Student Housing Demand and Supply:

A review of evidence

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INTRODUCTION AND PURPOSE

There has been an on-going debate about how best to meet the housing needs of students in Leeds. Rapid increases in the numbers of students coming to Leeds to study from the late 1990's was not at first met by a commensurate expansion of purpose built accommodation to house those additional students

There is still uncertainty about the levels of student numbers in Leeds given changes to funding regimes and the increases in tuition fees. Demand from students and their parents (who fund their children's accommodation) has also been changing and becoming an increasing influence on what accommodation is provided.

There has been a tension between provision of purpose built housing and meeting student demand in shared housing and in relation to the actual or perceived impacts of accommodating students on the residential neighbourhoods close to the universities.

This report seeks to review current evidence in relation to demand for accommodation from students and the supply of accommodation to meet that demand. It seeks specifically to:

- Assess the current supply of accommodation for students in Leeds, its occupancy and its adequacy in meeting known accommodation demand
- Consider likely trends in the number of students in Leeds and their accommodation needs or requirements
- Consider changing demand for housing from students, and their parents,
- Consider the relationship between the supply of purpose built accommodation for students and demand for it, and determine any surplus of shortage of accommodation
- Identify any developments in planning policy in other areas in relation to student housing that Leeds City Council could refer to in developing a policy response
- Identifying a set of potential criteria by which the Council can judge new applications to build purpose built accommodation based on the known evidence about current and likely future needs and demand.

An accompanying policy paper seeks to identify issues to be addressed and potential actions that could be considered in relation to an overall strategy for housing students in Leeds, and in relation to managing the impacts of student housing on residential neighbourhoods.

1. DEMOGRAPHICS AND STUDENT NUMBERS

a) *Take up of University places in Leeds 2012*

A survey by the Yorkshire Evening Post revealed that universities across Yorkshire had more than 1,800 places left after the clearing process last summer. Leeds University had 540 places unfilled and Leeds Metropolitan had 141 places unfilled, (although this has since fallen to 123 after students started at the university). Leeds Trinity filled all its courses in 2012.

It is felt that this came as a result of an overhaul of the way in which universities were financed and recruited students. Fees increased to £9,000-a-year which may have deterred some young people from applying or to defer their applications. The Government changed the rules for student recruitment whereby every university in the country had a reduced quota of the number of students they were allowed to recruit but were also given the freedom to take on an unlimited number of students who achieved two As and a B or better at A-level. However, there was a reduction in the number of top grades at A-level last summer and with fewer AAB students in the system then the number of students recruited fell. The University of Leeds could have filled places if it had been prepared to lower its entry requirements but it was not willing to do so.

b) *National student applications 2013:*

Analysis from UCAS suggests there has been a 3.5% increase in student applications at January 2013 in comparison to the same time point last year.

Table 1:National student applications 2009 - 2013

	2009	**2010**	**2011**	**2012**	**2013**
	464,167	570,556	583,546	540,073	558,898
Diff +/-		106,389	12,990	- 43,473	18,825
Diff (%)		22.9%	2.3%	- 7.4%	3.5%

There has been a 10.5% increase in applications from 19 year olds suggesting that some people had stalled their applications. There were reductions however, in applications from over 30 year olds who may be more fearful over the level of fees. There has been a 2.8% increase in applications from UK students; a 4.9% increase in applications from EU countries and a 9.6% increase in applications from non-EU students. There was also a 2% increase in applications from people living in Yorkshire and Humberside. The figures suggest that the impact from increased fees may not be as great as thought and that the number of young people applying to university may increase, but gradually over the coming years.

c) *Student applications in Leeds 2013*

The Universities are currently assessing what numbers of students they may be taking on for 2013-14 and what projected student numbers may be over the coming years. This information is therefore not currently available. It is likely however that numbers are likely to be stable, or even increase slightly, at the University of Leeds, but to decline for Leeds Metropolitan University. This would indicate that the numbers of students coming to Leeds and who may have a housing need will be stable.

ONS projections from the 2011 census suggest an increase in the numbers of people in the 18 – 34 age group, but again it is uncertain how much of this increase will translate into increased student numbers.

It looks likely therefore that student numbers will be stable over the coming years. There will be no large scale increase in numbers as was the case 10 years ago.

d) *Total numbers of students in Leeds*

Table 2 shows the projected student population in Leeds up to 2015/16. The research undertaken in Leeds by re'new for Unipol in 2012 showed that there will be in the order of 370 fewer students with a residential need for 2012/13; 400 for 2013/14 and 980 for 2014/15. The cumulative effect will therefore be a reduction of some 1,750 students with a residential need by 2014/15.

Table 2: Total Projected student numbers in Leeds 2012/13 – 2014/15

Year	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Student category				
University of Leeds	29,405	29,330	29,172	29,325
Leeds Metropolitan University	20,600	20,200	19,000	17,870
	50,005	**49,530**	**48,172**	**47,195**

More recent analysis by Unipol shows, from figures presented by the universities, that Leeds Metropolitan University 2013-2014 applications are down by 19% compared to the previous year but there has been an 8% increase in the number of firm acceptances. Applications to the University of Leeds are likely to be up around 4%, and that the University will see around 600 more students arriving, with around 200 of those being taught postgraduate courses which give a one year demand only.

While it is likely that there will be 1,200 more students in 2013-2014 compared with last year, this will still feed through to a reduction of around 4,500 bed spaces in the housing market for 2013-2014 compared with 2011-2012. The contractions in full-time students in Leeds between 2012/13 and 2014/15 will be felt first by the purpose-built sector and then by the off-street sector from 2013/14. However, the bulge created by Leeds Metropolitan University's over-recruitment in 2011/12 will shield private accommodation providers (purpose-built and off-street) from the full weight of the downturn until it works out of the system in June 2014. The purpose-built sector should also benefit from the bulge as its potential returning student market will be significantly larger until 2014/15.

e) ***Census 2011***

Published data from the 2011 Census suggests a mixed picture regarding future demand for university places.

Table 3: Changes in age groups of population in Leeds 2001 - 2011

Leeds - Census 2011: Age	**2001**		**2011**		**England & Wales 2011**	**Numerical change (Leeds) 2001 - 2011**	**% change (Leeds) 2001 - 2011**
aged Under 5	40,871	5.7%	47,844	6.4%	6.2	6,973	17.1%
aged 5 - 15	102,220	14.3%	89,649	11.9%	12.6	-12,571	-12.3%
aged under 16	143,091	20.0%	137,493	18.3%	18.8	-5,598	-3.9%
aged 16 - 19	39,439	5.5%	43,934	5.8%	5.1	4,495	11.4%
aged 20 - 29	108,981	15.2%	131,734	17.5%	13.6	22,753	20.9%

This shows an increase in those aged 16 – 19 which indicates a short term increase in demand. It also shows a .fall in the number of school age children (5-15) which may indicate reducing demand in the future (2015 – 2023), and a substantial increase in the proportion of under 5s (which could impact on demand from 2023)

Implications

It would appear that applications to universities have recovered from the fall of last year. Projected student numbers show a fluctuation in new student numbers and in the total number of students in Leeds. For the future, Census data meanwhile suggests that future numbers of young people seeking university places may fluctuate and will probably increase, but gradually, and not at the extremely high rates of past years.

2. CURRENT SUPPLY OF STUDENT ACCOMMODATION

a) Current provision

Research undertaken by Unipol in 2012 showed almost 13,000 students living in purpose built accommodation, either university maintained, or offered through head-leasing or nomination agreements between Universities and developers/providers, or provided directly by private sector providers. This increased from 5,200 in 2007. Currently 55% of students live in such accommodation compared to 31% in 2007.

In the short term a number of shifts in purpose-built provision will take effect. Most notable amongst these are:

- the decommissioning of Bodington Hall (-1,140)
- a two-year downtime for St Mark's as it is rebuilt (-498)
- the temporary loss of use of Turner and Bridge Halls at Kirkstall Brewery (-140)
- the lease of the new Central Village (Phase 1) development by the University of Leeds from Downing for the full capacity from 2012/13 (+576)
- TThe lease of Downing's Central Village (Phase 2) development (full capacity: 404) by the University of Leeds.
- the sale of Clarence Dock by the University of Leeds to Liberty Living, with a nominations agreement now in place between the parties (608)

In the medium term anticipated expansion of the commercial purpose-built sector will have a significant additional impact on the market. Senior representatives of major commercial providers of purpose-built accommodation have all expressed the view that, although the market was broadly in balance in Leeds currently, it will be put under pressure in the medium term by new purpose-built bed spaces entering the market.

There is a strong sense within this constituency that purpose-built accommodation in Leeds continues to represent a relatively attractive property investment option, promising better returns than many alternatives, and that there is capital primed for investment in the student purpose-built sector in the city. This forecast is Leeds-specific, as nationally there is still a tough lending environment, tighter planning restrictions, the disincentive presented by more stringent sustainability requirements, the uncertainties around supply as a result of changes in government HE policy and a large demographic downturn in the prime student market, 18-20 year-olds (100,000 over the next decade)[1].

[1] *Student housing market overview*, GVA, 2011

b) Potential Additional Supply

Table 4 sets out the schemes containing 2,943 new bedspaces which have planning permission. This suggests 1,641 bedspaces will be completed in the near future. However, it is not certain whether all remaining 1,183 with permission will be built out.

Table 4: Planned new student residential developments in Leeds

Location	Bedspaces	Position
Commenced		
St Marks Residence, St Marks Street	526	Opening 2013
Algernon Firth, Thoresby Place	110	Commenced, due open Sept 2013
Downing City Campus phase 2	404	Commenced Jan 2013
22 Lovell Park Hill, Little London	66	Commenced.
20-28 Hyde Terrace, University Campus	27	Commenced.
The Gateway, Phase 3	508	Commenced. Unlikely to be completed in the near future.
	1,641	
Development possible		
26-30 Clarendon Road	15	Start likely soon
Glass works, Cardigan Road	154	All but 1 condition now discharged. Start date unknown
The Edge, 4-28 Westfield Road	131	Postponed. 2 conditions still to be discharged
Servia Road, Little London	300	Unlikely to start 2013
Greek Street, City Centre	119	CRM Students. Application recently approved
	719	
Development unlikely		
Cavendish Street, Woodhouse	411	No contact since approval.
Pennine House	119	No contact since approval.
Moorland Road, Woodhouse	53	Unlikely to be pursued
	583	

(Source: Leeds City Council Planning 2012)

Data from UNIPOL suggests that there are currently at least 4,500 empty bedspaces in purpose built and shared private rented housing, but expect this is expected to rise to almost 6,000 by 2015. In relation to purpose built accommodation, at the present time there are just over 5,000 bed spaces in large developments which are let on the open market and this year Unipol has advertised 2,441 beds, and of these 1,662 (226 rooms) are unlet. These are reported voids and likely to be under-estimates.

3. DEMAND FROM STUDENTS

a) Demand from new students:

2012-2013 sees the last year of the "bulge" in intake made by previous over-recruiting by Leeds Metropolitan University disappearing, reducing student demand for accommodation by 1,200 bed spaces in 2013-2014. There was also a reduction in the number of students in Leeds of 2,500 in 2012-2013, this is mainly undergraduates and will run through 2013-2014 and 2014-2015.

With the reduction in student numbers overall, in addition to the increasing popularity of city centre flats and availability of purpose built student accommodation, the estimated numbers of students in the non-purpose built sector is 25,262. This comprises of around 5,000 in city centre flats and the rest will be in HMOs.

The reduction in student demand is startling. Unless student intake picks up the 2,500 reduction in intake will build across the years to a reduction of around 7,000.

New students will not know the city they are moving too so will be unlikely to seek private rented housing. Their 'default' position will be to seek accommodation using internet searches. Such accommodation could be in the form of

- University run halls of residence
- Private sector accommodation leased by the University
- Private sector purpose built accommodation

Location in terms of distance from University and the city centre will be important for students as this will reduce travelling time and costs. The types of facilities available in the accommodation will be important for students especially

- internet connection/WIFI,
- en suite facilities,
- good heating,
- common areas.

Therefore newer (often private sector purpose built) accommodation schemes will be more attractive than older university managed accommodation with what may be seen as inferior facilities.

Rent levels will be less important for students as parents will be paying accommodation costs. Rents also cover bills so parents don't have to worry about them.

The economics of university application are becoming increasingly linked to the economic circumstances of parents who are, more than ever, picking up the cost of higher education.

The increase in fees to approximately £9,000 a year does not appear to be having the impact on applications that had been predicted, young people seem to becoming aware that the burden of repayment is on them but may not impact for some considerable time.

In the meantime, parents are increasingly having to meet accommodation costs as the 'living expense' loan is insufficient to cover both living expenses and accommodation. As parents will be 'underwriting' the costs of accommodation, their requirements and perceptions are crucial. They will be looking for

- a general feeling that their children will be happy/comfortable in the accommodation
- safety and security,
- facilities and amenities,
- location that is convenient for access to the universities

Rent levels will be less important if these requirements are met. Rents also cover bills so they don't have to worry about getting 'hit' by unpaid utilities bills. In this context parents are looking both for good deals and value for money in terms of security and amenity.

b) Demand from returning students

For a long time, demand from 'returning students' i.e. 2nd, 3rd, 4th year students has tended to be for living in shared housing in areas close to the universities.

Indications from purpose built accommodation providers suggest a constant minority of bedspaces are taken up by returning students. Research by re'new for Unipol in Leeds in 2012, found a clear preference from students for housing options closer to the universities and the city centre, and accordingly this may translate into increasing demand from returning students for purpose built accommodation. Returning students (2nd – 4th years) and post graduates tend to live in shared housing in areas close to the universities, or in city centre flats. They tend to see this as a 'progression' towards independence seeking to gradually spend more time in their housing to socialise more in their homes. Students are choosing to either remain in purpose built housing or switch to it in their final years.

Research currently being carried out by Unipol in Nottingham suggests that 28% of students living in purpose built accommodation (privately provided, provided through head leasing/nomination agreements or maintained by the universities) were returning students to the University of Nottingham in 2012 were living in purpose built or university maintained accommodation.

The expansion of new purpose built accommodation with the range of amenities and facilities provided has been attractive to returning students as well as to new students. Some new students remain in their accommodation of move to other comparable purpose built accommodation. Some final year students appear to be looking to move back to purpose built accommodation to provide a safe and quiet environment in which to finish their studies.

Given uncertainties over the numbers of new students, private providers of student accommodation are increasingly targeting returning students. A recent seminar hosted by Unipol indicated that private providers, the Universities and Unipol are all targeting returning students for accommodation in purpose built housing as the future of student numbers remains constrained. All are considering how to make existing or new accommodation attractive either to all returning students, or especially to final year students who are maybe looking for some separation from the excesses of 'student life'. They are increasingly looking at providing configurations of housing that provide the quality and amenities returning students want at a reasonable cost.

c) Students studying at home

Evidence on the numbers of students deciding to study at their home universities is inconclusive and hard to obtain. The Higher Education Statistics Agency found in 2011 that 19% of all undergraduates opted to study at local universities while living at home compared to 8% in 1984, the main reason being financial pressure.

Table 5: Term-time accommodation of full-time and sandwich students

	2010/11		**2011/12**	
Institution maintained property	308810	18.4%	316580	18.4%
Private-sector halls	80310	4.8%	90915	5.3%
Parental/guardian home	317505	18.9%	328820	19.1%
Own residence	265155	15.8%	280490	16.3%
Other rented accommodation	491790	29.3%	493225	28.7%
Other	73450	4.4%	79685	4.6%
Not in attendance at the institution	16925	1.0%	19920	1.2%
Not known	123405	7.4%	111765	6.5%
Total full-time and sandwich	**1677345**	**100.0%**	**1721400**	**100.0%**

(Source: HESA 2012)

However research for Unipol in Leeds showed a reduction in the number of students studying at the Leeds universities living in their parental or own home in Leeds or close to Leeds from 4,166 in 2007 to 2,922 in 2012). Unipol research in Nottingham currently underway also indicates a reduction in the number of students studying at the two Nottingham universities living in their parental or own home from 3,747 in 2007 to 3,298 in 2012.

d) Providers encouraging 'brand switching' by students

There is an indication that returning students are switching their demand patterns as outlined above. Also, there appears to be an influx of new purpose built providers who see opportunities from encouraging new students to take up their accommodation offer instead of some of the existing university accommodation or older private sector accommodation aimed at new students.

A number of University-run or leased accommodation schemes are old and do not offer the facilities and amenities offered by the newer purpose built accommodation (en-suite rooms, internet access, location close to the university/city centre etc.). Some older purpose built housing may not appear as 'attractive' as newly built accommodation. There is some evidence that demand for older schemes (such as Sugarwell Court in Meanwood) has been reducing and this may accelerate with additional new provision with better amenities.

d) Implications of changing demand

If demand from new students does increase then there may well be a case for some moderate increases in new supply of purpose built accommodation aimed at new students. It is clear that such accommodation is popular with students and their parents despite the relatively high cost. Increasing new student demand may also feed into a moderate increase in demand for purpose built or shared housing of 2nd and 3rd year students.

Demand for purpose built housing from returning students may well increase, and providers (existing and new) will be targeting returning students as customers for their purpose built provisions. With this trend, then consideration of the demand base for new purpose built accommodation may need to change, with potential demand from returning students built in to analysis of need for additional accommodation.

Provision by new private sector providers could have significant implications for existing accommodation, especially older University accommodation. Should new providers offer a 'product' that is more attractive to students and their parents, then this may result in reducing demand for older accommodation, increasing voids and rent loss and accordingly to questions about the sustainability of that accommodation.

It is clear that clarity from both the City Council and the Universities over how students should best be accommodated will be required. In theory ALL students could want and choose to live in purpose built accommodation rather than shared housing. It needs to be clarified whether the Universities and the Council intend a presumption to accommodate ALL students in purpose built accommodation? Or whether a 'mixed economy' of provision would be viewed as serving the needs of students and the city best?

Should there be a presumption towards accommodating all students in purpose built accommodation, this will also have an impact on decisions over new applications for provision. Consideration of surplus provision has been based thus far on the numbers of new students.

With demand from returning students coming into play, then consideration of surplus provision, and of need for new provision, may have to be based on a comparison of overall student population to the existing, or potential, supply of purpose built accommodation with the private rented shared housing provision 'picking up any slack' between supply and demand.

There may be an impact on the demand for shared private rented housing, and accordingly on supply. While fewer students could be living in shared housing in Leeds 6, this will have implications for landlords, and will raise issues of how to enable occupation of homes vacated by students and a potential impact on housing market dynamics and property values in that area.

Should there be a presumption towards mixed provision of accommodation for students, then this will require control of the number of bedspaces in purpose built accommodation. It would also mean that the proportion of students living in shared housing in Leeds 6 would not significantly decrease.

4. COMPARISONS OF SUPPLY AND DEMAND

If the projected trend in student applications manifests itself, then it would appear that there may be scope and justification for some small scale increases in new purpose built accommodation to meet demand changes, although this needs to be considered in the context of any surplus provision. Given changes in demand from students and a continuing interest from developers in supplying new accommodation for students, then a mechanism for considering surplus and need may be required.

i) New 1st year demand only

It is easy for attention to focus on the numbers of new students needing to be accommodated each year and upon the housing requirements of 1st year students. Table 6 shows the difference between the level of existing or planned supply of purpose built housing and likely demand from 1st year students.

Table 6: Difference between current known numbers of new students and existing purpose built student accommodation (PBSA)

Likely number of 1st year students	Existing PBSA	Planned PBSA	Total Existing and Planned PBSA	Difference: Student numbers and PBSA provision
15,080	21,384	2,943	**24,327**	**9,247**

This suggests that if usage of purpose built accommodation was limited to 1st year students, then it is likely that there could be a surplus of between 7,000 and 10,000 bedspaces in purpose built bedspaces over likely demand, depending on whether proposed new build accommodation proceeds. Providers would need to fill this under-occupancy by attracting returning undergraduate students, or post-graduate and international students, or both.

ii) All student demand

However, in reality there is a need to consider the housing requirements of all students studying in Leeds for the duration of their courses of study. Currently 45% of students meet their accommodation needs through living in Purpose Built Student Accommodation, with the remainder either living in off-street private rented housing (47%) or living at home (8%).

There is currently intense competition between the providers of purpose built accommodation and landlords offering off-street shared housing, which is likely to intensify in the future. Landlords are seeking to offer amenity and flexibility that PBSA provision does not, and are often more competitive in terms of rent levels; while PBSA providers are promoting the safety and security they offer, and a quieter living environment to final year students.

Table 7: Likely accommodation of students 2012/13 to 2015/16 on basis of current approach

Year	Housing Need (All Students)	Existing or planned purpose built	Difference: Student numbers and PBSA supply	Off-Street Shared PRS housing	City Centre Private Rented Flats	Parental / Own home	Difference: Student numbers and overall supply
2012/13	50,005	22,567	**-27,438**	23,466	2,054	4,257	**2,339**
2013/14	*49,530*	*24,327*	***-25,203***	*23,466*	*2,054*	*4,470*	***4,787***
2014/15	48,172	24,868	**-23,304**	23,466	2,054	4,694	**6,910**
2015/16	47,195	25,451	**-21,744**	23,466	2,054	4,694	**8,470**

Table 7 shows that there is a building imbalance between demand and overall supply with a current surplus of around 4,800 bedspaces, which could increase further should student numbers remain constant or decline, and supply is maintained or grows, or if more students decide to remain at home while studying.

Additional new PBSA supply, therefore, would be likely to add to the current projected surplus and could add to the number of bedspaces in the off-street or city centre private rented market. On the other hand, provision to replace existing older university maintained accommodation may well add positively to the overall supply of accommodation.

How to meet demand and need for housing to accommodate students therefore, depends largely on the strategy adopted by the Universities and the Council. Currently, the approach is to house students in a mix of purpose built student accommodation, off-street shared (HMO) housing and through students living at home. Appendix 1 shows some models of meeting need for student housing demand involving different proportions of students living in different settings:

- If it were to be assumed that half of students will live in purpose built student accommodation and half in off-street shared housing (See Table A1 in Appendix 1)) then there may be a current shortage of PBSA bedspaces, but this could change into a surplus of bedspaces from 2014/15 onwards. There would also be a current shortage of 1,300 shared private rented bedspaces, falling to just over 130 by 2015/16..
- If it were to be assumed that two-thirds of students (new and returning) would live in PBSA (See table A2 in Appendix 1) then there would be a significant shortage of bedsapces in purpose built student accommodation and a significant surplus in off-street shared private rented housing. If the reverse were assumed (i.e. 67% of students living in shared housing – see table A3 in Appendix 1)) then there would be a significant over-supply of PBSA bedspaces, but a significant shortage of shared private rented housing.

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5. PLANNING POLICY

a) Planning policy in Leeds

The Leeds Unitary Development Plan (UDP) Review 2006: Volume 1: Written Statement (7.5.29, p171) states that in terms of the needs of students planning policy seeks to control the growth of the student population in the wider Headingley area with measures to disperse students to other appropriate parts of the city. In addition to this is a commitment to address the problems associated with the concentration of students which can include lack of community integration and a transient population reducing the ability to self-police and avert crime, as examples, yet this relates more to areas of housing mix in suburban communities. Aforementioned purpose built student accommodation blocks have since been introduced to the city centre area of Leeds.

Leeds City Council's approach to the use of areas of the city which have been designated as Quarters (e.g. Education, Hospital, Entertainment, and Prime Office Quarters) states that *"…there is a need to establish a strategic approach which is flexible enough to cope with the innate uncertainties facing the development future of a city like Leeds".* Leeds UDP (2006), p289. Furthermore that "*The main objectives are to achieve a greater mix of uses throughout the City Centre, to avoid the creation of large single use areas which may be 'dead' at certain times of the day, to contribute to a livelier and more vibrant City Centre at all times, to ensure adequate provision of supporting uses and to provide variety in use and built form".* Leeds UDP (2006), p265.

In 2007 Leeds City Council commissioned re'new to produce 'A Strategy for Housing Students in Leeds 2005-2010'. Within the strategy was the aim to 'achieve balance in the distribution of the locations of housing for students throughout the city' with some objectives including:

- Establishing a strategic approach to new purpose built student accommodation to avoid over-supply;
- Encouraging the location of new purpose built housing on the fringes of Leeds City Centre but close to the university campuses within such a strategic framework;
- Promoting private rented housing in areas adjacent to new purpose built student housing complexes;
- Establishing other locations that could be potentially attractive to students and the potential for encouraging students to move to different locations;
- Promoting private rented shared housing markets from purpose built student accommodation in city centre locations.

The Leeds Strategic Housing Market Assessment (SHMA) Update 2011, undertaken by GVA revisits Students, younger households and the private rented market. This update refers to a report published by CBRE (2010) stating that the student market during the recession has proved to be a resilient one, yet there is uncertainty around the ability of the student residential sector being able to continue such success. It suggested that a picture of oversupply exists in Leeds with 4,500 surplus bedspaces in shared HMOs and large developments with halls of residence developments struggling to secure tenants due to price and location. Here, it is reported that a trend of international students and first year UK students have a tendency to occupy the purpose built developments and second year students to occupy shared housing. Furthermore, the patterns suggest that Leeds student area's geographical focus is increasingly shifting towards the city centre due to closer proximity to amenities and distance to campus.

The Leeds Core Strategy Publication Draft (2012) states that between 2001 and 2010 Leeds experienced considerable development of new purpose built student accommodation and with regard to the growing residential community *"the city centre remains a good location for purpose built student housing, but excessive concentrations in one area should be avoided in line with Policy H6".* Leeds Core Strategy PD (2012), p53.

Policy H6: 'Houses in Multiple Occupation (HMOs), Student Accommodation and Flat Conversions' refers to the need for development proposals for purpose built student accommodation to be controlled in order to remove pressure from the need for private housing to be used; avoid loss of existing housing suitable for families; avoid excessive concentrations of student accommodation which would undermine the balance and wellbeing of communities and avoid locations not accessible to the Universities by foot or public transport.

The Article IV Direction for Houses in Multiple Occupation (HMOs) covers how development proposals for new HMOs will be determined. Changes to occupation of houses from dwelling-house (class C3 of the use class order) to shared houses (class C4), now requires planning permission in those areas affected by the HMO Article Four Direction including all of inner Leeds and adjoining suburbs. Core Strategy policy seeks to balance the need for HMO growth with the need to avoid over-concentrations and, as such, the following considerations will need to be made:

- Ensuring that a sufficient supply of HMOs is maintained in Leeds, and that HMOs are distributed in areas well connected to employment and educational destinations associated with HMO occupants;
- Avoiding detrimental impacts through high concentrations of HMOs, which would undermine the balance and health of communities.
- Implementation issues around Article IV Direction

Local intelligence suggests that some ward councillors covering the city centre and its environs are opposed to further large scale student accommodation blocks. However, the recent city centre Plans Panel (17 January 2013) heard planning application (12/04154/FU) for 'Change of use of offices to form student accommodation, involving alterations to elevations and addition of rooftop extension, Pennine House, Russell Street, Leeds 1' saw members resolving to approve the application, in principle. Initial member concerns revolved around introducing student accommodation into the Prime Office Quarter part of the city, yet independent advice sought suggests that any impact would be negligible. It was suggested that in this case, and similar to applications in the Green Belt, special circumstances should be required to be demonstrated for such a change of use. Also, in view of the recent loss of major retailers nationwide, the need to consider how business might take place in the future was considered with concerns being raised as to whether planning policies would need to be reviewed in readiness for possible changes to town and city centres.

b) Planning policies outside of Leeds

Outside of Leeds and Yorkshire, a number of examples have come to light that may impact on consideration by Leeds City Council of the provision of new student accommodation.

Newcastle

Newcastle City Council has produced '<u>Interim Planning Guidance on Purpose Built Student Housing 2007'</u> under the Local Development Framework for Newcastle. The planning guidance seeks to address student housing needs in Newcastle and refers specifically to new purpose built student housing. The guidance supports objectives of the Newcastle LDF, as well as the Newcastle Housing Strategy, by promoting and enabling development of appropriate purpose built student housing schemes in sustainable locations. The aim of Newcastle's planning guidance is to promote and enable development of a range of purpose built student housing schemes after identifying that provision of such accommodation has fallen behind rising demand. It also recognises that there is also a need to provide such accommodation in Newcastle so as not to deter potential students being attracted to the university, and to avoid large concentrations of those students that are attracted to Newcastle to opt for private rented accommodation, and potentially imbalance communities with already high concentrations of shared student housing.

Manchester

A recent appeal to the Planning Inspector following refusal of planning permission for a proposed new student housing development in Manchester and the subsequent judgement gives some key points for consideration by the Council with regard to how to judge new purpose built student housing developments.

In October 2012, Manchester City Council refused planning permission for a proposed development of 470 student bedspaces on the grounds that the proposal

a) Failed to demonstrate that it would meet an unmet need for student accommodation, and was not linked to an agreement with an education provider
b) Would have a detrimental impact on the amenity of other residential users in the area due to a substantial increase in comings and goings and associated noise and disturbance.

The application went to appeal where the judgement by the Planning Inspector was in support of the Council's decision. This was on the grounds that the developer

a) Had failed to demonstrate that the scheme met an unmet need
b) Had failed to provide evidence that the scheme offered a form of provision that was different to other such accommodation, or catered for a different form of demand
c) Would result in a considerable impact on the amenity of surrounding residents in terms of increased movements late at night through residential areas
d) Would not as claimed result in, as claimed, the attraction of students from shared HMO housing
e) Overstated the potential positive economic impact of the development relying on the general economic benefit of students rather than any specific benefit either for the city as whole, or the immediate locality

In Manchester this form of accommodation falls under policy H12 of their Core Strategy. This states that priority will be given to schemes which are part of the universities' redevelopment plans or which are being progressed in partnership with the universities, and which clearly meet Manchester City Council's regeneration priorities. Applications need to meet a number of criteria in order to be assessed favourably. These include:

1. Developments must be close to the universities, or have good public transport links to them.
2. High density development should be in appropriate locations, with retail within walking distance and which do not lead to an increase in on street parking.
3. Developments should link positively with existing neighbourhoods and not impact on local area e.g. residential amenity / noise / crime.
4. Developers will be required to demonstrate that there is a need for additional student accommodation, or that they have entered into a formal agreement with a University, or another provider of higher education, for the supply of all or some of the bedspaces.
5. Developers must demonstrate that proposals are deliverable.

London

In the Mayor of London – Housing Supplementary Planning Guidance (Nov, 2012) Policy 3.8 sets out the criteria when making planning decisions. Part H refers to student housing and seeks to ensure 'strategic and local requirements for student housing meeting a demonstrable need are addressed by working closely with stakeholders in higher and further education agencies and without compromising capacity for conventional homes.'

Nottingham

Nottingham City Council has encouraged the provision of PBSA to meet the needs particularly of new students and a rapid expansion of provision took place around the University of Nottingham campuses and adjoining the Nottingham Trent city centre campus.

Currently, given competition from new private PBSA in the city centre and around the campuses, the future of some older University maintained residences may be questionable without either substantial investment or redevelopment. It is being recognised in Nottingham also that consideration needs to be given as to the desired extent of the PBSA market and potential impacts on the shared housing market in future, and on how to manage any changes in demand away from student residence.

The City Council are still actively encouraging PBSA especially in smaller schemes in the city centre , and clearly see student accommodation as still being contributory to city centre development. There is also a concern that any further new PBSA developments be based on a robust assessment of need that takes account of changing student and parent preferences and potential demand from returning students as well as new students.

The City Council have been enthusiastic about use of Article 4 powers to control concentrations of HMOs although there are some concerns that this may be having unintended consequences such as householders in areas covered being unable to sell their properties where there is no alternative demand than investors.

6. CONCLUSIONS

The following conclusions can be drawn on supply of student accommodation and likely demand for it, and on planning considerations, taking account of experiences in other areas with large student populations:

Supply of accommodation

1. It is likely, based on very recent analysis, that there will be 1,200 more students in 2013-2014 compared with last year but there may still be a reduction of 4,500 bed spaces in the housing market for 2013-2014 compared with 2011-2012. The contractions in full-time students in Leeds between 2012/13 and 2014/15 will be felt first in PBSA and then in off-street housing from 2013/14. However, the bulge created by Leeds Metropolitan University's over-recruitment in 2011/12 will shield private accommodation providers (purpose-built and off-street) from the full weight of the downturn until it works out of the system in June 2014. The purpose-built sector should also benefit from the bulge as its potential returning student market will be significantly larger until 2014/15. It is most likely however, that there will not be any substantial increase (or reduction) in numbers
2. The vast majority of new students now live in purpose built student accommodation (PBSA). The preferences of parents in choosing first year accommodation are highly influential. Students (and their parents) are increasingly demanding of their accommodation and are seeking a range of facilities (especially in relation to internet access and provision of communal space).
3. There is evidence that a significant minority of returning students prefer to live in PBSA rather than in shared private rented housing in residential neighbourhoods. Providers of PBSA (private sector and university) are seeking to attract new, returning, post graduate and international students.
4. Despite evidence of under-letting, the size of the off-street shared housing market is likely to be stable over the coming years and many landlords may be seeking to alter the offer they make to students to compete with the providers of purpose built accommodation and retain their current 'market share' of returning students.
5. There is no evidence of a significant increase in the number of students living at home and studying in Leeds during their studies. It is not possible to obtain a complete picture of this but Higher Education Statistics Agency figures suggest that the number of home-based students will only increase gradually.
6. There has been a substantial increase in PBSA but this has been of variable quality. Some older university and privately provided accommodation might not continue to provide the sort of facilities required by students and their parents. However it is understood that the Universities plan to continue maintaining, refurbishing and renewing their stock.

Demand for accommodation

7. There appears to be a current surplus of accommodation, in the region of 4,700 bedspaces in relation to likely demand, and over the next few years a further surplus of accommodation could become evident, given likely trends in student numbers.
8. The City Council and the Universities need to agree not only on an appropriate mix of supply but also that the current mix, together with the pipeline build, is sufficient for the needs of the city, and that accordingly there is no need for additional PBSA except to replace accommodation that is surplus or not fit for purpose
9. Currently, it is assumed by the City Council and the Universities that student accommodation needs across their years of study, will be met through a mix of PBSA and off-street shared private rented housing. There is no expectation for all students to be accommodated in PBSA.
10. Should there be a further shift towards returning students wishing to live in PBSA, or a policy change seeking to house students increasingly in PBSA, rather than in shared housing in residential neighbourhoods, then the City Council and the Universities may need to sanction/support additional PBSA provision. For example
11. If the intention was for half of students to live in purpose built student accommodation and half in off-street shared housing (See Table A1 in Appendix 1) then there could be a current shortage of PBSA bedspaces, but this could change into a surplus from 2014/15 onwards. There would also be a current shortage of 1,300 shared private rented bedspaces, falling to just over 130 by 2015/16.
12. If the intention was for two-thirds of students (new and returning) to live in PBSA (See table A2 in Appendix 1) then there would be a significant shortage of bedspaces in purpose built student accommodation and a significant surplus in off-street shared private rented housing. If the reverse were assumed (i.e. an intention for 67% of students to live in shared housing – see table A3 in Appendix 1) then there would be a significant over-supply of PBSA bedspaces, but a significant shortage of shared private rented housing.

Planning issues

It is unlikely that student growth over the next five years will require any additional capacity in off-street, city centre or PBSA. For every additional purpose built bed space that is constructed over that period, a bed space will remain unlet elsewhere in the City. Whilst it could be argued that a large surplus is in the interests of choice, further additional numbers could well see a lack of on-going investment in the student housing market, a decline in quality, and also put the university's own stock under pressure. It is felt by the Universities and Unipol that the City should look to form some central principles by which it will judge future planning applications for larger purpose built development (Over 15 bedspaces as set in the 2004 Housing Act)

1. Reliance by developers on the presumption towards sustainable development in the National Planning Policy Framework should not, on its own, be sufficient justification for new development, and that local priorities set out in the LDF Core Strategy should take precedence.
2. Developers should be required to provide robust evidence that any proposed development is either the subject to a formal agreement with one or both of the two universities, or has their active support, and offers a clear benefit to the city.
3. Developers should be required to demonstrate that the proposed development caters for unmet need/demand, and where that demand would come from, and offers a clear "added value" to the City:
    a. Should the proposed development be targeted at 1st year students, then the developer should provide evidence of a requirement for additional bedspaces for new students.
    b. Should the proposed development aimed at returning students, then the developer should show evidence that the development provides a configuration of housing and provision of facilities that returning students are looking for, and which are not provided by other existing accommodation (e.g. older university accommodation or shared housing)
    c. Should the proposed development claim to be providing 'something new' , then developers should be required to provide evidence that proposed developments actually do offer a different 'product' than currently existing, and may be more attractive to students and their parents than existing accommodation.
    d. Should the proposed development be targeted at "key workers", developers should provide evidence of demand for such housing, especially where very small housing units are involved.
4. Developers should be required to demonstrate how they will address the potential impacts of new developments on the amenity of residents in the immediate area; The Council needs at the same time, to have a means to robustly assess whether potential negative impacts on local amenity are real and likely, or just fears.
5. Consideration should be given to the potential impact, positive or negative, on existing older university maintained accommodation and upon the potential impact on the shared private rented housing market and the risk of an increased number of empty properties.

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Appendix 1 Models for meeting need for Student Accommodation

Table A1: Difference between total number of students and existing and planned PBSA (assuming 50% in purpose built and 50% in shared private rented accommodation)

	Housing Requirement (All Students)	Existing /planned Purpose Built	Requirement at 50% of students in Purpose Built	Difference	Estimated bedspaces in Shared PRS Housing	Requirement at 50% of students in Shared PRS Housing	Difference
2013/14	49,530	24,327	24,765	**-438**	23,466	24,765	**-1,299**
2014/15	48,172	24,868	24,086	**782**	23,466	24,086	**-620**
2015/16	47,195	25,451	23,598	**1,853**	23,466	23,598	**-132**

Table A2: Difference between total number of students and existing and planned purpose built accommodation (assuming 67% in purpose built and 33% in shared private rented accommodation)

	Housing Requirement 2013/14(All Students)	Existing /planned PBSA	Requirement at 67% of students in PBSA	Difference	Estimated bedspaces in Shared PRS Housing	Requirement at 33% of students in Shared PRS Housing	Difference
2013/14	49,530	24,327	33,185	**-8,858**	23,466	16,345	**7,121**
2014/15	48,172	24,868	32,275	**-7,407**	23,466	15,897	**7,569**
2015/16	47,195	25,451	31,621	**-6,170**	23,466	15,574	**7,892**

Table A3: Difference between total number of students and existing and planned purpose built accommodation (assuming 33% in purpose built and 67% in shared private rented accommodation)

	Housing Requirement 2013/14 (All Students)	Existing /planned PBSA	Requirement at 33% of students in PBSA	Difference	Estimated bedspaces in Shared PRS Housing	Requirement at 67% of students in Shared PRS Housing	Difference
2013/14	49,530	24,327	16,345	**7,982**	23,466	33,185	**-9,719**
2014/15	48,172	24,868	15,897	**8,971**	23,466	32,275	**-8,809**
2015/16	47,195	25,451	15,574	**9,877**	23,466	31,621	**-8,155**