

Shared housing in Hastings

An assessment of the demand, supply and community impacts

August 2012

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1.0 Introduction

- 1.1 Houses in multiple occupation (HMO), when well managed, can play a useful role in the range of housing available in Hastings to meet local needs. The Council's purpose in seeking to control the location of new HMOs is not to stop their provision altogether but to ensure that, through the need to obtain planning permission in individual cases, undesirable concentrations of HMOs do not occur in future. With the potential impact of housing benefit changes on the housing stock profile of Hastings, there is a need to ensure that there is a balance of housing types available to meet a range of needs and to avoid concentrating further, the high levels of HMOs already present.

Purpose of this report

- 1.2 Policy H4 of the Hastings Planning Strategy Submission Version details the criteria against which planning applications for Houses in Multiple Occupation (HMOs) will be determined.
- 1.3 This report provides an overview of the number, type and location of HMOs in the Borough. The impacts on the local communities associated with high concentrations of HMOs are discussed. Future need/demand for shared housing in Hastings is also discussed and a threshold is established which will enable this demand to be met, whilst maintaining mixed and balanced communities.

2.0 Existing data sources

- 2.1 In order to inform the threshold, a desk based study was carried out which explored a number of data sources available to the Council. These included:
- Various Council strategies, policies and studies
 - Local and national demographic and economic data
 - A Council HMO database consisting of records relating to properties with planning permission for Class C4 or sui generis HMO use; Council Tax student exemptions; HMOs licensed under the Housing Act (2004) and properties registered by landlords and agents under the new licensing scheme.
 - Housing benefit data, social housing waiting lists; benefit claimant numbers and changes
 - Mapped data of existing HMOs.

3.0 Background

- 3.1 In response to perceived problems associated with high concentrations of Houses in Multiple Occupation (HMOs) in some parts of the country, in April 2010 the previous Government introduced a new Use Class C4, relating to HMOs with 6 or fewer occupants, into the Town and Country Planning (Use Classes) Order. From that date a change of use from a Class C3 dwelling house to a class C4 HMO required planning permission. Planning permission was not however required for a change back from Class C4 to C3.
- 3.2 The definition of a Class C4 use (contained in Circular 05/10) is "a use by between three and six unrelated individuals occupying a property as their only

or main residence and who share basic amenities (for cooking and/or personal hygiene)." Social uses such as children's homes, care homes and bail hostels are not included in Class C4. Properties where more than six unrelated people share are not in any use class and have always required planning permission. This would be the case with larger properties in Hastings that have been converted to HMOs. Previously there was considerable confusion as to whether smaller HMOs required planning permission and each case had to be looked at on its merits having regard to circumstances. A number of court challenges ensued.

- 3.3 In October 2010 the present Government amended the legislation to allow the change of use from a C3 dwelling house to a C4 HMO without the need for planning permission. The effect of this is to take changes of use to smaller HMOs with six or fewer occupants outside planning control. The Government's reasoning is that the previous legislation placed an unnecessary burden on areas where concentrations of this type of property are not perceived to be a problem.
- 3.4 At the same time the Government has advised local authorities that in areas where there are concerns about the impact of concentrations of HMOs, they will be able to use existing powers, in the form of Article 4 Directions to remove permitted development rights to change from a C3 dwelling house to a C4 HMO. The effect of this is that any such change of use would require planning permission.

The Hastings Situation

- 3.5 The 2007 Private Sector Housing Condition Survey indicated that there were 2,770 HMOs of all types in Hastings. This represents 8.1% of the private sector housing stock in the town, a much higher proportion than the national average which is 2%. In some parts of the town, flats and HMOs account for more than 75% of all private sector housing. 85% of HMOs are concentrated in Braybrooke, Gensing, Central St Leonards and Castle Wards. Housing Services point to existing HMO "hot spots" such as Braybrooke Terrace and Devonshire Road, where the character of the area has changed. Problems associated with HMOs include noise, disturbance, anti- social behaviour, higher levels of crime, poor health, rubbish accumulation, alcohol and drug abuse and parking problems.
- 3.6 It is however considered that the number of HMOs is set to increase significantly with rising student numbers and an increase in the need for smaller affordable units of accommodation, as the changes to housing benefit and Local Housing Allowance take hold. We will need to cater for this likely increased demand, but also need to avoid the excessive concentration of shared housing in particular areas, especially if there are already high concentrations of smaller homes in existence. We need to create balanced communities, which support the local economy, local shop, schools etc. By not imposing at least some limits on the subdivision of homes in particular areas, we risk further creating shortages of family accommodation and the in-migration of smaller households from other local authority areas.
- 3.7 Housing Services have a legislative duty to License HMOs, which are 3 storeys or more that have 5 or more households in residence. The Council has extended this licensing to cover other forms of HMOs, including the

smaller HMOs in the 4 wards mentioned. Together these schemes will help ensure effective management and standards but cannot control the number or siting of additional HMOs.

Article 4 Direction

- 3.8 HBC's Cabinet resolved to make a Borough wide Article 4 Direction in respect of HMOs in May 2011 and a six week period of public consultation was carried out between July – August 2011.
- 3.9 The current legislative framework governing the use of Article 4 Directions is designed to allow for local control where there is an existing problem and it is within a tightly defined geographical area. Government guidance in DoE Circular 9/95 states that an Article 4 Direction should be used in exceptional circumstances and where it can be justified that if a planning application is not made there is a real and specific threat to the proper planning of the area.
- 3.10 If, however, the Council were to make an Article 4 Direction which only applied to the four wards with the largest concentrations of HMOs and the most pressing problems, it is likely that, given the increase in future demand, new HMOs would quickly shift to other areas, particularly those just outside the defined area, where no specific planning permission would be required for a change of use to a smaller HMO.
- 3.11 If the Council were to include those wards which adjoin the four wards, this would bring all wards into the Direction, except for Ashdown, Hollington, Conquest and Ore. There is an argument for including Ashdown and Conquest, because of their proximity to the Hospital and the need for staff accommodation, and Ore would appear to contain a fair proportion of the type of older properties that would lend themselves to conversion to HMOs. It has therefore been logical to pursue a Borough wide Article 4 Direction.
- 3.12 On the 31st October 2011 Cabinet resolved to make the Article 4 Direction and apply this to the whole of the Borough. The Direction came into force on 2nd July 2012¹. From this date, all changes of use in Hastings from Class C3 to Class C4 require planning permission.

Public Consultation

- 3.13 In accordance with the requirements of Article 5 of the Town and Country Planning (General Permitted Development) (Amendment) Order 2010, public consultation was undertaken between the 1st July 2011 and the 12th August 2011. The response to the consultation was modest – 7 representations received, 4 in favour and 3 against.
- 3.14 The main objections came from the National Landlords Association (NLA) and the Residential Landlords Association (RLA). Both argue that the Direction will be used to prevent the further development of HMOs. That is not the case. The Council recognises the need for good quality HMOs to meet housing need and demand but wishes to exercise some control over the location of new HMOs to ensure that it is policy driven and to prevent the

¹ [http://www.hastings.gov.uk/static/meetings_docs/111031~cabinet~minutes~CABINET_\(31-10-11\)_-Minutes.htm](http://www.hastings.gov.uk/static/meetings_docs/111031~cabinet~minutes~CABINET_(31-10-11)_-Minutes.htm)

undesirable concentrations of HMOs that have occurred in parts of the Town in the past. This is in line with the Council's desire to create sustainable and cohesive communities.

- 3.15 Both consultees were made aware of the Local Plan Planning Strategy consultation taking place at the same time, which included a proposed policy H3.
- 3.16 Both the NLA and the RLA argued that the Council has sufficient powers to control the management of HMOs without the need for an Article 4 Direction. This however does not address the issue. Licensing and other powers can influence the management of existing HMOs. What they cannot do is to control the location of new ones. Only a Direction made under planning powers can do that.
- 3.17 In accordance with the legal requirements, the Secretary of State for Communities and Local Government was advised of the making of the Direction. He has powers to cancel or amend a Direction but did not intervene.

4.0 National and Local Planning Policy

- 4.1 Policy H4 was prepared against the backdrop of earlier national guidance - PPS1 and PPS3- which provided the context for local policymakers to ensure their communities were mixed and balanced. This includes avoiding situations where existing communities become unbalanced due to an increasing dominance of a particular type of household, such as shared housing (HMOs).
- 4.2 PPS1 encouraged development that supported existing communities and contributed to creating safe, sustainable and mixed communities. PPS3 supported the role of development plans in promoting mixed communities and ensuring a wide range of household needs were catered for.
- 4.3 This has been carried forward in the National Planning Policy Framework (NPPF). Paragraph 50 of the NPPF states that local authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different people within the community in order to create sustainable, inclusive and mixed communities.
- 4.4 In accordance with national planning policy, Policy H4 of the Hastings Planning Strategy states that:

'In order to support mixed and balanced communities and maintain an appropriate housing mix within the Borough, applications for changes of use from:

- A Class C3 (dwelling house) to a Class C4 (House in Multiple Occupation), or;
- A Class C3 (dwelling house) to a House in Multiple Occupation in a sui generis use (more than six people sharing);

will not be permitted where more than 10% of the total numbers of properties within a 100m radius of the application property are already in use as either Class C4, or other types of HMO in a sui generis use. This policy will not apply to social housing, care homes, children's homes, bail hostels and properties occupied by students which are managed by an educational establishment. This policy will not apply to households who have foreign students staying as guests for a set period of time'.

5.0 Hastings – Key Demographics

Population and Age

- 5.1 In 2011 Hastings population was estimated to be 86,950². Table 1 shows the projections for Hastings in terms of population and dwellings during the period of the Planning Strategy (2011-2028)³. Based on the projections in Table 1, over the plan period Hastings can expect to see a 1.8% increase in population and a 7.3% increase in dwellings.

Table 1: Population projections

Year	2011	2016	2021	2026	2028
Population	86,950	87,511	87,923	88,442	88,538
Dwellings	43,010	44,010	45,010	46,010	46,410

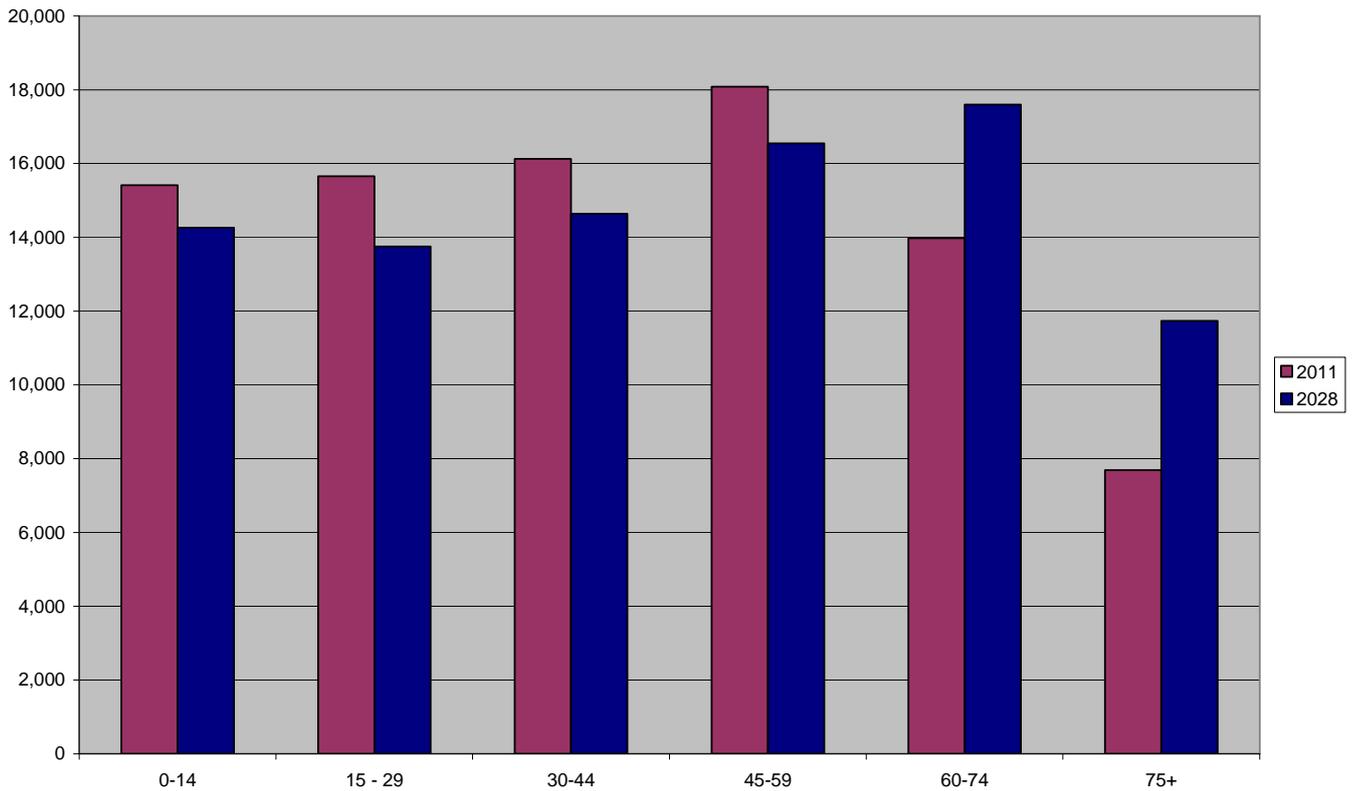
Source: East Sussex County Council

- 5.2 Hastings population has tended to be younger than the rest of East Sussex and currently has an age group profile similar to the national picture. However, Figure 1 shows that by 2028 there is projected to be a greater proportion of older people in the town, with particular growth in the post retirement age groups (60-74 and over 75's) with relative reductions in all the other age groups.

² East Sussex County Council Demographic modelling, policy based projections

³ East Sussex County Council Demographic modelling, policy based projections

Figure 1: Population estimates by age structure 2011 and 2028



Source Data: East Sussex County Council

5.4 It is important to note that the most significant decrease is within the 15-29 and 30-44 age groups with -13.8% and -10.2% respectively. The largest growth is in the over 75's, with 34.5% more people in this age bracket by 2028.

Household Projections

5.3 The Hastings and Rother Strategic Housing Market Assessment 2010 (SHMA) shows that Hastings has a significantly higher proportion of smaller dwellings and flats compared to the stock profile of the South East as a whole. The Planning Strategy recognises the importance of addressing imbalances in housing type provision and states that the development of larger homes (3 or more bedrooms) will be encouraged.

5.4 Using data modelled by East Sussex County Council, the projected increase in one-person households is set out in Table 2. Table 2 shows the most up to date projections whereas the references to data in the SHMA (2010) are based on older data. However, the information from both sets of data acknowledges the same general trend, growth in single-person households within the town.

Table 2: Projected numbers of one person households

Year	2011	2028	Change 2011-2028
One person Households ⁴	16,754	20,697	3,943
% of yearly total number of households	42.1%	48.2%	6.1%

Source: East Sussex County Council

- 5.5 The 2010 SHMA also stated that both Hastings and Rother will experience a growth in household numbers, much of this being driven by increases in smaller and non-traditional units (single and sharing households)⁵. However, a significant proportion of new single person households will consist of the elderly and they will account for most of the growth within this household type over the plan period⁶.
- 5.6 Whilst the number of married couple households is expected to decline, the proportion of family type households (i.e. couples with children and lone parents with children)⁷ will remain a significant proportion of the household population, although it too will decline relative to other household types. This is further discussed in the SHMA (2010) available at http://www.hastings.gov.uk/environment_planning/planning/localplan/evidence_base/#housingupdate
- 5.7 The SHMA (2010) also highlights the fact that the projected increases/decreases in household types will depend on patterns of migration and long run demographic trends. Evidence shows that in terms of migration within the sub region there is a net out-migration of younger people (15-29) from Hastings and a net in-migration of older households⁸.
- 5.8 In addition, the size of a household does not have a direct correlation with the size of a dwelling. For example, dwellings with more than 7 rooms are often brought and occupied by single or two person households⁹. High proportions of couples occupying larger properties may reflect the existence of 'empty nesters' or highlight the growing number of dual income households with no children who have substantial purchasing power.
- 5.9 Further discussion of household projections can be found in the SHMA (2010) available at http://www.hastings.gov.uk/environment_planning/planning/localplan/evidence_base/#housingupdate.

⁴ East Sussex County Council, Demographics

⁵ Hastings Borough Council (2010). Hastings and Rother Strategic Housing Market Assessment Update, paragraph 2.47 pp.13.

⁶ Hastings Borough Council (2010). Hastings & Rother Strategic Housing Market Assessment Update. Paragraph 4.43, pp. 50

⁷ Hastings Borough Council (2010). Hastings & Rother Strategic Housing Market Assessment Update. Paragraph 4.41, pp.49

⁸ Hastings Borough Council (2010). Hastings & Rother Strategic Housing Market Assessment Update. Paragraph 4.40, pp.49

⁹ Research carried out by Professor David King at Anglia University

Housing Affordability

- 5.10 The affordability of housing is about the relationship between income and house prices and this has been, and is likely to remain, an issue for Hastings residents. In the town the 'affordability ratio' is on a par with many areas of the South East due to the towns low wage economy.
- 5.11 Broadly speaking, within Hastings it has become increasingly difficult for those on the lowest incomes to purchase one of the cheapest homes in the local housing market. The current (2011) 'affordability ratio' in Hastings stands at 6.1. This means that the lowest house prices in the town are 6.1 times more than the lowest average annual income.
- 5.12 The 'affordability ratio' for Hastings compares well in relation to East Sussex (8.4); the South East (8.2) and England as a whole (6.5) but is still significant.
- 5.13 Housing and the affordability problem is discussed further in the SHMA (2010).
- 5.14 The size of home occupied or demanded is also dependent on household income and wealth. If affordability declines, households may be forced to occupy smaller homes than they would otherwise choose. Conversely if household income increases and the propensity of households to spend their growing incomes on housing increases, the size of homes occupied by future households may be larger than today
- 5.15 If, however, affordability problems in the town remain severe, it may be that the trend shifts towards more households comprising of unrelated individuals rather than single persons¹⁰ leading to an increased demand for HMOs and other shared accommodation.

6.0 A profile of Hastings' private sector shared accommodation

- 6.1 According to English Housing Surveys, private rented stock is often of the poorest quality compared to other tenures. Evidence shows that 64% of all HMOs in Hastings fail to meet the Governments Decent Homes Standards and this is above the rate for privately rented dwellings and significantly above the rate for dwellings overall¹¹. Many suffer from low standards of fire safety, maintenance and in some cases tenants are treated very poorly and the buildings are the focus for crime and anti-social behaviour.
- 6.2 Table 3 shows the number of HMOs as a percentage of the total dwelling stock in Hastings. The number of HMOs estimated in 2007 comes from a representative sample used in the Private Sector House Condition Survey. This figure encompassed the whole range of types of HMOs and it is unlikely

¹⁰ Hastings Borough Council (2010). Hastings & Rother Strategic Housing Market Assessment Update. Paragraph 4.42, pp.50

¹¹ Paragraph 4.7.1 Hastings Private Sector House Condition Survey (February 2008) available from Housing Services

that this has changed significantly in the past 5 years¹². In Section 7 we will discuss the issue of future demand and need for HMOs.

Table 3 HMOs as a percentage of all private sector dwellings

	2007 ¹³
Total number of dwellings	34,400
Number of HMOs	2,770
% HMOs	8.1%

Source: Hastings Borough Council

- 6.3 An estimated 2,350 HMOs in Hastings (85% of all HMOs in the town) are concentrated in the 4 town centre wards of Central St Leonards, Gensing, Castle and Braybrooke¹⁴. On 19th September 2011 the Council introduced a new additional licensing scheme for HMOs to try and improve the condition and management of such properties. The scheme, however, only applies to the 4 town centre wards where the concentrations are highest.
- 6.4 Appendix A identifies the location of HMO properties in the town, by Spatial Area. Appendix A is illustrative, it has been created using current data held by the Housing Team which is being updated as part of the additional licensing scheme. In this respect it only shows those HMOs with which Housing have had dealings.

Challenges experienced from high concentrations of HMOs

- 6.5 The concentration of HMOs and certain social groups can create unintended consequences which cause friction with the local community and can lead to both positive and negative effects on a local housing market area.
- 6.6 The report commissioned by CLG (2008) *'Evidence Gathering – Housing in Multiple Occupation and possible planning responses'* discusses the general social, environmental and economic impacts of high concentrations of HMOs and can be found at <http://www.communities.gov.uk/publications/planningandbuilding/evidencegatheringresearch>
- 6.7 Demand for, and supply of, shared housing can have the effect of inflating prices within local housing markets, thus leading to competition between the private rented landlord and the owner occupier. This is often the case with student properties. The result can be that, for example, first time buyers are marginalised and priced out of the market.
- 6.8 Nationally, the expansion of the higher education sector has taken place with minimal consideration being given to housing the increasing number of

¹² The Council's Housing Team are currently working on updating the figure through the additional licensing scheme introduced in 2011, but do not anticipate it to have changed significantly.

¹³ CPC (2008). Private Sector House Condition Survey 2007. February 2008.

¹⁴ Hastings Borough Council (2011). Additional Licensing for HMOs – Making the Case for Hastings. Paragraph 3.1, pp. 14

students. This has resulted in an increasing reliance on the private rented sector. In some areas private landlords are unlikely to rent to other groups as the student rental market appears quite robust and they are confident of profiting from letting to this demand group.

- 6.9 Whilst this does not appear to have occurred in Hastings at present, it may become a concern moving forwards as student numbers are projected to increase (see section 7). The private rented sector is significant in Hastings and so competition between shared housing for students and shared housing for other groups may also occur in the future.
- 6.10 Positive impacts of a high demand for private rented accommodation can be that they provide an incentive to improve the existing stock and bring empty properties back into use within an area¹⁵. These incentives can have significant regeneration impacts in some local neighbourhoods by improving the local environment and injecting life back into an area.
- 6.11 This has occurred in Hastings with Central St Leonards, one of the 4 wards with the highest concentration of HMOs, being declared a Renewal Area in 2003. The primary aim was to improve housing conditions particularly for those living in properties in substantial disrepair, the elderly and the vulnerable. The area was chosen for several reasons including the fact that it lacked affordable rented accommodation and had 50% of HMOs posing health risks to occupants¹⁶.

The Case in Hastings

- 6.12 Evidence gathered by the Housing Services Team in June 2011 highlighted the issues and challenges faced in Hastings within the 4 wards with the highest concentration of HMOs (Braybrooke; Central St Leonards; Gensing and Castle). The evidence was gathered over 5 years (2006-2011) in response to complaints or service requests from people living in the wards and compared with the Borough average (complaints received relating to all properties within the Borough, not just HMOs). The following information has been taken from the 2011 report '*Additional Licensing for HMOs – Making the Case for Hastings*' which can be read at https://www.hastings.gov.uk/content/housing/improvement/houses_multiple_occupation/pdfs/additional_licensing_hmo
- 6.13 Across the 4 wards, the number of HMOs identified as having management problems was just over 5 times higher than the Borough average, 58 properties as opposed to 11. Central St Leonards produced 121 HMOs with management issues over the 5 year period which is 10 times higher than the Borough average. Whilst planning cannot control the management of HMOs, this data highlights the fact that problems can occur where there are high concentrations of such properties and that these can lead to other issues and have a knock on effect.
- 6.14 Complaints and service requests to the Councils Housing Renewal Team across the 4 wards were 2.5 times higher than the Borough average over the

¹⁵ CLG (2008). Evidence Gathering – Houses in Multiple Occupation and possible planning responses. Final Report. London. Paragraph 2.3.5, pp.15

¹⁶ Hastings Borough Council (2011). Additional Licensing for HMOs – Making the case for Hastings. Paragraph 2.26, pp. 10)

5 years and within Central St Leonards there were 4.5 times more complaints. The 2011 report notes, however, that this figure is likely to be under represented as often HMO occupiers do not report problems with their properties due to concerns about losing their accommodation.

- 6.15 Information from the Environmental Health wardens shows that the level of nuisance complaints (this includes issues such as noise and rubbish accumulations) around HMOs across the 4 wards was nearly double that of the Borough average over the 5 year period.
- 6.16 In terms of the physical condition of HMOs, which can lead to issues of amenity in an area, 76 HMOs across the 4 wards were identified as having disrepair issues compared to a Borough average of 18. With regards to amenity alone, the number of cases was quite low but compared to the Borough average they were 9 times higher. In Castle ward in particular there were 28 reported cases of HMOs with amenity issues, 16 times higher than the Borough average.
- 6.17 Anti-social behaviour was also found to be higher within the 4 wards. Data provided by Sussex Police for the 12 month period ending October 2010 showed that when compared to the average figures for Hastings and St Leonards as a whole, incidents of antisocial behaviour are 2.5 times more likely to occur in the 4 town centre wards that contain the majority of HMOs¹⁷, with incidents of crime being twice as likely to occur in these 4 wards. This was supported by the Council's own records of complaints to the Environmental Health service.
- 6.18 Data from the Council's Environmental Health Service shows a significantly higher proportion of complaints regarding rubbish accumulations, litter, animal nuisance and filthy/verminous homes, in the 4 town centre wards compared to the Borough average. Tables 6 and 7 show the incidences of complaints received by the Council under different topics within the 4 wards and the Borough as a whole. As can be clearly seen the 4 wards result in higher incidences of complaints.
- 6.19 As well as the issues discussed above in relation to impacts of high concentrations of HMOs in areas, data from the IMD 2010 indicates that severe problems of deprivation remain in the town centre wards. Super Output Area (SOA) data on deprivation (for sub areas within wards) highlights that all the SOA's in Central St Leonards and Castle wards are in the most deprived 10% in England. Overall the IMD 2010 data emphasises a worsening picture of deprivation in the 4 town centre wards.
- 6.20 Further, research carried out by Smith (2011) which focused on Central St Leonards suggests that the largely unregulated production of HMOs has in many places resulted in the replacement / displacement of families (with children) by un-related multi-person households which has led to a dwindling demand in local services, schools and other community infrastructure¹⁸.

¹⁷ Hastings Borough Council (2011). Additional Licensing for HMOs – Making the case for Hastings. Paragraph 3.16, pp. 20

¹⁸ Smith, D.P. (2011). The social and economic consequences of housing in multiple occupation (HMO) in UK coastal towns: geographies of segregation. *Transactions of the Institute of British Geographers* 37(1). Wiley-Blackwell.

Table 6: Complaints regarding rubbish

Year	Rubbish Accumulation		Filthy/Verminous Homes		Litter	
	Borough Average	4 ward Average	Borough Average	4 ward Average	Borough Average	4 ward Average
2009/10	6.56	12.25	0.94	2	36.56	72.5
2010/11	5.63	9.75	1.19	3.5	35.94	64

Source: Hastings Borough Council Environmental Health Service¹⁹

Table 7: Complaints regarding Noise

Year	Noise Music		Noise Neighbours		Noise Other		Noise Parties	
	Borough Average	4 ward Average	Borough Average	4 ward Average	Borough Average	4 ward Average	Borough Average	4 ward Average
2009/10	39.19	82.75	11.56	23.5	2.88	5	2.44	3
2010/11	38.5	97.25	15.13	29.5	4.5	11	2.69	7.25

Source: Hastings Borough Council Environmental Health Service

7.0 Current demand for shared accommodation by occupant type

7.1 No systematic data exists as to the total number of people living in shared accommodation in Hastings (or indeed across the UK as a whole) but CLG (2010)²⁰ suggests the demography of sharers at the national level consists of:

- Young adults
- Single people on moderate incomes, including working adults
- Students, who are estimated to account for 9.9% of single sharers under the age of 30
- Those that are unemployed

Students

7.2 In 2008/09 when the new University Centre Hastings (UCH) opened, there were approximately 258 full time students and 47 part time students²¹. In 2009/10 this increased to around 395 full time students. By 2014/15, full time student numbers are expected to grow to around 900²².

7.3 Local students still make up the largest number of those studying at UCH and so the demand for providing student accommodation at present is not high. However, this is likely to change over the next 2-3 years²³.

¹⁹ Hastings Borough Council (2011). Additional Licensing for HMOs – Making the case for Hastings. Pages 21-22

²⁰ CLG (2010) Estimating Housing Need. London: CLG Publications.
www.communities.gov.uk/publications/housing/estimatinghousingneed

²¹ Hastings and St Leonards Housing Strategy 2009-2013
http://www.hastings.gov.uk/decisions_democracy/how_we_make_decisions/policies_strategies/housing_strategy/

²² Hastings Borough Council (2011). Additional Licensing for HMOs – Making the case for Hastings, page 12

²³ Hastings and St Leonards Housing Strategy 2009-2013
http://www.hastings.gov.uk/decisions_democracy/how_we_make_decisions/policies_strategies/housing_strategy/

- 7.4 The current halls of residence, in Wellington Square, offer self contained accommodation to 60 students. Those students wishing to live independently can use the UCH accommodation database to search for private rented accommodation registered with the university or make their own arrangements.
- 7.5 Although current hall provision and private rented properties are meeting existing demand, the anticipated growth in student numbers is expected to lead to a need for 140 more bed spaces owned and managed by UCH and nearly 200 more students being accommodated in HMOs by 2014/15²⁴. A consequence of this is likely to be an increasing reliance on the private rented sector and shared housing in particular.
- 7.6 The town centre wards (Gensing, Castle and Braybrooke) are the obvious areas for growth in student accommodation as they provide easy access to the campus as well as the local amenities such as shops, restaurants, bars and entertainment venues that students seek²⁵. However, as noted in paragraph 6.6, the 4 town centre wards are where the highest concentrations of HMOs are to be found.
- 7.7 Table 4 shows the total number of student properties²⁶ in the town and this number as a percentage of all private sector dwellings in 2012. As can be seen properties occupied wholly by students account for an extremely small proportion of the total number of dwellings in the town.

Table 4 Student properties as a % of all private sector dwellings

Year	2012
Total number of dwellings (owner occupied and private rented)	43,210 ²⁷
Student Council Tax exemptions	135
% total dwellings occupied by students	0.3%

Source: Hastings Borough Council

- 7.8 Whilst Council Tax data does not reliably record the number of occupants in properties occupied wholly by students, it is considered unlikely that any significant number of these 'student exempt' properties will be in Class C3 use (i.e. accommodating one or two students). They have, therefore, all been included in the Council's HMO database

²⁴ Hastings and St Leonards Housing Strategy 2009-2013
http://www.hastings.gov.uk/decisions_democracy/how_we_make_decisions/policies_strategies/housing_strategy/

²⁵ Joseph Rowntree Foundation (2000). Students and the Private Rented Market

²⁶ Dwellings which are exempt from Council Tax due to it being wholly occupied by one or more students.

²⁷ ²⁷ East Sussex County Council, 2010 Policy Based Dwelling Projections

The Social Housing waiting list and those claiming Local Housing Allowance (LHA)

- 7.9 Demand for suitable affordable housing in Hastings outweighs supply. The Housing Needs Survey (2005) estimated a total need for over 1,049 affordable properties a year with only 43% of this need being currently met.
- 7.10 There is also a significant number of people who want a home but lack the finances to buy or rent one without assistance and so rely on private renting with top-up support from Local Housing Allowance (LHA). Data on housing benefit recipients shows that in 2009/10, 6,350 claimants lived in the private rented sector²⁸. This indicates that the private rented sector plays an important part in meeting housing need in Hastings and that many more people would be on the housing register if it did not exist.
- 7.11 In June 2012, there were 3,362 households on the Councils housing waiting list. Some 2,611 of these stated they were a private tenant, which includes those living in HMOs, indicating that a high proportion of those on the waiting list are likely to be currently living in shared accommodation.
- 7.12 At the same time, housing benefit data showed that 548 people were claiming the LHA shared room rate, an indication that these people were also likely to be living in an HMO.
- 7.13 Government plans to make changes to the Housing Benefit/Local Housing Allowance (LHA) system and the law on homelessness²⁹ are expected to have a significant impact on the private rented sector in Hastings. The move to apply the single room rate to people up to the age of 35 will result in greater demand for shared accommodation. This change to the LHA became effective in January 2012 and means that single people under 35 will no longer receive housing benefit based on one bedroom self-contained accommodation.
- 7.14 Taking this into account, housing benefit data estimates that the number of people claiming LHA shared room rate by 31st December 2012 will be 778 (i.e. an extra 230 people will be affected by the changes).
- 7.15 Using a ratio of 3 people per dwelling, the number of HMOs occupied by people claiming LHA in June 2012 would be approximately 183. By 31st December 2012 this figure would be approximately 259. This ratio represents a degree of over-estimation as many HMOs are likely to accommodate more than 3 people. Clearly where more people are sharing HMOs, fewer units would be needed.

Other HMO occupants

- 7.16 Most difficult to estimate are the number of working people living in shared accommodation. No data could be obtained from the Town's major employers

²⁸ Hastings and Rother Strategic Housing Market Assessment Update 2009/10
<http://www.hastings.gov.uk/ldf/evidence.aspx>

²⁹ The government propose to allow local authorities to discharge their duty to homeless people by securing suitable well managed and good quality accommodation in a regulated private rented sector property.

relating to the demand for shared accommodation generated by their employees.

- 7.17 As already stated (paragraph 7.4), many of the students at the university in Hastings are local meaning demand for shared accommodation is low. This may also indicate that after graduation many students who stay in Hastings will not be in shared accommodation such as HMOs (i.e. if they are local they are most likely to be living at home).
- 7.18 With student numbers set to increase it may be the case that more graduates remain in the town after they study, particularly if the economic climate and job market improves. This may lead to an increase in working graduates living in shared accommodation.
- 7.19 Nationally, research shows that around 5,000 people are expected to graduate in 2012 and on average it is estimated that around 40% will return 'home' following graduation³⁰.
- 7.20 A very broad estimation of the number of HMOs in the town that accommodate working people can be obtained from the available data relating to other types of occupants and is shown in Table 5.

Table 5 Number of HMOs occupied by working people

	2012
Total Number of HMOs in the town	2,770
Subtract number of student properties	135
Subtract number of HMOs occupied by people claiming housing benefit	259 ³¹
Total HMOs occupied by working people	2,376
% of all HMOs	85.8%

Source: Hastings Borough Council

8.0 HMOs - defining a tipping point

- 8.1 The National HMO lobby is a network of local community organisations from towns and cities across the UK and was formed to oppose concentrations of HMOs which it see's as a threat to the sustainability of communities.
- 8.2 The Lobby has defined a tipping point in respect of HMOs³² which it describes as a threshold beyond which a deviation departs so far from the 'norm' that a community can 'tip' into unbalance. The Lobby defines this threshold as exceeding 10% of properties within a defined area such as a street, and states this is based on national 'demographic norms'.
- 8.3 The Lobby does not intend this threshold to be prescriptive as it recognises that different demographic norms will be relevant in different places, rather it

³⁰ Nelson Research/Liverpool Victoria Insurance (2011). Student Towns: An investigation of the potential impact of rising fees on higher education participation and accommodation choices and the geographical distribution of students and young professionals in the UK. For key findings see [\[No longer available online\]](#)

³¹ Estimated by 31st December 2012

³² National HMO Lobby (2008). Balanced Communities & Studentification – Problems and Solutions. Leeds: National HMO Lobby. <http://hmolobby.org.uk/39articles.pdf>

suggests that it can be a guide to communities who feel they have become 'unbalanced'.

- 8.4 In regards to this any restrictions placed on new HMOs in Hastings must consider the contribution of shared accommodation to meeting the town's housing needs , particularly those on low incomes, housing benefits (which is set to increase with the changes to LHA) young professionals, students and the expected growth in one person households.

9.0 Establishing a threshold to meet future demand

- 9.1 In order to ensure any threshold applied to planning applications for new HMO use enables future demand for shared accommodation to be met, it is important to understand the nature of the demand.
- 9.2 Neither the SHMA (2010); the Housing Needs Survey (2005) or the Council's (2012) joint report on housing need in Hastings and Rother make specific reference to the need for shared housing. If the affordability issues identified in Section 5 continue, however, there may be an increase in households comprising of unrelated individuals rather than single persons.
- 9.3 With the majority of the increase in single person households likely to be in the elderly category, the expected growth does not necessarily translate into an increased demand for HMO accommodation.
- 9.4 In terms of the types of current HMO occupants in the town set out in Section 7, it is possible to conclude that a certain amount of future HMO demand is likely to come from those on housing benefit, particularly the LHA shared room rate, and the expected rise in student numbers in the town.
- 9.5 The anticipated growth in student numbers by 2014/15³³, and its likely consequent reliance on shared private rented accommodation, may result in increased competition between different types of HMO occupant also.
- 9.6 The impact on HMO demand of the recent national changes to the LHA is likely to create a greater need for shared accommodation amongst those claiming benefit (see paragraph 7.13), although the degree of impact is yet unknown. It may be the case that they will be unlikely to be able to continue to afford one bedroom properties and so may look to shared accommodation as an affordable option.
- 9.7 As stated in paragraphs 7.12-7.14 housing benefit data suggests that 778 people will be affected by the LHA changes by 31st December 2012, meaning a possible need for 259 new HMOs in the town (average 3 persons per HMO). A higher occupancy rate, or accommodation within existing HMOs, however, would mean that fewer HMOs would be needed.
- 9.8 Paragraph 7.1 notes that young adults make up a significant proportion of HMO occupants. There is no data to show the age of HMO occupants in Hastings however paragraph 5.4 indicates that there will be a reduction in the

³³ Hastings and St Leonards Housing Strategy 2009-2013
http://www.hastings.gov.uk/decisions_democracy/how_we_make_decisions/policies_strategies/housing_strategy/

15-29 and 30-44 age groups by 2028 and growth in the over 65's and over 75's.

- 9.9 This would suggest that future demand for HMOs is not likely to come from the young adult sector, based on demographics alone. It is therefore sensible and logical to assume that the growth in demand is likely to come from benefit claimants and students in the main.
- 9.10 However, if affordability issues remain, as identified in Section 5, then there could be an increase in demand from other sectors of the local community too, such as young professionals.

Future supply of HMOs and the 10% threshold

- 9.11 In order to estimate the number of private sector properties in the town that could change to HMO use in the future (i.e. the pool of potential HMO properties) the number of private sector 'houses' as opposed to flats is identified in Table 10. This is a very broad-brush approach as the figures used are from 2007 (these are the most up to date figures that are relevant). The following calculations should be read as indicative rather than definitive.
- 9.12 According to Table 8, the total number of houses, and therefore the potential pool of HMOs, is 21,649 properties. After the existing number of HMOs is subtracted, (2,770) (see Table 3) this 'pool' becomes 18,879.

Table 8: Number of Private Sector Houses

Property Type ³⁴	2007	% of all 2007 stock
Small Terrace	1,892	5.5
Medium / Large Terrace	7,327	21.3
Semi-detached	6,708	19.5
Detached	3,715	10.8
Total	21,649	62.9

Source: HBC (2008) Private Sector House Condition Survey

- 9.13 The estimated pool of potential HMOs does not include opportunities for the conversion of other properties that are not in residential C3 use (i.e. hotels, guest houses, non-residential institutions). Neither does it account for any constraints to new HMO uses, including the impact of imposing a threshold.
- 9.14 Limiting new HMOs to a maximum of 10% of existing properties within a specified area would clearly restrict the number of HMOs that could come forward in areas that already have high concentrations.
- 9.15 Therefore, in addition to subtracting the existing number of properties in HMO use (2,770) from the pool, it is also considered appropriate to subtract a proportion of the total number of properties in areas that are already subject to high concentrations of HMOs, as it is less likely that new applications for HMO use will be permitted here.

³⁴ The numbers for each property type have been extracted from Figure 2.2 in the Hastings Borough Council Private Sector House Condition Survey (2008). The percentages given in Figure 2.2 have been used to calculate the numbers of each property based on a total number of private sector dwellings in 2007 (34,400).

- 9.16 Dwelling numbers for Central St Leonards; Gensing; Braybrooke and Castle have been taken from the Private Sector House Condition Survey (2007) and used to estimate the total number of properties in areas with high concentrations of HMOs. Again this is a broad-brush approach, particularly as in the survey Braybrooke ward is included with 5 others to give a dwelling figure.
- 9.17 Therefore, a calculated average figure was taken for Braybrooke by dividing the total number of dwellings (10,700; see Table 1 of the 2007 survey) by 6 (the number of wards included).
- 9.18 The proportion of properties in these areas that have been subtracted from the pool of potential HMOs is 50%. This is based on the fact that the concentration of HMOs in some parts of these wards would not exceed the 10% threshold and therefore planning applications for new HMOs may be permitted.
- 9.19 Table 9 sets out the calculation used to estimate the total number of private sector houses that could come forward as HMOs and the number remaining after a 10% threshold is applied using the 2007 figures.
- 9.20 Table 9 suggests that 1,103 properties in the town could provide an additional source of shared accommodation following the introduction of a 10% threshold. Again, based on a minimum ratio of 3 people in each HMO this would provide at least 3,309 more people in the town with shared accommodation.
- 9.21 However, as already stated this is a very broad estimation as it is highly likely that more than 3 people will be living in an HMO. Also, the calculations are based on 2007 figures and whilst the number of HMOs is not likely to have changed, the numbers of each house type are. What is less certain, however, is the impact that future demographic and economic change will have on the demand for, and supply of, shared housing in the town.
- 9.22 Furthermore, limitations exist in this calculation due to the fact that some of the properties identified in Table 8 may not be suitable for conversion to HMO's. Some may be in 'higher end' areas of the town where landlords are not likely to buy properties to convert and others may not meet the requirements of landlords.

Table 9: Impact of a 10% threshold on 'pool' of potential HMOs

Number of private sector houses in the town	21,649
Subtract estimated number of existing HMOs	2,770
=	18,879
Subtract 50% of properties in wards with existing high concentrations	7,845
'Pool' of potential HMOs	11,034
Number available with 10% threshold	1,103

Remaining pool as a % of all private sector dwellings (34,400)	3.2%
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- 9.23 Therefore, the monitoring of Policy H4, through the Annual Monitoring Report (AMR), will also include a review of the data used in calculating the 'pool' of potential HMO properties in the town as updates become available from Housing.

10.0 Defining 'the area surrounding the application property'

- 10.1 In order to calculate the percentage of properties already in HMO use, the 'area surrounding the application property' must also be defined. To effectively ascertain the balance of residential uses within a community and to avoid over concentrations of HMOs in the future, it is suggested that the area to be defined should only include those properties that are in relative close proximity to the application property.
- 10.2 This measure is not intended to capture 'the community', which can prove difficult in spatial planning terms, but is intended to be indicative of the balance of residential uses.
- 10.3 To ensure simplicity and clarity for applicants, who want to assess the existing concentration of HMOs surrounding a property prior to submitting an application for a new HMO use, the Council has applied a fixed radius approach within Policy H4.
- 10.4 The Council decided that a 100m radius would provide an appropriate spatial level at which the existing percentage of HMOs in an area could be assessed. This would capture a manageable number of properties in the surrounding area for applicants, local residents and the local planning authority to consider in terms of their existing use.

A Borough wide threshold

- 10.5 It is recognised that imposing a threshold will not reduce the impact of HMOs in areas that are already subject to high concentrations. Also that the monitoring of the location of C4 HMOs will prove challenging due to permitted development rights enabling dwellings in C4 use to 'revert' to Class C3 without the need for planning permission. The council's HMO database will therefore be subject to annual checks in order to ascertain if the use of these properties has changed. Case officers will also check the accuracy of information relating to individual planning applications for HMO use by, for example, reviewing planning history and carrying out site visits.

11.0 Conclusions

- 11.1 Most of the population growth to 2028 will be in the older age groups, with a significant reduction in those aged 15-44. Household growth is likely to be most prominent in the number of single persons; however, this does not directly translate into an increased demand for shared accommodation.
- 11.2 A significant proportion of these households will be elderly, in line with the projected ageing population of the town, and not likely to require shared

accommodation such as HMOs. Growth in 'shared' households is also likely to grow.

- 11.3 This makes it difficult to translate the growth in certain household types and demographics into a projection of what type of housing will be required. But the authority does recognise that shared accommodation in the form of HMOs provides an important housing type for those who either are in need of it or choose it for themselves.
- 11.4 The decline in the 15-29 and 30-44 age groups suggest that the potential future demand for HMOs is unlikely to come from the young adult sector. However, the change to housing benefit will affect those aged up to 35 and so it may be the case that demand for HMOs comes from those adults already in the private rented sector who are no longer able to afford a single room property.
- 11.5 The changes to the LHA are expected to have the most impact on future demand for HMOs although it remains to be seen just how significant, or not, this impact is. There is a need to ensure a balance of housing types to meet a range of needs with ensuring communities remain attractive for all those who live and work there, both present and future.
- 11.6 If the affordability ratio does not improve then it may be the case that people look to accommodation such as HMOs as a viable alternative for the short to medium term.
- 11.7 Whilst the differences in the impacts of HMOs when compared to family dwellings can be difficult to evidence as the basis of development management policy, it has been demonstrated through this paper that in areas where there are high concentrations of HMOs, problems can occur that are detrimental to the community in which they are located. Policy H4 and the 10% threshold is not intended to stop the provision of HMOs altogether, but to ensure that undesirable impacts from high concentrations do not occur in the future.
- 11.8 The data by no means singles out HMOs as problem properties; however, it cannot be considered a coincidence that the 4 wards of Hastings which contain the highest concentrations suffer from higher rates of crime, noise and rubbish nuisance
- 11.9 Applying the 10% threshold to the whole of the Borough is not likely to stifle the demand and supply of HMOs to a significant degree and each case will be dealt with on its merits. It is also appropriate to apply the threshold borough-wide as the scope of the Article 4 Direction covers the same spatial scale.

12.0 Monitoring and Review

- 12.1 In order to monitor the effectiveness of Policy H4 in avoiding concentrations of HMOs, and to assess its impact on the supply and location / concentration pattern of HMOs in the town, a number of indicators will be used. These will include:

- the number of planning applications received for HMOs and whether approved or refused,
- any appeal decision relating to HMOs.
- the change in the number of people who are homeless (particularly the 25 – 34 year old age group who will be affected by changes to the Local Housing Allowance and
- changes in the concentration of HMOs across the city;

12.2 Close working with the Council Housing Team and Development Management Team will be required to ensure effective monitoring.

12.3 The monitoring and review of Policy H4 will be carried out as part of the Annual Monitoring Report which is produced as part of the Local Plan to ensure Policies remain appropriate and effective.

Appendix A

Illustrative map showing location of existing HMOs

