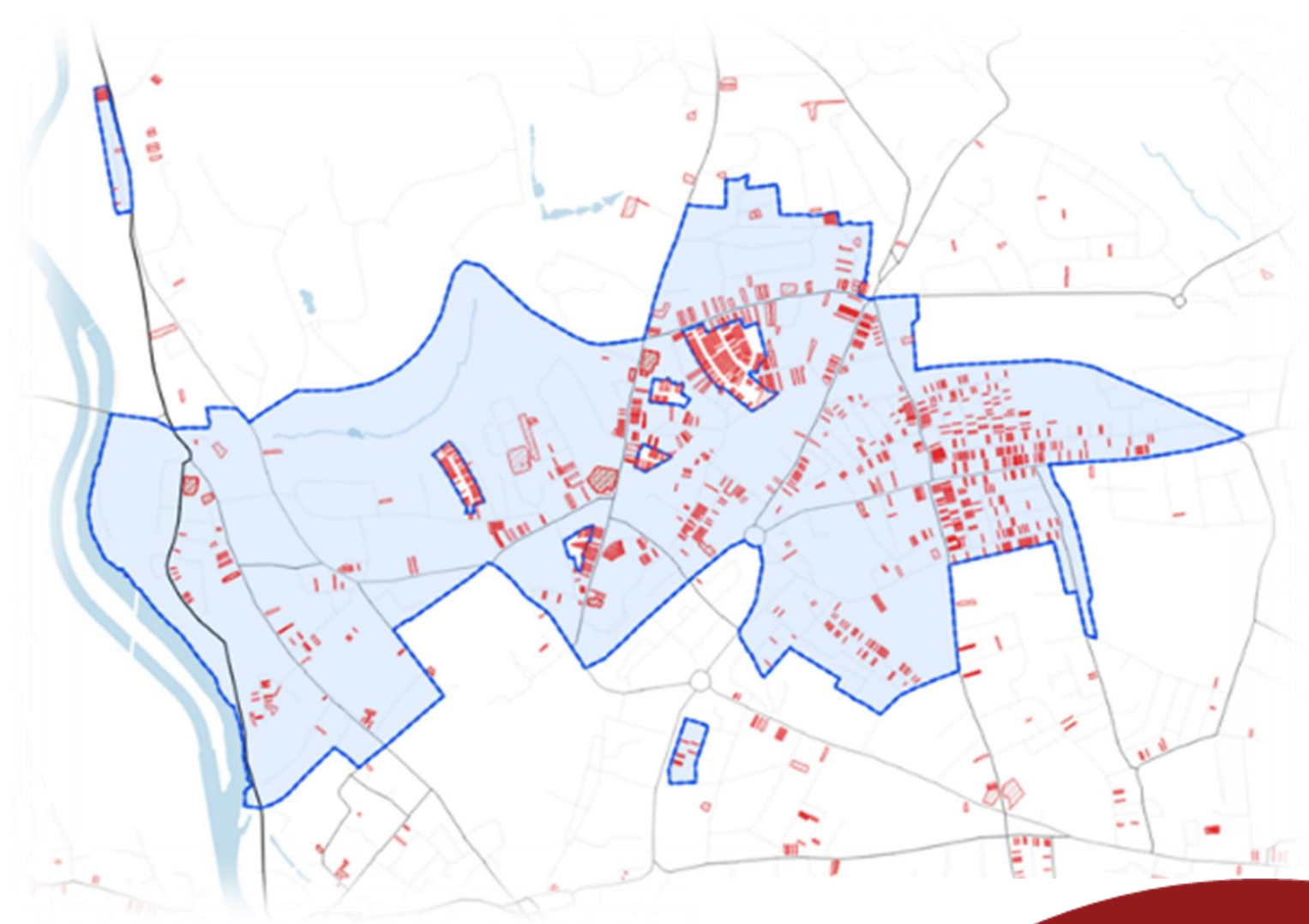


2022 Review of Houses in Multiple Occupation: Data Update and Options Report

For Exeter City Council

2022-12-30



2022 REVIEW OF HOUSES IN MULTIPLE OCCUPATION: DATA UPDATE AND OPTIONS REPORT

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CONTENTS

EXECUTIVE SUMMARY	2
1 INTRODUCTION.....	4
1.1 METHODOLOGY	4
1.2 BACKGROUND TO CURRENT ARTICLE 4	6
2 STUDENT NUMBERS INCLUDING RECENT TRENDS.....	9
2.1 STUDENT NUMBERS	9
2.3 PBSA GROWTH TARGETS	11
2.3 FUTURE PROSPECTS: POSSIBLE CHANGES IN STUDENT NUMBERS	11
3 CURRENT STUDENT ACCOMMODATION.....	13
3.1 HOUSES IN MULTIPLE OCCUPATION	13
3.2 COUNCIL TAX EXEMPTIONS & PBSA	18
3.3 BROADER ROLE OF PRIVATE RENTAL	22
3.4 ANALYSIS: EXPANSION OF HMOs, DWELLING SIZE AND PRIVATE RENTAL SECTOR	24
3.5 FUTURE PROSPECTS: POTENTIAL TRENDS IN DEMAND AND SUPPLY OF STUDENT ACCOMMODATION	27
4 SITE VISITS & IMPACT OF STUDENT HOUSING	29
5 CONTEXT FOR ARTICLE 4	33
5.1 KEY POINTS FROM STAKEHOLDER DISCUSSIONS.....	33
5.2 POLICY BACKGROUND	35
5.3 REVIEW OF OTHER APPROACHES	37
5.4 THE IDEA OF BALANCED COMMUNITIES.....	40
6 POLICY OPTIONS AND IMPLICATIONS	43
6.1 POLICY OPTIONS.....	44
6.2 BOUNDARY CHANGES / UPDATING STUDENT AREAS.....	48
6.2 MAPPING THE OPTIONS	54
6.3 OTHER ISSUES	59
7 RECOMMENDATIONS.....	61

TABLE OF FIGURES

Figure 1-1	From 2007/8 SPG - percentage of student council tax exempt properties 2007	7
Figure 1-2	Current Article 4 area	8
Figure 2-1	University of Exeter students by accommodation type (HESA data).....	10
Figure 2-2	Growth in student numbers & accommodation (U of Exeter Estates Team).....	11
Figure 2-3	UK University Student Growth	Error! Bookmark not defined.
Figure 3-1	Location of HMO licences in the city centre area	14
Figure 3-2	Distribution of HMO properties across core Article 4 area	15
Figure 3-3	Distribution of num. habitable rooms (includes reception rooms)	16
Figure 3-4	Type of accommodation for council tax exemptions reported March 2022	18
Figure 3-5	Count of council tax exemptions by postcode.....	20
Figure 3-6	Postcodes where 20% plus properties are student CT exempt	21
Figure 3-7	Locations of PBSA blocks.....	22
Figure 3-8	Locations of Private Rentals (EPC data 2011-21).....	23
Figure 3-9	Illustration of relationship between HMOs & private rental properties	24
Figure 3-10	HMOs in Article 4 exempt area Hillsborough Avenue	26
Figure 3-11	Private rental in smaller terraces Rosebery Road & Salisbury Road.....	26
Figure 4-1	Heatmap of Noise Complaints 2019-2022	30
Figure 4-2	Heat map of reported Anti Social Behaviour and Public Order Crime reports	31
Figure 4-3	Heatmap of burglary and criminal damage report	32
Figure 5-1	St James Neighbourhood Plan Area (hatched area).....	37
Figure 6-1	Household Type & residents	49
Figure 6-2	Percent Student Properties by postcode (HMO and Council Tax Exempt).....	50
Figure 6-3	Percent Student Properties by Output Area	51
Figure 6-4	Detail of student property counts by postcode	52
Figure 6-5	Ward-base Percent Student Properties.....	53
Figure 6-6	Postcode Sector-base Percent Student Properties.....	54
Figure 6-7	Expansion largely based on current 20% criteria (Option 2).....	56
Figure 6-8	Option 3: Expanding criteria to 10% and potential areas for exemption.....	57
Figure 6-9	Areas likely to have "tipped" into student housing.....	58
Figure 6-10	Areas likely to have "tipped" into student housing.....	59
Figure 6-11	Option 4 - "full city" area	59

Executive summary

- An Article 4 Direction was made by the City Council in 2010 to control the change of use between private residences and Houses in Multiple Occupation (HMOs), reflecting the concern over changes in the character of residential areas close to the University and the potential impacts of continued growth in the university student population. This was supported by a Supplementary Planning Document (SPD) which sought to limit further concentration of HMOs in the Article 4 area and a target in the Exeter Core Strategy (2006-2026, adopted 2012) aiming to meet 75% of the growth in student numbers through purpose build student accommodation (PBSA).
- Between 2010/11 and 20/21 the average annual increase in the number of students **in Exeter** has been around 800 students per annum. The University believes that future growth will be at lower rates, and predicts a slight fall in numbers by 2026/27, although it needs to be noted that this is not entirely within their control. University participation in England has reached highest level and is not likely to rise.
- In mid March 2022 there were 1,385 licensed HMOs in Exeter. The majority of HMOs (1,049) are in the Article 4 area plus 246 in the excluded areas contained within the Article 4 area (e.g. Victoria Street). The remaining HMOs are spread across the city primarily providing housing to low-income single residents or co-housed people meeting specific needs requirements. We estimate there are around 9,100 habitable student bedspaces within HMOs.
- The current rate of new licensing for HMOs is slower than over the previous decade with around 15-20 net new HMOs per annum (accounting for a small number of licences that expire and are not renewed). Most of the currently licensed HMOs are expected to continue to operate as is for the foreseeable future.
- There were around 6,900 households with student Council Tax exemptions in March 2022. The majority were in halls and purpose-built accommodation, but 40% (2,742) were in private rental or HMO accommodation. Student households, including private rental, are spread more widely across the city than the HMO concentration areas.
- There are 65 postcode areas where more than 50% of residential properties are student households. Several areas outside the current Article 4 area have now passed a threshold of 20% of properties being student housing.
- The proportion of households in private rent has increased significantly over the past decade and many Exeter flat shares include graduates and young professionals. Private rental flatshares of around 3 or 4 students will not automatically trigger a mandatory HMO licence and differentiating between a flatshare and an HMO is complex. Discussions with Council officers make it clear that it would be outside the resources and scope of planning officers to investigate financial and physical relationships between housemates.
- The release of 2021 Census data at low level (Output Area) is scheduled for October/November 2022, however this survey may have anomalies, particularly for student populations, associated with COVID lockdown in March 2021. This analysis is based on address base, council tax and licensing records rather than census data to provide a robust assessment.
- Objective assessment of police reports shows no significant relationship between student housing and crime, with the exception of bike theft which is slightly higher in student areas. In relation to the street scene there are issues of inadequacy of waste storage for some HMOs. Noise complaints to ECC Environmental Health feature in the areas of highest student/HMO concentration, however most of these are recorded as temporary noise which can not be acted on.
- Growth in PBSA has come close to the Council's and University's shared target of housing at least 75% of growth in student numbers through growth in PBSA and there has been a significant increase in the number of students in PBSA. PBSA is most in demand from first year and foreign students and older students continue to seek housing in the private rental and HMO market.

- It appears that the Article 4 direction has an impact on the housing market with investors in the sector specifically seeking larger properties near the university but outside the Article 4 area. Some prices for these larger properties are higher based on investment value rather than single family dwelling value.
- Following the data analysis a range of policy and planning options are explored. Modest expansion of the current Article 4 area to include places where the 20% student property threshold has been met is recommended.

1 Introduction

- 1.1 In 2010 Exeter City Council made an Article 4 Direction on an area of the city to restrict permitted development rights from residential dwellings (Use Class C3) to Houses in Multiple Occupation (Use Class C4). A Supplementary Planning Document (SPD) adopted in 2011 clarified the 2005 Local Plan policy which sought to prevent ‘overconcentration’ of conversions from dwellings to Houses of Multiple Occupation (HMOs).
- 1.2 The Core Strategy, adopted in 2012, introduced a proactive focus on meeting growth in student numbers with purpose built student accommodation (PBSA). The following decade saw unprecedented growth in university student numbers in England with Exeter increasingly in demand by domestic and international students.
- 1.3 Figura Planning was appointed by Exeter City Council to update evidence and advise on a further revision of the Article 4 Direction and associated Supplementary Planning Document (SPD) to reflect changes since 2014, when the documents were last updated. The requirements of the brief can be summarised as follows:
 - To undertake data collection and analysis.
 - To hold discussions with stakeholders to assess current and future student housing demand and issues.
 - To forecast how the pattern of houses in multiple occupation may change in the future.
 - To prepare a report containing evidence, analysis and policy considerations to inform recommendations to the council.
 - To produce a GIS-based map of the Article 4 area including any updates based on reassessment of evidence and Council objectives.
 - To ensure proposals comply with national and Development Plan policy and with legislation.
 - To assist the council with consultation on draft revisions to the Article 4 Direction and SPD (if required) and to provide further advice to the council arising from the consultation results.

1.1 Methodology

- 1.4 This technical report sets out the evidence analysis. In producing this report, the following approach has been taken:

Street Survey

Walkover Survey in/around university areas to assess street appearance and amenity

Data Analysis and mapping

HMO data
 Student Council Tax exemptions
 Detailed dwelling information
 Calculating concentrations and mapping with comparison to existing Article 4 Area
 Review student numbers growth and expectations

Stakeholder Interviews

University
 Members / resident representatives
 Landlords/Agents
 Council Officers (Planning, licensing, etc.)

Policy Review

Effectiveness and Approaches

Legislative context
Local/National Policies

Review alternative approaches & Consider potential policy/strategy options

- 1.5 The following datasets were collected and used in the analysis and details are provided in section 3 of this report:
- Houses in Multiple Occupation Licences from Exeter City Council
 - Council Tax student exemptions from Exeter City Council
 - Energy Performance Certificates which provide information on size and tenure of dwellings
 - Higher Education Statistics Agency (HESA) data on numbers of students and types of accommodation
 - Information on student numbers and forecasts direct from Exeter University
- 1.6 Interviews/discussions were held with stakeholders within the city to get a range of views on the issues. Views or issues raised were considered alongside our objective assessment of the data and these are summarised in Section 5.1 of this report. The following stakeholders were contacted for interview and all responses were followed up with interviews:
- Elected Members local to the Article 4 area and/or with relevant responsibilities.
 - Exeter University and the Student Guild
 - Landlords owning 10 or more HMO licences
 - City Council officers in planning, environmental health and licensing
 - Resident associations and groups in affected areas

Data Quality Notes

- 1.7 Figures and maps in this report are based on data at March 2022. The data analysis was carried out primarily using GIS and database software, with some manual coding and cleaning of property level data. This allowed resolution of data issues such as duplicate addresses and missing or incorrect postcodes.
- 1.8 Information on numbers of students at Exeter University has been obtained both from the university itself and from the Higher Education Statistics Authority (HESA) website. It should be noted that some reported figures for Exeter University student numbers, such as HESA figures, include students at the **Cornwall campus**, though this report has sought to clarify where this is being reported.
- 1.9 **Information provided in this report is a snapshot in time** and overall data may hide nuances such as student terms or years spent outside the city or students leaving mid-course. Likewise, flatshares may frequently change between ‘all student households’ and mixed households of recent graduates and working adults. Year on year comparisons of distribution of council tax exemptions will vary. Since the March 2022 data was received there have been new releases of student data and ECC have updated the council tax status of PBSA residences.
- 1.10 Information from the 2011 census is considered largely out of date due to the local and national growth in university students and the rapid increase of households in private rental. The first data releases from the 2021 Census commenced in late autumn 2021. The 2021 Census uses information obtained during Covid, when many students were at their parental addresses in remote learning. Therefore, any interpretation of that information, as it emerges, may require significant caution in use.

1.11 All maps included in this report contain data that is published under Exeter City Council **OS licence 100049053** (2022) and data which is copyright to the following:

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- OS data ©Crown copyright and database rights 2022
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1.2 Background to current Article 4

1.12 During the early 2000's the University and the Council considered the impact of projected increases in student numbers for University of Exeter students. The University's 10-year plan, published in 2006, suggested that the number of students at the Exeter Campuses was expected to grow by 36% from its then 10,972 students. The government target to dramatically increase student participation, along with the introduction of tuition fees, led to dramatic increases in university student numbers in England from the early 00's onward. In fact, the growth in Exeter student numbers over the 10-year period 2006 to 2016 was closer to 68% rather than 36% with 18,459 students reported for the Exeter Campus in 2015/16.

1.13 To help manage local impacts, the Council introduced Supplementary Planning Guidance (SPG) in 2008. This SPG was based on the Exeter Local Plan 2005 policy H5 Diversity in Housing which sought to restrict conversion of dwellings to flats or HMOs where the proposals would *"create an over concentration of the use in any one area which would change the character of the neighbourhood or create an imbalance in the local community,"* The SPG identified areas where **25% of properties** were student households exempt from council tax and clarified that **"All forms of additional student accommodation that require planning permission will be resisted in these areas."** Note that an SPG was a relatively informal statement of planning policy which should not be confused with a more formal SPD.

1.14 At the time to SPG was written, no consent for an HMO was required unless there were more than 6 students living together. Figure 1-1 shows the concentrations of student housing at that time. Up to 6 students sharing a dwellinghouse were considered C3 residential in common with most non-institutional residential.

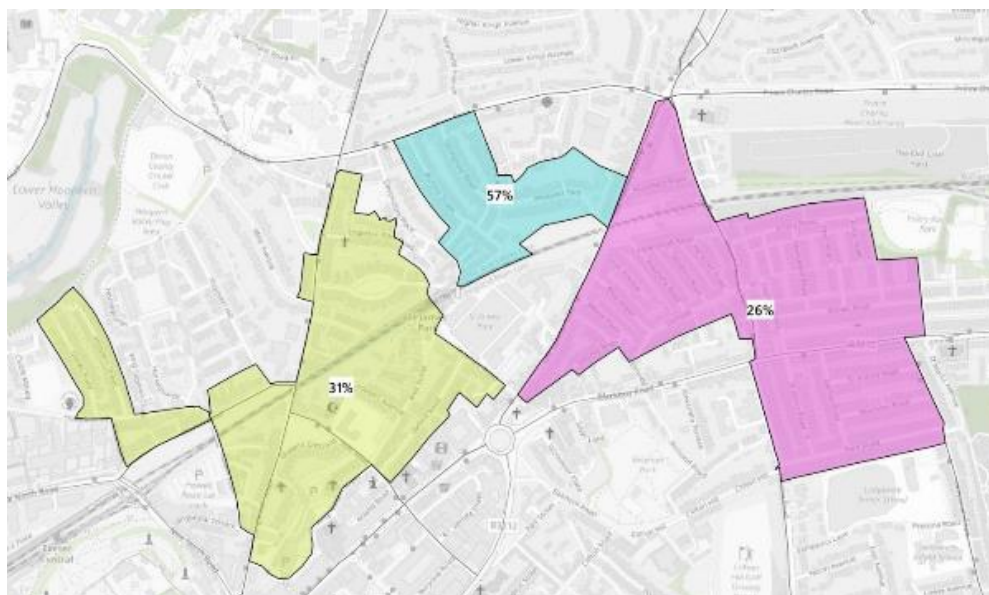


Figure 1-1 From 2007/8 SPG - percentage of student council tax exempt properties 2007

1.15 In March 2010 a use class for Houses of Multiple Occupation was introduced¹ with the following definitions:

- Class C3. Dwellinghouses
Use as a dwellinghouse (whether or not as a sole or main residence) by—
(a) a single person or by people to be regarded as forming a single household²;
(b) not more than six residents living together as a single household where care is provided for residents;
or
(c) not more than six residents living together as a single household where no care is provided to residents (other than a use within Class C4).
- Class C4. Houses in multiple occupation
Use of a dwellinghouse by not more than six residents as a “house in multiple occupation”. Class C4 does not include a converted block of flats to which section 257 of the Housing Act 2004 applies but otherwise has the same meaning as in section 254 of the Housing Act 2004.
- HMOs housing more than 6 residents are “sui generis” and do not have a use class, and licencing for these is mandatory.

1.16 It is important to recognise that the definitions and regulations of HMOs under housing and licencing legislation differ from those in planning. This report focuses on provision of HMOs and student housing in relation to planning in general and the Article 4 designation in particular. Applying for an HMO licence does not require the property to have planning consent, though a planning consent for HMO will likely include a condition requiring valid licencing.

1.17 Following government consultation, a change to the General Permitted Development Order (1995), effective September 2010, created permitted development rights to convert a C3 dwellinghouse to an HMO without the need for change of use planning permission. The council undertook

¹ Use Class Order 1987 as amended UKSI 2010/653

² Single Household is defined in the Housing Act 2004. Section 3.3 of this report discusses issues of identifying households in Shared Rentals vs HMOs.

assessment and consultation on the potential for an Article 4 direction to remove these new permitted development rights for conversion of residential properties to HMOs. The Article 4 was drafted based on a boundary that included many areas where Council Tax exemptions were in the range of 10-20% or lower but were considered to come under future pressure if the University population continued to expand.

- 1.18 Following this consultation, the current Article 4 direction was made in 2014 based on the assessment of streets and subareas where there were a high percentage of student households. This was confirmed for the broad area **subject to the removal of areas which already had high concentrations and the character of the area was fundamentally student housing**. The excluded areas were identified as

- Culverland Road
- Danes Road
- Edgerton Park Road
- Hillsborough Avenue
- Mowbray Avenue
- Old Park Road
- Springfield Road
- Victoria Street
- Wrentham Estate

- 1.19 The current Article 4 map is shown in figure 1-2.

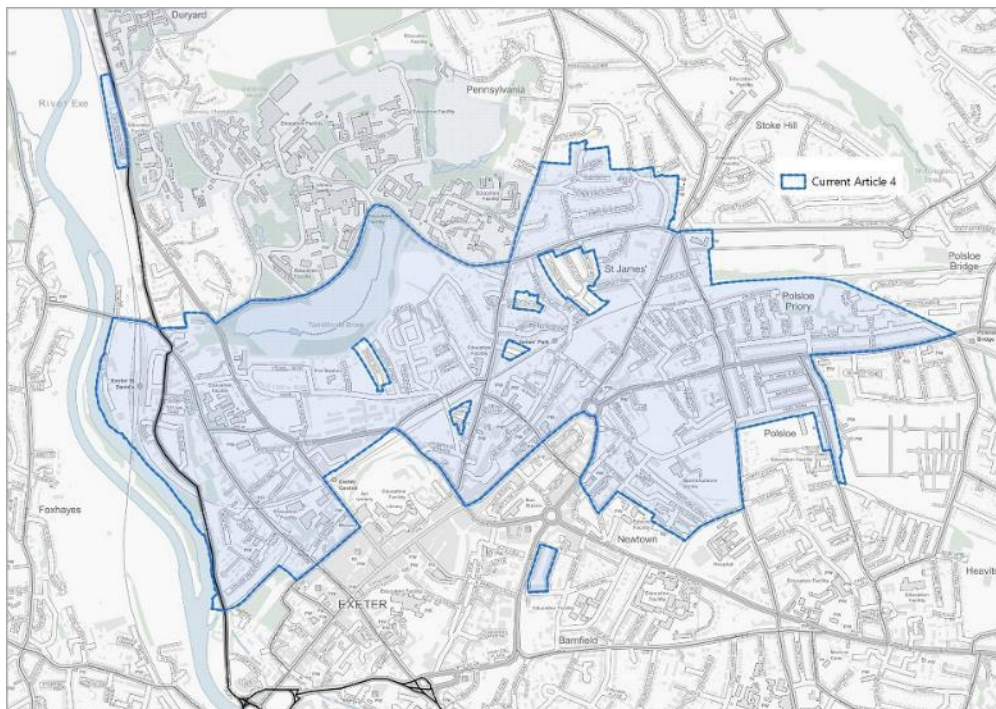


Figure 1-2 Current Article 4 area

2 Student numbers including recent trends

2.1 Student Numbers

2.1 The information provided by the University of Exeter for this report gives a figure of 27,276 full time equivalent students based at the Exeter campuses for the academic year 2021/22. This is different from general information provided by the Higher Education Statistics Authority (HESA) which is often reported in the press for reasons including that the HESA data **includes students based at the Cornwall Campus**.

2.2 Over recent years around 4% of students are part time (often mature students) and around 3.5% of students live at the parental home.

Table 2-1 FTE Student numbers in Exeter provided by UofE

Academic Year	Exeter Students	Less Live at home and Part Time
16/17	19,430	18,182
17/18	20,058	18,844
18/19	20,809	19,509
19/20	22,360	20,792
20/21	24,586	22,610
21/22	27,276	25,084

2.3 Around 25% of students enrolled at Exeter are graduate students (including taught students, research posts, mature students and PhD candidates) (HESA). Often these graduate students are members of more mature mixed households which do not appear as student council tax exempt and may be found across the city and neighbouring districts more generally.

2.4 General information on the types of accommodation of Exeter University students can be obtained from the HESA. A summarised version of the information is contained in table 2-2 below. The detailed numbers would differ from the figures above as the reported data **includes students based at the Cornwall Campus** (data not provided separately by HESA) and are for **full time students** only.

Table 2-2 HESA student accommodation data for University of Exeter (includes Cornwall)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
PBSA (University)	26.0%	18.5%	24.5%	25.3%	24.2%	22.7%
PBSA (Private)	9.4%	14.7%	9.2%	7.9%	9.7%	9.9%
Parental/guardian home	2.8%	3.0%	3.0%	3.1%	3.4%	6.6%
Own residence	12.6%	13.5%	14.2%	14.4%	14.5%	16.8%
Other rented	42.7%	44.5%	44.3%	43.9%	43.8%	39.0%
Other	2.8%	2.5%	1.8%	2.3%	2.3%	3.4%
Not in attendance	3.7%	3.3%	3.1%	3.1%	2.2%	1.5%

- 2.5 Short term lets (which HESA call “other rented accommodation”) are temporary arrangements such as a yearly house share and would include student HMOs as well as ad hoc flat shares. Own residence includes a student’s permanent residence, which may be owned or rented by them. Parental homes include guardianships. The figures for students not in attendance include students who, for example, are on work placement or a language year abroad.
- 2.6 Based on data and interviews, the typical HMO resident is a 2nd or 3rd year undergraduate from the UK. Graduate students generally prefer private rentals for 1 to 3 people with standard tenancies though foreign students beyond first year may still prefer PBSA. The key factor in demand is easy walking or cycling access to the university.
- 2.7 From the HESA data there is a very clear pattern of first year students being accommodated in PBSA, while for students from 2nd year onward other private rental (including HMOs and flat shares) is the most common tenure. Over the past 6 years an average of 68% of first year students were accommodated in PBSA.

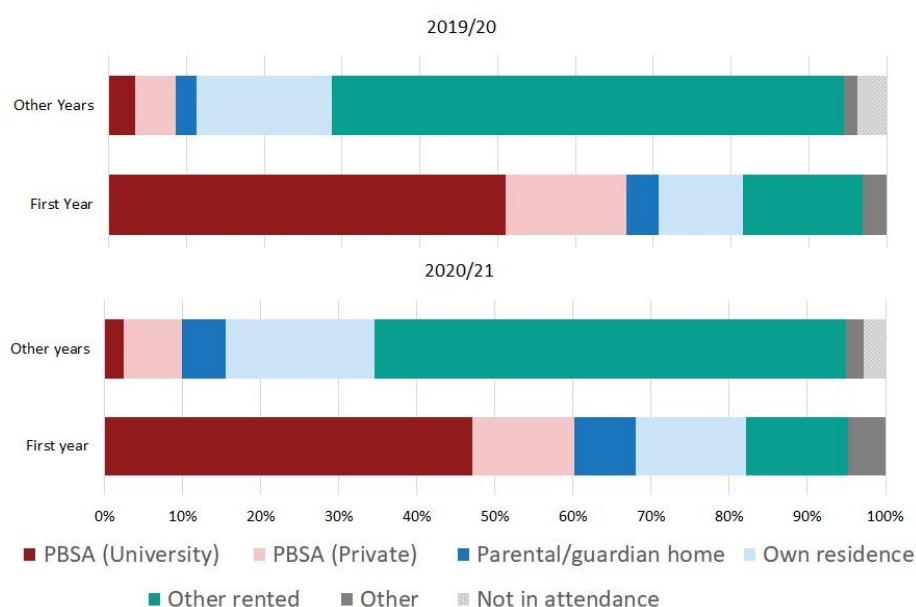


Figure 2-1 University of Exeter students by accommodation type (HESA data)

- 2.8 Using the University’s figures and looking over a longer time period, between 2010/11 and 2020/21 the long-term average annual increase of FTE students in Exeter has been around 800 students per annum. The 21/22 academic year in take was higher than anticipated as the covid-adjustment to A level results caused a larger than expected number of offers being taken up. It is expected that as these students complete studies student numbers will level off.

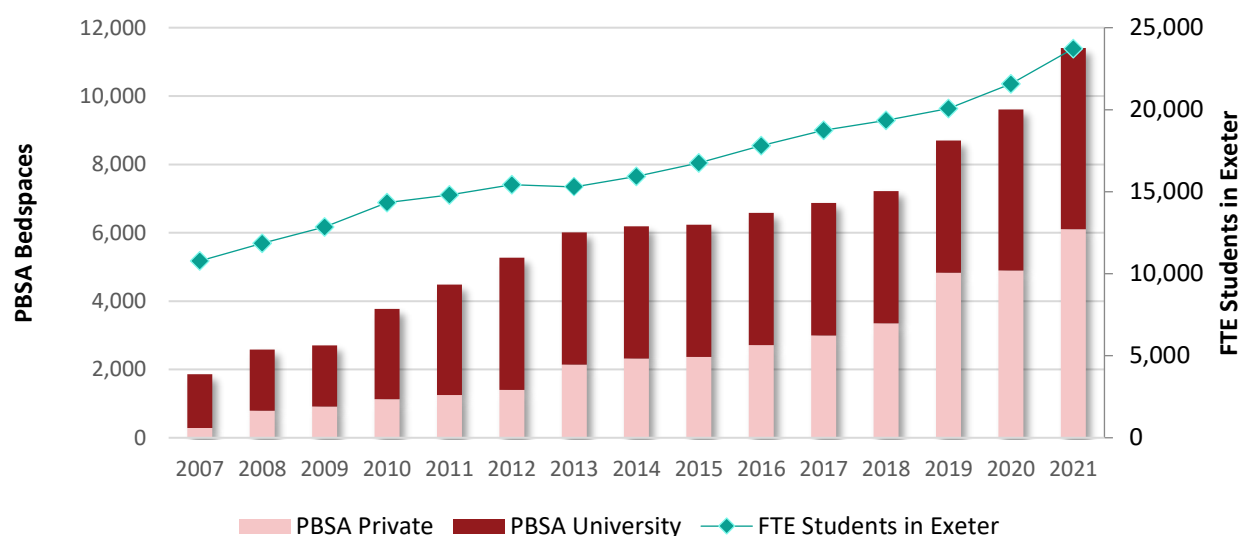


Figure 2-2 Growth in student numbers & accommodation (U of Exeter Estates Team)

2.3 PBSA growth targets

- 2.9 The Exeter Core Strategy 2006-2012 (adopted 2012) set a challenging requirement that 75% of any growth in student numbers should be accommodated in purpose-built accommodation. At that time (2006/2007) 33% of students were housed in PBSA. This target has been carried forward through Council position statements and planning decisions. The focus of the HMO Supplementary Planning Document is on management of conversions of HMOS. Since the Core Strategy introduced the target, PBSA delivery increased significantly and most of the growth in student numbers has been matched by growth in PBSA bedspaces. As at March 2022 there were close to 12,500 PBSA bedspaces available with additional ca 1,600 bedspaces with planning consent.

2.3 Future Prospects: Possible changes in student numbers

- 2.10 Forecasting student numbers is not straightforward, and numbers are influenced by things outside the University's control including demographics, exam performance and student finance. Overall participation in higher education has increased dramatically in the last half century – it was 8.4% in 1970, 19.3% in 1990, 33% in 2000, and 50.2% in 2018 (Figure 2-3). The Higher Education Initial Participation rate now stands at 57% of school leavers. This is among the highest of the OECD nations where the highest rate internationally is 60%³. Economics and demographics are key drivers for home students.

³ <https://data.oecd.org/eduatt/adult-education-level.htm>

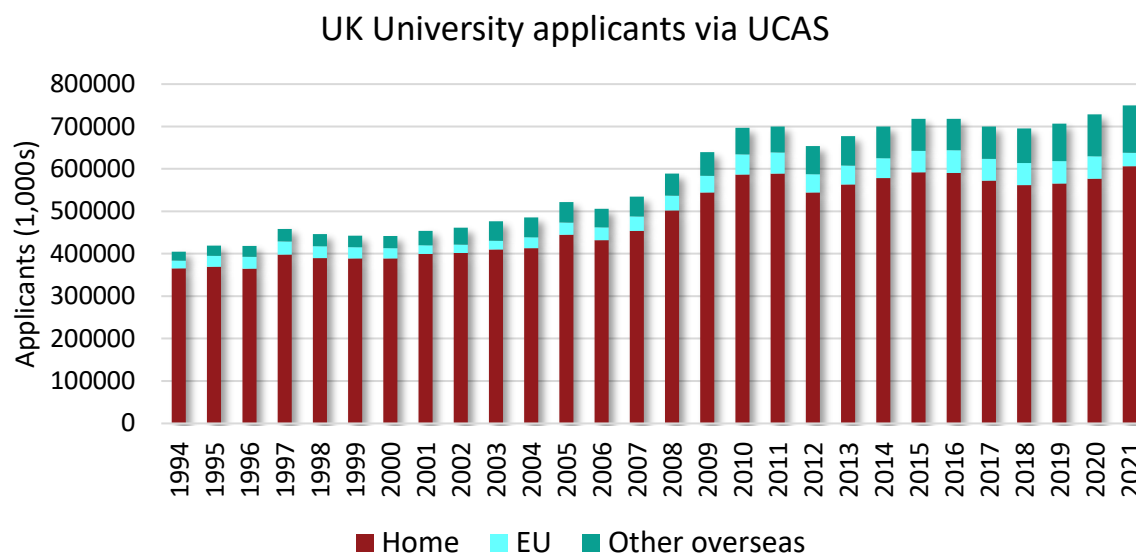


Figure 2-3 UK University Student Growth

- 2.11 From 2021 new EU students faced higher fees and were no longer eligible for fee loans – with that year showing an unsurprising 40% fall in applications from EU students⁴. It is unclear to what extent there will be growth in demand from other overseas students though some is likely. Uncertainty in funding for students and for research (in the post-EU/Horizon environment) may in time lead the University to accept higher numbers of overseas students.
- 2.12 Whilst there was a significant increase in student numbers during the 00s and Exeter remains very attractive as a city and among the Russell Group universities it is unlikely this level of increase will be sustained going forward. At the time the Core Strategy was being prepared (2009-2012), the University of Exeter projected it would have just over 16,000 full time students living away from home in Exeter by 2025/26. This was a significant under-estimation, but the impact of the 00's higher education reforms were underestimated by many.
- 2.13 The university is planning for a levelling off of student numbers in the coming years though as noted some issues are outside the University's control. Landlords interviewed indicated there has been no softening in demand for student flats and HMOs as a result of increases in PBSA. Some landlords noted that the PBSA rooms being new and high quality resulted in raising student expectations for quality in HMOs as well.

⁴ <https://commonslibrary.parliament.uk/research-briefings/cbp-7857/>

3 Current Student Accommodation

- 3.1 This section provides the current picture of student accommodation considering licensed HMOs, PBSA (university and private), and other properties with student household council tax exemptions (primarily private rental). In analysing data we have worked where possible from property addresses and aggregating to postcodes as this is the finest level of granularity for data. This is more precise than referring to street names and can be aggregated further. This section is organised as follows:
- HMO Analysis
 - Student Households: Council Tax Exemptions and PBSA
 - Role of Private Rental Sector

3.1 Houses in Multiple Occupation

- 3.2 In mid March 2022 there were 1,385 licensed HMOs in Exeter. The majority of HMOs (1,135) are in the Article 4 area plus 246 in the excluded areas contained within the Article 4 area (e.g. Victoria Street). In total 12.2% of the residential addresses in the defined Article 4 area were HMOs. Only 1 HMO licence was for a new build residential dwelling (a redevelopment of large terrace in St Thomas). Just under 1,000 of the HMOs had filed student household council tax exemptions implying around 25% were either not all student households or were not claiming exemption.
- 3.3 Figure 3-1 provides an overview of the locations of HMOs across the central area of the city. Figure 3-2 provides a more detailed property-level view of areas of HMO density. Unsurprisingly, some of the highest density areas are around those areas exempted from the Article 4, as the character there has been essentially ‘student quarter’ housing.
- 3.4 In addition to the city centre area, there are around 50 additional licensed HMOs scattered across the city’s residential areas. Many of these are for low-income single people in housing need. Brief investigation also shows several of these to include specialist accommodation for groups in need. These can include for example:
- Co-living adults with physical or development difficulties
 - Women and children requiring respite and safety from domestic abuse
 - Post-rehabilitation adults requiring supervision
 - Care leaving young adults being supported in transition to independence

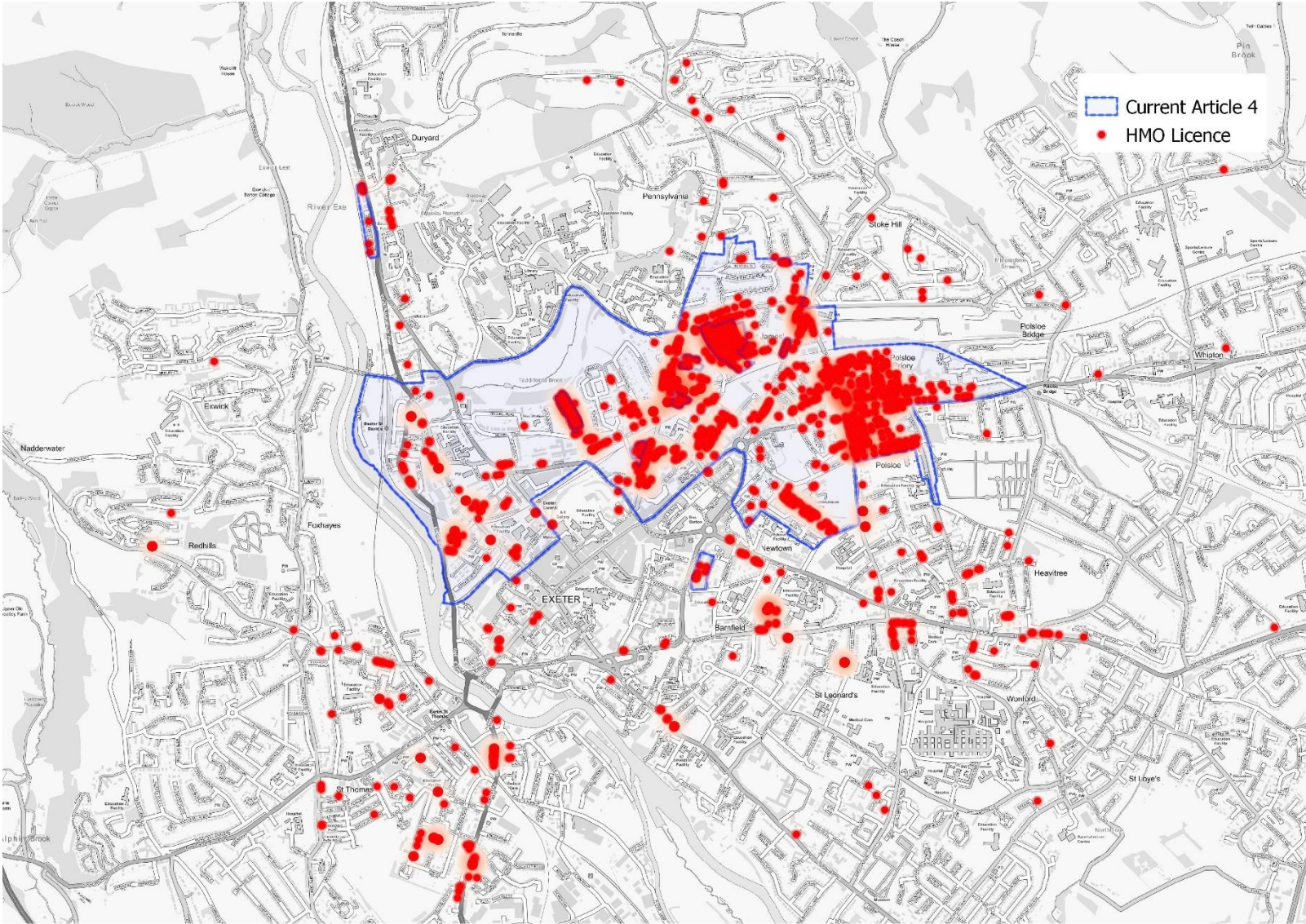


Figure 3-1 Location of HMO licences in the city centre area

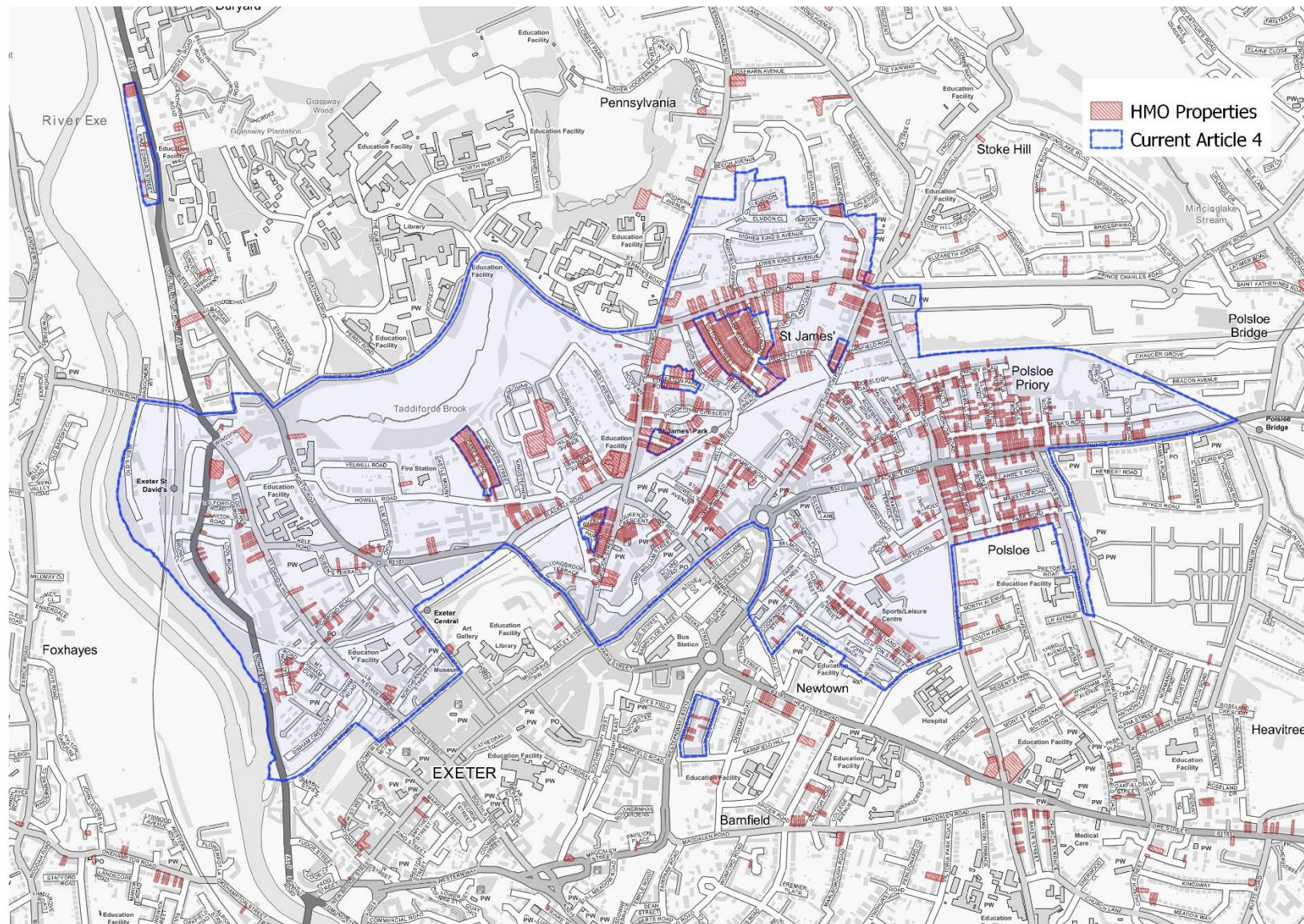


Figure 3-2 Distribution of HMO properties across core Article 4 area

Student Population in HMOs.

- 3.5 By combining HMO Licensing data with Energy Performance Certificates (EPC), information on the dwelling size and number of rooms can be obtained for 1,104 of the 1,386 licensed HMOs, which is very good coverage. The average internal floor area of an HMO was 141m² with an average of 7 “habitable rooms”⁵. The vast majority - 81% - of the HMOs had 6, 7 or 8 rooms. A review of property advertisements shows a mix of properties, many with kitchens, baths and bedrooms only and some which also have communal living/reception/dining room.

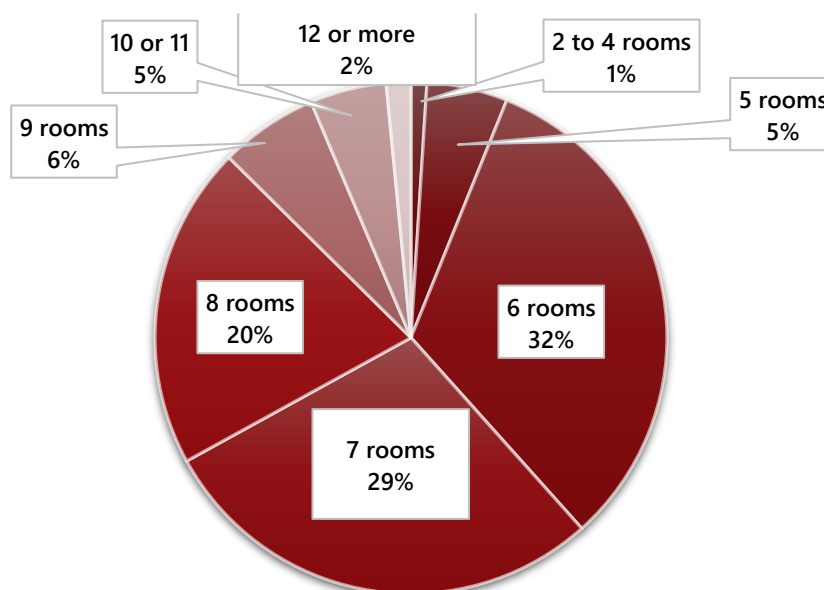


Figure 3-3 Distribution of num. habitable rooms (includes reception rooms)

- 3.6 Assuming around 1,300 HMOs are student households with an average of 7 bedspaces per HMO, **we estimate there are around 9,100 habitable student bedspaces within HMOs.** Interviews with landlords note high occupancy. Anecdotally, some students move on during the academic year (either to new living arrangements or because they leave university) but continue to pay rent through the standard contract period. Most HMO tenancies run 50 weeks providing a two-week period to refresh decoration and furnishings as needed.

Growth in HMOs

- 3.7 During the first year of data (2006) there were 573 HMOs licensed. The vast majority of these, more than 90%, remain as licensed HMOs. Most currently licensed HMOs have been extant for 10 years or more. The existing stock of licensed HMOs will not be affected by any changes to the Article 4 direction area or planning policies.
- 3.8 While growth in HMO licensed properties may not have involved a straight-line trajectory, it can be calculated that since 2006 the stock of HMOs has grown by about 50 per year on average. The current growth rate appears to have slowed during the last decade and is now significantly slower –

⁵ EPCs exclude from “habitable” any room used solely as a kitchen, utility room, bathroom, cloakroom, en-suite accommodation and similar and any hallway, stairs or landing; and also any room not having a window.

the ECC licensing team reports a fairly steady level of around 20-30 new applications for HMO licences per year. Assessment of the data indicates that on average around 10 HMO licences expire each year and are not renewed, **suggesting net annual growth of around 20 HMOs per annum.**

HMO Landlords

- 3.9 During the preparation of this report social media comments on Exeter HMOs and foreign ownership were noted. As data were available, an analysis of HMO ownership was undertaken. There are around⁶ 793 HMO Licence holders ('licensees'). The majority are individual landlords with 67% holding one property licence and another 16% holding two.

Table 3-1 Profile of number of licences held

Number HMO Licences held	Frequency	
1	474	67.3%
2	112	15.9%
3	47	6.7%
4	30	4.3%
5	11	1.6%
6	8	1.1%
7	2	0.3%
8	3	0.4%
9	1	0.1%
10 or more	16	2.2%

- 3.10 Other than the few corporate owners most licensees are held by people from the Exeter area who own one or two properties, with a few local families owning 5 or 6. The top two licensees are corporate owners Student Cribbs Ltd and RSJ Investments Ltd (West London based):

Table 3-2 Location of HMO License Holders

LICENSEES address	Num HMOs
EX Postcode	815
TQ & PL postcodes	108
Student Cribbs Ltd	90
Surrey	56
Dorset & Bournemouth	42
West London	32
London other	19
London NW	18
Overseas	16

- 3.11 Of the more than 1,300 current HMO licences just 16 are owned by individuals with overseas addresses. Around 60 HMO addresses appear in the Land Registry's Overseas Companies Ownership database with one Jersey-based investment holding around 50 properties (Student Cribbs Ltd is the licence holder). Most overseas individual licensees have held the properties for a long time and these individuals may have relocated from UK for work or retirement and kept the property as income or hedge against price rise when they return home.

⁶ Different family members hold licences but we have taken people of the same family name living at the same address as one licence holder.

- 3.12 Discussion with the ECC licensing officers confirms that occasionally HMOs are owned by parents of students at the University seeking to subsidise student costs. Anecdotally, other HMO owners include people who have inherited family properties.

3.2 Council Tax Exemptions & PBSA

- 3.13 There were 6,900 Council Tax Exemptions (available to households containing 100% students) in Exeter in March 2022. These were manually cross checked to identify those in PBSA (either University Halls or Private developments) as there was some inconsistency in reporting PBSA for student council tax exemptions. The majority of council tax exemptions were for those in PBSA, but 40% were in private rental or HMO homes. Note that these figures are for properties and not bedspaces or numbers of students.

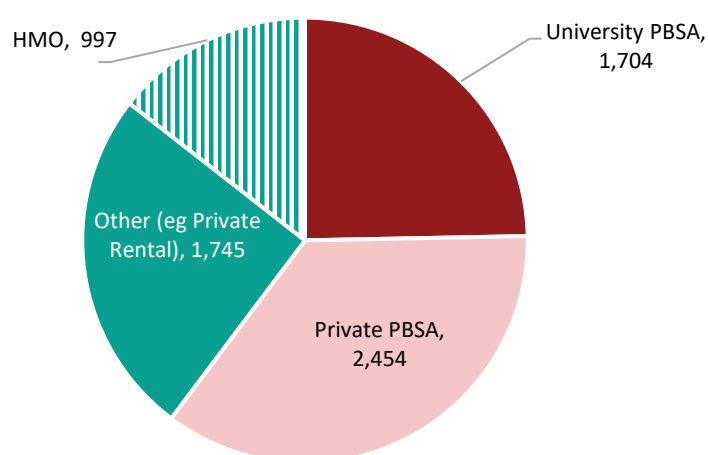


Figure 3-4 Type of accommodation for council tax exemptions reported March 2022

- 3.14 Given that there are around 1,380 licenced HMOs but only 997 student council tax exemptions for HMO properties, this implies that around 390 registered HMOs are not student accommodation (or at least not exclusively so). The HMOs that are not student council tax exempt include those outside the city centre (non student) and presumably some with a mix of students and working residents. A few licenced HMOs within PBSA developments did not appear to have individual student council tax exemptions, but may be reported differently.

3.15 Based on various Council reports⁷, the following illustrates growth in student Council tax exempt properties (both in the general housing stock and PBSA):

- 1,184 in 2006
- 2,417 in May 2011
- 2,711 in May 2013
- 6,900 March 2022

3.16 Council Tax exemption figures given are slightly different from the data reported to DLUHC in 20/21. This may reflect short term changes during the Covid-impacted academic year or the difference between October reporting and May given that students may take several months from the start of the academic year to confirm flat share arrangements and submit council tax exemptions. The data reported to DLUHC for October 2021⁸ showed 6,479 properties receiving student exemptions for council tax.

3.17 Mapping of student council tax exemptions by postcode shows a wider spread across the city than for HMOs. Fig 3-5 shows areas with 2 or more student council tax exemptions. There are many isolated student council tax exempt properties across the city, many remote from the city centre. One may assume that these do not fit the standard undergraduate profile.

⁷ Exeter City Council Planning Member Working Group Report: Student Accommodation. 18 October 2022.

⁸ <https://www.gov.uk/government/statistics/council-taxbase-2021-in-england>

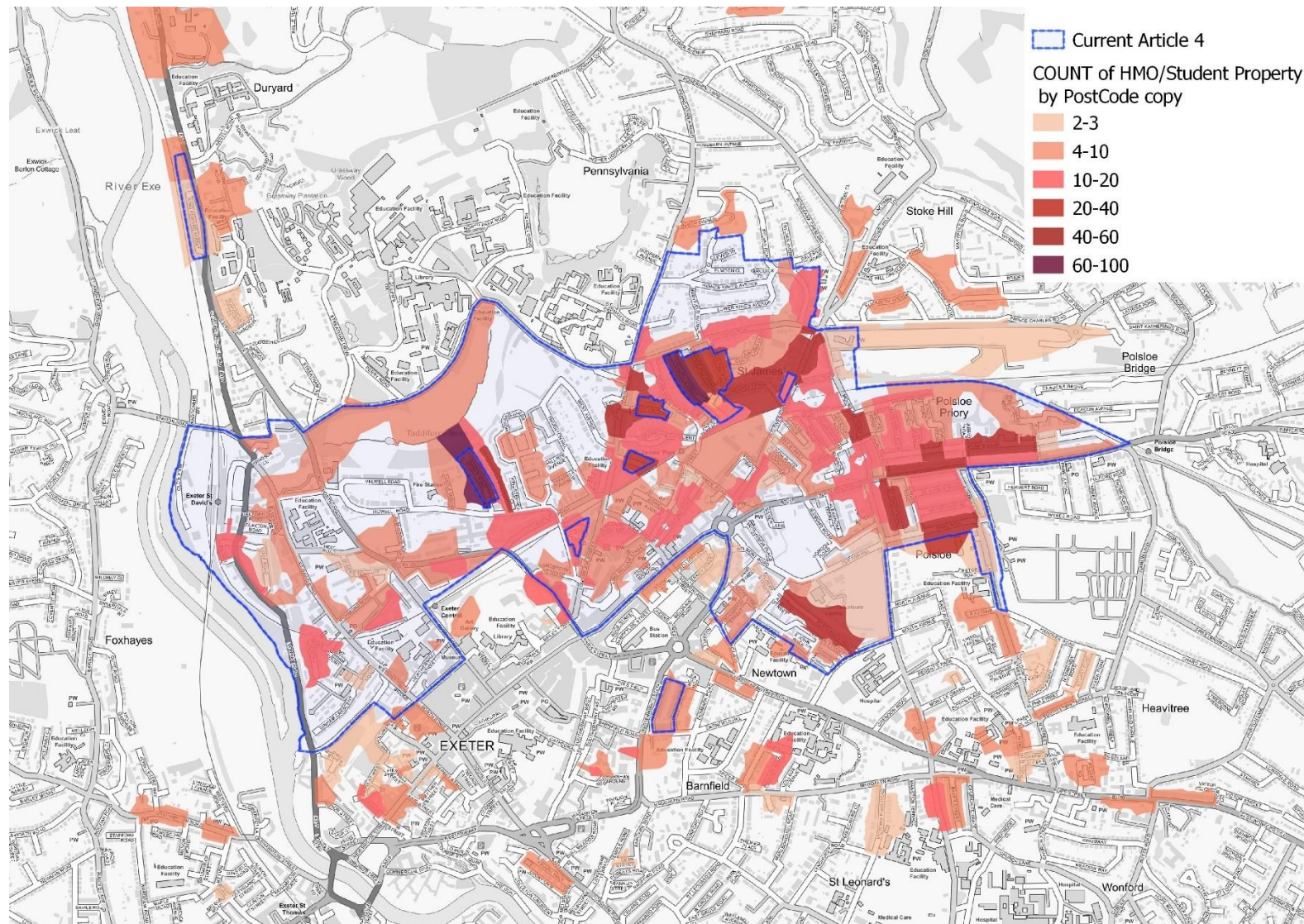


Figure 3-5 Count of council tax exemptions by postcode.



- 3.18 As the basis for the existing Article 4 and SPD is a threshold of 20% or properties in an area being student Council tax exempt it is useful to illustrate where that target is exceeded. Figure 3-6 shows these areas mapped to the smallest geographic level (postcode). Areas of high levels of student housing are concentrated around the city centre and current Article 4 area. Some postcodes are predominately commercial with only a few residential addresses, and this impacts the mapped data. Section 6.2 of this report discusses alternative geographies for mapping thresholds.

PBSA Targets

- 3.19 With more than 12,000 student bedspaces in PBSA and reports of very high occupancy (ca 90%), it is clear that not all PBSA households are registering student tax exemptions. Some of this is due to lag times in registering (for recently completed flats) or bulk administration arrangements.
- 3.20 Figure 3-7 illustrates clusters of PBSA across the city by size.

3.3 Broader role of Private Rental

- 3.21 The number of households in private rental has increased nationally, and the 2021 census will provide a more complete picture⁹. Around the City Centre flat shares and private rental homes are not limited to students. These are the same areas being sought after by young professionals who are critical to the area's "knowledge economy" and university staff, including early career researchers and lecturers and their young families, who wish to be within easy active travel to the University.

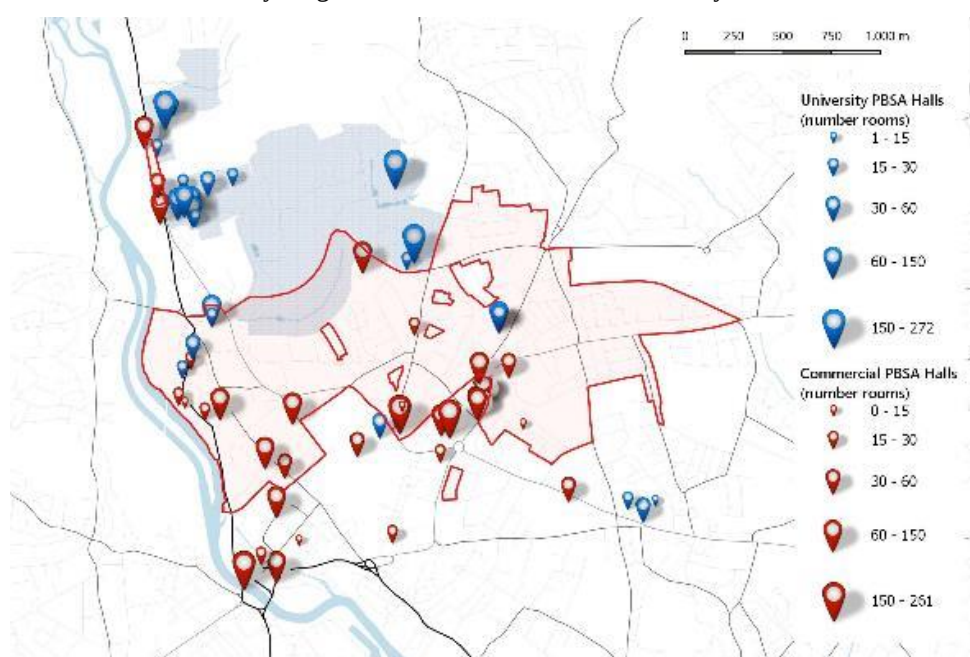


Figure 3-7 Locations of PBSA blocks

⁹ **Update:** recently released 2021 census shows 13,107 households in Exeter in Private Rental, somewhere around 15% of which are student households. In 2011 21% of Exeter households were in private rental; 25% in 2021.

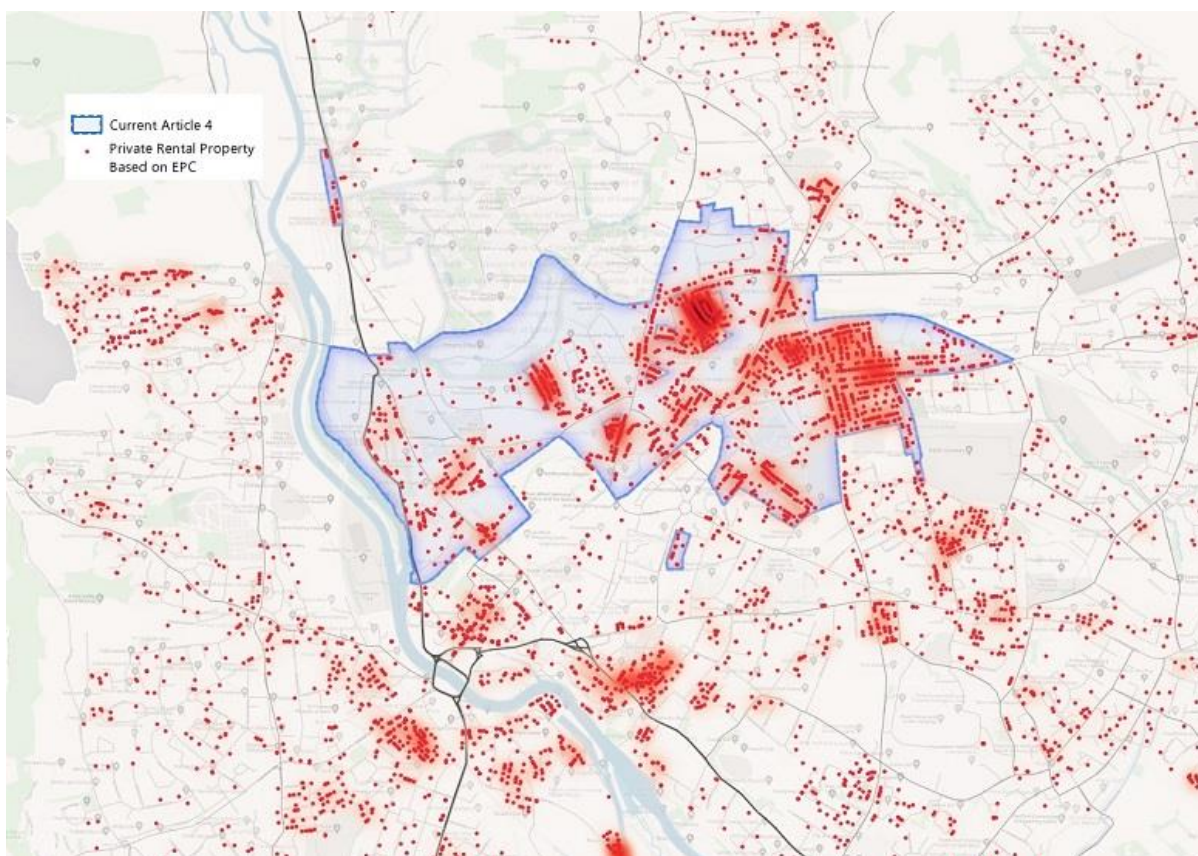


Figure 3-8 Locations of Private Rentals (EPC data 2011-21)

- 3.22 Energy Performance Certificates (EPCs) are required for any privately rented dwelling, and mapping these provides a picture of areas of private rental in relation to student housing areas (figure 3-8). In Exeter there are areas where private rental is increasingly the dominant tenure, but with around 6,000 private rentals, and only 2,700 student council tax exemptions (outside PBSA) it appears that less than half of the private rentals are to student only households. Introducing controls in Private Rental, or extending licensing requirements for smaller households would introduce an unreasonable administrative burden for the council.
- 3.23 Figure 3-9 illustrates an area with many HMOs where there are also a large number of non-HMO rental properties. As noted earlier, many HMOs and some private rentals support low income working households. A York University / Nationwide Foundation report on private rental noted that non-student HMOs generally provided accommodation to more vulnerable and economically excluded tenants¹⁰.

¹⁰ <https://www.york.ac.uk/chp/news/2021/rented-sector-supply/>



Figure 3-9 Illustration of relationship between HMOs & private rental properties

Shared Rentals vs HMOs

3.24 Differentiating between a flat share and an HMO is complex. Regulations are clear that a standard residential dwelling is for up to 6 people in one household (or an owner's household and a few lodgers). What constitutes a household is nuanced and whether there has been a material change of use from a standard residence (planning class C3) to HMO resulting from the number of people in the house¹¹ is a "matter of fact and degree" and subject to interpretation. Court cases have explored the nature of relationships defining living together as a single household and have noted that being a shared residence due to need of accommodation still leaves scope for a closely knit peer group to be living as a single household. Discussions with Council officers make it clear that it would be outside the resources and scope of planning officers to investigate financial and physical relationships between housemates.

3.4 Analysis: Expansion of HMOs, Dwelling Size and Private Rental Sector

3.25 Some housing areas perceived as being high in HMOs are in fact areas of primarily private rental/student rental, and there has been growth in private rental across all household types (working adults, families with dependent children, etc.). Students in private rentals are factored in to decision making for student housing through inclusion of all households with council tax student exemptions.

¹¹ The appeal decision for an additional tenant at Hoopern Street in June 2022 ([appeal ref: 3293554](#)) provides an example of some considerations related to such a case.

- 3.26 Interviews with HMO licence holders showed some HMO landlords own both HMO properties and rental flats/houses, often with 3 students sharing. Landlords report that present market prices for HMOs are around £100-120k per bedroom for HMO opportunities (£600-850K per property). The current Article 4 limit means some landlords and investors actively seek larger properties outside the Article 4 area for conversion to HMOs whilst others only buy within the Exclusion areas as they prefer to operate in predominantly student areas.
- 3.27 Landlords seeking to expand their offering noted that they seek to purchase homes just outside the Article 4 area. Leapfrogging can result, pushing some students further out which creates more commuting problems. They note that prices of dwellings move sharply upward when they reach the size threshold suitable for conversion. A brief review of land registry transactions from Jan 2012 to Jan 2022 seems to bear this out, though a full analysis of sales on a house type and £/m² basis would be required to confirm this.
- 3.28 Licenced HMOs sell at prices geared to the yield and return rather than the as a dwelling/capital asset. Quantifying the housing market details is outside the scope of this work, but based on conversations and spot checks of sale details from recent sales, there is some indication that the Article 4 designation has an impact on property prices.

Private Rental and Dwelling Size

- 3.29 A number of areas in, within and near the Article 4 area feature high numbers of private rentals that are not likely to convert to HMO due to their size. Conversion to an HMO only makes economic sense where a dwelling is large enough to provide at least 5 or 6 bedspaces whilst meeting minimum room size requirements.
- 3.30 The following example (figure 3-10 and 3-11) illustrates the impact of dwelling size. This is one of the “student areas” excluded from the Article 4 area (Hillsborough Avenue). This shows that most of the larger properties have HMO licences (these having an average internal size of around 158m²). The other properties have permitted development rights to convert to HMOs but with an average size of around 100m² are not suitable for HMO and are simply offered as private rental dwellings for flat share for a smaller group of roommates. The few properties in this exclusion area not showing as rental or HMO, appear to be subdivided into separate flats (based on VOA Council Tax records and leasehold sales through land registry).



Figure 3-10 HMOs in Article 4 exempt area Hillsborough Avenue

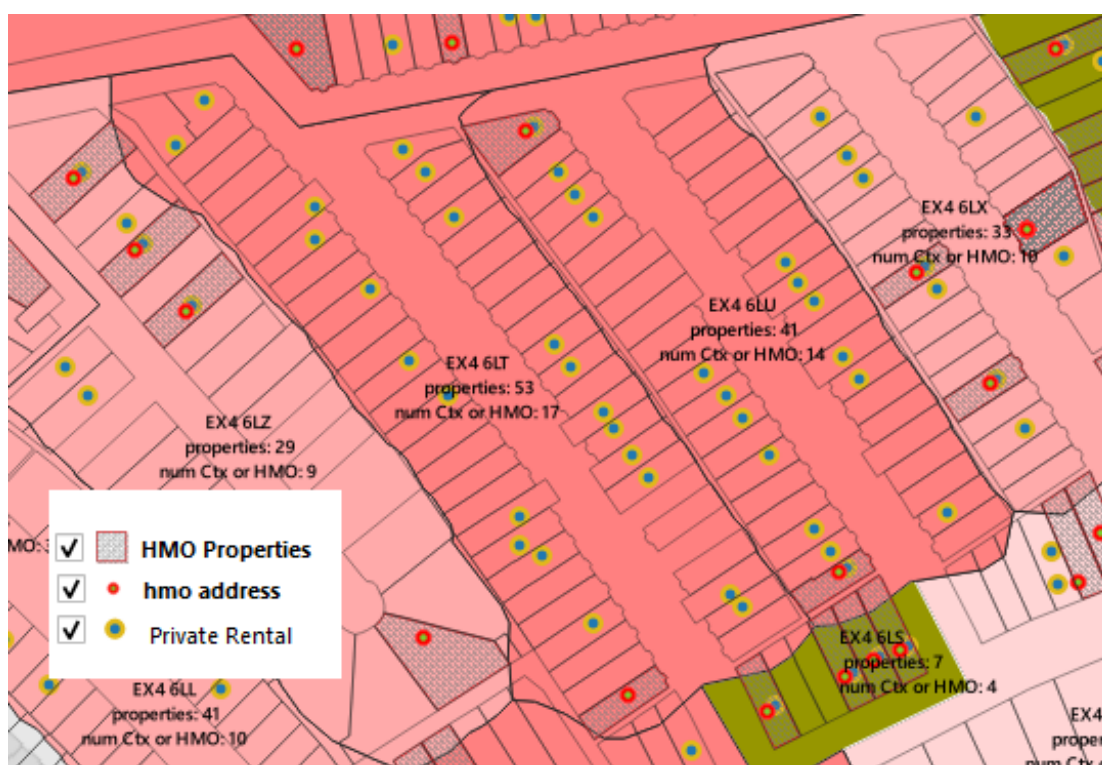


Figure 3-11 Private rental in smaller terraces Rosebery Road & Salisbury Road

- 3.31 A second example within the Article 4 area again shows interplay between size of dwelling and private rental market. The area in Figure 3-11 considers the area around Rosebery Road and Salisbury Road which is within the Article 4 area. The postcodes EX4 6LT and EX4 6LU both have over 30% of households with council tax student exemption. However the average dwelling

size in these postcodes is 85m² which **is too small for conversion to an HMO managed for profit**. Consequently these areas have just one HMO licence but high numbers of Student Council Tax Exemptions.

- 3.32 Note also that not all people in private rental in these two postcodes are student households and this may include graduate and private households. Table 3-3 provides some details on the sales of properties in this area noting that the smaller flats continue to sell at residential prices (as opposed to HMO investment prices).

Table 3-3 Example of sales for 2 Article 4 exempt areas

Postcode	No. of HMOs	No. of student Ctax exemptions	No. of either HMO or student tax exemptions	No. of private rentals	Percent student properties	Total addresses	Number <u>properties</u> sold between 2012-22	Median sale price (not inflation adjusted)
EX4 6LT	1	16	17	25	32%	53	20	£259,000
EX4 6LU	2	14	14	19	34%	41	22	£176,000

3.5 Future Prospects: Potential trends in demand and supply of student accommodation

- 3.33 Second guessing changes in national policies and economic and demographic trends have to be considered with very large error bars. However, from analysis of the student housing data and broad market trends, and discussions with a range of professionals, some general directions can be put forward.
- 3.34 **The University does not anticipate growth in student numbers to continue the very large increases as observed in the previous decade.** The level of domestic participation is already one of the highest in the developed world. If domestic higher education is to increase, financial pressures on families and Student Finance England suggest new participation will be through tertiary or workplace/part time higher education. Student growth would be expected to be level or at most a small fraction of the previous decade's growth of ca 800 students per annum. It is unclear if international demand will continue to increase, though international students appear to prefer PBSA rentals.
- 3.35 Most of the licensed HMOs will continue to operate as is for the foreseeable future. The low level of net additions of around 20 HMOs per annum may continue for several years, though with the pace of student growth levelling off and a stronger PBSA market there could be some softening of demand for HMOs.
- 3.36 If student demand were to weaken, it is reasonable to assume that HMOs could be converted into self contained flats for sale as leasehold flats. It would be exceptional to see very large terraces (200m² or more) be converted into a single family home as there is a smaller market for properties at these very high price points.

- 3.37 PBSA occupancy rates should remain high at the current level of enrolment. Market reports state that institutional finance in PBSA remains robust, though there has been slowing in the development pipeline (numbers of new schemes).¹²
- 3.38 Public transport links are not considered by students to be sufficiently available to live beyond walking distance from the university. Student preference for housing within walking distance of the University is likely to remain unchanged without significant intervention in student-responsive rapid transit.

¹² Web-access market reports from Knight Frank, Cushman and Wakefield, BNP Paribas

4 Site Visits & Impact of Student Housing

- 4.1 In considering policy options and implications it is important to refer to the objectives of policy. Several residents object to growth in student housing due to negative experiences or perceptions of students. It is worth noting that students also report negative experience and harassment by non-student neighbours.
- 4.2 At the commencement of the project, and prior to quantifying the student household percentages, street surveys were carried out. The team walked 28 Streets in / adjacent to the Article 4 area and rated each in relation to Property Repair and Appearance, Street Cleanliness, Car Parking and Maintenance. This was a “blind” review as no HMO maps were carried. The number of doorbells was often the only indicator of multi-household properties. The survey was held on a weekday during term time. As a daytime survey party noise was not an issue though many students were socialising on street corners and doorsteps.
- 4.3 The purpose of this survey was to take an impartial, objective view of the residential areas around the university/city centre and see if and to what extent any blight or change of character was observable. This was not to identify areas of student housing but to provide further context in assessing policy options.
- 4.4 Whilst some streets appeared more prosperous than others none of the streets were blighted or carried more than a few dwellings with external disrepair. The main negative issue observed was in relation to overflowing waste and recycling bins. This is understandable in situations where six or more individuals may be preparing individual meals separately in a dwelling, and often these may be packaged or ready meals which students find more convenient, but generate more waste resulting in a need for extra waste storage.



Parking

- 4.5 All of the streets surveyed were resident parking by permit and whilst street parking was full there was no evidence of illegal parking on pavements or in drives. No cycling infrastructure (e.g. cycle

parking hangar) was observed. The University, landlords and the student guild reported that very few undergraduates have cars.

- 4.6 There are anecdotal stories of students trading in parking permits, but no factual information is available. Given most students are in an HMO for only one year or possibly two this would not seem to be systematic. The subdivision of large properties into smaller flats for graduates or working professionals would likely result in increased pressure on parking in the same areas.

Cleanliness

- 4.7 Most students don't have cars and are unable to drive to recycling bins and there are few large recycling receptacles in the student areas. Landlords and student stakeholders mentioned wanting to do better but not feeling they were getting support from the Council. One landlord said student tenants complained that the Exeter City Council collections team was rude and they witnessed collections teams tipping on to the road (Victoria Street) contents of recycling bins that had contamination and said that the collection teams felt they could be rude or slapdash in student areas as there would be no push back.

Noise

- 4.8 Environmental Health Officers provided a spreadsheet of noise complaints from Jan 2019 to March 2022. Of the 2,821 noise complaints 78% of these were residential (as opposed to e.g. commercial, construction, industry). Of the 2,223 residential noise complaints 718 (33%) were within the current Article 4 area plus the 'student quarters' around Victoria Street, Danes Road etc. It is clear that there are some households within student areas who are impacted by neighbour noise and some make frequent noise complaints. Most residential noise complaints were transitory and resolved informally or no action was possible.

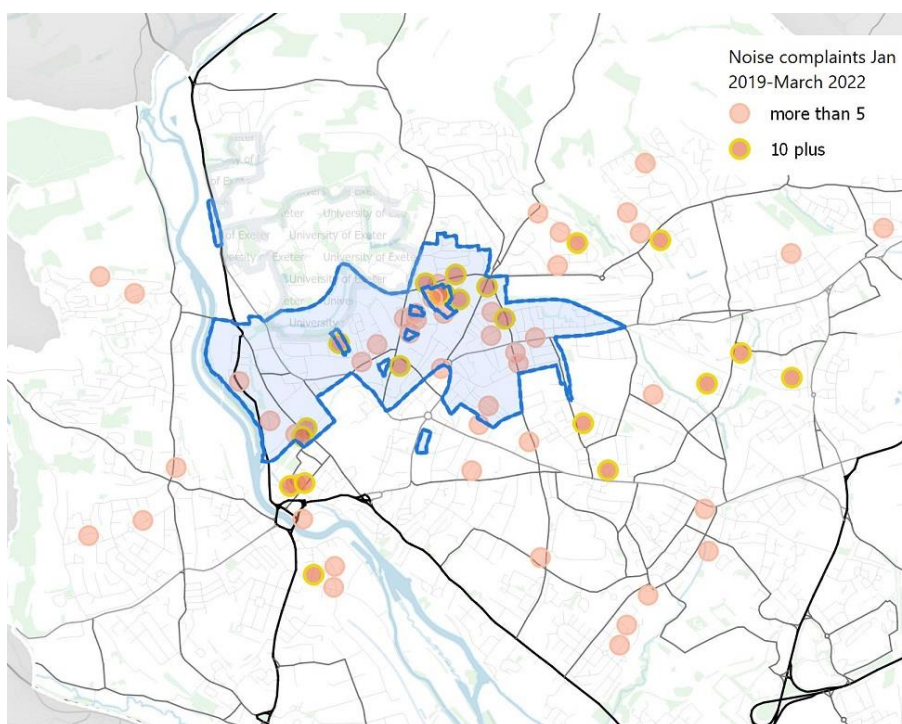


Figure 4-1 Heatmap of Noise Complaints 2019-2022

Crime and Antisocial behaviour

- 4.9 A common perception is that higher concentrations of students lead to increased levels of crime in an area. An analysis of the available crime data shows that burglary, robbery, criminal damage, drugs etc. are not over-represented in the areas of high concentration of student housing.
- 4.10 All police reports from Exeter from Jan 2019 to March 2022 were downloaded and mapped (figures 4-2 and 4-3). Crimes of all types were most prevalent in the **commercial core** of the city with wide distribution of low levels of reports across the rest of the city. Statistical and spatial review did not indicate that areas of student households had elevated levels of any crimes with the exception of bicycle theft, which was slightly elevated in student areas.

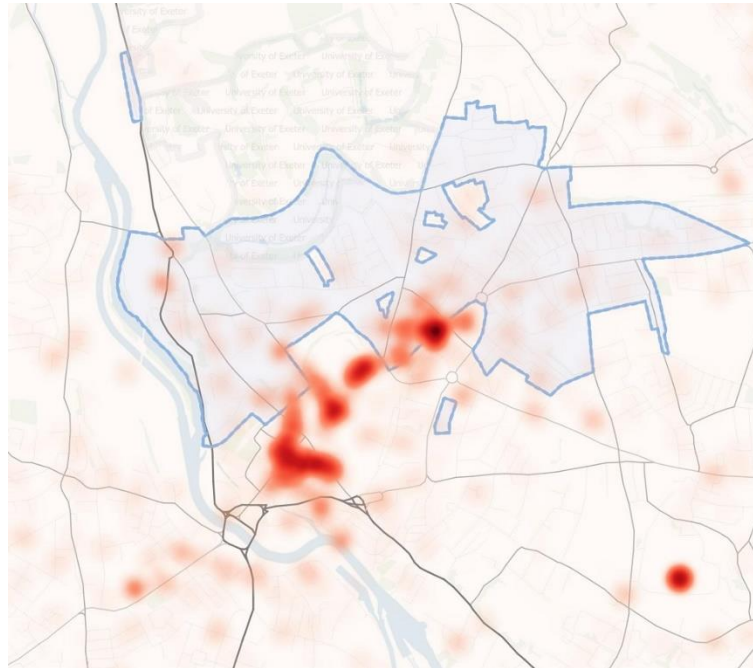


Figure 4-2 Heat map of reported Anti Social Behaviour and Public Order Crime reports

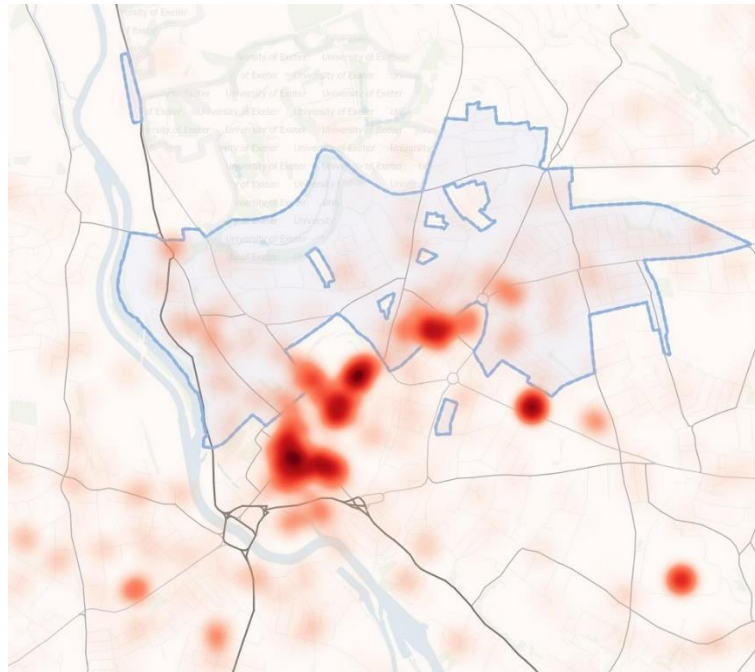


Figure 4-3 Heatmap of burglary and criminal damage report

5 Context for Article 4

5.1 Key points from stakeholder discussions

- 5.1 Fact finding interviews were conducted with a number of individuals and groups including
- University of Exeter
 - City Council Elected Members and resident representatives
 - Planning Officers
 - Student Guild
 - Exeter City Council Environmental Health and Licensing
 - Landlords and Agents
- 5.2 Discussions were held with 35 people representing a range of interests. Detailed notes from discussions were shared with officers and summaries of some of the key points raised are provided below. Note that these points represent the views of interviewees rather than specific factual evidence.
- 5.3 Across all interviews there were occasional/anecdotal mentions of roads or locations where it was perceived there was increased pressure on HMOs/housing. The following list highlights areas that have been mentioned in interviews, and the detail of properties in these areas was reviewed carefully in the data analysis:
- St Lukes campus and RD&E Hospital.
 - St David's ward (as a whole).
 - Pennsylvania – including in “new” types of dwellings e.g. detached and semi-detached houses.
 - Exwick Road/Station Road area.
 - Danes Road in the A4 exclusion area.

Members

- Noise remains biggest issue, exacerbated by Covid requirements for outdoor gathering.
- Variety of views on thresholds and balanced communities.
- No council tax from students but landlords don't pass on this discount.
- Council should reconsider role of co-living as it relates to PBSA.
- Council should review policies and CIL.
- PBSA should be designed to be convertible to non-specialist accommodation in future years when demographics change.
- Parking permits do not really work as students “borrow” or lend permits and working residents “lose” spaces when they leave for the day.
- HMOs are not friendship groups (as in flatshares) and are less cohesive with the community.
- Concentration of students brings rubbish and Anti-Social Behaviour due to increased density of population in streets (often Victorian terraces).
- There is a view that HMOs are creeping outside the current Article 4 area.

University

- HESA numbers do not precisely reflect the profile of students across the university (e.g. graduate, part time, Cornwall etc.).
- Focus on PBSA has been successful in delivering student housing.

- University staff, many with young families, also want to live near the university, in “family” housing (i.e. not flats).
- There are benefits of PBSA over HMOs including pastoral services (mental health/loneliness issues) and higher standards.
- City residents should recognise that the University is key to the cultural offering and economy of the city.

Planning Officers

- There is a good relationship with licensing team and information/views exchange
- Definition of an HMO is largely the same for planning and licensing
- The Article 4 has helped to reduce public concern about the issue, although there are various views out there
- Important that there is logic and data to support any change
- Article 4 applications are now subject to a planning fee although charge doesn’t cover the time required to process.
- Would be helpful to have standards to apply e.g. floorspace requirements – which would improve quality and also reduce density of occupants.
- Tendency for owners/landlords to extend properties to increase student lets
- The policy does not apply to non-dwellings conversion to HMOs (e.g. Guest Houses).

Student Guild

- Second, third and postgraduate students generally prefer an HMO/flat share in a friendship group close to the university although there is a price consideration.
- Rents have increased significantly and are outpacing student finances.
- Students get blamed for the behaviour of others.
- If the city wishes to retain graduates then they will also need similar accommodation to student private rental accommodation as recent graduates often flat share.

Exeter City Council Environmental Health and Licensing

- High concentrations of HMOs (e.g. Victoria Street) have increasing waste issues, but generally lower noise complaints.
- Existing planning policies and the A4 area designation have pushed landlords to more peripheral areas.
- Important to remember not all HMOs are for students; low income and groups with particular needs also live in HMOs as the only housing solution in line with some benefits.
- The Article 4 area needs to be available as an interactive map and, if reviewed, should seek to ensure streets or postcodes are not split.

Landlords

- Most will consistently renew their HMO licences and have no expectation of ceasing trading; no economic sense in converting to a large single dwelling.
- Dealing with Exeter City Council licensing team and inspections works well with positive comments – much improved from early years.
- Some landlords use an agent – some directly advertise for tenants.
- Some landlords object to the policy support for PBSA and feel larger corporate PBSA/HMO suppliers are removing opportunities for smaller conversions of flats and HMOs.
- Some students experience direct hostility and threats from non-student neighbours.

- Landlords of student HMOs said it was not unusual to have a few non-student residents as part of tenancies; these may be recent graduates or similarly aged working residents.

5.2 Policy background

5.4 The legislative framework includes:

- [Licensing of Houses in Multiple Occupation \(Prescribed Description\) \(England\) Order 2018](#)
- [Housing Act 2004](#) amendments
- [Licensing of Houses in Multiple Occupation \(Mandatory Conditions of Licences\) \(England\) Regulations 2018](#) which set conditions on minimum room sizes and maximum occupants sleeping in a single room and references requirements relating to the storage and disposal of household waste at the HMO pending collection.
- Use Class Order 1987 as amended

5.5 The Town and Country Planning (Use Classes) Order 1987, as amended at March 2022, defines Use Class C4, HMOs as *Use of a dwellinghouse by not more than six residents as a “house in multiple occupation”* but does not include a converted block of flats. Use by *more than six residents* is also an HMO but rather than Use Class C4 it is in its own “sui generis” class of “Large HMO”.

5.6 Mandatory licensing of HMOs came into force in 2006 where:

- The HMO is occupied by 5 or more people, forming more than 1 household,
- toilets, bathrooms or kitchen facilities are shared with other tenants, and
- **it is NOT a purpose-built flat situated in a block comprising 3 or more self-contained flats;**

5.7 The definition of an ‘ordinary’ residence, Use Class Order C3, is for “a person or by people to be **regarded as forming a single household**” (generally up to 6 people). The Housing Act 2004, section 254, goes into detail in relation to definitions of household. As noted in section 3.4, whether a flat share of e.g. 3 or 4 individuals is use class C3 (i.e. a household) or C4 (and HMO) would require investigation and careful judgement of relationships and arrangements within the household. In addition, changing relationships (e.g., relationship breakdown of couple living as partners) may change during the course of a tenancy. Such investigations are generally outside the scope and capacity of planning enforcement investigation. A flat share of a larger number of people (5 or 6) may be investigated by Planning Enforcement if there is evidence that the tenants are not operating as a single household.

National Planning Policy Framework (NPPF)

5.8 The NPPF¹³ states that use of Article 4 directions to remove national permitted development rights for residential development, including HMOs, should be:

...limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts....

- *in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities)*

¹³ NPPF 2021 Paragraph 53

- *in all cases, be based on robust evidence, and apply to the smallest geographical area possible.*

5.9 [National Planning Practice Guidance](#) (NPPG) states there will need to be a particularly strong justification for the withdrawal of permitted development rights relating to a wide area (e.g. those covering a large proportion of or the entire area of a local planning authority)¹⁴.

Current Local Policy

5.10 The Saved Local Plan policy carried forward from 2005 Exeter Local Plan First Review reads:

H5: THE CONVERSION OF DWELLINGS TO FLATS, SELF CONTAINED BEDSITTERS OR HOUSES IN MULTIPLE OCCUPATION AND THE DEVELOPMENT OF SPECIAL NEEDS OR STUDENT HOUSING WILL BE PERMITTED PROVIDED THAT: ...

(b) THE PROPOSAL WILL NOT CREATE AN OVER CONCENTRATION OF THE USE IN ANY ONE AREA OF THE CITY WHICH WOULD CHANGE THE CHARACTER OF THE NEIGHBOURHOOD OR CREATE AN IMBALANCE IN THE LOCAL COMMUNITY.

5.11 From this basis the 2014 HMO SPD clarifies that “*The Council is proposing to resist any further changes of use to houses in multiple occupation within the area shown stippled on Plan 1. In other words, the Council will regard the existing proportion of Council Tax exemptions as an over-concentration of HMO use for the purposes of Policy H5(b)*”

5.12 The SPD references the Draft Development Delivery DPD which was to provide guidance on further conversions of buildings to HMOs, but this is no longer being progressed. This carried forward the **2010 SPD threshold of 20% of properties being student households for identifying areas where overconcentration had been reached and further conversions to HMOs should be generally restricted. Those streets already over 50% student properties were excluded from the Article 4 area because they were already beyond balanced.**

St James Neighbourhood Plan

5.13 Adopted in 2013, the St James Neighbourhood Plan sought to amplify the Local Plan and restrict HMO development and rebalance the community and add weight to the Article 4 direction and planning rules which restrict HMO development in some parts of the ward. However, the plan is not able to overrule statutory permitted development rights.

¹⁴ Paragraph: 038 Reference ID: 13-038-20210820

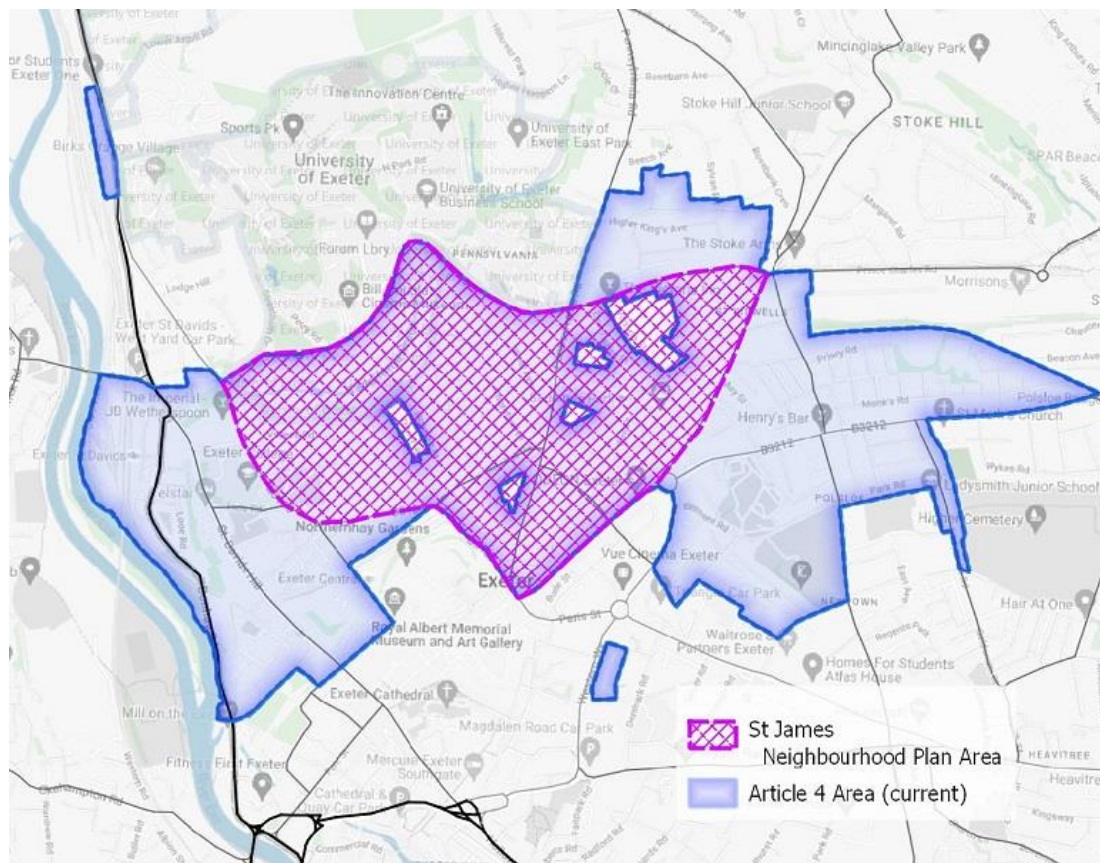


Figure 5-1 St James Neighbourhood Plan Area (hatched area)

5.3 Review of other approaches

- 5.14 All university cities and towns see similar tensions between students, who are key social and economy engines for the city, and the desire for long established residents to have quiet, settled residential areas. Most University cities and towns seek to manage student housing through planning policies and control of HMO conversions, and a range of policies and SPDs have emerged over the previous decade.
- 5.15 Table 5-1 summarises key points from local authorities who are similar in some respects to Exeter. Issues and approaches in major conurbations are more complex (e.g. London universities and cities with 3 or more major universities) and often the driver of HMO constraint is poverty or other housing issues (e.g. beds in sheds etc.). Therefore, major conurbations were not surveyed.
- 5.16 There are no tests of soundness in relation to SPDs and Article 4 designations, but if current planning guidance is not followed (see paragraphs 5.7 and 5.8), a Council may be open to legal challenge. Councils we reviewed who made city-wide Article 4 directions did so prior to introduction of this national guidance. Those councils who designated all or most of their boundary area made the designation prior to the introduction of current planning guidance.
- 5.17 Birmingham was mentioned in interviews as an example of an area wide designation made in 2019/20. Birmingham, along with London, Manchester and other conurbations, was not considered comparable to Exeter for the reasons set out in paragraph 5.15. Key points to note in relation to Birmingham's area wide HMO Article 4 are:
- The Article 4 area was revised to a city-wide area in 2019 from the previous limited area (established 2014) of three wards.

- The basis for this revision was evidence of **a large spread of HMOs across all wards**, though obviously the areas around the **5 universities** in the council area had higher concentrations. **Of their 69 wards, 75% had at a notable number of HMOs** though 7 wards had less than 12. The Council stated: “*there is also a reasonably even spread of HMOs across the rest of the city with the exception of the far north where the distribution is more sparse.*”
- The Article 4 was revised on the back of **a new Development Management DPD**, although the revision was put in place prior to the Planning Inspectorate’s examination of the DPD. The DPD sets out a **development management policy specifically stating criteria for decision making** (e.g. limiting continuous frontage of three or more HMOs, specific space and communal space requirements, would not result in triggering 10% of properties in 100 metre radius).
- The evidence and driver for the Article 4 change was not primarily about student housing – it was more far reaching (non-decent housing, pockets of deprivation, control of ‘insecure housing and high levels of transience’) and was supported by strong new policies in relation to inclusive and housing condition surveys.

5.18 From the review, the most common metrics for criteria-based policies for taking decisions on planning applications within the HMO area are:

- Seeking to limit HMO conversion where 10% of residential properties within a 100 metre radius are HMO.
- Limiting the “sandwiching” of non-HMO properties between 2 HMOs, or resisting continuous frontage of HMOs

Table 5-1 Comparison of Other Article 4 / HMO policies

Bath	Article 4 2012: Whole council area. HMO SPD 2021 (refresh)
	Refuse in areas of High Concentration defined as follows: Criterion 1: It would result in any <u>residential property (C3 use) being ‘sandwiched’ between two HMOs.</u> Criterion 2 HMO properties <u>represent 10% or more of households within a 100 metre radius of the application property,</u> or the application property tips the concentration to 10% or more. Includes a new requirement that HMOs achieve minimum of EPC C environmental rating. Bath research found on average, if an area has already met the 10% property threshold, the 20% population threshold will have also likely been reached.
Bristol	Article 4 2011: Area around Bristol University. Partial expansion in 2019 but remaining focused on areas of student housing market imbalance.
	In 2011 and 2012 the Council confirmed and established Article 4 directions to control small HMOs within central Bristol, focused on Bristol University. In 2019 they expanded this area slightly in coordination with the Local Plan development, which in the 2018 Local Plan policy sought to maintain a cap of 10% of properties around the city centre. The area enlarged the 2011 Article 4 taking in census Lower Layer Super Output Areas (LSOAs) where greater control was needed and to take in areas impacted by development of the Temple Quarter Enterprise Campus. In 2019 the Council also introduced mandatory licensing for small HMOs (in this case defined as 3 to 6 unrelated persons in flat share) covering the 12 city centre wards. This was done following a stock condition survey and due to “substandard and poorly managed (private rentals) with a significant number let to vulnerable tenants who are exploited as they are unaware of their rights or the standards they should expect”

Lincoln	Article 4 2014: Full City boundary area (Whole Council Area) HMO SPD 2018.
	Local Plan policies are supportive of HMOs. Proposals must demonstrate compatibility with neighbouring uses and adequate waste provision etc., that conversion will not harm amenity etc. or lead to or increase an existing over-concentration of HMOs in the area. To determine this, the city council applies a <u>10% maximum concentration of HMOs threshold to a 100m radius</u> . HMO developments that would lead to or increase an existing over-concentration of HMOs within a defined 100 radius, i.e. exceed the 10% threshold, are generally considered inappropriate, although exceptional circumstances may apply. <u>They policy also states that proposals shall not result in three adjacent HMOs</u> , unless the application property is located between two existing HMOs. HMO developments that would result in three adjacent HMOs are generally considered inappropriate although exceptional circumstances may apply. The exceptional circumstances may include particular areas which have already tipped into being predominately student housing.
Loughborough	(Charnwood District Council) Article 4 2011: Loughborough Town Area (parish boundary) Housing SPD 2017 includes section on HMO.
	Policy is to refuse where <u>20% or more residences are HMOs within a 100m radius</u> of the application site. No reference to student council tax exemptions. However, the SPD also includes the comment “The assessment of the current level of concentration of Houses in Multiple Occupation will be an important material consideration, but it cannot be regarded as the determining factor in deciding any planning application.”
Nottingham	Article 4 2011: Whole Council area 2012 Planning Guidance Note (SPD) – updated Jan 2019 – somewhat superseded by new 2020 adopted Local Plan policies.
	Local Plan Policy sets out several criteria for consideration for HMOs. More than 10% of properties within an output area being student properties is considered a “significant concentration.” This threshold is a “consideration” in policy along with other criteria. The Local Plan contains a related map which is noted as representing a specific point in time. The Plan states that <u>concentrations will be recalculated for each planning application</u> . A weighting factor is applied to Council Tax exemption data in respect of Purpose Built Student Accommodation (University and private) of similar formats, based on the application of an average student household size of 5 persons (the City Council’s HMO Licensing database gives the average occupancy of an HMO as 5.19 persons in 2016). The calculation to determine a ‘significant concentration is: ‘X’ households within the cluster or Output Area (taken from Ordnance Survey Address Point data and cross-checked with Council Tax Household data) of which ‘Y’ are HMOs / Student Households (taken from the Council Tax and Environmental Health data).
Plymouth	Article 4 September 2011: Covers city centre area comprising large part of 7 wards (of the City’s 20 wards). Does not include Marjon. SPD to the Joint Local Plan (2019), adopted 2020
	The SPD includes student housing policy details that the proportion of dwelling units in multiple occupation (including the proposed site) should not exceed 10 per cent of the total dwelling stock within 100 metres of the application site. Also the application site should not sandwich a C3 dwelling unit between two HMO properties.
Portsmouth	Article 4 area 2010:encompasses whole built up area (smaller area than Exeter) HMO SPD adopted 2012, updated 2019
	HMO DM test only counts HMO Licences (not % student properties including council tax exemptions. Test is basically limited to 10% licensed HMOs within area with a radius of 50 metres surrounding the application property. Local Plan policy states: In order to support mixed and balanced communities, and to ensure that a range of household needs continue to be accommodated throughout the city, applications for changes of use to a House in Multiple Occupation (HMO) will only be permitted where the community is not already imbalanced by a concentration of such uses or where the development would not create an imbalance. For the purposes of this policy, dwellings in use as Class C4, mixed C3/C4 use and HMOs in sui generis use will be considered to be HMOs.

Sheffield	Article 4 2010: Area boundary based on ONS Middle Layer Super Output Area (MSOA) around the 2 universities. Policy is to refuse where 20% of <u>dwelling</u> s within 200m of the application site are already HMOs. (Core Strategy 2009 is relevant Local Plan) No Student Housing SPD but 2015 City Centre Living SPG refers to nightclubs and students.
Southampton	Article 4 2011/12: city-wide area 2016 SPD Policy is that planning applications will not be granted for new HMOs where <u>HMOs as a proportion of the overall housing stock within a 40 metre radius of the site are above 10%</u>
York	Article 4 2012. Core built up urban area of the city. 2014 SPD: Controlling the Concentration of HMOs Decision making is based on <u>100m street length</u> and “neighbourhood area” (all adjoining output areas to the output area where the planning application is). C3 to HMO will only be permitted where: i. it is in a neighbourhood area where less than 20% of properties are exempt from paying council tax because they are entirely occupied by full time students recorded on the Council's database as a licensed HMO, benefit from C4 Sui Generis HMO planning consent, or are known to the Council to be HMOs; <u>and</u> ii. less than 10% of properties within 100 metres of street length either side of the application property are exempt from paying council tax because they are entirely occupied by full time students, recorded on the Council's database as a licensed HMO. benefit from C4/Sui Generis HMO planning permission or are known to the Council to be HMOs; <u>and</u> iii. the accommodation provided is of a high standard which does not detrimentally impact upon residential amenity. New Local Plan seeks to <u>maintain concentrations of HMOs at no more than 20% at the neighbourhood level and 10% at the street level</u> . This has been debated at recent Local Plan hearings, and consequences of market restrictions are being considered https://democracy.york.gov.uk/ieIssueDetails.aspx?IID=66229&PlanId=0&Opt=3#AI61650
Warwick	Article 4 2011/12: area around the historic core of Leamington Spa. Article 4 covers 6 the district's 17 Wards centered around the historic core of Leamington Spa. There is no SPD. Local Plan policy is to <u>approve where 100m radius of the application site does not exceed 10% of total dwelling units</u> ; and the site is within 400m of a bus stop; and the scheme does not ‘sandwich’ a non-HMO between two HMOs, and adequate refuse containers are proposed.

5.4 Balanced Communities Concept

- 5.19 It is important to note that the core reference on control of HMOs for almost all authorities is the 2008 paper *Balanced Communities & Studentification*¹⁵ which was published by a number of resident campaign groups joining together as the organisation The HMO Lobby. This paper picks up the phrase “balanced communities” from sustainable development guidance in 2000 by the then Department for Environment, Transport, and the Regions (DETR) which references “*Promoting sustainable development that supports thriving, balanced communities.*”
- 5.20 The HMO Lobby sets out the view that a community “imbalance arises from concentrations of HMOs, whose distinctive demographic (typically, young, high-density, transient, and unstructured) destabilises the local community”. This is based on an assessment of the 2001 Census. The Lobby’s particular criteria for a balanced community “**are (a) not less than 60% families, (b) not more than 33% one-person households, and (c) not more than 10% HMOs**”. In Exeter only 24% of the households were families with dependent children at the 2011 census. Young families tend to concentrate in lower value neighbourhoods for affordability reasons, or on new estates for a

¹⁵ [Balanced Communities and Studentification](#), 2008 Produced by The National HMO Lobby.

variety of reasons including easier access to mortgages. The 2021 census will provide further information on “balance” of household types across the city, although with caveats concerning the location of students in term time due to COVID restrictions.

- 5.21 The HMO Lobby assert that an “*HMO tipping-point occurs when HMO occupants exceed 20% of the population. Normally, HMO occupants account for about 15% of the population – the tipping-point represents a 33% deviation. It also significantly exceeds the whole of the ‘young adult’ band of the population (16–29-year-olds are 17.5%). ‘Any community begins to seem unbalanced when any of the five main age-bands exceeds one-in-five of the population.’*“ This assertion is contrary to most empirical data. Exeter, as with many cities, is comprised of neighbourhoods of different populations with concentrations of tenures, ages and family types. Importantly, this work does not appear to have been updated to consider the impact of the rise of commercial PBSA.
- 5.22 Whatever the proposed action in relation to the area of the Article 4 designation, the planning policy framework should be clarified through an updated SPD and the policies of the new Exeter Plan should consider how best to support all residential groups.
- 5.23 Councils who use the radius approach have suggested that identifying communities by ward or street would be impacted by townscape characteristics leading to inconsistencies between assessments and conceal high concentrations of HMOs. Where a radius is used as the threshold, the measurement is taken as the proportion of the **total number of residential properties** within the radius.
- 5.24 Following our analysis, we recommend that using postcodes and groups of adjoining postcodes provides the most efficient basis for assessment of numbers of council tax exemptions and numbers of properties. This simplifies joining of council tax records, HMO licencing and other data and will streamline monitoring and decision making. A radius approach can be straightforward but would require GIS software and active linking of several different services’ data. The use of street-by-street counts should be avoided as the definition of where streets begin and end may be open to interpretation.
- 5.25 The growth in HMOs is not entirely due to increases in student numbers. From 2012 adults aged 18–34 in England have only been able to claim housing benefit at the rate of a room in a shared property. A recently published article *Planned Out: The Discriminatory Effects of Planning’s Regulation of Small Houses in Multiple Occupation in England* <https://doi.org/10.1080/14649357.2022.2036800> has highlighted that restrictive HMO policies disproportionately affect the housing choices of young, lower-income adults. This article also notes that treating HMOs as problems has a long history, going back to a desire to restrict lodging houses or housing for migrant families.
- 5.26 There is some limited research on the social dynamics of student housing though wide recognition that England’s high concentrations of student housing often creates conflict with the long term population. This is in contrast to some countries where there are positive designations of “student quarters” (similar to identifying an “arts quarter” or “heritage quarter”), recognising that students are often content in their own community and that identifying areas may help enable positive community management. In some ways the exclusion of e.g. Victoria Street from the Article 4 recognised that in some areas the character of the area is that of a student quarter.
- 5.27 There are positives to student populations – economic and social. The University is a major employer with significant impact upon the local economy and employment opportunities, as well as

spin-off employment opportunities. The Council has an objective of retaining more young graduates to create an entrepreneurial culture and support growth sectors in the area. Based on interviews with stakeholders, the numbers of graduate students and graduates living in HMOs appears to be fairly low, with the graduate preference being for smaller shared houses/flats in private rental. However, without adequate provision of PBSA and HMOs there will be knock-on issues with availability of homes for single, early career professionals.

6 Policy Options and Implications

- 6.1 Overall, there has been an increase in student numbers and the proportion of student households across the central area of the City. Our review shows the Article 4 designation has been effective in constraining growth of HMOs in the Article 4 area, with the small number of new licences focussing on the exempted areas and areas near the university but outside the A4 area. Growth of student council tax exempt properties in private rental has continued to grow, and these are focused on the city centre and within easy walk/cycle distance of the University.
- 6.2 The current Exeter strategy can be characterised as **to limit the numbers and spread of Houses in Multiple Occupation for student use**. By providing for significant growth in Purposes Built Student Accommodation both on the University campus and in other locations within the city the Council and University have sought to reduce the need/demand for additional HMOs and therefore slow the growth in their numbers. By defining an area near the University where no further HMOs will be permitted, any additional supply is forced to other areas where there are fewer pre-existing HMOs, which helps limit the spread. The Article 4 Direction, Supplementary Planning Document and council targets and support for PBSA expansion act together in accordance with this strategy.
- 6.3 In accordance with the brief, this report looks at possible justified approaches to updating the current Article 4 area and SPD. Before considering any changes to the current Article 4, corporate policies, or planning policies, it is important to consider the objectives, the effectiveness of the current policies and scope for change.
- 6.4 **Objectives**
The current policy aims to reduce pressure on further conversion of housing stock to HMOs by supporting provision of PBSA to accommodate any growth in student numbers and to ensure any conversions of dwellings into student HMOs within the Article 4 Area is strictly controlled by planning. The driver for the policy is to support “*balanced communities*” in relation to household profiles.
- 6.5 **Effectiveness**
Our analysis shows that the Article 4 and planning policy has been effective in that:
- The growth in PBSA has broadly equated to a large majority of growth in student numbers.
 - There is now a fairly low level of growth in student HMO licences.
 - Properties being sought for conversion are those outside the Article 4 area (in general, areas outside but adjacent to the Article 4 area and the exempted “student quarters”).
- 6.6 However, the increase in private rental for both students and non-students is outside planning controls, and the level of tension between residents and students seems fairly consistent over time. In addition, some residents increasingly object to large PBSA developments.
- 6.7 **Scope for Change**
An update to the current SPD and the Article 4 boundary is possible, though with the current planning policies (H5 of the 2005 Local Plan First Review and Core Strategy CP5 focussing on PBSA) there is limited scope for change. Any substantial change to the current decision-making policies and/or the Article 4 area would need to be accompanied by updated policies adopted in a Local Development Plan Document (DPD) such as the emerging Exeter Plan.

Implementing Changes

- 6.8 If any changes are proposed, the Council will need to consult widely and carefully document the process and rationale for the decision. If a *revised* Article 4 direction is implemented with immediate effect, there is potential for financial liability claims against the City Council to compensate any applicants adversely effected. Consequently, should the Council introduce a new/revised Article 4 direction it is recommended that this should follow the non-immediate effect approach allowing a 12-month period prior to the new Article 4 taking effect to limit liability.
- 6.9 Updating the SPD should follow the procedures set out in guidance and the Council's Statement of Community Involvement. Any implications for the new Exeter Plan should also be carefully considered.
- 6.10 Changes to Article 4 designations are likely to **introduce short term housing market impacts as potential landlords or homeowners seek to sell/buy ahead of changes**. Our analysis suggests this could create short-term upward pressure on prices on large dwellings with potential to convert. If the Council chooses to introduce new or expanded Article 4 exempted areas it can expect to see some additional HMO conversions in areas with larger dwellings.

6.1 Policy Options

- 6.11 The updated analysis of the current provision of student housing and related issues has resulted in identification of the following broad options for the current Article 4 designation and SPD. Irrespective of options chosen, an update to the SPD¹⁶ is warranted to reflect the current situation and changes to national planning guidance.

Option 1 – No change

- 6.12 The Council could consider that there is no need to change the current area of the Article 4. This would reflect the relatively slow current growth in HMO conversions and the successful delivery of significant levels of PBSA within the city.

Pros/Cons Option 1

- No change would be the most stable option in relation to the housing market. It is likely some small increases in numbers of HMOs outside the Article 4 area will continue.
- The evidence is that most available larger properties outside, but close to, the Article 4 area have already been converted. Ongoing growth in Private Rental or student numbers may add to incidents of tension between the term-time population and permanent residents. However private rental does not necessarily equate to change of use and is not controlled by Article 4 or the GPDO (Permitted Development Order).
- Taking no further action would require no additional Council resources and does not preclude future changes to approach and policy following adoption of a new Exeter Plan.
- While the current area matches the existing student/HMO areas reasonably well, there are some streets around its boundary where change has occurred over the past decade and the proportion of non-family accommodation is now close to or has reached the 20% threshold referred to within the SPD.
- No change fails to response to resident concerns in areas close to the University.

¹⁶ If the Levelling Up and Regeneration Bill as enacted changes nature of *Supplementary Plans*, a revision could take the form of a non-statutory Planning Advice Note

Option 2 – Continued policy approach with expanded area

- 6.13 Under this option, the broad strategy to manage HMOs would not change, but the Article 4 map and direction would be updated to incorporate areas where the threshold of 20% student properties has now been met or exceeded. The accompanying HMO Supplementary Planning Document would be revised to take account of current legislation and provide additional recommendations and information for applicants. Section 6.2 sets out alternative approaches to revising the boundaries of the Article 4 area.
- 6.14 Some adjoining areas would be incorporated where the proportion of HMOs and student housing has increased to warrant an expanded Article 4 area. The policy position would be to continue to resist HMO conversions within the expanded area and continued efforts to expand provision of PBSA to “soak up” any unmet need arising from student growth. It would not require a shift in policy on student accommodation (which would be difficult to achieve without a wider review than undertaken as part of this report) but it would update the situation to reflect the latest data.
- 6.15 If this is the option chosen by the Council, then decisions may need to be taken about extending the boundaries of current “exempted areas”. The original Article 4 designation excluded certain areas that were already overwhelmingly student housing, thus creating de facto Student Quarters. Consequently, since 2013, these areas (e.g. Victoria Street and Danes Road) have essentially converted almost fully to student housing areas. Some postcodes within the Article 4 area, often immediately adjacent to the exempted areas, are also in excess of 70% student housing.

Pros/Cons Option 2

- Adjustments to the Article 4 boundary might help preserve some diversity in household types but streets within neighbourhoods are often weighted to specific household types.
 - It will respond to the concerns and expectations of affected residents.
 - It conforms with the NPPF requirement that Article 4s should apply to the smallest geographical area possible and be limited to situations where they are necessary to protect local amenity or the well-being of the area.
 - There is likely to be minor additional activity in the housing market in the short term (between announcing a change and implementing it) in areas newly brought into Article 4 designation. However, any extra-ordinary transaction activity will only be within small areas.
 - Continuing the established approach of bringing in areas which have met the 20% threshold is the most consistent and robust and is unlikely to result in challenge from the HMO sector.
 - There is little risk to future delivery of non-student HMO housing, which is the default tenure for low wage, single residents up to age 35.
 - This is unlikely to impact numbers of students in private rental properties.
- 6.16 Following analysis and the mapping exercises described in section 6.2 and 6.3 of this report, **an update to the Article 4 using this approach is our recommended option**. Any final proposed Article 4 map will require careful consideration of the mapped outputs, particularly in relation to outliers (areas detached from the core Article 4 area) and postcodes with few/no residential properties.

Option 3 – Expand A4 and supporting student concentration

- 6.17 This option would involve a change of approach but broadly align with the current strategy of seeking to restrict uncontrolled expansion of student HMOs. Under this approach, rather than a tightly drawn Article 4 area, which has the effect of dispersing new HMOs to areas away from the existing student concentrations, the decision would be taken to focus them on existing areas.
- 6.18 This approach would involve greater expansion of the Article 4 area but with enlarged areas of exemption for student quarters. Enlarging the area would be based on a lower threshold of student properties (e.g. 10%) but this would be balanced by exempting more areas which already have a very high concentration of student properties.
- 6.19 The potentially enlarged Article 4 area would still be focused on the University and city centre but may also cover areas where student housing is predominately in smaller private rentals. The expanded student quarters could incorporate the current exclusion areas and additional areas that are now overwhelmingly (ca > 70%) student housing.

Pros/Cons Option 3

- This would give comfort to residents in areas near, but outside the current Article 4 area that are brought into the constrained area.
- The logic of balancing housing provision for this sector (i.e. increasing the availability of conversion opportunities in student areas while restricting them in areas which still have a low percentage of student properties) is robust and can be justified as compliant with guidance.
- This approach avoids cutting off a supply of housing for a specific housing need group.
- It could create opportunities for dynamic regeneration and development of residential and cultural ‘quarters’ targeted to students and young professionals.
- In most cases a lower threshold (e.g. 10%) for defining Article 4 areas relates to HMOs specifically rather than HMOs and/or Student Council tax exempted properties. This change in approach is untested and may be vulnerable to challenge.
- Small peripheral postcodes may yoyo either side of a 10% threshold year-on-year after the Article 4 is defined.
- The minority of non-student residents and property owners in newly exempted areas (i.e., areas where growth in HMOs is more likely to occur) may be concerned about property values or residential amenity.
- Though justified in relation to housing provision, as it introduces areas for expansion, a new DPD (Local Plan) policy may be required to ensure HMO growth and PBSA remain balanced. This would require significant changes to Local Plan and SPD policy and justification.
- It is likely to create short- and long-term changes in the housing market in the city centre.
- As it creates new opportunities for student HMOs, it might destabilise planned PBSA projects due to uncertainty in change of approach. It possibly requires a higher rate of PBSA growth and it is not clear the market will deliver this.
- Legal advice would be recommended as it does not meet NPPF requirements.

Option 4 – Full City Article 4 with focus on purpose built student accommodation only

- 6.20 Some local planning authorities have made Article 4 directions for the entire built-up area within the Council's boundaries. In conurbation authorities the built up area extends to the council boundary, but much of Exeter to the north and west and along the Exe is unbuilt.
- 6.21 Under this option, the aim would be to limit growth in HMOs (for students) with a focus on delivering PBSA to meet 100% of the growth in the student populations and introduce detailed criteria-based policies for supporting delivery of non-student HMOs.

Pros/Cons Option 4

- This is contrary to planning guidance which requires that Article 4 designations be *for the smallest geographical possible area* and the data does not appear to justify including residential areas outside of the city centre. Much of Exeter has no student properties or HMOs including over half the wards which have almost no HMOs (see table 6-1).
- This option would need to be supported by accelerated PBSA delivery and it is not clear that the student housing market or residents will support this.
- This would severely inhibit the delivery of HMOs for non-student residents including low income (HB/UC rules) in particular failing to meet the housing needs of several groups including all low-income single households on housing benefit (UC)). This also requires consideration of the Equalities Act. Some non-student HMOs found in small numbers outside the city centre are for residents with protected characteristics. A city-wide Article 4 area would place a large obstacle in the way of providing such accommodation. Planning requirements, in contrast with permitted development controls and licensing, could potentially disadvantage those in need of specialist accommodation, could create disquiet among neighbours, and could compromise safety for future residents.
- This would place a significant burden on Development Management as all HMO conversions (including non-student HMOs) would require permission. Currently the fee for a planning application for HMO change of use is £462 which does not cover the cost of officer time.
- This approach is significantly different from the current one and if the Council wishes to pursue this it can only be done alongside robust decision-making policies including robust and detailed criteria which would need to be introduced through the Exeter Plan process. Additional resources may be required to produce sufficient evidence to support a substantial new set of policies through Exeter Plan examination.
- The Council would be advised to have legal advice as to the potential for challenge to any decisions to substantially change the current Article 4 area without clear evidence of justification.

Option 5 – Remove Article 4 (Discounted Option)

- 6.22 One final option, which is theoretically available, is to remove all the existing policies and to leave matters of student housing to the market in the context of the General Permitted Development Order. Interviews with stakeholders and a review of data confirmed that there continues to be justification to carefully manage issues associated with expansion of the student body to minimise social and amenity issues and housing market impacts of conversion of large dwellings to HMOs. The landlords we interviewed did not object to an Article 4 area *per se*; their interest was clarity in policy and retaining enough scope for new HMOs to meet any rise in demand.

Pros/Cons Option 5

- This is not considered to be a robust approach, since it would remove the key planning tool available to manage issues associated with HMO growth.
- It is likely this will create short and long term changes in the housing market in the city centre.
- This could destabilise planned PBSA projects.
- It would likely create more work for the ECC licensing team but may remove some of the burden on planning.
- It would fail to address resident concerns in the city centre and around the University.

6.2 Boundary Changes / Updating Student Areas

- 6.23 Options 2, 3, and 4 all involve some change to the boundaries of the current Article 4 area (fig 1-2). Changes to the boundary require decisions about a) any thresholds to use and b) the most reasonable geography for decisions.
- 6.24 Prior to deciding a recommended approach, each of the options was mapped following a specific data driven methodology. This enabled an assessment of the scale of change and a better review of likely impacts.

Setting the Threshold

- 6.25 At the time of the initial Article 4 direction, the concentration threshold set out in the SPG was 25% of **student housing**. The 2011 SPD references areas over 20% being the upper threshold of student properties while still retaining the character of a “balanced community”, but the subsequent 2014 SPD does not refer to a threshold. There is no locally robust metric of percentages, and the figures vary from council to council, with several being around 10% of or 20% of properties being HMOs or student properties (not bedspaces or residents). It is suggested by evidence from other authorities (cited in section 5.3) that 10% of properties being HMO might represent around 20% of residents and 20% HMO might represent around 40% residents and our assessment (Figure 6-1) confirms this.
- 6.26 It should be noted that the majority of comparable LPAs who use a 10% threshold base this on percentages of **licenced HMOs**, not all student properties. Exeter has consistently considered **student housing** as the key metric. Council tax exemptions are more dynamic than licenced HMO properties as households in private rental change tenancies quite often, and the relationship and student status of residents will change often. Going forward it will be important to introduce routine monitoring to ensure evidence-led decision making and to better understand interannual variability in households.

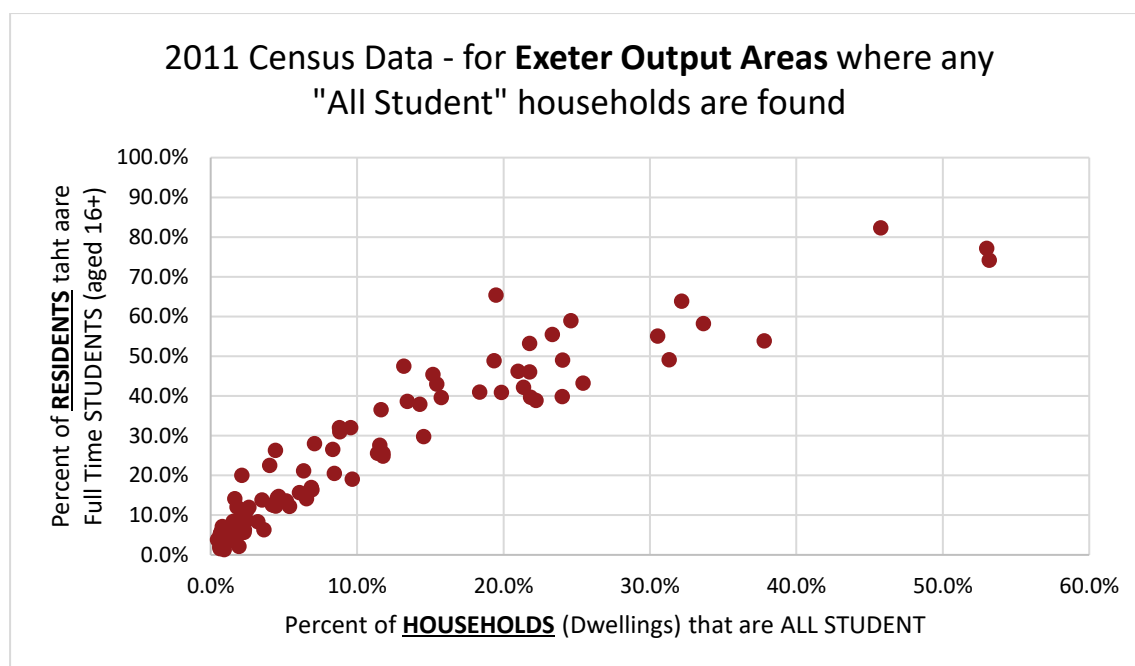


Figure 6-1 Household Type & residents

- 6.27 An analysis of the 2011 census data shows that **the majority of output areas in Exeter (60%) had NO student only households or residents**. The empirical data for Exeter suggests that where around 10% of **households** (dwellings) are student only, around 25% of **residents** are students. Analysis of the family types within Exeter shows large areas are dominated by specific household types with Over 65s and Working households with no children being the most common dominant household type. In the 2011 census there were 5 Output Areas where Student households were the dominant type (in 2021 this has increased to 9 Output Areas).
- 6.28 Based on this, **a threshold of around 20% of households would appear a ‘tipping point’ where the character begins to change toward student-dominated areas**. Once the percentage of student households exceeds 50%, a very substantial majority of residents will be full time students. Areas with more than 40% student households might be considered to have tipped into predominately student areas as one would expect more than 70% of residents will be other students.

Alternative ways to identify student areas and revise the Article 4 boundary

- 6.29 Figure 6-2A and 6-2B provide an overview of those areas of high concentration of student housing around the city centre based on the analysis set out Section 3 of this report. Areas where PBSA blocks provide student housing are also shown and those postcodes will generally be a specific postcode for the block and will therefore be 100% student housing. Figure 6-2A is mapped at postcode area (smallest area available) and 6-2B is at Output Area level which is the smallest ONS data level. Postcodes may have no or few residential addresses (commercial postcodes) whilst Output Areas are for reporting population and generally have around 130 households.
- 6.30 At postcode level, several areas approaching the 20% tipping point can be seen outside the current Article 4 area. When aggregating to output area, most of the areas exceeding 15-20% student housing are within the A4 area (or exempted areas) but some expansion areas are noted, particularly to the northeast and Bartholomew Street. Due to the larger numbers of properties within Output Areas, some of the small clusters of student housing average out.

- 6.31 As noted earlier, the NPPF requires Article 4 directions to be used only where ***necessary to avoid wholly unacceptable adverse impacts*** and that ***Article 4 designations be for the smallest geographical possible area***. Consequently, our analysis has worked from postcodes as the lowest geographical area for which property data are readily available.
- 6.32 At the time of the initial Exeter student housing analysis (2007) property counts were based on individual streets, presumably from manual address counts. We have considered a range of geographies, including postcode sectors, ONS Output Areas (OAs) and Wards. OAs are small areas typically covering around 100 households. Using this residential basis means commercial areas (few residential properties, but many postcodes) are ‘smoothed out’.
- 6.33 A brief review of approaches currently used by other local planning authorities shows using ONS OA data is quite common. However, **we recommend using postcodes for monitoring and decision making as the administrative data (Licensing, Addressing, Council Tax and Planning) are all referenced to postcode**. As postcodes are not drawn to property boundaries, we do recommend any revised Article 4 map be adjusted to the property boundary for planning precision.

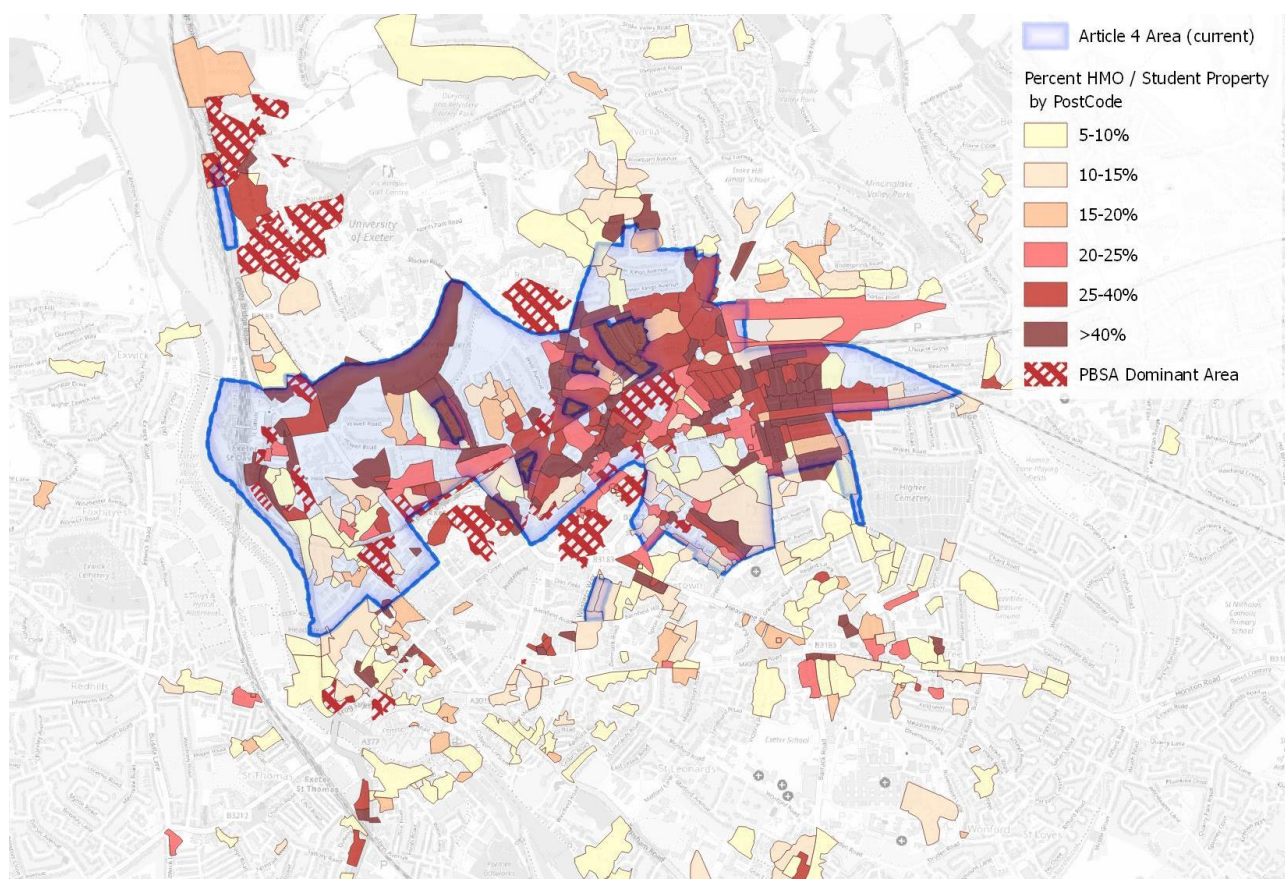


Figure 6-2 Percent Student Properties by postcode
(HMO and Council Tax Exempt) – PBSA postcodes highlighted

- 6.34 Postcodes do not contain equal numbers of residential addresses, so use in setting any new boundaries requires careful consideration as illustrated in figure 6-4. In this area, the two postcodes shown as 5-10% student properties contain 12 and 18 properties each, of which only 1 property is claiming council tax relief as all students. The area on the corner identifies as 30% student housing though there are only 6 properties, of which two are flats claiming student council tax exemption and no HMOs. The predominant tenure is affordable housing rental with some private lets and

owner-occupied properties. In such an area the presence of 3 postcodes with a total of 4 student properties would not likely justify consideration for inclusion in an expanded Article 4 area in the current policy framework.

- 6.35 The ONS provides a lookup table with the best fit of postcodes to output areas. Figure 6-3 shows the same thresholds calculated on output area geography. Together postcodes and output areas represent the smallest geography from which to work.

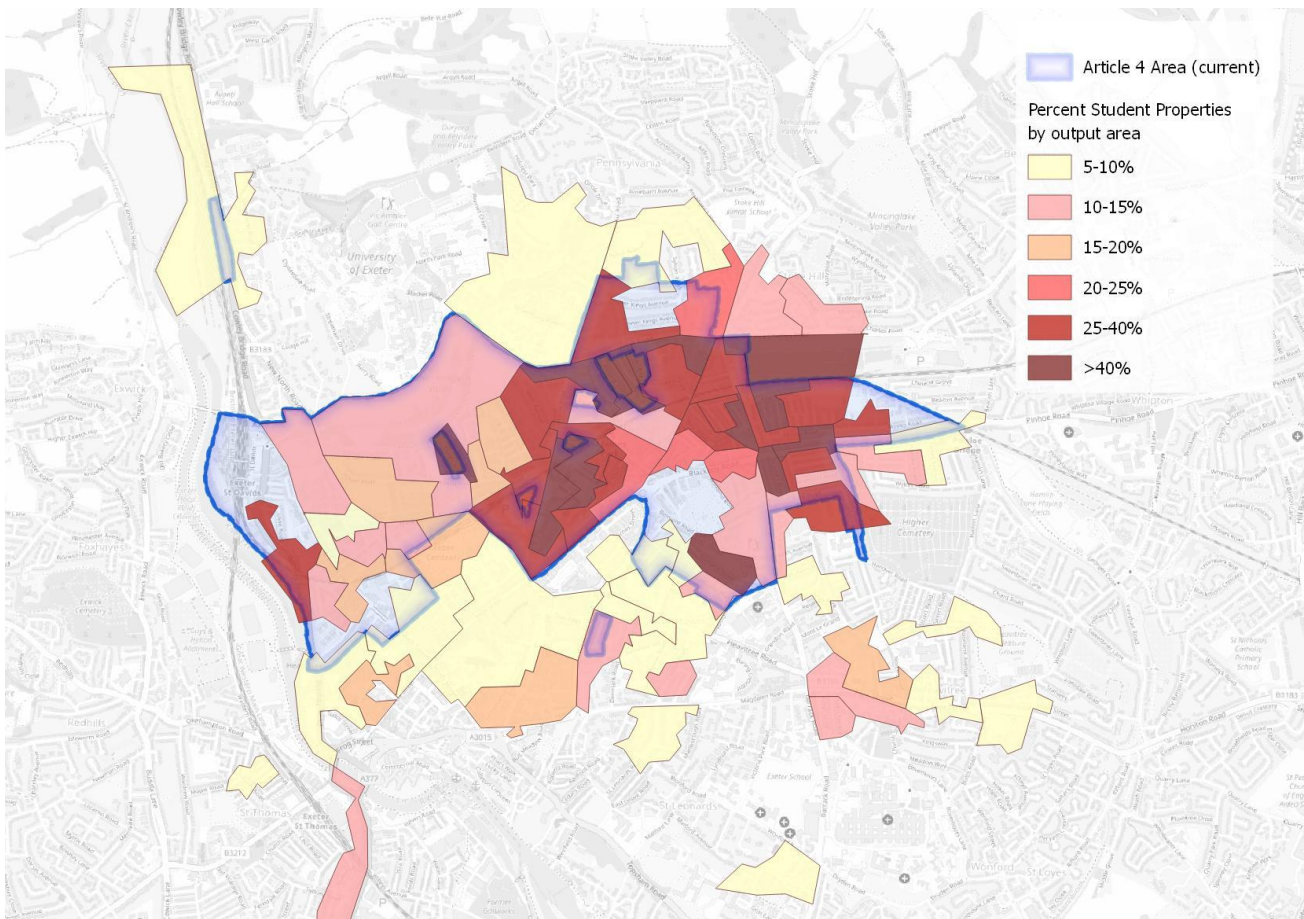


Figure 6-3 Percent Student Properties by Output Area

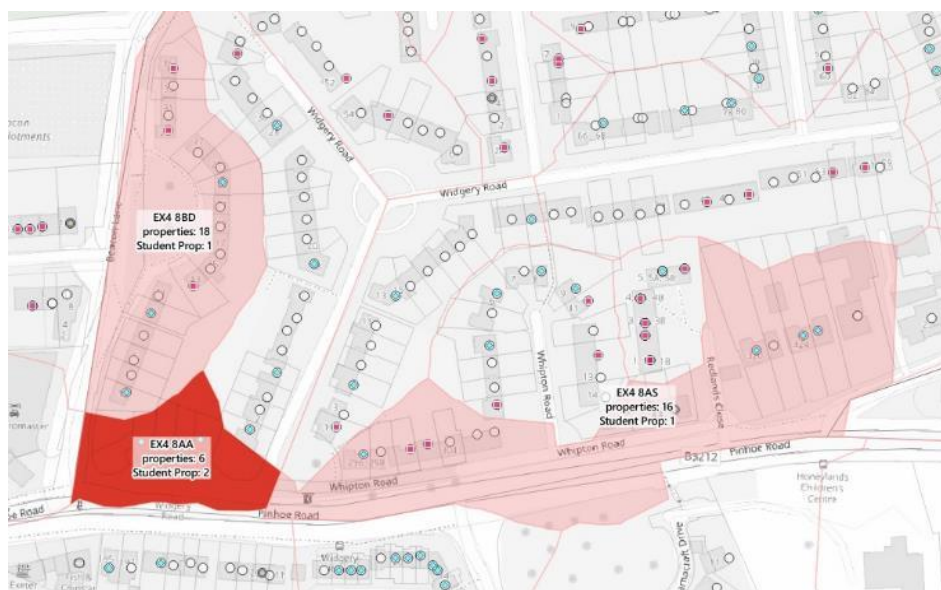


Figure 6-4 Detail of student property counts by postcode

6.36 Wards (table 6-1 and figure 6-4) are too large to be used to effectively control fine grained development. Three Exeter wards have more than 10% student properties, but these are not spread evenly across the ward.

Table 6-1 - 1 HMOs by Ward

Ward	Percent of student properties	Number of HMOs
Duryard & St. James Ward	22.9%	541
Pennsylvania Ward	15.9%	327
Newtown & St. Leonard's Ward	10.5%	205
St. David's Ward	7.7%	86
Heavitree Ward	4.8%	89
St. Thomas Ward	1.5%	52
Exwick Ward	0.7%	7
Mincinglake & Whipton Ward	0.6%	4
Priory Ward	0.6%	5
Alphington Ward	0.4%	24
Pinhoe Ward	0.3%	4
St. Loyes Ward	<0.1%	6
Topsham Ward	0.1%	3

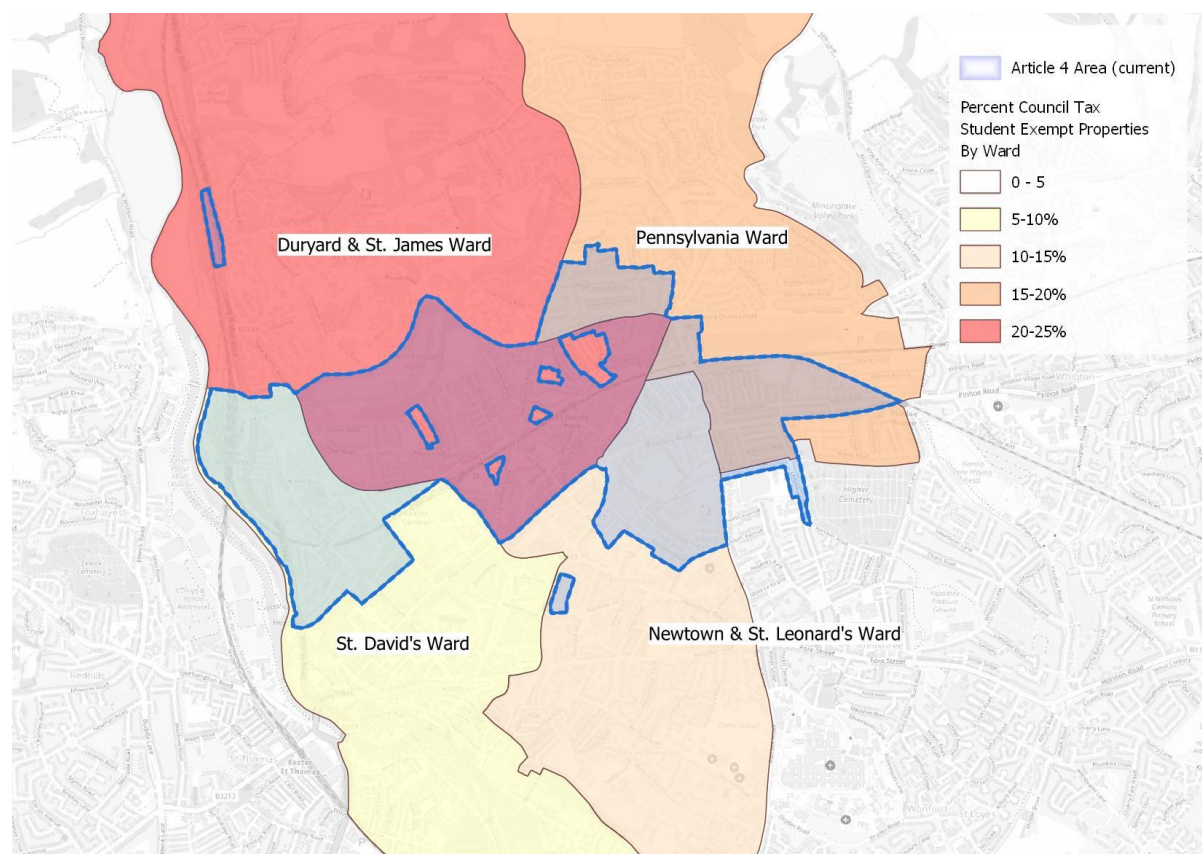


Figure 6-5 Ward-base Percent Student Properties

- 6.37 Data can also be aggregated by postcode sector (e.g., EX1 1, EX1 2, EX1 3) as shown in figure 6-6. These are also broad areas for providing a justified basis for an expanded Article 4 area, as they would miss detail. However, postcode sector EX4 6 has almost 30% student housing overall, and areas north of the existing Article 4 contain several individual HMOs and clusters of student housing which, due to boundary configurations, do not appear as 20% in the low level geography.

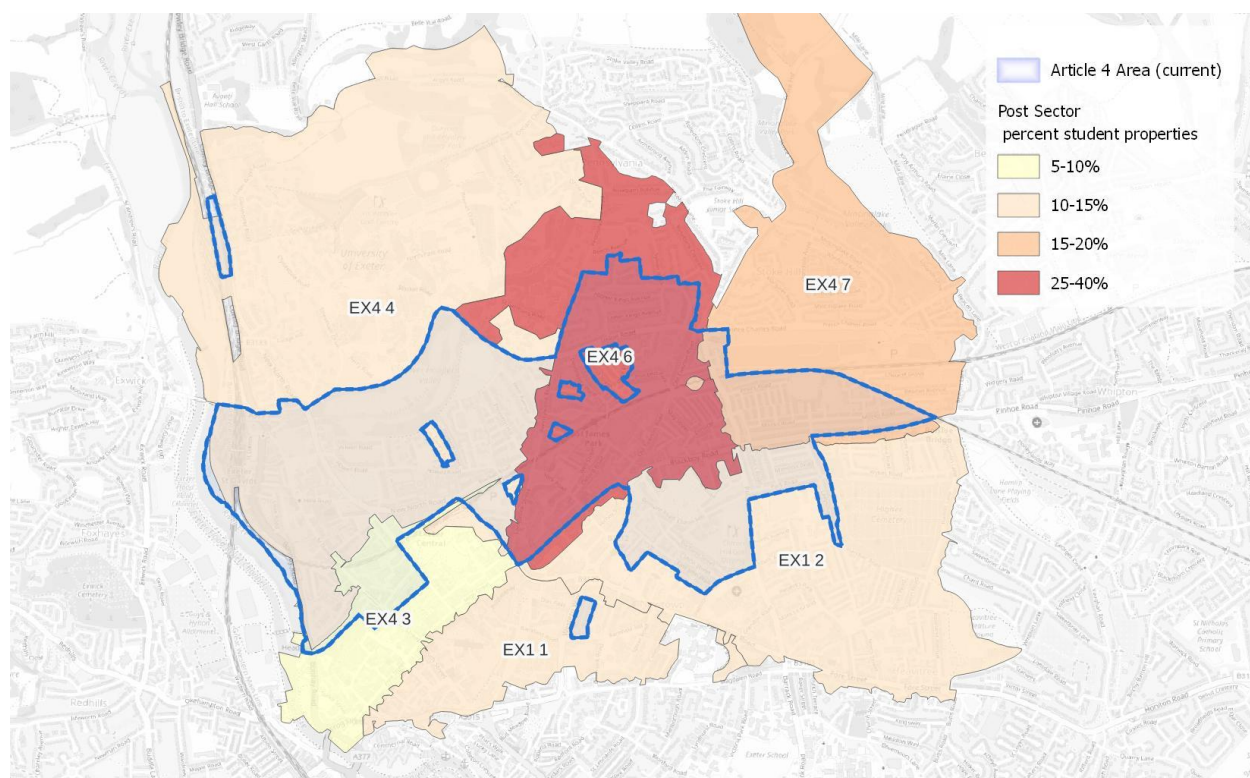


Figure 6-6 Postcode Sector-base Percent Student Properties

6.3 Mapping the Options

Option 2 – Continued policy approach with expanded area

6.38 It we take Option 2 as continuing the current approach of including areas where the 20% threshold has been reached, we can produce an Option map by:

- Taking the existing Article 4 area and incorporating output areas AND postcodes AND postcode sectors where the 20% threshold is exceeded.
- Incorporating the University campus and student halls (for completeness)
- Minor infilling and adjustments as required.

6.39 In addition to individual postcodes, cross-referenced with output areas, the entirety of **postcode sector EX4 6** is included due to several pockets of very high concentrations of student housing, the proximity to the University, some evidence of “leapfrogging” pressure north of the current A4 area, and an overall concentration of 29% student housing.

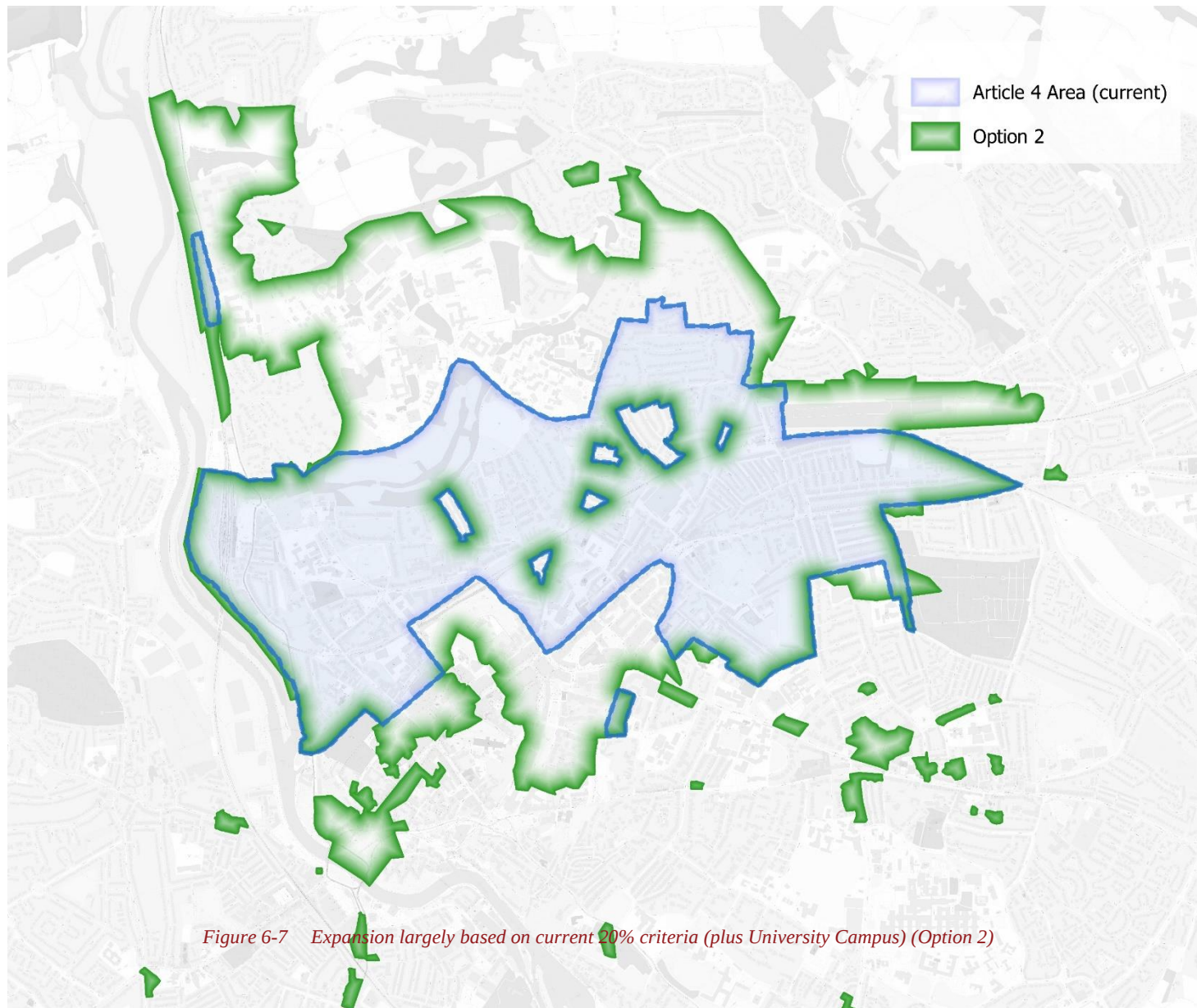
6.40 This approach produces a map as shown in figure 6-7.

6.41 Working from the smallest areas of data available, this would be in line with the NPPF guidance. Some of these are triggered by PBSA council tax exemptions, but this does identify several new areas detached from the core Article 4 area including:

- Heavitree / Fore Street.
- Southern area of Stoke Hill.
- North along Pennsylvania Road.
- Toward Exe Bridges.

6.42 It is recommended that the data is examined to ensure areas flagged as 20% due to the presence of very few residential addresses are not incorrectly added to the map. The final area of any revised

designation maps should also be modified to run along property boundaries, rather than OA/Postcode administrative lines, for clarity in planning decisions and subject to close examination along boundaries and discussions with officers.



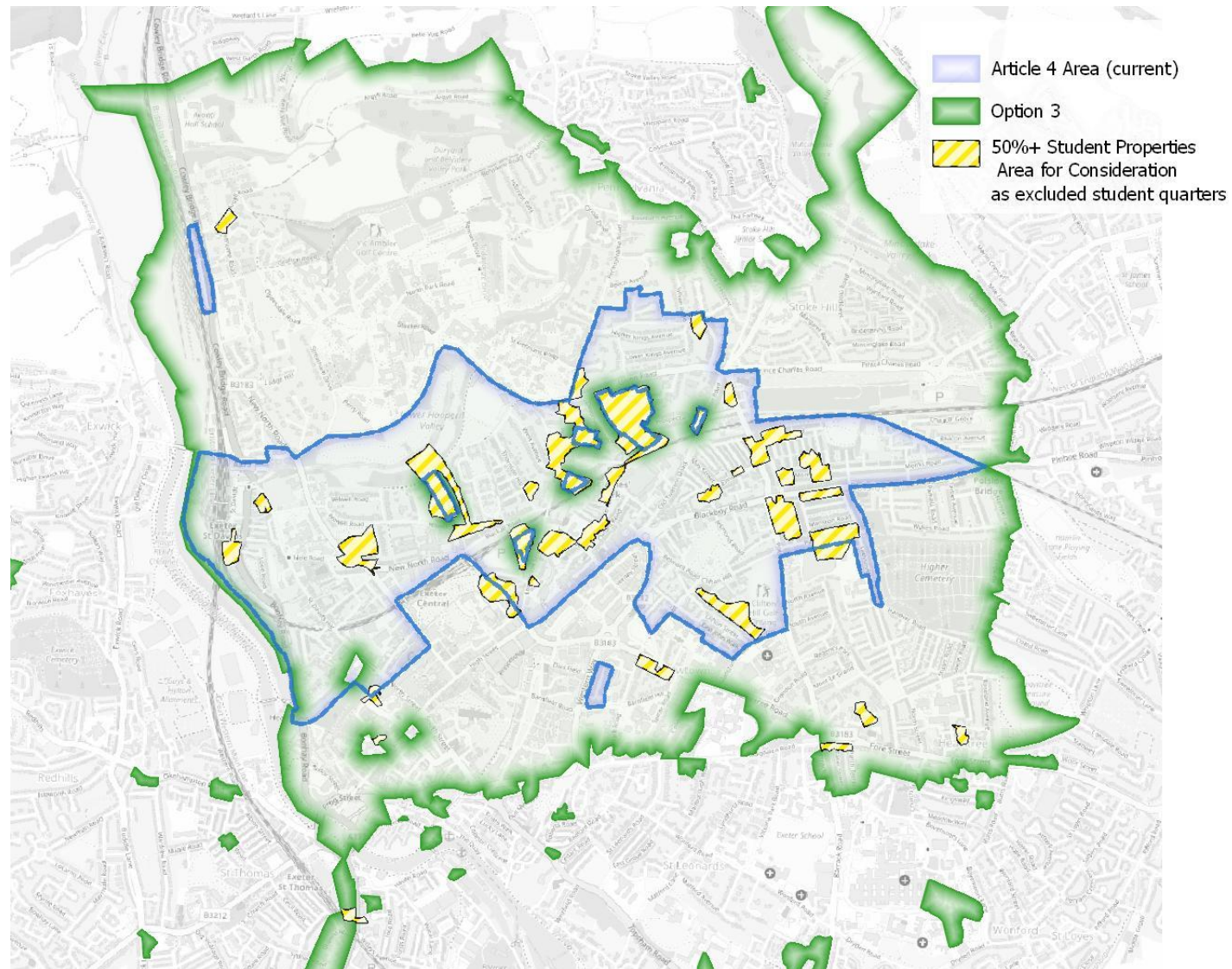


Figure 6-8 Option 3: Expanding criteria to 10% and potential areas for exemption

Option 3 – Supporting student concentration

- 6.43 This involves expanding the Article 4 area even more through buffering and changing the criteria to include postcodes with 10% or more HMOs and/or student properties. This would be accompanied by identifying areas that are overwhelmingly student housing to create expanded “exclusion areas” within an enlarged Article 4 area. This would provide room for the student HMO housing sector to expand, should demand warrant this. This could help prevent “leapfrogging” outside the Article 4 area moving further into non-student areas by providing room for limited growth in areas already impacted. However, as noted in section 6.1 the use of a 10% threshold with combined HMO and student properties is a departure from the current approach. This 10% threshold is mapped in figure 6-8.
- 6.44 Identifying exclusion areas will require careful consideration. Mapping areas where more than 50% of properties are student housing and checking against extant HMOs provides the starting point for assessment. (NB – the higher concentration level of 50% is used to ensure only areas of very high concentration are considered for exclusion; maps shown in section 6.2 use 40% to identify potential areas for inclusion on revisions). Expansion of the exclusion areas would broadly follow postcode and property boundaries but would need to be carefully considered to not incorporate a street or terrace where there are significant numbers of properties which are not student housing. Figures 6-8 and 6-9 illustrate the types of area where expansion of Article 4 exemption areas could be considered.



Figure 6-9 Areas likely to have "tipped" into student housing

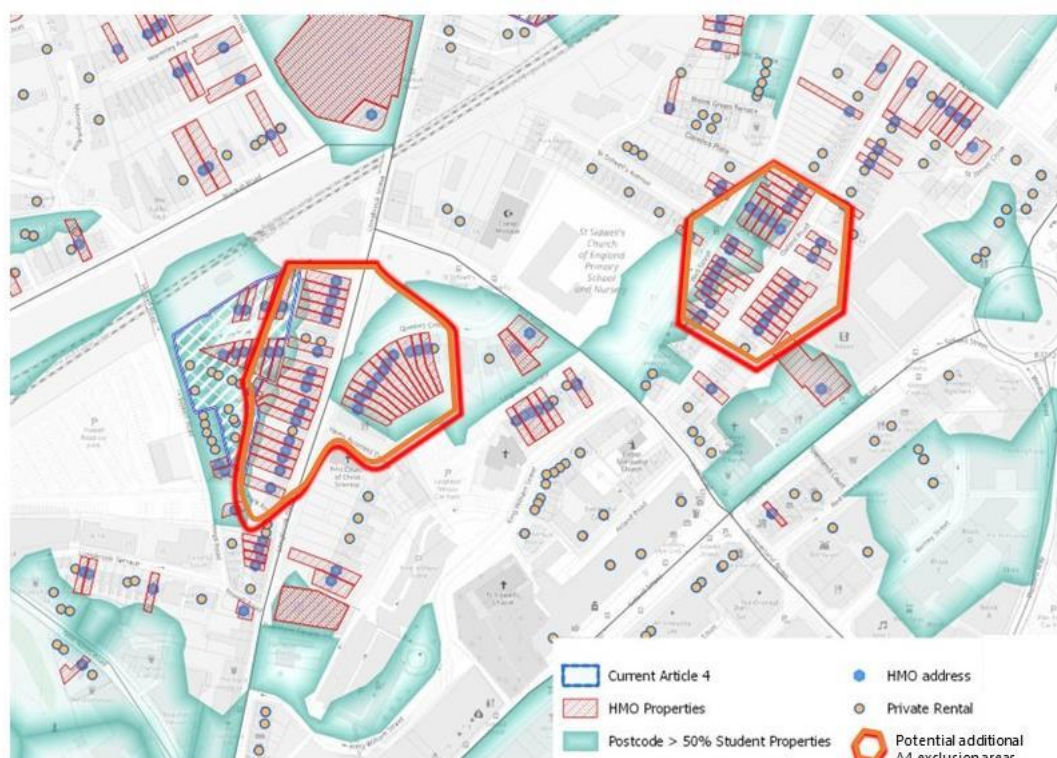


Figure 6-10 Areas likely to have "tipped" into student housing

Option 4 – Full city built up area

- 6.45 Most of the Exeter City Council area features neighbourhoods with no student housing, and many areas are not targets for student HMO conversion. This is in part as only very large dwellings are suitable for conversion which rules out many areas, but proximity to the University is a key market driver. Consequently, a full city-wide Article 4 is unlikely to be justified and comply with current planning guidance.
- 6.46 Those councils who have created authority wide Article 4 directions tend to be in conurbations with multiple universities and extra-ordinary issues around housing deprivation. But in order to evaluate this, this approach was mapped and is shown in figure 6-11. It is clear that this brings in large areas where there is no student housing or HMO concentrations and is thus contrary to the NPPF/NPPG.

6.4 Other Issues

- 6.47 Some of the landlords interviewed felt that the current HMO fee structure was high. A full review is outside the scope of this report, but spot checks of charges by other local authorities shows the Exeter licensing fees are broadly in line with most charging though perhaps slightly lower than average. The Council may wish to review the licensing and inspection fees.

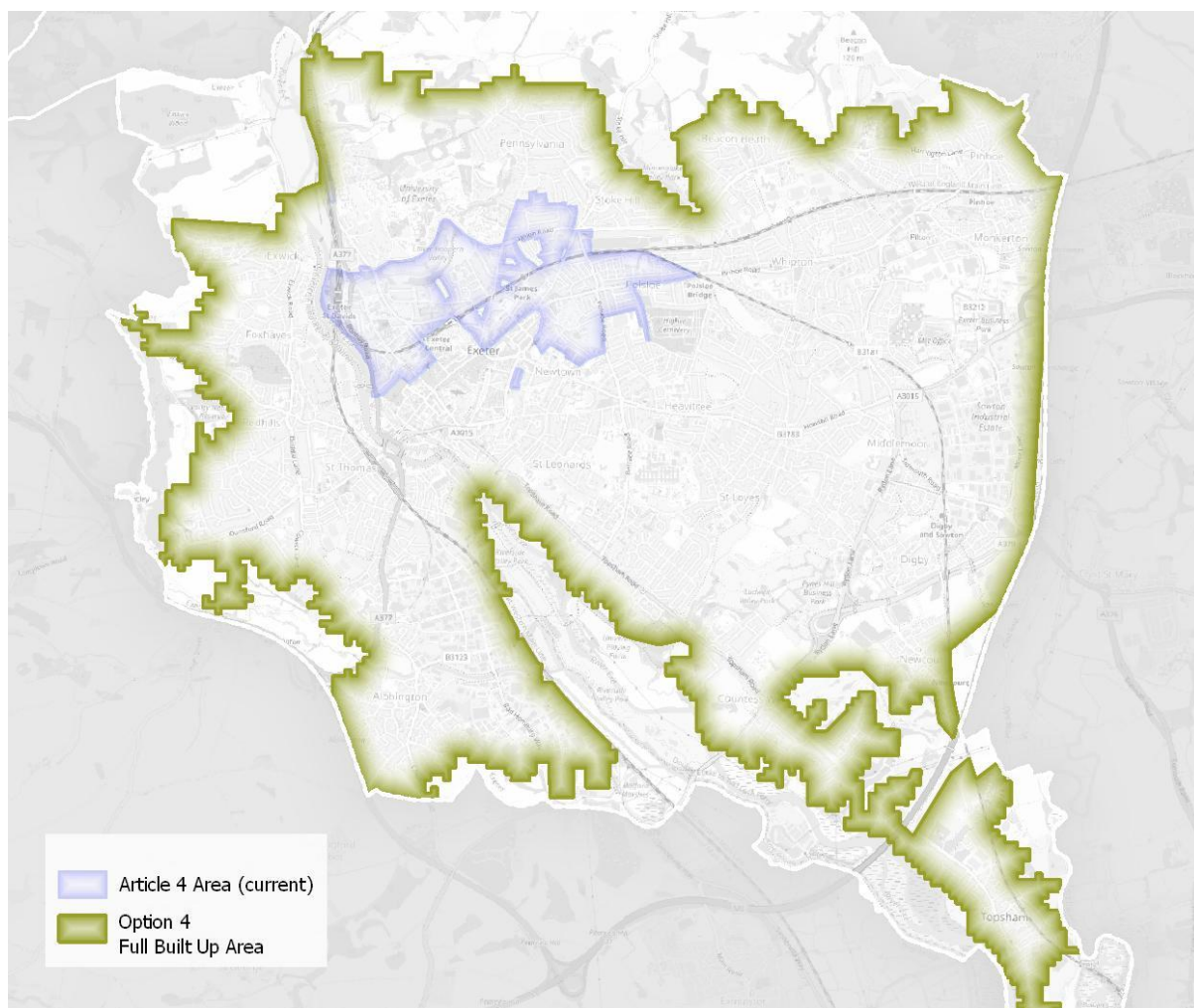


Figure 6-11 Option 4 - "full city" area

- 6.48 Updating guidance or the Article 4 map and direction will do nothing to improve relations between the student populations and residents. Encouraging community cohesion involves addressing any real problems and culture change. The Council can be more proactive in addressing waste issues which would benefit students and their neighbours. Provision of some additional bulk glass / tins recycling points within walking distance of student areas would be helpful. To address social integration community leaders and organisations such as faith groups can have a role to play in fostering communication and understanding.
- 6.49 The timing of any updates to the Article 4 Direction and HMO SPD need to be considered alongside the timeframes for the new Exeter plan. In particular an expansion of the Article 4 area to cover most of the council administrative area would need to be accompanied by detailed criteria-based policies for decision making in the Exeter Plan, along with policies to ensure a sufficient supply of student housing (e.g. additional PBSA) and non-student HMOs continue to be available.

7 Recommendations

- 7.1 Following updates to the data, analysis of student housing, and consideration of policy options we recommend that the current Article 4 area be updated in line with the long-established policy approach and 20% student housing threshold. We recommend this takes the approach outlined as “option 2” in this paper with the Council advising on refined boundaries in relation to detached outlier postcodes. It is recommended that changes should be consulted on following the Council’s SCI, and any changes should follow the non-immediate effect approach allowing a 12-month period prior to the new Article 4 taking effect to limit liability.
- 7.2 Ongoing monitoring is important, whether the Council introduces new policies or continues with the current approach. It is important that the Council routinely monitors this information and procedures to help understand interannual variability and to ensure up to date counts and percentages are available. An example of where lack of monitoring can present problems is seen in a recent Local Government Ombudsman¹⁷ finding that a Council’s failure to keep up to date the HMO decision making data can create problems.
- 7.3 Monitoring and decision making should work from postcodes and adjoining groups of postcodes as the base data. The data collection and analysis for this will be more straightforward and is not as ambiguous as the term “street” or “neighbourhood” can be,
- 7.4 The current approach, to ensure new PBSA provides housing for most of the growth in student populations, has proved effective. The emerging Exeter Plan policies should ensure policy support for appropriate future PBSA and include up to date metrics in relation to viability and planning obligations.
- 7.5 Student numbers may continue to grow modestly, but any growth will be at a reduced level from that seen over the last 15 years.
- 7.6 Whatever the proposed decision in relation to the Article 4 designation, the current HMO SPD should be refreshed to update information on the legislative and national policy framework for HMOs and student housing. Though local policy can not be made through an SPD, a refreshed document would provide greater clarity about related issues including decision making and thresholds for “over-concentration”.
- 7.7 Ensuring ongoing sharing of information on HMO applications between housing, licensing and planning through regular officer reports could be helpful to enable more robust monitoring.
- 7.8 Going forward, if the new Exeter Plan seeks to introduce a threshold test for HMO in order to limit the level of student population, a proximity test (e.g. within xxx meters of proposal) or aggregating from postcodes should be used. Undefined terms such as “street” or “neighbourhood” should be avoided.
- 7.9 Senior officers in street scene/waste collection should set out to identify and implement potential solutions to problems of insufficient waste collection and recycling facilities in areas of high concentration of student housing.

¹⁷ <https://www.lgo.org.uk/decisions/planning/planning-applications/20-006-711>