



**City Policy**

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03 OCT 2011

29<sup>th</sup> September 2011

Dear Mr Jones,

**RE: Article 4 Direction**

Thank you for your letter dated 7<sup>th</sup> July 2011 and the other information included with this. I apologise for the delay in replying to you. The evidence to support the case for introducing an Article 4 Direction in Manchester was given careful consideration and it was decided that the Direction was necessary to ensure that the sustainability of neighbourhoods was maintained, where concentrations of shared housing were increasing. This includes areas characterised by the provision of family housing, which have only experienced encroachment from HMOs in the last few years, as well as areas where concentrations are much higher and have been established for longer.

I have set out a response to the questions contained in your letter below.

- 1) In the light of your intention to proceed under Article 4 please can you set out how you propose to approach the adoption of an appropriate planning policy including whether this would be part of your local development framework or supplementary planning guidance.*

Manchester's draft Local Development Framework Core Strategy contains a policy on HMOs (Policy H11) which sets out a threshold approach towards controlling further HMOs in areas which already have high concentrations. The policy states that change of use to a HMO would not be permitted where at least 10% of properties within a 100 metre radius of the application site are either exempt from paying council tax because they are occupied by full time students, recorded by the Council as a licensed HMO, or can be demonstrated to fall within the C4 or sui generis HMO use class. Figure 9.4 in the Core Strategy shows areas of Manchester where concentrations of shared housing exceed 10% and it can be seen that these areas comprise only a small part of the local authority area, meaning that there are large parts of the City where concentrations are lower than 10% and where HMOs would therefore receive planning permission (subject to the other plan policies).

The Core Strategy was submitted to the Secretary of State last month for independent examination. The examination is likely to take place in November. You can view the draft Core Strategy and the schedule of changes which accompanies this at Submission stage at <http://www.manchester.gov.uk/corestrategydocs>

*2) What work have you undertaken already and what further work will you undertake to obtain evidence of current and future levels of need and demand.*

The Council does not have a complete record of all HMOs within Manchester, as not all types of this sort of accommodation can be identified through the data sources available to the Council. Properties entirely occupied by full time students can claim Council Tax exemption therefore these are known to the Council (although there are potentially a limited number of these which are not HMOs); as are HMOs licensed by the Council (which meet specific criteria, for example being at least three storeys high). However there will be HMOs which do not fall into these categories and which the Council can therefore only make assumptions for about their extent within the City.

Based on the population profile in Manchester, the Council is confident that there are sufficient properties in areas of the City where concentrations of HMOs are lower than ten percent, and enough HMOs in areas where concentrations are higher, to accommodate demand for this type of property.

*3) In particular, do you have an existing Strategic Housing Market Assessment addressing these issues and, if not, is it your intention to carry out such an assessment. If so, how will this be done and if not, why not?*

The Greater Manchester Strategic Housing Market Assessment was published in 2008 (with an update in 2010 in response to the economic downturn). The SHMA does state that HMOs have a role to play for example in relation to providing affordable housing and to provide accommodation for students. However, in relation to student accommodation the SHMA states that in recent years there has been significant growth in the demand for private (purpose built) accommodation in recent years. The SHMA does point out that whilst student households do bring some benefits to residential neighbourhoods there are clearly negative implications of strong concentrations of this particular household type overall.

The Council notes the comment in your letter that the SHMA Practice Guidance refers to young people as an example of a group which could have specific housing requirements. The Core Strategy refers to meeting the needs of young people (paragraph 9.1) and this can be done through policies such as H8 which requires a proportion of new homes to be affordable, including units for social rent. However, the Core Strategy has to balance the needs of a wide range of people, and considers that high concentrations of HMOs have negative consequences for other groups of people, hence the introduction of the Article 4 Direction and Policy H11. The report setting out the full justification for the Article 4 Direction can be downloaded from [http://www.manchester.gov.uk/info/608/development\\_control/4847/article\\_4\\_direction](http://www.manchester.gov.uk/info/608/development_control/4847/article_4_direction)

The Council considers that any need for HMOs can be met in areas of Manchester where concentrations of HMOs are lower than 10%. Based on the evidence of shared housing available to the Council, approximately 70% of households in the City are in wards which would currently be largely unaffected by the Council's proposed approach to managing HMOs.

You have also noted that Annex B of the SHMA guidance refers to HMO licensing data and tenancy deposit information in the list of secondary data sources. The Council does not consider that the inclusion of this type of data in the list constitutes a requirement to examine the need for HMOs specifically, as other types of data such as empty homes are also included, for which there would clearly not be a requirement to demonstrate a need for. The Annex states that the tenancy deposit scheme information could be used to give an indication of the location of private rented dwellings.

4) *What proposals do you have to fulfil the requirements under PPS3 to work collaboratively with local Stakeholders including local private rented sector landlords and agents.*

The Council has worked in partnership with stakeholders to try and reduce the negative impacts of HMOs through non-planning mitigation measures. The partnership approach has included the University of Manchester and Manchester Metropolitan University as well as other agencies such as Greater Manchester Police and private sector landlords through Manchester Student Homes, with measures being taken forward in a co-ordinated manner through the Student Strategy Implementation Plan.

Stakeholders including landlords and developers have had the opportunity to comment on Core Strategy policies as they have been developed, including the approach towards HMOs.

5) *Please supply details of the evidence you already hold of current and future levels of demand and if this is already publicly available please let us have a relevant link to your website.*

Please see response to Question 2 above. As stated earlier the Core Strategy, which includes a map showing concentrations of shared housing in Manchester, can be downloaded from the Council's website at [www.manchester.gov.uk/coresetstrategydocs](http://www.manchester.gov.uk/coresetstrategydocs)

6) *If you are proposing to restrict numbers for specific areas what alternative provision is being proposed in other areas? What consultations will you be carrying out locally, e.g. with local residents of those other areas in this regard?*

As set out in the response to question 1 above, HMOs will only be restricted in parts of Manchester where concentrations of this type of accommodation are already at least 10% of all properties. The policy framework does not propose that specific areas are particularly appropriate for HMOs, as the Council considers that it is clear that the implication is that HMOs would be permitted, as long as they provide a high standard of accommodation, in parts of the City where concentrations are lower. Core Strategy policies H3-H7 set out the housing priorities for different parts of Manchester in broad terms. In relation to student

HMOs in particular, there is currently an oversupply of spaces in purpose built student accommodation so there is the opportunity for future students who would have been accommodated in small HMOs to take up places in halls instead.

The Core Strategy has been through a lengthy consultation process which began in 2005. Residents and other stakeholders have had a number of opportunities to comment on the emerging policy direction. The majority of comments in relation to HMOs have been in favour of a restrictive approach.

*7) What are your proposed planning policies in relation to circumstances where planning consent may be granted in those areas where quantitative restrictions have not been exceeded?*

In areas where concentrations of HMOs are lower than 10% there is no specific policy in relation to HMOs. All development in Manchester should accord with policy DM1 which sets out specific issues that development should have regard to; and also to the development principles set out in Policy SP1.

*8) Please give us a timetable for the preparation of your plan, including the relevant dates, consultation periods etc*

The consultation process for the Core Strategy has now finished and the plan has been submitted to the Secretary of State for independent Examination. The Examination is likely to begin in November and the Core Strategy adopted in March 2012.

*9) Is it part of the Council's strategy to introduce shared HMOs in long standing owner/occupied areas e.g. in the suburbs?*

As stated above in response to question 6, the Council is not proposing to designate specific areas as being particularly appropriate for HMOs. Large parts of the City have concentrations of shared housing lower than 10%, and are therefore areas where HMOs would be permitted. These areas include areas where owner occupation levels are higher.

*10) How does the Council propose to deal with the likelihood that if shared houses are established away from centres of education employment (e.g. local Universities, colleges or hospitals) that this will lead to increased need to travel and greater car usage?*

Due to the urban nature of the Manchester City Council area, all parts of the City have relatively good access to public transport. As stated in response to question 6 there is capacity for more students to be accommodated in purpose built student accommodation, with halls being located close to the University campuses or near to high frequency public transport routes linking to the campus. Core Strategy policies aim to reduce the need to travel, with Policy H1 stating that sites for new housing which are in close proximity to centres or high frequency public transport routes should be prioritised.

I have added the Residential Landlords Association to Manchester's Local Development Framework database.

I hope you find the above response to be of assistance.

Yours sincerely,

A handwritten signature in cursive script that reads "R. N. Elliott".

Richard Elliott

Policy and Strategy Manager



Policy	Project/Programme	Responsible Agencies	Source of Funding	Timescale
H10	Number of developments to cater for people with additional support needs allowed on appeal			None

### Houses in Multiple Occupation

9.42 From 1st October 2010 change of use from a Class C3 dwellinghouse to a Class C4 House in Multiple Occupation (HMO) became permitted development, therefore planning permission is no longer needed. The Council made an Article 4 Direction on 7th October 2010 which, once the Direction comes into force, will mean that planning permission will be needed for this type of development. Subject to confirmation by the Council, the Direction will come into force on 8th October 2011. Once the Article 4 Direction has come into force then the Council will use the policy below to control further changes of use from a C3 to a C4. The policy also controls change of use to HMOs which are 'sui generis'.

#### Policy H 11

##### Houses in Multiple Occupation

Change of use from a C3 dwelling house to a C4 HMO will not be permitted where at least 10% of households within a 100 metre radius of the application site fall within one or more of the following categories:

- Exempt from paying Council tax because they are entirely occupied by full time students.
- Recorded on Private Sector Housing's database as a licensed HMO.
- A property benefiting from C4 or sui generis HMO planning consent.

Where evidence can demonstrate that there are shared houses within 100 metres of the application site which do not fall within the categories above the Council will include these.

In marginal cases where concentrations of properties in the categories above within 100 metres of the application site are just below 10%, the Council will examine property type in more detail and would exclude properties which would not be capable of being used in a way which meets the C4 definition from the total number of households when calculating the percentage as above.

In areas where at least 10% of households within 100 metres of the application site fall into the categories above, extensions to HMOs (as defined in the Housing Act 2004) would not be permitted where this could reasonably be expected to lead to an increase in the level of occupation.

In parts of Manchester where the lack of family housing has threatened the sustainability of the community to the extent that regeneration activity with the specific intention of increasing the amount of family housing has taken place, there will be a presumption against changes of use which would result in the loss of a dwelling which is suitable for a family. Changes to alternative uses, including C4 and HMOs with more than six occupants, will only be acceptable where it can be demonstrated that there is no reasonable demand for the existing use.

The approach above will also be used for change of use to a HMO which is classified as 'sui generis'.

Notwithstanding the policy requirements set out above, all proposals for change of use of existing properties into houses in multiple occupation and all proposals for conversion of existing properties into flats (which might not necessarily fall within Class C4), would be permitted only where the accommodation to be provided is of a high standard and where it will not materially harm the character of the area, having particular regard to the criteria in policy DM1.

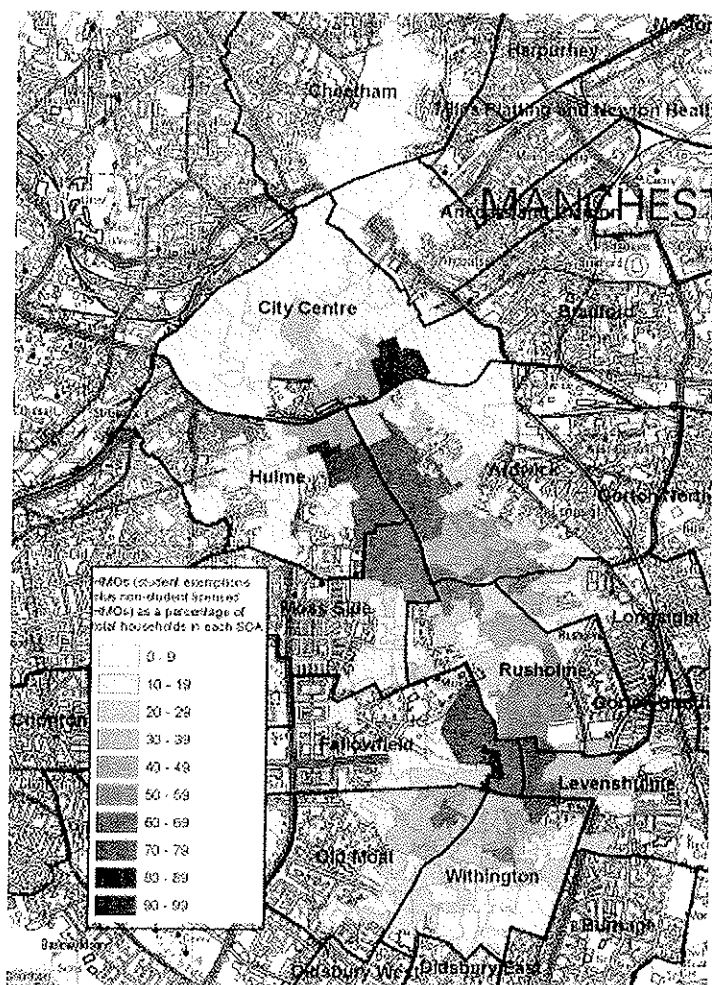
**9.43** Tribal Consulting carried out a study for the Council which looked at the provision of student accommodation, including identifying areas of the City which experienced different types of impacts due to varying concentrations of students living there. The resulting student strategy was reported to Executive in May 2009 and issues raised by this are being taken forward through the Student Strategy Implementation Plan, reported to Executive in October 2009.

**9.44** The Student Strategy found that the problems caused by shared houses appear to be more noticeable (and raise more concerns) to residents where they occur in previously relatively stable neighbourhoods, and identifies these areas as those with between 20-40% student households. The strategy examines whether a 'tipping point' can be identified for the point where the proportion of shared houses (in this case student households) becomes damaging to a street or neighbourhood and concludes that once a 20% threshold is reached problems become harder to manage, but considers that a tipping point would be difficult to set universally across Manchester due to varying capacities of neighbourhoods to accommodate this type of housing, based on house type and demography. During the preparation of the Core Strategy, and particularly through consultation with local stakeholders, the Council concluded that a 10% threshold would be more appropriate.

## 9 Objective 3 Housing

Manchester City Council | Manchester Core Strategy (Publication)

**Figure 9.4 Areas with high concentrations of shared housing**



9.45 Figure 9.4 shows where concentrations of council tax exempt student households combined with non-student licensed HMOs exceed 10% of total households, based on 2010 data, mapped by super output area. The threshold approach will be applied both inside and outside this boundary.

9.46 A sustainable community must provide opportunities for a mix of households. Within this mix families are particularly important because they support a range of local facilities such as schools and tend to have a greater commitment to the neighbourhood as they live there longer than other types of households. For this reason, a more restrictive approach will be applied in locations which have benefited from specific regeneration activity aimed at increasing the provision of family housing. This could include PFI schemes, CPOs and other forms of neighbourhood renewal where an increase in family-oriented accommodation was a stated aim of the intervention included in public documents. For the purposes of the policy, housing suitable for a family is a dwelling with 3 or more bedrooms, and no reasonable

demand would be demonstrated by a period of at least six months on the market at a reasonable price or rental level or other compelling market evidence.

9.47 The policy above will prevent further loss of Class C3 dwelling houses, which generally provide accommodation for families, to Class C4 HMOs, thus preventing further harm to residential amenity. It should be noted that the data sources which will be used to determine whether a HMO is to be permitted include properties exempt from paying council tax because they are lived in entirely by full time students – this category could potentially include a limited number of non-HMO households, for example a situation where a student was living alone or with only one other person in a self-contained flat would still be a C3 use. Additionally there will be HMOs not covered by the categories in the policy but as these are not recorded by the Council they will not be counted when making a decision on permitting a C4, unless evidence can be provided to demonstrate where these are, as stated in the policy. Further information on data sources is given in the Evidence Issues section.

9.48 Small flats, which would not be capable of being used as a C4 property, would also be unlikely to provide accommodation for families. Therefore in marginal cases they will not be included in the total number of households when calculating concentrations of properties that fall within the categories above. This will ensure that high numbers of purpose built flats which fall within the C3 Use Class do not skew the results by making it appear that there is a large amount of family housing already available nearby, when this is not the case. Social housing is excluded from the C4 Use Class therefore these properties would be excluded from the total number of households in the same way in marginal cases.

9.49 Households that would meet the C4 test from the 6<sup>th</sup> April but which existed in this format previously without being defined as such will not necessarily be known to the Council. Where planning permission is given for a change of use to a C4 HMO this will be recorded in the future to build up a clearer picture.

9.50 A change of use to a HMO which is lived in by more than six people is classified as 'suit generis', i.e. it is not classified by the Use Classes Order. This could be an extension to an existing C4 dwelling, or a change of use from C3.

9.51 The impacts of Policy H11 will be monitored to ensure that any risk of blight on properties in areas where there are high concentrations of HMOs is minimised; and the policy revised if necessary. The policy allows for change of use from C3 to C4 (in areas where HMO concentrations are lower than 10%) in areas where specific regeneration initiatives to increase family housing have taken place, only where it can be demonstrated that there is no reasonable demand for the property as a C3 dwellinghouse.

9.52 Currently the amount of purpose built student accommodation in the planning pipeline exceeds the demand from both the projected growth in student numbers to 2014/15 (using a mid range growth scenario assumption) and latent demand from students living in the general rented sector, meaning that there is a future oversupply of bedspaces. This means that purpose built provision will be able to accommodate additional students who would previously have lived in C4 type accommodation. If a need for further purpose built accommodation arises the Council will encourage this where it satisfies the criteria set out in Policy Approach H12.

### **Evidence Issues**

9.53 The Council does not have a complete record of all HMOs in the City which would fall within the C4 definition, therefore the types of accommodation listed in the bullet points in the policy are used to try and cover as many different types of 'houseshare' accommodation as possible, and are data sources which can be easily used to display percentages of accommodation within these categories for a defined area.

9.54 Licensed HMOs are recorded on Private Sector Housing's database and include licensed HMOs (HMOs which meet specific criteria) as well as others which the Council has recorded for a specific reason, for example when it has focused on conditions in a particular area. A

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large number of HMOs in the City do not need to be licensed (for example because they are lower than three storeys) therefore this data source alone would not include enough types of HMO/shared housing to make a threshold policy meaningful. The Council can identify households which are exempt from paying council tax because they are entirely occupied by full time students, but council tax data does not give the number of occupants. It is likely that the vast majority of these are HMOs but there are potentially a limited number which are not – for example a situation where a student was living alone in a self contained flat would be a C3 dwelling house.

**9.55** It is also possible to identify households where there are at least two occupants and all but one are disregarded for council tax purposes, for example students living with a non-student. However this data source was not included in the policy as it was considered that it was likely to incorporate a higher percentage of non-HMO households.

**9.56** Where planning permission is given for a change of use to a C4 HMO this will be recorded in the future to build up a clearer picture.

**9.57** There are no records of other HMOs, which are groups of unrelated adults sharing a house, and council tax data does not identify these.

### **Purpose Built Student Accommodation**

**9.58** It is recognised that the universities and their students make an important contribution to the economy of the City. In order to prevent residential disamenity and to maintain the sustainability of neighbourhoods, the Council will manage the future location of Houses in Multiple Occupation (HMOs), including student houseshares which fall within Use Class C4, using Policy H11 above.

#### **Policy H 12**

##### **Purpose Built Student Accommodation**

The provision of new purpose built student accommodation will be supported where the development satisfies the criteria below. Priority will be given to schemes which are part of the universities' redevelopment plans or which are being progressed in partnership with the universities, and which clearly meet Manchester City Council's regeneration priorities.

1. Sites should be in close proximity to the University campuses or to a high frequency public transport route which passes this area.
2. The Regional Centre, including the Oxford Road Corridor, is a strategic area for low and zero carbon decentralised energy infrastructure. Proposed schemes that fall within this area will be expected to take place in the context of the energy proposals plans as required by Policy En 5.

