

IMPORTANT NOTE: THIS IS A DRAFT DOCUMENT FOR DISCUSSION AT THE 24.7.17 STAKEHOLDER GROUP MEETING

It carries forward the decision made at minute 4 of the meeting of 05.04.17

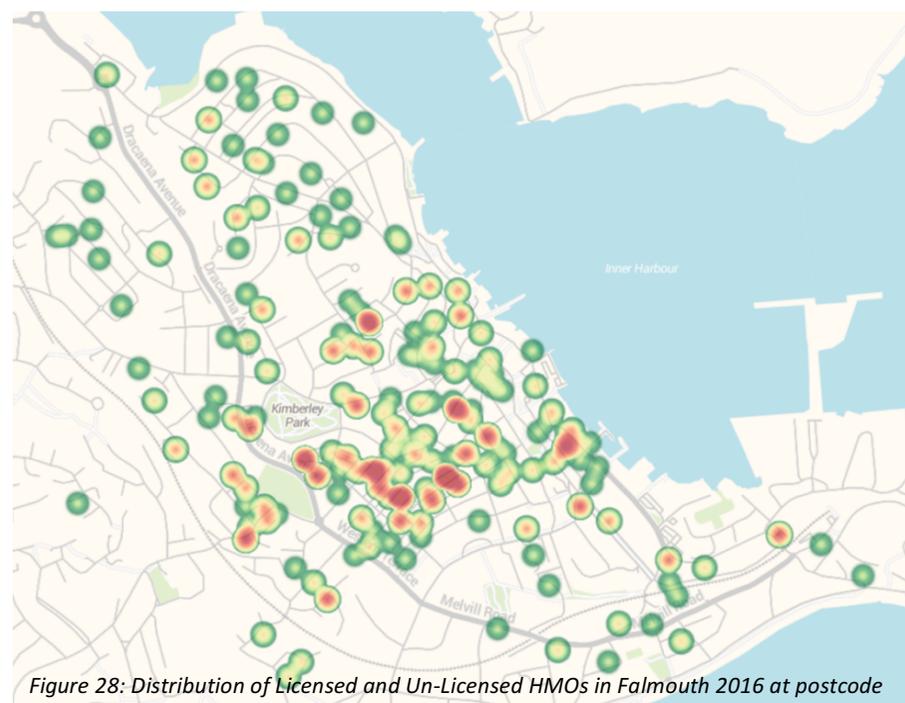
THE PRIVATE RENTED SECTOR AND ACCOMODATING STUDENTS

Key objectives

- To maintain community balance, and protect the character and amenity of residential areas that may be subject to changes of use to houses in multiple occupation;
- To minimise harm to the living conditions of existing residents of such areas;
- To maintain a diverse housing stock which caters for all sections of the population including families;
- To optimize the availability of private rented accommodation to meet the housing needs of all Falmouth's residents;
- To ensure that the economic benefits to be derived from the expansion of the Universities of Falmouth and Exeter are enabled to come forward for the benefit of Falmouth and Cornwall.
- To ensure that the likely growth in student numbers is absorbed in ways that are sustainable and work to the benefit of both Falmouth and the Universities
- To support the Cornwall Local Plan Site Allocations Development Plan Document strategy for student accommodation

Context

The private rented sector of housing has an increasingly important role. Changes brought about by welfare reform are increasing the pressure for HMOs from the non-student population. The Council of Mortgage Lenders¹ suggests that decline in social housing means the private rented sector is now housing many people who would perhaps otherwise have been in social housing. The proportion of households in the private rented sector with dependent children has increased from 29 per cent in



¹ ['Is the Private Rented Sector Really in Decline?' Mohammad Jamei, CML March 2016](#)

2003-04 to 37 per cent in 2014/15² Mortgage affordability issues mean that would-be first-time buyers now need to save for longer for a deposit, with many staying in rented accommodation for a longer period. Others may, for life-stage and job mobility reasons, not want the responsibilities of home ownership. The sector is now very diverse, helping to house those living alone or with others, with or without dependents, retired or still working. The demand for housing from all of these groups has increased and does not look likely to abate in the medium term. In response, the Govt. is looking at ways of stimulating supply³

Houses in Multiple Occupation (HMOs) occur in Falmouth primarily in the form of dwellings which have been let to multiple households driven by the demand for student accommodation resulting from the arrival and expansion of the Universities of Falmouth and Exeter within the town and at nearby Penryn. However, some HMOs occur as a result of other drivers, such as the lack of affordable housing for young people and those otherwise not well positioned within the housing market.

Detailed data on the number, type, distribution and issue associated with HMOs in Falmouth is given in the evidence base. In April 2014, there were 74 properties in Falmouth *licensed* as HMOs, and by April 2016 this had increased to 123 properties, an increase of 66.2%. At that time of the total of 131 licensed HMOs in Falmouth and Penryn, 93.9% were in Falmouth, with a total permitted occupancy of 754 people. However, as it is the general nature of residential development in Falmouth to be two storeys, many other HMOs could fall into the 'small' category which are exempt from Mandatory licensing and would not appear in these figures. Accommodation listings such as Student Pad showed 318 dwellings available for 2015/16, increasing by 19.8% to 381 for 2016/17, of which 54 are licensed HMOs, leaving 327 that are non-licensed, with a potential occupancy of 1,353.

The total number of HMOs at October 2016 is therefore estimated as 450, with an occupancy estimated at 2,107. However, buildings tend to fall in and out of use as HMOs as time progresses. Between January 2015 and October 2016, the total number of dwellings that were used as HMOs was approximately 495 with a potential occupancy of 2,350. In addition, there will be some HMOs which have not appeared in the licensing or accommodation.

Additional student population will be present in non-HMOs (ie couples sharing self-contained flats, small houses, and purpose built accommodation such as Tuke House and Maritime Apartments), but which may add to the unbalancing effects associated with HMO proliferation. An indication of the distribution of this population may be gained from Council Tax 'disregards' awarded because of student occupation. From Oct 2016 data, and excluding disregards from HMOs, the total number of properties is 451, which could support c.1,000 students. The focus of licensed and un-licensed HMO use is around mostly Victorian, Edwardian and mid 20th century housing to the east of the A39 (Dracaena Avenue, Wellington Terrace and Melvill Road), although more are now appearing to the west of this road. Hotspots are around Budock Terrace, Killigrew Street, Marlborough Road, Trevethan Road, Tregenver Road, Penmere Hill, and Wellington Terrace, as illustrated in the 'heatmap' above

Council Tax 'disregards' for student occupation are similarly distributed, but also show where non-HMO student households are generally located.

When investigating **the local impact of the proliferation of HMOs**, the Neighbourhood Plan Stakeholder Group used the May/June 2015 Community Engagement to gather information on the community views of HMO issues. The initial questions were carefully drafted not to point specifically to student HMOs but to the identification of 'any areas of Falmouth where the balance of the community or character of the area are at risk of being harmed by changes in accommodation and occupancy type'.



² English Housing Survey 2014/15

³ Building the new private rented sector: issues and prospects (England), House of Commons Library Briefing Paper No 07094, 19th June 2017

Respondents were asked to score what aspects did they think harm the character of the area. Choices were Parking Conflict, Care and maintenance of buildings, Conflicting hours of activity, Refuse storage, Care and maintenance of gardens and communal areas, and Other. Finally, respondents were asked whether they would support the principle of an Article 4 Direction that would control the spread of houses of multiple occupation in Falmouth.

Figure 29: Distribution of non HMO Council Tax Student Disregards.

Those replying to the question on whether there are areas affected by HMOs was 696 (53.2%). Of those commenting on which aspects were affected, 91% said that community balance was harmed, and 81% said the character of the area had been harmed. Some 659 respondents (50.4%) answered the question on the issues involved, scoring each on a Likert scale where 1 is low level of harm and 5 is high level. The result is a weighted average for each issue as follows:

- Care and maintenance of gardens: 4.2
- Care and maintenance of buildings: 4.1
- Conflicting hours of activity: 3.9
- Refuse storage 3.9
- Parking conflict 3.8

Comments added to these responses add some further detail, referring to the seagull problem from unmanaged refuse areas, damaged or missing curtains which add a sense of dereliction, general littering, and proliferation of letting boards.

With regard to the main areas where the problems associated with student HMOs are most experienced, clear 'hot-spots' such as Marlborough Road, Trelawney Rd, Budock Terrace, Albany Road, Kiligrew Street, Trevethan Road, Wood Lane, Old Hill, New Street, and Lister Street come through. These correlate well with the known distribution of HMOs. Respondents also identified individual streets across the town, and 25% said the whole town was affected.

An essential element of the Falmouth Neighbourhood Development Plan development process has been the making alongside it of an Article 4 Direction to require planning permission for changes of use of residential properties into Houses in Multiple Occupation. This is a separate legal process implemented by Cornwall Council and requires coordination with the neighbourhood Plan so that appropriate planning policies to help implement the Article 4 are in place at approximately the same time as the Direction comes into full force. Some 1069 (81.7%) of respondents to the May/June 2015 Community Engagement answered the question 'would you support an Article 4 Direction?' to control the spread of HMOs' Of these 77.3% were in favour of the A4D. Further consultation was carried out by Cornwall Council in May/June 2016 and the Direction was made in June 2016, coming into full effect from 17th June 2017.

Policy Justification

As noted above demand on the private rented sector is growing nationally and the Govt are investigating steps to stimulate supply.

Overlaid on this in Falmouth is a huge and growing demand for student accommodation. In 2010 a University accommodation strategy forecast growth of 800 new students between September 2011 and September 2015, against which only about 460 beds were delivered through purpose built schemes. Continued growth in student numbers is anticipated. The recent planning application to vary condition 19 of the planning permission for Tremough (PA08/01579/OM), would if approved, permit an increase in the total number of full time equivalent (FTE) students studying at Penryn Campus from 5,000 to 7,500, with the maximum number being reached in 2020/2021 or shortly thereafter. The Section 73 statement accompanying the planning application anticipated that additional accommodation to house approximately 2,375 students will be needed, of which it is estimated 2000 will be through purpose built student accommodation. The Local Planning Authority has indicated its intention to approve the application subject to a Legal agreement incorporating a mechanism linking the rate of student growth to the completion of purpose built student accommodation.

The Cornwall Local Plan Site Allocations DPD recognises that 'additional unmanaged growth would continue to have significant detrimental impacts upon the local housing market, with the loss of further housing and vacant sites within Falmouth...to student accommodation, displacing local residents'. To enable the benefits of the Universities expansion to come forward, whilst addressing the potential negative impacts, a three-pronged approach is proposed:

1. The introduction of an Article 4 Direction and Neighbourhood Plan, which will prevent further loss of the existing houses stock to student accommodation;
2. Lifting the student cap at the Penryn Campus in a phased manner, directly linked to the delivery of bespoke, managed, student accommodation. The mechanism will relate to a minimum ratio of 0.85 to 1 (i.e. the student cap is lifted by 1 place for every 0.85 bed spaces delivered in purpose built accommodation); with an aspiration to deliver a 1:1 ratio for every student attending above the 5000 cap, which would help take the pressure off of the HMO market within the towns
3. The identification of a small number of sites that could appropriately deliver managed student accommodation; with sites identified on or adjacent to the existing campus to satisfy future needs.

The draft DPD identifies sites that can cater for growth centred in and around the existing campus to maximise their sustainability and limit impacts on Falmouth and Penryn, and offer the opportunity for some rebalancing of the market, by providing an alternative for students to come out of poor quality HMO properties within the towns. The DPD also identifies a fourth site, known as the Treliever Future Direction of Growth.

The DPD says that the sites it identifies deliver sufficient capacity for the growth requirements of the Universities within the Plan period (ie to 2030) and that it is not expected that any additional sites or accommodation schemes to those identified within the strategy would be required.

It adds that proposed development relating to student accommodation, including change of use, should also have due regard to the Falmouth Neighbourhood Development Plan, which will provide policies to manage student accommodation proposals within the town.

Unless these purpose-built schemes come on stream in a timely way, then the unmet demand for student accommodation will significantly impact on the local private rental housing market. Given the availability of the retail, leisure and community infrastructure found within Falmouth, and the relative freedom from rules and lower rents associated with the private rented sector, it is likely that many students will choose to live in the town. The areas of choice will be those within reasonable walking distance of public transport routes to Tremough and Woodlane.

The application to vary condition 19 and the associated announcements has also alerted the market to the potential for property conversions to meet the anticipated new demand, and inevitably where there is strong demand for rented accommodation, the market responds vigorously: if it responds at the current ratio of HMOs to students then another 260⁴ HMOs might be generated (+65.8%). This risk is exacerbated if the request to vary Condition 19 is allowed, but then there are then delaying issues with the Local Plan Allocations DPD and the delivery of its sites, with a market response leading to even greater pressure on the private rented sector and sporadic speculative proposals for purpose built accommodation.

There is also a risk is that there could be a reaction from residents in hot-spot areas where more HMOs appear, who decide to sell up and leave, exposing more properties to the potential for conversion. All of this can be expected to squeeze the private rented sector housing supply for the non-student population, and to worsen the social balance and environmental issues already picked up in the 2015 Community Engagement.

Policy Intention

Policy HMO1 is intended to assist in delivering the three-pronged DPD strategy above by restricting the conversion of existing dwellings to Houses in Multiple Occupation, and restricting the development of purpose built student accommodation.

⁴ In April 2016 our count identified at least 390 licensed and unlicensed HMOs most of which accommodated students, generated from 4,500 FTE students, so looked at simplistically 7,500 FTE student could generate a demand for 650 HMOs.

Policy HMO2 is intended to encourage landlords to consider converting smaller existing HMOs to single household private rented sector accommodation. It will enable a C4 HMO to convert to a C3 dwelling house without losing the potential to revert to C4 use (otherwise prevented by policy HMO 1) within a fixed period of 10 years. If a property has a lawful C4 use when applying for a flexible permission this will then be a material consideration when the planning application is considered. The permission will enable flexibility to let a property between C3 and C4 uses during the specified period.

Policy HMO3 is intended to encourage an increase in the supply of private rented sector accommodation, particularly for local lower to middle income households.

Policies

POLICY HMO1 – Student Accommodation

The change of use of residential properties in Class 3 to a Class C4 (Houses in Multiple Occupation) use, or to a mixed C3/C4 use, or to a sui generis HMO use (more than six people sharing) will not be permitted.

The change of use of residential properties in Class C3 and C4 uses to a sui generis HMO use (more than six people sharing) will not be permitted

New Purpose-Built Student Accommodation (PBSA) will not be permitted.

POLICY HMO2 – Mixed C3/C4 Uses

The change of existing (lawful) Class C4 Houses in Multiple Occupation to flexible C3/C4 permissions may be granted for a fixed period of 10 years. On expiry of the dual use period, the use of the property at that time would become the permitted use of the property.

POLICY HMO3 – Build to Rent Development

The development of private rented sector housing and schemes offering a mixture of private and intermediate rented housing for working households will be supported subject to legal agreements which:

- (a) secure an element of such housing for local needs or lower to middle income households at affordable private rents and with secure Family Friendly Tenancies of 3 years or more.**
- (b) specifically exclude occupation by undergraduate students.**

The impact on the market value of such developments will be taken into account in S106 viability assessments. The proportion of affordable local needs rental units will be based on the same requirements applicable to affordable housing in build for sale schemes in the Falmouth area.

The focus of sustainable development is far broader than just the environment. It's also about ensuring a strong, healthy and just society. This means meeting the diverse needs of all people in existing and future communities, promoting personal wellbeing, social cohesion and inclusion, and creating equal opportunity. This applies particularly to the private rented sector. All deserve the same standards, regardless of who the renters are and what they are renting.

Landlords are expected to keep rented accommodation to an acceptable standard within our community. This is for all rented properties, including studio apartments, family homes, and houses in multiple occupancy. If a property owner is renting a property through an estate agent, the agent holds the same amount of responsibility as the property owner. Further details can be found on Cornwall Council's website at <https://www.cornwall.gov.uk/housing/private-sector-housing/information-for-private-tenants/> and <https://www.cornwall.gov.uk/housing/private-sector-housing/house-in-multiple-occupation/guide-for-landlord-and-tenant/>

In addition to the requirements set out by Cornwall Council, the following standards and expectations should be followed:

- Seagull proof bags should be supplied to every new tenant of a property, regardless of if they have been previously supplied to the household. For households that have over three occupants (including children) two bags are recommended. These can be obtained by contacting Falmouth Town Council, and details can be found at <https://www.falmouthtowncouncil.co.uk>.
- Falmouth is a beautiful place to live, and the community expects that its neighbourhoods should be kept to a high standard. The tidiness and cleanliness of the front of properties is the responsibility of the landlord, and arrangements should be made for the proper disposal of refuse. If you have concerns or want further information, please come to the Falmouth Town Council Surgery, on the last Friday of every month in the Town Council Chambers (Municipal Building, the Moor).
- Necessary appliances such as ovens, fridge freezers, boilers, etc. are the responsibility of the landlord and/or the estate agent to repair or replace when broken (unless otherwise stated in the contract or supplied by the tenant themselves). Nobody should go longer than a week without a replacement or repair being made.
- Mould is a part of living by the seaside, however untreated it can become dangerous for not only the structure of a building but also those living in it. It is the responsibility of the property owner to make sure no mould in the home is toxic, and that dehumidifiers are supplied as needed. Concerns about mould should be reported to the landlord in the first instance, and if there is no or inadequate response, the Cornwall Council Private Sector Housing Team should be contacted (01209 615629)
- Falmouth is a community where people consider themselves to not only be neighbours but friends. It is with this in mind that it is expected for landlords or estate agents to inform neighbouring households of new tenants, such as who is moving in and when (with the tenants' permission). It should then be encouraged for new tenants to introduce themselves to their direct neighbours at the start of their tenancy.