



BY EMAIL ONLY

Our ref. 14.009 10-03-2016

Planning Policy Team
Nottingham City Council
Loxley House
Station Street
Nottingham
NG2 3NG

10th March 2016

Dear Sir/Madam,

Re: Nottingham City Local Plan Pt 2 – Consultation (March 2016)

P&DG are submitting this representation on behalf of East Midlands Property Owners Ltd (EMPO) as a response to the consultation on the draft Pt2 Local Plan. We consider that the policies concerned with Houses in Multiple Occupation (HMOs) and student accommodation affect an essential part of the housing mix across Nottingham, serving broad markets of current undergraduate and postgraduate students, young professionals, single people, and those who have left university but encouragingly have chosen to continue living in Nottingham for employment, further training and development and leisure.

The demography of those living in multiple occupation housing is broad and deep. With mortgage finance increasingly difficult to obtain – particularly for younger, lower waged people (who are the most vulnerable in the current housing crisis) shared, rental housing is a popular, affordable and secure choice. The importance of its contribution to the local housing market cannot be overstated. It is a concern that the loudest calls for a restriction on the supply of multiple occupancy housing, most often comes from those living in the safety-net of owner occupancy which is, quite simply, beyond the wildest dreams of the majority of wage earners in Nottingham.

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To inhibit the housing supply needs of a significant proportion of the city's population fundamentally fails the social role of sustainable development as set out in the NPPF. Further, it fails to address the core planning principle of meeting the housing needs of the City. As such the plan is unsound, will not meet objectively assessed needs, is not positively prepared, is not justified, will not be effective, and is not consistent with national policy.

Policy HO6 – Houses in Multiple Occupation (HMOs) and Purpose Built Student Accommodation

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EMPO recognise the need for the plan to be responsive to demographic needs, enhancing social mobility in the city centre and reducing levels of deprivation, but have huge concerns that the implementation of policy HO6, and its links to Policy HO1, is likely to be unsustainable and perverse in its outcomes. While the NPPF supports 'mixed' and 'balanced' communities, it equally emphasises the need to 'identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand'

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In particular the application of a methodology that establishes a definition of a 'significant concentration' of students and / or HMO's would be unworkable, not inclusive, and ultimately inflexible in direct conflict with the ambition of the policy. As the Council acknowledges, the presence of two high quality universities in the City creates an annual turnover of the student and a graduate population. This has far reaching and positive impacts for the wider economy, footfall, spending power and skills of the workforce.

Similarly, this City, like many others, has attracted in migrants from both within and outside of the EU, seeking to establish themselves within the local economy. Often these are younger people isolated from their families who need cost effective housing that they can share with other people within their community, while they establish themselves. The clustering of such communities, offering support and companionship has been a long established profile of urban immigrant communities for decades, whether they be Jewish, Afro-Caribbean, Pakistani, Somali or eastern

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European. There are numerous reports which recognise the economic benefits of immigration to urban areas. A policy which would have the effect of splitting, separating and keeping apart emergent communities has the potential to be divisive, destabilising and will have a negative impact on the city. It smacks of a social engineering experiment to protect the interests of an established minority rather than supporting the economically fragile and offering help to the socially immobile as part of a flexible labour market.

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The Nottingham Core Housing Market Assessment (SHMA) update 2012 notes that *'approximately 45% of emerging households are unlikely to be able to access entry level market housing.'* With the best will in the world, the City and local Registered Social landlords are not going to meet the housing needs of the city in isolation and there will be a significant increased demand going forward for private rental accommodation. Policy HO6 will effectively prevent the need and demand for market rent housing from being effectively addressed in the City.

The assessment notes that: *'The private rental sector continues to be a very important element of the market....Tenure data provided by Experian (2009, via www.hi4em.org.uk) indicates that the private rental sector in Nottingham City is more significant than in the surrounding boroughs, accounting for approximately 21% of households.... The higher proportion of private renting in the urban area of Nottingham City is an important consideration, though detailed research or data on the sector is lacking. The income structure of privately renting households is not clear, though this is also a key element which needs to be understood, in order to gauge the full impact of future proposed benefit changes. When available, data from the 2011 Census may provide useful insights into the make-up of the sector. Some research has been carried out in the area by Nathaniel Lichfield and Partners, which may assist in understanding local market factors.'*

Further the SHMA states that *'Collecting and maintaining data on local private rental properties in order to have a robust basis against which to set rental levels is imperative, and this data should be made as consistent as possible across and between both Local Authorities and Registered Housing Providers.'*

As far as we are aware, the City Council has failed to carry out any further research into the relative importance of the private rental sector in the city, and in preparing

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the Part 2 plan, has little or no understanding of local market factors. In the context of the NPPF requirement to ensure that the **full objectively assessed needs** for market and affordable housing are met, the Plan and specifically Policies HO1 and HO6 are unjustified and unsupported by any objective evidence or market understanding.

In ignoring the recommendations of the SHMA to understand the ‘very important’ private rental sector the plan has not based policy on evidence, but on a subjective value judgment that HMOs are a negative element of housing supply. This stigmatises both landlords and tenants.

The Government rented housing Policy Paper from last year¹ notes that:

‘The private rented sector has grown and improved enormously in recent years and accounts for approximately 16.5% of all households, or nearly 3.8 million homes in England.

The private rented sector offers a flexible form of tenure and meets a wide range of housing needs. It contributes to greater labour market mobility and is increasingly the tenure of choice for young people.

The government wants to see a bigger and better private rented sector and believes that the most effective way to make rents more affordable is to increase the supply of new homes’

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In diametric opposition to national policy, Policy HO6 seeks to restrict the supply of private rental housing, which will have the effect of increasing rents, further excluding the vulnerable and lower waged from this recognised important source of supply. The emerging policy will directly exacerbate the housing crisis in Nottingham and will place vulnerable people at risk of homelessness.

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Policy HO1 seeks to ensure that new residential development includes multiple bedrooms and ignores the fact that many PRS scheme are viable and marketable only as single bed apartments. This market in particular suits young professionals

¹ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector>

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attracted to the city or who want to remain in the city from which they graduated. By suppressing the supply of single bed accommodation in areas of city that have large employers requiring a flexible and mobile labour market e.g. major hospitals, there is a significant risk of failing to address need. In turn this will constrain supply and increase rents resulting in graduates vacating the city and locating in a more competitive housing market.

A very recent poll² shows that at a Government level there is cross party support for the Build to Rent Sector as a key source of housing supply over the next five years, with:

- Four in five MPs say they support the build to rent sector and the contribution it makes to UK housing supply (81%)
- Build to rent has cross-party support, with the majority of Labour (71%) and Conservative (91%) MPs supportive of the sector
- Three in five MPs (62%) think it will make a higher contribution to housing supply over the next five years, compared to current levels

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Coupled with the significant levels of institutional investment going into the Private Rental Sector at present, Policy HO1 and HO6 place Nottingham at huge risk of missing out on substantial investment and housing supply, which will quite simply divert to other cities with a more positive approach to housing delivery. In the mid to long term this can do nothing but harm local growth prospects.

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Policies for housing cannot purport to address an objective to create or maintain sustainable, inclusive and mixed use communities if they lead to a wholesale 'zoning out' of a demographic group from the majority of the city's neighbourhoods where students, graduates and emergent communities need and actually want to live. The policy and its methodology applied in Appendix 6 of the Plan would do just that.

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We disagree that the 10% and above threshold applied to neighbourhoods would be representative of a 'significant concentration' in planning terms. It is hard to reconcile how a reasonable approach could ever consider 10% to be an over concentration of

² <http://www.comres.co.uk/polls/british-property-federation-build-to-rent-mps-survey/>

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anything! A figure of 20–30% might be more appropriate if fully justified, such as applied in other established university towns and cities including Sheffield, Bath (with its own extensive development pressures in other ways), Plymouth, parts of York and countless others.

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As noted above, the private rented sector accounts for 16.5% of all households nationally and 21% in the City, and is growing fast. While these will not all be in multiple occupancy houses, a vast proportion within the City will be. A 10% cap does not square with the reality of the housing market or objectively assessed need. Policy HO6 fails to address the fact that private rent is the growing choice of tenure for many, many people.

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There is a question of what would be an appropriate definition of ‘balance’ and does the policy lead to equitable outcomes across communities? We do not consider this to be the case.

If the Council were able to justify that a 10% threshold was appropriate based on needs evidence, the policy should be restructured to be more positive and in favour of sustainable development, akin to the National Planning Policy Framework (NPPF), and should not base the evidence upon output areas and Council Tax but upon the individual contextual circumstances that exist in each neighbourhood; applying a blanket percentage to each output area is, in our client’s view, not localised and does not reflect areas where there is a much lower concentration of HMOs.

For example, the emerging Local Plan seeks to appropriate the ‘over concentration’ methodology from the Balanced Communities SPD. This employs a methodology of identifying the ‘home’ census output area along with adjoining contiguous output areas to identify whether there is in excess of 10% student and / or HMO households. While a basic weighting factor is applied to purpose built student accommodation there is no further recognition or assessment of relative concentrations or issues / problems associated with the nominal ‘over concentration’.

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Quite rightly, the NPPF emphasises that outcomes in planning are far more important than process. The current wording of Policies HO1 and HO6 along with the Appendix 6 methodology

seek to apply a blunt, process driven, nominal approach, in an effort to appear technically robust and empirically objective. This is the very opposite of what good planning is about. The NPPF makes it clear that planning should be directed towards positive outcomes that avoid harm. As difficult as it might be to make an objective assessment of harm in the balance of a community, it is absolutely necessary to ensure that this ‘planning by numbers’ approach does not result in perverse outcomes.

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Further, the scope of the methodology in clustering contiguous census output areas does not appear to be based on any objective assessment of the character or issues in those areas or whether the established community in just one of those output areas might wholly skew the balance for the cluster as a whole (purpose built weighting notwithstanding). This is quite wrong and reflected in the fact that the plan on page 315 demonstrates that most of the central urban area of Nottingham would now be precluded from additional student accommodation or HMO's. It is clear that such a policy flies in the face of the NPPF requirement to meet local demand.

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It is our client's view that Policy HO6 and the associated Appendix 6 methodology represent an unsophisticated 'pseudo-scientific' approach which does not properly or robustly assess or address the issue of 'harm'. Quite correctly, and supported by EMPO, the City Council has focussed on addressing poor quality private rental housing and ensuring HMO tenants have a good standard of accommodation and tenure security. This remains where the Council's emphasis should be as good quality landlords and housing results in good tenants and a good environment. This is very different from seeking to constrain supply. Constraining supply within the city will effectively remove any competition from the rental market, and will act as a disincentive to landlords to delivering high quality accommodation or improve the quality of existing stock. It will leave tenants with no choice and risks increasing the supply of unregulated and unlicensed HMOs.

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The policy would be more robust and in accordance with the NPPF (Paragraphs 14 and 50) if it were to apply an exceptions based criteria, based upon an objective assessment of both harm and impact and whether that 'significantly and demonstrably' outweighs the benefits. Currently, it is also not comparable to the principles of the presumption in favour of sustainable development for plan making, in the level of flexibility to adapt to change.

A stronger exceptions based policy would be commensurate with the Council's existing approach to decision making for private student accommodation, whereby the authority can, and have decided (as it did with 'Greystacks' on Castle Boulevard - where the over concentration policy was not applied), that the socio-economic impacts of development would outweigh the level of any harm that would ensue from

these developments. There would be no detriment to the sustainability of neighbourhoods in taking this objectively based approach forward across the city.

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The policy also fundamentally ignores the clear diversity of the student and graduate population itself; students arrive in Nottingham from various backgrounds and cultures; this is a proud, multicultural city and in the long term it is feared that the policy would damage the attractiveness of the city as a place to live, work and enjoy if these limits are enforced. This may have an onward effect upon the regeneration of the city and its economic performance against other major cities.

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The Policy assumes a default position that multiple occupancy and private rental housing is a negative, rather than being reflective of the city's success in meeting housing needs and attracting labour and talent. The occupants of private rental accommodation make a huge social, cultural and economic contribution to this City and with the Council's help the sector has made huge strides in ensuring good standards across the City. EMPO considers that HO6 combined with HO1 are punitive policies, which will do more harm than good to the local economy and housing supply.

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For many years the 'balanced communities' SPD have struggled to get to grips with issues arising from studentification, and the emerging policy approach is quite simply an attempt to turn ineffective guidance into S38(6) compliant policy, incorporating Appendix 6. EMPO are concerned that a tool that has proven to be ineffective in addressing the real issues is now to be enshrined as policy. While tackling these issue is not easy, it requires a multi-agency approach. Planning legislation is simply not the right tool for the job and is not a 'silver bullet'. Using the wrong tool for the job might seem politically expedient, but will only result in frustration and failure.

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The existing 'balanced communities' approach has been employed to prevent further HMOs in areas such as Lenton, which clearly have a high proportion of houses in student occupancy. We would note this is primarily an accident of geography and it is common sense that students will want to live close to the University. No matter how much purpose built student accommodation is built in the city centre (strictly contrary to Policy HO6), second and third year students will always have a desire to live more independently with a group of friends in a shared house.

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In Lenton, the current policy (from which the proposed policy emerges) has had perverse and deleterious effects on the local housing market. Local Estate Agents have reported that in an area where 'family' housing values are low, the inability of homeowners to sell to a private landlord has drastically suppressed house prices leaving homeowners trapped in low equity property and unable to afford higher priced housing in other parts of the city region. Accepting that in very heavily studented streets, there can be environmental issues arising from different lifestyles, this leaves the minority homeowners stuck to suffer from the perceived nuisance. The policy has left numerous homeowners unable to move and unable to sell. Again, in many cases these homeowners are elderly and living alone. Their inability to move or sell not only has a detrimental impact on their wellbeing, but also fails to release the housing for 'family' occupation. Where C3 properties have been sold, they are not being bought by families moving in to the area. Instead they are being sold to investors at a reduced price who will look to let to two people only in order to avoid a change to C4, or in many occasions by parents of student who are putting their son/daughter's name on the title and are then able to let to two people. Effectively the HMO market continues but with under occupation – again this is a reflection that planning is simply not the tool for the job. There is presently no evidence that families are moving back in to Lenton / Dunkirk. Quite simply, the policy has been an abject failure in reducing student concentrations in areas like Lenton and encouraging 'families' back into the area – its application across the wider city is not supported by any evidence of success.

I trust that these representations are of assistance to the Council and will be considered during the ongoing preparation of the City's Local Plan. In the meantime if any further information is required please do not hesitate to contact me. We request that we continue to be notified by the City Council as the Local Plan progresses.

Yours Faithfully



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Director