Manchester City Council
Report for Resolution

Report to: Executive – 13 November 2019

Subject: Consideration of Policy H12: Purpose Built Student Accommodation Within the Changing Market Context

Report of: Strategic Director (Growth & Development)

Summary

This report summarises recent changes in the student accommodation market, and provides an updated context in which to consider proposals for PBSA on an interim basis in advance of a review of Core Strategy Policy H12: "Purpose Built Student Accommodation", as part of an update of the Core Strategy. It responds to the changing context, and would help to support the delivery of the regeneration objectives of the City Council and our key partners. The report goes on to outline a number of policy ideas for a revised approach to Purpose Built Student Accommodation (PBSA), and proposes an appropriate consultation process.

Recommendations

The Executive is recommended to:

1. Note the significant changes that have taken place in the student accommodation sector, and the impact this has had on the city centre context and adjoining communities;

2. Request that the Strategic Director (Growth & Development) undertakes an appropriate consultation process with key stakeholders on this changing context, and brings a report back to the Executive on the outcomes of the consultation;

3. Subject to the outcome of the consultation, request that the Planning and Highways Committee takes these market changes into account as a material consideration when dealing with future planning applications for student accommodation;

4. Note the start of a review, consultation and revision of Policy H12 as part of the Local Plan process, to enable an updated approach to the provision of student accommodation in the city, based on the prevailing market context, the principles set out in this report, in particular the location of new student accommodation in close proximity to the University campuses, and in line with the Council's wider place making and growth objectives; and

5. Support the longer term regeneration and growth objectives of the Council and partners on the Student Strategy Partnership and Oxford Road Corridor Board.

Wards Affected: Deansgate, Piccadilly, Ardwick, Rusholme, Longsight, Hulme, Moss Side, Fallowfield, Withington, Old Moat, and Levenshulme

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
The suggested revised approach to Purpose Built Student Accommodation will only consider development of new accommodation in close proximity to the University campuses, reducing the need to travel, and thus minimising carbon emissions. Green travel plans will also be encouraged. There is also a key ambition to increase the quality of accommodation, which will be required to meet high standards of sustainability that contribute to achieving the zero carbon target.

Manchester Strategy outcomes	**Summary of the contribution to the strategy**
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Students make a significant economic contribution to Manchester whilst they live and study in the city. The development of assets within the Oxford Road Corridor area is vital to capture the commercial potential of research and innovation and help to realise the economic potential of the Corridor.
A highly skilled city: world class and home grown talent sustaining the city's economic success	A high quality residential offer for students in appropriate locations, is critical for Manchester's Universities ability to attract and retain students in a global market. The retention of highly skilled graduates from the city's universities is a key component in the drive towards a knowledge economy, and forming the critical mass of activity necessary to strengthen the economy.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Freeing up former student-lets and, therefore, increasing the supply of good quality homes for sale and rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations.
A liveable and low carbon city: a destination of choice to live, visit, work	Managing the impact of large student populations on residential neighbourhoods will lead to improved resident satisfaction and make neighbourhoods a place where people want to live, visit and work. The city's liveability, sustainability and connectivity aspirations can be achieved by integrating green and smart ideas into new student developments, as part of the planning process. Student accommodation will be encouraged in areas which are in close proximity to both the University campuses and high frequency public transport routes. It

	is expected that journeys will be made using public transport and active modes, supporting the climate change and clean air policy responses.
A connected city: world class infrastructure and connectivity to drive growth	Student accommodation will be encouraged in areas which are in close proximity to both the University campuses and high frequency public transport routes.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Students are exempt from paying Council Tax and in 2019/20 Manchester will forego almost £17m in tax revenue due to this exemption. There is potential to improve the Council's Council Tax revenue through a reduction in student Council Tax exemptions in city centre and south Manchester properties by directing students to purpose built student accommodation (PBSA).

Financial Consequences – Capital

None

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Manchester Student Strategy - Report to Communities and Neighbourhoods Overview and Scrutiny Committee, 19th May 2009
- Student Strategy Implementation Plan – Report to Executive, 21st October 2009
- The Manchester Core Strategy - Adopted on 11th July 2012
- Manchester Residential Growth Strategy and Action Plan 2016/17 – Report to Executive, 2 March 2016
- Corridor Manchester Strategic Spatial Framework - Report to Executive, 7th March 2018
- Manchester Science Park Strategic Regeneration Framework Update - August 2018
- Oxford Road Corridor Strategic Regeneration Framework Guidance - November 2018
- Manchester Science Park (MSP) SRF update - Report to Executive, 14th November 2018

1.0 Introduction

1.1 Manchester is widely recognised as being in the top tier of international cities for higher education, providing a rich provision of research excellence and innovation that is helping to drive the economy and generate jobs and growth. Key to Manchester's ambition of developing a world class education hub is the city's ability to compete for students, resources, and quality staff in a highly competitive global market. An important element of this relates to the city's residential offer, which has to be able to meet the expectations of students from home and abroad in neighbourhoods close to the universities and beyond.

1.2 Manchester has one of the largest student populations in Europe, with over 90,000 students at Greater Manchester's five universities, and over 380,000 students at the 22 Higher Education Institutions (HEIs) within an hour's drive. There were 74,164 students enrolled at one of Manchester's three HEIS in 2017/18, of which 48,393 had a term time address in Manchester (HESA). Of the remaining c.25,000 students, a significant proportion live at home with their families across Greater Manchester and beyond.

1.3 The resident student population makes an invaluable contribution to the city's economy, diversity and vibrancy whilst they study here. Graduates from Manchester's universities are one of the core assets underpinning a broad based, high skilled economy and the driving force behind some of Manchester's most valuable growth sectors in advanced manufacturing, health and life sciences. Manchester Universities have a high retention rate of students, with over 50% of students staying in the city after graduating.

2.0 Background & Strategic Context

2.1 The Council is committed to creating a sustainable and inclusive residential market that meets the demands of all residents across the city, alongside the Council's wider objectives. Previous reports to the Executive have highlighted how the make-up of Manchester's population has a direct link to changes in residential demand. In light of this, the Council must ensure that as the population expands, all residents have access to good quality accommodation, in terms of type, price and tenure. It is against this background, that the Council and its partners have to consider how to approach the provision of student accommodation in the city.

Manchester Student Strategy (2009)

2.2. The Manchester Student Strategy (2009) was developed in partnership with the Council, the University of Manchester and Manchester Metropolitan University, and the approach was agreed by the Executive. The Strategy has an implementation plan with four key objectives:

1. Develop and improve neighbourhood management approaches in areas with concentrations of student households.

2. Provide better accommodation for students in appropriate locations (specifically Purpose Built Student Accommodation – "PBSA").
3. Address the need for resident parking schemes in Ardwick and Hulme.
4. Take all available steps to prevent further encroachment of students lets into areas characterised by traditional family housing.

2.3. Following the publication of the Student Strategy, fears of an oversupply of PBSA were raised following the announcement in 2010 that tuition fees would rise. At the same time, following the global economic recession, developers / investors started to see PBSA as an attractive investable proposition in comparison to other types of development including mainstream residential and commercial. It was against this backdrop, and the ensuing fall in undergraduate admissions, that the Core Strategy was developed.

Policy H12: Purpose Built Student Accommodation

2.4 Policy H12 of the city's Core Strategy (adopted in 2012) was developed with the objective of managing the supply of student accommodation in Manchester. It sets out the criteria (Appendix A) which have been used to guide planning applications for student accommodation since then.

2.5. A number of complementary documents, aligned to Policy H12 have been developed to supplement and support ongoing regeneration activity in The Corridor. These include the Corridor Spatial Framework (see below) and other Strategic Regeneration Frameworks.

2.6 Policy H12 has sought to manage the appropriate delivery of PBSA. This has helped ensure that housing has been developed in the city centre, which supports economic growth. This has prevented an oversupply of PBSA and created a dynamic residential market. The City Council, working with partners, has used Policy H12, and associated documents, to manage the controlled delivery of a limited but sustainable pipeline of PBSA, in response to increasing student demand for accommodation in the city centre. A small amount of PBSA has also been developed in the south of the city, for example, as part of the University of Manchester's plans in Fallowfield. Development to date has largely delivered what was envisaged within the 2009 strategy.

2.7 Whilst Policy H12 remains relevant, market changes, which have seen higher numbers of second and third year students in particular living in the mainstream private rented sector in the city centre, dictate the need to review the interpretation and application of the Policy. This will primarily respond to affordability challenges and the need to locate accommodation in close proximity to the HEI's.

3.0 Changing Market Demand: Evidence Base & Implications

3.1 There have been significant changes in both the demography (make up and location) and needs of the student population, and the wider development context, since the adoption of the Student Strategy, the Core Strategy and

Policy H12, which now need to be taken into consideration in the approach to student accommodation. These are set out below.

The Oxford Road Corridor

3.2 The Oxford Road Corridor has become one of the most economically important areas within Greater Manchester, with more employment creation potential than anywhere else in the city region. The area is home to almost 80,000 jobs, over half of which are within knowledge-intensive sectors, including the health, education and professional, scientific and technical sectors. The ongoing rationalisation of the University campuses has also concentrated the University functions and facilities more heavily in the Oxford Road Corridor and adjacent area.

3.3 A recent economic impact assessment showed that employment within the Oxford Road Corridor area has increased by 11 % over the last four years to 79,000 people. The area accounts for 20% of Manchester's GVA, totalling over £3.6 billion. Future growth forecasts for the Oxford Road Corridor estimate the creation of an additional £2 billion of GVA and 37,000 new full time equivalent (FTE) jobs, taking the total number of FTE jobs to over 104,000 by 2025, and generating an additional £162 million of residential spend per annum.

3.4 A significant proportion of land ownership within the Oxford Road Corridor lies with a small number of partners; Manchester City Council, the University of Manchester, Manchester Metropolitan University, Manchester University NHS Foundation Trust, Bruntwood and Manchester Science Partnerships. (A map of land ownerships in the Corridor Area is attached at Appendix B). This group of landowners collectively form the Corridor Board and have developed a Strategic Vision for the Corridor to shape its ongoing development. The collective ownership of land allows the partnership to take a strategic approach to development, which can underpin the vision and ambitions for the Corridor.

3.5 Given the strategic nature of the Corridor, the existing knowledge-based uses, and anticipated level of growth, it is clear that there is an increasing scarcity of available land across the city centre, including within the Oxford Road Corridor. As such, it is essential that the limited land available for redevelopment within the Corridor is used strategically to build on the area's unique position and help to deliver the economic growth potential of the Corridor. The use of land by the Universities is also changing, as they rationalise their estates, enhance their facilities, and evolve their activities. Plans for the released sites are still developing and it is important that the Corridor partners work collaboratively to ensure future uses for these sites underpin existing and new growth opportunities. A review of the land available and principles guiding its reuse will be a key part of the new local plan process.

The Corridor Strategic Spatial Framework (SSF)

3.6 Working in conjunction with the objectives of Policy H12, the Council and the two universities have outlined their various aspirations for investment in the Corridor area via the Corridor Strategic Spatial Framework. The Corridor Spatial Framework provides strategic policy support for a level of new student accommodation in the Corridor which delivers 'added value' and helps to realise its economic and place-making potential, though it places a number of important conditions to this support, including:

1. Compliance with Policy H12 of the Manchester Core Strategy is achieved and development is in line with evidenced demand.
2. The need to support Corridor Manchester's overall range of uses and vitality, as well as facilitating investment in infrastructure to support wider regeneration objectives including:

    - Creating new space to enable businesses and institutions within the Corridor to properly grow and realise their potential.
    - Recognising that there is a finite amount of space within the Oxford Road Corridor area, and the function and economic contribution of the area, development of land should prioritise and support research, educational and commercial uses.
    - Encouraging a more diverse retail, food and drink, culture, leisure, sport and entertainment offer within Corridor Manchester - thus supporting stronger daytime and evening economies.
    - Encouraging the design of development to reflect and showcase the world-leading work and activities taking place within the Corridor.
    - Creating the opportunity to make a broader range of housing available which meets the needs of a growing, younger and higher-skilled workforce within the Corridor, and emphasises student well-being.

Changing Student Demographics

3.7 Manchester's total student population is the largest concentration outside London. A growing proportion of students are now international (Appendix E) with undergraduates increasingly coming from countries such as China, Malaysia, India and Saudi Arabia. These students are typically choosing to live in the city centre, driven by rising lifestyle expectations, property type and management (Appendix C).

3.8 Increasing numbers of students are choosing to live in the city centre. As a result, the student housing market in the south of the city, and in Fallowfield and Withington in particular, has contracted (Appendix C). Looking at the four areas in South Manchester with the highest concentration of student HMOs (Fallowfield – M14 6, Rusholme / Victoria Park – M14 5 and Withington – M20 4 & M20 5) the number of student exemptions has reduced by 32% between 2010 and 2019. In the city centre the number of student exemptions has increased by 24% over the same period[1].

[1] MCC Council Tax records

3.9 A small number of student accommodation schemes have been developed in the south of the city, in line with the Student Strategy and Policy H12. The one larger scheme is the University of Manchester's redevelopment of Owens Park in Fallowfield (providing 3,209 new build PBSA rooms, a net increase of 1,148).

3.10 Whilst UoM are consolidating at Owens Park, MMU has focused its accommodation strategy at All Saints and Birley Fields. The impact of this has been a transition from student lets to family housing in parts of South Manchester. The Elizabeth Gaskell, Hollings and Didsbury campuses were closed in 2014, with faculties moved to All Saints and the Birley Fields Campus. This has redirected a significant amount of student housing demand to the core areas of Hulme and the Oxford Road Corridor.

3.11 Both universities have indicated some managed stock located further away from the city centre is becoming increasingly unpopular with students, and are reviewing their nominations policies accordingly. These buildings, and other peripheral / poor quality stock, could be re-purposed into family housing. This process may need to be carefully managed.

Lack of Supply and Affordability

3.12 There were c.24,000 total PBSA beds available to students in Manchester for the 2018/19 academic year, owned or leased by either the two Universities or the private sector. This accommodation varied in age, price and quality. In the period 2010/11 - 2018/19, 6,440 new homes have been built in the city centre, of which c.1,800 units were PBSA. This means that for most students choosing to live in the city centre, the mainstream lettings market is the most likely destination.

3.13 Students are attractive to landlords and are directly targeted as a result. In line with the mainstream market, students occupy accommodation at all price points including premium flats in central locations through to shared units in more entry level locations. Anecdotal evidence from agents suggests that when faced with a choice between a series of different tenant profiles many landlords will opt for student occupiers because of various commercial incentives – e.g. international students pay up front, don't always ask for their deposits back and drive significant rental growth. This has two key consequences for the mainstream market. Firstly, agents align 12-month tenancies to meet the academic calendar in order to drive annual rental increases and improve yields. Secondly, developers complete units to meet peak demand at the start of the Autumn Term. The long term effect is that rents are inflated and working households are squeezed from certain buildings in the city centre (in favour of students) with implications for affordability.

3.14 This coupled with the significant growth in (non-student) city centre residents over the same period, has led to intense competition for accommodation between working households and students. Whilst rents are not growing at the rate they were (certainly in the 2015 - 2017 period), the unprecedented levels of rental inflation experienced in some parts of the city centre over the last four

years, including those neighbourhoods popular with students, reflect the lack of supply in both mainstream stock and PBSA.

3.15 At the same time, Manchester is currently one of the most expensive markets in the UK for PBSA (see Appendix F). Manchester has the third most expensive standard rooms and most expensive en suites & studios in the UK. In Manchester, rental levels across the PBSA market have grown at twice the rate as would be expected in markets with healthy supply/demand levels (Cushman & Wakefield 2019), indicating that operators are taking advantage of a lack of supply to drive rental inflation in their accommodation offer.

3.16 Students live across various neighbourhoods and tenures paying amongst the highest and lowest rents in the city centre (see Appendix G). A section of the student population is paying amongst the highest rents in the city, in both PBSA and the more expensive end of the mainstream lettings market. For example, in Deansgate and Spinningfields (12% of mainstream stock student Council Tax exempt), Oxford Road North (24% exempt) and Owen Street & First Street (23% exempt) the average 2bed rents are highest - £1,313pcm, £1,168pcm and £1,030pcm per month respectively. At the higher price point, PBSA is also available, and in the pipeline,

3.17 At the other end of the spectrum, students looking for a more affordable option - including a high proportion of domestic students - are focused in Oxford Road South (22% exempt) and at Hulme Park and Birley Fields (9% exempt) where the average 2bed rents are at their lowest - £829pcm and £777pcm respectively. At present, a more affordable PBSA product, capable of tempting students from mainstream accommodation in both the city centre and elsewhere, is not available.

3.18 The issues associated with students living in these cheaper locations will only be addressed if an alternative and competitively priced new build PBSA product becomes available. Without this, there is a risk that the flow of domestic students moving out of south Manchester will slow and students will have little choice but to compete for accommodation with working households in the mainstream market in places such as Hulme.

The Financial Impact of Students Living in Mainstream Accommodation

3.19 Purpose Built Student Accommodation blocks are exempt from Business Rates. Furthermore, students are exempt from paying council tax on production of a valid certificate confirming they are in full time education (studying more than 21 hours per week, for a minimum of 24 weeks) at a recognised institute. Certificates are issued by the institute and contain the course start and end date. Students are only exempt for the period of study.

3.20 Up to 2013/14, the government funding formula included an element to recompense authorities for loss of funding arising from the Council Tax exemptions given to students. In 2013/14 this reimbursement was estimated to have been worth almost £9m to Manchester. It has since been eroded with year on year cuts to Government funding and by 2019/20 is estimated to be

less than £6m. With around 15,000 dwelling subject to student exemptions across the city the associated foregone Council Tax income is around £17m a year, an £11m net loss.

3.21 In essence this means less money coming into the Council to fund services, creating a major financial incentive to relocate students from the mainstream apartment market into city centre PBSA, to ensure that as much of the city centre's housing stock as possible is made available to Council Tax paying residents. It is not easy to accurately predict the impact on Council Tax revenue of the new build PBSA pipeline. However, it is reasonable to assume that a portion of these new occupiers may have otherwise chosen to live in the mainstream private rented sector, receiving a council tax exemption. It is therefore expected that a significant element of the currently exempt £17m value of Council Tax revenue on mainstream properties, will revert back to chargeable properties as a result of becoming occupied by working households.

3.22 Since 2017 / 2018 within the framework of Policy H12, a controlled pipeline of new build (private) PBSA has been approved, totalling 4,324 beds – focussed in the Corridor area. This is the key location where students want to live (see Appendix H) and reflects the evolving student demographic in and around The Corridor.

3.23 Since the completion and occupation of Vita on First Street in 2014/2015 (280 beds) and The Chapel on Upper Brook Street in 2017/2018 (102 beds), the number of student exempt properties across a range of mainstream schemes previously popular with students has reduced (2015 – 2018). Examples of this include the Beetham Tower, where the number of student exemptions has almost halved, and at the Hacienda building where they have decreased by roughly a third.

3.24 Student exemptions at recently developed city centre schemes such as Cambridge Street have continued to increase (recording a significant jump from 34% June 2017 to 56% June 2018). Similarly Trinity Court on Higher Cambridge Street (Oxford Road South) where average 2bed rents are relatively affordable at £811 (2019), 53% of flats are currently student exempt. This suggests that without an enhanced and sustained pipeline of new PBSA development, many mainstream housing developments, will continue to be occupied by students and therefore remain exempt from Council Tax (despite - in the case of Cambridge St - hosting 90%+ band D and E properties).

3.25 Against this backdrop, the review of Policy H12, as part of the Local Plan process, will ensure that it response to changing demand, and delivers new supply at the right price point to meet the objectives of the City Council and / or its partners.

4.0 Policy Implications

4.1 The most recent student accommodation schemes have focused on a premium studio product (Vita at First Street and Circle Square and The

Chapel). Whilst this has delivered a significant boost in terms of quality, these schemes are expensive in national terms and are unlikely to have a significant impact upon affordability.

4.2 However, a considered and diverse pipeline of new PBSA could stabilise rental growth by taking demand out of the mainstream residential market and reduce the competition between students and working. The schemes at River Street and New Wakefield Street could assist this process. When complete, work is planned to understand the implications on the market of these schemes (and any additional future development), so that a measured and sustainable pipeline can be introduced and appropriately absorbed in line with the future evolution of the market in the city centre and within the Corridor area in particular.

4.3 HMOs in South Manchester remain popular - in part because they are cheaper on average than the direct-let PBSA sector. Average rents are roughly £100 per week for a room (£5,200 p.a. on a 52 week let length) in Fallowfield, Rusholme and Victoria Park (including bills) and marginally less expensive in Moss Side and Longsight. Many students also stay in this type of accommodation for the “traditional student experience” of sharing a house with a relatively large group and the independence of dealing with rent, bills etc.

4.4 Research at Vita Circle Square suggests that its convenient location within walking distance of both the universities and the shops and nightlife of the city centre is a major draw. This reflects the modern day diversity of the new city centre student market and the lifestyle choices and aspirations inherent within it. The challenge now relates to capturing these attractors in new development at more affordable rents that can compete on price with the traditional south Manchester HMO model. There would therefore need to be a discernible difference in quality / value for money to justify a student spending more money on PBSA and a “cultural shift” would be needed to see students come out of HMOs en masse. There is however the potential for new, and innovative PBSA product to contribute to this transition.

4.5 The impact of new supply will need to be managed, appraised and evaluated. As well as Policy H12, this appraisal will be linked to need, the effectiveness and contribution to growth and regeneration objectives, and the other principles set out in this report.

4.6 A recent report by Cushman & Wakefield identified that Manchester has fewer high quality rooms compared to the UK average (15% vs 23%) and more low quality rooms than average (39% vs 33%). In part this is linked to the fact that the Manchester PBSA market is relatively aged, with more beds developed before 1990 and still in use today, than beds built post-2015. The lack of supply / competition with the market, has also meant that there has been little incentive for the refurbishment of schemes in order to improve quality, amenities and communal space.

4.7 In addition to this the report also notes the relatively high number of beds located more than 20 minutes away from the primary University campuses

(particularly with respect to UoM stock). C&W point out that in most UK markets, peripheral stock has been repurposed or discontinued in recent years. The report suggests that as the Manchester market develops older schemes in poorer condition and more peripheral locations may no longer be able to compete. In the event of a decline in demand, it may be difficult for the private sector to make a case for reinvestment in this older stock. Consequently, the City Council may need to consider a strategy for future alternative use.

4.8 The report advises that any future PBSA provision should be located where there is most demand – i.e. in the Oxford Road Corridor area, in close proximity to the two university campuses.

4.9 The City's Higher Education Instirutes (UOM & MMU) submitted a response to the Cushman & Wakefield report. This provided a number of detailed comments summarised below:

- The current development pipeline should be allowed to come to fruiting with future consents for PBSA considered within this context. Both institutions will make a submission to any further planning policy review.
- The report fails to recognise complexities of the student population, which includes international, undergraduate, postgraduate, mature, living at home and part-time students. The accommodation preferences differentiate between each of these cohorts.
- The report may not accurately reflect the quality of some of their accommodation and the pastoral care available to students in some private halls of residence and through the institutions.
- Both Universities are investing in their own residential estates and returning PBSA to direct let. It should be noted that neither institution is planning to significantly increase their student numbers in the coming years.
- Cost and availability of land in the city centre is prohibitive to many developers and the associated financial model drives the delivery of high-end studio apartments, only providing a shortage in affordability types of accommodation.
- The current market focus on 'studio' development is not in line with the sector consensus on good value and to address concerns over affordability and well-being.
- It should be noted that there will always be a cohort of students that make informed choices to reside in a local community, in shared housing, alongside their peers for both experiential and affordability reasons.
- The location of student accommodation in Manchester has always been considered in line with proximity to university campuses by sustainable modes of transport, which complements existing green travel plans.
- There is concern relating to current empty PBSA and future student numbers, taking into account the impact of the post 18 education review and Brexit.

- There is concern about the overall accuracy of some of the information relating to quality, affordability and comparisons with other UK cities.

4.10 Manchester Metropolitan have since submitted a further response, setting out the primary aims and objectives of MMU relating to student accommodation. It notes that their 2018-2023 Accommodation Strategy provides a set of guiding principles within which any proposals for the development of the residential estate can be assessed. These are:-

- Holding sufficient accommodation stock to be able to provide accommodation guarantees with confidence.
- Develop plans for up to 850 new rooms, either University or Private sector built and operated.
- Support developments close to campus made up of en-suite study bedrooms in cluster flats with perhaps some studio rooms if students demand develops for this type of accommodation.
- Work closely with MCC and the private sector to develop Postgraduate provision.
- Have a clear focus on the affordability of rents with regular benchmarking against comparators and competitors.
- Working with the Council and the UoM to develop a strategy around overall provision, aligned to the changing dynamics.

5.0 Policy Proposals for Consultation

5.1 The aim of Policy H12 has been to ensure that the right mix of student housing is delivered, in the right parts of the city, to meet the demands of the evolving student population and the wider growth, regeneration and financial objectives of the City Council and its partners. The Policy has been successful in achieving these objectives to date.

5.2 An initial appropriate consultation is proposed with key stakeholders on the changing market context set out in this report, with a view to the changed market context being taken into account in determining planning applications in advance of a full review of Policy H12. Following this, as part of the development of the revised Local Plan, an evolution of implementation of the student accommodation policy will be considered and consulted on. The rest of this report sets out the key policy ideas that it is proposed the Council consult the Universities and other stakeholders on, based on the issues set out in this report, in relation to all student residential development. The approach to the student housing market should also be kept under review, to ensure responsiveness to both changing market circumstances (including the impact of leaving the EU) and demand.

5.3 An approach to affordability could be included within the new Local Plan - perhaps along the lines of the Draft New London Plan (published in August 2018), which specifically addresses affordability in PBSA (see Appendix I). The London policy states that 35% of bedrooms in PBSA are required to be

affordable, or to follow the Viability Tested Route and submit evidence to justify any reduction in this figure.

Supporting Regeneration Objectives

5.4 The starting point for all student residential schemes should be that they contribute to delivering the regeneration objectives for the city; supporting employment growth, graduate and talent retention, place making and the city's international reputation.

5.5 As part of this, the approach needs to be within the context of the approved Corridor Spatial Framework (see paragraph 3.4), which establishes the principle that development of land in the Oxford Road Corridor should prioritise commercial or educational/research use, in order to maximise the growth potential of the Corridor, recognising the limited availability of land. Student accommodation should, therefore, be in the right locations, in appropriate numbers, and only where it supports wider growth. Given the location of the majority of accommodation within the wider Corridor area, the Corridor Board, will be a consultee on proposals for PBSA.

5.6 Conditions set through the planning process for example through Section 106 agreements, will seek to restrain students living in new non-PBSA developments.

Affordability

5.7 As shown by the evidence, Manchester is one of the most expensive cities in the UK for PBSA. A more diverse pipeline of new PBSA is now needed to help stabilise rental growth.

5.8 New accommodation would need to adhere to the quality criteria set out below, including adequate room sizes, storage and social spaces. However, more studio-style accommodation, or a product similar to the shared apartment scheme being developed at River Street may provide examples of how more affordable PBSA could be delivered.

5.9 It is critical to ensure there is a residential market, which meets the needs of students at an affordable price. The city cannot allow affordability to impact on the ability to attract and retain students from a range of backgrounds, and/or prohibit them from living in areas close to the university campuses. An approach similar to the London policy of 35% affordable units within any new PBSA should be encouraged.

Quality

5.10 The overall quality of Manchester's PBSA stock is poor compared to other cities. A recent appraisal by Cushman and Wakefield found that Manchester has fewer high quality rooms compared to the UK average (15% vs 23%) and more low-quality rooms than average (39% vs 33%). Accommodation is considered to be less sustainable where:

1. It is a greater than 20 minute walk to campus
2. Room quality is below average
3. There is below average quality common space

5.11 For Manchester to remain competitive as a world class education hub, with an accommodation offer to match, the current level of poor quality accommodation needs to be addressed. New stock in appropriate locations represents an opportunity to deliver an improved student experience, which better reflects Manchester's institutions and its educational reputation overall, and also helps to contribute to sustainability targets.

5.12 All PBSA must be of a high quality, providing a high standard of living, within close proximity to the city's higher education institutions. To ensure the delivery of student accommodation that is high quality and highly accessible, with strong and sustainable connections to the city's universities, all future PBSA should be within or immediately adjacent to Oxford Road Corridor (with the exception of the area surrounding the Institute of Sport, on the Etihad Campus as set out below). Design should allow sufficient facilities to cater for the overall wellbeing of students, including, for example, generous living space, communal spaces for students to socialise, and public realm, which contributes to the quality of place. PBSA design must also be sufficiently flexible to allow for re-purposing as demand varies.

Wellbeing, Safety and Security

5.13 Linked to the above, purpose build accommodation should consider the welfare and wellbeing of students as a major factor, in both design and management. Ensuring that student accommodation is delivered in safe and secure locations, and with appropriate management and facilities, will be a fundamental consideration for any PBSA proposals. Location of accommodation close to University facilities is a critical issue in ensuring the safety and wellbeing of students. The safety and security of accommodation has a significant impact upon student retention which is of clear importance for both the universities and the city as a whole. Location and security are consistently identified by international students as the top factors when choosing accommodation.

5.14 It is currently voluntary for private developers who build and operate PBSA to sign up to the three codes of practice required for higher education providers, which aim to ensure that accredited student accommodation is safe, good quality and reputable. These are:

- The Universities UK/GuildHE Code of Practice for University Managed Student Accommodation
- The ANUK/Unipol Code of Standards for Larger Residential Developments for Student Accommodation Managed and Controlled by Educational Establishments

- The ANUK/Unipol Code of Standards for Larger Developments for Student Accommodation NOT Managed and Controlled by Educational Establishment.

It is suggested that, the principles included within these three codes of practice should be adopted for all new PBSA developments, whether private sector or educational establishment led.

5.15 Private halls of residence should be encouraged to provide pastoral care and programmes which seek to provide an enhanced student experience (as is already evident in the current higher end schemes). These packages can deliver the provision of welfare care and extra-curricular activity in various ways.

5.16 It should also be noted that owners of PBSA are not required to pass business rates on this accommodation, meaning that they currently do not make a direct tax contribution to the place making or management of the areas in which they are located, despite the additional management issues that can arise from a concentration of student tenants. There may be opportunities to look at reducing the impact of this through the planning process, as part of the renewed Local Plan policies.

Density

5.17 Density of student accommodation will be essential to deliver the level of new high quality accommodation needed within the context of scarce land availability both in the Oxford Road Corridor area and the wider city centre.

Location

5.18 Location is a key factor in ensuring the quality, security, sustainability and wellbeing benefits of accommodation. As a result, purpose built student accommodation should be located in the areas immediately adjacent to the core university areas, principally the Oxford Road Corridor area. This may include parts of surrounding neighbourhoods such as Hulme and Ardwick which are immediately adjacent to the university campuses, for example, appropriate sites on Cambridge Street and Upper Brook Street, which accord with the Corridor Spatial Framework. The exact sites would need to take into account the principles of the Corridor Spatial Framework, the context of the surrounding neighbourhood, and support the wider economic and academic growth of the Corridor.

5.19 The only exemption to this within the city would be within the Eastlands Strategic Regeneration Framework area, where consideration will be given to high quality PBSA to support the Institute of Sport proposals on the Etihad Campus as plans develop.

Sustainability

5.20 Given the current climate emergency and Manchester's commitment to be carbon neutral by 2038, it is increasingly important that the location of student accommodation in Manchester should continue to be driven by proximity to university campuses, reducing the need to travel, and to sustainable modes of transport. This supports existing green travel plans. Students are encouraged not to bring vehicles to the city and instead sustainable travel, discounted travel passes and alternative modes of transport are already comprehensively promoted to new and returning students.

5.21 The requirements driving quality in new PBSA will ensure that all new accommodation meets the highest standards of sustainability, to meet the Council's zero carbon policies. They will also be expected to provide appropriate public realm and connectivity, which can contribute to the local environment; provide opportunities for reducing climate change impacts (e.g. providing new trees); and encourage walking and cycling, also contributing to levels of wellbeing.

Mix of uses

5.22 It is essential that the Oxford Road Corridor, and the city centre as a whole, is able to maintain the right balance of commercial, educational, residential, cultural and leisure use, in order to ensure that it can maximise its contribution to the economic growth of the city. Given its unique position, and as outlined above, the presumption will be that commercial and educational use will be prioritised within any new development in the area.

5.23 However, a level of high quality PBSA will be important to achieving the right student offer, and address the issues raised throughout this report, including the attraction and retention of students. A limited amount of PBSA will be considered, in appropriate locations, where it can be demonstrated that it will support commercial and educational use, and the overall growth and regeneration objectives for the Corridor and the city.

6.0 Conclusion

6.1 Students make an important contribution to the local economy and play a valuable role in the increasingly diverse cultural make-up of the city. The quality of housing plays a key role in ensuring that students feel welcomed and comfortable in Manchester and is a highly influential factor in whether students are retained in the city after graduation. With this in mind, it is fundamentally important that as a minimum, the residential offer matches the quality of education. This means upgrading and improving the available stock in the city, including through the development of new provision.

6.2 Both UoM and MMU have undergone significant campus rationalisation programmes over the last decade. It will be imperative that the city's student residential offer takes account of the requirements of both institutions. It is also important that the future use of land is agreed with the Universities as plans develop.

6.3 Manchester's approach to developing new student accommodation has largely remained the same since the adoption of the Core Strategy in 2012. Since then, however, the city centre housing market has changed immeasurably and the student population in the city has seen a changing demographic profile and concentration within the Oxford Road Corridor.

6.4 The current policy on student accommodation needs to respond to these changing circumstances. There may be opportunities, in the longer term, for further growth in the portfolio of student accommodation stock in the Corridor area, where it supports economic and knowledge-based growth, and will contribute to the wider regeneration objectives of MCC and its partners. At the same time the return of former student lets to family housing will continue to be supported, with joint efforts between partners to actively redirect students away from these areas planned. However, we may also need to take a cautious approach, considering the uncertain impact on the Universities following an exit of the European Union.

6.5 The proposals set out in this report were presented at the last Corridor Board meeting on 22nd October. The Board highlighted the importance of ensuring that accommodation is affordable for students and their safety, health and wellbeing must be a key consideration when planning the supply of new accommodation. The Board recognised the important role students play in delivering the partnership's growth and regeneration objectives for the Oxford Road Corridor area. The Universities, who are key partners on the Board, will be further consulted as part of the wider consultation process, and their comments included in the report back to the Executive.

6.6 Broadly speaking this report seeks to provide guidance that will help to deliver the following objectives:

- Support the longer-term regeneration and growth objectives of MCC and its partners.
- Specifically, facilitate the delivery of relevant regeneration frameworks (in particular the Corridor SSF, the Manchester Science Park SRF and other SRFs in the area). This will include ensuring the right balance of commercial and educational growth, alongside any residential uses.
- Where appropriate, create a new and diverse PBSA pipeline in the right places, close to university facilities, in the broad Oxford Road Corridor area. This will need to include an affordable element accessible to less affluent undergraduate occupiers, and provide facilities that contribute to high levels of student well-being and pastoral care (particularly for first year and international students), and retention rates across the board.
- Ensure that the development of student accommodation relates to need, and balanced with the requirement to maximise commercial and education uses on the Oxford Road Corridor.
- Improve the overall quality of PBSA, and increase the well managed entry level PBSA market, in order to both improve the student experience, and reduce demand in the mainstream lettings market; therefore restraining rents, increasing access for working households and creating a fairer market for less well-off undergraduate tenants.

- Improve the management of neighbourhoods.

6.7 As an initial statement of intent, this report should be interpreted as a precursor to the new Local Plan (Core Strategy). This more detailed document will provide an updated and complementary framework for future phases of PBSA to ensure that it is linked to the aspirations of students in terms of quality, affordability, pastoral care, location and facilities and in its contribution to the regeneration objectives of the City Council and partners. The Council will continue to work with the universities and other key stakeholders to develop and evaluate this approach, before formalising it in the Local Plan. It is proposed that the approach to PBSA is reviewed and evaluated at times of significant market change, and every three years as a minimum. The first part of the process will be the consultation on the issues to be included in the Local Plan, which it is anticipated will take place late 2019/early 2020.

7.0 Contributing to a Zero-Carbon City

7.1 The suggested revised approach to Purpose Built Student Accommodation will only consider development of new accommodation in close proximity to the University campuses, reducing the need to travel, and thus minimising carbon emissions. Green travel plans will also be encouraged. There is also a key ambition to increase the quality of accommodation, which will be required to meet high standards of sustainability that contribute to the zero carbon target.

8.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

8.1 Students make a significant economic contribution to Manchester whilst they live and study in the city and support employment opportunities across a wide range of different sectors. The development of assets in conjunction with student accommodation within the Oxford Road Corridor area - which create space for businesses to grow in close proximity to the knowledge assets - will also be vital to realising the economic potential of the Corridor.

(b) A highly skilled city

8.2 Key to Manchester's ambition to develop into a world leading education hub is the city's ability to compete for staff, students and resources in a highly competitive global market. An important element of this relates to the city's residential offer, which has to be able to meet the expectations of students from home and abroad in neighbourhoods close to the university and beyond.

8.3 Similarly the city as well as the universities' offer has to be attractive to ensure Manchester retains the highly skilled graduates from our Universities required to strengthen our economy after they finish their studies. Manchester's future success as an economy depends on combination of a critical mass of students, graduates, universities, public research institutions, research-intensive companies and growth sectors that exist here and work dynamically together.

(c) A progressive and equitable city

8.4 Freeing up former student lets and therefore increasing the supply of good quality homes for sale and rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations.

(d) A liveable and low carbon city

8.5 Managing the impact of large student populations upon neighbourhoods will lead to improved resident satisfaction and make neighbourhoods a place where people want to live, visit and work. Student development opportunities will support the delivery of sustainable neighbourhoods and make use of low carbon construction methods and technologies. The city's liveability, sustainability and connectivity can be achieved by integrating sustainable ideas into new student accommodation – as referenced in Corridor Manchester's Strategic Vision.

Student accommodation will be encouraged in areas which are in close proximity to both the University campuses and high frequency public transport routes. It is expected that journeys will be made using public transport and active modes, supporting the climate change and clean air policy responses.

(e) A connected city

8.6 New student accommodation will only be supported on sites which are in close proximity to the University campuses or to a high frequency public transport route which passes this area. This will enable students to travel in a sustainable manner, including walking and cycling.

9.0 Key Policies and Considerations

(a) Equal Opportunities

9.1 The Council's proposed approach to student accommodation will be consulted upon with a wide range of stakeholders, enabling all interested parties to engage in the process.

(b) Risk Management

9.2 None identified

(c) Legal Considerations

9.3 Planning applications must be determined in accordance with the Development Plan, unless material considerations indicate otherwise. Any revision to Policy H12, as part of the new Local Plan, will need to be dealt with through the statutory approval process, which will include the need for public consultation and examination in public.

Appendix A – Policy H12 of the Core Strategy (2012)

The provision of new purpose built student accommodation will be supported where the development satisfies the criteria below. Priority will be given to schemes which are part of the universities' redevelopment plans or which are being progressed in partnership with the universities, and which clearly meet Manchester City Council's regeneration priorities.

1. Sites should be in close proximity to the University campuses or to a high frequency public transport route which passes this area.

2. The Regional Centre, including the Oxford Road Corridor, is a strategic area for low and zero carbon decentralised energy infrastructure. Proposed schemes that fall within this area will be expected to take place in the context of the energy proposals plans as required by Policy EN 5.

3. High density developments should be sited in locations where this is compatible with existing developments and initiatives, and where retail facilities are within walking distance. Proposals should not lead to an increase in on-street parking in the surrounding area.

4. Proposals that can demonstrate a positive regeneration impact in their own right will be given preference over other schemes. This can be demonstrated for example through impact assessments on district centres and the wider area. Proposals should contribute to providing a mix of uses and support district and local centres, in line with relevant Strategic Regeneration Frameworks, local plans and other master plans as student accommodation should closely integrate with existing neighbourhoods to contribute in a positive way to their vibrancy without increasing pressure on existing neighbourhood services to the detriment of existing residents.

5. Proposals should be designed to be safe and secure for their users, and avoid causing an increase in crime in the surrounding area. Consideration needs to be given to how proposed developments could assist in improving the safety of the surrounding area in terms of increased informal surveillance or other measures to contribute to crime prevention.

6. Consideration should be given to the design and layout of the student accommodation and siting of individual uses within the overall development in relation to adjacent neighbouring uses. The aim is to ensure that there is no unacceptable effect on residential amenity in the surrounding area through increased noise, disturbance or impact on the street scene either from the proposed development itself or when combined with existing accommodation.

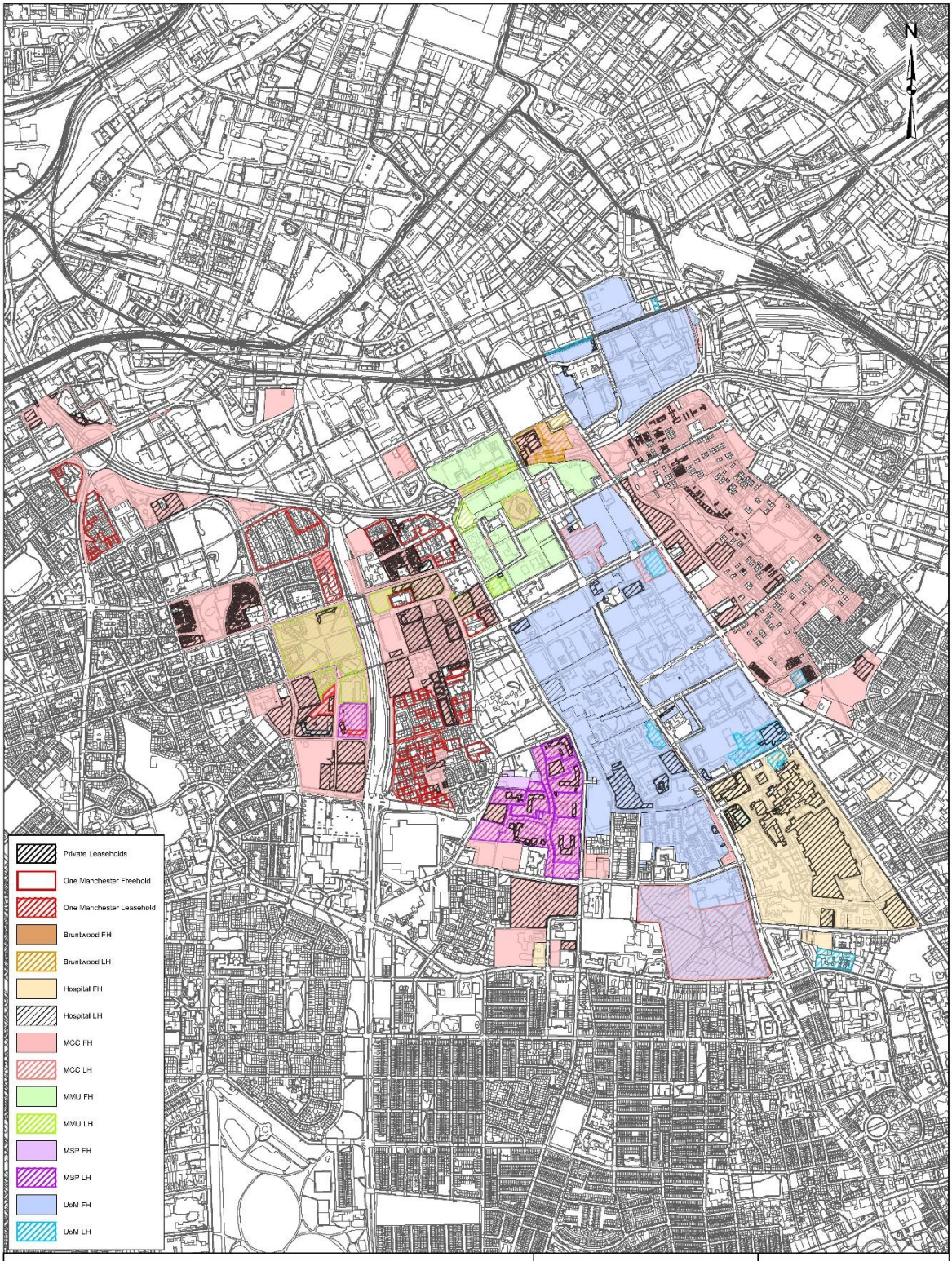
7. Where appropriate, proposals should contribute to the re-use of Listed Buildings and other buildings with a particular heritage value.

8. Consideration should be given to provision and management of waste disposal facilities that will ensure that waste is disposed of in accordance with the waste hierarchy set out in Policy EN 19, within the development at an early stage.

9. Developers will be required to demonstrate that there is a need for additional student accommodation or that they have entered into a formal agreement with a University, or another provider of higher education, for the supply of all or some of the bed spaces.

10. Applicants/developers must demonstrate to the Council that their proposals for purpose built student accommodation are deliverable.

Appendix B - Map



A2 Scale 1:7,000

PLAN FOR IDENTIFICATION PURPOSES ONLY

Development Team
Growth & Development Directorate
P.O. Box 532
Manchester M60 2LA

MANCHESTER CITY COUNCIL

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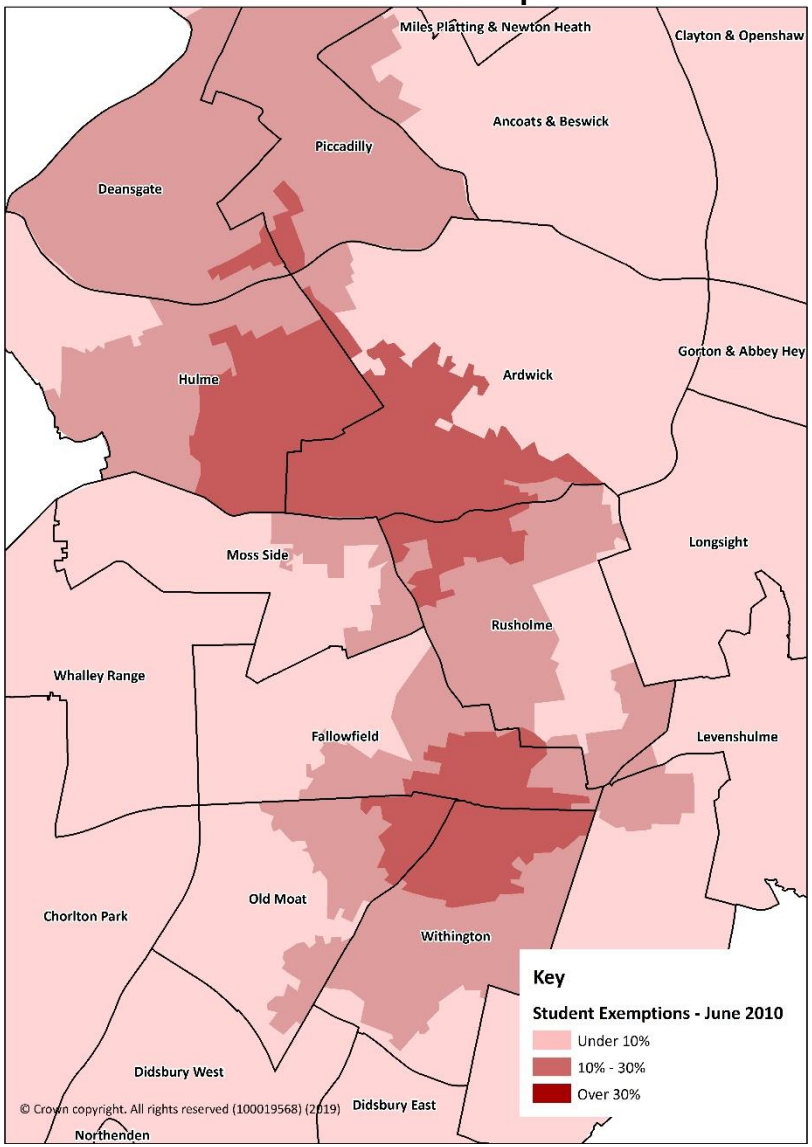
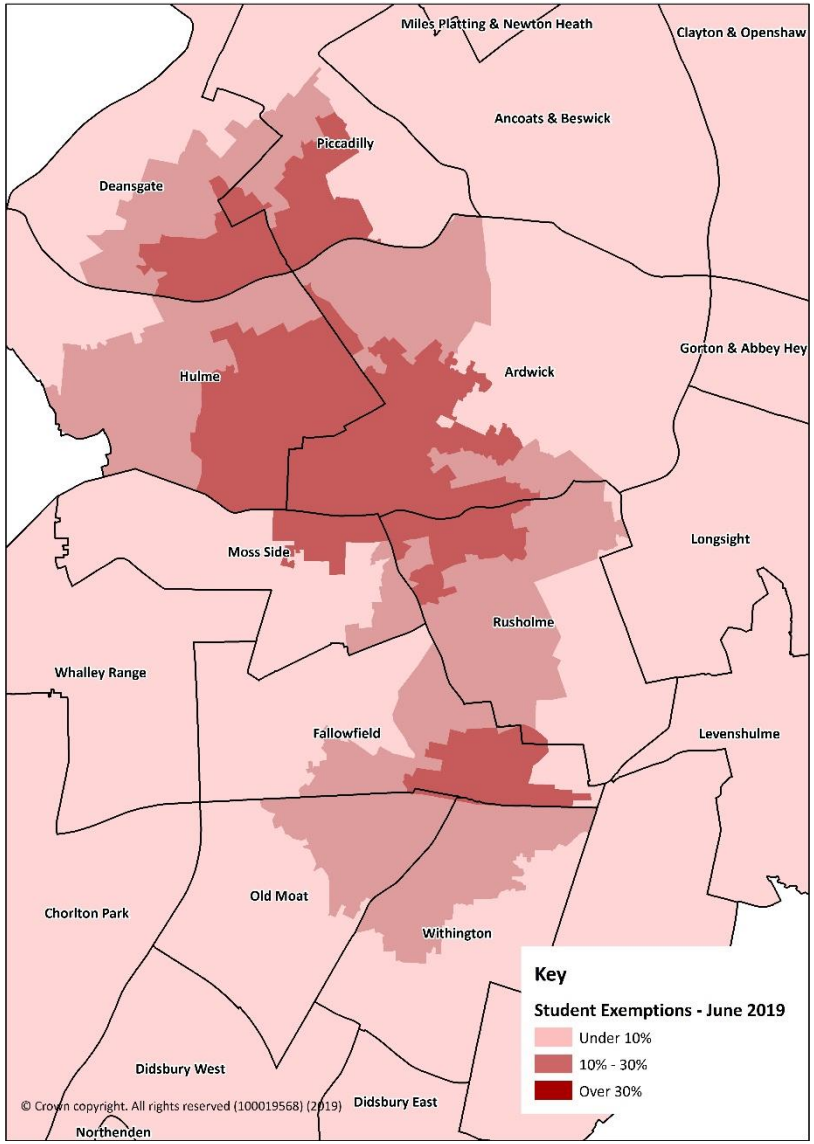
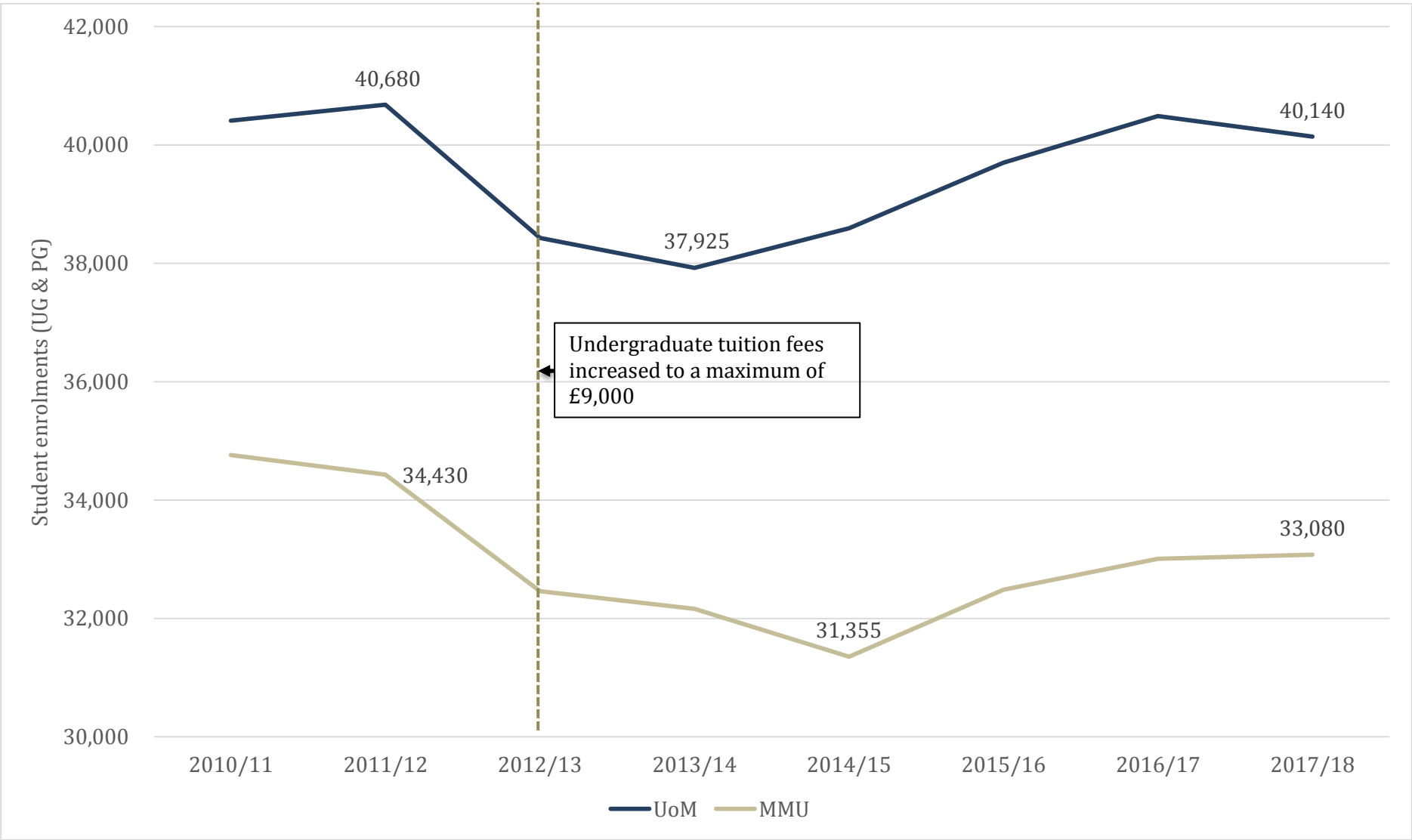
Appendix C - Student Council Tax Exemptions 2010 - 2019

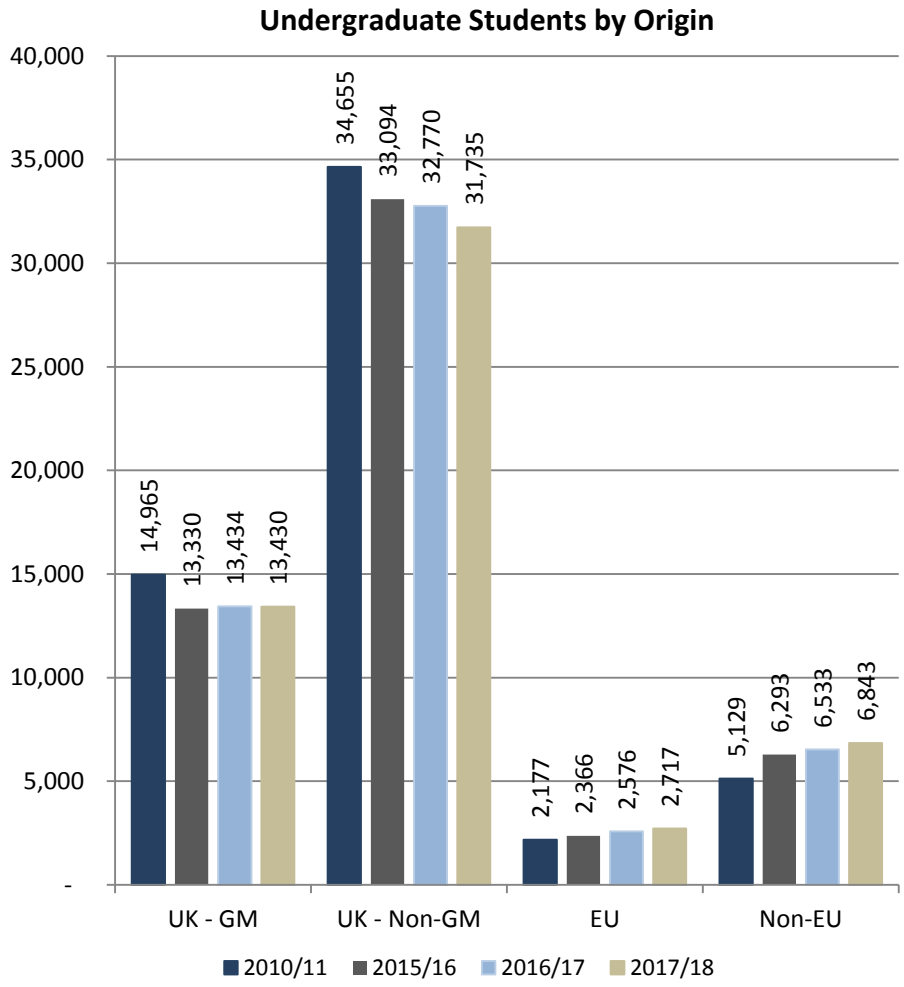


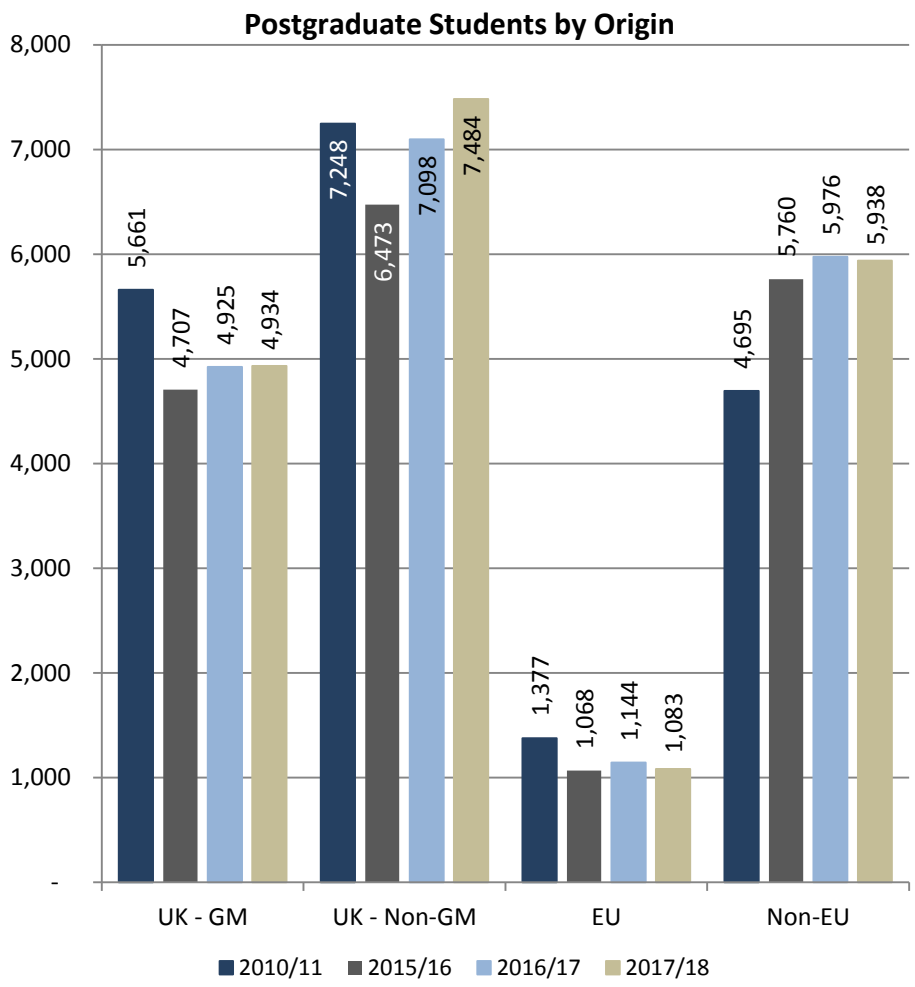


Appendix D - Number of student enrolments at the University of Manchester and Manchester Metropolitan University



Appendix E - Undergraduate and postgraduate students in Manchester by origin (UoM, MMU and RNCM)





Appendix F – Average rents by room type:

Comparable Markets	Average Rent	Average Studio Rent	Average En-suite Rent	Average Standard Rent
Bristol	£6,974	£9,243	£7,010	£5,988
Manchester	£6,778	£11,250	£7,225	£5,374
Edinburgh	£6,635	£9,743	£6,447	£5,697
Birmingham	£6,456	£8,717	£6,536	£4,546
Glasgow	£6,358	£8,404	£6,295	£4,543
Sheffield	£6,108	£8,053	£5,631	£4,649
Nottingham	£6,080	£7,726	£6,146	£5,289
Leeds	£6,062	£9,353	£6,139	£4,778
Newcastle	£5,916	£8,079	£5,660	£4,262
Liverpool	£5,764	£7,381	£5,675	£4,946

Source: Cushman & Wakefield Accommodation Tracker 2018/19

Appendix G – Average 2bed rents by city centre neighbourhood

Average 2Bed Rents							
	Q2 2018-19	Q3 2018-19	Q4 2018-19	Q1 2019-20	Q2 2019-20	Quarterly Change	Annual Change
Deansgate & Spinningfields	£1,277	£1,263	£1,256	£1,282	£1,272	-0.8%	-0.5%
Oxford Road North	£1,127	£1,152	£1,149	£1,170	£1,166	-0.3%	3.5%
Owen Street & First Street	£1,032	£1,018	£1,032	£1,030	£1,043	1.3%	1.1%
Greengate & Chapel Street	£986	£982	£1,002	£1,008	£1,023	1.5%	3.7%
Northern Quarter	£997	£1,007	£1,023	£1,022	£1,022	-0.0%	2.5%
Castlefield West	£949	£967	£985	£998	£998	-0.0%	5.1%
Ancoats & New Cross	£1,016	£1,006	£1,015	£999	£994	-0.5%	-2.2%
Castlefield	£957	£959	£994	£995	£983	-1.2%	2.7%
Piccadilly Basin	£917	£922	£946	£960	£981	2.1%	6.9%
Salford Quays & Pomona Island	£958	£955	£963	£968	£979	1.1%	2.1%
New Islington	£930	£929	£933	£946	£950	0.5%	2.1%
City Centre North	£911	£918	£924	£934	£949	1.6%	4.2%
Ordsall Lane & Middlewood	£945	£943	£934	£937	£949	1.3%	0.4%
Chapel Street West	£818	£838	£848	£845	£861	1.9%	5.2%
Oxford Road South	£809	£814	£819	£829	£832	0.3%	2.9%
Hulme Park & Birley Fields	£772	£770	£765	£776	£780	0.5%	1.1%
City Centre	**£970**	**£978**	**£983**	**£987**	**£996**	**0.8%**	**2.7%**
Manchester (excl. City Centre)	**£718**	**£718**	**£719**	**£724**	**£728**	**0.5%**	**1.4%**

Source: Zoopla

Appendix H - PBSA Completions and future pipeline 2017/18+ (Wider City Centre):

Development	Location	Developer	Status	Beds
Vita, Circle Square Phase 1a	City Centre	Bruntwood / Select	Completed 2017/18	748
The Chapel	Ardwick	Empiric Student	Completed 2017/18	102
Vita Circle Square Ph. 1c	City Centre	Bruntwood / Select	Completed 2019/20	384
Unite Tower (New Wakefield St)	City Centre	Unite Student	On site	603
River Street	City Centre	Downing Studios	On site	807
Echo Street	City Centre	iQ Student Accommodation	On site	242
Birley Fields (Phase 2 / Plot E)	Hulme	MMU	On site	491
Hulme Street (Student Castle 2)	City Centre	Liberty	Application submitted	850
84 Cambridge St (Church Inn)	Hulme	Alumno	Application submitted	97
			TOTAL:	**4,324**

Appendix I – Draft New London Plan - Policy H17 Purpose-built Student Accommodation:

A. Boroughs should seek to ensure that local and strategic need for purpose-built student accommodation is addresses, provided that:

    1. At the neighbourhood level, the development contributes to a mixed and inclusive neighbourhood
    2. The use of the accommodation is secured for students
    3. The accommodation is secured for occupation by members of one or more specified higher education institutions
    4. At least 35 percent of the accommodation is secured as affordable student accommodation as defined through the London Plan and associated guidance
    5. The accommodation provides adequate functional living space and layout.

B. Boroughs, student accommodation providers and higher education institutions are encouraged to develop student accommodation in locations well-connected to local services by walking, cycling and public transport, but away from existing concentrations in central London as part of mixed-used regeneration and redevelopment schemes.