

Representation to the
Private Rented Sector Review 2008
conducted for Communities & Local Government by Dr Julie Rugg & Dr David Rhodes

presented to the Policy Round Table on Student Housing, with Dr Rugg in London on 4 March 2008

1 Dr Richard Tyler began his academic career teaching art history at Leeds College of Art & Design, subsequently teaching visual culture at Leeds Polytechnic, and finally, cultural studies at Leeds Metropolitan University and York St John College. On retiring from paid employment, Dr Tyler has co-ordinated both Leeds HMO Lobby and also the National HMO Lobby, which campaign locally and nationally for the management of houses in multiple occupation (HMOs) in the interest of the community as a whole. Dr Tyler recently published 'Comprehending Community' in Herbrechter & Higgins, *Returning to Communities*.

2 The National HMO Lobby began in 2000, as a response to the peculiar impact on local communities of concentrations of HMOs. It is now a network of over fifty local community groups in thirty or so towns in all the countries and regions of the UK. Its concern is with all sorts of HMOs, but especially with student shared houses, which since the turn of the millennium have been the main driver of the HMO market. "Students represent one of the largest demand groups for private rented accommodation" (Rhodes, 2006, p76). They have generated the main concentrations of HMOs, what is now termed 'studentification' (following Smith, 2002). The Lobby is about to publish its position statement on *Balanced Communities & Studentification*. It has also published Briefing Bulletins and Discussion Documents on varied aspects of this campaign, including 'Local HMO Plans' and 'What is a HMO?' Information on the Lobby and its lobbying is available on its website at <www.hmolobby.org.uk>

Can the PRS deliver student housing without undermining community cohesion?

3 The issue of student housing is complex, and any attempt to understand this complexity must avoid a simplistic approach. The most obvious simplification is to mistake opposition to studentification for opposition to students. But all the subsidiary questions addressed below are vulnerable to simplistic responses. However, first of all, an initial complexity which needs to be clarified is the role of the private rented sector (PRS) in delivering student housing. A minority of students make a rational decision to study from home. But the great majority (uniquely in the world) rent accommodation away from home during term time. This accommodation can take many forms. At one extreme is (a) the shared house, converted to a greater or lesser degree from a family home; then (b) larger domestic dwellings may be converted into two or more shared flats; next (c) some groups of students rent individual flats in apartment blocks; then (d) many new purpose-built developments (PBDs) for students comprise blocks of cluster flats; and finally, at the other extreme, (e) there are traditional halls of residence. (All of these are different forms of HMO, as defined in the Housing Act 2004.) All of these may be in either the public or the private sector - or somewhere in between. (1) Higher education institutions (HEIs) traditionally provide halls of residence, but many also own shared houses. (2) However, most shared houses are rented from private landlords - which may include traditional local landlords, or buy-to-let (BTL) investors, or student parents; PBD flats may be rented from developers (like UNITE). In between, (3) some HEIs lease their accommodation stock to private companies; or they will head-lease rooms in the PRS; or developers will contract with HEIs to provide dedicated accommodation. PRS student housing is generally understood as privately-rented HMOs - but it is important to recognise that this is only one form that student housing can take. (Rugg et al, 2000, discuss 'The student niche market' in Chapter 4; significant changes in the market have taken place since then, but otherwise, the report remains largely pertinent.)

Can the PRS accommodate a further increase in student numbers?

4 It is important to ask the question, *can the PRS accommodate a further increase in student numbers?* But it is also important to ask, not only *will the PRS actually need to provide increased accommodation?* but also *should it?*

4.1 "The student niche market is particularly robust" (Rugg, p34). There is no doubt that if it is required, the PRS could accommodate a further increase in student accommodation. The PRS is a market, and students constitute a very powerful sector therein. They are willing to share in comparatively high numbers, in any type of accommodation. And the majority are from families in middle and higher income brackets. On either or both grounds, they can therefore outbid competing markets. And their purchasing power is such that, if necessary, their providers (landlords) can increase the stock available by purchase from owner-occupiers. "Student demand had a substantial impact on the local owner occupied market" (Rugg, p33). Rugg et al consider 'The impact of student demand on local housing markets' (Chapter 4), and show that "student demand pushes out other non-student tenant groups." (See also, Appendix 1, Belfast.)

4.2 There is however a question as to whether an increase in the PRS will be necessary, for a number of reasons. First of all, 'demographers have warned that the number of 18-year-olds will drop dramatically between 2010 and 2019 because of fewer births in the 1990s' (Shepherd, 2008). Secondly, the number of students studying from home is increasing slowly; if tuition fees rise (as is widely assumed: see Shepherd, 2008), this is likely to continue. Thirdly, the traditional PRS (shared HMOs) is under increasing competition from PBD provision.

Investment in student housing is still promoted in the property press, especially in towns with new and expanding HEIs. However, while established larger universities (like Nottingham and Leeds) will remain competitive, not all of these are expanding; in a period of contraction, newer universities will be most vulnerable. The pattern of demand is likely to be highly variable.

4.3 The question remains, *should* PRS student housing expand (if this means traditional shared HMOs)? The traditional PRS entails massive social costs, especially when concentrations of HMOs develop (such concentrations are described in Rugg, pp17-19; see 6 and 8 below). Arguably, if there is to be any expansion, it should be in less damaging forms (see 7 below).

Recommendation: *that in their Local Development Frameworks (LDFs)*

(1) where concentrations of HMOs have arisen, Local Planning Authorities (LPAs) should adopt Areas of Multiple Occupation Restraint, in order to prevent further deterioration; and

(2) where there is potential for concentrations of HMOs to spread or develop, LPAs should adopt Thresholds for acceptable proportions of HMOs.

How can student interests be protected in the open-market PRS?

5 The first point that should be made is that the interests of *all* tenants in the open-market PRS should be protected. There is no particular reason why students should receive special treatment, especially as in many respects their position is already advantageous. ("No other group within the rented subsector receives the level of assistance afforded to students," Rugg, p20; see Appendix 3, Southampton.) The threats to all PRS tenants arise from incompetent (or dishonest) management, from inadequate (or dangerous) properties, and from vulnerability to crime (burglary). These threats are acute if the letting is the tenant's only residence (which is not the case with students). Students have the support, not only of their parents, but also of the welfare services of their unions. Increasingly, many have the alternative option of PBD. Nevertheless, NUS argues for the right of students to seek accommodation in the open market - and therefore to take the accompanying risks. The government has however recognised the vulnerability of many tenants in the PRS, and in the Housing Act 2004, has introduced three forms of licensing - Mandatory HMO Licensing, Additional HMO Licensing, and Selective Licensing. Students (along with all other PRS tenants) benefit from PRS licensing, certainly from Mandatory HMO Licensing and potentially from Additional HMO Licensing - though few local housing authorities (LHAs) have yet taken advantage of the latter. Surprisingly little interest has been shown in Additional HMO Licensing by NUS.

Recommendations: *(1) that Community Associations, HEIs and Student Unions establish tripartite alliances to lobby Local Housing Authorities to apply to the Dept for Communities & Local Government (CLG) for Additional HMO Licensing in areas with high numbers of student HMOs;*

(2) that CLG encourage such applications, and expedite their approval when submitted.

What policies can local authorities and HEIs put in place to ameliorate the concerns of local residents?

6 Here of course it is important to identify accurately what *are* the concerns of local residents. Such residents have established the National HMO Lobby precisely in order to articulate their concerns - and to propose remedies. It is very regrettable that recent publications by both Universities UK (2006) and by NUS (2007) have failed to recognise these concerns, though they have been widely disseminated in consultations and conferences. For this reason, the Lobby is about to publish its own position statement, *Balanced Communities & Studentification* (2008).

6.1 The first point to make is that studentification is a complex phenomenon, comprising both causes and effects. The immediate cause of studentification is demographic imbalance, where the proportion of students passing through a neighbourhood increases to the point where it destabilises the resident community (the Lobby estimates that 20% is the maximum proportion that can be accommodated without serious problems emerging). The imbalance in turn arises from a demand for accommodation, which is not met by HEIs, which is therefore satisfied by the PRS, but which is without management by the LPA. This unregulated market in its turn arises from government policy to expand higher education, without giving either HEIs the resources to accommodate their increased students, nor LPAs the power to manage the consequent market. (The process is summarised in Chapter 2 of Rugg et al, though their average of 2,843 students per HEI living in the PRS is a major under-estimate - the figure in Leeds is ten times that.) Demographic imbalance has a twofold effect on a neighbourhood. On the one hand, social, environmental and economic problems arise from a population which is predominantly young, transient and seasonal (especially, crime, squalor and a resort economy). On the other hand, the neighbourhood sees a decline of the community which normally keeps that neighbourhood clean and quiet and safe. Rugg et al draw attention to 'student ghettoisation', pp29-30. The effects of studentification were first acknowledged by the government in the CLG report on the PRS in 2006.

6.2 The second point to make is that any policies put in place must address both sides of the equation, both causes and effects. In fact, Universities UK's 'Checklist' goes a long way to addressing the effects of studentification - while entirely ignoring the causes (and thereby undermining any possibility of their being effective: see Appendix 2, Nottingham). The National HMO Lobby therefore proposes a Ten Point Plan (outlined in *Balanced Communities & Studentification*) to tackle the causes of studentification.

Recommendations: (1) that each local authority affected by the symptoms of studentification adopt the Ten Point Plan proposed by the National HMO Lobby;
(2) that each such authority include within its Plan the Checklist of actions proposed by Universities UK.

What is the contribution of large-scale private sector halls of residence: advantages/disadvantages?

7 'Large-scale private sector halls of residence' are here referred to as PBDs (purpose-built developments). Their advantages and disadvantages need to be considered from the perspective of all parties involved - not only students, and not only HEIs - but also their potential neighbours, the local community. Any assessment depends on both intrinsic factors (the PBD itself) and extrinsic factors (their location).

7.1 As noted above, threats to tenants (including students) in the PRS include bad management, poor facilities and weak security. All PBD is now required to join one of a number of accreditation schemes, whose purpose is precisely to ensure high quality management and facilities. The problem of crime (burglary) arises precisely when concentrations of student HMOs develop - they present a tempting combination of soft targets and rich pickings in a compact area, attracting burglars from much further afield than is normal. By comparison, PBD offers a high degree of security. The trade-off for these advantages are higher rents. (NUS disagrees: "The growth of high-density, expensive, purpose-built student developments has done little to solve problems, and risks exacerbating them," NUS, 2007.)

7.2 For HEIs, PBD offers improved facilities for their students: "HEI accommodation policy officers noted that offering student residences comprised an advantage when it came to recruitment" (Rugg, p13). In addition, PBD potentially offers improved relations with HEIs' neighbours, the local community.

7.3 For this local community, the advantages or otherwise of PBDs depends entirely on location. The Lobby supports PBD in principle, but with several qualifications. (1) The problem of studentification is one of demographic imbalance, rather than type of accommodation; a PBD can contribute to this imbalance as much as HMOs (or more, due to their density of accommodation). (2) PBD does provide an alternative to conversion of family homes to HMOs (which the Lobby welcomes), but there is not a simplistic transfer - in fact, a PBD can actually intensify demand for HMOs in its immediate vicinity (students leaving the PBD, or friends of those in the PBD, look for accommodation nearby). (3) The presence of a PBD, with the increase of traffic (both foot and vehicular) and of noise, is a deterrent to families in the immediate vicinity. The Lobby's support for PBD depends on their location. (a) In areas already studentified, PBD is not welcome - as it simply exacerbates the existing problems, without offering local communities any advantage. (b) On campus, PBDs offer alternative accommodation, which can release HMOs back into the residential housing market, while removing noise and traffic from the neighbourhood (provided the campus is insulated from the surrounding community). (c) Elsewhere, PBD again provides alternative accommodation, relieving demand for HMOs, and easing demographic pressure; some argue that PBD in areas of decline can have a regenerative effect boosting the local economy (others are considerably less certain).

Recommendations: (1) that LPAs adopt general LDF policies which favour PBD outside traditional student areas [such as Policy H1 5A of the Leeds UDP];
(2) that LPAs adopt particular planning guidance identifying and evaluating potential sites for PBD [such as Newcastle upon Tyne's Interim Planning Guidance on Purpose Built Student Accommodation, November 2007].

The National HMO Lobby's Representation has attempted to guard against a simplistic approach to PRS student housing. To consider student housing (only) in terms of community cohesion (only) is itself in danger of being simplistic. The Lobby therefore proposes two further questions.

Is 'community cohesion' the only social cost of student housing in the PRS?

8 "Student housing issues travel beyond the student population and affect the broader arena of private rented housing and local housing markets generally," (Rugg, p32). The impact of concentrations of student housing (whether HMOs or PBD, whether public or private) is profound for the cohesion of local communities. Indeed, in the most extreme instances, cohesive local communities are entirely supplanted by a population in the process of continual change. But this is not the only cost of PRS student housing. Privately-rented student HMOs are only seasonally occupied. In the case of parent-owned HMOs, they are very evidently second-homes, occupied in addition to the family homes, while the children are away at university. But the same is actually equally true of HMOs let by landlords or investors - these are not first but second homes, occupied on a seasonal basis. In fact, many suburbs are similar to rural locations, dominated by what are effectively second-homes and holiday-lets. (Since the seasons are reversed, many PBDs are actually let during vacations as holiday accommodation.) The urban consequence is the same as the rural - a shortage of housing for local residents. There is national pressure for a huge programme of house-building, to address the housing shortage in the UK. But what the Housing Green paper entirely neglected was efficient (and ethical) use of existing stock. 1% of the housing stock in England & Wales is currently not available as first homes because it has been appropriated as second-homes by existing home-owners. And this figure does not include housing let to students. Recently in Leeds, a council house which became vacant received 490 applications - yet at the same time, some 5,000 of the city's houses are out of circulation as student HMOs. "A principal consequence of the growth of the student niche market is that in many

areas there has been a substantial shift of properties from the owner occupied residential sector to the PRS" (Rugg, p35). This shift represents a second massive social cost.

Recommendations: (1) that in general, disincentives to urban second-home ownership are developed, in parallel with those in rural communities;

(2) that in particular, since HMOs are used as temporary accommodation only, they are classed as non-domestic concerns (like hotels) for the purpose of local government finance, and in consequence subject to Business Rate, rather than to Council Tax.

Are these costs peculiar to student housing in the PRS?

9 As its name indicates, the National HMO Lobby's concern is not essentially with student housing, but with HMOs, because of their peculiar impact (in concentrations) on local communities. The Lobby focuses a good deal of its attention on student housing, as this is the major driver of concentrations of HMOs. But it is by no means the only one. Concentrations of HMOs have arisen (and are arising) in very different circumstances, but with very similar impacts. One of these contexts is coastal towns. Indeed, it was problems in these locations which prompted the first moves towards registration or licensing of HMOs, long before student concentrations became a problem. HMOs at the seaside continue to be a problem, highlighted in last year's report by the Commons Committee for CLG. A more recent phenomenon is the use of HMOs to house migrant workers, especially (but not only) in market towns. Peterborough has recently achieved notoriety in this context. The CLG *Evaluation of the impact of HMO licensing* made no reference to student HMOs, but gave numerous examples of the problems which arise. Meanwhile, where the phenomenon of de-studentification arises (where student HMOs are evacuated in favour of PBD) alternative markets may move into the empty HMOs (indeed, student landlords use this development as a threat to community activists). The need to address the issue of concentrations of HMOs is therefore far wider than simply student housing.

Recommendation: that the Use Classes Order is amended (a) to adopt the definition of HMO provided in the Housing Act 2004, and (b) to remove HMOs thus defined from Class C3 [following the model of the Use Class Order revision in Northern Ireland].

10 In conclusion, the National HMO Lobby does not consider that the PRS can deliver student housing without undermining community cohesion. There is no doubt that the PRS can deliver student housing. But the PRS is a market, and markets tend towards a herd mentality. Flourishing markets attract extra business, which is why the PRS will match any expansion in student numbers. But where markets are geographically-based, as is housing (*location, location, location*), then they also generate concentrations. It is precisely the concentrations of HMOs, with a population which is essentially transient (whoever the tenants are), which undermines population stability - the essential pre-requisite for cohesive, sustainable communities.

Recommendation: that (in the words of Rugg et al) "a housing strategy should be integral to the expansion plans of every HEI, and comprise an analysis of likely impacts on the local rental market and consultation with local community groups."

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