

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cllr B Goodman, Cabinet Member for Development	
MEETING/ DECISION DATE:	On or after 21st August 2017	EXECUTIVE FORWARD PLAN REFERENCE:
		E2993
TITLE:	Review of the Supplementary Planning Document (SPD) on Houses in Multiple Occupation (HMO)	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix A – Revised SPD on Houses in Multiple Occupation Appendix B – 10% HMO concentration area in Bath Appendix C – Equalities Impact Assessment of Draft SPD Appendix D – Draft Strategic Environmental Assessment Screening Report of Draft SPD		

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. The original SPD, providing the planning framework to assess planning applications for a change of use from Family Homes (use class C3) to HMOs, was adopted in July 2013. Following a review of the performance of the original SPD including the evidence update and targeted engagement, revisions to the SPD are proposed.

2 RECOMMENDATION

The Cabinet Member is asked to;

- 2.1 Agree the amended draft Houses in Multiple Occupation in Bath: Supplementary Planning Document (Appendix A) for public consultation;
- 2.2 Agree that responsibility is delegated to the Divisional Director for Development, Planning and Transport Development, in conjunction with the Cabinet Member for Development, to make final graphic and minor textual amendments prior to publication of the Draft Houses in Multiple Occupation in Bath Supplementary Planning Document;
- 2.3 Note the Equalities Impact Assessment (Appendix C) and the draft Strategic Environmental Assessment Scoping Report (Appendix D)

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. The revised SPD with a sandwich policy and the threshold test (lower to 10% from 25%) may lead to more appeals, however the costs and resources need to be met by the existing budget.

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 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 permissions.
- 4.3 The Council also adopted the HMO SPD in July 2013 to provide the policy framework to assess 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 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 was undertaken as part of the SPD review. Overall, it is considered that the HMO SPD will not give rise to significant environmental effects. It is therefore proposed that a Strategic Environmental Assessment is not required for the proposed Houses in Multiple Occupation Supplementary Planning Document.
- 4.5 An Equality Impact Assessment (EqIA) has been completed for the Draft SPD. The main conclusions of the assessments can be summarised as follows:
- Potential negative impacts of a more dispersed set of students or young professionals over a larger area could lead to feelings of isolation. However, there are still areas with good public transport links available to facilitate further HMOs which give opportunities for these people to live in the areas with good accessibility.
 - May push up rental prices in some areas (particularly Oldfield Park, Westmoreland and Widcombe area) often occupied by young people

including young professionals and students. Potential changes will be monitored as set out within the SPD.

- No impact/potential impact has been identified for people of different religious/faith groups.

5 THE REPORT

Background

- 5.1 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 removed permitted development rights to convert residential properties to small HMOs. The conversion of large HMOs also requires a planning permission. The HMO SPD was adopted in July 2013 providing the planning framework to assess planning applications for a change of use from Family Homes (use class C3) to HMOs (use class C4 and Sui Generis).
- 5.2 The SPD has been operating for over four years and the Council appointed ARUP to undertake a review of the existing HMO SPD to assess the performance of the SPD and investigate various policy options to address the existing challenges of HMOs using case studies of policies implemented in other local authorities. As part of the review, a stakeholder workshop was arranged. Full report can be accessed from;
http://www.bathnes.gov.uk/sites/default/files/sitedocuments/Planning-and-Building-Control/Planning-Policy/HMOs/hmo_spd_review_and_options_analysis_april_2017.pdf
- 5.3 The Arup report suggested various options with pros and cons. Following the Arup report, the Council undertook an additional targeted engagement with stakeholders to seek views on potential options in April. The informal consultation paper with specific questions can be accessed from;
http://www.bathnes.gov.uk/sites/default/files/sitedocuments/Planning-and-Building-Control/Planning-Policy/HMOs/hmo_spd_review_informal_consultation_paper_april_2017.pdf

The current SPD approach

- 5.4 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 meter radius of the application property.

HMO changes from July 2013

- 5.5 Since the introduction of the Article 4 Direction 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.

- 5.6 It is worth noting that there is anecdotal evidence 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 terms.
- 5.7 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.

6 STUDENT POPULATION FORECASTS

- 6.1 The review of the SPD needs to be undertaken within the context of understanding the growth ambitions of the Universities and student population forecasts.

TABLE 1 HIGHER EDUCATION STUDENTS IN BATH UNIVERSITIES 2015/16
Student Numbers and Accommodation Requirements in Bath May 2016

	University of Bath	Bath Spa University	Total
Undergraduate (UG)			
Full time	12,002	5,257	17,259
Part time	95	66	161
Sub-total	12,097	5,323	17,420
Postgraduate (PG)			
Full time	2,106	1,189	3,295
Part time	2,216	888	3,104
Sub-total	4,322	2,077	6,399
Total	16,419	7,400	23,819
			Total FT 20,554 Total PT 3,265

- 6.2 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

- 6.3 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, in addition to new purpose built student accommodation (1,800 bedspaces) expected to be delivered on/off campus, to meet the student accommodation requirement based on the universities aspiration unless these requirements are met elsewhere.

Table 3 – Student Accommodation 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

6.4 Various policy options (Table 4) were identified using case studies of policies implemented in other local authorities, a stakeholder workshop event and input from other stakeholders. The Table 4 below sets out the key policy options shortlisted by the Report.

6.5 The shortlisted options can be categorised as either threshold policies or additional SPD policies. Of the four 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. 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 dwelling 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 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	See Para 6.7
Option 1 Maintain the current two stage approach with a lower threshold	Limits HMO concentration	Limit HMO growth in certain areas and potentially reduce affordability	See Para 6.7
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	See Para 6.7
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)

6.6 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?
<p>Key summary comments</p> <ul style="list-style-type: none"> • 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)

Data issues

6.7 Data: Not all non-licensable HMOs outside the additional licensing area (Oldfield, Westmoreland, Widcombe (north) and areas of Bathwick, Lyncombe, Southdown and Twerton) 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. The Council is continually working to improve the evidence base.

Proposed changes to the SPD

6.8 In light of the results of the public consultation, the updated evidence and the need for a precautionary approach taking into account the available data and create awareness of the impact of high concentrations of HMOs, the Council is proposing amendments to the SPD as below. The key changes are to introduce a sandwich policy as the Criteria 1 test, then apply the threshold test (lower to 10% from 25%) as the Criteria 2 test.

6.9 The area with 10% HMO concentration is shown in Appendix B. The area covers largely the wards of Westmoreland, Oldfield and Widcombe and a part of Walcot. Even though the 10% threshold seems low, it is considered that this cautious threshold still allows further HMOs in the wider area providing a variety of housing mix while encouraging a mixed and balanced community in Bath.

Proposed SPD 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; or

Criteria 2:

Stage 1 The application property is within or less than 50 meters 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.

6.10 It is worth noting that the HMO percentage 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.

Additional Licensing

6.11 The additional licensing scheme primarily covers Westmoreland, Widcombe and Oldfield Wards. All HMOs in the scheme have been inspected and any required improvement measures have been progressed with the licence holders. The scheme was considered to have resulted in additional protection

of over 4,000 of Bath's tenants. We have approx. 460 mandatory licensed HMOs and 1,020 additional licensed properties in the District.

7 RATIONALE

- 7.1 The SPD has been in operation for four 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.
- 7.2 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.

8 OTHER OPTIONS CONSIDERED

- 8.1 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 the remit given by the parent policy.
- 8.2 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.

9 CONSULTATION

- 9.1 Ward Councillor; Cabinet members; Parish Council; Town Council; Staff; Other B&NES Services; Local Residents; Section 151 Finance Officer; Monitoring Officer.

10 RISK MANAGEMENT

- 10.1 Data management: Not all non-licensable 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.
- 10.2 The House Condition Survey (Housing Census modelling study) has been commissioned by Housing Services and the data is due in the later in the year. Potential changes in the Mandatory Licensing scheme consulted in 2015 are also expected within the next 12 months and these 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- Planning</i>
Background papers	<i>Arup Report</i> http://www.bathnes.gov.uk/sites/default/files/sitedocuments/Planning-and-Building-Control/Planning-

[Policy/HMOs/hmo spd review and options analysis april 2017.pdf](#)

[Placemaking Plan "Student Numbers and Accommodation Requirements in Bath \(May 2016\)](#)

[B&NES Core Strategy 2014](#)

[B&NES Placemaking Plan 2017](#)

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