



Report of the Director of City Development

Appendix 1

Plans Panel West

Date: 30th October 2008

Subject: Houses in Multiple Occupation (HMOs)

Electoral Wards Affected: All	Specific Implications For:
<input type="checkbox"/> Ward Members consulted (referred to in report)	Equality and Diversity <input checked="" type="checkbox"/>
	Community Cohesion <input checked="" type="checkbox"/>
	Narrowing the Gap <input checked="" type="checkbox"/>

Executive Summary

Houses in Multiple Occupation (HMOs) fulfil a useful function in providing relatively short term accommodation. However, large concentrations of HMOs can cause problems and these have been well documented, particularly in university towns and cities, such as Leeds.

For some time, local communities have expressed concern about the impact of HMOs with regard to loss of family housing stock, demographic imbalance, transient communities and the difficulties experienced in delivering local services. Local Authorities have historically had a great deal of difficulty in exercising control over HMOs, particularly in planning. Whilst the Housing Act 2004 introduced mandatory licensing for many forms of HMOs, this is concerned with safety and housing quality, rather than land use planning. It is often argued that many of the initiatives in place deal only with the symptoms of large concentrations of HMOs, but do not deal with the causes in planning terms. These concerns have been expressed most recently to Communities and Local Government (CLG), who commissioned ECOTEC Research and Consulting Ltd to undertake an evidence gathering exercise. A report outlining the findings of the research has now been published (September 2008).

The aim of the research was to identify good practice, test if good practice could have wider application and also determine how planning can tackle these problems. Leeds is one of five focus areas included in the research and is praised for its good practice. Consideration is also given to changing planning legislation, specifically the Use Classes Order, and the report concludes that CLG ought to conduct further research into the effects that this would have. Such legislative changes have already taken place in Northern Ireland in 2004. This is one of the key areas where many community organisations feel that Local Authorities could obtain tighter planning controls, assisted by the correct policies, in order to realise the objectives of sustainable, cohesive communities.

1.0 Purpose of this Report

- 1.1 This report is intended to update Plans Panel Members on the recent work carried out for Communities and Local Government (CLG) in relation to Houses in Multiple Occupation (HMOs). ECOTEC Research and Consulting Ltd have now produced a final report for CLG outlining their research, findings and recommendations. For information, a full copy of the final report can be viewed by following the web link:
<http://www.communities.gov.uk/publications/planningandbuilding/evidencegatheringresearch>
- 1.2 This report also aims to advise on what the implications of ECOTEC's findings are for Leeds.

2.0 Background Information

- 2.1 In Leeds, the larger part of the student population live in shared houses, forming part of the traditional housing stock. This is often housing which may well otherwise be used for family housing. Despite planning policies and initiatives which try to deal with the effects of student developments in the locality, one of the key overriding problems is that the vast majority of student accommodation requires no planning permission to be used in the nature that it is (i.e. to accommodate six individuals or less). Where the Council has tried to pursue enforcement action against what are considered to be unauthorised HMOs, appeals have often been allowed on the basis that the property arguably still functions as a single dwellinghouse. This undermines the Council's policies and initiatives to try and improve local environments and create more sustainable communities.
- 2.2 A large proportion of the student accommodation is concentrated in inner north west Leeds, particularly in the Headingley and Hyde Park & Woodhouse Wards. Local residents, and in particular Leeds HMO Lobby, have made repeated representations to the Inner North West Area Committee, who have requested that the Council should lobby for legislative change. Leeds HMO Lobby is part of the National HMO Lobby, which has been campaigning for a number of years on issues affecting communities with high concentrations of HMOs. Through the exchange of ideas between the HMO Lobby and officers, a paper was presented to the Core Cities group, of which Leeds is a member. It was agreed that Leeds and Nottingham, who share similar issues with student HMOs, should write jointly to CLG to offer solutions. In addition, contact was made with the Local Government Association (LGA), Planning Advisory Service and the Planning Officers Society. Through the process of lobbying, officers have sought to keep Members abreast of progress, in addition to Leeds North West MP, Greg Mulholland, who is also a member of the All Party Parliamentary Group for Balanced and Sustainable Communities, which has an interest in HMO issues.

The 'Northern Ireland Model'

- 2.3 In the joint letter from Leeds City Council and Nottingham City Council, it was suggested that CLG should consider an approach similar to the 'Northern Ireland model'. The approach taken in Northern Ireland has long been advocated by the National HMO Lobby. In Northern Ireland, the definition of an HMO is the same in both Planning and Housing terms. Furthermore, the Planning (Use Classes) Order (Northern Ireland) 2004 defines HMOs as being Sui Generis. This approach means that HMOs are more clearly and tightly defined and planning permission is required to change a use to and from them. This would give much greater control to Local Planning Authorities over the future development of HMOs.
- 2.4 In Northern Ireland, the existing use rights were conferred to those properties newly defined as HMOs. As such only properties being used as HMOs post 2004 are subject to planning control.
- 2.5 In order for the above to work in England and Wales, this would firstly require the re-definition of HMOs in planning legislation to the definition provided in the Housing Act 2004, which defines an HMO as an entire house, flat or converted building which is let to three or more tenants forming two or more households, who share facilities. Secondly, HMOs would need to be removed entirely from Class C3, either by being deemed Sui Generis, as above, or by adding an additional Class C4. The benefit of this approach is that it would deal with HMOs in their entirety, counteracting the argument that such an approach is seeking to discriminate against students.
- 2.6 Whilst concentrations of students in HMOs is the primary issue in Leeds, the above approach would have significant benefit to many other towns and cities across the country, such as market and coastal towns with high concentrations of HMOs.

3.0 Main Issues arising from the ECOTEC research

- 3.1 ECOTEC Research and Consulting Ltd were commissioned by CLG to carry out an evidence gathering exercise to review the problems caused by high concentrations of HMOs. The purpose of the evidence gathering exercise was to:
- Identify good practice in areas that manage to cope relatively well with high concentrations of HMOs (particularly those occupied by students who tend to be transient, thus potentially causing problems around community cohesion and survival of community facilities),
 - Test whether these ideas could have a wider application in those areas that are having more difficulty with such issues and
 - Determine whether (and if so what) planning policy is a suitable lever to tackle these problems.

- 3.2 As part of their work, a series of five focus groups with interested parties were set up to obtain a more in-depth understanding of the issues faced in each of the particular localities. The focus groups were held in areas that were currently experiencing issues around high concentrations of HMOs and student populations, including Leeds, Nottingham, Southampton, Loughborough and Exeter.
- 3.3 Given that Leeds was one of the five focus group areas, Leeds City Council has been significantly involved in the evidence gathering exercise and made strong representations with regard to the need for legislative change, in addition to the initiatives that are already in place. Specifically, ECOTEC carried out a number of interviews with local stakeholders including Council officers and held a workshop with the Council's Shared Housing Group. The existence of this multi agency group was one of the areas where Leeds was praised in the final report. This work culminated in a seminar session held at CLG's headquarters, attended by officers and members of Leeds HMO Lobby.

Findings of the research

- 3.4 CLG have now issued their final report, which contains the observations and recommendations made by ECOTEC, following the evidence gathering exercise. The report considers the arguments put forward by all of the stakeholders and the existing local level initiatives. The report states that there is much good practice and organisations in Leeds are praised in a number of areas, as illustrated in the table at **Appendix A**, extracted from the report. The text of the report specifically highlights initiatives such as Leeds City Council's 'Area of Housing Mix' Policy, a dedicated Community Planning Officer, 'To Let' board controls, the Shared Housing Group and Shared Housing Action Plan (SHAP). Whilst the report refers to the 'Area of Housing Mix' as an area of good practice, it is however disappointing that little support has so far been received by the Planning Inspectorate through appeals against the refusal of planning permission.
- 3.5 The report goes on to suggest a number of options as follows:
- Option one – do nothing,
 - Option two – promote the use of non-planning related mechanisms and planning policy levers through wider dissemination, and
 - Option three – amend the Use Classes Order to provide a definition of HMOs and allow tighter planning controls over houses in multiple occupation.
- 3.6 The report acknowledges that many stakeholders consider that the existing initiatives only really deal with the symptoms of HMO problems, but do not deal with the causes. It is also recognised that many stakeholders consider that changes to the Use Classes Order are an essential part of trying to control the growth and location of HMOs in the future, as per the 'Northern Ireland model'. Nevertheless, it is also recognised that there are counter arguments to the above made by some stakeholders, particularly with

regard to avoiding any unintended consequences, such as increasing rents, undermining regeneration and creating resource pressures.

3.7 The report suggests that various actions can be considered in the short term and medium-term to long-term. In the short term, it is suggested that there should be:

- Wider dissemination of good practice.
- Monitoring of existing housing and planning powers to ensure that they are being adequately used – HMO licensing, Landlord accreditation, dedicated staff and the use of specific development plan policies etc
- A Task and Finish Group established by CLG to monitor the impact and effectiveness of current legislative powers and policies, identifying any weaknesses.

3.8 In the medium-term to long-term, should the evidence suggest that there is a need to consider amendments to the Use Classes Order, it is recommended that:

- Further examination into Northern Ireland's experience should be undertaken and an assessment made of how effective the measures have been.
- If legislative change is considered, attention must be paid to issues raised by stakeholders, including any unintended consequences, as mentioned above.

4.0 Implications for Council Policy and Governance

4.1 As previously outlined, the majority of the methods of good practice are already adopted by Leeds City Council and other stakeholder organisations. It is argued that these address the symptoms, but do not respond to the structural issues involved with community cohesion and demographic imbalance, which are the result of a high proportion of students. Therefore, the implications of this report for Leeds are associated with continuing to lobby CLG with regard to further designing and testing of any legislative changes as a specific short term action. Subject to any future changes to the Use Classes Order, the Council would need to draw up appropriate and robust development plan Policies to deal with HMO issues. We can of course identify any other areas of good practice that we can learn from and apply within the city.

5.0 Legal and Resource Implications

5.1 It is anticipated that officers, the Community Planner for Inner North West and groups such as the Shared Housing Group, Leeds HMO Lobby and other community organisations will continue to collaborate and assist with sharing good practice, as well as lobbying for legislative change.

6.0 Conclusions

- 6.1 The role of ECOTEC has been to undertake an evidence gathering exercise for CLG in order to review the problems caused by high concentrations of HMOs. The report distils the issues and provides information on areas of best practice from the localities involved in the focus groups. Whilst the information on areas of good practice is useful, the report cannot go any further than to recommend that further research is carried out in relation to the Northern Ireland experience.
- 6.2 Leeds is often regarded by other local authorities as being at the forefront of good practice in dealing with the effects of high concentrations of HMOs. Clearly, despite these initiatives, there are still problems and so lobbying for legislative change is an appropriate course of action. Therefore, we must consider if there are any areas of good practice that we can learn from and also continue to lobby CLG, with support from the Core Cities, MPs, the National HMO Lobby and community groups, with regard to changes to the Use Classes Order, whilst being mindful of any unintended consequences.

7.0 Recommendations

- 7.1 Members are asked to note the contents of the report and comment as they feel appropriate. It is recommended that lobbying of CLG, MPs, the Local Government Association and other appropriate organisations continues in order to advance legislative change. Additionally, it is recommended that consideration be given to reviewing planning policy with regard to HMOs and student accommodation through the emerging Local Development Framework (LDF) process in order to ensure that we have robust policies in place.

Appendix A: Good Practice Checklist