

Bath & North East Somerset Council	
MEETING/ DECISION MAKER:	Planning, Housing and Economic Development Policy Development & Scrutiny Panel
MEETING/ DECISION DATE:	4th July 2017
TITLE:	Review of the Supplementary Planning Document (SPD) on Houses in Multiple Occupation (HMO)
WARD:	Bath wards
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix A – 2017 Arup Report Appendix B – Threshold Maps Appendix C –Planning Permissions for HMOs granted/refused between after July 2013	

1 THE ISSUE

- 1.1 Bath has seen a significant increase in Houses in Multiple Occupation (HMOs) and private rented property over the last 10-15 years, with HMOs now being common residences for students, young people and others. Based on the removal of these Permitted Development Rights via an Article 4 Direction, an SPD was adopted in July 2013 to provide the planning framework to assess planning applications for a change of use from Family Homes (use class C3) to HMOs. A review of the SPD is now underway.

2 RECOMMENDATION

- 2.1 The Panel is asked to consider and comment on the options for the review of the Houses in Multiple Occupation (HMO) Supplementary Planning Document.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The review of the SPD is expected to cost £ £2000 during 2017/18 which will be funded by the LDF Budget. Introduction of the Article 4 Direction was accompanied by financial support of an additional post to cover the extra workload which is not covered by planning fees. There will be a similar financial pressure if the options to extend the control are pursued.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 A House in Multiple Occupation (HMO) is, in principle, a house or flat which is occupied by three or more unrelated people who share facilities such as a kitchen and bathroom. HMOs are an important part of the local housing market, particularly within in Bath providing affordable accommodation for students, professionals and migrant workers among others.
- 4.2 In light of concerns about the high concentrations of HMOs on the social balance and housing mix of parts of the city the Council implemented an Article 4 Direction for the city which withdrew the Permitted Development Right to convert family homes (Use Class C3) to HMO (Use Classes C4 and Sui Generis) within the City of Bath.. The Article 4 covers small HMOs because large HMOs already require planning permission.
- 4.3 The Council also adopted the HMO SPD in July 2013 to provide the policy framework assessing planning applications now required by the Article 4 Direction The aim of the SPD is to avoid further high concentrations of HMOs developing in the City.
- 4.4 An Equality Impact Assessment (EqIA) will be undertaken as part of the SPD review.
- 4.5 In principle, SPDs should not be subject to the Strategic Environmental Assessment Directive or require a sustainability appraisal because they do not normally introduce new policies/proposals or modify planning documents which have already been subject to sustainability appraisal. The Placemaking Plan Policy H2 (the parent policy for the SPD) was subject to the SA/SEA, but it is good practice to conduct a screening exercise to determine the extent to which the policy has environmental effects. The screening will be undertaken as part of the SPD review. The HMO SPD will not give rise to significant environmental effects.

5 THE REPORT

Background

- 5.1 The SPD has been operating for over three years and the Council is now undertaking a review of the existing HMO SPD to assess its performance and investigate various policy options to address the existing challenges of HMOs. This has included case studies in other local authorities, workshops additional targeted engagement on potential options. The report is attached as Appendix A.

The current SPD approach

- 5.2 Under the SPD at present, applications for the change of use from C3 dwellings to C4 or sui generis will not be permitted where;
- Stage 1 Test: The application property is within or less than 50 metres from a Census Output Area in which HMO properties represent more than 25% of households; and
 - Stage 2 Test: HMO properties represent more than 25% of households within a 100 metre radius of the application property.

HMO changes from July 2013

- 5.3 Since the introduction of the Article 4 Direction up to October 2016, there have been 142 planning applications for change of use to HMOs. 134 applications have been granted planning permission and 8 of the applications have been refused. Four of the eight refused applications were refused directly because they were contrary to the SPD.
- 5.4 Anecdotal evidence indicates that prospective HMO landlords are deterred from pursuing a HMO development in areas which would fail the threshold test. The extent of the policy impact may be underestimated by virtue of this 'hidden' effect which it is challenging to capture in data.
- 5.5 Monitoring shows that applications for HMOs are dispersed across the city, particularly to the south of the city, the city centre and along London Road to the East. See Appendix B.

Student Population Forecasts

- 5.6 The review of the SPD needs to be undertaken within the context of understanding the student population forecasts.

Table 1 Higher Education Students in Bath Universities 2014/15

		University of Bath	%	Bath Spa University		Total
Undergraduate (UG)	Full-time	11,180		5,215		16,395
	Part-time	135		90		225
	UK	8,875	78%	4,915	93%	13,790
	Other EU	995	9%	135	3%	1,130
	Non-EU	1,445	13%	255	5%	1,700
	Total UG	11,315		5,305		16,620
Postgraduate (PG)	Full-time	2,130		1,095		3,225
	Part-time	2,130		980		3,110
	UK	2,185	51%	1,705	82%	3,890
	Other EU	445	10%	55	3%	500
	Non-EU	1,625	38%	315	15%	1,940
	Total PG	4,255		2,075		6,330
Total FT Students		13,310		6,310		19,620
Total All Students		15,570		7,380		22,950

- 5.7 The availability of data for university student population allows for potential demand for student HMOs to be calculated in a way that is difficult to do for other HMO residents. The table below shows the breakdown of the student population.
- 5.8 The B&NES report prepared to support the Placemaking Plan "[Student Numbers and Accommodation Requirements in Bath](#) (May 2016)" looks at how the current student population of the two universities might change in the future based on the council's understanding of the university's growth aspirations. The five-year projections are listed in Table 3.

Table 2 – Five Year Student Population Forecasts (May 2016)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
University of Bath	16,419	17,026	17,630	18,090	18,510	19,000
Bath Spa	7,400	8,282	9,094	9,773	10,283	10,742
Total	23,819	25,308	26,697	27,863	28,793	29,742

- 5.9 Using the university growth forecasts in Table 3, an estimation of future HMO demand from students in Bath can be calculated. In summary, it is projected that a further **557 HMOs** are required to meet the student accommodation requirement based on the universities projection unless these requirements are met elsewhere.

Table 3 –Student Population Forecasts (May 2016)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Projected student housing need	16,654	17,673	18,749	19,197	20,073	20,691
Projected bedspaces in PBSA	7,095	7,457	7,818	8,180	8,541	8,903
Student HMO bedspace requirement	9,559	10,216	10,931	11,017	11,532	11,788
Student HMO requirement (4 occupiers per HMO)	2,390	2,554	2,733	2,754	2,883	2,947
Cumulative HMO changes		164	343	364	493	557

Options Development and Analysis by Arup

- 5.10 Various policy options were identified using data on the operation of the existing SPD, case studies of policies implemented in other local authorities, a stakeholder workshop event and input from other stakeholders. Table 4 below sets out the key policy options shortlisted in the Arup Report.
- 5.11 The shortlisted options can be categorised as either threshold policies or additional SPD policies. Of the three threshold policies analysed (Option 1, 2, 3 and 5), only one of these could be taken forward to replace the existing 25% threshold policy of the SPD. Please see Appendix C the threshold maps. Option 4 Sandwich Policy is new and can be applied along or together with the threshold policy. (Sandwich policy: A proposed HMO will be refused if it would result in a non-HMO dwellings being located between two HMOs) The consideration for Purpose Built Student Accommodation (Option 6 and 7)

requires more strategic planning therefore it will be considered through the new Local Plan (review of the Core Strategy & Placemaking Plan).

Table 4- Options considered and Council's initial response.

Option	Key benefit	Key risk	The Council's proposed response
No change (maintain the current two stage approach based on 25% HMO threshold)	System already in place. No additional resource required	May receive criticism from residents and other stakeholders who feel the SPD is currently ineffective	Subject to further consideration. See Para 5.12
Option 1 Maintain the current two stage approach with a lower threshold (See Maps Annex A)	Limits HMO concentration	Limit HMO growth in certain areas and potentially reduce affordability	Subject to further consideration. See Para 5.12
Option 2 Apply multiple % thresholds (apply variable thresholds across Bath)	Allows for HMO growth in some areas	Difficult to Justify and communicate variations to stakeholders	Not supported as there is not enough evidence to identify particular areas for higher or lower threshold and this would be a very complex approach.
Option 3 Stage 1 threshold approach (Only apply the existing Stage 1 test assessing against the threshold within the census output area)	Fully prevents further HMOs in threshold-exceeding areas	Limit HMO growth in these areas and potentially reduce affordability	Not supported as it limits HMO growth and allows no flexibility to respond to local circumstances.
Option 4 HMO 'Sandwich' Policy (Introduce an additional criteria. A proposed HMO will be refused if it would result in a non-HMO dwellings being located between two HMOs)	Ensure housing mix	Limit HMO growth and potentially reduce affordability	Subject to further consideration. See Para 5.12
Option 5 Street level thresholds (assess HMO % within 100 meters of street length either side of the application site instead of the current two stage approach)	Responsive to local context	Data requirements, confusing to stakeholders	May allow more HMOs in wards/census output areas with high HMO growth
Option 6 Apply threshold to Purpose Built Student Accommodation (PBSA)	Prevents PBSA in areas of high HMO concentration	Deter PBSA developers, potential under-supply of PBSA.	The consideration for PBSA requires more strategic planning therefore it will be considered through the new Local Plan (review of the Core Strategy & Placemaking Plan).
Option 7 Include design criteria to control PBSA development	Ensures quality of PBSA	Deter PBSA developers, potential under-supply of PBSA.	

Additional stakeholder engagement (April/May)

- 5.12 The Arup report was sent to all stakeholders invited to the workshop along with the specific questions regarding the threshold and introduction of the sandwich policy.

Question 1 Should the threshold be maintained as 25% or be lowered to 20%, 15% or 10%? Why?

Key summary comments

- A majority (98%) of consultees recommended that the current threshold needs to be reduced, of which 49% supported to reduce down to 10% threshold.
- Landlords Associations commented that the % threshold should be increased, or no threshold should be applied.
- The rate of student growth should be capped.
- Any change to the threshold is better considered once strategic planning for the consideration of PBSA is complete
- The affordability of homes in Bath is a major problem resulting in younger buyers having to relocate and thus impacting on local communities.
- Local residents are also raised concern that areas have lost their community due to the influx of students living in HMOs (in particular Oldfield park).
- The current 25% threshold has inevitably created increased demand from HMO investors in the borders around the current prohibited zone which is adversely affecting the balance of the community in these areas.
- Lowering the threshold will massively expand the prohibited zone and immediately protect these border areas from artificially high investment levels.
- A number of consultees raised concern about noise, rubbish, parking and untreated gardens by absent landlords, it was felt that these properties bring the attractiveness of an area and community feel down.
- Landlords with a HMO permit should be responsible for not only the upkeep of the house but also ensuring that tenants uphold community standards for rubbish and recycling. Landlords should be fined where this does not happen.
- Many HMO properties are inhabited by students and this results in dwellings remaining empty for months at a time, additionally students spend a few years living in an area and don't contribute to the local community.
- The general consensus is that the city should have reduced threshold as a result this would encourage a much greater spread of HMOs across the city, resulting in less 'studentification' in specific areas, and appropriately balanced and mixed local communities. For the most part residents are more concerned with the number of students in their locality than the number of properties with a HMO license, there seemed to be a misunderstanding that HMOs are entirely made up of students. Many of the problems raised by residents are referring to common problems with student properties.

Question 2 Do you agree to introduce this HMO sandwich policy? Why

(A proposed HMO will be refused if it would result in a non-HMO dwellings being located between two HMOs)

- 28 agreed with the introduction of the sandwich policy.
Those who agreed with the sandwich policy stated that continuous terrace of HMOs exacerbates negative social situations for residents and can leave residents feeling isolated. It was suggested that if a property has a HMO at

either side then a family would not be interested in purchasing the property and it would only appeal to a landlord. HMO sandwich policy should be introduced in the interests of keeping streets and neighbourhoods more balanced.

- 5 disagreed with the introduction of the sandwich policy. Main reasons against the policy was that it was a knee jerk reaction to the problems associated with student properties. It would be impossible to implement, put neighbour against neighbour, unduly restrictive to HMOs, serve as a barrier and the policy would push HMOs to the outskirts.

Question 3 Is there a convincing case for any of the other proposed options to be pursued as well or instead of the 2 above?

- 11 consultees were supportive of applying threshold to Purpose Built Student Accommodation (PBSA)
- Limit PBSA development within areas of current high HMO density. PBSAs in these areas do not decrease the number of existing HMOs, they simply add to the problems already experienced. Many of the issues around community feel from a high proportion of HMO's would still be present from PBSA.
- Some support on including design criteria to control PBSA development
- 2 consultees were supportive of Street level thresholds (assess HMO % within 100 meters of street length either side of the application site instead of the current two stage approach)

Additional Licensing

- 5.13 All of the HMOs identified within the scheme area (primarily Westmoreland, Widcombe and Oldfield Wards) have been inspected and any required improvement measures have been communicated to the 888 applicants for licences. The scheme was considered to have resulted in additional protection of approximately 4,000 of Bath's tenants. We have approx. 450 mandatory licensed and 1,020 additional licensed properties in the District.

Data Challenges

- 5.14 Not all unlicensed HMOs outside the additional licensing area are represented in the data collected, resulting in a potential underestimated figure of total HMOs within Bath. Ensuring all 'hidden' HMOs are identified is a challenge for future data collection. Some HMOs have also reverted to C3 residential but are still registered as HMOs. The House Condition Survey (Housing Census modelling study) due to be undertaken by Housing in the Summer 2017 and the potential changes in the Mandatory Licensing scheme will help improve the data sets. However, thorough collection and verification of the number and location of HMOs would be likely to be a costly and time-consuming exercise, requiring extensive street by street survey. However the limitations of the data it should be noted.

Proposed changes to the SPD

- 5.15 Taking into account the evidence review and recommendations by Arup, data update, the LDF Steering Group, comments received at the stakeholders' workshop and further engagements with local stakeholders and communities,

the emerging preferred approach is to introduce a sandwich policy lower the threshold to 10% from 25%) as follows;

Emerging preferred approach

Applications for the change of use from C3 Dwellings to C4 or Sui Generis (Houses in Multiple Occupation) will not be permitted where;

Criteria 1:

It would result in any residential property (C3 use) being 'sandwiched' between two HMOs;

Criteria 2:

Stage 1 The application property is within or less than 50 metres from a Census Output Area in which HMO properties represent more than 10% of Households; and;

Stage 2 HMO properties represent more than 10% of households within a 100 meter radius of the application property.

- 5.16 In the meantime, monitoring has already been reviewed and the % update is now taking place quarterly rather than twice a year as stated in the original SPD to allow the determination of planning applications to be more accurate reflecting HMO changes.

6 RATIONALE

- 6.1 The SPD has been in operation for 3 years and is scheduled in the Local Development Scheme for review this year. The purpose of the HMO SPD is to avoid high concentrations of HMOs in any one part of the City in the interests of encouraging a balanced housing mix across the City.
- 6.2 The recommended revision to the SPD addresses concerns raised through the Review and is considered to be the most effective approach to achieve the objective of the SPD, therefore it should be published for formal consultation.

7 OTHER OPTIONS CONSIDERED

- 7.1 Applying the threshold for the Purpose Built Student Accommodation (PBSA) and setting the design criteria for PBSA were considered but not taken forward through the SPD review. The HMO SPD supplements the Placemaking Plan Policy H2 which provides the policy guidance on a change of use from Residential (use class C3) to HMOs. Therefore, the SPD cannot expand to the remit given by the parent policy.
- 7.2 It is also considered that PBSA requires more strategic planning with good understanding of the universities' aspirations and requirements therefore it is better considered through the new Local Plan.
- 7.3 Further options/interventions outside the scope of the SPD review are also identified by the Review Report;

- Extend additional licensing to additional wards in B&NES. Currently only applied to the area around Westmoreland, Oldfield and Widcombe. It should be noted that the additional licensing designation concludes in Dec 2019. Housing Services will be reviewing the evidence to determine whether the evidence will support a further designation, including the extent and scope of any designation.
- Extension of the Article 4 Direction across B&NES
- Further exploration of Local Plan policies to mitigate impacts of university growth on the wider city
- Delivery of HMOs through new development through a new Local Plan
- Waste management improvements
- More investment in licensing enforcement
- Expand Resident Parking Zones (RPZs)

8 CONSULTATION

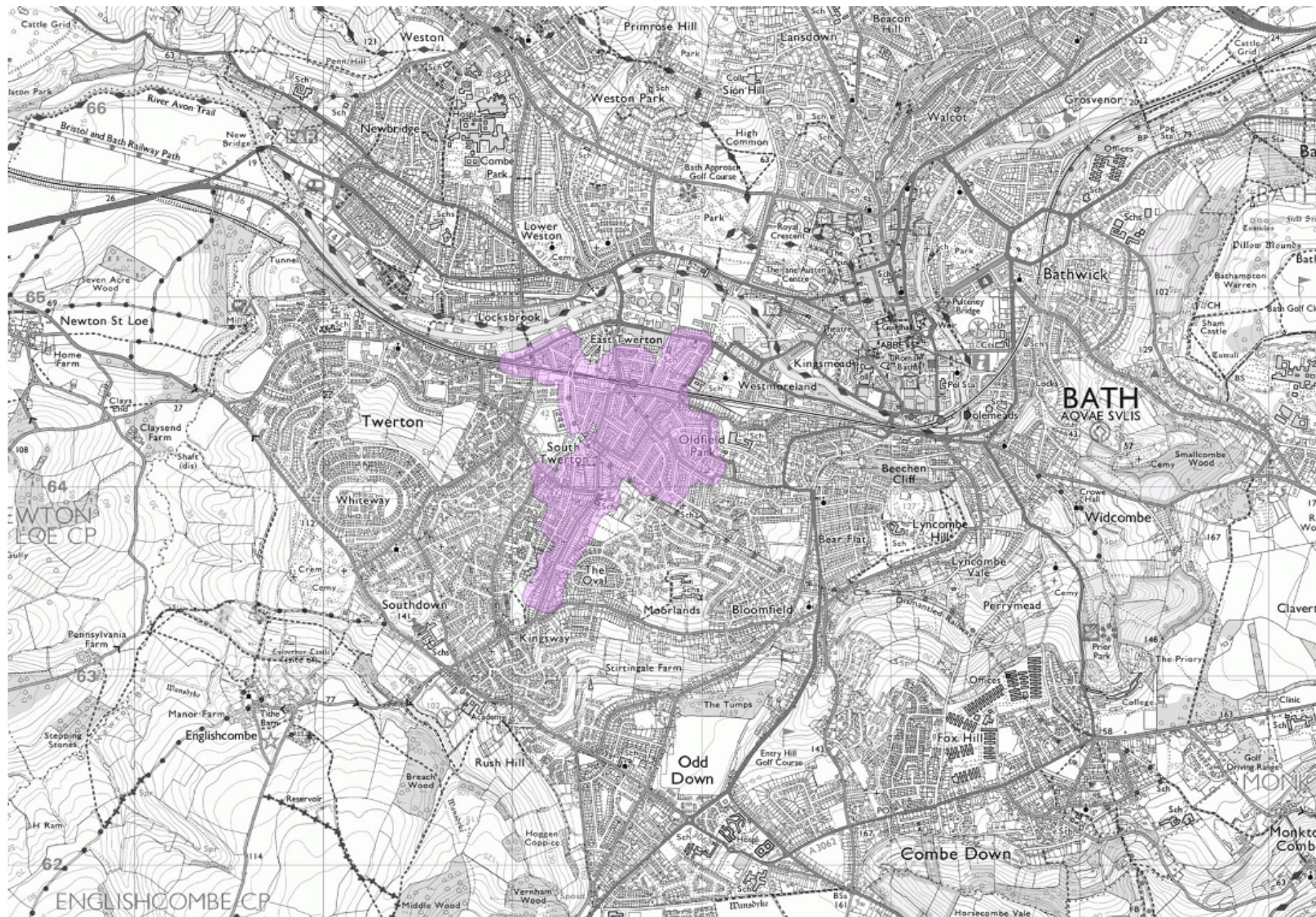
- 8.1 Ward Councillor; Cabinet members; Staff; Other B&NES Services; Local Residents; Section 151 Finance Officer; Monitoring Officer. LDF Steering Group
- 8.2 The amended SPD will be subject to a 6-week statutory consultation period in August and September. The results of the consultation will be considered before the SPD is adopted in September / October 2017

9 RISK MANAGEMENT

- 9.1 Data management: Not all unlicensed HMOs outside the additional licensing area are represented in the existing data, resulting in a potential underestimated figure of total HMOs within Bath. Ensuring all 'hidden' HMOs are identified is a challenge for future data collection. Some HMOs have also reverted to C3 residential but are still registered as HMOs.
- 9.3 The House Condition Survey (Housing Census modelling study) was undertaken by Housing in April 2017 and the potential changes in the Mandatory Licensing scheme consulted in 2015 will help improve the data sets. However, thorough collection and verification of the number and location of HMOs would be likely to be a costly and time-consuming exercise, requiring extensive street by street survey. However the limitations of the data should be noted.

Contact person	<i>Simon de Beer 01225 477616/Kaoru Jacques 01225 477288</i>
Background papers	<i>2013 HMO SPD</i>
Please contact the report author if you need to access this report in an alternative format	

APPENDIX A – ARUP REPORT 2017



20% HMO Threshold

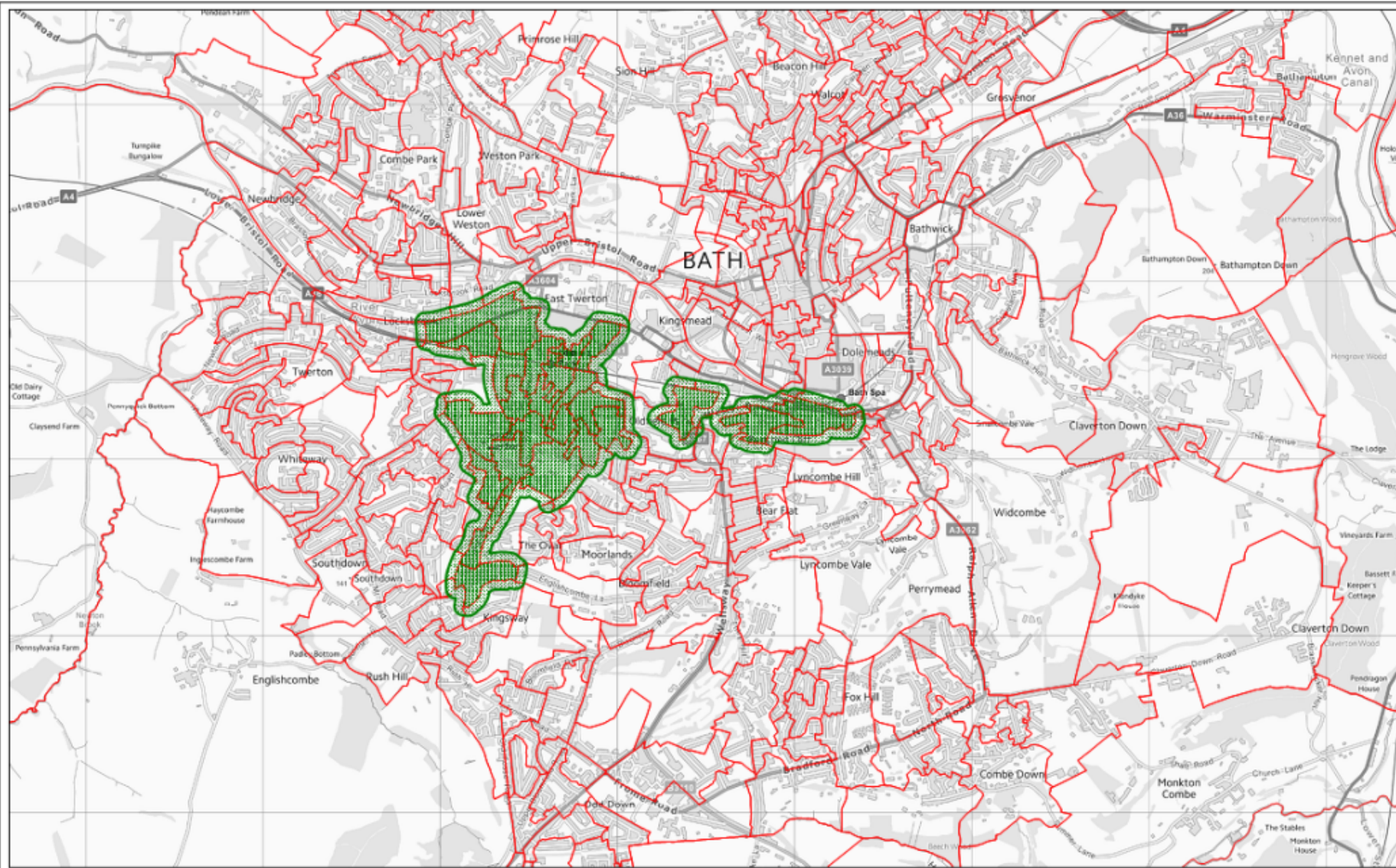
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Compiled by MLaker on 27 January 2017

Scale 1:20000 at A3



Bath & North East Somerset Council
Lewis House
Manvers Street,
Bath BA1 1JG
Tel 01225 477000



10% HMO Theshold

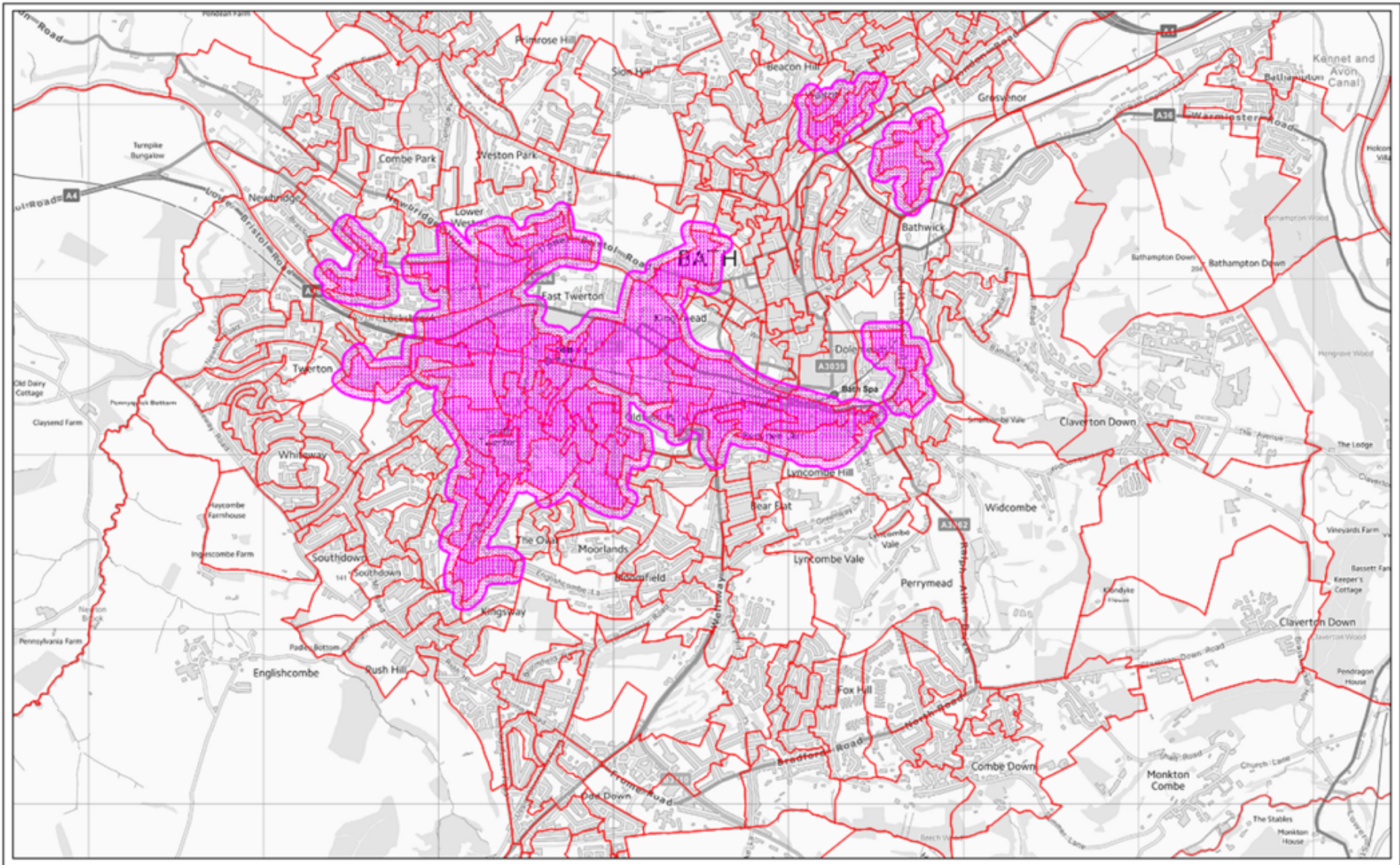
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Scale 1:20000 at A3



Bath & North East Somerset Council
Lewis house
Manvers Street,
Bath BA1 1JG
Tel 01225 477000



Appendix C –Planning Permissions for HMOs granted/refused after July 2013

