



FACTSHEET 9/2016

Mid-Market Rent

What is Mid-Market Rent?

Mid-Market Rent properties are aimed at assisting people on low and modest incomes to access affordable rented accommodation. Tenants should generally be economically active and in work. This housing option is popular with people on incomes that are not quite enough to afford owner occupation but can afford to pay more than a social affordable rent. Projects aimed at higher income groups are not eligible for funding. (Scottish Government [Grant for mid-market rent - administrative procedures for grant providers and grant applicants](#))

The Market for Mid-Market Rent Housing in Glasgow

The Council commissioned a research study into the potential market for Mid-Market Rent in the city which reported in April 2012. The full report is available at [Research into the potential market for mid-market rent in Glasgow \(April 2012\)](#)

The key findings of the research are:

- The drivers for developing MMR in the city are strong and there is the potential for a substantial market for MMR in the city.
- The clearest role for MMR is in assisting to meet housing need in pressured housing markets, where it can create additional affordable housing supply.
- MMR can also be a useful tool in regeneration areas by attracting new households, by providing a housing option not currently available in terms of quality or by providing a renting option other than social rent.
- The likely sub-markets are in households under 45, newly forming households, young family households, existing social renting tenants who are in work but who are unsuitably housed and households with changing circumstances or specific housing requirements.

Key Issues for Glasgow's Housing Strategy 2017-2022

- MMR has become an established part of Glasgow's Affordable Housing Supply Programme (AHSP) since the first development (Ferry Road - Partick Housing Association) was approved in 2010/ 11. MMR is identified as a priority within Glasgow's Strategic Housing Investment Plan 2016/17-2021/22.
- The current AHSP MMR grant subsidy for a 3-person household benchmarks at £46,000 (greener standard) and £44,000 (other).
- Up to date market intelligence is required to ensure that developments continue to be sited in areas with demand for this type of product and that learning from previous developments feeds into these new developments. Data from RSLs who keep waiting list information for MMR units should also be collated and analysed which would give a fuller picture of demand.
- An evaluation of the early schemes should be undertaken to identify whether the



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developments continue to house their target group, to ascertain what housing needs they continue to meet and to ensure what measures, if any, that these developments require so that they are sustainable over the longer term, particularly if there is a change in the criteria for mortgages.

- A key finding from the research identified that Glaswegians have a poor record in saving in comparison to the rest of the country, making it difficult to raise the deposit required for home ownership. It has proven difficult to develop a scheme which supports MMR development and assists tenants to save. However, this finding has implications for other GHS initiatives which may support people into other housing options e.g. mortgage support schemes.

MMR Developments to Date

A total of 24 MMR developments (830 units) have been approved through both GCC's and the Scottish Government's housing programmes in the city to date, which have been delivered in a variety of ways. These include flatted newbuild in mixed tenure developments in the pressured market of the West End, flatted newbuild as part of regeneration schemes, refurbishment of a multi-storey block, a mix of housing including family housing in a suburban neighbourhood, and the development of new build larger flats in an established pre-1919 tenement housing area.

MMR meets the housing needs of people on incomes that are not quite enough to afford owner occupation, or who need or want to rent for a limited period and can afford to pay more than a social rent. Due to the range of house types and locations of MMR developments in the city, initial analysis indicates that a range of housing needs are being met through the MMR programme.

- MMR developments have been very popular the first time they have been let.
- In most instances, MMR tenants come from the local area.
- Many households come from living with parents or from private renting.
- Most households are in work.
- The age range of new MMR tenants varies widely.
- Family housing, which was not a particular high priority in the Glasgow MMR research, have worked. Larger units have been sited in higher demand areas.