
Report of the Director of City Development

Report to: Scrutiny Board (Housing and Regeneration)

Date: 30 April 2013

Subject: Student Housing

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report explores planning policy for student housing development and the interim report by Renew on supply and demand and lists current planning enquiries for purpose built student accommodation.

Recommendations

Scrutiny Board (Housing and Regeneration) is recommended to:

- i). note and comment on the contents of the report.

1. **Purpose of this Report**

- 1.1. The request for a scrutiny report concerns council strategy toward student housing and dialogue with private landlords. This report deals with the former.

2. **Background Information**

- 2.1. A number of concerns have been raised by Members and residents about student housing in Leeds, and the Council continues to receive applications for new development despite falls in number of University places in the City and experience of empty units in some of the less popular localities and rental discounts on some developments. This means questions about the long term viability of the market and the need to better manage future provision and the location for new development. However, the Council continues to receive applications for student development, often in locations which are considered unsuitable by adjoining occupiers and local residents. Currently there are few criteria against which future planning applications can be determined.

3. **Main Issues**

Planning Policy

- 3.1. In determining planning applications for student housing, the prime consideration is policy set out in the statutory development plan. For Leeds, the statutory plan that contains relevant policy is the Unitary Development Plan 2006 (UDP). However, this is expected to be superseded by policy in the Draft Core Strategy when this plan is adopted late 2013 or early 2014.

Unitary Development Plan

- 3.2. Policy H15 sets policy for the "Area of Housing Mix". This was originally proposed by LCC as the "Area of Student Housing Restraint", but the UDP Inspector considered that policy approach discriminatory against students. The adopted policy is positively worded to permit development intended for occupation by students providing that it would not reduce the stock of housing available for family occupation, that there would be no unacceptable harm to residential amenity, that the scale would be compatible with surroundings, that satisfactory car parking provision will be made and that the proposal will improve the quality or variety of student housing.
- 3.3. Policy H15 has a sister policy, Policy H15A which expects LCC to be pro-active in identifying suitable sites for new student housing. Criteria for suitable locations include i) proximity to the Universities or good public transport, ii) potentially attractive to students, iii) supported by services and facilities, iv) contribute to regeneration and v) not prejudice the quality, quantity or variety of the local housing stock.

- 3.4. Also, the UDP contains policy H18 which has criteria for dealing with proposals for houses in multiple occupation.
- 3.5. The UDP also has city centre policies which promote a number of “quarters” for particular uses , such as the Prime Office Quarter. This policy (CC27) sees the quarters as having a dominant purpose, but not exclusively single use. Supporting uses are encouraged which will provide supporting services or add variety, providing they do not prejudice the main purpose of the quarter.

Core Strategy

- 3.6. Draft Core Strategy policy H6 set out the Council’s current approach to student accommodation within the city. This takes two forms, Houses in Multiple Occupation (HMOs) and purpose built student accommodation. Part A seeks to control the concentration of HMOs within the Article 4 Direction area by avoiding high concentration of HMOs, ensuring the amenity of nearby residents is protected and by preventing further loss of housing suitable for family occupation. Part B outlines the approach for purpose built accommodation which should be controlled to help extend the supply accommodation taking pressure off the need for private housing to be used. Also, Part B seeks to avoid excessive concentrations of purpose built accommodation and development in areas which are not easily accessible to the universities.

Demand and supply

- 3.7. Re’new has been commissioned to examine demand and supply for student housing in Leeds and report on options for future decision making. This will look at future demand for student housing in conjunction with the Higher Education Institutions, key providers such as UNIPOL and others active in the student market. It will take account of the local supply chain and current trends in the student market, as well as vacancies. It will propose policies and management arrangements to better assess the future provision of student housing and the suitability of locations.

Planning applications and enquiries

- 3.8 Planning permission is in place for a total of 2471 new student bedrooms in purpose built accommodation. Some of these schemes are currently under construction:

Pennine House, Russell Street	119 bedrooms
26-30 Clarendon Road	15 bedrooms
4-28 Westfield Road	119 bedrooms
22 Lovell Park Road	66 bedrooms
Algernon Firth, Thoresby Place	110 bedrooms
City Campus, Calverley Street	404 bedrooms
Servia Road	300 bedrooms
20-28 Hyde Terrace	97 bedrooms
St Marks Road	526 bedrooms
Moorland Road	53 bedrooms
Glass Works, Cardigan Road	154 bedrooms

The Gateway, East Street 508 bedrooms

In addition, other sites (eg Boddington Hall) have become surplus to requirements.

4. Corporate Considerations

4.1. Adoption of the Core Strategy is recognised as a corporate priority.

5. Consultation and Engagement

5.1. Preparation of the UDP and Core Strategy involved considerable public consultation and engagement. The Core Strategy will be subject to a public examination in the summer 2013 whereby the “soundness” of the plan policies will be considered by an independent inspector who will hear representations from objectors and from LCC. The review will involve key stakeholders including Higher Education providers, UNIPOL, key developers and local groups.

6. Equality and Diversity / Cohesion and Integration

6.1. National planning policy is to create inclusive and mixed communities (National Planning Policy Framework paragraph 50). Similarly, UDP and Core Strategy policy seeks to avoid excessive concentrations of student housing that could undermine the balance and health of communities.

7. Council Policies and City Priorities

7.1. Policy is summarised in paragraphs 3.1 – 3.6 above.

8. Resources and value for money

8.1. The preparation of planning policy and dealing with planning applications is covered under existing budgets.

9. Legal Implications, Access to Information and Call In

9.1. The Core Strategy is being prepared within the context of the LDF Regulations, national planning guidance and statutory requirements. Planning applications are determined in accordance with the Planning Acts.

10. Risk Management

10.1. The Core Strategy needs to be prepared according to national planning practice guidance in order to be considered “sound”. Planning applications that are refused planning permission have the right of appeal to the Secretary of State.

11. Conclusions

11.1. Local policy on student housing provides a good context for considering planning applications. This will be strengthened if the policies in the Core Strategy are adopted following the examination in public this summer. The final report from Renew on student housing will provide evidence to help inform decisions on future planning policies and applications for purpose built student accommodation.

12. **Recommendations**

12.1. Scrutiny Board (Housing and Regeneration) is requested to:

- i). note and comment on the contents of the report.

Appendix 1: Student Housing Demand and Supply: Issues Paper

This is an initial report on the issues relating to new student housing in the context of changing demographic patterns, demand for housing and supply.

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) *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.

	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) Census 2011

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

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%
<i>aged under 16</i>	<i>143,091</i>	<i>20.0%</i>	<i>137,493</i>	<i>18.3%</i>	<i>18.8</i>	<i>-5,598</i>	<i>-3.9%</i>
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 indicates a fall in the number of school age children (5-15) which may indicate reducing demand in the future (2015 – 2013) , but it also shows substantial increases in the proportion of under 5s (which could impact on demand from 2023) and also in those aged 16 – 19 which suggests that demand in the short term may increase.

Implications

It would appear that applications to universities have recovered from the fall of last year. Census data meanwhile suggests that future numbers of young people seeking university places may well increase, but gradually and not at the extremely high rates of past years.

2. DEMAND SIDE

a) Demand from new students:

With the number of applications increasing for 2013, this would appear to suggest an increase in demand from new students for accommodation in 2013/14 and a potential continuing increase over future years. Census data also suggests that future demand may fluctuate but in the short term may well increase given an increasing number of 16 – 19 year olds.

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 £9000 a year does not appear to be having the impact on applications that had been predicted, young people seem to be becoming aware that the burden of repayment is on them but may not impact for some considerable time. In the meantime, the BOMAD (Bank Of Mum And Dad) is having to meet accommodation costs as the 'living expense' loan is insufficient to cover both living expenses and accommodation. In this context parents are looking both for good deals and value for money in terms of security and amenity.

Implications

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 shared housing of 2nd and 3rd year students.

b) Returning students

For a long time, demand from 'returning students' i.e. 2nd, 3rd, 4th year students has been for shared housing. There is little data to throw light on the actual number of returning students choosing to either remain in purpose built housing or switch to it in their final years. However, indications from purpose built accommodation providers suggest a constant minority of bedspaces are taken up by returning students.

Research by re'new for Unipol 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.

Implications

Demand for purpose built housing from returning students may well increase resulting in continuing justification for provision. How much can be met from existing supply, given likely increases in new students, is not yet clear.

There may be an impact, albeit slight on the demand for shared private rented housing but this may well be offset however by returning students switching to purpose built housing given evidence of some changing attitudes to housing options amongst final year students, and especially given the nature of accommodation offers and the views of parents about value for money.

c) 'Brand switching'

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.

Implications

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.

3. SUPPLY SIDE

a) Current and planned provision

The research by re'new in 2012 showed almost 13,000 students living in purpose built accommodation.

§ Empty bedspaces (2013) from UNIPOL

There are also 3,363 new bedspaces with planning permission. It is not certain whether these will be built out, but a substantial proportion may be.

b) Meeting new and switching demand

If the projected increase 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.

Providers may need to consider alternative sources of demand should the situation with student numbers change, or should surplus places arise.

New providers entering the market seem to be aiming at encouraging students to switch demand from existing university or private sector accommodation to what they may regard as their 'superior' product. It is likely that they will portray this as responding to student and parental choice.

c) Reasons for refusal

It would appear that currently refusing planning permission for new student accommodation would be difficult to evidence given that demand no longer appears to be reducing.

Provisions of new accommodation aimed at providing competition for new student demand would be portrayed as offering choice to students and their parents and would be hard to argue against.

Questions must arise over whether the very high, high-rise accommodation schemes built so far would be sustainable in the longer term but lower-rise, lower density schemes may be in terms of demand, but it is uncertain whether this would be financially viable for the developers

The provision of new accommodation may well have impacts on existing university accommodation rendering some unsustainable. Whether this is a reasonable reason for refusal of planning permission is not clear.

d) Planning Policy

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 with developments such as Sky Plaza (LS2); Concept Place (LS3); and Opal 1, 2 and 3 (LS3).

Leeds City Council's approach to the use of areas of the city which have been designated as Quarters (e.g. Education, Hospital, Entertainment, 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.

The report also refers to an interview conducted with Unipol Student Homes in Leeds suggesting 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;
- § Avoid locations not accessible to the Universities by foot or public transport.

On balance, and equally as necessary to take into account, is the Article IV Direction for Houses in Multiple Occupation (HMOs) and how development proposals for new HMOs will be determined.

Here, 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;

- § Ensuring 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.

Outside of Leeds and Yorkshire, as a point of reference, Newcastle City Council has produced 'Interim Planning Guidance on Purpose Built Student Housing 2007' 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. There is also a need to provide such accommodation in Newcastle 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 already high concentrated communities. The full report on student housing demand and supply in Leeds will consider how purpose built student housing in Newcastle has developed in Newcastle since the introduction of this interim guidance.

e) Political viewpoints in Leeds

Local intelligence suggests that some ward councillors covering the city centre and its environs are opposed to further large scale student accommodation blocks. However with regard to student accommodation in former office accommodation:

- 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.