also a low concentration of semi-detached property at the extremities of the North Eastern and Southern HMAs.

Figure 4.1.1.f: Terraced Properties



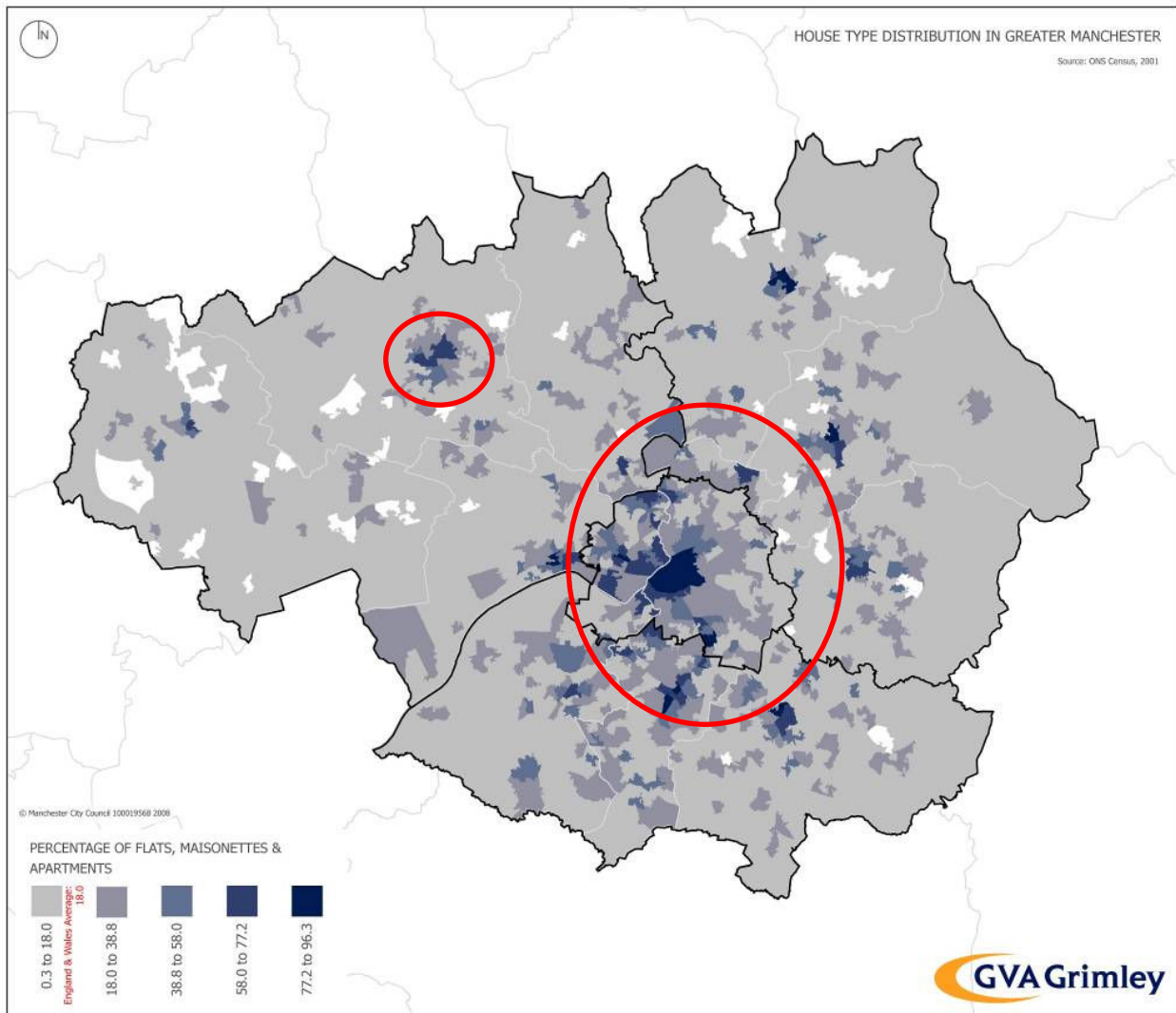
Source: Census 2001

Terraced housing in Greater Manchester is concentrated predominantly within the North Eastern and Central HMAs as circled on the spatial plan above. Comparatively, there is a low prevalence of terraced accommodation situated in the Southern HMA with much of this area at a level equal to, or below, the national average of 26 per cent.

Strong concentrations appear in a number of locations –

- ⇒ East Manchester;
- ⇒ Urban areas of Oldham and Rochdale;
- ⇒ Urban core of Wigan and Bolton; and
- ⇒ Inner areas of Salford.

Figure 4.1.1.g: Flatted Properties

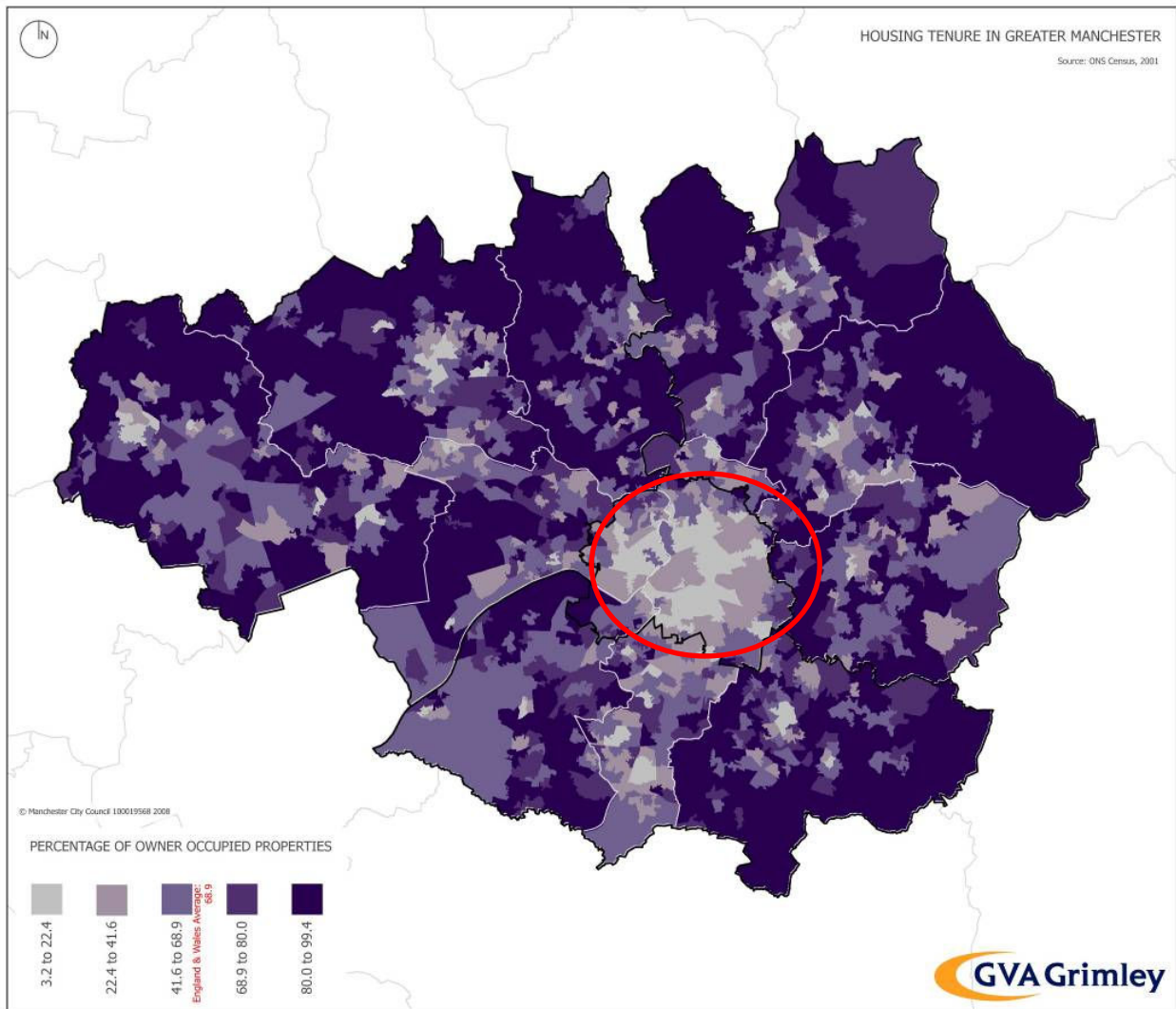


Source: Census 2001

It is apparent that flatted accommodation is highly concentrated within the Central HMA, which is indicative of Manchester's City Centre apartment market and is circled on the spatial plan. In this core area the proportion of flatted accommodation reaches 38.3-47.9 per cent, which is significantly in excess of the national average of 18 per cent. Lower levels of clustering also appear to have spread to the Southern HMA, where the development of flatted accommodation has expanded from the core.

A notable small concentration of flatted properties is also identifiable in the Bolton area of the North Western HMA and is also circled. Although, overall, flatted accommodation is underrepresented in the North Western HMA, with the majority of the area containing a percentage below the national average.

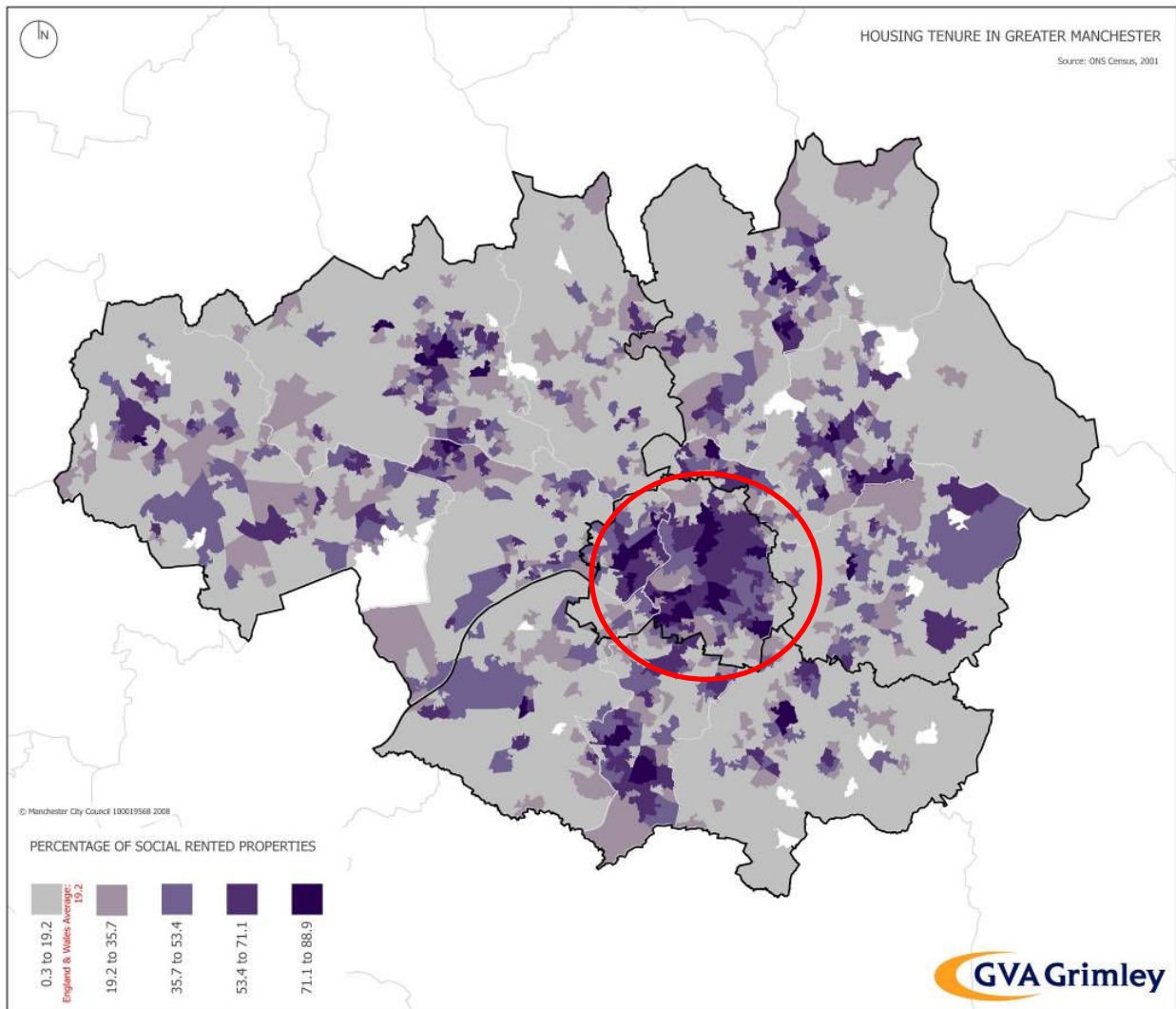
Figure 4.1.1.h: Owner-Occupation



Source: Census 2001

There is a significant concentration of owner occupied property located towards the extremities of each of the HMAs in Greater Manchester. Furthermore, it appears the proportion of this tenure decreases significantly within the core Central HMA, with the percentage falling below the national average of 68.9 per cent across the majority of this area (circled). Nevertheless, owner-occupation appears to be the dominant tenure across the SHMA as indicated in the earlier analysis of HSSA data.

Figure 4.1.1.i: Social-Rented



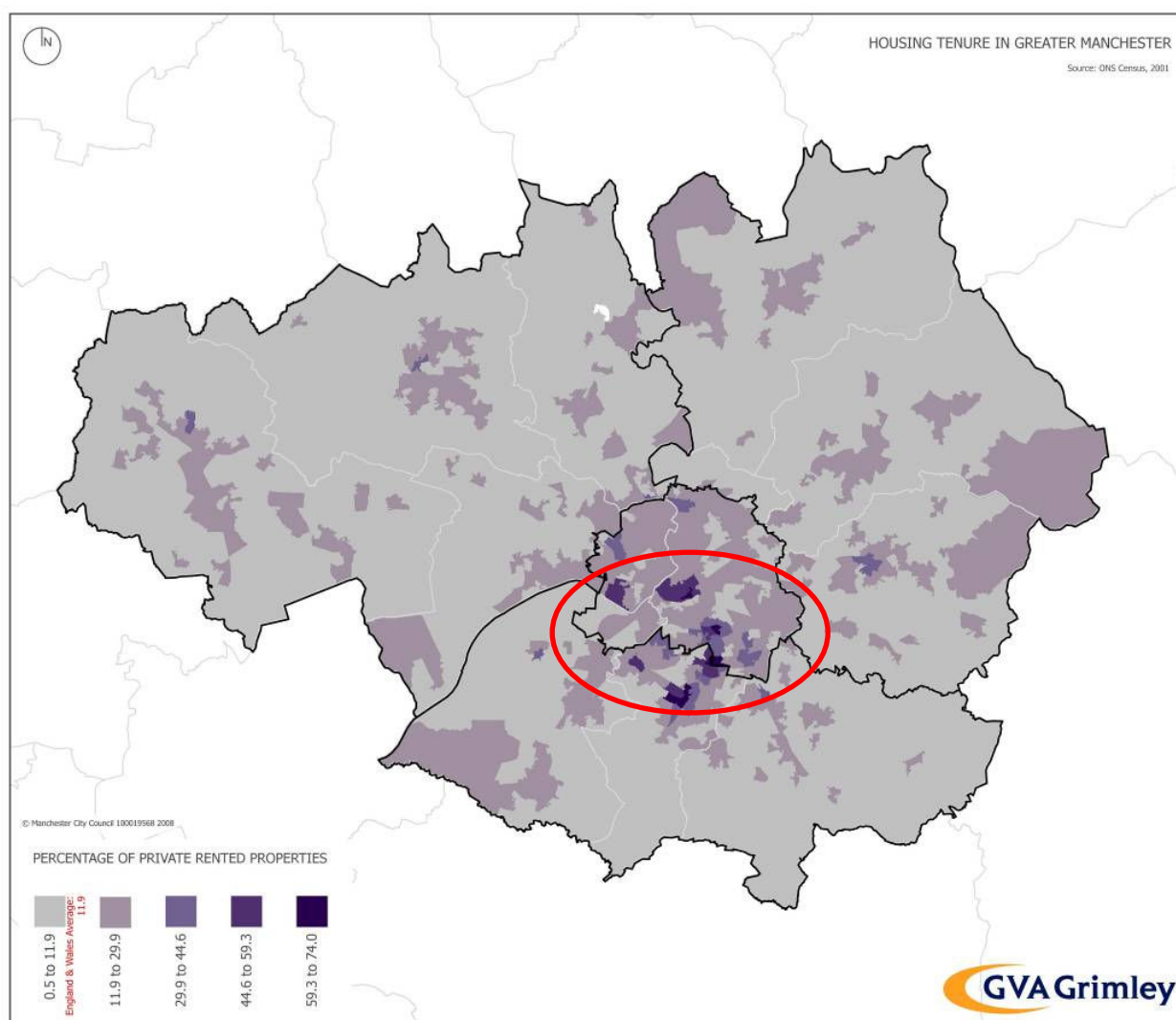
Source: Census 2001

Conversely to the previously discussed pattern of owner-occupation, it is apparent that social-rented accommodation is concentrated within the Central HMA (circled) with other scattered concentrations located on housing estates in major conurbations throughout Greater Manchester.

A number of clusters exist focused around large social-rented estates, including –

- ⇒ Wythenshawe;
- ⇒ Estates on the periphery of Oldham and Rochdale; and
- ⇒ The urban fringes of Bolton and Wigan.

Figure 4.1.1.j: Private Rented



Source: Census 2001

The plan highlights that private-rented stock is located predominantly in the core Central HMA and conurbations directly surrounding this area within the North Eastern, Southern and North Western HMAs. The highest proportions, ranging up to 74 per cent can be found in Manchester City Centre and the strongest commuter belt located directly to the south, which includes concentrated areas of student accommodation (circled). Other concentrations reaching above the national average of 11.9 per cent are visibly located within major conurbations across Greater Manchester.

4.1.2 Housing Stock Change

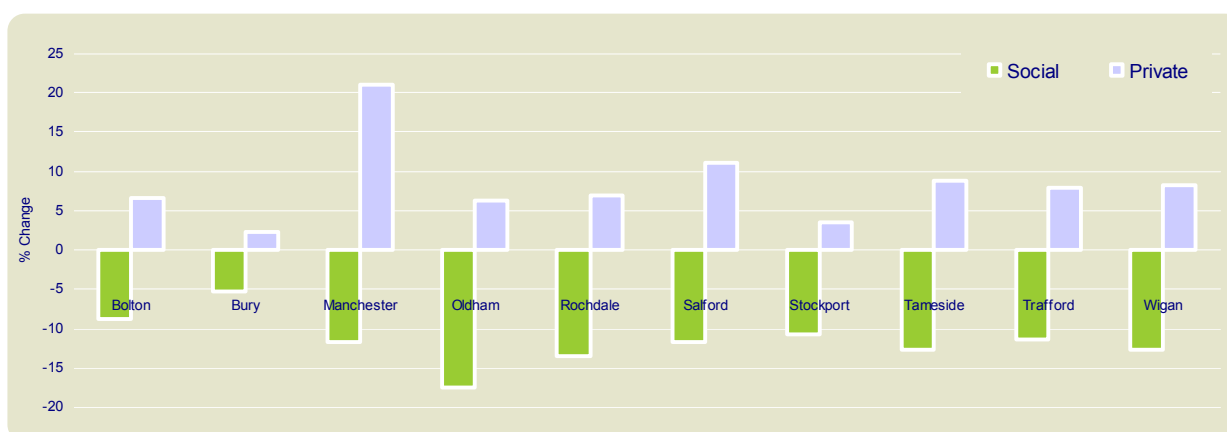
A number of factors affect the overall mix and quantum of housing, these include:

- ⇒ Construction of new properties;
- ⇒ Demolition of Properties; and
- ⇒ Change of Tenure – e.g. social rented tenants purchasing under Right-to-Buy scheme.

The conversion or altering of properties also impacts on the overall profile but to a limited extent and the analysis within this section concentrates on the three elements above to explore how and why the stock of housing has changed over recent years.

Figure 4.1.2.a: Housing Tenure Change 2001 – 2007

							Absolute Change 2001 - 2007			% Change	
	Social Stock	2001 Private Stock	Total Stock	Social Stock	2007 Private Stock	Total Stock	Social Stock	Private Stock	Total	Social	Private
	Stock Change 2001 - 2007										
Greater Manchester	298,192	812,474	1,110,666	262,739	883,601	1,146,340	-35,453	71,127	35,674	-12	9
Central HMA	133,640	252,832	386,472	117,979	289,770	407,749	-15,661	36,938	21,277	-12	15
Southern HMA	116,583	291,842	408,425	103,142	325,227	428,369	-13,441	33,385	19,944	-12	11
North Eastern HMA	73,898	201,788	275,686	63,118	216,686	279,804	-10,780	14,898	4,118	-15	7
North Western HMA	107,711	318,844	426,555	96,479	341,688	438,167	-11,232	22,844	11,612	-10	7
Bolton	27,985	86,551	114,536	25,544	92,323	117,867	-2,441	5,772	3,331	-9	7
Bury	13,385	66,029	79,414	12,672	67,554	80,226	-713	1,525	812	-5	2
Manchester	80,026	113,803	193,829	70,624	137,671	208,295	-9,402	23,868	14,466	-12	21
Oldham	24,534	68,365	92,899	20,238	72,687	92,925	-4,296	4,322	26	-18	6
Rochdale	25,485	63,218	88,703	22,047	67,622	89,669	-3,438	4,404	966	-13	7
Salford	36,566	64,681	101,247	32,252	71,874	104,126	-4,314	7,193	2,879	-12	11
Stockport	19,509	103,691	123,200	17,415	107,331	124,746	-2,094	3,640	1,546	-11	4
Tameside	23,879	70,205	94,084	20,833	76,377	97,210	-3,046	6,172	3,126	-13	9
Trafford	17,048	74,348	91,396	15,103	80,225	95,328	-1,945	5,877	3,932	-11	8
Wigan	29,775	101,583	131,358	26,011	109,937	135,948	-3,764	8,354	4,590	-13	8



Source: HSSA

The data presented above indicates that between 2001 and 2007, in absolute numbers, the volume of social stock decreased by 35,453 units across Greater Manchester, with the largest losses in social stock occurring in Manchester (-9,402) followed by Oldham (-4,296). The largest proportion of social stock was lost in Oldham (18 per

cent), indicating the position of the Authority, starting from a lower base than Manchester, which comparatively only experienced a reduction in social stock of 12 per cent.

Comparatively, the volume of private sector stock increased by 71,127 units over the same period, which is likely to reflect the popularity of the Right-to-buy scheme over this period alongside house building completions being predominantly focusing within the private sector.

Overall the result of these shifts in tenure and the development of new stock have resulted in an overall increase in the number of houses across Greater Manchester of over 35,000 units.

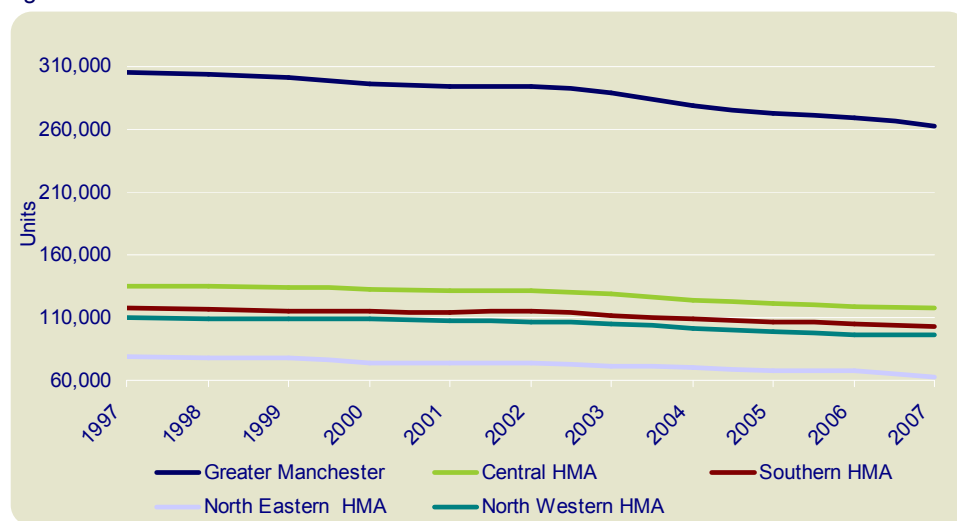
At the HMA spatial scale, the chart above illustrates that the volume of social stock decreased across all HMAs in absolute terms, with the highest losses in the Central HMA (-15,661 units). The lowest decrease was in the North Western HMA, at 10,780 units.

In contrast, private stock levels increased across all HMAs, with particularly large rises in the Central HMA and Southern HMA of 36,938 and 33,385 units respectively. The North Eastern HMA increased private stock levels by the lowest amount – expanding its supply by only 14,898 units. Manchester experienced the largest absolute numerical, and percentage-based, growth in private sector housing during this period, gaining an additional 23,868 units, representing a 21 per cent increase.

Hence, in terms of total stock supply the Central HMA increased the most between 2001 and 2007, with an additional 21,277 units. Conversely, the North Eastern HMA expanded its volume of stock by the lowest amount, bringing forward only 4,118 additional units.

The decline in social stock (RSL and LA) is drawn out further in the following chart over a ten year period from 1997 to 2007.

Figure 4.1.2.b: Social Stock 1997 - 2007



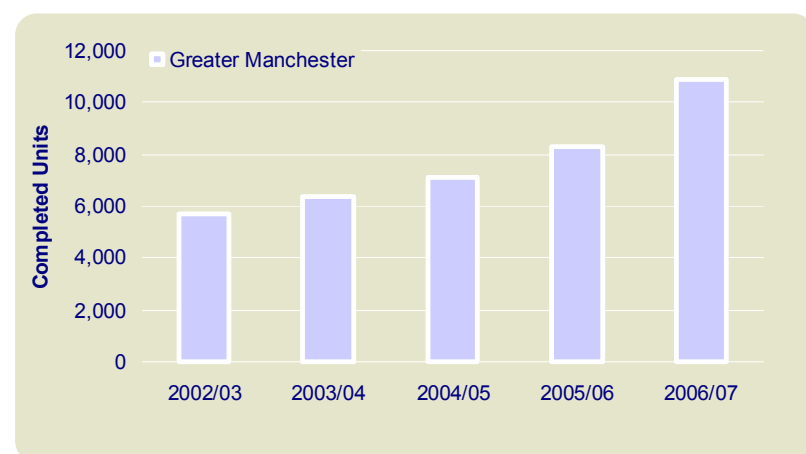
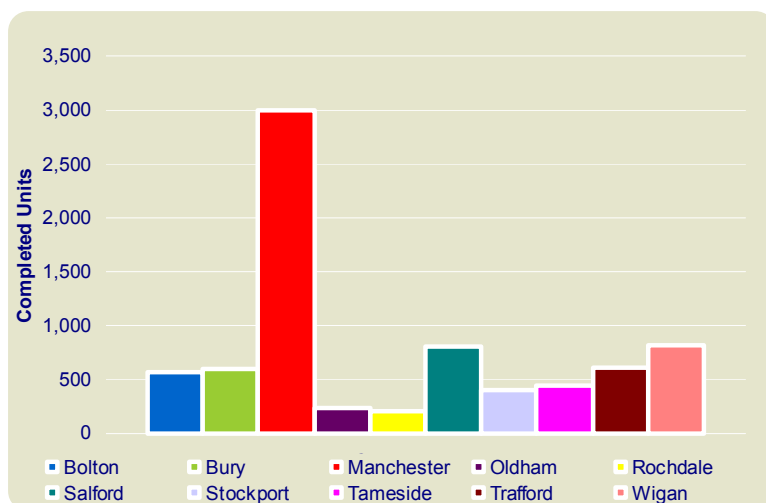
Source: DCLG Live Tables, 2008

Analysis of the data above supports previous assertions, highlighting a trend of decline in social stock across Greater Manchester and each of the HMAs.

In order to identify the factors contributing to the changes outlined above examination is first made of the positive contribution of new stock. Annual Monitoring Reports provide a robust assessment of the levels of house building within different authorities and it is important to note that construction rates have over recent years being constrained by policy prescribed through the RPG and RSS for the North West.

Figure 4.1.2.c: Total Completions 2002 – 2007

	2002/03	2003/04	2004/05	2005/06	2006/07	Average Completion Rate 2002-07
Completions 2002 - 07 (Net)						
Greater Manchester	5,687	6,376	7,143	8,319	10,900	7,685
Bolton	356	388	426	761	927	572
Bury	628	372	723	909	346	596
Manchester	2,479	2,281	2,639	2,929	4,697	3,005
Oldham	323	270	135	132	315	235
Rochdale	415	119	58	350	129	214
Salford	152	821	853	453	1,718	799
Stockport	16	333	405	489	741	397
Tameside	105	515	383	684	563	450
Trafford	483	597	746	689	509	605
Wigan	730	680	775	923	955	813



Source: Data supplied by Local Planning Authorities, June 2008⁷.

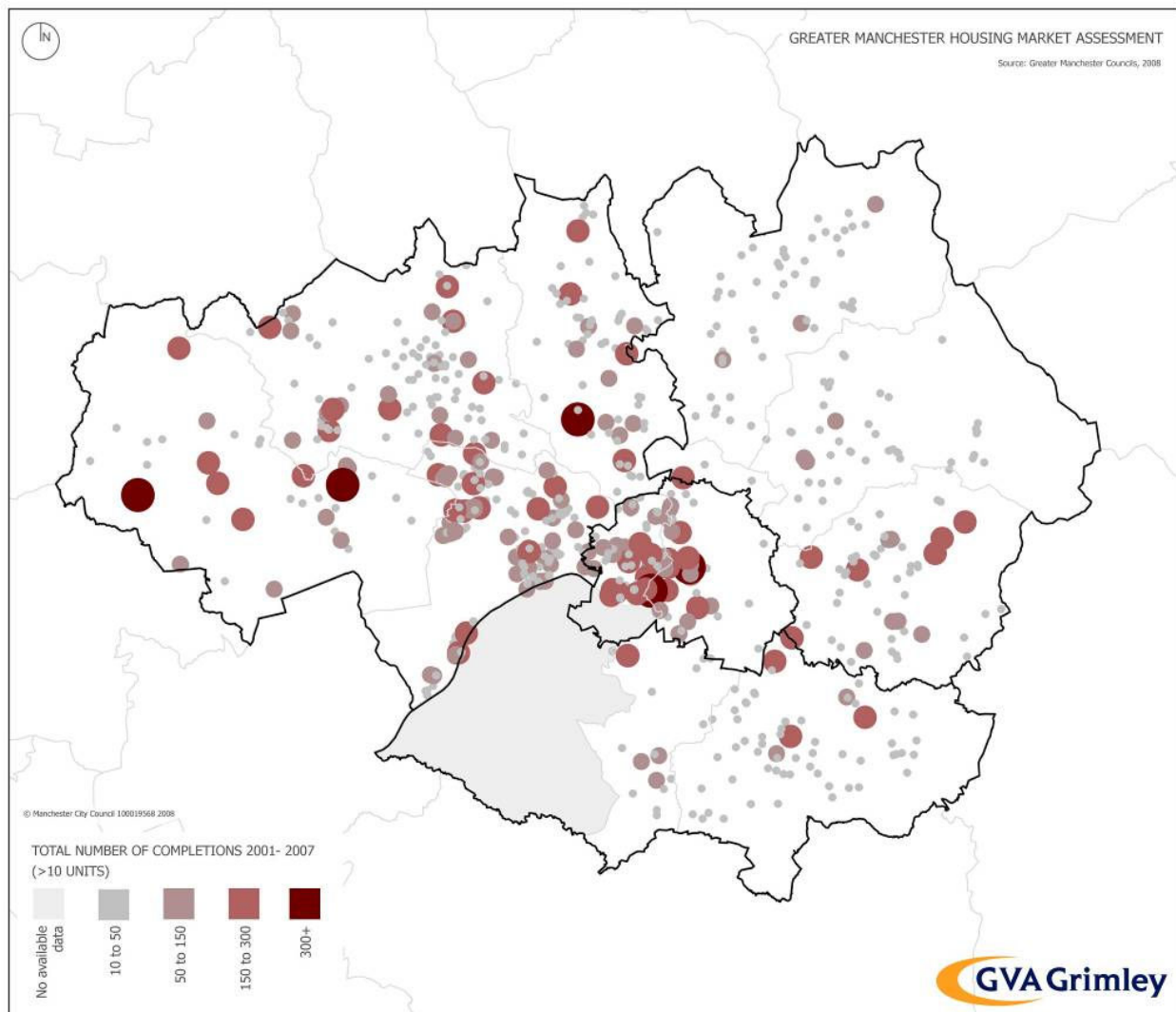
⁷ Note: Data was not forthcoming from Wigan MBC hence AMR figures have been utilised for all years except 2002/03 for which NWRA (2008) data supplied by AGMA has been included.

At the Greater Manchester scale it is apparent that the number of completions has risen significantly when taking into account the total level of dwellings built across the period 2002 to 2007, with the chart above indicating an overall trend of increase from 5,687 units in 2002/03 to 10,900 units in 2006/07.

Strongest growth in completions occurred within Manchester, which recorded an average annual completion rate of 3,005. Weakest average growth in supply occurred in Rochdale, where average annual completions equated to 214 between 2002 and 2007. It is important to note that the completion rates achieved by authorities are, in a number of cases, in excess of the policy 'ceilings' which the current iteration of RSS established. This picture of new supply, in part outside of policy recommendations, has had implications regarding the spatial distribution of new dwellings across Greater Manchester, most significantly witnessed in the rapid growth in urban living within the regional centre.

The following plan illustrates where major housing developments have been built over recent years. This provides a clear indication of where the market has been active and where new supply will have affected overall market conditions at a local level⁸.

Figure 4.1.2.d: Spatial spread of housing development



Source: Local Planning Authorities⁹

⁸ Note: Data was not available in a form which allowed for detailed mapping for all authorities.

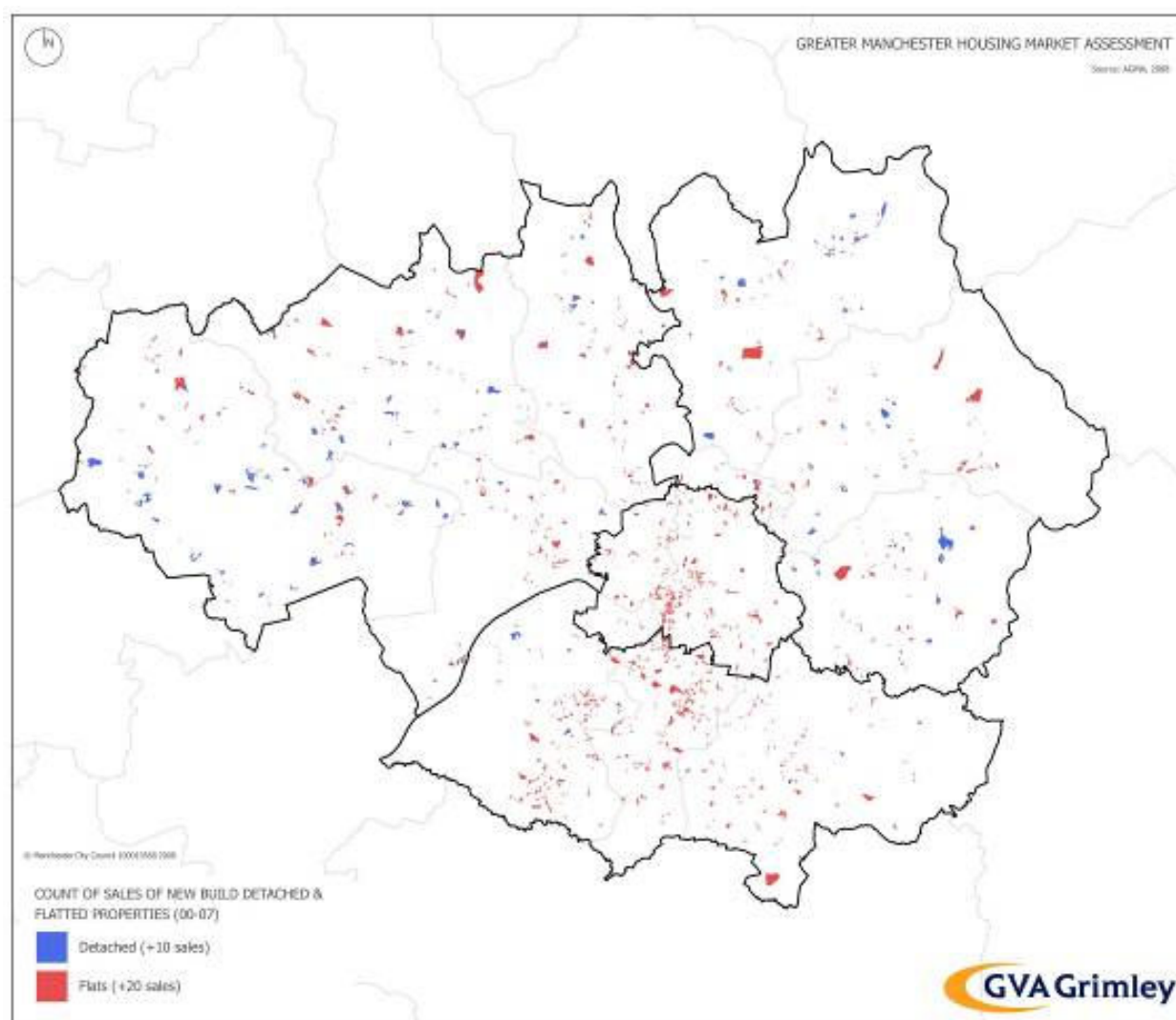
⁹ Note: Trafford were unable to supply data which could be presented spatially

The plan clearly illustrates that over recent years supply has been concentrated within the Central and North Western Housing Market Areas. The Regional Centre in particular stands out as having a significant number of large developments. These represent the large number of apartment schemes which have been completed over the last five years within both Manchester City Centre but also within the Salford Quays area of Salford.

A large number of developments are illustrated within the North Western HMA located along the major transport infrastructure running from east to west. The other two Housing Market Areas show comparatively fewer larger schemes with this being especially true of the Southern HMA.

The stakeholder consultation workshops held early in the process identified that all of the market areas had witnessed an insufficient construction level of larger 'aspirational' family housing and elevated levels of flatted development. As a proxy for completion information land registry records indicate sales of new-build properties by type and the following map shows in detail the sales of new-build detached and flatted properties. This does not represent a perfect illustration of total development as some units may not have sold and aspirational family housing is not necessarily constrained to detached properties, however, it shows the clear unequal spread of development of these house types.

Figure 4.1.2.e: New-Build Detached and Flatted Sales



Source: Land Registry, 2007

The plan above demonstrates that the highest proportion of new build detached property sales increases towards the fringes of Greater Manchester, with the volume of detached property sales being the lowest in the Central HMA throughout the period 2000 to 2007. In contrast the flatted developments are clearly concentrated within the regional centre and down into the Southern HMA. This corridor is defined by the number of smaller flatted developments

which have appeared over the last seven years, in particular in areas such as Withington, Chorlton, Didsbury, Sale and Altrincham.

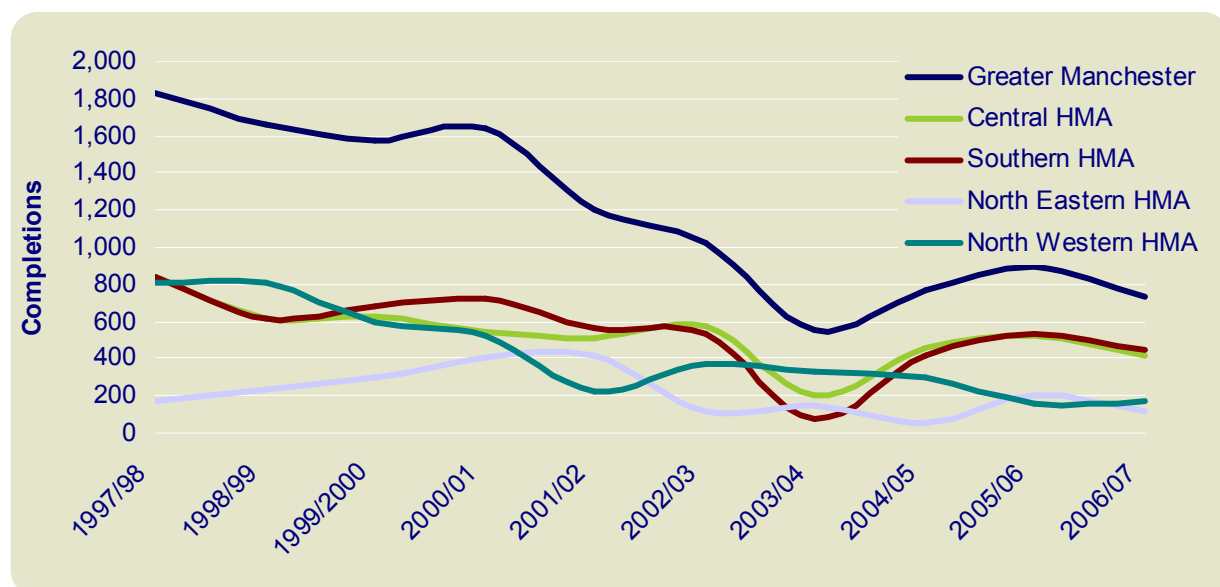
This pattern of development reflects the higher density requirements enforced within the Central and Southern areas as a result of policy and also the available supply of land, with development space at a premium, resulting in a significant proportion of flatted and apartment type accommodation coming forward.

Conversely, lower density requirements as a result of a greater level of development space towards the urban fringe allows for a greater range of housing types to be developed.

Using HSSA records assessment can be made of the level of affordable housing stock built over recent years; this includes RSL and LA stock.

Figure 4.1.2.f: Affordable Housing Completions 1997 – 2007

	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Average 1997-07
Affordable Housing Completions											
Greater Manchester	1,825	1,658	1,574	1,642	1,203	1,024	553	769	893	735	1,188
Central HMA	841	617	627	543	508	577	197	455	516	412	529
Southern HMA	841	617	677	719	565	528	76	413	528	443	541
North Eastern HMA	172	234	299	404	413	121	148	55	205	118	217
North Western HMA	812	807	598	519	225	375	329	301	160	174	430
Bolton	285	159	279	217	#	116	90	198	103	115	174
Bury	339	620	271	277	103	147	72	38	19	33	192
Manchester	356	401	300	233	403	362	#	358	378	288	342
Oldham	33	85	92	146	168	16	57	32	90	57	78
Rochdale	130	105	59	168	158	25	62	23	71	12	81
Salford	0	0	0	0	67	95	155	60	38	24	44
Stockport	#	#	50	176	124	46	34	18	50	55	69
Tameside	9	44	148	90	87	80	29	0	44	49	58
Trafford	485	216	327	310	38	120	42	37	100	100	178
Wigan	188	28	48	25	55	17	12	5	0	2	38



Source: HSSA, 2007¹⁰

¹⁰ Note: Where the symbol # is presented in Figure 4.2.2.f, this refers to the unavailability of data.

The data presented in the above table highlights the declining number of affordable housing completions in Greater Manchester over the period 1997 to 2007. In fact, affordable completions within the Greater Manchester study area have fallen from a peak of 1,825 in 1997/98 to their lowest point across the decade of 735 in 2006/07.

At the HMA spatial scale the chart above highlights that the Central HMA has the highest number of affordable units annually across this period at 529, with the North Eastern HMA producing the lowest number at 217 per annum. It is important to place this in context, however. For, draft RSS housing targets for the Central HMA local authorities are significantly in excess of the targets for those authorities in the North Eastern HMA. As a consequence, it must be recognised that the Central HMA delivered more homes, in accordance with their RSS requirements, through which to secure increased affordable housing¹¹.

All HMAs decreased affordable housing output across the timescale, with the greatest decrease occurring in the North Western HMA, with the number of units produced falling from 812 in 1997/98 to 174 in 2006/07.

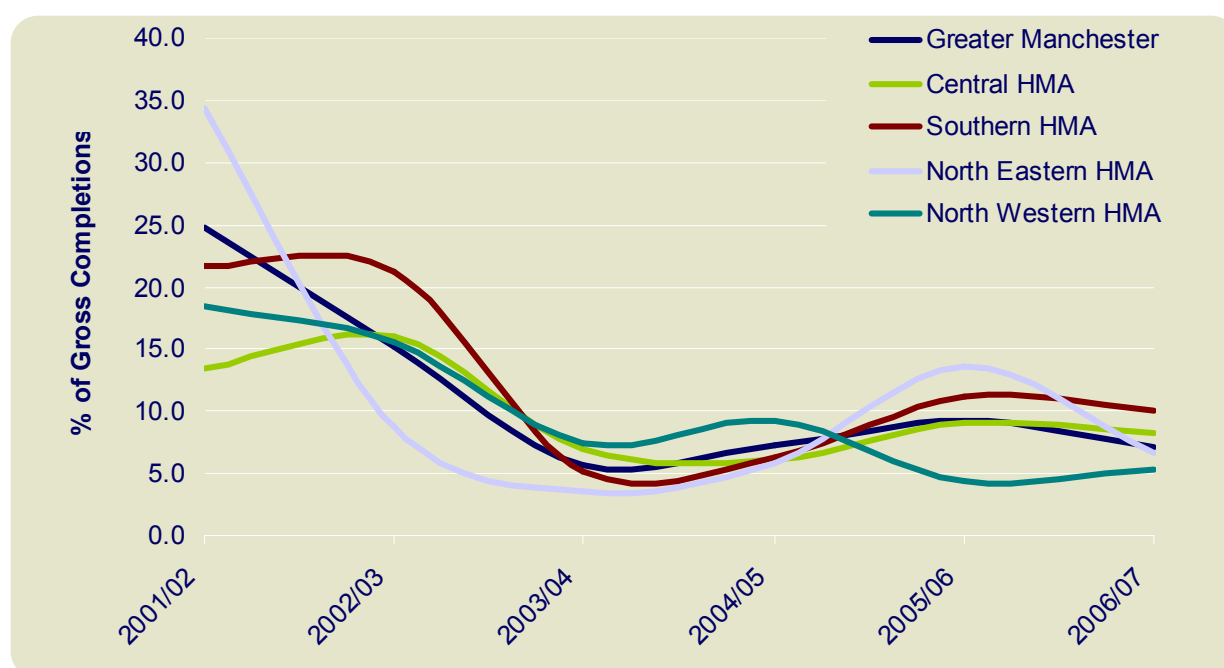
The local authorities that, on average, produced the highest number of affordable units annually across this period were Manchester, followed by Bury and Trafford, producing 342, 192 and 178 units respectively. Salford produced the lowest number of affordable units across the timescale, on average, bringing only 44 units to the market per annum.

Utilisation of the HSSA data presented above alongside NWRA completions data provided by AGMA enables the calculation of the volume of affordable stock completed in previous years as a proportion of the total gross housing completions across Greater Manchester.

¹¹ The draft RSS targets new housing provision of 1,439 per annum for the Northern HMA and 5,678 houses per annum in the Central HMA between 2003 and 2021 (refer to figure 5.2.1.a for further details)

Figure 4.1.2.g: Affordable Housing Completions as Proportion of Total Gross Completions 2001 – 2007

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Average 2001-07
Affordable Housing as Proportion (%) of Gross Completions							
Greater Manchester	24.8	15.2	5.7	7.3	9.2	7.2	11.6
Central HMA	13.5	16.1	6.9	6.2	9.0	8.2	10.0
Southern HMA	21.7	21.1	5.3	6.4	11.1	10.1	12.6
North Eastern HMA	34.4	8.7	3.6	5.8	13.6	6.7	12.1
North Western HMA	18.4	15.6	7.5	9.2	4.4	5.4	10.1
Bolton	#	22.0	8.4	27.4	12.1	11.7	16.3
Bury	36.1	23.4	11.6	5.2	2.1	8.7	14.5
Manchester	17.9	11.0	#	10.0	10.9	5.8	11.1
Oldham	45.7	3.6	2.6	10.7	22.6	10.3	15.9
Rochdale	40.5	5.0	6.3	6.6	13.3	2.3	12.3
Salford	12.7	14.8	7.7	3.7	3.3	1.1	7.2
Stockport	37.5	30.1	4.3	4.3	9.6	6.7	15.4
Tameside	16.9	17.5	1.9	0.0	4.8	7.4	8.1
Trafford	9.9	22.3	6.2	4.8	13.0	17.7	12.3
Wigan	6.3	2.1	2.4	0.5	0.0	0.1	1.9



Source: HSSA, 2007; NWRA, 2008

The data displayed graphically above illustrates a decreasing trend in the proportion of affordable units when considering the total gross housing completions within Greater Manchester between 2001 and 2007. In fact, 2006/07 represented a low point at this spatial scale with affordable units equating to just 7.2 per cent of gross completions, which represents a significant fall from 24.8 per cent in 2001/02.

On average, the Central HMA produced the lowest levels of affordable housing proportionately across the timescale, at just 10 per cent. This was closely followed by the North Western HMA, where affordable housing represented 10.1 per cent of the total gross completions. The Southern HMA brought forward the highest proportion of affordable housing across the 2001 to 2007 period, at 12.6 per cent.

Hence, where the North Eastern HMA produced the lowest numbers of affordable housing, as mentioned previously, as a proportion of the total gross housing development the North Eastern HMA performed comparatively well, with affordable units representing 12.1 per cent of gross development on average. Whereas, conversely the Central HMA performed strongly in terms of affordable output on a unit basis, yet analysis reveals that the Central HMA actually performed poorly in terms of affordable units developed proportionate to gross completions.

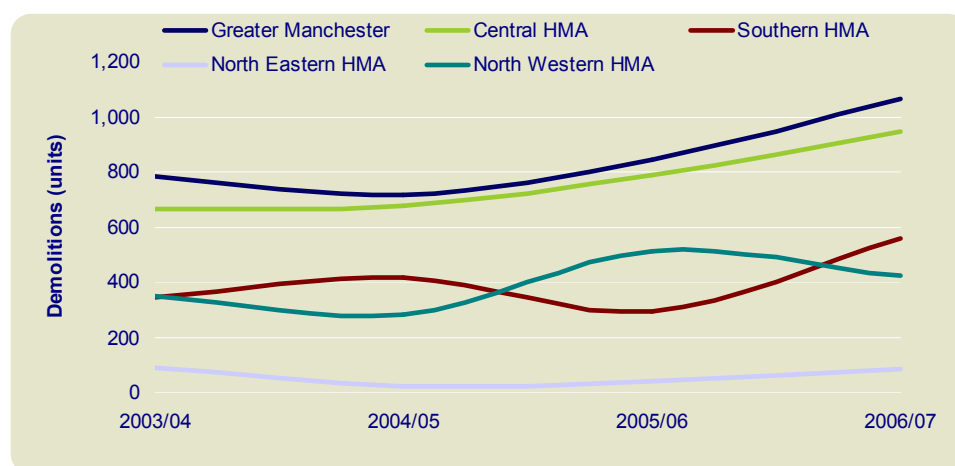
At the local authority scale analysis indicates that Bolton performed the strongest in terms of producing affordable housing, bringing forward an average of 16.3 per cent as a proportion of total gross completions. This was followed by Oldham, Stockport and Bury with 15.9 per cent, 15.4 per cent and 14.5 per cent respectively.

Wigan, Salford and Tameside produced the lowest average numbers of affordable housing, as a proportion of total gross completions between 2001 and 2007, representing only 1.9 per cent, 7.2 per cent and 8.1 per cent of total housing development respectively.

Demolitions impact on the net level of development. Greater Manchester includes two large HMR Pathfinder Areas; Salford Manchester and Oldham Rochdale. Regeneration of dysfunctional housing markets here has involved re-development and clearance, although levels of demolition are expected to decline in the future due to decreased levels of funding for the Pathfinders and a trend of increasing market values within the HMR areas. Other authorities within the wider area have also undertaken smaller regeneration and redevelopment programmes which have also involved the clearance of low-demand or sub-quality stock.

Figure 4.1.2.h: Estimated numbers of properties cleared

	2003/04	2004/05	2005/06	2006/07	Average 2003 - 07
Properties Cleared (Private Sector)					
Greater Manchester	785	716	846	1,067	854
Central HMA	662	675	791	947	769
Southern HMA	343	415	291	560	402
North Eastern HMA	92	22	42	83	60
North Western HMA	350	279	513	424	392
Bolton	7	3	3	0	3
Bury	15	5	0	27	12
Manchester	339	413	291	560	401
Oldham	46	0	8	42	24
Rochdale	34	22	10	3	17
Salford	319	260	500	387	367
Stockport	0	0	0	0	0
Tameside	12	0	24	38	19
Trafford	4	2	0	0	2
Wigan	9	11	10	10	10



Source: HSSA, 2007

At the Greater Manchester level it is apparent that the annual number of private sector properties demolished has increased over the period 2003/04 to 2006/07 from 785 to 1,067 units respectively. This equates to an annual average clearance level of 854 units across Greater Manchester.

At the HMA scale¹² the chart above indicates that, on average, the highest number of annual demolitions occurred within the Central HMA, and the lowest within the North Eastern HMA, with 769 and 60 units cleared respectively.

¹² Note: The annual totals for the Southern HMA and Central HMA incorporate Manchester, which is likely to result in double double-counting at the Southern HMA scale and significantly skews the image of Trafford and Stockport when analysed individually.

However, the figures for Oldham and Rochdale appear to be low given the HMR interventions currently being implemented. This is likely to be the result of large-scale demolition programmes that are currently the subject of a CPO process. The latest annual report indicates that in 2006/2007 161 unpopular and poor quality buildings (not necessarily all residential) were demolished across the two authorities. These figures would create a considerably higher level of demolition within the North Eastern HMA. A further likely reason behind the low figures for clearance levels in Oldham and Rochdale is that demolition is predominantly concentrated in previously occupied homes resulting in slow acquisition and legal processes, which is reflected in the volume of demolitions occurring.

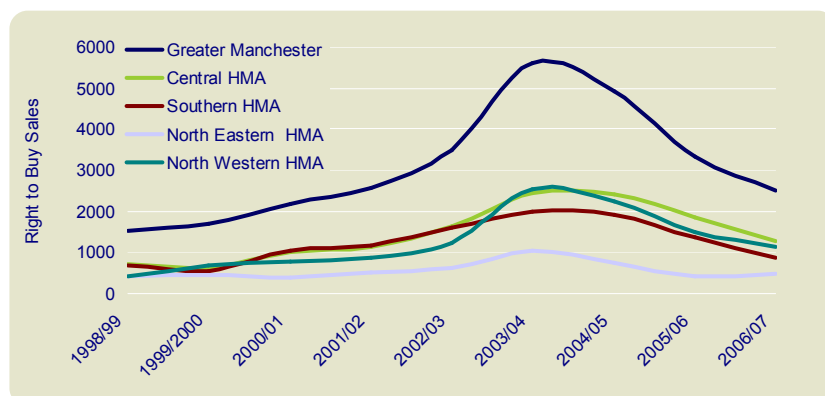
Analysis of the annual number of properties demolished in each of the Greater Manchester local authorities highlights that Manchester and Salford have cleared a significantly higher volume of private sector units than the other authorities with an average annual demolition figure of 401 and 367 respectively over the period 2003 to 2007. This reflects the ambitious programme of regeneration that the two authorities are pursuing through the HMR Programme. Another key element of changing the profile of tenures without changing the overall housing numbers is the quantity of social renting households who purchase their house under the RTB scheme. CLG record the levels of RTB at an authority level with these illustrated below¹³ in the first table. Whilst the absolute levels of Right to Buy provide a clear indication of the scale of impact on the stock as a whole it is important to assess this in relation to the overall levels of stock overall. Using the HSSA data the second table relates the levels of RTB to the total stock within each authority.

¹³ Where no data is present this denotes an absence of available information from the CLG and is likely to be as a direct result of stock transfer occurring within Tameside and Trafford in 2000/01 and 2005/06 respectively.

Figure 4.1.2.i: Levels of Right-to-Buy

	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total 1999-07
Right to Buy Sales										
Greater Manchester	1,540	1,683	2,174	2,566	3,478	5,593	4,914	3,319	2,509	27,776
Central HMA	712	613	1,019	1,146	1,621	2,443	2,398	1,854	1,284	13,090
Southern HMA	686	540	1,028	1,177	1,613	2,001	1,914	1,384	888	11,231
North Eastern HMA	418	465	377	514	615	1,035	762	436	491	5,113
North Western HMA	436	678	769	875	1,250	2,557	2,238	1,499	1,130	11,432
Bolton	138	150	231	240	347	654	616	413	300	3,089
Bury	59	104	92	133	166	243	188	78	65	1,128
Manchester	492	291	695	771	1,018	1,261	1,398	1,282	783	7,991
Oldham	104	98	153	215	218	467	378	151	184	1,968
Rochdale	103	175	224	299	397	568	384	285	307	2,742
Salford	114	175	152	168	328	880	746	572	501	3,636
Stockport	88	102	161	199	320	438	262	102	105	1,777
Tameside	211	192	#	#	#	#	#	#	#	403
Trafford	106	147	172	207	275	302	254	#	#	1,463
Wigan	125	249	294	334	409	780	688	436	264	3,579

	Social Stock 2000/01	Right to Buy Sales 2001-07	Proportion of 2000/01 stock sold
Right to Buy Sales (2001-2007) as Proportion of Social Stock (2001)			
Greater Manchester	298,192	24,553	8%
Central HMA	133,640	11,765	9%
Southern HMA	116,583	10,005	9%
North Eastern HMA	73,898	4,230	6%
North Western HMA	107,711	10,318	10%
Bolton	27,985	2,801	10%
Bury	13,385	965	7%
Manchester	80,026	7,208	9%
Oldham	24,534	1,766	7%
Rochdale	25,485	2,464	10%
Salford	36,566	3,347	9%
Stockport	19,509	1,587	8%
Tameside	23,879	0	0%
Trafford	17,048	1,210	7%
Wigan	29,775	3,205	11%



Source: CLG Housing Live Tables, 2007

Analysis of the data in the first table above indicates that absolute Right-to-Buy sales of social stock increased across the Greater Manchester study area from 1,540 in 1998/99 to a peak of 5,593 in 2003/04, at which point it declined to 2,509 in 2006/07.

At the HMA spatial scale Right-to-Buy sales have been the highest within the Central HMA (13,090 units), and the lowest within the North Eastern HMA (5,113 units) across the period 1998/99 to 2006/07.

Manchester City Council, Salford City Council and Wigan Metropolitan Borough Council sold the highest volume of stock over this period; totalling 7,991, 3,636 and 3,579 units respectively.

When Right-to-Buy sales over the period 2001 to 2007 are viewed as a proportion of the total social stock in each authority in 2001, it is apparent that Wigan MBC has had the highest levels of Right-to-Buy sales. In fact, 11% of their stock has been sold from the 2001 base position. Wigan is followed by Bolton MBC and Rochdale MBC, who have each reduced their total social stock by 10% from 2001 levels through Right-to-Buy sales.

4.1.3 Quality of Stock

The analysis thus far has examined the stock profile with regard to the overall quantum and the impact of change on both overall levels and the tenure mix. This section provides an assessment of the quality of the stock within the authorities.

In order to provide a headline level of the quality of housing HSSA records have been analysed in terms of their classification of stock as unfit.

Figure 4.1.3.a: Levels of Unfitness

	2001			2004			2007		
	Social Stock	Private Stock	Total Stock	Social Stock	Private Stock	Total Stock	Social Stock	Private Stock	Total Stock
Unfit Dwellings									
Bolton	#	19,889	19,889	#	4,664	4,664	#	#	#
Bury	#	2,732	2,732	1,895	2,514	4,409	425	2,732	3,157
Manchester	2,638	12,255	14,893	1,747	11,877	13,624	2,446	#	2,446
Oldham	188	8,825	9,013	243	9,745	9,988	#	#	#
Rochdale	470	7,791	8,261	259	4,561	4,820	212	4,561	4,773
Salford	10,736	4,752	15,488	2,093	4,752	6,845	#	4,356	#
Stockport	#	#	#	#	#	#	#	#	#
Tameside	#	4,664	4,664	#	4,457	4,457	#	4,664	4,664
Trafford	461	5,193	5,654	461	#	#	#	#	#
Wigan	188	4,983	5,171	#	4,329	4,329	181	2,689	2,870

Source: HSSA, 2007; Salford CC PRS Stock Condition Survey, 2007

The data presented above illustrates that the proportion of unfit stock in Greater Manchester can be detailed for a number of the authorities across the period of 2001 to 2007 through the HSSA.

When analysis is performed by tenure it is apparent that social stock has seen the largest reduction in the number of unfit dwellings, with Salford evident as an exemplar in reducing the volume of unfit social rented stock from 10,736 in 2001 to 2,093 in 2004. This equates to a 66 per cent decline in the total proportion of unfit housing. Wigan and Rochdale have performed similarly well. Rochdale reduced the total number of unfit dwellings in the borough from 8,261 in 2001 to 4,820 in 2004 and then 4,773 units in 2007 – representing a 42 per cent reduction. Where all data is available it is apparent that each authority has witnessed a fall in total unfit dwellings.

However, a current study is now being finalised at a regional level to determine the level of private sector stock 'decency' across the North West. This has involved looking in detail at stock condition surveys produced by each authority and applying a prescribed methodology to provide updated estimates of the number of properties classified

as 'un-decent' (against the HHSRS), note this does not allow for a direct comparison with the identification of 'unfit' figures from the HSSA records analysed above.

As a regional study a number of important caveats to the data are shown in the box below, this reflects the difficulties in creating a consistent evidence base across this large spatial area.

a) Reliance on pre-existing data sources: The data tables were built using data collected from pre-existing data sources and this meant that they did not always meet the specific requirements of the brief (as in the case of the measure of decency which was based on the fitness standard for early house condition surveys and HHSRS for later ones).

b) Missing data: There was a series of gaps in the data for many authorities because of the reliance on pre-existing data sets. The single most important determinant of decency – direct household investment – was not measured in any of the House Condition Surveys which was made available during the project.

c) Static picture: House condition surveys presented the picture at a single point in time. They did not identify change over time (e.g. how much change there had been in decency over the course of the last two years). Crucially they did not measure the importance of different factors in facilitating change (e.g. the different works undertaken on a property, the cost of those works and the sources of funding them).

d) Non – projective data sets: The pre-existing data sets did not try to project changes in the variables they were measuring (such as decency or fuel poverty).

e) Data accessibility issues: Some data was very difficult to access. Key information regarding the outcomes of the Warm Front Programme (in terms of the impact of programme interventions on the SAP ratings of households assisted) were not available at the time of producing this report.

f) No Analytical Precedents for HMAs: As a result of the comparatively recent creation of HMAs as spatial constructs there is therefore no historical information against which to calibrate the data configured along HMA lines.

The results of the study are presented in the following table¹⁴.

Figure 4.1.3.b: Private Sector Housing Stock – HHSRS Projection

	Survey Date	Non Decent Stock			Non Decent Stock %		
		Owner Occupied	Private Rented	Total	Owner Occupied	Private Rented	Total
Private Sector Housing Stock - HHSRS Projection							
Regional Total		758,861	140,583	899,444	35.9	52.6	37.8
Greater Manchester		246,974	43,512	290,486	35.1	48.6	36.6
Central HMA		25,165	9,144	34,309	41.1	45.0	42.1
Southern HMA		71,920	11,686	83,606	38.6	45.0	39.4
North Eastern HMA		73,337	12,227	85,564	45.1	63.0	47.0
North Western HMA		76,274	10,474	86,748	26.1	44.7	27.4
Bolton	2007	27,361	3,914	31,275	32.7	53.3	34.4
Bury	2001	16,183	825	17,009	24.0	25.4	24.0
Manchester	2007	19,148	11,979	31,127	31.6	38.1	33.8
Oldham	2005	23,779	4,610	28,389	79.5	73.9	78.6
Rochdale	2007	16,850	3,650	20,500	27.7	53.3	30.3
Salford	2007	18,959	4,520	23,479	33.9	43.3	35.4
Stockport	2003	35,422	4,172	39,593	35.4	61.3	37.1
Tameside	2005	31,697	3,334	35,031	46.1	72.6	47.8
Trafford	2008	36,872	4,009	40,881	50.5	55.2	50.9
Wigan	2005	20,426	2,517	22,943	19.9	51.3	21.3

Source: North West Regional Assembly Project 'Establishing a Private Sector Decency Baseline', (2008)¹⁵

¹⁴ Source: Pennington Choices

Bearing in mind the caveats set out above, in absolute terms Trafford has the highest level of non-decent stock, almost 41,000 units (almost 51 per cent of stock), with Stockport and Tameside also showing very high absolute numbers of non-decent units. Proportionally Oldham stands out as having a very high proportion of its private sector stock classified as unfit. These figures indicate that the Southern HMA in particular is distinguished by having high proportions and absolute numbers of unfit private sector dwellings in comparison to the other market areas.

Significantly, the levels of unfitness are notably higher within the private rented sector than owner-occupied units. Stockport and Tameside, along with Oldham, stand out as having very high levels of unfitness within the private rented sector. Manchester and Bury have the lowest proportions of unfitness in this tenure. However, it is important to note that in absolute terms that Manchester has the highest number of un-fit private rented properties with almost 12,000 falling within this classification (over a quarter of the total unfit private rented dwellings across Greater Manchester).

The aforementioned elevated levels of unfitness in the private rented sector at the local authority scale are found to be reflected at the wider HMA spatial scale. The North Eastern HMA stands out as having the highest level of unfitness, at 63 per cent, and is predominantly influenced by the high proportions of unfit stock in Oldham and Tameside. Conversely, the North Western HMA exhibits the lowest concentration of unfit stock within the private rented tenure, at 44.7 per cent, which is reflective of the lower levels of unfitness in Bury, Salford and Wigan.

In overall terms, the North Eastern HMA exhibits the highest levels of unfit stock across Greater Manchester, at 47 per cent, whereas the North Western HMA has the lowest proportion of unfit stock at 27.4 per cent.

The project also forecasts forward future changes in decency based upon three scenarios:

- ⇒ Scenario 1 – Steady State – this assumes that the current level of public investment (via local authorities, Pathfinders and the Warm Front Programme) and private investment (by home owners) continues indefinitely.
- ⇒ Scenario 2 – Reduction in Private Investment – this assumes that the current level of public investment remains constant, but that the current economic problems reduce the level of direct household investment by a half.
- ⇒ Scenario 3 – Increase in Private Investment – this assumes that the current level of public investment remains constant, but that direct household investment increases by 50 per cent of current levels. This could be the result either of a reversal of the current economic climate, or the result of the slowdown in the housing market causing people to focus on making improvements to their home rather than moving home.

The forecasts are presented at Greater Manchester level in the following table.

¹⁵ Note: HMA percentages are calculated from local authority boundaries and are therefore likely to include an element of double counting, which is unavoidable in this instance.

Figure 4.1.3.c: Decency Forecast – Scenario Based

	2007/08 Estimate	Scenario 1 - Steady State	2015/16 Estimate Scenario 2 - Reduction in Private Investment	Scenario 3 - Increase in Private Investment
Stock Failing to Meet Decency Standard %				
Greater Manchester	36.6	33.8	55.5	21.9
Central HMA	42.1	33.4	56.6	20.7
Southern HMA	39.4	35.2	61.9	21.0
North Eastern HMA	47.0	36.5	56.2	26.7
North Western HMA	27.4	31.6	50.5	20.1
Bolton	34.4	36.9	55.4	24.1
Bury	24.0	26.9	49.4	17.6
Manchester	33.8	18.2	36.4	13.7
Oldham	78.6	51.5	64.4	38.7
Rochdale	30.3	25.6	39.1	17.7
Salford	35.4	43.0	65.3	22.7
Stockport	37.1	36.9	69.0	21.4
Tameside	47.8	39.8	68.8	29.4
Trafford	50.9	46.0	71.8	26.8
Wigan	21.3	27.3	43.8	18.0

Source: North West Regional Assembly Project 'Establishing a Private Sector Decency Baseline', (2008)

The projections show that only under Scenario 2 are the proportion of properties failing to meet decency standards set to increase across Greater Manchester.

Trafford stands apart as the local authority forecast to have the highest level of stock failing to meet the decency standard within Scenario 2, with the proportion set to rise to 71.8 per cent. In contrast, Manchester has the lowest level of stock failing to meet the decency standard at 36.4 per cent. Interestingly, Oldham is the only authority expected to increase the volume of stock meeting the decency standard under Scenario 2, with this likely to reflect the ongoing HMRI intervention within the borough.

At the HMA scale it is the Southern HMA that is projected to experience the highest proportion of stock failing to meet the decency standard within Greater Manchester under Scenario 2. This sees the proportion of non-decent stock rising to 61.9 per cent by 2015/16 subject to a decline in private investment. In contrast, the North Western HMA is projected to contain the lowest proportion of non-decent stock under Scenario 2 – at 50.5 per cent.

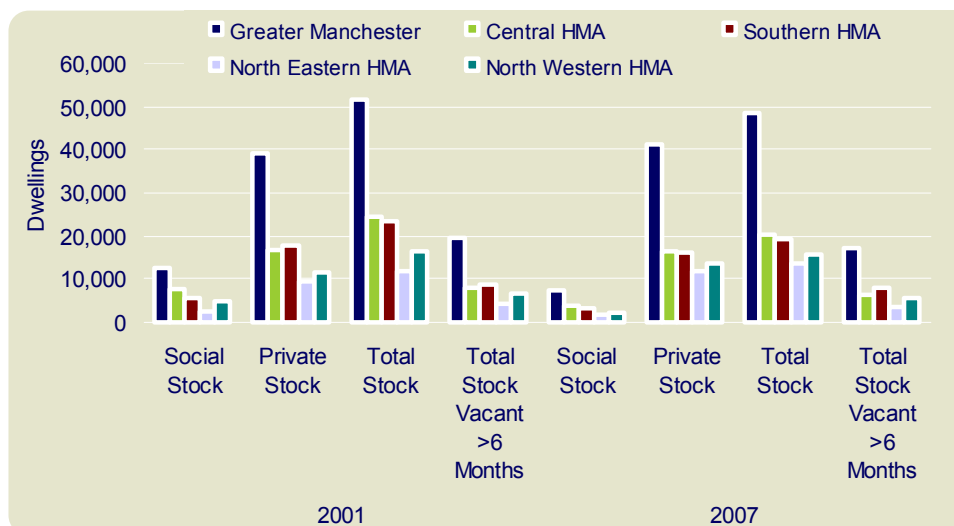
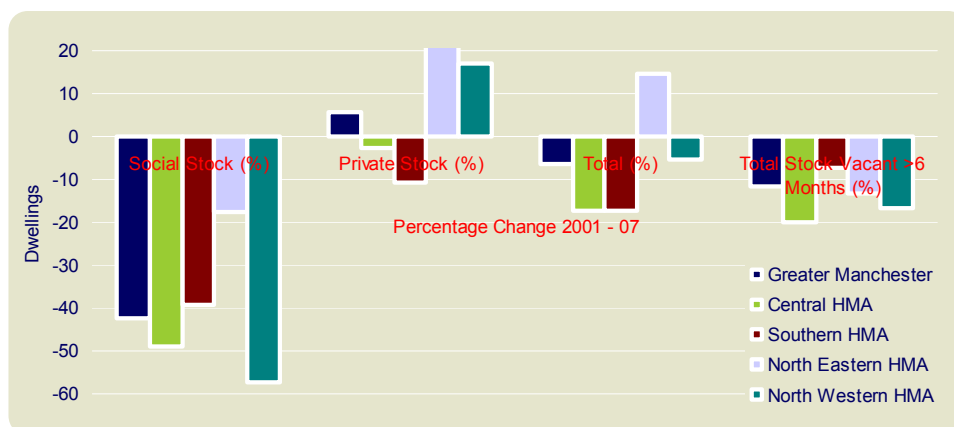
However, the marginal shift in the proportion under Scenario 1 indicates that further investment is likely to be required beyond the existing public sector funding programmes to secure a significant increase in the proportion of stock meeting the decency standard in the future, with consideration required as to the best approach to enable this.

The importance of ensuring and encouraging an uplift in private investment within rented stock is clear with Scenario 3 showing the greatest reduction in the proportion of unfit dwellings. This will therefore need to remain a priority for policy to address in particular with relation to the private rented sector, an issue examined in more detail towards the end of this section.

Long-term vacancy represents an important indicator when examining the relative quality of stock and the demand for housing in certain areas.

Figure 4.1.3.d: Proportion of Vacant Units

	2001				2007				Percentage Change 2001 - 07			
	Social Stock	Private Stock	Total Stock	Total Stock Vacant >6 Months	Social Stock	Private Stock	Total Stock	Total Stock Vacant >6 Months	Social Stock (%)	Private Stock (%)	Total (%)	Total Stock Vacant >6 Months (%)
Vacant Stock												
Greater Manchester	12,601	39,043	51,644	19,366	7,250	41,205	48,455	17,082	-42	6	-6	-12
Central HMA	7,703	16,778	24,481	8,050	3,936	16,313	20,249	6,443	-49	-3	-17	-20
Southern HMA	5,407	17,867	23,274	8,740	3,286	15,946	19,232	8,087	-39	-11	-17	-7
North Eastern HMA	2,272	9,572	11,844	4,062	1,869	11,698	13,567	3,523	-18	22	15	-13
North Western HMA	4,922	11,604	16,526	6,564	2,095	13,561	15,656	5,472	-57	17	-5	-17
Bolton	806	3,847	4,653	2,702	392	2,409	2,801	1,227	-51	-37	-40	-55
Bury	264	996	1,260	1,006	323	2,665	2,988	1,353	22	168	137	34
Manchester	4,527	12,274	16,801	6,605	2,748	9,752	12,500	4,986	-39	-21	-26	-25
Oldham	839	2,528	3,367	2,133	729	4,585	5,314	487	-13	81	58	-77
Rochdale	1,257	3,554	4,811	1,929	598	2,657	3,255	1,539	-52	-25	-32	-20
Salford	2,832	2,635	5,467	1,445	912	4,352	5,264	554	-68	65	-4	-62
Stockport	536	3,724	4,260	2,135	262	3,985	4,247	2,198	-51	7	0	3
Tameside	176	3,490	3,666	#	542	4,456	4,998	1,497	208	28	36	#
Trafford	344	1,869	2,213	#	276	2,209	2,485	903	-20	18	12	#
Wigan	1,020	4,126	5,146	1,411	468	4,135	4,603	2,338	-54	0	-11	66



Source : HSSA, 2007¹⁶

¹⁶ Note: The symbol # illustrates that data is unavailable.

The data indicates that there has been a 6 per cent reduction in the total number of vacant housing units in Greater Manchester over the period 2001 to 2007. Of those vacant, there has been a reduction of 12 per cent for units vacant for a period in excess of six months (classified as long-term).

The majority of this reduction has occurred within the social sector, with the volume of vacancies in this tenure reducing by 42 per cent over the aforementioned timescale. For, contrastingly the proportion of vacant private sector stock actually rose by 6 per cent from 2001 to 2007.

At the HMA scale it is apparent that the greatest reductions in vacant stock were achieved in the Central and Southern HMAs, which both recorded a 17 per cent fall in total vacant property between 2001 and 2007. Similarly, both HMAs reduced long-term vacancy by the highest proportion at 20 per cent.

The only market area to see an increase in the number of vacant properties was the North Eastern HMA, where the number of vacant units actually increased by 15 per cent, representing a growth in vacancy of 22 per cent in the area's private stock. However, it is important to note that these figures will be impacted upon by the HMR programme and increasingly accurate assessments of vacant properties in areas of regeneration focus¹⁷. The lowest reduction in long-term vacancy occurred in the Southern HMA, at only 7 per cent.

To ascertain an image of the trends occurring, in the years between 2001 and 2007, it is beneficial to utilise the data presented within Making Housing Count. The report supports the analysis above, and indicates that the total proportion of empty properties fell in Manchester and Salford between 2002 and 2006, with particularly acute decline occurring between 2003 and 2004 and 2005 and 2006.

Further to this, vacancy in Trafford is seen to have remained relatively stable until rising between 2005 and 2006 – reflecting the rise displayed graphically above. In contrast, vacancy in Wigan and Stockport has remained stable between 2002 and 2005, yet has witnessed a trend of decline in vacant stock between 2005 and 2006.

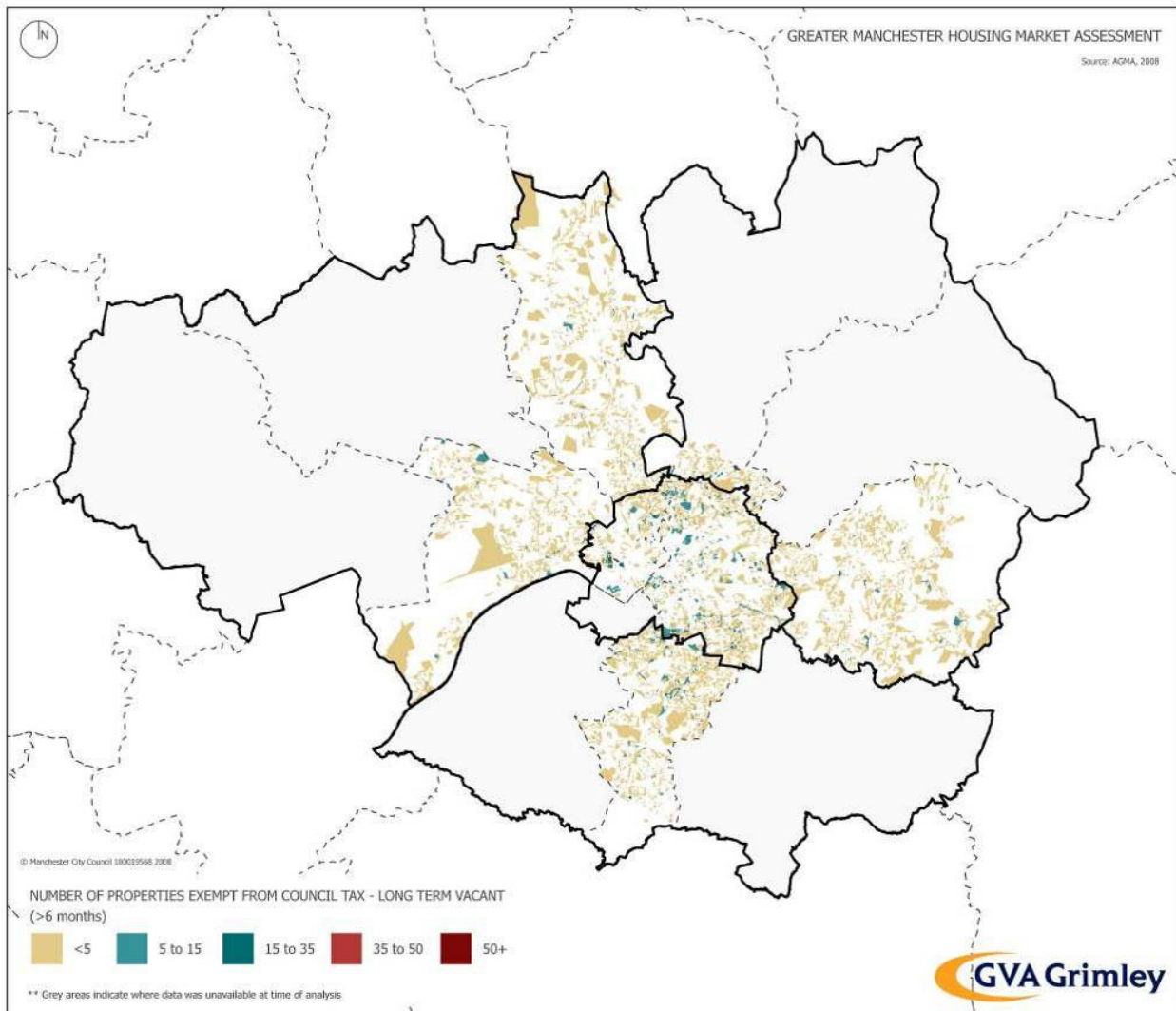
The North Eastern HMA authorities have experienced significantly further fluctuation in vacancy rates than those in the Central HMA, Southern and North Western HMA. Bury, Oldham and Tameside witnessed a peak in the proportion of vacant units in 2003, yet this fell substantially in 2004, only to increase in 2005. Rochdale has experienced a gradual trend of decline in vacancy from 2002, partly reflecting the reduction in supply produced through HMRI activity in the borough.

Long-term vacant properties are indicated in the following map. As a result of a lack of data the coverage of mapping is sparse across Greater Manchester. However, it starts to show the existence of concentrations of issues associated with the low demand of properties in some localities¹⁸.

¹⁷ Note: Oldham has 3,535 long-term vacant properties as of April 2008, although 967 are owned by the Council ready for demolition as part of regeneration programmes

¹⁸ Note: data has only been received from four out of the ten authorities.

Figure 4.1.3.e: Long-term vacant properties

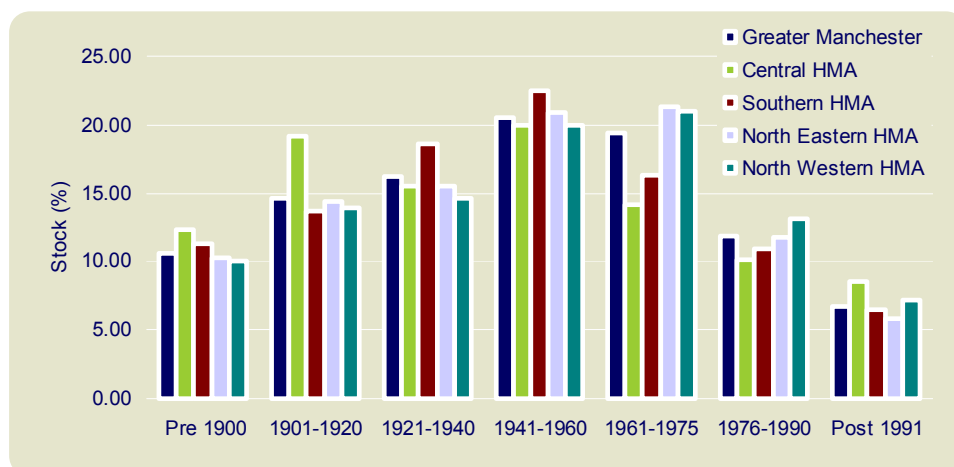


Source : Council Tax data, 2007

The age of stock can have an impact on its quality. However, there is not a direct correlation between the two variables with some old stock built to a higher construction quality specification than some post-war housing. Examining the age of stock does however, provide another indicator regarding the characteristics of stock within different markets.

Figure 4.1.3.f: Age of Housing Stock

	Pre 1900	1901-1920	1921-1940	1941-1960	1961-1975	1976-1990	Post 1991
Age of Housing Stock (%)							
Greater Manchester	10.63	14.64	16.21	20.52	19.37	11.87	6.76
Central HMA	12.35	19.19	15.53	19.98	14.16	10.17	8.62
Southern HMA	11.30	13.74	18.65	22.44	16.33	11.01	6.54
North Eastern HMA	10.31	14.37	15.55	20.92	21.31	11.76	5.78
North Western HMA	10.07	13.95	14.61	20.02	21.01	13.08	7.22
Bolton	11.44	14.89	12.69	19.08	20.86	14.11	6.93
Bury	11.26	16.56	16.70	16.82	19.38	12.84	6.45
Manchester	13.17	17.81	17.91	21.41	11.95	9.45	8.32
Oldham	10.42	15.14	17.13	20.43	20.14	11.15	5.58
Rochdale	10.88	13.54	13.58	20.99	21.77	13.06	6.19
Salford	8.36	13.95	16.47	23.10	18.52	11.96	7.66
Stockport	8.96	12.83	17.92	22.87	19.32	12.32	5.79
Tameside	10.48	15.03	15.86	19.27	22.06	11.32	5.98
Trafford	11.54	13.76	19.68	21.57	16.77	10.19	6.48
Wigan	9.76	12.89	14.11	19.69	22.99	12.35	8.21



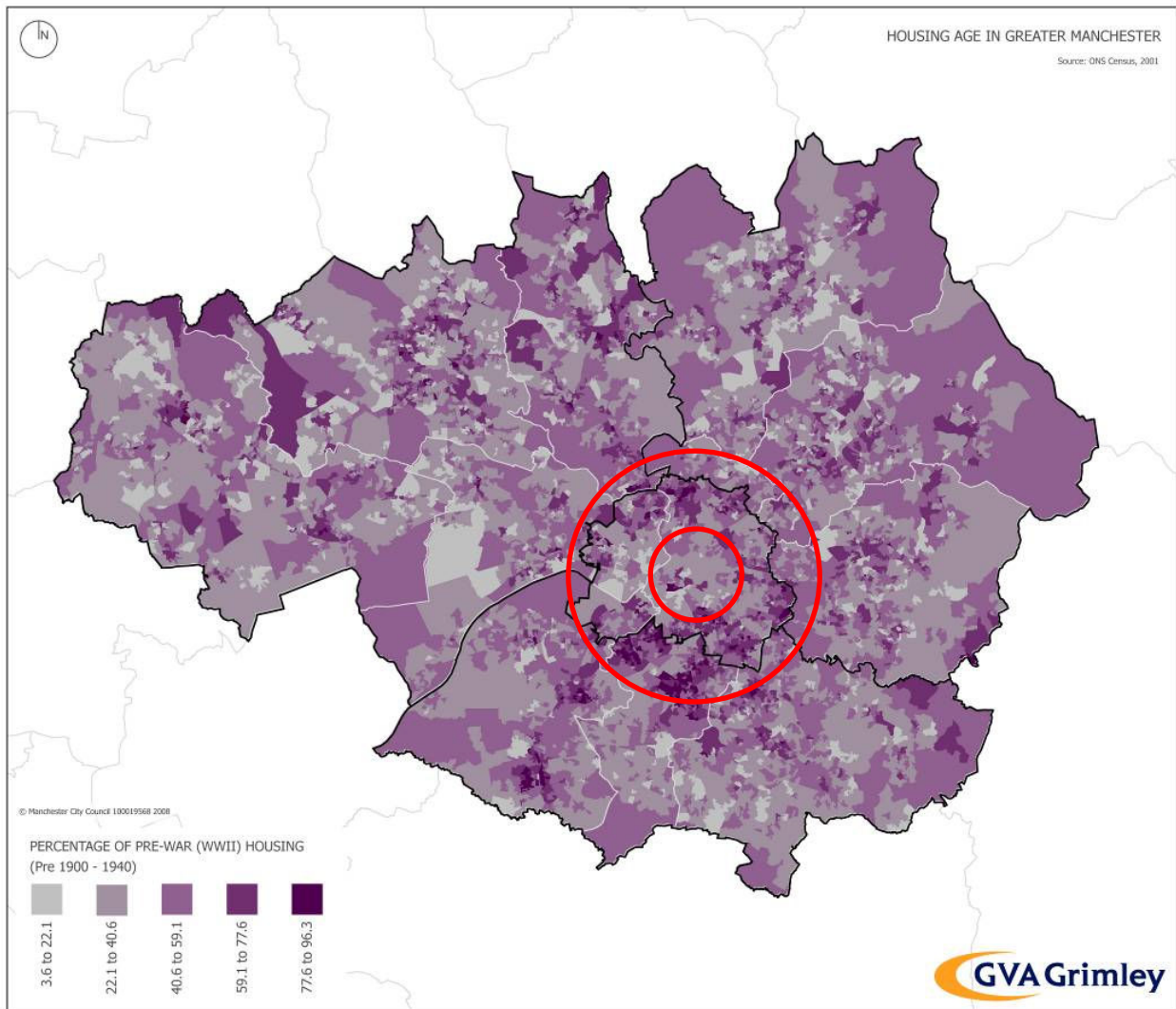
Source: Community Insights Data, 2007

The table presented above highlights the prevalence of stock built between 1941 and 1975 within Greater Manchester. Houses completed within this period account for 39.9 per cent of total housing stock in 2007. The data also indicates a decreasing trend in housing completions from 1960, with only 6.8 per cent of housing stock in Greater Manchester built since 1991.

The lowest proportion of new stock, completed since 1991, is situated within the North Eastern HMA (5.8 per cent), and the highest proportion of new stock is located within the Central HMA at 8.6 per cent, indicating a concentration of recent development in this area.

Housing tends to be built in relatively organised phases or waves. This means that areas are often dominated by properties of a similar age, which depending on the quality can have impacts with regard to the balance of the 'offer' and the perception of the area. The following maps highlight areas with particularly old stock (built prior to 1940) and new stock (built post 1991).

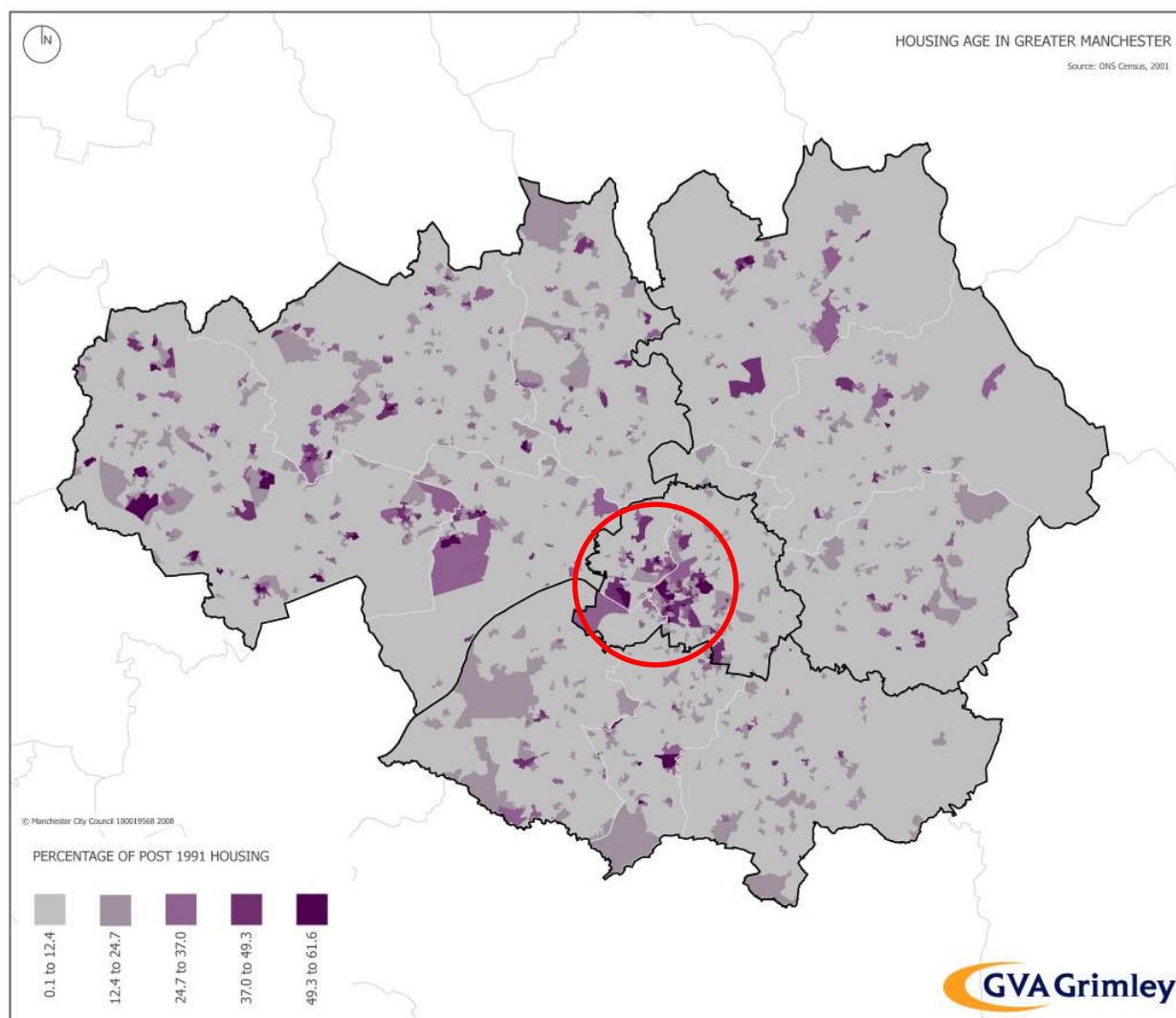
Figure 4.1.3.g: Spatial concentrations of old housing stock



Source: Community Insights Data, 2007

The plan above suggests a high volume of pre-war housing development located across Greater Manchester, although significant areas of concentration are apparent. In particular, a band of pre-1940's housing is situated around the periphery of the central area, with a prevalence of 77.6 per cent to 96.3 per cent, and spreading into the southern HMA (ringed on plan).

Figure 4.1.3.h: Spatial concentrations of newer stock



Source: Community Insights Data, 2007

In contrast to the proportion of pre-war housing located in Greater Manchester, the plan above suggests that there is a far lower volume of newer stock, completed since 1991, situated in the area.

Concentrations of post-1991 stock are located predominantly within the core area of the Central HMA (circled). As such, this is likely to reflect the high proportion of city-centre apartment accommodation produced in Manchester and Salford over the past decade.

The final indicator examined within this section is the Council Band classification of areas. Whilst Council Tax bands do not provide a direct comparator of the exact 'quality' of a property, with properties assessed on the basis of a range of criteria including value, size and amenities, it does provide an objective indication of the wider quality of a small locality with regard to the housing offer. The following table highlights Council Tax Band valuation classification at the national level.

Figure 4.1.3.i: National Council Band classification

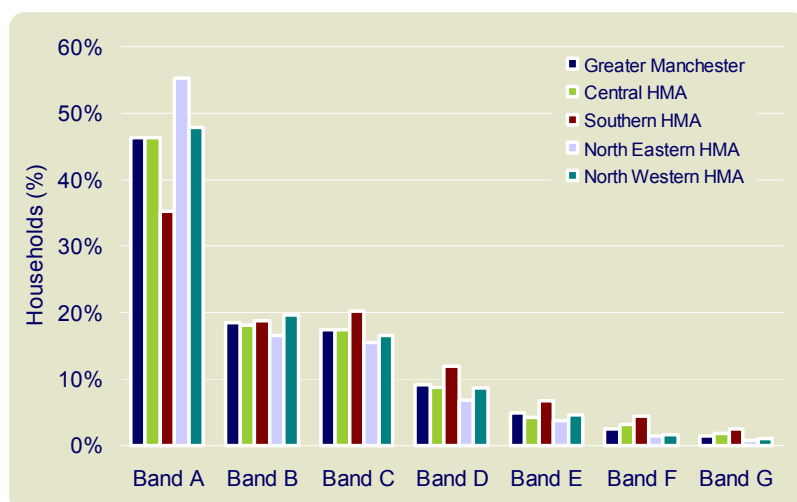
Valuation Band	Open Market Value (as at 1st April 1991)
Council Tax Valuation Banding (National)	
A	Up to £40,000
B	Over £40,000 up to £52,000
C	Over £52,000 up to £68,000
D	Over £68,000 up to £88,000
E	Over £88,000 up to £120,000
F	Over £120,000 up to £160,000
G	Over £160,000 up to £320,000
H	In excess of £320,000

Source: Direct.gov.uk

The following plan shows Council Band classifications at a low spatial level for Greater Manchester.

Figure 4.1.3.j: Greater Manchester Council Band classification

	Total	Band A	Band B	Band C	Band D	Band E	Band F	Band G
Council Band Classification 2006								
Greater Manchester	1,114,445	46%	18%	17%	9%	5%	2%	1%
Central HMA	401,548	46%	18%	17%	9%	4%	3%	2%
Southern HMA	412,703	35%	19%	20%	12%	7%	4%	2%
North Eastern HMA	279,950	55%	17%	15%	7%	4%	1%	1%
North Western HMA	421,792	48%	20%	17%	9%	5%	2%	1%
Bolton	117,446	53%	16%	15%	8%	4%	2%	1%
Bury	70,733	34%	22%	21%	11%	7%	2%	2%
Manchester	205,234	64%	15%	12%	6%	2%	1%	0%
Oldham	93,390	55%	17%	16%	7%	3%	1%	1%
Rochdale	89,550	58%	15%	12%	8%	4%	2%	1%
Salford	98,150	56%	19%	14%	6%	3%	1%	1%
Stockport	109,305	23%	21%	22%	15%	10%	5%	3%
Tameside	97,010	54%	17%	18%	6%	3%	1%	0%
Trafford	98,164	19%	20%	26%	15%	8%	7%	4%
Wigan	135,463	49%	22%	16%	8%	4%	1%	0%



Source: AGMA, 2007

Analysis of the data presented above indicates that Greater Manchester has a high proportion of homes situated within the lower quality 'Band A', equating to 46 per cent. This is significantly higher than the national average of 24.7 per cent for England and Wales.

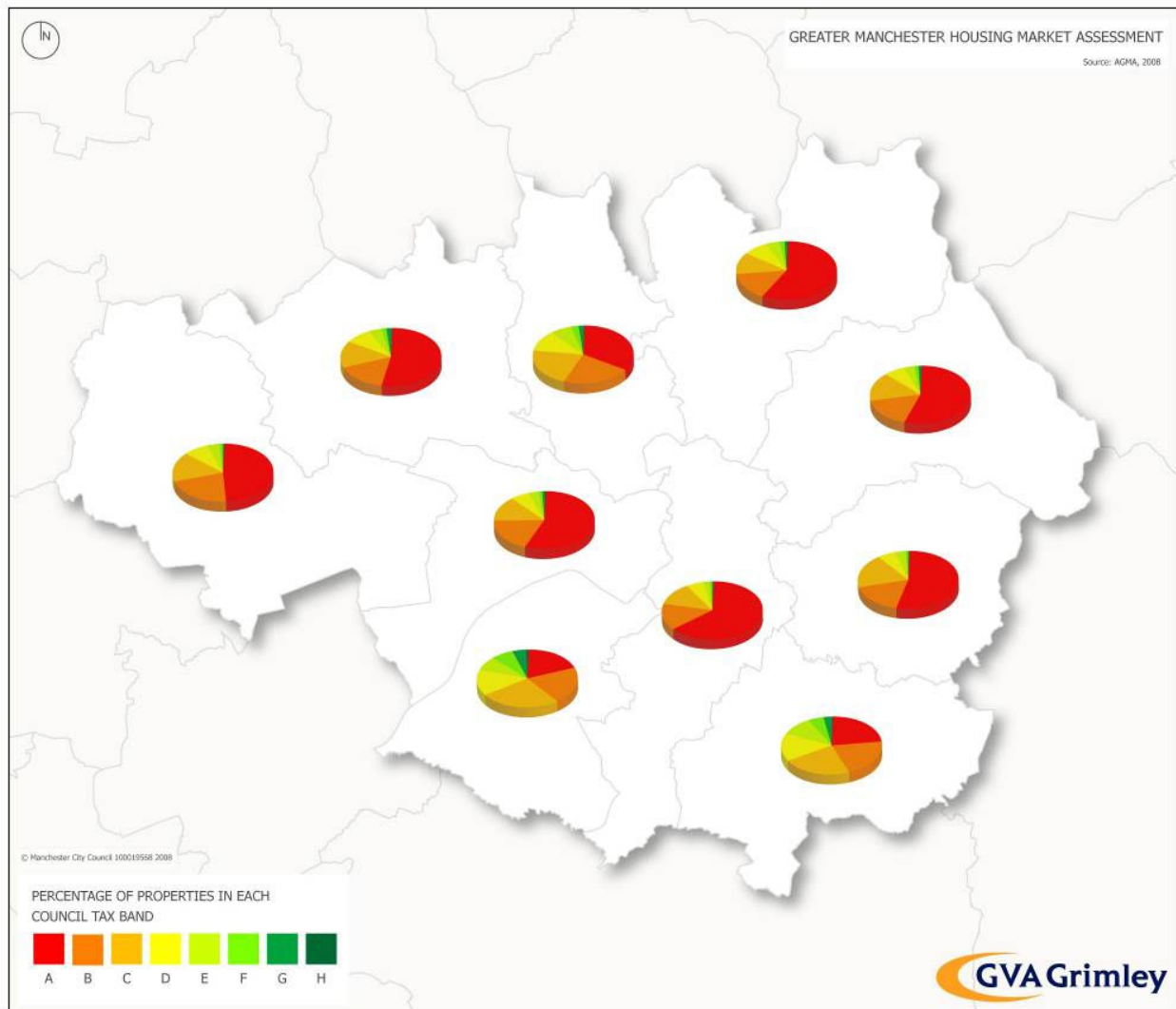
In contrast, Greater Manchester is under-represented in the higher quality 'Band D', with a total of 9 per cent, when compared with the national average of 15.2 per cent. This falls significantly further in the top bands E – H.

At the HMA spatial scale it is apparent that the North Eastern HMA has the highest proportion of stock located in the lower value 'Band A', at 55 per cent, and conversely the Southern HMA has the lowest proportion of stock within this band, at 35 per cent.

The Southern HMA contains the highest proportion of higher quality 'Band F' properties, at 4 per cent and, comparatively, the North Eastern HMA holds the lowest volume of high quality stock, with only 1 per cent situated within 'Band F' and 1 per cent in Band G.

The local authorities containing the highest proportion of lower-value band 'A' stock are Manchester (64 per cent), Rochdale (58 per cent) and Salford (56 per cent), where over 50 per cent of total stock is situated within this bracket. Trafford, Stockport and Bury all show notably higher proportions of properties in the higher council tax bands again highlighting the difference in the overall housing offer in there authorities. This is presented spatially in the following plan.

Figure 4.1.3.k: Council Band classification – district spatial scale



Source: ONS, 2006

4.1.4 Summary of HMA characteristics

Whilst the data has been presented and analysed at housing market as well as local authority and Greater Manchester level this section provides a summary of the key issues and distinctions the analysis has indicated for each of the four Housing Market Areas.

4.1.4.1 Central HMA

The Central HMA has the smallest proportion of private stock (73.1 per cent) with conversely the largest social rented stock provision. The market area also contains a high proportion of private rented stock which is likely to have risen over recent years through the emergence of the large number of City Centre apartments.

In terms of the stock profile by type the Central HMA has the most significant imbalance, with notably low proportions of detached and semi-detached properties, and comparatively high levels of terraced and flatted properties. This is reflected in the average number of rooms in properties with the market area showing a skew towards smaller properties, which, given its City Centre and inner city markets is to be expected.

Growth in housing numbers has been very strong within the Central HMA, with a total increase of over 20,000 units between 2001 and 2007. The rapid growth of City Centre apartments has represented a significant component of this growth with the vast majority of large schemes concentrated within the City Centre.

The high levels of flatted developments has led to a reinforcement of the skewed nature of the market and the lack of a range of properties available. The maps show a low quantum of new development of detached properties over recent years.

Alongside high levels of completions the market area is also distinguished by the high levels of properties cleared over recent years. This has been led through the HMR interventions and is particularly evident in the urban fringe of the market area, through to Salford and parts of East Manchester.

Manchester has the highest number of unfit private rented properties, which strongly influences the overall proportions witnessed across the Central HMA.

There are a significant number of unfit properties within the Central HMA despite reductions occurring in Manchester and Salford in particular. Salford reduced the volume of unfit social rented stock from 10,736 in 2001 to 2,093 in 2004. This equates to a 66 per cent decline in the total proportion of unfit housing in the city. NWRA research on private sector housing projected to meet 'decency standards' across Greater Manchester provides a more accurate up to date estimate of stock quality at the HMA scale and indicates that 42.1 per cent of stock is deemed to fall short of 'decency standards' at present.

Alongside having high numbers of unfit properties the Central HMA also includes large numbers of vacant properties, again with the majority of these concentrated within Manchester and Salford. It is important to note that these levels may be distorted through planned regeneration activities and that overall levels of vacancy within the HMA have reduced markedly since 2001.

4.1.4.2 North Eastern HMA

The North Eastern HMA has a comparatively high proportion of stock within the private sector (77.4 per cent).

However, there is a notable imbalance in the profile of stock by type (although not as acute as witnessed in the Central HMA) with low proportions of detached properties and very high proportions of terraced properties (38 per cent).

The North Eastern HMA has seen the lowest absolute change in housing units, with a net increase of approximately 4,000 between 2001 and 2007. As with the other HMA this has incorporated a significant reduction in the number of social rented properties as a result of targeted clearance and Right-to-Buy. Rochdale, in particular, has experienced a high proportion of Right-to-Buy sales.

This has been compounded by relatively few large new housing developments being brought forward within the North Eastern HMA over the last 6 years. Where there have been larger residential developments (over 50 units) these have tended to have been concentrated in Oldham. Where new units have been developed there appears to have been a mix of property types, with developments of both detached and flatted units apparent across the market area.

Despite HSSA records showing notably low levels of clearance, the HMR programme in Oldham and Rochdale has led to significant levels of clearance in the last few years, with unpopular and vacant properties being removed to enable new higher quality developments to emerge.

Rochdale, Oldham and Tameside are distinguished by having high levels of properties classified as unfit, which means that this represents an issue for the North Eastern HMA as a whole. This is reinforced by NWRA research on private sector housing projected to meet 'decency standards' across Greater Manchester, which estimates that nearly 50 per cent of stock within the North Eastern HMA currently fails to meet 'decency standards'. Alongside high levels of unfitness the Market Area as a whole includes relatively high numbers of vacant units, with overall levels increasing by 15 per cent since 2001.

4.1.4.3 Southern HMA

The Southern HMA has the highest overall levels of private sector stock (78.8 per cent), conversely therefore it also has the lowest levels of social rented stock. In spatial terms, this Housing Market Area also includes a strong concentration of private rented properties spreading out from the Central HMA linked to the student markets.

With regard to stock types the Southern HMA appears to have the greatest balance of properties with comparatively high proportions of detached properties and relatively low levels of terraced properties. However, the market area also includes a relatively high proportion of flatted units (over 17 per cent). This is reflected in the breakdown of properties by number of rooms. With notably higher levels of larger sized properties included within the market area, suggesting a greater range within the overall residential offer.

The Southern HMA has seen a notable increase in the number of housing units over the last 6 years. However, there have been relatively few large housing developments within the market area (at least within Stockport and the parts of Manchester within the market area). Where new supply has come forward there has been a strong skew towards flatted developments with very few new build detached properties coming forward, particularly in the areas abutting the Central HMA.

The total number of social rented units within the market area has reduced significantly as a result of targeted clearance and high levels of Right-to-Buy.

In terms of stock quality, unfitness levels appear to be relatively high in proportional and absolute terms across the HMA area. Private sector estimates developed by the NWRA research on private sector housing projected to meet 'decency standards' provides an up-to-date insight into the HMA, with a number of local authorities recording high levels of stock failing to meet the 'decency standard'. Despite this, excluding Manchester vacancy rates appear to be relatively low across the market area.

4.1.4.4 North Western HMA

The proportion of private stock within the North Western HMA is in line with the Greater Manchester average at 78.1 per cent.

Overall the North Western HMA appears to have a relatively balanced stock profile looking at the type of housing. However, the detailed maps indicate that this balance is not necessarily represented at a local level with the urban areas of Bolton and Wigan including high proportions of terraced properties.

The number of housing units within the North Western HMA has increased significantly in total over the last 6 years with almost 17,000 new units recorded between 2001 and 2007. However, this has masked a marked tenure shift, with the market area losing approximately 11,500 social rented units. Right-to-Buy sales have had a significant influence in this respect, resulting in a respective decrease in social stock of 11 per cent and 10 per cent in Wigan and Bolton between 2001 and 2007.

Examining the location of new housing development it is clear that there have been a large number of medium sized residential developments (50 – 300 units) brought forward across the North Western HMA over recent years. These have been distributed across the market area but with a significant amount coming forward within Salford and bordering the Central HMA. These completions have included a notable amount of new detached dwellings which distinguishes this market area from the others across Greater Manchester.

Stock quality does not appear to be a significant problem within the North Western HMA, although Bury experienced growth in the total number of unfit stock between 2001 and 2007. Despite this, NWRA research on private sector housing estimated to meet 'decency standards' in 2007/08 provides an up to date assessment of the private sector. The research indicates that the Western HMA has the lowest proportion of unfit stock in Greater Manchester, at 27.4 per cent.

Overall vacancy is not notably high within the market area, although again it is likely that this disguises pockets of areas where vacancy is an issue. Wigan in particular records comparatively high levels of vacancy which suggest that this could be an issue in specific localities within the market area.

Key Issues for Policy & Implementation

There is a high proportion of private sector stock in Greater Manchester at 78.1 per cent, yet a stock imbalance exists with a high volume of semi-detached and terraced property and a lack of detached properties. This issue is particularly acute in Manchester and Salford where detached homes represent only 4.3 per cent and 8.6 per cent of stock respectively. As such, the housing offer is skewed towards smaller homes within Greater Manchester. Of particular concern is that 5.4 per cent of stock in Manchester has only 1-2 rooms. It is important to note that a number of authorities, in particular within the Southern HMA (Stockport and Trafford) but also Bury in the North West there are greater proportions of larger properties. However, as the following section identifies this has key implications around the comparative health of housing markets across Greater Manchester in terms of price differentials. Importantly the examination of the recent supply of properties by type indicate that this imbalance has been increased rather than addressed through recent development. The rapid expansion of urban living within the Regional Centre has produced an unprecedented increase in the number of flatted properties available, whilst the number of detached properties which have been built have been notably low.

Given the analysis in Section 3 around the future projected direction of the economy this apparent deficiency in the quantum of larger aspirational housing across Greater Manchester as a whole and in particular within the Central and North Eastern HMAs, represents an issue which will continue to remain a priority for policy. Delivering a housing offer which facilitates and supports economic growth and change is critical to continued growth and the development of sustainable neighbourhoods across Greater Manchester. This issue is picked up in more detail within Section 5 where the projected trajectory of the economy and occupations is linked to the type of housing required.

At a lower spatial scale the comparative imbalance in terms of the type of housing is even more pronounced in some areas. Semi-detached property forms a concentrated band surrounding the Central HMA, terraced housing is concentrated predominantly within the North Eastern, and Central, HMAs. Flatted accommodation is highly concentrated within the Central HMA, which is indicative of Manchester's City Centre apartment market. Areas with clear imbalance in the stock profile will clearly need to continue to be prioritised through policy, in particular where the lack of variety seriously impacts on the sustainability of neighbourhoods.

The distribution of tenure also illustrates areas of imbalance in the housing offer. The overall pattern across Greater Manchester clearly shows a concentration of owner occupied property located towards the extremities of each of the HMAs, whereas social-rented accommodation is concentrated within the Central HMA, with the exception of large planned council estates which are distributed across the more peripheral parts of market areas (e.g. Wythenshawe). Again policy will need to continue to focus on ensuring a balanced mix at a lower spatial level as well as responding to the levels of housing need within different market areas as identified through Section 6, when considering the future quantum and location of social rented stock. Linking the demand and supply of social rented and 'affordable housing' is critically important and the analysis within this section has clearly identified that this tenure has witnessed an overall decrease in stock numbers over recent years driven by Right-to-Buy and a lack of new products being developed.

The overall quality of stock remains an issue across Greater Manchester despite evidence of unfitness levels falling and significant evidence of falling vacancy levels. Whilst the social rented sector has seen a marked improvement in stock quality, driven by the comprehensive implementation of the Decent Homes Programme, private sector stock condition remains comparatively poor. In particular the North East HMA and parts of the Central HMA continue to have large concentrations of stock in poor condition. Policy will need to continue to prioritise regeneration investment activity in these areas. However, it is also clear that private sector investment will be critical to improving unfitness given the scale of the issue. Private rented stock in particular will need to be improved with a consistent approach to licensing and accreditation an important component of ensuring improvements within this tenure.

4.2 The 'Active' market – Owner Occupancy

Evaluating the current housing market requires an understanding of the actual cost of buying or renting a property.

External factors, including economic performance and consumer confidence alongside government policy all impact on the health of the market. House price change is key to understanding the relationship between supply and demand.

This section examines the 'health' of the active market in relation to the private owner occupied market. Home ownership continues to be the aspiration of most households and is the largest tenure with around two-thirds of households falling within this tenure across the country. Further growing this tenure also remains central to current government policy, where the focus is on encouraging greater numbers of households to invest and own their accommodation.

The analysis is broken down into the following elements:

- ⇒ Wider Housing Market Context;
- ⇒ Greater Manchester Context;
- ⇒ Market Performance;
- ⇒ Development Profile;
- ⇒ City Centre Market; and
- ⇒ Vulnerable Housing Markets.

4.2.1 Overview

The housing market outlook at present is precarious. Whilst the full implications of the credit crunch on demand for properties and the supply of new builds remain to be seen, it is obvious that there are a number of related consequences, including:

- ⇒ A well publicised tightening of mortgage lending criteria in general, which has played an important role in creating a downward influence on demand;
- ⇒ A reduction in new supply coming to the market driven in part by the problems associated with falling demand for market housing linked to the point above; and
- ⇒ A further potential reduction in supply as tighter lending criteria make it more difficult for developers to access the capital required to support schemes.

Whilst price falls are anticipated in certain areas and property types, the tightening of previously relaxed lending criteria may act to restrict the extent to which properties become affordable to first time buyers, key workers and other groups presently struggling to gain a foothold on the housing ladder.

The natural response to lower demand is slower supply growth, although the elasticity (or responsiveness) of UK housing supply to changing market conditions is known to be low and difficult to predict. In the longer-term the market will equilibrate but in the short-term there may be specific issues associated with certain developments that are not in demand.

On this note this issue has evidently 'played out' within a number of central urban locations across the country with the large number of flatted developments which have come forward over recent years, built partly in response to a growth in the investment market, experiencing significant market instability with regard to sales prices.

This has received significant press coverage, and as an extreme example, flats within certain developments in Manchester are reported to have halved in value over the last two-years, with anecdotal evidence suggesting that a significant proportion of properties bought at the peak of the buy-to-let boom are now lying empty. However, anecdotal evidence is starting to suggest that developers and investors are switching to an emphasis on the private rental market, for which demand remains strong, in order to sustain this element of the market.

However, it is important to note that this route of accepting tenants at rents which fail to cover mortgage repayments, or selling in a depressed market will continue to create a particularly vulnerable market at least over the short-term.

Within the HMAs this is likely to affect the Central and Southern HMAs most adversely as there are particular concentrations of flatted developments in these areas. The near-term effects on other property types in other HMAs are more difficult to predict, but the down turn in the flatted market in more established areas may impact on the market appetite for further development in both established but also less established central market areas. Already, a number of residential developers are considerably reducing their plans for development, and those over-committed without confirmed off-plan sales are experiencing financial difficulties.

These issues are explored in more detail within the following section.

4.2.2 Wider Housing Market Context

4.2.2.1 National House Price Indices

National Housing Market performance is tracked and reviewed in nationally released house prices indices.

The Halifax House Price Index tracks average house prices based on qualitative criteria used to define a standard UK property. In May 2008 it reported that the national standardised average house price was £184,111. This reflected the sharp fall in prices from the 'high' recorded in August 2007 where the average price was £199,600. Indeed, the Halifax index records a monthly decline in house prices for the five months including and preceding May 2008 back to January. Between April and May house prices fell by 2.4 per cent according to the Index with the annual rate of change showing prices 3.8 per cent lower, a considerable contrast with the annual change recorded only in February which showed a 4.2 per cent growth.

The report notes that the recent fall in house prices should be measured against the significant gains witnessed over recent years. The Index identifies that the average UK house price rose by more than £88,000, or 79 per cent, between August 2002 and August 2007.

However, the recent decline in house prices is significant and the Halifax report identifies the key drivers behind this change. The two key factors in curbing housing demand are identified as being the increase in affordability issues witnessed over recent years as a result of rapid house price increases, and a squeeze on spending power and the reduction in credit availability. Importantly, though the index reinforces that a number of underlying drivers including high employment levels, low interest rates and a shortage of new homes should assist in moderating the market. Anticipated rises in unemployment are considered to not represent a major threat as the scale of this reduction in employment is not expected to cause widespread difficulties for households.

The Nationwide House Price Index tracks and seasonally adjusts house prices on a quarterly basis and as of May 2008 records the average UK house price at £173,583 reflecting a -2.5 per cent monthly change and a -4.4 per cent annual change. This reinforces the trajectory of decline evidenced through the Halifax Index.

However, the Nationwide report points out that borrowers are better placed now than they were in the 1990s. Significantly fewer homeowners bought at the top of the market in the current cycle and today's borrowers have typically put down large deposits than households in the last 'crash' in the 1980s and also shown a higher propensity to repay capital rather than interest-only. The tighter credit conditions currently being introduced, with current offers making it difficult to obtain loans at higher loan-to-value ratios, should help the longer term sustainability of the market.

In the Nationwide quarterly review (Q1 2008), the North West offered an average housing price of £154,124; a quarterly decrease of 2.3 per cent and an annual decrease of 0.2 per cent. Aside from Northern Ireland the North West is the only region to record a negative annual percentage change and the quarterly change is only surpassed by the West Midlands and the South West within England (both recording a fall of 2.5 per cent).

The Nationwide Index records the average house price in the City of Manchester as £205,254 and Greater Manchester as £170,680 (Q1, 2008). Significantly both areas have seen a positive annual change over the quarter of 1 per cent, comparing favourably with other cities in the north, including Leeds and Sheffield which both recorded a fall of 2 per cent.

4.2.2.2 Wider Market Trends

Given the rapidly evolving nature of the housing market during and since 2007, a number of research papers and reports have been produced analysing housing activity and macro-economic trends and how these have impacted on the housing market during this period. Particular circumstances of note include the Northern Rock crisis of September 2007; Britain's first run on a bank in more than a century that led to full nationalisation on 17th February 2008.

Given this evolving context, various research papers and reports have been reviewed by way of establishing clear messages for how and why the market may be changing both now and in the short to medium term future. Although the SHMAs will apply to the period 2008-2026, the current housing market climate is likely to impact on housing supply and demand for the next economic cycle period.

Based on wider market evidence, therefore, the following summary findings are offered:

4.2.2.3 Economic Realignment or Recession?

Provisional Quarter 4 UK economic growth indicates that in Quarter 4 of 2007 only a gradual economic slowdown was underway. Growth was a slightly below trend 0.6 per cent, or 2.3 per cent annualised, compared with annualised growth of 3 per cent in Quarter 3 of 2007, 3.2 per cent in Quarter 2 and 3.1 per cent in Quarter 1. The equivalent Eurozone figures for Quarter 4 of 2007 were somewhat weaker, at an annualised 1.6 per cent, and in the USA growth was a very weak 0.6 per cent annualised.

With a weakening economy, interest rates need to fall quickly and noticeably, as they have done in the USA, to prevent the slowdown turning into a major downturn. But short term inflation concerns (the Bank of England's main focus), from higher energy and food prices and a weakening pound, will delay and lessen reductions in interest rates. This is likely to cause a major economic slowdown this year, which would drive inflation down regardless.

Economic growth is set to be much weaker in 2008 judging by the closely watched CIPS/RBS monthly business activity Purchasing Managers' Index which has fallen noticeably over the last six months. However, although the slowdown is marked, so far the index is recording higher figures than in 2003 or 2001, suggesting continued economic expansion.

Recent economic forecasts expect the housing market and consumer spending to weaken further and employment growth, which has been strong in recent years, is expected to drop below trend. UK economic growth, according to the latest consensus forecasts, is expected to weaken in 2008 to 1.7 per cent compared with 3.1 per cent in 2007. Growth nearer 1.5 per cent in 2008 is now looking more likely, with the consensus view expecting a slow improvement to 2 per cent in 2009 and further improvement to a close to trend 2.6 per cent in 2011, suggesting an economic realignment rather than recession in the coming years.

4.2.2.4 Retrenchment of Lending Activity

A downturn in the world economy, led by the sub-prime lending crisis and resultant housing market recession in the United States, has led to a fundamental shift in the way Banks lend money both between themselves (LIBOR) and to their customers (incl. developers and purchasers). A particular area of note is that of risk-profiling. Many international banks, following a long-period of high risk (incl. 'sub-prime') lending, encouraged in the UK and the US both by Government and the Institutions themselves, are now looking to reduce their exposure to risk across the board.

Such an affect has been compounded by events such as 'Meltdown Monday' in the US following the collapse of Lehman Brothers, the 'Northern Rock Crisis' in the UK, and the Société Générale rogue trader fiasco (£3.7 billion fraud case) in France, which have exposed international banks in terms of their vulnerability to both equity market activity and wider economic trends. Almost in all cases bank vulnerability has been precipitated or underpinned by the 'loose' lending activity described above. Indeed, the fact that lenders in the US have often securitised and sold on their 'debt portfolio' to other banks emphasises the degree of inter-dependence between the financial institutions of the world.

The result of these factors is that banks in the second half of 2007 began to increase the inter-bank lending rate (e.g. LIBOR), whilst seeking to adjust their exposure to risk by retrenching their own lending practices to their customers. The net effect of this was to reduce liquidity in the UK financial markets (thereby reducing ability to lend money), and to increase 'barriers to entry' for marginal mortgage applicants by reducing loan-to-value ratios, upgrading risk profile requirements of customers (i.e. to reduce the 'sub-prime' lending activity), increasing costs associated with mortgages (e.g. tie-ins) and to reduce income multiples accepted.

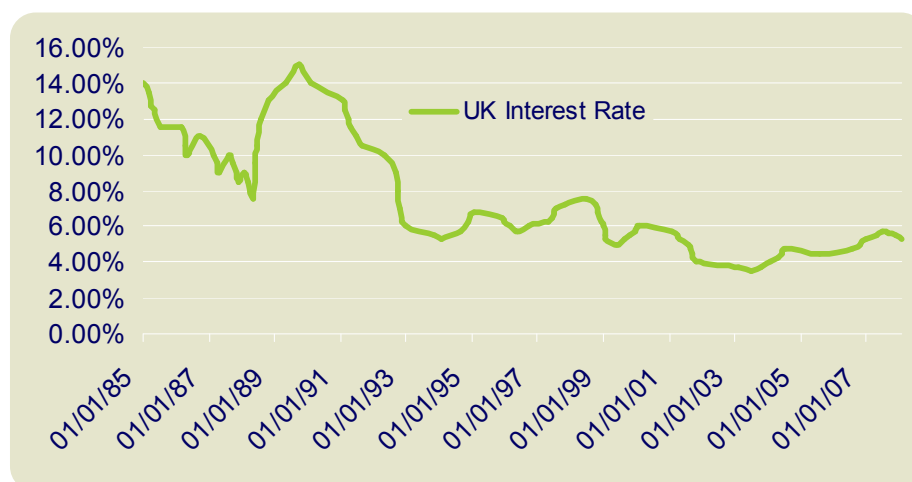
The last few months have also seen banks and building societies withdrawing mortgage products from the market, and raising the costs to potential borrowers and those requiring refinancing on those products that remain.

The changes in lender behaviour have been further compounded by the increased scrutiny of lending practices now taking place from organisations such as the Financial Services Authority, the Royal Institute of Chartered Surveyors, and the Police.

As would be expected, this has most noticeably affected 'marginal buyers' in the UK, most noticeably first time buyers (FTB) and buy to let (BTL) investors whom have traditionally relied upon more flexible lending criteria.

Within this context, the Bank of England has sought to address housing market stagnation in the UK by lowering interest rates in late 2007/early 2008, albeit by only a half of a per cent, to 5.25 per cent (February 2008). Given past rates of interest (see Figure 4.3.1.4.a), however, rates do remain historically low.

Figure 4.2.2.4.a Rates of Interest 1985 – 2008



Source: Houseweb.co.uk

4.2.2.5 Changing Purchaser Behaviour

The above detailed factors, together with wider economic shifts, have led to a softening of the housing market both in terms of average values and transactional activity particularly since mid-2007. Whilst this may follow fluctuations evident within the traditional economic cycle, the retrenchment of lending activity has in particular shaped the way in which both purchasers and housebuilders currently behave.

Central to this is an understanding of the way in which the market has been developing since the 1990's. The significant growth in house prices evident throughout the UK during this period has to a large part been stimulated by highly speculative development activity, investment purchasing, lending and valuation practices. One direct consequence of this has been an over supply of apartments in Cities across the Country; with Leeds and Manchester recently hitting the headlines for this very reason.

It is within this context that the recent retrenchment of lending activity has taken place; whereby previous key drivers of the housing market (e.g. investors) have now been marginalised within the market place. Purchaser sentiment is also key to this, with media hype and speculation serving only to compound these effects.

Some of the key trends to emerge as a result of these factors combined include:

- ⇒ House purchase approvals have been falling back sharply since the Autumn 2007.
- ⇒ Interest from new home buyers at estate agents, upturned in November and December 2007, fell back again in January¹⁹. Within the North West new buyer enquiries declined for the fourteenth consecutive month in May 2008²⁰.
- ⇒ Net reservations on new homes have been falling since July 2007²¹.
- ⇒ Nationally new instructions to sell property have declined for the fifth consecutive month and at the fastest pace since last June. Within the North West the situation was even more stark with new vendor instructions declining for the twelfth consecutive month by May 2008²².
- ⇒ Anecdotal evidence suggesting that BTL investors are finding it extremely difficult to secure finance of residential purchases.

¹⁹ Nationwide House Price Review, February 2008

²⁰ RICS housing market survey United Kingdom, May 2008

²¹ House Builders Federation Housing Market Report January 2008

²² RICS housing market survey United Kingdom, May 2008

- ⇒ Anecdotal evidence from housebuilders that the sales pace on existing schemes is falling.
- ⇒ Many developers are turning to Registered Social Landlords (RSLs) to dispose of units at bulk discounts off OMV.
- ⇒ Forward order books amongst the major listed developers are falling; Barratt by 6 per cent, Taylor Wimpey by 20 per cent, Redrow by 10 per cent, Persimmon by 15 per cent²³.

4.2.2.6 Continued High Demand for Housing

Despite an evolving picture in terms of purchaser behaviour, it is widely accepted amongst the majority of housing stakeholders that there remains a growing imbalance between UK-wide supply and demand. This is emphasised in key central Government reports and papers, recently released, that have stressed the importance increasing the supply of new homes in the face of strong household growth across the country and historically low housing completions.

Two such reports include the DCLG's Housing Green Paper, 'Homes for the future: more affordable, more sustainable', and the NHPAU's 'Developing a Target Range for the Supply of New Homes across England'.

Significantly the RICS also notes that within a number of areas where vendors are selling they are tending to go into rented accommodation and, as a consequence, there is beginning to be a build up of purchasers waiting for market sentiment to change²⁴.

Section 5 examines the comparative forecast future supply and demand dynamic for the four HMAs and the conclusions from this will clearly need to relate to future policy.

4.2.2.7 Changing Developer Behaviour

In the context of both corporate funding becoming more expensive, and new home purchasing falling, developers across the UK, both large housebuilders and smaller niche developers, have had to realign their development activity. For many this has involved a rapid withdrawal from City Centre apartment developments (e.g. Dandara mothballed all apartment pipeline activity in Northern Cities including Manchester, Taylor Wimpey are doing the same in Leeds, and Isis Waterside cancelling releases of further apartments in Leeds).

More generally anecdotal evidence suggests housebuilders are scaling back and/or reconfiguring land banks and development mixes in order to limit and spread their exposure to risk, whilst some are seeking to reduce overheads through redundancies; particularly in land buying.

This increasing aversion to risk has thus led to a refocus amongst many large housebuilders on the more traditional markets, specifically family housing in perceivably 'solid' areas. As a result, not only is the apartment market faltering but there are increasing examples of housebuilders pulling out of long-term regeneration projects (e.g. Lend Lease withdrawing from the £3.1bn Canning Town Regeneration Scheme).

Further effects include evidence of increasing profit requirements amongst housebuilders; thereby reducing development viability on marginal schemes, and widespread downgrading of land banks in line with early evidence of falling land values.

A key outcome is illustrated in figures from the Department of Communities and Local Government (DCLG) and the National House Building Council, based on last year's housing starts, that shows completions may drop from 172,000 in 2007 to 163,000 this year. In turn, fewer starts this year will mean a further fall in completions in 2009.

4.2.3 Market Performance

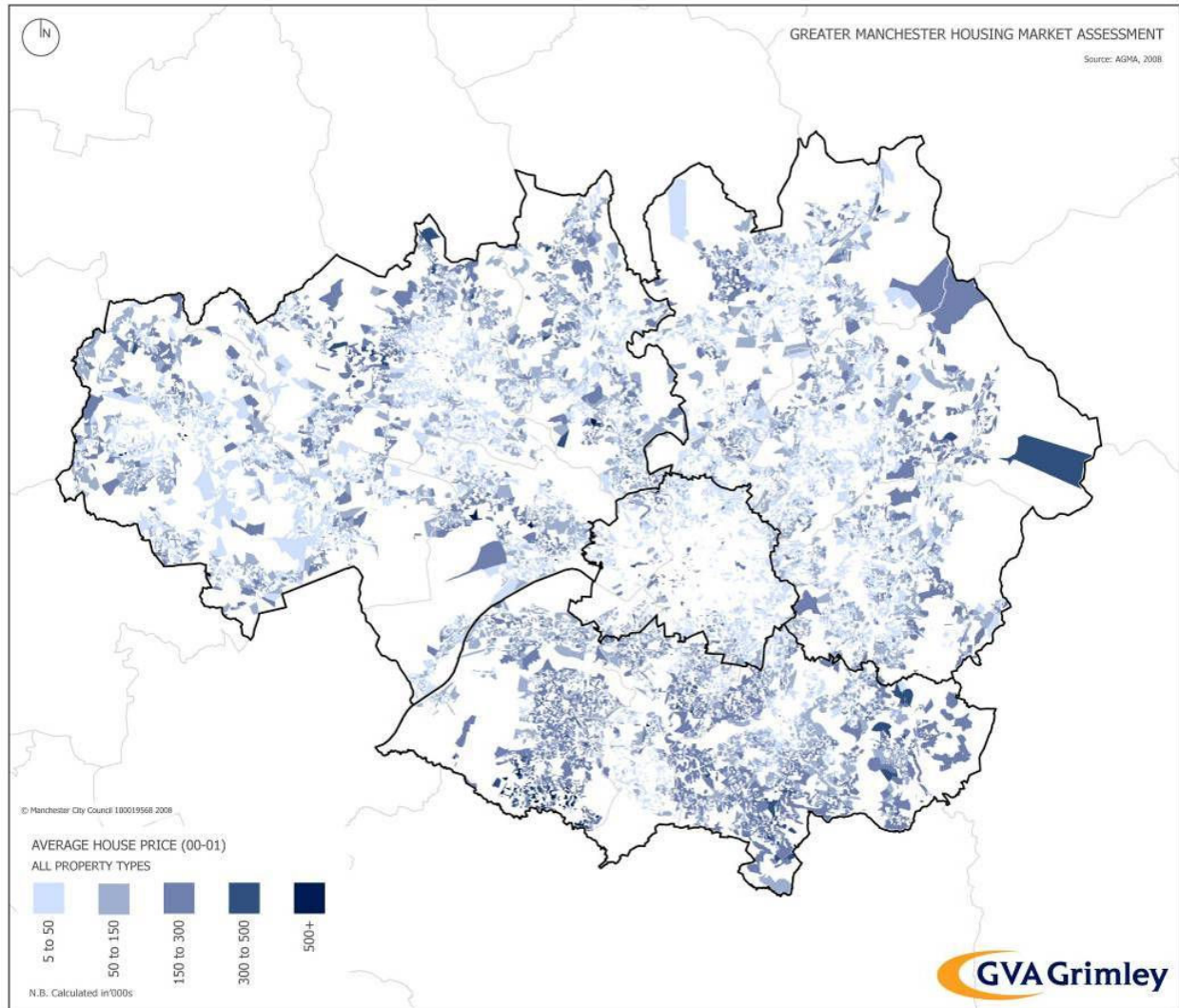
In terms of market performance, an assessment is initially made of average house prices across the Greater Manchester study area both in 2001 and 2007, using six-digit postcode analysis through the Land Registry.

The following illustrations show the overall average property prices both in 2001 and 2007, detailed at six-digit postcode level, followed by an analysis of overall average property price changes between these years. Some areas of the map show no sales recorded in these periods; as illustrated by the blank areas.

²³ Respective Trading Updates December 2007

²⁴ RICS housing market survey United Kingdom, May 2008

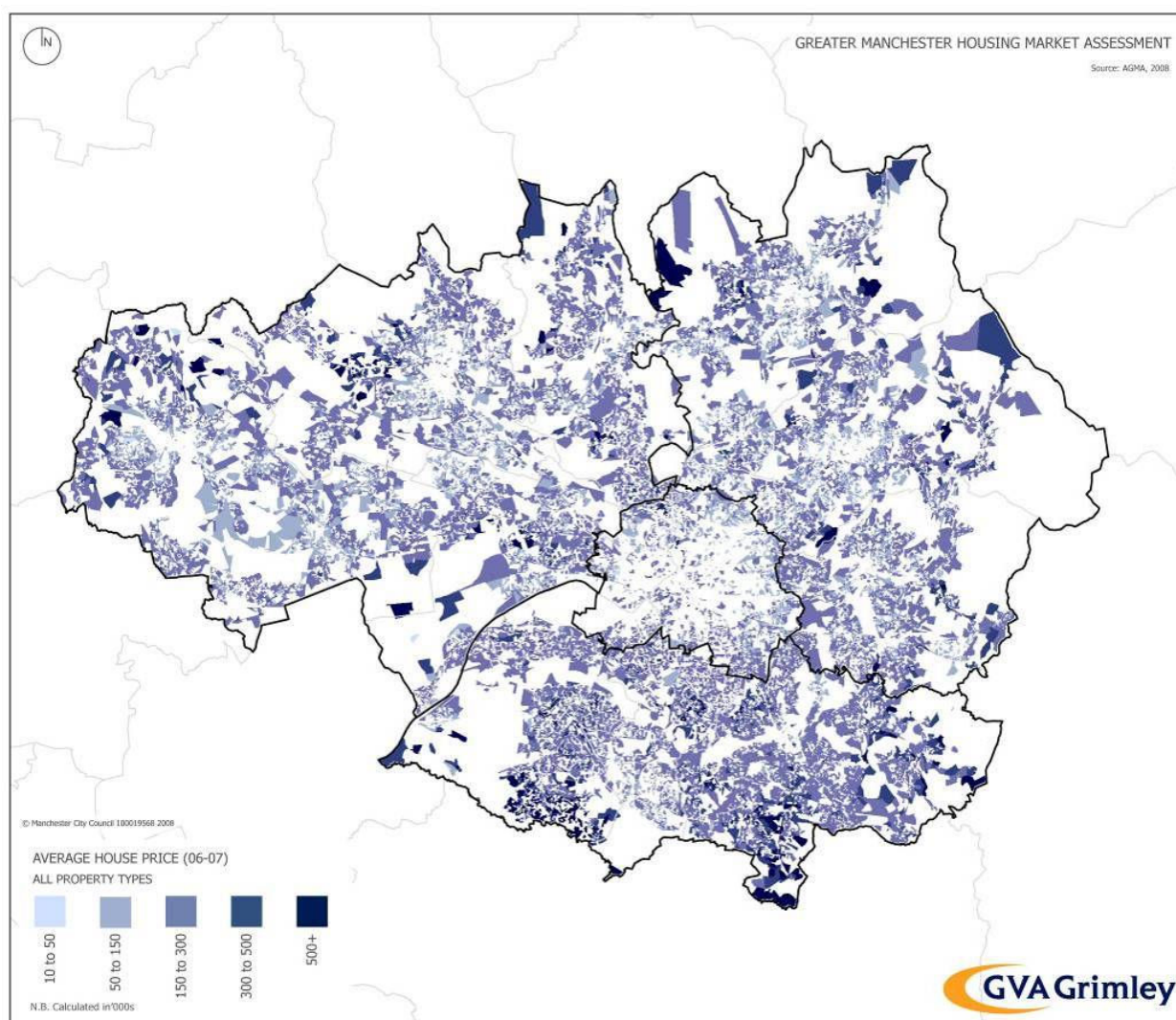
Figure 4.2.3.a: Average House Prices by Postcode 2000/01



Source: HM Land Registry. Note: areas without colour are areas where no sales are recorded

The plan indicates that the majority of homes sold in this initial period fell within the lower price brackets (i.e. sub-£150,000), although there are clearly concentrations of upper-bracket values evident within southern and south-eastern areas. Interestingly the city centres of both Manchester and Salford show either no average values or sub-£50,000 average values, indicating the relative un-matured nature of these market areas. There are also indications within this earlier period of higher values being achieved in rural areas, and lower values being achieved in suburban areas, particularly to the east of Manchester.

Figure 4.2.3.b: Average House Prices by Postcode 2006/07



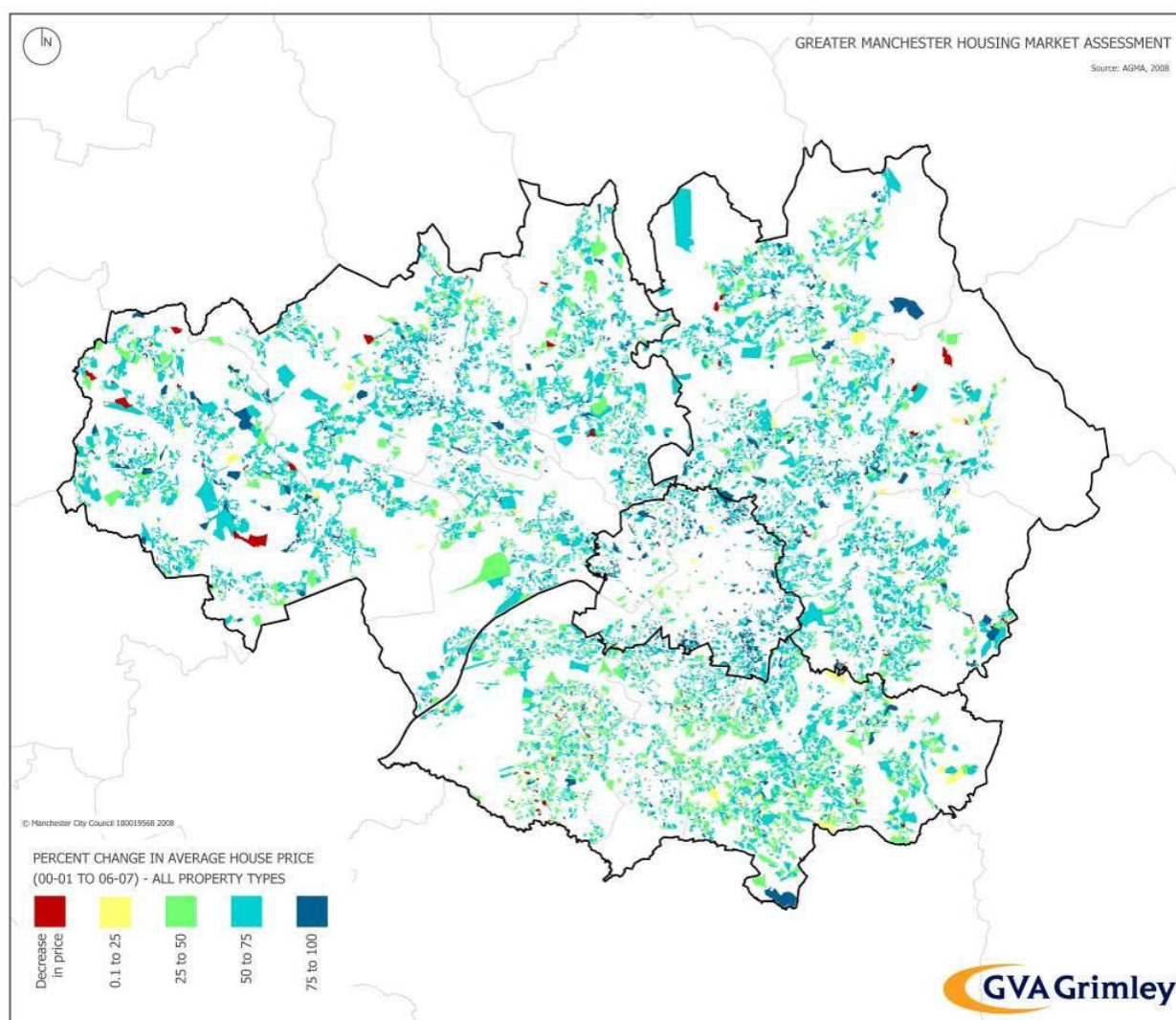
Source: HM Land Registry

The 2006/07 plan contrasts significantly with 2000/01, whereby immediately we may see a proliferation of middle-bracket values now being achieved in the Manchester and Salford City Centre, as well as on their urban and suburban fringes.

The Southern Housing Market Area continues to enjoy upper-bracket market values, with the most southern fringe settlements such as Woodford, Hale and Altrincham all witnessing average values of over £500,000 in six-digit postcode areas within them.

Again we may see that rural areas tend to enjoy higher values than urban and suburban areas, albeit with parts of the North Eastern and North Western market areas witnessing lower bracket average house prices despite their relatively rural location.

Figure 4.2.3.c: Average House Price Change by Postcode 2000/01 - 2006/07



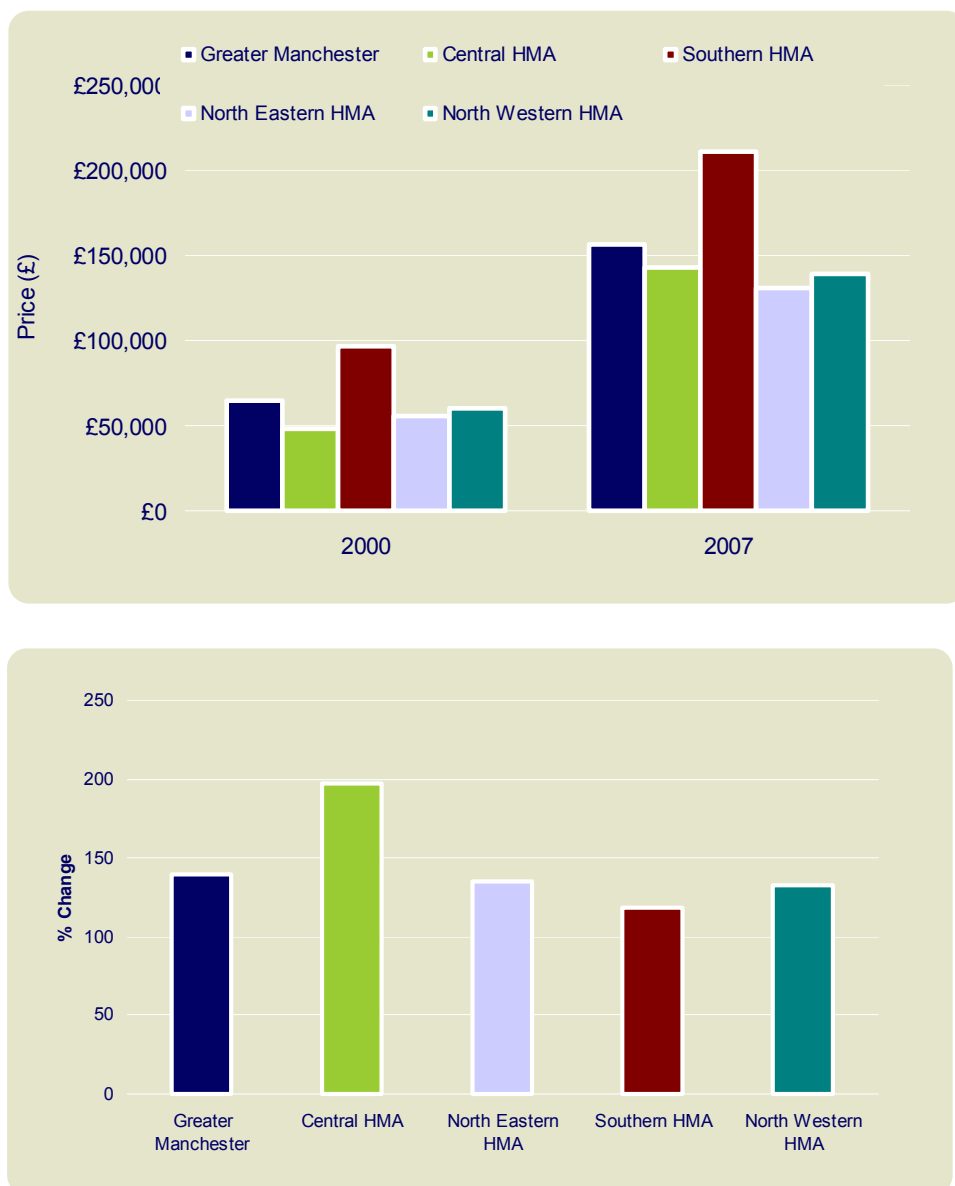
Source: HM Land Registry

The above plan reveals a perhaps surprising picture in that many of the previously upper-bracket average price areas seem not to have enjoyed comparable capital growth to many of the 'emerging market areas' (i.e. those starting at very low base points, for example the City Centres). Of particular interest are the 'outer-urban' fringes of the Central HMA, where there appears almost a consistent strong growth trend, perhaps stimulated by wider regeneration investment.

The vast majority of areas have experienced over 50 per cent price growth during this period. These price growth trends are examined in further detail below.

The following chart illustrates the average price of all residential property at the HMA scale in 2000, contrasted against the average prices in 2007. The data is sourced from the Greater Manchester (GM) Land Registry Database.

Figure 4.2.3.d: Average House Prices by Housing Market Area 2000 & 2007 & % Change



Source: GM Land Registry Database, 2008

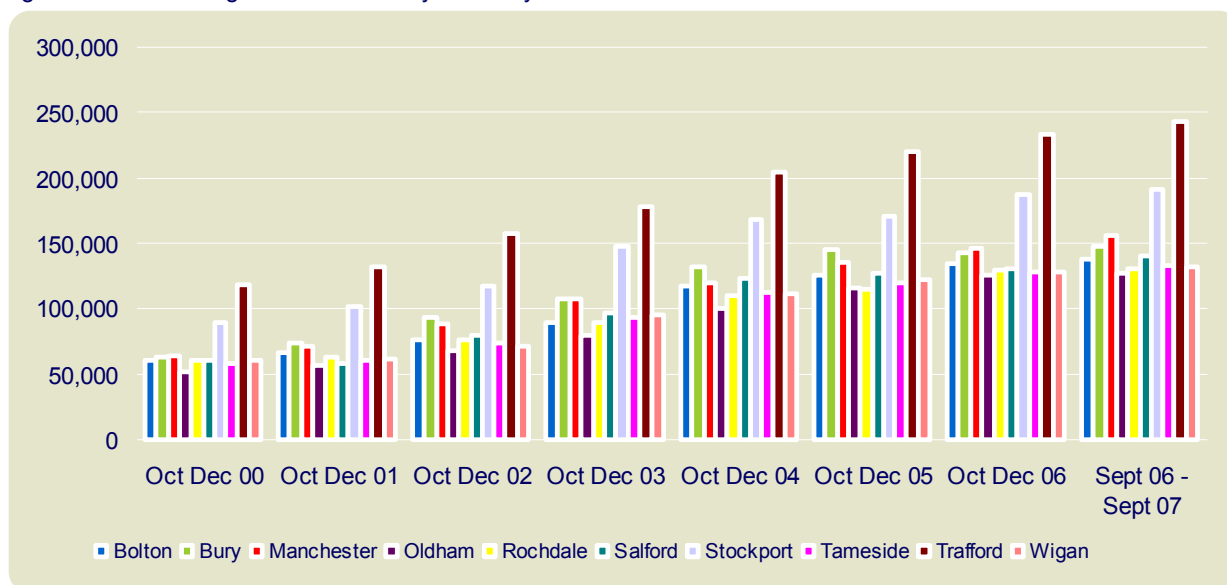
There has evidently been a significant uplift in house prices across all the Greater Manchester Housing Market Areas over the period 2000 to 2007. The Southern HMA remains the area with the highest values, yet the Central HMA has posted the greatest growth in residential values, and has subsequently posted an average value increase in excess of both the North Eastern and North Western HMAs.

Such growth in Central HMA values is reflected in the second chart above, which illustrates the percentage change in house prices from the 2000 base to 2007. Here, it is apparent that the Central HMA has experienced a growth in average values of 197 per cent, which far exceeds all other HMAs. This is particularly the case for the Southern HMA which, whilst staying the most expensive area, has seen the smallest increase in values (119 per cent) over the period of analysis.

Figure 4.2.3.e below sets out the average price of all residential property transactions on an authority wide basis between Q4 2000 and Q3 2007²⁵.

²⁵ The data for Sept 06 – Sept 07 is presented in a format that is not directly comparable with the proceeding data timescale due to the usage of data sourced from the GM Land Registry Database for this period.

Figure 4.2.3.e: Average House Prices by Authority 2000 - 2007

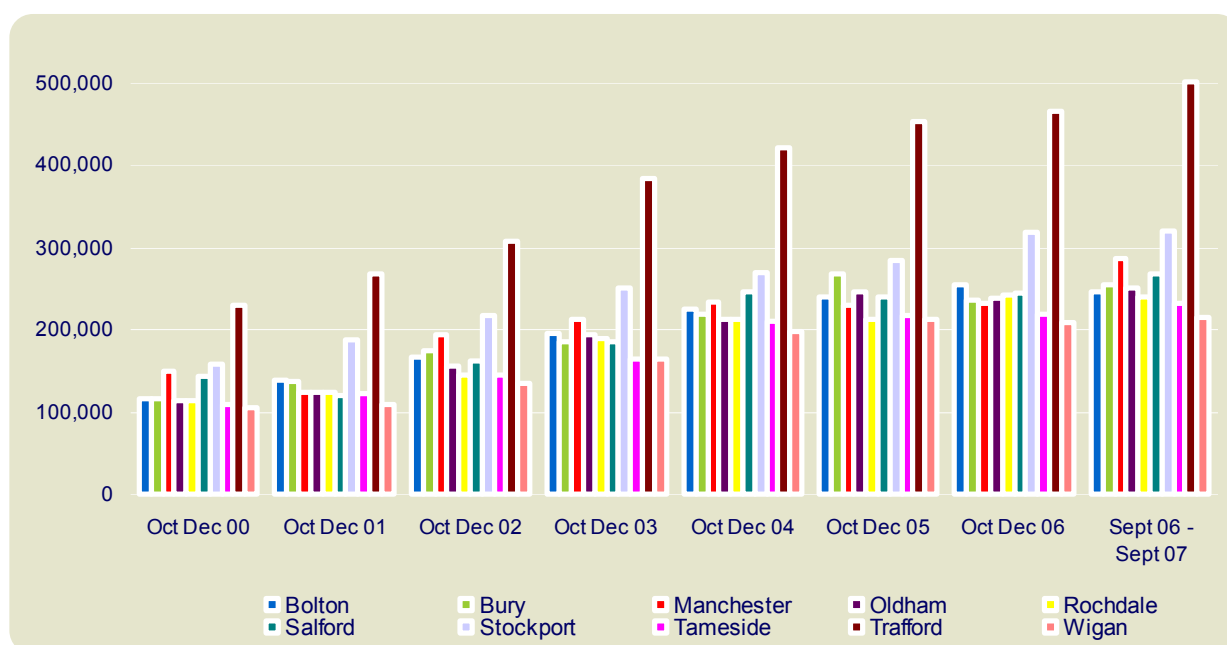


Source: HM Land Registry 2008 & GM Land Registry Database

There has been an upward trend in average house prices year-on-year over this period. Trafford consistently posts the highest average values, whilst Oldham and Rochdale see consistently low values by comparison. Despite this, in terms of percentage growth over this period, Oldham witnesses the highest growth, set at over 147 per cent, closely followed by Manchester at 145 per cent. The lowest percentage growth is seen in Trafford, at just 105 per cent growth.

Figure 4.2.3.f sets out the average price of detached property on an authority wide basis between Q4 2000 and Q3 2007.

Figure 4.2.3.f: Average Detached House Prices by Authority 2000 - 2007



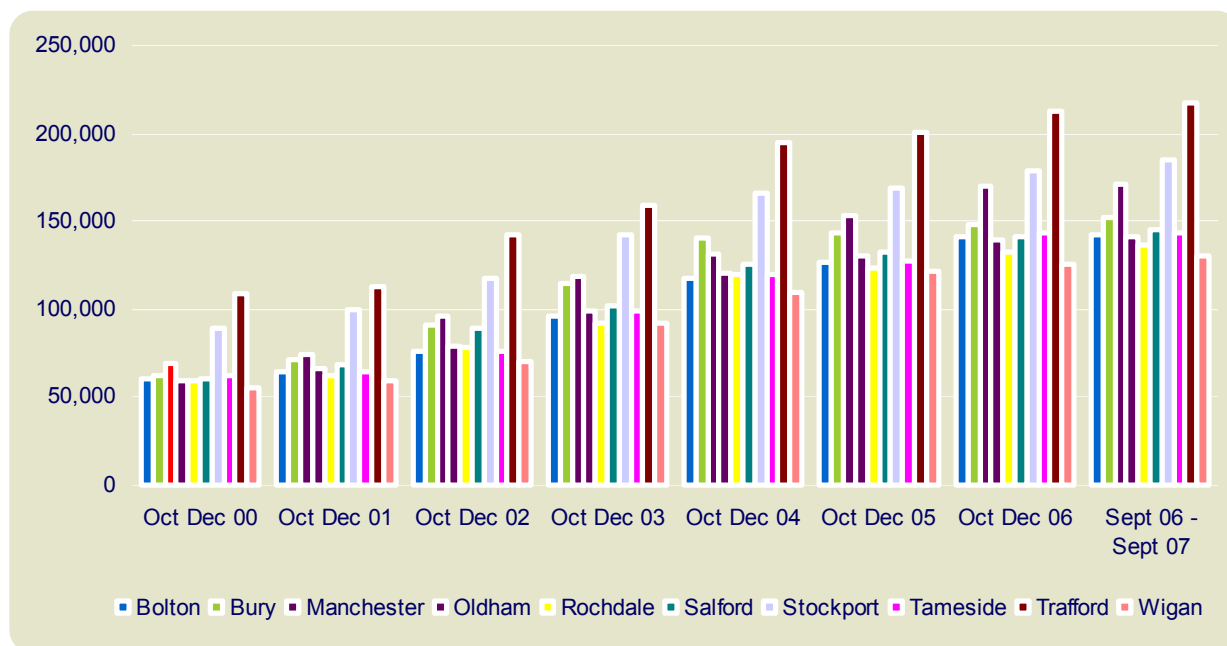
Source: HM Land Registry 2008 & GM Land Registry Database

In terms of detached property, Trafford again sets the highest average value (over £500,000 by Q3 2007), followed by some distance behind by Stockport. In terms of percentage increase over the period, Bury exhibits the highest price rise of 120.6 per cent. This is followed by Oldham (120.5 per cent) and Trafford (119 per cent). This suggests a

growing premium associated with this property type in these locations, most likely linked to demand outweighing supply. Wigan consistently posts lowest average values within this house type.

Figure 4.3.3.g sets out the average price of semi-detached property on an authority wide basis over the same period.

Figure 4.2.3.g: Average Semi-Detached House Prices by Authority 2000 - 2007

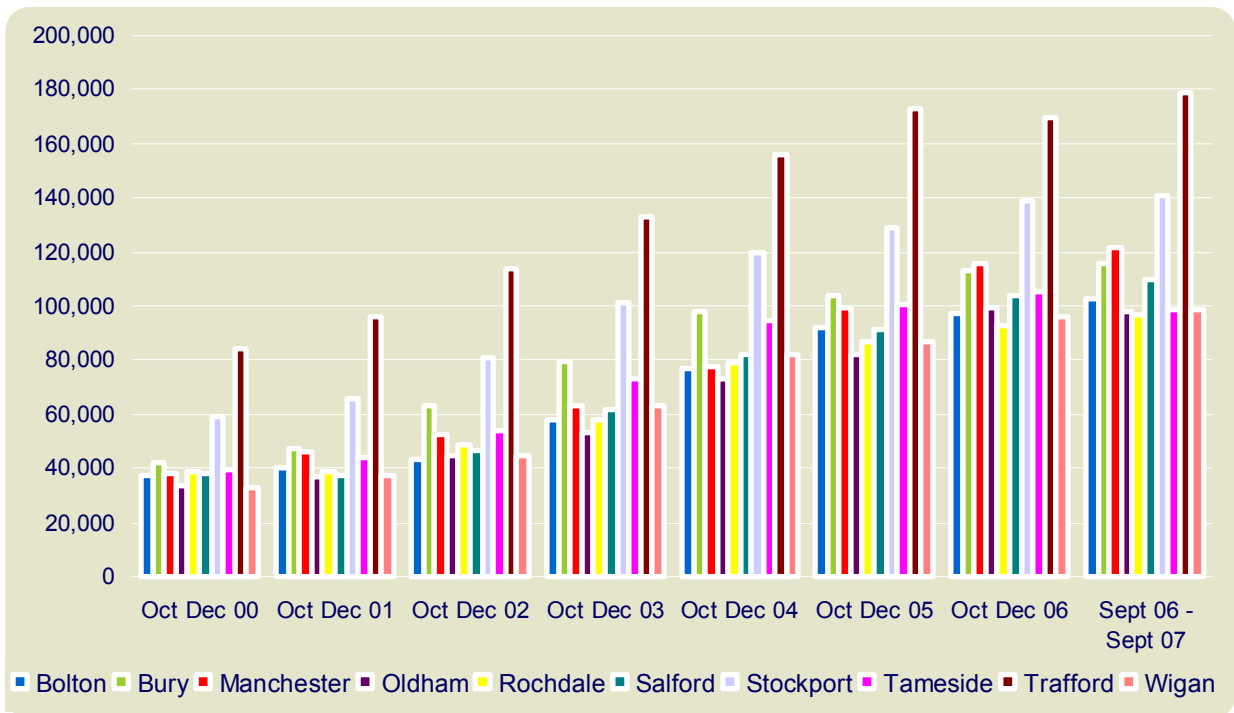


Source: HM Land Registry 2008 & GM Land Registry Database

Whilst Trafford again shows a price premium for semi-detached property, we may see here that it is followed closely behind by Stockport and increasingly Manchester. In terms of percentage growth, Manchester actually posts the largest increase, set at 149 per cent, followed by Bury (144 per cent) and Salford (140 per cent). Trafford actually sees the lowest average price growth, set at 100 per cent.

Figure 4.3.3.h sets out the average price of property on an authority wide basis over the same period, this time for terraced units.

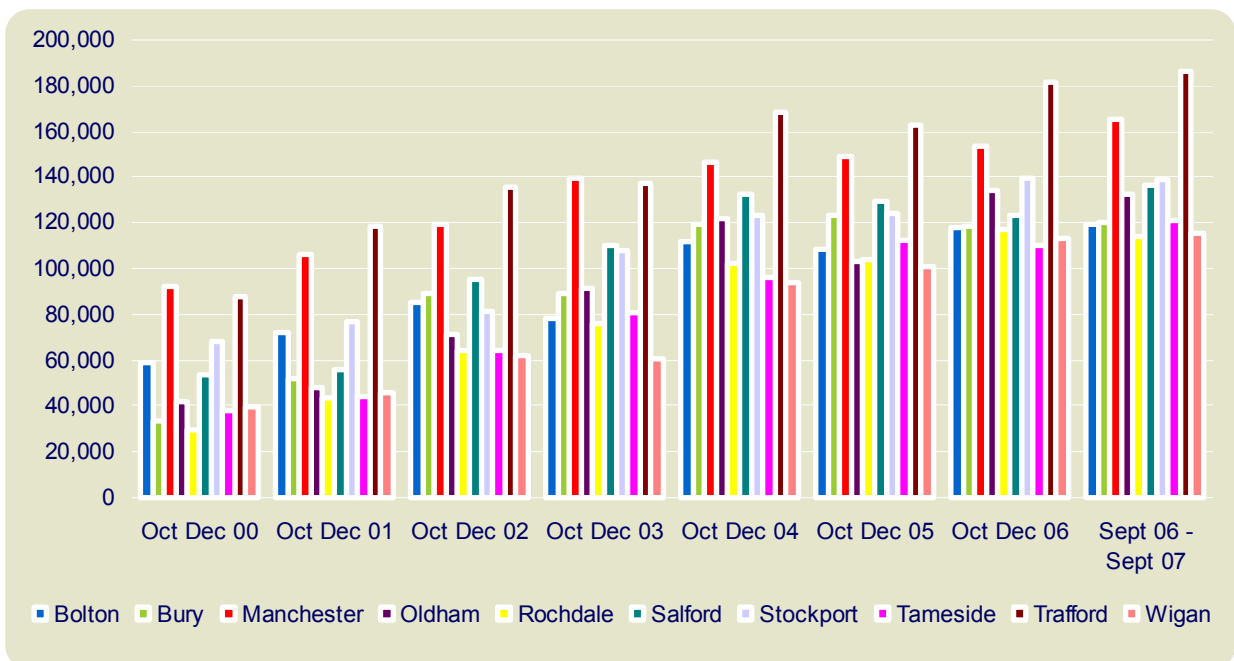
Figure 4.2.3.h: Average Terraced House Prices by Authority 2000 - 2007



Source: HM Land Registry 2008 & GM Land Registry Database

In terms of terrace property average prices, the table indicates a similar trend to that evidenced for semi-detached, with Trafford again exhibiting the largest price premium, again followed by Stockport and increasingly Manchester. Manchester witnesses the strongest price growth, set at 217 per cent, this time followed by Wigan at 197 per cent. Trafford again witnesses the smallest price growth, set at 113 per cent. Finally in terms of property types, Figure 4.3.3.i sets out the average price of apartment/maisonettes on an authority wide basis between 2000 and 2007.

Figure 4.2.3.i: Average Apartment/Maisonette Prices by Authority 2000 - 2007



Source: HM Land Registry 2008 & GM Land Registry Database

In terms of apartments/maisonettes we may again see that Trafford enjoys a price premium, although this time it is most closely followed by Manchester, then Salford (for much of the period). In contrast to other house types, average apartment/maisonette property prices seem to fluctuate over the period, with several cases of average price reduction year on year (see Trafford Q4 2004 to Q4 2005, Wigan Q4 2002 to Q4 2003, and Salford Q4 2005 to Q4 2006). In terms of total percentage growth over the seven year period, Rochdale actually enjoys the largest increase at 288 per cent, most closely followed by Bury at 256 per cent.²⁶

Total percentage price growth by authority and associated rankings are detailed below:

Figure 4.2.3.j: Percentage Average Price Growth & Ranking by Authority 2000 - 2007

	Overall		Detached		Semis		Terraced		Apartments	
	% Increase	Rank	% Increase	Rank	% Increase	Rank	% Increase	Rank	% Increase	Rank
Average Ranking & Price Growth by Authority (2000-07)										
AGMA	127%		108%		131%		170%		172%	
Bolton	126%	6	114%	4	136%	5	175%	5	104%	8
Bury	136%	3	121%	1	143%	2	173%	6	256%	2
Manchester	145%	2	91%	9	149%	1	217%	1	79%	10
Oldham	148%	1	121%	2	137%	4	194%	3	216%	4
Rochdale	116%	8	110%	6	132%	8	151%	7	288%	1
Salford	131%	4	88%	10	140%	3	186%	4	154%	6
Stockport	112%	9	101%	8	108%	9	139%	9	102%	9
Tameside	128%	5	111%	5	132%	7	150%	8	216%	3
Trafford	105%	10	119%	3	100%	10	113%	10	112%	7
Wigan	118%	7	105%	7	135%	6	197%	2	190%	5

Source: HM Land Registry 2008

Price growth by dwelling type offers an extremely useful insight into the supply/demand imbalance; where greatest price growth is an indicator of comparative imbalance. Within this, detached properties actually offer the smallest average price growth across the authorities (just 108 per cent), whilst apartments/maisonettes see the largest average growth (172 per cent). This in part is likely to be driven by the unique delivery of large quantities of high quality apartments to the market and the impact of the investor sector within this particular sector. It is important to note that detached properties, whilst being limited in their supply therefore suggesting that prices should have risen rapidly, actually started at a higher base level and are limited to a comparatively small segment of the market in terms of demand and availability.

Rankings change considerably across the dwelling types, with Manchester enjoying the highest ranking growth in two cases (semis & terraced), and the second lowest for detached and lowest for apartments. By contrast, Trafford sees the lowest average price growth for semis and terraced, and one of the highest for detached. Across all dwelling types, Trafford sees the lowest average price growth, whilst Oldham actually sees the highest.

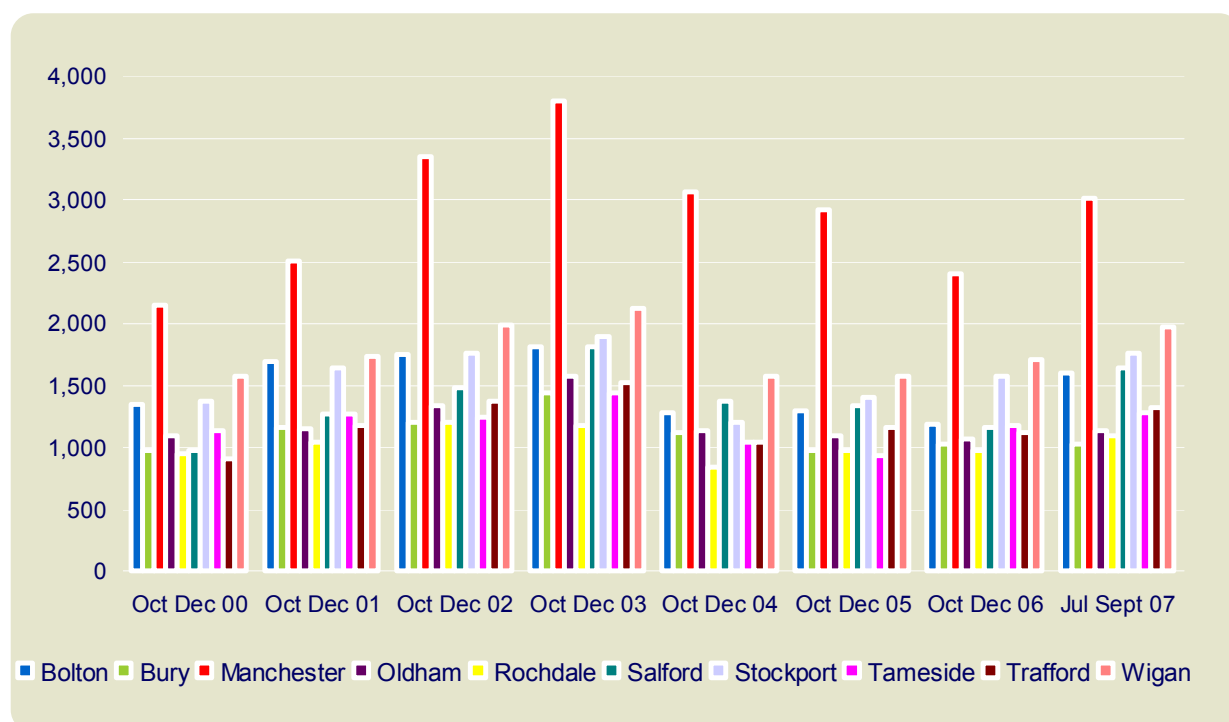
To gain a perspective of the future trend in house price movement it is possible to project these recent price changes forwards. Analysis projecting house price growth at the HMA scale utilising Greater Manchester (GM) Land Registry data reveals that, if housing market trends were to continue rising at the same rate of growth that has been experienced between 2001 and 2007, polarisation between the North Eastern HMA and the Southern HMA would decline marginally. If this same level of growth were to be projected over the long term (up to 2020), then such economic polarisation is projected to decline at a greater rate.

However, it is necessary to point to the existing market context nationally, and in Greater Manchester, in which house price growth has stalled significantly. This situation is likely to have a greater negative impact on those more vulnerable housing markets situated in the North Eastern HMA and, subsequently, renders projections of past growth into the future an uncertain methodology.

²⁶ The number of sales recorded towards the end of the timescale under analysis may be affected by later registrations to the HM Land Registry.

The volume of sales within the private market also represents an important indicator of the level of demand for property, although it is important to note that the levels of sales is linked closely to the overall supply of properties. The following analysis sets out sales over time, between 2000 and 2007, across all house types.

Figure 4.2.3.k: Unit Sales by Authority 2000 - 2007



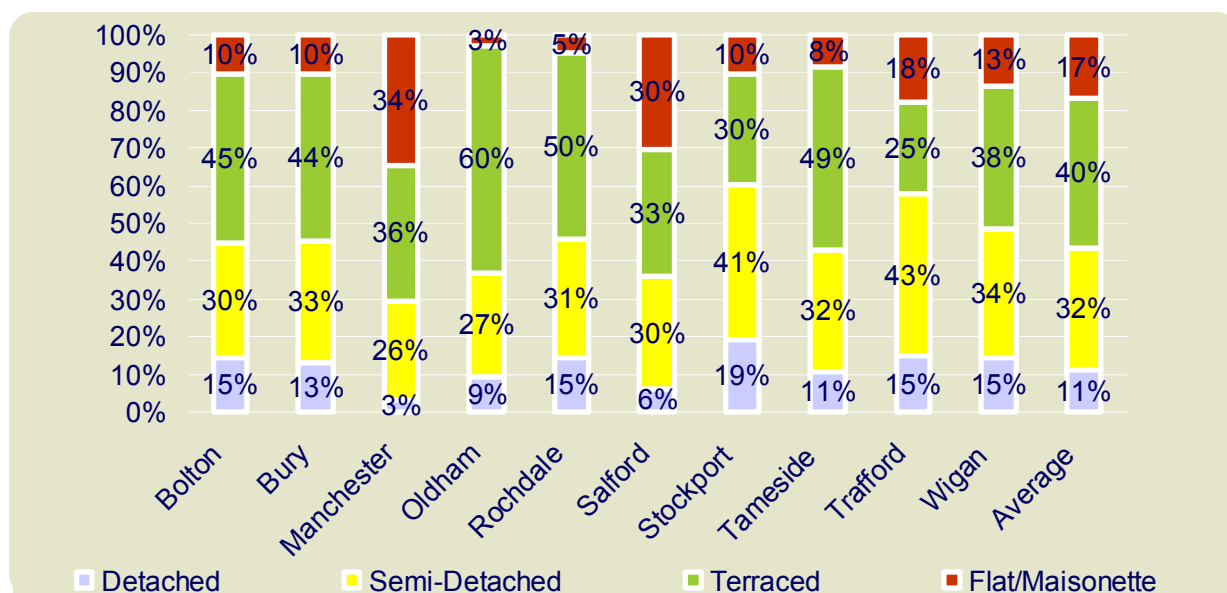
Source: HM Land Registry

We see a cyclical image emerging here, with sales across all authorities peaking in Q4 2003, followed by three year fall and a slight recovery in sales in Q3 2007. Manchester enjoys by far the largest number of sales across the ten authorities in all years, followed by Wigan, Stockport and Bolton. Rochdale consistently posts the fewest sales across the period.

Within this, Salford actually sees the greatest percentage increase in unit sales over this period, set at 67 per cent, most closely followed by Trafford at 45 per cent. Oldham sees the smallest unit sales growth, set at just 4 per cent.

Key to such analysis is an understanding of sales by dwelling type. As such, the following graph illustrates component sales by authority as at the most recent quarter record (Q3 2007).

Figure 4.2.3.I Component Unit Sales by Authority, 2000 – 2007



Source: HM Land Registry

There is clearly a changeable picture across the authorities reflecting the different breakdown in stock profiles. Oldham clearly posts a strong reliance on terraced property, as does Rochdale, Tameside and Bury. In turn Trafford and Stockport appear to over-rely on sales of semi-detached property (as against the average). Unsurprisingly Manchester posts significantly higher than average sales of apartments/maisonettes, followed by Salford, and in turn these two authorities post very few detached property sales.

Whilst composite sales clearly indicate where the market is currently positioned in terms of manifest demand, it is crucial here to understand what the sub-components of this demand are. Specifically a qualitative analysis of what purchasers are driving this market enables us to understand why it has behaved in such a way in the past, and in turn how it might alter in the future as wider macro-economic forces take hold.

To achieve this, an overview of existing research is provided below:

- Outward movement by households in their late twenties and thirties and older continue from the Regional Centre²⁷;
- The revival of private renting represents a major new housing market driver, influenced partly by the growth in availability of buy-to-let mortgages. This has led to a growth in the off-plan apartment market²⁸;
- Shifting attitudes towards housing investment, the removal of security of tenure and rent control, and increasing levels of inheritance arising from property ownership, have all fuelled a growth in the private for rent market. This has been most evident in areas characterised by lower value property, particularly north Manchester²⁹;
- Affluent individuals with access to buy-to-let financing and capital have significant purchasing power and are often competing in the same area of the market as potential first time buyers³⁰;

²⁷ Ecotec; Making Housing Count in the Manchester City Region: Drivers of Housing Market Change in the Manchester City Region (2007)

²⁸ Ecotec; Making Housing Count in the Manchester City Region: Drivers of Housing Market Change in the Manchester City Region (2007)

²⁹ Ecotec; Making Housing Count in the Manchester City Region: Drivers of Housing Market Change in the Manchester City Region (2007)

³⁰ NHPAU Research Findings Number 1: Buy-to-let mortgage lending and the impact on UK house prices (February 2008)

- A downturn in buy-to-let lending could potentially create a downward pressure on house price inflation³¹;
- Between 2003 and 2006, over two thirds of sales in Manchester and Salford have been to resident owners. Sales to non-resident owners are higher in the Manchester Salford Pathfinder area, particularly in Central Salford ADF where half of all sales were to non-resident owners³²;
- Non-resident owners and limited companies bought mainly terraced houses in Manchester and flats in Salford between 2003 and 2006. This pattern was most pronounced in the East Manchester ADF, where 83 per cent of purchases made by investors were of terraces, compared to only 29 per cent in Central Salford ADF³³;
- Smaller investors of one or two properties were most likely between 2003 and 2006 to buy property in the City Centre area. Large investors who purchased over ten properties were more likely to buy in the East and North Manchester ADFs³⁴;
- Survey work indicates that the rental market remains the only option for the younger workforce in the City Centre³⁵; and
- There is a limited availability of family housing in family friendly communities³⁶.
- Survey work indicates that senior company staff look beyond the City Centre for family housing with good road and public transport links³⁷.

4.2.4 Development Profile

A range of private-for-sale developments are currently being marketed within each GM Housing Market Area. By way of gaining an insight into the nature of this new homes supply, a representative sample-based assessment of these gives an indication as to the local market beyond simply looking at property prices. The results are presented below in table form, listed according to component Housing Market Area.

³¹ NHPAU Research Findings Number 1: Buy-to-let mortgage lending and the impact on UK house prices (February 2008)

³² MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

³³ MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

³⁴ MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

³⁵ DTZ; Insights into Transforming the Inner Area Housing Markets of the Manchester City Region (September 2007)

³⁶ DTZ; Insights into Transforming the Inner Area Housing Markets of the Manchester City Region (September 2007)

³⁷ DTZ; Insights into Transforming the Inner Area Housing Markets of the Manchester City Region (September 2007)

Figure 4.2.4.a: Development Profile, Greater Manchester

Area	Developer	Address	Types	Prices
Central	Countryside	New Broughton, Salford	1 & 2 bed apartments, 3 & 4 bedroom homes	£99,950 to £149,950
Central	Crosby	Greenquarter, Manchester	1,2 & 3 bedroom apartments	£162,000 to £261,500
Central	Persimmon	Citi Peak, M20	2 Bedrooms (apts)	from £184,995
Central	Barratt	Icon, Manchester, M20 2LR	1 & 2 bed apts, 3 & 5 bedroom homes	£156,950 to £359,950
Central	McCarthy & Stone	Burnage, M19 2HZ	1,2 Bedrooms Apts	
Central	Lovell	The Way, Ashton Old Road, Beswick, M11	1 & 2 bed apts, 3 bed townhouses	£124,950 to £224,950
Central	Gleeson	City: East, Ashton Old Road, Beswick, M11	2 bed apts, 4 bed houses	£124,995 to £189,995
Central	Gleeson	Grove Village, Plymouth Grove, Manchester, M13 0LF	3 bedroom terrace mews	£150,995
West	Bovis	Tyldesley Square, Tyldesley, Greater Manchester, M29 8DF	2 Bedrooms (apts & starter houses)	£127,495 to £139,950
West	Jones Homes	THE MEADOWS, MIDDLEBROOK, BOLTON, BL6 6SQ	2,4 Bedrooms Apts & houses	£163,500 to £320,000
West	Jones Homes	CLEVELANDS, BL1 5DA	2 bed apts & 4 bed townhouses	£255,000 to £375,000
West	Inspired Developments	Heywood Road Prestwich Manchester M25 1FN	3 & 4 bed mews	from £225,000
West	Persimmon	Atherton Gardens, North Road, Atherton, Greater Manchester M46 OHG	2, 3, 4 and 5 bedroom homes comprising of semi-detached, townhouses and detached homes	from £114,995 to £172,995
West	Persimmon	Olives Valley, Tottington Road, Bury, Greater Manchester BL8 1RU	A range of 3 and 4 bedroom family homes	from £224,000
North	Jones Homes	BROADHURST MANOR, MOSTON, M40 0BA	2 bed mews terrace, 4 bed detached Bedrooms	£129,950 to £235,450
North	Persimmon	Newlands, Rochdale	2 bed apts & 2,3 and 4 bed homes	£115,995 to £134,995
North	McCarthy & Stone	Warburton Court, Oldham, OL3 6AX	1 & 2 bed apartments	from £179,950
North	Bellway	Lowfields, Belfield Lane, Rochdale, OL16 3AY	2, 3 and 4 bedroom town houses	from £159,950 to £177,950
North	Persimmon	Heritage Place, Middleton Road, Heywood, Greater Manchester OL10 2WA	2, 3, 4 and 5 bedroom houses	from £180,995
South	Jones Homes	PARKLANDS, CHEADLE HULME, SK8 6RR	4 bed detached	£299,950 to £475,000
South	Jones Homes	MAPLEWOOD, WOODHOUSE PARK, M22 0AD	2 & 3 bed mews terraces	£139,950 to £152,950
South	Barratt	Melland Park, Reddish, SK5 6LE	2 bed apartments and 3 bedroom townhouses and detached	£124,050 to £215,250
South	Persimmon	CitiPeak, Didsbury	1 & 2 bed Apts	from £152,000

Source: GVA Grimley

A broad picture emerges when analysing such schemes, in terms of the types of product being delivered in each market area, the proliferation of new build development, and the range of values being sought. In terms of the central market area, there appears to be a significant element of apartment development currently being delivered, most of which comprises one and two bedroom, although some developments do offer family housing, albeit these tend to be in outer-urban or suburban areas (e.g. New Broughton). Values in this central area vary significantly, although there appears to be a strong cluster of properties being marketed for between £120,000 and £160,000.

In terms of the North Western Housing Market Area, prices seemingly achieve a premium over the central area, particularly in areas north of the M61 (e.g. Bolton/Prestwich) where marketed values tend to be above £200,000. Properties south of the M61 by contrast are marketed at values more comparable to the central area. In terms of types coming forward in this area, we may see a stronger proliferation of family housing, albeit with some two bedroom apartments often complementing lower-density family schemes.

The North Eastern market area appears to 'fall somewhere in the middle', with family housing predominating but at values comparable to the central area. Interestingly here, as with the central area, McCarthy & Stone are developing 1 and 2 bedroom apartments aimed specifically at the retirement market.

Finally the Southern housing market shows a lack of new build development by comparison, with very few examples being found using desk-based research. Jones Homes are particularly dominant in this market area, and are delivering a range of terrace, semi-detached and detached housing. The apparent constraint in development supply in this market area appears to have inflated pricing, albeit with variations by settlement.

4.2.5 Affordability

The ability of households to access owner-occupied housing has become a national problem with the Government continuing to explore mechanisms and policy approaches which can start to assist First Time Buyers (FTBs) and other market segments to enter and move within this tenure.

The rapid increase in house prices nation-wide has far outstripped the growth of average household earnings. It is well reported that this has left many FTBs unable to enter the property market and also left lower income households struggling to find suitably sized properties in the locations they wish to live in.

Nationally produced guidance has recognised the need to address this increasing issue through the delivery of affordable housing³⁸. PPS 3 defines this as including both social rented housing and intermediate housing³⁹.

Making Housing Count⁴⁰ concluded that lower turnovers of social housing re-lets, further exacerbated by low completion rates of affordable housing and the popularity of the Right-to-Buy scheme, have resulted in a reduction of social stock supply across the entire Manchester City Region, with escalating property prices preventing those households on low incomes from purchasing their own home. Hence, analysis here seeks to support such an assertion.

4.2.5.1 Lower Quartile House Prices

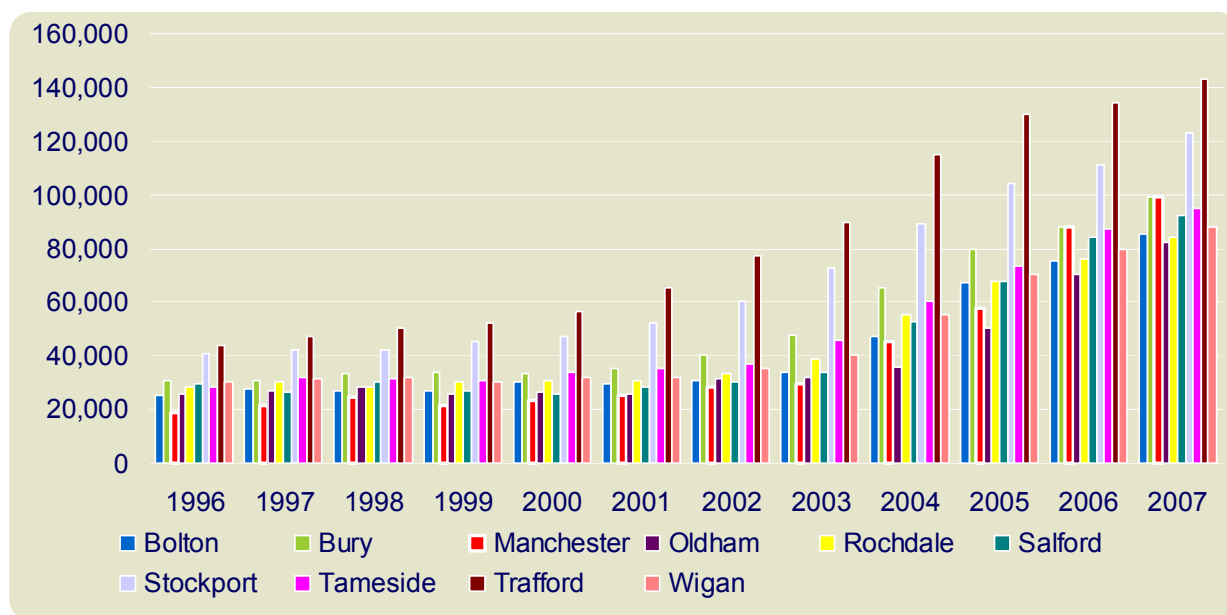
The DCLG records the lower quartile house prices for each authority across the UK. These properties represent the lower levels of the housing market and are considered to be those most likely to be able to be purchased for households on lower incomes or households entering the market for the first time.

³⁸ PPS 3 defines Affordable housing as: 'Affordable housing includes social rented and intermediate housing provided to specified eligible households whose needs are not met by the market. Affordable housing should: - Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices. - Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.'

³⁹ PPS 3 defines Intermediate housing as: 'Housing at prices and rents above those of social rent, but below market price or rents and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.'

⁴⁰ Making Housing Count, 2007 - ECOTEC

Figure 4.2.5.1.a: Lower Quartile House Prices 1996 - 2007



Source: DCLG Housing Live Tables

From the above graph it is evident that clearly lower-quartile house prices have increased significantly across Greater Manchester during this period, with a particularly large increase evident since 2001. Within this, Trafford consistently posts the highest lower-quartile house prices, ending the period at £143,000, whilst Oldham ends the period with the lowest lower-quartile house price, at just £82,000. The largest increase over the period is evident in Manchester with a growth of around 500 per cent. The nearest performing authority then is Bolton at 341 per cent increase. The smallest increase is seen in Wigan, which witnesses at 293 per cent increase in lower-quartile house prices.

The HM Land Registry house price data for Greater Manchester also reinforces the comparable difference between lower and higher quartile prices in each of the authorities⁴¹.

⁴¹ Note: Figures presented from the GM Land Registry Database may differ from Land Registry released Local Authority averages.

Figure 4.2.5.1.b: Lower and Higher Quartile Prices, Sept 2006/Sept 2007

Authority and Number of Properties	Lower Quartile Price (£)	Upper Quartile Price (£)	Average Price 2007 (£)	% Difference
Lower & Upper Quartile Prices (2006/07)				
Greater Manchester	99,000	179,000	153,738	80.81%
Central HMA	90,000	180,000	142,763	100.00%
Southern HMA	135,000	265,000	211,061	96.30%
North Eastern HMA	90,000	165,000	130,791	83.33%
North Western HMA	94,000	179,000	139,066	90.43%
Bolton (6,295)	89,500	160,000	138,055	78.77%
Bury (4,544)	100,000	169,950	147,119	69.95%
Manchester (13,943)	105,000	183,200	156,376	74.48%
Oldham (5,039)	85,000	149,950	127,293	76.41%
Rochdale (4,573)	85,000	152,500	130,221	79.41%
Salford (6,572)	95,000	158,000	139,835	66.32%
Stockport (7,300)	124,000	224,000	190,789	80.65%
Tameside (5,493)	97,500	154,950	133,390	58.92%
Trafford (5,544)	145,000	249,999	242,894	72.41%
Wigan (8,040)	90,000	155,000	131,414	72.22%

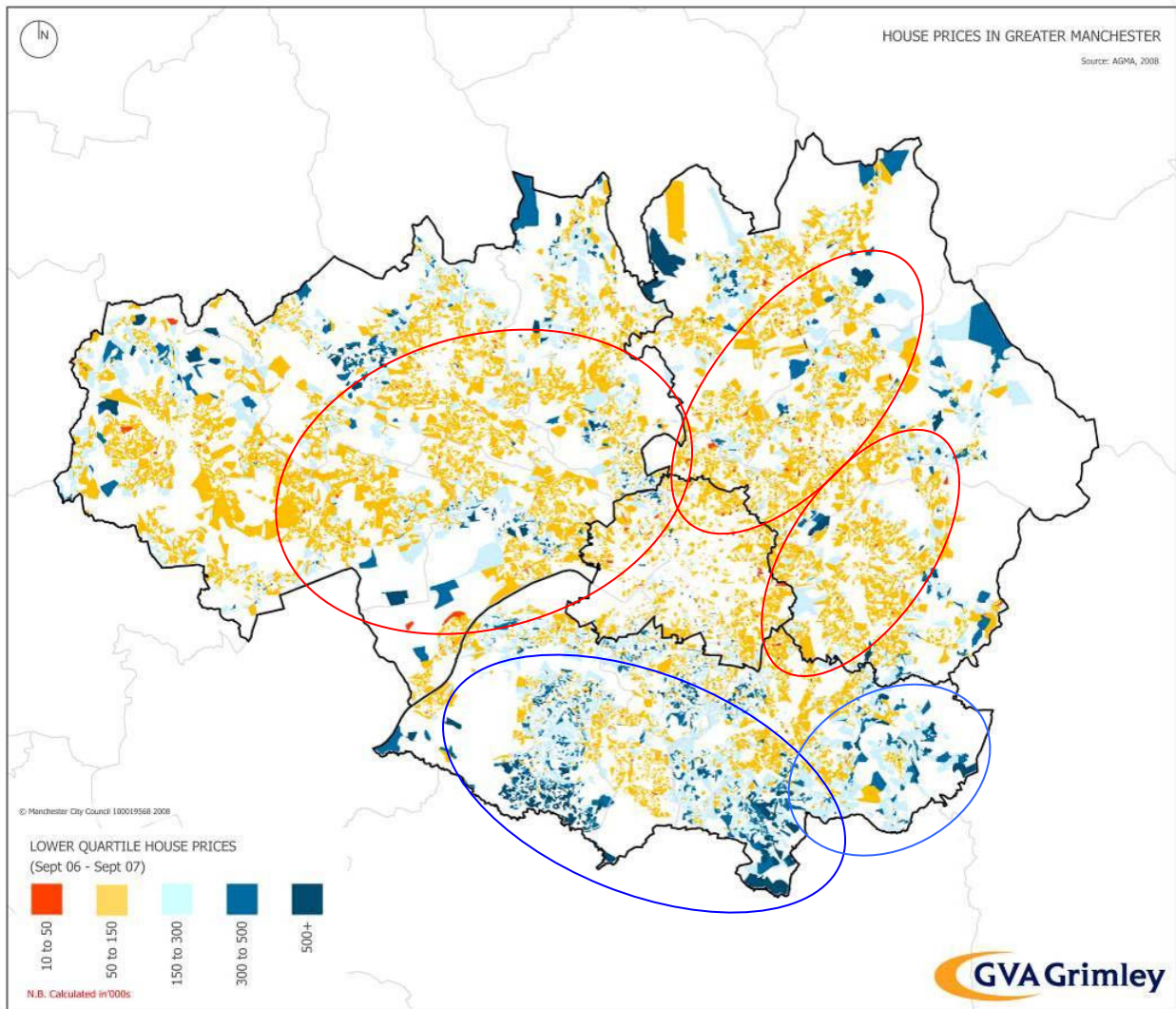
Source: Land Registry, 2008 (GM database)

Analysis confirms the strength of the Southern HMA average price (£211,061), which is significantly in excess of the North Western, Central and North Eastern average house prices respectively.

There are clear differences between lower and upper quartile house prices across the GM authorities, representing varying degrees of price range for 'mid-market' purchasers. This barometer of market diversity suggests that Tameside has the smallest price differential between upper and lower quartile prices at 59 per cent, some way off its nearest comparable; Salford at 66 per cent. The largest difference is evident within the Stockport market, set at 81 per cent, closely followed by Rochdale (79 per cent), Bolton (79 per cent) and Manchester (75 per cent) indicating these markets as the most economically and socially polarised.

Using the Manchester City Council's house price database sourced from the Land Registry, lower and higher quartile house prices have been calculated for every 6-Digit Postcode. The following plan shows the spread of lower quartile prices across Greater Manchester, highlighting the spatial differences within and between market areas.

Figure 4.2.5.1.c: Lower Quartile Prices – 6-Digit Postcode Level 2006/07



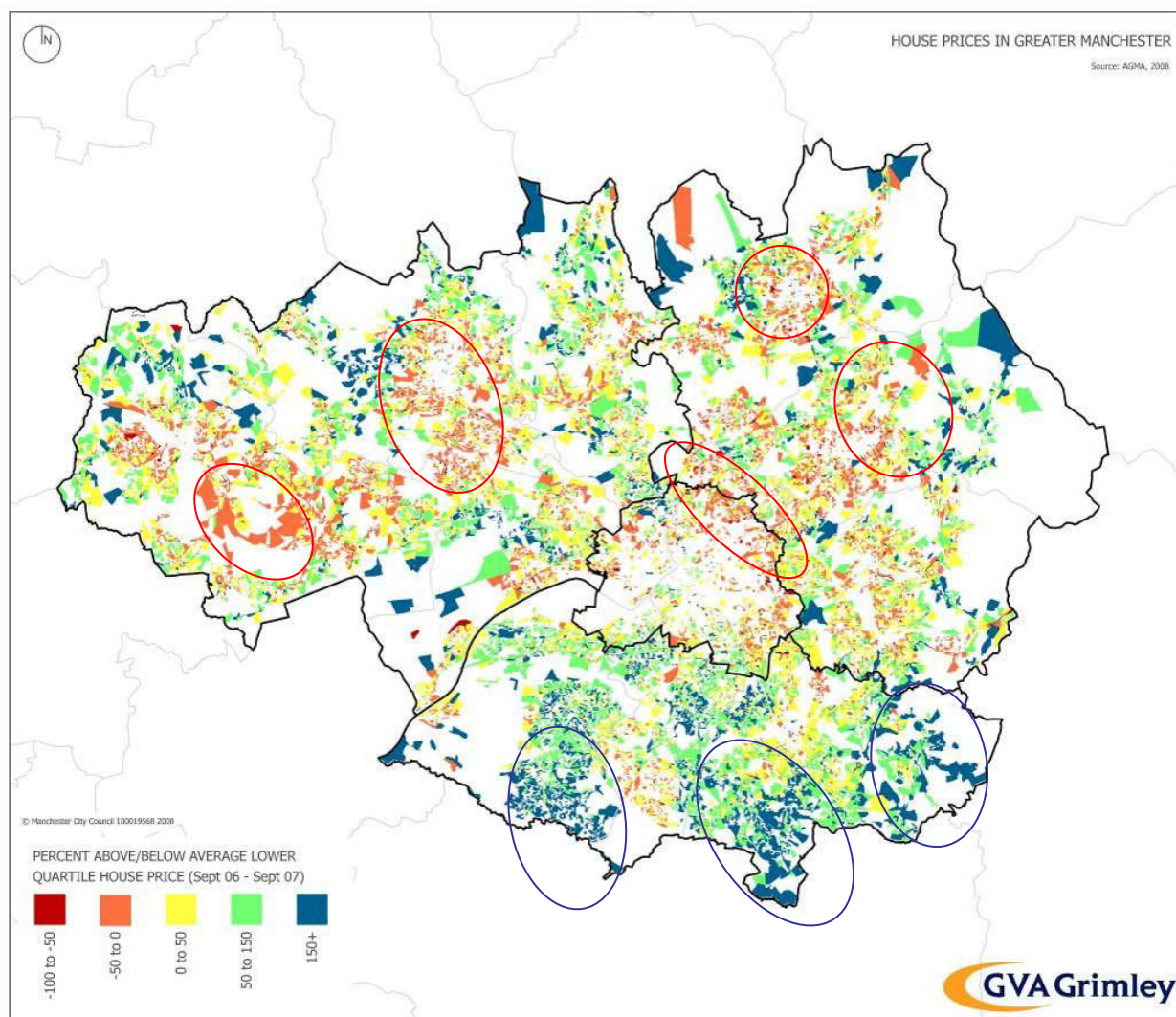
Source: Land Registry, 2008

The above plan shows some very clear clustering of lower-quartile house prices, with significant areas of clustering within the 2nd lowest tier (£50,000 to £150,000) in places such as Wigan, Bolton and Swinton to the west, and parts of north Manchester and Oldham, Rochdale and Ashton-under-Lyne to the north and east.

By contrast, there are clear clusters of upper-tier (£500,000+) lower-quartile house prices evident within the Altrincham, Cheadle, Bramhall and Marple areas of the southern GM area. Several four-digit postcode areas on the rural periphery of the GM area also demonstrate upper-tier lower-quartile house prices, including the Castleshaw Moor area, Calderbrook, Birtle and part of Ramsbottom. These areas thus represent localised housing markets where there exist significant barriers to entry.

The following plan further adds context to this analysis, showing how the lower quartile house price in each six-digit postcode area differs to the average lower quartile price calculated across the whole of Greater Manchester in 2006/07.

Figure 4.2.5.1.d: Six-Digit Postcode Area Lower Quartile House Price % above or below the GM lower quartile house price 2006/07



Source: Land Registry, 2008

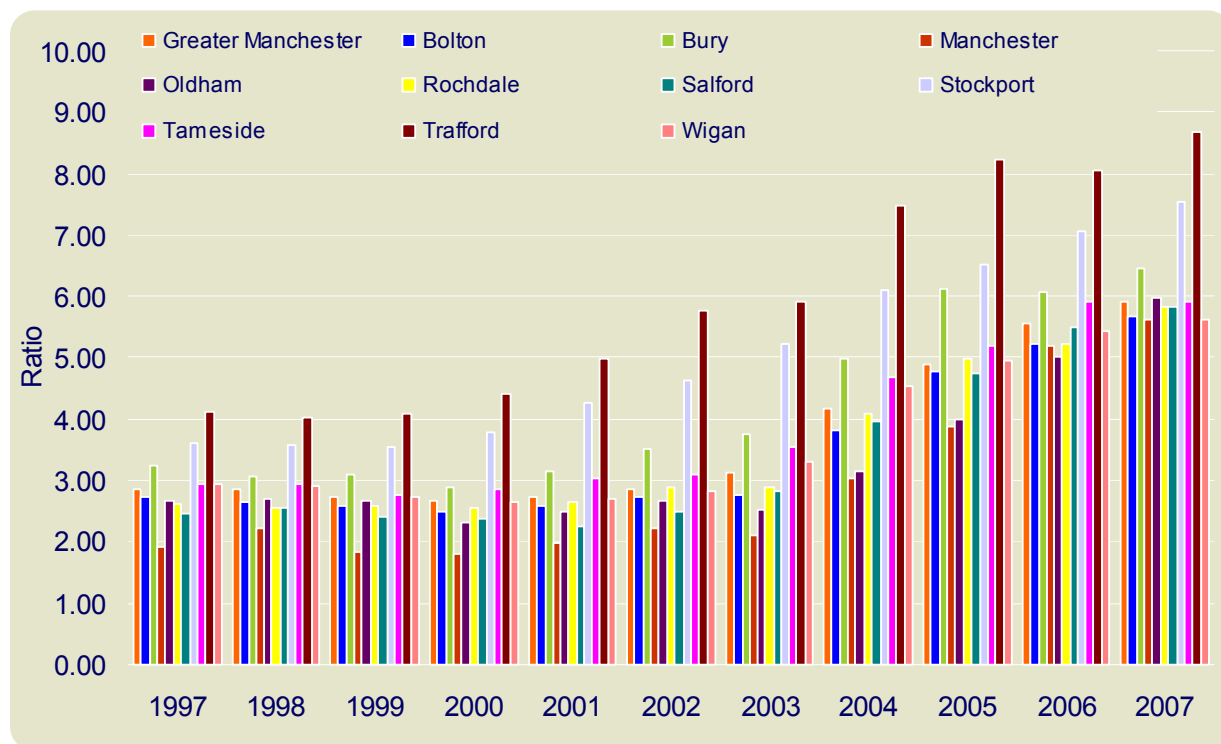
The above plan reinforces previous analysis, showing a stark north south divide, whereby a number of clusters exist in the north GM area where lower quartile average house prices fall some way short (i.e. negative per cent) of the GM lower quartile average. This contrasts with the south, where there exist several clusters of postcodes where lower-quartile house prices exceed the average for the GM area by quite some margin (i.e. 150 per cent+). We may also see that the outer-urban fringes of the central Housing Market Area displays a strong clustering of below average lower quartile prices by 50 per cent - 100 per cent.

4.2.5.2 Assessing the extent of the affordability problem

The DCLG record affordability ratios, based on the relationship between lower quartile earnings⁴² and lower quartile house prices, for each authority over recent years.

⁴² Note: DCLG ratios are based on earnings Annual Survey of Hours and Earnings as opposed to incomes. They do not therefore include the self-employed or employees not paid during the reference period, incomes are also based on an employee survey and do not therefore represent household incomes (with households potentially including more than one source of income).

Figure 4.2.5.2.a: Affordability Ratios 1997 – 2007 (Ratio of Lower Quartile House Prices to Lower Quartile Earnings (ASHE) by District)



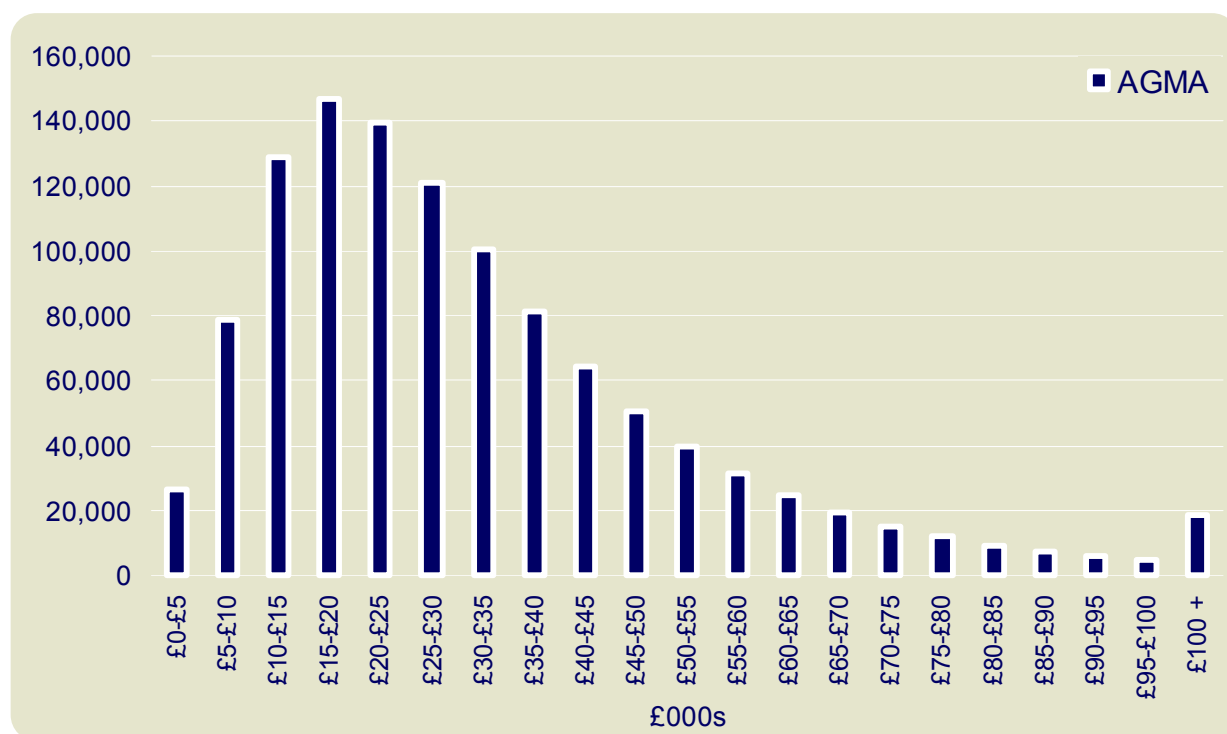
Source: DCLG Housing Live Tables

As with lower-quartile house prices, there has been an upward trend in affordability ratios over this ten year period, with a particularly aggressive rise evident since 2001. Within this, Trafford again consistently exhibits the largest affordability ratio, ending the period at 8.68, suggesting the greatest affordability problem with GM, whilst Wigan ends the period with the lowest affordability ratio, set at 5.61. Interestingly Manchester exhibits comparatively low affordability ratios throughout this period, ending in 2007 at 5.63. This trend is likely, at least in part, to be reflective of the smaller sizes of properties located within the City Centre, and the resultant lower values comparative to neighbouring authorities.

AGMA subscribe to CACI Paycheck data which represents household incomes (as opposed to the individual earnings used by DCLG) and is therefore a more robust source for assessing the income available to spend on living costs. The data is also available down to 6-digit postcode level allowing for low level assessments of affordability.

The following chart shows the income spread across Greater Manchester clearly illustrating the concentration of households with incomes between £15,000 and £25,000. Significantly, this also indicates the significant number of households with very low incomes (below £10,000).

Figure 4.2.5.2.b: Household Income distribution – Greater Manchester

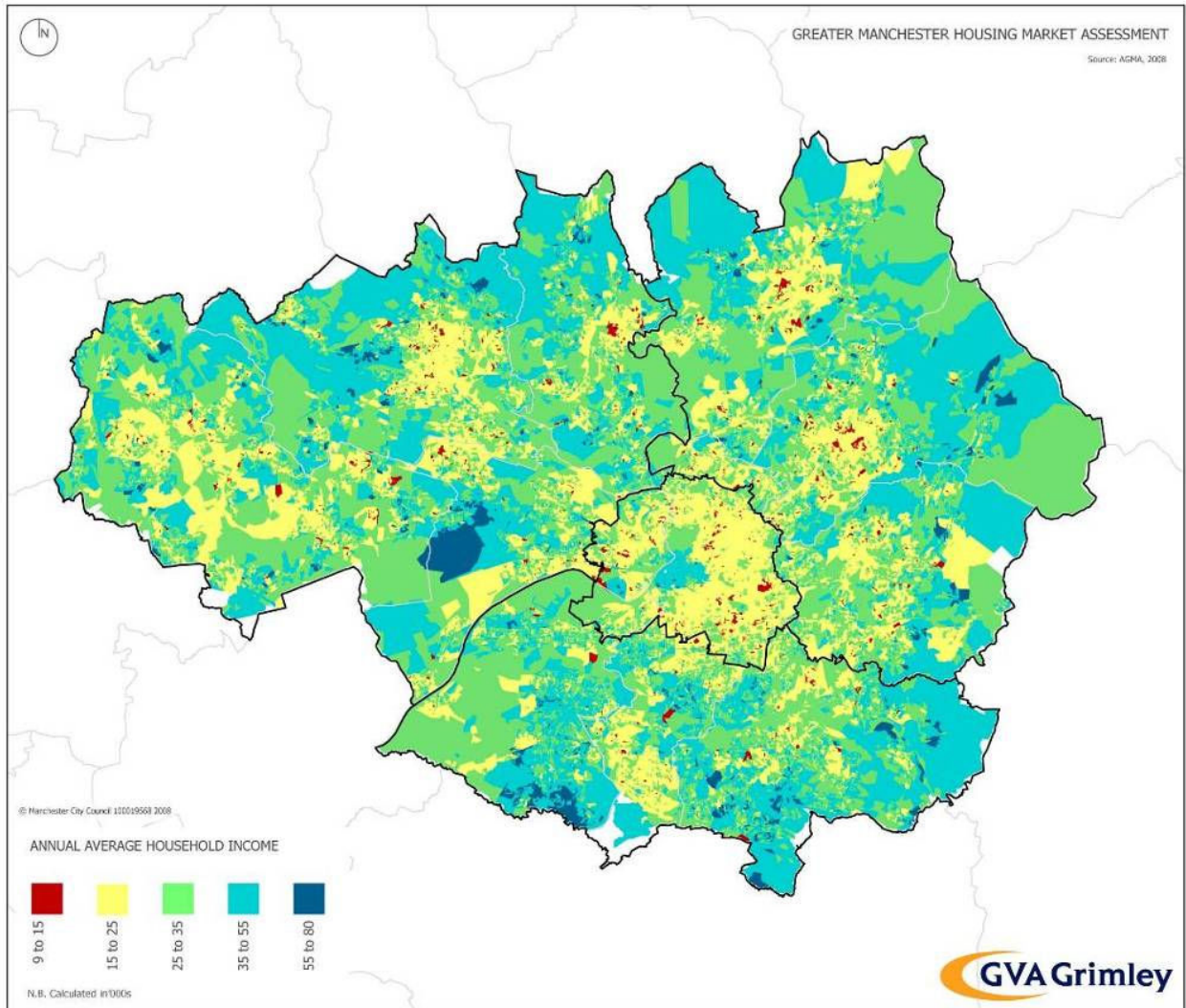


Source: CACI Paycheck, 2007

There are distinct spatial patterns with regard to household incomes which are clearly illustrated within the following map. Households with lower incomes tend to be concentrated within the more urban areas of Greater Manchester with particular concentrations on the fringes of the regional centre and in and around the towns in the North Eastern and North Western HMAs. The more peripheral areas tend to record average incomes in the higher bands. The Southern HMA as a whole contains significantly more postcodes which have average household incomes that fall within the higher bands. Postcodes with notably high median incomes include:

- ⇒ Horwich;
- ⇒ Leigh;
- ⇒ Altrincham;
- ⇒ Cheadle;
- ⇒ Marple/Romiley; and
- ⇒ Delph.

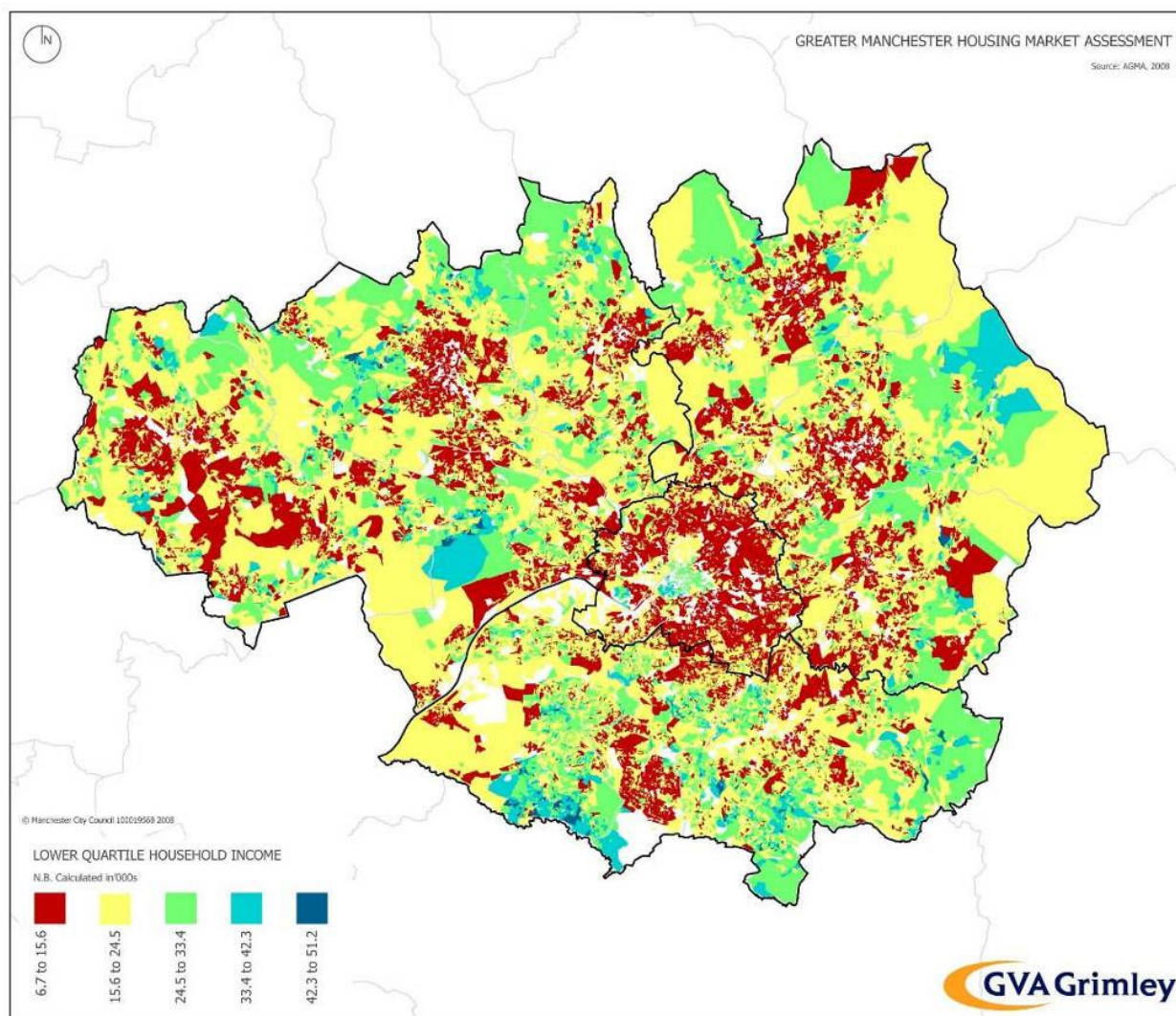
Figure 4.2.5.2.c: Median household incomes by 6-digit postcode area



Source: CACI Paycheck, 2007

Lower Quartile incomes, as noted above, are used in the assessment of affordability as they are considered representative of entry-level households. The following plan shows the lower quartile income for each 6-digit postcode across Greater Manchester.

Figure 4.2.5.2.d: Lower Quartile household incomes by 6-digit postcode area

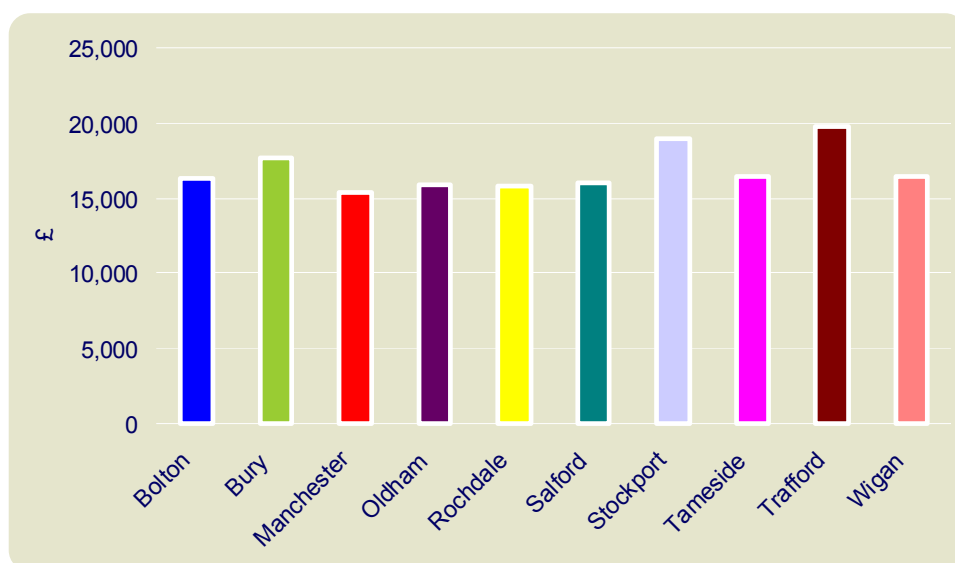


Source: CACI Paycheck, 2007

The red areas are those in which lower quartile household incomes fall within the lowest bracket (below £15,600). Again this identifies a thick band of areas surrounding Manchester City Centre in which there are concentrations of postcodes where the lower quartile income falls within the lowest bands. Again the urban areas in and around the towns of the North Eastern and North Western markets in particular show high numbers of postcodes within the bottom banding. Within the Southern market area postcodes tend to fall within the middle-upper bandings with the exception of large social rented areas including the Wythenshawe area of Manchester.

This spatial pattern of incomes is clearly shown when comparing average lower quartile incomes for each of the ten Greater Manchester Authorities.

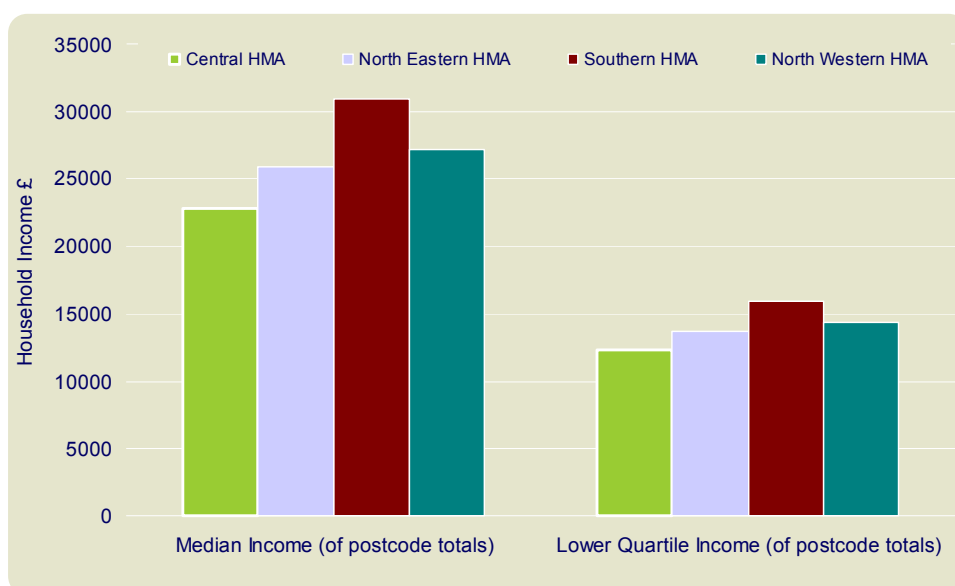
Figure 4.2.5.2.e: Lower Quartile incomes by authority



Source; CACI Paycheck, 2007

The following chart compares median household incomes with lower quartile incomes for each of the Housing Market Areas. This reinforces the analysis above, distinguishing the higher levels of income witnessed in the Southern market.

Figure 4.2.5.2.f: Median and lower quartile incomes at Housing Market level



Source: CACI Paycheck 2007⁴³

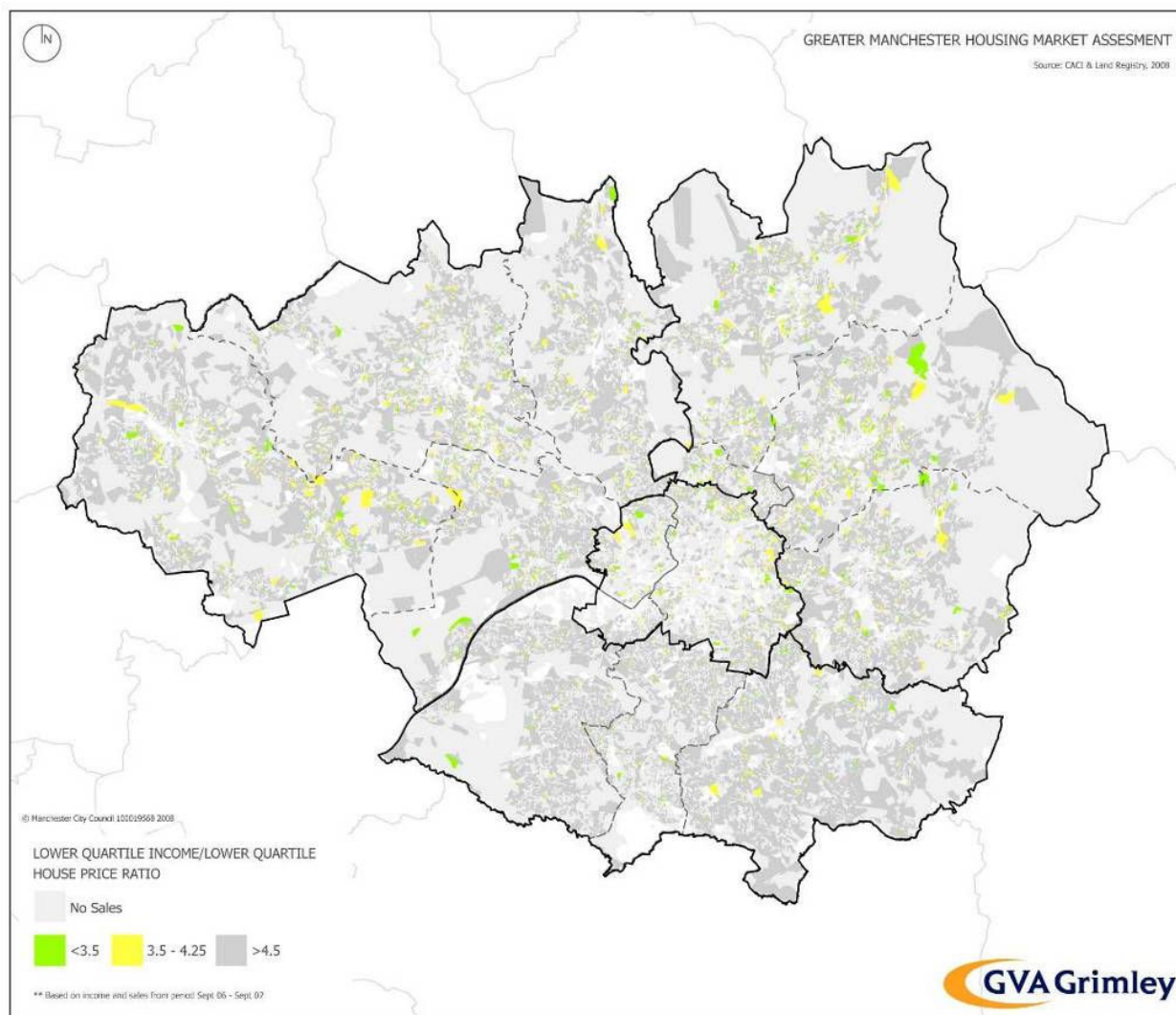
Using the lower quartile house price data (Land Registry) and lower quartile incomes from the CACI Paycheck data affordability ratios have been calculated for each 6-digit postcode area within Greater Manchester. This follows the same principles as used within the DCLG calculations, however, the CACI data uses incomes as opposed to earnings (ASHE) and therefore includes residents who are out of work.

⁴³ Note: Housing market averages have been calculated using the postcode look up tool. This therefore provides a median and lower quartile calculation based on postcode average incomes as opposed to being built up from separate households.

The following plan highlights areas with particularly acute affordability issues, exemplified by high affordability ratios. The analysis identifies areas in which the current housing market is likely to preclude households from purchasing a house, with this being driven by either high house prices or low income levels or a combination of the two.

As a result of comparatively low income levels and a lack of capital first time buyers in particular are affected most acutely by affordability issues. It is important to note that these households play a critical role in ensuring the continuity of the housing market. If households are unable to buy entry level properties other elements of the 'housing chain' cannot operate smoothly, therefore impacting on all components of the housing market.

Figure 4.2.5.2.g: Affordability Ratios – 6-Digit Postcode Level



Source: CACI Household Data and Land Registry Data

The map clearly shows that the vast majority of postcodes fall within the classification of having ratios above 4.25. Areas with ratios above 3.5 are assessed as suffering from affordability issues, with 4.25 representing areas with acute issues of affordability.. The 3.5 ratio is taken as a level as it relates to the levels of lending which banks and other mortgage lenders have been comfortable to release over recent years⁴⁴ and links in with the DCLG Guidance.

This is further reinforced by the table below which shows the number of postcodes falling within each ratio banding. The notably low levels of areas with ratios below 3.5 is clearly illustrated. Focusing on those areas with ratios below 4.25 it is clear that they tend to be located within the North Western and North Eastern market areas with a strong

⁴⁴ Note: in recent months mortgage lenders have tended to control more stringently mortgage products which could lead to lower ratios of lending being offered to customers.

east-west belt identifiable stretching through Wigan, Oldham and Rochdale also contain pockets of these more 'affordable' areas, which reflects the lower average house prices within these areas.

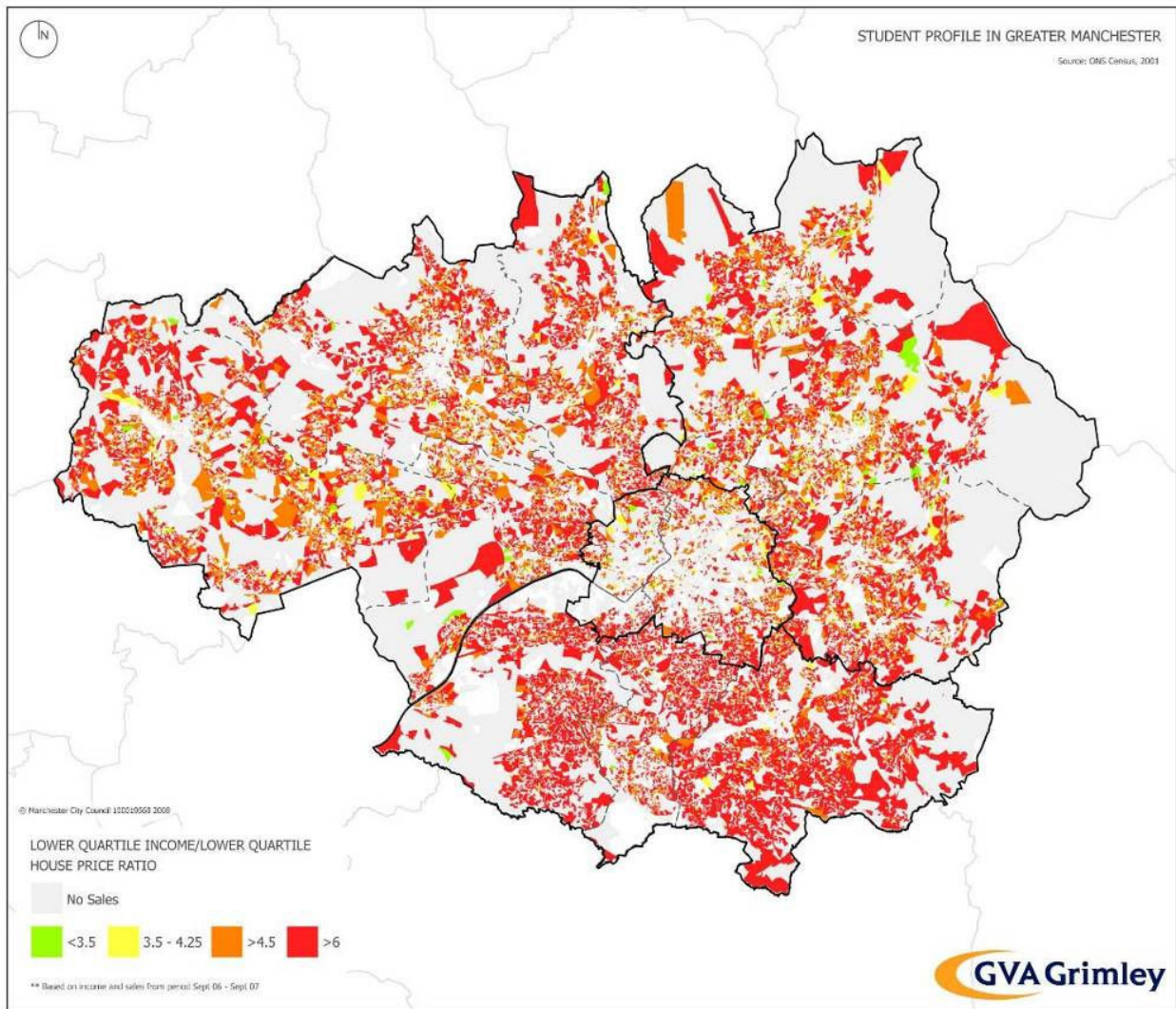
Figure 4.2.5.2.h: Number and proportion of postcodes falling within each affordability ratio

Title	Affordable <3.5		Medium Affordable 3.5-4.25		Unaffordable >4.25		Acute Unaffordable >6	
Bolton	75	2.68	175	6.26	2,545	91.06	1,621	58.00
Bury	47	2.24	107	5.10	1,945	92.66	1,399	66.65
Manchester	141	3.02	259	5.54	4,275	91.44	3,300	70.59
Oldham	109	4.72	190	8.22	2,012	87.06	1,268	54.87
Rochdale	86	3.91	172	7.83	1,940	88.26	1,187	54.00
Salford	84	3.58	127	5.42	2,134	91.00	1,377	58.72
Stockport	26	0.80	58	1.78	3,181	97.43	2,751	84.26
Tameside	62	2.52	134	5.46	2,260	92.02	1,542	62.79
Trafford	36	1.31	34	1.24	2,676	97.45	2,398	87.33
Wigan	109	3.35	227	6.99	2,913	89.66	1,761	54.20

Source: CACI Paycheck, 2007, Land Registry, 2007

The following plan also illustrates areas with ratios above 6 as well as the previous ratio classifications. These areas represent areas with severe affordability issues.

Figure 4.2.5.2.i: Postcode areas classified as having higher affordability ratios (above 6)

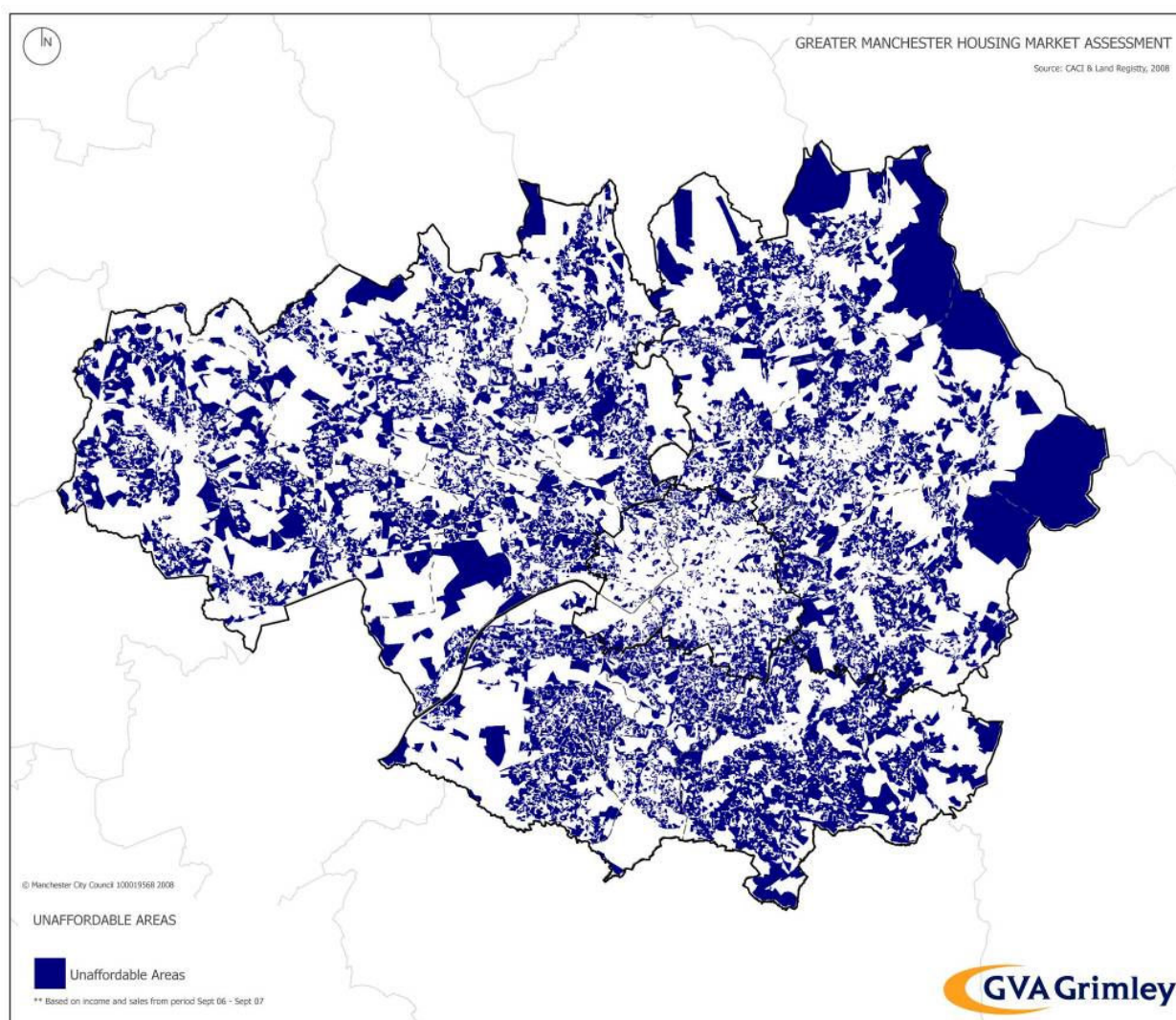


Source: CACI Household Data and Land Registry Data

This map clearly indicates the extent of affordability issues across much of Greater Manchester. However, it clearly illustrates the scale of the issue within the Southern HMA area where almost all of the postcodes have affordability ratios above 6.

Housing markets are often considered to operate relatively locally. In order to identify areas where affordability is a serious issue the following plan shows areas where there are no postcodes within a 1 km radius of an unaffordable area (classified as having a ratio above 4.25 for this analysis given the absence of areas with ratios of 3.5 or lower) which are classified as having a ratio of 4.25 or lower - i.e. an absence of even moderately affordable areas within a reasonable market area.

Figure 4.2.5.2.j: Areas lacking access to areas with an affordability ratio below 4.25 – Classified as Unaffordable⁴⁵



Source: CACI Household Data and Land Registry Data

Taking the 1km area of market search it is clear that the vast majority of areas within Greater Manchester do not have an 'affordable' postcode within close proximity. The Southern HMA in particular stands out as having sprawling 'unaffordable' areas.

4.2.6 Discounted Open Market Housing

The analysis of affordability ratios has clearly illustrated the scale of the problem across most of Greater Manchester. The issue is assessed in more detail through subsequent sections which explore the role of the private rented sector and the role of the social rented sector in accommodating housing need. However, this section examines specifically the level of discount which would be required on current market housing to make units affordable to those entry-level households classified as being represented by lower quartile incomes.

The following table indicates the level of mortgage finance which could be realised by households on lower quartile incomes assuming a mortgage is obtained at 3.5 times salary. Comparison is made against the lower quartile house

⁴⁵ Note: All non-blue areas should not be taken as being affordable as many of these areas actually have no data around sales.

price in each authority, the assumption is made that households would be able to present a 5 per cent deposit, this is representative of the current market where 100 per cent mortgages are no longer available⁴⁶.

Figure 4.2.6.a: Levels of discount required against average market housing for households on lower quartile incomes

	Household Income - Lower Quartile	Mortgage Achievable (based on 3.5 * income)	Average Lower Quartile house price (2007 Q4)	5% Deposit	Price of property minus deposit	Discount required from market value
Level of Discount Required						
Bolton	£16,353	£57,236	£91,500	£4,575	£86,925	34%
Bury	£17,662	£61,815	£108,000	£5,400	£102,600	40%
Manchester	£15,341	£53,694	£105,000	£5,250	£99,750	46%
Oldham	£15,868	£55,538	£90,000	£4,500	£85,500	35%
Rochdale	£15,831	£55,408	£89,000	£4,450	£84,550	34%
Salford	£15,958	£55,853	£100,000	£5,000	£95,000	41%
Stockport	£18,976	£66,416	£125,000	£6,250	£118,750	44%
Tameside	£16,471	£57,650	£105,000	£5,250	£99,750	42%
Trafford	£19,780	£69,230	£142,950	£7,148	£135,803	49%
Wigan	£16,437	£57,530	£95,000	£4,750	£90,250	36%

Source: Land Registry, 2007; CACI Paycheck 2007

This clearly illustrates that a significant discount, at least 34 per cent, would be required across the authorities of Greater Manchester. Trafford and Manchester in particular stand out as requiring very high levels of discount as a result of higher house prices, with this particularly true in Trafford. High average house prices also result in large deposits being attained. For example in Trafford to purchase the average house would require a deposit in excess of £7,000 and it is important to note as identified in an earlier section that many mortgage lenders are now seeking deposits in excess of 5 per cent.

⁴⁶ The analysis has been conducted within a particularly turbulent time in terms of mortgage finance. Whilst many lenders now require larger deposits, above 5%, it is unclear how long this position will last and the benchmark of 5 per cent has been well established in previous assessments of affordability and house price analysis.

Key Issues for Policy & Implementation

The national housing market is clearly going through a turbulent period with prices having consistently fallen throughout 2008. This represents a significant shift away from the sustained period of growth in house prices witnessed since 2000. This shift in the trajectory has been the result of a number of key drivers including wider economic concerns but also represents a correcting of the market, with the increase in house prices clearly creating significant issues of affordability for many households.

The exact duration of the current downturn in the housing market is still unclear. Critically, international and national economic and market fluctuations have led to a retrenchment of lending activity to both end-unit purchasers and developers. This is redefining stakeholder behaviour; placing downward pressure on the development pipeline and purchaser demand all of which suggest that the downturn is unlikely to be corrected within the next two years. Based upon this sustained downturn in the short-term it is therefore likely that a return to the prices witnessed in 2007 is unlikely within the next four to five years.

However, it is important to acknowledge, as indicated through current Government policy and rhetoric that the demand for housing continues to outstrip supply, fuelled by strong household growth and a historical constrained housing supply. On the basis of the current reduction in the supply of new dwellings for sale it is difficult to forecast how this increase in demand will relate to market performance, with the return of available mortgage finance a critical element of enabling the owner-occupier market to recover. However, in the interim it is clear that there is increasing pressure being placed on the private rented sector, and indeed the social rented sector, as a result of market uncertainty. These are issues explored in more detail within the final elements of this Chapter and Chapters 5 and 6.

Looking purely at house prices, there is a strong north/south polarisation within the GM area, with southern areas achieving comparatively higher average values. The buoyant market conditions up to 2007 had started to indicate a marginal narrowing of the gap in house prices between the North West and East HMAs and the Southern HMA. However, in a more uncertain market it is unlikely that this narrowing will continue. Indeed more vulnerable housing markets are likely to be hit hardest by a downfall in the market based on past historical experiences and this is likely to represent a particular challenge for policy, at least in the short term.

Lower-quartile house prices have increased significantly across Greater Manchester since 2000, with a particularly large increase evident since 2001. Trafford consistently posts the highest lower-quartile house prices, ending the period at £143,000, whilst Oldham ends the period with the lowest lower-quartile house price, at just £82,000. The largest increase over the period is evident in Manchester City Centre, which witnessed a 512 per cent increase. This has had significant implications with regard to affordability issues. Whilst house prices have increased significantly this has not been matched by increases in income levels. The outcome of this has been a significantly increasing gap between these two elements with the vast majority of areas across Greater Manchester having an affordability ratio of above 3.5. As noted in the preceding section the supply of affordable housing (social rented stock) has declined therefore worsening the problem. Whilst policy has started to have a limited effect on the delivery of new affordable units this will need to continue to remain a priority. Even taking into account the current downfall in the market, the current issues around the availability of mortgage finance and the scale of the gap between incomes and house prices, suggests that this will continue to be an issue in both the short and long-term.

4.3 The Social Rented Sector

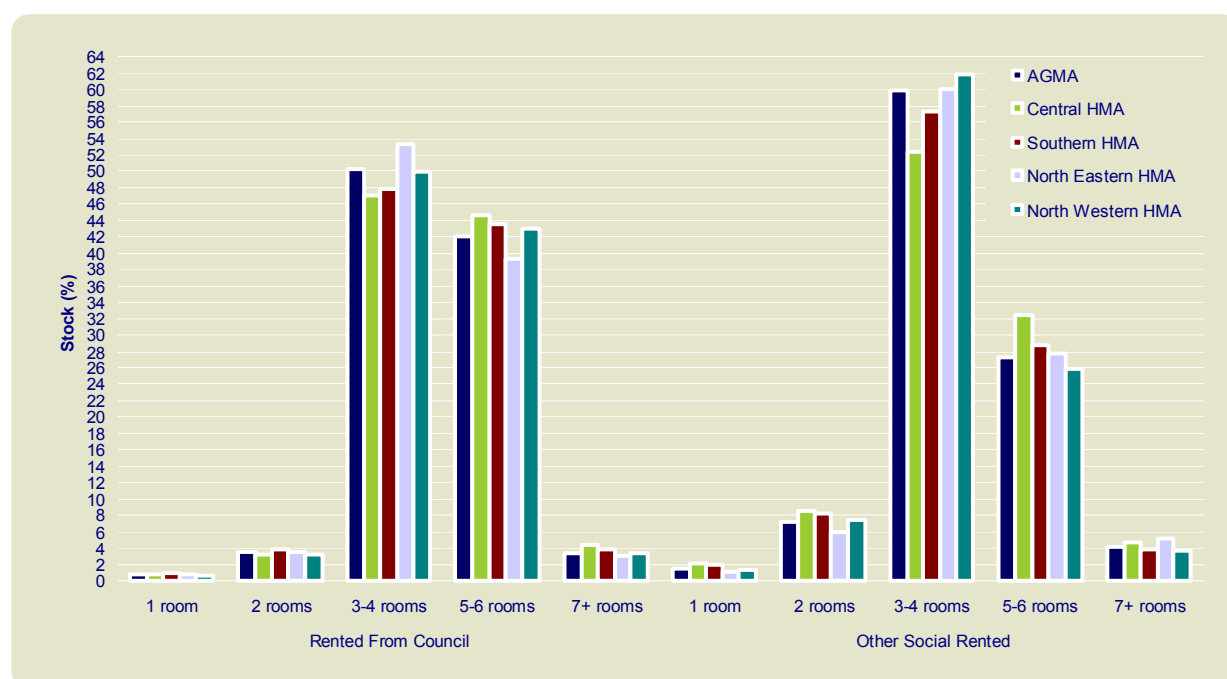
This section examines the broad level of current demand for social rented stock, relating back to the broad analysis of supply and also examining in more detail the profile of housing within this tenure across the markets. This analysis is built on further within Section 6 which looks at identifying levels of current and future housing 'need' as opposed to demand.

4.3.1 Social Rented Stock Profile

The analysis of the overall supply of stock across the market areas identified that the social rented sector as a whole has been contracting as a result of low levels of new completions and the impact of the Right-to-Buy programme. Significantly this contraction has impacted on the overall stock profile with larger houses tending to be more popular for families to purchase. The following table shows the comparable breakdown of social rented stock by size of house.

Figure 4.3.1.a: Social Rented Stock by Size / Type

	Rented From Council						Other Social Rented					
	Total Council Stock	1 room	2 rooms	3-4 rooms	5-6 rooms	7+ rooms	Total Other Stock	1 room	2 rooms	3-4 rooms	5-6 rooms	7+ rooms
Social Rented Stock by Size / Type (%)												
AGMA	184,210	0.7	3.5	50.3	42.0	3.4	64,335	1.5	7.2	59.9	27.3	4.1
Central HMA	81,532	0.8	3.3	47.0	44.7	4.3	29,229	2.1	8.5	52.4	32.4	4.6
Southern HMA	69,936	1.0	3.9	47.8	43.5	3.9	28,276	2.0	8.3	57.2	28.7	3.9
North Eastern HMA	41,974	0.8	3.5	53.3	39.4	3.1	18,324	1.1	6.0	60.0	27.8	5.1
North Western HMA	72,300	0.6	3.1	50.0	42.9	3.4	17,735	1.3	7.4	61.8	25.9	3.6
Bolton	17,849	0.5	3.4	50.7	42.1	3.3	5,855	0.6	6.1	66.7	21.6	5.0
Bury	8,093	0.8	4.0	56.4	35.7	3.1	3,774	1.3	6.5	64.8	25.2	2.2
Manchester	47,889	1.0	3.2	40.1	50.3	5.4	18,129	2.6	8.1	48.6	36.2	4.5
Oldham	15,923	0.7	3.4	57.5	35.6	2.8	4,203	1.3	5.9	58.9	27.2	6.8
Rochdale	16,307	0.9	4.0	53.2	39.3	2.6	4,440	1.4	6.4	60.8	25.8	5.5
Salford	24,246	0.5	2.5	48.5	44.8	3.7	5,362	2.3	11.1	52.6	29.6	4.3
Stockport	12,650	1.1	4.3	50.9	41.2	2.6	4,409	2.0	10.3	67.2	18.4	2.1
Tameside	9,744	0.7	3.0	49.1	43.3	3.9	9,681	0.6	5.7	60.4	30.3	3.0
Trafford	9,397	0.8	4.1	52.5	38.9	3.8	5,738	1.4	6.4	55.9	31.3	5.0
Wigan	22,112	0.6	2.7	44.3	49.1	3.3	2,744	1.0	5.9	63.1	27.1	2.9



Source: NOMIS, 2008 (2001 Census)

The table, and chart, above demonstrate the breakdown of social rented stock by size of house as a proportion of the total housing stock located within Greater Manchester and sub-divided by local authority and HMA. As mentioned previously, it is apparent that the social stock profile within Greater Manchester has been skewed towards smaller and medium sized houses, with the majority of Council-owned, and other social rented, stock (50.3 per cent and 59.9 per cent respectively) having only 3 to 4 rooms. This assertion is supported further by the findings of the Making Housing Count (2007) study, which recognises the impact that the Right-to-Buy scheme has made in intensifying this situation and recommends the delivery of a full range of affordable housing sizes to be brought forward urgently to meet present and future requirements.

For, in contrast, there appears to be a comparatively small number of larger, family housing for social sector residents to apply for, with larger Council-owned houses containing 7 or more rooms contributing only 3.4 per cent of total council stock, and 4.1 per cent of other social rented stock, across Greater Manchester. This severely limits the choices and opportunities available to families who may wish to live within Greater Manchester, yet whom cannot afford to purchase their own property.

At the HMA spatial scale it is apparent that the Central HMA contains the highest proportion of larger, family sized, stock with 7+ rooms, with 4.3 per cent and 4.6 per cent of respective LA owned and other social rented

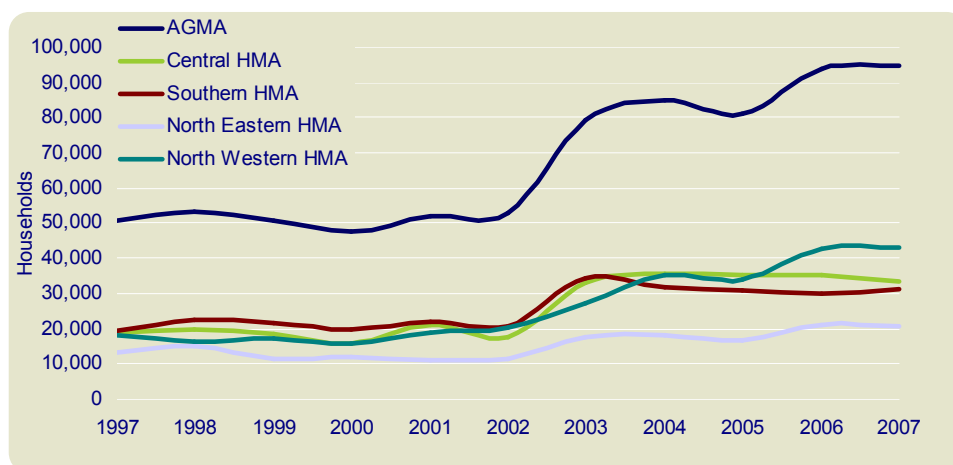
accommodation situated within this size bracket. Conversely, the highest volume of small, 1 room and 2 room, accommodation is situated within the Southern HMA with 1 per cent and 3.9 per cent of Council owned stock, and 2 per cent and 8.3 per cent of other social stock, situated respectively within these size brackets.

4.3.2 Demand for Social Rented Stock

The demand for social rented stock is indicated by the number of people on waiting lists requesting housing. It is important to note that housing registers or waiting lists, whilst being a clear indicator of demand can provide distorted pictures of 'need' as they often include households who are not necessarily in priority housing need (i.e. households presenting themselves on the waiting list despite not being classified as in need as per the DCLG Guidance), an issue picked up in more detail in Chapter 6. The following chart shows the number of households on the waiting lists of each authority back over time⁴⁷.

Figure 4.3.2.a: Waiting Lists – Social Sector Demand

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007 - % All Households
Households on Waiting Lists												
AGMA	50,466	53,496	50,551	47,602	51,813	52,733	79,098	85,073	81,034	93,773	94,702	8.6
Central HMA	19,075	20,009	18,365	16,065	21,089	17,534	33,232	35,651	35,186	35,135	33,436	8.7
Southern HMA	19,419	22,386	21,754	19,915	21,889	20,755	34,308	31,699	30,653	29,882	31,213	7.4
North Eastern HMA	13,127	14,782	11,450	11,927	10,948	11,546	17,562	18,170	16,664	21,241	20,492	7.5
North Western HMA	17,920	16,328	17,347	15,760	18,976	20,432	27,228	35,204	33,717	42,650	42,997	10.3
Bolton	4,460	4,434	5,005	5,391	4,808	9,371	11,909	18,490	16,096	21,422	25,405	23.0
Bury	2,414	2,441	3,739	2,013	2,557	2,209	2,184	2,386	2,370	3,353	3,264	4.3
Manchester	9,739	10,397	9,715	8,262	9,135	9,739	17,304	16,564	17,772	16,994	18,196	9.7
Oldham	3,529	4,218	3,581	3,448	2,067	3,556	4,048	4,587	5,327	7,520	8,501	9.5
Rochdale	4,648	5,425	3,582	2,861	2,850	3,078	6,225	7,231	5,438	6,552	4,810	5.7
Salford	5,655	4,428	3,452	3,204	6,351	3,668	8,026	8,644	11,216	12,074	9,269	9.8
Stockport	5,999	6,805	6,841	7,054	7,151	6,889	9,102	4,692	6,683	6,821	7,046	5.8
Tameside	4,950	5,139	4,287	5,618	6,031	4,912	7,289	6,352	5,899	7,169	7,181	7.4
Trafford	3,681	5,184	5,198	4,599	5,603	4,127	7,902	10,443	6,198	6,067	5,971	6.6
Wigan	5,391	5,025	5,151	5,152	5,260	5,184	5,109	5,684	4,035	5,801	5,059	3.9



Source: DCLG Live Tables, 2007 (note Housing Market Areas are calculated through a summing of authorities and therefore represent a double-counting and Tameside MBC 2007 figure is sourced from New Charter Housing Trust (Lead RSL) figure used in Housing Needs section, due to total stock transfer, which is not taken into account by HSSA).

⁴⁷ HSSA waiting list data represents a robust source for comparing relative levels of demand for social rented stock between authorities. However, it is dependent upon social rented providers keeping their lists up-to-date and removing households who are housed and/or find suitable accommodation through another means.

Analysis indicates that the number of households on the waiting lists for social housing in Greater Manchester remained relatively steady between 1997 and 2002; fluctuating from 50,446 to 52,733. This was followed by a rapid increase in social housing demand with the number of households on the local authority waiting lists increasing by in excess of 26,000 from 2002 to 2003 and peaking at 94,702 in 2007. This now represents 8.6 per cent of all households within Greater Manchester.

The North Western HMA held the highest volume of households on the LA waiting lists in 2007, with 10.3 per cent of all households in the area requiring access to social housing. This area also experienced the greatest numerical growth in households registering on the LA waiting lists between 1997 and 2007, rising from 17,920 to 42,997 households.

Comparatively, the Southern HMA registered the lowest demand for social housing in 2007, with 7.4 per cent of total households placed on the local authority waiting lists. However, it is the North Eastern HMA that has experienced the lowest numerical growth in households registering on the local authority waiting lists between 1997 and 2007, rising from 13,127 to 20,492 households.

The local authority registering the highest social housing demand in 2007 was Bolton, with 23 per cent of all households in the borough registered on the waiting list. Conversely, Wigan demonstrated the lowest social housing demand in 2007, with only 3.9 per cent of all households registered on the waiting list.

Local authorities record through their waiting list demand by type of housing. This is a valuable indicator for identifying certain property types which are in high demand and therefore potentially represent a current under-supply. As with the overall assessment of demand represented by waiting lists it is important to recognise that demand is heavily constrained by the supply of properties. This analysis is performed in detail within Chapter 6.

The following table looks to contrast the indicators for supply and demand relating to social rented stock and shows the latest annual data for the total waiting list, the total number of social rented units by authority and the proportion of stock available to re-let to a household on the waiting list. This is useful to illustrate the comparable difference between these variables, an issue which is examined in considerably more detail as part of the assessment of need in Section 6.

Figure 4.3.2.b: Comparison between social rented supply and waiting lists

	Total Social Rented Local Authority Properties	Total Households on Local Authority Waiting List	Proportion of Total Social Properties Available to Re-let	Proportion of Households on Waiting Lists that can be Housed through Re-lets
Comparison of Available Social Stock Against Waiting Lists (2007/08)				
Greater Manchester	170,243	125,013	9%	13%
Central HMA	66,424	51,122	10%	13%
Southern HMA	52,523	47,710	8%	8%
North Eastern HMA	42,825	27,592	10%	16%
North Western HMA	74,895	49,711	10%	16%
Bolton	18,232	20,615	9%	8%
Bury	8,327	4,869	9%	15%
Manchester	31,765	30,320	7%	7%
Oldham	14,212	11,457	7%	9%
Rochdale	14,046	6,547	14%	30%
Salford	25,448	14,562	13%	23%
Stockport	11,547	11,150	8%	8%
Tameside	14,567	9,588	9%	13%
Trafford	9,211	6,240	11%	16%
Wigan	22,888	9,665	9%	21%

Source: Local Authorities⁴⁸

⁴⁸ Note: Due to the data being nominated by Local Authorities, there are difference with the HSSA figures presented in Figure 4.3.2a.

The table above indicates that overall, Greater Manchester had a high level of demand when compared to supply in 2007/08, with only 13% of the households on local authority waiting lists able to be given social housing through housing owned by local authorities coming available to re-let.

The authorities of Manchester, Bolton, Stockport and Oldham all have the lowest levels of supply when compared to demand over the past year (2007/08). None of these authorities were able to house more than 9% of the households on the waiting list from their social stock coming available to re-let to a new household over the 2007/08 period.

Furthermore, the high volume of households on the waiting list in each of these authorities is testament to the difficulty these authorities are having in clearing the backlog of households on social housing waiting lists - a symptom of need that is being exacerbated by low levels of properties coming available to re-let on an annual basis.

In contrast, a high volume of properties coming available to re-let to a new household on an annual basis in several authorities is resulting in a higher proportion of households being housed. This is particularly the case in Rochdale, Salford and Wigan, where 30%, 23% and 21% of households on the waiting list could be provided with social housing in 2007/08 through social re-let properties.

At the HMA scale it is apparent that the North Western and North Eastern HMAs had the highest level of supply in proportion to demand across Greater Manchester in 2007/08; having the capability to meet 16% of the households on the waiting list through social accommodation coming available to re-let to another household.

Conversely, the Southern HMA had the highest level of demand proportionate to available supply, with only 8% of total households on the waiting list able to be accommodated through the proportion of social housing coming available to re-let in 2007/08.

The level of turnover of properties is another indicator of the level of demand. A high level of turnover suggests that the accommodation does not meet household needs. Turnover is calculated by dividing the number of lettings by the number of units, it is important to note that turnover tends to vary between property types. For example one bedroom flats/apartments tend to be let more regularly as the households which require this type of product tend to be more transient by nature.

Figure 4.3.2.c: Turnover rates of social rented stock

	Total Stock	Total Lettings	Turnover Rate
Turnover Rates - Social Stock 2006/07			
Greater Manchester	262,739	22,192	8
Central HMA	117,979	9,443	8
Southern HMA	103,142	9,001	9
North Eastern HMA	63,118	7,221	11
North Western HMA	96,479	5,970	6
Bolton	25,544	2,872	11
Bury	12,672	1,373	11
Manchester	70,624	6,983	10
Oldham	20,238	1,665	8
Rochdale	22,047	3,243	15
Salford	32,252	953	3
Stockport	17,415	511	3
Tameside	20,833	2,313	11
Trafford	15,103	1,507	10
Wigan	26,011	772	3

Source: CORE, 2008 & HSSA, 2007

It is generally considered that a turnover rate in excess of 10 per cent can be indicative of a poor quality of stock, which results in a transient population and high volume of household movement through the stock. However, it is important to note that turnover rates tend to be higher in smaller units (i.e. bedsits and one-bedroom flats) and

therefore authorities with higher proportions of these stock types are likely to witness elevated turnover rates. It is apparent that turnover rates of social stock within Greater Manchester are, on average, relatively high at 8 per cent.

Nevertheless, particularly high turnover rates of 15 per cent and 11 per cent respectively in Rochdale, Bolton, Bury and Tameside do allude to a potential imbalance within the social rented stock, in which households do not wish to reside for an extended period. Hence, it is proposed that improvements to the quality of the social stock should be a priority in these areas with opportunities for radical or wholesale solutions explored in the locations exhibiting deep-rooted and entrenched problems.

This trend is reflected in turnover rates at the HMA spatial scale, with the North Eastern HMA having a particularly high rate of 11 per cent, which is significantly above the Greater Manchester average of 8 per cent. In contrast, the North Western HMA demonstrates the lowest stock turnover rate, at 6 per cent.

It is important to recognise that whilst low turnovers suggest high demand for stock they also impact on the ability of the existing stock to absorb current and future households classified 'in need'. Low turnover rates means that the number of new properties available for new households in need to be housed is low creating a backlog of need or demand for the stock. This is examined in more in more detail in Section 6.

Key Issues for Policy & Implementation

The analysis of waiting lists and turnover clearly illustrates that the wider drivers in the housing market, including increased affordability issues, have been reflected in a significant growth in demand for social rented stock. Indeed, local authority waiting lists increasing by in excess of 26,000 from 2002 to 2003 and peaked at a total of 94,702 in 2007. At this point, this represents 8.6 per cent of all households within Greater Manchester. The scale of this issue is clear in terms of demand. Section 6 looks in more detail at how this overall demand is translated into 'need' and therefore the levels of affordable housing likely to be required in the future (supply). Section 6 also explores in more detail the relative level of demand for affordable housing of different sizes, however, it is clear from this analysis that the current stock profile is unbalanced with notably low levels of larger properties suitable for larger families. Policy will therefore need to aspire achieve a greater balance of stock in this tenure.

Looking at turnover, as noted above it is clear that as a result of elevated demand and constrained supply turnover rates have fallen across Greater Manchester. This fall in turnover rates impacts on the ability of the existing stock to absorb current and future households in need. At the HMA spatial scale, the North Eastern HMA having a particularly high rate of 11 per cent, which is significantly above the Greater Manchester average of 8 per cent. In contrast, the North Western HMA demonstrates the lowest stock turnover rate, at 6 per cent.

4.4 Private Rented Sector

As a result of affordability issues and the introduction of buy-to-let mortgages the private rented sector has increased in size in recent years and now represents an increasingly important tenure within the overall housing market. Indeed recent research indicates that nationally there were some 300,000 new buy-to-let mortgage advances recorded in 2006, compared to some 410,000 advances to first time buyers. Significantly the same research indicated that at the national level whilst the private rented sector still only accounted for approximately 12 per cent of the housing stock, as a result of attracting a more mobile population alongside rapid growth in overall numbers, it now accounts for nearly half of all household moves in a year⁴⁹.

In addition consultation with developers and agents reinforces the importance of the sector currently with increasing numbers of households choosing to rent as a result of problems obtaining mortgage finance or a loss of confidence in the owner-occupier market. Indeed the Royal Institution of Chartered Surveyors has reported a 29 per cent rise in letting instructions in the three months to the end of April 2008⁵⁰. Anecdotal evidence also highlights the strength of the private rental market within the Regional Centre with the market responding to the current absence of demand from owner-occupiers as a result of mortgage finance. Indeed a number of schemes have fundamentally changed their marketing and business approach targeting rental as opposed to purchase in light of the current market conditions.

The analysis of tenures indicated that the private rented sector tended to be relatively concentrated spatially within and between the four market areas. Across Greater Manchester there were strong concentrations in Manchester City Centre and along the main arterial spines out of the city, in particular along the Oxford Road student corridor.

⁴⁹ Wilcox, 2007 'Can't Buy: Can Rent – The affordability of private housing in Great Britain'

⁵⁰ Source: 'What now for buy-to-let' Jonathan Moore, Money Talk (BBC), 03-06-08

However, there were also strong concentrations in the urban centres of other authorities across Greater Manchester, including large areas of Salford and the centres of Bolton, Wigan and Oldham.

The private rented sector tends to serve in particular younger more transient households, including full-time students. However, it is important to understand its overall role in the housing market in relation to the other tenures and the quality of provision within this tenure. To this end the following elements are explored within this section:

- ⇒ Private Rental Levels;
- ⇒ Assessing the role of the private rental sector;
- ⇒ Affordability Benchmarks; and
- ⇒ Anecdotal Evidence / Surveys.

4.4.1 Private Rental Levels

The Rent Service collect market rent data across the county. In order to assess levels of housing benefit allocated they calculate what is known as a 'Local Reference Rent' (LRR) which represents an average rental price per week based on a range of surveyed rents.

The following table shows the LRR for each of the authorities by size of house, by the number of habitable rooms, as recorded in December 2007⁵¹. It is important to emphasise that this data will not 'pick-up' the current changes in the market and will therefore require further monitoring in the future to establish the effect of the Credit Crunch on the tenure.

Figure 4.4.1.a: Local Reference Rent 2007

	All Lettings	1 Room	2 Rooms	3 Rooms	4 Rooms	5 Rooms	6 Rooms
Local Reference Rent 2007 (£)							
AGMA	100.76	59.83	86.35	99.65	108.65	118.35	144.96
Central HMA	103.70	65.72	91.73	106.30	117.25	127.19	173.27
Southern HMA	116.04	69.96	95.43	109.07	116.14	128.43	177.18
North Eastern HMA	97.32	55.14	84.34	95.11	107.92	113.77	127.67
North Western HMA	91.89	55.74	81.04	95.99	101.88	112.84	130.05
Bolton	97.56	58.69	78.01	93.23	104.30	115.26	135.89
Bury	96.61	51.44	84.27	101.99	102.74	114.00	125.25
Manchester	108.45	62.32	91.79	108.73	113.04	126.03	148.81
Oldham	93.70	45.00	84.14	93.01	101.87	111.15	127.00
Rochdale	95.55	58.85	84.80	93.48	104.61	110.57	121.00
Salford	80.00	60.00	84.00	96.00	#	#	#
Stockport	117.00	72.71	95.11	104.31	113.94	130.91	185.00
Tameside	102.73	61.57	84.07	98.84	117.29	119.58	135.00
Trafford	122.66	74.86	99.40	114.18	121.45	128.35	197.72
Wigan	93.39	52.83	77.88	92.74	98.61	109.27	129.00

Source: The Rent Service, 2008

The above table shows a differing picture across the Greater Manchester authorities in terms of weekly reference rents, with Manchester, Stockport, Tameside and Trafford all demonstrating above average LRR's within the GM authority. Salford by contrast demonstrates the lowest, although this is to a large part shaped by the absence of 4+ room properties registered in this area. Wigan, Oldham and Rochdale then follow closely behind.

This is reflected at the wider HMA spatial level, with the Southern HMA having by far the highest LRR of £116.04, which is significantly in excess of the Greater Manchester average of £100.76. The LRR in this area is particularly buoyant due to the performance of property in the larger 6 room size bracket.

⁵¹ Note: The symbol '#' for 4+ bedroom properties in Salford denotes an absence of data.

Conversely, the North Western HMA performs the weakest, in LRR terms, falling well below the Greater Manchester average value.

Interestingly for the most part price differentials by rooms are maintained across the GM authority, suggesting that no particular premium is attached to specific dwelling types in terms of private rented accommodation.

Importantly, as with house prices it is important to understand how rents have changed over time. The following table shows the proportional increase in rental levels between 2001 and 2007 by property size for each authority.

Figure 4.4.1.b: % Change in average rental level 2001 – 2007

	All Lettings	1 Room	2 Rooms	3 Rooms	4 Rooms	5 Rooms	6+ Rooms
Change in Average Rental Level, 2001 - 2007							
AGMA	28.4%	18.8%	33.0%	34.5%	31.5%	28.7%	34.8%
Central HMA	25.0%	24.4%	38.6%	37.8%	25.2%	23.3%	50.5%
Southern HMA	32.8%	18.8%	38.1%	35.9%	23.7%	24.2%	49.1%
North Eastern HMA	30.5%	11.7%	33.2%	33.2%	39.8%	31.5%	28.2%
North Western HMA	23.5%	24.3%	29.1%	34.6%	30.9%	30.3%	27.2%
Bolton	31.3%	27.0%	26.8%	30.8%	34.3%	33.0%	32.7%
Bury	28.3%	9.0%	27.8%	41.8%	31.8%	32.0%	22.5%
Manchester	25.2%	5.5%	33.7%	34.9%	20.9%	21.9%	29.8%
Oldham	24.8%	-8.4%	33.2%	30.2%	31.3%	28.0%	24.2%
Rochdale	27.2%	19.4%	33.5%	30.5%	34.5%	28.1%	18.3%
Salford	8.1%	41.7%	36.0%	35.9%	#	#	#
Stockport	31.4%	24.7%	34.4%	30.1%	20.7%	25.9%	46.2%
Tameside	39.5%	24.1%	32.9%	38.8%	53.7%	38.4%	42.0%
Trafford	41.7%	26.2%	46.1%	42.7%	29.6%	24.7%	71.3%
Wigan	26.1%	19.4%	25.8%	29.7%	26.7%	25.9%	26.5%

Source: The Rent Service, 2008

In terms of LRR change by property type, the largest witnessed was in Trafford, which sees a 71 per cent increase in reference rents for property of 6 rooms or more during this period. Oldham is the only local authority to see a fall in LRR, set at over 8 per cent within the 1 room self contained category.

There are a number of unique rental markets, including the City Centre market (covering Manchester and Salford areas) where prices are notably different to surrounding areas as a result of the different product type available. The following table shows the spread of rental levels within the City Centre taken from data sourced from RightMove. This illustrates the different role the City Centre plays within the rental market and the premium which is placed on a number of schemes in this market⁵².

⁵² Average figures are to be removed due to skewing of data caused by small available dataset.

Figure 4.4.1.c: Spread of Rental Prices within Manchester / Salford City Centre

	Property Type	Highest Rental Level PCM (£)	Lowest Rental Level PCM (£)
Rental Prices within Manchester / Salford City Centre			
Manchester, M1	2 Bed Flat	£1,995	£775
	3 Bed Flat	£1,200	£1,000
	2 Bed House	£1,500	£750
	3 Bed House	£1,500	£1,000
Manchester, M2	2 Bed Flat	£950	£950
Manchester, M11	2 Bed Flat	£750	£550
	1 Bed House	£450	£450
	2 Bed House	£775	£375
	3 Bed House	£750	£450
	4 Bed House	£1,100	£595
Manchester, M12	1 Bed Flat	£475	£475
	2 Bed Flat	£550	£350
	2 Bed House	£450	£400
	3 Bed House	£1,000	£450
Manchester, M13	1 Bed Flat	£595	£325
	2 Bed Flat	£750	£450
	2 Bed House	£680	£510
	3 Bed House	£900	£550
	4 Bed House	£1,213	£242
	5 Bed House	£1,452	£1,083
Manchester, M15	1 Bed Flat	£750	£450
	2 Bed Flat	£1,095	£450
	3 Bed Flat	£950	£400
	2 Bed House	£850	£495
	3 Bed House	£910	£595
	4 Bed House	£1,508	£286
	5 Bed House	£1,885	£235
Salford, M27	2 Bed Flat	£695	£395
	3 Bed Flat	£475	£475
	2 Bed House	£650	£395
	3 Bed House	£700	£450
	4 Bed House	£1,500	£850

Source: RightMove, 2008

The above table shows the highest rental values for all property types are within the Manchester M1 postcode area, which reflects a greater desirability for property within the City Centre. Flatted rental prices are notably high in both Manchester M1 and M2, with the lowest values in M12 indicating the popularity of these accommodation types. The data shows a trend of increasing rental prices for Larger 3, 4 and 5 bed houses with greater distance from the City Centre.

4.4.2 Assessing the role of the private rented sector

This section identifies the position of the private rented sector within the housing market and in particular with regard to the affordable housing market. The role of private rented housing has changed markedly over the years. In 1910, around nine out of ten households rented from private landlords. However, by 1992, with emphasis placed on property ownership and the large social rented housing programmes in the post-war period the figure was less than one in ten⁵³. Since the early 90s the private rented tenure has expanded notably, as the analysis earlier in this section identifies, and nationally approximately 11 per cent of households live within this tenure.

The analysis of the owner-occupier private market and the social rented sector has indicated increasing pressure on social rented housing as a result of price increases and supply issues (e.g. reduction of overall numbers of social rented units). One of the outcomes of this is an increase in pressure on the private rented sector to absorb some of this additional demand.

The role of the private rented sector has over recent months been an area of focus for research relating to the perception of increased affordability issues and the wider problems associated with the performance of the housing market as a whole. It is important to note that the private rented sector has, according to the British Property Federation (BPF), housed half-a-million additional households, with the growth in this tenure a key driving factor in the trebling of higher education student numbers⁵⁴. A recent publication by The Smith Institute titled 'The future of the private rented sector'⁵⁵ noted that the Government's current house-building targets - driven by two clear policy ambitions: to increase owner-occupation and provide a larger quantity of affordable housing - have overlooked the role that the private rented sector can play, with this situation now starting to change. The government has pledged to improve the sector for both landlords and tenants, in recognition of the additional pressure likely to be placed on this tenure in the short to medium term.

Whilst the growth of the private rented sector has been a strong characteristic of the changing housing market over recent years, this has largely been led by the introduction of easily attainable buy-to-let mortgages and high levels of investment activity driven by the rapid growth of City Centre flatted markets. These two areas have been early victims of the downturn in the housing market and there are now concerns around how the private rented sector will grow in the coming years, an issue which will become increasingly acute if the tenure does, as anecdotal evidence is starting to suggest, come under increasing pressure from growing demand. Incentives to develop new private rented housing are starting to be promoted through independent reviews of the private rented sector. It is estimated that in order to meet the future demand for rented housing, that there is a need for a further £100bn of investment in the private rented sector⁵⁶. The development of financial incentives and support are likely to require the changing of fiscal and planning policies in order to create substantive shift in the development of new private rented dwellings and it will be important to monitor these elements in the future.

The private rented sector is largely recognised as being dominated by younger households and indeed the analysis within a later sub-section clearly indicates that younger cohorts below 25 have become increasingly dependent within the authorities of Greater Manchester on private rented accommodation. This is an issue also identified within the analysis within the proceeding section on the student housing market. It is important to note that two-thirds of those in private rented housing are economically active, working either full or part time⁵⁷. However, as with the social rented sector there tends to be a high concentration of households with comparatively low wages, although the tenure also contains a small proportion of households recording very high wages⁵⁸.

This section recognises the wider context of these issues, however, focuses on the current role of the private rented sector with regard to its relative affordability in relation to both social rented (supported) and owner-occupied tenures. Section 5 looks in more detail at the anticipated changes in tenure in the future and it is also important to consider the role of private rented housing against the levels of housing need assessed in Chapter 6 of this SHMA.

⁵³ 'the future of the private rented sector' The Smith Institute and the Centre for Cities, June 2008

⁵⁴ 'The future of renting - a response to the CLG review of the private rented sector' British Property Federation, June 2008

⁵⁵ 'the future of the private rented sector' The Smith Institute and the Centre for Cities, June 2008

⁵⁶ 'The future of renting - a response to the CLG review of the private rented sector' British Property Federation, June 2008

⁵⁷ *ibid*

⁵⁸ *ibid*

4.4.2.1 Affordability benchmarks

In order to further understand the role that the private rented sector plays in the wider housing market within Greater Manchester the following analysis compares income levels and the costs associated with entering different tenures. It is important to note that the analysis does not take account of the quantum of properties available to rent or purchase under each classification. The outputs of this analysis are factored into the analysis of future need in the proceeding section and the conclusions reached regarding future tenure requirements.

The HMA guidance suggests a number of critical levels to test against income in order to evaluate the extent of the issue of affordability. The two core elements are:

- ⇒ Assessing whether a household can afford to buy a home; and
- ⇒ Assessing whether a household can afford to rent a home.

The analysis around affordability has already addressed the first strand with the outputs feeding into this analysis; the following assumptions have therefore been used in establishing benchmarks of entry into the owner-occupied tenure:

- ⇒ Lower Quartile house prices sourced from Land Registry are used to represent entry level properties; and
- ⇒ A mortgage multiplier of 3.5 times income is assumed (5 per cent deposit)⁵⁹ in line with the SHMA Guidance.

In terms of access to rented accommodation (social and private) the following are assumed:

- ⇒ A household is considered able to afford market housing in cases where the rent payable would constitute no more than 25 per cent of their gross household income;
- ⇒ 'Rent payable' is defined as the entire rent due, even if it is partially or entirely met by housing benefit;
- ⇒ In terms of annual social housing rents these have been calculated from an average taken of local authority and RSL rental levels; and
- ⇒ Private rental levels have been sourced from Local Reference Rents calculated by the Rent Service and analysed above.

Looking at the income required to purchase lower quartile (entry-level) market properties it is evident that there is notable variation between the authorities within Greater Manchester. A significantly higher income level is required to access this tenure in Trafford (over £40,000), with Stockport also requiring a household income of over £30,000. At the other end of the spectrum; Oldham, Bolton, Rochdale and Wigan all have income thresholds around £24,000.

⁵⁹ The analysis has been conducted within a particularly turbulent time in terms of mortgage finance. Whilst many lenders now require larger deposits, above 5 per cent, it is unclear how long this position will last and the benchmark of 5 per cent has been well established in previous assessments of affordability and house price analysis.

Figure 4.4.2.1.a: Entry-level Market Properties

	Lower Quartile House Price*	Price minus 5% deposit	Single Earner Household Entry Level Income (divide by 3.5** assume 5% deposit)
Entry Level Market Properties			
AGMA	£104,057	£98,854	£28,244
Central HMA	£118,041	£112,139	£32,040
Southern HMA	£126,817	£120,476	£34,422
North Eastern HMA	£92,499	£87,874	£25,107
North Western HMA	£95,656	£90,873	£25,964
Bolton	£90,000	£85,500	£24,429
Bury	£104,000	£98,800	£28,229
Manchester	£107,500	£102,125	£29,179
Oldham	£87,500	£83,125	£23,750
Rochdale	£89,998	£85,498	£24,428
Salford	£98,624	£93,693	£26,769
Stockport	£124,950	£118,703	£33,915
Tameside	£100,000	£95,000	£27,143
Trafford	£148,000	£140,600	£40,171
Wigan	£90,000	£85,500	£24,429

Source: DCLG *Q4 2007 Provisional Lower Quartile House Prices **Ratio prescribed within SHMA Guidance

In examining the role of the private rented sector two rental levels have been assessed:

- ⇒ Average private rental level – all properties i.e. single bedroom properties up to large family housing; and
- ⇒ Entry level property – one bedroom self-contained rental property.

Examining the overall average rental levels indicates there is difference in weekly rents of £43 with Salford representing the cheapest market at £80 per week and Trafford again the most expensive at £123. Stockport, and to a lesser extent Manchester, also record relatively high rental levels although it is important to note that the overall quantum of rental stock is notably larger in Manchester than other authorities. This has an impact on the level of income required to enter this market with Trafford requiring a household income of just over £25,000 compared to the cheapest authority, Salford, where an income of only £16,640 is required.

Looking at rental levels of the entry-level (one bedroom self-contained properties) there is again a notable variance in weekly rents. The lowest level by some distance is recorded in Oldham where the weekly rent is £45, this compares with Trafford and Stockport where the weekly rents are over £70. The comparably low weekly rentals equates to relatively low households incomes required, however, it is important to note that these properties are only likely to be suitable for single person or couple households and represent the most basic of properties. In Oldham to rent this property type in the private market requires a household income of less than £10,000 whereas in Trafford even to rent at the very bottom of the private market requires an income of £15,570.

Figure 4.4.2.1.b: Incomes required to enter private rented sector

	Weekly rent (£) all property types average	Annual rent (£) all property***	Income required assuming rent constitutes no more than 25% of total income	Weekly rent (£) entry level property	Annual rent (£) entry level property****	Income required assuming rent constitutes no more than 25% of total income
Private Rented Properties						
AGMA	£101	£5,240	£20,959	£60	£3,111	£12,444
Central HMA	£104	£5,393	£21,570	£66	£3,418	£13,671
Southern HMA	£116	£6,034	£24,136	£70	£3,638	£14,552
North Eastern HMA	£97	£5,061	£20,243	£55	£2,867	£11,469
North Western HMA	£92	£4,778	£19,113	£56	£2,899	£11,594
Bolton	£98	£5,073	£20,293	£59	£3,052	£12,207
Bury	£97	£5,024	£20,096	£51	£2,675	£10,700
Manchester	£108	£5,640	£22,558	£62	£3,240	£12,962
Oldham	£94	£4,872	£19,489	£45	£2,340	£9,360
Rochdale	£96	£4,969	£19,875	£59	£3,060	£12,240
Salford	£80	£4,160	£16,640	£60	£3,120	£12,480
Stockport	£117	£6,084	£24,336	£73	£3,781	£15,125
Tameside	£103	£5,342	£21,367	£62	£3,201	£12,806
Trafford	£123	£6,378	£25,513	£75	£3,893	£15,570
Wigan	£93	£4,856	£19,425	£53	£2,747	£10,989

Source: Local Reference Rents ***Local Reference Rent Q4 2006/07 ****Local Reference Rent Q4 2006/07 one bedroom self-contained properties

As noted above the social rented sector represents a 'safety net' with rental levels held at a low level and not subject to normal market pressures. This means that rents are relatively comparable across all authorities. The level of income required to occupy this tenure therefore is relatively constant at around £11,500 - £12,200.

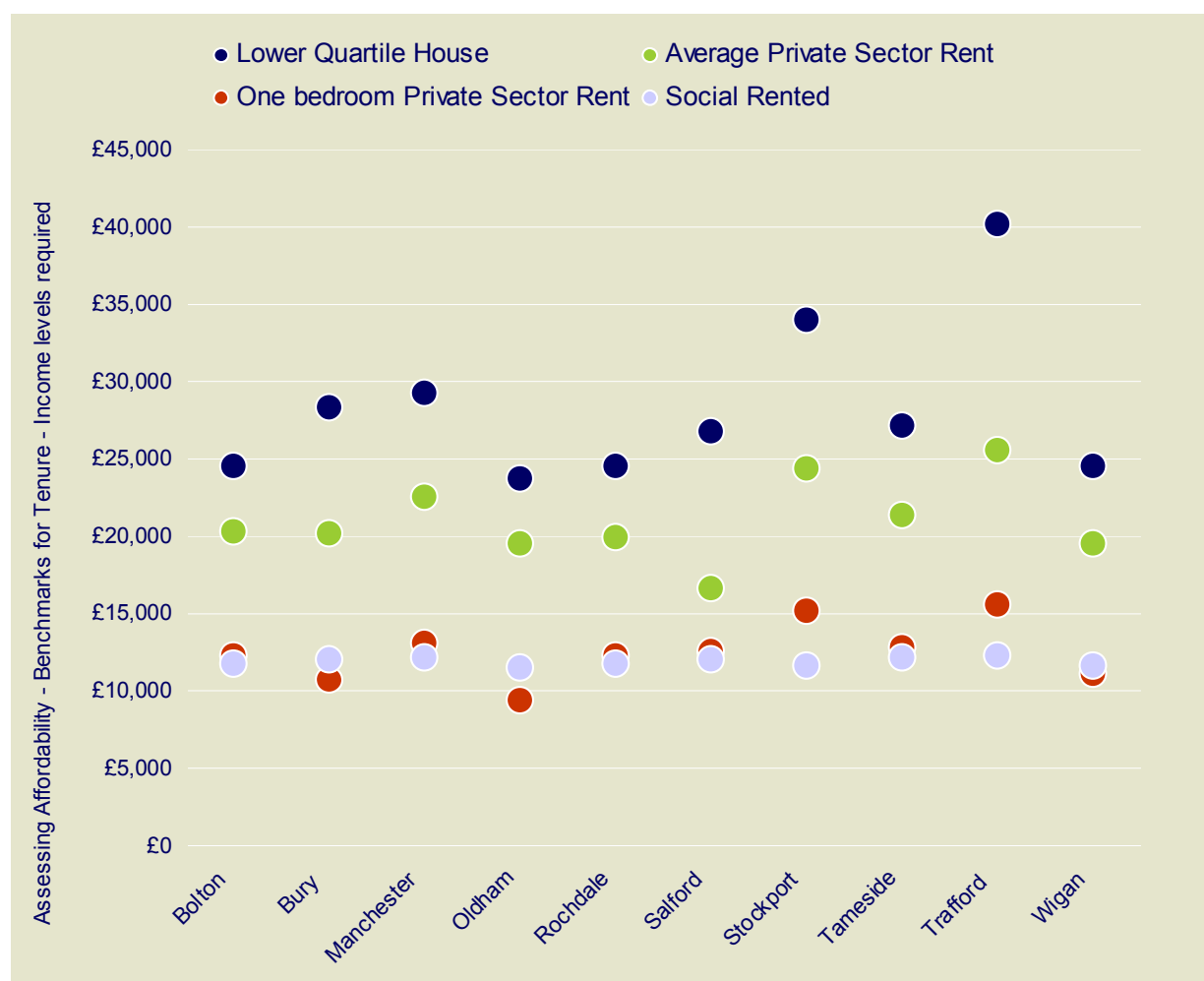
Figure 4.4.2.1.c: Incomes required to enter social rented sector

	Weekly rent LA properties (£)	Weekly rent RSL properties (£)	Average social housing rent (£)	Annual Rent (£)	Income required assuming rent constitutes no more than 25% of total income (£)
Social Rented Properties					
AGMA	£53	£60	£57	£2,958	£11,831
Central HMA	£56	£59	£58	£3,022	£12,087
Southern HMA	£54	£60	£58	£2,994	£11,976
North Eastern HMA	£52	£59	£57	£2,947	£11,788
North Western HMA	£53	£60	£57	£2,939	£11,756
Bolton	£51	£61	£56	£2,915	£11,660
Bury	£55	£60	£57	£2,981	£11,925
Manchester	£57	£59	£58	£3,035	£12,139
Oldham	£52	£59	£55	£2,878	£11,512
Rochdale	£52	£61	£57	£2,941	£11,764
Salford	£54	£60	£57	£2,980	£11,918
Stockport	£50	£62	£56	£2,896	£11,584
Tameside	LSVT	£58	£58	£3,022	£12,089
Trafford	LSVT	£59	£59	£3,051	£12,204
Wigan	£54	£57	£55	£2,880	£11,519

Source: DCLG Live Tables, 2008

The following chart places these benchmarks on a spectrum for each authority. This clearly illustrates the relative role of each of the tenures. Large gaps between tenures suggest there may be a need to explore new tenure products, for example intermediate housing solutions.

Figure 4.4.2.1.d: Affordability Benchmarks – Tenure distribution / Entry level market



Source: the Rent Service, 2008, Land Registry, 2008, DCLG, 2008

Interestingly the entry-level private rented sector corresponds relatively closely with the social rented sector suggesting a comparatively shared role between the two tenures in terms of meeting housing 'needs'. However, this is a relatively distorted picture as many households housed within the social rented sector have little or no economically generated income, with income derived through various benefits.

It is important to note that with regard to smaller private rented properties households within the majority of authorities would require incomes below £15,000 to enter this tenure. Only Stockport and Trafford show a notable 'step-up' in terms of income required to enter the private rented sector at this entry level. However, it is important to note as identified above that these properties are only suitable for small single or couple households. Therefore a household renting a large family property in the social rented sector would require a significantly higher level of income to obtain a suitable property at this entry level (based on the higher rental levels for these larger properties assessed in this section).

The analysis at the lower end of the market therefore indicates that family housing is likely to represent the major issue in terms of households having sufficient income to access market housing, including private rented housing. This is therefore likely to create certain pressures on the social rented stock to meet un-met need for larger family housing.

However, the charts also clearly show that there exists a notable 'gap' between the level of income required to enter the owner-occupier market from the private rental market (assuming the average rental value as opposed to renting the smallest stock). This is particularly true of those authorities where entry-level properties are more expensive, namely Stockport and Trafford. This suggests that there will be issues within these authorities in moving from the rented sector into owner-occupancy. The gap between these two tenures is also notably large within Salford. Here, the gap is widened as a result of low private rental level costs. Considering the relatively low income levels in the

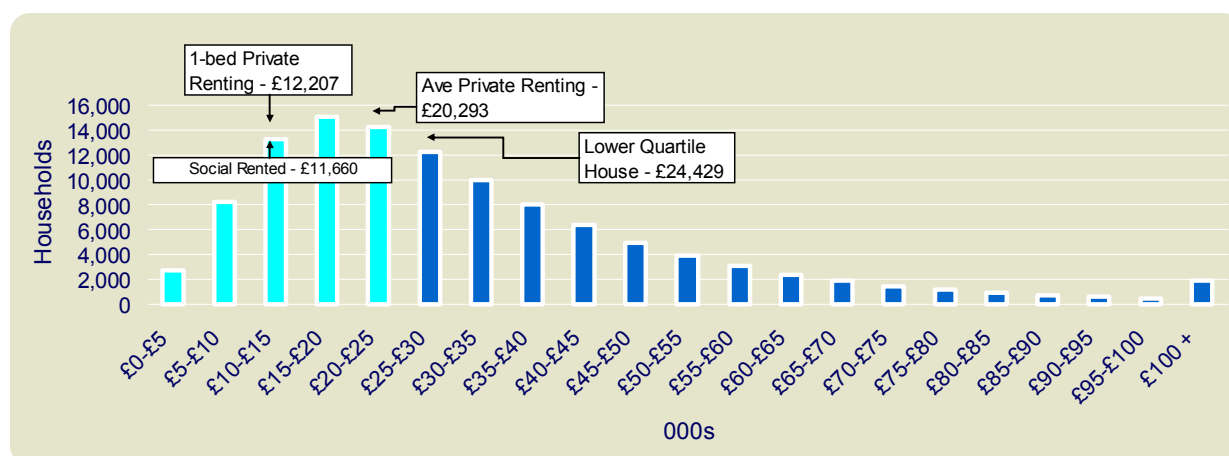
authority, identified in an earlier section, clearly shows that this represents an issue for movement between tenures in the authority.

The significant gap in incomes required between private rented (average properties) and entry-level owner-occupier housing in Salford, Stockport and Trafford suggests the need for the further introduction of new intermediate products to address this issue. The gap in all authorities between these two tenures suggests that these product types would have a role to play across all Greater Manchester authorities; this is assessed and illustrated in more detail below.

The CACI Paycheck income data, as indicated within the assessment of affordability, includes a breakdown of households into different income bands. The following charts display the distribution of incomes with the key income levels required to enter different tenures marked against this distribution. The charts clearly show that each authority contains a significantly large number of households with incomes which would preclude them from entering owner-occupancy and purchasing a lower quartile property. Therefore whilst the private rented sector clearly represents a more affordable alternative for households than purchasing, whilst aspirations, both of households and the government, remain for increases in the number of owner-occupiers consideration needs to be given to alternative housing tenures.

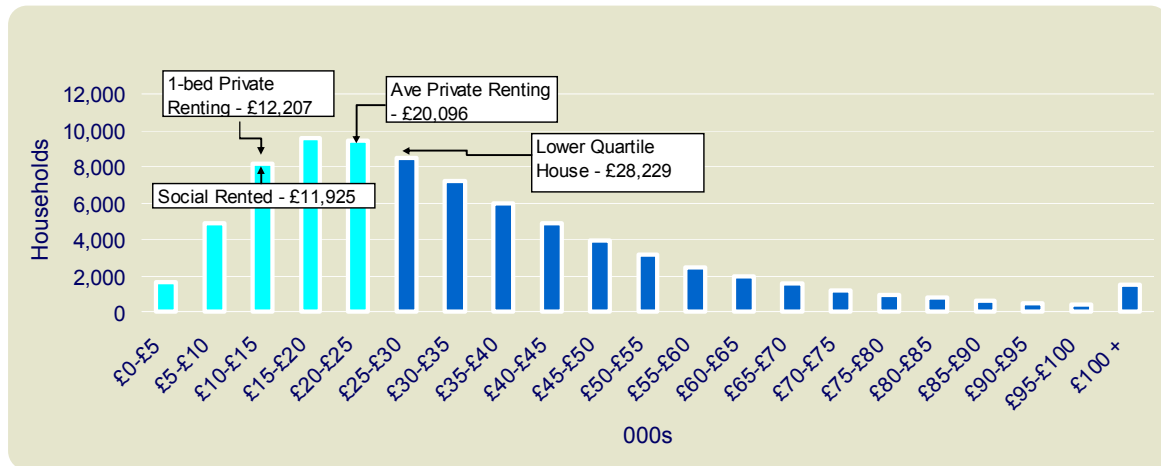
The charts clearly illustrate the need for new intermediate products which bridge the gap between private renting and owner-occupancy. When considering the types of products which should be developed consideration should be given to local market contexts with the levels of discount on average market housing calculated within this SHMA providing an important benchmark. It is also important to note that the introduction of new intermediate housing products has the potential to lead to a distorting of the overall housing market if not considered carefully. If a household at the bottom of the 'gap' is assisted, through a significant discount or small proportional share of purchase, this effectively blocks a household who has an income level nearer the top of the 'gap' from purchasing the same property. This is an issue which needs examining in closer detail at a local level as decisions will need to be driven by comparative levels of 'need' and market exclusion as well as the direct operation of the market.

Figure 4.4.2.1.e: Bolton – Spread of households by income with income benchmarks for different tenures



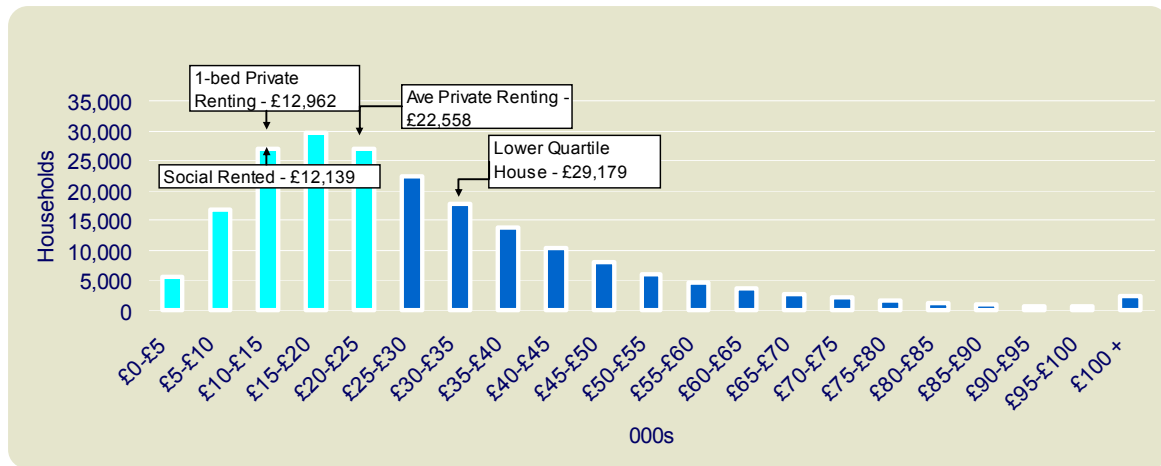
Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.f: Bury – Spread of households by income with income benchmarks for different tenures



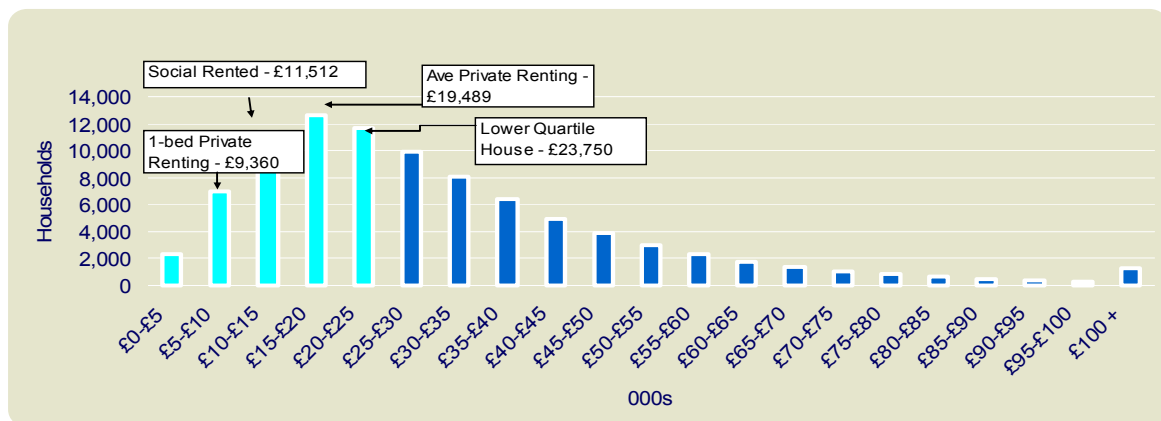
Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.g: Manchester – Spread of households by income with income benchmarks for different tenures



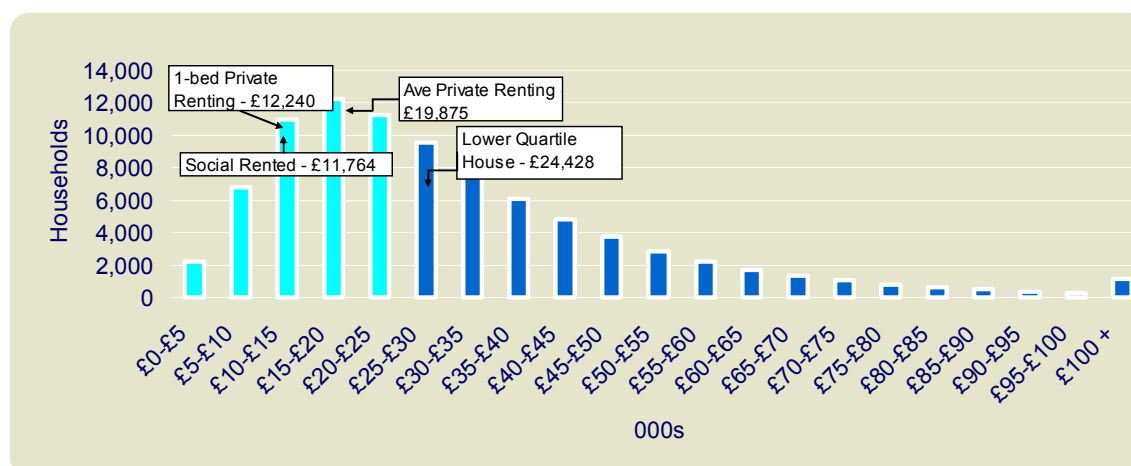
Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.h: Oldham – Spread of households by income with income benchmarks for different tenures



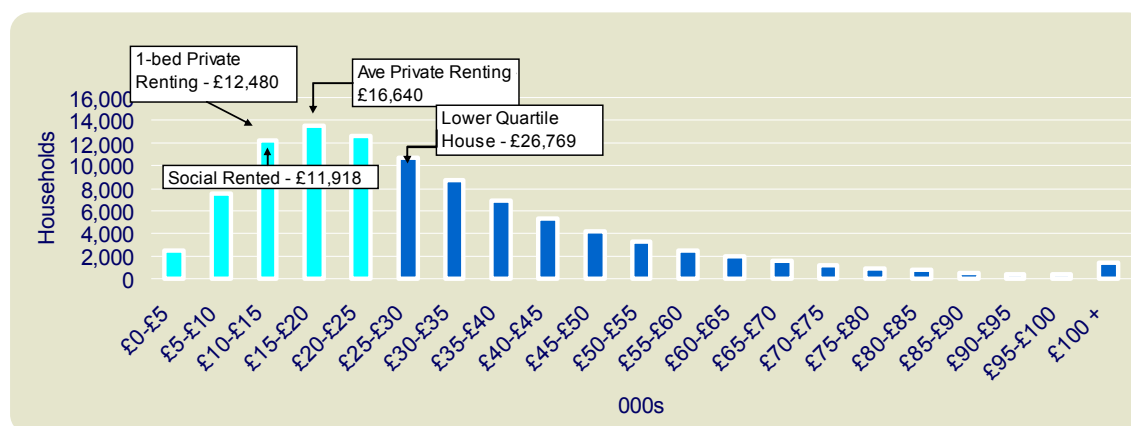
Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.h: Rochdale – Spread of households by income with income benchmarks for different tenures



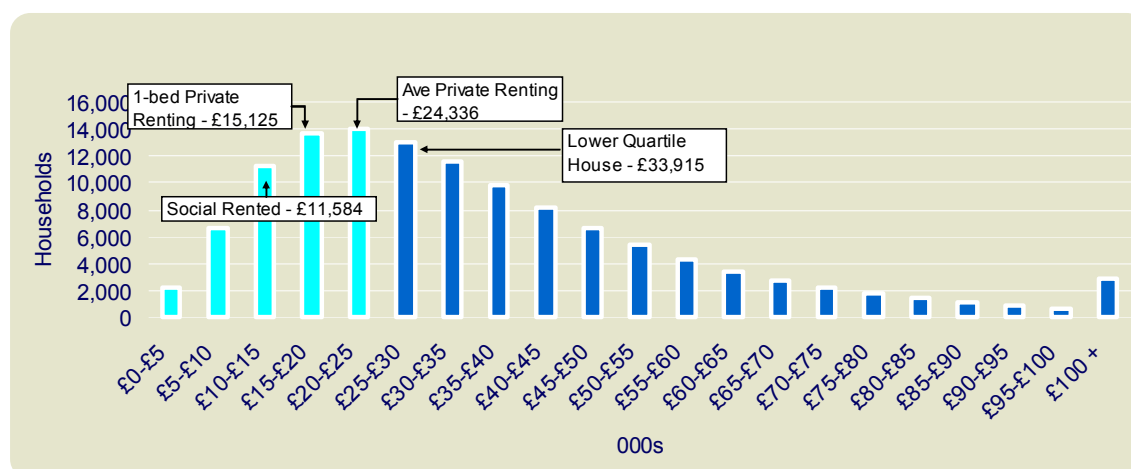
Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.i: Salford – Spread of households by income with income benchmarks for different tenures



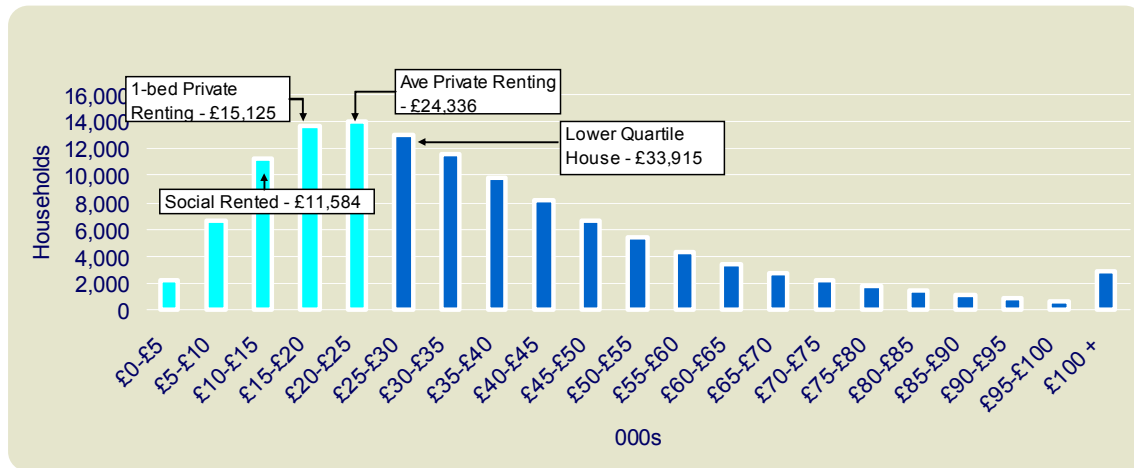
Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.j: Stockport – Spread of households by income with income benchmarks for different tenures



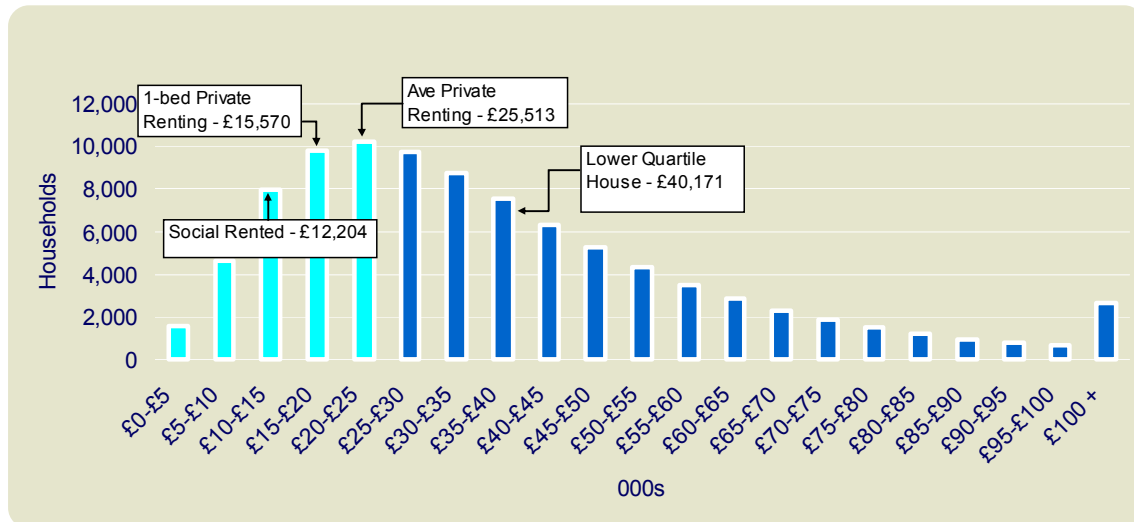
Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.k: Tameside – Spread of households by income with income benchmarks for different tenures



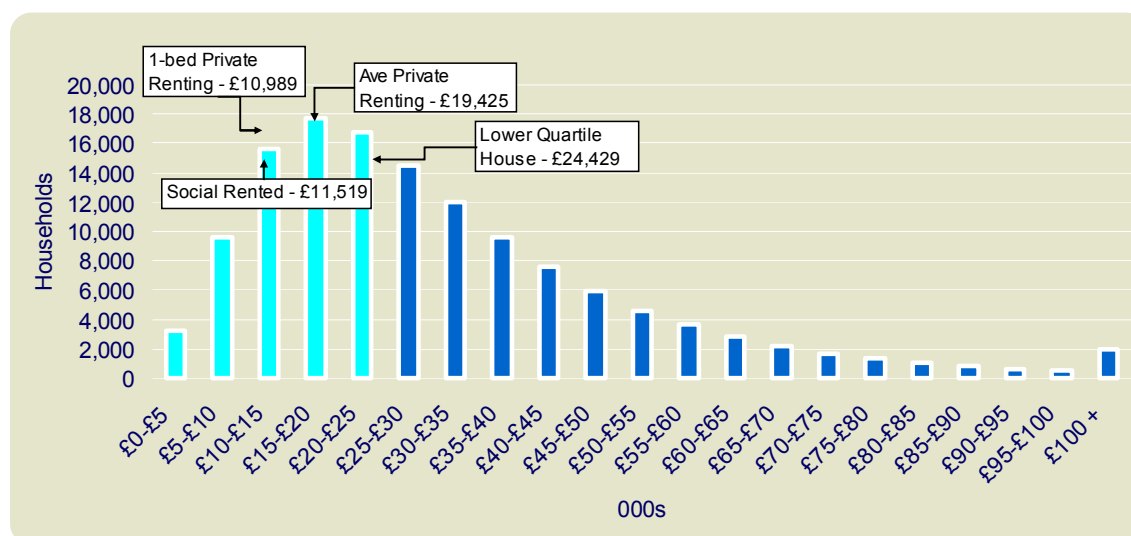
Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.l: Trafford – Spread of households by income with income benchmarks for different tenures



Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Figure 4.4.2.1.m: Wigan – Spread of households by income with income benchmarks for different tenures



Source: CACI Paycheck, 2007, Land Registry, 2007, Rent Service, 2007

Based upon the assessment of the average rental levels and the income required to rent properties an estimation has been made of the number of households which have incomes which would exclude them from this tenure. The average rental level has been used and it is therefore important to note based on the benchmarking work that smaller rental properties require significantly lower incomes. Significantly, the assessment of income also does not reflect the fact that many households already own property with low incomes (e.g. retired households).

Figure 4.4.2.1.n: Proportion of households with incomes below the level required to rent the an average property

Title	Average weekly rent (£)	Household income required to rent (based on rent constituting no more than 25% of income)	Approximated proportion of households with incomes below this threshold
Bolton	£98	£20,293	35%
Bury	£97	£20,096	31%
Manchester	£108	£22,558	45%
Oldham	£94	£19,489	36%
Rochdale	£96	£19,875	37%
Salford	£80	£16,640	27%
Stockport	£117	£24,336	39%
Tameside	£103	£21,367	39%
Trafford	£123	£25,513	36%
Wigan	£93	£19,425	34%

Source: Local Reference Rents, CACI Paycheck 2007

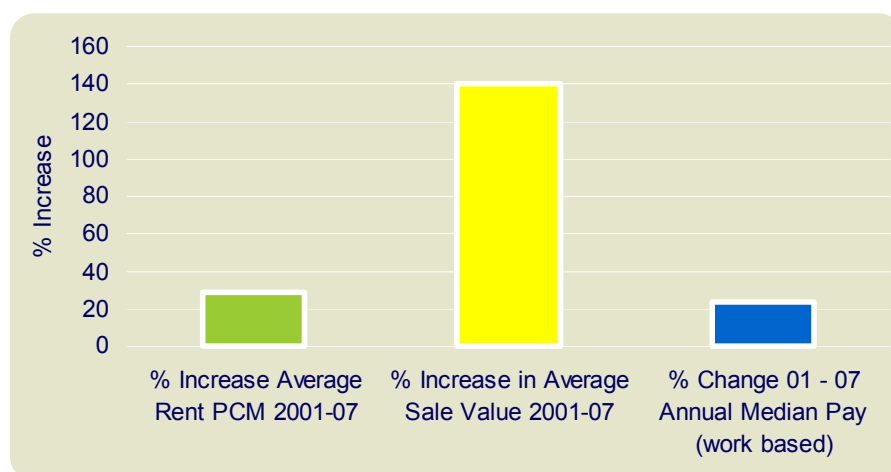
4.4.2.2 Contrasting rate of rental growth with house price growth

The analysis of the owner-occupier active market indicated that over the last 7-8 years house prices have increased at an unprecedented rate of growth. However, it also identified that has in part been fuelled by a number of 'unique' drivers including new lending products, investor interest and a lack of faith in, for example, pensions as a means of securing future savings. This has meant that house prices have become increasingly detached from income levels, a point which was confirmed through the assessment of affordability which examined the ratio between these two variables.

The private rented market however has generally more closely followed income levels as households looking to rent are often only willing to pay what they believe the property to be worth in a competitive market, whereas purchasers often view a house as a long-term investment and can be increasingly willing to pay a higher price with the expectation of an increased rate of return in the future. The outcome of this is that the costs of renting over recent year have consequently declined relative to the costs of buying. Indeed at a national level (England) private rents are less than two thirds of the costs of house purchase (based on a 100 per cent repayment mortgage – but without making any allowance for repairs and related costs)⁶⁰.

Figure 4.4.2.2.a: Percentage Increase in Sale versus Rent Price (2001-07)

	% Increase in Average Sale Price from 2001 - 2007	% Increase in Rent PCM 2001 - 2007
Increase in rental versus sale prices (2001-07)		
AGMA	140%	29
Central HMA	197%	25
Southern HMA	119%	33
North Eastern HMA	135%	30
North Western HMA	133%	23
Bolton	126%	31
Bury	136%	28
Manchester	145%	25
Oldham	148%	25
Rochdale	116%	27
Salford	131%	8
Stockport	112%	31
Tameside	128%	40
Trafford	105%	42
Wigan	118%	26



Source: The Rent Service, 2008; Land Registry, 2008 & GM Land Registry Database;

⁶⁰ Wilcox, 2007 'Can't Buy: Can Rent – The affordability of private housing in Great Britain'

The table above demonstrates that between 2001 and 2007 increases in PCM rentals achieved in the Greater Manchester housing market grew by only 29 per cent, compared to a far higher growth in house price sales values of 140 per cent.

The relative rates of increase clearly illustrates the impact of the relative flexibility of, and improved access to, low-interest credit over recent years, which have enabled persons to purchase beyond what they would likely be able to afford on a rental basis. This is illustrated above through analysis of the percentage change in annual median work-based pay (23.4 per cent), which closely mirrors growth in rental values and thus reflects the reality of what persons can afford. One outcome of this mismatch is an increasing 'gap' between the private rented sector and the owner-occupier sector of the market in terms of the level of income required to access housing as outlined in the preceding section.

Continuing to model this relationship will be important in the short-term as current market conditions will continue to alter this balance – as a result of falling house prices and potentially increasing pressure on the private rented sector – which has not been evident over the recent property cycle period.

At the HMA scale the Central market area experienced the greatest growth in sales price at 197 per cent. Conversely, lowest sales value growth was to be found in the Southern HMA (119 per cent), yet this market area has undergone the highest uplift in rental values, at 33 per cent. This is likely to reflect the high costs of home ownership in these areas, which has encouraged persons to rent, and thus resulting in high demand for private rental accommodation.

The lowest increases in rent achieved PCM occurred in the North Western HMA at just 23 per cent despite the average sale value increasing by 133 per cent across the same period.

Analysis at the spatial scale of local authorities reveals that Oldham experienced extremely high growth in sales values, measuring 148 per cent⁶¹, yet low growth in rental values at just 25 per cent. Salford also experienced strong sales value growth, at 131 per cent, yet highly constrained growth in rental values at just 8 per cent⁶². This suggests that those households renting in Salford and Oldham would in particular experience a significant increase in the proportion of their income used for housing costs if they were to purchase an equivalent property in the authority.

The private rented sector tends to include a large amount of smaller properties and cater for a specific section of the market. The table below isolates out family housing to indicate the compounding of issues associated with moving between tenures for larger households. The following table breaks this analysis down further by presentation of the value uplift for within the family-sized property (3-bedroom) at the local authority scale within Greater Manchester⁶³.

⁶¹ It is important to note as identified through the analysis of house price change that some of this increase could have been driven by investor interest rather than necessarily reflecting local demand.

⁶² Data representing rental properties in Salford measuring 4+ rooms in size was unavailable and could be representative of a lack of property in this size bracket or that the local authority has not recorded these units through reference rent enquiry. It is more likely to be the former.

⁶³ Detached sales prices have been used as a proxy for 3-bedroom properties as comparable data is not available from land-registry data.

Figure 4.4.2.2.b: Percentage Increase in Detached Sale Price versus Rent Price – 3 Bedroom Properties (2001-07)

	% Increase Detached Sale Price from 2001 - 2007	% Increase in Rent PCM for 3 Bed or More Properties from 2001 - 2007
Increase in rental versus sale prices (2001-07)		
Bolton	114%	33
Bury	121%	31
Manchester	91%	27
Oldham	121%	28
Rochdale	110%	27
Salford	88%	13
Stockport	101%	32
Tameside	111%	43
Trafford	119%	43
Wigan	105%	27

Source: The Rent Service, 2008; Land Registry, 2008

Not dissimilar from the table above, this breakdown for family sized 3 bedroom property alludes to the same issues occurring within Greater Manchester, with a significant gap emerging in the costs of purchasing a property compared with rental values resulting in property in this size bracket reducing in affordability for those wishing to move up the ladder into home ownership.

Authorities where the relative rate of growth deviates to the largest extent include: Salford, Oldham, Wigan, Rochdale and Manchester. These authorities have already been identified as representing concentrations of areas whose markets could be defined as 'vulnerable' and which have seen house prices rise from a relatively low base. This analysis reinforces the assertion that households who have not entered the owner-occupier tenure within these authorities and require family housing will face increasing issues in investing in property and may be forced, on the basis of low incomes, to remain within the private rented sector.

Private rental prices can be held artificially high within locations associated with high student populations, and amenities considered attractive to this demographic, including a University campus, and key services. This, led by such demand, can act to distort the market and reduce affordability for graduates, young professionals and families wishing to locate in such areas.

4.4.2.3 Anecdotal Evidence

Given the dynamic nature of this tenure alongside the quantitative evidence and analysis a separate analysis of anecdotal evidence has been incorporated to provide a flavour for the issues directly relating to current issues in the housing market. In addition this summary reflects the findings of surveys or research, conducted by separate authorities, exploring the role of the private rental sector and also its future.

Therefore the findings of the studies including a report conducted by Ecotec (2007)⁶⁴ along with the input from stakeholder meetings and consultations undertaken through this commission are summarised below.

Bolton Borough Council has established a landlord forum titled 'Bolton Accredited Residential Landlord Organisation (B.A.R.L.O)' which aims to address low demand in the private rented sector and resolve issues related to poor quality housing and management practices. As much as 70 per cent of the PRS stock is non-decent, however, there has been significant new build in the town centre, most of which is available for private rent. The council plans to undertake an analysis of the role of the private rental market and the affects migrant workers in the near future.

⁶⁴ http://www.agma.gov.uk/ccm/cms-service/stream/asset/?asset_id=1719005 (2008)

Private rented sector tenant surveys within Oldham from 2007 indicated that households with children form 50 per cent of the private rented market, with 84 per cent living in a terraced property. Overall satisfaction with the sector was found to be high with 79 per cent of tenants in the sector stating that they were 'fairly or very satisfied' with their home, with only 9 per cent reported to be 'fairly or very dissatisfied'. In affordability terms, 77 per cent of respondent tenants in Oldham were 'satisfied' with affordability of renting compared to 8.5 per cent who are 'dissatisfied'.

Studies within Rochdale have identified that there are a number of different rental markets in operation, from professional markets in the South to student areas and poorly maintained homes in the traditional terraced streets. The majority of growth within the sector comes from individual landlords who may not be fully aware of their regulatory responsibilities. Often landlords live elsewhere from their properties and can have very little contact with the council or their tenants, and as a result, properties are poorly managed and maintained.

In addition, private rented sector tenant surveys from 2007 indicated that households with children represent 40 per cent of the market in Rochdale, with terraced property being the dominant type at 61 per cent. Satisfaction in the accommodation provided in the sector was found to be relatively high at 77 per cent, with only 9 per cent of respondents indicating dissatisfaction with their accommodation. Perceptions of affordability in the sector were also high, with 82 per cent of respondents declaring their satisfaction with the current level of affordability and 7.5 per cent indicating dissatisfaction.

Stockport Borough Council does not currently have any accreditation schemes or landlord forums in place. An accreditation scheme is being developed and will be in place by mid 2008. In December 2007, rental levels fell for all accommodation types within the borough. The most marked reduction was seen in 3 and 4 bed detached houses, which fell in price by 33 per cent to the lowest rental price in 2 years. Rental levels for 1 and 2 bed flats, however, fell by only 6 per cent over the same period. This may reflect a low demand for larger houses, or a general reduction in people willing to rent this type of property.

Within Wigan large numbers of new 1 and 2 bedroom flats have been constructed in the town centre, however, a high demand for affordable housing has meant that vacancy rates are high. Wigan has recently experienced a large influx of Eastern Europeans entering the private rented markets in areas where there is a good supply of cheaper properties. This is raising concerns over competition with low income groups for affordable housing, and prices at the lower end of the rental market have increased dramatically as a result of high demand.

Salford City Council operate an accreditation scheme and landlord licensing scheme in order to improve the overall quality of private rented accommodation.

The City Centre in Manchester represents a particularly dynamic market with regard to the private rented sector. Over recent years many properties have been bought as long term investments. Anecdotal evidence has in the past suggested that properties are frequently left vacant with rents held artificially high therefore creating a false impression of the health of the market. However, current demand for properties appears to be high and it is important to recognise that rapid turnover of properties is inherently linked to the dynamic nature of this market.

The market was also identified as creating an imbalance in terms of choice within the tenure. Greater returns on converting larger properties into a number of smaller dwellings, has created a shortage of family sized homes available for rent. The general imbalance in the private rented market between supply and demand, with particular emphasis on property type/size was a core concern of a number of delegates at events held through this commission.

Furthermore, ECOTEC was commissioned by Oldham MBC and Rochdale MBC to research the extent to which private rented sector housing offers quality and choice in both Boroughs. The research, grounded upon the perceptions of existing residents, was completed in June 2008⁶⁵.

The research concluded that the sector consists of three main tenant groups:

- ⇒ 'Active choice' private renters make up a significant proportion of the sector and include a large number of white and BME households;
- ⇒ 'Would-be social renters' make up a fifth to a quarter of the survey respondents and indicate they would like a social rented home if it became available;

⁶⁵ 'The Private Rented Sector: Comparing Oldham and Rochdale' – ECOTEC (June 2008)

- ⇒ 'Reluctant private renters' made up a further fifth to a quarter of the survey and indicate that they would move out of the sector if they could afford to; and
- ⇒ 'Convenience or temporary private renters' are concentrated in the mid-range to higher-range property brackets and include households who have recently moved into the area or have left the owner-occupied sector.

The report indicates that, despite these similarities in Oldham and Rochdale, the two boroughs do display some important differences. Of particular importance is that Oldham experiences highest levels of worklessness and housing benefit inside the HMRI designated area, where as Rochdale experiences these problems most acutely outside the HMRI location.

Key issues concurrent to both boroughs are identified as follows:

- ⇒ The choice of private rented properties is limited predominantly to terraced houses;
- ⇒ Limitations by type and stock quality are particularly acute to households on low incomes;
- ⇒ Local movement in the sector is dominant, with a net balance of movement outwards from the centre, although there are few moves between HMRI and non-HMRI locations;
- ⇒ Movement between tenures is restricted with just one tenth of private sector survey respondents either owning a property or social renting;
- ⇒ Limited location choice for social rented accommodation is a deterrent for private renters despite the desire of respondents to enter the sector on the grounds of cheaper, and consistently higher quality, stock;
- ⇒ Owner occupation is perceived as a high status tenure, yet a significant financial burden; and
- ⇒ A large proportion of respondents did not intend to move home in the next 12 months, yet those most likely to move resided in the Oldham HMRI area, with most expecting to rent in the private sector.

The report developed the following recommendations to enhance quality and choice within the private rented sector in Oldham and Rochdale:

- ⇒ Expansion of the housing offer in the HMR areas beyond terraced properties;
- ⇒ Provision of additional support to low income tenants;
- ⇒ Heighten levels of employment for private tenants residing outside Rochdale's HMR area;
- ⇒ Enhance the social housing offer across both boroughs in location terms;
- ⇒ Monitor the private rented sector continuously to ensure the authorities are aware of problems and can mitigate successfully against these; and
- ⇒ Offer housing advice to households experiencing financial difficulties.

Key Issues for Policy & Implementation

The increasing importance of the private rented sector in the wider housing market is clearly illustrated through this analysis. An increasing proportion of households are choosing to live within this tenure with this uplift illustrated as having increased over the last year linked to issues around mortgage finance and a lack of confidence in the owner-occupier market.

In order for the private rented sector function properly there is a need for improvements to stock condition as well as the management of existing properties. There is therefore an increasing need to monitor, work with and regulate the private rented sector in order to ensure that it contributes positively to the overall housing offer. The introduction of licensing and accreditation schemes has already started to occur in a number of authorities however, there is a need for a consistent approach to ensure an overall uplift in the quality of this tenure in the future.

Whilst the supply of new private rental units has over recent years been strong as a result of the buy-to-let phenomenon it is unlikely that this will be sustained without national policy shifts including the introduction of incentives to the private sector to deliver purpose built private rented accommodation. Across Greater Manchester the high levels of apartments constructed within the Regional Centre present a significant resource for absorbing demand within this tenure however, it is unclear how investors and owners of properties will continue to respond and adapt to this market. In addition whilst this large supply exists within the Central HMA a comparable supply is not apparent within other HMAs and policy will need to consider the impact of this imbalance and how this can be addressed or indeed if it needs to be addressed at the HMA level.

There exists a notable 'gap' between the level of income required to enter the owner-occupier market and the private rental market. This is particularly true of those authorities where entry-level properties are more expensive, namely Stockport and Trafford. This suggests that there will be issues within these authorities in moving from the rented sector into owner-occupancy and the continued emphasis on the delivery of intermediate products will need to be considered within these areas to 'fill' this gap.

4.4.2.4 Summary of HMA characteristics

Whilst the data has been presented and analysed at housing market as well as local authority and Greater Manchester level this section provides a summary of the key issues and distinctions the analysis has indicated for each of the four Housing Market Areas. Emphasis is not placed on the more specific affordability issues, including requirements for intermediate housing products, as these have been examined in detail at a local authority level.

4.4.2.5 Southern HMA

The Southern HMA represents by far the most expensive market in terms of average house prices of the four HMAs. The average property price in 2007 was recorded as being in excess of £200,000.

Examining trends back over time indicates that in absolute terms the Southern HMA was also the most expensive market in 2000. However, the rate of increase over the six years to 2007 has actually been the lowest of the four HMAs indicating that the other market areas are, at least in part, narrowing the proportional gap in prices.

New development within the Southern HMA achieves very strong values, in part a result of the limited supply of certain types of products being developed identified in the previous section, but also as a result of the strong market context.

High average house prices mean that the Southern HMA also has the highest lower quartile house prices. This has implications for households looking to enter the owner-occupancy market, with a general lack of 'entry-level' priced properties.

The Southern HMA does record the highest overall levels of household income of the four market areas. However, the increment between the Southern HMA and the Western HMA is not of a scale with the incremental gap in house prices. This is translated into the Southern HMA having the most acute affordability issues of the four HMAs.

Driven, at least in part by these affordability issues, demand for social rented stock (indicated by waiting list data) remains very high within the Southern HMA. However, the trends indicate that overall demand has witnessed a slight reduction in the last five years, with the exact drivers of this reduction unclear (it could be the result of data discrepancies or potentially a perception by households that the opportunity to enter the tenure in this market area as a result of a lack of supply is limited).

4.4.2.6 Central HMA

The Central HMA has witnessed the greatest escalation in property values of the four HMAs between 2000 and 2007. In 2000 the HMA had an average price which was the lowest of the four HMAs, however by 2007 it recorded a price second only to the Southern HMA.

This rapid growth in prices has been driven both through new developments in regeneration areas but significantly through the rapid development of high quality city living properties in the City Centre and the rise in investor activity within both regeneration and City Centre locations.

With new development playing an integral role in this price growth it is important to note that the market area contains significant spatial discrepancies in house prices. The Regional Centre includes some postcodes with very high average house prices, however, many of the more 'urban fringe' areas record some of the lowest property prices across Greater Manchester.

However, intrinsically linked to this is the expansion of affordability difficulties. Analysis of household incomes highlights the importance of recognising that the Central HMA records the lowest median and lower quartile household incomes of the four HMAs. This means that affordability problems have developed rapidly within this market area over recent years as a result of property price rises.

Concurrently, demand for social rented properties (indicated by waiting lists) remains high and has remained relatively stable over recent years.

4.4.2.7 North Eastern HMA

The North Eastern HMA, despite witnessing a rapid increase in house prices (as witnessed nationally) represents the cheapest of the four HMAs based on average house prices. Concurrently, a comparatively low lower quartile house price is recorded within the market area, driven by relatively low house prices in Oldham and Rochdale.

Furthermore, analysis illustrates that the North Eastern HMA records the second lowest levels of income. It is important to recognise that as well as overall low household incomes the market area includes a number of areas around the urban parts of Oldham and Rochdale which record some of the lowest incomes in Greater Manchester.

Nevertheless, absolute demand for social rented stock (indicated by waiting lists) is lowest for the North Eastern HMA (of the four HMAs), and has been comparatively less stable compared to trends in the other HMAs. This is likely to reflect the relative affordability of stock in the market area when contrasted against the other HMAs.

Turnover of social rented stock is highest within the North Eastern HMA, potentially representing an indication of potential issues relating to the attractiveness of stock, but also reflecting the comparatively high levels of smaller properties.

Within the private rented sector, achievable private rents are notably low within the North Eastern HMA, with Oldham recording the second lowest overall rent of the ten Greater Manchester authorities. This suggests that the private rented sector plays a significant role in alleviating 'housing need' within this market with strong interactions with the social rented sector, a finding which resonates with separate research being undertaken by Oldham MBC.

4.4.2.8 North Western HMA

House prices have risen significantly within the North Western HMA since 2000. However, along with the North Eastern HMA it continues to represent one of the more affordable market areas as a whole and has witnessed the lowest overall rate of growth in house prices between 2000 and 2007 of the four Housing Market Areas.

Despite comparatively low average house prices, the large number of new-build developments (including larger family housing) means that a price premium is emerging when compared to comparable schemes within the Central HMA. This suggests that the market is strengthening as a whole as it continues to develop a greater proportion of aspirational houses.

In overall terms the North Western HMA has comparatively high lower quartile house price. However, there are a number of areas in and around the urban parts of Bolton and Wigan which record notably low house prices within the wider market area.

In terms of household incomes the North Western HMA records the second highest median incomes. However, this disguises significant disparities across the market area, with the urban parts of Wigan and Bolton highlighted as being areas with notably low household income levels.

This is likely to be reflected in terms of housing need. With demand for social rented stock remaining high within the North Western HMA, although this is driven in part by very high numbers of households on the waiting list in Bolton.

With regard to the private rented sector, Wigan has the lowest overall average private rents across Greater Manchester, and this is reflected in low rental levels across this market area. As with the North Eastern market area this suggests that the private rented sector plays an important intermediary role with interactions with the social rented sector in meeting housing 'need'.

4.5 Market segments

Building on the analysis of the three main tenures, owner-occupancy, social rented and private rented, this section examines a number of key market segments in more detail to assess how these specific markets are currently operating and how policy needs to respond in the future. These market segments are defined both through key housing market indicators but also the demographic drivers identified in the preceding Chapter of this report.

4.5.1 City Centre Market

Given the central role that the Regional Centre market has to play within the wider Greater Manchester economy and housing markets, it is worth considering in detail the key market trends to have emerged, particularly since 1997 when major occupancy of the Regional Centre began in earnest. Given the scale of the development of the Regional Centre this section focuses on this particular focus of the emerging city living market. However, it is recognised that other town centres across Greater Manchester have also witnessed or started to witness an increase in new development within their centres over the last few years. The scale of development within these centres represents a completely different market than the Regional Centre and therefore the analysis of demand in this particular market needs to be considered in isolation.

Of particular note is the number of new build flatted schemes which have had a significant impact on the housing market in the City Centre (including Salford) during this period.

Figure 4.5.1.a: Number of new-build flatted sales in Salford and Manchester for each year from '00 – '07 & average selling price.

	Number of sales	Average Price (£)
New Build Flatted Sales & Average Sale Price		
September 2000 - 2001	972	£112,078
September 2001 - 2002	1611	£134,338
September 2002 - 2003	1730	£131,148
September 2003 - 2004	2636	£143,852
September 2004 - 2005	3100	£153,288
September 2005 - 2006	4278	£152,031
September 2006 - 2007	3522	£169,472

Source: Greater Manchester Land Registry Database

The table clearly shows a period of sustained price growth for new build apartments during this period, which until 2006/2007 is combined with sustained supply increases. Whilst this is not surprising given its similarity to wider market trends, the data shows that increased supply has in fact sustained price increases; suggesting demand continues to outpace supply at least until 2006/07.

The ability of this market to sustain itself in light of the wider market pressures identified in earlier in this Chapter is critical to both the central and wider Greater Manchester housing markets. To establish this, an examination is undertaken below, based upon existing research and wider anecdotal evidence, of the components of this City Centre demand and through this how it might behave in the future.

Both UK and wider international government policy has focussed heavily on City Centre renaissance over the last decade. A combination of heavy Government investment and a restructured policy framework have positively encouraged redevelopment and renewal in urban areas. As a result, cities have become the dynamos to regional and national economies.

A critical by-product of this has been a culture of speculative investment by private individuals as well as more formal investment structures, all of whom have enjoyed the benefits of increased property capital values, stable rental growth and a highly flexible approach to funding from lenders. Developers have also responded to this, building speculatively, providing off-plan opportunities and, more lately, providing sophisticated mechanisms to attract would-be landlords. Indeed, as stated previously, the revival of private renting represents a major new housing market driver, influenced partly by the growth in the availability of buy-to-let mortgages and growth in the off-plan apartment market⁶⁶.

As a result, over 40 per cent of all sales in Manchester City Centre between 2003 and 2006 were to non-resident owners (i.e. investors). Further to this, over 5 per cent of sales were to private limited companies; most likely formal investment structures⁶⁷. This trend is even more evident in Salford, where over 67 per cent of all sales in this period were to non-resident owners, and 8 per cent were to private limited companies⁶⁸. Such large proportions of investor sales suggest that these City Centre markets are likely to be vulnerable to any retrenchment of investor activity.

The MSP research also found that smaller investors of one or two properties were most likely between 2003 and 2006 to buy property in the City Centre area, whilst large investors who purchased over ten properties were more likely to buy in the East and North Manchester ADFs⁶⁹ (i.e. outside of the City Centre). This suggests that the investor market may be more vulnerable to wider economic instability in the City Centre, based on the premise that smaller investors may be less financially stable.

Given the current market climate, as discussed in 4.2.2.5, it therefore appears that the City Centre markets are likely to be vulnerable to the retrenchment in lending activity to investors in particular, based on the assumption that this will impact both on new investment purchases and refinancing options (e.g. as fixed rates end their term). Indeed, the Government itself recognises this relationship, stating that a downturn in buy-to-let lending could potentially create a downward pressure on house price inflation⁷⁰.

The impact of this is likely to be a consolidation in development activity, with developers keen to mitigate risk amongst pressure from shareholders and manifest economics alike. Indeed, agents report that housebuilders are scaling back land acquisition activity and speculative development, particularly of apartment schemes. There is also anecdotal evidence that developers are scaling down existing apartment developments.

On this basis, it is likely that the trend of reduced investor activity in the City Centre market is likely to continue, particularly in the short and medium term as international financial markets continue to struggle and the UK housing market continues to stagnate. This raises questions as to the ongoing vitality of the City Centre markets, particularly in light of a substantial development pipeline yet to be delivered.

As the introduction to this sub-section notes the market issues faced within the Regional Centre are not necessarily reflective of potential market demand for existing or indeed future development within the smaller town centres across Greater Manchester. The levels of development within the majority of these centres has been relatively small in scale and variety and therefore remains relatively untested in terms of market appeal both in the short-term and the long-term. The performance and changes in the housing market within the Regional Centre need not necessarily be seen as a fundamental indicator regarding the opportunity to expand the supply of residential properties to facilitate urban living within other centres and this particular market will need to be monitored carefully in the future in order to ensure that longer term objectives for the creation of vibrant and viable centres is not undermined.

4.5.2 Vulnerable Investor Driven Markets

Outside of the City Centres there remain questions over the vulnerability of some other housing market sub-areas to wider economic fluctuations. Specifically, a number of new private and mixed tenure communities have been created over the last decade in response to national programmes such as Housing Market Renewal Pathfinders. Given the 'un-matured' state of a number of these, it is worth briefly considering the type of purchasers buying within them, and in turn how they may react to current and impending market fluctuations.

⁶⁶ Ecotec; Making Housing Count in the Manchester City Region: Drivers of Housing Market Change in the Manchester City Region (2007)

⁶⁷ MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

⁶⁸ MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

⁶⁹ MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

⁷⁰ NHPAU Research Findings Number 1: Buy-to-let mortgage lending and the impact on UK house prices (February 2008)

In terms of established Pathfinder areas, perhaps the most researched programme in the Greater Manchester area is the Manchester Salford Housing Market Renewal Pathfinder. Recent research suggests that between 2003 and 2006, over 53 per cent of purchasers were resident owners, 37 per cent were non-resident private owners, and 6.5 per cent were limited companies⁷¹. Within this, 54 per cent of purchases were terraced property, and 34 per cent were apartments. Just 11 per cent were semi-detached and 1 per cent were detached⁷². Smaller investors (i.e. those buying between 1 and 2 properties) account for over 60 per cent of all investor sales within the MSP area.

These factors combined suggest that Pathfinder areas may be vulnerable to the evolving buy-to-let investment market; given that the changing cycle of market behaviour as noted in 4.2.2.5 is likely to impinge of smaller investors more than large (i.e. the marginal purchasers) and their ability to gain finance. The recent evidence of stagnating house prices also changes (& even reverses) a previous trend of continuous equity gains; something which smaller investors are likely to be more sensitive to. This could potentially lead to the release of a significant quantum of housing to sale if investors chose not to retain their properties (or indeed are unable). On the positive side this would release much needed affordable housing onto the market. However, the ability to purchase this housing, even if low priced, would depend upon mortgage finance availability. Examining this particular element of the market and its relationship with both the private rented sector and the owner-occupied sector illustrates the importance of continuing to monitor those more vulnerable parts of the market carefully.

In terms of the retention of stock by investors a recent survey undertaken on the buy-to-let sector was that undertaken by ARLA (Association of Residential Letting Agents) of its member letting agents in Q4 2007⁷³ revealed that nine out of 10 surveyed during the quarter stated that they had no intention of selling their properties for nearly 17 years. Overall the survey illustrated that larger landlords (i.e. those predominating within the ARLA membership) expect to stay in the industry and retain their housing for the medium to long term. Indeed, the average life expectancy of the buy to let investments recorded was 16.7 years, with this figure having been fairly constant for the past three years. However, it is important to note that current lending rates may alter the perception of landlords, and indeed their ability to retain property.

In terms of specific locations, research indicates that smaller investors bought a higher proportion (53 per cent) of investment properties in Central Salford, compared to the East Manchester ADF area in which they comprised only 37 per cent of investment purchases. In turn, in east Manchester the larger investors (i.e. those buying between 11 and 25 properties) accounted for over 13 per cent of investment purchases, whilst only 5 per cent in central Salford ADF⁷⁴. We might therefore assume that the central Salford market is more vulnerable to wider market fluctuations in the short to medium term. Figure 4.5.2.a illustrates the locations where the largest purchasers have bought in this period within the MSP, reproduced from the Property Purchases in Manchester & Salford 2003 – 2006 study, undertaken in 2007.

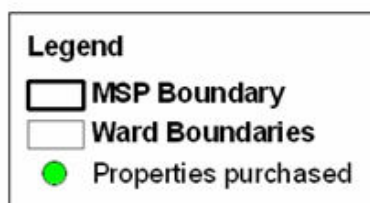
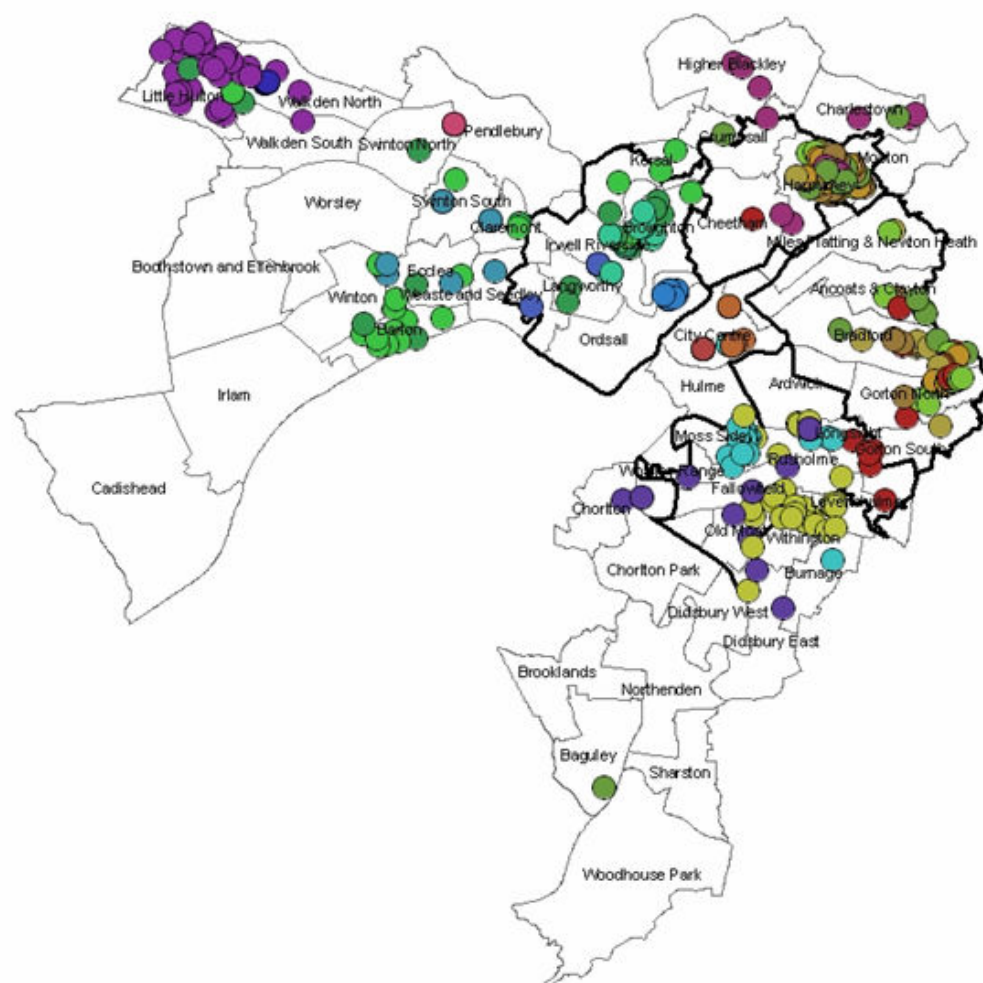
⁷¹ MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

⁷² MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

⁷³ ARLA Members Survey of the Buy to Let Sector, Fourth Quarter 2007

⁷⁴ MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

Figure 4.5.2.a: The Location of Properties bought by the largest 21 purchasers 2003 - 2006⁷⁵



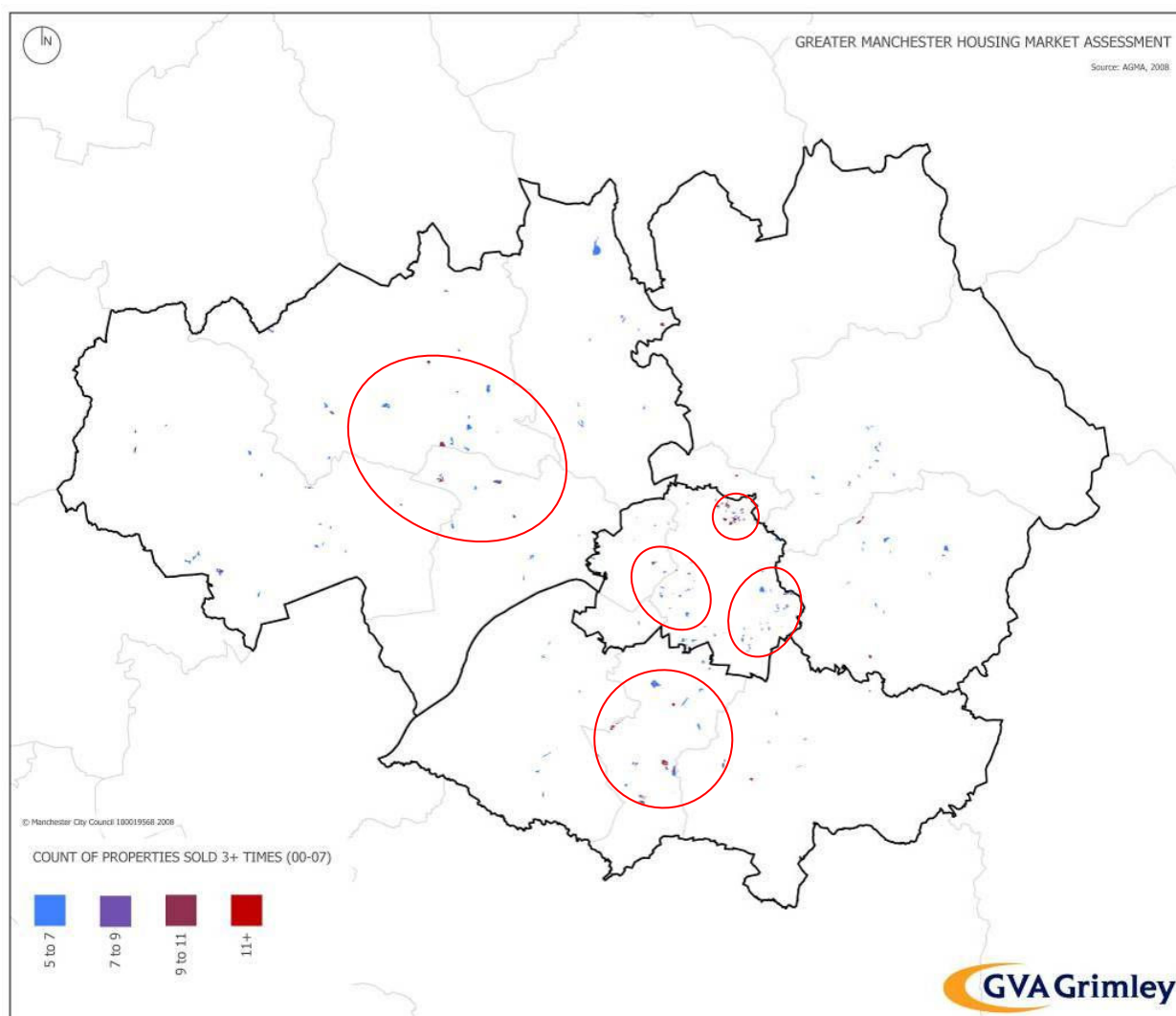
Source: MSP

Using Land Registry data analysis is included below which examines postcode areas which have witnessed very high numbers of repeat sales of properties. The number of residential unit sales also offers an important indicator into the relative turnover of property. Given that in the private-for-sale sector we would generally expect properties for owner-occupation to have a low turnover, and that in turn properties with high turnover may indicate that they have been bought for investment purposes, a geographical analysis of property turnover is extremely insightful. Areas with high turnover in regeneration areas potentially represent areas which are particularly susceptible to market transition.

⁷⁵ MSP; Property Purchases in Manchester & Salford 2003 – 2006 (August 2007)

The following plan indicates property that has sold three times or more over the last seven years (2000 – 2007), including only six-digit postcode areas that have 5 or more of such properties.

Figure 4.5.2.b: Multiple Sales in Greater Manchester, 2000-2007



Source: Land Registry 2008

Whilst multiple sales are evident throughout the four HMAs, there are also a number of clusters where 5 properties or more have sold more than 3 times between 2000 and 2007.

In particular, the Central HMA exhibits a number of clusters, with the Blackley area to the north east having seen the strongest cluster of multiple sales, perhaps signifying greater investment activity. Also, the areas on the western fringes of Manchester City Centre and into Salford have seen a strong cluster of multiple sales. This may relate to the proliferation of apartment development in this area, and the associated high levels of investor activity (see MSP research findings below). A third cluster also exists within the central market area, this time in east Manchester, in and around Gorton and Ashton Old Road, suggesting high level investment activity in regeneration areas remains strong.

Outside of the central market area, clusters of high turnover also exist, including the broad A56/A5103 corridor in the southern market area, and a pattern of turnover activity along the M61 corridor in the western market area.

Individual six-digit postcodes of interest include:

- ⇒ M4 1PE (Church Street, Manchester City Centre), where 24 properties have been sold three times or more;

- ⇒ M16 0NB (Seymour Grove, Trafford), where 21 properties have been sold three times or more; and
- ⇒ M3 5AS (Chapel Street, Salford) & M15 4QE (River Street, Salford), where 18 properties have been sold three times or more.

There are a number of other six-digit postcode areas where a significant number of properties (e.g. over 10) have been sold over three times in this seven year period. This serves to illustrate the level of turnover and obvious investment activity, particularly in the central market area.

Small localised areas of Oldham and Rochdale also record postcodes with multiple purchases which are likely to be associated with investor activity in the HMR neighbourhoods.

A range of other elements potentially hamper housing markets and potentially leave them vulnerable to market conditions, as has been documented through a significant amount of research including the research conducted by Llewelyn Davies Yeang for the Northern Way Sustainable Communities workstream⁷⁶. One possible outcome of such vulnerability is the return to the market of a number of properties, as investors are forced to withdraw. The flipside of this is the potential opportunities provided to first-time buyers as the market floods and prices are suppressed. Close monitoring of vulnerable markets is subsequently a necessity.

The range of properties on offer also impact on a market areas ability to compete and represent a healthy market. Therefore, as the city centre analysis indicated the considerable concentration of certain property types can lead to market vulnerability (indicated by the comparative levels of vacancy and rapid recent price depreciations). It is important that at a localised Housing Market Area a lack of property choice is not replicated especially within regeneration areas, where markets tend to be more vulnerable anyway as a result of previous 'branding' or stigmatisation. For example, a housing preference model developed for Oldham and Rochdale indicated that when offered a free choice (stock levels and affordability unconstrained), 70 per cent of HMR areas homeowners choose a non-HMR home. Given the same free choice, only 7 per cent of non-HMR homeowners choose a home in the HMR area. The conclusion is reached that this suggests that the HMR areas are not intrinsically attractive to the homeowners who live within the boundaries. They chose the HMR area not because they liked the area but because they could afford the area⁷⁷.

The relative attractiveness of an area to new-buyers is a critical element in ensuring that people 'invest' in the area through the purchase of property. And social infrastructure, school performance, quantum of quality green space, community / service facilities, alongside the choice in the housing market are all important components of a households decision to move to an area.

This section does not look to quantify these wider elements and relative market scoring, however, it is important that policy references these wider issues when considering the location of vulnerable market areas. For example, whilst the economic trajectories indicate an uplift over recent years in higher value occupations within Greater Manchester, those better educated members of the workforce have larger search areas for employment and locations to live⁷⁸. Therefore, there exists wider competition for attracting new households to markets, with Greater Manchester competing on a wider spatial scale with the surrounding, more suburban, authorities including the High Peak and Rossendale.

4.5.3 The Student Market

Greater Manchester includes a number of internationally renowned Universities and Institutes of Further Education. These include The University of Manchester, Manchester Metropolitan University and Salford University. A significant proportion of students attending these universities desire accommodation in close proximity to their educational facilities. The specific requirements of this demographic places unique pressures on the housing market in concentrated areas.

⁷⁶ Llewelyn Davies Yeang, July 2007 'The Northern Way Sustainable Communities Team – Residential Futures in the Manchester City Region'

⁷⁷ Kwest Research, 2006 'The Housing Preferences of Existing Households in Oldham-Rochdale – understanding housing demand drivers and modelling the effect of interventions within the HMR area'

⁷⁸ Llewelyn Davies Yeang, July 2007 'The Northern Way Sustainable Communities Team – Residential Futures in the Manchester City Region'

The analysis within this section explores the available secondary data sources but has also been based upon a programme of key stakeholder interviews and discussions through the workshops and events held through the development of the SHMA. The broad messages emerging from this process are incorporated to support the data analysis and the section also concludes with a separate section focussed on the findings of the interviews conducted.

The assessment of this particular household / demographic is structured around the following elements within this section:

- ⇒ Student Market Context;
- ⇒ Current location of student housing;
- ⇒ Rental levels associated with the market; and
- ⇒ Future change / requirements.

4.5.3.1 Student Housing Market Context

Existing research, conducted in 2008, suggests a burgeoning student market nationally, with student numbers on the rise (5.8 per cent annual increase in 2007)⁷⁹ driving the development of new accommodation.

The NUS/Unipol Survey indicates that in 2007/2008 the provision of bed spaces nationally will increase by 3 per cent (university halls and private halls). Significantly the private sector is increasingly meeting this growing demand with the survey showing that 8.5 per cent of the space is provided by educational establishments through formal partnership arrangements, and a further 18.6 per cent being provided directly through private halls⁸⁰. Significantly this sector growth with privately developed, purpose built beds increasing by 36 per cent since 2005, and an estimated capital value of £6.5 billion (just including private sector operated beds⁸¹). It is forecast as a result of this growth that by 2010 private providers and private sector partnership working will account for over 50 per cent of what are thought of as 'university halls of residence'⁸².

In terms of development, there is an increased focus noted on the provision of premium accommodation for overseas students in many of the UK's major European university cities, including Manchester, whilst a number of Universities have sought to dispose of off-campus sites to private student accommodation developers, including the University of Manchester.

Within the 2008 Report, Manchester is noted as a 'mature' and 'balanced' market, having been through the rapid growth phase that some other cities are only now experiencing (e.g. Liverpool), and this is reflected in Manchester being referenced as the top location (in terms of student numbers) outside of London where students live (circa 70,000 students).

4.5.3.2 Current Location of Student Housing

Student accommodation tends to be focused in close proximity to the major Universities or in organised campuses. However, the market has expanded with the increasing development of purpose built private rented accommodation.

Using Census 2001 data it is possible to map output areas which have notably high levels of student populations.

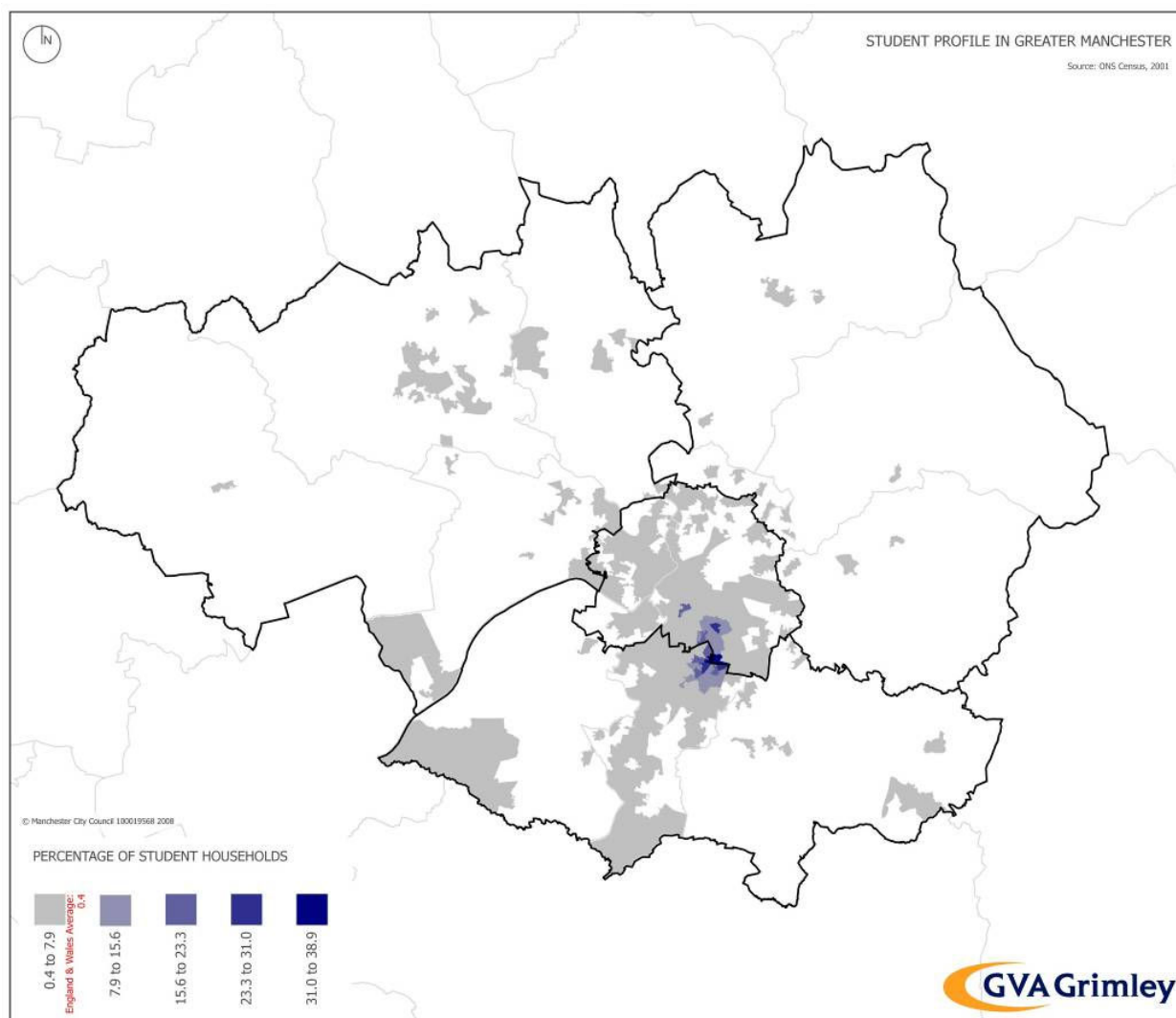
⁷⁹ King Sturge, UK Student Accommodation Market 2008

⁸⁰ NUS/Unipol, 2007 'Accommodation Costs Survey 2006/07'

⁸¹ King Sturge, UK Student Accommodation Market 2008

⁸² NUS/Unipol, 2007 'Accommodation Costs Survey 2006/07'

Figure 4.5.3.2.a: Student households – Census 2001

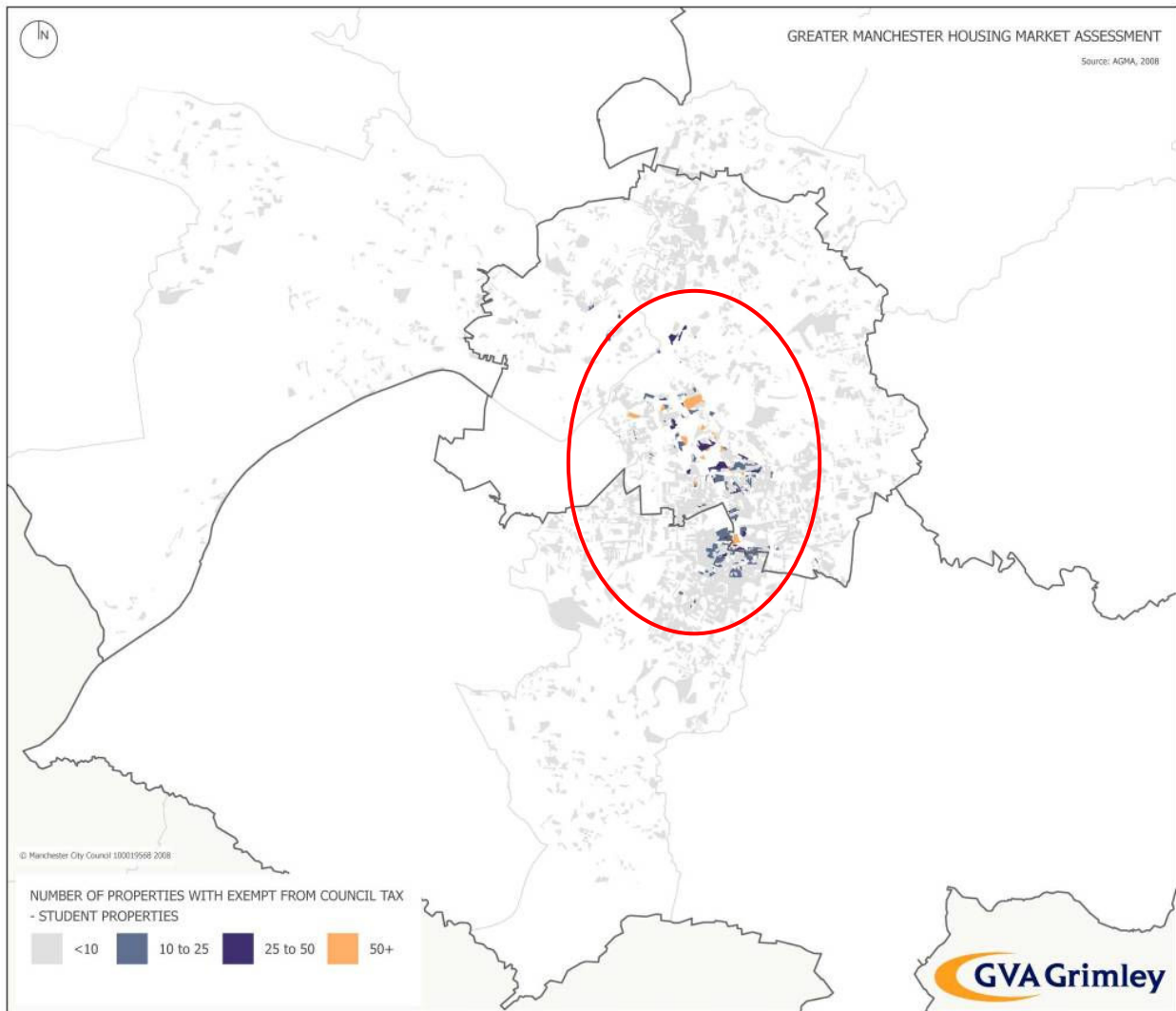


Source: Census 2001.

The overall distribution of student households in Greater Manchester is shown to be concentrated in Manchester City Centre and Salford areas, with the largest percentage of student properties clustered around university buildings. A high density of student properties is shown to follow the Oxford Road corridor that extends south from Central Manchester and has expanded into the southern HMA. Rochdale, Oldham, Tameside and Wigan contain the fewest student properties, with small, isolated pockets of student households and concentrations reflecting the locations of major institutions.

A detailed analysis of the concentration of student accommodation located within the Central and Southern HMAs, the areas where the preceding plan indicates that student numbers are highest, is provided in the following plan, which utilises Council Tax exemption data to provide a more up-to-date and detailed assessment of the location of student households.

Figure 4.5.3.2.b: Location of student households in the Central and Southern market area (2008)

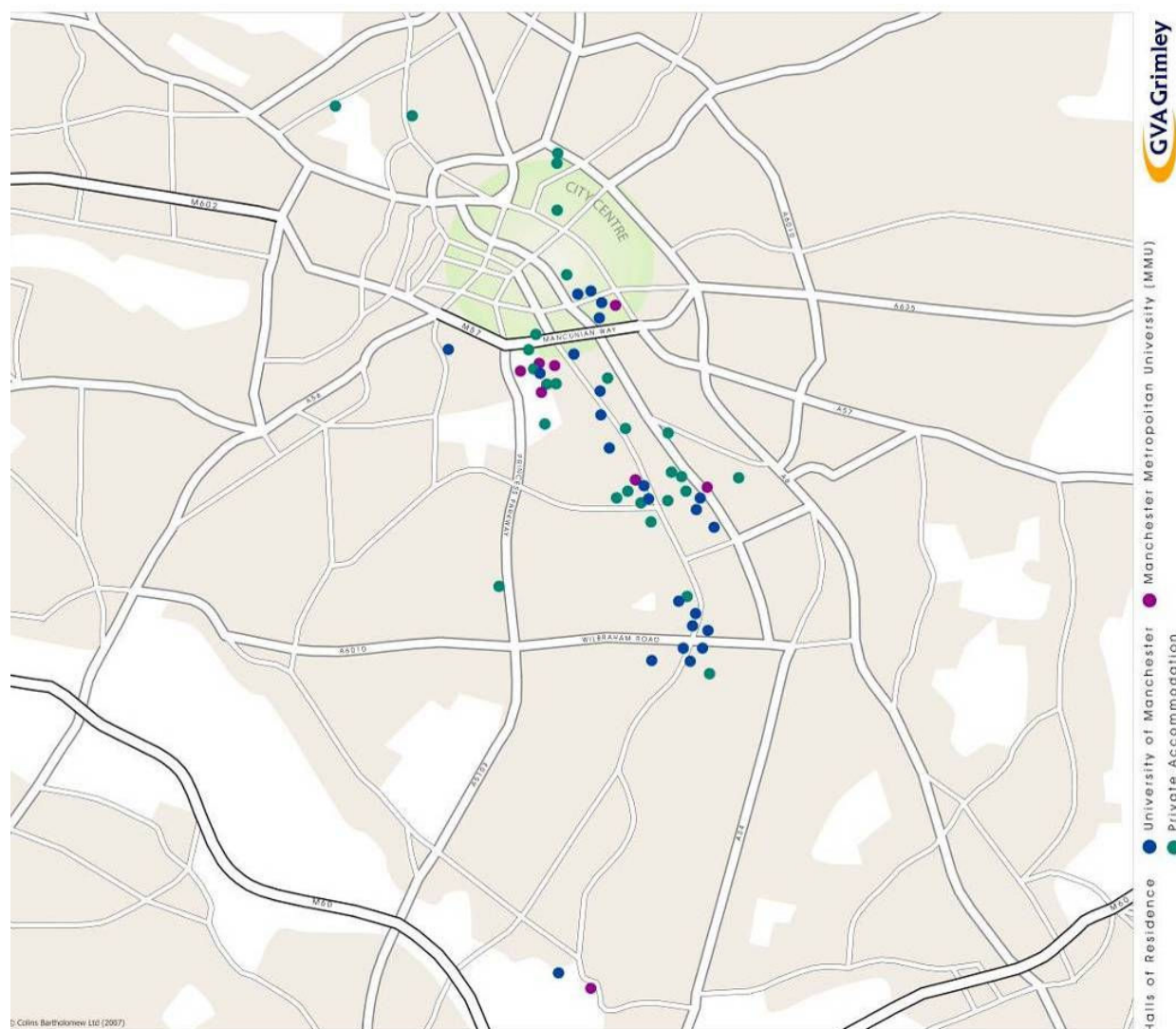


Source: Manchester City Council, 2008

The plan indicates that student households are significantly focused within a band predominantly located in the Central, and also spilling into the Southern HMA. This recent data confirms a trend visible in the 2001 Census data presented previously and suggests that the concentration of student populations in this geography has intensified with clusters in excess of 50 student households located in close proximity to Manchester City Centre and Manchester University Campuses.

The following plan shows the location of purpose built student accommodation serving the two Manchester Universities in order to complement the council tax plans and indicate spatially the strong hotspots of student accommodation.

Figure 4.5.3.2.c: Location of Student Accommodation serving Manchester Universities



Source: Manchester Metropolitan and Manchester University, 2007.

When the figure above is compared the high densities observed are shown to be the result of accommodation serving Manchester and Manchester Metropolitan Universities, together with large amounts of private student accommodation.

Accommodation serving the University of Manchester is mainly located along the Oxford Road, extending south out of the City Centre up to Fallowfield. The Manchester Metropolitan buildings are at mainly located at Aytoun and All Saints in the City Centre with Elizabeth Gaskell campus in Fallowfield and Hollings campus in Rusholme.

Salford and Bolton also have Universities although their accommodation requirements are fewer with greater numbers of their students living at home. Of the 9,002 students who attend Bolton University, 2,474 live at home with parents. There are a total of 19,306 students attending the University of Salford, with the University providing 3,243 rooms (accounting for 17 per cent of students). Significantly, almost a quarter (23 per cent) of students at the University of Salford are classified as part-time and therefore likely to have limited accommodation requirements. However, the university also has 1,827 overseas students (9.5 per cent of total students) who presumably require student accommodation either through the University or through accommodation providers.

Research conducted by EKOS consulting for Manchester City Council in 2007⁸³, identified the highest concentration of students in privately rented properties within terraced housing in Fallowfield, Old Moat and in the north of

⁸³ EKOS Consulting (August 2007) 'Student Housing in Manchester – Briefing Paper', Manchester City Council

Withington Ward. It concluded that accommodation in the south of Withington is predominantly composed of larger detached and semi-detached properties that have been subdivided into flats which generate more revenue for landlords. Lower concentrations of students live in the private rental sector in Chorlton, Whalley Range, Levenshulme, Rusholme, Longsight and Moss Side.

Within Manchester, private renting now dominates parts of Withington and Fallowfield, which reduces value for money as rents rise and housing quality is typically poor. A large student population also skews the provision of local services away from those that will cater for the needs of a mixed community. As a result, a number of cities and universities are now attempting to encouraging students away from traditional student neighbourhoods⁸⁴. Students within private rented properties have a range of beneficial and negative impacts upon areas in which they concentrate. These are outlined in the table below:

Figure 4.5.3.2.d: Researched Student Impacts on Neighbourhoods and Housing Markets

Positive	Negative
Student housing can prevent depopulation	Reduction of owner occupied properties
Increased range of goods, services and attractions	Change in nature of decreased demand for some services – particularly family orientated ones such as schools – can jeopardise their sustainability.
Student spending contributes to the local economies and supports local businesses	Seasonality of the student market can lead to property vacancy and the development of a 'resort' economy with seasonal provision of services which impacts on local employment.
Students can support public transport links	Non student residents can feel marginalised and isolated and move away.
Demand for student housing can stimulate private sector rents and raise house prices	Concentration of vulnerable young people with high concentrations of valuable goods leads to increased levels of crime.
Increased property values can incentivise repairs	Increased competition for private sector rental houses
Landlord investment can extend the life of older properties	Increase in low level anti-social behaviour
Stimulates growth in buy-to let market and private investment	Lifestyle differences can cause social tension
Creates an international/cosmopolitan feel/outlook	Gradually self reinforcing unpopularity of areas for families bringing up children
	Seasonal vacancies and transient occupation of properties (student households usually move every year) can erode community integration and cohesion.
	Conversion of properties into student homes can make conversion back into family homes difficult.

⁸⁴ Universities UK and Standing Conference of Principals (SCOP) in association with DfES, ODPM and the LGA (January 2006), 'Studentification': a guide to opportunities, challenges and practice.

Positive	Negative
	The stock of properties for family occupation is reduced
	Decreased neighbourhood attractiveness and loss of family properties combine to move families out of neighbourhoods which skews local populations away from this household type.
	Reduced quality of housing stock due to lack of investment by landlords.
	Street scene deterioration due to annual preponderance of letting boards. Transient populations have less commitment to maintaining the quality of public realm and poor awareness of refuse collection arrangements compounded by differing standards of what is tolerable.
	Increased pressures on services
	Increased noise and late night disturbance
	Increased congestion and parking problems – often terraced streets with a high number of car owners.
	Rising concentrations of students induces owner occupiers to sell properties to student landlords.

Source: EKOS Consulting (August 2007) 'Student Housing in Manchester – Briefing Paper', Manchester City Council

The conclusion reached through the assessment of the elements included in the above table, was that overall whilst student households brought some benefits to residential neighbourhoods there are clearly negative implications of strong concentrations of this particular household type. These issues, and others relating to student housing, are being examined in more detail through a subsequent piece of work recently commissioned by Manchester City Council.

4.5.3.3 Rental Levels

As with the wider market an assessment has been made of rental levels to identify relative demand for student accommodation and in order to compare and contrast it to other markets. The following table looks specifically at the rental levels of properties within postcode areas identified as having higher proportions of student households.

Figure 4.5.3.3.a: Spread of Rental Prices within Manchester / Salford for students.

		Highest Rental	Lowest Rental
		Price PCM (£)	Price PCM (£)
Student Rental Prices within Salford / Manchester City			
Manchester, M14	2 bed flat	£1,000	£500
	3 bed flat	£950	£690
	4 bed flat	£1,220	£867
	2 bed house	£1,490	£1,490
	4 bed house	£1,340	£725
	5 bed house	£1,625	£1,192
	6 bed house	£1,560	£1,274
Manchester, M15	1 bed house	£377	£303
	2 bed house	£607	£607
	3 bed house	£910	£910
Manchester, M19	2 bed house	£624	£550
	3 bed house	£750	£650
	4 bed house	£1,473	£1,300
	5 bed house	£1,768	£1,768
	6 bed house	£1,759	£1,759
	8 bed house	£2,253	£2,011

Source: RightMove, 2008 Note a number of the values included within the analysis of Rightmove rental levels may be distorted as a result of a small sample size at the time of survey – this is particularly relevant for the larger properties of which there are comparatively few.

Rental costs of student accommodation within the private sector vary, with higher rental values per person for larger properties. This may indicate a preference within the market for larger groups of students to live together, and limits the amount and choice of family housing available. Results from a web search of RightMove (2008), identified the greatest level of private rented student accommodation within the M14 postcode, possibly reflecting a desire to live within walking or cycling distance to main university buildings.

A larger diversity of accommodation is available for rent in M14 as shown by both flats and houses available on the market. This may be the result of several university buildings located within this postcode as well as a large number of HMO converted properties in the Fallowfield area. However, rental prices are not consistently at a premium within this location despite its proximity to the university campus. Rental prices in M19 for 5 and 6 bed houses are higher than in M14, possibly reflecting the comparable quality of these properties, or the size of units.

What is clear from the review of properties marketed for student rental is that a large number of student households are occupying converted traditional family housing units. This is notably the case in the M14 postcode area, which is in close proximity to the large Owens Park student complex managed by Manchester University.

The following table indicates the comparable private rental prices for accommodation located within postcodes associated with high student populations and overall rental levels for Greater Manchester (excluding 'student' postcodes) utilising evidence obtained from RightMove for 2008.

Figure 4.5.3.3.b: Student Rents, 2008

	Manchester Average Private Rental Price PCM (Excluding Student Postcodes)	Student Private Rental Price PCM	Additional Student Rental Price PCM
Difference in Average Rental Prices (2008)			
2 Bed House	£636	£586	-8.4%
3 Bed House	£734	£802	8.3%
4 Bed House	£986	£1,007	2.1%
5 Bed House	£1,166	£1,407	17.1%
6 Bed House	£895	£1,566	42.9%

Source: RightMove

Analysis of the table above highlights that, with the exception of the 2 bedroom house market, rental prices achieved in postcodes associated with high volumes of student residents (postcodes – M5, M6, M7, M8, M13, M14, M15, M19) are significantly in excess of the average rental prices achieved across Greater Manchester as a whole (postcodes – M1, M2, M11, M12, M11, M12, M13, M15, M24).

The largest price difference between the two markets is with the 6 bed house, for which students pay an additional 42.9 per cent above the average Manchester rental price. This may indicate a greater popularity of large properties to students.

However, students pay only 2.1 per cent more for a 4 bedroom house, which suggests that, although student prices are higher, demand for this property size is likely to be similar between students and other occupiers.

Lower student rental prices for 2 bedroom houses suggests that the greatest demand for this size of property is located outside of the student market locations.

4.5.3.4 Future Requirements

All of the Universities have ambitious expansion plans which require increases in student numbers and therefore additional accommodation. The analysis below shows that the major Universities business plans are all based around growth in student numbers. However, when examining this growth it is important to consider how this will impact on increased pressure for student housing. This is very difficult to forecast with any degree of accuracy as there are a number of wider policy and economic issues which could have significant ramifications. Clearly there is a confidence within the major providers that the reputation of the Universities and student life in Manchester will lead to growing student numbers in an increasingly competitive market driven by the government led 'cap in fees' and other policy initiatives. The overall performance of the city region economy and the quantum of job opportunities will represent a key driver to the success of institutions in attracting new students and therefore cannot be attached from this analysis in the future, therefore requiring careful monitoring.

With regard to the numbers requiring accommodation there are a number of key drivers which could lead to differing levels of demand in the future. For example, the financial benefits associated with attracting higher levels of overseas students as a share of overall numbers will elevate demand for student accommodation as they will all require new housing following their relocation. In addition the increase in students now continuing their education through postgraduate qualification could serve to elevate demand as well as aspirations around the quality of accommodation provision. However, the number of students residing in the UK who decide to live away from home in student accommodation could fall with study fees rising and therefore greater pressure to save money through living at home. In addition the analysis of rents has indicated the premium paid for student rented accommodation, tighter regulations for landlords have also helped to escalate rental levels again potentially impacting on the number of students able to afford rented for three years of their education.

Manchester University has projected an increase of 1,767 domestic and E.U. undergraduate and postgraduate students, together with an additional 885 overseas students in the next 5 years. This will bring the total number of full and part-time students attending Manchester University to 38,093 by 2013, of which 3,074 will be from overseas.

Manchester Metropolitan University has a projected increase of 1,400 domestic and E.U. students by 2013, bringing the total number of postgraduate and undergraduate students attending the university to 34,900. No data is available at present for the anticipated increase in overseas students.

Salford University is expecting an increase of 2,025 domestic and E.U. students by 2013, with an additional 984 overseas students. Over the next five years, Salford University's student total is anticipated to reach 21,461, of which 2,496 are from countries outside of the E.U.

In total, the major higher education providers in Greater Manchester are expecting to increase the volume of students by 7,061 over the next five years, 1,869 of whom will be from overseas. This will clearly place a significant demand on student housing and affordable housing for graduate students looking to stay within the conurbation.

The large anticipated increase in full-time undergraduates for all the major universities is likely to put a substantial burden on the amount of purpose built accommodation, as this group is very likely to live within halls of residence. Interestingly, despite forecasting large increases in student numbers, neither Manchester Metropolitan nor Manchester University have plans to increase the amount of student accommodation in place and, in recent times, have reduced their stock through the sale of some sites, thus increasing the pressure on the private rented market. This trend to continuing reliance on private sector led provision of accommodation was reinforced through stakeholder discussions.

Policy will need to look to address the likely increasing demand from larger student numbers and the potential areas in which this added pressure will be realised. Stakeholders suggested that the student market is now starting to impact on the City Centre with increasing numbers of students taking advantage of the large supply of good quality flats at reasonable rents which have been developed within the regional centre.

As student numbers change and the make-up of the student population evolves (led by changing proportions of overseas and postgraduate students) decisions will need to be reached as to where new student accommodation should be focused. The shift of students into the City Centre presents an opportunity to provide for these households will require minimal policy change with these areas as they are well served for the services, transport connections and entertainment sought by this demographic. This will clearly however have implications for the current clustering of student markets within other residential areas and further work undertaken to assess the relative impacts on these areas and the other residents within the housing markets.

The stakeholder discussions highlighted that policy needed to be aware of the fact that the student market, and in particular the high concentration of private rented properties, was linked to housing markets which are emerging based around the attraction of economic migrants to the Greater Manchester authorities and in particular areas within and on the fringe of the regional centre. If student areas do shift, at least in part, from their existing concentrations there is a possibility that these areas become particularly attractive to economic migrants seeking short term rented accommodation with good quality transport links. This issue is picked up in more detail in a following section looking specifically at the impact of the increase in the number of economic migrants on the housing markets across Greater Manchester.

4.5.3.5 Stakeholder Consultation

In order to provide further qualitative evidence around the manner in which the student and young professional markets are operating now and in the future a number of interviews were conducted with a range of stakeholders operating within the student accommodation market. This process included both developers and property advisers and included:

- ⇒ Liberty Living for Students;
- ⇒ Downing Developments;
- ⇒ King Sturge, UK Property Consultants; and
- ⇒ GVA Grimley Ltd.

The interviews were structured around a number of specific themes/questions designed to complement and test the analysis above. The current research commissioned by Manchester City Council specifically looking at this issue in more detail will assist in further unpacking the issues associated with this particular element of the housing market:

How do you perceive the current level of demand for student accommodation and how does this relate to the emerging private sector student accommodation market?

- ⇒ Demand for student accommodation nationally was perceived as increasing significantly over the past 5 years, with this being driven largely due to the growth of foreign students wanting to study in the UK and the popularity and prestige of British universities. It was noted that research has stated that a consequence of higher university fees has been the growth in more students living at home, however, the developers consulted suggested that in their experience demand had grown.
- ⇒ Demand related to the Manchester Universities was considered to have grown the last 3 years throughout the entire university campus, specifically around the City Centre and the Oxford Road areas of Manchester.
- ⇒ Significantly, despite the majority of current demand being focused within the HMO market, over recent years there has been a significant growth in demand for new private student accommodation. This was driven by higher expectations regarding the quality of the product alongside a desire for central locations.

What are the current perceptions of the level of demand in the future and is this affected by current market conditions?

- ⇒ The student market was perceived as operating outside of the wider housing market and it was considered that it would be better protected from wider market fluctuations. However, it was noted that developers were dependant on finance being available to fund new-build projects which means that current market conditions could lead to a reduction in the overall quantum delivered in the short term.
- ⇒ Demand was considered to remain high as a result of increasing numbers of educational places and a continued desire for students to live away from home.
- ⇒ It was suggested that in order for new private sector student accommodation to succeed there was a need for developers to reduce the asking rents. It was suggested that many of the rents on many of the commercial properties were increasing by an average of 5-7 per cent per year. Whilst students are currently willing to pay this amount for reasonable quality accommodation, increases in competition will impact on the rental levels which can be achieved. Currently these new properties are competing with much lower quality accommodation in the form of HMO's and traditional 1960s/70s university residences, which are becoming dated and lack the facilities of modern developments.
- ⇒ New developments were able to compete strongly as they integrated elements which students now require, including; broadband internet access, pastoral care and security. Higher aspirations of students and increasing work pressures was noted as being key drivers in high demand from final year students as well as foreign students (of which there was perceived to be an increase numbers) for private sector accommodation. This trend was considered likely to continue and therefore elevate demand for this sector for the market in the future.

How has the market changed in spatial terms, and how do you think it will evolve in the future?

- ⇒ Location of accommodation was considered a critical determinant in its success, with the majority of students wanting to be located in the heart of towns and cities with good access to university facilities.
- ⇒ City Centre, or proximate locations, were considered as representing the principal end of the market. However, student markets were also identified as being driven by the location of existing student accommodation e.g. University managed Halls.
- ⇒ It was suggested that private developers are looking to widen their scope of provision, potentially looking at areas outside of the core of the existing Manchester student market. This included areas such as Bolton and Stockport which have got significant plans to expand local FE and HE providers. However, the scale of these educational institutions was not considered as comparable with the central Manchester and Salford Universities with very different levels of accommodation requirements.
- ⇒ It was felt that accommodation located in the City Centre would remain the most viable in the future with concern for the long term viability for more peripheral developments.

How much competition is there amongst providers within this niche sector?

- ⇒ It was consistently noted that whilst competition was relatively strong there were only five key players in the development of new private sector student accommodation, with this representing a relative compact market.

- ⇒ The Universities and educational institutions were generally not seen as representing major competitors in the market as they were not perceived as having major plans for the provision of new stock.

Key Issues for Policy & Implementation

The student market is particularly dynamic and spatially constrained to clusters around the large campuses and student accommodation, however it represents an important component of the overall market. Student households in Greater Manchester are shown to be concentrated in the Central Manchester and Salford areas, with the largest percentage of student properties clustered around university buildings. A high density of student properties is shown to follow the Oxford Road corridor that extends south from Central Manchester and has expanded into the southern HMA. Rochdale, Oldham, Tameside and Wigan contain the fewest student properties. Evidence indicates a large number of student households are occupying converted traditional family housing units. This is notably the case in the M14 postcode area, which is in close proximity to the large Owens Park student complex managed by Manchester University.

Major higher education providers in Greater Manchester are expecting to increase the volume of students by 7,061 over the next five years, 1,869 of whom will be from overseas. This will clearly place a significant demand on student housing and affordable housing for graduate students looking to stay within the conurbation. Anecdotal evidence has started to suggest that students as well as graduates and young professionals are starting to spread out into the Regional Centre flatted market as a result of the comparatively affordable rents and the higher quality of product. This could potentially have significant implications for the traditional student areas and their role in the future. These issues are being explored in more detail through separate analysis being conducted for MCC however, it is clear that policy will need to develop a strong set of objectives.

Analysis of the City Centre markets illustrates that investor purchasers have formed a significant proportion of total sales since 2003 (& most likely before) and have clearly represented an important driver of the growth in the growth of the Regional Centre market. The nature of these purchasers, with smaller investors comprising the vast majority, suggests that these areas could potentially be more exposed to wider market fluctuations, especially if rental gains fail to cover mortgage repayments. However, the increased pressure on the rental sector noted earlier in the Section suggests that demand for this sector should be sustained and could therefore buoy the market and lead to further investor interest in this market. Alternatively, given the changing nature of lending activity and general impingement on 'marginal buyers', it is expected that smaller investors may find it difficult to purchase buy-to-let property. As a result, areas that have traditionally relied upon smaller investor activity (i.e. City Centres) may be opened up to first-time-buyers as competition for stock reduces. However, offsetting this to some extent is the fact that first-time-buyers will find it increasingly difficult to access mortgage funding.

The impact of investors in the Pathfinder areas has also been identified. It is largely considered that this has created artificial price rises in these areas and again under current market conditions could lead to exposure in the short-term. The impact this will have on regeneration programmes will need to be carefully monitored.

4.6 Young, elderly, family and minority markets

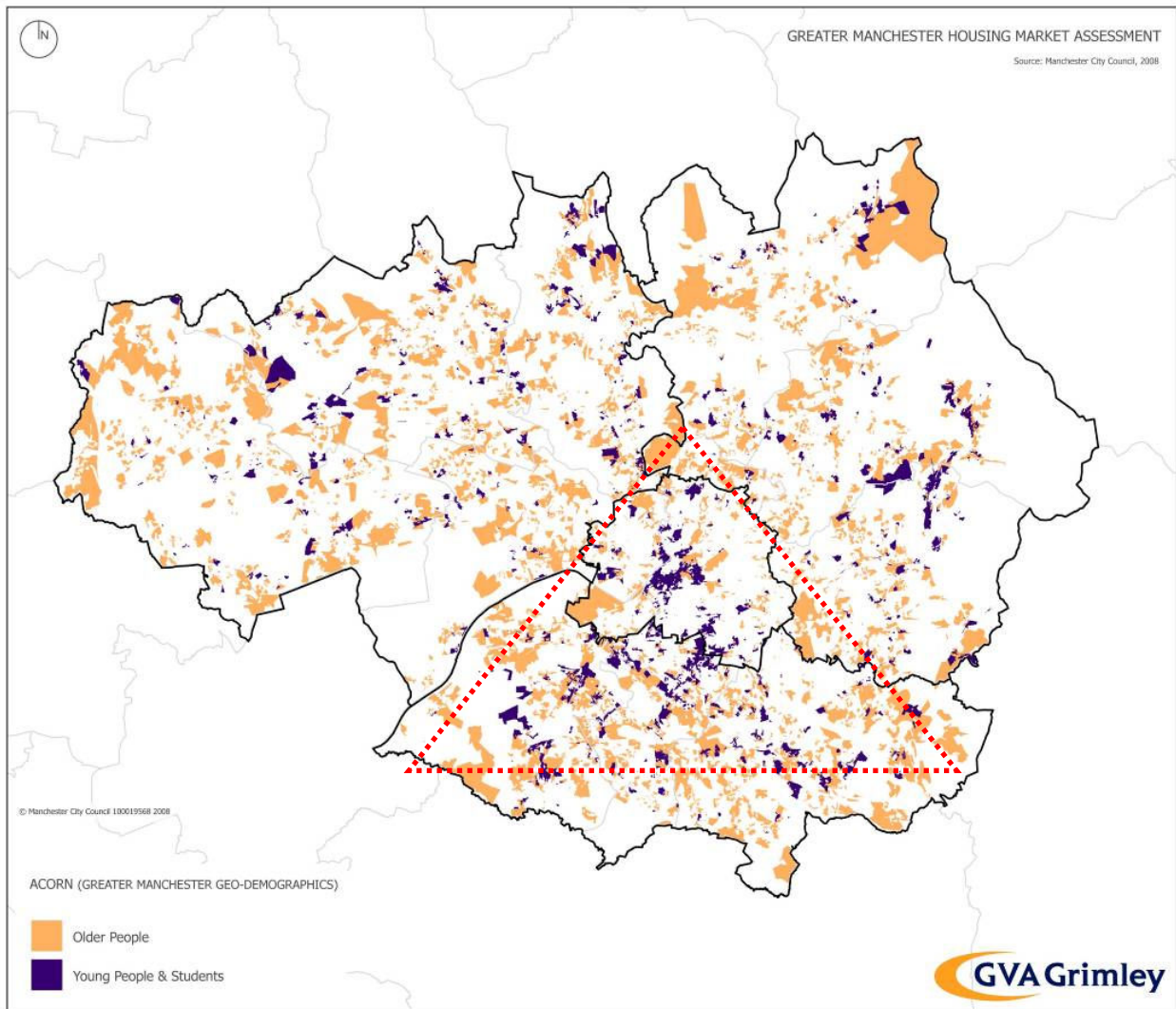
This section analyses the housing needs of younger people, families, older people, minority and hard to reach households and households along with an articulation of how general levels of demand may change according to demographic projections.

With regard to the 'young' housing markets this builds upon the preceding section which focused solely on student households, with particular reference to the major further and higher education providers. It therefore looks in more detail at the tenure choices made by 'younger' households within Greater Manchester, therefore picking up the full spectrum of 'younger' households.

4.6.1 Young and elderly markets

The schematic below shows how younger and older cohorts are distributed across Greater Manchester and the four Housing Market Areas. There is a reasonably concentrated distribution of young persons and students across the triangle highlighted in Central and Southern HMAs. There are other areas dominated by younger cohorts in the North Western and North Eastern HMAs, but these are more widely distributed.

Figure 4.6.1.a: Location of Younger and Older Cohorts, 2007

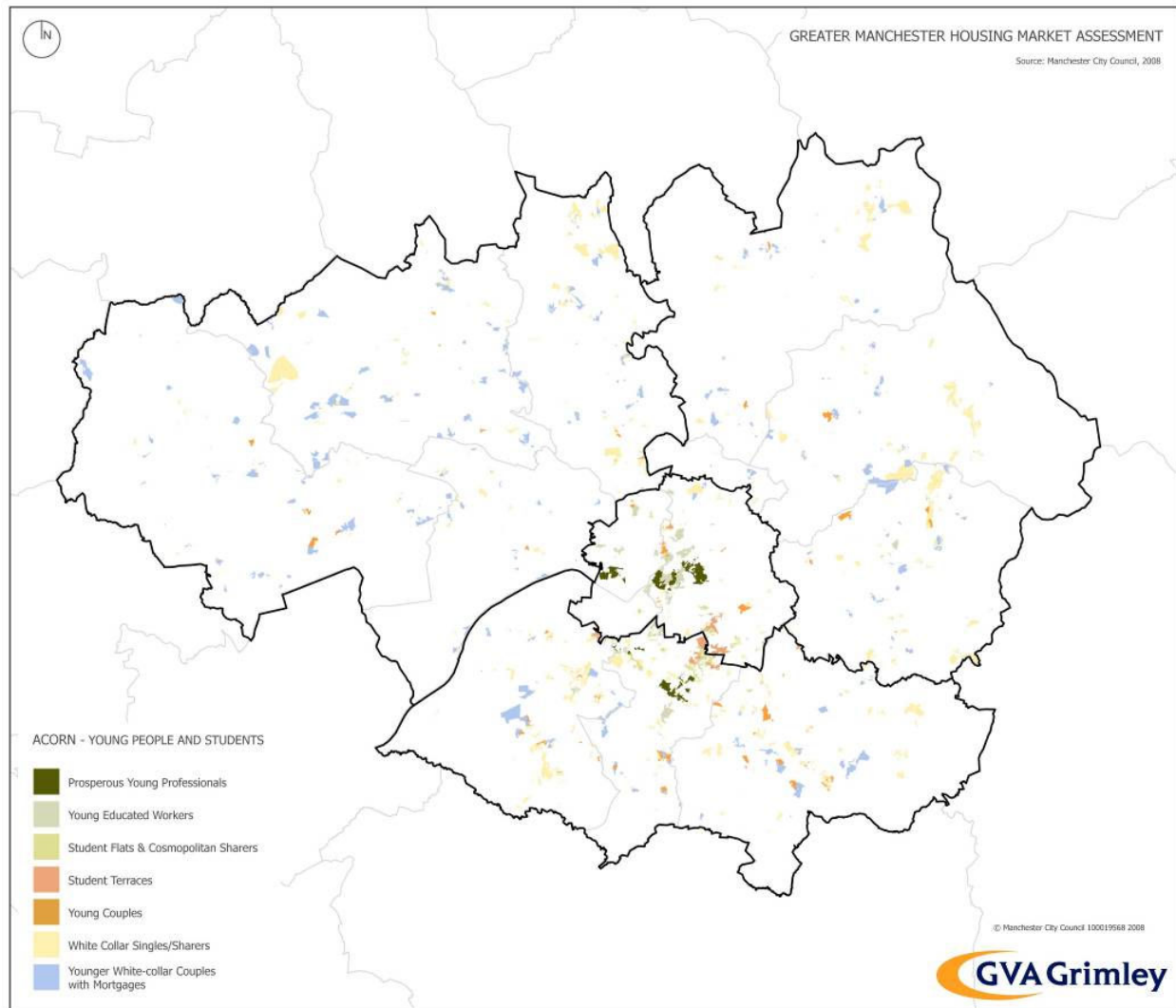


Source: CACI, GVA, Deloitte Analysis.

With the exception of the Central HMA, where older cohorts tend to be less prevalent, the older population is reasonably well distributed across the three other HMAs, although pockets do exist towards the northern reaches of the North Western and North Eastern HMAs.

The following map has been produced using ACORN data and illustrates those areas which are defined as being characterised as areas of young households in particular breaking them in more detail. This therefore includes student households as well as young professionals and young couples showing the spread of these younger households spatially and allowing for an assessment of the initial 'moves' of this demographic through the housing market.

Figure 4.6.1.b: Location of young professional and student households (2007)



Source: ACORN, 2007

The plan indicates that concentrations of student flats, terraces and cosmopolitan shares are predominately located within the neighbourhoods of Fallowfield, Victoria Park, and Didsbury, which are situated on the border between the Central, and Southern, HMA, and reinforcing the analysis above.

Looking at concentrated areas of prosperous professionals it is evident that the City Centre (and Salford Quays) registers as strong areas of appeal which is to be expected given the supply of high quality, bespoke flatted developments developed over recent years. However, it is also clear that there are strong concentrations within the Southern HMA in close proximity to areas showing strong concentrations of student households. This indicates the desire to remain within those familiar areas once graduated and from the assessment of house prices it is clear that this high demand has had a strong impact on property prices with these areas representing one of the strongest markets in Greater Manchester. Areas falling within this cluster include Withington, Didsbury, Chorlton and Sale.

There appears to be a lower level of young professional activity located in the North Eastern housing market area. As a consequence, Oldham MBC and Rochdale MBC recently commissioned a study by ECOTEC to analyse the opportunities for attracting and retaining young professional graduates within the two authorities. The study, completed in October 2007, surveyed the perceptions and attitudes of students and graduates within the two boroughs and concluded the following:

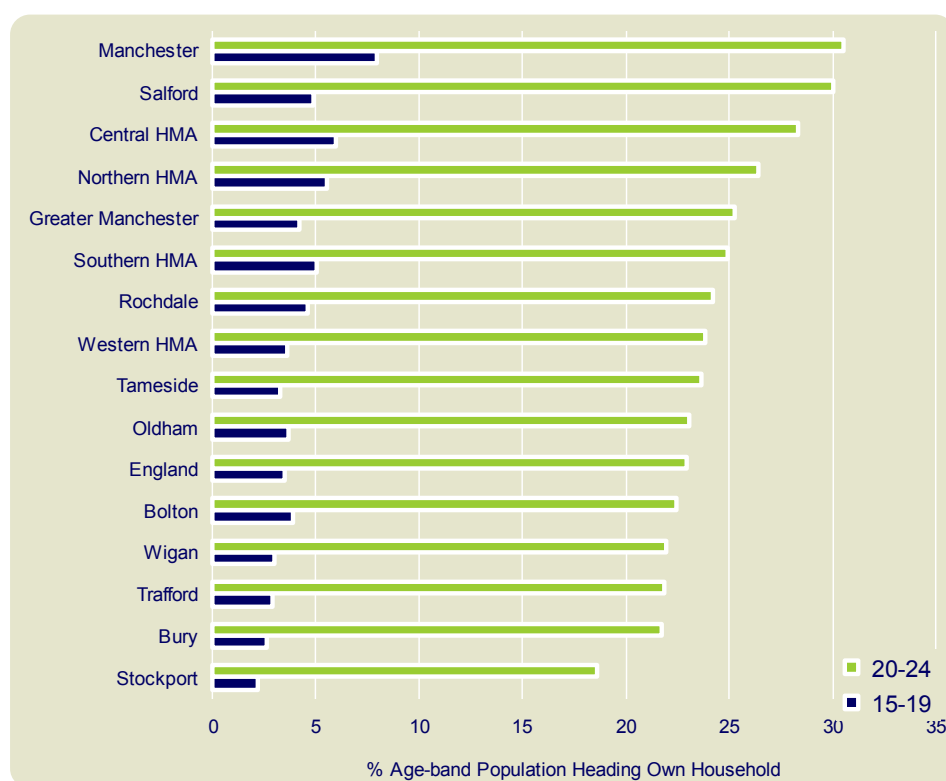
- ⇒ A lack of appropriate employment opportunities within Oldham and Rochdale, is a barrier to attracting or retaining this demographic;

- ⇒ Affordable housing is less of a barrier and is attainable within both areas for the majority of young professionals;
- ⇒ Oldham and Rochdale offer little to young professionals in terms of local leisure and entertainment facilities, which is a significant factor in attracting this demographic;
- ⇒ Manchester was perceived as a better prospect for suitable employment for young professionals indicating that it was possible to live in Oldham or Rochdale and work in Manchester. Transport links are mostly good and people well disposed to public transport; and
- ⇒ Apartments were viewed as synonymous with 'city living', but were not appealing to those located in Oldham or Rochdale. These areas were seen as towns where suburban houses were preferable and consultees demonstrated a preference for traditional semi-detached and terraced homes.

Therefore, it is clear that housing developments and renovation require improvements in other facilities to be conducted alongside. For, without this Oldham and Rochdale will struggle to compete against larger players, such as Manchester, in the 'graduate' market⁸⁵.

However, looking at those young households with mortgages clearly illustrates a more scattered spatial pattern across the market areas. This suggests that affordability issues associated with the house prices in and around student areas leads to households looking at other areas. Also other factors, such as schools and house type (e.g. larger housing) factor into decisions to locate for these households with student and professional areas tending to be dominated by private renting and flatted properties. Household formation rates – which measure the likelihood of a person in a specific group being the head of a single household – suggest that younger residents of Manchester and Salford are most likely to form or head their own household in the 15-19 and 20-24 cohorts than other areas in Manchester City Region.

Figure 4.6.1.c: Household Formation amongst Younger Cohorts – proportion of specific ageband heading a household, 2004



Source: CLG, Deloitte Analysis.

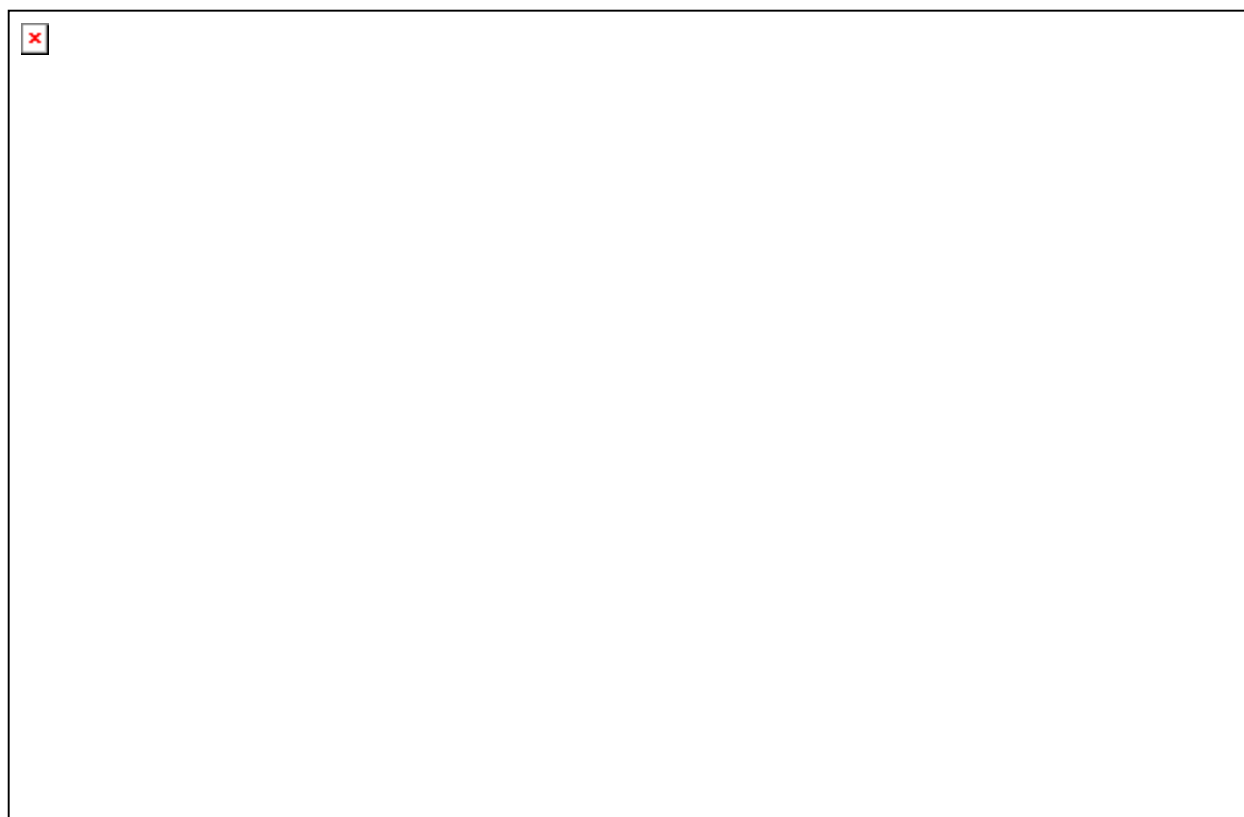
⁸⁵ 'Retaining and Attracting Young Professionals in Oldham and Rochdale' – ECOTEC (1st October 2007)

This is predominantly due to the large student populations of Manchester and Salford. Of each of the HMAs, younger person household formation is lowest in the North Western HMA and Southern HMA. In terms of specific locales formation is lowest in Stockport and Bury, reflecting a number of factors including affordability issues in these areas.

Figure 4.6.1.d highlights differences between age groups and type of tenure. There is a higher share of owner occupied homes and a lower share of social rented homes amongst the older age cohorts in the North West.

Currently, a higher proportion the over 65 age cohort in the North West are living in owner occupied homes than ten years ago. This is in contrast to the under 65 population where the proportion of owner occupation has dropped.

Figure 4.6.1.d: Households in the North West, tenure by age group, 1996 and 2007

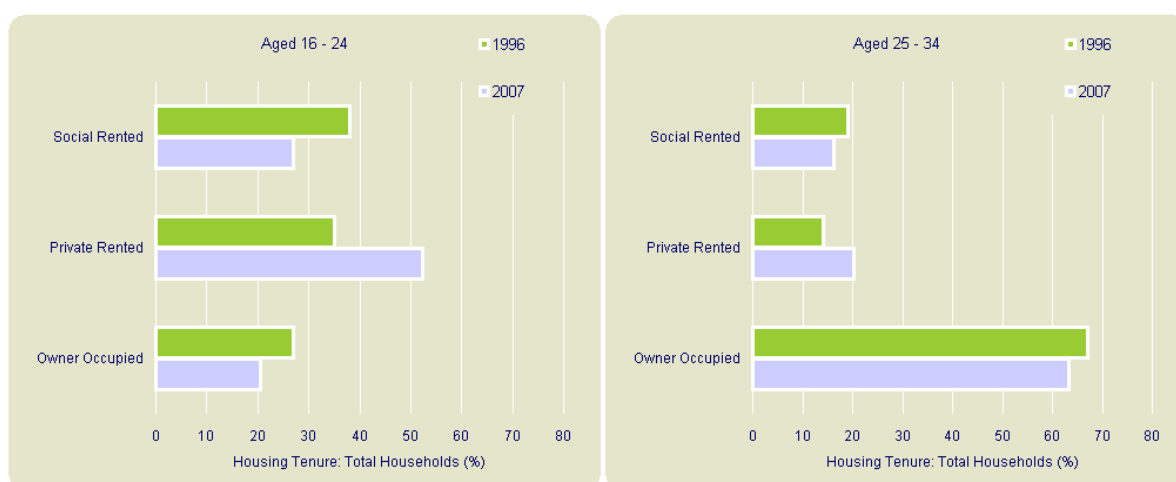


Source: Labour Force Survey, Deloitte Analysis.

There has been a decline in the share of older age groups living in social rented accommodation in the past ten years but the opposite is true for those aged 64 and under. Meanwhile, there has been a slight increase in private rentals across the all age groups in the past ten years – with increasing take-up by the under 65's being netted-off by the shift to owner occupation amongst older cohorts.

The contrast between changes in owner occupied accommodation highlights affordability issues amongst the younger cohorts. Figure 4.6.1.e shows that private rentals have increased amongst the younger cohorts. This is particularly noticeable for the group aged 16 to 24 years where private rentals have jumped by 17 per cent over the last decade.

Figure 4.6.1.e: Households in the North West, tenure by younger age groups, 1996 and 2007

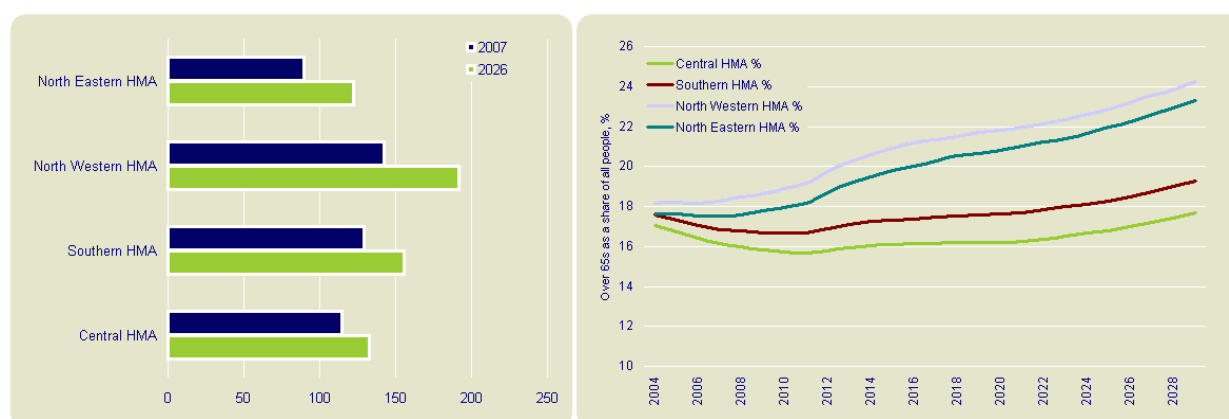


Source: Labour Force Survey, Deloitte Analysis.

In summary, younger cohorts below 25 have increasingly relied upon private rented accommodation due to affordability issues, whilst those over 65 are now much more likely to be owner occupiers for a number of demographic, economic and social reasons. Moreover, the entry age to sheltered housing has increased markedly according to stakeholders.

This is of some importance given the magnitude of change expected in the age profile of the population in each HMA, which is summarised below:

Figure 4.6.1.f: Anticipated changes in HMA over-65 population, 2007-2026



Source: ONS, Deloitte Analysis.

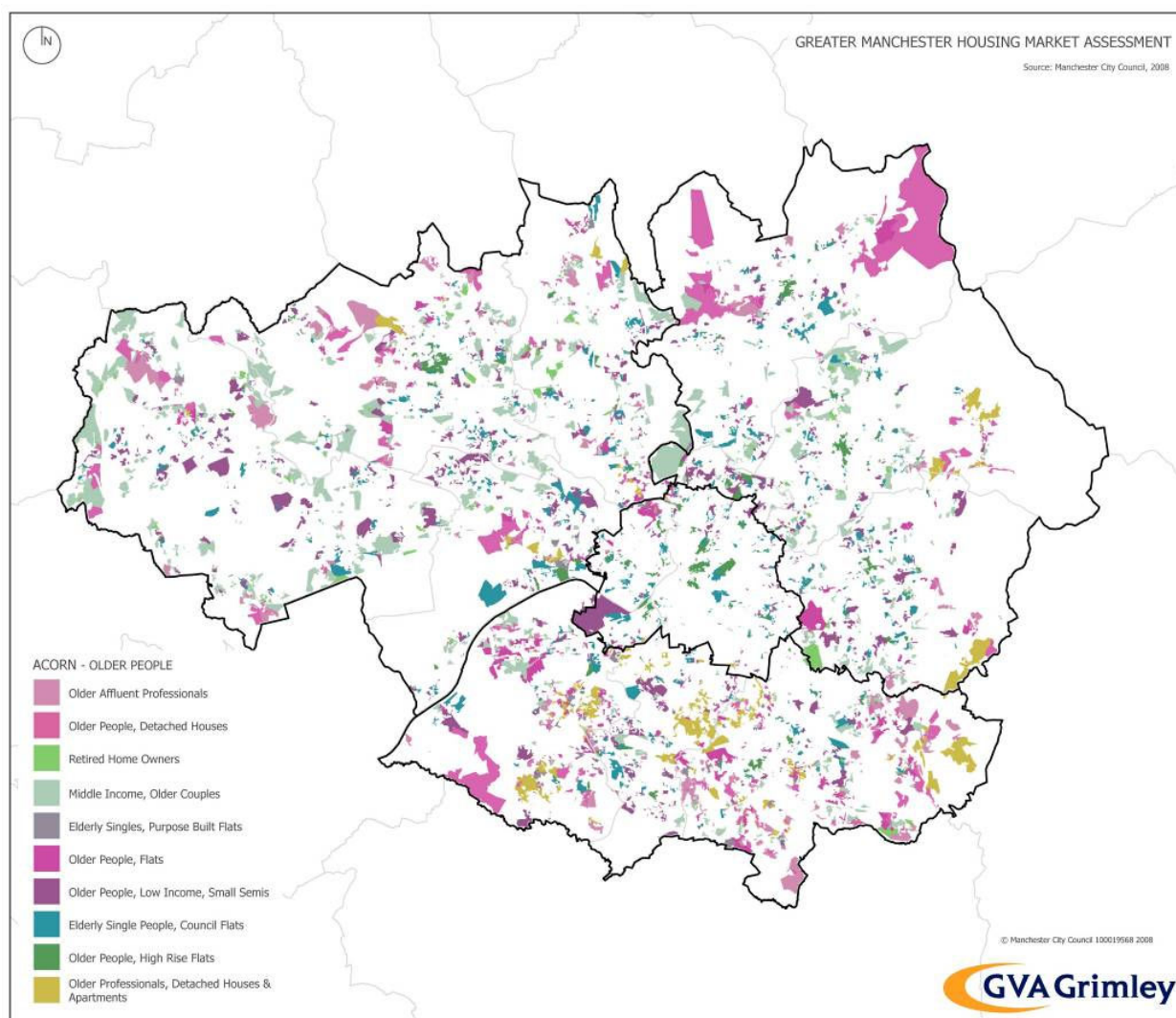
The over 65 population is expected to double in absolute numbers in each of the HMAs over the next 20 years. This will lead to higher dependency ratios in all HMAs but the population shift is expected to be most marked in the North Western HMA where the proportion of over-65's will rise from around 18.5 per cent to 25 per cent over the period. The North Eastern HMA will see the next largest rise in relative terms from 17.5 to 23.5 per cent.

As well as changing levels of demand for housing amongst specific cohorts, the type of demand may change. This is particularly so for older cohorts who are now more likely to reside in their own home for longer and at older ages. The UK Government is already putting in place legislation to ensure new builds are fit-for-purpose or 'future-proof' as an acknowledgement of the magnitude of the shift towards older population and the likely requirements of the cohort.

The type of older person does differ across and within HMAs. The older cohorts in the north of the North Eastern HMA are categorised as flat dwellers, with those in the Central HMA either in council flats, high rise flats or on low income. The North Western HMA appears to have a higher proportion of middle-income older cohorts than the other HMAs, whilst the Southern HMA contains most of Greater Manchester's affluent elderly population.

There is anecdotal evidence of people being 'stuck' within terraces due to low income and a noted shortage of more appropriate affordable properties for them to move into within close proximity. Stakeholders suggest that no-one to date has given the 50+ cohort high priority. In other parts of the market 'empty-nesters with equity'.

Figure 4.6.1.g: Older Groups in Greater Manchester, 2007



Source: CACI, GVA, Deloitte Analysis.

The tendency for 'under-occupation' of existing housing stock created by older households, is likely to be exacerbated by the trends highlighted in this section. The data suggests that the older population will grow and will increasingly want to remain in owner occupation. This has ramifications for the rest of the market – older households of lower size will have significant spillover effects, and these need to be accounted for in policy making.

Supported Housing

NWRA are currently conducting a specific region-wide assessment of the supply of and need for sheltered housing in the North West – 'The Regional Supported Housing Strategy'. This study is not expected to be available until the culmination of this SHMA, although at that point it should be considered, as the analysis will doubtless shed further light on this issue. Key points known to date include:

- ⇒ The North West has 165,000 people using supported housing (2005-2006);
- ⇒ These are housed in over 66,650 units;
- ⇒ The North West sees the lowest proportion of Supported People expenditure directed to older people – around 13 per cent against a national average of 17 per cent; and

- ⇒ A lack of provision for marginalised client groups (predominantly mental health needs and young people leaving care).

Manchester too is developing a strategy for supported housing – ‘The Extra Care Sheltered Housing Strategy’ – which is presently in draft form. This is charged with trying to promote a flexible and more holistic approach, such that stakeholders from Manchester Adult Social Care, Manchester Housing and Manchester PCT can better work together to deliver the necessary service.

This is clearly required, but from a SHMA perspective it is about the provision of adequate housing to underpin these services that is of crucial importance. At present if an older or needy person cannot stay in their own home or with a family member, the choice is limited to appropriate private sector housing (which is limited across HMAs), sheltered/supported housing or a residential care home. Attitudes are changing and there is acknowledged to be a move towards ‘ageing in place’ – meaning that the focus is moving towards private sector housing supported by sheltered accommodation as appropriate.

Through legislative intervention such as ‘Lifetime Homes’, the Government is trying to influence the supply of homes in the private sector, but there is a clear need for sheltered accommodation to support this. Within each of the HMAs identified as part of this study, consultees suggested that above all sheltered housing has to be more spacious and of a much better build quality, in keeping with other types of accommodation – both to reduce the stigma associated with such developments and stimulate demand.

Moreover, given the need associated with sheltered accommodation, location is of paramount importance. In market terms – as noted by developers – sheltered housing cannot be isolated and needs links to the local community as well as full access to provision of transport and services or it will not sell.

The future demand for supported housing is a function of demographic change and the propensity of older citizens to require such housing. Figure 4.6.1.g shows the marked increase in disability in the over 60 cohort and in particular in the over 75 cohort.

Figure 4.6.1.h: Disability prevalence by Age Group

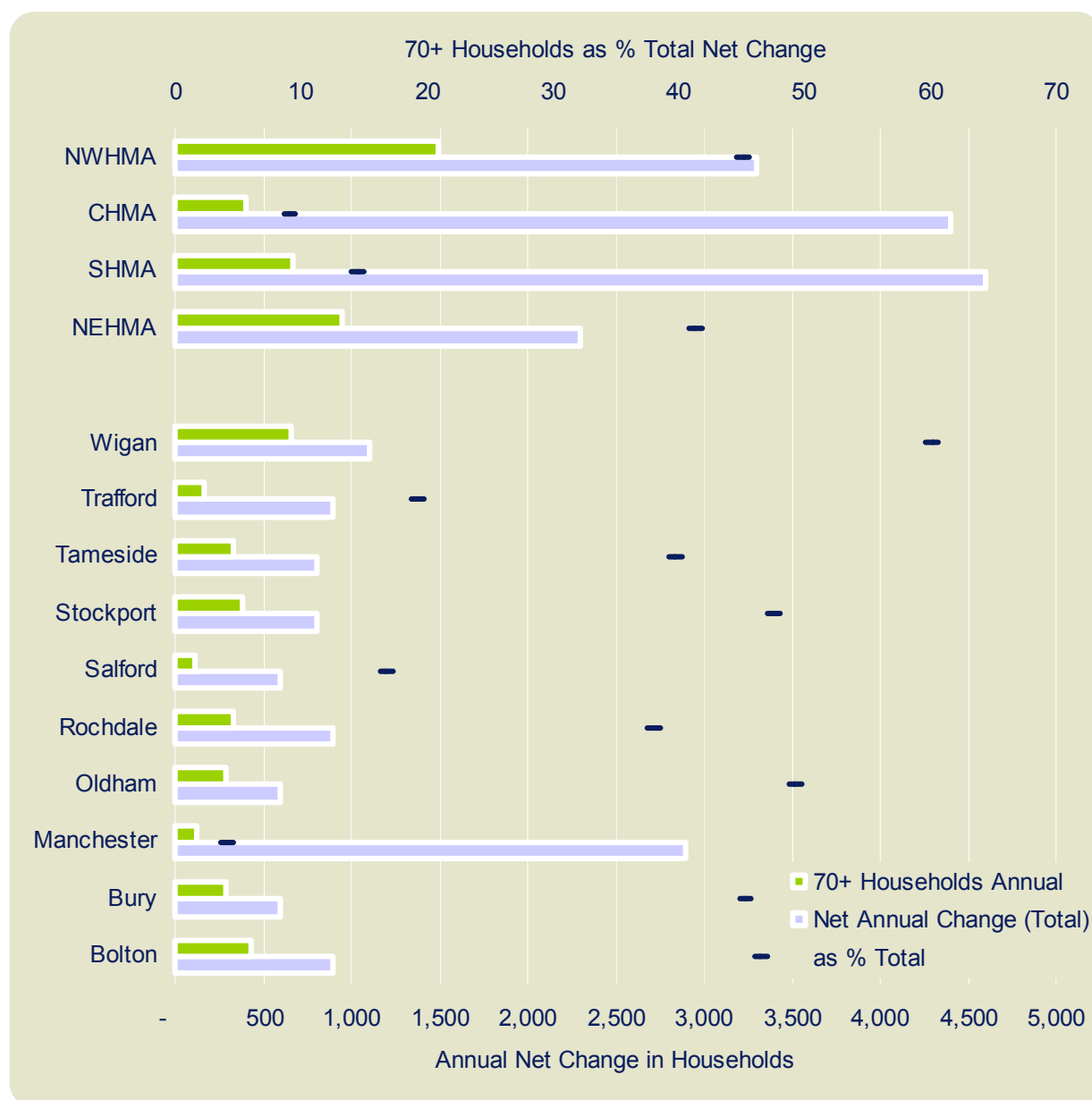
Age Group	% Disability
16-59	5.4
60-74	42.6
75+	59.8

Source: Manchester Joint Health Unit, ONS 2006

Based on this, analysis by the Joint Health Unit in Manchester suggests that by 2029 there will be an extra 9,000 residents in the authority over 65 years of age, and of these over 2,850 (30 per cent) may be expected to have some form of mental health problem that may require some form of supported or residential care. This assumes that the prevalence of such problems does not undergo significant change.

Whilst the majority of these additional cases may not be relevant to supported accommodation, the scale of the increase in the 70+ population and households, as highlighted below, is likely to mean that the demand for sheltered/supported accommodation will rise.

Figure 4.6.1.i: 70+ Households – Quantum and Relative Change, 2007-2026



Source: CLG, Deloitte Analysis.

The above analysis for Manchester is significant in that it is one of the districts in the area that is expected to have a relatively low shift to older population.

If current trends continue approaching 50 per cent of household growth in the North Western HMA is likely to be in households headed by persons over the age of 70. This is a major issue in Wigan but also in Bolton and Bury. Further afield the issue is most acute in the North Eastern HMA, in Oldham particularly, as well as in Stockport within the Southern HMA.

It may be safely assumed that the demand for more and higher quality sheltered housing will rise in these areas, and that existing stock should be upgraded and complemented to provide for an increasing client population.

However, it should be noted that this is an instance where the provision of district or even HMA level estimates could be spurious, because of the lack of information pertaining to both the likely changes in prevalence of the kind of problems that require sheltered accommodation and current stock and quality.

During the course of this SHMA it has become apparent that districts themselves are beginning to recognise the importance of the elderly housing issue and are accordingly commissioning research to underpin general policy and specific intervention with respect to sheltered housing. This is welcome, although the research will not be completed until well after this commission.

4.6.2 Families

Changes in aspirations and behaviour have influenced housing markets and are likely to continue to do so in the future. Many of the drivers for family housing aspirations have been linked to socio-economic factors such as:

- ⇒ Higher Incomes – as they have encouraged people to buy larger or higher quality homes for their families;
- ⇒ Increases in housing stock – through recent housing developments have helped push prices down – making homes more affordable;
- ⇒ Higher divorce rates – which has created an increase in demand for single person homes;
- ⇒ Higher levels of participation in higher and further education; and
- ⇒ Higher house prices – which, although offset by the ‘higher incomes’ factor, can also affect ‘family size’ if a higher cost of housing forces people who might prefer living alone to share.

Recent trends in the Manchester City Region suggest that the inner core authorities of Manchester and Salford have experienced out migration of families with children. The migration analysis in Chapter three certainly seems to suggest that the urban core tends to draw in people from outside the Manchester City Region before dispersal within the Manchester City Region and beyond.

Meanwhile, higher than average levels of children are identifiable in Bolton, Bury, Oldham, and Rochdale are linked to the demographic profiles of these authorities. This correlates to some extent with authorities which have higher proportions of non-white minority ethnic groups, with the exception of Manchester, Trafford and Tameside, where any such effect is more than cancelled out by the out migration of families.

During the research for MHC, stakeholders acknowledged there to be an oversupply of 1 and 2-bedded flatted developments in Manchester (and the Pathfinder area specifically) as well as a shortage of quality, family-suited housing and a need to attract people. This has to be balanced with need of existing residents. This is coupled with an acknowledged undersupply of family sized homes (houses) across many parts of all HMAs. The sales mix share of semi-detached and detached homes, which may represent first choice for families, are still in relatively short supply.

MHC also recognises that in the Central HMA there is currently a shortage of larger and higher quality family housing. The proportion of families with children is also low and has fallen more sharply in the Central HMA than for any other HMA. Although it is not possible to look at household structure change at a neighbourhood level since 2001 the sales of property types suggest that increases in the sale of flats will continue to reinforce the profile of the HMA as an area dominated by smaller households and those without children.

There is clearly an issue to consider in terms of housing mix, and the concern expressed by some consultees is that new-build housing might lead to an excessive supply of 1 and 2 bed flats, and not enough accommodation suited to families. This is perceived to be partly due to prevailing planning policy favouring high density urban developments, as well as the, until now, commercial drivers of developers to build higher density schemes. However, the current situation of oversupply and under-occupancy may lead to a step-change in development type in Manchester City Region.

CLG projections are for a continuing rise in the proportion of single person households for the North West region as a whole from 32 per cent of all household in 2003 to 40 per cent in 2026. This suggests a greater need for accommodation suited to the requirements of single person households. However, the proportion of family or multi-person households is forecast to also increase.

In the Manchester City Region future trends may roughly reflect that of the North West region. Core areas, however, are likely to see higher growth in single person households. Forecasts in Making Housing Count highlight that household growth is likely to be highest in Manchester and in the North Western HMA.

From a family perspective, some aspects of dwelling design are also difficult to modify, in particular the availability of secure parking and garden space and therefore accurate planning is crucial in order for existing stock and new development to meet the demand for new family households. However, future household growth by type of household cannot be provided by the GMFM forecasts. Therefore, in developing a future strategy it will be important

to set the household and employment forecasts in the context of the current housing offer as well as the aspirations of new households in terms of housing type, value and tenure.

Social changes are a more significant source of uncertainty in the future. Although there has been a trend in younger people living independently from their families than in the past, some live collectively with other single people. The extent to which this occurs has a major impact on the type and size of dwelling required. Three unrelated individuals could for example occupy three flats or just one house. The house could also be occupied by a family of four. In addition, some families have living arrangements under which they occupy more than one dwelling. This may occur in instances of long-distance relationships or due to working at some distance from their main residence which involves weekday accommodation closer to the work place.

Therefore, taking all of these factors into account, consideration needs to be made to the impact of future changes in the housing aspirations and demands of these groups when designing policy.

4.6.3 Minorities and Migrants

For the purposes of this research the definitions of minorities extends to all non-white residents.

The 2001 Census provides good detail on spatial concentrations of minority groups but there is an almost total lack of understanding as to the magnitude and type of migration in the region and specific HMAs. However, qualitative evidence points to specific areas within the Greater Manchester region seeing significant inflows into existing communities and new areas for new migrants.

The conurbation has attracted a large number of economic migrants in recent years, particularly from 2004 accession states of the European Union. Migration from the EU accession states has been a particular feature of international migration to the Manchester City Region and Manchester ranked 7th out of the local authorities in England in terms of National Insurance registrations from A8 migrant workers. Of these 64 per cent were Polish. This has impacted the housing market particularly in areas where relatively cheap private rented housing has been available – impacts felt in traditional Minority Ethnic reception areas and also other parts of Greater Manchester, such as Wigan and Salford.

In migration terms there is a gap in terms of data coverage. However, the Institute for Public Policy Research (IPPR) have recently undertaken a study that considers post-enlargement migration flows to and from the UK. It presents evidence on the scale and nature of migration from the eight new Central and Eastern European countries that joined the EU in 2004 (the so-called 'A8' countries) and, to a lesser extent, from Romania and Bulgaria, which joined in 2007 (the so-called 'A2'). It suggests that 10.7 per cent of UK nationals of working age are based in the North West. Analysis by local authority suggests that the number of A8 workers is highest in the Central HMA with around 25 A8 workers per 1,000 residents, the North Eastern HMA has the second highest number of A8 workers per 1,000 residents (23), followed by the North Western (18) and Southern (15) HMAs. Higher migration flows into the Central and Southern HMAs is a result of higher estimates A8 workers per 1,000 residents in Trafford (11) and Manchester (9).

Inner urban areas are seen as a 'last resort' to the indigenous population and migrants gravitate to these areas with the poorest housing stock in all HMAs.

Given the poor quality of housing and neighbourhood in some areas of highest Minority Ethnic concentration, there is a potential need to develop low cost home ownership options as well as additional social rented housing. However, this needs to recognise the extent of demand for such provision which in many instances may not be forthcoming. It will also be important to identify, in conjunction with Minority Ethnic groups, the type and location of housing that could support movement from overcrowded neighbourhoods. The key factor in all of this is the further understanding of migrant aspirations.

Main drivers of change are migration by asylum seekers and refugees and, more recently, migrant workers settlement patterns, of migrant workers in particular, may differ from those of more established Minority Ethnic communities.

This places pressure on general service provision in those areas as well as having a two-way effect on housing markets. Namely: directly increasing the need for social housing; and more generally increasing demand for all types of housing (which can indirectly increase the need for social housing as others are forced out of the rental market).

The needs of existing communities and new migrants can also be quite different from the rest of the population. 'Traditional' Minority Ethnic neighbourhoods acting as a focus for new groups (both migrant workers and asylum seekers and refugees) – driven by factors such as access to cheaper housing and the consolidation of cultural links.

The 2001 census also shows that in Greater Manchester there was significant growth in the more settled communities based on in-migration between 1991 and 1992. This is also due to second and third generation population growth.

Specific prevalence of minorities is shown below for each HMA and the Greater Manchester area.

Figure 4.6.3.a: Ethnic Minority Prevalence at HMA level, 2001

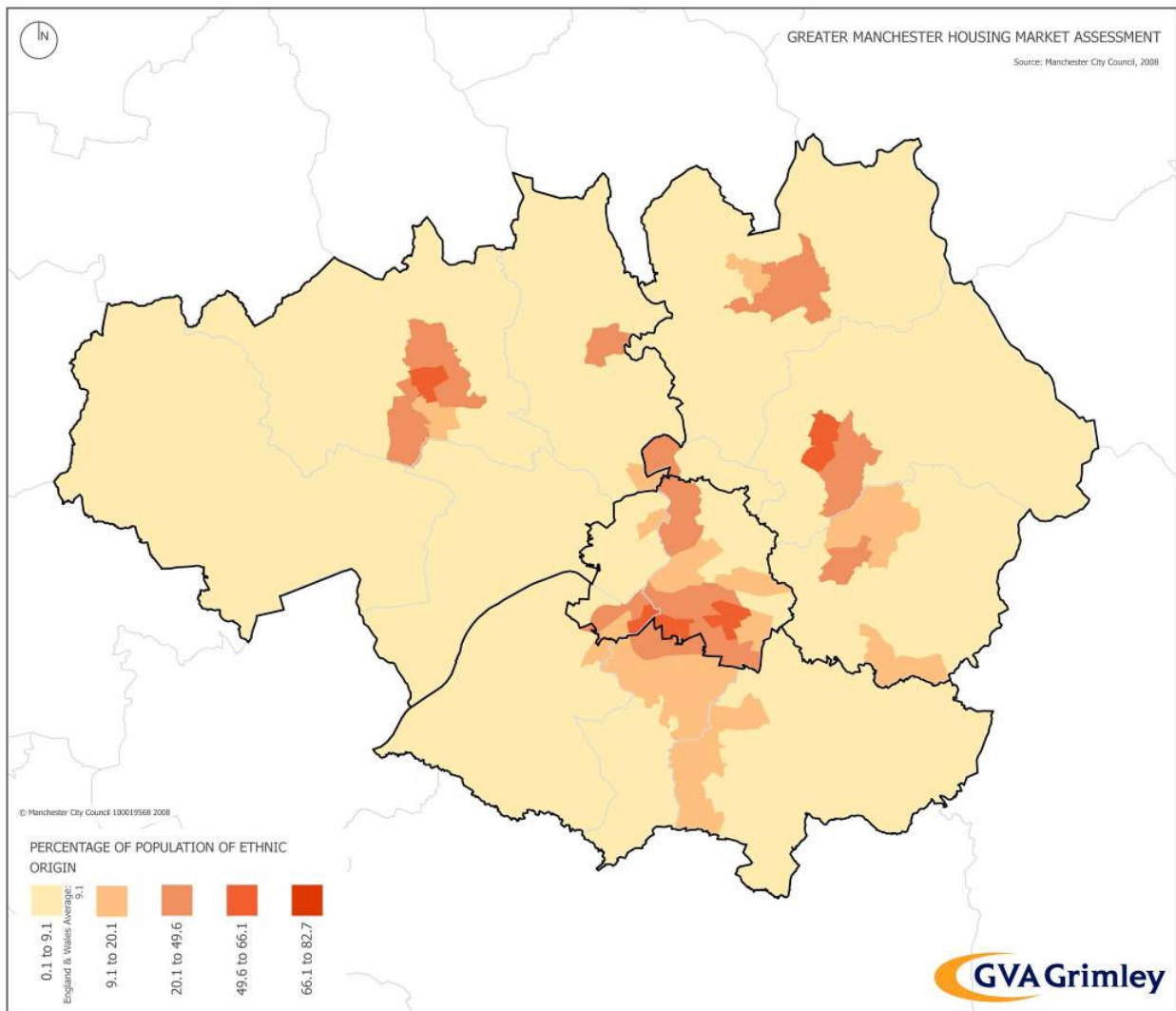


Source: 2001 Census, Deloitte Analysis.

The North Eastern HMA has the most minority residents in both absolute and relative terms, with the North Western HMA conversely having the least. However, this analysis includes some double counting and given the specific spatial concentrations of minorities, this is best viewed in map form.

As the map below shows, the North-South axis through the centre of the Greater Manchester conurbation is where most minority communities are concentrated and this axis has a long standing function as the first place in the City Region where migrants locate.

Figure 4.6.3.b: Ethnic Minority Prevalence at Ward Level, 2001

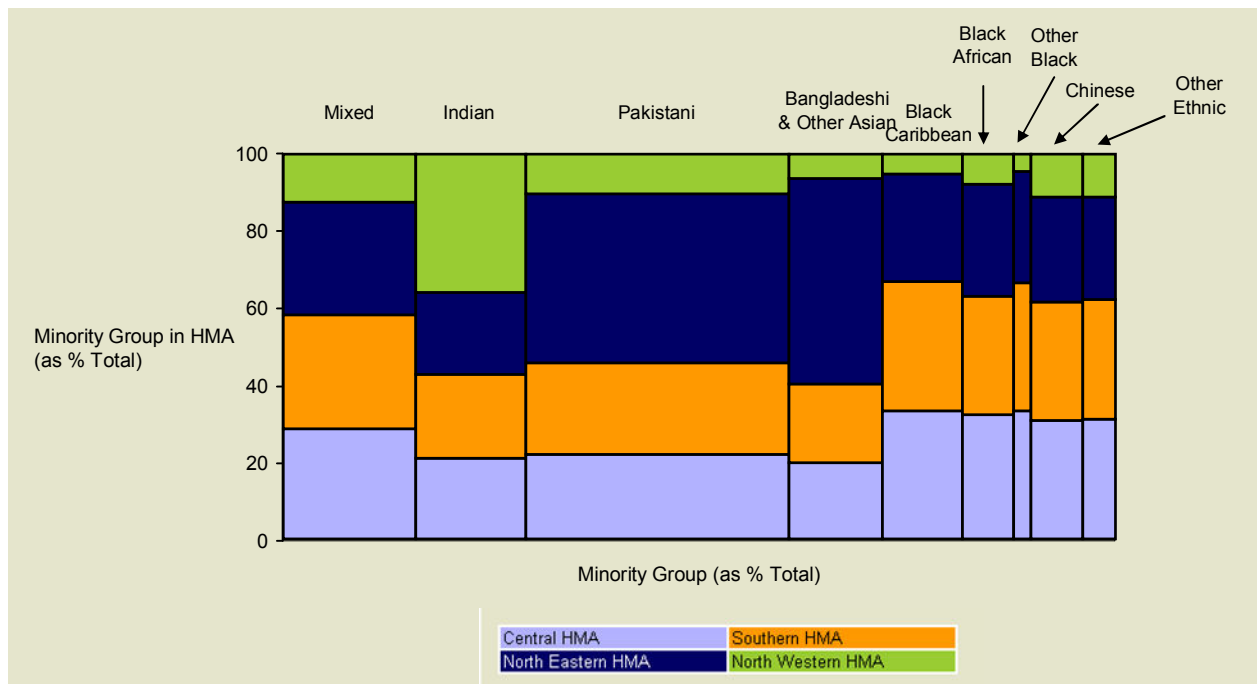


Source: 2001 Census, Deloitte Analysis.

The axis is complemented by concentrations of minority ethnic communities in the North Eastern and North Western HMAs. This hints at some degree of polarisation between predominantly minority ethnic and non- minority-ethnic communities.

As well as variation on spatial scales the composition of minority population varies across the HMA areas and is depicted below in the Mekko Chart showing the relative populations of various groups.

Figure 4.6.3.c: Ethnic Minority Prevalence by HMA, 2001



Source: 2001 Census, Deloitte Analysis.

By far the greatest minority ethnic group in Greater Manchester is the Pakistani community, which is concentrated in the North Eastern HMA, but also within the Central and Southern Housing Market Areas. Other Asian Communities (including the Bangladeshi population) are also concentrated in the North Eastern HMA.

The Indian population, however, is concentrated in the North Western HMA in contrast to all other communities. Mixed ethnicity groups as well as Black, Chinese and Other Ethnic groups are relatively evenly spread throughout the three 'overlapped' HMAs – Central, Southern and North Eastern.

Housing tenure varies significantly amongst different minority ethnic groups, but as figure 4.6.3.d shows, these patterns do not differ too markedly from regional or national level patterns.

The table is conditionally formatted to show the extent to which minority ethnic groups in specific HMAs and other benchmark areas reside in owner occupied properties relative to social rented accommodation. A value of 1 suggests that for every owner occupier household in that minority ethnic group in the area there is one household accommodated in socially rented stock. Anything below this threshold – i.e. where a household of that minority ethnic type is more likely to live in socially rented stock, is coloured red to indicate a higher level of need.

Where the value exceeds 3 – i.e. where households in that area and minority ethnic group are 3 times more likely to reside in an owner occupied household than social rented accommodation – the cell is shaded green. Those between 1 and 3 remain shaded in beige.

Figure 4.6.3.d: Housing Tenure by Ethnic Origin in HMAs – Number of Owner Occupied Households per Social Rented Household, 2001

	Central HMA	Southern HMA	NE HMA	NW HMA	Greater Manc.	North West	England & Wales
All Households	1.7	2.3	2.0	3.1	2.7	3.5	3.6
White	1.7	2.4	2.0	3.0	2.8	3.5	3.8
Mixed	0.6	0.8	0.6	1.8	1.0	1.2	1.4
Pakistani	3.2	3.6	3.5	4.5	3.9	4.8	4.1
Indian	4.6	5.4	6.8	5.7	6.3	7.5	8.0
Other Asian	1.9	2.2	1.7	4.0	2.1	2.6	1.7
Black Caribbean	0.7	0.8	0.6	1.9	0.9	1.1	1.1
Black African	0.4	0.4	0.4	1.2	0.6	0.7	0.5
Other Black	0.5	0.5	0.4	1.0	0.6	0.7	0.7
Chinese	2.1	2.4	1.9	10.7	3.6	4.0	4.7
Other Ethnicity	1.0	1.2	0.9	2.8	1.6	1.9	1.8

Source: 2001 Census, Deloitte Analysis.

This analysis draws out some important points for consideration:

- ⇒ White origin households are more likely to own and occupy in the North Western HMA and Southern HMA – although such levels are still below regional and national averages;
- ⇒ Mixed ethnic groups in the Central, Southern and North Eastern HMAs are much more likely than the regional or national average to demand social rented housing;
- ⇒ Pakistani, Indian and to a lesser extent Bangladeshi and other Asian households are much more likely than average to owner occupy at all geographies;
- ⇒ Black Households, of all origins, are more likely to rent social accommodation than owner occupy, apart from in the North Western HMA where ownership levels are much higher; and
- ⇒ The Chinese population are also much more likely to owner occupy in the North Western HMA (more so than any benchmark areas) but in other HMAs owner occupation levels are average for the areas in general but lower than specific national and regional averages.

One problem not controlled for in the above table is overcrowding. An individual household may include any number of people, and whilst Asian households are more likely to be owner occupied, they are also prone to higher levels of overcrowding as shown below.

However, this analysis does not take into account potential 'unrealised demand' within the private rented sector. Evidence in Oldham and Rochdale is that Pakistani and Bangladeshi households are housed in the private rented sector – despite potentially 'needing' social housing – because there are barriers which prevent them entering the socially rented sector. These barriers may include the attraction of being near family and facilities or the perceived and real racism of white socially rented estates.

There have been successful initiatives in both Boroughs to support people to move to 'non traditional' areas but a lot of what the Oldham Rochdale pathfinder aims to do is about breaking down some of these divisions in the housing market.

The table is again formatted conditionally, this time to show above and below average (over)-occupancy (using Census defined -1 occupancy ratings relative to 0, 1, and 2+ ratings). Green denotes a general lack of overcrowding in that area and group; beige denotes above-average but still low levels of overcrowding; and red denotes overcrowding being at least twice as common in that group and area as the average.

Figure 4.6.3.e: Overcrowding by Ethnic Origin and HMA, 2001, % All Households

	Central HMA	Southern HMA	NE HMA	NW HMA	Greater Manc.
All Households	8.8	8.1	9.2	5.3	6.9
White - British	7.0	6.4	7.0	4.5	5.6
White - Irish	9.9	9.4	10.8	6.9	8.7
White - Other	18.0	16.6	17.4	7.4	12.2
Mixed - White and Black Caribbean	17.0	16.7	17.5	12.2	14.8
Mixed - White and Black African	19.5	19.7	20.3	8.5	16.2
Mixed - White and Asian	19.2	19.0	20.2	12.1	15.6
Mixed - Other	21.1	19.9	22.9	15.8	17.8
Asian - Indian	19.9	18.7	21.0	24.1	20.5
Asian - Pakistani	29.4	28.3	36.8	32.6	33.8
Asian - Bangladeshi	32.1	31.3	72.4	39.5	67.2
Asian - Other	39.9	38.3	48.4	30.3	37.6
Black or Black British - Black Caribbean	13.6	13.4	15.1	9.4	12.4
Black or Black British - Black African	38.1	37.9	39.4	25.9	34.8
Black or Black British - Other	20.0	18.0	17.4	15.1	18.1
Chinese or Other Ethnic Group - Chinese	40.6	39.1	41.8	27.5	33.7
Chinese or Other Ethnic Group - Other	39.8	37.0	42.3	23.9	33.5

Source: 2001 Census, Deloitte Analysis.

Problems of overcrowding are thus common in the Manchester City Region, most notably amongst ethnic minority communities in parts of the North Eastern HMA such as Oldham and Rochdale, but also in a number of other areas across the Manchester City Region where there are established Minority Ethnic communities. The problems are most acute in Pakistani, Bangladeshi and Chinese households.

This is perceived to result from:

- ⇒ a lack of opportunities to move into larger properties to reduce occupancy rates;
- ⇒ affordability constraints; and
- ⇒ household growth due to increased numbers of children, extended family arrangements.

Some specific points with reference to individual HMAs include:

Central HMA

According to Making Housing Count, growth in the size of the BME population in the Central HMA is radiating outwards in a selective manner, increasing in some areas on the periphery of the existing communities. Neighbourhoods in Salford and Trafford districts within the Central HMA are likely to have been the primary destination of migrant workers.

An analysis of National Insurance Numbers (2006/7 data) registered by International Migrants shows that international economic migration has added a new dimension to markets within the Central HMA – of the 16,320 National Insurance number registrations for the three districts with neighbourhoods in the Central HMA 41 per cent were from the A8 countries which made up by far the biggest group of countries of origin.

Figure 4.6.3.f: National Insurance registrations in respect of Non-UK nationals, 2006/7

Local Authority	National Insurance registrations
Manchester	11,370
Salford	3,220
Bolton	2,010
Trafford	1,730
Rochdale	1,380
Oldham	1,330
Bury	1,250
Wigan	1,130
Stockport	1,050
Tameside	1,030
Central HMA	16,320
Southern HMA	14,150
Western HMA	7,610
Northern HMA	3,740

Source: Department for Work and Pensions, Deloitte Analysis.

North Eastern HMA

International migration and minority ethnic household growth are strong features of parts of the North Eastern HMA, particularly the town centres of Rochdale and Oldham.

Growing population is currently constrained within a distinct geographical area, creating housing market pressures and intensifying problems of overcrowding. There are strong cultural attachment to areas held by Pakistani and Bangladeshi communities in particular and the trend for international migration, whether via family connection or as Asylum Seekers and Refugees to be closely associated with these existing areas of settlement.

Research in Oldham and Rochdale also shows that there are barriers to movement between areas, markets are defined by ethnicity in a way which restricts the choices households of all ethnic groups will make. For Asian groups this is partly about positive decisions to stay near family and cultural facilities but also for negative reasons such as racism and fear of racist harassment. This particularly affects households who need affordable housing.

There are particular dynamics in North Eastern HMA which impact upon demand e.g. BME neighbourhoods where family dynamics leads to notably high demand for larger housing stock.

Perhaps the biggest issue with respect to social outcomes in the North Eastern HMA is continued economic and social polarisation. This is with respect to the North Eastern HMA from the rest of GM, but also within Oldham and Rochdale districts.

The 2007 IMD suggest increasing relative deprivation in Oldham and Rochdale. This was due to decline in the inner urban areas, with many of the outer areas improving. Stakeholders consider this to be a housing issue as well as an economic issue. This is mainly because the housing offer is too poor to retain economically active individuals and as such they are likely to migrate out of the Pathfinder, leaving behind increasing concentrations of deprivation.

Linked closely to this is the issue of minority ethnic segregation in the Oldham and Rochdale housing markets. This segregation and resulting polarisation continues; our research suggests there is the potential to address this with housing interventions. The segregation can, and does, lead to cohesion issues which are not conducive to economic growth.

Southern HMA

Most parts of the Southern HMA have the lowest proportions of minority ethnic residents anywhere in the reference area, although the axis of minority population does extend southwards from the centre of the Manchester City Region.

North Western HMA

The North Western HMA has a smaller minority ethnic community than central and northern parts of the Manchester City Region (2001 Census) – more recent population estimates the non-white population is broadly in line with the average across the Manchester City Region at 7 per cent:

- ⇒ Salford has some areas with significant numbers of black and Asian residents, though these neighbourhoods tend to fall in the Central HMA;
- ⇒ Bolton has a large and growing Asian community concentrated in central and southern parts of the town;
- ⇒ Salford has had substantial in-migration from the EU Accession countries; and
- ⇒ Bolton has significant numbers of new migrants from South Asia.

4.7 Conclusions

4.7.1 Summary of findings

The last decade has seen a significant increase in the proportion of privately owned housing within Greater Manchester alongside a reduction in the quantum of social rented stock. This is set within a backdrop of a sustained period of price rises up until the third quarter of 2007 which have created substantial affordability issues for many households, in particular first time buyers.

The following section will provide an overview of the analysis of the changing supply and demand situation highlighting the spatial and temporal nature of change at the housing market scale within Greater Manchester.

4.7.1.1 Summary of HMA findings

There are marked differences in the performance and issues manifest within the four Housing Market Areas:

There has been a rapid growth in the proportion of private sector stock in Greater Manchester up to 2007/08 – now standing at 78.1 per cent of total stock. This is not even across the four HMAs, with the highest proportion of social stock located within the Central HMA, and the lowest within the Southern HMA.

Whilst there has been an uplift in proportion of private rental stock the overall quantum of social rented stock has fallen within Greater Manchester since 2001. This trend has been particularly acute within the Central HMA driven predominantly by high levels of Right-to-Buy sales of social stock within the Central HMA, combined with sustained clearance rates. In contrast, private stock levels increased across all HMAs, with particularly large increases in stock levels in the Central HMA and Southern HMA. This growth has been supported by a strong escalation in housing completions in Greater Manchester. New builds rose from 5,687 units in 2002/03 to 10,900 units in 2006/07.

Nevertheless, affordable completions in Greater Manchester fell between 1997 and 2007 to their lowest point at the end of this period (735 units in 2006/07). All HMAs decreased affordable housing output across the timescale, with the greatest decrease occurring in the North Western HMA, with the number of units produced falling from 812 in 1997/98 to 174 in 2006/07. The Central HMA delivered the highest number of affordable units annually across this period, with the North Eastern HMA producing the lowest number. It is important to place this in the context of the wider delivery levels of housing. Draft RSS housing targets for the Central HMA local authorities are significantly in excess of the targets for those authorities in the North Eastern HMA. As a consequence, it must be recognised that the Central HMA delivered more homes, in accordance with their RSS requirements, through which to secure increased affordable housing.

In terms of the housing type offer, semi-detached stock is particularly well-represented in both the Southern and North Western HMAs. Conversely, the stock type most poorly represented across all the HMAs is detached property. However, the low proportions of this stock type, whilst being a common issue across Greater Manchester, are particularly acute within the Central HMA. This overall profile identifies that stock within the Central HMA is particularly skewed towards smaller accommodation. It is likely that the prevalence of single-bedroom, or studio, apartments accounts, to some extent, for the high representation of units in the very smallest property size category and this reflects the unique property, economic and amenity-based 'offer' of the City Centre market. In contrast larger

properties are more heavily concentrated within the Southern HMA further compounding the disproportionate provision in other parts of Greater Manchester.

As identified above the delivery of new stock has not been distributed spatially in an even manner, the Central HMA contained the highest proportion of recently developed stock (post 1991) across Greater Manchester highlighting the heightened levels of completion within this market over recent years, particularly within the City Centre. In contrast, the Southern HMA contained the highest proportion of older housing, which alludes to the comparatively restrictive opportunities for development within this area as a result of both policy and appropriate land availability.

With regard to vacant housing stock, this was found to demonstrate a similar trend of decrease across all HMAs, with the exception of the North Eastern HMA, where the number of vacant units actually increased by 15 per cent between 2001 and 2007 and is likely to relate, to some degree, to the prevalence of lower quality stock in this HMA. This is reflected in the valuation of property across Greater Manchester utilising Council Tax bandings which clearly identified the stark differences in the balance of properties falling in higher bands between the South and North Eastern HMA.

Taking the overall average profile of Council Tax property bandings Greater Manchester is under-represented in the higher quality 'bands' when compared with the national average figures. Furthermore, the North Eastern HMA has the highest proportion of stock located in the lower value 'Band A' and conversely the Southern HMA has the lowest proportion of stock within this band. Indeed, the Southern HMA contains the highest proportion of higher quality 'Band F' properties, and comparatively, the North Eastern HMA holds the lowest volume of high quality stock.

These disparities between HMAs in terms of quality, size and type are clearly visible through analysis of the active housing market within Greater Manchester. Greater Manchester contains a range of contrasting housing markets, defined perhaps most broadly by the City Centre, the 'Cheshire Belt' in south Manchester, established Pathfinder Areas in Salford and East Manchester, and periphery primary settlements of Wigan, Bolton, Rochdale, Oldham & Stockport, which serve dual roles as both commuting and self-contained settlements. These differing areas are likely to be affected in different ways by national and regional housing market issues an issue which is explored in more detail within Section 7.

In terms of market performance, there has been a significant uplift in house prices across all the Greater Manchester Housing Market Areas over the period 2000 to 2007. The Southern HMA remains the area with the highest values, yet the Central HMA has posted the greatest growth in residential values, and has subsequently posted an average value increase in excess of both the North Eastern and North Western HMAs. In fact, the Central HMA has experienced a growth in average values of 197 per cent, which far exceeds all other HMAs and is likely to have driven in the majority by the rapid evolution of a new City Centre flatted market. Importantly whilst the Southern HMA still clearly remains the most expensive area, over this time period it witnessed the smallest increase in values (119 per cent). However, it is important to note the comparatively high price at which this market area started at in 2000.

Despite these different relative levels of growth there still remains a clear divide between HMAs in terms of a polarisation of prices, which is particularly acute between the expensive Southern HMA and the relatively lower average values achieved in the North Eastern and North Western HMAs.

Nevertheless, by projecting house price growth at the HMA scale it is clear that if housing market trends were to continue rising at the same rate of growth that has been experienced between 2001 and 2007, polarisation between the North Eastern HMA and the Southern HMA would decline marginally. If this same level of growth were to be projected over the long term (up to 2020), then such economic polarisation is projected to decline at a greater rate. However, it is necessary to point to the existing market context nationally, and in Greater Manchester, in which house price growth has stalled significantly. This situation is likely to have a greater negative impact on those more vulnerable housing markets situated in the North Eastern HMA and, subsequently, renders projections based upon past growth rates as being required to be treated with significant caution.

As with house prices, household income levels vary significantly when analysed spatially across Greater Manchester and this has a knock on effect with regard to the affordability thresholds for entering the private housing market in geographical terms. Households with lower incomes tend to be concentrated within the more urban areas of Greater Manchester with particular concentrations on the fringes of the regional centre and in and around the towns in the North Eastern and North Western market areas. The more peripheral areas tend to record average incomes in the higher bands. The Southern market as a whole contains significantly more postcodes which have average household incomes that fall within the higher bands.

Households on low incomes and first time buyers without existing capital invested in housing are particularly susceptible to affordability issues. It is important to note that these households play a critical role in ensuring the

continuity of the housing market. If households are unable to buy entry level properties other elements of the 'housing chain' cannot operate smoothly, therefore impacting on all components of the housing market.

Affordability has become a serious problem across Greater Manchester as a whole, yet the Southern HMA in particular has emerged as the market area with the largest problems associated with affordability issues, with lower quartile house prices outstripping average prices across Greater Manchester in a number of postcode areas.

Alongside declining levels of affordable housing development and rising unaffordability within Greater Manchester there has been a growth in housing waiting lists. In fact, the number of households on the local authority waiting lists increasing by in excess of 26,000 from 2002 to 2003 and peaking at 94,702 in 2007. This now represents 8.6 per cent of all households within Greater Manchester. The North Western HMA held the highest volume of households on the LA waiting lists in 2007, with 10.3 per cent of all households in the area requiring access to social housing. This area also experienced the greatest numerical growth in households registering on the LA waiting lists between 1997 and 2007, rising from 17,920 to 42,997 households. The Southern and North Eastern HMAs have experienced the lowest waiting list growth. In supply and demand terms, the Southern HMA has the highest number of households on the waiting list proportionate to the level of stock coming available to re-let to households in need of social accommodation. This is resulting in a low proportion of total demand being met by supply on an annual basis. In comparison, the North Western HMA has the highest level of supply across Greater Manchester to meet demand, although in overall terms Greater Manchester had a high level of demand for social accommodation when compared to supply in 2007/08, with only 13% of the households on local authority waiting lists able to be given access to social housing through housing owned by local authorities coming available to re-let.

The impact of affordability issues and the growth of households on waiting lists in terms of the levels of housing need and therefore supply requirements for affordable housing are examined in more detail within Chapters 5 and 6.

Turnover of social rented property has on the whole fallen across Greater Manchester, with only the North Eastern HMA showing comparatively healthy or high levels of turnover. In contrast, the North Western HMA demonstrates the lowest stock turnover rate. It is important to recognise that whilst low turnovers suggest high demand for stock they also impact on the ability of the existing stock to absorb current and future households classified 'in need'. Low turnover rates means that the number of new properties available for new households in need to be housed is low creating a backlog of need or demand for the stock.

A further issue emerging is the deficit of larger, family accommodation within the social rented sector in Greater Manchester. This severely limits the choices and opportunities available to families who may wish to live within Greater Manchester, yet whom cannot afford to purchase their own property. At the HMA spatial scale it is apparent that the Central HMA contains the highest proportion of larger, family sized, stock. Conversely, the highest volume of small accommodation is situated within the Southern HMA. This is an issue which is examined in greater detail in Section 6 assessing supply against demand within this tenure.

Declining affordability in accessing owner occupation and limited choices within the social rented sector have resulted in the Private Rented Sector emerging as a significant and dynamic element of the wider housing market across large areas of Greater Manchester and a viable, affordable residential option for those households who are struggling with the aforementioned market conditions.

This has been achievable through PCM rentals in Greater Manchester experiencing limited growth (29 per cent) when compared to far higher growth in house price sales values of 140 per cent between 2001 and 2007. In terms of achievable rental values in the PRS, the Southern HMA recorded the highest rates across Greater Manchester in 2008. This is likely to reflect the high costs of home ownership in these areas, which has encouraged persons to rent, and thus resulting in high demand for private rental accommodation as well as the comparatively limited supply of this tenure within the market area. Whilst demand for private rented accommodation remains high within the Central HMA the expansive supply of flatted accommodation delivered within the City Centre as well as traditional areas means that competition remains strong with supply still appearing to keep pace with demand, although how long this will be the case with new supply appearing to be limited in the short-term remains to be seen.

A number of distinct demographics and elements of the housing market have been explored in more detail this includes student households which are shown to be concentrated in the Central Manchester and Salford areas, with the largest percentage of student properties clustered around university buildings. A high density of student properties is shown to follow the Oxford Road corridor that extends south from Central Manchester and has expanded into the Southern HMA. Evidence indicates that a large number of student households continue to occupy converted traditional family housing units, however, the dynamics of the market have been altered through the provision of new bespoke student accommodation along this corridor and on the edges of the City Centre.

Major higher education providers in Greater Manchester are expecting to increase the volume of students by 7,061 over the next five years, 1,869 of whom will be from overseas. This will clearly place a significant demand on student housing and affordable housing for graduate students looking to stay within the conurbation. This has implications potentially in terms of the demand for City Centre accommodation for both students and graduates in the future if these projections are realised and this dynamic is being examined in more detail through separate research currently being conducted for Manchester City Council.

Analysis of the City Centre markets illustrates that investor purchasers have formed a significant proportion of total sales since 2003. The nature of these purchasers, with smaller investors comprising the vast majority, suggests that these areas will be more exposed to wider market fluctuations.

Given the changing nature of lending activity and general impingement on 'marginal buyers', it is expected that smaller investors may find it difficult to purchase Buy-to-Let property. As a result, areas that have traditionally relied upon smaller investor activity (i.e. City Centres) may be opened up to first-time-buyers as competition for stock reduces. However, offsetting this to some extent is the fact that first-time-buyers will find it increasingly difficult to access mortgage funding and the highlighted increase in the levels of demand for private rented stock.

The impact of an ageing population has also been examined with relation to the current housing offer. The over 65 population is expected to double in absolute numbers in each of the HMAs over the next 20 years. This will lead to higher dependency ratios in all HMAs but the population shift is expected to be most marked in the North Western HMA where the proportion of over-65s will rise from around 18.5 per cent to 25 per cent over the period. The North Eastern HMA will see the next largest rise in relative terms from 17.5 to 23.5 per cent.

As well as changing levels of demand for housing amongst specific cohorts, the type of demand may change. This is particularly so for older cohorts who are now more likely to reside in their own home for longer and at older ages. The UK Government is already putting in place legislation to ensure new builds are fit-for-purpose or 'future-proof' as an acknowledgement of the magnitude of the shift towards an older population and the likely requirements of the cohort.

The type of older person does differ across and within HMAs. The older cohorts in the north of the North Eastern HMA are categorised as flat dwellers with those in the Central HMA either in council flats, high rise flats or on low income. The North Western HMA appears to have a higher proportion of middle-income older cohorts than the other HMAs, whilst the Southern HMA contains most of Greater Manchester's affluent elderly population.

Hence, if current trends continue approaching 50 per cent of household growth in the North Western HMA is likely to be in households headed by persons over the age of 70. This is a major issue in Wigan but also in Bolton and Bury. Further afield the issue is most acute in the North Eastern HMA, in Oldham particularly, as well as in Stockport within the Southern HMA.

With the growth in migratory and BME households in recent years this market segment has been examined in isolation in some detail. The key conclusions suggest that consideration should be given to the following analysis when attempting to accommodate their, often bespoke, housing needs:

- ⇒ White origin households are more likely to own and occupy in the North Western HMA and Southern HMA – although such levels are still below regional and national averages;
- ⇒ Mixed ethnic groups in the Central, Southern and North Eastern HMAs are much more likely than the regional or national average to demand social rented housing;
- ⇒ Pakistani, Indian and to a lesser extent Bangladeshi and other Asian households are much more likely than average to owner occupy at all geographies;
- ⇒ Black Households, of all origins, are more likely to rent social accommodation than owner occupy, apart from in the North Western HMA where ownership levels are much higher; and
- ⇒ The Chinese population are also much more likely to owner occupy in the North Western HMA (more so than any benchmark areas) but in other HMAs owner occupation levels are average for the areas in general but lower than specific national and regional averages.

5 Future housing market

The preceding sections whilst assessing the state of the current housing market have also examined the demographic and economic drivers likely to influence the future housing market.

This section models a range of scenarios assessing future levels of housing demand factoring in economic and demographic projections and utilising the model developed by Oxford Econometrics for the AGMA authorities. In addition to an overall assessment of the overall quantum required, an indication of the tenure and type of future housing required is also provided.

Prior to examining the scenarios for future levels of housing demand this section first sets the wider policy and spatial context, including an examination of the current housing requirement figures established through Draft RSS. Assessment is also made of the capacity to deliver future housing with regard to land supply alongside the current planning pipeline.

It is important to make clear that much of the analysis in this section considers the very long-term (to 2026) and is based largely on economic modelling techniques and associated analysis. This 'top-down' analysis differs markedly from the analysis contained in Section 6. That analysis is 'bottom-up', does not consider such a long-term time horizon, and makes an assessment of the amount of social housing required now largely driven by a large existing backlog which has built up over recent years as a result of a lack of new development of social units, an improvement in the perception of this tenure and significantly a considerable worsening of affordability issues.

The two sets of analysis whilst not being mutually exclusive should not be directly compared in terms of requirements – they are designed to complement each other and add to the wider debate around a future housing strategy for the City Region.

5.1 The fit with policy aspirations and planning

This section addresses the wider North West region and Manchester City Region aspirations and objectives in the context of the analysis for the HMAs in this report. This is to consider how plans for housing at a local level will be able to meet the policy aspirations in Manchester City Region and wider North West region.

Aspirations are that, by the year 2025, the Manchester City Region is envisaged to be:

- ⇒ One of Europe's premier city-regions, at the forefront of the knowledge economy with outstanding commercial, cultural and creative industries;
- ⇒ World class, successfully competing internationally for investment, jobs and visitors;
- ⇒ An area where all people have the opportunity to participate in, and benefit from, the investment and development of their city-region;
- ⇒ An area known for, and distinguished by, the quality of life enjoyed by its residents; and
- ⇒ An area with GVA levels to match those of London and the South East.

However, Manchester City Region has crucial economic, social and transport links with the city regions of Central Lancashire, Liverpool, and Leeds, in the Yorkshire and Humber Region which support its growth. Therefore the appropriate strategies for achieving the vision for Manchester City Region must be in-line with the emerging frameworks at all levels – regional, sub-regional and local.

The Association of Greater Manchester Authorities (AGMA) has developed the Greater Manchester Multi Area Agreement (MAA) which is aimed at complementing the Local Area Agreements being developed by individual Local Authorities. THE MAA was submitted to Government in June 2008 and sets out eight clearly defined, inter-dependent and tailored proposals, described as buildings blocks, between the Manchester City Region and partners in Government. All proposals have economic objectives aimed at building on one or more of the three pillars of growth for the North West economy: raising employment levels, improving skills or increasing the level of GVA.

The first building block presents a commitment by AGMA to prepare a Strategic Plan for Greater Manchester, with the current timetable suggesting that this be endorsed by July 2009. Once endorsed and adopted the Strategic Plan will make explicit all the core objectives of the Manchester City Region and provide an integrated framework against which policy priorities will be determined and delivery and performance will be managed. This will align spatial, economic, and housing priorities in a single strategy, embedding the Greater Manchester Strategic Plan where appropriate in the Regional Strategy. Building Block 8 directly relates to improving the housing offer within the city region and *Meeting the Housing Needs of a Competitive City Region*. This will be based upon the preparation of a sub-regional housing strategy which will provide an agreed framework to prioritise intervention and investment in housing markets which are under-performing in terms of their support for economic growth. Alongside this there are proposals to establish a formal partnership with the Homes and Communities Agency to agree the priority regeneration and housing outcomes for Greater Manchester and work to develop a toolkit of spatially focused interventions to enhance opportunity and develop pathways in the city region's housing markets. The MAA also expresses the desire of the AGMA authorities for the withdrawal of the Partial Review of RSS for the North West, with this review carried out through the development of the new integrated regional strategy -as set out within the Sub-National Review (SNR) – which is scheduled for drafting in 2009.

However, other proposals are also intrinsically linked to housing. A key cross-over is with Building Block 7 - *Ensuring the City Region's Critical Infrastructure will sustain our Economic Growth*. This will be complementary to Building Block 8 as the physical infrastructure of the Manchester City Region will play a vital role in sustaining employment growth, wealth creation and regeneration with new and improved housing intrinsically linked.

Building Blocks 5 and 6 are both focused on sustaining and generating new employment growth and enhancing inward investment across the city region. Successfully delivering against the objectives of these Building Blocks will require clear linkages with Block 8 and the development of a housing offer which complements and facilitates these ambitions.

Building Blocks 2, 3 and 4 focus on improving skills and reducing worklessness. As noted previously in this SHMA, ensuring that a greater proportion of Greater Manchester's population are able to access the benefits of economic growth is a key priority. By improving the skills of GM residents and by helping those residents to access employment opportunities, the wider opportunities available to those residents will be improved, including an ability to exercise greater choice in the housing market.

All proposals must be considered against the Regional Development Principles and Regional Development Framework policies, which form the core elements of the Regional Spatial Strategy (RSS) for the North West economy. They should all be considered against the relevant thematic and sub-regional policy framework policies. It is important to note, as highlighted above, that the SNR sets out plans for the future to move towards the development of a singled integrated regional strategy. Therefore whilst the North West currently has a Regional Economic Strategy (RES), Regional Housing Strategy, and an emerging Draft Regional Spatial Strategy (RSS) these will ultimately be replaced by a single all encompassing regional strategy to which the MAA will relate.

As discussed, there are currently a number of regional strategies that exist to help promote growth in the North West. The most important – in addition to the RSS – are the Regional Economic Strategy (RES) and the Regional Housing Strategy (RHS). All three strategies are connected but target different areas of public policy and therefore complement each other. They are also used for advising government ministers on the degree of funding necessary to secure appropriate economic, housing and transport development.

The Regional Spatial Strategy (RSS) for North West England provides a framework for the physical development of the region over the next fifteen to twenty years. Incorporating the Regional Transport Strategy (RTS), it addresses the scale and distribution of future housing development and sets priorities for dealing with environmental issues, transport, infrastructure, economic development, agriculture, minerals and the treatment and disposal of waste.

The RTS is an integral part of RSS. It establishes a regional context for the preparation of Local Transport Plans and Local Development Frameworks and includes the Regional Development Principles, and other policies. The RTS also sets out the region's priorities for transport investment and management across all modes.

The RTS supports the vision and objectives of RSS by concentrating on the development of better transport links within the region, and between the North West and other parts of the UK, Ireland, mainland Europe and across the globe. It aims to do this by significantly improving the quality and provision of public transport and by promoting a more structured approach to managing and selectively improving the region's highway network. Consequently, the RTS aligns itself with the RES objective to develop the North West's strategic transport, communications and economic infrastructure, and with the policy priorities of the Northern Way Growth Strategy, particularly in terms of improving road and rail access to the North of England's main ports and airports and creating better integrated public transport services within and between City Regions. The RTS also advocates policies and proposals which should

contribute to reducing greenhouse gas emissions from the transport sector. Local authorities, the Highways Agency, the rail industry and other transport providers will need to work together to ensure that all of the region's transport networks are planned, managed, operated and improved in an integrated context.

The RES provides a regional framework for economic development, skills and regeneration in a bid to ensure that activity in the region is more clearly focused. The draft review identifies five priority areas – business; skills and employment; regeneration; infrastructure; and quality of life – sets out key aims and objectives for each, and highlights the activities that the NWDA believes will promote the change necessary to transform the North West economy.

The RES for the North West is grounded on the region's expectations that economic growth will entail a significant increase, overall, in the amount of additional housing required to be built in the region. This is mostly to accommodate the additional future households, although it also aims to improve quality and choice, and secure more sustainable communities. Needs will vary across the region, however, and will be shaped by the wider spatial and transport frameworks established in the Plan, to promote sustainable patterns of development.

The RES outlines housing requirements for different areas and supports the different sub-regional strategic priorities, reflecting the regional development framework and the housing market typologies developed for the Regional Housing Strategy.

The Regional Housing Strategy (RHS), published in 2005, incorporated detailed priorities to guide housing investment in the region, based on a better understanding of local markets. These priorities are to: deliver urban renaissance, affordable homes that support balanced communities, decent homes in thriving neighbourhoods, and to meet the needs of local communities and provide support for those who require it. This Strategy is currently under review based on the recognition that there is a significant need to change the approach of the current RHS to better reflect new opportunities and strategic relationships. This is set in the context of the Housing Green Paper *Homes for the future: more affordable more sustainable* issued by the Government in 2007, the establishment of the Homes and Communities Agency and the plans to develop a single integrated regional strategy as noted above. The intention is for the Strategy to be revised throughout 2008 and finalised by the end of the year.

5.1.1 Housing Provision / Targets – Policy

The Draft RSS establishes net annual housing provision figures for the region, distributed at an authority level. The scale and distribution of housing provision should support the economic growth of the North West in line with the overall aspirations of the Regional Economic Strategy and the Regional Housing Strategy. The focus will be in areas that are drivers of future growth in the region's economy and other key objectives in the RSS including:

- ⇒ regional development framework, sub regional policies and sustainable development principles embedded within RSS;
- ⇒ impacts of economic growth scenarios on household growth and its distribution across the NW;
- ⇒ need to address regional and sub regional disparities;
- ⇒ future supply constraints;
- ⇒ impact on existing housing markets and stock especially in those areas identified in Policy L3;
- ⇒ need to support regeneration;
- ⇒ need to provide affordable housing; and
- ⇒ need to sustain rural communities.

The final proposed changes to the Draft RSS were issued for consultation in March 2008 and the summary below uses the numbers incorporated within this document. The RSS will form a component of the statutory development plan for each local authority situated within the North West, providing a framework for development and investment over the next fifteen to twenty years.

Public consultation on the Draft RSS ran from 20th March - 12th June 2006, in order to provide an opportunity for anyone to make a representation to support, oppose or comment upon the document. Following this, the Secretary of State recommended an Examination in Public (EiP) be arranged to test the Plan in public. The Examination was conducted by an independent panel, chaired by Mr Chris Shepley, and proceeded from 31st October 2006 until 25th

February 2007. Following the EiP, the panel produced a report which presented proposed improvements to the RSS to be considered by the Government Office North West (GONW) on behalf of the Secretary of State.

The Secretary of State has since published a report of Proposed Changes to the draft RSS in March 2008, which is open to public consultation. Upon completion of the consultation period, which was scheduled to last until 23rd May 2008, the Government will now move to publish the final version of the RSS.

Of particular importance to Greater Manchester are the Secretary of State's proposals to remove the 'ceiling' in place for housing provision on an annual basis, and in total, across the period up to 2021. For, this removes a 'maximum' level of development per annum and negates the rejection of planning permission for housing on prescribed RSS limitations alone, allowing greater flexibility for local authorities with regards to meeting total housing targets.

This is in line with the letter issued by Baroness Andrews in response to the House of Lords, which stated that the RSS figure "should not be regarded as an annual cap. The fact that an RSS annual target, figure or local trajectory has been met should not in itself be a reason for rejecting an application".⁸⁶ One potential impact of this change in policy emphasis, along with the greater flexibility, will be a reduction in the overall level of influence which local authorities which are able to exert on the location of development particularly at the wider Greater Manchester scale. This could result in local authorities struggling to meet the inflated targets, particularly in a current market context where housing developers are naturally drawn to the most economically viable sites in the south of Greater Manchester and in the vicinity of the strategic transport network of the M6 corridor, which is likely have a negative impact on the ability of local authorities to encourage high density development in the conurbation core and district centres and maintain the momentum established in a number of key regeneration areas across Greater Manchester. This is an issue which is picked up in more detail in the concluding section of the report with reference to both the capacity and market circumstances along with demand for housing in the future.

Careful monitoring of residential land capacity by authorities through their Strategic Housing Land Availability Assessments (SHLAAs) will be required in order to facilitate as great as possible direction on the delivery of new housing and ensure that authorities retain their place-shaping role in the future.

Figures in table 5.1.1.a – which present the share of housing provision in different areas – highlight the distributional split of housing numbers across the region. These clearly reflect the priorities set out within the RSS, RES and RHS which focus development of future housing on the three major city regions. The areas which are not covered by this study account for over half (54 per cent) of all housing provision in the North West. However, given the links through transport connections or proximity between the sub-regions, changes in strategies in some of these areas could have significant implications for the HMAs considered in this study.

Figure 5.1.1.a: Distribution of housing provision in the North West Region

Distribution by sub-region	Share of housing provision in NW
Bolton	2%
Bury	3%
Manchester	15%
Oldham	2%
Rochdale	2%
Salford	7%
Stockport	2%
Tameside	3%
Trafford	2%
Wigan	4%

Source: Draft Regional Spatial Strategy

The following table presents the amended annual rates of housing provision for the Greater Manchester authorities.

⁸⁶ Source: Baroness Andrews Letter 'Housing in the North West' 26th February 2008

Figure 5.1.1.b: Draft RSS Net Annual Rates of Housing Provision

	Annual Average Rate of Housing Provision (Net of clearance)	Total Housing Provision 2003-21 (Net of Clearance)
Draft RSS Annual Housing Provision 2003-2021		
AGMA	9,623	173,200
Central HMA	5,678	102,200
Southern HMA	4,528	81,500
North Eastern HMA	1,439	25,900
North Western HMA	3,656	65,800
Bolton	578	10,400
Bury	500	9,000
Manchester	3,500	63,000
Oldham	289	5,200
Rochdale	400	7,200
Salford	1,600	28,800
Stockport	450	8,100
Tameside	750	13,500
Trafford	578	10,400
Wigan	978	17,600

Source: The Secretary of State's proposed changes to the Draft RSS 'The North West Plan', March 08, Subject to double counting.

The table indicates that total housing provision up to 2021 is expected to reach 173,200, which equates to an average completion rate of 9,623 units per annum from 2003. The proposed distribution of new homes clearly differentiates between local authorities, with the core central HMA authorities of Manchester and Salford expected to provide the greatest proportion of provision through achievement of an annual completion rate of 3,500 and 1,600 units respectively.

In contrast, the North Eastern HMA authorities of Oldham and Rochdale, and the Southern HMA authority of Stockport, are required to bring forward the lowest number of new homes in Greater Manchester, with respective annual completion targets of 289, 400 and 450 units. This represents the recognition of the impact of the high levels of potential demolition as a result of regeneration interventions in Oldham and Rochdale and a general policy of restraint within Stockport on house building.

The trends outlined above are reflected at the wider HMA scale. In this respect the Central HMA is required to bring forward the highest number of homes across Greater Manchester, at 1,893 units, with the North Eastern HMA required to develop the lowest number of new houses with an annual net completion target of 480 units.

In addition to RSS housing provision requirements, Greater Manchester has recently been selected as a Round 2 New Growth Point (NGP), to assist the Government in meeting its objectives for the provision of new homes as set out in the Housing Green Paper of July 2007; Greater Manchester's proposals would deliver the largest number of additional homes of the twenty Round 2 Growth Points, with the initial focus being Bolton, Manchester, Salford and Trafford - each of which has committed to deliver 20% above their RSS annual average housing figure between 2008 - 2017. Work is currently underway on the preparation of a detailed Programme of Development for the first three years of the NGP programme.

It is also important to examine the relative housing provision rates identified within the Draft RSS for those authorities which also fall within the Manchester City Region as the relative level of completions in these markets, as prescribed by policy, will have an impact on the housing markets of Greater Manchester.

Under Draft North West RSS housing provision figures, Congleton, Warrington and Macclesfield all have relatively moderate annual rates (net of clearance) with figures of 300, 380 and 400 respectively. Vale Royal has a notably higher rate of provision of 500 with this reflecting high demand across the West Cheshire area. These figures are comparatively low when set against the majority of the authorities within Greater Manchester and reinforce the policy aim to focus development within the regional centre and urban areas. However, with housing provision figures now no longer representing ceilings it is more difficult to foresee comparable levels of growth in the surrounding authorities against the Greater Manchester authorities. As the analysis in Section 4 suggested these authorities on

the whole have strong housing markets with high demand driven by the comparatively strong quality of life and place provided within more rural or semi-rural settings.

5.1.2 Housing Strategies – Geographical Context

Section 3 examined the inter-relationships between surrounding authorities and the Greater Manchester authorities, highlighting the importance of a number of linkages with the more peripheral rural authorities and the other large urban areas in close proximity including the Liverpool City Region. This section briefly assesses the housing strategies of areas with linkages to Greater Manchester to understand and reference the potential policy implications and links.

The housing strategy for Cheshire has identified three priorities:

- ⇒ The provision of new affordable housing in urban areas, market towns and sustainable rural areas to support the local economy and the wider economy of the North West.
- ⇒ The provision of supported and specialist housing for older persons and vulnerable client groups.
- ⇒ Regeneration and the provision of decent homes.

Cheshire has identified a need for new Regional Housing grant funding to develop new affordable and specialist dwellings throughout the County. The housing strategy comprises the administrative areas of Chester, Congleton, Crewe and Nantwich, Ellesmere Port & Neston, Macclesfield and Vale Royal. Given the inclusion of Congleton and Vale Royal in Manchester City Region area, Cheshire's strategy will have implications for Greater Manchester and Manchester City Region.

In addition, the Liverpool City Region Housing Strategy also provides an investment framework for future housing development across its city region. There are three Housing Market Areas in the Liverpool City Region – Northern, Southern and Eastern which cover thirteen local authorities; Liverpool, Knowsley, Sefton, St Helens, Wirral, Halton, Ellesmere Port and Neston, West Lancashire, Chester, part of Vale Royal, and the Welsh authorities of Wrexham and Flintshire.

Warrington forms an integral part of the economic and housing offer of the Liverpool City Region and as such is considered constituent. The Strategy documentation highlights that Warrington has effectively capitalised on its strategic location at the intersection of national road and rail networks and has attracted businesses in logistics, distribution and manufacturing industries. It has also developed an “out of town” business park economy with major office occupiers present. However, given the land constraints it faces in accommodating associated household growth – and its close proximity to Manchester City Region – it will be increasingly important to consider areas such as these that are outside of the Manchester City Region in order to accommodate future growth in the wider region.

Within the context of local, Manchester City Region and Region aspirations it is important to recognise the key influencing role Manchester and the Manchester City Region has to play in economic growth, but equally to recognise the relationships are two-way, with market and policy developments in areas on the fringes of the Manchester City Region and beyond will impact the Manchester City Region.

The analysis presented in the remainder of this chapter implicitly assumes that the outcome in surrounding areas are conducive to the levels of growth presented, this may or may not be the case, but the agreement of region-wide housing targets and strategies will go some way to ensuring that policy is co-ordinated and complementary.

Economic outcomes in other important areas such as the City Regions of Liverpool, Leeds and Central Lancashire will have great implications for housing market outcomes in Manchester City Region, especially if there are significant growth differentials which lead to changes in migratory patterns.

5.2 Anticipated changes in supply

PPS 3 sets a requirement for authorities to adopt a pro-active approach regarding identifying future land supply and ensuring that there is an adequate five-year housing land supply. Providing a robust assessment of future development potential is a valuable tool in place-shaping in the future and ensuring that new supply is delivered in line with demand and policy objectives. In order to assess future supply this section examines:

- ⇒ Capacity / Extant Planning Permissions – based on current allocations and future identified sites (SHLAA) alongside existing planning permissions; and

- ⇒ Density of Development – assessing current densities of development and change of land-use including a recognition of the advances made in developing innovative housing solutions.

5.2.1 Capacity / Extant Planning Permissions

Authorities are currently undertaking Strategic Housing Land Availability Assessments in line with Government Guidance. The table below sets out timescales for the completion of these assessments.

Figure 5.2.1.a: Timescales for SHLAAs

Completion Timescale SHLAA Availability	
Bolton	July 2008.
Bury	May 2008.
Manchester	-
Oldham	July 2008.
Rochdale	Autumn 2008.
Salford	March 2008.
Stockport	October 2008.
Tameside	-
Trafford	Autumn 2008.
Wigan	October 2008.

Source: Local Authorities

The Regional Centre, part of the Central HMA, is an overwhelming policy focus for housing development in the emerging RSS. Based on the fact that the findings of all the SHLAAs are not available within the timescales of this commission authorities were asked to identify their capacity for additional housing based upon current assessment. This assessment includes extant planning permissions, allocated land and additional land identified through the SHLAA where available.

Figure 5.2.1.b: Estimated housing capacity – March 2008

	Extant Planning Permissions	Capacity on Remaining Allocated Land	Additional Capacity	Total Capacity Identified
Housing Land Capacity - Units				
Greater Manchester	68,778	3,402	113,662	185,842
Bolton	6,039	0	27,571	33,610
Bury	3,337	298	4,853	8,488
Manchester	14,329		47,397	61,726
Oldham	3,925	737	449	5,111
Rochdale	3,047	188	5,086	8,321
Salford	21,545	389	17,565	39,499
Stockport	3,068	120		3,188
Tameside	5,933	936	2,300	9,169
Trafford	3,680	84	8,441	12,205
Wigan	3,875	650		4,525

Source: Local Authorities Planning Department

Local Authorities were able to identify a total capacity for housing based on extant planning permissions and the capacity remaining on allocated land of 185,842 units. The majority of local authorities were also able to identify additional capacity, yet several authorities could not accurately do so with the necessary accuracy due to the findings of SHLAA's being unavailable at present, with figures therefore likely to represent a significant underestimation of total potential available capacity.

At present authorities were able to identify additional capacity beyond allocated land and extant planning permissions for 113,662 new units in Greater Manchester in total.

It is also important to caveat that Rochdale's total capacity includes extant permissions and allocated land availability, yet is based on a 2005 Urban Potential Study, which has not been updated to reflect changes to permissions and sites going under construction and being completed. This process is being undertaken in carrying out the SHLAA.

Furthermore, Oldham MBC's 2006/07 Housing Land Report identified a total housing land supply of 5,111 units, with 4,017 units falling within the five-year housing supply. The report recognises however that at present the post five-year supply is incomplete and is comprised only of the proportion of dwellings that currently have planning permission, but which fall outside the five-year supply. Their SHLAA, when completed, will provide a more accurate picture.

Tameside was able to provide an estimate of additional capacity, and Manchester utilised a figure from their Draft HLAA (January 2007), which in the absence of and SHLAA indicates that Manchester has adequate land supply to meet RSS targets up to 2029.

At present, Manchester has the greatest potential for additional housing in Greater Manchester, with space identified for 61,726 units, which is closely followed by Salford with capacity identified for 39,499 units. Stockport identified the lowest capacity, at 3,188 units, although as mentioned, this figure is likely to increase notably following the findings of the SHLAA currently being produced.

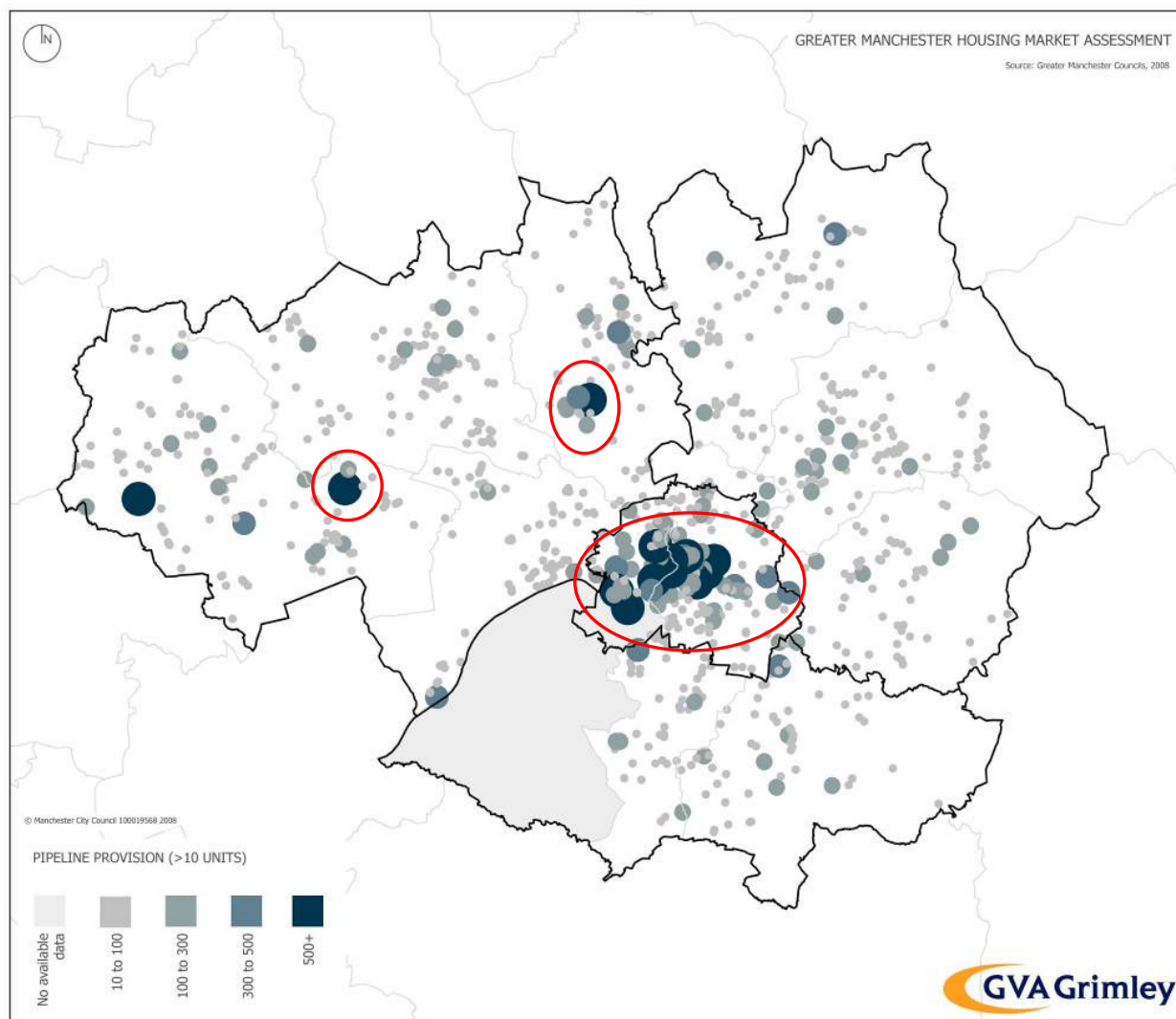
5.2.2 Extant Planning Permissions

Extant planning permissions, as indicated through the table above, represent an important indication of the potential future supply of housing. Assuming they are implemented they represent a future component of supply which policy is unable to direct. The current issues within the housing market analysed in Section 4 are already having a notable effect on the quantum of supply of new housing. Indeed the regeneration press has highlighted that housing starts for

2008 are expected to be the lowest since 1945 according to forecasts issued by the Construction Products Association⁸⁷. The forecasts predict that across Great Britain there will be 147,000 housing starts, a fall of 27 per cent from the levels in 2007. whilst analysing the current number of extant planning permissions below it is therefore important to recognise this national trend, the implication being that a large proportion of this future supply may not be realised over the next few years.

Using data supplied by each of the authorities the following map illustrates extant residential development planning permissions (ten units or more).

Figure 5.2.2.a: Pipeline Provision of Residential Development



Source: Local Authorities, 2008

The plan above illustrates a concentration of pipeline residential provision with Greater Manchester, with the highest concentrations of planned housing located within Manchester City Centre (ringed).

Nevertheless, in the current economic climate of 'credit crunch', a fall in land values and a decline in purchaser confidence, these changing market conditions mean that this pipeline within the City Centre is probably the most vulnerable at least over the short-medium term, therefore making this potential supply picture decidedly uncertain looking into the future.

⁸⁷ Source: 'Housing starts plummet' – Regen.net, 17th June 2008

In addition to the large concentration in and around the City Centre other large extant permissions tend to be evidenced within the North Western HMA with smaller concentrations of planned housing are also visible in the satellite urban centres of Bury and Wigan. The current market conditions are likely to be moderated to a greater extent in these more family oriented areas of development. This suggests that over the shorter term at least, whilst the pipeline picture indicates a maintaining of status quo with high levels of development in the Central and North Western HMAs, this may not be completely realised with the central area being disproportionately affected by its pipeline being heavily skewed by large numbers of City Centre flatted development permissions.

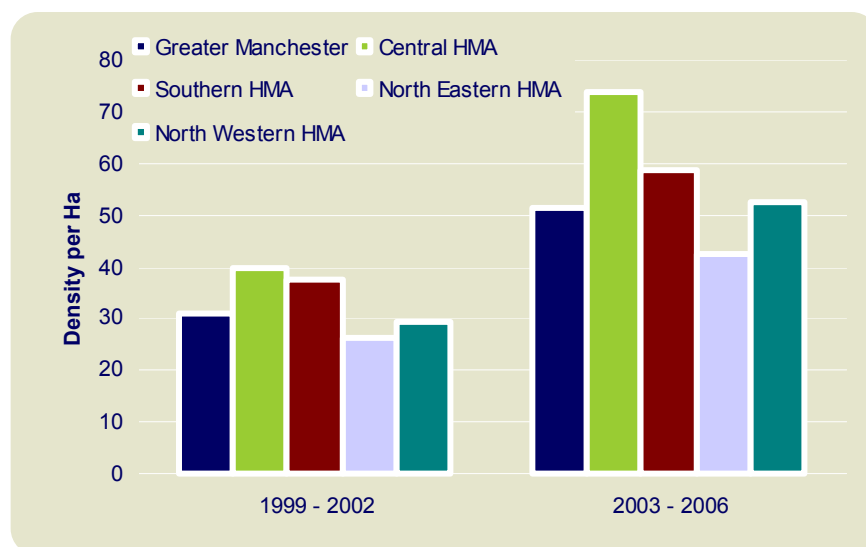
5.2.3 Density of Development

PPS 3 continues to place emphasis on raising the density of residential developments in order to maximum use of land available. This has had implications regarding the types of development built and the style and location of housing developments. Policy is not set to change in the foreseeable future and will therefore continue to influence the supply of future housing.

DCLG monitors the density of new dwellings built and the following table shows the change in density between 99-02 and 03-06 for each of the authorities.

Figure 5.2.3.a: Densities of new Dwellings Built

	Dwellings Per Ha		
	1999 - 2002	2003 - 2006	% Change
Density of New Dwellings			
Greater Manchester	31	52	66.1
Central HMA	40	74	85.0
Southern HMA	38	59	55.8
North Eastern HMA	26	43	62.0
North Western HMA	30	53	78.8
Bolton	29	44	51.7
Bury	32	43	34.4
Manchester	53	94	77.4
Oldham	24	44	83.3
Rochdale	23	36	56.5
Salford	32	85	165.6
Stockport	25	39	56.0
Tameside	32	48	50.0
Trafford	35	43	22.9
Wigan	25	39	56.0



Source: DCLG, Housing Tables, 2008. Subject to double counting.

Inspection of the table above indicates that the density of new dwellings completed within Greater Manchester has increased significantly between the two time periods in question. In fact, this represents a 66.1 per cent increase in density of dwellings per ha by 2006.

All local authorities experienced a trend of raising development density, with Salford seeing the largest increase at 165.6 per cent. This is likely to reflect the heightened levels of apartment completions brought forward in this area.

At the HMA spatial scale the Central HMA experienced the highest increase in density, predominantly reflecting the aforementioned intensification within Salford, yet also increased density, above the Greater Manchester average, within Manchester.

Whilst densities have increased, with the introduction of large numbers of flatted properties a key driver particularly in the City Centre, new innovative schemes have also emerged over recent years which deliver high density quality family accommodation. This is an important consideration in contextualising the future housing demand projections outlined through the rest of this section when considering the land capacity authorities have to deliver future supply as well as the types of housing which will be required and delivered in the future.

5.2.4 Innovative High Density Developments

The Holt Town Waterfront currently has outline planning permission for 4,348 new residential units to be located in East Manchester and provides an innovative approach to the delivery of mixed type and tenure homes at high density in a constrained urban environment. This prospective development plans to achieve an average density of 200 dwellings per hectare within a perimeter block layout comprising of a range of housing types, public spaces, gardens, roof terraces, balconies and terraces to establish high-density family friendly accommodation. The approach of Holt Town Waterfront is based upon precedent best-practice urban developments including Dolphin Square in Pimlico, Linder Gardens in Notting Hill, and the Millennium Village in the Greenwich Peninsula which have respective average densities of 428, 280 and 134 dwellings per hectare⁸⁸.

Developer Urban Splash has taken an alternative approach to development at high density within their landmark development named Chimney Pot Park in Langworthy, Salford. The approach, developed with architects Shedkm takes 349 existing terraced properties and retains the existing exteriors and traditional street layout, whilst remodelling the ground floor for two bedrooms, the first floor for an open-plan living space and terrace, and the loft for a mezzanine kitchen. In an innovative approach, first-time buyers were given first-preference on purchases, with prices starting below £100,000. The high demand for this type development was illustrated when the first phase of 108 units sold out within 3 hours of going on sale⁸⁹.

Another innovative scheme located within Greater Manchester is Islington Wharf, developed by ISIS Waterside Regeneration and backed by British Waterways. The scheme, situated on the Ashton Canal in East Manchester, will offer a wide variety of accommodation including 40 different types of apartment and ranges from single-bedroom properties to four bedroom family homes with individual private gardens and a multi-use private resident garden with secure play facilities for children. The scheme includes a 21-storey landmark residential development and its first phase will also include 200 one, two, and three bedroom apartments, four bedroom family homes and two leisure units totalling 6,600 sq ft and 3,500 sq ft of commercial space. The private garden sits upon a podium, which covers 294 car parking spaces⁹⁰.

⁸⁸ Holt Town Waterfront Development Framework (November 2006) - Cibtas

⁸⁹ <http://www.urbansplash.co.uk/chimneypotpark/>

⁹⁰ <http://www.marketingmanchester.com> 'ISIS launch flagship development Islington Wharf in Manchester'

Key Issues for Policy & Implementation

Due to amendments to the draft RSS, housing provision up to 2021 is expected to reach 173,200, which equates to a completion rate of 9,623 units per annum from 2003. It is important to consider the relationship between the ambition to increase the delivery of housing and the continued need to encourage new development within regeneration areas. The identification of a balanced and deliverable supply of land will be a key element of achieving these objectives in tandem.

Capacity for 185,842 new homes has been identified as available within Greater Manchester. However, this supply of land is not evenly spread across Greater Manchester. There could potentially be the need to release further land in those parts of Greater Manchester, in particular the SHMA where capacity is comparably limited in order to develop a supply of housing which meets demand, this relates in particular to the need to deliver a greater supply of affordable housing.

The data suggests that Manchester and Salford have the highest capacity for housing development, with opportunity identified for 61,726 and 39,499 units respectively, with in excess of half of this already granted planning permission in Salford.

It is important to note that development densities, in part driven by policy but also land values, have risen notably. The rapid development of flatted properties has been integral to this, however, as the analysis has shown other forms of housing development have also successfully adopted innovative layouts and design to elevate densities. Continuing to expect high quality development which makes maximum use of land resources will be a key policy element in the future.

5.3 Economic growth and demand - scenarios

5.3.1 The Use of Scenarios

The Greater Manchester Forecast Model (GMFM) was developed by Oxford Economics (OE) as part of the Research, Foresight and Intelligence (RFI) project. The aim was to develop a model capable of bringing together the housing and economic projections under one roof. Since its inception the model has undergone continuous development work, most notably in 2006 as part of the 'Making Housing Count' work. The developments have refined the model capabilities and a roadmap of future development is planned to continually increase coverage and refine accuracy.

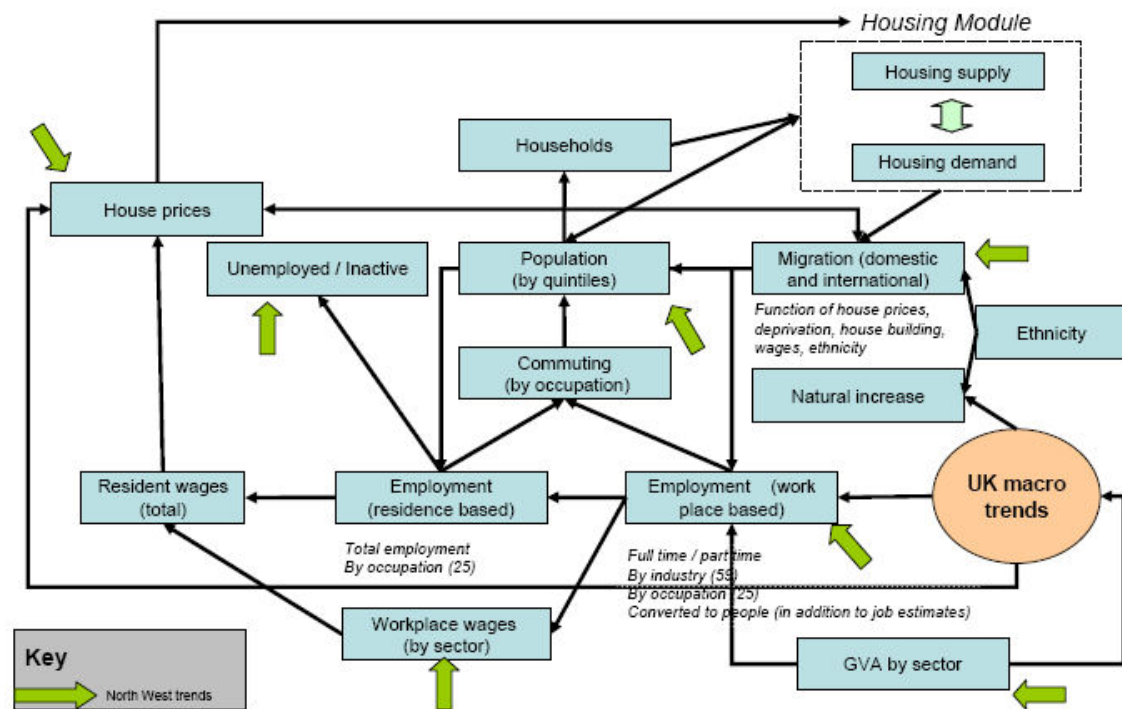
The GMFM model provides a useful base for the assessment of future economic growth and housing requirements, but it should be noted that this is only one strand of evidence that should be considered as part of a wider appraisal of requirement and need. To that end, whilst we base our analysis around the model we also present an alternative scenario based upon recent trends and official projections, and encourage the use of the modelling outcomes as part of a wider debate on housing strategy in Greater Manchester and the HMAs.

As OE note:

The model should be viewed as one piece of evidence in making policy decisions and tracking economic, demographic and housing change. As with all models it is subject to margins of error which increase as the level of geographical detail becomes smaller. In addition the model relies heavily upon published data which, unfortunately, is becoming less and less reliable with ABI data in particular coming under severe criticism at local sectoral level. It is however better to base decisions upon imperfect information than no information at all.

Figure 5.3.1.a summarises the relationships present in the GMFM model:

Figure 5.3.1.a: GMFM Model



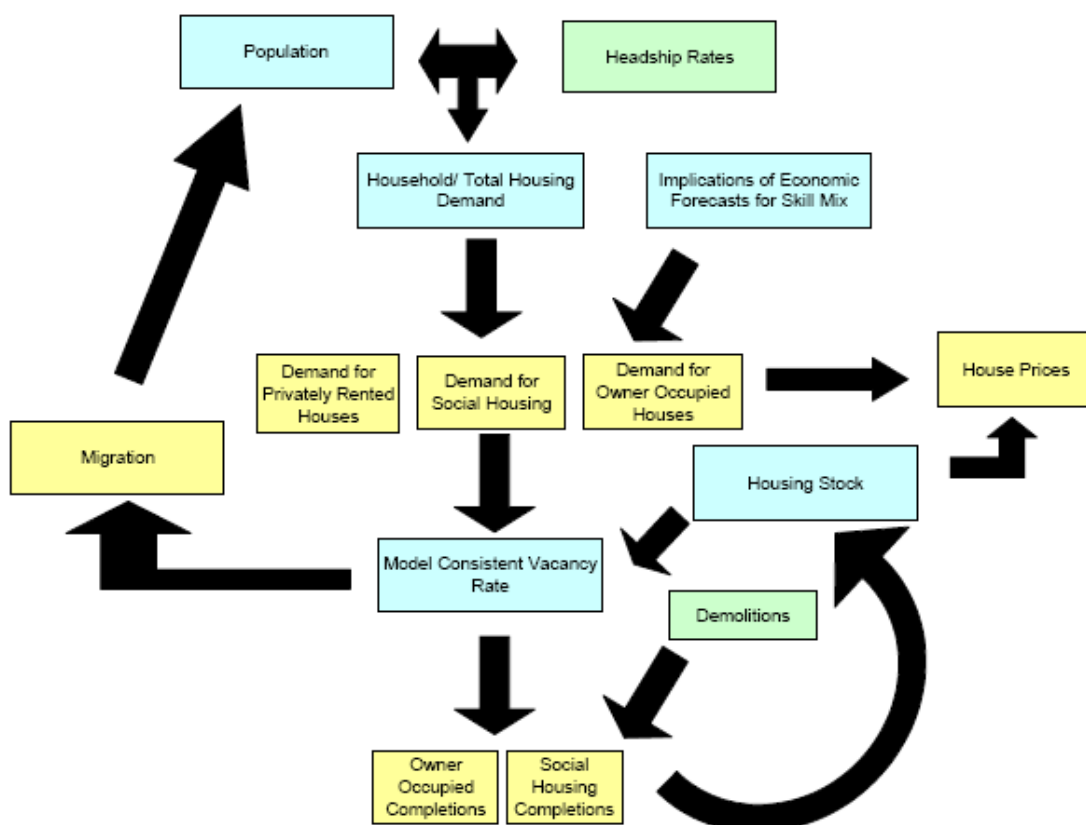
Source: Oxford Economics GMFM.

This illustrates a number of key points about the model:

- ⇒ Assumes UK and North West trends play a significant role in determining GM level outcomes;
- ⇒ Population change in the model affects the number of households, but the interaction of housing demand and supply also affects migration and therefore population; and
- ⇒ In turn, population contributes to employment and economic growth, but economic growth also influences population and housing.

The relationship between housing and the economy, therefore, is not uniformly causal and outcomes are determined by the way in which the economy and housing market affects each other.

Figure 5.3.1.b: Housing Model



Source: Oxford Economics GMFM.

Key procedures in arriving at housing estimates thus include:

- ⇒ the use of 'headship rates' to turn population forecasts into projections for the number of households forecast for each district;
- ⇒ a breakdown of the number of households by tenure choice, to estimate demand for owner-occupation, social housing and private rented housing;
- ⇒ modelling of the housing stock through demolitions and new completions; and
- ⇒ modelling of house prices in each district relative to the regional average, depending on factors such as the degree of deprivation in the district and the prevalence of owner occupation.

The diagram also illustrates feedbacks into the demographic part of the modelling through the impact on migration decisions (as discussed above) of vacancy rates, themselves derived from interactions between numbers of households and the housing stock.

5.3.2 Baseline expectations

GMFM includes forecasts of economic growth to 2026, which are consistent with projections of demographic and household growth as outputs of the same model. The baseline forecasts from GMFM are used to underpin the analysis in this SHMA.⁹¹

The focus of growth on Manchester City Centre and Manchester Airport is supported by Regional / Sub-Regional policy documents and these are expected to be the major City Regional drivers of growth in each scenario.

⁹¹ A separate discussion of the way in which the GMFM is used to forecast economic variables can be found at the AGMA website - Greater Manchester Forecasting Model Technical note: Model description and data sources, 2007

Figure 5.3.2.a shows the relationship between current economic structure and predicted employment growth (left chart) as well as population change and predicted employment growth (right chart) for areas within the Manchester City Region as well as the Manchester City Region itself. The links between current industrial structure and population growth and anticipated employment growth are strong and positive.

Figure 5.3.2.a: Population and Industrial Structure – Long-term drivers of growth



Source: Oxford Economics GMFM, Deloitte Analysis.

In correlation terms current industrial structure (private sector services as proportion of all employment) and employment growth shows a co-efficient of 70 per cent amongst authorities, whilst population and employment growth show a co-efficient of 87 per cent.

However, the relationships between each of these are subtly different. The relationship between current industrial structure and future employment growth is direct and causal. All other things being equal (including long-term constraints on growth such as infrastructure and skills) and assuming that services will drive growth in future, an area with a relative preponderance of service sector activity is much more likely to realise higher growth.

The links between economy and population (and by definition housing) are far less clear cut. There is, without doubt, a two-way relationship between economic performance and population – this being accounted for in GMFM. Strong economic growth – of the kind demonstrated by the Manchester City Region over the last decade – encourages migration into the region, whilst a pre-requisite of long-term economic growth is an ample pool of labour to participate in the economy.

The population and hence housing market outputs contained in GMFM are a culmination of these two effects, with the scope for long-run growth being determined by (amongst many other factors) available labour but equally the migration component of the model responding to relative economic growth.

Figure 5.3.2.b shows key economic outcomes in the baseline scenario for Greater Manchester, the Manchester City Region and North West.

Figure 5.3.2.b: Baseline Economic Outcomes, 2007-2026



Source: Oxford Economics GMFM, Deloitte Analysis.

This shows that productivity growth is expected to be more or less equal in each of the three areas – being marginally lower in Greater Manchester. In turn this means that variation in baseline GVA growth is determined almost exclusively by employment growth which is expected to be highest in Greater Manchester (0.65 per cent per annum), then the Manchester City Region (0.6 per cent per annum), then the North West (0.4 per cent per annum).

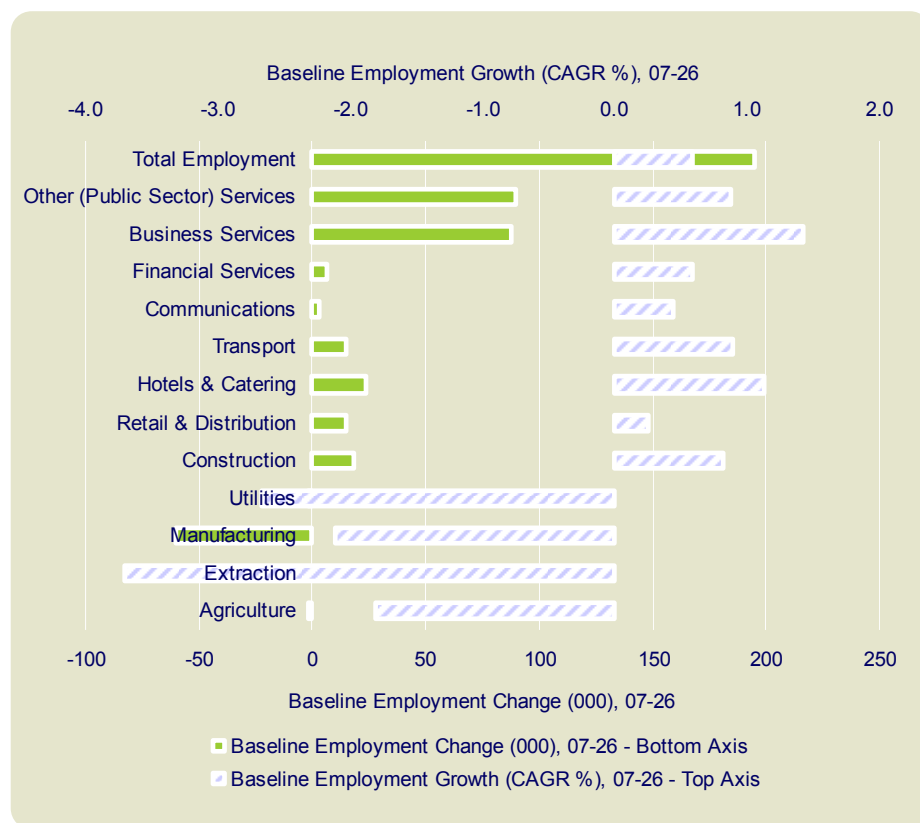
In terms of quanta, the level of employment growth in each area is:

- ⇒ Greater Manchester 172,000
- ⇒ Manchester City Region 195,000
- ⇒ North West 275,000

This means that although Greater Manchester only accounts for 40 per cent of the North West's employment at present, it is expected to account for 63 per cent of all employment growth in the region over the next 20 years – a significant proportion.

In the baseline case growth comes exclusively from service sector industries. In percentage growth terms this stems largely from Business Services and Hotels & Catering. In absolute terms the growth is also largely attributable to Business Services, closely followed by Other (Public Sector) Services.

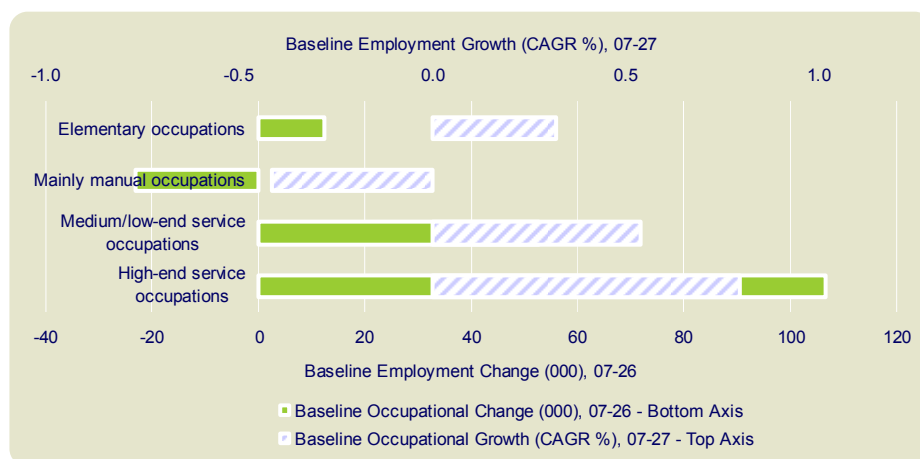
Figure 5.3.2.c: Baseline Employment Growth in the Manchester City Region, 2007-1026



Source: Oxford Economics GMFM, Deloitte Analysis.

This translates to growth in service sector based occupations and in particular those toward the higher end of the occupational spectrum, as evidence below.

Figure 5.3.2.d: Baseline Occupational Growth in the Manchester City Region, 2007-2026

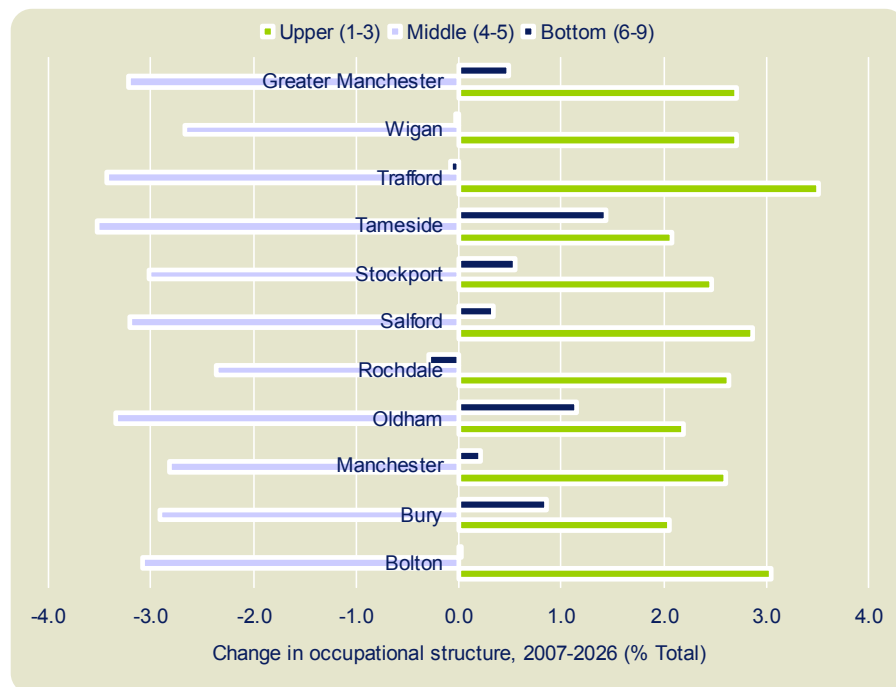


Source: Oxford Economics GMFM, Deloitte Analysis.

Elementary occupations are also expected to grow over the next decade in spite of a contraction in such occupations over recent times. This raises the prospect of increasing polarisation within the Manchester City Region – more people employed in higher-end occupations but also more employed in elementary occupations. This polarisation is also likely to differ across and within HMAs based on the sectoral and thus occupations and skills requirements, as more mobile and qualified members of the labour force increase their earning power faster than those working in elementary occupations.

Across many of the Greater Manchester districts there is expected to be an increase in the number of people working at either end of the occupational spectrum – effectively further polarising earnings and areas. According to occupational projections in GMFM this is likely to happen be most significant in Tameside, Oldham, Bury, Stockport, Salford and Manchester. In other areas the model suggests that relative shift in occupations is likely to be from medium to high earning occupations.

Figure 5.3.2.e: Economic Polarisation through Occupations (Residence-based Measure), 2007-2026



Source: Oxford Economics GMFM, Deloitte Analysis.

Moreover, there is likely to be further exacerbation of inequality, leading to social polarisation at local level within HMAs and districts themselves. It is not possible to forecast at such a detailed spatial level, but it seems logical to suggest that if inequality and polarisation worsens in the aggregate (as hinted at above) then the areas where polarisation and inequality are currently rife will worsen with time.

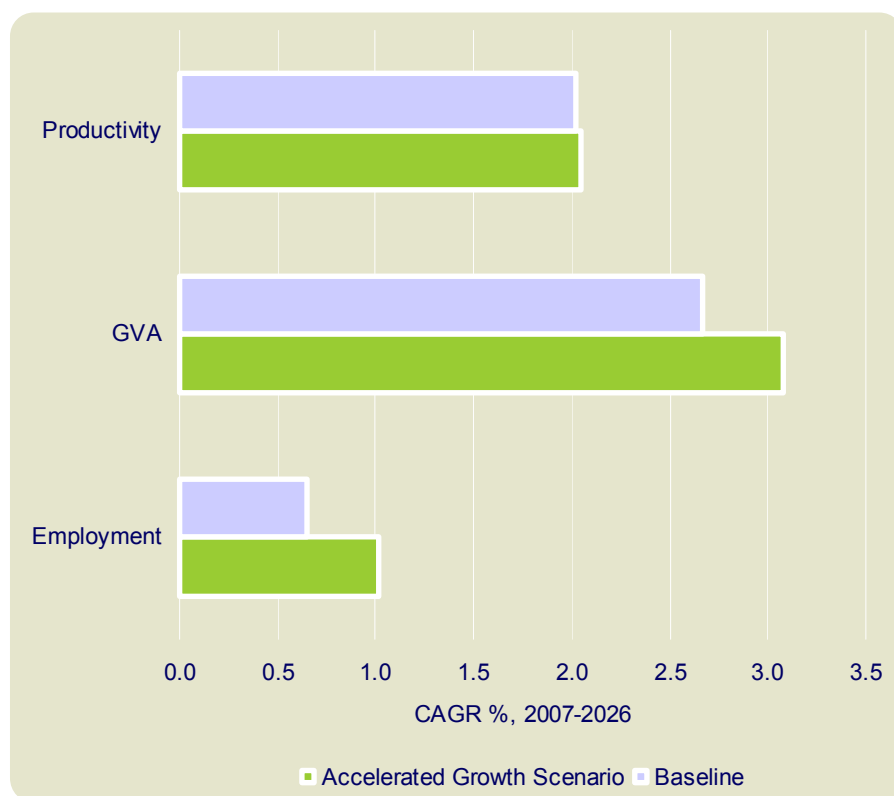
5.3.3 The 'Accelerated Growth Scenario'

The Accelerated Growth Scenario assumes that the baseline is augmented by specific employment-generating developments in Greater Manchester. Specifically these developments are expected to generate the levels of employment in each location although the majority are concentrated in the Central HMA, with fewest in the North Eastern HMA.

These jobs are apportioned to relevant sectors but are then subjected to sector-dependent 'scaling factors' to account for deadweight loss and displacement with respect to baseline growth. This involves a degree of interpretation and as such the Accelerated Growth Scenario is only a rough approximation of what may be expected to be additionally generated above baseline through successful planning policy intervention.

Because of the above developments and the way in which they alter the quantum and sectoral composition of growth there are differences between employment, productivity and GVA growth in the baseline case and Accelerated Growth Scenario.

Figure 5.3.3.a: AGS versus Baseline Economic Outcomes in Greater Manchester, 2007-2026



Source: Oxford Economics GMFM, Deloitte Analysis.

Employment growth increases significantly in the Accelerated Growth Scenario from 0.65 per cent per annum to 1 per cent per annum – some 14,600 per annum or 278,000 in total. Productivity per worker increases also increases slightly leading to GVA growth of 3.1 per cent per annum – in excess of the 2.65 per cent per annum seen in the baseline case.

Equivalent industry and occupational components for the Accelerated Growth Scenario are not available for comparison with baseline estimates, suffice to say that the scenario includes ‘more of the same’ in the sense that the scenario represents a stronger shift toward the service sectors seeing growth in the baseline case.

5.3.4 Economic downturn

Both the baseline and AGS contained within the GMFM represent strong economic growth over the next two decades, and whilst official projections are economics neutral they also hint at high levels of growth. Stakeholders noted this during the course of this SHMA, and adjustments have been made GMFM to account for a longer-term in which economic growth is slower than anticipated. It should be emphasised that the Downturn Scenario is a much simpler scenario than the others seen in GMFM and has been developed to provide interim forecasts, to be used contextually given current economic conditions until updated base GMFM forecasts are produced in Autumn 2008. Therefore, the Downturn Scenario is not being used directly to inform strategy. It is also worth noting that the Downturn Scenario is informed by Oxford Economics Spring 2008 Regional Forecasts, as opposed to the Autumn 2007 Regional Forecasts used to inform the Base Forecast and AGS, meaning that the Downturn Scenario forecasts are not directly comparable.

This scenario is not as detailed as the others in terms of housing market outcomes but does give an indication of the likely short and long-term consequences of a significant slowdown in the economy. The short term consequences are obvious with much weaker interim growth across the City Region.

The key outcome is that over the longer term, levels GVA growth in the City Region are not too far removed from those in the baseline forecasts – and not as far removed as they are in the short term, but that employment growth is markedly lower. Growth estimates for each to 2026 are presented below with absolute change in employment in parentheses:

- ⇒ Baseline employment: 0.6 per cent per annum (172,000 in total)
- ⇒ Downturn employment: 0.3 per cent per annum (70,000 in total)
- ⇒ Baseline GVA: 2.6 per cent per annum
- ⇒ Downturn GVA: 2.3 per cent per annum

It should be noted, therefore, that independent expectations are that the short-term economic consequences of a downturn will be most marked on employment creation, in the longer-term and certainly as far as 2026, the model suggests that this will be consistent with lower growth outcomes and 100,000 fewer jobs created in Greater Manchester.

This Chapter later considers some indicative results aligned with this scenario. More detailed estimates of how this translates to the Housing market will be available in Autumn 2008 – when more information regarding the credit crunch will also have come to light.

5.3.5 5-year trends – neutral scenario

This is an 'economics neutral' scenario based upon the following:

- ⇒ ONS 2004-based sub-national population projections (Quinary Age Band);
- ⇒ CLG 2004-based household membership projections (Quinary Age Band); and
- ⇒ Census 2001 estimates of district level institutional population (Quinary Age Band).

The information in this scenario was collated before the latest sub-national household projections were released by CLG in Spring 2008, to be used in the event that those projections remained unpublished. This scenario leads to near-identical outcomes to the official projections, and to all intents and purposes can be viewed as being those official projections.

Institutional population is removed from district level SNPPs to give private household population. These estimates by age-band are then married together with household membership rates (giving the probability of any individual forming a household within that cohort) to yield estimates of the number of households in each district.

To ensure full consistency with GMFM led household forecasts, growth rates from the above analysis is then 'spliced' or added onto the GMFM 2007 base position.

As specified above this scenario is economics neutral as it assumes that the economic conditions embodied in official projections continue until 2026.

Moreover, the overall household forecasts described above are adjusted with an economics-neutral propensity of social housing to yield estimates of social rented households, based upon 5-Year trends (2001-2006) for all authorities except Manchester and Salford, where closer examination revealed that such extrapolations were unlikely to be sustainable. As such Manchester and Salford propensities are extrapolated on trend to 2016 only before the propensity is held constant.

Further details are available in section 5.4.

5.4 Greater Manchester Housing Market Outcomes

GMFM does not provide housing market output for the five non-Greater Manchester authorities in Manchester City Region and as such housing market results are presented in Greater Manchester terms only.

As mentioned above, the implication of econometric scenarios for housing markets need to be carefully considered and interpreted.

5.4.1 Baseline

In the baseline case population expands by an average of 11,200 persons each year until 2026. This corresponds to a per annum increase in households in Greater Manchester of 8,500 and an associated and continued decrease in average household size. Between now and 2026 this equates to 161,000 additional households in total.

Figure 5.4.1.a: Baseline Household Growth, Summary

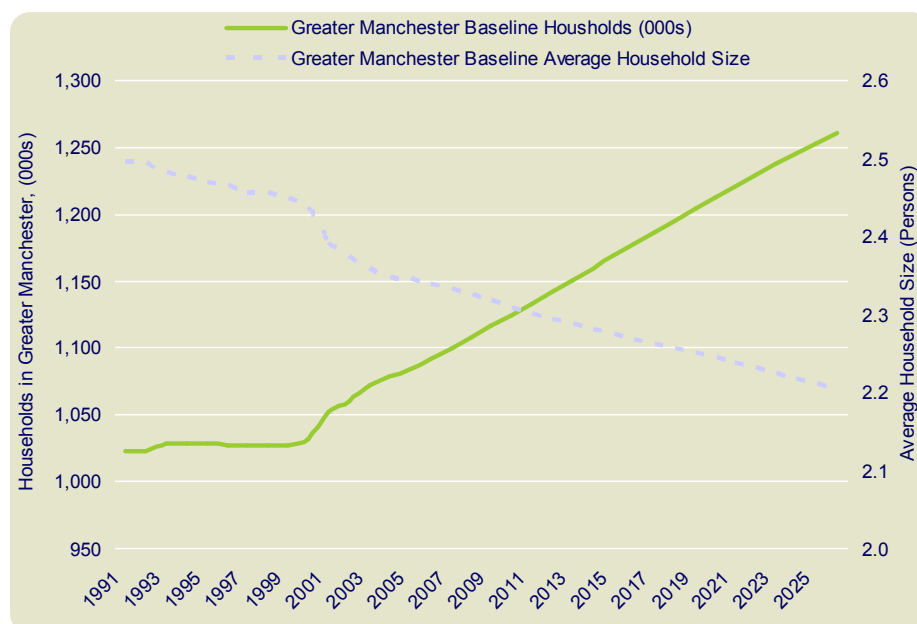
Baseline		
	Absolute Change (p.a.), 07-26	CAGR (%), 07-26
Population (000s)	11,200	0.4
Households (000s)	8,500	0.7
Owner Occupied Households (000s)	5,800	0.8
Private Rented Households (000s)	1,000	1.0
Social Rented Households (000s)	1,700	0.5
Average Household Size (Persons)*	-0.13	-0.3

* Absolute change NOT p.a. basis

Source: Oxford Economics GMFM, Deloitte Analysis.

Figure 5.4.1.b shows the trajectory of household growth and average household size over the next two decades, which are essentially linear and appear to be a continuation of the trends identified in chapter three which started at the end of 1999 – although it should be stressed that this is not the case here with the level of growth determined in GMFM.

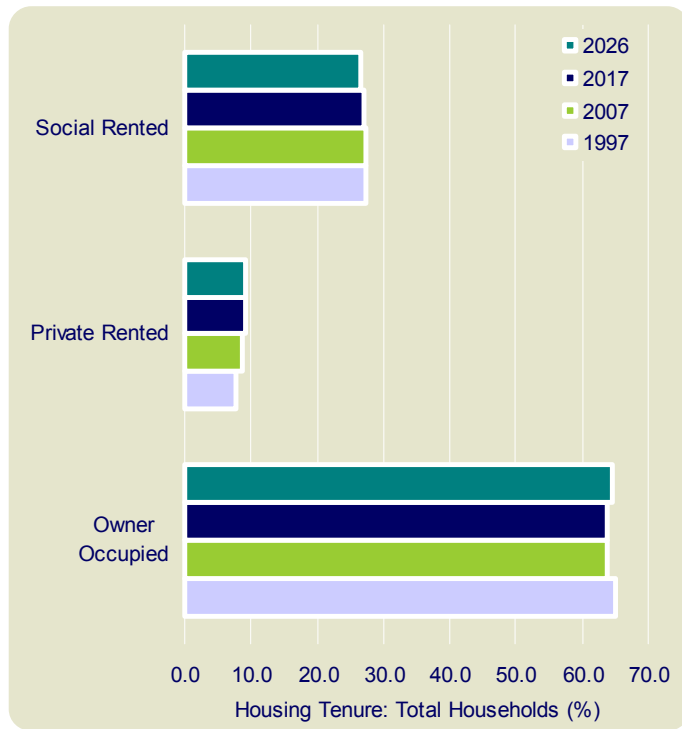
Figure 5.4.1.b: Baseline Household Growth



Source: Oxford Economics GMFM, Deloitte Analysis.

Relative growth rates between owner occupied, private rented and social rented accommodation are different to those seen over the last decade. Private rented households are the fastest growing in the baseline case, followed by owner occupied households. Social rented households are projected to grow at slower rates than either of the above. In absolute terms growth in each category is respectively 1,000, 5,800 and 1,700. This leads to the tenure outcomes seen in Figure 5.4.1.c.

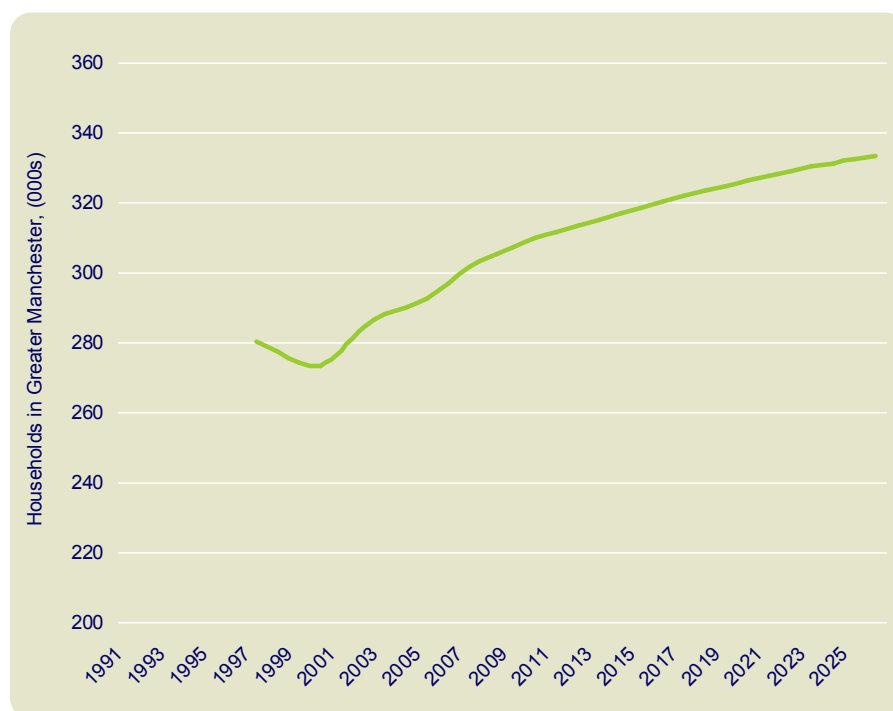
Figure 5.4.1.c: Baseline Tenure Outcomes



Source: Oxford Economics GMFM, Deloitte Analysis.

Implicitly, therefore, the model suggests that the private renting and owner occupation will account for more and more housing going forward. This can be seen in the future profile of growth from the model in figure 5.4.1.d, which clearly falls as time progresses.

Figure 5.4.1.d: Baseline Social Rented Households, 1999-2026



Source: Oxford Economics GMFM, Deloitte Analysis.

5.4.2 Accelerated Growth Scenario

As articulated in chapter 3, the Accelerated Growth Scenario, is effectively a 'baseline +' scenario, where known employment-generating developments in the Greater Manchester area are incorporated into (or grafted onto) baseline estimates of growth to offer a 'policy-on' articulation of economic growth. The effects of the Accelerated Growth Scenario on household numbers in Greater Manchester are shown, relative to baseline, below.

Figure 5.4.2.a: AGS vs Baseline Household Growth

	Baseline		Accelerated Growth	
	Absolute Change (p.a.), 07-26	CAGR (%), 07-26	Absolute Change (p.a.), 07-26	CAGR (%), 07-26
Population (000s)	11,200	0.4	12,900	0.5
Households (000s)	8,500	0.7	9,200	0.8
Owner Occupied Households (000s)	5,800	0.8	6,400	0.8
Private Rented Households (000s)	1,000	1.0	1,100	1.1
Social Rented Households (000s)	1,700	0.5	1,700	0.5
Average Household Size (Persons)*	-0.13	-0.3	-0.13	-0.3

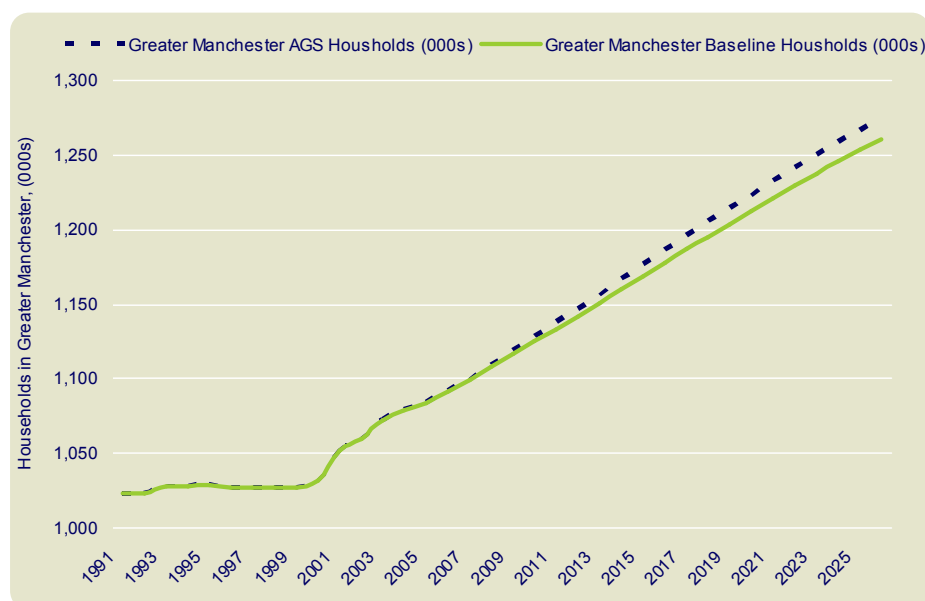
* Absolute change NOT p.a. basis

Source: Oxford Economics GMFM, Deloitte Analysis.

Changes in average household size between baseline and scenario are negligible meaning that additional population attracted in the Accelerated Growth Scenario translates directly into additional housing requirement.

The extra economic activity in the Accelerated Growth Scenario leads to an additional 700 households every year until 2026 – 9,200 per annum rather than 8,500 in the baseline case. By 2026 this equates to 175,000 additional households in Greater Manchester on the accelerated growth scenario.

Figure 5.4.2.b: AGS vs Baseline Household Growth



Source: Oxford Economics GMFM, Deloitte Analysis.

The difference between tenure outcomes in the Accelerated Growth Scenario and the baseline case is restricted to owner occupied and private rented households. The former increase relative to base by a further 600 households per annum above base, and the latter increase by only 100 per annum.

There is no difference in the level of social rented households between Accelerated Growth and baseline outcomes – 1,700 per annum in each case – with the trajectory matching that seen in figure 5.4.1.d.

The utility of this scenario is in suggesting that superior economic outcomes in the Accelerated Growth Scenario will be associated with increasing demand for and supply of private housing options without equivalent increases in the demand for social rented housing – an important conclusion in housing market terms.

5.4.3 5-Year Trend Scenario

The 5-year Trend Scenario presents a useful alternative future to the baseline and Accelerated Growth Scenario produced within GMFM, although this scenario comes with some significant caveats as it assumes that recent district level trends in population, headship and social housing demand continue indefinitely to 2016 – with the exception of Manchester and Salford where this is plainly unsustainable and where they are assumed to remain constant from 2016 onwards.

Results of the scenario relative to the baseline and Accelerated Growth Scenarios are shown below.

Figure 5.4.3.a: AGS vs. Baseline vs. 5-year Household Growth

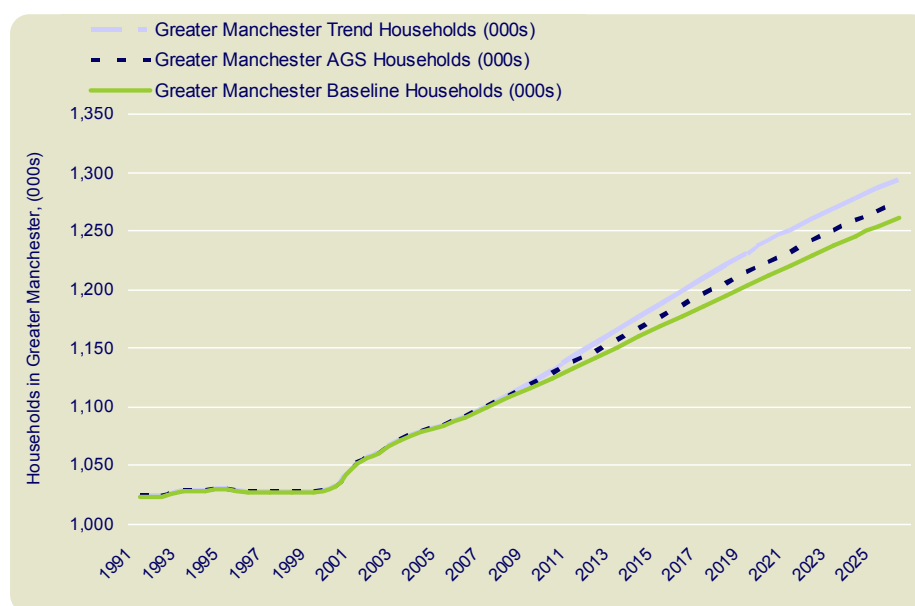
	Baseline		Accelerated Growth		5-year Trend	
	Absolute Change (p.a.), 07-26	CAGR (%), 07-26	Absolute Change (p.a.), 07-26	CAGR (%), 07-26	Absolute Change (p.a.), 07-26	CAGR (%), 07-26
Population (000s)	11,200	0.4	12,900	0.5	9,200	0.3
Households (000s)	8,500	0.7	9,200	0.8	10,200	0.9
Owner Occupied Households (000s)	5,800	0.8	6,400	0.8	-	-
Private Rented Households (000s)	1,000	1.0	1,100	1.1	-	-
Social Rented Households (000s)	1,700	0.5	1,700	0.5	3,000	0.9
Average Household Size (Persons)*	-0.13	-0.3	-0.13	-0.3	-0.21	-0.4

* Absolute change NOT p.a. basis

Source: Oxford Economics GMFM, Deloitte Analysis.

Over the entire period, this scenario equates to around 194,000 extra households in the Greater Manchester area. On a per annum basis this is approximately 1,000 extra households than that seen in the Accelerated Growth Scenario.

Figure 5.4.3.b: AGS vs. Baseline vs. 5-year Trend Household Growth



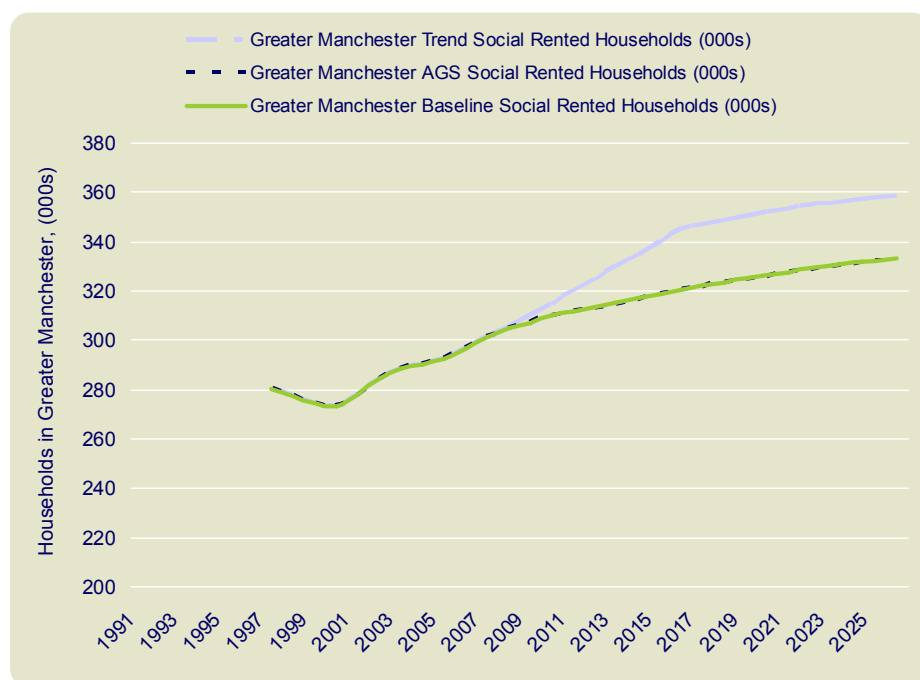
Source: Oxford Economics GMFM, Deloitte Analysis.

Other key results and contributing factors include:

- ⇒ Much slower population growth than the other scenarios (as implied by official projections);
- ⇒ A more than compensating and (faster than other scenario) fall in average household size (as implied by official headship rate projections) meaning that, all else equal, more households are required for a given (and smaller) population; and
- ⇒ Much stronger growth in the number of social rented households (3,000 per annum rather than 1,700 per annum in each of the baseline and Accelerated Growth Scenario).

The final point is clarified in figure 5.4.3.c, below.

Figure 5.4.3.c: 5-year Trend Social Housing relative to baseline and AGS, 1997-2026



Source: Oxford Economics GMFM, Deloitte Analysis.

Intuitively these outcomes may seem strange relative to the results emanating from GMFM. How could lower population growth lead to a greater number of households and social rented households in Greater Manchester?

The reasons for such a significant change in results are as follows:

- ⇒ Much lower average household size in 2026 based on 5-year trends rather than GMFM outcomes; and
- ⇒ The increase in social rented households is due are the trends (assumed to continue) seen in specific districts in Greater Manchester over the last half-decade, which are shown in figure 5.4.3.a.

However, it should be noted that GMFM includes analysis of long-term drivers and, specifically assumes that average household size will not fall at a slower rate than it has over the past five years and with respect to social rented households that recent upward trends in specific districts will be curtailed permanently and quickly. The GMFM represents a much more integrated solution linking population, economy, and housing for a more subtle view of local conditions.

The utility of this scenario is in suggesting that if these trends do continue into the medium or long-term, however unlikely, there is likely to be a much greater need for housing and, importantly in the context of this study, social housing in the Greater Manchester area.

5.5 HMA Housing Market Outcomes

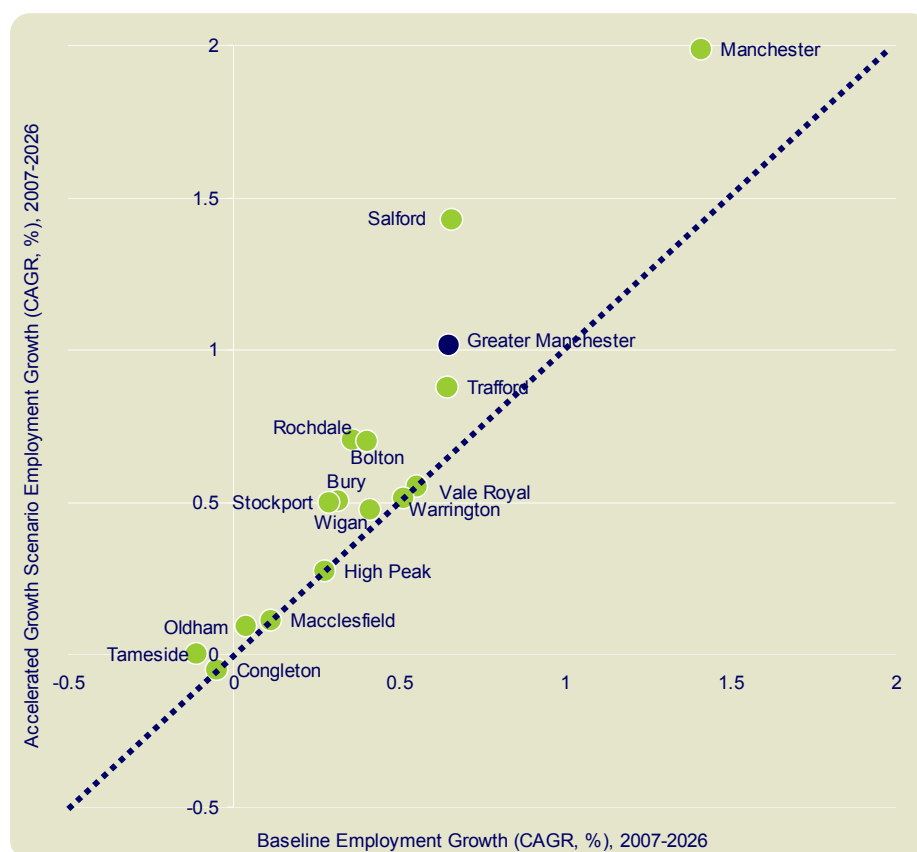
Having presented the rationale for each scenario and the scenarios themselves in preceding sections, this section of the report concentrates on presenting the results and underpinning assumptions across all districts and HMAs for meaningful comparison.

5.5.1 Local level drivers

Baseline versus Accelerated Growth

The distribution of economic growth in the Accelerated Growth Scenario relative to the baseline case is an important determinant of end housing market outcomes. A scatterplot of growth is shown below the vertical distance between the dotted line and district point indicates the degree of growth uplift (in terms of economic growth) seen in the Accelerated Growth Scenario.

Figure 5.5.1.a: Sub-Manchester City Region Employment Growth, Baseline versus Accelerated Growth.



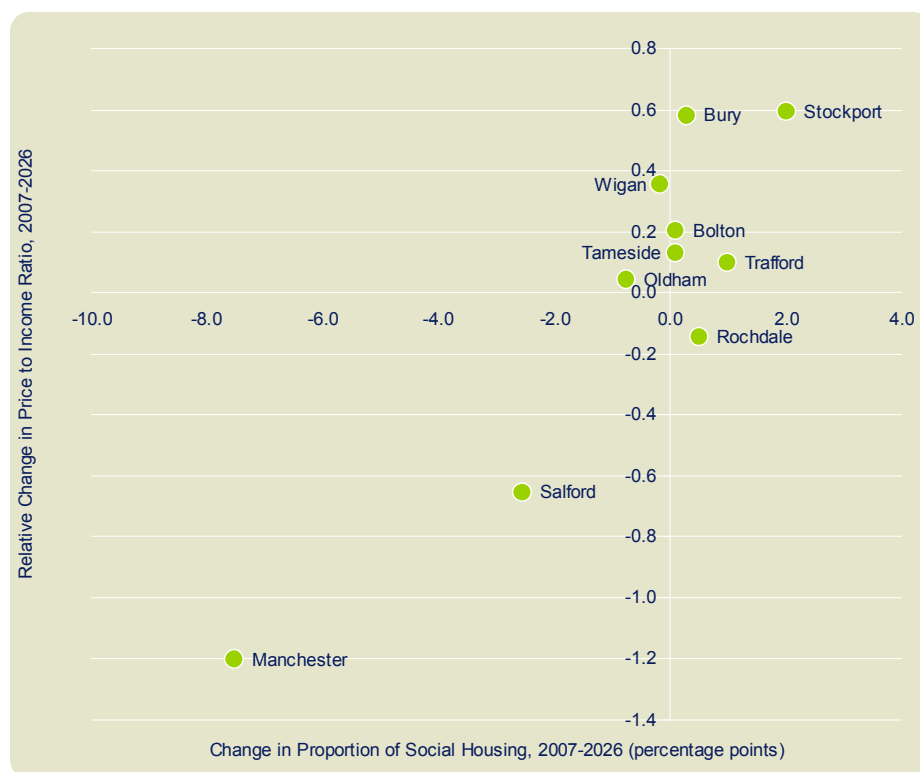
Source: Oxford Economics GMFM, Deloitte Analysis.

All Greater Manchester Districts see some uplift but this is greatest in Manchester, Salford, Rochdale, Bolton, Trafford and Stockport.

Social Rented Housing

In the baseline forecasts, local level social rented housing is determined as a function of occupational structure (higher occupations mean less social housing required), affordability in terms of prices and income (higher price:income ratios mean more social housing required), and the age structure of the population (more younger people leads to more social housing required). The relationship between price:income (P:I) ratios and the proportion of social housing in each of the Greater Manchester districts is shown below.

Figure 5.5.1.b: Relationship between P:I ratios and Social Housing, 2007-2026.

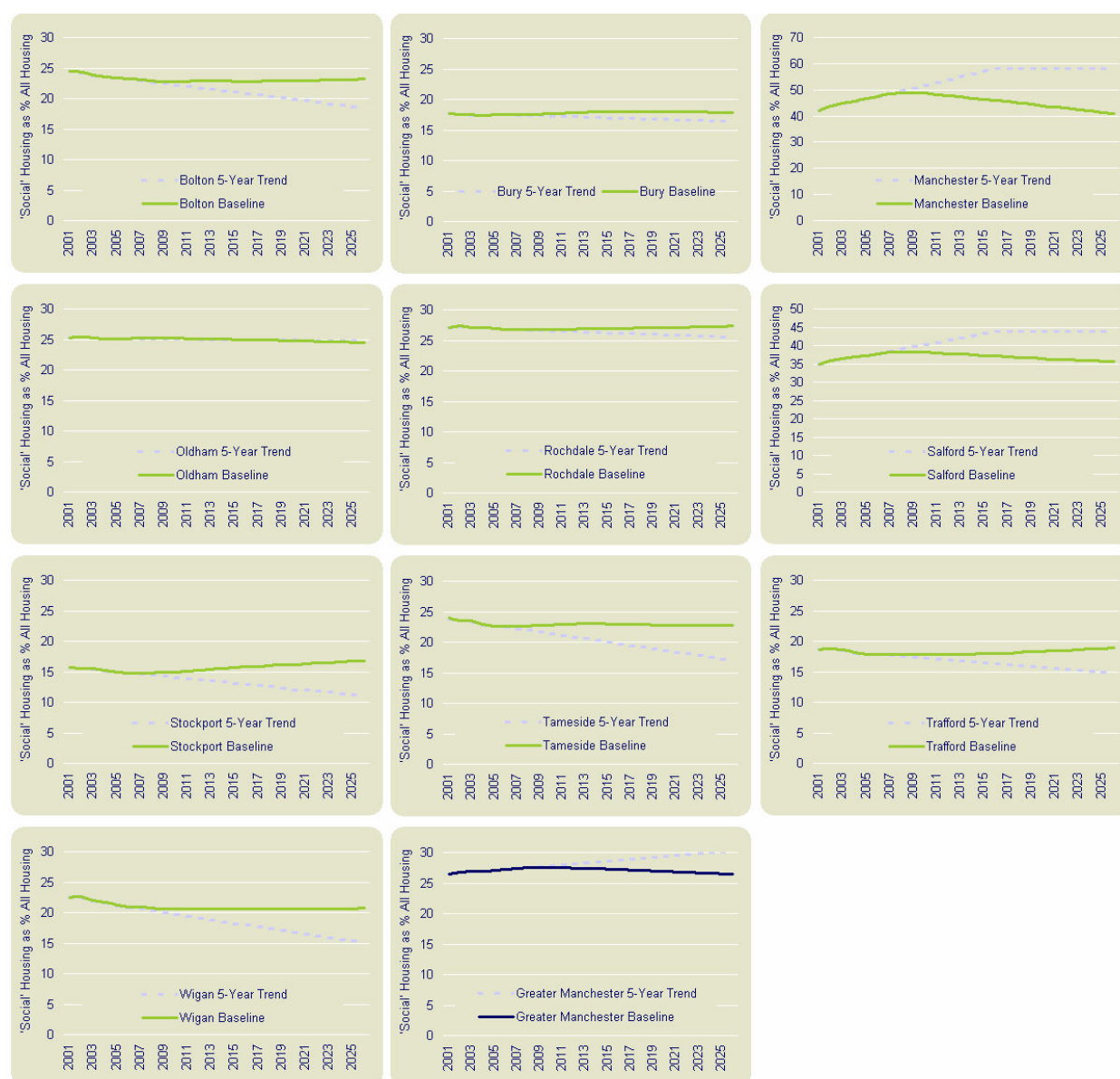


Source: Oxford Economics GMFM, Deloitte Analysis.

This shows that relative increases are highest in areas which are known to have affordability issues such as Stockport and Bury, and are lowest in Manchester and Salford where affordability is not anticipated to be so much of an issue. This analysis is quite different from that seen in Chapter six and accordingly any comparison of social rented requirements seen here with the 'bottom-up' approach to affordability and requirement should be undertaken with caution due to the different methodologies used.

Figure 5.5.1.c shows the key determinant of the social housing component of the 5-Year Trend Scenario – the continuation of recent trends in social rented households contained in historical estimates from GMFM. This is much less sophisticated than the methodology employed above and this does not seek to replace or undermine that analysis.

Figure 5.5.1.c: Sub-Manchester City Region Social Household Propensities (used in the 5-Year Trend Scenario)



Source: Oxford Economics GMFM (historical only), Deloitte Analysis.

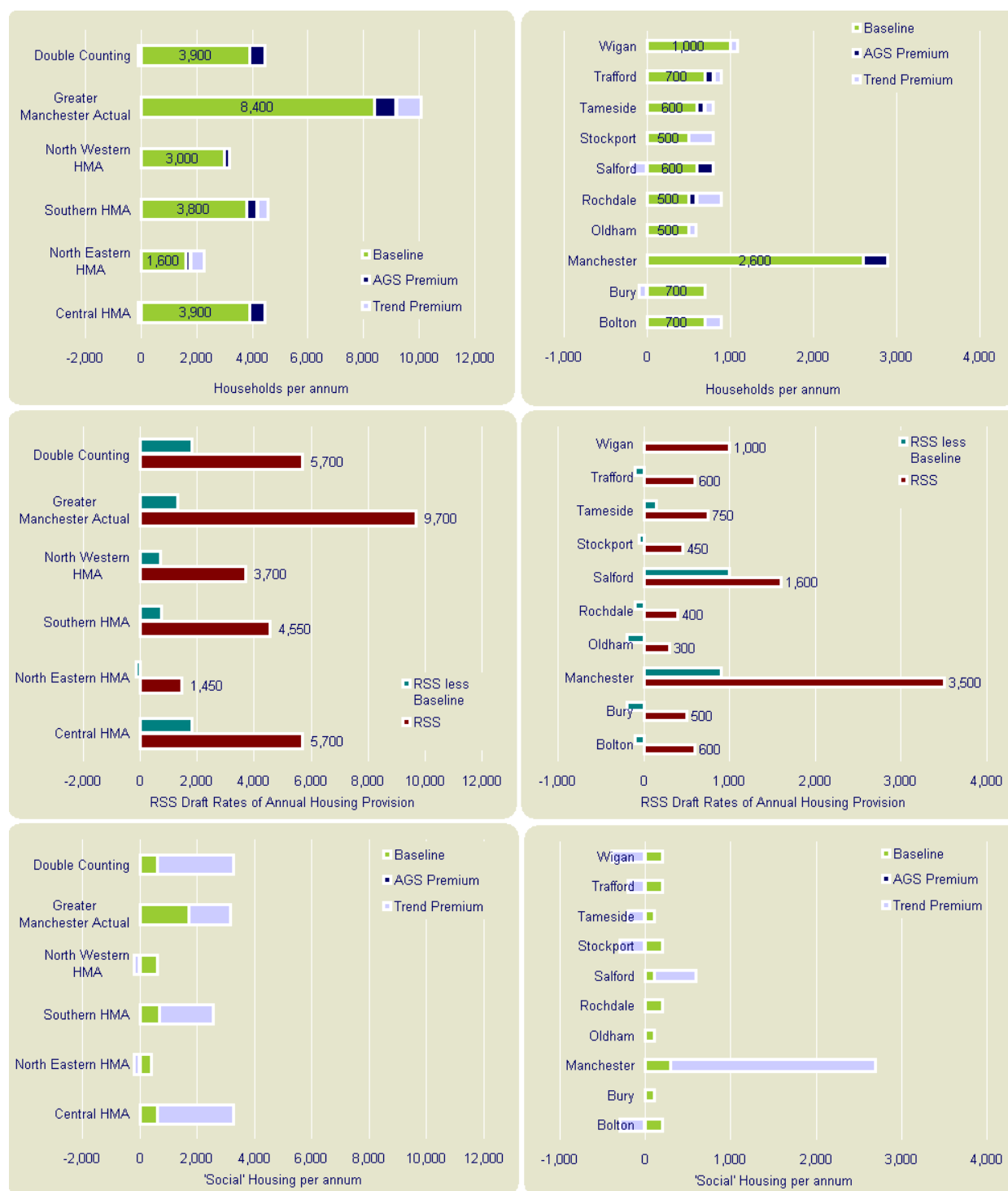
This scenario assumes that the proportion of all housing in Manchester that is 'social' in nature increases from the current level of 48 per cent to 58 per cent in 2016 before levelling off and remaining constant. In Salford the equivalent increase is from 40 to 44 per cent between now and 2016 before levelling off. In all other areas, the 5-Year trend continues indefinitely.

Whilst few would expect these outcomes to come to fruition, they do illustrate the level of requirement if they were to continue. Moreover, at Greater Manchester level the increasing propensity trends in Manchester and Salford dominate trend reductions in other places with the area, but lead to a small overall increase in the proportion of social housing, which happens to correspond to the recent (5-Year) trend for the area as a whole.

5.5.2 Housing requirements

The results from the GMFM model and Deloitte 5-Year Trend Analysis at HMA and District level are presented overleaf in figure 5.4.1.c along with a comparison with Draft RSS figures. Baseline and RSS figures are provided in the charts for HMAs (including double counting) and Districts.

Figure 5.5.2.a: HMA and District Annual Housing Outcome Summary – Positive Scenarios, 2007-2026



Source: Oxford Economics GMFM, Deloitte Analysis. Subject to double counting.

The difference between GMFM estimates and Draft RSS figures comes mainly in Manchester and Salford in the baseline (where RSS assumes higher growth is required) but these gaps are closed somewhat in AGS where the RSS surplus is minimal in Greater Manchester. Other districts tend to have slightly lower annual provision in the Draft RSS than the baseline case.

In the RSS figures growth is highest the Central HMA followed respectively by the North Eastern, Southern and North Western HMAs.

Total annual housing growth in Greater Manchester is (in ascending order) as follows:

⇒ Baseline:	8,400
⇒ AGS:	9,200
⇒ RSS:	9,600
⇒ 5-Year Trend:	10,100

The salient point from the analysis is the concentration of economic and housing growth in Manchester in the baseline case, with the most significant premium in economic and housing growth also in Manchester under AGS. Draft RSS figures also show the highest provision in Manchester. Manchester is thus expected to be the focal point for growth in Manchester City Region under each of GMFM, planning policy and economic strategies.

Some districts fall into more than one HMA and there is therefore some double counting. Notwithstanding the double counting evident in the above charts, this translates to the highest levels of housing growth in the North Eastern, Central and South Eastern HMAs (those areas including Manchester), with lower growth in the North Western HMA. The AGS housing premium is also lowest in the North Western HMA.

In the 5-year Trend case there is only uplift from the baseline in the Southern and North Eastern HMAs – stemming from growth in Stockport and Rochdale respectively rather than Manchester.

In terms of 'social' housing – which can alternatively be described as intermediate or non-market housing – Manchester, Trafford, Stockport, Wigan, Rochdale and Bolton require most in the base case but the greatest increases in proportional terms are in areas with lower affordability such as Stockport and Bury. Overall this equates to broadly equal requirements for non-market housing in all HMAs in the base case as areas of low and high affordability balance out.

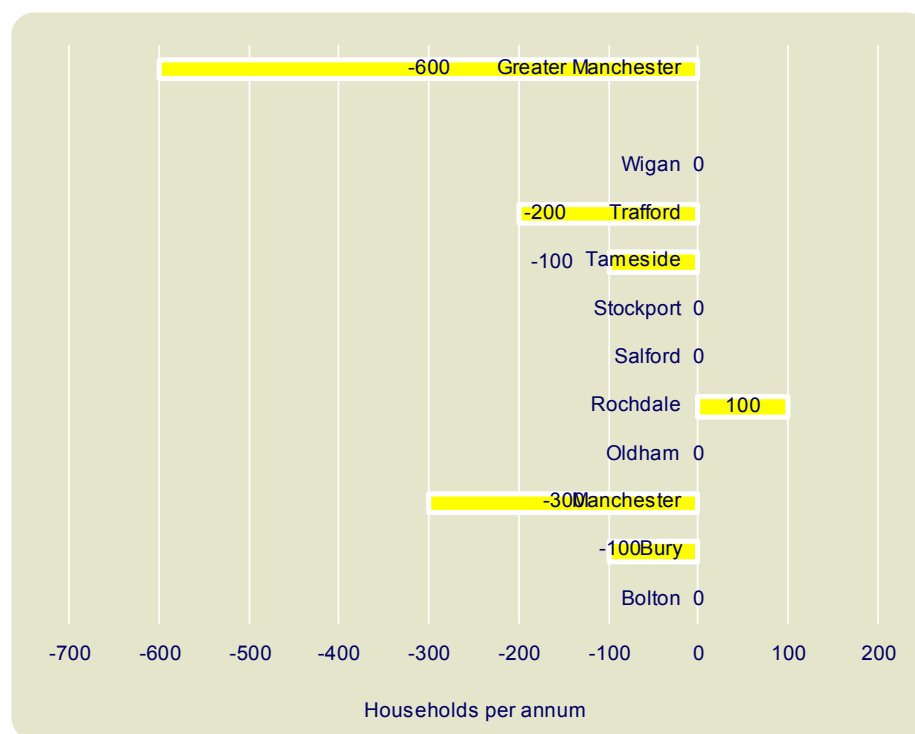
The highest levels of non-market housing are required in Manchester and Salford in the 5-year Trend scenario. This is because the propensity to require what has previously been called social housing has increased markedly of late in these two districts and GMFM suggests that over the next two decades this increase will slow sharply.

The 5-year Trend Scenario is not realistic, given implied levels of non-market housing (as a percentage of total), but the fact that if higher-than-anticipated non-market provision is demanded the requirement will be higher than that implied in both the baseline and AGS.

Considering an economic downturn

Given recent weaknesses in the property market and wider economy, the GMFM has been used to provide housing market implications of an economic downturn. Although, as discussed earlier it is anticipated that any downturn will be transitory in nature rather than representing a fundamental 'step-change' in the economic circumstances of the UK, the scenario nonetheless has implications for employment growth (100,000 fewer jobs created) and thus the housing market.

Figure 5.5.2.b: HMA and District Annual Housing Outcome Summary – Downturn Scenario, 2007-2026



Source: Oxford Economics GMFM, Deloitte Analysis.

According to the model, a downturn may be associated with around 600 fewer houses being demanded each year for the next two decades. The local housing market implications of a downturn would be most marked in Manchester, Trafford, Tameside and Bury, with other areas affected to a much lower extent. Rochdale would see an increase in demand due to better affordability credentials in the downturn, taking demand from other areas.

Thus in HMA terms there is likely to be lower demand across all HMAs but:

- ⇒ The Central HMA will bear the brunt of lower demand for housing;
- ⇒ The North Eastern HMA will see some degree of offsetting from other areas meaning the drop in demand may not be so severe;
- ⇒ The North Western HMA will see reductions in demand, particularly around Bury; and;
- ⇒ The Southern HMA will see reductions in demand concentrated around Trafford.

This implies that in any downturn the Central and Southern HMAs would be more susceptible to changes in housing demand (as it is more likely to benefit in an upturn), whilst the North Eastern and North Western HMAs are likely to be impacted to a lesser extent.⁹²

⁹² This analysis is from GMFM but it is worth stressing that before the scenario was commissioned our own analysis had led us to the same conclusions regarding the susceptibility of Central and Southern to economic conditions.

A comparison with other estimates of housing requirement

There are many estimates of housing requirement for Greater Manchester in circulation at present - those in this report based upon GMFM; official projection is based on recent trends; NHPAU estimates are based around the need for affordable provision as well as others analysed for different spatial areas.

GMFM analysis suggests that the range of annual housing required in Greater Manchester is of the order of **7,800 – 10,100 per annum**.

In June 2008 **NHPUA** published the results of a modelling exercise which aimed to estimate the likely demand for housing in England and its constituent regions based upon the need to alleviate affordability constraints:

Meeting the housing requirements of an aspiring and growing nation: Taking the medium and long term view.

This analysis estimated a range of requirements for England to 2026. For the North West this implied an annual requirement of **26,600-29,500** homes, which would then need to be 'shared' between areas of the North West.

It is our understanding that this remains an iteration of the model and that further dialogue will take place between regional stakeholders to ensure any regional assessment reflects regional and sub-regional conditions and aspirations and RSS. Accordingly it is not yet clear as to how this would relate to Greater Manchester although using RSS cascading with this would suggest a range of **11,150 – 12,400 per annum**, significantly higher than those estimated as part of this study.

CLG's latest revised estimates for the North West are **25,600** more per annum to 2026, which is some 1,000 higher than previous estimates, but still much lower than the indicative range from NHPAU. At Greater Manchester level the official projections suggest requirements are of the order of **10,350** per annum. This is slightly above the high-end estimate in this study and reflecting recent trends in population and household formation.

Both model based and official projections indicate a concentration of housing growth within the Central HMA (Manchester), but the major difference comes in the North Western HMA. Official projections indicate that Bolton and Wigan (Bolton and Wigan) will see the strongest growth within this HMA but both RSS and GMFM suggest higher growth in Salford (which sits within both Central and North Western HMAs).

In summary, economic modelling based estimates yield the lowest estimates of housing requirement (irrespective of positive, baseline or negative economic outcomes), official projections are marginally higher than the positive economic scenario due to recent (upward) trends in household formation and population, and NHPAU derived estimates are higher still as they implicitly include the provision of extra housing to lessen the affordability issue.

5.5.3 Estimating demand mix by household type

The analysis presented in this Section does not seek to define the precise shares of housing stock in each HMA area needed to underpin household growth estimates flowing from either economic scenario. It should not be used to define precise mix on individual schemes or within particular areas. Indeed, it is limited by the data, which does not, for example, distinguish size, condition or age, within different housing types. All of those factors will determine the attractiveness of housing stock within the market to different occupational types. However, within the parameters of these limitations, it does give a flavour of the direction in which the stock mix may need to travel given the changes in occupational structure associated with economic growth.

The analysis does not include provision for unrealised demand. The results are based upon actual or realised demand and thus exclude any change in 'wants' that may occur over the projection horizon.

The methodology used in projecting potential future housing mix is complex and draws on the stages and sources, outlined in figure 5.5.3.a.

A 'mapping' is used to turn employment forecasts by occupation from GMFM to mix projections. This mapping provides the national level mix characteristics of each Standard Occupational Classification occupation respectively.

The rationale behind the methodology is that as industry sectors change (changing the overall occupational structure of the area), the make up of those industry sectors also changes (further changing the occupational structure of the area). These effects are included in the analysis and forecasting of GMFM. This stage of the methodology assumes that if the relevant industry sector forecasts are correct and recent trends in the occupational structure of each sector continue, the 2026 occupational outturn will be as implied in the projections.

The mix mapping does not vary with time and simply relates the mix of housing each occupational category is likely to live in within the Manchester City Region and is taken from England and Wales data from the 2001 Census of Population.

Further points of note include:

- ⇒ At various stages in the methodology it is necessary to constrain projections to other elements of the study: most notably GMFM.
- ⇒ The mix mapping is based on actual outturn data from the 2001 census. Rather than offering a view of demand for each type of housing, the data shows realised demand. The two are not the same and the projections, therefore, do not take into account any change in unrealised demand.

In summary the projections highlight the expected mix in 2021 if sectors grow as anticipated, occupations within those sectors grow as per recent trends included in GMFM, and if the mix mapping implied by the 2001 census is fully reflective of realised demand in 2026. In reality there may be significant shift in the way in which different occupations demand different types of housing. Interpretation of the figures therefore is crucial. They are intended to show direction of movement rather than define specific levels of change.

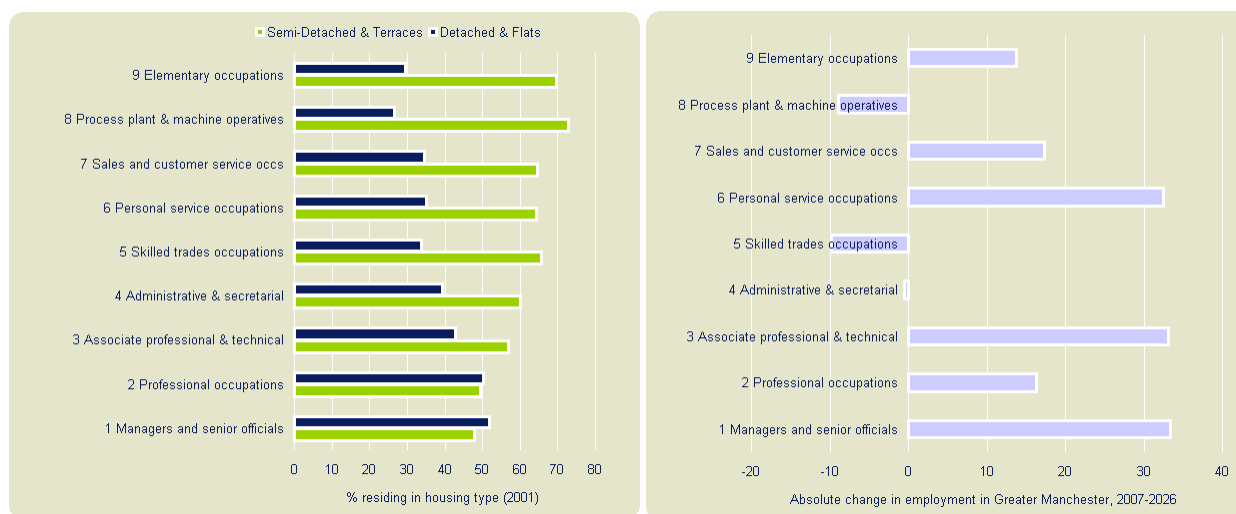
Figure 5.5.3.a: Mix Methodology

Method Stage	Source Data
1 Employment forecasts by sector from GMFM	Oxford Economics
2 Obtain occupation growth from GMFM forecasts	Oxford Economics
3 Create matrix of dwelling type by occupation for the City Region	ONS, 2001 Census
4 Apply Occupation data to above matrix	
5 Obtain raw relative mix growth projections	
6 Obtain existing mix	2001 Census
7 Apply mix growth rates to existing mix	
8 Constrain forecast mix to 2026 values from GMFM at local level	Oxford Economics
9 Sum to relevant HMAs	

Source: Deloitte Analysis.

The major drivers of change in terms of housing mix is therefore assumed to be the change in occupational structure in the Manchester City Region (as a proxy for change in the relative mix of earnings) and the way in which different occupations demand different types. The relationship between occupation and type is highlighted below in the left-most chart.

Figure 5.5.3.b: Drivers of change in mix



Source: Deloitte Analysis.

This clearly shows that higher level occupations are much more likely to demand detached homes and flats, whilst lower end occupations are much more likely to demand semi-detached properties and terraces.

As the right-most chart shows, occupational change in the Manchester City Region is likely to be skewed towards higher end occupations, which suggests that demand for detached properties and flats will increase in relative terms. Baseline estimates of occupational growth suggest that high-end and office based occupations will continue to account for an increasing share of all employment. This is also true of some more elementary occupations, particularly those allied with service sector industries. However, occupations such as machine operatives and skilled trades are expected to account for lower levels of employment going forward.

NB. this is not designed to suggest that flats and detached houses are in any way alike, rather that the prevailing economic conditions (sectoral and occupational shift) are likely to be associated with a relative switch towards both types. This is demonstrated in subsequent outputs.

The results of the modelling analysis are presented below. The green and red shading seen in the first two rows suggest whether the change is an increase or decrease respectively. The first row examines the quantum of change, with the second row considering the relative change in mix for Greater Manchester as a whole. The remaining rows adhere to the same rules, but for districts and HMAs.

Figure 5.5.3.c: Potential changes in demand for housing by type in the baseline, 2007-2026

		Detached	Semi-Detached	Terrace	Flat	Other
Greater Manchester	Absolute Change	47,600	19,200	-37,300	127,800	3,900
	Demand Mix Shift	2.1	-3.3	-7.1	8.1	0.3
HMAs & Districts	BOLTON	5,500	1,400	-3,000	7,000	100
	BURY	5,300	1,600	-2,700	6,800	100
	MANCHESTER	4,900	5,300	-13,700	58,300	2,500
	OLDHAM	2,600	900	-2,500	5,900	100
	ROCHDALE	4,100	1,100	-2,700	6,500	100
	SALFORD	2,700	1,400	-2,700	12,100	200
	STOCKPORT	5,800	1,100	-900	5,800	100
	TAMESIDE	3,100	1,400	-3,200	7,800	200
	TRAFFORD	5,700	2,000	-1,900	10,500	200
	WIGAN	7,900	2,800	-4,000	6,900	200
	NEHMA	9,800	3,500	-8,400	20,200	400
	SHMA	16,300	8,500	-16,500	74,700	2,800
	CHMA	13,300	8,800	-18,300	81,000	2,900
	NWVHMA	21,500	7,300	-12,400	32,800	700

Source: Deloitte Analysis. Subject to double counting.

The analysis suggests that for Greater Manchester as a whole there is likely to be a reduction in absolute terms in the **level of demand** for terraced housing **if, and only if**, future occupational mix is the determinant of demand for housing types.

By the same assumption, all other types of housing are likely to see absolute increases in demand, with the most significant being for flats and semi-detached properties – this is true across all HMAs and districts.

Although demand for semi-detached properties will increase in absolute terms, the model suggests that in relative terms it will fall and account for a slightly lower proportion of total demand.

Although absolute change is uniform across districts and HMAs, in the baseline case each HMA is expected to see differential growth patterns and hence different mix shares in 2026 – both with respect to shares within HMAs and across HMAs as the diagram below shows.

Figure 5.5.3.d: Potential changes in demand shares by type in the baseline, 2007-2026

		Detached	Semi-Detached	Terrace	Flat	Other
Greater Manchester	Absolute Change	47,600	19,200	-37,300	127,800	3,900
	Demand Mix Shift	2.1	-3.3	-7.1	8.1	0.3
HMA Share of GM Positive Change	NEHMA	16.1	12.5	0.0	9.7	5.9
	SHMA	26.8	30.2	0.0	35.8	41.2
	CHMA	21.8	31.3	0.0	38.8	42.6
	NWHMA	35.3	26.0	0.0	15.7	10.3
Share of Positive Change with HMA	NEHMA	28.9	10.3	0.0	59.6	
	SHMA	15.9	8.3	0.0	73.0	
	CHMA	12.5	8.3	0.0	76.4	
	NWHMA	34.5	11.7	0.0	52.6	

Source: Deloitte Analysis. Subject to double counting.

Across Greater Manchester:

- ⇒ The lowest share of increased demand for all types across is in the North Eastern HMA;
- ⇒ New demand for Semi-detached and Flats are greatest in the Central HMA; and
- ⇒ The North Western HMA accounts for over a third of the demand for detached properties.

Within HMAs:

- ⇒ Demand shift in the North Western HMA is characterised by a stronger than average change in mix toward detached and semi-detached houses rather than terraces and flats;
- ⇒ The North Eastern HMA will realise a stronger than average change in mix for detached and semi-detached properties;
- ⇒ In the Central HMA there is likely to be a relatively higher demand for flatted properties than other HMAs and the falling share of demand for terraces is likely to be less marked than elsewhere; and
- ⇒ The Southern HMA may realise a change in mix skewed towards terraced and flatted properties and away from detached and semi-detached properties (potentially in tune with spatial constraints – although these are not part of the modelling exercise).

The crucial point, however, is that demand for all types of housing apart from terraced will be higher across all HMAs if the baseline economic outcomes come to fruition and demand amongst occupations for house types stays the same. The mix shift could be stronger (or weaker) if this is not the case.

As AGS is predicated on a further swing towards higher end occupations, the results of the analysis are likely to be much the same, albeit stronger in magnitude.

Consultations suggest that the mix share of semi-detached housing will need to increase as well. This is at odds with the model and highlights the need to use the model in conjunction with softer analysis and other information sources.

Caveat

It is of vital importance to recognise the limitations of this analysis and to use it within the context of other regional, city-regional and local research to determine policy.

As an example, in the guide to GMFM, Oxford Economics state:

“The impossibility of sourcing adequate data means that we have not been able to distinguish between different sizes of houses (e.g. flats, terraced, semis and detached, or 1-bed, 2-bed, 3-bed, etc) within the [GMFM] housing model”

The provision of such information, however, is a requirement of SHMAs even in light of such problems with data. With this in mind the analysis presented here with respect to mix and in the next section with respect to size, should be treated as indicative of broad quanta of change rather than forecasts of the variables involved.

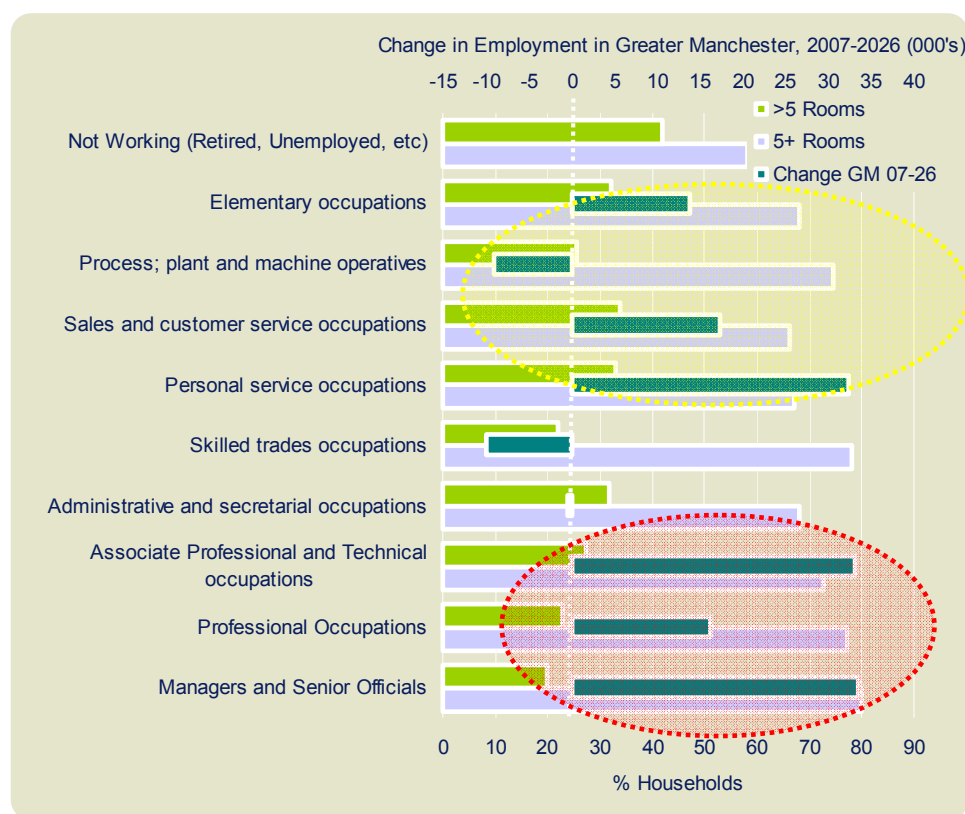
It is also clear that caution is needed around categories of housing type. This is particularly acute in terms of the terraced category, where the data is not capable of distinguishing a pre-1919 2-bedroom back of pavement terrace from a modern town house with garage built in the past decade. Given recent emphasis on increased density in new developments and on urban and brownfield regeneration, one might expect town houses to form an increased part of many new developments – experience shows that this form of housing can be compatible with aspirations of higher income groups.

5.5.4 Size

The consideration of household size requirements (in terms of bedrooms, total number of rooms and square footage) is limited to non-modelling analysis due to considerable data limitations.

As the data below shows, in general, those persons in higher level occupations are likely to live in larger properties and lower level occupations in smaller properties, and the occupational shift in Greater Manchester is likely to be towards high-end occupations and low end occupations at the expense of traditional administrative and skilled manual roles.

Figure 5.5.4.a: Potential changes in demand for house size



Source: 2001 Census, GMFM, Deloitte Analysis.

However, as earlier analysis has shown, expectations are that the number of inhabitants per dwelling will continue to fall and density will continue to increase due to spatial constraints.

This presents a significant issue in that there may be an increasing demand for larger properties from higher income cohorts whilst, at the same time, the demand for more housing increases due to size.

Again, it is worth stressing that this analysis is simplistic due to data limitations and that supply constraints will work to limit major shifts in the size of property. The interaction of policy led supply and demand will determine future household size.

In summary, data contained herein suggests that across HMAs there is likely to be a need for larger property to fulfil demand from more wealthy individuals and also families, but also significant demand for (smaller) flatted properties generated by economic, social and (planning) policy trends.

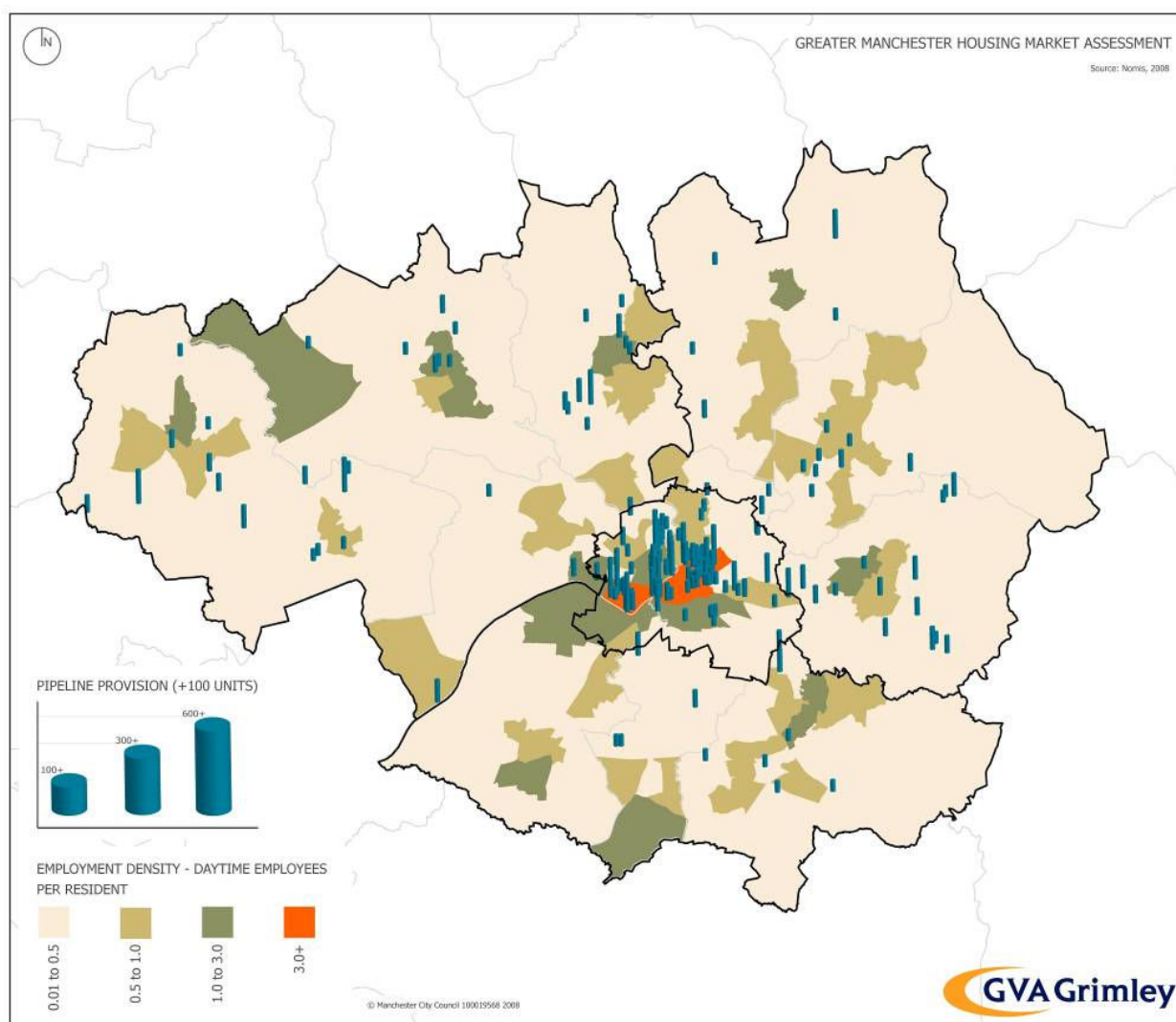
5.5.5 Linking housing and the economy

Chapter three considered the linkages between HMAs and districts with respect to housing and economy through commuting patterns.

The map overleaf considers major pipeline developments provided by individual authorities throughout the study relative to current concentrations of economic activity. This latter variable is thematically mapped by considering the daytime employment in each 2003 Ward relative to resident population – those wards with a higher value being deemed economic areas. Pipeline is displayed as vertical bars in the specific location provided by authorities.

This serves to show where residential developments are planned with respect to concentrations of economic activity.

Figure 5.5.5.a: Short-term Housing Pipeline versus Economic Areas



Source: ABI, 2001 Census, GMFM Authorities, GVA Grimley and Deloitte Analysis.

The map clearly shows the quantum of both housing development and economic activity in the Central HMA, and in particular in the urban cores of Manchester and Salford. Most large scale developments are also concentrated here.

In the other three HMAs pipeline developments are smaller in scale and, moreover, there appears to be much less evidence of housing pipeline being co-located with known employment and economic centres. This reflects the more suburban nature of each of these surrounding HMAs, but policy makers should be cognisant of the fact that the continuation of such development patterns requires additional commuting and thus supporting infrastructure to facilitate this.

5.6 Conclusions

5.6.1 Summary of findings

- ⇒ Aspirations, emerging policy and independent forecasts all point towards strong long-term economic growth within the Manchester City Region, which translates to increasing demand for housing and increases in supply to match this demand;
- ⇒ Estimates from a range of sources suggest that the required level of growth each year in Greater Manchester will lie between 7,800 (in the event of an economic downturn) and 13,400 (if NHPUA

determined affordability criteria are to be met). Current RSS provision of 9,600 per annum lies well between these high and low-end estimates;

- ⇒ In supply terms, authorities are currently undertaking SHLAAs to determine availability and appropriate policy, but the credit crunch is starting to impact the viability and pipeline of new homes – although potentially a short-wave issue this may cause a hiatus in supply into the medium term before dissipating than the long-term;
- ⇒ Land capacity will continue to play a major role in forcing the densities of future development to remain high. Average densities (dph) have increased by 66 per cent in the last three years relative to 1999-2002, and this trend may continue. This has implications for the size of properties;
- ⇒ GMFM includes 3 scenarios – Baseline, Accelerated Growth and Downturn – these accounting for employment growth of 172,000, 278,000 and 70,000 respectively over the next two decades;
- ⇒ These represent alternative housing market outcomes based on higher and lower economic growth than the baseline projection. In general, each scenario is associated with the following, albeit to a greater extent in superior economic conditions:
 - A further shift to service sector activity and away from manufacturing driven by both private and public-sector activity;
 - A shift away from traditional administrative and skilled trades towards high-end and higher value-added occupations, and to a lesser extent low-end service sector occupations; and
 - As a result this would lead to increasing levels of economic and social polarisation across the City Region;
- ⇒ Fewer people occupying each household also contribute to the increasing demand for housing. By 2026 it is anticipated that the average household size in Greater Manchester will fall to 2.2 persons – significantly lower than today's estimate of 2.33;
- ⇒ The above economic and demographic changes culminate in the following estimates of annual change in housing demand in Greater Manchester:
 - Baseline: 8,400;
 - Accelerated Growth: 9,200; and
 - Downturn: 7,800;
- ⇒ Estimates of the demand for social housing depend upon prevailing house price:income ratios as well as the age structure of the population. Demand in Greater Manchester is estimated to be around 1,700 per annum to 2026 in each of the Baseline and Accelerated Growth Scenario – 20 and 18 per cent of total respectively;
- ⇒ The demand for specific types of housing will also change with broad economic trends and this is analysed in general terms using occupational structure as a proxy for demand. Each scenario is associated with the following broad changes in demand (if and only if occupational structure determines demand for mix type):
 - Detached: absolute and relative increase in demand;
 - Semi-detached: absolute increase in demand but relative fall;
 - Terraced: absolute decrease in demand and relative fall; and
 - Flats: absolute and relative increase in demand.
- ⇒ In practice there are supply constraints that will impact realised demand, which are not accounted for in the above changes – the major caveat is that whilst terraced housing may be in lower demand an absolute fall would imply further unanticipated clearance which is unlikely. That said changes in relative demand hold true suggest that terraced housing will be the least in demand of the above types; and
- ⇒ Future pressure on the physical size of housing (in terms of both floorspace and room) will stem from constraints in land supply and demand, although it should be noted that changing occupational structure and disposable income suggest that larger housing may be demanded. There is also a well documented need for larger family housing.


5.6.2 Summary of HMA level findings


The major conclusion from the research is that both economic and housing growth is expected to be concentrated in the Central HMA. GIS mapping suggests that the co-location of major employment and housing sites does not extend to other HMAs, with implications for transport policy and provision. The salient points from this chapter with respect to each HMA are summarised below. In many instances the direction of change is similar to that highlighted for Greater Manchester as a whole, and as such the following summaries are concerned with highlighting the major differences in each HMA.

Central HMA	HMA Summary – Main Variations
Quantum of Housing Growth	<p>3,400 p.a. (Downturn). to 3,900 (Baseline). to 4,400 p.a. (Trend). to 4,500 p.a. (AGS). Highest of each HMA. Subject to double counting.</p> 
RSS Equivalent	5,700.
Supply Issues	<p>Current planning permissions are clearly concentrated within the Regional Centre, however, there exists a strong future capacity of land within the more peripheral parts of the Central HMA. The pressure to deliver high housing numbers could potentially lead to competing demands between housing and employment land requirements; and</p> <p>Longer-term aspirations, policy and forecasts suggest that Central HMA is the focus for growth across Greater Manchester.</p>
Economic Drivers	<p>The Regional Centre remains the focus of City Region and Regional growth agendas and is forecast to generate significant employment growth. Therefore both economic and housing growth is expected to be concentrated within the Central HMA;</p> <p>The Central HMA represents the largest and strongest economy in terms of structure – with abundant service sector focussed on the regional centre;</p> <p>Major developments such as Salford Media City also contribute to this economic growth and the generation of employment opportunities; but</p> <p>Core area deprivation is still amongst the worst in the North West despite economic and housing market change. Little movement in social exclusion or mobility indicators.</p>
Economic Scenarios	<p>Employment growth expected to be around 1.1 % p.a. – the highest of any HMA; and</p> <p>Future housing demand strongly linked to economic outcomes - upside gain and downside pain.</p>
Demographic Drivers	<p>Highest population increase (0.8 %); and</p> <p>Higher than average future average household size (c. 2.22).</p>
Social Rented Housing	<p>600 p.a. (Baseline & AGS). To 3,300 p.a. (Trend) – not a realistic outcome.</p>

	Higher than Greater Manchester Average.
Housing Mix	Increase in demand for all types except terraced, with above average increases in demand for flats. Clear absence of detached properties within the overall mix of the housing stock within the Central HMA.

Southern HMA	HMA Summary – Main Variations
Quantum of Housing Growth	<p>3,300 p.a. (Downturn)</p> <p>to 3,800 (Baseline)</p> <p>to 4,200 p.a. (Trend)</p> <p>to 4,600 p.a. (AGS)</p> <p>Subject to double counting.</p> <div data-bbox="807 501 1139 786"> <p>Southern HMA - Baseline Housing Shares</p>  <p>■ Manchester ■ Stockport ■ Trafford</p> </div>
Supply Issues	<p>Spatial constraints currently in terms of land capacity within Stockport, but Trafford may be able to deliver above current requirements; and</p> <p>Growth in housing provision will be critically linked to development of infrastructure, including proposed Metrolink extension and the improvement of other core transport routes.</p>
Economic Drivers	<p>Significant growth potential afforded by Manchester Airport and the direct and indirect jobs that it will continue to support;</p> <p>Potential further strengthening of Stockport town centre will underpin further generation of employment which will complement provision with the Regional Centre; and</p> <p>Investment planned for the Metrolink will further enable growth of employment within Trafford building on for example the Trafford Park employment area.</p>
Economic Scenarios	<p>Employment growth expected to be around 1.1 % p.a. – although biased upwards slightly by Manchester's inclusion; and</p> <p>Future housing demand strongly linked to economic outcomes - upside gain and downside pain.</p>
Demographic Drivers	<p>High population increase (0.7 %) in spite of recent falls in Stockport; and</p> <p>Highest future average household size (c. 2.22); but</p> <p>Very high socio-economic polarisation, especially in Stockport; and</p> <p>Significant out-commuting – although not viewed as an issue.</p>
Social Rented Housing	<p>700 p.a. (Baseline & AGS)</p> <p>to 2,600 p.a. (Trend)* – not a realistic outcome.</p> <p>Generally highest reflecting more acute affordability issues.</p>
Housing Mix	Increase in demand for all types except terraced, with above average increases in demand for flats reflecting the comparatively healthy current provision of detached housing when compared with the other HMAs in Greater Manchester.

North Eastern HMA	HMA Summary – Main Variations
Quantum of Housing Growth	<p>1,600 p.a. (Downturn and Baseline);</p> <p>to 1,800 p.a. (AGS);</p> <p>to 2,300 p.a. (Trend); and</p> <p>Lowest of each HMA.</p> <p>Subject to double counting.</p> <div data-bbox="826 264 1173 577"> <p>North Eastern HMA - Baseline Housing Shares</p>  <p>■ Oldham ■ Rochdale ■ Tameside</p> </div>
RSS Equivalent	1,450 p.a.
Supply Issues	<p>Consideration of the supply of land is critical in terms of continuing to support the regeneration areas of Oldham and Rochdale. Much of this supply is linked to the clearance of sites posing questions around the current availability of supply; and</p> <p>The majority of available sites are small which may impact viability, further reinforced by the comparative performance of the housing market in this HMA with house prices lower than the Southern and Central HMA.</p>
Economic Drivers	<p>Structural deficiencies – weakest economy of the four HMAs; still reliant on manufacturing; and challenges around linking economic opportunities to housing; and</p> <p>Importance of strategic sites located around the M60 and M62 junctions in generating future investment and employment. Strong links with the development of the Northern Way and linkages to the Leeds City Region.</p>
Economic Scenarios	<p>Employment growth expected to be around 0.1 % p.a. – lowest of all HMAs; and</p> <p>Model suggests housing market outcomes are less dependent on economic growth than average.</p>
Demographic Drivers	<p>Significant Minority Ethnic and Migrant communities;</p> <p>Lowest population increase of each HMA (0.2 %); and</p> <p>Average future average household size (c. 2.21).</p>
Social Rented Housing	<p>400 p.a. (Baseline & AGS).</p> <p>to 200 p.a. (Trend).</p> <p>Lowest of each HMA in absolute terms.</p>
Housing Mix	<p>Increase in demand for all types except terraced, with above average increases in Detached and Semi-detached demand reflecting the comparatively low supply of these properties currently.</p>

North Western HMA	HMA Summary – Main Variations
Quantum of Housing Growth	<p>2,900 p.a. (Downturn). to 3,000 p.a. (Baseline). to 3,200 p.a. (AGS and Trend). Subject to double counting.</p> <div data-bbox="826 264 1165 566"> <p>North Western HMA - Baseline Housing Shares</p>  <p>■ Bolton ■ Bury ■ Salford ■ Wigan</p> </div>
RSS Equivalent	3,700.
Supply Issues	<p>Supply has historically been strong within the HMA, however, investment to unlock additional brownfield sites to meet RSS housing targets and maintain high levels of development; and</p> <p>The delivery of Infrastructure will be important in unlocking a number of larger sites within the HMA.</p>
Economic Drivers	<p>Bolton has been growing and has economic development aspirations to match, redevelopment of town centre and HE/FE offer could be a catalyst;</p> <p>Wigan's growth expected to be 'knowledge'-led; but</p> <p>General structural deficiencies - reliance on public sector employment; and</p> <p>Area struggles to retain skilled residents who tend to commute out.</p>
Economic Scenarios	<p>Employment growth expected to be around 0.5 % p.a. – slightly below average; and</p> <p>Model suggests housing market outcomes are less dependent on economic growth than average.</p>
Demographic Drivers	<p>Low population increase (0.3 %); but</p> <p>Lowest future average household size (c. 2.19); and</p> <p>Substantially ageing population.</p>
Social Rented Housing	<p>600 p.a. (Baseline & AGS). to 400 p.a. (Trend). Lower than Greater Manchester Average.</p>
Housing Mix	Increase in demand for all types except terraced, with above average increases in Detached and Semi-detached demand.

6 Identifying needs

6.1 Introduction – Housing Need in Context

'Housing need' refers to households lacking their own housing or living in unsuitable housing and who cannot afford to meet their needs in the market. It is for those in housing need (i.e. those who cannot meet their housing requirements in the private sector) that the state needs to intervene in the market to ensure that all households have access to suitable housing.

This section assesses the housing needs in the ten local authorities in Greater Manchester. Establishing an estimation of the level of current and future housing need ensures that policy aimed at providing new affordable housing is responsive to the needs of households within each authority. Reflecting this, an up-to-date assessment of housing needs is a statutory requirement to inform planning policy for the delivery of affordable housing.

PPS3 defines affordable housing as follows:

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- ⇒ Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and house prices; and
- ⇒ Include provision for the home to remain at an affordable price for future eligible households, or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

It is important to recognise that low cost market housing is exempt from the definition within PPS3, and this analysis as a direct result, for the purpose is to demonstrate that need for affordable housing cannot be met by the current housing stock or existing planned provision, and that therefore additional affordable housing will be required in the future.

When reading and interpreting the analysis within this section it is important to recognise that in line with the DCLG Guidance the purpose is to provide an evidenced assessment of the estimated number of current and future households in housing need. The analysis in the preceding Sections has already identified in detail a number of the drivers which have over recent years driven the increase in affordability issues across much of Greater Manchester, these include:

- A rapid increase in house prices which has far outpaced the comparable growth in wages;
- A reduction in the social rented stock provision as a result of Right –to-Buy; and
- An overall increase in demand for new houses driven by falling household sizes and an increasing population which has not been met in supply terms by a sufficient quantum of new housing

Section 4 also outlined the impact the credit crunch is having on the wider housing market. A number of drivers here could potentially alleviate affordability issues in the longer-term including the current fall in house prices, however, other factors including the availability of mortgage finance mean that currently affordability issues appear to be worsening rather than improving with first time buyers unable to enter the owner-occupier market. The role of the private rented sector was one area that was identified within the analysis as being of increasing importance within the emerging housing market, including its potential to meet the needs of households unable to purchase housing.

Nationally the government has recently announced a package of measure directly aimed at responding to the current conditions within the housing market. A number of these measures are targeted directly at addressing the current affordability issues and include:

- Offering up to 10,000 first-time buyers currently out of the market the chance to get on the property ladder through a new shared equity scheme; and
- Bringing forward £400m in order to deliver up to 5,500 new social homes over the next eighteen months on top of current assumptions.

These initiatives will clearly be important in the medium-long term, however, it is unlikely that they will address sufficiently the levels of housing need within Greater Manchester without further policy responses locally.

Re-visiting the three drivers identified it is clear that policy focussed on meeting housing need and addressing affordability issues needs to take a holistic perspective on the solutions available and appropriate policy responses. Affordability issues are clearly not exclusively driven by supply side issues but also demand drivers including income, socio-economic circumstances and wider deprivation.

The provision of new affordable housing stock represents one element of an overall approach to meeting housing need and directly addresses an identified current and future shortfall in provision. However, the relevant importance of different drivers is unique to different places. For example, the analysis has indicated that the Southern HMA has notably high entry-level prices as a result of overall high house prices creating a barrier for first time buyers to purchase. The provision of new affordable housing in the form of intermediate and social rented stock (where provision is limited) therefore will be important to meeting resident's needs.

However, in the Central and North Eastern HMAs low incomes were identified as representing a key driver of affordability. The HMR areas of these market areas in particular exhibit very low incomes symptomatic of wider multiple deprivation issues, however, these areas also in many cases exhibit high levels of social rented stock and the provision of further social rented affordable units does not represent a long-term solution to addressing housing need. Solutions to addressing the needs of residents in these areas will require measures to increase income to enable greater market mobility. This will therefore require an emphasis on improving skills and education as well as ensuring the creation of accessible employment opportunities alongside investment in the existing affordable housing stock to ensure its long-term ability to meet need.

The overall provision of a new supply of housing which matches demand, incorporating all tenures, will assist in alleviating pressure on the demand for affordable housing stock. However, this will require the long-term implementation of wider policy objectives and require flexibility in meeting short-term requirements.

This assessment of need therefore represents a snapshot of the current situation. Whilst comparison is made between the level of need and the shortfall or surplus of affordable housing stock set against the context of future housing rates set in RSS other complementary work, including economic viability testing, needs to be set alongside wider regeneration objectives in the development of policy identifying the planned requirements for affordable housing. The ultimate aim of policy will be to provide a sustainable range and choice of quality housing at all levels of the market which cumulatively will work to address and meet the housing needs of current and future residents of Greater Manchester.

6.2 Analytical Approach

Housing needs surveys have traditionally been utilised to pinpoint a range of aspirations, perceptions and financial information within a specific target population. Nevertheless, consensus has emerged with regard to the limitation of such surveying techniques due to the small samples they assume are representative of wider populations, the highly specific lines of questioning that are likely to be influenced by personal circumstances, and the influencing factor of personal aspirations.

In recognition of such limitations, the SHMA Guidance released in March 2007⁹³ by DCLG advocates an approach to calculating housing needs which moves away from a survey based approach to one which is based on secondary data sources. This is intended to streamline costs associated with surveying as well as overcome issues related to inadequate sample sizes and the point in time nature of this process.

The Government Guidance recommends use of robust secondary data where feasible, supported by a 'triangulation' of data from multiple sources where there is a lack of defensible and accurate data forthcoming. The analysis conducted within this section therefore makes use of available secondary data sources with the analysis heavily dependent upon authorities' waiting list / register data. Such an approach contains a number of key benefits in: encouraging a greater consistency in assumptions; reducing costs associated with surveying; enabling (annual) monitoring frameworks to be introduced; and reducing methodological problems of bias within surveys.

However, prior to examining the outcomes under each of the elements of the model and the overall calculation of housing need a number of caveats should be applied to the analysis. It is necessary to recognise that the quality and

⁹³ Updated in August 2007

robustness of secondary data on housing registers, which include waiting and transfer lists (henceforth referred to as 'waiting lists'), can be affected by the following issues:

- The technique and level of detail local authorities utilise to maintain the register. There are notable differences between local authorities in what information they record on applicants. Throughout the process we have attempted to ensure compatibility in the data used between authorities to allow for direct comparison and the generation of cumulative figures. However, the different ways in which data is recorded makes this task very difficult at present. As part of the recommendations regarding future monitoring, this issue should be given significant priority.
- The analysis of waiting lists undertaken within this assessment did not include a full data cleansing exercise. The current system of waiting lists has the potential to allow households to be on one or more local authority waiting lists therefore creating the potential for double counting when assessing and cumulating need between authorities. A comprehensive auditing of waiting lists to remove double counting of households is recommended in the future as part of improving the manner in which waiting list is recorded and analysed.
- A number of the authorities are unable to provide composite numbers for local authority and RSL waiting lists (i.e. avoiding double-counting of households on different lists). Therefore, the core assessment focuses solely on data held by the local authority or lead RSL/HA operating within the authority. It is therefore likely that the levels of need identified represent an under-estimation of overall need, however through consultation with the authorities it was considered a fair assumption that most households in genuine housing need would put themselves forward onto local authority waiting lists as well as RSL lists. This therefore suggests that whilst there may be some undercount, it is likely to be relatively minimal. This is an area of data collection that this study will be recommending becomes part of the SHMA monitoring framework.
- To develop a well aligned approach, which maximises consistency and consensus amongst local authorities, a specific Housing Needs Workshop was conducted by GVA Grimley in conjunction with AGMA. This event was attended by all local authority partners and provided an opportunity to consider outstanding issues in detail and sought to address them as far as practical to provide robust and defensible data. Through the workshop it was clear that opportunities existed for the authorities to maintain the progress made through this HMA, with the improvement of data quality being an iterative process. In order to continue to develop the evidence base commitment will be required from all partners to ensure that the data systems and methodologies adopted become increasingly compatible and comparable.

It was agreed between GVA Grimley, AGMA and the local authority partners that, due to the aforementioned difficulties in ensuring inter-authority data compatibility, it has been necessary to identify those households classified as being in 'reasonable preference groups' in line with the CLG Guidance to ascertain the number of households in 'priority need' for social rented accommodation. This approach discounts from the waiting list those households who have registered as a form of security, or where a household may be able to meet their needs in the private market sector. In estimating those households within this grouping we have suggested a set of universal criteria, which are defined below:

Figure 6.2.1: Definition of CLG 'Reasonable Preference' Groupings

Definition of Reasonable Preference Groups
⇒ Homeless households or those facing eviction;
⇒ Households living in poor conditions (i.e. serious disrepair; officially overcrowded; unsanitary);
⇒ Households which include someone with a medical condition which is made difficult / worse by their current housing circumstances;
⇒ Households needing to live in their area to avoid hardship (i.e. households member studying at special school, close to relative / carer);
⇒ Persons at risk of violence or threats.

In recognition of the difficulties posed with assessing housing register data (and the confidence issues associated with exclusivity of data) the authorities have nominated figures that they endorse for use in the analysis, and represent the best estimates for key components of the assessment of 'need'⁹⁴.

The Housing Needs Workshop represented an important component of the methodology adopted by GVA Grimley and Deloitte, for consulting with local authority partners to obtain their nominated figures from housing register data. This strategy comprised of several distinct stages of communication:

Stage 1: All local authority partners were issued with a pro-forma in February 2008, which highlighted the required data and requesting for confirmation on which datasets are available or problematic.

Stage 2: A second data input pro-forma was sent in March 2008, which required local authorities to input the figures requested at Stage 1 into an excel spreadsheet. This spreadsheet followed the CLG Guidance for calculating housing needs to facilitate transparency and enable local authority partners to fully engage with the methodology and its outputs.

Stage 3: Each local authority was contacted individually to discuss outstanding data issues in April 2008 – an undertaking that has subsequently proceeded throughout the life of the commission up to July.

Stage 4: A Housing Needs Workshop was conducted on the 23rd May 2008 to develop consensus on courses of action to ensure consistency of approach to ascertaining 'priority need' and other data where issues remained outstanding. A strong response was received to the Workshop, with a total of 17 representatives in attendance from all 10 local authority partners.

Stage 5: Each local authority was contacted on an individual basis within this final stage to obtain remaining data for inclusion in the assessment of housing need. The final deadline for submission of data was set at 25th June 2008.

The result of this methodology is an assessment which, while based on a variety of data sources, is strongly influenced by actual numbers of households whose real circumstances have been assessed and defined as in housing need by local authorities. This approach, based upon actual numbers of households and their real circumstances differs from traditional housing needs surveys, which analyse situations and aspirations of a sample of households which are then 'grossed up' to be applied to the target population as a whole. In this respect, the approaches are not directly compatible or comparable, but do provide alternative methodologies for confirming or questioning levels of need.

The remainder of this section provides robust estimates of housing needs in 2008 in the ten AGMA local authorities, with the objective of informing and supporting the next iteration of housing and planning policies.

6.3 Process Overview

The model adopted is structured around four key stages which are consistent with previous approaches and the DCLG Strategic Housing Market Assessment: Practice Guidance⁹⁵ and are used to estimate the overall level of current and future households in housing need for each authority. These are:

⁹⁴ GVA Grimley Ltd has not independently verified figures and has been solely reliant on data supplied by authorities.

- ⇒ Existing Need (Gross Backlog)
- ⇒ Future Housing Need (Net Annual)
- ⇒ Supply of Affordable Units (Net Annual)
- ⇒ Total Housing Need (Net Annual)

This process is illustrated in detail in figure 6.3.1 to aid full methodological transparency.

Figure 6.3.1: Diagram of Process (DCLG Guidance Methodology)

	Authority
Step 1 - Current Housing Need (Gross Backlog)	
1.1 Number of homeless households and those in temporary accommodation	
1.2 Number of overcrowded and concealed households	
1.3 Other Groups (number of priority need households on waiting list)	
Of which Transfers (current occupiers of affordable housing in need)	
1.4 Total current housing need (gross) = 1.1 + 1.2 (+1.3)	
Step 2 - Future Housing Need (Net Annual)	
2.1 New household formation	
2.2 Proportion of households unable to buy	
2.3 Existing households falling into need (priority need households)	
2.4 Total newly arising need (gross per year) = (2.1 x 2.2) + 2.3	
Step 3 - Affordable Housing Supply	
3.1 Affordable dwellings occupied by households in need (those households identified as transfers in 1.3)	
3.2 Surplus stock	
3.3 Committed supply of new affordable housing	
3.4 Units to be taken out of management	
3.5 Total affordable housing stock available (3.1+3.2+3.3-3.4)	
3.6 Annual supply of social re-lets (net)	
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	
3.8 Annual supply of affordable housing (3.6 + 3.7)	
Step 4 - Total Housing Need (Net Annual)	
Total net current need = (1.4 - 3.5)	
Annual flow (20% of total net current need - assuming five year period to address backlog)	
Net annual housing need = (2.4 + Annual flow) - 3.8	

Source: DCLG Strategic Housing Market Assessments: Practice Guidance Version 2 – (August 2007)

To summarise the process, the estimated net annual level of housing need is calculated through the assessment of the difference between the annual supply of affordable housing units and 'need' for them (arising from the backlog which has built up and that which is expected to arise). An essential feature of the model is that both need and supply are considered in terms of annual flows. The final element of the analysis is the identification of the Total Housing Need (Net Annual). This assessment of need is then set in the context of the proposed delivery of housing in order to assist in the informing of policy targets for affordable housing, the role of the private rented sector and other tenure solutions is also considered to help inform future debate around policy. Furthermore, a separate sub-section is included, following presentation of the above model, developing the analysis further to include an indication

⁹⁵ Strategic Housing Market Assessments: Practice Guidance Version 2 – DCLG (August 2007)

of the types of housing required by those households in need based upon current preferences and shortfalls in supply.

Based on the criteria above it is important to note that as per the DCLG Guidance the assessment is therefore focused on a need for social rented housing as waiting lists do not currently indicate the level of demand for other 'intermediate' products. Therefore, it is important to note that the overall demand for 'affordable housing' is broader than the methodology used in this assessment of need indicates as is the potential supply available to meet need (which includes existing and new low cost housing and elements of the private rented sector).

The analysis below should therefore be interpreted in light of this caveat and those presented previously. Where it is perceived there is a potential over or under count this has been noted for monitoring. It should be noted that the uneven pattern of data is not unique to AGMA authorities and is an issue facing other sub-regional partnerships looking to assess need. The interpretation of results throughout also highlights specific issues which have implications in terms of assessing need currently. Despite these limitations the analysis presents an important part of constructing a robust and consistent evidence base regarding current and future need which complements the analysis in the preceding section around future tenure requirements and the work being undertaken at a regional level around the gap between the available supply to meet affordability needs.

6.3.1 Entry Level Housing Costs

An important component of assessing future need is an understanding of the proportion of households which are currently excluded, on the basis of their level of household need and their income, from accessing private housing (rental and owner occupied).

The methodology for conducting this investigation firstly involves assessment of the proportion of households who cannot afford to access private market housing through consideration of those who cannot afford to either purchase housing in the open market or to pay private sector rents without additional financial support. It acts as a vital precursor to the housing needs analysis and will be utilised at Step 2.2, which is presented in detail.

Full detailed analysis has been undertaken in Chapter 4, with information specific to each local authority presented within Figure 4.5.2.1.n. The analysis focuses on the ability for households to access the private rented sector in the first instance, utilising the assumption that households below this threshold would also be excluded from financial access to purchasing property within the open market, and is based upon analysis of affordability benchmarks.

We have assessed entry-level costs utilising an average weekly rent across all lettings for Quarter 4 of 2006/07 and have calculated the household income required to rent in the private sector based on rent constituting no more than 25 per cent of gross income⁹⁶. To calculate the proportion of households below this threshold the total number of households within each local authority who were deemed to be under the income band for private renting were divided by the total population of the local authority area⁹⁷.

What is clear is that there is not a great degree of variance between the proportion of households unable to access market housing across the AGMA local authorities – with the lowest being 27 per cent in Salford and the highest being 39 per cent in both Stockport and Tameside.

6.4 Stage 1: Existing Need (Gross Backlog)

The current level of housing need is largely indicated by the number of people on the waiting list for social rented property. This includes: current occupiers of affordable housing in need (i.e. existing tenants in need who are on the transfer list), households from other tenures in need and households who are classified as homeless or without self-contained accommodation.

The principal figures used within this assessment focus entirely on waiting lists managed by local authorities or, where full stock transfer has occurred, the information provided by the LSTV. This therefore excludes households registered solely on RSL waiting lists as outlined at the start of the section.

⁹⁶ In line with the analysis in Section 4 this uses CACI Paycheck household income data in order to ensure consistency between authorities.

⁹⁷ Note: The CACI household income data presents incomes in £5,000 bands and income thresholds have therefore been allocated to the relevant band. Where an income threshold falls roughly between two bands a proportion has been taken.

Within this report we have also not included a separate estimate for the number of overcrowded households (including concealed households). There is currently no robust consistent indicator for the authorities upon which to base this figure, with the latest accurate count being the 2001 Census which is now over seven years old. To avoid any compounding errors in estimating this element of need, overcrowding has been isolated from the analysis with the assumption being that those households with severe housing needs linked to overcrowding have put themselves forward for inclusion on the waiting list. It is therefore important to note that the level of need could be underestimated as it does not include overcrowded households who have not presented themselves on the housing register, with this being potentially important in particular to those authorities with high proportions of BME households (for example Oldham and Rochdale within the North Eastern HMA) given the analysis in Chapter 4.

This is also particularly relevant in light of the recent levels of increase in house prices and the issues currently experienced by first-time buyer households trying to obtain a mortgage and the associated problems with new emerging households finding entry onto the property ladder, which is likely to have increased the level of concealed households.

Further to this we assume that homeless households and those in temporary accommodation are included on the housing waiting lists to ensure that the opportunities for double-counting are minimised in this respect.

The following table indicates the total number of households with current housing application in each authority⁹⁸.

Figure 6.4.1: Households currently registered on the waiting list

2006/07	
Households on Waiting Lists	
Bolton	20,615
Bury	4,869
Manchester	30,320
Oldham	11,457
Rochdale	6,547
Salford	14,562
Stockport	11,150
Tameside	9,588
Trafford	6,240
Wigan	9,665

Source: Local Authority Supplied Data, June 2008

Manchester City Council are shown to have by far the largest number of households on the local authority waiting lists, at 30,320, with Bolton and Salford following with 20,615 and 14,562 households requiring social rented accommodation respectively. Conversely, Bury has the lowest numerical demand for local authority social rented accommodation, with just 4,869 households registered on the waiting list in the borough. When examining these figures it is important to recognise that they are constrained to some extent by supply and also the approach to inviting 'bids' for properties. The comparative scale of the supply of stock and the size of waiting lists is examined within Section 4.

In order to represent only those genuinely classed as in 'need', as noted above, efforts have been made through dialogue with the Councils to reflect only households classified as in priority need and those whose needs are not met by their current property or situation. This should provide a truer picture of need, removing to some extent the issues related to demand being 'skewed' as a result of the stock profile and also the 'bid' or application process for properties. In the future in order to refine this approach further it will be important for authorities to remove households who are not currently residing within the authority from the waiting lists for this analysis to avoid double-counting between authorities.

⁹⁸ It is important to note that these figures do not necessarily only represent need from within each authority but could include households on the list from other external authorities.

The approach taken by each authority to filter out those households agreed as being 'in priority need' is included within figure 6.4.2.

Figure 6.4.2: Authorities classification of households in 'priority need'

Identifying Applicants in Need	
Local Authority Systems for Identifying Those in Housing Need	
Bolton	Operate a 'Homesforyou' common housing register utilising a choice based lettings system which also incorporates households who are not in need. The system has the capability to establish priority need through the CLG's 'reasonable preference' grouping.
Bury	Operate a choice based lettings system which has the capability to classify applicants into 6 housing need bands, with Band 1 equating to 'Urgent Need', Band 2 'Very High Preference' of need, Band 3 'High Preference' of need, Band 4 'Medium Preference' of need, Band 5 'Low housing need', and Band 6 illustrating 'No housing need'.
Manchester	Operate a choice based lettings system through a Housing Management System. Need can be prioritised by using a Group system and/or emergency "award" based on factors such as Homelessness, Overcrowding, Special/Medical Needs, Harrassment / Fear of Violence or Community Connections.
Oldham	Operate a choice based lettings system with the capability to establish priority need through the CLG's 'reasonable preference' grouping.
Rochdale	Operate a choice based lettings system with the capability to establish priority need through the CLG's 'reasonable preference' grouping.
Salford	From August 2007 - Operate a choice based lettings systems, through which applicants with most need will be given greatest priority. The Priority need groupings are : Band A: Regeneration applicants; Band B : homeless people, people threatened with homelessness with a priority need; Band C: Households in one or more housing needs, who are given reasonable preference, for example children leaving care or households who require accomodation to give or receive care.
Stockport	Operate a points based lettings system with the capability to establish priority need through the CLG's 'reasonable preference' grouping.
Tameside	Operate a points based lettings system with the capability to establish priority need through the CLG's 'reasonable preference' grouping.
Trafford	Operate a choice based lettings system with the capability to establish priority need through the CLG's 'reasonable preference' grouping.
Wigan	Operate a choice based lettings system that incorporates an allocation scheme made up of four priority bands. Band 1 is urgent housing need; Band 2 is high housing need; Band 3 is housing needs; and Band 4 is standard needs. The households in bands 1, 2 and 3 are those classed to be in priority need due to their urgent and high housing needs. The households that have been included are all "active" applicants.

Source: Local Authority Supplied Data, March 2008

The table above illustrates the variance within the existing local authority housing register data collation methodology, with a number of authorities exhibiting significant differences in the methodology utilised for determining household priority for social rented accommodation, and several exhibiting difficulties in developing a consistent technique to establish priority need.

Hence, it was deemed vital for a common methodology to be established across the AGMA local authorities, with the utilisation of the CLG prescribed 'reasonable preference' groups agreed by all to be the most functional and robust technique to progress the analysis.

This analysis will subsequently make use of the CLG 'reasonable preference' groups as a figure to define 'priority need' for each local authority, with GVA Grimley and Deloitte being dependent on each local authority for the accuracy and validity of such figures.

The DCLG Guidance sets out three elements included in assessing current housing need, these are listed below:

Step 1.1: Homeless households and those in temporary accommodation.

Step 1.2: Overcrowded and concealed households.

Step 1.3: Other Groups – Existing tenants in ‘priority need’ (i.e. in unsuitable properties) and households from other tenures in ‘priority need’.

As previously explained, Step 1.1 and 1.2 have not been analysed separately to avoid double counting as it is assumed that such households will have also registered on the waiting lists and are therefore incorporated within Step 1.3⁹⁹. Future monitoring and updating of data held by the authorities should allow for a more complex analysis of these elements in the future.

The estimates of current households in housing need exclude existing social sector tenants, where transfer would release supply of affordable housing. Transfers are thus discounted from both sides of the equation to ensure they are not double-counted.

The following table compares the total number of households on the waiting list with those classified as being in priority need. The proportion of households in ‘priority need’, based on ‘reasonable preference’ categories has therefore been calculated to allow for comparison between authorities.

Figure 6.4.3: The proportion of households classified as in priority need

	Total Waiting List	Priority Need Households	Proportion in Priority Need (%)
Proportion of Households in Housing Need			
Bolton	20,615	7,961	39%
Bury	4,869	2,030	42%
Manchester	30,320	10,329	34%
Oldham	11,457	2,436	21%
Rochdale	6,547	2,600	40%
Salford	14,562	8,126	56%
Stockport	11,150	4,824	43%
Tameside	9,588	6,490	68%
Trafford	6,240	4,418	71%
Wigan	9,665	3,443	36%

Source: Local Authority Supplied Data, June 2008¹⁰⁰

The table above highlights that there is significant variation between authorities in the proportion of households upon the waiting list representing those in the greatest need for social rented accommodation. Trafford has the highest level of priority need, proportionate to the size of the waiting list in the borough, at 71 per cent. In contrast, Oldham has the lowest proportion of acute housing need, with just 21 per cent of households on the waiting list meeting the CLG ‘reasonable preference’ criteria for priority need.

The following table provides a summary of the existing need (gross backlog) for social rented accommodation in each local authority¹⁰¹.

⁹⁹ Note: As identified earlier this approach is likely to have a disproportionate affect on authorities with a large proportion of BME households as these households often accommodate greater numbers of persons. Further assessment of BME housing needs is included within the relevant sub-section of Section 4.

¹⁰⁰ Note: We have concluded that a **PROXY** priority households in need figure for Rochdale will be 2,600. This figure is included to reflect Rochdale MBC’s ongoing review of lettings policy meaning the output of this analysis is tentative subject to the outcome of Rochdale’s review.

Figure 6.4.4: Summary of Current Need

	<div> <div>Figures for Step 1.1 & Step 1.2 are included within Step 1.3.</div> <div> <div>1.1 Number of Homeless households and those in temporary accommodation</div> <div>1.2 Number of Overcrowding and concealed households</div> </div> </div>		1.3 Other Groups (Priority Need Households on Waiting List Excluding Transfers)	1.4 Total current housing need (gross) = 1.1 + 1.2 (+1.3)
	Current Need			
Bolton	-	-	7,961	7,961
Bury	-	-	2,030	2,030
Manchester	-	-	10,329	10,329
Oldham	-	-	2,436	2,436
Rochdale	-	-	2,600	2,600
Salford	-	-	7,994	7,994
Stockport	-	-	4,824	4,824
Tameside	-	-	6,490	6,490
Trafford	-	-	4,418	4,418
Wigan	-	-	3,443	3,443

Source: Local Authority Supplied Data, June 2008

The estimates of current households in housing need exclude transfers, as a transfer will release existing affordable housing for other households. This is taken into account at Stage 3 of the methodology.

- ⇒ Analysis of the current housing need within the Greater Manchester authorities raises the following key issues:
- ⇒ A significant backlog of households that meet the CLG 'priority need' criteria has developed in each of the Greater Manchester local authorities;
- ⇒ The highest numbers of priority need households waiting to be provided with social rented accommodation are located in Manchester, followed by Salford and Bolton. Respectively, these local authorities have 10,329, 7,994 and 7,961 households in urgent need of social rented housing located within the borough at present; and
- ⇒ The lowest numbers of current need are located within the authorities of Oldham, Rochdale and Wigan respectively.

6.5 Stage 2: Future Housing Need (Net Annual)

Assessing the level of newly-arising need is a critical element of ensuring that the future development and restructuring of affordable housing within the authorities of Greater Manchester meets the needs of its population. However, as with all forecasts it is important to highlight that the figures presented are theoretical and based upon a number of assumptions.

The elements included in assessing future or newly-arising need are listed below along with the data sources used:

¹⁰¹ Note: Where the symbol – is placed in relation to step 1.1 and 1.2 this is due to the assumption that households within these groupings will have applied to the waiting list and subsequently both steps are removed to avoid over-estimating need.

Step 2.1: New household formation – figures are sourced from an average of the annual level of household growth forecast through the baseline scenario of the GMFM model;

Step 2.2: Proportion of new households unable to buy or rent in the market – the thresholds established within Section 4, and included at the start of the section, have been used to calculate this proportion for each authority. Note, due to limitations with data this does not only reflect newly forming households, but all households;

Step 2.3: Existing households falling into need each year. Updated best-practice guidance has been received from the CLG sets out that this should be based on households ‘who have entered the housing register and been housed within the year’. Here CORE lettings data can be used to estimate existing households falling into need by discounting newly-forming households (i.e. those where their previous accommodation type was living with a family, staying with friends, or a children’s home / foster care)¹⁰². We have utilised only data from the past available year (2006/07) as local authorities indicated this was likely to produce the most realistic image of the situation at present¹⁰³. We have also excluded existing social tenants (transfer requests) from the assessment at this stage to avoid double counting; and

Step 2.4: Total Newly-Arising Need = (2.1x2.2) + 2.3.

The table below presents net annual future housing need within each of the authorities.

Figure 6.5.1: Future Housing Need (Net Annual)¹⁰⁴

	2.1 New Household Formation	2.2 Proportion of Households Unable to Buy	2.3 Existing Households Falling into Need	2.4 Total Newly Arising Need (gross per year) = (2.1 x 2.2) + 2.3
Future Housing Need (Gross per Year)				
Bolton	653	35%	711	940
Bury	644	31%	323	523
Manchester	2,682	45%	1,630	2,837
Oldham	431	36%	370	525
Rochdale	537	37%	1,120	1,319
Salford	664	56%	1,536	1,908
Stockport	471	39%	818	1,002
Tameside	614	23%	728	868
Trafford	720	36%	554	813
Wigan	1,017	34%	1,123	1,469

Source: GMFM, Deloitte Model, Local Authority Supplied Data, June 2008¹⁰⁵

¹⁰² Note: Rochdale MBC utilises HSSA total lettings and transfer data for 2006/07 and CORE data for newly forming households in 2006/07. Wigan MBC utilises HSSA total lettings and transfer data and have made available their own data to establish figures for newly forming households.

¹⁰³ Note: Salford City Council utilises CORE lettings data from 2005/06 due to missing information within the 2006/07 dataset.

¹⁰⁴ Note: Step 2.2 for Tameside has been calculated using the Deloitte social propensity model developed from the GMFM baseline scenario. If this were to reflect the CACI Income methodology the figure for net annual housing need would increase from 569 units to 668 units.

Analysis of the data presented in the table above illustrates that total newly arising annual need shows significant variance between the Greater Manchester authorities. The greatest levels of future housing need are to be located within the Central HMA authorities of Manchester and Salford. High levels of newly arising need are also predicted to occur within Wigan, Rochdale and Stockport.

It is important to note that Rochdale, Salford and Stockport all have comparatively high numbers of existing households falling into need when compared with the level of new household formation identified in Step 2.1. The drivers behind the high ratio between these comparators is likely to vary between the authorities. Within Stockport the impact of the high costs associated with accessing the owner occupier housing market is likely to be significant. Within Rochdale and Salford low average wages, also impacting on the ability to purchase, and also the resident demographic profile are likely to be important drivers in elevating levels of households falling into need.

Bury and Oldham are the local authorities projected to experience the lowest levels of newly arising future growth in the level of priority housing need, with 523 and 525 new households projected to fall into housing need respectively on an annual basis.

6.6 Stage 3: Supply of Affordable Units (Net Annual)

This stage identifies the current stock that can be used to accommodate households in need, as well as future supply¹⁰⁶. The supply of affordable units is made up of a number of elements. These are described below along with the sources used:

Step 3.1: Affordable Dwellings Occupied by Households in Need (e.g. number of households needing to transfer from existing social rented stock unit) – sourced from data supplied by local authorities based upon waiting lists. We discount transfer applications from both sides of the equation. On this basis, the level of affordable dwellings occupied by households in need is zero.

Step 3.2: Surplus / Vacant social rented stock (i.e. units which could be brought back into use) – Data supplied by local authorities.

Step 3.3: Committed supply of new affordable housing – Data sourced by local authorities.

Step 3.4: Units to be taken out of management – Data sourced by local authorities.

Step 3.5: Total Affordable Housing Stock available = 3.1+3.2+3.3 -3.4

As noted above, we discount transfer applications from both sides of the equation. On this basis, levels of affordable dwellings occupied by households in need is zero. The annual supply of social re-lets is also discounted to exclude transfers.

Figures for surplus stock, units to be taken out of management and committed supply of affordable housing have been provided by each of the authorities. Surplus stock describes current vacant social sector properties which could be brought back into use, albeit recognising that some vacancy is favourable to facilitate turnover.

The committed supply of affordable housing includes housing on sites with full or outline planning permission. It includes RSL development schemes as well as elements of affordable housing to be delivered through developer contributions. This reflects the fact that currently new social rented housing has over recent years been provided by RSL's with local authorities bringing forward minimal new social rented housing development. This is expected to continue into the future.

We have estimated the supply of social re-lets on an annual basis, drawing on data on lettings in 2005/06 and 2006/07 in the local authority sector held by the Continuous Online Recording System (CORE) for Bolton MBC, Bury MBC, Stockport MBC and Trafford MBC. Data for Manchester City Council and Oldham MBC have been calculated utilising CORE lettings data from 2006/07 only, due to a lack of local authority sector information being available for

¹⁰⁵ Note: The proportion of households unable to access the private market (step 2.2) has been calculated using CACI household income data, and it is necessary to note that in the case of Wigan this differs from the 65.6% of residents identified as unable to access the private sector as deduced from their DCA (2008) draft HNS.

¹⁰⁶ Note: As a result of data limitations and in order to remain consistent with earlier stages of the methodology intermediate housing products and other elements of the stock profile which could meet need – including low cost housing and elements of the private rented stock – are excluded here.

2005/06. At the request of Rochdale MBC, and Salford City Council their calculated social re-let figure relates to HSSA Lettings data taking an average annual figure from 2005/06, 2006/07 and 2007/08, and 2004/05, 2005/06 and 2006/07 respectively. Data for Tameside has been provided directly from the local authority and represents an annualised average figure over 2004/05, 2005/06 and 2006/07. Data for Wigan is derived from 2006/07 HSSA lettings returns minus the return to local authority stock of a one-off asylum seeker housing contract. Lettings to existing social tenants (i.e. transfers) have been excluded as these have already been accounted for in Step 2.3. This element makes up Step 3.6 of the methodology.

At present we have left a figure for the annual supply of intermediate housing out of the methodology (Step 3.7) due to a perceived lack of a robust and consistent figure for, and between, local authorities.

The following table presents the annual supply of affordable housing units within each local authority.

Figure 6.6.1: Supply of Affordable Units

	3.1 Affordable dwellings occupied by households in need	3.2 Surplus Stock	3.3 Committed supply of new affordable housing	3.4 Units to be taken out of management	3.5 Total affordable housing stock available = 3.1 + 3.2 + 3.3 - 3.4	3.6 Annual supply of social re-lets (net)	3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	3.8 Annual supply of affordable housing = 3.6 + 3.7
Affordable Housing Supply (Net Annual)								
Bolton	0	211	331	32	510	1,842	0	1,842
Bury	0	195	40	0	235	431	0	431
Manchester	0	319	0	132	187	2,417	0	2,417
Oldham	0	121	434	565	-10	671	0	671
Rochdale	0	184	86	30	240	1,492	0	1,492
Salford	0	543	750	1,750	-457	2,271	0	2,271
Stockport	0	415	436	0	851	921	0	921
Tameside	0	232	75	6	301	1,537	0	1,537
Trafford	0	276	127	0	403	724	0	724
Wigan	0	0	41	0	41	1,357	0	1,357

Source: Local Authority Supplied Data, June 2008

As in previous stages of the analysis it is apparent that the net annual supply of affordable housing differs significantly between the Greater Manchester local authorities.

Both Manchester and Salford are well placed to accommodate the high levels of future housing need identified within Stage 2 of the analysis, with large numbers of affordable housing projected to be available to meet demand for social rented accommodation from households in priority need on an annual basis within each city.

Lower levels of supply are projected to be available to the local authorities of Bury, Oldham and Trafford, with the annual supply of affordable housing estimated to be only 431, 671 and 724 units respectively.

6.7 Stage 4: Total Housing Need (Net Annual)

The following table combines the three elements analysed above to calculate an overall level of housing need which can be equated into a shortfall or surplus of affordable housing for each authority and across Greater Manchester assuming a one to one relationship between need and dwellings. This follows a simple methodology which looks to clear the backlog of current need (over the next five years).

This final stage involves the following three steps:

Calculation of Net Need – this is calculated by subtracting the total affordable housing stock available (Step 3.5) from the gross current housing need (Step 1.4);

Estimation of Annual Flow – we have assumed that net need will be addressed over a 5 year period so that 20 per cent of net housing need will be addressed each year over this timescale. This is in line with the CLG Guidance, yet it is the case that other authorities nationally have chosen to take a ten year period where need is particularly high, to moderate annual flow; and

Calculation of Net Annual Housing Need – this represents total newly arising need (Step 2.4 + Annual Flow) minus the annual supply of affordable housing (Step 3.8).

The above calculation is utilised to derive an estimate of annual housing need for each local authority. The analysis is presented in the following table.

Figure 6.7.1: Total Housing Need

	Total net need = 1.4 - 3.5	Annual flow (20% of total net need)	Net annual housing need = (2.4 + Annual flow) - 3.8
Total Housing Need			
Bolton	7,451	1,490	588
Bury	1,795	359	451
Manchester	10,142	2,028	2,448
Oldham	2,446	489	343
Rochdale	2,360	472	299
Salford	8,451	1,690	1,327
Stockport	3,973	795	875
Tameside	6,189	1,238	569
Trafford	4,015	803	892
Wigan	3,402	680	792

Source: Local Authority Supplied Data, June 2008

The table above illustrates the net annual housing need for each of the local authorities of Greater Manchester. The highest net annual housing need is located within the Central HMA authorities of Manchester (2,448 households per annum) and Salford (1,327 households per annum).

Rochdale has the smallest net annual housing need at 299 households per annum. Oldham also has a low total net annual housing need, at 266 households per annum. It is likely that this is reflective, at least in part, of the issues within these authorities surrounding low housing demand and the subsequent interventions of the HMRI programme¹⁰⁷.

The DCLG Guidance recognises that the five year quota to address the backlog of need may not be viable for authorities with a notably high level of need built up over recent years and suggests that longer timescales could be adopted by authorities. Examining the comparative levels of backlogged need against annual levels of social re-lets (i.e. the capacity to absorb this need) the following authorities clearly have very high potential levels need which should be considered with regard to this longer time horizon:

- Manchester;
- Salford;

¹⁰⁷ Note: Rochdale MBC figure is the result of a proxy 'priority need' household number of 2,600 being introduced. Thus, it is temporary until the result of an ongoing assessment into the authority's waiting list prioritisation methodology is announced.

- Stockport;
- Trafford; and
- Wigan.

Adopting a ten year period to address the backlog of need for these authorities provides an alternative assessment of total need for these authorities and Greater Manchester as a whole as displayed in the following table.

Figure 6.7.2: Total Housing Need (10 year programme)

	Total net need = 1.4 - 3.5	Annual flow (10% of total net need)	Net annual housing need = (2.4 + Annual flow) - 3.8
Total Housing Need			
Manchester	7,084	708	1,128
Salford	7,439	744	380
Stockport	2,706	271	351
Trafford	3,869	387	476
Wigan	2,850	285	397

Source: Local Authority Supplied Data, June 2008

The table illustrates that when the programme to remove the backlog of households in need is extended to cover a ten year period, the level of net annual housing need is significantly reduced in the case of all authorities.

Hence, viewing affordable housing requirements (assuming a one to one relationship between households and future required dwellings) in this context would provide a more achievable framework for meeting the needs of existing, and future households, requiring affordable social accommodation.

6.8 Ensuring adequate provision and improved outcomes

Paragraphs 9 to 11 of PPS3 highlights the necessity for collaborative working between local authorities to produce a wide choice of affordable, and market, homes with well mixed type as well as tenure, which will involve local planning bodies establishing close working relations with housing developers to meet the Government's strategic national housing targets.

Vital in this process is the development of a robust evidence base through a policy based approach that requires an accurate estimate of housing need and demand alongside current and future land availability. Therefore, a strategic housing market assessment and a strategic housing land availability assessment must be put in place.

Further to this, paragraph 29 of PPS3 reinforces that the economic viability of land for housing within an area must be established by local authorities, within Local Development Documents, to inform the development of a borough-wide overall target for affordable housing provision. Economic viability must reflect risks to delivery of housing development, adequate financing including public subsidies and the level of developer contribution that is reasonably achievable.

It is therefore a necessity for local authorities to recognise the requirement for an assessment of economic viability when developing affordable housing targets. This issue holds particular salience in the current economic climate, where restricted achievable house prices and high costs associated with purchasing development land are acting to reduce the economic viability of housing development. It is here that local planning authorities establish an informed assessment on the thresholds and proportions of affordable housing to be provided within each housing development that is both economically viable for a developer to bring the project forward and also the likely impact on overall housing delivery levels and establishing mixed sustainable communities.

A valuable case in point is the decision of the Inspectors Enquiry between Persimmon Homes Limited, Barratt Homes Limited, Millhouse Developments Limited and the defendant Blyth Valley Borough Council on the 20th May 2008. The Inspector ruled against Blyth Valley's Policy of the delivery of at least 30 per cent affordable housing on all new developments borough wide within Policy H4 of their Core Strategy Submission Draft. This decision was made in favour of the housing developers due to the Inspector deeming that the policy did not take sufficient account of the economic viability of future potential development land and as a consequence was not in compliance with the requirements of paragraph 29 of PPS3¹⁰⁸.

The following analysis assesses the affordable housing need shortfall in each of the local authorities in the wider strategic housing context of the draft RSS annual average housing requirement assuming that backlog is addressed in all authorities over the next five years. This therefore assumes a one-to-one relationship between households in need and dwellings i.e. 10 households in need per annum (shortfall of provision) equates to the need for 10 new affordable units per annum. This is intended to assist in informing decisions about the setting of targets for affordable housing, however, as noted above represents only one element of the overall evidence base required to inform policy in the future. Careful monitoring of households income levels linked to the success of wider policy goals to decrease worklessness and increase the quantum of higher value jobs will also be a critical determinant in assessing the overall scale of future need.

Figure 6.8.1: RSS Requirement represented by Affordable Housing Shortfall

	Net annual housing need = (2.4 + Annual flow) - 3.8	Annual Average RSS Housing Requirement (net of demolition)	RSS Housing Requirement represented by Housing Need (%)
Total Housing Need			
Bolton	588	578	102%
Bury	451	500	90%
Manchester	2,448	3,500	70%
Oldham	343	289	119%
Rochdale	299	400	75%
Salford	1,327	1,600	83%
Stockport	875	450	195%
Tameside	569	750	76%
Trafford	892	578	154%
Wigan	792	978	81%

Source: Draft RSS, 2008; Local Authority Supplied Data, June 2008

It is apparent that there is a large amount of disparity between each authority with regard to the proportion of the net annual average RSS housing development requirement represented by the volume of housing development required on an annual basis to meet priority needs. This underscores the necessity for local authorities to develop robust evidence bases to support the economic viability of potential development sites in order to establish a realistic, and achievable, target for the proportion of affordable housing to be incorporated within new housing developments.

This holds particular salience with respect to the levels of housing need in a number of the Greater Manchester authorities including Stockport, Trafford and Wigan where the net annual housing requirement represented by priority housing need exceeds the annual average RSS housing development requirement for the authority.

For, whilst the figures in the table above provide an accurate and up-to-date estimate of housing need over the next five years in each authority¹⁰⁹, PPS3 requires that each authority develops its own analysis beyond the CLG housing

¹⁰⁸ Persimmon Homes versus Blyth Valley BC – Citation Number [2008] EWHC 1258 – 20th May 2008

¹⁰⁹ Note: This is reliant on the accuracy of data submitted to GVA Grimley by local authorities.

needs methodology based upon the economic viability of the relevant target, which is to be assessed in accordance with the methodology presented in paragraph 29 of PPS3.

The following table seeks to develop the analysis further through assessment of the affordable housing need shortfall in the wider strategic housing context of the AGMA and HMA scales utilising accumulated local authority figures¹¹⁰. The analysis also provides an estimate of the proportion of the net annual average RSS housing requirement represented by the volume of housing development required on an annual basis to meet priority needs.

Figure 6.8.2: AGMA Scale – Total Needs & RSS Requirement represented by Affordable Housing Shortfall

	Net Annual Housing Need	Average Annual RSS Requirement (sum of LA's)	RSS Housing Requirement represented by Housing Need (%)
Total Housing Need - HMA's			
Greater Manchester	8,584	9,623	89%
Central HMA	4,667	5,678	82%
Southern HMA	4,215	4,528	93%
North Eastern HMA	1,211	1,439	84%
North Western HMA	3,158	3,656	86%

Source: Draft RSS, 2008; Local Authority Supplied Data, June 2008

The table above highlights that based upon the simple linkage between need and provision there is a significant requirement for affordable housing across Greater Manchester to meet the social housing demands of those considered in 'priority need' on the local authority waiting lists on an annual basis over the next five years (8,584 households or units annually). The greatest absolute numerical need for affordable accommodation is situated within the Central HMA when analysis is performed at the HMA scale. Net annual housing need is estimated at 4,667 households/units, which represents 82 per cent of the total RSS housing targets for its authorities on an annual basis.

In contrast the lowest net annual affordable housing need is focused within the North Eastern HMA. The annual need for 1,211 households/units represents a higher figure of 84 per cent of the total RSS housing development target. However, previous sections have illustrated the lower property values achievable in this area and the achievement of 84 per cent affordable housing on future development, will not be achievable and will clearly require further work to assess a viable level of affordable housing to be sought through policy. The future work on the viability of delivering affordable housing will need to examine this in more detail for all of the HMAs given the identified levels of high housing need.

The North Western HMA also has a high net annual requirement for affordable housing to meet the housing needs of 'priority households', particularly with respect to the annual RSS housing development targets, which are low respective to the Central and Southern HMAs. As a result, this high level of housing need represents an extremely high proportion of the annual RSS housing requirement, which stands at 86 per cent.

As the analysis in the assessment of need identified, consideration should be given to those authorities with particularly high levels of backlogged need to apply a ten year period to address these levels of need. If these figures are calculated against RSS overall housing requirement figures the following proportions emerge at a HMA level. These figures obviously represent a more moderated assessment of need providing proportions which represent a more deliverable option.

¹¹⁰ Note: Due to the amalgamation of data from local authorities to produce HMA scale information; this may represent an over-estimate of need and RSS requirements due to the overlapping nature of authorities within the defined HMA boundaries.

Figure 6.8.3: AGMA Scale – Total Needs & RSS Requirement represented by Affordable Housing Shortfall (10 year programme)¹¹¹

	Net Annual Housing Need	Average Annual RSS Requirement (sum of LA's)	RSS Housing Requirement represented by Housing Need (%)
Total Housing Need - HMA's			
Greater Manchester	4,982	9,623	52%
Central HMA	1,984	5,678	35%
Southern HMA	1,955	4,528	43%
North Eastern HMA	1,211	1,439	84%
North Western HMA	1,365	3,656	37%

Source: Draft RSS, 2008; Local Authority Supplied Data, June 2008

The review of need at HMA level indicates the importance of the authorities working collectively within Housing Market Areas to address housing need. Whilst the very high levels of need at an authority level in the authorities of, for example Trafford and Stockport, exceed RSS annual requirement levels individually other adjacent authorities have lower levels of need which when taken together can assist in meeting the numbers of affordable housing required.

In addition, extending the programme to meet housing needs to 10 years within those authorities with the highest levels of backlog allows for a significantly more attainable net annual housing need target being met against RSS annual housing requirements across Greater Manchester and at the HMA scale within the Central, Southern and North Western market areas.

6.9 Recognising the role of other elements of the housing market in addressing need

The DCLG guidance recognises that the model for assessing needs does not directly take into account the role of other key areas of the housing market in directly meeting households in need. It notes that

'the estimate of net annual housing need ... assumes a one-to-one relationship between households in need and dwellings. In reality, however, this relationship is much more complex. For example, households in need may choose to share dwellings or choose market options that would be classified as 'unsuitable'. In addition, if overcrowding is an issue, building one larger property could help to resolve the needs of several households as households 'move up' through the system into larger properties'.

This section therefore examines a number of wider housing market elements identified through the analysis in Chapters 3, 4 and 5 to identify their role in meeting need in the future and in order to understand further the dynamics of households in need. Understanding these factors in more detail will clearly have **significant** implications with regard to the manner in which the levels of identified 'need' are met in the future.

6.9.1 Economic Growth and Household Circumstances

As the analysis in Sections 3, 4 and 5 identify, affordability issues are not exclusively driven by supply-side issues with demand drivers including household income and socio-economic circumstance of equal importance. The

¹¹¹ Note: Net annual housing need is calculated over a 10 year period for Manchester, Salford, Stockport, Trafford and Wigan. All other Greater Manchester authorities retain 5 year calculation.

analysis of the economic scenarios illustrates the impact of economic growth on the profile of occupations and therefore in turn the ability of households to access choice within the housing market.

The assessment of housing need clearly represents a point in time analysis and careful monitoring will be required of income levels and the quantum of households who, as a result of changing circumstances, are able to access different housing choices and therefore alleviate pressure on the existing supply of affordable stock.

Therefore, if policy was successful in changing the socio-economic circumstances of households in Greater Manchester in an upwards trajectory this would be expected to directly affect demand for social-rented accommodation at several key stages within the Needs Assessment methodology, reducing the level of need for affordable accommodation. Firstly, improving socio-economic circumstances would be expected to reduce the number of households making up the backlog on the waiting list at Stage 1.3, secondly it would decrease the proportion of newly-forming households unable to access accommodation within the private sector and thirdly it would reduce the number of existing households falling into need. When these drivers of need are combined, it would be expected to result in a significant fall in the net annual housing need within Greater Manchester, in particular within those areas where regeneration policies are currently targeted.

6.9.2 Role of the Private Rented Sector

The analysis in Chapter 4 looked in detail at the role of the private rented sector, currently, and indeed in the future. This highlighted the fact that this tenure plays a critical role in meeting the needs of a variety of households including those households on lower income levels and in receipt of housing benefit.

Therefore, it is important to note the importance of delivering a high quality and well managed private rented sector to authorities in moderating the level of housing need identified in the analysis within this section. Whilst a figure of 85 per cent of future housing being affordable has been calculated as required to meet the 'pure' assessment of need (over 5 years in all authorities) in reality the private rented sector could, as it has done over recent years, potentially absorb a significant proportion of this need, in particular within those authorities where there is already a notable level of private rented accommodation.

The analysis in Chapter 4 identified the increasing importance of the role the private rented sector has the potential to play in alleviating the pressure on local authorities to provide affordable housing in the current market context in which newly forming households / first time buyers are struggling to obtain mortgages. Here, supported by housing benefit packages, the private rented sector can provide a financially viable alternative to social rented accommodation and, therefore, ease pressure on the requirement for affordable housing to meet the housing needs of priority households. This does however reaffirm the necessity for local authorities to ensure, and work in a collaborative manner, to ensure that a high quality private rented sector is in place across Greater Manchester.

Quantifying the exact contribution that the private rented sector can play in meeting housing need is particularly difficult, especially given the current housing market climate. Particular market areas, including for example the Regional Centre have considerable capacity to absorb demand, however, equally the supply here is comparatively limited in terms of choice and has a limited capacity to meet the needs of families. This particular market may continue to alleviate pressure from first time buyers unable to gain mortgage finance and indeed may attract households in from other parts of Greater Manchester and beyond in greater numbers. However, across many other parts of Greater Manchester the reduction in the availability of Buy-to-let mortgages is likely to mean that new supply is unlikely to be forthcoming suggesting a limited capacity to absorb additional households in need of affordable housing options.

Therefore whilst the analysis is based on the requirements for new affordable social rented housing the end outputs (i.e. the levels of total housing need) should be considered in the context of both the findings of the viability study and a commitment by the authorities to ensure that their private rented stock represents a quality 'tenure of choice' and the potential increase in this tenure in the future.

6.9.3 Lower priced market housing

Whilst the analysis within Chapter 4 indicated that authorities have started to include new tenure options within new developments, including low-cost home ownership and other intermediate housing products, this element of the market still remains very small. However, with the Government continuing to place emphasis on this section of the market careful monitoring will be required in the future to assess the impact this has on addressing the identified levels of housing need.

However, in addition to new housing products the re-cycling of existing stock includes the sale of properties which are comparatively affordable and this section provides a broad analysis of the scale of the transactions of housing

which could be considered affordable to households with lower levels of income (lower quartile income levels taken as a proxy for this analysis).

The analysis in Chapter 4 has clearly shown that the rapid increase in house prices witnessed over the last seven years has fuelled significant affordability issues it has also indicated that there remain some areas where housing can be purchased within Greater Manchester at comparatively affordable prices.

It is important to note that the analysis in Chapter 5 identifies a fall in house prices across the UK, creating a comparable trajectory on average across Greater Manchester therefore potentially increasing the supply of market housing which falls within lower price bands. However, the analysis also clearly outlines the current issues households, particularly first time buyers, are facing in obtaining finance in order to purchase housing, an element of the housing market which is uncertain how long this problem will continue to exist.

A simple multiplication of the lower quartile increase for households in each authority by 3.5 (the mortgage multiplier suggested within the DCLG Guidance for single person households and used in Chapter 4) indicates the potential house price which could be identified as being affordable for the lower quartile of the market, which potentially could include some households incorporated in the calculation of need. Utilising the Land Registry data supplied by AGMA it is possible to quantify the number of house sales in 2007/08 which fell below this threshold and which could therefore potentially represent alternative options for households in need. Significantly the role of this supply in relation to the households identified as being in priority need is uncertain, as this definition is likely to be preclude the majority of households with incomes even at this lower quartile limit.

The following table displays the quantum of homes sold below this affordable (lower quartile) income based 'affordability threshold' in each authority.

Figure 6.9.3.1: Homes Sold below Affordable Lower Quartile income Based Threshold

	Lower Quartile Income	House Price Threshold (3.5 Mortgage Multiplier)	Total Number of Properties sold falling below the Lower Cost Threshold (2007/08)
Homes Sold (Lower Quartile Income Based Threshold)			
Bolton	16,353	£57,236	93
Bury	17,662	£61,815	67
Manchester	15,341	£53,694	214
Oldham	15,868	£55,538	138
Rochdale	15,831	£55,408	81
Salford	15,958	£55,853	98
Stockport	18,976	£66,416	64
Tameside	16,471	£57,650	67
Trafford	19,780	£69,230	46
Wigan	16,437	£57,530	122

Source: GM Land Registry Data Base, CACI Paycheck, 2007.

Even with the caveats around the possibility of this supply of market housing absorbing demand it is clear that the supply of housing falling within the lower sales brackets is relatively small and therefore likely to have a limited impact on addressing need. However, the current decline in house prices evidenced over the last 9 – 12 months could dramatically alter these calculations in a year's time if this trend is sustained. This in itself would, if coupled with a relaxation in mortgage lending, contribute significantly to alleviating pressure on other tenures from households currently identified as in need.

This is an issue, alongside the evolving role of the private rented sector, which will require careful further monitoring given the current dynamic state of the wider housing market.

6.10 Housing Requirements of Households in Need

We have analysed the level of households on the waiting list and transfer lists requiring different sizes of property in each local authority proportionate to the volume of stock available in each size band. To provide an indication of pressures in the social sector and the need for new affordable housing of different sizes, it is important to take account of the current stock mix and differential rates of turnover of different property sizes. This can be achieved by comparing lettings to waiting / transfer lists to provide an indication of comparative pressures¹¹².

This is presented in the following tables.

Figure 6.10.1: Housing Requirements of Households in Need by Property Size

	Bedsit & 1 Bed	2 Bed	3 Bed	4+ Bed	Sheltered
Ratio of Bids Made to Total Stock (2007/08)					
Greater Manchester	4	4	3	2	1
Central HMA	3	4	3	2	#
Southern HMA	3	3	2	1	#
Northern Eastern HMA	4	4	3	2	#
North Western HMA	5	5	4	3	#
Bolton	10	5	4	2	2
Bury	3	2	2	2	0
Manchester	1	1	1	1	0
Oldham	5	5	3	2	#
Rochdale	4	2	2	1	0
Salford	4	5	4	3	1
Stockport	3	3	1	0	1
Tameside	4	6	3	3	#
Trafford	15	12	7	3	1
Wigan	4	6	4	3	2

Source: Local Authority Supplied Data, June 2008

The table above allows analysis of the property sizes that are in the greatest demand within the local authority social sector of Greater Manchester when the ratio of waiting list bids to total local authority stock is assessed¹¹³. At this scale it is apparent that the smaller sized properties are in the greatest demand, with the most pressure being upon the one and two-bedroom stock within Greater Manchester. Demand for larger four bedroom accommodation and sheltered housing constituted the lowest proportion of bids compared to stock.

The picture is not dissimilar at the HMA spatial scale, with bids for two bedroom properties exceeding all other sizes within all HMAs. In absolute terms, the highest numbers of bids were registered within the North Western HMA – at 296,605. Comparatively, the Southern HMA received the lowest number of bids at 121,239.

Analysis of the local authority data reveals that Salford received the highest volume of bids across Greater Manchester at 105,598 between 2007 and 2008¹¹⁴. This was followed by Wigan with 100,564 bids being registered across all property sizes. Conversely, the lowest numbers of bids were received in Stockport and Bury, at 27,246 and 16,127 respectively.

¹¹² Analysis of the number of bids has a higher level of relevance to local authorities that operate Choice Based Letting schemes, as applicant preference can be expressed using this system. As such differences in bidding rules between areas is likely to affect the number of bids registered.

¹¹³ Note: The symbol '-' denotes that the data is not presently available and the symbol '#' denotes that this element is not applicable to the authority in question.

¹¹⁴ Note: Authorities do not align exactly for data collection timescales. They are as follows: Bolton, Bury, Manchester, Oldham, Stockport, Tameside and Trafford – April 2007 to May 2008; Rochdale – 1st April 2007 to 27th March 2008; Salford – 1st July 2007 to 31st March 2008.

Mirroring the HMA scale image, one and two bedroom accommodation has experienced the greatest pressure from demand at the local authority scale. This appears a particular issue in Bolton and Trafford, where there are 10 and 15 bids for every bedsit/1-bedroom property owned by the respective local authorities.

However, this analysis does not factor in the capacity of stock to genuinely meet the needs of households. Examining the quantum of lettings against bids provides a more representative analysis of the capacity to meet need. The following table therefore analyses the ratio of bids by property size to the number of properties available to re-let on an annual basis providing an accurate image of demand and supply which can be provided for each authority.

Figure 6.10.2: Ratio of bids made to properties available to re-let

	Bedsit & 1 Bed	2 Bed	3 Bed	4+ Bed	Sheltered
Ratio of Bids Made to Properties Available to Re-let					
Greater Manchester	28	48	53	37	10
Central HMA	20	40	47	34	#
Southern HMA	19	47	48	28	#
Northern Eastern HMA	33	52	46	29	#
North Western HMA	30	46	58	44	#
Bolton	63	70	66	66	18
Bury	17	24	32	33	#
Manchester	10	14	21	24	1
Oldham	55	72	73	63	#
Rochdale	21	19	21	9	2
Salford	23	36	42	38	6
Stockport	23	43	27	21	4
Tameside	33	77	78	59	6
Trafford	31	137	240	72	12
Wigan	28	61	82	94	13

Source: Local Authority Supplied Data, September 2008

When analysis is performed on the ratio of bids for each property type compared to the actual local authority-owned properties that have come available to be re-let in 2007/08, the supply –demand imbalance is clearly illustrated. This analysis reveals that at the Greater Manchester scale the greatest pressure is upon the mid-sized two and three bedroom properties and the lowest pressure is actually on the smaller bedsit/1-bedroom stock as a result of a significantly greater number of lettings (higher turnover) of these smaller properties. This trend reflects the different types of households generally occupying different sized properties. Smaller properties tend to be occupied by individuals or couples whose circumstances are more likely to change relatively regularly. In contrast larger housing is aimed at addressing the needs of families who as a result of linkages to key social infrastructure, including for example schools, extended family and healthcare, are by default more sedentary.

At the local authority level it is apparent that tremendous pressure is being exerted on particular elements of the social stock in several authorities. This is particularly the case in Trafford, where there were 240 bids made for every 3 bedroom house, and 137 bids made for every 2 bedroom house, which came available in 2007/08.

Several authorities demonstrate a slightly different trend, with the largest classification of properties (4 bedroom plus) experiencing the greatest demand. This is the case in Bury, Manchester, and Wigan.

Rochdale stands out as having a different profile of demand for its stock, with the greatest pressure on the smallest 1 bedroom stock, and lowest pressure on the larger 4-bedroom housing. However, this is due to high turnover of 1 bedroom properties and a shortage of 4 bedroom affordable homes in Rochdale and this needs to be monitored carefully as previous work has illustrated the latent demand from BME households within both Rochdale and Oldham for larger properties.

The following table presents the turnover rates of social rented stock by property size at the local authority spatial scale in Greater Manchester through comparison of the level of social re-let housing against total social stock in each

size group. The relative levels of turnover of different property sizes are important as they indicate not only demand but also the availability of supply to meet demand and help to explain the trends identified above.

Figure 6.10.3: Turnover rates of Social Rented Accommodation by Size

	Bedsit & 1 Bed	2 Bed	3 Bed	4+ Bed	Sheltered
Turnover Rates by Property Size (Re-lets/stock) (2007/08)					
Bolton	16%	8%	6%	3%	12%
Bury	15%	8%	5%	7%	0%
Manchester	10%	7%	4%	4%	15%
Oldham	9%	7%	5%	2%	#
Rochdale	20%	12%	9%	11%	20%
Salford	20%	13%	10%	9%	14%
Stockport	12%	7%	4%	2%	18%
Tameside	12%	7%	4%	5%	#
Trafford	47%	9%	3%	5%	11%
Wigan	16%	9%	5%	3%	16%

Source: Local Authority Supplied Data, June 2008

The table above demonstrates that the turnover rates for different sized social rental properties show significant conformity across all authorities. One trend that does emerge suggests that the highest rates of churn are associated with the smaller properties in all authorities, confirming the conclusions above¹¹⁵. It is clear that the churn of 1-bedroom stock results in each authority being better equipped to meet demand through supply in this size group. In contrast, the greatest pressure is on the medium to larger property sizes due to lower turnover rates resulting from lower re-lets.

¹¹⁵ Note: Where data is not applicable this is denoted by the symbol '#'.

6.11 Comparative Assessment of Need

Housing Need is a critical issue for planning and housing policy to address at a range of spatial scales from the region (RSS) to the authority and neighbourhood level (LDF / Core Strategy). Many authorities have already commissioned assessments of housing need, over recent years with many using the primary survey approach to develop Housing Need Assessments to underpin affordable housing policies. This section compares the levels of need calculated through these previous surveys with the analysis within this SHMA in order to recognise the commonalities of messages emerging.

In addition in preparation for the partial review of RSS a broad assessment of housing need at a housing market level has been conducted across the North West using a secondary data approach as adopted within this SHMA. Whilst the methodologies differ slightly both assessments clearly concur with regard to the high level of housing need identified across the Greater Manchester housing markets, with this discussed in more detail below.

6.11.1 Analysis Conducted at the Regional Scale

It is important to highlight that the North West Regeneration Agency (NWRA) recently commissioned a regional scale Strategic Housing Market Assessment conducted by NLA, in which housing need is assessed for the Greater Manchester Housing Market Areas.

The methodology devised by the NLA report follows a similar approach to the methodology adopted within this SHMA, with the analysis solely reliant on secondary data. However, comparative analysis of the level of net affordable housing need reveals that there is a high degree of alignment between the NLA report and this commission. When examining the level of housing need estimated for Greater Manchester, the NLA report establishes a net annual affordable housing requirement of 11,185 units, compared to a requirement of 8,260 units established within this commission.

The NLA report subsequently utilises a further step of analysis, beyond the realm of the CLG Guidance, which seeks to include the supply of low cost market housing (below average lower-quartile house price). The result of this is the offsetting of a high proportion of the net annual affordable housing requirement within the private sector. Whilst the analysis in this SHMA does not attempt to replicate this analysis the high levels of need identified through both studies clearly needs to be considered in light of both deliverability factors as well as other tenures including private renting and low cost home ownership. These issues were analysed earlier in the section and clearly represent an area which will require careful future monitoring by the authorities in line with the monitoring framework which is appended to the SHMA.

6.11.2 Authority Housing Need Assessments

All of the authorities have completed or are in the process of updating housing needs studies. However, the different timings of these studies mean that there are compatibility issues, which make it impossible to arrive at a composite updated figure of need across the AGMA area.

It is important to note that the vast majority of these, with the exception of Oldham, are based on primary surveys and therefore provide an alternative assessment of the level of need and the aspirations of households. The approach adopted within these primary studies includes a grossing up of sample responses whereas the approach within this SHMA relies solely on waiting list data. The outcome of this is that the approach within this SHMA does not look to identify additional need outside of those households who have actively sought affordable housing and is therefore likely to represent an under-estimation of need. Given this fundamental difference in the methodological approach adopted within this SHMA a direct comparison should not be made.

Despite this limitation the following table shows the total annual need calculated through each assessment¹¹⁶.

¹¹⁶ Note: Tameside and Bury have not produced a recent Housing Market Analysis.

Figure 6.11.2.a: Total Annual Need calculated through existing Housing Needs Studies

Net Additional Outstanding Need Affordable Housing Requirements	
Bolton	435
Bury	-
Manchester	1,375
Oldham	1,488
Rochdale	451
Salford	674
Stockport	1639
Tameside	-
Trafford	541
Wigan	417

Source: Housing Need Surveys. Note: Oldham's study is currently a draft

A summary of the key findings of each of the housing needs surveys are included below.

Bolton Metropolitan Borough Council – June 2007 (DCA)

Affordability is a major issue in the borough, and 29.7 per cent have household incomes below £10,000 per annum.

There is an annual affordable housing shortfall of 435 units, which amounts to 4,350 units in total over ten years. This is over 3 times the current levels of delivery.

There is shortfall of 1 and 2 bed accommodation in the existing affordable stock which needs to be addressed in order to ensure that there is a mix of house types and sizes available.

Manchester City Council – October 2007 (Fordham Research)

Despite the high proportion of existing affordable housing in Manchester, there is still a high net need for additional affordable housing of 1,375 units per annum.

Analysis behind this level of need reveals that it is driven by a high expected volume of newly forming households requiring social rented accommodation, which is balanced to a degree by a high level of property available for social re-letting and a high number of properties let to existing tenants requesting transfer that will subsequently become available to other tenants.

There is an overall need for one bedroom property, which reflects the requirements of newly forming households. The council has also identified an overall need for larger family housing.

Oldham Metropolitan Borough Council – 2008 (Oldham MBC)

The draft report indicates that there is a shortfall of 1,488 affordable housing units per annum within the borough, which is particularly high.

Analysis within the report suggests that this is high level of housing need is driven by a significant backlog on the waiting list and an estimation of concealed and overcrowded households in excess of 8,000 and a high number of existing households joining the waiting list on an annual basis (2,514).

Rochdale Metropolitan Borough Council – August 2007

There is a shortfall of 451 affordable dwellings within the borough per annum, which is significantly higher than in 2003, in which there was an annual shortfall of 60 affordable dwellings.

This report suggests that this shortfall is driven by a significant backlog of households requiring social rented accommodation – in excess of 7,000 within the borough. Yet, this is balanced to a degree through a strong supply of affordable accommodation coming available through a high turnover of social rented accommodation.

There are shortfalls in all areas of the affordable markets. However, there is a large demand for 2 and 3 bed affordable properties.

Salford City Council – October 2007 (Fordham Research)

There is a shortfall of 674 affordable housing units per annum within Salford. This is significantly lower than in Manchester and is driven by a low estimated backlog of households in need (3,594) and a high turnover of social properties available to re-let. The majority of need comes instead from a high estimated growth in annual household formation (2,414) and the large volume of stock planned to be removed from management.

There are shortfalls for one, three and four bedroom properties and surpluses of two bedroom homes. The largest shortfall is for one bedroom dwellings followed by four bedroom homes.

Stockport Metropolitan Borough Council – March 2005 (Fordham Research)

The report estimates a requirement to provide an additional 1,639 social rented units per year until 2010 if all housing needs are to be met, including removal of the backlog. However, this represented over seven times the estimated new-build housing in the Borough at the time of writing.

This housing need is particularly high and appears to be driven by several factors including a high estimated backlog of households in requiring social rented accommodation (8,534), a high number of projected newly forming households (1,571) a high number of existing households falling into need and a high predicted number of inward migrants to the borough who are unable to access the private market. This, coupled with a low turnover of social rented accommodation, results in a large shortfall in affordable housing looking forward up to 2010.

There is currently a large shortfall in affordable housing of all sizes of accommodation, most notably one and two bedroom homes.

It is estimated that two-thirds (69.4 per cent) of the additional affordable housing requirement could be met through maximising the availability of affordable housing from all available sources, including new-build, acquisitions and conversions.

Trafford Metropolitan Borough Council – September 2006 (Fordham Research)

Over the next five years there is expected to be a shortfall of affordable housing of 541 units per annum, with a greater demand in the south of the borough. This figure is in excess of the total build rate figure in the draft RSS of 430 dwellings per annum.

The report suggests that housing need in the borough is driven by the existing backlog of households waiting for social rented accommodation and a high estimated annual growth in newly forming households requiring social housing (1,992).

Wigan Metropolitan Borough Council – draft 2008 (DCA)

There is a shortfall of 417 affordable housing units within the borough per annum, after allowing for current re-let supply. Analysis of the report indicates that this is driven by a high estimated backlog of households requiring social housing within the borough (5,993). This is compounded by a large volume of households expected to form on an annual basis (1,043) and 1,267 existing households that are projected to fall into need. This is offset, to a degree, by a large number of stock occupied by households requesting to move to new accommodation and a strong volume of stock available to let to a new household through re-letting on an annual basis.

The report recommends that the Local Development Framework should consider an overall affordable housing target of up to 35 per cent of new units going forward.

This review of existing studies clearly indicates that all of the authorities register significant levels of housing need. Those authorities whose surveys are most up-to-date appear to register the greatest levels of need, in particular Stockport, Salford, Oldham and Manchester.

Furthermore, in broad terms there are a number of Housing Needs Studies that have developed similar conclusions, regarding the required levels of housing need, to the CLG methodology performed in this SHMA. The figures are contrasted in the following table for those authorities that have undertaken previous primary Housing Need studies.

Figure 6.11.2.b: Net Annual Housing Need Methodological Comparison Analysis

Net Annual Housing Need		
	LA Housing Needs Surveys	SHMA CLG Methodology
Total Housing Need		
Bolton	435	588
Bury	-	451
Manchester	1,375	2,448
Oldham	1,488	343
Rochdale	451	299
Salford	674	1,327
Stockport	1,639	875
Tameside	-	569
Trafford	541	892
Wigan	417	792

Source: Housing Need Surveys. Note: Oldham's figure represents a draft piece of research which is still in development, based on secondary research and represents a considerably higher figure than the result of the previous 2004 Housing Need Study.

High levels of compatibility between the methodologies can be assumed for the analysis of Bolton, Manchester, Trafford and Wigan where disparities between the estimated annual requirements for affordable housing are relatively slim.

In contrast, there are several authorities for which the two methodologies have resulted in significantly disparate results and this illustrates the fundamental differences in methodologies. However, importantly the messages emerging from both this SHMA and the primary-based Housing Needs Assessments/Surveys all identify need for affordable housing for each of the authorities of Greater Manchester.

6.11.3 Risks associated with Housing Needs Analysis

It is important to recognise that housing needs analysis provides a 'snapshot' of the current situation in the social rented sector within Greater Manchester and develops an image of future need projected forward from this.

As a result, the estimations of net annual future housing need are exposed to alterations and fluctuations within the housing market and the wider economic climate, and as such a level of risk. This is particularly poignant with respect to the current housing market downturn and credit crunch, which is likely to make it harder for those on lower incomes to gain mortgages or re-mortgage their property.

Such difficulties would then add an additional burden to the social rented sector as the need for housing rises as newly forming households being unable to access the private market because of a lack of credit options and an increasing volume of existing households falling into need as a result of repossession. This situation could be further exacerbated if it were to heighten homeless applications for social accommodation, for these would gain priority status and would then move to drive up a backlog of social applicants on local authority waiting lists.

All these issues underpin the importance of carefully monitoring the key indicators of need on a regular and consistent manner across the ten authorities. An approach for undertaking this monitoring is included within the Monitoring Framework which is appended to this report.

Key Issues for Policy & Implementation

Housing needs analysis provides an estimate of the number of current and future households in housing need. It is important to recognise that it represents a 'snapshot' of the current situation in the social rented sector within Greater Manchester and develops an image of future need projected forward from this.

Such analysis has firstly highlighted a significant backlog of households that meet the CLG 'priority need' criteria has developed in each of the Greater Manchester local authorities, which is a primary driver of housing need in each of the authorities. The highest numbers of priority need households waiting to be provided with social rented accommodation are located in Manchester, followed by Salford and Bolton. Respectively, these local authorities have 10,329, 7,994 and 7,961 households in urgent need of social rented housing located within the borough at present.

The lowest absolute numbers of current need are located within the authorities of Oldham, Rochdale and Wigan respectively, although it is important to note that total demand is constrained by the supply of housing. Housing need is compounded in several authorities due to high levels of newly forming households and existing households expected to fall into housing need on an annual basis. The greatest levels of future housing need are to be located within the Central HMA authorities of Manchester and Salford. High levels of newly arising need are also predicted to occur within Wigan, Rochdale and Stockport.

Both Manchester and Salford are well placed to accommodate the high levels of future housing need identified within Stage 2 of the analysis, with large numbers of affordable housing projected to be available to meet demand for social rented accommodation from households in priority need on an annual basis within each city.

In contrast, lower levels of supply are projected to be available to the local authorities of Bury, Oldham and Trafford, which is likely to act as a constraint on supply and drive up need in the future.

The highest net annual need is located within the Central HMA authorities of Manchester (2,448 households per annum) and Salford (1,327 households per annum). In contrast, the lowest levels of net annual housing need are found in the North Eastern HMA authorities of Rochdale and Oldham.

In terms of demand for property by size it is apparent that the medium sized properties are in the greatest demand, with the most pressure being upon the two-bedroom and three bedroom stock within Greater Manchester. Demand for larger four bedroom accommodation and sheltered housing constituted the lowest level of bids.

Analysis of the ratio of bids made for each property size to the number of social properties coming available for re-let suggests that there is a stark supply-demand imbalance. This analysis reveals that at the Greater Manchester scale the greatest pressure is upon the mid-sized two and three bedroom properties and the lowest pressure is actually on the smaller bedsit/1-bedroom stock. This trend is also mirrored at the HMA scale.

At the local authority level it is apparent that tremendous pressure is being exerted on the social stock in several authorities. This is particularly the case in Trafford, where there were 240 bids made for every 3 bedroom house, and 137 bids made for every 2 bedroom house, which came available in 2007/08. Several authorities demonstrate a different trend, with the larger properties experiencing the greatest demand. This is the case in Bury, Manchester, and Wigan, where the highest pressure is on the 4 bedroom stock.

Turnover rates for different sized social rental properties show significant conformity across Greater Manchester. One trend that does emerge suggests that the highest rates of churn are associated with the smaller properties suggesting that the volume and churn of 1-bedroom stock results in each authority being better equipped to meet demand through supply in this size group. In contrast, the greatest pressure is on the medium to larger property sizes due to lower turnover rates resulting from lower re-lets.

There is a significant backlog of applicants in the majority of authorities. In order to develop robust affordable housing targets to reduce housing need it is important for authorities to develop analysis beyond this analysis in conformity with PPS3. Here, paragraph 29 of PPS3 reinforces that the economic viability of land for housing within an area must be established by local authorities, within Local Development Documents, to inform the development of a borough-wide overall target for affordable housing provision. Economic viability must reflect risks to delivery of housing development, adequate financing including public subsidies and the level of developer contribution that is reasonably achievable.

Key Issues for Policy & Implementation

Set in the strategic policy context of RSS housing targets it is evident that there is a significant requirement for affordable housing across Greater Manchester to meet the social housing demands of those considered in 'priority need' on the local authority waiting lists on an annual basis over the next five years (8,584 households annually). If Greater Manchester was to clear its current housing need backlog and keep pace with the need for affordable accommodation (assuming a one to one relationship), then it would be necessary for 89 per cent of all housing development brought forward towards the RSS requirement to be of affordable tenure on an annual basis over the next five years.

The greatest absolute numerical need is situated within the Central HMA when analysis is performed at the HMA scale. Net annual need is estimated at 4,667 households which equating directly into new affordable housing units represents 82 per cent of the total RSS housing targets for its authorities on an annual basis.

In contrast the lowest net annual need is focused within the North Eastern HMA. The annual need of 1,211 households represents a lower figure of 84 per cent of the total RSS housing development target. However, previous sections have illustrated the lower property values achievable in this area and the achievement of 84 per cent affordable housing on any future development is not realistic.

Therefore, the high levels of need identified set in the context of RSS delivery figures underscores the necessity for local authorities to develop robust evidence bases to support the economic viability of potential development sites in order to establish a realistic, and achievable, target for the proportion of affordable housing to be incorporated within new housing developments.

This holds particular salience with respect to the levels of housing need in a number of the Greater Manchester authorities including Trafford, Stockport and Wigan where the net annual housing need represented by priority housing need exceeds the annual average RSS housing development requirement for the authority.

Analysis of the supply of affordable (lower quartile) market housing absorbing demand illustrates that the supply of housing falling within the lower sales brackets is relatively small and therefore likely to have a limited impact on addressing need. This is an issue, alongside the evolving role of the private rented sector, which will require careful further monitoring given the current dynamic state of the wider housing market.

It is here that the future role of the private rented sector is key in Greater Manchester, for a high quality private rented offer is likely to absorb a significant proportion of those households in priority need requiring social rented accommodation with the assistance of housing benefit finance.

Housing led approaches focusing on addressing the levels of need through increasing supply represent an important component, however, focussing on household socio-economic circumstances and their ability to access other housing choices will also need to be careful monitoring. This is particularly key for those areas where affordability issues are primarily driven by low income levels and where concerted interventions are underway or planned to enable households to benefit from a wider economic growth and regeneration agenda.

However, importantly the overall current levels of need identified suggest that where it is appropriate, given the current tenure profile, new social rented stock will be required in the future in order to meet the needs of existing and future residents.

7 Strategy and Delivery Implications

7.1 Introduction

As an overarching SHMA for the Manchester City Region, the strategic and delivery implications flowing from the preceding analysis should focus on the requirements and trends that flow directly from the Manchester City Region and, where appropriate, HMA level, perspective, recognising that individual Local Authorities are undertaking their own Needs Assessments and will formulate their own policies. If taken forward to a more detailed level it ceases to be a strategic document and risks contradicting more detailed research conducted at sub-HMA area.

In addition, the SHMA itself is not a strategy document. Rather, it is intended to provide an evidence base to support the formulation of policy and strategies. Accordingly, this section begins by summarising some of the key issues arising from the analysis before going into greater depth on the identified topics.

The analysis has identified a number of shared issues that policy needs to respond to, therefore this section is structured to:

- First, set out the shared issues, implications for policy and potential barriers to delivery; and
- Second, provide a summary of HMA specific policy issues.

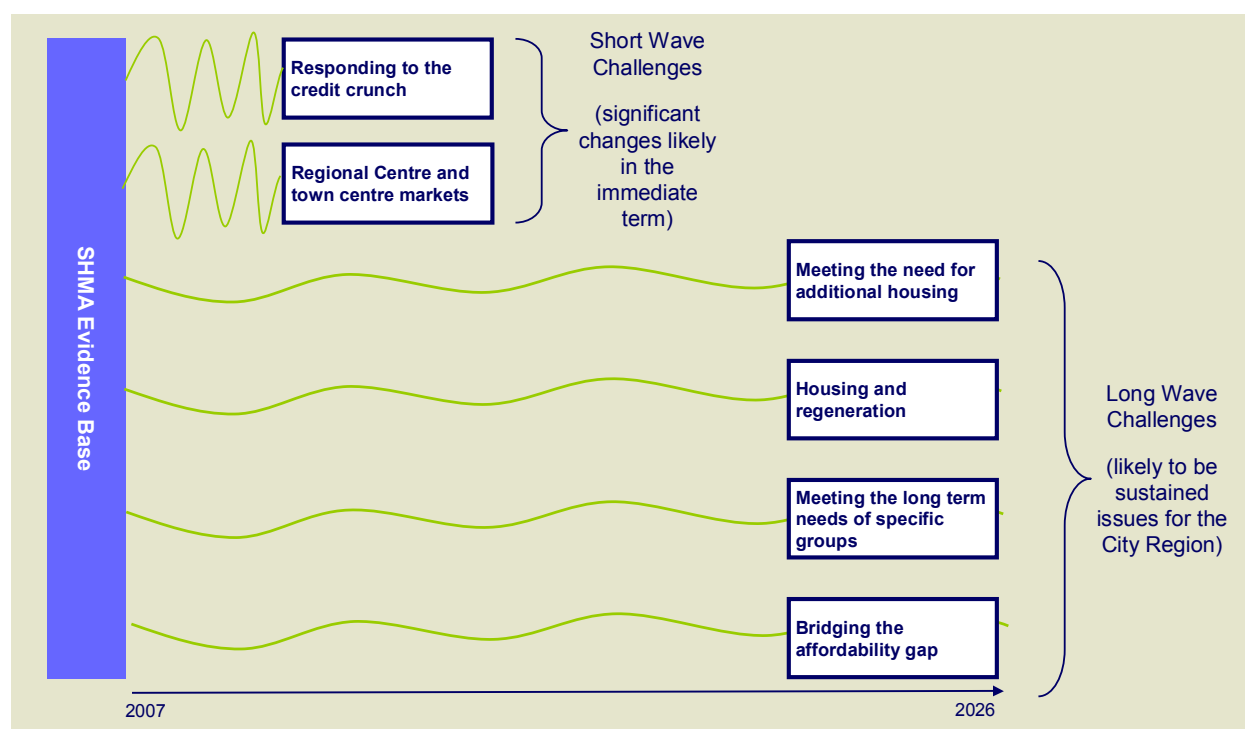
These will form the basis for future strategy and policy development work across the AGMA authorities. A key document in this respect will be the Single Strategy for Greater Manchester which represents a core output of the MAA established between authorities.

PART 1: SHARED ISSUES

7.2 Summary of key findings

The analysis has thrown out 6 main areas for consideration. These differ in subject but also in terms of the type and need for policy response or intervention. Two issues are short-to-medium term and are likely to be significantly linked to issues associated with the current stage in the economic cycle (although may have long term legacies), whilst the remaining four are termed 'long-wave' issues, as they are likely remain issues throughout the lifetime of the RSS and other policy and strategy lifecycles, even if current circumstances may obscure some of their immediacy.

Figure 7.2.a SHMA Strategy and Delivery Implications



Source: Deloitte Analysis

The two immediate policy and delivery challenges (e.g. short-to-medium term) issues are:

- Responding to the credit crunch; and
- Regional Centre and town centre markets.

The four key strategic (long-wave) challenges (where policy responses are needed for the long term, even if current circumstances might suggest some other short term issues) are:

- Meeting the need for additional housing;
- Housing and regeneration;
- Meeting the long term needs of specific groups; and
- Bridging the affordability gap.

The remainder of this section takes each of these themes in turn, starting with the strategic long wave challenges.

7.3 Meeting the need for additional housing

7.3.1 Key Issues

Although the issue of future housing requirements flowing from scenarios and economic trajectories continues to be a focus of work by NHPAU and NWRA, taking account of wider economic, demographic and land use planning drivers and policy choices, this SHMA draws a number of salient conclusions based on the economic modelling of the Greater Manchester Forecasting model and the scenarios adopted by the AGMA partners. The GMFM produces a number of key scenarios for future economic and demographic growth based upon specific Manchester City Region factors – these all point to significant household growth in the conurbation requiring levels of housing development greater than has been achieved in recent years. Greater Manchester's status as a New Growth Point will provide the impetus to deliver additional housing units over a nine year period, to support the forecast household growth of the conurbation.

There are four scenarios used for the purposes of this study:

- Baseline – defined by GMFM and representing Oxford Economics baseline assessment of prospects for economic growth in the City Region;
- Accelerated Growth – defined by GMFM and representing a ‘baseline plus’ scenario which includes planned developments across all 4 HMAs but equally accounts for likely levels of ‘additionality’;
- 5-year trend – based upon the demographic trends of the most recent 5 years and thus ‘economics-neutral’; and
- Economic Downturn – The GMFM now includes a scenario to reflect a significant economic downturn. This has short-term implications but longer-term economic growth is unaffected. However the impact of lower near-term growth on housing demand is still significant.

The results are summarised below:

Figure 7.3.1.a – Annual increase in Housing, 2007-2026

	Downturn	Baseline	AGS	5-yr Trend
Central HMA	3,400	3,900	4,500	4,400
North Eastern HMA	1,600	1,600	1,800	2,300
Southern HMA	3,300	3,800	4,200	4,600
North Western HMA	2,900	3,000	3,200	3,200
Greater Manchester Actual	7,800	8,400	9,200	10,100

Source: GMFM, ONS/GAD, Deloitte Analysis. Subject to double counting.

The key conclusion flowing from the GMFM-based analysis is the concentration of economic and associated household growth in the core area of Manchester (i.e. the Central HMA) in the baseline case, with the most significant premium in economic and housing growth under the Accelerated Growth Scenario also in Manchester. This emphasis is broadly reflected by current draft RSS figures which also show the highest provision of housing in Manchester. For these reasons, Manchester can be expected to be a focal point for growth (both economic and housing) in the Manchester City Region under GMFM. This is sensible if:

- wider policy aims are to increasingly locate people closer to major employment centres;
- actual demand for living in the Central HMA is strong; and
- there are credible sources of housing supply that fit with wider land use and regeneration strategies.

In the GMFM-based analysis, some districts fall into more than one HMA and there is therefore some double counting. Notwithstanding, this translates to the highest levels of housing growth in the Central and Southern HMAs (those areas including Manchester), with slower growth in the North Western HMA. The AGS housing premium is also lowest in the North Western HMA.

In the 5-year Trend case there is only uplift from the baseline in the Southern and North Eastern HMAs – stemming from growth in Stockport and Rochdale respectively rather than Manchester.

The implications of the shadow economic downturn scenario are that the housing requirements would fall across Greater Manchester by around 6,000 units or 330 units per annum, with more than half of this reduction in the regional core of Manchester and Salford. This implies that in any sustained downturn the Central HMA would be more susceptible to commensurate reduction in housing demand (as it is more likely to benefit in an upturn), whilst the North Western HMA is likely to be impacted to a lesser extent.

In addition to producing outputs for overall household growth, the GMFM outputs are used with other data and assumptions to produce outputs by tenure and type. Although these are helpful to the debate, the results should be treated with a degree of caution as they reflect choices made by those in particular occupations within the existing

population based on current mix. These do not therefore extrapolate perfectly to future stated need or preference and do not directly relate to the assessment of housing 'need' in Section 6.

In terms of 'social' housing – which in definition terms is included by the GMFM as described as intermediate or non-market housing – the local authorities of Manchester, Trafford, Stockport, Wigan, Rochdale and Bolton require most additional stock in the base case. Overall, this equates to broadly equal requirements for non-market housing in all HMAs in the base case. The highest levels of non-market housing are required in Manchester and Salford in the 5-year Trend scenario. Whilst the 5-year Trend Scenario may not be entirely realistic given implied levels of non-market housing, it serves to highlight the fact that non-market provision may not be as low as that implied in both the baseline and AGS.

Ultimately, ensuring that the supply and demand dynamic achieves a level of equilibrium across tenures should, in line with government policy and the work of the NHPAU, lead to the alleviation of affordability issues as a result of the wider balancing of the market. It is therefore critical that the overall assessment of the scale of the affordability issue, including an assessment of housing 'need' is carefully monitored.

In mix terms, the analysis suggests that for Greater Manchester as a whole there is likely to be a reduction in absolute terms in the level of demand for terraced housing. All other types of housing are likely to see absolute increases in demand, with the most significant being for flats and semi-detached properties. Although demand for semi-detached will increase in absolute terms, the model suggests that in *relative* terms it will fall and account for a lower proportion of total demand. It is important to note that these forecast demand trajectories are formulated through trend analysis and do not incorporate value or policy judgements.

In the baseline case, each HMA is expected to see different growth patterns and hence different mix outturns in 2026:

- The North Western HMA is characterised by a stronger than average change in mix toward detached and semi-detached houses at the expense of terraces and flats;
- The Central HMA growth is likely to see a relative increase in demand for detached, semi-detached and flatted properties at the expense of terraces;
- The Southern HMA could see a shift towards terraced and flatted properties (potentially in tune with spatial constraints) rather than houses; and
- The North Eastern HMA will realise a stronger than average drop in mix for terraced semi-detached and flatted properties.

The crucial point, however, is that demand for all types of housing apart from terraced will be higher across all HMAs if the baseline economic outcomes come to fruition and demand across different occupations for particular house types stays the same. The mix shift could be stronger (or weaker) if either level of growth or mix of occupations is different.

The analysis of the recent supply of new housing development indicates that these deficiencies are not currently being addressed. It has illustrated the distinct split in types of units completed within recent years between the Central and Southern markets and the North Eastern and North Western markets. The districts within the central and southern markets have witnessed very high levels of development of flatted properties with relatively low levels of new units classified as larger family housing. Within the central market area this trend is particularly noticeable as a result of the phenomenal growth of Regional Centre apartments over the last five years. Within the north eastern and North Western markets new development has been more balanced with a greater number of traditional family houses built, especially in the more peripheral areas. These distinctions clearly reflect the effect of policy, with local planning authorities in the southern and central areas constraining the supply of sites to the market as well as proactively focussing growth back into the Regional Centre. Where land has been more readily available which suits the development of lower density housing, i.e. within the North Eastern and North Western markets, the market has responded.

Significantly, the analysis has indicated that policy has been, at least in part, successful in delivering new housing in those areas which in the past have been identified as 'failing' or of low market appeal. This is particularly true in the HMR areas within Salford, Manchester, Oldham and Rochdale but has also been replicated in other authorities across Greater Manchester to a lesser extent. Although there is a need to recognise the significant role of the Regional Centre flatted market within the increased supply within the Manchester Salford HMR area, there is no doubt that this approach has helped to create new markets and hopefully strengthen the overall market.

Greater Manchester as a whole has witnessed relatively high levels of house building over recent years, clearly responding to the elevated levels of market demand which have been driven by both demographic and economic

factors. However, the contribution of flatted properties to this overall figure is considerable (and arguably fuelled more by non-resident demand drivers i.e. investor activity) and given the analysis through the HMA (including the current impacts of the 'credit crunch'), the levels of completions of this property type are unlikely to be sustained at least in the short term, unless the conditions in which new development take place change. This means:

- Maintaining or increasing sufficient supply of land for development;
- Setting land for development within the appropriate land use context, particularly in urban areas (reflecting both demand for housing but also the importance of retaining sufficient employment land to maintain the long-term delivery of sustainable economic growth);
- Setting planning and other standards at a level that meets policy objectives without prejudicing viability and/or where necessary, providing necessary funding support stimulate market interest; and
- Delivering the necessary physical and social infrastructure required to build sustainable communities.

7.3.2 Implications for Policy

Overall Housing Requirements

The analysis flowing from the baseline scenario in the GMFM (which does not take account of wider land use policy choices) indicates that the overall level of housing required in each district and thus HMA in the baseline is marginally lower than that seen in Draft RSS. In general the baseline implies a modest reduction in authorities' requirements against the RSS with a greater concentration of growth in the urban core of the Manchester City Region, in Salford and Manchester and thus the Central HMA.

Given that the GMFM and RSS figures flow from two entirely different methodologies, the relative similarity in overall numbers is encouraging.

The Accelerated Growth Scenario is focused on a greater concentration of growth in Manchester and Salford as well as higher growth elsewhere and the housing requirements flowing from this come closer still to the figures embodied in draft RSS. In this context the draft RSS can be viewed as an 'upside' scenario, reflecting the regional policy commitment to and aspirations for growth.

Whilst the Manchester City Region has strong aspirations, sufficient consideration of the downside must be made when formulating future strategy, and whatever strategy is implemented it must be cognisant of the fact that long-term prospects (rather than short-term fluctuations) can change. Any strategy must be capable of responding to such circumstances.

There has also been value in considering the implications of slower-than-anticipated economic growth on the housing market through the interim 'downturn' scenario produced within the GMFM. A full run of the 'downturn' scenario is due in Autumn 2008, and this should be scrutinised in a housing market context when it becomes available. In all likelihood the prospects for the City region will be worse than those embodied in the interim version featured in this report.

In a housing context, the Manchester City Region should assess the potential implications and risks that could flow from build rates exceeding increases in demand in the short-term. It may be necessary to consider putting appropriate monitoring and responsive mechanisms in place. However, it should be noted that the market will self-regulate to a great extent – and indeed it is already doing so with developers responding to falling demand and prices – and also that the prospects underlying fundamentals remain strong into the longer-term.

In general terms, it is clear that a monitoring framework needs to be in place to consider:

- Progress against the economic scenarios;
- Demographic and housing change associated with economic growth;
- Delivery of new housing against targets and what measures might be needed to direct and drive growth in locations where need is most acute; and
- Achieving the right mix of housing type and tenure.

It is difficult to draw robust and clear conclusions around the implications of mix analysis for HMA housing strategies due to some of the data limitations encountered in the study. In broad terms any strategy should aim to influence build patterns to reflect the likely (long-term as opposed to short-term) demand for apartments and detached homes

within a broader mix within each community. It is equally important that regular updates are made to ensure that circumstances have not changed the direction of change.

Within the overall change in the nature and pattern of housing mix in strategic terms along the trends outlined above. In doing so, it is important to take a view on the need to achieve a broad mix of type and tenure within neighbourhoods as part of sustainable communities, with a broad range of housing choice, catering for households at different stages of their housing career.

The policy choices flowing from barriers to delivery

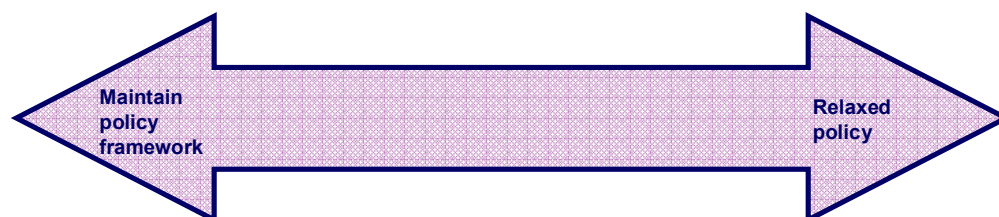
There are two dimensions in considering the barriers to increasing the supply of new housing both overall and in achieving more sustainable mixes of type and tenure:

Over the long term, there is a need for a sustained increase in supply, beyond that which has been achieved during the strong economic circumstances of recent years. There is a need to think about what might have constrained supply within a strong economic climate over recent years and address these constraints. This might include relaxing some of the land supply constraints (e.g. flowing from the sequential approach introduced by PPG3 and the greenfield moratoria) to release additional sites for development (e.g. Greenfield sites in attractive peripheral areas or employment land)

In the short term, there is every indication that the market will see a reduction in supply, impacting most in the flatted market and those areas (e.g. regeneration priorities) where the development risks are greater and the market is less confident. There will also be a challenging time-lag for market adjustment where prices already paid for land do not reflect achievable end sales value. Hence, delivering an increased supply (or even maintaining current levels of supply) in this period will require some quite significant policy or other interventions. There is a need to think about whether the potential trade-offs associated with interventions of this sort (e.g. injecting additional funding, reducing requirements for design standards and planning obligations etc) are justified or whether a shortfall in supply in the immediate future is a better outcome.

Flowing from this, there is a real choice on how to respond, a point between two extremes.

Figure 7.3.2.a – Policy Options



Source: Deloitte Analysis

Relaxing Policy

Elevating levels of new completions as prescribed through Draft RSS is likely to be increasingly difficult under the current market conditions. Therefore consideration will need to be given to the role which policy can play in maintaining supply levels.

A choice in which authorities across the Manchester City Region relax policy to facilitate an almost unconstrained supply of new sites across Greater Manchester would carry a chance of increasing the number of units developed overall, even within the current constraints imposed by the market. This could also be coupled with a reduction in the demands placed on developers, for example: quality of development, affordable housing provision, sustainability, to encourage the overall development of new units. Although this might increase overall supply, there would be significant risks which may go against the principles underpinning Greater Manchester's potential New Growth Point status, which is not just about additional numbers, but also about making sure that the additional homes are of the right type/tenure/size etc. to meet expected requirements:

- Volume of new housing – a relaxation of policy, leading to potentially enhancing developer margins, in the current market climate is unlikely to affect macro-level conditions. Therefore the actual uplift in the volume of housing delivered may be limited;

- The distribution of new housing – developers are likely to develop out those sites which are more readily available for development and, in the current climate particularly, are unlikely to build new housing in more constrained areas, which are likely to include many regeneration areas;
- The levels of affordable housing delivered – a relaxation of requirements on developers would result in fewer affordable units being built as a proportion of the overall supply. However, with overall supply at elevated levels even lower proportions required of developers could lead to a growth in the supply within this tenure;
- A fall in the level of quality – accepting lower levels of design quality¹¹⁷ would mean a fall in the overall quality of the product delivered and undermine the significant advances made through progressive planning over recent years;
- A potential reduction in the level of sustainable features incorporated within new units or at least a failure to respond to planned targets around Code for Sustainable Homes targets. The result of this might be the creation of housing which is less likely to stand the test of time;
- Release of sites that are available for development but which are less likely to meet other policy requirements or be integrated with sustainable transport etc; and
- Loss of employment or other land that might otherwise be required for new economic development or other uses either in total or as part of mixed use developments.

7.3.2.1 Maintain a strong policy framework

The other less reactionary policy response is to maintain the current policy approach, which can be broadly characterised as being:

- Focusing development on previously developed sites and regeneration areas before considering major Greenfield release – including a sustained focus on ensuring that the regional centre and other town centres continue to be vibrant hubs enabling sustainable economic growth in the future
- Increasing the emphasis on design quality, housing mix, and achieving sustainability objectives in terms of both what is developed and the way it is served by infrastructure
- Increasing the supply of affordable housing as a proportion of supply

If this extreme is pursued, without a fiscal stimulus, there may not be the necessary increase in supply and that, with the major downturn in apartment development, there will be a reduction in supply in the short-term.

A Way forward

Clearly, the policy approach is one for the Manchester City Region and its constituent authorities to consider, taking account of a wide range of factors. From the perspective of the SHMA evidence base, the following factors are considered to be relevant:

- The baseline scenario suggests that a housing requirement below that of RSS is still capable of delivering / facilitating strong economic growth. Delivering at lower rates is not going to hamper the successful growth of the economy significantly in the shorter term.
- Despite the concerns around the capacity of the private sector to develop additional housing to match demand over the next few years, policy needs to take a longer-term perspective of the overall cycle of both the housing market and the performance of the wider macro economy. Planning for short-term instabilities is likely to reinforce issues around maintaining a new supply as opposed to setting a strong policy foundation.
- A 'shortfall' in supply against the RSS or GMFM outputs is in the short term unlikely to accentuate affordability issues. However, the analysis throughout the HMA has indicated that affordability and entry into the owner-occupied housing market is a significant concern and unless there is a significant and sustained fall in house prices it will remain a priority issue for the AGMA area. Even under a potential scenario of sustained house price reduction the current limitations around gaining mortgage finance would, unless rectified, continue to sustain affordability issues.

¹¹⁷ Note: this does not relate to building regulations or standards which are set to a prescriptive level

- If there is to be a sustained increase in supply over the medium to long term, it does appear likely that the development industry will require additional sites to be released, and, notwithstanding the need to give priority to area-regeneration, some relaxation of policy over the release of sites is likely to be needed – linked to a tandem release of ‘brownfield’ land. This would need to be in line with PPS 3 planning ideology. The release of additional sites will be linked into the housing growth and Housing Green Paper policy agendas and follow a managed approach that protects area based regeneration and also the safeguarding of a sufficient quantum of employment land.
- However, given the wider challenges associated with the quality of housing stock, and the broader need to address issues of sustainability, there is a need to think carefully before relaxing other aspects of policy (e.g. around mix or design quality, particularly in more challenging market areas) as these are factors that will ultimately influence the long term popularity and success of neighbourhoods.
- Evidence suggests that the current market conditions are in a number of cases leading to developers selling units to RSLs. This unintended market response, alongside current funding streams through the NAHP could lead to a slight uplift in the levels of affordable housing delivered, addressing in part the levels of unmet need identified through the HMA. However, the location and context of these sales needs to be considered as it is important that wider long-term objectives to create mixed tenure estates and neighbourhoods are not undermined through reactive approaches. Carefully monitoring the levels of housing delivered as a result of this shift is an important element in understanding the pressure placed on further new developments to deliver high proportions of affordable housing.
- Alongside this, the analysis has also indicated that the private rented sector has grown significantly over recent years as a result to the buy-to-let phenomenon as well as the significant supply of new flatted developments by investors. This tenure does not represent the same safety-net as the social-rented sector and also has notable issues around the quality of stock in a number of areas across Greater Manchester. However, it is clear that the tenure has increasingly played a wider role in the housing market, and not simply representing a ‘last resort’ for households excluded from social rented housing. Rental levels have closely matched income levels and are unlikely to rise, and indeed may fall, through a period of economic uncertainty (areas of high demand e.g. student markets are likely to maintain strong rental prices). The growth in this tenure should provide a relative ‘cushion’ for meeting the needs of a proportion of the housing market who could otherwise be assisted into the owner-occupied tenure through intermediate housing products over the short-term, and indeed it may support much needed improvements to the quality of stock. If development of affordable units does not match the levels of need identified through the HMA and separate housing needs studies it is unlikely that this will create significant issues with regard to facilitating wider growth in the economy over the short-term. Although it is important to note that the overall assessment of the scale of needs and the income profile of Greater Manchester suggests that delivering a sufficient quantum of affordable supply will remain a priority. Over the longer-term assuming that the economy stabilises and returns to a sustained period of growth the delivery of affordable housing should remain a greater priority in ensuring the future development of a balanced offer which meets the needs of all households. Failing to respond to the clear underpinning high levels of ‘need’ in the longer-term can only act as a further barrier to sustainable economic growth. However, the supply side responses to this challenge will involve a range of tenure and affordable housing products.

7.3.3 Summary of Recommendations

Although supply may be softening at the current point in the economic cycle, there is a likely requirement to release additional land for development to meet higher targets in the long term. Any such land release will be through a managed process that will need to be phased in a way which protects area based regeneration of fragile housing markets. There are significant merits in maintaining policy objectives around design quality, regeneration, sustainability, mix and affordability in new developments, even if in the short term, this coincides with a slight downturn in supply.

Given the need to increase build rates beyond what has been achieved in recent years, and in all likelihood without the same contribution from the apartment market in the Regional Centre, there is a need to ensure sufficient quantum of land over five-ten year cycles to deliver the necessary build rates to meet GMFM and RSS numbers. This may mean additional greenfield release, or other policy mechanisms such as policy flexibility to incentivise development of hardcore brownfield sites.

Although affordable housing is an important component of any scheme, it is important to set the level of affordable provision appropriate to reflect viability issues and the broader range of planning obligations/infrastructure requirements. A lower proportion of a higher level of supply will yield greater levels of provision.

Given the important role of the private rented sector in meeting needs, there is a need to give it the appropriate attention to improve standards, through HMO enforcement and Landlord accreditation

7.4 Housing and regeneration

7.4.1 Key Issues

Serious deprivation issues remain across urban areas within Greater Manchester. It is a multi-faceted issue. Condition and choice of housing is just one element but is an important component which will need to be addressed in tandem with important work on employability, education, social and community aspects.

Across many of Greater Manchester there is expected to be an increase in the number of people working at either end of the occupational spectrum – effectively further polarising earnings and areas. According to occupational projections in GMFM this is likely to happen be most significant in Tameside, Oldham, Bury, Stockport, Salford and Manchester. In other areas the model suggests that relative shift in occupations is likely to be from medium to high earning occupations.

Given the stubborn persistence of multiple deprivation in many neighbourhoods (where increase in life chances of individual households often results in out-migration from that neighbourhood, and where policy interventions may impact only over generational change) there is likely to be further increase in inequality and, associated with this and other cultural factors, social polarisation at local level within HMAs and districts themselves. It is not appropriate in a City Region SHMA to forecast at a detailed spatial level, but it seems logical to suggest that if inequality and polarisation worsens in the aggregate (as indicated by the GMFM) then the areas where polarisation and inequality are currently acute will worsen with time, unless appropriate policy responses are formulated.

As a result of the Government's Decent Homes programme there has been significant investment in the social rented stock of all of the districts across Greater Manchester. Given the identified continuing requirement for social rented stock across Greater Manchester it is important that the quality standards achieved through Decent Homes continue to be maintained in the future, and also, that the quality of social stock continues to match the changing requirements and, where possible, aspirations of residents for improved accommodation. However, as noted elsewhere in this SHMA, tackling the issues of affordability and deprivation require intervention at source – through improvements in income amongst lower-earning cohorts and a reduction in worklessness – as well as through addressing the supply of affordable housing.

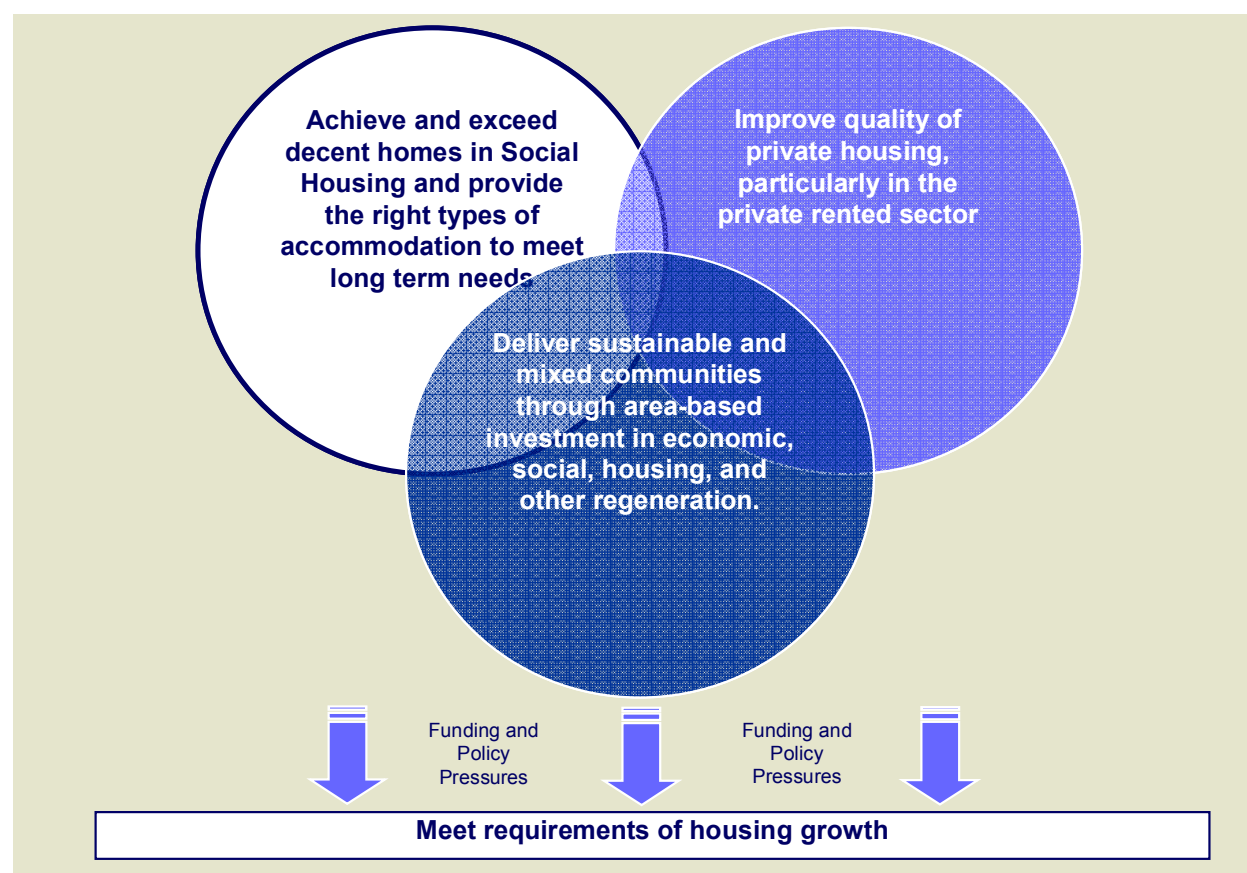
The current findings from the regional assessment of the quality of private housing across Greater Manchester indicates that there remain high proportions of properties which are classified as not achieving decency standards. This is particularly noticeable within the private rented sector where there continue to be very high proportions of properties classified as non-decent. Proportionately the North East SHMA has the highest proportion of non-decent properties at 47 per cent and the North Western the lowest at 27.4 per cent. However, it is important to note that pockets of non-decent stock are identifiable in all of the HMAs including the Central and Southern HMAs.

High levels of migration have been identified through the assessment of the demographic trends of recent years. This has included a significant in-migration of economic migrant labour which has placed increasing pressure on the housing stock. This rapid increase in households, many of whom are unlikely to perceive housing as an investment, is likely to have distorted the overall demand picture for housing in a number of the more vulnerable areas in which poorer quality stock is concentrated. This represents a significant potential issue in the future, as stock which is of a condition which under normal market conditions would not be attractive for purchase or renting is being occupied and potentially falling into a state of further disrepair with little incentives for landlords to invest.

7.4.2 Implications for Policy

Ultimately, there is a real challenge for policy makers around setting priorities for investment given limited public and private resources. Simply put, in a policy environment where there is a significant emphasis attached to meeting the need for new housing, there is unlikely to be sufficient finance from public or private sector to deliver the scale of investment required to deliver the triumvirate of housing regeneration requirements:

Figure 7.4.2.a – The Three Priorities for Housing Regeneration

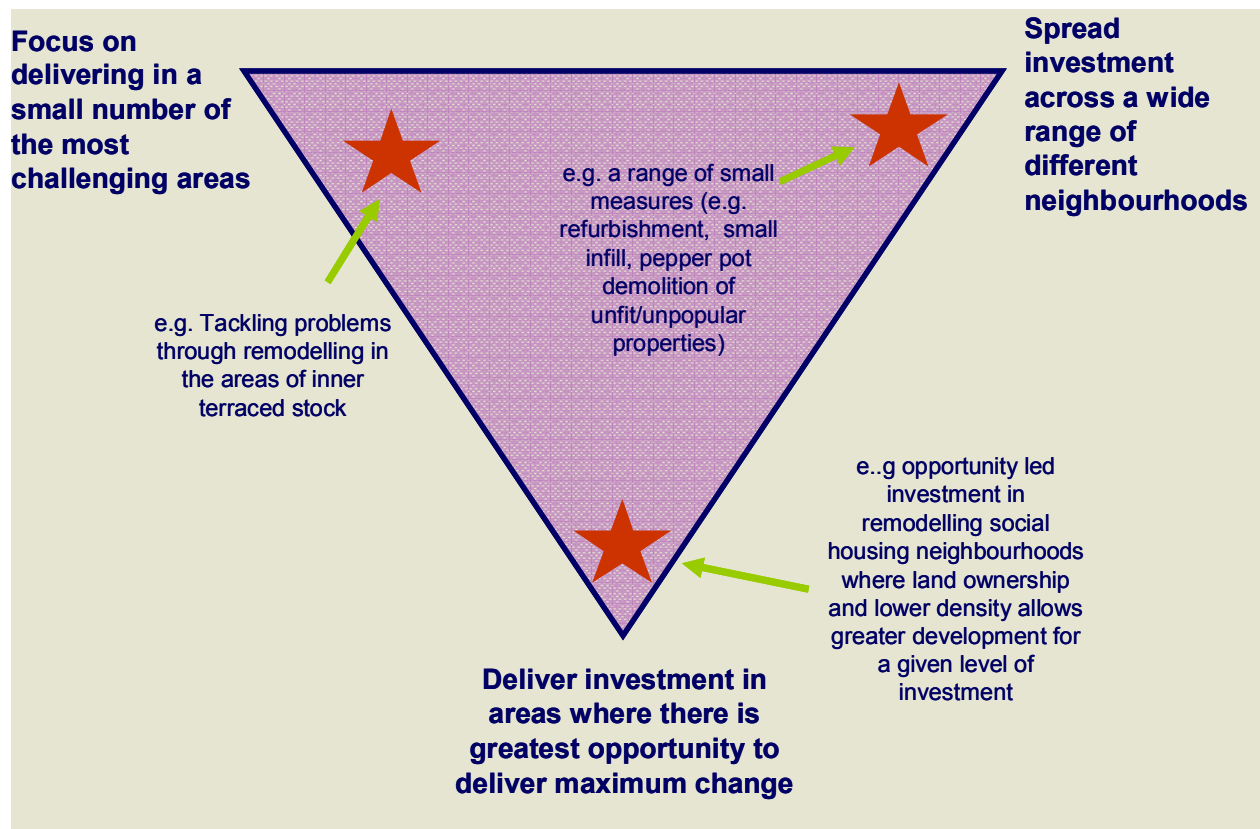


Source: Deloitte Analysis.

This does not mean that significant change cannot be delivered. Across the board, there is need to understand and apply the more creative approaches to leveraging private finance (from developers, landlords, residents) into these three priorities. Although the current climate is difficult, over the long term, mechanisms focused around capturing the inherent value of land and property and the uplift that flows from regeneration, infrastructure investment and a rising market need to be pursued.

However, there is a need to understand the policy choices that exist between:

Figure 7.4.2.b – Policy Trade-Offs



Source: Deloitte Analysis

How different HMAs and individual districts position their response will depend on local circumstances and priorities, and the Workshop revealed a range of different views on how limited resources would be best invested. However, there does appear to be broad agreement that a 'whole neighbourhood' approach is required that tackles issues across tenure, and strongly link to broader policy (e.g. tackling the problem of affordability at source where possible rather than through a primary focus on supply led responses) and investment priorities (e.g. in schools and supporting infrastructure).

7.4.3 Overcoming barriers to delivery

There are a number of key barriers to delivering the policy agenda for housing regeneration:

- Levels of developer interest in more risky regeneration projects especially in light of current market conditions;
- Securing sufficient funding to deliver;
- The Business drivers of social housing landlords;
- Achieving private investment in privately owned stock; and
- Resident and stakeholder alignment.

Following what is an unprecedented period of market growth; the current economic climate represents a potential barrier to successfully maintaining the momentum of regeneration of those vulnerable housing markets across Greater Manchester. Within a less buoyant market, developers are looking to minimise risk and therefore the greater risks (albeit with potential greater reward) attached to emerging markets present a comparatively unattractive proposition for development. Stakeholders identified a number of examples where schemes were being threatened.

Approaches open to partners in responding to this include:

- Reviewing the potential opportunity to reduce uncertainties, minimise risks, balance more challenging aspects of the project with more attractive opportunities (e.g. other sites);
- Delaying the taking of the development opportunity to the market until the economic context is more positive. This may be stakeholder and resident confidence issues associated with delay that would need to be managed;
- Injecting additional public investment to the opportunity to bridge gaps in funding; and
- Putting in place the necessary governance and delivery structures that maintain the right sharing of risk and control between parties.

Securing sufficient funding to deliver

The need to secure resources to deliver regeneration will remain a challenge. There are a number of opportunities to pursue:

- Notwithstanding the challenging current market issues, in the long term, the private sector represents the best opportunity for releasing the value needed. But the right mechanisms need to be in place to deliver and capture this value. There is a need to think carefully about how relationships with the private sector are structured, and the associated procurement process, to avoid many of the problems that flow from developers acting as monopoly suppliers, and what mechanisms and incentives are needed to align public and private objectives;
- Maximising use of public sector land assets, including but not limited to, the greater use of Local Asset Based Vehicles, as a vehicles to both attract private sector funding to match the value of public sector assets, and to realise value and regeneration through development;
- Understanding which area-based regeneration priorities have the greatest opportunity for attracting resources either because of a close link to public sector land assets, less complex land ownership, or high latent private sector interest; and
- Aligning public sector funding around area-based regeneration. The UK has experienced ten years of investment in its infrastructure, and notwithstanding a tightening fiscal regime, significant investment in schools, health, transport and other infrastructure is projected to continue. Such investment, aligned to area-based regeneration, has significant potential to deliver a step change in many neighbourhoods. Priorities should be closely mapped to ensure that public sector investment is properly coordinated.

The Business drivers of social housing landlords

Social housing providers often find it difficult to support more radical changes in neighbourhoods (particularly around the Hills Review agenda of mixed communities and the stock and tenure remodelling associated with it), because their business plans are underpinned by projections of future stock levels that would be impacted by many proposals.

However, the housing growth agenda provides an opportunity to unlock these constraints by providing wider opportunities for re-provision and new stock additions in new locations, diversifying stock across neighbourhoods and providing the necessary revenue streams required to sustain their business models. Securing the right area-based partnerships with social housing providers helps to frame solutions in the right context.

It is also important to apply a reality check to assumptions in existing business plans. The rapidly changing demographic and housing trends mean that assumptions made even five years ago may no longer be a sound basis for planning, and any area-based solutions need to be set in the right context.

Similarly, there is a need to explore the new financing arrangements that will be needed to deliver additional improvements in quality of existing housing stock to meet rising aspirations.

Achieving private investment in privately owned stock

The finite availability of funding to address non-decent stock within the private sector also represents a notable barrier. The projections of future levels of decency indicate that if the current levels of funding are maintained through existing programmes the overall proportion of non-decent stock is unlikely to fall markedly over the next fifteen years. The improvement of stock remains dependent upon private sector investment (i.e. through home-owners investing their own capital in their property), and here the wider state of the housing market and the economy will have an impact. A number of scenarios are presented through the assessment of decency through the research commission:

- Reduction in Private Investment – assumption that the current economic problems reduce the level of direct household investment; and
- Increase in Private Investment – assumption based on the result either of a reversal of the current economic climate or the result of the slowdown in the housing market causing people to focus on making improvements to their home rather than moving home.

Further monitoring of the levels of non-decency within private sector stock will be required regularly to assess the trajectory of change and therefore the required public sector response and levels of investment.

In the face of limited resources for public sector investment in private stock, the role of carrot and stick mechanisms (such as compulsory licensing of HMOs and selected areas) should be pursued vigorously, particularly in tandem with wider regeneration activity to maximise prospects of a whole neighbourhood approach.

Resident and stakeholder alignment

There are many different public and voluntary sector agencies involved in shaping and delivering regeneration, and these agencies and individuals have different objectives. Whilst these are generally pointing towards the same goal, it is often the case that priorities are not aligned. This fragmentation can harm delivery, and is a particular deterrent to securing investment from the private sector, which will focus its efforts on locations where there is a strong leadership corraling different agencies towards a common goal. Stakeholder alignment is about how to achieve this. It involves:

- Getting all relevant 'stakeholders' to understand how, when, where and why they should deliver;
- Demonstrating leadership and establishing a clear set of objectives that all stakeholders understand, accept and align to; and
- Actively managing people and organisations who can most influence success of a project so that their aims, strategies, plans, resources and priorities are actively supportive of that strategy/policy

In locations where change is required, it is important for partners to put in place a strong and structured approach, linked to the governance arrangements for strategy formulation and delivery.

7.4.4 Summary of Recommendations

In the face of limited resources across a significant range of regeneration challenges, there is a need to be clear about the policy approach and how to prioritise across and between areas and types of intervention based on the objectives of partners.

There is a need to put in place strong mechanisms for engaging the private sector, understanding the right stance to take in the short term uncertainty, and structuring delivery for the long term in a way that maximises value capture

The role of public sector assets and other funding options should be explored to maximise the potential of public funding

Harness private sector renewal powers (including compulsory licensing) to maximise investment in poor quality stock, particularly in pre-1919 areas.

Strong stakeholder and resident engagement and alignment mechanism will be needed to deliver change.

7.5 Meeting the needs of specific groups

7.5.1 Key Issues

One of the key characteristics of the current market, which will be accentuated if current trends continue, is the need to meet the housing requirements of specific groups, notably:

- The elderly;
- Younger people and students;

- International in-migrants; and
- Black and minority ethnic groups.

A major area of focus will need to be the **elderly**. Of late, older cohorts have been much more likely to owner occupy than in the past and this is expected to continue in future with increasing wealth, age longevity and changing aspirations. So, for a given pool of older people, it may be expected that more homes for owner occupation will be required.

The contrast between changes in owner occupied accommodation highlights affordability issues amongst the younger cohorts. The private rented sector has now become the tenure of choice amongst younger cohorts, not least because of affordability considerations exacerbated further by current housing market conditions.

This is of some importance given the magnitude of change expected in the age profile of the population in each HMA. The over 65 population is expected to double in absolute numbers in each of the HMAs over the next 20 years. This will lead to higher dependency ratios in all HMAs but the population shift is expected to be most marked in the North Western HMA where the proportion of over-65's will rise from around 18.5 per cent to 25 per cent over the period. The North Eastern HMA will see the next largest rise in relative terms from 16.5 to 19.5 per cent.

Together, an increasing demand for owner occupation as well as a significant rise in absolute numbers means two things:

- Housing will need to be suitable for this cohort of older people; and
- It may also mean that it could be harder for younger cohorts to owner occupy.

Requirements for older people are likely to differ substantially between HMAs, with, in broad terms, the Southern HMA seeing the most affluent retirees, the North Western HMA seeing middle-income retirees and other areas seeing lower-income retirees. This will affect what is required but at this stage it is difficult to hypothesise as to what the requirements might be.

As well as changing levels of demand for housing amongst specific cohorts, the type of demand may change. This is particularly so for older cohorts who are now more likely to reside in their own home for longer and at older ages. The UK Government is already putting in place legislation to ensure new builds are fit-for-purpose or 'future-proof' as an acknowledgement of the magnitude of the shift towards an older population and the likely requirements of the cohort.

At present pockets of **younger persons and students** are concentrated in Central and Southern HMAs, many of these concentrations are student-based. With the exception of the Central HMA, where older cohorts tend to be less prevalent, the older population is reasonably well distributed across the three other HMAs, although pockets do exist towards the northern reaches of the North Western and North Eastern HMAs. In certain areas there are concentrations of student and/or young persons together with other population cohorts, which has led to Manchester Council considering the policy of student location.

A number of the discussions facilitated through the HMA process suggest that we are currently witnessing a rapidly changing market with regard to student households and younger person households. The universities in the Regional Centre continue to implement their plans for expansion which indicates that an increase in the overall number of students is likely over the next few years. Importantly this expansion is set to include a greater proportion of overseas students which will raise demand for student accommodation. However, a number of other external factors make it difficult to gauge whether there will be an overall net increase in students requiring accommodation. These factors include the assertion that the escalation of fees is leading to a greater proportion of students residing at their parents' home, at least for a number of years of their degree which would lead to a reduction in the overall quantum of accommodation units required. Consultation has also indicated that aspirations regarding the quality of accommodation have risen as a result of both the increase in fees being paid by students but also as a result of an increase in newer privately owned purpose built units.

Affordability issues represent a significant issue regarding younger households, with the evidence within the HMA suggesting that this group in particular have looked increasingly to the private rented sector to meet housing needs. The high levels of flatted developments witnessed in recent years, particularly in the Central and Southern markets have catered to meeting the needs of young professionals and indeed the scale of supply suggests that this will continue to serve demand from this demographic sector of the market in the future.

The increase in private rented properties in other sectors of the market as a result of the buy-to-let mortgage phenomenon has also assisted in meeting the needs of younger households with lower incomes. However, the

notable increase in the gap between the cost of renting and purchase (mortgage repayments) witnessed over recent years, represents a significant issue for ensuring that younger households are able to make the next step up the property ladder. This is particularly true of the southern market area where average house prices represent a significant obstacle for households with comparatively low incomes, including younger households, to enter the owner-occupied tenure. The cost of purchase has also been further compounded as a result of the lack of mortgage finance currently available to first time buyers. Until this element of the market corrects itself, even with a closing of the gap between purchase and rental levels as a result of the reduction in house prices, the private rented sector will remain a key tenure for this element of the market.

There is known to be a lack of supply of family-sized properties in many areas of the HMAs, which has been caused by prevailing market conditions and planning policy. However, the current market climate may lead to the delivery of a more balanced profile of new supply with family accommodation seen to carry less of a 'risk' by the development industry. Policy will need to monitor carefully the impact and scale of this potential redressing of the imbalance in housing type in evidence currently.

Stakeholder consultations suggest that **international migration** is happening and comes with many challenges although attempting to quantify the levels of in-migration to each HMA is a difficult and much analysis on the topic is essentially conjectural. It is known, however, that as the economic situation in the AC10 countries has improved, and migrants are starting to return home reducing the net inflow. The extent of this return remains to be seen but the problems associated with large migratory influx could disappear as quickly as they have arisen. However, on the other hand, in low demand/vulnerable housing market areas, AC10 migrants may have generated demand for housing and their departure may cause problems rather than solve them.

The **Black and Minority Ethnic population** of Greater Manchester is concentrated upon a North-South axis through Manchester as well as in Oldham, Rochdale and Bolton. By far the greatest ethnic group in Greater Manchester is the Pakistani community, which is concentrated in the North Eastern HMA, but also within the Central and Southern housing market areas. Other Asian Communities (including the Bangladeshi population) are also concentrated in the North Eastern HMA. The analysis on overcrowding by ethnic origin suggests that this is particularly an issue for Bangladeshi and Pakistani households in this area. Ethnically segregated housing markets are also more common among these ethnic groups which will have a knock on impact of the North Eastern HMA. Consequently, the segregation can, and does, lead to cohesion issues which are not conducive to economic growth or sustainable neighbourhoods.

This continues to pose a problem for BME communities in the Manchester City Region, with housing a clear contributory factor. This is especially the case in the North Eastern HMA, where sections of the community are increasingly polarised, both with respect to other areas of the districts in question and the wider Manchester City Region as a whole and will need to be tackled as part of a multi-agency approach if things are to change for the better.

Minority groups display different needs. As examples, owner occupation tends to be highest amongst Asian communities, but this tends to be associated with overcrowding. Overcrowding is also known to be a problem in Chinese communities. Social renting is much higher amongst black ethnic groups;

Just as groups have different needs so does each HMA. The Central HMA, with its 'traditional' BME communities may act as a first 'port of call' for migrants before selective dispersal to other areas of the Manchester City Region. Whilst the Southern HMA has a relatively small ethnic population, the North Eastern HMA is characterised by high levels of social polarisation, both within and outwith the HMA such that some communities are perceived to be economically and socially isolated from the rest of the HMA and Manchester City Region. This is a particular challenge as the lack of social cohesion and relevant housing infrastructure is perceived to be a significant barrier to economic growth in the North Eastern HMA and can give rise to broader social policy issues.

7.5.2 Implications for Policy

The tendency for 'under-occupation' of existing housing stock created by **older households**, is likely to be exacerbated by the trends highlighted in this section. The data suggests that the older population will grow and will increasingly want to remain in owner occupation. This has ramifications for the rest of the market - older households of lower size will have significant spillover effects, and these need to be accounted for in policy making. These ramifications are likely to be greater in areas with unaffordable properties such as the Southern HMA.

For the older market, the problem is one of meeting individual choice in terms of size, quality and location, within the context of wider market requirements for families and younger cohorts. In location terms, there is clearly the potential for the outward drift of older affluent residents to the Manchester City Region hinterland (as evidenced in the earlier

migration analysis) but could also be a counter-shift towards City and Town Centre living to be near amenities for less affluent;

More likely, however, amongst those in the market for tailored accommodation, according to the developers McCarthy and Stone, is a relatively local outcome. They suggest that 80 per cent of their clients do live (and therefore want to live) within 5 miles of their previous place of residence.

A key question in all this is *'how do we define elderly households?'* For the purposes of this analysis we have used retirement age for statistics as per convention. All stakeholders agree, however, that the definition of the 'older' population is not what it used to be and that in policy terms there is likely to be little merit in treating everyone over 60/65 as such.

Given this, is the current emphasis on generic lifetime homes the right one? Such an approach is needed to reduce long-term life-cycle costs and advances in technology will make it easier and more cost effective, but there is also a strong case for adaptation as not all stock will be needed for elderly residents all the time. Developers certainly think so, with them coming under increasing pressure from further regulation by the Government.

Consultations suggest that sheltered housing need to be more spacious and with better build quality, in keeping with other types of accommodation. However, given the need associated with sheltered accommodation, location is of paramount importance. In market terms, sheltered housing cannot be isolated and needs links to the local community as well as full access to provision of transport and services. This applies to private stock and to social stock and this has implications for social housing provision, remodelling and investment.

As a priority it will be necessary to conduct further research into the changing requirements of different components of the elderly population. It is not possible to formulate viable strategy with regard to the ageing population without better understanding aspirations and expectations.

With regard to the **student market** there would appear to be a relatively minor role for policy with regard to meeting the housing needs of this demographic directly. However, it is critical that policy is directed at addressing a number of other fundamental issues with regard to retaining graduates and also ensuring that the positive opportunities presented by attracting new young households into areas on the fringe of the Regional Centre and into other surrounding town centres are realised:

- Ensuring that the employment offer is sufficient to attract and retain graduates within the AGMA area. A critical element of this will be attracting in new investment in growth sectors; and
- Assessing public transport infrastructure to ensure that those fringe areas contiguous to central Manchester are connected to both the Oxford Road Corridor as well as the Regional centre. A similar examination should be made of the public transport infrastructure connecting surrounding neighbourhoods with Salford University.

Policy needs to continue to address the demand for affordable housing products, particularly in those parts of the market where average prices are notably high. Policy will need to prioritise the importance of developing affordable products in those areas where demand is high for younger households linked to the University areas against directing younger households into areas where their regeneration benefits can be realised.

Given the changes in **international migration** patterns, there is a need to be careful in developing reactive policy solutions. It is clear that there is a need to properly understand and monitor changes and the extent to which there are specific localised issues and impacts that need to be managed. In particular, there is a need to wrap the housing needs of international migrants and migrant workers into the broader housing regeneration challenges discussed above.

There is work already underway within individual districts in respect of **BME housing needs**, social cohesion and other issues, but it is important at a City Region level to recognise the specific needs of different groups (and that these needs can and do change over generations) and the cultural and economic circumstances that dictate housing choices, and what measures will be successful, and that there will be benefits in sharing best practice.

7.5.3 Overcoming barriers to delivery

There are a number of barriers to delivery of policy objectives associated with specific groups, but in general terms, a significant challenge is around building **a better evidence base** and understanding of best practice at a neighbourhood level so the right policy is developed. The specific delivery barriers to individual needs (be they financial product, regeneration) will need to be identified flowing from more detailed work.

7.5.4 Summary of Recommendations

Much research has been undertaken into specific groups as part of MHC and through other streams.

Students and Young People

We understand that the evidence base around student housing issues is currently being augmented, and to that end it is sensible to leave recommendations for student housing to a minimum pending that research. The outputs of this work should be considered in light of the wider analysis conducted within this SHMA. Alongside this work it is important that each of the authorities with large existing or proposed centres of FE and HE education maintain a dialogue with these institutions in order to understand future requirements with regard to accommodation. This should include an ongoing dialogue with bodies representing student private landlords which continue to represent a significant proportion of the market, particularly in the large student areas to the south of the Oxford Road Corridor in Fallowfield.

As part of the ongoing work into the student market it is important that the suggestion that students are starting to look towards accommodation within the Regional Centre is tested. This would represent a significant change in the existing student market and could potentially have implications for existing student areas with regard to the possibility of creating more balanced residential neighbourhoods through a reduction in the concentration of student households. This will in turn have implications for service provision in these neighbourhoods.

Continuing to ensure that new affordable housing products are brought to the market is an important component of developing a balanced housing market which ensures that younger households are retained within Greater Manchester.

Older People

In our view the major long-wave issue for the Manchester City Region, given the magnitude of projected change, is the ageing population. Accordingly, there are two immediate priorities for further research, namely:

- Detailed research into the extent to which increasing older person owner occupation will influence outcomes for the rest of the market – e.g. young persons and families; and
- Detailed research into what (apart from owner occupation) older elements of the population may need and demand 10-20 years hence;

This clearly needs to be coordinated with national research and policy with regard to housing need and the changing population. It is difficult to see how strategy can be formulated on this topic without a more detailed understanding of the topic.

International Migration / Migrant Workers

Migration and its impacts has been an issue for some time, and although the quality of information has been sketchy there is some evidence that the recent wave of in-migration from Eastern Europe is beginning to slow. This is due, inter alia, to:

- Improving economic conditions in accession states;
- Exchange rates; and
- The inherent transitory intentions of many in-migrants.

At one level, the pace of (what was effectively an unanticipated) change in these trends is instructive in revealing the danger of making policy for the long term based on short term trends, and shows the need to be fleet of foot and responsive to information on current trends flowing from effective monitoring arrangements.

There are two aspects to the policy response to these issues:

- There is a need to better understand at a local level the potential challenges for more vulnerable housing markets where international in-migration and the market growth of the private rented sector has taken many neighbourhoods out of low demand (even if many challenging issues have remained). Will a fall away in demand give rise to lower demand challenges again?

- There is a need to use housing regeneration and neighbourhood management policy and delivery mechanisms to address some of the unsatisfactory housing and amenity outcomes that are experienced by and sometimes inadvertently caused by economic migrants (e.g. overcrowding, cohesion issues).

BME Households

The major policy considerations for BME households in the Manchester City Region is the adequate provision of housing that meets needs, and social and economic outcomes including those linked to cohesion. The two are interlinked. The quality and availability of suitable housing is linked to neighbourhood outcomes and employment opportunity. Especially in the North Eastern HMA the polarisation (both within and outwith to the wider Manchester City Region and urban-core) has contributed to poor economic outcomes.

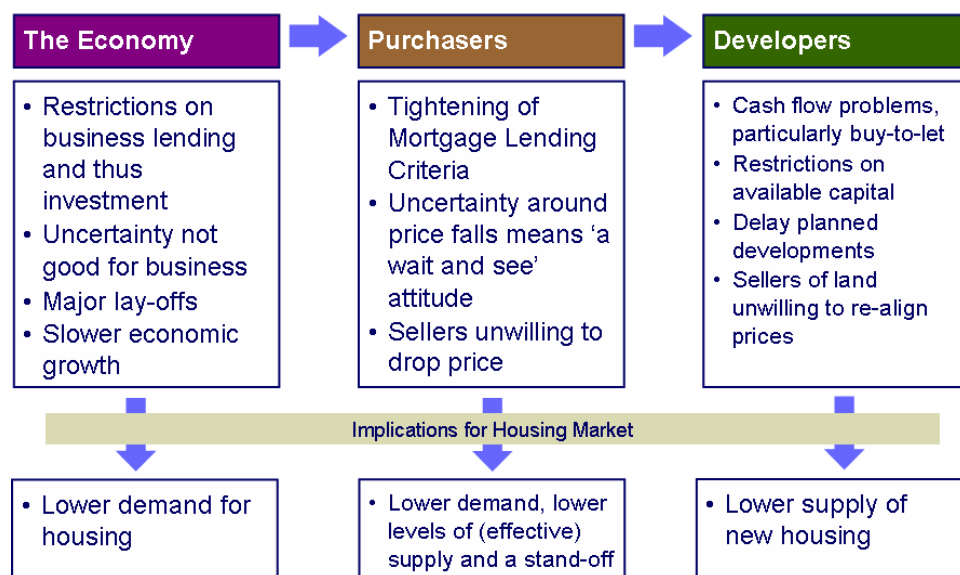
To this end, much more of a multi-agency approach is required to ensure that, for instance, housing and labour market policy is working in the same direction in the same areas to increase the life opportunities of BME residents. There is also a need to properly integrate educational provision and planning to housing and neighbourhood futures.

7.6 Responding to the Credit Crunch

7.6.1 Key Issues

The effects of the credit crunch are still to be fully understood, although most commentators are anticipating a short-to-medium term correction and a return to 'business-as-usual' in the longer-term. The housing market implications of the crisis are summarised below.

Figure 7.6.1.a – Impact of the Credit Crunch on the Housing Market



Source: Deloitte Analysis

For the short-term, restrictions on business lending and investment and uncertainty may lead to job losses (although recent trends have not impacted significantly on unemployment so far) and slower growth. This will lower the market demand for housing (even if underlying household growth-based need continues as projected).

The further tightening of mortgage lending criteria and consumer uncertainty will lower demand and supply of housing and is already leading to a 'stand-off' between buyer and seller. Developers are reacting to limited demand, restrictions on the availability of capital and increasing uncertainty by delaying or canning developments, which further decreases the supply of housing.

This has already manifested itself with significant (in some instances double-digit) house price falls across the UK and in Greater Manchester. Commentators suggest that more is still to come.

In practical terms this presents a series of challenges regarding the timing of supply, with viability of schemes affected. In turn the financial drivers of schemes are likely to mean only certain development mixes – both in terms of property type and affordable housing – will remain profitable.

7.6.2 Implications for Policy

At the national level, early September saw the announcement of a series of measures by the UK Government, which aim to support the housing market in a number of guises. These are summarised below:

Figure 7.6.2.a – New Measures to Support the Housing Market, September 2008

Measure	Details	Designed to impact
Stamp Duty Payment Holiday	Exemption for a year on £125,000 to £175,000 sales.	Affordability
Homebuy Direct	5-year interest free loans to households earning below £60,000 for as much as a 30 per cent deposit. Banks not obliged to provide credit for remainder.	Affordability, first-time-buyers
Mortgage Rescue Scheme	Through local councils and social landlords - either lending or a buy and rent-back scheme on the whole property value or part of it.	Homeowners in difficulty with repayments
Income Support for Mortgage Interest	Reduction in eligibility criteria to 13 weeks from 39 weeks and an increase in values covered from £100,000 to £175,000.	Homeowners in difficulty with repayments
Bringing Forward Spending to encourage Social Housing	Limited information to date.	Affordability

Source: Deloitte Analysis

The local level effects of these measures will not be apparent for some time, the interventions themselves may be relatively transitory in nature, and as these are newly announced measures authorities will take time to consider how these relate to local policy.

For local policy makers, there are effectively two choices in the face of the credit crunch – take no specific action and sit out the remainder of the effects or try to intervene in the market to prevent adverse outcomes. The response may depend on whether it is viewed as a short term ‘correction’ or ultimately leads to a new housing market paradigm different to that of the past decades, in which case there may be a range of longer term policy issues to confront.

In practical terms, if it is decided to intervene in the short term, the policy options are fairly limited, and can be summarised into:

- taking action in the flatted market, in particular within the Regional Centre and Town Centres, where the stock profile (lack of choice) and its target market (young households, first time buyers) are particularly vulnerable to the current market conditions, in particular the lack of mortgage finance.;
- ensuring the new supply of dwellings (including affordable provision) does not fall away due to development viability and incorporates a range of products creating greater choice;
- ensuring that the quality of supply (rather than absolute numbers) remains constant; and
- not proceeding with schemes where to proceed would result in sub-optimal outputs or fail to deliver value for money.

As such, there is a clear trade off between pushing to maintain or slow the fall off in quantity of supply (including of affordable provision) in the short-to-medium-term (which might involve relaxing standards or reducing costs) and the

need to maintain quality and mix in the long-run to ensure sustainable communities. This is due to the viability of development, where tighter margins are likely to translate directly into lower build or design quality.

This is a clear choice between leaving the crunch to 'work through the system' or seeking to stimulate development but accepting the sub-optimal schemes that are viable in this market, but which do not stand the test of time or meet broader objectives.

If there is evidence that the credit crunch has caused a paradigm shift, rather than being a temporary aberration, then the hiatus in the flatted market could be used to secure additional social rented accommodation - which is likely to be in greater demand if this does represent a sea-change in economic fortunes.

7.6.3 Overcoming barriers to delivery

The lack of information as to the extent of the crisis, its short and long term impacts, and when it may end means greater uncertainty that affects developers, buyers, sellers and policy makers alike.

That said, the major barrier to delivery is likely to be the fact that the crunch may be over before intervention can have any tangible effect, due to lags in turning strategy and policy to delivery. This may be the major rationale for taking a light touch in policy responses in the short term.

7.6.4 Summary of Recommendations

The credit crunch is an international and macroeconomic phenomenon which represents a strong tide for regional, sub-regional and local level policy makers to swim against. The impact of any short term policy response may be ineffective or extend beyond the lifespan of the credit crunch itself.

Accordingly it may be worth 'sitting-out' the crunch, but monitoring its effects on the housing market in the City Region.

If in time it becomes apparent that the effects of the crunch are long term, it may be worth taking a further view on the policy response actions in the housing market.

However, if as anticipated the effects are transitory, short-to-medium term inaction is likely to be the best policy.

7.7 Bridging the affordability gap

7.7.1 Key Issues

The analysis clearly illustrates that affordability issues have increased significantly across Greater Manchester driven through both supply and demand elements. The Southern HMA in particular stands out as containing areas where house prices currently represent a significant obstacle to households entering the owner-occupied sector. However, importantly all of the authorities have a significant gap between the level of income required to rent a property and that required through mortgage repayments. Although the 'credit crunch' may reduce house prices, it is also tightening lending criteria for mortgages so many households will continue to face an affordability gap.

In addition to this gap between the private rented and owner-occupied tenures the analysis also identifies a significant level of housing 'need' which has built up as a result of the market performance witnessed over recent years and the relatively low levels of new affordable products delivered.

The analysis clearly identifies a very strong level of demand for existing affordable housing stock, indicated through low vacancy levels and high waiting lists. The assessment of housing 'need' suggests that the combination of a high backlog of households requiring affordable housing solutions and an anticipated continued increase in these households will continue to place increasing pressure on the existing stock of available and suitable housing (both market and non-market) across all four HMAs.

Significantly, the analysis has indicated that over recent years the numbers of affordable dwellings being delivered is comparatively low across Greater Manchester and there are identifiable areas where the tenure imbalance does not reflect the identified level of 'need' and demand. This suggests that there will need to be a significant uplift in the provision of affordable dwellings, where existing provision is limited, to meet identified and anticipated levels of current and future 'need'. However, it is important to consider supply led responses in the context of the existing stock profile and a more holistic regenerative approach which also looks to address households socio-economic

circumstances and in ensuring that a greater number of households benefit from economic growth within the sub-region and are therefore able to improve their market mobility and ability to access choice within the housing market.

From a supply side perspective the potential role of the private rented sector and 'low-cost' housing in absorbing significant elements of additional demand needs to be considered when delivering new affordable housing, although overall levels of 'need' suggest these elements of the market will not sufficiently absorb all demand. Longer-term solutions may require other affordable housing solutions including more and better 'intermediate' housing products and new high quality social rented stock.

The analysis suggests a current imbalance between supply and demand within the social rented stock of all of the HMAs in terms of the type of housing available to households in 'need'. Right to Buy in particular, as well as a re-profiling of stock through regeneration and development initiatives, has led to an undersupply of family accommodation within this tenure. This has particular implications for areas with high numbers of BME households which on average tend to have large household sizes.

As highlighted elsewhere in this SHMA, provision of more social units may be better concentrated in those areas where the current stock profile is notably deficient in terms of this tenure type. Moreover, given the relationship between areas of concentrated deprivation and previous large scale social housing provision, the issue may be better tackled at source by influencing, incomes, worklessness and 'life-chances' amongst lower and no-income cohorts within these areas which often already have high proportions of social rented stock.

A failure to address these problems in both the short and long-terms could have serious implications for successfully facilitating sustainable economic growth within the Greater Manchester area.

7.7.2 Implications for Policy

A clear finding of the study is the important role of the Private Rented Sector in meeting needs and addressing affordability issues across the Manchester City Region. Although there are numerous issues associated with much of the stock, the future of the buy-to-let market, and significant challenges around condition and quality, it is clear that it is a tenure that performs an important role in the housing market, particularly for people at certain stages and periods of their lives. There is a need for policy to embrace the role of this sector in meeting some affordability needs, and incentivise an increase in its quality.

However, increasing the supply of affordable accommodation and bridging the gap between the private rented sector and owner-occupation represents a significant priority for policy. This will require further development of 'intermediate' housing products which appeal to the market and genuinely represent an affordable product. Experience so far more widely has been slow, and there is a need to continue to explore options and let the market for such products mature and gain acceptance as part of the credible solution. There is a need to acknowledge that intermediate products can allow households to build equity, the lack of which is a contributor to economic inequalities.

Continuing to develop new social rented stock, as a component of mixed tenure/mixed income neighbourhoods, may also remain a priority given the overall level of housing 'need' identified through Section 6, notwithstanding efforts to tackle the problem at source through economic and social policy interventions. It is important to note that the supply of new affordable housing is only part of the answer. It should be directed to areas where affordability issues are greatest and should be explored as part of a wider suite of interventions to tackle affordability. New stock should be concentrated in areas with particularly high levels of identified 'need' and which also have depleted levels of available stock creating a comparatively low representation of this tenure (such as Stockport or Trafford). Crucially they should form part of mixed communities rather than being isolated, which would increase the risk of building to worsen economic and social polarisation.

The low level of affordable units delivered over recent years indicates that current policy has been relatively unsuccessful in delivering the targets proposed through the HMA and indeed local housing needs studies, despite a strong market and residual values in many locations.

Ensuring that the products developed match future requirements and within mixed tenure communities, is critical. Evidence suggests that demand will be high for smaller products (two bedroom properties), as a result of the increasing numbers of elderly and young households alongside falling household sizes. It is important to note that this represents a different requirement in part than the occupationally driven housing demand identified earlier.

However, the relatively low proportion of larger stock within the existing stock profile of the majority of authorities also represents an issue to be addressed by policy. Demand for these properties remains high and is likely to continue to

do so in the future, therefore the delivery of new affordable housing suitable for families will be an important component of future policy.

7.7.3 Overcoming barriers to delivery

The study has established that there is a shortfall in the level of affordable housing being delivered through new development throughout the Greater Manchester area. Within this, the study process (particularly stakeholder consultation) has highlighted a number of constraints to the delivery of affordable housing:

- Existing affordable housing policies and associated negotiation processes may not be sufficiently cognisant of site viability and inherent residual values. In particular, developers have noted that many affordable policies, introduced during the recent market 'upturn', are now outdated in that they do not take account of falling plot and sales values, and falling rates of sale (i.e. reducing residual values). There appears within this to be some friction between public and private sector perspectives on the negotiation process, although this is apparent in some authority areas that others;
- Increasing design and sustainability standards imposed on developers, in line with Government guidance, are increasing build costs and thereby potentially reducing the viability of delivering affordable housing on site (i.e. reducing residual values). This trend is set to continue given Government commitments to Code for Sustainable Homes;
- Existing affordable housing policy may not be sufficiently underpinned by evidence based on needs to effectively inform negotiation with developers on the provision within schemes. However, it has also been suggested that policy should allow for sufficient flexibility within the negotiation process to take account of development variables so that negotiations are informed by site specifics;
- Existing land values are pricing RSLs out of acquisitions and self-developing, although this trend appears (anecdotally) to be diminishing as land values are starting to fall. On a spatial level, the effect of this has been to reduce access to RSL development in areas of high land values; leading to RSL development being focussed in areas typically of lower land values;
- The impact of the credit crunch has in some cases hindered the ability of RSL's to access development funding, particularly on apparently 'high risk projects'; and
- The credit crunch has also limited access to mortgage funding for potential buyers seeking to purchase affordable housing. Whilst this is applicable also to open market sales, the retrenchment of lending activity has particularly hit 'marginal buyers' (i.e. those more typically associated with affordable home ownership).

The above list is not intended as an exhaustive review of constraints to affordable housing delivery, only as a signposting to issues raised by various stakeholders during the study. Each element may therefore benefit from further analysis outside of the confines of this study.

7.7.4 Summary of Recommendations

Explore all options to solve the affordability issue:

- Recognise and embrace the role of the Private Rented Sector meeting affordable housing requirements and work to improve its quality;
- Continue to take forward intermediate housing products including fine tuning the offer in a maturing market;
- Explore the financial and other mechanisms available for targeted increases in the supply of social accommodation, including as part of regeneration schemes, within mixed communities; and
- Use social rented housing, where it is most spatially appropriate, to fill the gaps which cannot be filled by the Private Rented Sector or innovative mechanisms for intermediate market solutions.

Ensure that trade offs between viability, affordable housing provision, and other policy objectives are explicitly considered in assessing schemes through procurement or planning processes.

7.8 Regional Centre and Town Centres

7.8.1 Key Issues

The analysis has identified the regional centre to be a distinct and economically significant sub-market within the wider Greater Manchester market context. The rapid growth in city centre living, driven by a significant influx of new, often high quality, high density residential development and conversions has significantly altered the market within the regional centre impacting in particular on the Central HMA. This rapid growth is evidenced by the high numbers of completions witnessed within this relatively small spatial area since 2001. Importantly growth has spread into new 'fringe' areas of the regional centre with new developments spreading out, for example from the traditional core of Castlefield to the south east and in the northern areas ambitious projects such as 'New Islington' have started to create a new critical mass of development.

However, the analysis of the housing market has reinforced the concerns currently being highlighted around the vulnerability of this particular market. The limited range of properties brought forward to the market as well as the overall quantum has led to prices increasing at a slower rate than other parts of the market and indeed current anecdotal evidence suggests a significant depreciation of prices in a number of new developments. The role of investors in the operation of the market potentially also exacerbates this vulnerability with properties held empty and smaller investors facing significant financial pressures as a result of the current turbulence in the financial and mortgage markets.

Stakeholder consultations, including direct dialogue with house builders and developers, have indicated that development levels have slowed considerably as a result of market conditions. This raises questions around the potential implementation of the significant number of pipeline schemes already granted planning permission within the regional centre. In turn this has the potential to affect the viability of existing developments and other schemes nearing completion with areas remaining 'unfinished' and therefore unappealing to the market.

Significantly, the messages emerging from the HMA and summarised within this section indicate that at a strategic level there still exists a significant unmet demand for new housing. The demographic and economic projections suggest that growth will be particularly strong in smaller single person households and within higher value, higher earning occupations. This would suggest that despite the current potential reduction in the provision of new supply to the regional centre the demand pressures resulting from demographic and economic change will assist in buoying up the market and could ultimately lead to a regaining of developer confidence in the medium term. In addition to these wider housing market drivers the assessment of the student sector in particular suggested that the residential offer within the regional centre was starting to attract students, a trend which the analysis suggests is likely to continue and increase.

It is important to recognise that the current dynamics of the wider housing market have led to a notable change in the operation of the city centre market within the Regional Centre with prices notably stabilising and indeed falling (as has been seen within the wider market). However, within the city centre the effect of wider change appears to have resulted in a more fundamental alteration of the mechanics of this particular market. The relative role of different tenures has been affected significantly as a result of the lack of demand from owner-occupiers to purchase as a result of both the lack of available finance and greater uncertainty attached to this particular market as a result of its dynamism and its stock profile structure. Significantly whilst demand appears to have reduced from this element of the market the private rented sector of the market appears strong. Anecdotal evidence is starting to emerge which suggests that the number of households seeking to rent within the Regional Centre has grown. The continuation of problems associated with gaining mortgage finance could continue to fuel this demand for the short-medium term.

The surrounding town centre residential markets (e.g. Stockport, Bolton, Oldham and Rochdale) arguably started to develop later than the regional centre and are building critical mass over time. New development has been comparatively limited within these traditional town centre locations and there has not therefore been a notable step change in market conditions. This means that these markets are relatively untested and would suggest that the vulnerability concerns within the regional centre are not applicable in these areas, with the limited levels of development certainly not generating a notable imbalance between supply and demand. However, other parts of the southern market have seen significant levels of new flatted development in smaller town centres. This includes, for example, areas around Altrincham and Sale. The stronger, more established market context, within these areas means that perceptions of vulnerability are less pronounced within these areas.

A common issue for the regional centre and many of the core town centres across Greater Manchester is the existence of poorer quality, lower priced housing on their periphery. The analysis highlights these areas as representing concentrations of low incomes, low house prices and suffering from symptoms of deprivation. These areas often also contain high levels of social rented and lower quality private rented stock. The result is an increasing

polarisation of markets, most notably pronounced within the regional centre. Where the high quality new flatted developments abut, but often do not integrate, with adjacent residential markets. Despite being notably stark within a number of areas around the regional centre this is also replicated to a lesser extent in other town centres across Greater Manchester.

Linked to an increasing polarisation of the regional centre market and to a lesser extent the emerging new town centre markets is a lack of social and community infrastructure, including amenity space, which would be required to attract new families into these markets and broaden the overall demographic profile.

7.8.2 Implications for Policy

The key issues for policy relate to the need to respond to the potential short-term effect of the current financial and economic climate. The wider drivers of change i.e. continued demographic and economic growth suggest that this would represent a reactionary response which would not necessarily be beneficial to the longer-term continued development of these evolving markets. In the longer-term ensuring that the Regional Centre and Town Centre's operate as vibrant employment and residential hubs will be important in ensuring the long term realisation of their potential role and function. This will therefore require a sustained policy approach to enabling and facilitating development. Careful consideration will be required regarding the balance of land identified for residential and employment purposes. The current short-term conditions exhibited in the market regarding new residential development are likely to ease pressure to further develop city centre sites and present an opportunity to review the importance of retaining strategic sites for employment use ensuring that centres continue to deliver against their broader role as strategic foci for employment.

A key driver of the Regional Centre and Town Centre's future success will be continuing to deliver quality residential products which increasingly offer a greater range in terms of both type and tenure. It is important to note therefore that the economic performance of the regional centre as well as surrounding authorities will represent a significant enabler of the future of these areas as strong residential markets with the interface between the economy and the housing market starkly illustrated within this particular market.

It is therefore important that policy focuses on ensuring that new development continues to raise the bar in terms of quality but also focuses on ensuring that where opportunities arise, for example in the edge of centre locations, that a greater mix of housing types and tenures are developed.

Policy should continue to encourage the development of a new residential offer in those town centres where the market has yet to respond and also look to encourage those town centres where the current markets are operating successfully. It is important for the economic growth of Greater Manchester that all of the town centres fully realise their potential and contribute to the overall residential offer. This is particularly important in ensuring that graduates and young professionals are retained within the area.

One of the key issues to which policy will need to respond is the current polarisation of emerging new residential markets in centres and the surrounding poorly performing housing areas often including large concentrations of lower quality social rented accommodation. The improvement of these areas is critical to ensuring that the full value of the emerging new residential higher value markets are captured and filtered out into the wider area. This therefore has implications for ensuring that the benefits of regeneration are distributed to those areas most in need, with a whole neighbourhood approach to regeneration critical in capturing these benefits. Consideration will need to be given through policy to the level of intervention required to overcome these current obstacles.

Policy will need to respond to the current problems associated with the social and physical infrastructure within both the regional centre and town centres. The level and type of investment will need to reflect aspirations to broaden the demographic in these markets, particularly the regional centre. For example, another demographic segment of the market which the analysis has indicated is set to increase significantly is the elderly cohort. With town and city centres representing a significant clustering of retail and transport nodes the potential exists through the development of further complementary services and amenities to create areas which could cater very successfully to meeting the needs of this demographic.

7.8.3 Overcoming barriers to delivery

A short term approach to overcoming the current barriers to delivery led by the current financial climate could involve the relaxation of requirements on the developers of new city centre and town centre schemes. This could involve for example waiving some usual Section 106 requirements. However, adopting this approach potentially would lead to the development of lower quality products and also the loss of potential value generated for the regeneration and improvement of adjacent areas in the context of requirements for improved social infrastructure, this approach may also be counter productive.

Public sector subsidies represent another approach to encouraging development, especially in relation to difficult to develop brownfield sites. Where this approach was taken it would be important to ensure that additional values achieved were recycled back into further developments and/or regeneration projects. Consideration would need to be given to appropriate mechanisms to facilitate this process.

Taking a longer term perspective, based on the indication that demand will be strong over the longer term, the public sector has an important role to play in ensuring that town centres and the regional centre are well positioned for future development. This will require the strengthening of the current offer in terms of their social and physical infrastructure. Therefore policy will need to provide improved environments, amenities and services.

Ensuring that the value of new residential markets is filtered into surrounding areas will require the improvement of those peripheral areas identified as having deprivation and housing stock issues. Given that these often focus around authority managed or owned social rented estates the opportunity exists through publicly owned land for the public sector to lead the development of new mixed-tenure estates which link to the emerging markets. This will ensure a greater spread of regeneration benefits and assist in creating less vulnerable and volatile markets.

7.8.4 Summary of Recommendations

Although there is a temptation to react to current short term market challenges, the aim should be to respond strategically to the long term requirements of the regional centre and town centres, focusing on increasing quality of new housing, diversifying the supply, and improving social and community infrastructure.

There is also a requirement to address poor quality housing in city centre fringe locations, and maximise the potential benefits flowing from public sector land assets.

Given the context of relatively higher land values in city and town centre locations and the potential delivery constraints of the current market, the challenge for Greater Manchester authorities is to maintain a strategic policy approach to development, potentially accepting lower completion rates in the short term.

There is a requirement to bring forward new supply in edge-of-centre locations where land values do not place the same limitations on development configurations or market pricing.

PART 2: HMA SPECIFIC POLICY ISSUES

Each section of this report concludes with a “Key Issues for Policy and Implementation” section. The combined findings of each section are summarised below as a guide to Authorities in developing appropriate policy and strategy responses at HMA.

This analysis attempts to draw out those policy issues that may be of more interest to Authorities in each HMA, but in no way attempts to suggest that these are the only issues facing each HMA. It is likely that issues are applicable to different degrees in each HMA and rather than present the same issues for each HMA this section aims to foster further debate on the way forward for each HMA.

7.9 Southern HMA

The analysis clearly identifies the continued delivery of affordable housing within the Southern HMA as a core requirement in continuing to develop a sustainable and balanced housing market in the future. The delivery of affordable housing to date whilst clearly showing an improvement over recent years still falls considerably short of successfully addressing the levels of need identified through the range of assessments of housing need.

The southern HMA continues to represent the highest priced market within Greater Manchester and is likely to continue to attract significant developer interest as a result of this market strength and constraints on land availability. However, in order to advance a considerable elevation in the levels of affordable housing delivered consideration will be required of the possibility of releasing a further supply of land within, or in close proximity to, those areas which continue to be identified as suffering from severe affordability issues. The release of further developable sites would need to be undertaken with the clear policy objective of delivering higher thresholds of affordable housing within these developments. This in turn could require consideration of the need for authorities within the HMA to relax existing restraint policies but only with regard to development bringing forward high proportions of affordable units. In order to ensure that the further releasing of land does not impact negatively on regeneration areas within the

Southern HMA (Wythenshawe and Brinnington in particular) or adjacent market areas, in particular the Central HMA, this will need to be advanced through detailed joint working between authorities.

The Local Housing Company model may also provide a vehicle for accelerating the supply of aspirational and affordable homes while using local authority assets in delivery.

The development of intermediate housing products has also been met with healthy levels of demand, with the strength of the overall housing market within this HMA supporting this demand. The impact of the credit crunch and in particular the availability of mortgage finance whilst representing a short term issue is unlikely to undermine this demand in the longer term and therefore policy should continue to emphasise the importance of delivering this tenure alongside additional social rented properties (where appropriate) and market housing.

Developing a greater mix of housing choice should include the encouragement of urban (town) living within the major centres, including Stockport Town Centre. Whilst the regional centre has an oversupply of apartments reflecting the unprecedented development levels witnessed over recent years this market remains comparably undeveloped within the larger centres in the Southern HMA. This supply of new housing within town centres would assist in reinforcing the vibrancy and vitality of these centres and introduce greater choice in the overall housing offer, including the potential delivery of a high quality rental market to assist in easing the current pressure on the social rented and intermediate housing stock. This mix of housing could also serve a wider demographic than that associated with the product delivered within the regional centre with the cluster of services on offer within town centres – including transport hubs – creating the potential to deliver housing catering for elderly households.

7.9.1 Summary of Policy Issues – Southern HMA

1. Achieve a substantial increase in the volume of affordable housing delivered annually including a mix of social and low cost home ownership products;
2. Establish a universal regulatory regime for the private rented sector, recognising the need to ensure quality in this important component of the affordable housing market;
3. Establish viable land supply to deliver more affordable homes, working to complement regeneration programmes elsewhere in Greater Manchester
4. Re-establish town centres as attractive places to live, contributing to regeneration and sustainable investment
5. Deliver a choice of homes and a range of tenures in support of estate regeneration, for example in the Wythenshawe and Brinnington estates in the Southern HMA;

7.10 North Eastern HMA

The analysis has clearly illustrated that the North East HMA and in particular the HMR areas of Oldham and Rochdale could be particularly vulnerable in terms of the level of supply of housing achieved over the short-term as a result of the current market conditions. However, it is critical that the momentum achieved through regeneration programmes is sustained through this short-term period with the overall objectives of delivering a greater choice of viable housing products, including the delivery of aspirational housing, important not only to the North East HMA but the overall housing offer across Greater Manchester. Further public sector investment and funding will be required over the coming years in order to maintain the impact of recent development within the HMR areas.

It is the overall conclusion of this study that for market renewal to be truly successful within the North Eastern area, further continued public sector support is critical to delivering a critical mass of aspirational homes.

Commitments to deliver key infrastructure within the North East HMA including the extension of Metrolink should be maximised in terms of bringing forward strategically located sites to deliver housing which will improve the overall mix and maintain a health supply of development. Whilst there is an identifiable housing need for affordable housing within the HMA policy will need to carefully consider the viability of bringing forward the supply of non-market housing and indeed the priority placed upon its delivery at least in the short-term.

Creating a co-ordinated framework for improving the quality of the private rented stock within the HMA will need to be given consideration as this tenure could potentially represent an aspirational alternative to meet housing need. The introduction of complementary and consistent landlord accreditation schemes and potentially licensing should be considered in order to ensure the creation of higher overall standards within this tenure.

The introduction of new high profile infrastructure within the town centres, in particular of Oldham and Rochdale, alongside wider environmental improvements offers the potential to develop new housing within this urban environment. As with the Southern HMA this market remains relatively embryonic at this stage and therefore should represent a different proposition for developers than the over-developed regional centre.

7.10.1 Summary of Policy Issues – North Eastern HMA

1. Realise opportunities to sustainably locate new homes, taking account of investment in the Metrolink extension and other planned public transport investment
2. Achieve a significant uplift in delivery of aspirational homes , with continued public sector commitment to overcoming economic viability issues with delivery
3. Develop measures to address private sector decency and quality standards within the Pathfinder area
4. Sustaining investment in Oldham, Rochdale and Ashton town centres as local drivers of the Greater Manchester economy, including residential uses to create viable and vibrant centres
5. Continue to pursue an integrated strategy to regeneration, including measures to address social and economic inclusion
6. Continue to ensure the provision of adequate numbers of affordable housing that meet the needs of households

7.11 North Western HMA

The North Western area of Greater Manchester has historically been economically constrained by the structure of its industrial base and the quality and choice within its housing market. However, many of the town centres here are reviving with investment from public and private sectors. Ambitious plans to realise higher education and retail led growth in Bolton town centre and development of knowledge economy sectors within Wigan demonstrate that the area is reinventing itself. The challenge is now to ensure that the supply of homes complements and supports an economic transformation, but also supports the anticipated increase in non-working age and, in particular.

It is clear that the North Western HMA has over recent years realised high levels of new housing development reflecting the comparably strong supply of available land. However, this high rate of development whilst increasing the overall choice in new housing has not significantly led to the development of significant numbers of new affordable housing.

Affordability concerns have become an increasing issue within these authorities in particular with regard to local need with a notable proportion of new development not necessarily considered to be targeted or meeting local needs. Whilst the supply of land and indeed land values are considered as representing potential development barriers in the current market context over the longer term the strong infrastructure network and the wider site opportunities represent an important asset in delivering affordable housing to meet local needs and assist in the development of a greater mix of housing at a wider Greater Manchester level.

The analysis has indicated that whilst at a wider HMA level there is a comparable balance of housing type and tenure (when compared with other HMAs) it is important to note that concentrations of housing of poorer condition or relatively low demand are concentrated in and around the major town centres in the HMA. This is reflected in the comparably localised socio-economic deprivation issues identifiable within this particular market area. Under current market conditions these areas could potentially be exposed to market fluctuations and also in the longer-term are likely to impact negatively on the ambitions of town centre regeneration and adjacent housing markets. Whilst the regeneration of larger scale housing areas across the Central HMA and North Eastern HMAs (HMR areas) remain a priority these smaller areas should continue to receive public sector investment in order to ensure there future sustainability.

7.11.1 Summary of Policy Issues – North Western HMA

1. Realise opportunities to sustainably link new homes to areas of planned employment growth with particular regard to the reviving town centres of Bury, Bolton and Wigan
2. Realise the potential of brownfield land resources for delivering new homes linked to enabling investment in new infrastructure and services

3. Achieve a significant increase in delivery of affordable housing as a proportion of all housing delivered
4. Consider the most effective means of provision for the anticipated increase in the elderly population (through research already underway and to be commissioned)
5. Introduce more choice of housing and tenures within predominantly social rented housing estates
6. Tackle pockets of severe deprivation and vulnerable housing markets particularly those which may inhibit regeneration of the wider town centre environments

7.12 Central HMA

The Central HMA was arguably hit hardest by post industrial transition but has re-emerged as a strong commercial centre for Greater Manchester and the wider region. Its “gravitational pull” is evident in travel to work patterns and migration into the Central area, relative to other areas within Greater Manchester. Over the last decade the Central HMA has received considerable private and public investment which, guided by policy, has started the process of regeneration and reinvestment in neighbourhoods. In particular the emergence of the Regional Centre, Central Salford and Salford Quays as high density residential locations has reflected a remarkable pace of development and investment activity coupled with a changing demand for homes. Most recently, the extension of the City Centre “effect” to adjacent neighbourhoods has been apparent.

Despite the advances that have been made, the Central HMA is characterised by stark contrasts in terms of the quality and choice of residential environments. The area still contains areas of mono-tenure housing, large social rented housing estates and pockets of intense multiple deprivation. Housing deprivation and conditions are only one driver of multiple deprivation and a co-ordinated strategy response is demanded in order to tackle deep seated problems of economic competitiveness and residents’ ability to participate in the workforce. Estate renewal and tenure diversification remain key challenges for the Central Area in order to improve neighbourhoods and better harmonise the quality of residential experience across the area. The operation of the Local Housing Company will be key in this respect.

Housing tenure is skewed considerably towards the private rented sector with this trend being exacerbated by the conversion of a significant volume of larger stock to cater for the student rented market, as well as the wave of development that has catered for the buy-to-let investment market. The private rented sector has become a mainstream choice for many newly forming households and prospective first time buyers who have been priced out of the market. In common with other HMAs, the Central Area needs to develop more sophisticated mechanisms of regulating quality within the private rented sector, which is prevalent throughout much of the area. Accreditation and licensing schemes have been trialled and linked to programmes of regeneration (such as the MSP Programme) however there is potential to establish these regulatory mechanisms on a more universal basis across neighbourhoods with high concentrations of private rented property.

Housing choice continues to act as a “block” on the area achieving its wider economic potential. A process of residential “leapfrog” continues to occur with household interchange particularly apparent with the Southern HMA area and aspirational neighbourhoods therein. Policy needs to be locally specific and to recognise the role of appropriate products. For example, development of family housing within the City Centre may not be appropriate or achievable given prevailing land values, however, the delivery of aspirational family products within edge-of-centre neighbourhoods will play an important role in addressing choice deficiencies in the overall market area.

Encouraging the development of a palette of housing typologies that will appeal to a broader range of household groups through policy in areas benefiting from strong transport links to the Regional Centre represents an important objective and challenge. This will help to stem the effective loss of certain income and occupational groups and widen the residential appeal of the Central HMA to incoming households as well as encourage sustainable transport movements.

In terms of delivery, the Central HMA will play an integral part in the housing growth point. However, the ability to deliver the proposed uplift in housing numbers is still influenced in many inner locations by site abnormalities associated with previous land uses and the high costs of land assembly. Additionally, infrastructure requirements are likely to be most pronounced within this HMA due to the overall scale and density of households and the economic role that the Central HMA plays within the wider sub-regional/ regional areas. A strong link between housing strategy and the proposals incorporated within the TIF bid will be critical in facilitating sustainable development and maintaining private sector investment.

7.12.1 Summary of Policy Issues – Central HMA

1. Continue to support the economic growth of the Regional Centre through further housing development in accessible and proximate locations, including areas “opened up” by the Metrolink extensions and other public transport investment;
2. Continue to invest in a range of homes which will appeal and attract an economically active population within the HMRI neighbourhoods
3. Attract private and public investment to enable tenure/ type diversification within large mono-tenure social rented estates
4. Implement housing investment programmes within the inner area as part of an integrated strategy to promote social and economic inclusion
5. Create residential opportunities for students to play an active role in the development of the Regional Centre and “fringe neighbourhoods”. Provide a range of property and tenures to facilitate retention of students in neighbourhoods and thereby promote stability over time

Work with the HCA and other public sector partners to deliver the growth agenda. This will be delivered through a phased programme combining neighbourhood transformation and delivery of strategic sites. Specific regard needs to be paid to overcoming economic viability issues associated with brownfield land within the Central HMA.

8 Annex 1: Monitoring Framework

8.1 Introduction

The Strategic Housing Market Assessment has benchmarked performance, assessed trends and identified key drivers of change across the four housing markets within Greater Manchester. This has then been drawn together to consider, based upon the best evidence available now, the future trajectory of change to inform policy development in the future.

Key strategic drivers of the housing market, which include the economy, migration and the housing offer (i.e. housing stock and quality of life / lifestyle) have been used in the SHMA to assess the future demand and need for housing. These drivers can alter very quickly affecting the performance of the housing market through shifts in the supply and demand dynamic for housing.

AGMA will therefore need to monitor trends and activity in the housing market in a co-ordinated and timely manner. Reflecting the national 'plan, monitor and manage' approach to the planning system and Government guidance the SHMA is intended to be an updateable piece of evidence which is able to track and respond to a range of indicators used to assess the housing market as a whole.

This section identifies key factors of influence to monitor and also establishes a method to use these to undertake updates of the SHMA in the future.

The SHMA provides a robust evidence base upon which to construct policy. However monitoring plays a vital element in validating and identifying fluctuations within the trajectory of the housing market. Throughout the SHMA issues associated with the current available data and the need to monitor certain elements has been raised in order to raise the level of understanding and identify future issues in relation to both supply and demand.

Monitoring is intended to be a continuous and proactive process which informs policy development and how and when policies are implemented. It should also be used to help assess the impact of those policies.

A consistent assessment of indicators provides an indication where change is occurring and the direction of that change therefore allowing for corrections to be made and the development of responsive policy.

Government guidance¹¹⁸ suggests four broad principles which should underpin the development of monitoring frameworks:

- ⇒ Making use of existing information;
- ⇒ Being consistent – in particular with regional and national monitoring;
- ⇒ Setting objectives, policies, targets and indicators; and
- ⇒ Taking a forward looking approach – in line with 'plan, monitor and manage', monitoring should take an analytical and action-oriented approach.

This SHMA has been prepared in line with the first principle and made use of the available existing information, the intention, through the process has been to produce an assessment which is updateable in the future.

Whilst the AGMA Policy Unit represents a key resource in developing and delivering research the process of developing the SHMA has indicated the dependence upon local authority resources in collating data to inform the SHMA. The capacity to undertake monitoring within each of the authorities is likely to be constrained and it is therefore critical as stated within the first principle that there is an emphasis on efficiency with existing mechanisms and resources used wherever possible. This has informed our suggested approach and the identification of indicators which should be monitored.

¹¹⁸ *ibid*

8.2 Management

A Steering Group including the AGMA Policy Unit and stakeholders from local authorities within Greater Manchester along with additional representative have been leading the development of the SHMA. It is envisaged that the AGMA Policy Unit will lead the process of monitoring and updating with the support of the local authorities in the future.

It is intended to use groups of planning and housing monitoring/research officers to help scope out what information needs to be collated by AGMA, both to update the SHMA and to meet wider research requirements. These groups will also examine issues regarding the consistency of data collected by the local authorities.

It is envisaged that the exact governance arrangements and agreed responsibilities will be developed in further detail over the coming months.

8.2.1 Scope of Current Monitoring Activity across Greater Manchester

Recently emerging national planning guidance has placed increasing emphasis on developing a robust evidence base from which to develop strategy, evaluate delivery levels and assess planning applications against. The vast majority of authorities are therefore now monitoring key indicators relating to society, housing and employment

All of the authorities produce an Annual Monitoring Report which looks to pull together the key planning indicators. This includes updating the housing trajectory through an examination of the supply of properties against the assigned housing requirement figure. A compilation of housing supply data is therefore provided, including the level of dwellings created over the past year (completions); the dwelling capacity of planning permissions (pipeline); and the remaining capacity on other sites without planning permission.

All of the authorities are in the process of developing Strategic Housing Land Availability Assessments in line with DCLG Guidance and PPS 3 requirements. These will inform further the findings of the SHMA and will also require future monitoring and updating in a co-ordinated manner which links with the ongoing development of the SHMA.

A number of other independent sources collect data on an annual basis and these are assessed briefly below.

RSL monitoring

RSLs record their own letting information as an ongoing process. The CORE (Continuous REcording) information source collects together data from over 700 Housing Associations. Those involved submit consistent data which covers a vast range of categories of information and enables the assessment of change over time. However, there are some questions regarding compatibility with the way authorities record the data and greater efforts should be undertaken to encourage dialogue between RSLs and the local authority to ensure a consistent and more comprehensive data source is amassed. This relates in particular to the waiting lists which are held. If these data sources are to be relied upon to a greater extent in calculating housing need, it is important that these are held and updated collectively between all partners involved in letting social rented stock. RSLs should also be encouraged to collect and share more data on lettings made (e.g. who to, where from etc.), tenancy terminations, completions (e.g. mechanism used, unit types, tenure etc.), and overall development activity.

North West Regional Intelligence Unit

The North West RIU provides a great deal of analysis and research relevant to the City Region. Where appropriate this should be used in the monitoring of the SHMA.

RIU produce work from the regional economic forecasting panel on future economic developments as well as regional economic profiling, and employment and skills research.

GMFM provides much more specific and in-depth information for Greater Manchester and specific HMAs, but any monitoring analysis should be cognisant of regional developments and variations in forecasts.

HMR Pathfinders (Manchester / Salford & Oldham / Rochdale)

A number of separate research commissions continue to be commissioned through HMR Programmes for research and monitoring purposes.

MSP and ORP have each defined ongoing evaluation frameworks to set the agenda for future measurement and management of performance. These seek to provide assessments of the impact of the pathfinder programmes and investment, and identify areas for further future development in the way each pathfinder formulates and delivers its programme.

The associated outputs and commissions will continue to be of use for updates of the SHMA, and should be used where appropriate.

Oxford Economics

Oxford Economics provide the Greater Manchester Forecasting Model (GMFM) – which provides economic, demographic and housing forecasts through a base forecast which is updated annually.

A number of scenarios have also been commissioned, including the Accelerated Growth Scenario and Lower Growth Scenario used to inform the development of the SHMA

The model has already undergone significant development to improve the robustness of the forecasts and this development process will continue as further requirements emerge.

This resource should continue to be used as a core part of the monitoring strategy and features further in the remainder of this section.

8.3 The SHMA Monitoring Framework

The monitoring framework looks to recognise the core drivers of the housing market across Greater Manchester and establish a structure based around these themes for the purposes of monitoring. This is followed by the identification of key indicators which should be assessed on a regular basis in order to continually inform the development of planning and housing policy at a local, sub-regional and regional level.

Recommendations are included regarding future protocol and the use of resources to implement the process of monitoring.

8.3.1 Market Drivers

Consideration is required of the wider demographic and economic trends which influence the operation of the housing market alongside measuring changes in market dynamics (including supply, demand and price variables) and housing land availability.

These factors can be broadly captured under five themes. These themes linked to the drivers of change establish the framework for monitoring.

- ⇒ Demographic Factors – varying demographic dynamics, including natural change in the population and national and international levels of migration, are key drivers in housing need and demand.
- ⇒ Economy and Labour Market – the changing nature of the economy and the linked labour market is a key component in assessing housing need and demand.
- ⇒ Supply Trends – the dynamics between demand and supply of stock represents the critical issue for developing balanced and sustainable housing markets. Evaluating the level of housebuilding and the type of product delivered is a core element of monitoring the ‘health’ of the housing market.
- ⇒ Market Performance – the housing market is dynamic and this is reflected in changes within the market reflected through house prices and levels of sales. Market change has significant implications for the development of new stock and along with mortgage finance, the ability for people to access different sections of the market.
- ⇒ Capacity – development within the Housing Market Area has implications for future capacity. Existing infrastructure (communications and services) and land availability represent finite inhibitors of future development. The monitoring of supply and demand should be performed in line with an assessment of the capacity of areas to deliver development. The intention being to identify areas where capacity is becoming an issue but also recognising where it represents an opportunity (under-used or new schemes).

8.3.2 Key Indicators for Monitoring

- ⇒ Using the five established themes, the following table outlines the key indicators for monitoring the housing market across Greater Manchester. This framework closely resembles deliberately the monitoring indicators developed for the North West RSS, to ensure consistency in the monitoring of the Development Plan (and RSS) and other sub-regional work.

Monitoring Framework

Theme	Indicator	Geography	Data Source	Availability of Updates	Responsibility
Demographic Factors	1. Total Population	Local Authority	ONS Mid-Year Population Estimates	Annual	Corporate Policy and Research
	2. Population by Age Cohort	Local Authority	ONS Mid-Year Population Estimates	Annual	Corporate Policy and Research
	3. Households	Local Authority	ONS Sub-Regional Household Projections, DCLG Headship rates	Unknown	Corporate Policy and Research
	4. Components of Population Change (i.e. Natural Change/Migration Balance)	Local Authority	ONS Mid-Year Population Estimates	Annual	Corporate Policy and Research
	5. Spatial Patterns of Migration	Local Authority	NHS CHR (Table 2a available on request from ONS)	Annual	Corporate Policy and Research
	6. Quantity of migrant workers	Local Authority	National Insurance Number Allocations (NINOs)	Annual	Corporate Policy and Research
Economy & Labour Market	7. Numbers in employment (Resident and Workplace based)	Local Authority	Annual Business Inquiry	Annual	Economic Development

	8. Economic Activity Rates	Local Authority	Annual Population Survey	Annual	Economic Development
	9. Employment by Occupation Sector	Local Authority	Annual Business Inquiry -	Annual	Economic Development
	10. Workplace-based Earnings	Local Authority	Annual Survey of Hours & Earnings	Annual	Economic Development
	11. Residence-based Earnings	Local Authority	Annual Survey of Hours & Earnings	Annual	Economic Development
	12. Household Incomes	Local Authority (six-digit postcode)	CACI Paycheck	Annual	Housing Strategy
	13. Jobseekers Claimant Count	Local Authority	NOMIS	Annual	Economic Development
	14. Incapacity Benefit/Severe Disability Allowance Claimants - Joint Measure	Local Authority	Department for Work & Pensions	Annual	Economic Development
Housing Supply Trends	15. Housing Completions	Local Authority Geographic specific (point data plottable through GIS)	Planning Dept.	Quarterly figures	Planning
	16. Completions by Tenure and Size	Local Authority Geographic specific	Planning Dept.	Quarterly figures	Planning
	17. Planning Permissions	Local Authority Geographic specific	Planning Dept.	End of year figures calculated but available at any point in the year	Planning
	18. Conversions	Local Authority Geographic specific	Housing Strategy Planning Dept.	End of year figures calculated but available at any point in the year	Housing Strategy / Planning

	19. Transfer of Stock (Local Authority to RSL)	Local Authority Geographic specific	Housing Strategy Dept.	End of year figures calculated but available at any point in the year	Housing Strategy
	20. Right to Buy	Local Authority Geographic specific	Planning Dept.	End of year figures calculated but available at any point in the year	Housing
	21. Clearance	Local Authority Geographic specific	Housing Strategy Dept. Planning Dept. Gateway.	Annual - information collated continuously	Housing Strategy / Planning
	22. Additional Gypsy and Traveller Accommodation	Local Authority	Equalities and Diversity Section.	Annual	Equalities and Diversity Section
	23. Additional Extra Care Units	Local Authority	Housing Strategy Dept.	Annual	Housing Strategy Dept.
	24. Housing Trajectory (performance against requirements factoring in loss of stock)	Local Authority	Planning Dept.	Calculation on an annual basis – review work ongoing throughout year	Planning
	25. Delivery of Affordable Housing - Broken down to clearly show balance between intermediate and social rented as well as the size of properties built	Local Authority	Planning Dept.	Quarterly figures	Planning
Housing Market Performance	26. Average House Prices	Local Authority Postcode sector	HM Land Registry	Annual (Quarterly)	Housing Strategy
	27. Lowest Quartile House Prices	Local Authority	DCLG - Consultation with estate agents to supplement	Annual (Quarterly)	Gateway

Housing Land Capacity	28. Assessment of affordability (entry-level)	Local Authority	HM Land Registry, CACI Paycheck (or alternative income dataset)	Ratios can be calculated when house prices are updated. A full re-calculation would require updating of CACI paycheck data which is available annually	Housing Strategy
	29. % Private Renting	Local Authority Geographic specific	VOA Statistics	Annual	Housing Strategy
	30. Private Sector Rents	Local Authority	Local Estate Agents, Rightmove	Available online at all times.	Housing Strategy
	31. Demand for Social Rented Property (LA and RSL)	Local Authority	Waiting list / Choice Based Letting System. RSL waiting lists.	Constantly updated database – Monitoring issues explored in more detail in following section	Performance Section (Housing)
	32. Levels of homelessness	Local Authority	Housing Strategy Dept.	Annual	Homeless Section (Housing)
	33. Vacancy by Tenure (Long / Short)	Local Authority	Local Authority records / Council Tax Records / RSLs	Annual	Housing Strategy
Housing Land Capacity	34. Deliverable Housing Land Supply (Brownfield / Greenfield)	Local Authority	Planning Dept - Monitoring of Housing Land Availability Studies - Factoring in loss of	Linked to updating of SHLAA	Planning

			employment land		
	35. Long-term Land Supply (Brownfield / Greenfield)	Local Authority	Planning Dept. Outcome of SHLAA	Linked to updating of SHLAA	Planning
	36. Investment in Infrastructure	Local Authority	Planning Dept - Progress against Regional Transport Plan	Longer-term timescales	Planning

8.3.3 Core Indicators

It is possible to identify a number of 'core indicators' which are used within the model to assess future housing requirement. Where updates become available for these core indicators the model should be re-run as required in order to understand the implications for the HMA and linked policy.

- ⇒ Future population estimates - Population Projections (DCLG / ONS)
- ⇒ Future household estimates – Household Projections (DCLG / ONS)
- ⇒ Forecasts from Oxford Economic GMFM, including:
 - Housing projections;
 - GVA;
 - Employment; and
 - Occupational employment;
- ⇒ Estimates of current employee numbers – Annual Business Inquiry (Nomis web)
- ⇒ Estimates of current population/households – Mid-year estimates (DCLG / ONS)
- ⇒ Numbers of vacant properties – Council Tax records / HSSA (Local Authorities)
- ⇒ Average House Prices – Land Registry data
- ⇒ Average Income – CACI household income (CACI)

8.4 Updating the Strategic Housing Market Assessment

The monitoring of key indicators means that AGMA and each of the authorities will not need to undertake a new Strategic Housing Market Assessment on an annual basis but will ensure that a robust evidence base exists to underpin the development of sub-regional and regional policy.

However, given the pace of change in the housing market and the release of new forecasts and projections it is important that the key elements are updated regularly. The release of the data produced through the next national Census would present an opportunity for undertaking a new SHMA, this would therefore likely to be within 4 to 5 years.

Through the intermediary period it is important that the SHMA is updated through an assessment of the key indicators listed in the table above. This would not involve rewriting the SHMA but rather focusing on statistical analysis of newly released data building on the analysis already undertaken.

Where new data became available, the housing models used to calculate future requirements and housing need could be re-run to ensure that the SHMA reflected the most up-to-date information available and therefore presented a clear and contemporary perspective of future housing demand and need. Where there were notable changes from the findings of this SHMA as a result of significant alterations, in for example population or household projections or housing market performance, the implications should be assessed in relation to existing planning policy.

This approach would also include the production of short studies around particular issues where the monitoring of indicators suggests significant alteration within the housing market. For example significant changes in house prices, private rental levels, employment opportunities, and the level of stock built could impact on levels of housing need, affordability issues or simply overall demand for property. Maintaining an understanding of the dynamics of the housing market will ensure that a robust evidence base exists to evaluate planning applications for housing development and will ensure that policy is pro-active rather than reactive to change. The production of any additional research studies should be tied into any current monitoring reports produced by the authorities in order to avoid replication of work.

8.4.1 Assessing Future Demand

As noted in Section 5 monitoring will be required of population and economic performance against those forecast within the existing economic forecasts and ONS released demographic projections.

Re-runs will be required of the Oxford Economics Greater Manchester Forecasting Model (GMFM) as and when new data-sets are released and/or significant revisions are made to previous estimates. This includes sub-national population projections and to a lesser extent household projections – given the extent of coverage in GMFM. The analysis has indicated that small changes in these projections can have marked implications regarding the calculated levels of demand for new housing, therefore, reinforcing the need for regular updates to assess the implications of key drivers changing within the model.

Moreover, as has been seen during the course of this commission, economic conditions can and do change rapidly and in doing so have marked implications for short, medium, and long term economic outcomes. AGMA commissioned a new scenario – the downturn – to assess the implications on the economy and housing market of the credit crunch.

Therefore, the current cycle of renewing baseline estimates every six months is worthwhile, and this cycle should be augmented with bespoke scenarios when stakeholders deem this appropriate.

8.4.2 Housing Capacity

In July 2007 the DCLG issued new Guidance to undertake Strategic Housing Land Availability Assessments. PPS3 requires all authorities to undertake this exercise with the core aims being to:

- ⇒ Identify sites with potential for housing
- ⇒ Assess their housing potential; and
- ⇒ Assess when they are likely to be developed.

The Guidance notes that the Assessment findings will be particularly relevant at the issues and options stage of development plan preparation and will identify:

- ⇒ The recent pattern of housing development;
- ⇒ The choices available to meet the need and demand for more housing and provide a basis for making decisions about how to shape places in the future; and
- ⇒ Whether action would need to be taken to ensure sites will become deliverable (including infrastructure investment) or whether plan policies need to be reviewed to enable identified sites to be developed for housing.

Manchester City Council has recently completed a detailed Urban Capacity Study which reaches clear conclusions in line with the objectives outlined above and has been incorporated within the analysis. All of the other authorities are

in the process of developing an evidence base in line with the SHLAA guidance, with many of these almost complete. The findings of these studies will provide a valuable update to the analysis at the start of Section 5 of this SHMA and provide a clear indication of the delivery implications associated with meeting RSS targets over the plan period.

8.4.3 The Housing Need Model

Section 6 presents a housing need model, however, the outcomes of this model are heavily caveated as a result of required improvements to the data collected in relation to requirements for social rented housing. The section highlights where additional data is required to improve the model along with an identification of where there are currently limitations regarding the way in which data is collected.

The development of the needs assessment has included a workshop involving all of the authorities to agree the best available datasets to populate the model and ensure consistency between authorities with regard to the data used. However, in order to arrive at the use of a consistent data set compromises were required and the opportunity exists in the future to develop further the way in which data is managed and held in order to refine this analysis and ensure that needs assessments using secondary data become increasingly robust.

It is important that in the future efforts are made to produce a combined database of waiting list information for all social rented service providers. This therefore includes all of the 10 local authorities within Greater Manchester alongside the RSLs/Housing Associations active within the authority. Maintaining one list will present a robust picture of housing need, avoiding duplication of households on different lists and therefore double counting.

In addition to this the waiting list data recorded should clearly highlight those households which are classified as in priority need relating to the guidelines included within the SHMA guidance and the government classifications around priority reference households. Accepting the reality of limited capacity for the delivery of a large quantum of new social rented stock and transforming existing stock it is important to highlight where need exists which must be met through additional development.

Different approaches to managing the waiting lists, for example the annual removal of non active applications or variance in allocation policies of social housing providers, can have significant impacts on the outputs of the model. A consistent approach between authorities and other social housing providers will need to be agreed in the future in order to ensure that inconsistencies are avoided.

In order to address these issues there will be a need for a central resource (potentially the AGMA Policy Unit or one of the 10 local authorities acting on behalf of the other nine authorities) to:

- ⇒ Collate waiting lists from authorities, ALMOs or LSVT organisations for each of the ten authorities across Greater Manchester to provide a composite waiting list. This would eliminate the possibility of double counting of households and would be undertaken through a postcode matching exercise.
- ⇒ Compare local authority waiting lists with those of the principal Registered Social Landlords (RSLs) operating across Greater Manchester to assess the degree to which there are households who may have registered with RSLs but not with the local authority.
- ⇒ Appraise the variations of lettings policies in greater detail and arrive at a consistent template for future policy to ensure consistency between authorities and major providers.

8.4.4 Additional future indicators

Housing markets continue to rapidly evolve with new tenure options and new housing types emerging in order to ensure that the market responds to housing need and demand. The list below includes a number of additional indicators which may need to be given consideration in the future monitoring of the housing market.

These indicators look to reflect the current housing market conditions which are increasingly dominated by affordability issues and issues around mortgage finance and the supply of new housing.

- ⇒ Level of investor owned properties at low geographies (already held for Manchester and Salford but not consistently researched throughout other authorities);
- ⇒ Aggregated household incomes by age group to identify critical sections of the market (e.g. first time buyers), this is currently not available through the existing CACI dataset;
- ⇒ Detailed information regarding movers (those active within the housing market) e.g. reason for movement, position within the 'housing ladder', and type of property vacated and purchased. Council Tax records are

likely to prove the best source of this information, although considerable work may be required to extract consistent information across all 10 authorities; and

- ⇒ Levels of repossessions following households defaulting on mortgage payments would be a useful measure in the current environment, but it is unclear how best to source this data at present.

8.4.5 Links with transport

Should TIF be secured to underpin significant transport infrastructure investment across Greater Manchester in the coming years, this would be a good opportunity for synergy in data collation and interpretation. Whilst this is a medium-term consideration, road charging systems and new public transport networks will have effects on both the housing market and economy of the City Region and these should be monitored. It is highly likely that GMPTE (if it follows in the footsteps of TfL) will produce an extensive monitoring programme and annual monitoring report that will start now before the introduction of new schemes and then compare and contrast many of the publicly available indicators outlined in this annex. AGMA should make full use of the information in this report, and also ensure that the monitoring of scheme impacts pays appropriate regard to housing market outcomes.

8.5 Data Collection and Protocols

In order to ensure a more consistent approach to monitoring between the authorities a number of actions are proposed:

- ⇒ Agreement between the local authorities as to a standard proforma for data collection. This would ensure consistent data was assimilated and therefore permit comparable analysis to be undertaken between authorities.
- ⇒ A required data specification would need to be agreed between the partners and completed by relevant elements of the authority. This would then guide data collection from planning, economic development and housing departments.
- ⇒ Protocols would need to be established for ensuring that data was compiled and held together. This would require a clear framework of responsibility within the authorities with a nominated contact responsible for assimilating internal data from the relevant departments. Local authorities would need to identify a suitable lead officer to co-ordinate data and ensure a complete database was held.
- ⇒ An agreed timetable for collection would be required in order to facilitate annual monitoring of the key indicators. It is proposed that the existing timetable for collection of data to feed into annual monitoring and submissions to the RSS monitoring process would provide a clear template to follow. This would ensure that data was collected with the maximum of efficiency and create minimal extra work within the authorities.

8.6 Skills and Human Resource Implications

The monitoring framework has at its core the need to develop an efficient process which does not produce significant additional pressure on local authority resources.

Data is already collected in order to feed into nationally held datasets and it is proposed that this process is developed to ensure greater coverage and consistency between the authorities.

In order to achieve this local authorities would need to nominate a dedicated officer who would take responsibility for ensuring that data is compiled within the authority following the agreed approach and established pro forma.

In addition to providing an officer to undertake this coordinating role local authorities would need to ensure that there was sufficient staff time available for collating and compiling the data. Departments are currently required to consolidate key data for the evaluation of local and national strategy and therefore relatively little additional time would be required within departments.

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