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21st century enlightenment

Making home

**The RSA and One
Manchester**

by Hannah Webster

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About the RSA

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes in a world where everyone is able to participate in creating a better future. Through our ideas, research and a 30,000 strong Fellowship we are a global community of proactive problem solvers. Uniting people and ideas to resolve the challenges of our time.

About One Manchester

One Manchester is a provider of housing and community services, offering support to people in all areas and stages of life and circumstance. We own and manage more than 12,000 homes in central, south and east Manchester, and make a difference to people and places by creating opportunities, transforming communities and changing lives.

As an organisation that values an imaginative approach, we are constantly seeking new and innovative ways of investing, creating partnerships and bringing people together to make a long-lasting, positive impact on our communities. We call this social innovation.

These are exciting times for the city of Manchester and the wider region. We have ambitious plans to build on the success of Manchester, to ensure growth continues in the housing, services and partnerships that we provide. In developing new homes and business opportunities, we aim to offer more choice, quality and value to our existing and new customers alike.

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The **RSA** in
partnership with



1. Executive summary

Young people's housing needs are not being met by the current system. Unaffordable deposits, outdated mortgage criteria and volatile incomes are preventing young people from owning their own homes, whilst the rental market provides equally inadequate prospects. While there has been a sharp increase in the size of the private rental market, alongside a shrinking social rented sector, not enough has been done to ensure young people have a secure alternative to ownership.

Where older generations were once able to chart their route to owning a home, young people today have few guarantees that they will be able to achieve their housing aspirations.

This is particularly true in Manchester. Through a series of workshops and a new survey, the RSA has carried out research to show that young people in Manchester face particularly challenging circumstances.

Though homes in the city are more affordable than the national average (at 6.6 times local income as opposed to 8.0 times the average income across England), the city is less affordable than other major cities in the north¹. This is a growing problem, with house prices having almost quadrupled in the city over the last twenty years².

Discrepancies between house prices and what young people can afford mean that many are not able to buy a home without help from the 'bank of mum and dad'. But our new survey suggests that in Greater Manchester young people are less likely than those in the rest of England to receive financial support from parents, relatives or others. Without this assistance, young people are left having to save for a deposit for their home independently. At up to 10 percent of the value of the property these deposits are also becoming increasingly unaffordable, and with mortgage criteria designed for an altogether different world of work than exists today, mortgages can be practically inaccessible too.

For those unable to access the ownership market, the rented sector fails to provide a suitable alternative. With over 13,000 households waiting for a social home in Manchester, the private rented sector is the only realistic

1. Manchester's house affordability ratio is higher than Birmingham, Leeds, Newcastle, Liverpool, Sheffield and Bradford. Henretty, N. (2019) House price to residence-based earnings ratio. [online] Office for National Statistics. Available at: www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoresidencebasedearningslowerquartileandmedian [Accessed 6 September 2019]

2. Henretty, N. (2019) Median house prices for administrative geographies: HPSSA dataset 9. [online] Office for National Statistics. Available at: www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/medianhousepricefornationalandsubnationalgeographiesquarterlyrollingyearhpssadataset9 [Accessed 6 September 2019]

way to live independently for most young people³. But even this puts significant pressure on the economic security of young people.

Our poll showed that nearly half of young renters in Greater Manchester had to cut back on essentials (food, drink and other activities) to cover their housing costs, more than young people the rest of England (48 percent of young people in Greater Manchester compared to 33 percent across England). This shows the strong interdependencies between young people's housing situation and their wider security.

The inaccessibility of the housing market across all three major tenures, compounded by wider economic insecurities, leaves young people with few guarantees that they will ever be able to achieve their housing aspirations.

Housing is intrinsically linked to young people's wider financial and personal wellbeing, meaning that their ability to find adequate housing is dependent on their employment and support networks.

This is particularly problematic given the housing market has failed to account for recent changes in the world of work. Six percent of young people we polled in England were self-employed or employed on zero hours contracts whilst an estimated 18,000 people in Manchester are working on non-permanent contracts⁴. These employees have limited housing options as landlords and mortgage providers still look to traditional work practices for guarantees that they will be able to cover their rent.

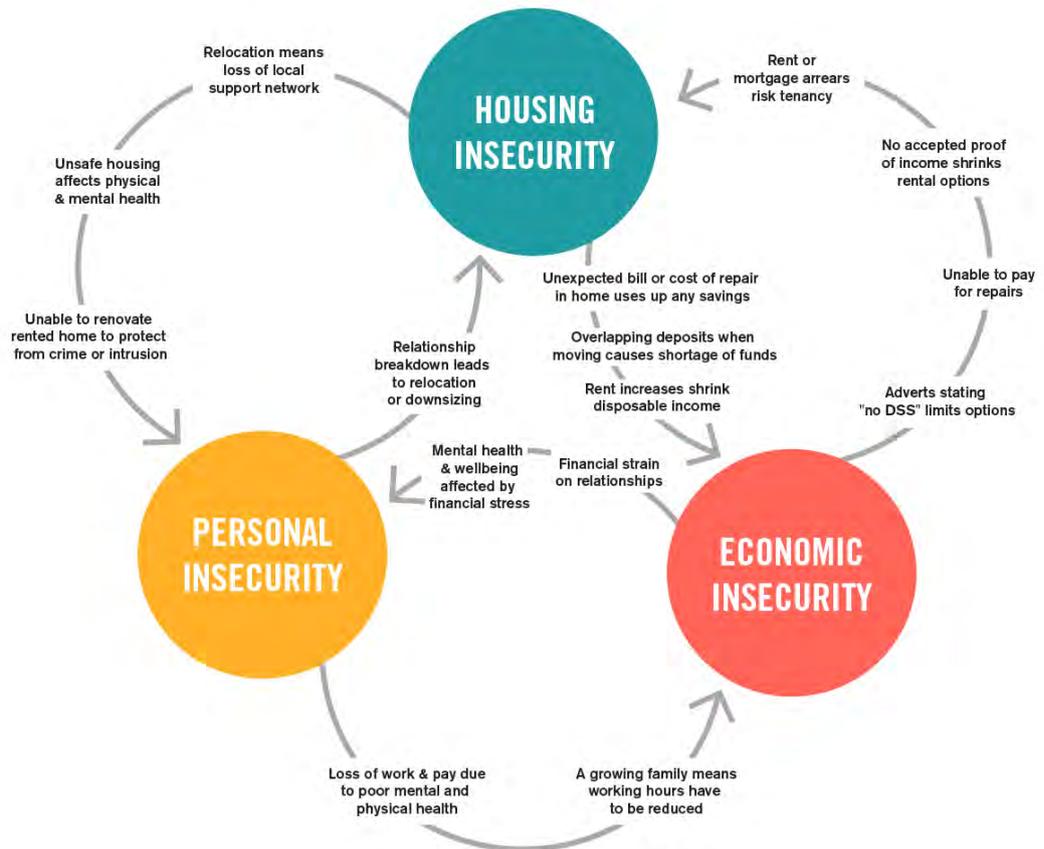
In order to address these issues action needs to be taken throughout the housing system. National government needs to make provision for local government and Greater Manchester Combined Authority (GMCA) to take steps to mitigate pressures on housing affordability in the city; housing associations, private landlords and mortgage providers need to do more to provide a housing offer that better reflects the changing world of work; and we need a combined effort to ensure our neighbourhoods are places where people feel safe and are proud to live in.

Finding and maintaining suitable housing – referred to in this report as housing security – is therefore about more than just affordability. It represents an intersection between the economic and personal security of young people. In this report we seek to understand what young people want from their housing, and look to practical steps both housing providers and policymakers can take to improve the range of housing options available.

3. Ministry of Housing, Communities and Local Government (2019) Live tables on rents, lettings and tenancies: Table 600. [online] Available from: www.gov.uk/government/statistical-data-sets/live-tables-on-rents-lettings-and-tenancies [Accessed 6 September 2019]

4. Greer, S. & Gouk, A. (2018) Inside Greater Manchester's gig economy where 65,000 workers are temps. Manchester Evening News, [online] 24 May 2018. Available at: <https://www.manchestereveningnews.co.uk/business/business-news/manchester-gig-economy-unison-unite-14698894>

Fig 1: How housing, economic and personal insecurities can intersect



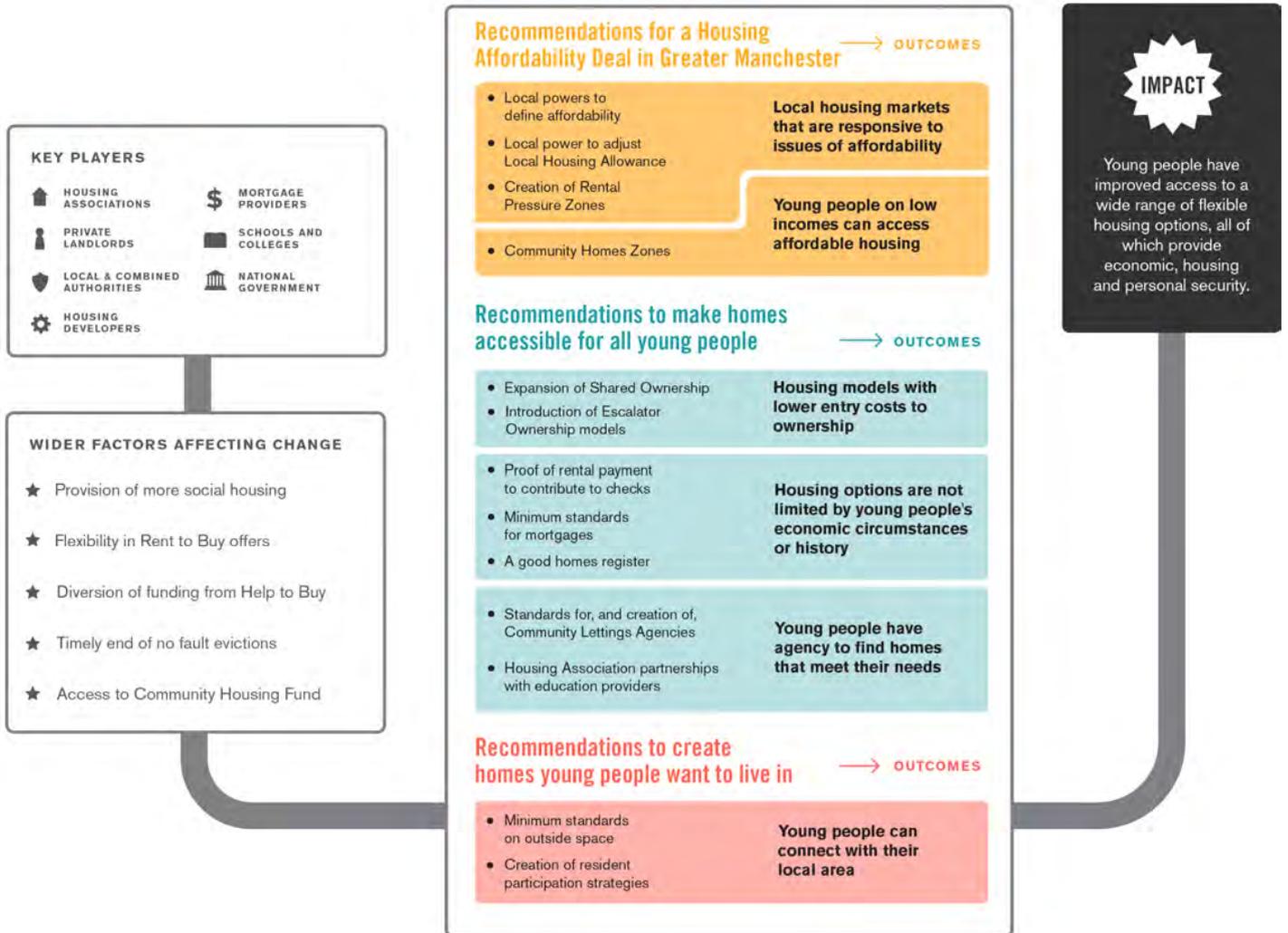
Our main recommendations are as follows:

1. Government and Greater Manchester Combined Authority need to negotiate a special Housing Affordability Deal to allow Greater Manchester the powers and resources needed to address its affordability crisis. This deal would give the Combined Authority the powers to
 - Develop its own definition of affordability across the city region
 - Redraw Broad Rental Market Areas (BRMA) boundaries and set its own rates for the Local Housing Allowance (LHA)
 - Invest in new developments and housing products such as Shared Ownership; Rent to Buy and Escalator Ownership schemes
 - Curb steep rent increases in particular neighbourhoods through the introduction of Scottish-style rent pressure zones
 - Offer greater support for community-led, in perpetuity schemes through Community Homes Zones in areas with high levels of vacant properties.
2. Housing associations should consider a model of Escalator Ownership - where young people rent at a reduced rate in order to save, eventually buying a proportion of the home they live in from a housing association – as a more flexible Rent to Buy

- option. Housing associations in Manchester should explore this model, supported by diverted funding from Help to Buy.
3. Local housing associations, in collaboration with Manchester City Council, should create and identify a network of community lettings agencies – not-for-profit agencies, run according to a set of locally-agreed standards, that would help low income households into suitable accommodation and provide young people with greater access to homes they can afford.
 4. Housing associations and their partners should work with government to explore new ‘minimum standards’ for mortgage providers and private landlords when running checks on prospective buyers and residents. These need to account for the growing number of young people working in flexible employment and ensure that poor credit history does not exclude tenants from finding a home.
 5. To improve young people’s sense of belonging in their local area, Manchester City Council needs to include a minimum standard for access to private outside space in new developments; reinvigorate its approach to community engagement in housing issues and embed participation in the Our Manchester strategy.
 6. Housing associations should partner with local schools and colleges to provide talks and materials on housing options to ensure young people in Manchester have a minimum understanding of the housing market when they first look to live independently.

Our blueprint for change sets out the potential of these recommendations in Manchester and beyond. Each recommendation contributes to the creation of a housing market that works for all young people, providing them with accessible and affordable housing options across both ownership and rental markets.

Fig 2: A blueprint for a secure housing market



Methodology

Workshops: Over the course of a week, the RSA conducted four in depth workshops to understand the housing experiences of young people in Manchester, with 48 young people taking part. The workshops sought to articulate the local housing market in resident's own words, and to understand the extent to which they are open to innovations within the market that go beyond traditional constructions of the housing ladder.

The cohort included in this stage of the research is defined as the group of 18-35 year olds living in the Manchester City Council local authority area. A minority of people from bordering postcodes also took part in these conversations. This definition allowed us to explore the experiences of a range of individuals, from graduates to young parents, and the differences experienced depending on their life stage. Given the nature of the cohort, findings included in this report are specific to Manchester City Council, though much of the discussion is applicable to other areas in England.

Workshops were organised to focus in turn on perspectives from young parents, recent graduates and those who had grown up in the city of Manchester. A fourth workshop was also held with no such limits on participants.

Quotes throughout this report are from young people taking part in these workshops.

Polling: In order to understand how Manchester compared to the national picture we commissioned a poll of young people across England. This included 1033 young people, sampled to be nationally representative of age across England, and an additional boost of 227 young people in Greater Manchester, including 80 from the Manchester City Council area. Given the smaller base sizes in Greater Manchester and Manchester City Council, polling data for young people is indicative of the region only. Throughout this report we refer to the geographical area of each statistic and any comparisons made should be mindful of the smaller bases for data covering Greater Manchester.

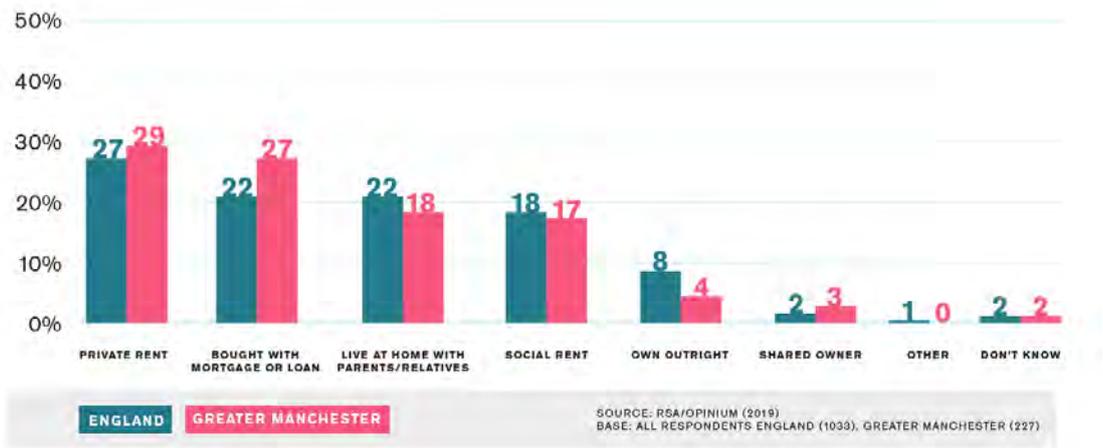
The poll was extended to respondents across England to understand the scalability of the findings from workshops, and to further contextualise Manchester within the rest of the country.

Given the different policies on housing across the four nations of the UK, the decision was taken to focus only on England for this poll. Furthermore, full time students were excluded from this research as the housing experiences of current students differ from the experiences of young people who are not studying. For example, student accommodation, and in particular student halls, are often purpose-built or advertised solely for students. Therefore, their experiences of accessing the market will differ from those looking for housing more generally. Additionally, their earnings, and ability to earn, are unique as they are supported by student loans and have a reduced amount of time in which to work whilst they are studying.

The poll sought to understand how the shortcomings in housing options, barriers to home ownership and other preferences in tenure and the interest in new solutions to the market varied by age, current tenure and other circumstances.

The poll was run by the research agency Opinium. Data for England has been weighted to be nationally representative, and any small base sizes (under 50) are noted.

Fig 3: Current living situation of survey participants in England and Greater Manchester



2. Young Mancunians' housing in context

For young people Manchester offers a unique – and everchanging market – including the third largest private rented sector in the country⁵. The impact on access to different tenures and affordability has affected the youngest generations access to secure housing.

Ownership is in decline for young people as house prices outpace incomes

Box 1: The need for a place-based approach

To best capture the role of local characteristics in young people's housing aspirations, this research has been conducted within Manchester. The growing population in Manchester City Council is disproportionately young compared to the rest of England, making Manchester a useful case study for this cohort. Throughout this report we will consider both Manchester City Council and Greater Manchester Combined Authority (in which Manchester is the most populous local authority).

It is also important to note that residents' satisfaction with their housing is related not only to their own home, but also the wider community. Neighbourhoods, cities and regions play an important role in understanding what residents want from where their housing. This report considers the role of place in young people's housing aspirations in Chapters 8 and 9.

In general terms, the commodification of housing as an asset has driven up house prices, making it difficult for young people to own. Affordability has become one of the biggest barriers to ownership for young people. In Manchester, average house prices are 6.6 times average incomes, less affordable than the regional average in the north west, where house prices are 5.8 times average incomes⁶. In the national context, in 2018, Manchester was more affordable than the English average by this measure, as nationally house prices are 8.0 times average incomes. However, much of this unaffordability is driven by house prices in London where, at the most extreme, house prices are over 20 times average incomes.

5. Based on number of dwellings in the private rented sector by local authority Manchester is third to Birmingham and Leeds. Henretty, N. (2019) Subnational dwelling stock by tenure estimates. [online] Office for National Statistics. Available from: www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/subnationaldwellingstockbytenureestimates [Accessed 6 September 2019]

6. Henretty, N. (2019) Median house prices for administrative geographies: HPSSA dataset 9. [online] Op Cit

The unaffordability of Manchester compared to the rest of the region leaves young people struggling to secure a mortgage for an averagely priced home. The Institute of Fiscal Studies argue that affordability is the main reason that youth ownership is in decline and that it is families on middle incomes for whom this has had the biggest impact; a collapse from 65 percent ownership rate in 25-34-year olds with middle family incomes in 1996 to just 27 percent in 2016⁷.

Fig 4: Median house prices 1995-2018, all ages⁸



Young people looking to own will typically need a deposit of 5-10 percent of the property value and so increased house prices means increased upfront payments. PwC estimate that first time buyer deposits have increased five-fold since the late 1990s from £10,000 to almost £50,000⁹.

The growth of the private rented sector

Perhaps the most significant national housing trend in recent decades has been the growth in the private rented sector, which has created an increasingly complex market¹⁰. Since 2001 alone the number of households renting privately in England has doubled from 2.3m to 5.4m in 2014, with predictions that the market is not yet at capacity and will rise to 7.2m by 2025¹¹. According to these estimates, half of these private renters will be under 40 years old¹².

7. Cribb, J., Hood, A. & Hoyle, J. (2018) The decline of homeownership among young adults. [pdf] Institute for Fiscal Studies. Available at: www.ifs.org.uk/uploads/publications/bns/BN224.pdf

8. Henretty, N. (2019) Median house prices for administrative geographies: HPSSA dataset 9. Op Cit

9. PwC (2015) UK housing market outlook: the continuing rise of Generation Rent. [pdf] PwC. Available at: www.pwc.co.uk/assets/pdf/ukeo-section3-housing-market-july-2015.pdf

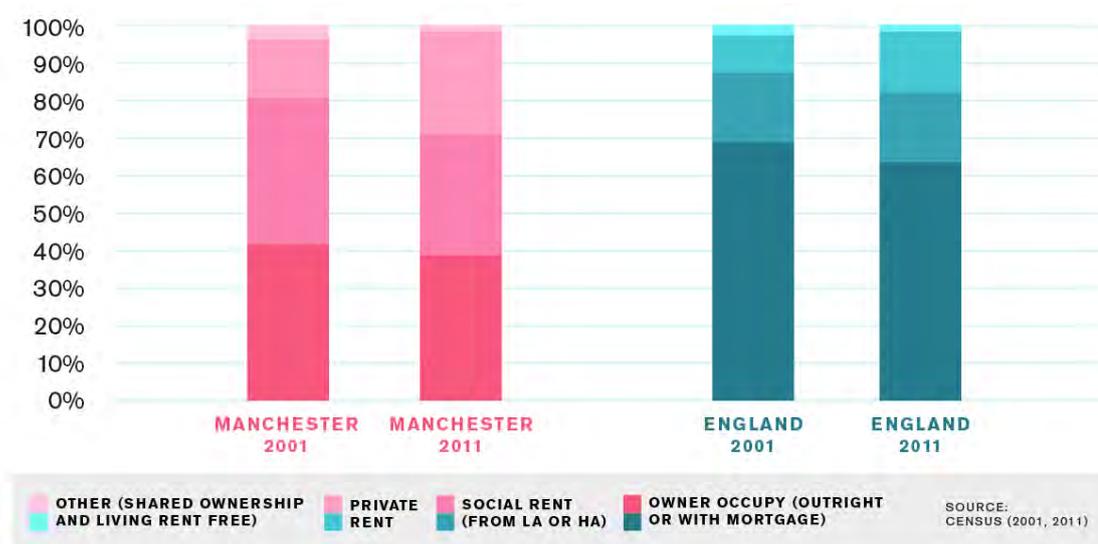
10. Rugg and Rhodes (2018) The evolving private rented sector: Its contribution on potential. [pdf] York: Centre for Housing Policy. Available at: www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf

11. PwC (2015), UK housing market outlook: the continuing rise of Generation Rent. [pdf] PwC. Op Cit

12. Ibid

In Manchester, private rented accommodation makes up almost a third of the market, a larger proportion of housing than the national average¹³. This is related to the large youth population. Young people aged 20-24 years make up 13 percent of the population in Manchester, over double the English national rate of 6 percent. This group includes many of the 73,000 students studying across the University of Manchester and Manchester Metropolitan University, who have not been included in this research¹⁴.

Fig 5: Differences in household tenure, Manchester and England, Census 2001, 2011



The main beneficiaries of the private rental sector’s growth are landlords, and in England the majority of these are individuals or couples. Over 2.3 million adults across the country are renting out a home privately¹⁵. This is a reflection of the appeal of property as a financial asset, and the ability for a mortgage to pay for itself through rental income¹⁶.

A shrinking social market

Manchester is also unique in retaining a larger social sector than the national average, though it has experienced a decline over the last decade. In Greater Manchester alone 92,000 social homes have been lost through Right to Buy since 1980¹⁷. This reflects a national trend. Right to Buy has

13. Manchester City Council (2016) Manchester: A housing strategy 2016-2021. [pdf] Manchester City Council. Available at: www.hesa.ac.uk/data-and-analysis/students/where-study. https://www.manchester.gov.uk/downloads/download/6689/housing_strategy. [Accessed 6 September 2019]

14. Higher Education Statistics Authority (n.d.) Where do HE students study? [online] Available at: www.hesa.ac.uk/data-and-analysis/students/where-study

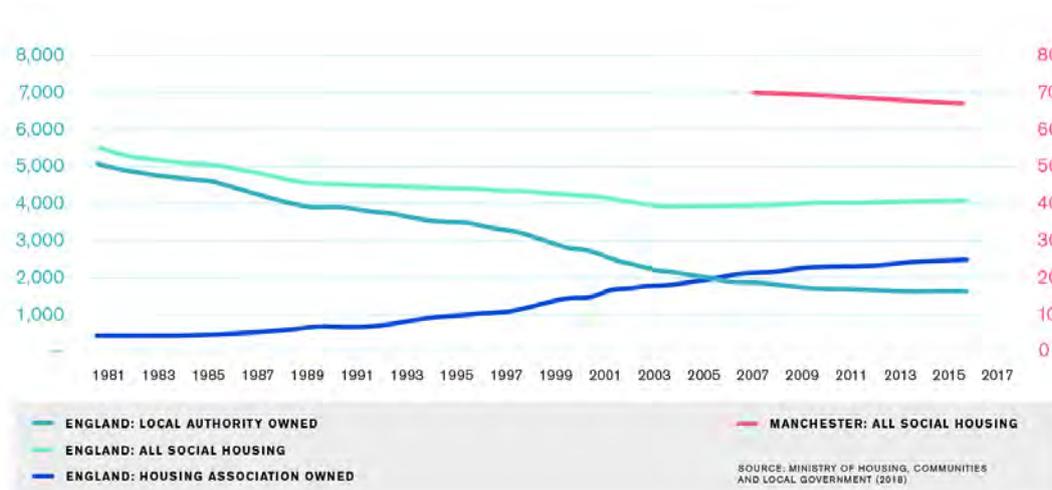
15. Rugg and Rhodes (2018) Op Cit

16. Money Advice Service (2019) Buy-to-let mortgages explained. [online] Money Advice Service. Available at: www.moneyadviceservice.org.uk/en/articles/buy-to-let-mortgages

17. Greater Manchester Combined Authority (2019) Greater Manchester Housing Strategy. [pdf] Greater Manchester Combined Authority. Available at: www.greatermanchester-ca.gov.uk/media/2165/16a_gm_housing_strategy_final.pdf

taken stock out of the social market at a rate that is not replenished¹⁸. In 2017, for example, only 6,500 new social homes added to the market nationally, a huge decrease from an average of 125,000 new homes per year between 1945 and 1980¹⁹.

Fig 6: Change in number of social dwellings, 1981-2018, '000s²⁰



The decline in social housing is at odds with a consistent demand for the few homes there are. In England the social housing waitlist exceeds one million, over 13,000 of which are in Manchester²¹.

The changes on this sector have had the greatest impact on young people. Tenure estimates from the English Housing Survey 2018 suggest that households in the social sector headed by under 35s have declined by 30 percent between 1996/97 and 2016/17²². This is compared to a decline of just 7 percent amongst households headed by someone 35 years old or over. These changes in social housing demography are a result of priority requirements which, within the context of a shortage of social homes, leave low need applicants unlikely to get a social home²³.

18. The Chartered Institute of Housing (2019) More than 165,000 homes for social rent lost in just six years, new analysis reveals. [online]. 06 June. Available at: www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/More_than_165000_homes_for_social_rent_lost_in_just_six_years_new_analysis_reveals

19. Shelter (2018) A vision for social housing. [pdf] Shelter. Available at: england.shelter.org.uk/_data/assets/pdf_file/0005/1642613/Shelter_UK_-_A_vision_for_social_housing_full_interactive_report.pdf

20. Ministry for Housing, Communities and Local Government (2019) Live tables on dwelling stock (including vacants: table 104 [online] Available from: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants> [Accessed 10 September 2019]

21. Ministry of Housing, Communities and Local Government (2019) Live tables on rents, lettings and tenancies: Table 600. Op Cit

22. Author's own calculation. Ministry of Housing, Communities and Local Government (2018) England Housing Survey 2016 to 2017: social rented sector, Chapter 1: figures and annex tables. [online] Ministry of Housing, Communities and Local Government. Available from: www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-social-rented-sector [Accessed 6 September 2019]

23. Manchester City Council (2019) Part VI allocations scheme. [pdf] Manchester City Council. Available at: www.manchester.gov.uk/download/downloads/id/20290/allocations_scheme_updated_may_2017.pdf

What does this mean for young people?

The conversation on housing is saturated with stories of millennials putting their flat whites before flats, and house plants before houses. These descriptions can make young people appear responsible for the challenges they face when looking for a home, when in fact they might equally be viewed as subjects – even victims - of wider changes to the housing market. Home ownership has been accepted as the preferred tenure, but most young people simply don't have the ability to enter this market.

The young people we spoke to across our workshops in Manchester consistently shared the view that home ownership was their preferred housing, regardless of their current occupancy. However, many thought this was out of reach. A fifth (21 percent) of young people polled in Greater Manchester who did not currently own did not think they would ever be able to, suggesting a gap between the aspirations and reality for this group²⁴.

As a result of the changes in the housing market, people now in their 20s and 30s can't tread the same path to ownership as their parents. Analysis of the Labour Force Survey by the Resolution Foundation shows that it is only since the 1990s that young people (aged 25-34 years) are less likely to own than other age groups²⁵.

Generational differences are part of national policy

Young people will always be in a unique economic position; as the newcomers to employment they are unlikely to earn anything like the amounts earned by older colleagues. But this is compounded by policies which specifically limit their earning capabilities.

The government set minimum wage, for example, increases incrementally until employees reach 25 years old²⁶. Consider a minimum wage employee working 35 hours per week; they will earn £11,193 a year if they are aged 18-20 years, but their colleagues over 25 years will earn at least £14,942 a year²⁷. This can be the difference between being able to afford to live independently and not.

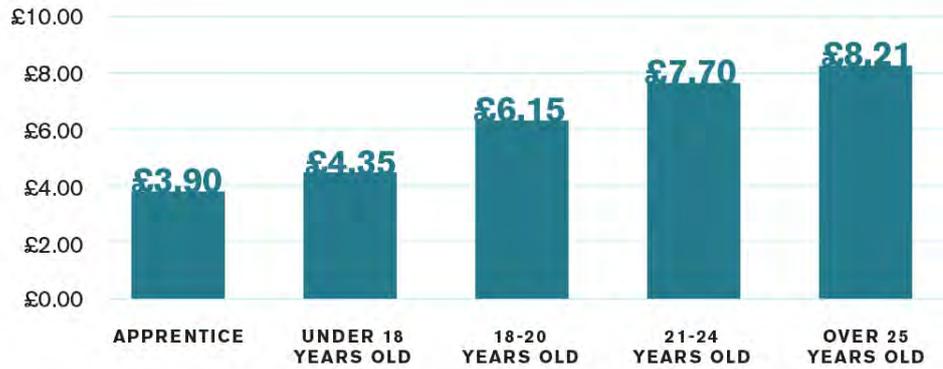
24. This is comparable to the equivalent statistic of 26 percent of young people in England polled

25. Resolution Foundation (2019) Home ownership in the UK. [online] Available at: www.resolutionfoundation.org/data/housing/ [Accessed 10 June 2019]

26. Gov.uk (n.d.) National minimum wage and national living wage rates. [online] Available at: www.gov.uk/national-minimum-wage-rates [Accessed 10 June 2019]

27. These figures are before tax and deductions.

Fig 7: Minimum wage by age, England

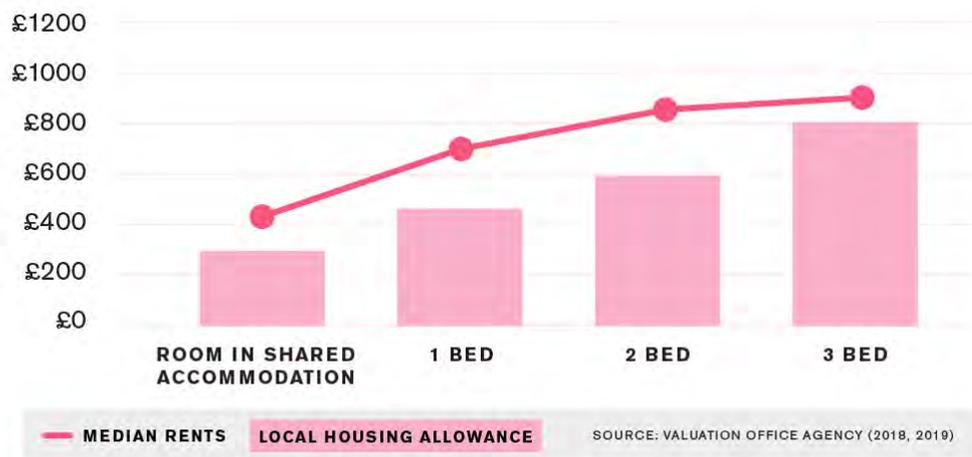


SOURCE: GOV.UK (2019)

* The minimum wage of £3.90 for apprentices applies to any apprentice under 19 years old, or aged over 19 years old and in their first year of an apprenticeship

Age differentiation is not limited to income from employment, but also to benefit payments. The Local Housing Allowance is the amount of money recipients of Housing Benefit or the housing element of Universal Credit are eligible for. The amount is based on zones called Broad Rental Market Areas. Within these BRMAs, Local Housing Allowance is set at the thirtieth percentile of 2016 market rents. For young people under 35 claiming housing benefit for a private rental, their claim will cover only the rate for a room in shared accommodation²⁸.

Fig 8: Difference between median rents and Local Housing Allowance in Manchester City Council²⁹



28. Shelter (2019) Benefits for under 35s in shared housing. [online] Available at: england.shelter.org.uk/housing_advice/benefits/benefits_for_under_35s_in_shared_housing [Accessed 10 June 2019]

29. Valuation Office Agency (2018) Private rental market summary statistics: October 2017 to September 2018. [online]. Available at: www.gov.uk/government/statistics/private-rental-market-summary-statistics-october-2017-to-september-2018--2. Manchester City Council (2019) Local Housing Allowance (LHA) rules [online] Available at: secure.manchester.gov.uk/info/200008/benefits_and_support/4249/local_housing_allowance_lha_rules/3

These are just two examples of how young people face financial challenges specifically related to their age, with direct implications for their housing costs which will not vary in the same way.

In summary, the broken nature of the market for young people has created barriers across all tenures, leaving some young people with few options to live independently. These barriers are two-fold:

- A lack of accessibility to the ownership market
- An absence of alternatives that provide guarantees that are comparable to owning.

The details of these market failures will be explored in greater detail throughout the next chapters of this report.

3. Understanding intersecting insecurities

The challenges young people face regarding their housing are compounded by wider issues. Economic insecurity is a growing problem in the UK, not least for young people, as are issues of personal security and their sense of self-esteem. In order to make sure housing options meet the needs of young people we need to consider how their personal, housing and economic securities intersect.

What insecurities do young people face in 2019?

Young people's economic circumstances play an important role in how they understand their housing options. In our workshops with young people, employment status alongside household make-up, location and their support networks contributed to participants' definition of their ideal housing.

The variation in young people's experiences can be understood through the lens of 'security', and specifically, the intersection between:

- Economic security
- Housing security
- Personal security and wider self-esteem.

The RSA defines the insecurities discussed in this report in the following way:

Economic security

"The degree of confidence that a person can have in maintaining a decent quality of life, now and in the future, given their economic and financial circumstances"³⁰.

Housing security

"The confidence that a resident takes in their ability to maintain residence in a property that meets their needs. This applies to all occupancy types, including renting, owning and living with family and includes issues such as the state of repair of one's home."

30. Shafique, A (2018) Addressing economic insecurity. [pdf] London: The RSA. Available at: www.thersa.org/globalassets/pdfs/reports/rsa-addressing-economic-insecurity.pdf

Personal security

“The sense of safety that an individual has in and around their home, including local issues such as crime and community safety but also a wider sense of belonging to a neighbourhood and the self-esteem associated with the house and the place in which we live.”

How these insecurities interact

At one extreme, these three insecurities interact at a point of complete precarity. Take, for example, a young privately renting family facing an unexpected end to their tenure as their landlord wants to sell the property. The family need to look for a new home, arrange to move and find the money for a new deposit. Assuming that they are able to find accommodation (something that should not be taken for granted), then these unexpected outgoings risk causing further economic insecurity. To account for this, the family may need to move away from where they currently live, causing further problems for their sense of personal security, or may be forced to accept unsuitable or temporary accommodation to ensure they are able to keep a roof over their head.

“It’s when you’re in that ‘in between’ that you struggle, when you haven’t got enough to buy your house but you don’t qualify for social housing because you work, or because of your circumstances. You don’t come into any category.”

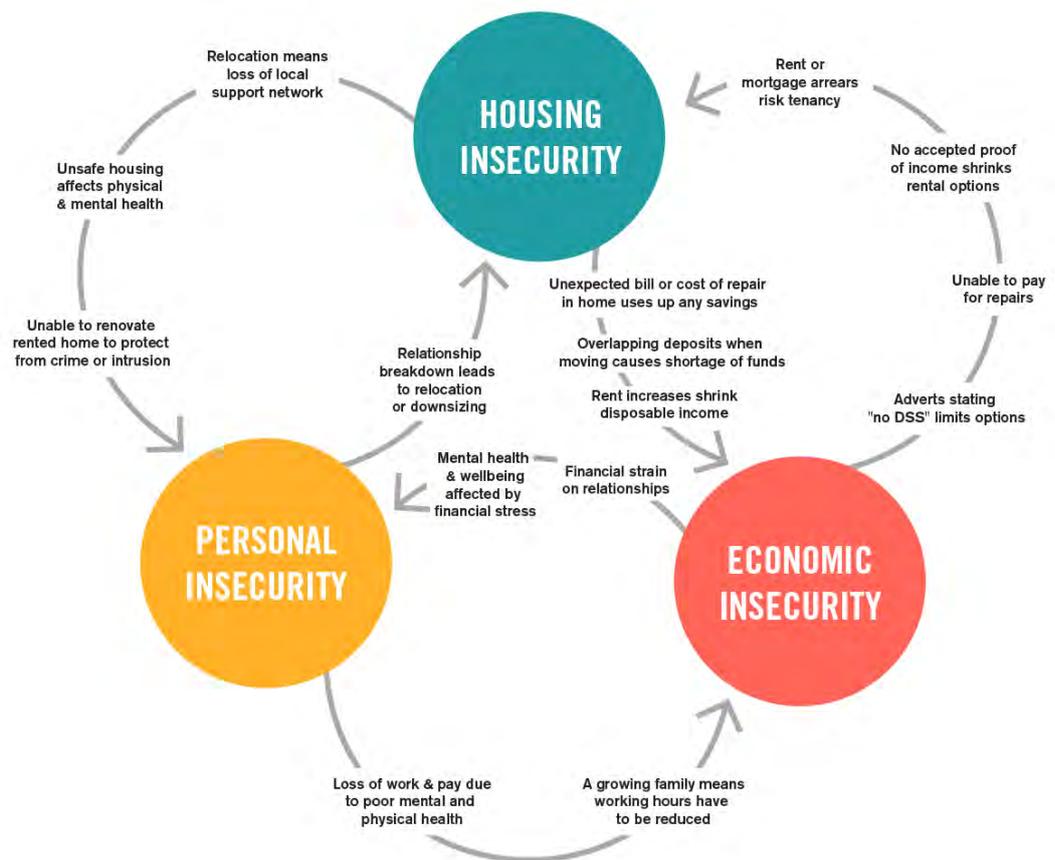
Those who experience higher economic insecurity are also more likely to live in insecure housing³¹. In this sense, not only are these insecurities related, but they perpetuate each other. In Greater Manchester concerns with insecurity are particularly severe with wages having fallen by 7 percent between 2006 and 2016, widening the average income gap between Greater Manchester and the national average³².

The diagram below shows some of the ways in which these insecurities can intersect and accelerate each other.

31. Ibid

32. Greater Manchester Combined Authority (2019) Greater Manchester Housing Strategy. Op Cit

Fig 9: How housing, economic and personal insecurities can intersect



Why is security important?

We asked young people what impact living in their ideal housing situation would have on their lives.

“Good housing would allow me to have good psychological wellbeing and positive and happy emotions.”

Many associated better housing with better mental health and peace of mind. For young people, secure housing options provide them with a grounding for their careers, their relationships and their greater sense of self.

“Good housing would allow me to be happy, stable, comfortable and secure in the perfect home for me and my family.”

By contrast, insecurity in housing can dominate the lives of the young people affected and prevent them from progress elsewhere. One young mother we spoke to was having to leave her home after being evicted by her landlord, and her need to find new and suitable housing was a weight on her mind.

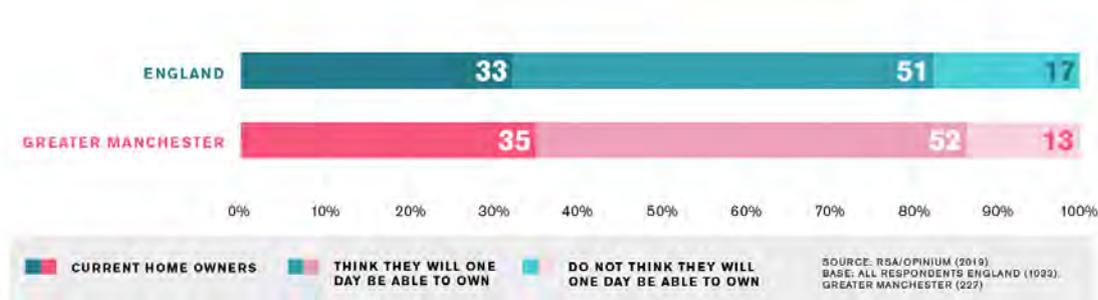
There are well documented macro level reforms that are needed in the housing market and, as this report considers, there are also specific practical interventions that can support wider policy reform, and the lives of young people struggling to find somewhere suitable to live.

In the following chapters we explore the insecurities and challenges young people face in the current ownership and rental markets, and how they can be overcome.

4. Aspirations of home ownership

Our poll showed that half (50 percent) of young people in Greater Manchester who are not current home owners aspire to own a home in the next five years. We need to understand what makes home ownership so attractive, and why some young people are unable to turn their aspirations to a reality.

Fig 10: Expectations of ownership



Who can own a home?

Our poll of young people in Greater Manchester shows that 19 percent aged 18-25 years and 41 percent aged 25-34 years are home owners (either outright owners, owners with a mortgage or shared owners). This is little more than home ownership rates in Greater Manchester according to census data from 2011, in which 11 percent of under 25-year olds, and 40 percent of 25-34-year olds, owned a home³³. These small differences are not significant given the survey base sizes.

“I think everyone would want to own a home rather than rent. I have rented for three years and it annoys me as I will never see that rent again, I am stuck in the cycle. I try and save money, but you can’t because you have to pay living costs.”

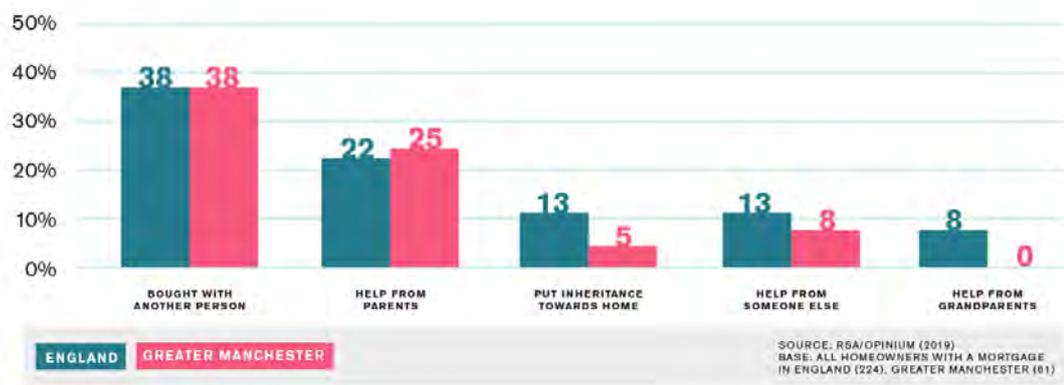
The home owners we spoke to in workshops were satisfied with their current housing situation and the security it afforded them. But not all young people have access to the same opportunities to own.

³³. Greater Manchester Combined Authority (2019) Greater Manchester Strategic Housing Market Assessment. [pdf] Greater Manchester Combined Authority. Available at: www.greatermanchester-ca.gov.uk/media/1733/gm-shma-jan-19.pdf

Our poll shows that young homeowners needed financial support from a range of sources. Over a third (38 percent) of young mortgage holders in Greater Manchester bought their home with another person, and a quarter (25 percent) received help from their parents, a finding that was supported anecdotally in our workshops.

“A friend at work has their brother on the mortgage, and after a few months of her paying it off she can take him off. She is the only person paying it but she can only be lent x amount of money on her own.”

Fig 11: Range of help young homeowners had in buying their home with a mortgage



For those who are able to own, there are direct benefits to their personal, economic and housing security. Some of the young homeowners we spoke to were also looking to make money out of their property either now or in the future. One home owner was renting out a spare room on Airbnb, generating another stream of income for her and her partner, increasing their ability to save and prepare for unexpected financial shocks.

Sacrificing security to save

The high cost of the private rented sector – which often costs more per month than ownership - means that those who are not able to leverage financial support (familial or otherwise) can struggle to save whilst renting, and attempts to minimise current housing costs in order to save can adversely affect their housing security. For example, one young person we spoke to was staying in their friends living room in order to save for a deposit. Another recalled living in an unclean and slug infected home in order to save for the home they now own.

When trying to save, any rent going to a landlord can be a source of frustration and many young people we spoke to resented contributing to someone else’s mortgage rather than their own. This served as another reason why young people wanted to minimise their rent and to retain the money that they earn.

Affordability of deposits and mortgages

The most common assessment of house affordability looks to the ratio between median house prices and incomes, but this can oversimplify the financial barriers to purchasing a home. Instead, a fuller measure of affordability should include the ability to save for a deposit (typically 10 percent or occasionally 5 percent of the house price) and to secure a mortgage.

“Sometimes you need a £15,000 deposit. Who has that?”

A quarter (23 percent) of young people in England and in Greater Manchester said that not being able to save for a deposit was one of the reasons they do not yet own a home.

Deposits were the biggest concern when it came to affordability amongst those taking part in workshops, and there was agreement of a need for ownership options that had lower financial barriers. It was also clear that any affordable ownership model needed to provide long term financial security from a future sale. Any ownership offer therefore needs to be clear on the current affordability as well as future profitability.

Simplistically, mortgage lenders will lend three to four and a half times an applicant’s income³⁴. By this logic, the average income in Manchester would only be able to secure a mortgage in the lower quartile of the market, where house prices are 4.9 times these median incomes. This leaves typical employees in Manchester only able to afford a disproportionately low section of the market³⁵.

Practically speaking, this could mean having to find a home that is further out of the city, smaller or poorer quality. This adds to the characterisation of a housing market that works only for those who are on high incomes or can ask for financial help from people around them. Data from Zoopla on their own listings shows that the average income needed to buy a home in Manchester is £36,200, more than £10,000 higher than the average income³⁶.

19 percent of young people private renters in Greater Manchester thought that getting a mortgage was a barrier to them owning their own home.

Getting accepted for a mortgage

Beyond issues of experienced affordability, there are also non-financial barriers that can stand in the way of young and first-time buyers securing the mortgage they need.

This is supported by the findings from our workshops in which young self-employed or on a fixed-term contract employees were concerned that the nature of their employment was a barrier to getting a mortgage.

In this way, many mortgage providers have so far failed to keep up with the changing nature of work. The growth of these flexible contracts is likely to continue to increase, with the rise in tech-based, gig economy employment and zero-hour contracts, risking more people being shut out of ownership due to mortgage eligibility. Over one in twenty (7 percent)

34. Which (2019) How much can you borrow? [online] Available at: www.which.co.uk/money/mortgages-and-property/mortgages/getting-a-mortgage/how-much-can-you-borrow-a11wf3y11cxu [Accessed 10 June 2019]

35. ONS house price data from year ending September 2018 puts average income in Manchester City Council at £25,660 and lower quartile house prices at £125,000. Henretty, N. (2019) House price to residence-based earnings ratio. [online] Office for National Statistics. Op Cit

36. Shaw, V. & Reid, B. (2019) This is how much you need to earn to buy your first house in Nottingham, report suggests. Nottinghamshire Live. [online] 27 June 2019. Available at: www.nottinghampost.com/news/nottingham-news/how-much-you-need-earn-3023582

16-25 year old employees are on a zero-hours contract for their main job, making this an issue that disproportionately affects the youngest generation of workers³⁷.

According to ONS analysis, employees with a zero hours contract for their main job work an average of 24 hours per week, suggesting that employees on this contract work closer to full-time than the zero hours implied by the contract type³⁸. When it comes to self-employed residents, again it's too simplistic to treat this as a proxy for an inability to pay their housing costs.

This is particularly a problem in urban areas and university towns, such as Manchester. For example, in Greater Manchester, flexible contracts are on the rise with half of jobs created in the Combined Authority over the past five years being temporary or self-employment³⁹. Further, the city-based rise of the gig economy means that places such as Manchester are hotspots for highly volatile work.

Adding to the range of insecure employment opportunities in the city are fixed-term contracts, which are common practice in universities⁴⁰. Manchester has a large number of staff across the University of Manchester, Manchester Metropolitan University and the University of Salford, and therefore has a potential for a high number of fixed-term contract employees.

37. Leaker, D. (2019) EMP17: People in employment on zero hours contracts. [online] Office for National Statistics. Available from: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts [Accessed 6 September 2019]

38. Ibid

39. Greater Manchester Combined Authority (2019) Greater Manchester Housing Strategy. Op Cit

40. University College Union (2016) Security matters. [pdf] University College Union. Available at: www.ucu.org.uk/media/8395/Security-Matters-issue-2-Nov-16/pdf/ucu_securitymatters_2_nov16_.pdf

5. Bringing home ownership into reach

2 percent of young people polled in England owned their home through Shared Ownership.

Alternative routes to ownership offer opportunities for young people to own without putting a strain on their finances or putting themselves in precarious situations. In this chapter we explore housing interventions and changes to policy that could support young people towards ownership options.

Shared Ownership: a stepping stone to full ownership

Box 2: About Shared Ownership

With Shared Ownership, an individual will buy a share of a new home and pay rent on the rest, allowing them to get on the property ladder with a smaller mortgage and lower deposit than if buying a home outright.

Depending on what an individual can afford, shares of between 25-75 percent can be purchased, with further shares bought as funds allow. As the share grows, the rent paid reduces, which is known as Staircasing.

54 percent of those who do not own currently thought the model could help them in England and 60 percent in Greater Manchester.

In Manchester, the Shared Ownership market is growing with 97 new Shared Ownership homes in the local authority in 2017/8, up from 36 in 2015/6. But this represents less than one percent of the 10,848 new Shared Ownership properties completed in England in 2017/8 (which is also up from 3,995 in 2015/6)⁴¹.

For those living in precarious situations as a means by which to save, Shared Ownership offers an option to more quickly move into a long term and secure tenancy, with a view to staircase to full ownership. This is achieved through lower deposits, which in Shared Ownership are 5 to 10 percent of the share being purchased, rather than of the total property value. One participant in our workshop noted that they needed a deposit of just £4,000 to purchase a proportion of their home through Shared Ownership.

This potential to own more quickly through Shared Ownership than traditional routes is supported by data from the National Housing Group, which shows that the average age of Shared Ownership buyers is 25 years old, compared to 33 years old for full first-time buyer⁴².

41. Ministry of Housing, Communities and Local Government (2019) Live tables on affordable housing supply: Table 1011. [online] Ministry of Housing Communities and Local Government. Available from: www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply [Accessed 6 September 2019]

42. JLL (2017), Shared ownership- a problem shared. [online] JLL. Available at: residential.jll.co.uk/insights/research/shared-ownership-time-is-now-January-2017 [Accessed 11 June 2019]

Shared Ownership was most positively received in our workshops when framed as a progression towards full ownership. One participant, who currently owned through Shared Ownership, suggested that full ownership meant full responsibility and in fact preferred the idea of a 90 percent ownership, but this was not the majority view amongst newcomers to the idea.

There was some confusion around technical details, with some assuming that the housing costs under this model would be higher than a mortgage payment alone. Questions generally arose on the following themes:

- Will it be cheaper per month than just renting?
- What profits can be made when selling?
- What level deposit is needed?

These questions reiterate the need for a financial focus to the benefits of Shared Ownership and delivery of information through clear guidance and marketing. This marketing would benefit from including details on Staircasing as all the young people we spoke to would want to increase their share of ownership over time, and this is one way that young people can see continual progression in their housing.

What young people liked	What young people were concerned about
<ul style="list-style-type: none"> ▪ Lower entry costs, as a deposit at 5 percent or 10 percent of the proportion the individual is buying would only need to be raised. 	<ul style="list-style-type: none"> ▪ If someone is unable to get a mortgage at all, perhaps because of credit issues, employment type or income level, then this product would not change this.
<ul style="list-style-type: none"> ▪ A smaller mortgage would need to be acquired, again as the individual would need only to secure the value of their proportion. 	<ul style="list-style-type: none"> ▪ A deposit, even if reduced, would still be out of reach for many individuals and families.
<ul style="list-style-type: none"> ▪ Opportunities to Staircase up to full ownership are possible, meaning that this could result in full ownership. 	<ul style="list-style-type: none"> ▪ There is no guarantee that the cost of renting and mortgage payments combined would be less than renting options.
<ul style="list-style-type: none"> ▪ The combined cost of renting and paying a mortgage would in some cases be lower than renting alone. 	<ul style="list-style-type: none"> ▪ Individuals would have 100 percent responsibility for any issues or repairs in the home and service charge.

RECOMMENDATION

Housing associations in Manchester should work with Manchester City Council to double the rate of new homes completed for sale under Shared Ownership, ensuring that Manchester's offer keeps pace with the rest of England. This would give young people more affordable opportunities to own a home.

Rent to Buy making saving a reality

Box 3: About Rent to Buy

Rent to Buy is an ownership model where potential home owners rent a property from a housing association at a reduced rate (sometimes referred to as 'Intermediate Rent' and usually at 80 percent of market value) to allow them to put what they save in rent towards a deposit. They enter this rental contract on the agreement that they will purchase the same home after a fixed number of years.

69 percent of current renters in England thought Rent to Buy could help them, and 76 percent in Greater Manchester.

Rent to Buy was most popular amongst those who were just about managing to make ends meet (78 percent) and private renters (77 percent).

Whilst Shared Ownership offers some reduction in the deposit needed to buy alone, it does not make it any easier for young people to save whilst they rent. Rent to Buy, by contrast, builds in space for young people to put money away, and in doing so protects them from seeking low cost but unsuitable housing options.

The model also offers greater security of tenure than standard rental agreements, as young people can convert the home they rent into one that they own. Location, therefore, is an important consideration to ensure that young people have somewhere they want to live in the long term. New Rent to Buy home builds will need to be mindful of the existing community and how they can contribute to an inclusive neighbourhood, especially if these reduced rent properties are situated alongside residents paying in full.

Any such scheme will also need to be tailored to ensure that it genuinely supports young people into the accommodation and tenure they want. The model needs to ensure that it is accessible, and that the savings scheme is organised in a way that the tenant can afford.

This includes flexibility around tenure length and rent reduction rates to ensure that young people from a range of incomes can take part in the scheme. Young people taking part in our workshops had mixed views on whether they wanted to save on their own or whether they wanted fixed money to go out to the housing association they would buy the home from.

Ministry of Housing, Communities and Local Government (MHCLG) data shows that there were just 1024 completions of intermediate rent products in 2017/18, accounting for 2 percent of affordable completions that year⁴³. Though the idea has already been positively endorsed by Manchester City Council with a recommendation to 'adopt a more flexible approach to tenancies through use of fixed-term tenancies and Rent to Buy schemes', none of the new build intermediate rent homes completed in England were in Manchester in 2017/18⁴⁴.

There are limited opportunities to take part in a Rent to Buy scheme in Manchester, though the housing association One Manchester have recently completed the first of 400 new homes to be occupied in this way.

43. Ministry of Housing, Communities and Local Government (2019) Live tables on affordable housing supply: Table 1000. Op Cit

44. Manchester City Council (2016) Manchester: A housing strategy 2016-2021. Op Cit

These homes are currently in the rental phase, with tenants offered a 20 percent discount on rent for a period of five years.

There is justification for expanding this offer within Manchester as Rent to Buy poses an interesting proposition for young people who are in a position to save within their income, if their renting costs were lower. In particular, this would appeal to those who are struggling to save but want to purchase a home in the short term. By providing a more affordable offer, with improved security of tenure, personal security and financial security this option could be an important shift in the market if brought to scale.

Given the relative infancy of this model, the success rate of the current projects - measured in terms of how many tenants are able to mature their rent and deposit savings into ownership – still remains to be seen. There are some concerns that a low transition rate can occur if tenants are not able to save the deposit they need.

What young people liked	What young people were concerned about
<ul style="list-style-type: none"> ▪ By making rents more affordable, young people would not have to make sacrifices, or potentially dangerous decisions, in order to save whilst renting. 	<ul style="list-style-type: none"> ▪ If someone is unable to get a mortgage at all, perhaps because of credit issues, employment type or income level, then this product would not be of benefit.
<ul style="list-style-type: none"> ▪ The scheme sets a target on savings and guarantees ownership if these are reached. 	<ul style="list-style-type: none"> ▪ With the cost of renting so high, 80 percent of rents would only just make housing affordable for some. Therefore some low income households are excluded from this.
<ul style="list-style-type: none"> ▪ By renting the property for a number of years before ownership, those living here can incrementally make the property their own and build up the furniture and fittings that they would need rather than have steep costs associated with moving in on a single day 	<ul style="list-style-type: none"> ▪ If the individual or family involved in the Rent to Buy product fails to reach the deposit that they need, then they may not be able to purchase the home and the housing association would be left with the stock.
	<ul style="list-style-type: none"> ▪ There needs to be more clarity on the formal mechanisms to ensure that the money saved in rent would go into a designated savings account, and the extent to which this is often the responsibility of the tenant.

RECOMMENDATION

Housing associations in Manchester City Council should expand their Rent to Buy offer, to be flexible with respect to percent of market rent and length of rental tenure. Funding from Manchester City Council to support these developments should be conditional on this flexibility to ensure that all young people can benefit from the model.

Escalator Ownership: a combination of Shared Ownership and Rent to Buy

Box 4: About Escalator Ownership

Our workshops identified an evolution of Shared Ownership and Rent to Buy models which we call Escalator Ownership. The new model would allow young people to 'staircase' in the same way that they would in standard Shared Ownership, but instead of starting from, say, 25 percent, the model would allow participants to start from 0 percent as they start by renting entirely, at a reduced rate. It is effectively Rent to Buy followed by Shared Ownership. This fully Escalator Ownership model, allows young people the security that comes with the knowledge that they have a guaranteed rental property, and the ability to save towards increased ownership and asset building.

Both Shared Ownership and Rent to Buy offer scope for those with aspirations of ownership to improve their ability to save. In combination, however, their power is far greater. Escalator Ownership could offer an exciting new opportunity for young people open to innovative housing options but without the resources to own via standard routes.

The idea, independently defined by participants in our workshops, can be understood as a means by which to accumulate ownership. The idea received wide support across the workshop in which it was identified.

Escalator Ownership could make the prospect of saving enough for a deposit over the Rent to Buy time frame a more realistic prospect, as the deposit is scaled down to the proportion of the property being bought. For example, the deposit needed for traditional Rent to Buy (ie to buy the whole property) is, on average, £14,280 in Greater Manchester. By contrast, the deposit for Shared Ownership is just £3,514⁴⁵. The combination of the two models would offer the ability to save – from the Rent to Buy rental period – and an achievable saving aim for the deposit – through the lower entry costs that come with Shared Ownership.

Some housing associations offer a shared ownership route at the end of, or during, a Rent to Buy rental period. For example, the new Rent to Buy homes on the market from One Manchester are available either as typical Rent to Buy or as a Escalator Ownership option. In these instances, One Manchester is leading in offering a flexible ownership option, as tenants can opt to change to buying a share of their home as and when they are able to within their five years of renting.

However, this is a very limited offer; Rent to Buy is still in its infancy and on top of this not all schemes offer Shared Ownership as an alternative route. In this way, as Rent to Buy grows – as per our earlier recommendation – there is also room for increased use of the Staircased offer. Formalising the offer would also support a longer-term reframing of the housing market, away from a binary offer of ownership or rental and towards a more flexible and varied approach.

Housing policy in England is in need of a model, such as Escalator Ownership, that genuinely helps those who would not otherwise be able

45. Greater Manchester Combined Authority (2019) Greater Manchester Strategic Housing Market Assessment. Op Cit

to own. This is in contrast with Help to Buy, which aimed to improve access to ownership for first-time buyers, but in reality most helped those who would already have been able to own⁴⁶. It is estimated that when Help to Buy comes to an end there will be an increased demand of 150 percent to Shared Ownership. National government should prepare for the end of Help to Buy by starting to diversify the current funding offer for this policy to Escalator Ownership, which offers a genuinely accessible route to ownership.

RECOMMENDATION

Alongside enhanced Shared Ownership and Rent to Buy offers in Manchester, housing associations should consider expanding to a Escalator Ownership model that offers reduced rent to tenants who are then offered to buy the home through Shared Ownership. To support this, funding should be diverted from Help to Buy schemes, providing housing associations with resources to support the rent reduction subsidy.

A Community Home: the appeal of affordability in perpetuity

Box 5: About Community Homes

Community Homes are sold as affordable with the contractual agreement that any resale is on the same conditions. This is sometimes called affordability in perpetuity and is a key part of a community land trust (CLT). A definition of what affordable means will be contractually agreed upon, and is usually set at a proportion of local average incomes.

“We live in such a greedy society that people are just out to make money.”

The concept of Community Homes received mixed reactions from our workshop participants. Whilst many young people wanted homes that were more affordable, not all were willing to sacrifice the potential to make a profit from the sale of their home in the future.

However, some groups responded more favourably than others. In particular, young families and those whose primary concern was their security of tenure, Community Homes were met with a warmer reception. With this in mind, Community Homes, should be tailored to those who need housing, personal and economic security in the present, and are less concerned about profit making. This model is preferable amongst those who understood that their investment would be returned, though not increased, and would rather pay towards their own mortgage than a landlord's.

“It's having the money to afford it at the start, but once you're on it sounds amazing.”

46. National Audit Office (2019) Help to Buy: Equity Loan scheme – progress review. [pdf] National Audit Office. Available at: www.nao.org.uk/report/help-to-buy-equity-loan-scheme-progress-review/

In perpetuity schemes are a fundamental principle of community land trusts, where community organisations manage a number of homes, bought and sold affordably in perpetuity. Though no community land trust exists yet in Manchester, the first community land trust in London has been launched⁴⁷. This scheme, based in Mile End, was completed as part of the affordable housing offer for a commercial development. Homes were sold from £130,000 for a one-bedroom property, compared to the local authority (Tower Hamlets) average of £428,500⁴⁸.

In further support of trialling Community Homes in Manchester, Greater Manchester Combined Authority outlines in their Housing Strategy the importance of including community led housing as part of the Combined Authority's housing offer, with the goal of creating a 'Co-operative Housing Hub for Greater Manchester'⁴⁹. The community led housing festival, hosted in Manchester in July 2019, also suggests that there is increasing appetite amongst residents in the city for innovative community and co-operative housing options⁵⁰.

There is scope to replicate such an offer in Manchester through targeted support to specific areas with potential, and indeed there are some early stage proposals being developed.

The government's Community Housing Fund offers an opportunity for local councils to financially support communities to lead development of their own housing. The fund is an important marker of a policy interest in the area and includes reference to creating homes that are affordable in perpetuity⁵¹.

To ensure that this proposition of Community Homes has impact, it is essential that the model is communicated simply and effectively. Affordability has for too long been determined by local markets, and so this language will not explain well enough the savings to be made. On top of this, terms such as 'in perpetuity' and 'community land trusts' simply come across as jargon to young people. Clearly there is a role for better marketing here too. It would perhaps be better to sell the product for what it is; a non-profit sale or, as is used in this report a Community Home.

RECOMMENDATION

As part of a Housing Affordability Deal for local authorities (which is discussed further in Chapter 7), Manchester City Council should create Community Home Zones for the development of community-led, in perpetuity schemes. Working in collaboration with housing providers and collectives to provide affordable for current and future residents, the zones should be defined based on existing exploration and areas that would benefit from an injection of genuine affordable housing. Funding for these zones should be sought from the national Community Housing Fund.

47. London CLT (n.d.) Communities creating permanently affordable homes and transforming neighbourhoods. [online] Available at: www.londonclt.org/ [Accessed 11 June 2019]

48. Land Registry (2019) House Price Statistics: Tower Hamlets. [online] Land Registry. Available from: landregistry.data.gov.uk/app/ukhpi/browse?from=2018-04-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Ffid%2Fregion%2Ftower-hamlets&to=2019-04-01 [Accessed 6 September 2019]

49. Greater Manchester Combined Authority (2019) Greater Manchester Housing Strategy. Op Cit

50. Community Open Homes (2018) Community Led Open Homes Weekend. [online] Available at: www.communityopenhomes.uk/about/#CLH [Accessed 6 September 2019]

51. Gov.uk (2018) Community Housing Fund. [online] Available at: www.gov.uk/government/collections/community-housing-fund [Accessed 6 September 2019]

17 percent of current renters said that they did not yet own a home as they did not think they would be able to get a mortgage

Modernising mortgages

Across our workshops, young people felt that mortgage lenders had a limited offer for those working outside traditional full-time contracts. Some mortgage lenders have begun to widen their offer, but instances of this are few and far between. For example, some will require an applicant to have been working within the same zero hours contract for over 12 months (such as Ipswich Building Society who do lend to those working on zero hours contracts if they can prove their income for the last 18 months and provide a P60⁵²), whilst others will need this to be a secondary source of income.

These policies err on the side of caution. Considering zero hours contracts only if a secondary income fails to support the estimated 780,000 people who are employed in this way for their main employment⁵³. With young people most likely to be engaged in this type of work, it is this generation that will be the most adversely affected by these limits on mortgage applications⁵⁴.

An assessment based on contractual hours, as opposed to worked hours, is a poor reflection on the actual financial capability of applicants. Many on a zero hours contract or working in the gig economy will in fact regularly work closer to full-time, but these employers are able to avoid the responsibilities that come with offering a better employment contract. A more thorough investigation of circumstances and a flexible approach to lending would better support these workers to meet their ownership aspirations. With the rise of gig economy and app-facilitated work, this is likely to be a market that mortgage lenders need to engage with as it grows in size.

There is a role for housing associations to work with mortgage providers to ensure that young people in a range of circumstances can access mortgages for new and existing housing models, but more so, it is the providers themselves who need to make a change. By doing so providers can reach an untapped market of young people who have the resources to own through new models of ownership and are working in flexible contracts. By building relationships with these prospective owners now, they will be able to build their brand with the next generation of owners throughout their housing lifecycle.

RECOMMENDATION

Housing associations and their partners should work with government to explore new 'minimum standards' for mortgage providers when considering applicants from flexible employment contracts. Subject to wider criteria, these need to account for the growing number of young people working in flexible employment and should accept applications from these employees if they can provide proof of an average monthly income or hours.

52. Ipswich Building Society (n.d.) What is a zero hour contract mortgage? [online] Available at: www.ibs.co.uk/mortgages/for/zero-hour-contracts [Accessed 11 June 2019]

53. Parliament (2018) Zero-hour contracts. [online] Available at: researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06553#fullreport [Accessed 11 June 2019]

54. Ibid

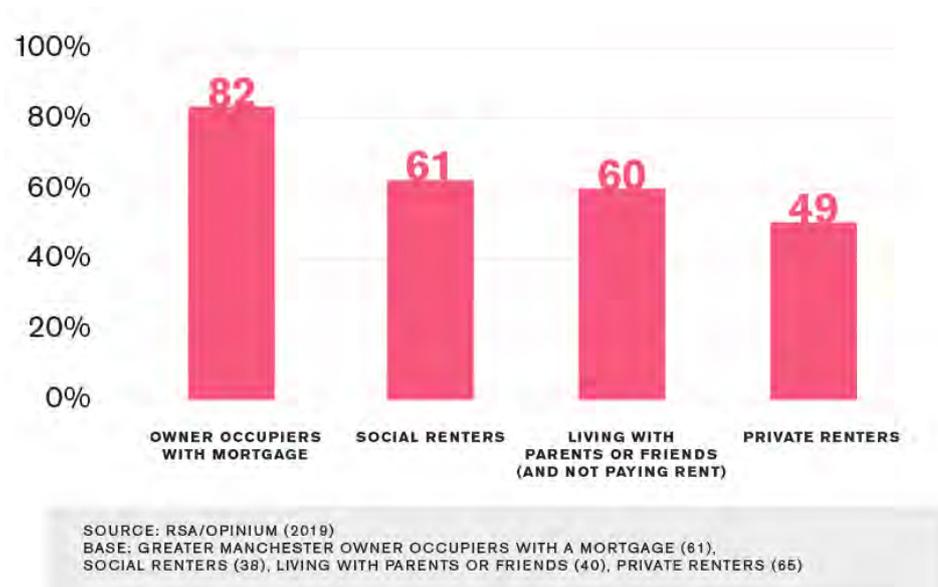
6. The need to reinvent renting

Part of the reason that home ownership is so attractive amongst young people is that no other tenancy is considered to give the same level of economic, housing and personal security. There are many reasons why private and social renting leave young people dissatisfied with their housing and these need to be tackled.

The current reputation of renting amongst young people

Our poll of young people suggests that private renters are the least satisfied with their housing compared to social renters and owner occupiers.

Fig 12: Young people's satisfaction with their tenure, by tenure in Greater Manchester⁵⁵



Young people frequently described renting as a waste of money and felt that living in a private rental put you at the mercy of your landlord. They viewed this market as risk-laden and exploitative of insecurities through high rents, short-term tenures, risk of eviction and poor quality homes.

“I’ve been in private rented for years, and it’s just dead money.”

55. Note this has a small base size for social renters (38) and living with parents (40)

These challenges affect both those who aspire to home ownership and those who would be happy with the rental model if it could better offer them the assurances they need. There is a need to explore how changes and innovations can help all young people in this market, not just those with the capacity or motivation to own.

The impact of wider insecurities

41 percent of respondents to our poll of young people in Greater Manchester felt that they were just about managing, or not managing to get by each month.

“I said accessibility specifically instead of affordability, because there is more to it than the price. It’s about things like massive fees to get a credit check done or, as a single mum, the way things are done I might need a bit of Housing Benefit. I’m not making any money, but [rent] is a lot when you’re on your own with kids. And landlords don’t like Housing Benefit.”

In some cases, young people risk being shut out of rental properties by checks and guarantor processes. Participants in our workshops from a range of employment circumstances felt that they would not easily find a home due to their employment status or their credit history.

These concerns mirror those that young people looking to apply for a mortgage faced, with young people looking to rent also hitting barriers related to their employment status. Here, instead of mortgage providers it is private, and social, landlords who need to reflect on their selection criteria to ensure that all young people have the opportunity to find a home.

“Me and my partner have split up but we are still living together. I can’t move out of our house because I am self-employed and can’t prove my income. I can’t get a council house because they won’t give you one if you’ve got somewhere to live, and because I can’t prove my income no landlord will look at me. So, I am living with my ex.”

As well as considering employment status, many landlords also run a credit check on prospective tenants. Young people in our workshops were particularly concerned about their poor credit and felt that it would impact their access to a home now and in the future.

Amongst those with similar experiences in our workshops, there was a sense that they were being judged by previous behaviour. Some we spoke to had poor credit ratings from credit cards from a number of years ago, or decisions made whilst they were still students. These young people, were not fully aware at the time of the lasting impact these financial decisions would have on their lives.

“If you’ve got bad credit, you’re left with the dregs.”

Thirdly, there were also specific concerns amongst those claiming Housing Benefit, or the housing element of Universal Credit. Whilst this adds to young people’s income, it does little to support their insecurities, as payments are so far below the market rate. As discussed in Chapter 2, young people in receipt of Housing Benefit are particularly disadvantaged as they are only eligible for the shared accommodation rate. This not only means that they face limited options in the private sector, but it also contributes to the culture of ‘no DSS’ amongst landlords. Research

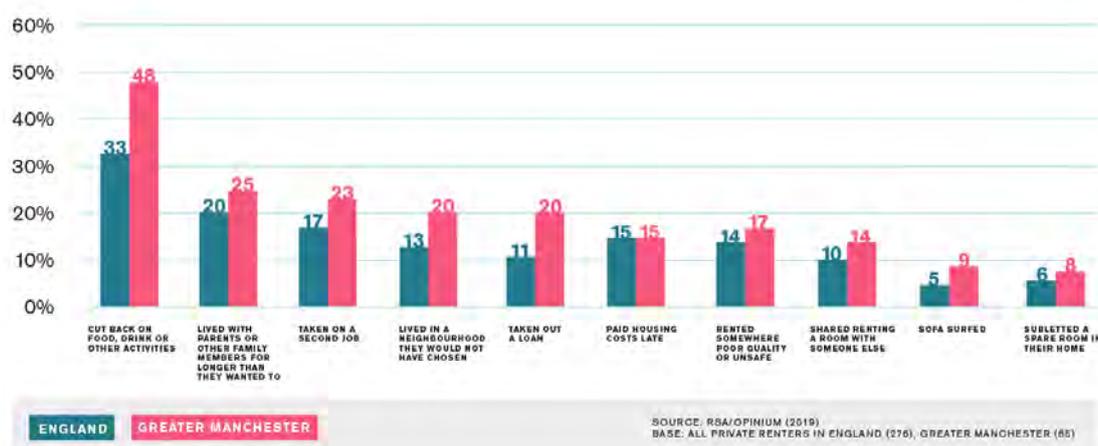
from Shelter suggests that four in ten landlords (43 percent) in the private market will not let to benefit recipients⁵⁶.

Affordability

“I think people would compromise on safety and location because of the price. It shouldn’t be like that, but it is.”

Data from our poll of young people makes it clear that the rental market is not affordable for many young people living in England, and that this is particularly severe in Greater Manchester. One third (33 percent) of young private renters in England, and half (48 percent) of young private renters in Greater Manchester reported that they have had to cut back on food, drink or other activities in order to cover their housing costs.

Fig 13: What current young private renters have had to do to ensure they can afford housing costs



This crisis in affordability is most highly concentrated in the private rented sector, where only 54 percent of young people were satisfied with the affordability of their home. This is lower than the satisfaction with affordability amongst social renters (67 percent) and those buying their home with a mortgage (70 percent).

Data from the ONS shows that ongoing costs of housing in the private rental market account for 64 percent of income amongst the lowest income decile in England⁵⁷. Furthermore, the cost of having to move on a regular basis can leave young people playing catch up with their finances in between deposits. Clearly for this group, the private rental housing offer is not economically sustainable.

56. Shelter (n.d.) Stop DSS Discrimination. [pdf] London: Shelter. Available at: [england.shelter.org.uk/_data/assets/pdf_file/0009/1581687/Stop_DSS_Discrimination_-_Ending_prejudice_against_renters_on_housing_benefit.pdf](https://www.shelter.org.uk/_data/assets/pdf_file/0009/1581687/Stop_DSS_Discrimination_-_Ending_prejudice_against_renters_on_housing_benefit.pdf)

57. Christiansen, K. & Lewis, R. (2018). UK private rented sector: 2018. [online] Office for National Statistics. Available at: www.ons.gov.uk/economy/inflationandpriceindices/articles/ukprivaterentedsector/2018 [Accessed 11 June 2019]

“I don’t like moving to different places. Just to move from one [place] to another, you still have to find £1,800 for fees, rent up front and deposit. Even if you paid at the other lease, they have to do an inspection before they give you the deposit back. You get stuck. I can afford private rent, but affording to move afterwards is ridiculous.”

Not only is the private sector harder to afford, it is also disproportionately populated by young people who are already struggling financially. Our poll of young people in Greater Manchester shows that the private rented sector has more young people who are just about managing to get by each month, or not able to make ends meet, than the group of young people who have bought their home with a mortgage (46 percent of private renters compared to 30 percent of homeowners with a mortgage)⁵⁸.

Security of tenure

“It’s security too. I rented for years and when I was heavily pregnant the landlord said we had to move out. So, I think everyone does want to own a house.”

Young people need more than just an improvement in the affordability and economic security from the private sector, they also need it to provide them with greater housing security.

Box 6: Policy note - Evicting tenants

Section 21 evictions, also known as no-fault evictions, are a legal form of eviction notice in England. Landlords do not need to give any reason for this eviction.

“You can evict tenants who have an assured shorthold tenancy using a Section 21 or Section 8 notice, or both.

A Section 21 notice must always give your tenants at least two months’ notice to leave your property.

If it’s a periodic tenancy, you must also let your tenants stay for any additional time covered by their final rent payment.”¹

A section 21 notice can only be issued after the end of a contract period, when the tenancy agreement has instead become a roll-on monthly contract.

1. Gov.uk (n.d.) Evicting tenants (England and Wales). [online] Available at: www.gov.uk/evicting-tenants/section-21-and-section-8-notice [Accessed 11 June 2019]

There are a number of implications from an insecure tenure. A tenant issued with a Section 21 eviction notice (see policy note), has just two months to find a new tenancy and vacate their current residence. Some young people we spoke to were either in the midst of dealing with such a loss of accommodation or had experienced this in the past. With 33 percent of homelessness applications between April and June 2018 due

58. This difference is significant at the 90 percent level

specifically to the ending of an assured shorthold tenancy, it is clear to see how the private market has a reputation as the most precarious tenancy⁵⁹. These stark figures also highlight the potential implications for personal security.

Young people were often unaware of their housing rights

Some young people we spoke to were unaware of the level of insecurity the private rental market can offer. In the instance of no-fault evictions, a number of young private renters we spoke to felt secure in their tenancy, but some were also unaware that they could be evicted without reason and given just two months' notice to leave. Education, therefore, is a fundamental element of security as residents need to know their rights to be resilient to unexpected changes to their housing or income.

A lack of education is a particular problem in housing, as while everyone needs to understand how to navigate the market, it is not included in traditional education. Without this, young people have to take a test-and-learn approach to the market. We cannot, however, assume that the private rental market will respond to this gap in education of its own accord.

Throughout our workshops with young people, gaps in knowledge emerged around no-fault evictions, of the Tenant Fees Act, of how social housing waiting lists work and who is a priority, and of what different offers such as Right to Buy, Help to Buy and Rent to Buy mean, particularly in distinction with each other.

“I don't know my rights until someone tells me.”

For young people who felt that they did not understand the housing market, in relation to themselves or more widely, this often perpetuated a distrust of new ideas. For example, when learning about the removal of tenants' fees (which at the time of the workshops was not yet in place but was imminent) young people felt that when the new legislation came into force landlords would find other ways to make this money.

A gap in the market

What is clear when assessing the rental market, is that there is both a need and demand for more social housing. The young people we spoke to across workshops considered social housing to be a more secure and affordable form of tenancy compared to private renting. But pressures on housing stock mean that only a very narrow group are able to live in this type of tenancy. In Manchester City Council alone, there are over 13,000 on the social housing waiting list⁶⁰. To meet this demand would mean adding 20 percent more social homes to Manchester's stock⁶¹. Data from the English Housing Survey highlights that this is a problem affecting

59. Live tables on homelessness; figures based on prevention and relief acceptances with reasons for leaving last settled base provided

60. Ministry of Housing, Communities and Local Government (2019) Live tables on rents, lettings and tenancies: Table 600. Op Cit

61. Manchester City Council (2018) Manchester City Council Report for Information: Delivering Manchester's Affordable Housing Strategy – update on the delivery of the Council's affordable housing strategy. [online] Available at: democracy.manchester.gov.uk/mgConvert2PDF.aspx?ID=2929

young people in particular, as nationally young people are more likely to be on a social housing waitlist⁶². The data shows that, overall, 6 percent of households with a head of house under 25 years old have a household member on a waiting list⁶³. With an average income of £27,000, this equates to rent of £675 per month or a mortgage of £121,500. Greater Manchester's Housing Strategy also considers defining affordability at a Combined Authority level, explicitly referring to the shortcomings of a market-rent defined measure⁶⁴.

“I put myself on the council list and I'll probably be on it for four years because I've got a roof over my head, which is fair when you think about how many there are, but we should be building more, or buy back ones with no one in ... there are too many people that need a house.”

One young mother we spoke to was facing eviction from her current home, but her family did not meet the priority need criteria to reach the top of the waiting list. Other young parents also expressed frustration that they too would not be able to find a social home if they joined the waiting list. Some young people in our workshops did live in social housing, but they considered themselves lucky. This included one young mother who was offered a social home after living in a friend's house and sharing a room with her two children.

“They offered me it [social housing accommodation] on the Friday and it had to be gone on the Monday, for £100 down [as a deposit]. We were sharing a room at my friends' house, me and my two children, so it came at a good time.”

62. Department for Communities and Local Government (2017) English Housing Survey: Social rented sector, 2015/16. [pdf] Department for Communities and Local Government. Available at: assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/632464/Social_rented_sector_report_2015-16.pdf

63. Ibid

64. Greater Manchester Combined Authority (2019) Greater Manchester Housing Strategy. Op Cit

7. How to make the rental market work for everyone

There is a clear need for further reform to improve the affordability, security and quality of the private rental market. In this chapter, we explore how the rental market can ensure that young people living in this sector – through choice or otherwise – can feel confident in their housing security.

Redefining affordability

The private rental market supports many lower income and economically insecure young people who do not have the opportunity to own, and who do not meet the criteria for social housing. The current definition of affordability used by central government is unrelated to their actual levels of income.

Instead, at a national level, housing is defined as affordable if it is at 80 percent or less of the local market rate. That means, for both renters and home owners, the measure considers what the market can afford, as opposed to what individuals can afford.

Manchester City Council is leading the way in redefining affordability by adopting its own income-based definition. The council's housing strategy defines affordable housing costs (for rent and ownership) to be 30 percent of the average local income⁶⁵. With an average income of £27,000, this equates to rent of £675 per month or a mortgage of £121,500. Greater Manchester's Housing Strategy also considers defining affordability at a Combined Authority level, explicitly referring to the shortcomings of a market-rent defined measure⁶⁶.

However, speaking to young people living in the city, the national narrative on affordability heavily influenced their confidence that they would be able to afford homes billed in this way, even within Manchester. There is a need, therefore, for national change. Labour's Green Paper 'Housing for the Many' acknowledges the need for a new definition and suggesting a third of average incomes as a new Living Rent⁶⁷.

A move to tie affordability to what people can afford, rather what the market can stretch to, is important both in ensuring the security of those renting, and in reframing how the market works for them. A new

65. Greater Manchester Combined Authority (2019) Greater Manchester Housing Strategy. Op Cit

66. Ibid

67. Labour (2018), Housing for the many. [online] Labour. Available at: [labour.org.uk/issues/housing-for-the-many/](https://www.labour.org.uk/issues/housing-for-the-many/) [Accessed 11 June 2019]

definition would encourage developers and landlords to think innovatively about how they meet affordable targets and encourage diversity in this area of the market.

RECOMMENDATION

The government should include local powers to define housing affordability in a new Housing Affordability Deal, allowing Manchester City Council and Greater Manchester Combined Authority to adopt a shared definition. New definitions should define affordability in relation to local incomes, not local market rates.

Rent pressure zones: Creating a responsive rental market

Box 7: About rent pressure zones

Rent pressure zones (RPZs) are geographical areas that are designated after experiencing steep increases in rental prices¹. Identified areas have a maximum rent increase applied to them for the following year. Typically, they can apply for up to five years and will be set at least at the Consumer Price Index plus one percent. They have recently been legislated for in Scotland as part of wider private rental reforms.

1. Scottish Government (n.d.) Private renting. [online] Available at: www.gov.scot/policies/private-renting/rent-pressure-zones/ [Accessed 11 June 2019]

RPZs offer a form of rental cap, albeit on a local level, to ensure that housing prices do not outpace incomes. The idea of a rent cap was popular in workshops and often came up without prompting. But participants inevitably felt that a cap of what level of rent can be charged would have knock on effects on the market more generally (for example homogenising the rental offer or encouraging landlords to sell up as there was not enough money to keep them renting).

However, a locally applied limit to rent increases would provide an option that plays to the interest in rental caps, but without the negative perceptions that young people discussed. Rent pressure zones do not attempt to lower the absolute value of the rent in local areas, instead looking only to mediating the increases in the local area.

Though technically introduced in Scotland no RPZs have yet been enforced. Were one to be instigated locally, the request would have to go to the Scottish government for sign off. This added layer of administration undermines the local nature of these zones and as such an application of them to English local authorities should consider allowing local authorities complete control over their designation.

Manchester has already rolled out some local housing zones in their selective licencing scheme and in their affordability zones^{68,69}. These differ from the rent pressure zones as they look either to areas with poor quality housing and neighbourhoods with anti-social behaviour (in the case of licencing), or ensuring affordability in areas seeking new developments (in the case of Affordability Zones). However, they do suggest that Manchester has a blueprint for the infrastructure that these zones might follow.

An introduction of rent pressure zones would provide the local council with an opportunity to intervene in areas where existing homes are experiencing a surge in housing costs. Lessons from licencing schemes can also be applied with respect to how to communicate with landlords and how to incentivise affected landlords and housing providers to abide by the schemes.

RECOMMENDATION

As part of a Housing Affordability Deal, the government should grant powers for Greater Manchester Combined Authority to establish rent pressure zones, as in Scotland, that alleviate steep increases in rents at a sub-local authority level.

67 percent of current private renters thought that indefinite tenure would help their current housing situation.

Improving security of tenure

“I don’t think landlords should just be able to chuck you out.”

Renters’ psychological sense of security would be greatly improved by measures that rebalance power in their favour. To improve the security of tenure in the private sector, it is essential that no-fault evictions are abolished. The government’s open consultation with the view to enact an abolition of these evictions is welcomed and it is hoped that the government will move quickly on this promise so as to prevent landlords from rushing to remove tenants whilst they feel that they can.

The potential for the removal of Section 21 evictions is expansive: not only would it provide tenants with greater security in their tenancy, but it could also usher in a more positive and open relationship between tenants and landlords in the resolution of disputes and discussion of their tenure.

This change in the law would follow on from recent legislation by the Scottish government to remove no-fault evictions from all new tenancies. Scotland is leading the UK with respect to reforms to the private rented sector.

The Scottish principle of tacit relocation, for example, allows tenants and landlords to silently renew their tenancy, under the same terms and

68. Manchester City Council (n.d.) Selective licencing: renting out houses in designated areas. [online] Available at: secure.manchester.gov.uk/info/10084/private_landlords_information/7399/selective_licencing_renting_out_houses_in_designated_areas [Accessed 11 June 2019].

69. Manchester City Council (2018) Manchester City Council Report for Information: Delivering Manchester’s Affordable Housing Strategy – update on the delivery of the Council’s affordable housing strategy. Op Cit

length as their original agreement. This means that private rentals can roll over into a repeat term of the same length, as long as both parties are happy to do so and neither posts their notice, providing on going security from one year to the next.

These are a useful way to bridge the gap between short-term and indefinite tenancies, respecting that both tenants need a home and that landlords need someone to rent their property. There are some risks to be wary of, for example if a tenant does not know that they will be automatically extended they may inadvertently end up with both their current and a new tenancy.

Adopting a policy of tacit relocation, alongside a long-term commitment to abolish no-fault evictions would be a practical approach to improving the rights of private renters. The result would be greater security for those living in the private sector, as well as greater economic security as tenants less frequently have to pay to move.

RECOMMENDATION

As part of the move towards an abolition of Section 21 evictions, housing providers should adopt roll on tenancies which renew at the same length and terms unless one party objects. Inspired by the principle of tacit relocation, these would ensure that tenants are provided with adequate security of tenure, whilst landlords can still remove tenants after a fixed-term if needed.

Reforming Local Housing Allowance

“Reforms have thrown people around ... squeezed your housing benefit.”

The recommendations throughout this report need to be made alongside major reform to the Housing Benefit system in order to have impact for claimants. As discussed earlier in this report, the current calculation for Local Housing Allowance is based on out of date housing costs, and renders the average market rent out of reach for claimants. This has a huge impact on claimants, and risks forcing many into low quality housing.

This is compounded by the shared accommodation rate which limits the type of accommodation young people can afford to look for. This rate, specifically for under 35-year olds, was introduced only in 2011, as part of wider welfare reform, showing that age discrimination does not need to be the staple of the system.

The LHA system also fails to accurately tailor to local markets. There are just 152 BMRAs in the country, meaning that there are on average over two local authorities for each BMRA. Average rental prices can vary hugely from neighbourhood to neighbourhood, and so such large areas with the same LHA rate means that in some areas it will be impossible to find a home at the LHA level.

Within Manchester alone there are major discrepancies in the median rent. Data from the Urban Big Data Centre shows that the median rents in 2016 in Ardwick were double the median rent further out of the city centre between Crumpsall and Cheetham Hill (£1,013 per month

compared to £500 per month)⁷⁰. Though current policies do allow for BMRA boundaries to be redefined by local rent officers, the criteria for a review does not include any affordability factors. Furthermore, any review needs national sign off.

RECOMMENDATION

A new Housing Affordability Deal should include powers for Greater Manchester Combined Authority to define the boundaries of the Broad Market Rental Areas, and to set Local Housing Allowance rates in line with these smaller local areas at the *current* 30th percentile of market rents as a minimum.

Community letting agencies: Increasing access to affordable private rental options

Box 8: About community letting agencies

Community letting agencies, sometimes also known as social, ethical or local lettings agencies, are commercial agencies with a social aim. Run by housing associations, traditional agencies, local governments or charitable bodies, these agencies focus on finding appropriate and accessible homes for low income households and those in receipt of Housing Benefit or Universal Credit. Their offer can range from lettings management to complete property management, with competitive rates to landlords and peace of mind for tenants.

“In a social house you’re more secure rather than with private landlords, because they could just sell up at any time.”

Young people taking part in workshops put greater trust in social landlords than in private landlords. This positive reception spanned a trust in social landlords to maintain a safe upkeep of the home, as well as with affordability. There is therefore, a space in the market for a wider offering from housing associations and local authorities.

Fundamentally, there is no doubt that there needs to be a replacement of the social homes lost over recent decades. The National Housing Federation estimated that 340,000 homes per year need to be built until 2031, of which 90,000 need to be at social rents⁷¹. To this end, in order to scale up the social housing offering in England there is a very pressing need for government to commit not only to building new homes, but also to making sure these homes cover social and affordable rents. However, a more detailed exploration into the demands for social housing in Manchester and England is beyond the scope of this report.

Given an absence of growth in the social rented sector, this report instead considers practical ways to support young people who are currently unable to access social housing. The Rugg Review of the private

70. Urban Big Data Centre (n.d.) Zoopla Property Data. [online] Available at: www.ubdc.ac.uk/data-services/data-catalogue/housing-data/zoopla-property-data/ [Accessed 6 September 2019]

71. National Housing Federation, 2018. England short of four million homes. Press release, 18 May 2018

rental sector in 2009 suggested that social lettings agencies could be one way to bridge the disparities in affordability and quality between social and private homes, assuming that the social market does not grow at the rate it needs to⁷².

An initial sales point to tenants of these schemes was the low tenants' fees offered, but in light of the recent removal of these fees completely there needs to be an updating of what their offer looks like. With young people in our workshops expressing a trust in housing associations to manage properties, community lettings agencies could provide a way for these associations to engage with housing for young renters beyond the social market.

The Greater Manchester Housing Strategy sets out an aim to 'expand existing ethical lettings agency models to grow their scale and impact of the private rented sector (PRS) market across Manchester' suggesting that there is regional support for these agencies⁷³. However, these schemes also need to be clearly defined and nationally endorsed to ensure that young people can trust their legitimacy.

A review of the current community lettings agency offering across the UK by the Joseph Rowntree Foundation acknowledges 'confusion over how to define them [community lettings agencies]' and that a defining feature of the current offering is a lack of 'overarching policy or legislative mechanism driving development'⁷⁴.

A central government endorsement that takes a unified approach to the language and criteria used for these schemes would support their growth. This would also help young people to navigate this offer, compared to the variant terminology currently in use (such as social, local and ethical lettings agencies). Further, government should outline the criteria under which community lettings agencies must operate to ensure that the accreditation is appropriately used, and that young people looking to rent in this way can take confidence in using them.

Housing associations should consider a collaborative approach to managing a community lettings agency that will ensure that young people have access to a range of properties that meet their needs, but that the market is not confused by a high number of smaller agencies.

Further, a centralised register would support the work of community lettings agencies to source appropriate and high quality landlords for low income households. The scheme also holds relevance outside of these agencies by providing local residents with crucial information to help them find secure housing. Manchester City Council has already operates in this space with Manchester Move, an application and allocations site that matches residents with social housing from across 18 not-for-profit landlords. This collaborative approach between local authority and housing associations could provide infrastructure to develop a Community Letting Agency that expands beyond social rents alone.

72. Rugg and Rhodes (2018) The evolving private rented sector: Its contribution on potential. Op Cit

73. Greater Manchester Combined Authority (2019) Greater Manchester Housing Strategy. Op Cit

74. Arthur, T. et al. (2019) Scaling up social lettings? Scope, impact and barriers. [pdf] Joseph Rowntree Foundation. Available at: www.jrf.org.uk/report/scaling-social-lettings-scope-impact-and-barriers-o

73 percent of current social and private renters in England thought that a way of proving that they had consistently paid their rent instead of a traditional credit check would help their current situation.

RECOMMENDATION

Manchester City Council should enhance local licencing schemes with a 'good homes register' and establish standards for community lettings agencies.

Housing associations in Manchester should collaborate with Manchester City Council to create and identify a network of community lettings agencies in line with newly created standards. These should be operational at a local level and based on an expansion of the Manchester Move model into private rental options.

Moving beyond credit checks

In the rental market, a poor credit rating is equated to a risk of arrears, but this is not a straightforward relationship. A number of different young people we spoke suggested that proof of rental history may be an alternative that reflected actual ability to pay.

Some schemes have started to move in this direction. For example, CreditLadder uses read only access of a main bank account to verify that rent has been paid in full and on time. These cumulative records boost Experian credit ratings and CreditLadder claim that the process 'may help you access better rates on credit cards, loans and utilities'⁷⁵

"I've heard of a new thing called CreditLadder. They read your bank statements, check your landlord and check you have paid each month. Apparently they're kosher."

As the world of work and credit change, landlords need to be open to these innovations to ensure they are accessible to a range of prospective tenants. A new credit check system could reduce the proportion of young people whose options are limited by their credit histories.

RECOMMENDATION

Private landlords should promote and support schemes that accept rental history instead of, or alongside, traditional credit checks when considering prospective tenants.

Improving housing education

In order to ensure that young people have the knowledge and tools at their disposal to make the best decisions about their housing, more needs to be done to provide housing education before young people look to live independently for the first time. A basic outline of the market, affordability, and tenure options would have a range of benefits for young people. Not only would it mean that they have greater understanding of their options and a reduced risk of exploitation in the market, it would also help to

75. CreditLadder (n.d.) Paying rent? Improve your credit history. [online] Available at: www.creditladder.co.uk/ [Accessed 11 June 2019]. My Home Passport (n.d.) Rent ahead of the crowd. [online] Available at: rentalpassport.mvine.com/ [Accessed 11 June 2019]

create realistic expectations and aspirations, and increase landlord trust in the younger generation of renters.

It is important that the information comes from a trusted source. For many young people, this would be either official information from local authorities or education providers, or from an independent source. The young people we spoke to also tended to trust the voice of housing associations as a source of information, with the least trusted party in the housing market clearly coming out as private landlords. These organisations should support educating young people whilst they are still in school to ensure that all young people in the local area have a minimum basic understanding of how to navigate the housing market and their rights and responsibilities.

This education should not stop here. Policies will continue to change throughout a residents' life and so there are important ongoing touch points. When policies change there is a role for policymakers, housing providers, lettings agents and rental search sites to provide information to those who are looking to move. For example, when lettings fees were removed in June 2019, some renting sites sent users of their service an update to inform them about the changes. Information sharing in this way sets a good precedent for ongoing education.

RECOMMENDATION

Housing associations should partner with local schools and colleges to provide talks and materials on housing options to ensure young people in Manchester have a minimum understanding of the housing market when they first look to live independently.

Box 9: A new Housing Affordability Deal for Greater Manchester

Many of the recommendations in this report form our call for a new Housing Affordability Deal, negotiated between national government and Greater Manchester Combined Authority. This deal would represent a two-way negotiation, with the aim of providing GMCA with powers to address the affordability crisis in the area. The proposed elements of the deal should ensure that the local market provides residents whose housing needs are currently unmet with the opportunity to find accessible, affordable and secure housing.

Specifically, we recommend that a new Housing Affordability Deal should give the GMCA powers to:

- Develop its own definition of affordability across the city region, based on average incomes not average market house prices (see page 37 for full recommendation)
- Redraw BRMA boundaries and set its own rates for the Local Housing Allowance (see page 39)
- Invest in new developments and housing products such as Shared Ownership; Rent to Buy and Escalator Ownership schemes (see page 24, 26 and 27)
- Curb steep rent increases in particular neighbourhoods through the introduction of Scottish-style rent pressure zones (see page 38)
- Offer greater support for community-led, in perpetuity schemes through Community Homes Zones (see page 29).

More details on each of these elements are explored throughout the report..

8. The importance of place

An important, if unexpected, dimension of our conversations with young people about their housing was their satisfaction with where they live. To create a housing market where young people feel safe and like they belong, it is essential to consider the role that location or ‘place’ plays in young people’s decision making.

Place is central to young people’s housing aspirations

Whilst issues of tenure, affordability and accessibility are all essential to our understanding of young people’s housing aspirations and options, there is also an important consideration to be made on the role of place and location in their decision making. This is an important tenant of Manchester City Council’s Housing Strategy which puts on ‘Place’ at the centre of their agenda for housing, alongside ‘Growth’ and ‘People’.

Fig 14: Manchester housing strategy 2016-2021⁷⁶



76. Manchester City Council (2016) Manchester: A housing strategy 2016-2021. [pdf] Manchester City Council. See: www.manchester.gov.uk/downloads/download/6689/housing_strategy

In this chapter we turn our attention to how place underpins the effectiveness of earlier recommendations, by providing young people with a sense of community and self-esteem. Across our conversations with young people it was clear that their satisfaction with their current housing, and their aspirations, were intertwined with the location of their housing. Not just the street they lived on, but the wider context of their community; the social networks around them, the transport links to work and friends, the amenities on offer, their relationship with neighbours, the opportunities the area afforded them and their sense of belonging and safety.

These issues were top of mind when we began conversations with young people about their housing experiences and options. When asked about what makes up their individual conception of ideal housing almost all young people mentioned something about their local area, be it their community, safety or location.

Framing the role of place in housing

An articulation of place can occur at a number of levels – it can be individualistic (related to the home and social interactions), neighbourhood based (related to communal spaces and relationships) or, in the case of Manchester, city-wide (related to wider networks and services).

Our workshops with young people pulled apart how their housing aspirations played out in relation to place at these levels and across both physical and emotional spaces. Young people’s ideal housing does not distinguish a preference in these definitions, instead they have a broad understanding of what aspects of their environment are important to them. The below framework maps what young people said they looked for in their ideal housing at each of these levels⁷⁷.

These examples are not exhaustive but do provide a useful starting point from which to consider how residents understand their local connection.

	Physical need	Social need
<ul style="list-style-type: none"> ▪ Individual 	For example: <ul style="list-style-type: none"> ▪ physical health ▪ satisfaction with the building ▪ size of home 	For example: <ul style="list-style-type: none"> ▪ belonging ▪ self-esteem ▪ wellbeing ▪ space to host at home
<ul style="list-style-type: none"> ▪ Neighbourhood 	For example: <ul style="list-style-type: none"> ▪ communal space ▪ aspirational design ▪ upkeep ▪ green spaces, parks and playgrounds ▪ amenities 	For example: <ul style="list-style-type: none"> ▪ local run businesses ▪ trust in neighbours ▪ social cohesion and community
<ul style="list-style-type: none"> ▪ City 	For example: <ul style="list-style-type: none"> ▪ location within city ▪ transport ▪ traffic and pollution ▪ site of public services 	For example: <ul style="list-style-type: none"> ▪ employment opportunities ▪ social networks and family ▪ culture and heritage sites ▪ safety

77. Framework informed by Table 3. An Ecological Framework for Community Planning and Development: Exploring Multiple Environmental Domains and Levels of Analysis from: Manzo, L. & Perkins, D. (2006) Finding Common Ground: the importance of place attachment to community participation and planning. *Journal of Planning Literature*, [online] 20 (4), p.335-350. Available from: www.academia.edu/12004728/Finding_Common_Ground_The_Importance_of_Place_Attachment_to_Community_Participation_and_Planning

Individual level needs

At an individual level, place relates to both the physical property that young people are living in, and the impact that their home has on their wider social wellbeing. Young people we spoke to in workshops were concerned that living in the city placed a limit on the amount of space they would expect to be able to afford, both in terms of the size and number of rooms and the likelihood of finding a home with a garden or balcony.

One young person we spoke to was frustrated that her current accommodation – which she rented with her partner – was not large enough to allow her to host friends. Wrapped up in this frustration was the sense that she was not able to afford somewhere that could be a central location for her social life, and so when discussing her next home this became a major priority.

This example typifies how young people identified themselves and their life stage with the accommodation they were able to afford. This chimes with the theory of place identity, which suggests that the construct of the self is intrinsically linked with an understanding of, and relationship with, the place where an individual lives. Our research suggests this connection does exist, and that young people want a home that reflects their aspirations.

At the worst extremes of this relationship between housing and self-esteem are homes which do not provide an acceptable standard of living. Though none of the young people we spoke to during our workshops identified a current concern with the quality of their home, some had previous experience of living somewhere inappropriate and others expressed concerns more generally about the risk of low-quality homes in the private sector.

In these discussions, young people felt that they would have very little agency to change these circumstances. There was a lack of trust when discussing the role of landlords, something which was felt to be particularly problematic if tenants had already signed a contract and moved in before realising their landlord would not make necessary repairs. This represented a lack of agency amongst young people, undermining their confidence and, leaving them unable to settle in a property.

Neighbourhood level needs

The neighbourhood level of this framework – which here we broadly define as any communal and local geographical space – offers an opportunity to consider interactions with people and spaces outside of the home.

Young people we spoke to in our workshops, parents in particular, wanted a community that was welcoming and supportive.

Young parents, or those living on their own, placed particular importance on safety in their local area.

“I think safety [is the most important thing] if you’ve got kids.”

Parents expressed concern for their children being out alone, fearing that they might fall in with the wrong crowd or get into a dangerous situation. There was a strong feeling that increases in crime were propelled by cuts to key services and a low police presence in the city centre, reflecting

the scale of place that these sentiments played out in for young people. Some also linked their sense that crime – and in particular petty crime – was on the rise in areas where youth centres and services had faced cuts. In this way, young people rationalised the national cuts and city-wide implementation of these at a more local level and in relation to their own neighbourhoods.

But the importance of neighbourhood is not limited to families only. Communal areas play a part in all young people's wellbeing needs, particularly with respect to broader access to outside areas. With many homes, particularly those in the city centre, having limited – or even no – outside space, a neighbourhood with public spaces was thought to be one way to bridge this gap.

Some young people expressed that whilst they would like to use outside space, they do not feel that all spaces are made for them. In particular, green areas designed primarily with children in mind can fail to account for the needs of young people who do not have access to private outside space.

For many, the social side of the neighbourhood was as important as the practical considerations. Young people we spoke to wanted to assimilate with a wider location that they felt represented their life stage, and which provided them with the resources they needed. For example, some wanted to stay living in the city centre so that they could easily socialise with their friends, whilst others felt left behind by staying in the centre as their social groups had moved further out to account for their growing families.

Areas such as Ancoats, which have seen new developments over recent years, were complimented for the space made for local businesses, cafes and bars. These areas were seen to have enough distance from the city centre that they felt more affordable, and less busy, but were also close enough for those who worked centrally. A short distance from the city centre also contributes to a more local feel to the neighbourhood, providing young people with a local hub within the city.

Across workshops, there was general consensus on what areas were most favourable. Didsbury was a common contender for most aspirational area, with Moss Side by contrast cited as an example of where young people would not want to live (though there was acknowledgement that investment in the area was having a positive impact). This shared understanding suggests commonalities in what young people aspire to, though very few of those we spoke to had managed to translate this to reality.

City level needs

Zooming out even further, the city and regional level of place also came up in conversations about community, culture and personal identity. As one of the largest cities in England, and with a large student and under 35-year old population, Manchester poses a unique attraction to young people. Young residents we spoke to identified Manchester as a balance between a large city and a small town; not as overwhelming as London but still with many of the opportunities and activities the capital can boast.

For those who were new to Manchester, or had moved to the city as an adult, the draw of employment, family connections and social

opportunities supported their move to a community that they feel at home in. And for those who had always lived in the city the importance of friends, family and familiarity was frequently the biggest reason for staying in the city.

Residents take pride in the heritage of football, music and culture in Manchester. Many we spoke to felt it was an inclusive and multicultural city, and that the neighbourly environment particularly contrasted with other parts of the country.

Looking also to city-wide infrastructure, young people cited the importance of the transport network to their social and economic lives. From the city they needed accessible and useful public transport connections. This was particularly true for those living outside the city centre but needing to commute in. For these young people, the option of driving was almost ruled out as the traffic rendered it to be the slowest of the commuting options. The tram, train and bus routes therefore were an essential part of how Manchester worked as a whole.

Whilst young people have perceptions of the housing they want in terms of the tenure type, affordability and the security it affords them, their decisions about where they will live are intertwined with how they view individual homes, neighbourhood and city offerings. When developing housing, providers and policymakers need to be mindful of why young people choose to live where they do, and the impact place can have on their wider wellbeing and sense of self.

Young people were also concerned about the rise of inequality in the city, and in particular the scale of street homelessness. This was a key talking point across all our workshops, with those who had been in the city for a number of years considering it to be a steadily increasing problem. This reflects the data, which shows that 727 people approached Manchester City Council in April-June 2018 due to homelessness or a risk of homelessness⁷⁸. Though there was acknowledgement of the Mayor of Greater Manchester Andy Burnham's agenda to tackle homelessness, it was not obvious to everyone we spoke to what the changes thus far had been. These concerns exemplify the need for an inclusive approach to city developments⁷⁹ Many young people we spoke to cited austerity as one of the reasons for the increased perception of crime and inequality.

At the other end of this inequality, young people we spoke to perceived the new developments in the city centre to be out of reach for people like them as they are so expensive. The developments were met with disdain that so much money was going into housing that perpetuated a visible divide between the richest and poorest residents in the city. Here young people were left with limited opportunities to live centrally unless they could pay higher rates for accommodation.

78. Ministry of Housing, Communities and Local Government (2019) Statutory homelessness live tables: Initial assessments tables. Ministry of Housing, Communities and Local Government. Available from: www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness [Accessed 6 September 2019]

79. Schifferes, J. (2017) Scale to Change. [pdf] The RSA. Available at: www.thersa.org/discover/publications-and-articles/reports/scale-to-change-report

9. Putting place first

Place-based frameworks are used to outline how local activities can respond to different levels of engagement. By considering a housing development or redevelopment as a local activity, we can map how to create housing that meets young people's needs at an individual, neighbourhood and city-wide level.

Supporting individual needs in new developments

Some young people we spoke to had no access to outdoor space, in either private or local communal areas in their immediate neighbourhood. This affected how they used their leisure time and how they were able to socialise. Manchester City Council's Housing Strategy notes a commitment to work with our housing provider 'to ensure that the estates they manage offer high-quality and well-maintained green spaces' and to offer 'opportunities for community greening, gardening and food-growing with their tenants'. Both of these would help to support the needs of residents – and in particular tenants – but this needs to be matched with a commitment to ensure that all young people have their needs met through clear minimum standards.

Considering specifically the needs of young people, it is not enough to just account for these spaces, there also needs to be consideration of how different residents will use this space. The concerns from young people that they do not feel that all areas are for them will mean that poorly designed spaces risk not being used effectively. By designing the space to capture the needs of different residents, and to account for changes to the population, there is the best opportunity to develop spaces that support residents' wellbeing.

Currently, neither national policy nor the Greater Manchester Spatial Framework or Manchester City Council's Residential Quality Guidance establish any enforceable minimum standards for access to private or neighbourhood outside space. By contrast, Greater London Authority has adopted a minimum standard of five square metres of private space per one to two person household, which increases with the number of people in residence. This standard encourages developers to look to gardens, courtyards and rooftop spaces to ensure that residents have access to outside space that will support their wellbeing.

RECOMMENDATION

Local Housing Strategies, including Manchester City Council's, should place minimum standards on outside space – private or communal to small developments – for new homes, in the same way there are minimum standards on space inside the home. These should build on the Greater London Authority standards of five metres of outside space privately per one bed household.

Giving residents a voice

At the centre of a successful place-based intervention is the inclusion of the voices of members of the community. In the case of housing, this research offers an understanding of the needs and expectations of young people across Manchester. Beyond this, developments can be supported by further conversations with residents in the specific and hyperlocal spaces that homes will be based in. A formal commitment to a steering group of residents and prospective residents would allow for the needs of those living in the homes to be met.

By feeding in individual voices, housing providers and developers can understand the needs of the community as a whole and ensure that new interventions foster positive relationships. For example, those looking to explore housing in perpetuity or at an affordable level as per the Manchester City Council definition should explore input from both those residents who will be living in these homes and those who will not to ensure cohesion between groups with varying housing costs.

Supporting the need for resident consultation, research by L&Q on how to design open spaces that work for the community argues that central to the success of open areas is listening to the voices of residents, both at the design stage and beyond⁸⁰. By seeking this kind of consultation into how a range of residents will use a specific space, and framing the area as welcoming and flexible, new developments can serve the needs of young people outside of the home.

Many housing associations have their own strategies for participation, but presently there is no guidance on their content, nor any local authority led policy to explore how residents from different housing associations can engage alongside private tenants and owner occupiers.

Northern Ireland is the only nation of the United Kingdom with a national strategy for resident participation⁸¹. This strategy, covering 2015-2020 includes ten clear principles for participation and outlines the steps that housing associations should take. This identifies participation for new developments as well as how to encourage on-going participation in existing communities. This strategy is, however, limited only to residents in social housing, and there is benefit to expanding the remit of this document to cover private tenants and to include the views of home owners in the local area.

At a local level, Manchester City Council has a Community Engagement Strategy, but the most recent edition was compiled in 2011 and covers the period until 2015 only. The strategy includes a number of important policies which should be updated to reflect the changing face of the city and should be made in collaboration with housing associations to ensure that practical approaches to participation are included.

80. Caistor-Arendar, L., Baard, S., Karthaus, R. & Woodcraft, S. (2015) L&Q shared outdoor spaces: what works? [pdf] L&Q. Available at: www.social-life.co/media/files/LQ_report_final_short_for_publication.pdf

81. Department for Social Development (2016) A tenant participation strategy for Northern Ireland: 2015 to 2020. [pdf] Department for Social Development. Available at: www.communities-ni.gov.uk/sites/default/files/publications/dsd/tenant-participation-strategy-2015-2020_1.pdf

RECOMMENDATION

Manchester City Council should create a Resident Participation Strategy as part of their Housing Strategy to outline ways to engage with existing and prospective residents. The strategies are also an opportunity to establish commitments from housing providers to ensure resident contributions are made to developments and redevelopments.

Creating cohesive neighbourhoods

Whilst including residents in the design of new housing is an essential part of ensuring new developments work for those in the local neighbourhood, our conversations with young people suggest that there is a long-term commitment that is needed to support this.

Some workshop participants suggested that local activities and meetings would bring the community together and support a collective sense of safety and security. These could be supported by the social landlord where this was relevant, or by local businesses or interest groups. This idea was particularly popular amongst young families, whilst young graduates and those without children were less likely to engage. Housing associations here have a role to engage with local groups in the neighbourhood or nearby neighbourhood to support the longevity of these community activities.

Increasingly, communities also form in online as well as physical spaces. Some young people we spoke to had engaged with groups on social media that were connected to their local area. These tended to be resident led initiatives, managed by one or two members of the local community. Members of these groups are provided with an opportunity to learn about local events, to interact with neighbours they might otherwise not cross paths with, and to share updates on local news.

There were some negative experiences reported, as some pages leaned more heavily in reporting crime and accidents, which one young person said made them feel less safe. However, by establishing a code for the page, and providing other opportunities for community interaction, these could be mediated.

The RSA's work on community design in the report *Scale to Change* goes one step further and recommends that developers make proposals for the social sustainability of new developments and redevelopments. The report argues that this would force them to consider the impact of their plans in a way that is not currently guaranteed⁸². Housing associations and other developers taking the lead on this would be in a strong position to create spaces for young people of this generation and the next.

RECOMMENDATION

Local authorities' Resident Participation Strategies should include requirements for housing associations to provide or support physical and online spaces for community engagement, such as local online forums or notice boards.

82. Schifferes, J. (2017) *Scale to Change*. Op Cit

10. Blueprint for change

The RSA's theory of change centres on our ethos to 'think like a system, act like an entrepreneur'. That is to say that first we need to understand how the housing system works for young people - what the pressure points are and who has the power to make change - and only then can we look to innovation that will be effective. This report has explored the barriers for young people specifically in achieving a tenure that provides them with economic, personal and housing security. By looking to how access to different markets can be improved, how different tenures can be made more appealing and how location and community can be leveraged to improve housing standards, we have pulled in a range of changes from the micro to the macro.

The recommendations in this report have been constructed to create a housing market that offers all young people – regardless of income level, employment type, family support and housing preference – the opportunity to find a home that supports their wellbeing, safety and security.

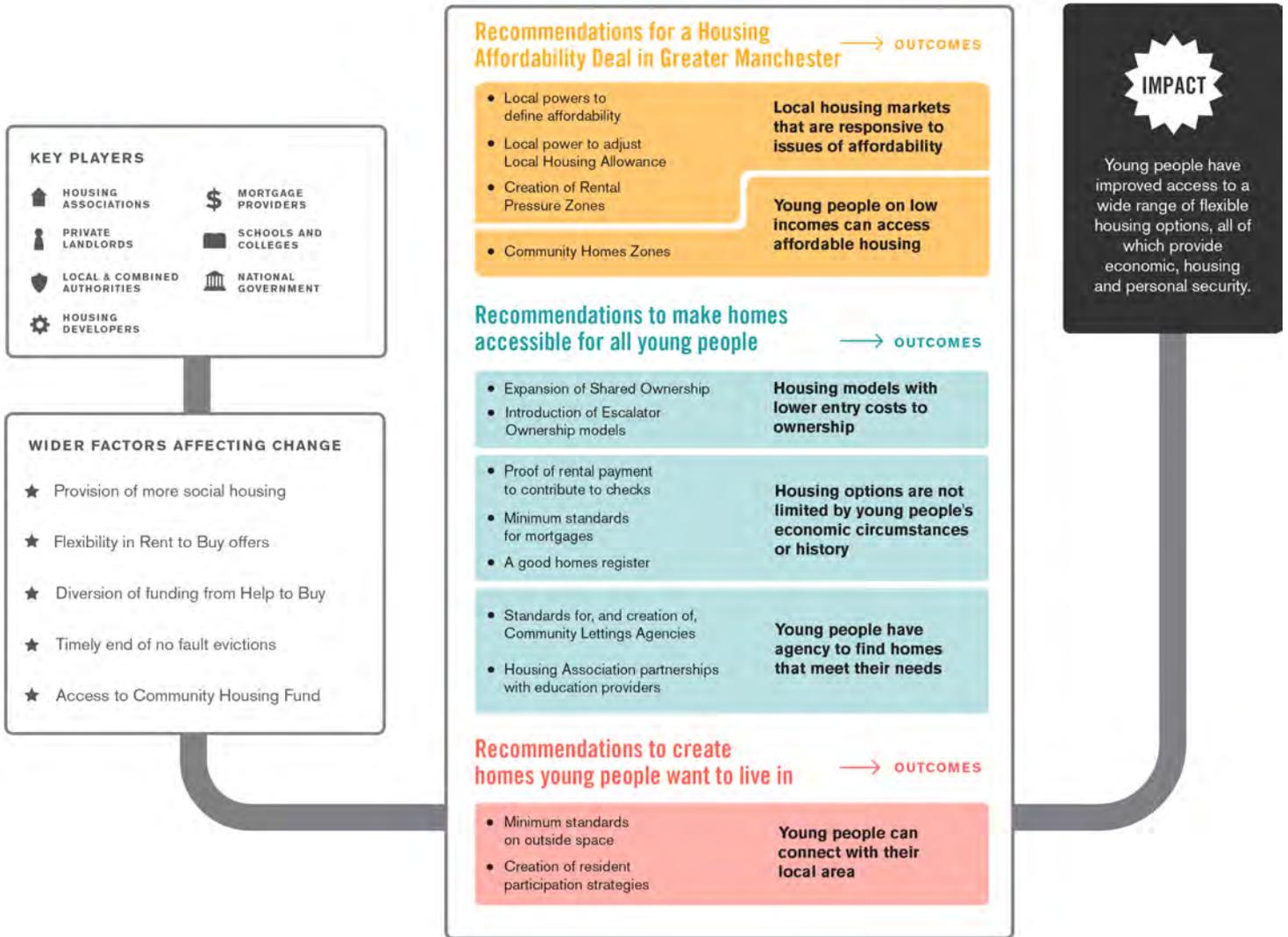
There is a role to be played by housing associations in providing a diverse range of housing options, including Escalator Ownership, Shared Ownership and Rent to Buy, and in working collaboratively with communities to provide housing that young people want to live in.

But there is also an important ask to national policymakers to empower local governments through a new Housing Affordability Deal. Housing is a local issue, and affordability varies across and within local authorities. By creating local powers to define and protect affordability, young people will better be able to find housing that is within their budget and still provides them with security.

Our blueprint for change shows the potential these changes have to create a new housing market in Manchester. Whilst this report has focused on the change needed in Manchester, and drawn from existing initiatives in the local area, the ideas can be applied to other local authorities throughout England. In particular, the new Housing Affordability Deal proposed would give all councils agency to improve access to housing in their local area.

The below blueprint outlines the change that these innovations can make, in isolation and in combination. By diversifying the market, whilst supporting the rights of young people, there is optimism that we can create a market where all young people have access to housing that provides them with the personal, economic and housing securities they need.

Fig 15: A blueprint for a secure housing market



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