Rethinking affordability in Greater Manchester

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Introduction

• Draft Residential Growth Strategy
• Emerging housing and planning policy will impact on our future decision making
The Changing national context

• Home ownership is the central plank to governments housing policy direction
• Welfare Reform is set to continue
• Planning and Housing Bill
• Extended Right to Buy and Pay to Stay
• 1% year on year rent reduction
• Greater Manchester can be innovative with its thinking
Rethinking affordability

• Definition of affordable housing is often misinterpreted
• Opportunity to design our approach to support our economic ambitions
• Greater correlation between income and affordability
• The market has been delivering an affordable product in Manchester
Economic growth and new jobs

• New job opportunities driving population increase
• Over 30,000 students graduate in GM each year
• Affordability and housing choice essential to support this growth
GM predicted sector growth 2015-2025 by UK average pay by sector

Increase in overall jobs (thousands)

- Over £30,000
- £25,000 - £30,000
- £20,000 - £25,000 pa
- £15,000 - £20,000 pa
- Up to £15,000 pa

GM median individual income £21,205pa

Source: GMFM 2014 baseline (GM sectors)
ASHE income by sector 2015
Stock profile, GM, North West, England and Wales

Source: VOA Council Tax valuation summary 2015
Greater Manchester 33% Less than £125k  New Build Sales 2005-2015

Number of sales


GMCA

BOLTON  MANCHESTER  ROCHDALE  STOCKPORT  TRAFFORD
BURY  OLDHAM  SALFORD  TAMESIDE  WIGAN
**Market rent affordability GM median and mean income**

Greater Manchester Median Income: £25,573 Monthly affordable rent for median income (33% of gross income), £703
Mean Income £33,107 Monthly affordable rent for mean income (33% of gross income), £910

- **Affordable for GM median household income**
- **Affordable for GM mean household income**

Source: GM and district income CACI Paycheck 2015
GM estate agents advertised price Zoopla January 2014
### Greater Manchester

#### Housing affordability all households

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Percentage Unaffordable</th>
<th>Percentage Affordable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social/Affordable Rent</td>
<td>-100%</td>
<td>100%</td>
</tr>
<tr>
<td>Lower Quartile Market Rent</td>
<td>-40%</td>
<td>60%</td>
</tr>
<tr>
<td>Home purchase product (Average house price)</td>
<td>-57%</td>
<td>43%</td>
</tr>
<tr>
<td>Home purchase product (Lower quartile house price)</td>
<td>-40%</td>
<td>60%</td>
</tr>
<tr>
<td>Starter home (10% deposit) (Average house price)</td>
<td>-84%</td>
<td>16%</td>
</tr>
<tr>
<td>Starter home (10% deposit) (Lower quartile house price)</td>
<td>-72%</td>
<td>28%</td>
</tr>
<tr>
<td>50% Shared ownership (Average house price)</td>
<td>-63%</td>
<td>37%</td>
</tr>
<tr>
<td>50% Shared ownership (Lower quartile house price)</td>
<td>-46%</td>
<td>54%</td>
</tr>
<tr>
<td>25% Shared ownership (Average house price)</td>
<td>-55%</td>
<td>45%</td>
</tr>
<tr>
<td>25% Shared ownership (Lower quartile house price)</td>
<td>-34%</td>
<td>66%</td>
</tr>
<tr>
<td>Help to Buy Equity Loan (Average house price)</td>
<td>-64%</td>
<td>36%</td>
</tr>
<tr>
<td>Help to Buy Equity Loan (Lower quartile house price)</td>
<td>-49%</td>
<td>51%</td>
</tr>
<tr>
<td>85% Loan to Value Mortgage (Average house price)</td>
<td>-70%</td>
<td>30%</td>
</tr>
<tr>
<td>85% Loan to Value Mortgage (Lower quartile house price)</td>
<td>-49%</td>
<td>51%</td>
</tr>
</tbody>
</table>

**Sources:**
- CACI 2015 household income by district
- 2014 Land Registry price paid data
- New Economy modelling

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**GMCA**

**BOLTON** | **MANCHESTER** | **ROCHDALE** | **STOCKPORT** | **TAMESIDE** | **TRAFFORD** | **WIGAN**
Housing delivery in the next 5 years

- 10,350 required per annum (GMSF Option 2)
- Land supply 152,800 2015-2035 (GMSF)
- Sec 106 requirements? Schools or starter homes?
- New ‘products’ are essential eg Help to Buy; Rent to purchase; shared ownership
- Tenure will change
Discussion points

• How do we define future affordable housing in Greater Manchester?
• What role will our existing social housing play in the wider housing market?
• What role will the private rented sector play?
• How does this interpret into the 100,000 plus homes to be built over the next 10 years?
• What are the spatial implications for this?