

re'new



Assessment of Housing Market Conditions and Demand Trends in Inner North West Leeds

Huw Jones, Strategy and Intelligence Manager, re'new
Martin Rushall, Unipol

Final August 2012

A	EXECUTIVE SUMMARY	4
A.1	Housing market conditions in Inner North West Leeds	4
A.2	Purpose of the study	4
A.3	Policy and market context	4
A.4	Findings	5
A.5	Impacts of change	6
A.6	Options for action	7
1.0	INTRODUCTION	8
1.1	Purpose of the study	8
1.2	Methodology	9
1.3	Policy and market contexts	9
1.3.1	Summary of the current national policy context	9
1.3.2	Housing	9
1.3.3	Higher education	14
2.0	MAIN FINDINGS	17
2.1	Student numbers: the implications of policy changes in higher education	17
2.1.1	Nationally	17
2.1.2	Locally	19
2.2	Change in accommodation supply	22
2.3	Surplus bed spaces	27
2.4	Empty properties in Headingley, Hyde Park and Woodhouse	29
2.5	Change in student demand and location	30
2.6	Reasons for changing demand	34
2.7	Housing market change in Headingley, Hyde Park and Woodhouse	35
2.7.1	Housing tenure	35
2.7.2	Housing price levels	36
2.7.3	Price movements in Headingley, Hyde Park and Woodhouse	36
2.7.4	Affordability of housing	39
2.7.5	Private rented housing	42
2.8	Views of estate agents and landlords on housing demand and market change	43
2.9	Neighbourhood statistics	44
2.9.1	Crime and anti-social behaviour	45
2.9.2	Car usage and parking issues	45
3.0	IMPACTS OF CHANGE AND POTENTIAL INTERVENTIONS	46
3.1	Impacts of changing supply and demand factors	46
3.2	Demand issues	46

3.3	Impact of changing market and demand factors on landlords	47
3.4	Impact of changes in the sub-areas	47
3.4.1	Far Headingley / Beckett Park, Cardigan Triangle	47
3.4.2	Headingley Hill	47
3.4.3	Hyde Park	48
3.4.4	South Headingley	48
3.4.5	Harolds and Burley Lodge	49
3.4.6	Meanwood, Burley and Kirkstall	50
3.4.7	Little Woodhouse	50
3.4.8	Woodhouse	50
3.4.9	Central Headingley	51
3.5	Potential actions	52
3.5.1	Leave the market to correct itself	52
3.5.2	Let the market operate but develop selective intervention in areas in transition	52
	<ul style="list-style-type: none"> • Recycling empty properties • Refurbishment of back-to-backs • Neighbourhood management • Marketing and publicity • Use of the Article 4 Direction • Partnership approaches 	52 53 53 53 53 54
4.0	CONCLUSIONS AND RECOMMENDATIONS	55
4.1	Summary	55
4.2	Impacts	55
4.3	Options for action	56

A.1 Housing market conditions in Inner North West Leeds

Historically Inner North West Leeds has provided shared off-street housing for a large proportion of full-time students in the city. Over time, as student numbers have grown, the balance of tenure has swung significantly towards students and away from longer-term residents. In recent years, however, as a result of shifts in economic conditions, the higher education market and the supply level of purpose-built student accommodation, this trend in tenure and occupancy has changed. Anecdotally, it is clear that parts of the traditional student heartlands have become less popular with students, the most palpable sign of this being the level of unlet and part-let houses for shared student use. Beyond this level of observation, however, there has been little rigorous interrogation of what is actually going on in the housing market in the area.

The shifting landscape of housing market conditions and tenure continues to be set against a backdrop of political contention about ‘appropriate balance’ in the community and about the possible use of planning instruments to regulate this balance. Provision for local authorities to adopt powers to prevent the future conversion of properties into houses in multiple occupation (HMOs) in designated areas (Article 4 Directions) has been established to equip statutory local agencies to deal effectively with questions of balance in property types and tenure within communities, specifically ones which play host to resident students. However, this provision has been made at a time when the long-term expansion of student numbers has not only stalled but is, or is likely soon to be, in reverse.

A.2 Purpose of the study

Given recent shifts in housing market conditions and in light of the availability of Article 4 Directions, it is important that those engaged in the long-standing debate take stock of what is happening and of which solutions might best fit current and future circumstances. The purpose of this study is to provide a reliable evidence base so that debate can be better informed. In particular, filling the intelligence gap is essential to engaging with the question: what interventions might work in halting and reversing disuse and dereliction and in supporting ‘balanced and sustainable communities’ – or in countering community dysfunction?

A.3 Policy and market context

Higher education – since 2008 there has been a flattening-out in full-time student numbers, following two decades of uninterrupted expansion. In the short to medium term deep cuts in funding for the sector, tighter controls on student numbers and a near-trebling of the tuition fee cap spell significant contraction for many universities. Locally, contraction is likely to amount to around 2,500 full-time students by 2014/15 against current numbers. About 1,750 of these would have had a residential requirement.

Student accommodation – provision in Leeds has undergone major transformation in recent years. Since 2006 the number of bed spaces in purpose-built accommodation has risen from 12,500 to over 18,500. This new level of provision has taken significant market share from the off-street sector. Added to this, Leeds City Council has on its books 3,363 planning applications or pre-applications for further developments. There are also signs that the traditional consumer reflex amongst returning students to live in a shared house is less powerful than previously.

Welfare reform – it is likely that the supply of shared housing will need to increase as a result of welfare reform proposals to restrict housing benefit for claimants under 35 to the cost of a room in a shared house from April 2012.

Localism – the Localism Bill will enable local authorities to fulfil their duties to rehouse in private rented housing. This may exert pressure on landlords, unable to let to students, to consider letting to homeless families and other households in housing need.

Housing - as local policy context, current strategic housing initiatives in Leeds include commitments to a housing requirement of 74,000 new homes between 2012 and 2028; ensuring developments include an appropriate mix of dwelling types and sizes and an appropriate proportion of affordable housing; ensuring that the supply of required HMO is maintained but does not dominate in particular areas; and meeting the city's housing investment requirements and priorities, including new housing provision with mixed tenure and affordable housing.

A.4 Findings

Student locations – analysis of institutional data on student postcodes shows that there have been significant migrations of students within and out of the traditional student heartlands since 2007. There has been a marked shift in student demand from Headingley and surrounding areas towards the city centre, the university area, Little Woodhouse, Hyde Park and Woodhouse. Students living in areas adjacent to the Headingley, Hyde Park and Woodhouse areas increased by 77% between 2007 and 2012, mostly in the city centre. . The number of students living in city centre apartments increased from 494 in 2007 to 4,791 in 2012, a significantly higher number than anticipated. This new concentration has inevitably depressed the number of students living in shared off-street housing in traditional locations.

In interviews conducted for the study, landlords reported that there had been a shift in demand focus towards Hyde Park, but demand for other locations had been variable. Landlords with properties in Meanwood, Burley and Kirkstall reported reducing demand from students but an increase in demand from workers and professionals.

Empty properties – an analysis of data collected by Unipol shows that the areas within the study area with the highest proportion of empty advertised properties were the Little London/Buslingthorpe area, Little Woodhouse and Central Headingley. Outside the area there were high proportions of advertised properties empty in the city centre, Beckett Park, Meanwood and Burley. Of the 12,731 bed spaces advertised through Unipol in 2010, 2,003 (15.7%) were empty in the Headingley, Hyde Park and Woodhouse area. In the adjacent areas – City Centre, Beckett Park/Queenswood Drive, Meanwood/Headingley Meanwood border, Burley, West Park/Weetwood/Far Headingley and Kirkstall – of the 3,072 advertised, 1,020 (33.2%) were empty.

Average property prices and affordability – an analysis of average house prices shows a range from £123,000 in Woodhouse to £246,000 in Far Headingley. An analysis of income needed to afford housing in the area shows, overall, a single income of between £35,000 and £68,500 or a joint income of between £42,000 and £87,000 is needed.

An analysis of local households and their incomes shows, at an entry level:

Property type (location)	Households unable to afford (%) (location)
1-bed / 2-bed flat (Hyde Park / Woodhouse)	89 (Hyde Park / Woodhouse)
	78 (across Leeds)
2-bed house (Hyde Park / Woodhouse)	83 (Hyde Park / Woodhouse)
	71 (across Leeds)
1-bed / 2-bed flat (Headingley / South Headingley / Headingley Hill / Cardigan Triangle)	83 (Headingley)
	72 (across Leeds)
2-bed house (Headingley / South Headingley / Headingley Hill / Cardigan Triangle)	97 (Headingley)
	89 (across Leeds)
1-bed / 2-bed flat (Far Headingley / Beckett Park / Headingley/Meanwood)	71 (Weetwood)
	78 (across Leeds)
2-bed house (Far Headingley / Beckett Park / Headingley/Meanwood)	78 (Weetwood)
	96 (across Leeds)

An analysis of the affordability of private rents in the area shows that rents for self-contained private rented housing requires around average income levels, at least. This goes some way to explaining the shift of demand towards shared housing that has occurred over recent years

Demand in the market – estate agents interviewed for the study reported a clear shift in student demand towards Hyde Park and Headingley; growing demand from young professionals outside areas with high student concentrations; weak prospects of residential family demand; stable demand from students’ parents; and demand for owner-occupation limited to households who either already live in the area, know the area well or are from outside Leeds. There is little evidence of demand from existing mature households with children who currently live in other parts of Leeds. Demand for purchasing housing in central Headingley is still tilted towards investors or student parents. Burley is in transition: while fewer students are seeking housing in the area, there has been growing demand from young professionals and increasing evidence of landlords housing benefit claimants. Meanwood is also in transition: there is declining demand from students but the area is popular with student parents. There is increasing demand from young workers/professionals, linked to a perception that the area is ‘on the up’. In the Beckett Park and Far Headingley area agents report a gradual shift back towards family owner-occupation.

A.5 Impacts of change

The conjunction of a declining demand from students (1,750 students with a residential demand by 2014/15) and rising supply in purpose-built accommodation is predicted to cause the off-street sector to contract from 26,500 to 23,000 by 2014/15. These factors, together with changing locational preferences are likely to have further impacts on neighbourhoods in Inner North West Leeds. A high and rising number of empty properties may not be immediately taken up by replacement demand from families or other single occupancy households. Empty properties may not be easy to bring back into use. Property prices are high, as are price expectations of households, residential and investor. The costs of acquisition and refurbishment for use as

alternative housing may be very high. First-time buyer demand is still being frustrated by lending policies and deposit requirements.

There may be negligible demand for properties becoming available for sale or letting in the area. Large properties are often on sale at a high price and require substantial investment for refurbishment. This may deter potential buyers or renters, especially starter households. Many properties coming onto the market have no gardens and are, for that reason, unattractive to families either relocating or with equity from previous housing. The area has a poor image. If this persists, it will be very difficult to attract new family or other single occupancy households.

A.6 Options for action

- There is little prospect of public funding being made available to finance change in the neighbourhoods affected by the changes in student demand
- Consideration should be given to recycling empty properties and bringing them back into use for purchase or letting
- Investment is required in back-to-back properties (physical, energy efficiency and environmental) but it difficult to see where this will come from
- Investment is needed in the environment and streetscape of many parts of the area to make them more attractive to incoming households
- There needs to be a sensible and viable implementation of Article 4 Directions and one which does not trap homeowners wanting or needing to leave the area.
- A package of support (bonds, tenants referencing, floating support) is necessary to enable landlords to let to new markets
- Existing neighbourhood management initiatives need to be sustained and developed
- The area is in urgent need of strong, positive promotion and an end to the denigration that has become commonplace and is frustrating demand
- Consideration needs to be given to some form of partnership vehicle to coordinate effort and the resources of existing organisations and lever in private finance.

Since the early 1990s, from which time successive governments espoused expansionist policy for the participation of younger people in higher education, there has been continuous debate about the consequences for housing and communities in host towns and cities.

In Leeds increases in student numbers were paralleled by growth in student housing – much of it houses in multiple occupation (HMOs) – in areas of the city convenient to the two large universities. The pace of change in the mid-1990s and the management issues associated with high-density student occupation combined to create significant community tensions and to prompt calls for increasing regulation and the restriction of any future growth. These calls for fewer students in certain neighbourhoods were being voiced at the same time as the city was encouraging continuing growth in higher and further education provision, which, it was recognised, brought significant levels of investment and high-value employment. Over the last decade growth first slowed and then stopped.

1.1 Purpose of the study

Over the past 10 years there have been a number of significant changes which have affected student residential patterns but the evidence base necessary for informed debate about these has been limited. It is in this context that Unipol commissioned re'new to undertake a study to address the current intelligence deficit on the tenure and occupancy of properties in Inner North West Leeds; to audit the existing landscape and housing market conditions; and to establish the projectable future shape of tenure and occupancy within these areas and the possible need and options for intervention to achieve what has been described as 'an appropriate demographic balance' or 'sustainable communities' and appropriate flexibility in planning and planning instruments. Specifically the study set out:

- to establish reliable information in order to:
 - i) facilitate an informed debate on the current and future environment and on options for intervention
 - ii) help stakeholders (Leeds City Council, the two universities, Unipol and other student accommodation providers/agents) adjust their business models appropriately to account for change
 - iii) ascertain whether owner or family occupation is affordable in these areas for the groups it needs to serve and whether demand exists
 - iv) establish what is happening to both properties and tenure as student houses cease to be occupied by students
- to comment on:
 - i) how developments have affected these areas over the last five years
 - ii) the probable shape of the rental market within these areas at the present time
 - iii) how these areas are likely to change and develop over the next 10 years
- to make recommendations on:
 - i) how these areas can best be developed and nurtured to ensure their continuing viability and vibrancy

- ii) how this might be promoted by stakeholders, including the use of any Article 4 powers and polices, the purchase of empty properties, the role of housing associations in enhancing family accommodation within the areas and the identification of potential local partnerships.

1.2 Methodology

The methodology used for the study comprises a number of intelligence gathering and research exercises.

- analysis of recent and likely future student numbers
- review of plans for further new-build student accommodation
- analysis of the addresses of students at the Leeds universities from 2008 to 2012 with comparison to previous analysis undertaken in 2007
- analysis of the location and type of empty bed spaces on the Unipol database
- interviews with local stakeholders including landlords and estate agents
- analysis of housing market conditions and change in the area drawn from Hometrack and rightmove
- analysis of potential interventions in the area.

1.3 Policy and market contexts

1.3.1 Summary of the current national policy context

Higher education

Changes to national higher education policy in recent years significantly affect the shape and direction of housing markets in cities with large student populations. Chief amongst these have been the legislative and regulatory measures effected by the coalition government since spring 2010 to diverge from, and in some ways roll back, expansionism which had been predicated on the need for greater economic competitiveness in an increasingly global and skills-based market. It is, however, important to note that there had, in any case, been increasing signs of slow-down in expansion in the years immediately preceding the radical change in tack taken by the coalition. The short- and longer-term impact of legislation to be given effect in autumn 2012 is yet to be seen, but it likely to alter student demand for housing.

Welfare reform

It is likely that the supply of shared housing will need to increase as a result of welfare reform proposals to restrict housing benefit for claimants under 35 to the cost of a room in a shared house from April 2012.

Localism

The Localism Bill enables local authorities to fulfil their duty to rehouse in private rented housing. This may exert pressure on landlords, unable to let to students, to consider letting to homeless families and other households in housing need.

1.3.2 Housing

Initiatives in Leeds

Leeds Local Development Framework Core Strategy

The Leeds Local Development Framework Core Strategy Publication Draft 2012 recognises that house building in Leeds needs to increase significantly. The strategy sets out a housing requirement of 70,000 (net) new homes between 2012 and 2028, a figure which rises to 74,000 (gross) units when demolitions are

accounted for. This translates as 3,660 units per year from 2012/13 to the end of 2016/17 and 4,700 units per year from 2017/18.

Policy H4 'Housing Mix' of the Core Strategy states that developments should include an appropriate mix of dwelling types and sizes, taking into account the nature of the development and character of the location. This coincides with providing for Independent living as outlined in policy H8, where developments of 50 or more dwellings are expected to make a contribution to supporting needs for independent living.

Policy H5 'Affordable Housing' states that housing developments above a certain threshold should include a proportion of affordable housing provided on the development site. A threshold of between 10 and 15 dwellings will apply, with overall targets varying from 5% to 50%. Such provision is expected to provide for a tenure mix in terms of sub-market and social rented housing. Distribution of affordability is to be 40% for households on lower quartile earnings and 60% for households on lower decile earnings.

Policy H6 seeks to provide a means of ensuring that the supply of required HMOs is maintained and, at the same time, to try to ensure that neighbourhoods are not dominated by HMOs. The implementation process for the policy has yet to be determined.

Leeds Local Housing Investment Plan 2011-15

The Leeds Housing Investment Plan sets out the city's housing investment requirements and has been developed in conjunction with the Homes and Communities Agency (HCA). The plan is used by the HCA for scoring funding bids through the Affordable Homes Programme Framework and the FirstBuy Programme. The plan recognises the local authority in its role as an enabler.

The Investment Plan includes thematic and spatial priorities for investment, incorporating new housing provision with mixed tenure and affordable housing. It discusses in more detail a number of specific investment requirements with the spatial priorities as a frame of reference.

The Spatial Priority Programme includes a number of priority areas for public investment. The Investment Plan sits alongside the emerging City Priority Plan (CPP) for Housing and Regeneration. The CPP is overseen by Leeds Initiative and reflects the shared housing priorities for Leeds.

The housing market

There is strong evidence that, over the last five years, major housing market changes have taken place which have affected the housing options open to households in Leeds.

The restrictive lending practices adopted by mortgage lenders following the credit crunch mean that lenders are seeking significantly larger deposits before granting mortgages. At the same time house prices in many parts of Leeds are unaffordable to first-time buyers, notwithstanding the price falls seen in some areas and for some property types. Taken together, these factors have conspired to present many first-time buyers with highly challenging or insurmountable obstacles to gaining access to home ownership.

The difficulties faced by those on around average incomes in gaining access to home ownership have led to an increase in renting. However, many of those in the 'squeezed middle' would have difficulties affording full market rents, and many single people in work are deciding to take up shared housing in the private rented sector instead.

The government's intention to define affordable housing as being set at rents at 80% of market levels ('Affordable Rents') reduces prospects for developing additional homes for letting at social rents. Recent proposals to force housing built to replace homes sold under the 'reinvigorated right to buy' to be offered at Affordable Rents make these prospects very remote. This bleak outlook has, furthermore, prompted concerns that letting to benefit claimants at 80% market rents could create a benefit trap in which claimants would only be able to afford the rents while on benefit and would be unable to afford them if they took up low-paid work. Concern has also been registered that letting relets at 80% market rents could create a two-tier housing association or council stock.

Affordable Rents could, however, be attractive and affordable to average earners unable to buy and could provide a 'new' market for housing associations. Products offered through the likes of FirstBuy, New Buy and local authority mortgage schemes, along with rent to mortgage schemes, may become necessary over a prolonged time to enable first-time buyers to find a route into home ownership.

The Leeds Strategic Housing Market Assessment (SHMA), undertaken in 2010, showed that there was an increasing need for growth in housing across the city to meet population and household growth. An employment-led household growth scenario was selected to inform long-term planning decisions. This shows an annual household growth rate of approximately 4,500 per annum.

This household growth projection has been translated into a net dwelling requirement of approximately 4,680 per annum and a gross requirement (taking account of potential demolitions) of 4,930 per annum.¹ The SHMA found that a rising demand for smaller properties based on the projected increase in couple and single person households is likely.

The SHMA estimated that, in total, 55% of demand for new stock will be for two-bed properties. The Leeds SHMA 2011 estimated that around 41% of households were not able to purchase a lower quartile house or alternatively access average private rental properties.²

The study suggested that, if it was going to clear the existing backlog and meet future need, Leeds would have to provide for a net annual affordable housing need of approximately 1,158 dwellings per annum over the next five years. However, with cuts to public spending on affordable housing and with the number of affordable homes secured through S106 agreements dwindling as new housing supply has dried up, the opportunities to meet that requirement remain limited.

The SHMA highlighted the important and growing role that the private rental market has within the wider housing market. Key drivers, including affordability issues and the supply of stock within the city centre, have served to grow this tenure as well as the breadth of households now residing in private rented properties. Traditionally, one of the key drivers for this tenure has been younger households, i.e. households making their first moves to form their own households either post-further education or once they earn enough. It also found that under all of the scenarios the number of households aged between 15 and 34 was projected to grow.

The SHMA noted that the student market and the post-graduation component of the demographic is clearly an important one within Leeds. It also noted that, from a spatial perspective, *"the Leeds student area's geographical focus is beginning to slightly shift towards the city centre. As such, although the traditional student areas in Headingley, particularly around Hyde Park, remain popular, the outer edges of Headingley are becoming increasingly unpopular with students. This is attributed to students wanting to live in closer proximity to the amenities of the city centre"*.³

It also recognised the importance that the city places on attracting and retaining students and graduates and noted *"that Leeds tends to retain a substantial amount of its graduates, therefore serving to swell this age group. Importantly this demographic tend to occupy shared houses in the city centre or suburbs such as Meanwood and the edge of Headingley. This underpins much of the private rental market in Leeds and has a substantial impact on the affordability of the tenure to other households"*.⁴

The historical location of students in Leeds

Full-time students attending the universities in Leeds have historically lived in areas close to those institutions. A doctoral student dissertation in 1971 on the location of student demand for housing referred to 'the student heartland of Hyde Park and Woodhouse'. However, at that time student residence in areas outside the heartland was limited. The historical location of such a student heartland in areas close to the universities is important to understanding current locational decisions by students, and the future of those

¹ Leeds strategic housing market assessment update, GVA/Edge Analytics, May 2011, p vii

² *ibid*

³ *op cit*, p213

⁴ *ibid*

areas. All university cities have an area favoured by university students over many years. These areas typically have attractions to students: plenty of pubs, green spaces, access to their study centres on foot, bike or a short bus journey, and properties in the area that suit students – multi-roomed housing (often of a Victorian build) where it is cost-effective for four, five or six students to share the running costs. Hyde Park, Woodhouse and later Headingley fitted the profile in Leeds. Also, long-established student halls of residence were located between the universities and Lawnswood along the A660 corridor.

An evolving student preference for shared housing after having lived in institutional accommodation in Year 1 created a growing demand for such housing in areas close to the location of the halls of residence. The nature and scale of that heartland was transformed as a direct result of the government's commitment made in the late 1990s to increase significantly the number of young people entering higher education in order to improve the skills base of the UK economy.

1998-2006

There was a substantial increase in the number of students studying in Leeds from 1997 to 2007 as both the University of Leeds and Leeds Metropolitan University significantly increased their intakes.

Students coming to Leeds wanted to live in established student areas, within easy reach of both their place of study and social and entertainment centres popular amongst students. However, the increase in student numbers was not matched by an increase in purpose-built accommodation or halls of residence to house them. This did not happen until late 2005.

At the same time, rising house prices offered excellent returns in respect of capital growth and yields from rented student housing, comparing favourably to other investments. The availability of cheap and easily obtained finance and credit enabled landlords and investors to purchase houses for students.

From 1997 to 2005 families continued to compete with investors for properties for sale in Leeds 6, but with very limited success. Families and first-time buyers were up against professional landlords able to make cash purchases and exchange contracts within a day or so.

Sellers could not resist the temptation of premium prices supported by 'quick cash' and sold to landlords offering early and guaranteed completion dates. Even those principled sellers determined not to sell to landlords ultimately succumbed to the economic realities.

From 2002 parents of students added to the demand, competing for these same properties. With increasing top-up fees in full-time education, students were spending more on funding and financing their accommodation, often supported by their family. Many parents recognised that with cheap finance they could remortgage their own home and their son or daughter could rent rooms to friends sufficient to meet the mortgage payments, thereby enabling their children to live virtually 'rent-free' throughout their university life. Many parents who had invested in this way enjoyed capital growth and a trend emerged with more and more parents eager to purchase houses for their children, often competing with professional landlords and further fuelling demand.

From the turn of 2000, the government encouraged investment in buy-to-let properties in order to help supplement pensions at a time when the future financial stresses of an increasingly aging population on the state pension system were beginning to be reckoned with. With cheap and readily available finance and new-build properties unable to meet the expanding population, housing was generally in short supply and properties rented quickly and easily. Although yields were little more than the interest paid on mortgages the excitement of the boom era fuelled capital growth, which was the main attraction to those investing for their future pension plans.

At the turn of the millennium the landscape therefore featured a conjunction of high demand for higher education, a very favourable economy and booming property market and a failure by government and universities alike to plan for increased purpose-built student accommodation.

In Leeds student shared housing spread to areas previously not occupied by students (Beckett Park, Far Headingley and West Park) and concentrations of student housing increased significantly in Headingley, Burley, Kirkstall and Meanwood. In some streets in Hyde Park, Woodhouse and Headingley occupancy by students approached 100%.

From 2004 there was a shift in the demand profile in Leeds 6. Owner-occupier viewings dropped significantly compared to other areas. Demand from owner-occupiers shifted to areas such as Chapel Allerton, Adel and Horsforth. Remaining owner-occupiers in Leeds 6 began to panic, and a flood of properties came onto the market as owner-occupiers desperately sought to move out of the area before landlords bought too many properties and 'over-supplied' the market. During 2005, 2006 and 2007 no sales to owner-occupiers were achieved in traditional family areas such as Beckett Park and Far Headingley.

Property prices continued to rise despite yields being driven down by competing landlords. Rents were not increasing as fast as capital values, as demand from students at the expanding universities balanced the supply from landlords who continued to purchase. This was to be a significant factor.

During this time there was a strong and vociferous campaign by established residents in the area, articulated through the Leeds HMO lobby against 'landlordism', 'studentification' and the concentrations of HMOs and their impact on the areas in which they were located. This generated increasingly negative publicity and a poor and declining image for Leeds 6 ('burglary capital', environmental blight, noise nuisance etc).

In 2005, in response to these concerns and motivated by a desire to provide a strategic framework for private rented housing and the student housing market, the City Council developed a Strategy for Housing Students in Leeds and a Private Rented Housing Strategy. This was supported by a Shared Housing Policy group, charged with coordinating action to deal with the housing and neighbourhood management issues affecting areas with high student populations and concentrations of HMOs.

From 2007, however, there were signs of change. The Strategy for Housing Students in Leeds (2007) noted that *"the student housing market has undergone a significant shift over the last two years or so. There has recently been substantial private sector investment in purpose-built accommodation blocks for students that are complementing new purpose-built accommodation provided by the two universities. This will add a significant amount of new accommodation for students over the coming years and has implications for the amount of viable housing for students, given the expected 'smoothing out' of applications from students and the prospects of a surplus of housing for students. This, along with the licensing of HMOs and the requirements of compliance with the Housing Health and Safety Rating System may have an impact on the supply of private rented shared housing in the Leeds 6 area."*⁵

2007-12

Supply and demand began to change in 2007. Discerning students turned their backs on properties with a lower amenity level. These were either not fully let or left empty for a year, with landlords placing exclusive reliance on capital growth to justify retention. Selling unlet student accommodation was very difficult other than at a significantly reduced price and landlords had no idea that selling before the boom ended would have been a good idea. In early 2007 landlords of unlet or part-let accommodation could afford to keep the property by remortgaging other parts of their portfolio, thereby maintaining cash flow. Some used the cash raised from remortgages to upgrade accommodation in an effort to secure tenants the following year.

There has been a consistent and gradual change in the pattern of student residential locations since 2007. There was a substantial increase in the development of purpose-built student accommodation (institutional and private sector) from the mid-2000s onwards (see section 2.2 for further detail), enabling accommodation to be provided for virtually all first-year students.

The boom in city centre apartment developments provided supply to meet a growing demand for rental housing, both from young professionals and workers and from students. There was a rapid increase in the number of students renting in the city centre.

⁵ A strategy for housing students in Leeds, Leeds Housing, 2007, p3

The evidence on student locations itemised below shows a movement of first-year students into purpose-built accommodation in and around the city centre and the universities, and of returning students back towards the areas around the universities and the city centre.

It is likely that changes in the weighting of course delivery from the Leeds Metropolitan University Headingley campus towards the City campus will have influenced some student residential choices:

Table 1: Full-time students affected by transfer of course delivery between campuses at Leeds Metropolitan University

Academic area of provision	Relocation of delivery	Date	FT student numbers affected
Law	From Headingley to City	2006	910
Tourism, Hospitality, Events	From City to Headingley	2008	1,784
Remainder of Faculty of Business & Law	From Headingley to City	2009	3,056
NET MIGRATION TO HEADINGLEY			2,182

(Source: Leeds Metropolitan University Faculty Offices)

Similarly, the reconfiguration of accommodation by the University of Leeds (St Marks Flats and Bodington Hall) will have further impacts on the location of student housing and the balance of population in parts of Leeds 6.

There are continuing concerns amongst some long-standing residents over HMOs and their impact on community balance, crime and anti-social behaviour, community engagement and stability. The evidence presented below indicates that their concerns are overstated.

1.3.3 Higher education

The national picture

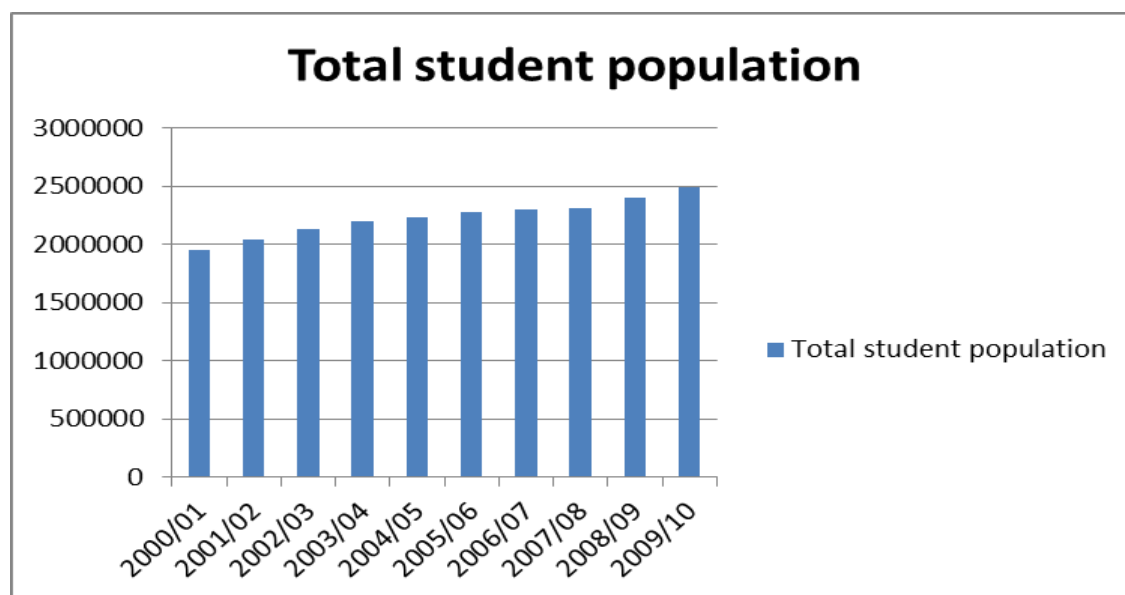
There has been uninterrupted expansion in student numbers in the UK since the Education Reform Act 1988 (for the polytechnic sector) and the Further and Higher Education Act 1992 (for the whole sector) came into effect. These two pieces of legislation established a methodology based on funding per student recruited by each institution. The methodology created the dynamic for growth and mass higher education. Expansion has been sustained as successive governments, irrespective of the party in power, have introduced:

- additional marketising mechanisms into the funding regime for the sector
- the principle of the costs of higher education being increasingly borne by the student consumer through the levy of tuition fees, and correspondingly less by the tax payer.

From 1998 New Labour set itself a target of getting 50% of young people into higher education by 2010. Although the government fell short of its goal, in 2010 45% of people between the ages of 18 and 30 were entering a higher education institution, up from 39% a decade before⁶.

⁶Securing a sustainable future for higher education: an independent review of higher education funding and student finance, the Browne Commission, October 2010).

Graph 1: Total UK student population 2000-10



(Source: HESA Student Record)

Recent policy changes

When it came to power in May 2010, the coalition government signalled an end to expansionist policy. Recent legislation and associated policy due to take effect in autumn 2012 introduce tighter controls on the supply of student places into the market for key categories of student. At the same time the government is opening up the market to new providers – private operators and further education colleges. Broadly, the changes likely to affect student numbers are:

- cutting the higher education budget from £7.1 billion to £4.2 billion by 2014
- retaining an overall cap on the numbers of students who will receive government-funded loans
- raising the cap on student tuition fees from its 2011/12 level of £3,375 to £9,000 a year
- allowing universities in 2012/13 to recruit as many students as they like with the grades AAB or higher (and with ABB or higher in 2013/14)
- making available in 2012 a ‘flexible margin’ of 20,000 places for universities charging £7,500 or less – to reward providers who offer good quality and value for money
- in subsequent years increasing the volume of student places for which universities can compete “to drive quality and value for money” (White Paper)
- putting in place measures to encourage new providers to enter the market.

This amounts to a radical overhaul of higher education funding and student finances. It will effect a sea-change in the future size and shape of HE provision nationally. Quite how this will play out is uncertain. The uncertainty about the impact of policy changes on student numbers relates to:

- the unknown consumer response to a major shift in tuition fees
- the unknown effect of the decision by the Higher Education Funding Council for England (HEFCE) to uncap recruitment of AAB+ (and then ABB+) students and to ring-fence a pool of student places for institutions charging low residual fees
- future levels of full-time students attending from home in order to save on maintenance costs, now exposed to more commercial rate loan repayment terms

- the unknown scale and success of new providers and further education colleges entering the HE market.

The picture is further complicated by other factors. Alongside widespread anxiety amongst universities about the impact of the changes, three additional concerns about other aspects of government policy have been raised in recent months by the sector as being potentially damaging to student recruitment:

- the operation of immigration and visa controls in relation to international applicants/students
- a perceived neglect of policy on postgraduate education and recruitment
- institutional penalties for over-recruitment beyond institutional student number controls.

Part 2 of this study reports the main findings of the research undertaken using the methodology outlined above. It considers likely changes in student numbers and the likely impacts on housing requirements; changes in supply of student housing provision; issues relating to surplus bed spaces in student housing; empty properties in Inner North West Leeds; changes in student housing demand and reasons for those changes; and housing market conditions and change in Headingley, Hyde Park and Woodhouse.

2.1 Student numbers: the implications of policy changes in higher education

2.1.1 *Nationally*

The package of measures outlined in the previous section mean primarily that there will be fewer students to go around more providers. Beyond this, the single most significant medium-term effect of the changes is likely to be the reintroduction of *stratification* into the HE sector and increasing pressure on the 'squeezed middle'. A new elite higher-charging grouping of institutions will fight it out for higher graded students, while a far larger grouping charging lower fees will compete with each other for less highly graded applicants and those looking for better value-for-money higher education. In-group competition for students is likely to intensify significantly. In the long term it is difficult to conclude other than that the terrain between the two defined groupings will, for a large proportion of institutions, be a relatively hostile environment in which to sustain or grow student numbers.

The additional factors noted above – relating to immigration, postgraduate students and fines for over-recruitment of students – are likely to compound downward pressure on the student market, at least for many institutions in the sector.

Immigration and visa control is an area of government policy which may adversely affect student numbers – indeed there is local evidence that this is already happening: the University of Leeds reports that from India, a core international student market, recruitment was down 25-30% for 2011/12 with prospects of a similar further reduction in 2012/13. Notwithstanding institutional student number plans, it was uncertain whether these losses could be retrieved through growth in other international student markets.

The application of rules governing the processes by which international students come to the UK to study have been tightened. The objective is to deter applicants whose intention is to work rather than study and to weed out colleges involved in systematic attempts to get workers into the UK by helping them pose as students. In February 2012 a further change was announced to restrict postgraduate employment in the UK to those with a top degree and a job with an accredited employer paying over £20,000 a year. This may turn out to be a major disincentive for many prospective students from overseas. Although figures published by the Universities and Colleges Admissions Service (UCAS) show that numbers of foreign students who both applied and were accepted by UK universities continued to grow during the five years to 2011, the US-based Institute of International Education suggests the UK's share of the international student market shrank by 1% between 2009 and 2010. It remains to be seen whether heightened vetting, allied to intensifying competition globally, further reduces international student numbers in the UK in the coming years.

There is current concern amongst institutions that *postgraduate recruitment* is threatened by:

- long-term policy neglect
- the absence of any support system for postgraduate students
- the requirement to pay fees upfront

- the financial fatigue induced by the high costs now attaching to undergraduate study⁷.

A further impediment to institutions seeking to maintain or build on current student number levels is the government’s hardening stance on the imposition of *finer for over-recruitment* beyond the student number control (SNC) set for an institution’s annual intake of full-time home undergraduate students. In a more general environment of retrenchment, the coalition will hold the sector to its capping arrangements for student numbers in order to control the cost of student loans and other support which are subsidised by the taxpayer. Fines are currently set at £3,800 per over-recruited student, but the Secretary of State has indicated that the level of fine will rise in line with institutional rises in tuition fees. Institutions already challenged by the fine judgement involved in the conversion rates between offers and acceptances under the new system, may exercise additional caution and, as a result, under-recruit against their SNC, if the level of fine is raised to this extent.

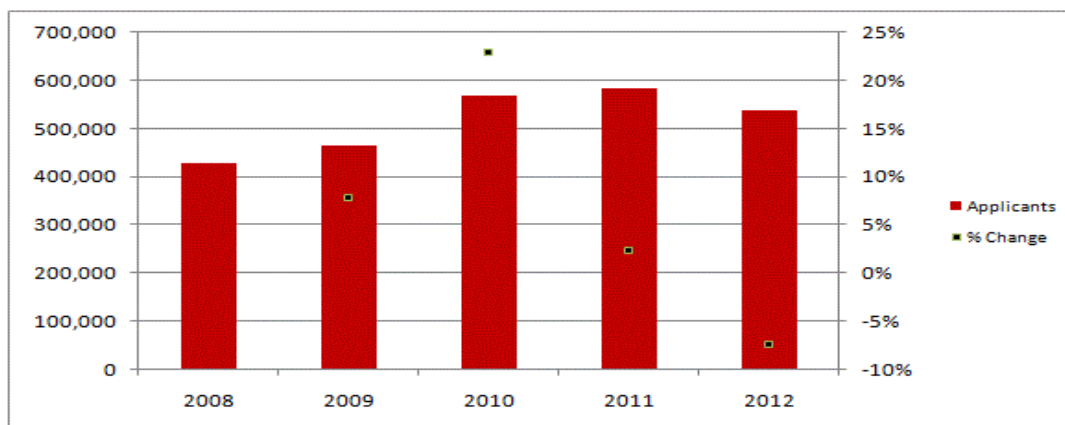
Against these factors potentially depressing student demand, the higher fee regime is likely to reduce institutional attrition rates substantially, as students are encouraged to stick with their course, having invested so much more in it financially.

Taken together, the measures being implemented by government and HEFCE are likely to produce a system in which many existing providers will contract. This is borne out by HEFCE’s analysis of the three-year financial forecasts of the institutions to which it distributes funds. The Funding Council found that 56 universities are anticipating a drop in the number of full-time undergraduates they take from the UK/EU next year. On average universities expect a 2% fall, but one institution predicts a 20% drop and five others foresee decreases of more than 10%. Just under a quarter – 24% – expect an increase and a fifth anticipate no change⁸. On the important question of consumer responses to the hike in tuition fees, figures published in January 2012 by UCAS provide some strong early clues. The tables below detail numbers of applications for entry in 2012/13, the first year of the new higher-fee regime.

Table 2: UCAS applications 2008-12 at January deadline

	2008	2009	2010	2011	2012
UK	430,489	464,167 (+7.8%)	570,556 (+22.9%)	583,546 (+2.3%)	540,073 (-7.4%)
England				426,208	384,170 (-9.9%)

Graph 2: UCAS applications 2008-12 at January deadline



(Source: UCAS)

⁷ *The postgraduate crisis*, the 1994 Group, February 2012

⁸ *Financial health of the higher education sector 2010/11 - 2013/14*, July 2011/23

This contraction in applications in England needs to be located in the context of the supply/demand ratio for the sector. In 2011 there were 207,618 unsuccessful applicants, accounting for 30% of applicants. This figure compared with 208,253 for 2010. Even with a 9.9% drop, the pent-up demand for places means that, overall, the sector will not struggle to recruit full-time home undergraduate students. On an institutional basis, however, reliance cannot be placed on excess demand and it is likely that some institutions will face a stiff challenge in achieving their target (student number control) for this key category in the medium term.

2.1.2 Locally

Applications

For the institutions in Leeds the picture on popularity amongst applicants is varied, but only one improves on the national average percentage drop:

Table 3: Applications to higher education institutions in Leeds

Institution by name	2011 total	2012 total	% change
Leeds College of Art	2,954	2,334	-21
Leeds Trinity University College	4,594	3,843	-16.3
Leeds Metropolitan University	42,639	35,966	-15.6
Leeds College of Music	1,440	1,292	-10.3
University of Leeds	48,539	45,684	-5.9
TOTAL	100,166	89,119	-11

(Source: UCAS)

The University of Leeds

Like all higher education institutions, the University of Leeds has had its limit on the intake of full-time home undergraduate students (student number control) reduced for 2012/13 entry. The University plans broadly to maintain its current level of full-time students by part-offsetting its net reduction in full-time home undergraduate numbers through growth in areas currently unregulated by HEFCE over the period 2011-16:

Table 4: Student number planning: University of Leeds: +/-% by student category

Period	Planned reduction/growth	Student category (mode, origin, level)
From 2011/12	reduction of 300 (4.4%) – 6,800 to 6500	FT home/EU undergraduate (inc NHS funded provision)
Between 2011/12 – 2015/16	growth of 150 (5.6%) – 2,710 to 2860	FT home/EU postgraduate
Between 2011/12 – 2015/16	growth of 230 (10%) – 2,200 to 2,430	FT international undergraduate
Between 2011/12 – 2015/16	growth of 355 (13%) – 2,745 to 3,100	FT international postgraduate

(Source: Academic Planning and Performance Office, University of Leeds)

The University currently has a formal policy of non-expansion in order to focus on the enhancement of the student experience, specifically the learning experience.

Table 5: Student number planning: University of Leeds: forecast total full-time student population

Year	2011/12	2012/13	2013/14	2014/15	2015/16
Student category					
FT Home/EU UG	21,758	21,565	21307	20,965	20,935
FT Home/EU PG	2,710	2,748	2,785	2,823	2,860
FT international UG	2,200	2,258	2,315	2,372	2,430
FT international PG	2,745	2,834	2,923	3,012	3,100
TOTAL	29,413	29,405	29,330	29,172	29,325
+/-%		(-)	(-0.25%)	(-0.54%)	(+0.52%)

(Source: Academic Planning and Performance Office, University of Leeds)

Leeds Metropolitan University

The picture for Leeds Metropolitan University is less straightforward because of its particular profile, market position and funding history. For these reasons it has set a shorter planning horizon (2012/13) and will respond to shifts in the policy terrain and in recruitment performance as they happen. Leeds Met over-recruited against its student number control in 2011/12, although the overall increase in its intake was brought down by under-achievement against its postgraduate target. For 2012/13 Leeds Met has an SNC of 5,000, a reduction of 1,265 (20.2%) on its SNC for 2011/12. It aims to recruit to this limit. Leeds Metropolitan has an aspirational target of maintaining full-time student numbers at the 2010/11 level. It will seek to make good the reduction in its SNC through higher recruitment of student categories unregulated by HEFCE:

- international students (+160 for 2012/13)
- full-time home undergraduate students achieving AAB+ (+300)
- students enrolling in online learning mode (who generally have no residential requirement) (+100)
- postgraduate students (no known target).

The institution has a strategic objective to increase its postgraduate population as a proportion of its total student population to 25% by 2015/16 from its current base of 14%. There is, however, recognition that prospects for growth in full-time postgraduate numbers are weak for the reasons set out earlier. Leeds Met's focus will therefore be on the part-time postgraduate market, i.e. in an area without a residential requirement. Projected decreases in full-time student numbers have been derived from the limited data available from Leeds Met as follows:

Table 6: Leeds Metropolitan University: estimated full-time student numbers 2011/12 – 2014/15

	2011/12	2012/13	2013/14	2014/15
Full-time student numbers (all students)	20,900	20,600	20,200	19,000
Full-time student number reductions (all FT students)		-300	-400	-1,200

Because it has set its tuition fee at £8,500 per annum, Leeds Met is not currently eligible to bid into the pool of student places reserved to institutions charging £7,500 or less residual fees. If it were to change its fee policy and charge £7,500 or less for future years, it would be eligible to bid into the pool for value-for-money student places, which should raise its intake to some (unknown) extent.

Leeds Met has made available figures for students whose home address matches their term-time address, i.e. students attending from home (but figures will include a small number enrolled in distance learning mode). These show a decline in students attending from home over the three-year period 2008/09 – 2010/11, in

spite of the recession. This is possibly attributable to students with higher grades from around the country squeezing out some locally-based applicants who would otherwise have gained entry.

Table 7: Leeds Metropolitan University: students with matching home/term-time addresses

Academic year	Full-time students
2008/09	4024
2009/10	3932
2010/11	3738

(Source: Planning & Registry Services, Leeds Metropolitan University)

Elsewhere, however, at Leeds Trinity University College a contrary trend is in evidence over the same period (an increase in home attenders of over 20%), so that it is not possible to reach firm conclusions about any general patterns in this regard.

Table 8: Leeds Trinity University College: students attending from home

Academic year	Full-time students
2008/09	1,000
2009/10	1,029
2010/11	1,228

(Source: Leeds Trinity University College)

Leeds Trinity University College

Leeds Trinity plans a phased reduction in full-time student numbers of 369 (14.4%) between now and 2014/15.

Table 9: Leeds Trinity University College

	Student numbers				Planned student numbers		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Full-time undergraduate	2,245	2,319 (+3.3%)	2,483 (+7.1%)	2,569 (+3.5%)	2,350 (-8.5%)	2,250 (-4.3%)	2,200 (-2.2%)
Full-time undergraduates studying from home	1,000	1,029	1,228	1,196	-	-	-
Full-time undergraduates with residential requirement	1,245	1,290	1,255	1,373	-	-	-

Leeds College of Music

Table 10: Leeds College of Music

	Student numbers				Planned student numbers		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Full-time undergraduate	720	777	707	731			
Full-time postgraduates	27	24	27	18			
TOTAL full-time students	747	801 (+7.2%)	734 (-8.4%)	749 (+2%)			

(Source: Leeds College of Music)

Leeds College of Music has not provided student planning figures for this exercise.

Leeds College of Art

Leeds College of Art is planning for stasis in its full-time HE student numbers over the next three years.

Table 11: Leeds College of Art

	Student numbers				Planned student numbers		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Full-time undergraduate	N/A	N/A	1,120	1,127 (+0.6%)	1,127 (-)	1,127 (-)	1,127 (-)

(Source: Leeds College of Art)

The overall picture on student numbers in Leeds

HEFCE's significant reductions in institutional student number controls will have a major impact on student numbers in the city, as most if not all higher education institutions will struggle to make up the difference by recruiting from uncapped student categories. There will be some significant falls in intake into the medium term. The full effect of this downturn will not be felt until 2014/15, by which time the bulge in Leeds Met's intake for 2011/12 will have worked itself out of the system

Table 12: Full-time student number decreases (all years) for Leeds 2012/13 – 2014/15

	2012/13	2013/14	2014/15
University of Leeds	-8	-75 (-83)	-158 (-241)
Leeds Metropolitan University	-300	-400 (-700)	-1200 (-1900)
Leeds Trinity	-219	-100 (-319)	-50 (-369)
Total reduction across institutions by year	-527	-575 (-1102)	-1408 (-2510)

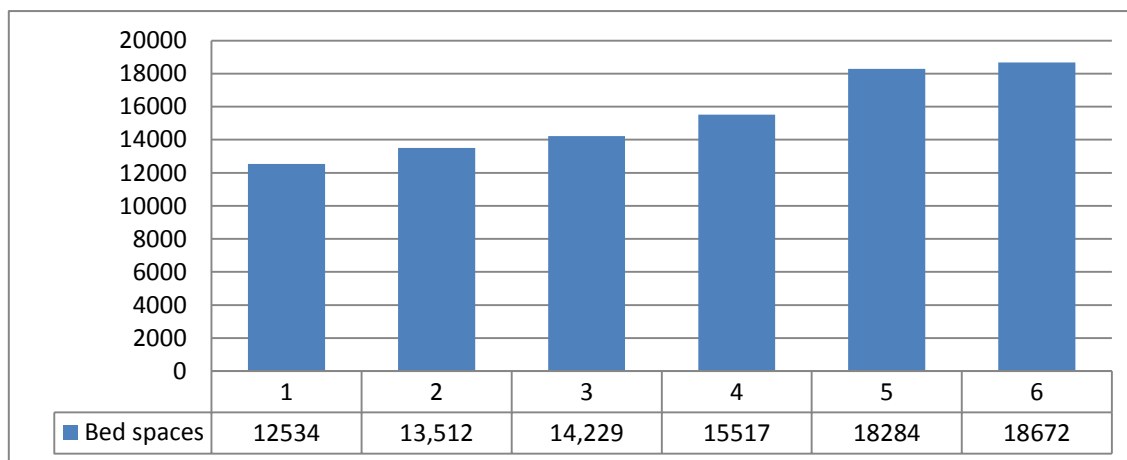
(Leeds College of Art is disregarded for these purposes because its student planning has no net effect on numbers. Leeds College of Music is not included because data is unavailable.)

2.2 Changes in accommodation supply

In the transition from elite to mass higher education during the 1990s and 2000s institutions in Leeds, as elsewhere, relied initially on the off-street private rented sector to expand and absorb the far higher numbers of students requiring accommodation. From the mid-1990s onwards commercial operators supplying and

managing purpose-built accommodation began to emerge as significant providers in the market and as increasingly important partners of higher education institutions. From the mid-2000s onwards the purpose-built sector expanded rapidly in major university towns, including Leeds:

Graph 3: Purpose-built student provision in Leeds: growth in bed spaces pre-2006 to 2010



(Source: Unipol database)

Of the purpose-built bed spaces in the market in 2011/12, just over 5,000 are not institutionally owned/leased or covered by nominations agreements. In the short term a number of shifts in purpose-built provision will take effect. Most notable amongst these are:

- the decommissioning of Bodington Hall (-1,140)
- a two-year downtime for St Mark's as it is rebuilt (-498)
- the loss of use of Turner and Bridge Halls at Kirkstall Brewery (-140)
- the lease of the new Central Village (Phase 1) development by the University of Leeds from Downing for the full capacity from 2012/13 (+576)
- the sale of Clarence Dock by the University of Leeds to Liberty Living, with a nominations agreement now in place between the parties (608)
- an opportunity for an institution to lease Downing's Central Village (Phase 2) development (full capacity: 404).

In the medium term anticipated expansion of the commercial purpose-built sector will have a significant additional impact on the market. Senior representatives of major commercial providers of purpose-built accommodation interviewed for the purposes of this study all expressed the view that, although the market was broadly in balance in Leeds currently, it will be put under pressure in the medium term by new purpose-built bed spaces entering the market. There is a strong sense within this constituency that purpose-built accommodation in Leeds continues to represent a relatively attractive property investment option, promising better returns than many alternatives, and that there is capital primed for investment in the student purpose-built sector in the city. This forecast is Leeds-specific, as one major property consultant paints a less propitious national picture, citing a still tough lending environment, tighter planning restrictions, the disincentive presented by more stringent sustainability requirements, the uncertainties around supply as a result of changes in government HE policy and a large demographic downturn in the prime student market, 18-20 year-olds (100,000 over the next decade)⁹.

Against the national outlook, a trawl of applications for planned new developments in Leeds supports the views of local practitioners (see Table 13 below).

⁹ Student housing market overview, GVA, 2011

The increase in City centre apartments from 2005 led over time to a location for rental demand. The boom in investment in city centre apartment fuelled a substantial increase in supply of city centre apartments. Initially, demand lagged behind supply, resulting in a reported surplus of apartments relative to demand. However, over time, and following the impacts of the credit crunch and resulting housing market changes, an escalating rental demand emerged. Part of this offered opportunities for young workers in the city centre and partly it provided another location for student residence. The number of students living in city centre apartments increased from 494 in 2007 to 4,791 in 2012.

Table 13: Planned new student residential developments in Leeds

Proposed development	No. of bed spaces
27 Burley Road, Woodhouse, Leeds	501
Algernon Firth Building, Thoresby Place	129
Downing Central Village, Woodhouse Lane	404
Civic Quarter, Calverley Street	532
Phase 3, The Gateway, East Street	508
Cavendish Street, Woodhouse	239
22 Lovell Park Hill	66
Servia Road	300
20 - 28 Hyde Terrace	27
St Marks Residence, St Marks Street	526
4-28 Westfield Road, Burley	131
Total	3,363

(Source: Leeds City Council Planning 2012)

Table 13 shows there are planning applications or pre-applications for a further 3,363 bed spaces aimed at students. It is uncertain whether all of these developments will be 'built out', but it is likely that a large proportion will be.

Alongside these short-term and likely medium-term changes to the size and shape of purpose-built provision, changes in student numbers will affect the market. These relate in large part to the projected contraction in Leeds Metropolitan University's full-time intake. The net effect will be something in the order of 370 fewer students with a residential need for 2012/13; 400 for 2013/14 and 980 for 2014/15. The cumulative effect will therefore be a reduction of some 1,750 students with a residential need by 2014/15 as set against today's figure.

The contractions in full-time students in Leeds between 2012/13 and 2014/15 will be felt first by the purpose-built sector and then by the off-street sector from 2013/14. However, the bulge created by Leeds Met's over-recruitment in 2011/12 will shield private accommodation providers (purpose-built and off-street) from the full weight of the downturn until it works out of the system in June 2014. The purpose-built sector should also benefit from the bulge as its potential returning student market will be significantly larger until 2014/15.

In the short term the impact of the reduction in student numbers is softened to some extent by the decommissioning of Bodington Hall and the re-build of St Mark's. However, the full beneficial effects of adjustments by the University of Leeds to its provision will not be felt because of new purpose-built bed spaces coming into the market, including Central Village, for which the university and Downing have signed a lease agreement.

As the net intakes across Leeds are scaled back into the medium term, some institutions (Leeds Metropolitan University in particular) are anticipated to take advantage of break points in agreements/leases and/or not to renew some short-term deals or not to make last-minute deals with partner providers. This will exert

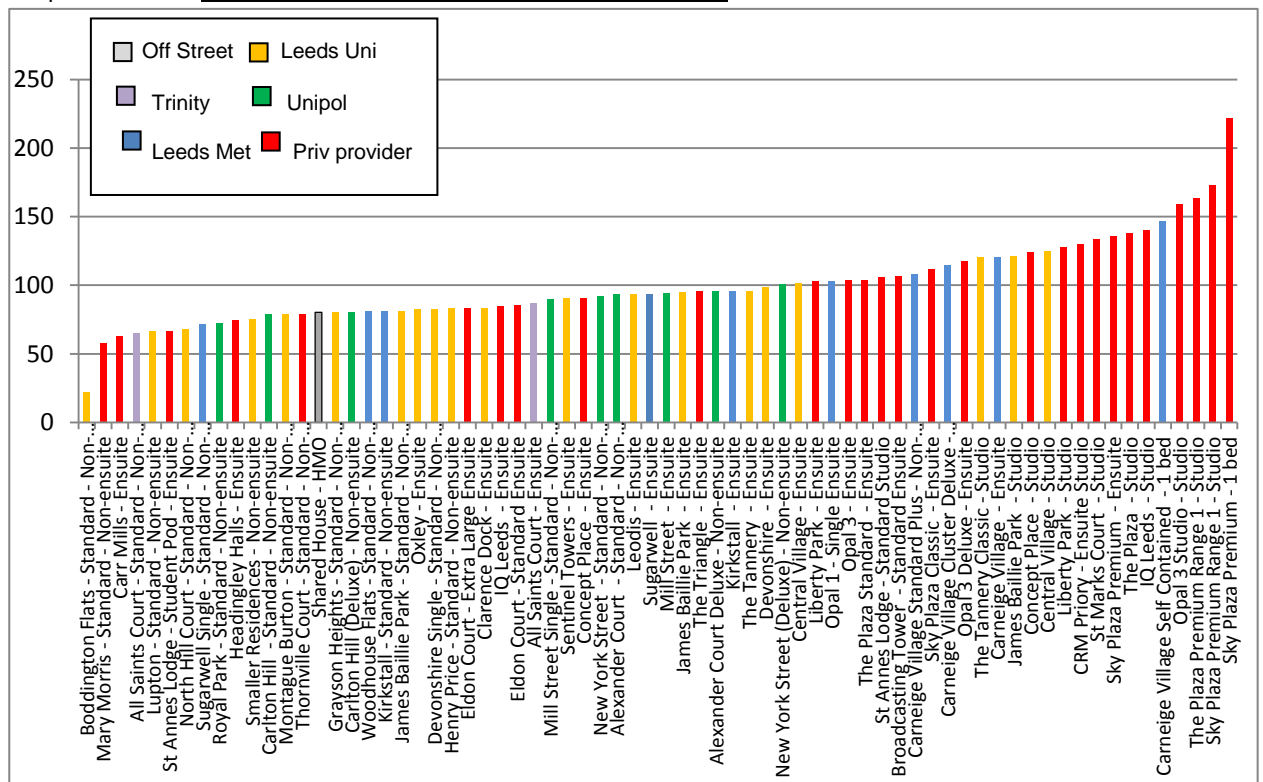
pressure on purpose-built providers (institutions included) to increase the number of returning students as a proportion of their tenant base. There will inevitably be higher void rates than at present in the commercial sector (both purpose-built and off-street). This will place purpose-built providers in more direct and intensifying competition with each other and with the off-street sector for share of this market segment. The 2012/13 letting year will be a significant early pinch-point, as the current Year 1 bulge passes out.

It seems certain that the returning student sub-market will become an increasingly significant battleground in Leeds. There have been strong signs amongst commercial providers of heightened marketing to returning students in the last 12 to 24 months. In interview senior representatives of commercial providers (and Leeds Metropolitan University) confirmed that they were marketing harder at returners. On the part of commercial providers, there is, however, some reticence on the current and historic numbers of returning student tenants. Leeds Metropolitan University has indicated for its part that the additional yield from any campaign to pull in returning students would be significantly limited. The University of Leeds now offers and promotes a guarantee of accommodation to international students for their full student lifecycle. Leeds Metropolitan University and other HE providers locally may follow suit, thereby increasing numbers of returning students into their portfolios.

Unipol's best estimate is that some 15% of returning students (around 4,900) are housed in purpose-built developments in Leeds, although this proportion will vary markedly across providers. Surveys at the University of Leeds and the University of Nottingham have indicated accommodation preferences in line with this figure. (The estimate would support indications given by some providers of purpose-built accommodation interviewed that they are currently operating at near-full occupancy.)

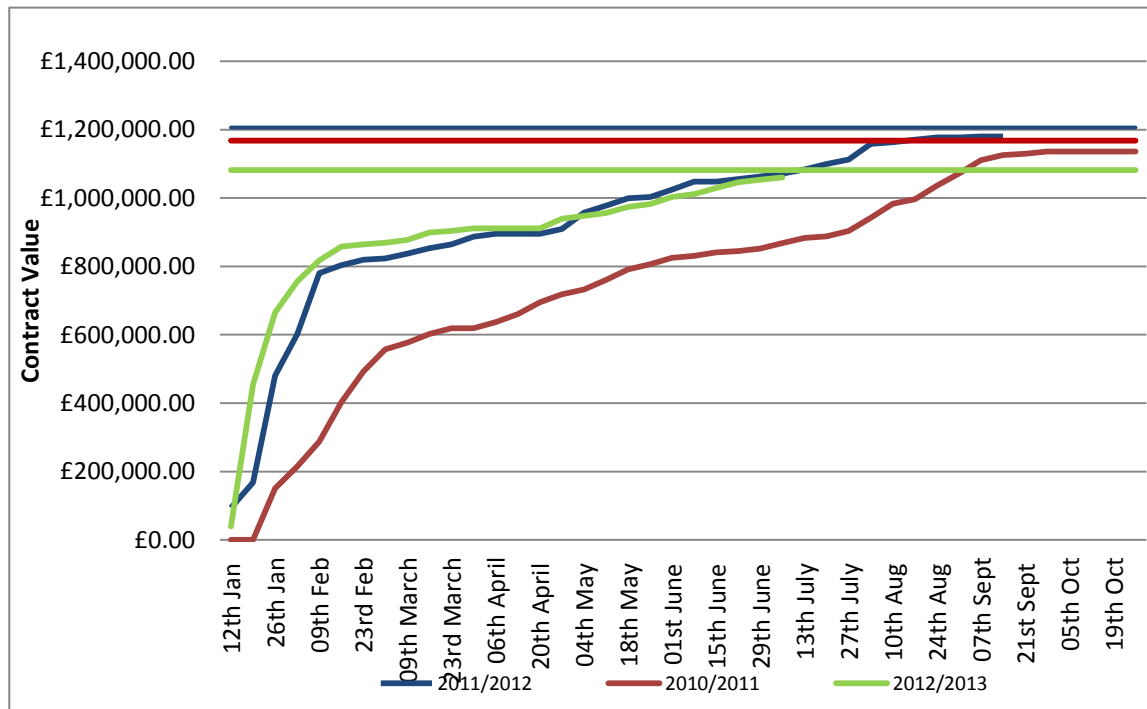
There has been a longstanding model of student accommodation choice in Leeds and elsewhere, which involves spending Year 1 in institutional accommodation and for subsequent years 'progressing' (as students see it) into a different kind of accommodation, i.e. shared housing in the off-street sector (see also section 2.6). This model will be increasingly tested in future years, as competition for this market segment intensifies. Indeed there are indications that the traditional model is already under pressure. Whereas historically off-street housing was the cheapest form of accommodation to rent (even taking into account utility bills), more recent figures show that its cost ranking is being supplanted by cheaper purpose-built provision:

Graph 4: Rental costs in student accommodation 2012/13



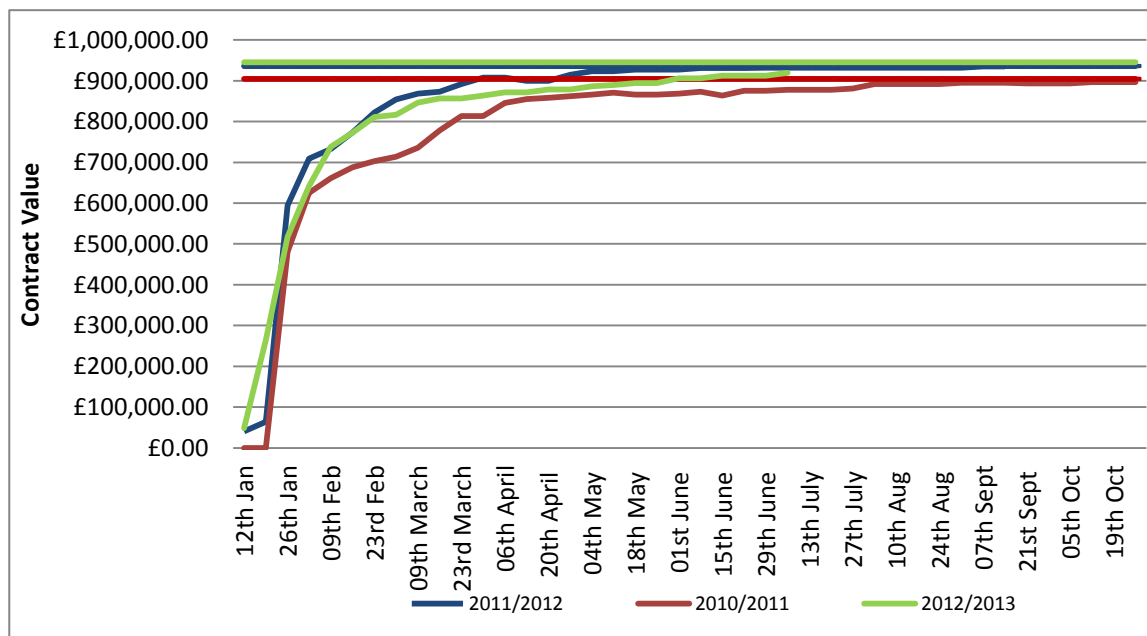
There has, furthermore, been a shift in recent years in the pattern and time-line of lettings to returning students for purpose-built accommodation:

Graph 5: Pattern of lettings (purpose-built), 2010/11- 2012/13



(Source: Unipol database)

Graph 6: Pattern of lettings (shared housing), 2010/11 - 2012/13



(Source: Unipol database)

That the pattern of letting purpose-built provision to returners has changed to a shape that increasingly approximates to the pattern for shared housing lets may not in itself be an indicator that the traditional model has been broken, but it does suggest that returning students are now thinking about and acting on the option of purpose-built accommodation in the same way that they think about and act on the option to sign a tenancy for a shared house. Factors which influence student accommodation preferences, including the

increasing attractiveness of the ‘convenience package’ offered by purpose-built lets, are discussed in more detail at section 2.6.

Heightened competition for returning students both within the purpose-built sector and between the purpose-built sector and the off-street sector can be confidently forecast. Although the future distribution of returning students - and voids - within the purpose-built sector and between the two commercial sectors cannot be projected with the same level of certitude, it is likely that within the off-street sector recent migration and concentration trends will be compounded. It is also likely that any increase in voids in the purpose-built sector is likely to be borne disproportionately by developments of relatively less well favoured geographical location, lower quality and/or poorer value for money. This view was endorsed by all interviewees representing purpose-built providers in Leeds.

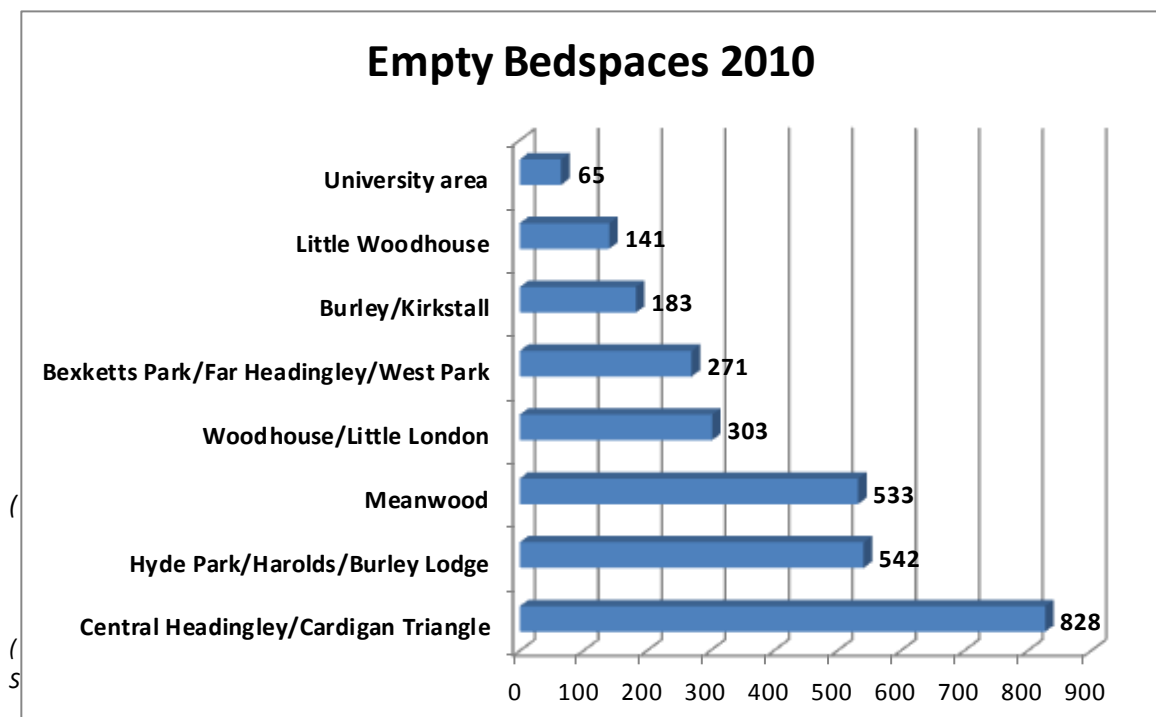
Overall, the impact of the estimated shrinking demand from students and projected growth in supply in the purpose-built sector is forecast as follows: taken alongside an additional 3,363 purpose-built bed spaces at the planning stage – of which at least 1,450 will be realised – the contraction in student numbers of 1,750 over the next three years is predicted to lead to the off-street sector shrinking from 26,500 currently to 23,000 by 2014/15.

Accreditation schemes – or codes of standards – exert an increasing influence in the student accommodation market in Leeds. In addition to the ANUK/Unipol National Codes for larger – generally purpose-built – properties, Unipol operates a Leeds-specific code for the off-street shared housing sector. This has been running since 1995. Currently 18,762 bed spaces are covered by the Code. Further growth in membership is projected, buoyed by the City Council’s second round of five-yearly HMO licensing exercises. This expansion will take place alongside the shrinkage identified in full-time student numbers, so that in two years’ time it is anticipated 20,000 Code bed spaces will account for over 80% of demand from students with an off-street residential need in the city. In the context of continuing policy by the institutions and their students’ unions to advise students only to rent Code properties, and as the market shifts increasingly into over-supply, there will be significant pressure on non-Code landlords either to improve standards and join or to leave the student market.

2.3 Surplus bed spaces

An analysis has been undertaken of properties advertised on the Unipol database in 2010. It shows that there were 3,127 bed spaces still empty as at October 2011, or 19.4%.

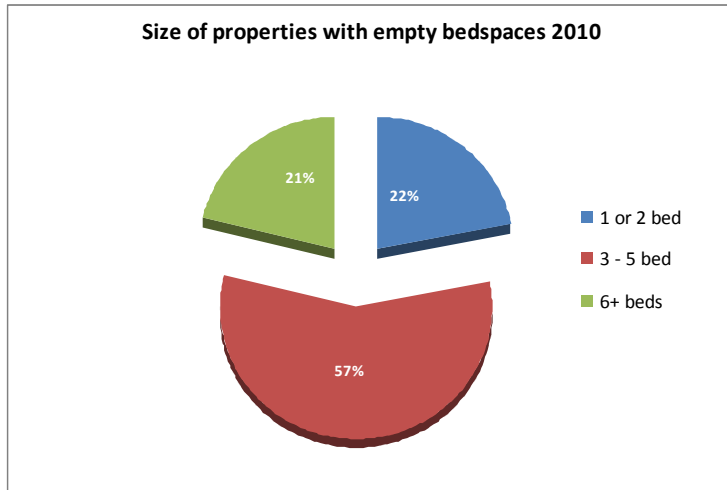
Graph 7: Empty bed spaces in off-street student housing 2010



ou(Source: Unipol database 2011)

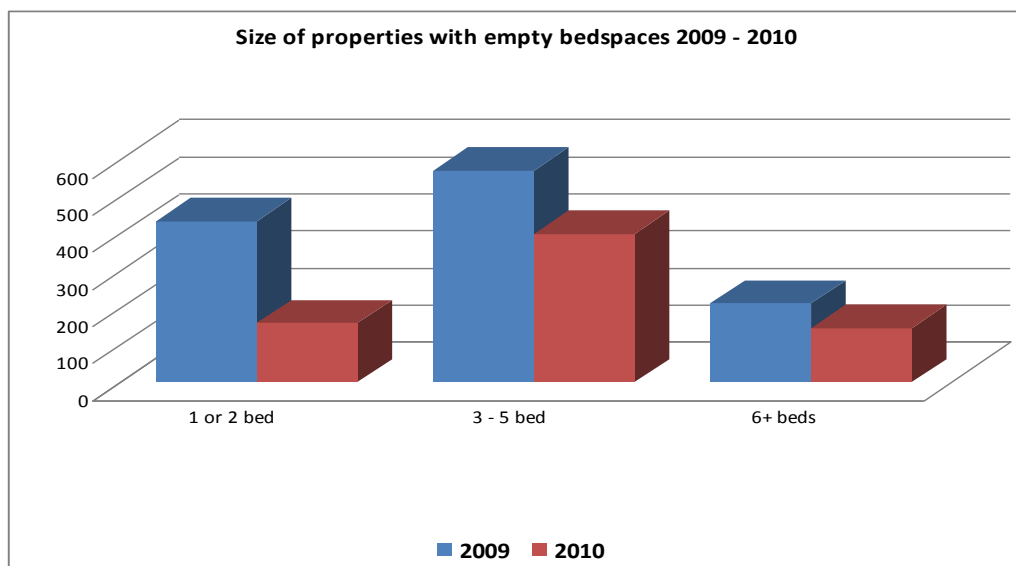
Within Headingley, Hyde Park and Woodhouse, the areas with the highest proportion of advertised properties empty were the Little London/Buslingthorpe area (27.7%), Little Woodhouse (25.4%) and Central Headingley (22.5%). Outside the area there were high proportions of advertised properties empty in the city centre (66%), the Beckett Park area (29%), the Meanwood area (29%) and Burley (20%).

Graph 8: Size of off-street properties with empty bed spaces 2009-10



(Source: Unipol database 2011)

Graph 9: Size of off-street properties with empty bed spaces 2010



(Source: Unipol database 2011)

- in Central Headingley, 65% of properties with empty bed spaces had fewer than four bedrooms
- in Hyde Park, 68% had fewer than four bedrooms
- in South Headingley, 71% had fewer than four bedrooms
- in the Harolds, 94% had fewer than four bedrooms and
- in Burley Lodge, 78% had fewer than four bedrooms
- in the Cardigan Triangle area, however, all had more than four bedrooms.

Empty bed spaces appear to be concentrated in 'smaller' housing units. Overall, 20% of properties with empty bed spaces were one- and two- bed properties and 56% were properties with three to five bedrooms.

2.4 Empty properties in Headingley, Hyde Park and Woodhouse

Table14: Wards with the highest percentage of properties empty for over six months

Ward	% of properties empty for over six months (March 2012)
Headingley	6.28%
City and Hunslet	5.84%
Hyde Park and Woodhouse	4.57%
Beeston and Holbeck	4.05%
Burmantofts and Richmond Hill	3.85%
Gipton and Harehills	3.36%
Chapel Allerton	3.32%
Roundhay	2.67%
Weetwood	2.67%
Kirkstall	2.53%
City average	2.44%

(Source: Leeds City Council, Council Tax records 2012)

Table 14 lists the wards with the highest percentage of properties empty for over six months. It shows that the highest proportion is in Headingley ward and that Hyde Park and Woodhouse, Weetwood and Kirkstall are also among the highest 10 wards. This reflects the market changes in Inner North West Leeds and indicates that demand may not have emerged to fill properties left by movements of students.

Table 15: Empty properties within the sub-areas of Hyde Park, Headingley and Woodhouse

Sub-area	Properties Empty	% of properties empty in LS6	Properties empty for over six months	% of properties empty for over six months	Properties empty for over 6 months as % of all empty in area
Central Headingley	196	15.1%	161	19.0%	82.1%
Burley	263	20.3%	144	17.0%	54.8%
Hyde Park	158	12.2%	118	13.9%	74.7%
Kirkstall	185	14.3%	85	10.0%	45.9%
University area	112	8.6%	84	9.9%	75.0%
Woodhouse	114	8.8%	78	9.2%	68.4%
South Headingley	81	6.3%	61	7.2%	75.3%
Beckett Park/Far Headingley, West Park	65	5.0%	42	5.0%	64.6%
Burley Lodge	49	3.8%	29	3.4%	59.2%
Harolds	23	1.8%	17	2.0%	73.9%
Little Woodhouse	21	1.6%	16	1.9%	76.2%
Headingley/Meamwood	17	1.3%	8	0.9%	47.1%
Headingley Hill	12	0.9%	5	0.6%	41.7%
	1,296	100.0%	848	100.0%	65.4%

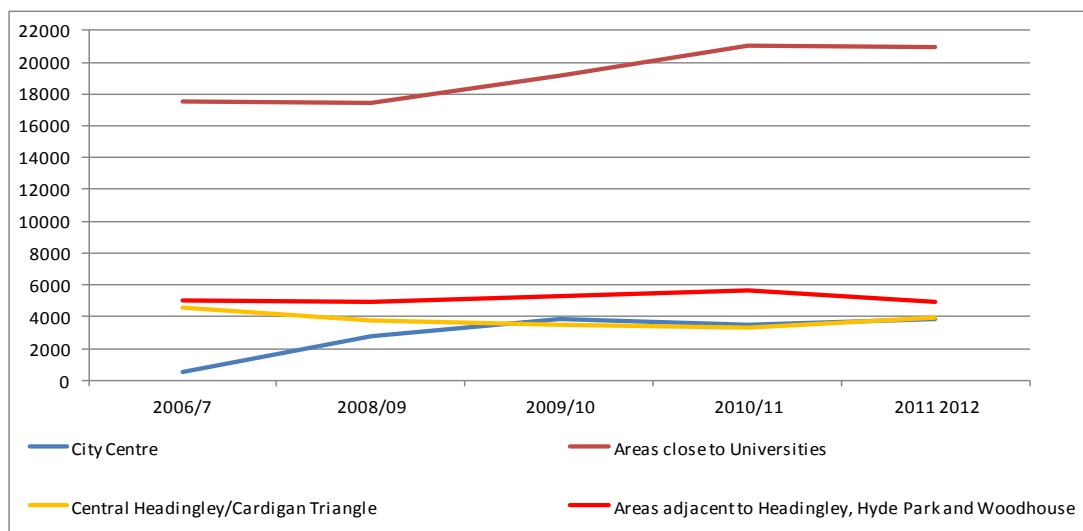
(Source: Leeds City Council, Council Tax records 2012)

Table 15 shows that the highest proportion of properties empty for over six months was in Central Headingley (19% of all properties in Inner North West Leeds empty for over six months) with 166 properties empty for over six months. Also, 82% of all properties empty in Central Headingley had been empty for over six months. This suggests that alternative demand is not coming forward to take up properties vacated by students. There were also large proportions of long-term empty properties in Kirkstall and Burley, areas from which there has also been a significant student exodus, and which are in transition.

2.5 Change in student demand and location

While the number of students living in the Headingley, Hyde Park and Woodhouse areas (including the areas immediately adjacent to the University of Leeds and Leeds Metropolitan University) increased by 13% between 2006 and 2012, student concentrations were focused in areas close to the universities.

Graph 10: Residential distribution of students across Inner North West Leeds 2006/07 – 2011/12



(Source: University of Leeds and Leeds Metropolitan University records)

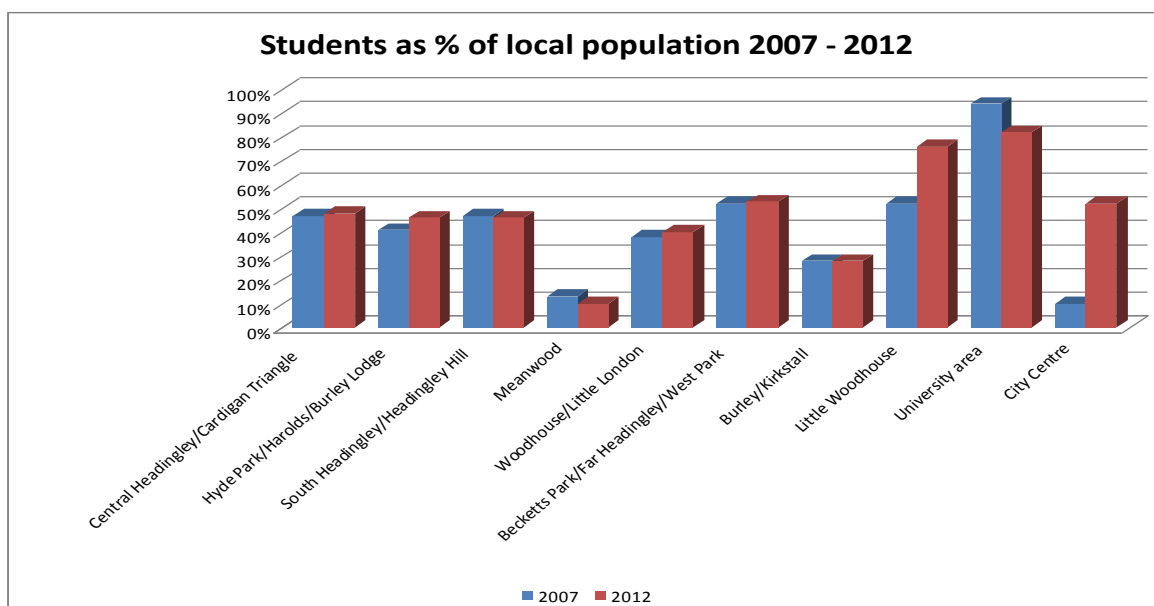
- In the Little Woodhouse/Burley Road area the number of students living there **increased by 95.9%**
- In the areas surrounding the university campuses, the number of students living there **increased by 48.3%**
- In the central Hyde Park area the number of students living there **increased by 27.4%**
- In the Woodhouse area the number of students living there **increased by 22.2%**
- In the Cardigan Triangle the number of students living there **reduced by 43.2%**
- In the Central Headingley area the number of students living there **reduced by 21.4%**
- In the South Headingley area the number of students living there **reduced by 10.2%**
- In Headingley Hill the number of students living there **reduced by 2.3%**
- In the Burley Lodge the number of students living there **reduced by 23.6%**
- In the Harolds the number of students living there **reduced by 31.9%**

The number of students living in areas adjacent to the Headingley, Hyde Park and Woodhouse areas increased by 77% between 2007 and 2012, predominantly in the city centre.

- In the city centre, the number of students living there **increased by 870%** due to the development of purpose-built student accommodation (Plaza, Opel 3 etc) and the movement of students into city centre apartment complexes
- In Kirkstall, the number of students living there **increased by 23.2%**,
- In Beckett Park the number of students living there **increased by 20.3%** due to the development of halls of residence on the Headingley Campus
- In West Park, Weetwood and Far Headingley, the number of students living there **reduced by 4.9%**
- In Burley, the number of students living there **reduced by 26.6%**
- In Meanwood and the Headingley/Meanwood border area, the number of students living there **reduced by 26.3%**

This however, masks a difference between the number and proportion of students living in purpose-built accommodation or university halls of residence and those living in shared off-street properties.

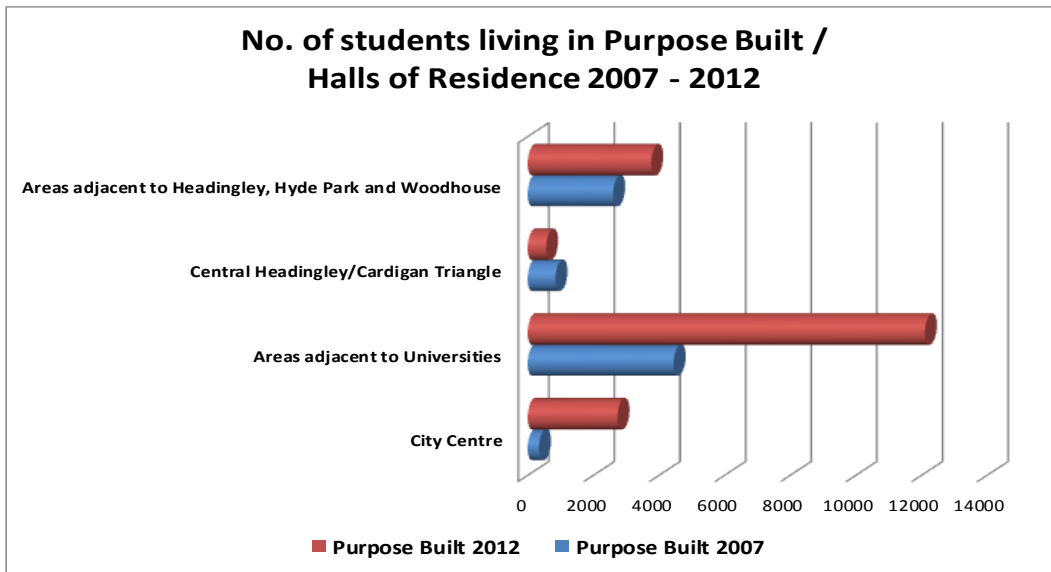
Graph 11: Change in students as a percentage of local populations 2006/07 – 2011/12



(Source: University of Leeds and Leeds Metropolitan University records and adjusted 2001 Census records)

Graph 12 shows that the number of students living in commercial purpose-built accommodation has more than doubled from 5,298 in 2006/07 to 12,672 in 2011/12. The vast majority of these have been first-year students. The largest increases in areas accommodating students in purpose-built accommodation have been in Little Woodhouse (300 in 2006/07 to 3,922 in 2011/12) and Woodhouse/Little London/Buslingthorpe (196 in 2006/07 to 2,905 in 2011/12), the University area (1,825 in 2006/07 to 2,891 in 2011/12) and Leeds city centre.

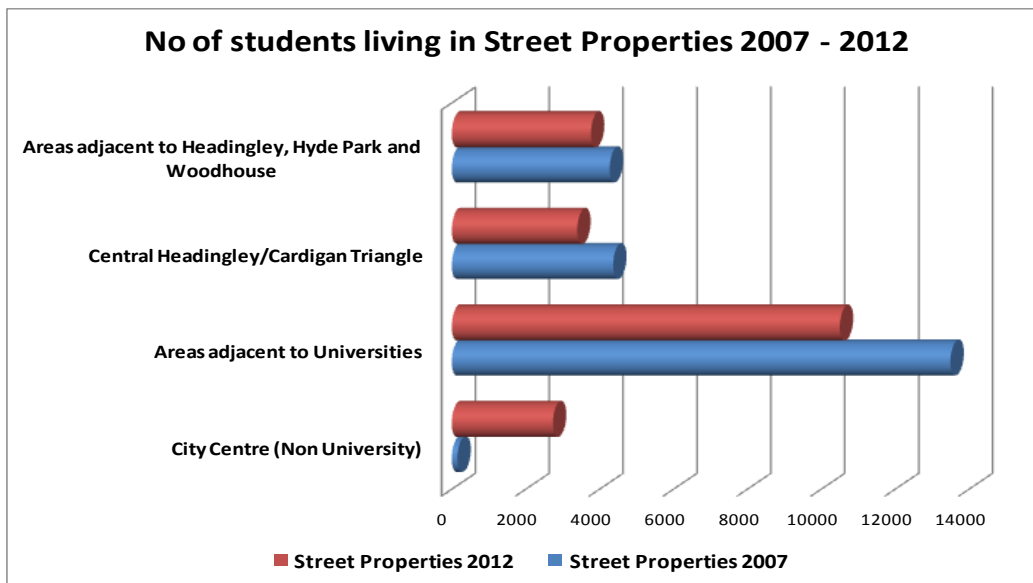
Graph 12: Change in the number of students living in purpose-built accommodation 2006/07-2011/12



(Source: University of Leeds and Leeds Metropolitan University records)

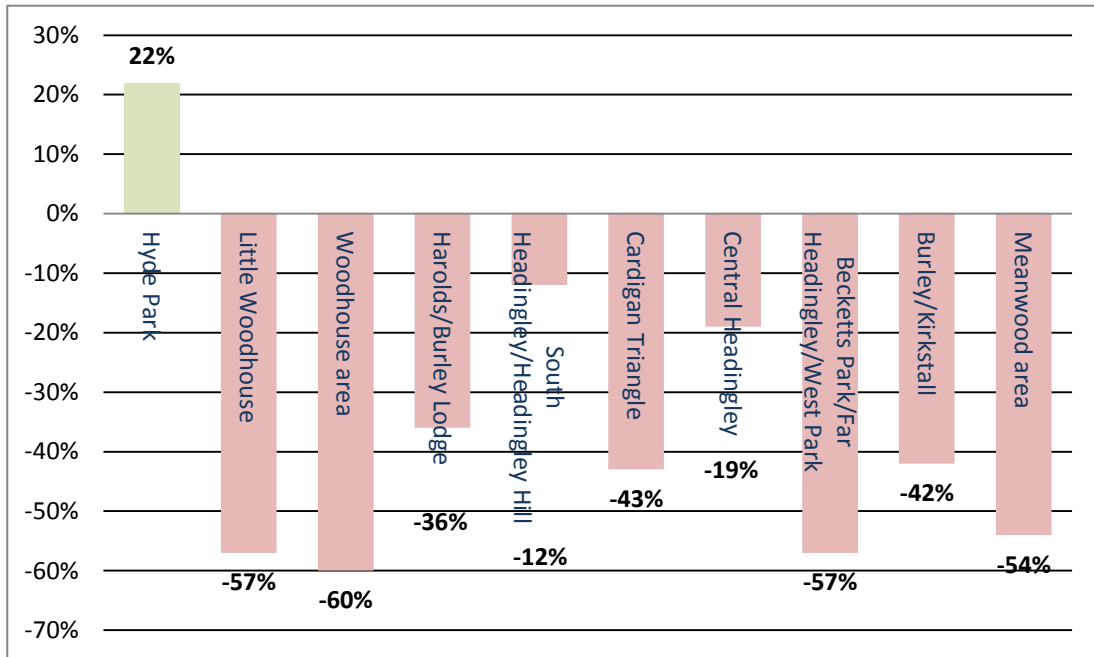
Graph 9 shows the results of analysis undertaken of the number of students living in off-street properties. This shows, overall, and discounting the city centre, that there are 5,911 fewer students living in off-street properties in Headingley, Hyde Park and Woodhouse and the adjacent areas.

Graph 13: Change in the number of students living in off-street properties 2006/07 – 2011/12



(Source: University of Leeds and Leeds Metropolitan University records)

Graph 14: Percentage change in students living in street properties 2006/07 – 2011/12



(Source: University of Leeds and Leeds Metropolitan University records)

Graph 14 shows that the proportion of students in off-street properties has reduced, often substantially, in all sub-areas except Hyde Park (22.4% increase since 2006/07) and mainstream flats in the city centre (1,263% increase since 2006/07). The number of students living in off-street properties in Headingley, Hyde Park and Woodhouse reduced from 17,866 in 2006/07 to 13,900 in 2011/12 – a reduction of 3,966 or 22%.

- The number of students in off-street properties in Woodhouse has reduced by 60%
- in Little Woodhouse by 57%
- in the Cardigan Triangle area by 43%
- in the Harolds by 40%
- in Headingley Hill by 31%
- in Burley Lodge by 31%
- in Central Headingley by 19% and
- in South Headingley by 10%.

In the areas adjacent to Headingley, Hyde Park and Woodhouse, the number of students living in off-street properties has reduced

- by 62% in West Park, Far Headingley and Weetwood
- by 54% in the Meanwood/Headingley border area
- by 54% in Kirkstall
- by 53% in Beckett Park and
- by 33% in Burley.

2.6 Reasons for changing demand

There are a number of reasons for the movement of students into purpose-built accommodation:

- Parents like purpose-built accommodation, its facilities and safety, but can't afford it for the full student lifecycle. Features popular with students and their parents include ensuite facilities, internet access, security, on-site gyms, proximity to the city centre and the universities
- Students tend to expect to live in purpose-built/halls of residence in their first year but more often than not move out for their second and third years. Research in Nottingham showed that 46% of students surveyed indicated that they had a 'strong preference' for private rented accommodation while 21% had a 'strong preference' for larger developments. However, there is evidence that housing preferences change as students advance through their university careers, with the preference for a private rented house/flat increasing as the student progresses (37% of first-year students preferred private rented accommodation compared to 53% of those in their second/ subsequent year.

Those opting for larger developments tend to mention the more functional aspects associated with this accommodation type such as 'on-site management', 'new facilities' and 'value for money/inclusive bills' but also the social opportunities larger developments offer. Many comments, made by University of Nottingham students in particular, indicated that a move from halls/larger developments into the private sector (off-street housing) in the second or subsequent year of the course was viewed as a 'natural progression' and a desirable step in gaining personal independence and maturity.

As students progress through their studies their preference for a private rented house/flat increases with 37% of first-years and those on one-year programmes preferring this accommodation type compared to 53% in second or subsequent years.

There are also a number of reasons for the movement of students from outlying areas towards those areas surrounding the universities and the city centre.

- There has been a continuing movement from purpose-built accommodation into the immediate surrounding areas for second- and third-year residence
- Students are conscious of travel costs and time from areas farthest from the universities/city centre
- Students in city centre blocks tend not to socialise in Headingley or other outlying areas and so are less likely to see it as a preferential area for second- and third-year residence
- There has been increasing evidence of 'friends following friends' to Hyde Park over recent years
- There has been increasing demand from larger groups of students seeking larger properties close to the universities (Hyde Park and South Headingley).

Interviews with landlords of off-street housing have shown some mixed feelings on strength of demand. All landlords interviewed have reported a shift in demand focus towards Hyde Park, but demand for other locations has been variable.

- Landlords have reported increasing demand from larger groups of students seeking larger properties. This arises partly from mirroring the size of 'clusters' in purpose-built accommodation and partly from social networking.
- Landlords who have stock in **Hyde Park** have reported very strong demand and that the vast majority of their properties have been let
- Landlords with properties in **Headingley** have reported a much stronger demand in comparison to last year. But the view is that demand for Headingley is 'ticking over' at best and 'rescued by the 'bulge' in student numbers this year

- Landlords with properties in the **Meanwood** area have reported reducing demand from students but a compensatory increase in demand from workers and professionals. Some have reported demand from benefit claimants but also that accommodating those households has been problematic. Where landlords have let to a mix of student, working and benefit tenants, they report that significant problems have arisen.
- Landlords with properties in **Burley and Kirkstall** have reported that student demand is reducing but that there is increasing demand from young worker/professional individuals sharing or young professional couples.
- There is evidence that some landlords are investing in repossessed properties, in particular those formerly owned by Simon Morris.

2.7 Housing market change in Headingley, Hyde Park and Woodhouse

2.7.1 Housing tenure

Table 16: Housing tenure in Hyde Park, Headingley and Woodhouse

	Hyde Park & Woodhouse		Headingley		Weetwood		Leeds MD	
	No.	%	No.	%	No.	%	No.	%
Owner-occupier	1389	15.28%	1903	25.05%	5,150	56.25%	186,356	61.77%
Shared ownership	36	0.40%	28	0.37%	18	0.20%	1,289	0.43%
Private rented	2998	32.98%	3,745	49.30%	1,081	11.81%	27,247	9.03%
Rented from Council	2352	25.88%	334	4.40%	1,656	18.09%	63,102	20.92%
Housing association	1280	14.08%	663	8.73%	336	3.67%	12,915	4.28%
Other	1034	11.38%	924	12.16%	914	9.98%	10,791	3.58%
Total	9089	100.00%	7597	100.00%	9155	100.00%	301700	100.00%

(Source: Leeds City Council 2012)

Table 16 shows in 2001, the most recent data for housing tenure, that there was a very low proportion of homeowners in Hyde Park and Woodhouse and in Headingley compared to Weetwood/Far Headingley and the city average. There was also a low proportion of social rented housing (Council and housing association) in Headingley compared to the city as a whole, but a significantly higher proportion of social rented homes in Hyde Park and Woodhouse. There was a significantly higher proportion of homes rented privately in Hyde Park, Woodhouse and Headingley.

It is likely that since 2001 the movement away from home ownership and towards private renting will have intensified. The very low proportion of homeowners in Hyde Park and Woodhouse is important for the debate around implementation of the Article 4 Direction on change of use from single to multiple occupancy (see below).

2.7.2 House price levels

Table 17: House prices in sub-areas of Hyde Park, Woodhouse and Headingley

	One-bed Flat	Two-bed Flat	Two-bed House	Three-bed House	Four plus-bed House	ALL
Woodhouse		£129,975	£110,360	£116,980	£128,170	£122,933
Hyde Park	£122,500		£106,239	£125,277	£169,129	£138,881
Headingley Hill	£88,650	£159,995	£229,950	£209,950		£144,308
South Headingley		£116,633	£124,983	£200,960	£196,570	£179,931
Central Headingley		£108,713	£168,500	£191,512	£205,919	£180,121
Headingley Triangle		£124,950	£149,950	£170,700	£253,970	£190,973
Beckett Park/Far Headingley	£106,237	£148,313	£214,909	£263,370	£331,268	£244,028

(Source: www.rightmove.co.uk)

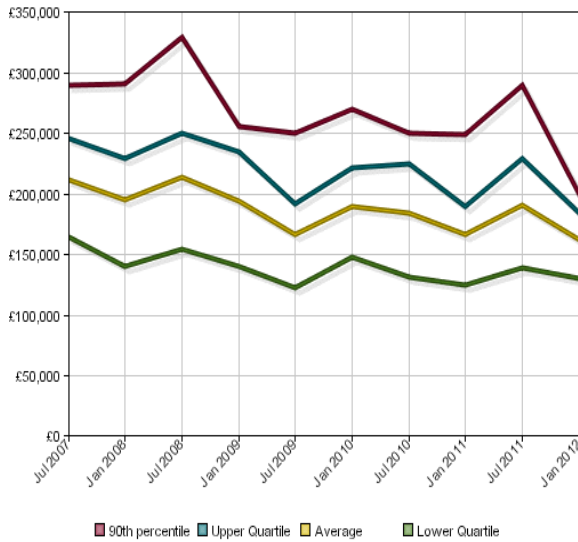
Table 17 shows that average house prices range from £123,000 in Woodhouse to £244,000 in the Far Headingley area. Average house prices for different house types in the area are as follows:

- For one-bed flats, prices range from £89,000 (in Headingley Hill) to £122,500 (in Hyde Park)
- For two-bed flats prices range from £109,000 (in Central Headingley) to £160,000 (in Headingley Hill)
- For two-bed houses, prices range from £106,000 (in Hyde Park) to £230,000 (in Headingley Hill)
- For three-bed houses prices range from £117,000 (in Woodhouse) to £264,000 (in Far Headingley)
- For four or more bed houses prices range from £128,000 (in Woodhouse) to £323,000 (in Far Headingley)

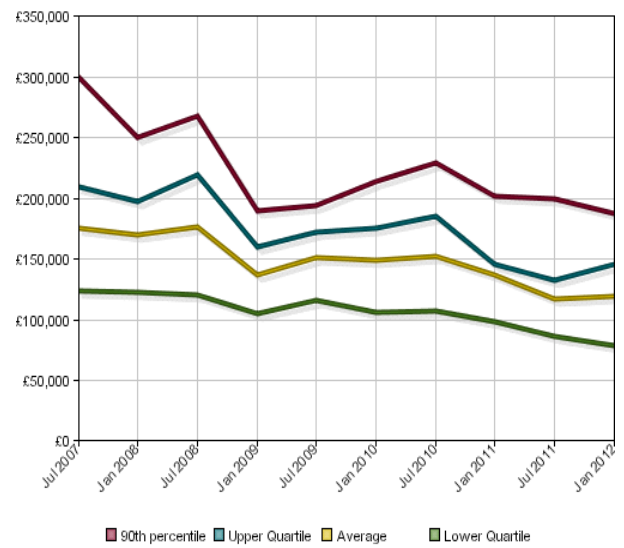
2.7.3 Price movements in Headingley, Hyde park and Woodhouse

The following graphs show the average property price over time for all types of housing in the area and are based on sales only, not valuations. They compare the lower quartile house price to the average price, the upper quartile price and the price at the 90th percentile over time for the three wards covering the area and the city as a whole.

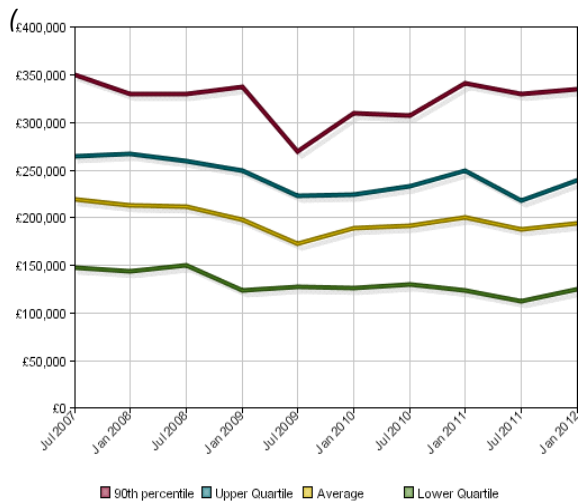
Graph 15a: Headingley ward



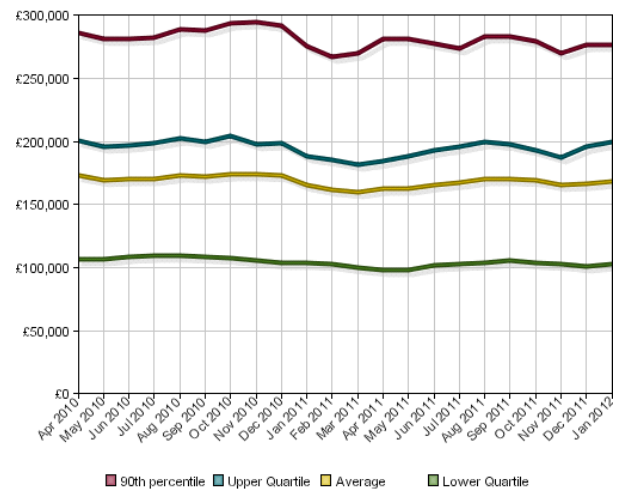
Graph 15b: Hyde Park & Woodhouse ward



Graph 15c: Weetwood Ward



Graph 15d: Leeds average



(Source: Hometrack 2012)

In Hyde Park and Woodhouse house prices were at their lowest in January 2009; gradually rose again, for the most part, by July 2010; and fluctuated again during the following year. Prices started to rise marginally in the upper quartile and average ranges from July 2011. There is a rather more variable picture in Headingley ward with house price movements fluctuating considerably almost every six months across each price range. Sales were at their highest in July 2008 and their lowest in July 2009, January 2011 and January 2012 consecutively.

House price movements in Weetwood are seen to be more constant than the other wards yet do fluctuate from between January 2009 and January 2012 particularly so in the 90th percentile range. Prices in each range have risen marginally in the six months between June 2011 and January 2012.

House price movements are considerably more consistent across Leeds compared with Hyde Park and Woodhouse, Headingley and Weetwood wards. This shows how changeable movements are in Hyde Park and Woodhouse and Headingley wards and how the housing market in this area has an impact on the neighbouring Weetwood ward.

Table 18: Movements in house prices for property types: 2006-10 and 2010-2011

Bottom quartile	2006	2010	% change 2006-2010	2011	% change 2010-11
Hyde Park & Woodhouse					
Detached	£110,000	£225,000	105%	N/A	
Semi-detached	£122,500	£85,000	-31%	£76,000	-11%
Terraced	£116,000	£115,000	-1%	£105,000	-9%
Headingley					
Detached	£189,950	£200,000	5%	£200,000	0%
Semi-detached	£184,500	£160,000	-13%	£150,000	-6%
Terraced	£135,000	£135,000	0%	£120,000	-11%
Weetwood					
Detached	£233,000	£268,000	15%	£205,000	-24%
Semi-detached	£134,950	£129,000	-4%	£123,000	-5%
Terraced	£125,000	£135,000	1%	£140,000	4%

(Source: Hometrack 2012)

Table 18 shows the movement in house prices for bottom quartile prices (i.e. entry level) between 2006 and 2010 and then between 2010 and 2011. It shows:

- in Hyde Park and Woodhouse ward detached properties substantially increased in value between 2006 and 2010 by over 100% in the lower quartile range. No data is currently available for the change difference between 2010 and 2011 for detached properties. Semi-detached properties have decreased in value since 2006 while terraced properties have increased only marginally between 2010 and 2011
- in Headingley detached properties remained at a constant level in the lower quartile range. Semi-detached properties decreased by 13% in the bottom quartile range between 2006 and 2011 and then by a further 6% between 2010 and 2011. Terraced properties in the lower quartile range were constant between 2006 and 2010 but have reduced by 11% since 2010
- in Weetwood detached properties increased in value between 2006 and 2010 but then reduced by 24%. Semi-detached properties show a decrease in value from 2006 of 4% and then a further 5% since 2010. Terraced properties increased marginally in the lower quartile range from 2006 and have increased again by 4% since.

Table 19: Difference between house prices in Hyde Park, Headingley and Woodhouse and the city average

	January 2007	January 2012
Hyde Park and Woodhouse	99.7%	68.5%
Headingley	114.4%	94.6%
Weetwood	124.6%	115.1%

(Source: Hometrack 2012)

Table 19 shows that the difference between house prices in Inner North West Leeds and the city average has narrowed across all parts of the area. Overall, the reduction in house prices across the area has a conflicting effect:

- Reducing house prices will improve the affordability of housing, but access to that housing has been affected by the lending restrictions in place and the requirement for larger deposits
- Reducing house prices may affect the commercial decisions of landlords and investors regarding the existing stock and potential further acquisitions.

2.7.4 Affordability of housing

The affordability of housing in the area is also affected by the income levels needed to purchase the available housing.

Table 20: Income required to purchase available housing in Hyde Park, Woodhouse and Headingley

Single Income needed to afford	One-bed Flat	Two-bed Flat	Two-bed House	Three-bed House	Four plus bed House	ALL
Woodhouse		£37,136	£31,531	£33,423	£36,620	£35,124
Hyde Park	£35,000		£30,354	£35,793	£48,323	£39,680
Kirkstall Hill/Queenswood Drive		£32,843		£44,318		£40,829
Headingley Hill	£25,329	£45,713	£65,700	£59,986		£41,231
South Headingley		£33,324	£35,709	£57,417	£56,163	£51,409
Central Headingley		£31,061	£48,143	£54,718	£58,834	£51,463
Cardigan Triangle		£35,700	£42,843	£48,771	£72,563	£54,564
Beckett Park/Far Headingley/Weetwood	£32,421	£43,802	£61,376	£71,922	£87,856	£69,622

(Source: www.rightmove.co.uk 2012 and Leeds Economy Handbook 2011)

Joint income needed to afford	One-bed Flat	Two-bed Flat	Two-bed House	Three-bed House	Four plus bed House	ALL
Woodhouse		£44,819	£38,055	£40,338	£44,197	£42,391
Hyde Park	£42,241		£36,634	£43,199	£58,320	£47,890
Kirkstall Hill/Queenswood Drive		£39,638		£53,487		£49,276
Headingley Hill	£30,569	£55,171	£79,293	£72,397		£49,761
South Headingley		£40,218	£43,098	£69,297	£67,783	£62,045
Central Headingley		£37,487	£58,103	£66,039	£71,007	£62,111
Cardigan Triangle		£43,086	£51,707	£58,862	£87,576	£65,853
Beckett Park/Far Headingley	£36,633	£51,139	£74,107	£86,883	£106,033	£84,121

(Source: www.rightmove.co.uk 2012 and Leeds Economy Handbook 2011)

Overall, a single income of between £35,000 and £68,500 or a joint income of between £42,000 and £87,000 is needed to afford housing in the area.

- For one-bed flats, a single income of between £25,000 (Headingley Hill) and £35,000 (Hyde Park) or a joint income of £30,500 (Headingley Hill) and £42,000 (Hyde Park) is needed to afford to purchase
- For two-bed flats, a single income of between £31,000 (Central Headingley) and £46,000 (Headingley Hill) or a joint income of £40,000 (South Headingley) and £55,000 (Headingley Hill) is needed
- For two-bed houses, a single income of between £30,000 (Hyde Park) and £66,000 (Headingley Hill) or a joint income of £37,000 (Hyde Park) and £79,000 (Headingley Hill) is needed to afford to purchase

- For three-bed houses, a single income of between £33,000 (Woodhouse) and £72,000 (Beckett Park, Far Headingley, Weetwood) or a joint income of £40,000 (Woodhouse) and £86,000 (Beckett Park, Far Headingley, Weetwood) is needed to afford to purchase
- For houses with four or more bedrooms, a single income of between £37,000 (Woodhouse) and £88,000 (Beckett Park, Far Headingley, Weetwood) or a joint income of £44,000 (Woodhouse) and £106,000 (Beckett Park, Far Headingley, Weetwood), is needed to afford to purchase.

Over the last three years the home ownership market has been held back by changing lending practices. Table 9 shows the levels of deposit required according to the mortgage offer being presented. The average deposit is currently around 15-20%. Lenders are offering 95% mortgages but interest rates are higher.

Table 21: Deposits needed to afford entry level

Area	One-bed flat			Two-bed flat			Two-bed house		
	5%	15%	20%	5%	15%	20%	5%	15%	20%
Woodhouse				£6,499	£19,496	£25,995	£5,518	£16,554	£22,072
Hyde Park/Little Woodhouse	£6,125	£18,375	£24,500				£5,312	£15,936	£21,248
Headingley Hill	£4,433	£13,298	£17,730	£8,000	£23,999	£31,999	£11,498	£34,493	£45,990
South Headingley				£5,832	£17,495	£23,327	£6,249	£18,747	£24,997
Central Headingley				£5,436	£16,307	£21,743	£8,425	£25,275	£33,700
Cardigan Triangle				£6,248	£18,743	£24,990	£7,498	£22,493	£29,990
Beckett Park / Far Headingley	£5,674	£17,021	£22,695	£7,665	£22,996	£30,662	£10,741	£32,223	£42,963
Headingley / Meanwood	£4,950	£14,850	£19,800	£7,165	£21,495	£28,660	£10,750	£32,250	£43,000

(Source: www.rightmove.co.uk 2012 and Leeds Economy Handbook 2011)

Table 21 shows that:

- for a one-bed flat a deposit of between £4,400 (for a 95% mortgage) and almost £25,000 (for a 80% mortgage) would be needed, depending on location
- for a two-bed flat a deposit of between £5,400 (for a 95% mortgage) and almost £32,000 (for a 80% mortgage) would be needed, depending on location
- for a two-bed house a deposit of between £5,300 (for a 95% mortgage) and almost £46,000 (for a 80% mortgage) would be needed, depending on location.

Table 22: Number of years needed for first-time buyers to accumulate deposits

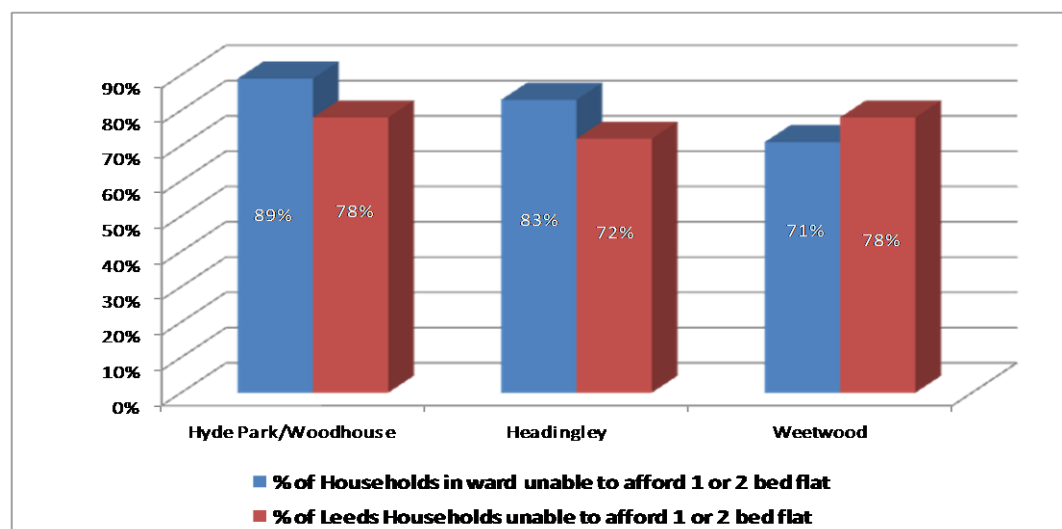
Area	One-bed flat		Two-bed flat		Two-bed house	
	Bottom quartile income	Average income	Bottom quartile income	Average income	Bottom quartile income	Average income
Woodhouse			10.3	6.6	8.8	5.6
Hyde Park/Little Woodhouse	9.7	6.2			8.4	5.4
Headingley Hill	7.0	4.5	12.7	8.1	18.3	11.6
South Headingley			9.3	5.9	9.9	6.3
Central Headingley			8.6	5.5	13.4	8.5
Cardigan Triangle			9.9	6.3	11.9	7.6
Beckett Park/Far Headingley/Weetwood	9.0	5.7	12.2	7.7	17.1	10.8
Headingley/Meanwood	7.9	5.0	11.4	7.2	17.1	10.9

(Source: www.rightmove.co.uk 2012 and Leeds Economy Handbook 2011)

Based on assumption of 1.5 times income and that household will save 10% of annual income

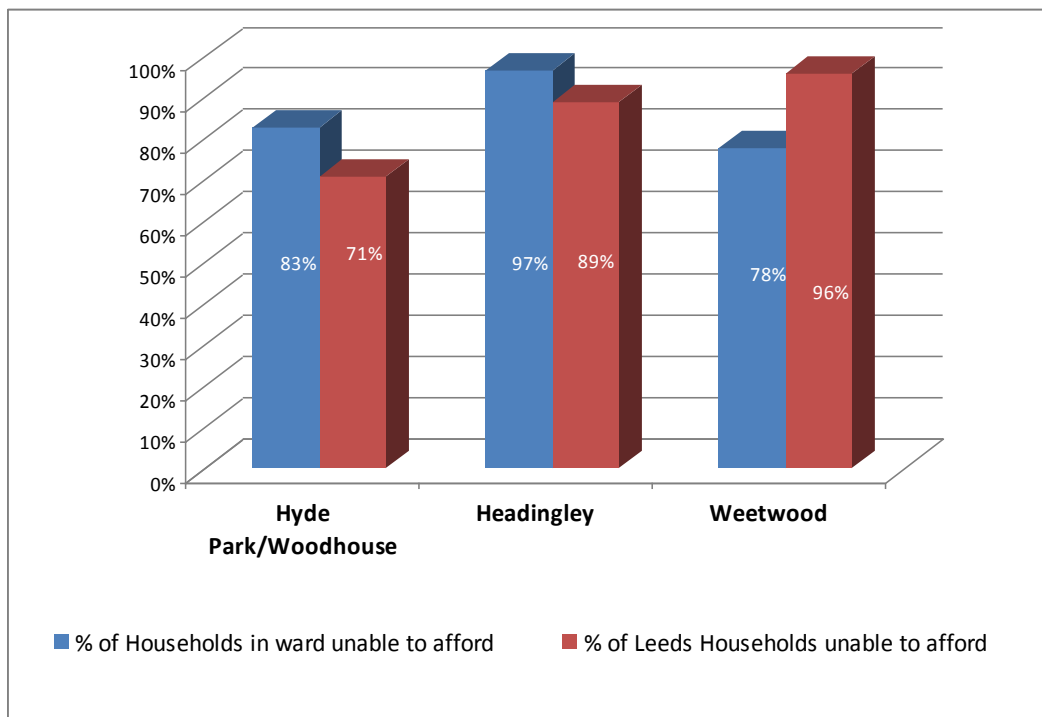
Table 22 shows the number of years it would take households on bottom quartile incomes and average incomes to accumulate a 20% deposit to secure a mortgage on different property types across Hyde Park, Headingley and Woodhouse. It shows that, even for average earners, accumulating the necessary deposit would take a substantial period of time, even in the less expensive parts of the area.

Graph 16: Percentage of households in each ward unable to afford entry level prices



(Source: www.rightmove.co.uk 2012 and Leeds Economy Handbook 2011)

Graph 17: Percentage of households in each ward and across Leeds unable to afford entry level prices



(Source: www.rightmove.co.uk 2012 and Leeds Economy Handbook 2011)

Graphs 16 and 17 show analysis of household income in relation to house prices in the area. They show the joint income needed to afford prices for different property type and the proportion of households within the wards covering the area and across Leeds unable to afford prices. At an entry level:

- 89% of households living in Hyde Park and Woodhouse ward and 78% of households across Leeds would be unable to afford to buy a one- or two-bed flat in Woodhouse or Hyde Park
- 83% of households living in Hyde Park and Woodhouse ward and 71% of households across Leeds would be unable to afford to buy a two-bed house in Woodhouse or Hyde Park
- 83% of households living in Headingley ward and 72% of households across Leeds would be unable to afford to buy a one- or two-bed flat in Headingley, South Headingley, Headingley Hill or the Cardigan Triangle
- 97% of households living in Headingley ward and 89% of households across Leeds would be unable to afford to buy a two-bed house in Headingley, South Headingley, Headingley Hill or the Cardigan Triangle
- 71% of households living in Weetwood ward and 78% of households across Leeds would be unable to afford to buy a one- or two-bed flat in the Far Headingley, Beckett Park and Headingley/Meanwood areas
- 78% of households living in Weetwood ward and 96% of households across Leeds would be unable to afford to buy a two-bed house in the Far Headingley, Beckett Park, and Headingley/Meanwood areas.

2.7.5 Private rented housing

The data on housing tenure shows a very high relative proportion of private rented housing across the area. The private rented market not only includes students, but also young professional and working households (single and couples), relocating families, families in the process of selling their properties needing to rent temporarily to conclude a sale and single persons leaving marital or relationship breakdown.

The affordability of self-contained private rented housing is an important component in understanding the movement towards young professional and working households seeking shared housing.

Table 23: Affordability of self-contained private rents in Headingley, Hyde Park and Woodhouse

Average rents per week	Share	1B	2B	3B	4B	ALL
Burley Lodge	£66					£66
South Headingley	£68	£115	£118		£185	£100
Central Headingley	£71	£120	£153	£176		£105
Woodhouse	£57	£103	£129	£132	£173	£105
Hyde Park	£64	£113	£129	£170		£105
Cardigan Triangle	£68	£110	£156			£111
Headingley Hill	£75	£131	£146			£135
Beckett Park/Far Headingley/Weetwood	£69	£120	£150	£196	£183	£144
Income needed to afford	Share	1B	2B	3B	4B	ALL
Burley Lodge	£11,405					£11,405
South Headingley	£11,722	£19,760	£20,315		£31,680	£17,226
Central Headingley	£12,157	£20,552	£26,176	£30,175		£17,939
Woodhouse	£9,742	£17,741	£22,216	£22,691	£29,700	£17,978
Hyde Park	£10,930	£19,364	£22,057	£29,106		£18,018
Cardigan Triangle	£11,682	£18,810	£26,770			£19,087
Beckett Park/Far Headingley/Weetwood	£11,880	£20,553	£25,760	£33,660	£31,482	£22,968
Headingley Hill	£12,870	£22,532	£24,988			£23,166

(Source: www.rightmove.co.uk 2012 and Leeds Economy Handbook 2011)

Table 23 shows that rents for self-contained private rented housing in the area increasingly require around an average income level (£20,000-£25,000). This goes some way to explaining the shift of demand towards shared housing that has occurred over recent years:

- Average rents for shared housing range from £57 to £75 per week
- Rents for one-bed flats range from £103 to £131 per week
- Rents for two-bed properties range from £118 to £156 per week
- Rents for three-bed properties range from £132 to £196 per week
- Rents for four-bed properties range from £173 to £185 per week.

- Rents for shared housing require an income of between £10,000 and £12,500 per year
- Rents for one-bed flats require an income of between £18,000 and £26,000 per year
- Rents for two-bed properties require an income of between £20,000 and £26,000 per year
- Rents for three-bed properties require an income of between £23,000 and £34,000 per year.

2.8 Views of estate agents and landlords on demand from young professionals, families, young couples, first-time buyers, Leeds Housing Register applicants

The view from local estate agents concerning demand from students, young workers and professionals and in terms of sales demand is as follows:

- a) There has been a clear shift in student demand towards Hyde Park from Headingley. The reasons for this shift have been identified as:

- i. the impact of 'word of mouth' communication amongst students, i.e. they tend to follow their friends' decisions and seek housing in areas where their friends are choosing to live
 - ii. being located in Hyde Park or Woodhouse reduces travelling times and costs and offers proximity to the city centre, the universities and Headingley
- b) Demand from young professionals is building, but applicants tend to want to avoid areas with concentrations of students, with the exception of some very new graduates
- c) Agents feel that it is unlikely that there will be a significant movement of residential family demand back into much of the area for a long time, and where it returns it will be in areas that were predominantly 'residential' before the increases in student numbers and investor interest
- d) There is stable demand from student parents for house purchase across the area, with demand tending to be for 'better properties' in Meanwood, Burley and Headingley
- e) Demand for owner-occupation tends to be from either households already living in the area; households which know the area; or households which are from outside Leeds. There is little evidence of demand from existing 'mature households with children' living in other parts of Leeds
- f) In **Hyde Park and Woodhouse** agents report little or no interest in purchase from existing households, incoming households or student parents
- g) Agents report that demand for purchasing housing in **Central Headingley** is still tilted towards investors or student parents. There is little evidence of demand from incoming family households to live in the area. There is some evidence of demand from first-time buyer professional couples for parts of the area that are more competitively priced, or that have flats or smaller dwellings.
- h) Agents report that **Burley** is in transition: there are fewer students seeking housing in the area; there has been increasing demand from young professionals (renters and first-time buyers) for housing in the area and an increasing incidence of landlords letting to housing benefit claimants.
- i) **Meanwood** is also in transition: there is reducing demand from students, but the area is popular with student parents. There is increasing demand from young workers/professionals (individuals and couples) linked to a perception that the area is 'on the up'. The location of Waitrose in the area and the opening of a number of bars and restaurants have had an effect on the image of the area.
- j) In the **Beckett Park and Far Headingley** areas, agents report a gradual shift back towards family owner-occupation.

2.9 Neighbourhood statistics

While there are clearly issues of neighbourhood management at play in the area, it is debatable whether these issues are as significant as portrayed by local activists. There has been substantial comment from local activists about levels of burglary, anti-social behaviour and environmental management issues arising from what is seen as the impact of student residence and HMO concentration.

2.9.1 Crime and anti-social behaviour

Table 24: Crime in Inner North West Leeds

Offence	March 2011	February 2012	% Change
Domestic Burglary	171	84	- 51%
Anti-Social Behaviour	231	160	- 43%
Robbery	21	8	- 62%
Violent Crime	44	37	- 16%
Vehicle Crime	86	49	- 43%
Other crime	287	190	- 34%

(Source: West Yorkshire Police/ www.crimestats.com)

Table 24 shows that across the range of crimes, levels have fallen substantially over the last year. It shows that burglary numbers have fallen by 51% over the last year; anti-social behaviour has fallen by 43%; robbery by 63% and vehicle crime by 43%. The figures tend to challenge the portrayal of the area as one 'riddled' by crime. Table 25 presents comparative data on burglary rates in Inner North West Leeds relative to other parts of the city.

Table 25: Comparison of burglary rates in Inner North West Leeds to other areas

Area	Burglary rate 2012 (Burglaries per 1,000 population)
Inner North West Leeds	1.22
Gipton and Harehills	1.32
Killingbeck and Seacroft	1.55
City and Holbeck	1.55
Burmantofts and Richmond Hill	2.42

(Source: West Yorkshire Police/ www.crimestats.com)

Table 25 shows that burglary rates in Inner North West Leeds are lower than in the areas with the highest burglary rates, and half the rate in Burmantofts and Harehills, which has the highest burglary rate.

2.9.2 Car usage and parking issues

Local residents have long complained about students adding to traffic and parking pressures in the area. However, research undertaken by Curtis Associates in 2011 for the University of Leeds showed that only 0.2% of students in institutional accommodation commuted to university by car; 64% walked and 22% travelled by bus. It also showed that of those students who brought their cars to Leeds, only 11.5% used them to commute to university.

3. IMPACTS OF CHANGE AND POTENTIAL INTERVENTIONS

This presents a discussion of the potential impacts of the student demand and supply, housing market and affordability issues outlined above.

3.1 Impacts of changing supply and demand factors

Currently it is not fully clear what the impact of higher tuition fees will be on student numbers and on the housing required to accommodate students coming to Leeds. As shown above HEFCE's significant reductions in institutional student number controls will have a major impact on student numbers in the city, as most if not all HEIs will struggle to make up the difference by recruiting from uncapped student categories. There will be some significant falls in intake into the medium term. The full effect of this downturn will not be felt until 2014/15, by which time the bulge in Leeds Met's intake for 2011/12 will have worked itself out of the system. It is likely that applications to the University of Leeds will remain buoyant given its traditional intake. It is also likely that student numbers at Leeds Metropolitan University, at least those coming to study full-time from outside the area, will reduce. Given the data on proposed new-build student accommodation any additional housing requirement will be met

The patterns of changing student demand and locational preferences may have some impacts on neighbourhoods in Inner North West Leeds. The abandonment of parts of the area by students may produce a series of housing market issues that will need to be addressed. Empty properties left by/no longer wanted by students may not be immediately taken up by replacement demand from families or other single occupancy households.

Empty bed spaces and properties may not be easy to bring back into use. Property prices are high as are price expectations of households, residential and investor. The costs of acquisition and refurbishment for use as alternative affordable housing may be very high. First-time buyer demand is still being frustrated by lending policies and deposit requirements.

For landlord investors there are a number of dilemmas relating to empty or under-let properties. Can they economically maintain single occupancy households (individuals, couples or families)? If they choose to sell, will they be able to do so at a financially viable level?

3.2 Demand issues

There are assumptions that vacation of properties by students will be taken up by family or other single occupancy demand.

There may be negligible demand for the types of properties becoming available for sale or letting in the area. Properties becoming available may be large properties, on sale at high cost and with substantial refurbishment costs. This may be off-putting to potential buyers or renters, especially starter households who may be attracted to the area. Many properties becoming empty or available may be without gardens and thus may be unattractive to families either relocating or with equity from previous housing. If available properties are located in areas with student concentrations, they may not be attractive to families or other single occupancy households.

The area suffers from negative perceptions and has a negative image. As long as this persists, it will be very difficult to attract new family or other single occupancy households to take up housing opportunities in the area.

3.3 Impact of changing market and demand factors on landlords

The market in Headingley has seen a significant shift in the last five years. Property values have fallen through lack of demand. First-time buyers and those in rented accommodation can now find affordable properties close to their places of work or the city centre. Students are choosing modern designer properties in which to live, both in the city centre and in the suburbs, as they are now affordable and readily available.

Small Victorian terrace houses are now less popular with students. There will always be demand for the larger, more glamorous, Victorian villas in areas close to the universities, as some students seek larger room sizes. This is often because their family home is of similar size and proportions, giving them a sense of well-being; the property is very close to their place of study or their social life; or they need the space for drawing boards, space for artwork or space for musical equipment.

Properties in areas slightly further afield in Burley and Meanwood continued to let whilst demand was exceeding supply, but have since become very difficult to let with significant numbers only 70% let or even unlet for significant periods. With an excess of rented accommodation now on the market, students are rejecting these locations and landlords are eager to dispose of their properties if they can sell at sufficient levels to redeem their debts.

Some 'reluctant landlords' and investors who bought at the height of the market may be unable to sell or reluctant to sell in order not to reduce prices they could achieve. Given the current market and demand changes, there may be properties from bankrupt or struggling landlords coming onto the market. There is reducing student demand but variable demand from other groups:

- Graduates do share housing in the area, but once they become young professionals they tend not to want to live in 'student areas'
- Demand from re-locators or those renting temporarily pending house sale is limited because there is substantial alternative choice in other parts of North Leeds
- Landlords are currently reluctant to rent to benefit claimants without 'assurances' (e.g. bonds, direct payment, support provision).

3.4 Impact of changes in conditions in sub-areas

3.4.1 *Far Headingley/Beckett Park, Cardigan Triangle*

The Beckett Park estate in Headingley was once an affluent residential area of semi-detached and detached housing, fashionable with professional and academic families. Between 2005 and 2007 not one house was sold to a family. Many of the landlords who own property in Beckett Park are no longer interested in buying semi-detached housing for student letting and many would ideally like to sell the semis they currently own, but with prices 15% down on what they remortgaged them for in 2006/07 they are unable to do so for the time being. Development of Tetley Hall and Bodington Hall will further alter the population balance in favour of longer-term residential occupation. There is probably no need for specific intervention, except possible application of Article 4 to maintain the recent changes.

3.4.2 *Headingley Hill*

There is steady and largely unchanging demand. However, properties are too large for family occupation and too expensive for first-time buyers.



Most properties are large villas and many have already been converted to flats. There may be demand from 'family builders' for flats and potentially from affluent re-locators, visiting academics or medical professionals. It would appear that there is no need for specific intervention.

3.4.3 Hyde Park

There have been further concentrations of students into Hyde Park. There is high demand from students and landlords are eager to invest. Properties are either very large terraces, mostly without gardens, or small terraces and back-to-backs, again without gardens and often located in unattractive streetscapes.

Available information on housing tenure (see above) shows levels of owner-occupation are very low and it is unlikely that there will be incoming demand from families for available housing. Property types are likely to be unattractive to families.



There may be some demand from South Asian households, given proximity to the Hyde Park mosque, but estate agents suggest that this may be transitory as such households often seek to move up to Central Headingley. First-time buyers could be attracted but current lending policies and deposit requirements will hold back demand for some time. The concentration of student housing is likely to continue as returning student demand is substantially focused in this area. There could be a potential negative impact of Article 4, if applied.

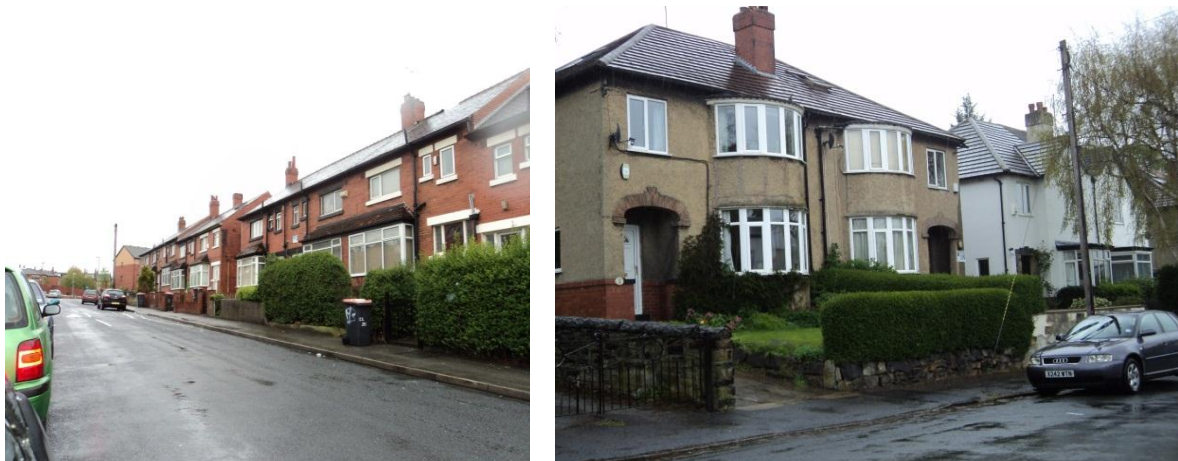
3.4.4 South Headingley

There have been further concentrations of students into South Headingley. There is high demand from students and landlords are eager to invest. Properties are either very large terraces, mostly without gardens, or small terraces and back-to-backs, again without gardens and often located in unattractive streetscapes.

Information on housing tenure (see above) shows levels of owner-occupation are very low and it is unlikely that there will be incoming demand from families for available housing. Property types across the area are likely to be unattractive to families. There may be some demand from South Asian households, given proximity to the Hyde Park mosque, but estate agents suggest that this may be transitory as such households often seek to move up to Central Headingley. First-time buyers could be attracted but current lending policies and deposit requirements will hold back demand for some time. The concentration of student housing is likely to continue as returning student demand is substantially focused in this area.



The Mayvilles, Ashvilles and Buckinghams (above) contain property types that could be attractive to incoming South Asian families or first-time buyers, but current lending policies and deposit requirements will hold back demand for some time.



Overall, Article 4 could have a negative impact, if applied on a flat rate quota basis.

3.4.5 Harolds and Burley Lodge

The area is in transition. There are fewer empty properties than in other areas, but a high concentration of back-to-backs may have implications: smaller properties (like back-to-backs) are not popular with larger student groups and may not be attractive to families. Furthermore, much of the area has little green space and unattractive streetscapes.



However, back-to-backs could become attractive to first-time buyers, if property condition and environmental/streetscape conditions were improved. Prices for these properties peaked around £130,000 at the top of the market in summer 2007, but today are between £80,000 and £110,000. To a first-time buyer such a property would cost around £400 per month with a mortgage, significantly less than its rental equivalent of £600 per month. However, first-time buyer demand may be constrained by the prevailing paucity of low-deposit finance.

Currently, a first-time buyer would need around £20,000 as a deposit, which is beyond the reach of most. There could also be a potential negative impact of Article 4 being applied in an area where single occupancy demand may be fragile at best.

3.4.6 Meanwood, Burley and Kirkstall

These areas are in transition. Students no longer find them attractive. The data on empty properties shows a higher than average proportion of properties empty for over six months. There is some evidence of first-time buyer interest, especially in Meanwood, which is seen as an 'up and coming area', but also in Burley/Kirkstall. A major factor inhibiting first-time buyers from purchasing is the lack of low-deposit finance, such as the typical 95% and 100% mortgages available pre-2007.

Today a first time buyer would need around £25,000 as a deposit, which may be beyond most first-time buyers' pockets for this style of property. There is also demand from young workers for shared housing and evidence of letting to benefit claimants.

3.4.7 Little Woodhouse

This area is in transition. There has been a movement of students into purpose-built housing. There are fewer students in off-street housing and a relatively low proportion of properties empty for over six months.



Housing is a mix of large terraces and villas, small terraced homes and council housing. The area around Hanover Square shows signs of recent refurbishment. There is evidence of increasing numbers of young professionals and workers sharing housing in the area. There is little evidence of single occupancy/family demand.

3.4.8 Woodhouse

The Woodhouse area is in transition. Students have moved into purpose-built accommodation in the area. This has been negated by a contrary move of students out of off-street properties. While this has happened there has been uncertain demand from other groups. The area has been suffering from a negative image and some landlords are actively seeking to sell up. There are a lot of properties apparently unlet. Housing is mostly privately rented or owner-occupied, but there is a substantial stock of council housing in the Holborns. The properties are mostly terraced with yards and in variable condition: some appear to be in good condition but there is also some evidence of dereliction.



The area around Cliff Road contains some traditional family housing. Given current conditions, the area's poor image and the remaining large student population, it is unclear whether there would be demand from incoming single occupancy households.

3.4.9 Central Headingley

The area is undergoing structural market change: families were moving out before student number increases and their migration out of the area accelerated thereafter. There has been a clear movement of students out of the area. Landlords have reported that properties have been getting difficult to let for some time. The data given above shows a high number of empty bed spaces (and empty properties). The area is no longer considered to be part of the 'North Leeds market'. There is very uncertain family demand and first-time buyer demand, limited by prices and current mortgage restrictions and by the property types likely to be 'on offer'.

Properties within Central Headingley are too expensive generally for first-time buyers. Properties in the Estcourts and Headingleys are very large terraces with no, or very little, garden space.



In the Granbys, Trelawns and Grimthorpes there is a mix of terraces and back-to-backs, again with no gardens. There are also still high concentrations of students and HMOs which may be off-putting to other sources of demand.



T
h

There is, however, a stock of attractive family housing in the Turnways and Greysheils Avenue, which would be attractive to families or 'family builders', and there are signs that these are returning to single occupancy.



Given the uncertain housing market conditions in Central Headingley, application of the Article 4 Direction could have a negative impact.

3.5 Potential Actions

3.5.1 *Leave the market to correct itself*

The market is changing, the population balance is changing and there may be little to be gained by intervening across the area, especially in many of the sub-areas. In areas in transition consideration needs to be given to what types of household would, or could, live in areas with surplus properties/bed spaces where market change is evident. There is no easy way to return HMOs to family occupation/single occupancy. There is little evidence of significant demand from families and properties may be unsuitable or not what families want; or may be too large for starter households/first-time buyers.

Interventions could be encouraged to target and assist purchase by starter households/ 'family builders' where property types are suitable. Use of Article 4 in a 'blanket' manner may have unintended consequences (see below). Use of Article 4 in areas returning to residential single occupancy may work in protecting that change back, but in others may cause housing market dysfunction.

3.5.2 *Let the market operate but develop selective interventions in areas in transition*

Recycling empty properties

There are varying markets for surplus private rented housing for students. Young professionals wanting to avoid 'student areas' could take up rented options should students move out. Young professional couples could, once mortgage lending eases, enter the market as first-time buyers. Such households would be the 'family builders' of the future. Landlords could let to Leeds Housing Register applicants on benefit or in low-paid work although rent levels would be significantly lower and the households concerned could be vulnerable and difficult to manage.

There are, as shown above, a high number of empty properties across Headingley, Hyde Park and Woodhouse and in some adjacent areas. There needs to be consideration of actions to bring these back into use.

These could include

- i.* Encouragement to first-time buyers to purchase with potential use of a local authority mortgage scheme
- ii.* Purchase by housing associations for letting as affordable housing (although the number of these that would be feasible would be likely to be small)
- iii.* Landlords owning empty properties could consider leasing them to housing associations for letting as affordable housing, or consider letting them to single occupancy households on benefit/Leeds Housing Register applicants
- iv.* Consideration could be given to conversions by investors of larger empty/surplus properties to flats aimed at first-time buyers and young 'family builders'.

Through the Headingley Development Trust there have been moves to try and acquire empty properties for 'recycling' as affordable housing. So far however, these have not been successful.

Refurbishment of back-to-backs

In order to make the numerous back-to-backs in the area more attractive to potential purchasers, consideration needs to be given to how to refurbish them and how to improve the street environment. This may need to be done through a partnership vehicle. Purchase and refurbishment by housing associations may be problematic (as they would need to be made compliant with the Decent Homes Standard/ Housing Health and Safety Rating System) and costly.

There may be options in the future to use Green Deal/energy efficiency funding for improvements. Refurbished properties could be aimed at first-time buyers, possibly with assistance from a local authority mortgage scheme.

Neighbourhood management

There are clearly a range of neighbourhood management issues at play across the area including continuing action on community safety, refusal disposal, environmental management and action on anti-social behaviour. These need to be continued and strengthened through coordinated action by the local Neighbourhood Improvement Board. Continuing action by the students' unions to reduce domestic burglaries through initiatives such as the 'Knowledge' campaign should be supported. The increasing community activity by students in the area should be welcomed and supported.

Marketing and publicity

Action is needed to counteract the negative image of the area that has built up over time. The area has many attractions and amenities. The negative portrayals of the area need to stop. The area should be promoted as a good place to live. In particular the area and living options within it should be promoted to young couples/'family builders'.

Use of Article 4

The policy on houses in multiple occupation in the Core Strategy is based on an assumption that multiple occupancy is somehow unhealthy. The definition of an HMO that forms the basis for the Article 4 Direction identifies one as containing three unrelated adults. However, it is difficult to see in occupancy terms and in terms of pressure on services, the difference between a household of three students (or young professionals) and a couple with two teenage children. There is a growing demand for shared housing from young workers unable to access social housing or afford self-contained market rents, and who are unable to enter home ownership.

There are a range of issues regarding its implementation. The adoption of a policy preventing change of use to an HMO if the proportion of HMOs is over a certain quota could have unintended consequences (see below). It is not clear if there is a robust evidence base on the number of HMOs in different locations.

There are currently a number of challenges being made to policy on Article 4. The City Council is waiting to see the outcomes of these before developing a policy on implementation of Article 4. Landlords are particularly concerned that should they let to a single occupancy household they remain able to let as an HMO in the future – the ‘flipping argument’. A ‘blanket’ application could restrict opportunities to provide the shared housing needed to deal with demand arising from welfare reform and the increase in demand from young workers.

The policy and the views of some organisations on its implementation also assume that there would be a ready demand from families/single occupancy to purchase properties becoming available. There are also assumptions that landlords will let to single occupancy households should they be unable to let as HMOs. There is little evidence to support this.

The setting of quotas may prove to be both very difficult and could have potentially damaging impacts on the housing markets in the Article 4 area, and on the ability of homeowners to sell their properties and move where they want or need to.

- *10% threshold* – if this were to be applied across the Article 4 area, then all sub-areas in Inner North West Leeds would be likely to be affected. Some areas probably have concentrations of HMOs at 70% or more. Presumption against HMOs may ‘trap’ family sellers if there is no demand from single occupancy households
- *20% threshold* – the same issues may apply as for a 10% threshold. However, it could work in areas with fewer HMOs or where markets are reverting to single residential occupancy
- *Three-tier threshold* – this could be set to reflect current market characteristics. There could be:
 - A 20% threshold set in areas with few HMOs or where markets are reverting to single residential occupancy
 - A 40% threshold could be set in areas in transition and potential use as HMOs could be agreed if properties were empty for more than six months
 - A 70% threshold could be set in areas with high existing concentrations (i.e. if over the threshold, no application of Article 4) and potential use as HMOs could be agreed if properties were empty for more than six months

There will be issues of how to identify when change of use happens. Also, given current financial constrictions on Leeds City Council, it is questionable whether there could be sufficient enforcement resources.

Partnership approaches

It is very unlikely that Inner North West Leeds will be an area of priority for public funding allocated through Leeds City Council. There are a number of areas with very high priority needs for investment and limited available finance. Therefore, actions to ‘rebalance the housing market’, especially in Headingley will need a partnership approach and the levering in of private investment. Consideration could be given as to how a partnership vehicle could be developed to achieve this. Such a vehicle could, in theory, coordinate actions and finance to recycle empty properties, fund property and environmental improvement, consider the feasibility of converting large empty terraced housing to flats for starter households and organise assistance to first-time buyers.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Summary

Attracting students to Leeds and retaining graduates to serve the Leeds economy remain a priority for the Council and the city, but there is concern that this should be achieved without causing damage to neighbourhoods where students may choose to live.

Encouraging increasing numbers of young people into higher education from the late 1990s was not matched by forward planning of accommodation to meet the housing needs of those young people. The failure to supply specific purpose-built housing for increased student numbers led to an unplanned expansion of shared housing across areas adjacent or close to the universities.

Supply of additional purpose-built student accommodation did not come on stream in significant numbers until after 2005. Investment landlords sought to purchase properties to provide supply to meet the additional student demand.

This failure to plan for accommodating increased student numbers led to a distortion of local housing markets in areas in proximity to the universities and to some displacement of longer-standing 'residential' households out of the area. Since 2007 there has been a clear change in pattern of student housing choices:

- There has been a rapid increase in new purpose-built student accommodation in and around Leeds city centre, which has absorbed most demand from first-year students. There is also clear evidence of student residence in city centre apartments, not purpose-built specifically for students
- There has been a shift in student residential demand from Headingley and other areas some distance from the universities and the city centre (Far Headingley, Central Headingley, Meanwood, Burley and Kirkstall) towards areas closer to the universities (Hyde Park, Woodhouse and Little Woodhouse).

4.2 Impacts

1. The changes in student demand and locational preference have meant that many of the neighbourhoods in Inner North West Leeds are in transition. There has not been any substantial increase in demand from young professionals to take up the slack and demand from single occupancy households is very uncertain.
2. It has meant that levels of empty properties (especially those empty long term) are amongst the highest in the city and there is still a surplus of bed spaces in shared private rented housing.
3. There is in many neighbourhoods a mismatch between supply and demand. Vacant properties are often very large (four-, five- or six-bedroom terraces), making them expensive and probably too large for families, and out of reach of young couples, and few have gardens, making them unpopular with families. Others are small back-to-backs, which can be unpopular with households, are often located in unattractive streetscapes, and certainly would not be suitable for family occupation.
4. The continuing constraints on new home ownership arising from lending restrictions and the requirement for large deposits will probably frustrate increased demand from first-time buyers who would be the natural source of demand for vacated properties in the area.

5. While private landlords could let to single occupancy households, most see this as a last resort. Purchase of vacant properties by housing associations for letting to Leeds Housing Register applicants may be costly and it is unlikely that public subsidy would be forthcoming.

4.3 Options for action

1. As stated above there would appear to be little option for public funding to finance change in the neighbourhoods affected by the changes in student demand
2. Consideration needs to be given to recycling empty properties and bringing them back into use either for purchase or letting
3. There is a need for investment (physical , energy efficiency and environmental) in back-to-backs, but it is difficult to see where that investment will come from
4. There is a need for investment in the environmental and streetscape of many parts of the area to make them more attractive to incoming households
5. There needs to be a sensible and viable implementation of Article 4 Direction and one which does not trap homeowners wanting or needing to leave the area
6. If landlords are to let to new markets they will need a package of support (bonds, tenant referencing, floating support) to enable that to happen
7. The neighbourhood management initiatives in place in the area need to be continued and enhanced
8. There is a need for a far more positive promotion of the area and an end to the negative descriptions that have taken hold and are now frustrating demand
9. Consideration is needed for some sort of partnership vehicle to coordinate effort and resources of existing organisations and lever in private finance.

Unipol Student Homes is a Company limited by guarantee, registered in England and Wales No. 3401440.
Registered Charity No. 1063492. VAT Registration No. 698 8456 49. Registered Office: 155-157 Woodhouse Lane, Leeds LS2 3ED

Contact Telephone: 0113 205 3412
Email: V.Loverseed@unipol.org.uk