

Appendix 1

Houses in Multiple Occupation In Cambridge

Project Findings and Recommendations

1.0 PURPOSE OF REPORT

To outline the findings of a project set up to investigate Houses in Multiple Occupation (HMOs) in Cambridge, and to recommend improvements in the Council's approach to managing HMO issues.

2.0 BACKGROUND

The report follows a Council motion in April 2012 which, following a debate about HMOs, asked for 'a comprehensive survey into city residents living in private rented accommodation, which looks at rents, agents fees, quality and safety, housing security and the location of housing'. The results were to be used to help the Council to implement housing and planning policy effectively and to inform the debate around the Local Plan Review.

A project brief was developed on the basis of this, to:

- § Attempt to identify which homes in the City are being used as private rented HMOs, and assess whether this information can be kept up to date
- § Identify how HMOs contribute to the housing market
- § Understand the profile of the HMO stock
- § Identify the sorts of issues arising from HMOs and how they are currently dealt with
- § Make recommendations as to how the Council can improve its approach.

The project was carried out between September 2012 and March 2013, and involved:

- § Using existing data and other information already available to the Council, both nationally and locally (numbers of HMOs, location, conditions, affordability, complaints received, etc)
- § A home-interview survey of 152 residents living in smaller privately rented HMOs carried out by mruk research
- § A series of focus groups following on from the survey, again conducted by mruk research
- § A telephone survey of landlords and letting agents operating locally
- § Some additional questions added to a sub-regional survey of Letting Agents through the Cambridge sub-regional Strategic Housing Market Assessment (SHMA).

3.0 DEFINITION OF AN HMO

Defining what constitutes an HMO is far from straightforward, as national definitions vary.

Housing Act Definition¹

This statutory definition is a complex one, but essentially an HMO is a flat or house occupied by more than one household who share basic amenities eg - kitchen, bathroom or toilet – and which they occupy as their main residence. There are certain forms of shared accommodation which are excluded from this definition, such as houses shared by only two unrelated persons, owner occupiers who take in up to two lodgers, certain occupation by religious communities, buildings that are managed by educational establishments, etc.

A household is defined as either a single person or members of the same family who are living together. People who are not related to each other by blood, marriage or in an equivalent relationship (in the case of persons of the same sex) each form a separate household.

¹ Housing Act 2004, sections 254-259

Planning Definition²

In planning terms, HMOs are split into two different use classes, based on the number of occupants:

- § A small HMO is a shared dwelling house occupied by between 3 and 6 unrelated individuals who share basic amenities such as a kitchen or bathroom
- § A Larger HMO is occupied by more than 6 unrelated individuals sharing basic amenities such as a kitchen or bathroom.

Changes to the planning system in 2010 extended permitted development rights to allow a change of use from a dwelling house (Use Class 3) to a small HMO (Use Class 4) without the need for planning permission. Larger HMOs are 'sui generis' and require planning permission.

Council Tax Definition

A property is a HMO for Council Tax purposes if:

- § It was originally constructed, or subsequently adapted, for occupation by more than one household (e.g. locks on internal doors restricting access to all occupiers); OR

Each tenant who lives in it is either:

- § A tenant or licensee able to occupy only part of the dwelling; or
- § A licensee liable to pay rent or a licence fee on only part of the dwelling.

Properties which may be HMOs for housing and/or planning purposes, but exempt from Council Tax, include:

- § Halls of Residence owned or controlled by an educational establishment and predominantly occupied by students (Class M exempt)
- § Properties occupied by full-time students (Class N exempt)

² Town and Country Planning Use Classes Order (2010).

4.0 HOW MANY HMOS AND WHERE?

It is not possible, with the information available, to identify how many HMOs there are in the City. The Council holds a number of sources of data, but none of them give an accurate picture, for reasons given below.

The location of HMOs is also difficult to pinpoint, but the combined information available indicates that whilst there are HMOs scattered across the City, most appear to be located in Romsey, Market, Petersfield and Coleridge wards.

Licensed HMOs

The 2004 Housing Act requires that all larger HMOs are licensed – ie properties which are three storeys or more and occupied by five persons or more in two or more households. There are 268 licensed HMOs in Cambridge, although there are likely to be some HMOs which should be subject to licensing, of which the Council is not currently aware. Ward information held is not up to date or completely accurate.

Private Sector House Condition Survey³

The Council's Private Sector House Condition Survey estimated that, in 2008, there were around 5,220 buildings being used as HMOs (as defined by the Housing Act). This represented 12.6% of the housing stock, compared to the national figure of 2%, and was approximately 1500 more than when the previous survey was carried out in 2002.

Around 260 of these were estimated to be larger 'higher risk' HMOs subject to mandatory licensing.

It also identified just over 1,000 halls of residence, flats and similar accommodation owned as university accommodation (not classed as HMOs under the Housing Act), and a further 1,040 units used as housing for university students in the private rented sector.

Council Tax Register

Council Tax records show that at May 2012 there were 3,171 properties exempt from Council Tax due to occupation by

³ Private Sector House Condition Survey 2009: <https://www.cambridge.gov.uk/housing-research>

students. 2,110 of these were properties other than halls of residence.

Around 10 properties not occupied by students have been designated as HMOs for Council Tax purposes (ie where the landlord is responsible for paying the Council Tax). Registration of such properties relies on the landlord declaring their property as an HMO, or the Council identifying it as such through other channels – eg where they come to the attention of other services.

Again, ward data is not always accurate.

Electoral Roll

The electoral roll can help to identify homes where there are people with different names registered as living in a property, but an address with three or more people living there with different surnames can only be a rough indicator of an HMO. It could relate to a home-owner with lodgers for example, or a family group but with different surnames. We also know that not all tenants in an HMO will necessarily register to vote so some HMOs will remain hidden. The register is only available in hard copy which requires manual interrogation.

University Accommodation Lists

Properties identified as College or University owned and/or managed – including purpose built accommodation and street houses – were excluded from the project as they are outside of the private rented sector and do not fall within the Housing Act definition of HMOs.

The University of Cambridge Colleges aim to house all of their undergraduate students and a significant proportion of their post graduates in their own accommodation. (The largest concentrations of such housing are in Market, Newnham and Castle wards). Therefore relatively few of their students will be living in the private rented sector.

Anglia Ruskin University has less purpose built accommodation, with around 90% of its 7,600 students living in private rented housing or lodging with local families. (As well as purpose built accommodation, ARU owns just under 50 street houses in the City, outside of the private rented sector – 70% of which are in Petersfield and Romsey).

5.0 POSITION IN HOUSING MARKET

The private rented market is very strong in Cambridge, with over 26% of households now privately renting (compared with 15% nationally, and rising from 23% locally in 2001).⁴

Nationally around 3% of dwellings are occupied on a shared basis i.e. as shared houses/flats, bedsits, or contain lodgers who are not part of the main household.⁵

The 2011 Census won't specify how many households are in HMOs, or how many HMOs there are, but will give information on households living in shared housing in the wider sense. This may give some further indication of changes since 2001 once data is published.⁶

Respondents to the survey of Letting Agents carried out through the SHMA generally thought that the number of HMOs they manage had stayed about the same over the last year, but just over one third (5 respondents) thought the number had increased. (Whilst this survey was sub-regional, Cambridge has the strongest HMO market in the sub-region, so results suggest that the Cambridge market remains strong). The survey also reported that many Letting Agents had seen an increase in new tenants and buy-to-let investors looking for properties in general, as well as a general increase in rents, and they expected this increase to continue during the coming year.

Rent Levels and Affordability

There is no accurate data available on rent levels specifically for HMOs, only for rooms in shared houses, which will include HMOs, but could also include rooms let by owner-occupiers.

⁴ Census 2011 – Cambridgeshire Atlas:

<http://www.cambridgeshire.gov.uk/business/research/researchmaps.htm>

⁵ English Housing Survey 2010: <https://www.gov.uk/government/publications/english-housing-survey-homes-report-2010>

⁶ Census 2011 questionnaire: <http://www.ons.gov.uk/ons/guide-method/census/2011/how-our-census-works/how-we-took-the-2011-census/how-we-collected-the-information/questionnaires--delivery--completion-and-return/2011-census-questions/index.html>

Tables 1 & 2 show rent levels for new lets of smaller accommodation in the City as well as the extent to which they have risen over the past year.

Table 1: Average rent per calendar month – Cambridge City

	Dec 11	June 12	Dec 12	Change Dec 11 to Jun 12	% Change
Room	£405	£432	£488	£83	20%
Studio	£604	£641	£675	£71	12%
1 bedroom	£757	£769	£802	£45	6%

Source: VOA data & Cambridgeshire Atlas

Table 2: Lower quartile rent per calendar month – Cambridge City

	Dec 11	June 12	Dec 12	Change Dec 11 to Jun 12	% Change
Room	£359	£360	£420	£61	17%
Studio	£525	£580	£613	£88	17%
1 bedroom	£665	£680	£725	£60	9%

Source: VOA data & Cambridgeshire Atlas⁷

The Easyroommate website suggests an average rent of around £500 per month for a room including bills (ranging from £350 to £700 per month).⁸ The Spareroom website suggests around £460 per month for properties with a CB postcode (which will also include properties outside the City).⁹

Our survey suggested that residents in HMOs may be paying lower rents than the new lettings data above might suggest. Although the figures need to be treated with caution, a quarter of respondents to our survey said they were paying less than £350 per month, and around a half were paying £400 per month or less. There are a number of reasons why HMO rents may be lower than those published by the Valuation Office. One is that VOA

⁷ Cambridgeshire Atlas – private rents: http://atlas.cambridgeshire.gov.uk/Housing/private_rents/atlas.html

⁸ Easyroommate website: <http://uk.easyroommate.com/>

⁹ Spareroom rental index: <http://www.spareroom.co.uk/rentalindex?>

published rents include shared accommodation other than HMOs which may, in some cases, be able to command a higher rent; another is that landlords may be inclined to keep rents down for existing tenants, but charge at revised market levels when rooms are re-let, which may leave existing tenants paying less than current market rents.

Students in our survey tended to pay slightly higher rents (more than £350 per month). This may be because non-students are more able to shop around for a better deal, whereas students may have a more limited 'window' linked to term-times, with more competition from other students searching at the same time.

Residents of other ethnic groups in our survey were more likely to pay lower rents (below £350) than White British.

Shared rooms, including rooms in HMOs, were seen by survey respondents as a cost-effective and convenient type of accommodation.

Table 3 shows annual incomes for Cambridge City residents.

Table 3: Mean, median and lower quartile gross annual household income – all households

	Mean	Median	Lower quartile
Cambridge City	£32,711	£31,800	£15,700

Source: CACI 2012

Government guidance assumes that a household is generally considered to be able to afford to rent privately where the rent payable is up to 25% of gross household income, but that local circumstances could justify a different income figure being used.¹⁰

The lower quartile annual gross income for all households in 2012 was £15,700. Even based on 30% of household income, to afford a lower quartile one bedroom flat (at £725 pmth or £8,700pa – see Table 2), a household would need an annual income of around £29,000, which makes self-contained accommodation unaffordable to those on lower quartile incomes.

¹⁰ CLG Strategic Housing Market Assessment Practice Guidance 2007, Chapter 5.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11812/Strategic_Housing_Market_Assessments-Practice_Guidance.pdf

Worryingly, the lower quartile rent on a room in a shared house (although not necessarily in an HMO) is also becoming unaffordable to many of those on lower incomes; a rent of £420 pmth or £5040pa would require an annual income of £16,800 – higher than the current lower quartile income. Our survey suggests that rooms in HMOs are more likely than shared accommodation in general to be affordable to those on lower incomes.

Affordability is a particular issue for Housing Benefit Claimants. Local Housing Allowance (LHA) for 25-34 year olds is now only payable at the shared accommodation rate ie £76.65 per week at April 2013, equating to around £316 per month. At April 2013 there were 410 one-room LHA claimants in the City, a number which currently remains fairly stable. This, coupled with reluctance of many local landlords to let to people receiving welfare benefits, makes even this type of accommodation difficult for some to access.

Only 5% of respondents to our survey were claiming housing benefit. This low percentage may reflect the lack of affordability of accommodation for claimants.

Availability

Respondents to our survey thought that there were generally enough HMOs in the City for them to find accommodation, but that quality and resident-type restricted which properties they could access. Mruk research, who carried out the survey, recommended that landlords should be encouraged to accept both students and non-students to broaden the range of accommodation available to all residents. Whilst this can be done, the results are likely to be limited. Landlords of student accommodation are able to align their tenancy start-dates with college term times,¹¹ and student landlords may also no longer be able to claim Council Tax exemptions.

Where HMO residents have come from

Our survey looked at where tenants had lived prior to moving to their current property. 62% had moved from within

¹¹ BSHF Report 2013, Who Lives in the Private Rented Sector: <http://www.bshf.org/published-information/publication.cfm?lang=00&thePubID=19F007B2-15C5-F4C0-990836C156D907F7>

Cambridgeshire, and 11% were from outside the UK – mainly Eastern and Western Europe.

Length of Stay

There are relatively high levels of resident turn-over within the private rented sector compared with other tenures. The median length of stay nationally in private rented accommodation is around 1 year.¹²

In our survey, around 70% of respondents in HMOs had been in the property less than a year, with only 17% having been there for more than two years. Three quarters expected to remain in the property for a year or less. (Non-students were more likely to stay longer than students).

Benefits and Drawbacks of Living in HMOs

Our survey and focus groups identified the following benefits:

- § Their affordability compared with other housing types
- § HMOs tend to be in central locations, so enable people to live close to work or college
- § The potential for sharing household responsibilities and payment of bills
- § More 'freedom' for students than university accommodation
- § Ease of moving
- § Social benefits (provided they lived with the 'right people').

The following potential drawbacks were identified:

- § Potential incompatibility with personality and lifestyles of other occupants
- § Issues around shared space (bathrooms, cooking, entertaining etc)

Tenant Aspirations

Our survey showed a considerable difference between what HMO tenants wanted their housing situation to be in three to five years, and what they expected it to be. Only 16% wanted to still be living in shared housing, whereas 28% expected to be; and 44% wanted to be home-owners, but only 14% expected to be. Only a tiny

¹² English Housing Survey 2010:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6739/2173283.pdf

percentage wanted to live in shared ownership property, which raises the question as to how aware HMO tenants are of this as an alternative to full home-ownership.

In the focus groups financial constraints were the main barrier to improving one's ' housing situation, with many people wanting to stay living centrally but unable to afford to do so other than in an HMO.

Homelessness

The Council has dealt with a number of single people who have been made homeless who are unable even to access HMO accommodation. As with the general private sector an increasing number of private landlords will not accept people on welfare benefits, and Local Housing Allowance levels are not sufficient to cover the rents. However, there have been cases where the Council has been able to support people into HMOs and to sustain their tenancies where self-contained accommodation would be financially out of reach.

Local Authorities can now discharge their duty to homeless people by rehousing them in the private rented sector¹³. (The Council's policy on this is due to be submitted for approval in the June 2013 committee cycle). In theory, therefore, it could be possible to use HMOs as a more cost-effective option for rehousing single homeless people. However, sharing accommodation with others is likely to have severe limitations, owing to the vulnerable nature of many single homeless people.

With the increasing rent levels in HMOs in the City, the reality is that some people will need to look further afield for accommodation. There may be opportunities for the Council to give more support to homeless people on low incomes who are not in priority need in finding shared accommodation in cheaper areas in other parts of the sub-region.

¹³ Localism Act 2011, ss148-149:
<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

6.0 HOW HMOs ARE MANAGED & MAINTAINED

Housing conditions

Housing, including housing conditions, are recognised as having a significant impact on health and well-being.¹⁴

It is not clear how many HMOs in the private rented sector fail to meet the national decent homes standard. In our Private Sector House Condition Survey 2009, the overall rate of non-decency amongst HMOs was just under 30%, which was slightly lower than the housing stock overall and lower than would normally be expected nationally. However, the figure included University-owned accommodation outside of the private rented sector, which is thought to have brought the overall figure down artificially low. (Meeting the decent homes standard is not a mandatory requirement, although the Council is required to intervene if Category 1 hazards are identified under the Housing Health and Safety Rating System, or HSSRS).

64% of respondents to our survey said they had reported repairs over the last year. The majority of repair reports are around plumbing and heating issues. Doors and windows, faulty white goods and electrical faults were the other most common repair issues. Damp and mould is also an issue for many residents – particularly amongst those renting from Letting Agents. 317 complaints have been received by the Council over the past two years relating to housing standards in HMOs, and whilst it's not straightforward to analyse how these complaints break down into different types of problems, the results of our survey are thought to broadly tally with the sorts of complaints received by the Council.

Many students taking part in the focus groups tended to feel that properties let to students were in worse physical condition than those let to non-students.

Overcrowding does not appear to be a major issue in HMOs. The Private Sector House Condition Survey did not identify any overcrowded HMOs, and it wasn't highlighted as a major problem in our survey. Although complaints about overcrowding are not currently recorded separately, officers dealing with private sector housing enforcement report that occasional complaints are

¹⁴ Cambridgeshire JSNA – Housing & Health 2013:
<http://www.cambridgeshirejsna.org.uk/housing-and-health-2013>

received, but overcrowding tends to be less of a problem than in other types of accommodation.

Satisfaction with Management

HMOs may be managed either by private landlords or letting agencies. There are estimated to be around 60 letting agencies operating in the City; the number of private landlords is unknown. Students are more likely to rent through a letting agency than non-students.

Our survey showed only 5% of tenants were dissatisfied with how properties were managed, a figure which was evenly split between tenants renting from a landlord and those renting from a letting agent. (79% were satisfied, and 16% neither satisfied nor dissatisfied). Recent national research by RICS found 92% of tenants surveyed were satisfied with their letting agent.¹⁵

Dissatisfaction with how repair problems had been dealt with over the last year was higher – at 18%. Dissatisfaction levels were higher amongst those renting from an agent than from a landlord. Focus group members felt that letting agencies were in a position to deal with issues more quickly and more professionally than landlords, and some tenants were happy to pay the extra fees required by letting agencies to simplify the repair process. Because of the fees charged, residents felt particularly aggrieved where Letting Agents were less effective. Therefore it could be that lower survey satisfaction levels with repairs through letting agencies are at least partly explained by higher expectations.

These results reflect the general view of staff working in this area. Property management is generally good, but there are a handful of landlords and letting agents who manage their properties less effectively and require more Council intervention.

Survey results also suggest that residents from white ethnic backgrounds may be more likely to raise a repair problem than those from other backgrounds. Although there may in some cases be an issue around differing expectations, there may also be language and/or cultural barriers. These may need to be explored further.

¹⁵ RICS consumer letting survey Renting: Property's Wild West (2012)
<http://www.rics.org/uk/knowledge/news-insight/press-releases/renting-property-wild-west/>

Rent Deposits

HMO residents tend to pay a deposit equivalent to a month or a month-and-half's rent when they move in.

Students in our survey tended to pay slightly higher deposits, correlating with slightly higher rent levels amongst this group. As with rents, newer tenants tended to have paid higher deposits.

Since 2007 landlords have been required to place deposits for assured shorthold tenancies in a Tenancy Deposit Protection (TDP) scheme to ensure they can get the money back when they leave. The Council is aware that this does not always happen, and a quarter of residents in our survey said that they were not covered by a TDP scheme, or didn't know whether they were. Around 95% of respondents had been tenants for less than five years (ie moved in since 2007), which suggests that up to 20% of respondents who should be protected may not be.

This ties up with recent national research for Shelter which found that one in three renters did not know about their rights around deposit protection, and one in five did not know whether their deposit was protected. 9% of respondents knew for sure that their deposit was not being protected.¹⁶

National Regulation of Letting Agents

There is no national requirement for Letting Agents to be regulated, but voluntary schemes run through the government's National Approved Lettings Scheme (NALS), the Association of Residential Letting Agents (ARLA) and the Royal Institution of Chartered Surveyors (RICS) which are industry-led. Only around half of the agencies in England belong to one of these organisations.¹⁷ The majority of agents operating in the City are thought to be registered with ARLA or NALS, although there is no accurate data on this.

¹⁶ Shelter Deposit Protection research:
http://england.shelter.org.uk/news/may_2013/almost_a_third_of_renters_unaware_of_their_deposit_rights

¹⁷ House of Commons Briefing on Regulation of Letting Agents 2013:
<http://www.parliament.uk/briefing-papers/SN06000>

Under the Enterprise and Regulatory Reform Act 2013, letting and managing agents must now offer landlords and tenants access to approved 'redress schemes' for dealing with complaints.

Enforcement

HMOs, as other properties, are subject to the requirements of the Housing Health and Safety Rating System (HHSRS) which assesses risks and hazards within the home. Where 'Category 1' hazards are identified, the Council has a general duty to take appropriate enforcement action to remove the hazard.¹⁸ This will initially involve offering advice and support to a landlords to bring the home up to standard. If landlords fail to comply then the Council must take formal enforcement action. (eg serve an improvement notice).

Landlords and agents in control of managing HMOs are also required to adhere to additional national regulations which stipulate the manager's (and occupants') roles and responsibilities.^{19 20} Again, where landlords or agents are in breach of these requirements the Council will use its enforcement powers to ensure compliance.

The Council has just appointed a new member of staff to enable more resource to be focussed on enforcement. Where poorly managed properties are identified, this extra resource will enable other properties belonging to/ managed by that landlord or agent to be inspected, so that appropriate steps can be taken to ensure that obligations are being met.

This additional resource will also enable more focus on linking with our Housing Advice service, to ensure that other management issues not subject to formal enforcement can be addressed, through advice to landlords and their tenants. One example of this is promoting use of the Tenant Deposit Protection scheme.

Property Accreditation

The Council runs a Property Accreditation Scheme (formerly referred to as Landlord Accreditation)²¹. Under this voluntary

¹⁸ Housing Act 2004, section 5

¹⁹ Management of Houses in Multiple Occupation (England) Regulations 2006

²⁰ Licensing and Management of Houses in Multiple Occupation (Additional Provisions) (England) 2007

²¹ Cambridge City Council Property Accreditation Scheme web-link:
<https://www.cambridge.gov.uk/property-accreditation-scheme>

scheme, landlords and letting agencies sign up to a Code of Standards to demonstrate that the properties they rent out meet an agreed standard. Benefits offered to participants include a discount on the statutory licence fee (where applicable), priority access to available grants, discounted insurance, and free advertising on the Council's accreditation webpage.

143 HMOs are currently registered on the scheme (at April 2013). This is seen as an effective way of working with some of the 'better' landlords to ensure high standards are maintained and signal to prospective tenants that these properties are well-managed.

Mandatory Licensing

Larger HMOs which are three or more storeys high and occupied by five or more people in two or more households are, under the Housing Act 2004, subject to mandatory licensing.²² Enforcement powers are used to tackle landlords who fail to license their properties or who breach the terms of the licence, under the Council's HMO Licensing Policy.

Whilst 268 properties are currently licensed it is likely that there are other HMOs which should be licensed but which have not yet been brought to the Council's attention. Where unlicensed properties come to light, the Council will work with the landlord or agent to get a licence issued where appropriate, or to help them to bring the property up to the standard required for licensing. If this fails, and there is no reasonable prospect of the property meeting the requirements for licensing, then the Council may prosecute the manager and make a management order to protect the health, safety and welfare of the occupiers. (Although management orders can be costly and haven't been used locally to date).²³

Planning Enforcement

In the two years between October 2010 and September 2012 there were 27 complaints about potential breaches of planning regulations in relation to HMOs. Of these, no breach was confirmed to have taken place in 11 cases. Between September 2012 and April 2013, there has been one confirmed breach of

²² Licensing of HMOs – Council webpage: <https://www.cambridge.gov.uk/licensing-of-houses-in-multiple-occupation>

²³ Housing Act 2004, ss101-104

planning control in respect of HMOs and there are two further possible breaches still being investigated.

Discretionary Licensing

Some local authorities have started to introduce additional licensing of smaller HMOs not subject to mandatory licensing, using discretionary powers. Peterborough City Council and the London Borough of Newham are two examples, and some other authorities are considering it. Fenland District Council for example are considering working with Peterborough on some form of licensing – particularly to tackle issues arising from having a large migrant population in the north of their district.

Before designating an area to be subject to additional licensing, the authority must consider that a significant proportion of HMOs in the district or local area are being managed sufficiently ineffectively as to give rise, or be likely to give rise to, one or more particular problems - either for the occupiers, or for members of the public.²⁴ This project has found no evidence that a significant proportion of HMOs in the City, or in particular areas of the City, are being managed sufficiently ineffectively to require additional licensing.

One issue experienced by authorities who have gone down this route is the difficulty in identifying which properties are HMOs. A large-scale survey is generally required to identify properties as not all landlords will necessarily be willing to come forward. Experience shows that some may also claim falsely that a property is not an HMO – eg insisting no-one is sleeping there, or that occupants are all from one family – which can be difficult to disprove.

Licensing schemes can be developed to be self-financing – eg through licence fees – but require a relatively large team of officers to administer, and the initial set-up can be costly. There are only a handful of such schemes nationally, and there is currently insufficient evidence to assess whether they are fully cost-effective.

²⁴ Housing Act 2004, s56(2)

7.0 IMPACT ON LOCAL COMMUNITY

Recycling and Rubbish Collection

Most respondents to our survey (87%) felt they had enough bins for waste and recycling. However, some participants raised this as a concern in the focus groups. They said that communal areas often get messy where bins overflow, and rubbish sometimes gets put in other people's bins when their own gets full up.

One of the main issues identified in the Landlord and Letting Agent Survey was around the need for better information to be provided to residents of HMOs about bin collections.

The Council does not specifically monitor complaints received from or concerning HMOs. However, it recognises that refuse collection can be an issue for some HMOs who are not entitled under the current policy to an extra black bin. (Only properties with six or more occupants are entitled to an additional bin, although more recycling bins can be provided). Requests are occasionally received for additional bins in smaller households.

Where problems are identified, the City Rangers will visit the property and give advice on refuse management and recycling, but it can be a challenge – particularly amongst some groups of students. The Council has worked with letting agencies to try to resolve some of the problems.

Anti-Social Behaviour

In the period April 2010 to February 2012 an estimated 8% of the complaints received about anti-social behaviour were related to student and other private rented sector accommodation. (This needs to be treated with caution due to database limitations). There is no specific information on HMOs.

The focus group work identified that some participants or others in their household had experienced some conflict with or complaints from residents in the wider community – most commonly around noise levels. They thought this may be more of an issue for student accommodation. Some participants were themselves frustrated by inconsiderate house-mates causing complaints to be made. Whilst they accepted that some complaints could be justified, they did feel that in some cases other residents may perceive the problem to be more pronounced than it actually was,

possibly due to stereotyping and negative perceptions of those living in shared accommodation.

Parking

It is recognised that multiple occupancy can cause issues with parking. Parking permits are required in some areas of the city where HMOs are located, but there are more permits in circulation than there are car-parking spaces.

Although University of Cambridge students are not permitted to have cars, such restrictions do not generally apply to other student accommodation in the private rented sector. Our survey identified more car ownership amongst non-student than student accommodation. About half the respondents reported that residents in their HMO had cars. Most of these reported one or two cars, but tenants in HMOs with five or more residents were most likely not to have any vehicles at all in the property.

Some focus group participants reported that they didn't have parking permits and so parked further away where permits were not required. The general feeling was that they were able to get a space without too much difficulty.

Integration with the Wider Community

Focus group participants mostly lived in areas of mixed accommodation types, including HMOs and residential houses. However, most did not tend to socialise with neighbours – including those also living in shared accommodation – and in many cases had never met their neighbours. This was mainly because residents felt their profile may differ to that of residents in other shared accommodation, and also because of generally short lengths of stay; they did not feel they were likely to have much in common with their neighbours.

8.0 CONTROLLING THE DEVELOPMENT OF HMOs

Local Plan

The current Local Plan for Cambridge has a criteria based policy permitting the development of (larger) HMOs subject to potential impact on residential amenity, suitability of the site/ building, and accessibility to services and sustainable transport routes.

The new draft Plan, to be consulted on from July 2013, is likely to propose a similar criteria-based policy which enables proposals for new (larger) HMOs to be granted planning permission where:

- § They do not lead to an over-concentration of such use in the local area or harm residential amenity or the local area;
- § The building is suitable and allows for refuse storage, cycle and car parking and drying areas;
- § Shops and services are accessible via sustainable modes of transport

The revised Local Plan is also likely to support provision of more purpose-built student accommodation. However, whilst both Universities are keen to develop more of their own accommodation, there is insufficient information on Anglia Ruskin University's growth plans to understand whether this would help to take pressure off homes in the private rented sector.

Article 4 Directions

Change of use from a dwelling house to a small HMO does not require planning permission.

However, in areas where there are large concentrations of HMOs and there is a need to control HMO development, 'Article 4 directions' can be used to remove national permitted development rights and require planning applications for such changes of use.²⁵ The National Planning Policy Framework requires the use of Article 4 directions to be limited to situations where it is 'necessary to protect local amenity or the wellbeing of the area', and should not be used unless there is 'clear justification' for doing so.²⁶

There is currently no evidence to suggest that Cambridge, or any areas within the City, have particularly high concentrations of HMOs or issues arising from them which would warrant this course of action. As with discretionary licensing, the location of HMOs would need to be closely monitored on an ongoing basis, which would need to be resourced. The Council would also be unable to

²⁵ The Town & Country Planning (General Permitted Development) Order 1995
<http://www.legislation.gov.uk/ukxi/1995/418/contents/made>

²⁶ NPPF, para 200:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

charge fees for planning applications received in these circumstances.

9.0 OTHER ISSUES

Information Available for Landlords and Tenants

The Council has a set of webpages aimed at tenants, landlords and letting agents outlining their rights and responsibilities, relevant Council policies, and who to contact if they need advice or assistance.²⁷ There is a Guide for Resident Landlords, but not a specific guide for tenants – tenant information tends to be more spread out and perhaps more difficult to access.

Results of our survey work suggest that some landlords and tenants may not be aware of all of the information available, and that some tenants do not know what they can expect from their landlord or letting agent.

Some of the landlords surveyed suggested that information to tenants on their rights and responsibilities, and in particular information on refuse collection and recycling could be improved.

Anglia Ruskin University provides information on private renting through its website, but is aware that students do not always know what they should expect from their landlord, or fully understand their own responsibilities.²⁸ Whilst the Council works closely with the ARU Accommodation Service, there remains scope to develop this further.

Information on longer-term housing is not currently targeted at private rent tenants. This could be improved, although recognising the challenges arising from high resident turn-over rates.

Council Tax collection rates

Council Tax collection can be a challenge owing to the transient nature of the HMO population – a problem recognised by other authorities responsible for University towns and Cities.

²⁷ Advice for Tenants and Landlords – Council web pages:

<https://www.cambridge.gov.uk/services/advice-private-landlords-and-tenants>

²⁸ ARU Private Sector House Hunting web page:

http://www.anglia.ac.uk/ruskin/en/home/central/estates_facilities/accommodation/Private_sector_house_hunting.html?utm_source=privatesector&utm_medium=url&utm_campaign=accommodation&utm_content=privatesector.estates.jan11

10. CONCLUSIONS

Current data, whilst giving a general picture, does not enable us to identify accurately how many HMOs there are or where they are located. This is complicated by the different national definitions of what constitutes an HMO. It is difficult to see how a completely accurate picture can be drawn without surveying residents in every property on a regular basis.

Demand for HMO accommodation in Cambridge remains strong, and HMOs form an important part of the local rental market, both for students and for other single people – particularly younger people in employment who are yet to settle down.

Rent levels appear to be increasing, but rooms in HMOs continue to be more affordable than self-contained accommodation.

Housing Benefit claimants are likely to find HMOs difficult to access – both because of low LHA rates and because many landlords and agents are reluctant to accept people receiving benefits. This may be exacerbated with the introduction of Universal Credit by 2017. Rehousing single homeless people in HMOs can be particularly difficult.

Turn-over of residents tends to be quite high. Many residents move from within Cambridgeshire (some likely to be from other HMOs), but around one in ten may come from overseas – either as students (including University and English Language students) or for work.

Residents identify a number of benefits to living in HMOs, including the central location of HMOs, benefits of sharing, ability to move on easily, and relative affordability. However, many residents have aspirations of moving on – particularly to buy their own home – but recognise that this may be unachievable. The main reason for this appears to be the costs involved – particularly if wanting to remain in a central location.

It is not clear what the overall levels of decency are in privately rented HMOs, as property survey data includes university owned accommodation. Most prevalent repair issues tend to be around

heating and plumbing, with damp and mould a common issue for many residents. Problems with doors and windows, faulty white goods and electrical faults are also reported. Overcrowding does not generally appear to be an issue.

Properties generally appear to be well-managed. Tenants seem to be more satisfied with how landlords have dealt with repairs than letting agents, but this may be partly explained by higher expectations of agencies. However, it is recognised that there are a handful of landlords and agents who may not be managing their properties effectively. Rent deposits failing to be protected is a particular concern.

Residents from non-white ethnic backgrounds appear less likely to report repairs to their landlord.

Whilst membership of national regulatory bodies remains voluntary, the Council uses a range of methods locally to regulate and improve conditions and management. These include: mandatory licensing of larger HMOs, enforcement of regulations and through the Housing Health and Safety Rating System (HHSRS); and a property accreditation scheme for private landlords.

Enforcement of planning regulations is also used to regulate development of larger HMOs which require planning permission.

There is insufficient evidence of issues or problems arising from HMOs to meet the legal requirements for introducing Discretionary licensing. In addition, whilst licensing could potentially be made to be self-financing, it would be costly to set up, and such schemes have not been sufficiently tested nationally to give a full understanding of the likely cost-benefits.

Whilst waste management and recycling appear to be generally well controlled, some issues do arise which can impact on both HMO residents themselves and the wider community.

Anti-social behaviour can also be an issue, although there is a perception amongst HMO residents that, sometimes at least, this may be partly due to negative perceptions amongst the wider community about people living in HMOs.

Parking issues will sometimes arise, particularly in streets with limited parking or where the number of parking permits issued exceeds the number of residents in an area.

Development of new larger HMOs is controlled through a criteria-based policy in the Cambridge Local Plan. There is insufficient evidence to justify the use of article 4 directions to restrict permitted development rights.

The Council provides a range of information to landlords and tenants about their rights and responsibilities, but there are areas where this could be improved – particularly in relation to waste management and recycling.

11. PROPOSALS AND RECOMMENDATIONS

1. Continue to use available methods of regulating landlord and letting agent activity and providing support to landlords and tenants. (A new member of staff has been appointed from May 2013 to increase the resource available for advice and enforcement in the private rented sector).
2. Introduce an improved criteria-based policy for the Local Plan which recognises the importance of HMOs but minimises the impact on the wider community.
3. Make better, more targeted information available to tenants on their rights and responsibilities. Information on waste management and recycling, deposit protection, and controlling mould growth are particular priorities. Ensure that this information is accessible to those for whom English is not their first language.
4. Improve information available to tenants on longer-term housing options, including shared ownership and other intermediate tenures.
5. Work with partners to explore options around procuring suitable shared accommodation in more affordable parts of the sub-region for single people in non-priority need.

6. Improve working links between different Council services working with residents and landlords –including enforcement, waste management, housing advice, landlord and tenant liaison, anti-social behaviour, etc
7. Improve monitoring information available within the relevant service areas, to better understand the issues arising from HMOs and trends over time, so that services can respond effectively.
8. Improve engagement and communication with landlords and investigate whether this can be done jointly with other local authorities within the Cambridge sub-region.