

Report to	Sustainable development panel	Item
	24 September 2014	
Report of	Head of planning service	4
Subject	Planning policies for Houses of Multiple Occupation (HMOs) draft options paper	

Purpose

This report covers planning policy options for addressing issues relating to Houses of Multiple Occupation (HMOs) and their potential links to licensing policy.

Recommendation

To comment on the draft HMOs policy options paper before it is published for consultation.

Corporate and service priorities

The report helps to meet the corporate priority Decent housing for all and the service plan priority to implement the local plan for the city.

Financial implications

Financial implications are set in paragraph 18 of this report.

Ward/s: All wards

Cabinet member: Councillor Stonard – Environment and transport

Contact officers

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Background documents

None

Report

Introduction

1. This paper considers firstly the evidence relating to the growth of HMOs in Norwich and secondly which planning policy measures could be taken to address the issues around HMOs. It also takes account of how any planning policy measures could be combined with licensing measures.
2. Members are asked to comment on the draft HMOs policy options paper before it is published for consultation which is in appendix 1.

Why is action on HMOs needed?

3. A 'House in Multiple Occupation' (HMO) is a house or flat which is shared between 3 or more unrelated occupants living as 2 or more households who share basic amenities such as kitchen or bathroom facilities. There are two different types of HMO:
 - i) a 'small HMO' of between 3 and 6 occupants (classified in planning terms as a 'C4 HMO'), and;
 - ii) a 'large HMO' that generally has 7 or more unrelated occupants (termed a 'Sui Generis HMO').
4. At present, there is no policy in Norwich which specifically attempts to restrict an increase in the total number of either smaller or larger HMOs in any locations in the city.
5. Planning permission is not required nationally to convert from C3 (ordinary houses), to C4 or visa-versa. Such a requirement can be set locally, at some expense, through the introduction of an "Article 4 Direction".
6. Some residents, particularly in the College Road area of the Nelson ward, have recently expressed concerns about the growth in the number of HMOs in their area and have requested that planning controls be introduced to prevent further growth.

Evidence

7. Norwich, like most cities, particularly those in which education forms an important part of the local economy, has a large number of HMOs.
8. HMOs play an important role in meeting people's housing needs by providing shared accommodation that is affordable. HMOs generally provide accommodation for a range of people such as young professionals, students and temporary workers, amongst others. Without HMOs, many people would not be able to afford to live in Norwich.
9. Between 2001 and 2011, the number of households in Norwich which were in HMOs increased from around 3,000 to 4,300, with the percentage increasing from 5.4 to 7.1%.

10. The main concentration of HMOs is in the central south west and west of the city, in Nelson, University, Town Close and Wensum wards.
11. There was an increase in the dispersal of households in HMOs around the city over the decade 2001 to 2011, with a doubling of the percentage of households which were in HMOs in both the University and Bowthorpe wards.
12. The students market was a key driver for growth in the HMO market.
13. National research suggests that there will be a significant increase in the private rented housing sector in the next two decades, with a parallel decrease in the owner-occupation and social renting.
14. While the demand for student only HMOs in Norwich may decline as more purpose-built accommodation is provided and student numbers increase at a relatively slow rate, it seems highly likely that many additional people, mainly younger people, many on low incomes, will enter the HMO market.
15. The effect over the next decade is likely to be increasing demand in Norwich for HMOs to meet the needs of those with the fewest housing options.

The Options

16. The options for addressing HMO issues are set out in figure 5 of the options paper.
17. They include:
 - A city wide restrictive option (option 1) which would prevent an increase in HMOs whilst significantly reducing housing choice for those with the most need;
 - Geographically focussed options (options 2 and 3) which would restrict HMOs in some areas and would be very likely to increase the dispersal of HMOs elsewhere;
 - A limited intervention option, option 4, which promotes the development of accommodation types to reduce demand for conversion of existing housing to HMOs and allows time to assess licensing options.
18. There are financial implications associated with each option. Options 1 to 3 will all require spending on Article 4 Directions, policy development and ongoing resource implications to implement policies. Costs for option 3 are likely to be less than for the combined implementation of option 2a and b as they would require cheaper more restricted policy development would not require the evidence base on the location of HMOs to cover the whole city. Option 4 will not have such costs in the short term as it will rely on currently adopted policy. However, longer term costs may be similar to options 1 to 3 if it is concluded after assessing further evidence base requirements and the success of the implementation of JCS policy 4 that an Article 4 Direction and new policy development is required.

Conclusions and next steps

19. Taking account of the SDP's comments on the draft options paper, officers will produce and consult on a revised options document with stakeholders and the public. The response to the consultation will be reported to SDP and to Cabinet.