Lewisham HMO Review and Evidence Paper

May 2022

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1. Introduction

1.1. This paper has been written in response to continued concern from Councillors, a Member of Parliament (MP) and local residents regarding the impact of Houses in Multiple Occupation (HMO) across the London Borough of Lewisham (LBL) but particularly in Catford South ward.

2016 Review

1.2. In 2016, the Council carried out a review of the quantity and spatial distribution of HMOs in the borough. This was in response to concern from Council Enforcement Officers, Councillors and local residents regarding the creation of poor quality HMOs, particularly within Bellingham, Downham and Whitefoot wards. The review looked at whether there was sufficient evidence to demonstrate sufficient harm arising from high concentrations of HMO to justify an Article 4 Direction.

1.3. It found that neither a high number nor concentration of HMO in any particular area could be identified with the data sets available. Therefore, the review concluded there was insufficient evidence to support an Article 4 direction. It also noted that the issues being faced could be dealt with more appropriately via licensing.

2018 Review

1.4. In 2018, the Council updated the 2016 review following concerns from Council Enforcement Officers, Councillors and local residents regarding the creation and concentration of poor quality HMOs.

1.5. The review found that whilst the data available did not suggest a significant increase of HMOs within the borough, it did demonstrate a change in their spatial distribution with a significant increase and clustering within the borough's southern wards. It therefore concluded there was insufficient evidence to support a borough-wide Article 4 Direction.

1.6. However, an Article 4 Direction to remove permitted development rights for small HMOs in Lewisham's southern wards of Bellingham, Whitefoot, Downham and Grove Park was recommended. It was deemed that these wards which traditionally had the lowest proportion of HMOs in the borough are unsuitable locations for high HMO concentrations due to their high levels of deprivation, poor public transport accessibility and suburban character with a high concentration of family homes. The Article 4 Direction came into effect in March 2020. The boundary of the Article 4 Direction is shown in Appendix 1.

1.7. The review also recommended that:

- Alongside the Article 4 Direction, a selective or additional licensing scheme is explored to enable the Council to better manage the impact and improve the standard of small HMOs within Lewisham's southern wards.
- The new Local Plan being prepared proposes development management policies which addresses the harmful overconcentration of HMOs.
- A Council-wide monitoring system which facilitates cross-departmental data sharing and a better understanding of HMOs should be developed. It can be used to as part of a robust evidence to support future Article 4 Directions and extensions to licencing.

1.8. The following recommendations been implemented since the 2018 Review:
- The Council implemented a new Additional Licensing scheme covering most HMOs in April 2022.
- The new Local Plan being prepared proposes more stringent and thorough development management policies regarding HMOs, which addresses harmful over concentrations.

1.9. However, the development of a Council-wide monitoring system facilitating cross-departmental data sharing and a better understanding of HMOs has been hampered by the Covid-19 pandemic, but improvements have been made. For instance, the Council have enacted a joint enforcement approach whereby officers from multiple Council services, including enforcement, building control and planning, have started to attend inspections together and commit to cross-departmental data sharing.

2022 Review

1.10. By September 2021, the Council were receiving regular correspondence and concerns about HMOs in Catford South ward and more generally across the borough from Councillors, local residents and the MP. As such, the Council has undertaken an update of the 2018 review. The purpose of this review is to:
1. Update the data sets and review new data sets on the quantity and spatial distribution of HMOs.
2. Review evidence available on whether harm to the local amenity or wellbeing of an area are arising from HMOs.
3. Ascertain whether there is sufficient evidence to justify further Article 4 Directions in other wards.

Evidence

1.11. For the 2018 Review, an indicative picture of the range of HMOs was built up by assessing data from the following sources:
- Planning Records
- Planning Enforcement Records
- 2001 and 2011 census (Office for National Statistics)
- Council Tax records
- Benefits Data (Shared Accommodation Rate Claims)
- Street Surveys for Bellingham Downham and Whitefoot wards once the initial assessment had been undertaken. This was carried out to strengthen the evidence, as whilst the initial assessment demonstrated a change in HMOs' location, it did not clearly indicate a significant rise.

1.12. For the 2022 Review, the same sources were reviewed again apart from three data sets due to unavailability:
- **Census data**: whilst a new census was completed in 2021, the data is unreleased from the Office for National Statistics (it is anticipated to become available by 2023).
- **Benefits data** (Shared Accommodation Rate Claims): no longer available to the Council due to the rollout of universal credit in July 2018, which absorbed housing benefits.
- **Street surveys**: given that the initial assessment has clearly indicated significant rises in the number of HMOs within many wards, this was considered unnecessary

and would be too-resources intensive and costly to undertake comprehensive street surveys across the borough.

1.13. Additional data sets and research were also reviewed as part of this update. This includes predictive modelling, undertaken by the Council's housing data scientist, which predicts the probability of properties being an HMO using a range of indicators to estimate the borough's total number of HMOs. And research previously undertaken by the Council into the private rental sector (PRS) and HMOs to inform the Council's additional licensing scheme and the application for selective licensing.

1.14. New LBL ward boundaries has taken effect since the local elections on the 5th of May 2022.This review however uses previous ward boundaries for two reasons. Firstly, using previous ward boundaries enables direct comparison of the quantity and spatial distribution of HMOs between wards since the 2018 review. Secondly, the evidence drawn upon as part of this review used previous ward boundaries as the studies were undertaken before the new ward boundaries came into effect. However, this review includes maps showing the distribution of predicted HMOs in relation to both old and new ward boundaries.

1.15. In establishing an evidence base for 2016, 2018 and 2022 Review the accurate identification of the quantity and spatial distribution of HMOs in the borough was problematic due to several factors, the primary ones being:

- the expansion of permitted development rights to allow conversion of a C3 dwellinghouse to C4 small HMO;
- unauthorised development; and
- under-reporting of conversions.

2. Background

2.1 The London Plan (2021) acknowledges the role of HMOs in meeting the housing needs of London's residents. HMOs are an important source of low-cost housing within the private rented sector, particularly for those on low incomes, students, young people and vulnerable groups who cannot access other types of market or affordable housing. HMOs are also an important source of flexible housing for those seeking temporary accommodation.

2.2 A report[1] produced by the then Department for Communities and Local Government (DCLG), now the Department for Levelling Up, Housing and Communities (DLUHC), was directly prepared in response to the problems associated with high concentrations of HMO. Despite the report noting that positive regeneration impacts can result from this spatial distribution, such as introducing a new population and life into an area, it notes that the following negative impacts can also be experienced:

- Poor refuse management;
- Anti-social behaviour, noise and nuisance;
- Imbalanced and unsustainable communities;
- Negative impacts on the physical environment and streetscape;
- Pressures upon parking provision;

[1] Evidence Gathering – Housing in Multiple Occupation and possible planning responses 2008.

- Increased crime;
- Growth in private sector at the expense of owner-occupation;
- Pressure upon local community facilities, and
- Restructuring of retail, commercial services and recreational facilities to suit the lifestyles of the predominant population.

2.3 Currently, 17 out of 32 London Boroughs have introduced an Article 4 Direction removing permitted development rights for the change of use from C3 dwellinghouse to C4 small HMO.11 of these apply borough-wide, and 6 apply to focussed areas. The fact that over half of all London Boroughs have demonstrated a need to remove such permitted development rights - the majority of which are borough-wide - clearly indicates that an unregulated growth of small HMOs is an issue across London and not just in Lewisham.

2.4 As part of a balanced mix of housing, the Council recognises that HMOs are a legitimate form of housing that meets a need for some of Lewisham's residents. However, when highly concentrated and poorly managed, they can create harmful impacts for local communities, including the occupants of HMOs themselves, and reduce the supply of family housing units (3 or more bedrooms). Therefore, this review has been prepared to ascertain whether a further Article 4 Direction is required to ensure the local amenity and well-being of an area is protected and the demand for HMOs is balanced with the need for family housing.

2.5 An Article 4 Direction does not mean an application for small HMO would be automatically refused. It merely requires the submission of a planning application for a proposed HMO so that the impacts can be assessed in accordance with the relevant planning policies adopted in the local plan at the time.

2.6 It is important to note that issues surrounding HMOs cannot be mitigated by planning alone. Any further Article 4 Direction will form part of a corporate response across the Council, including licensing, to improve property standards and better manage the impacts of HMOs.

3. HMO definitions

3.1 HMOs are defined in a number of ways by different Council and government departments. This is an issue in itself for making the accurate identification of the quantity and spatial distribution of HMOs in the borough problematic.

3.2 The definitions of a HMO within the planning, housing, council tax and census context are set out below.

Planning

3.3 Planning law[2] divides HMO types into two categories:

- **A small HMO** is defined as a dwelling that is occupied by between 3 and 6 unrelated individuals who share basic amenities such as a kitchen or bathroom. A small HMO

[2] The Town and Country Planning (Use Classes) Order 1987 (as amended) and The Town and Country Planning, (General Permitted Development) (England) Order 2015.

is classified as a 'C4' use within the Use Class Order, 2015. Single family dwellings (classified as C3 use) are permitted to change use to a C4 use and vice-versa without the need to gain planning permission according to The Town and Country Planning, (General Permitted Development) (England) Order 2015.

- **A large HMO** is defined as a property that is occupied by more than 6 unrelated individuals that share basic amenities such as a kitchen or bathroom. A large HMO is classified as Sui Generis (a use that does not fall in any Class). The creation of a large HMO requires planning permission.

Housing

3.4 In summary, the definition of a HMO according to the Housing Act, 2004 is a building or part of a building that:

- is occupied by more than one household and where more than one household shares, or lacks an amenity, such as a bathroom, toilet or cooking facilities;
- is occupied by more than one household and which is a converted building, but not entirely into self-contained flats (whether or not some amenities are shared of lacking);
- and/or, is converted into self-contained flats, but does not meet as a minimum standard the requirements of the 1991 Building Regulations (known as S275 HMOs), and at least one third of flats are occupied under short tenancies.

Council Tax

3.5 The Council Tax (Liability for Owners) (Amendment) Regulations 1992 define a HMO as any which:

- Was originally constructed or subsequently adapted for occupation by persons who do not constitute a single household; or (and prior to 1 April 1995).
- is inhabited by a person who, or two or more persons each of whom, is either: the tenant of, or has a licence to occupy part only of the dwelling (e.g. a single room) or; has a license to occupy the dwelling, but is not liable (whether alone or jointly with other persons) to pay rent.

Census

3.6 The Census makes the distinction between shared and unshared dwellings. A dwelling is classified as shared if:

- the household spaces it contains have the accommodation type "part of a converted or shared house";
- not all the rooms (including kitchen, bathroom and toilet, if any) are behind a door that only that household can use; and,
- there is at least one other such household space at the same address with which it can be combined to form the shared dwelling.

4. Policy and legislative context

National

4.1. The National Planning Policy Framework (NPPF, 2021) does not set out specific guidance on HMOs. Although, paragraph 61 of the NPPF states that *the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies*.

4.2. In addition, paragraph 7 of the NPPF states *that the purpose of the planning system is to contribute to the achievement of sustainable development*. At a very high level, the NPPF explains the objective of sustainable development as *meeting the needs of the present without comprising the ability of future generations to meet their own needs* (NPPF, paragraph 7).

4.3. In order to achieve sustainable development, the planning system has three overarching objectives: economic, social and environmental. The social objective seeks to ensure that *a sufficient number and range of homes can be provided to meet the needs of present and future generations* (NPPF, paragraph 8.b).

Planning Use Classes

4.4. Important changes affecting HMOs took place in 2010. The Town and Country Planning (Use Classes) (Amendment) (England) Order 2010 (SI 653) came into force on 6 April 2010 and its main effect was to amend Class C3:

Prior to the amendment Class C3 read as below:

Dwellinghouses

Class C3 Use as a dwellinghouse (whether or not as a sole or main residence) by-
a single person or by people living together as a family, or by not more than six residents living together as a single household (including a household where care is provided for residents).

Post the amendment:

Class C3. Dwellinghouses

Use as a dwellinghouse (whether or not as a sole or main residence) - by

a. a single person or by people to be regarded as forming a single household;
b. not more than six residents living together as a single household where care is provided for residents; or
c. not more than six residents living together as a single household where no care is provided to residents (other than a use within Class C4).

Interpretation of Class C3

For the purposes of Class C3(a) “single household” shall be construed in accordance with section 258 of the Housing Act 2004.”

Class C4. Houses in multiple occupation

Use of a dwellinghouse by not more than six residents as a “house in multiple occupation”.

Interpretation of Class C4

For the purposes of Class C4 a “house in multiple occupation” does not include a converted block of flats to which section 257 of the Housing Act 2004 applies but otherwise has meaning as in section 24 of Housing Act 2004.

4.5. After the publication of the 2010 amended Use Classes Order, the then DCLG published ‘Changes to planning regulations for dwelling houses and houses in multiple occupation’ (2010) which further explained that “*For the purposes of C3(b) and (c) single household is not defined in the legislation.”* (Paragraph 1) and *“Furthermore, C3(b) continues to*

make provision for supported housing schemes, such as those for people with disabilities or mental health problems.'' (Paragraph 4).

4.6. The Town and Country Planning (General Permitted Development) (Amendment) (England) Order also highlights the tenure types and types of management arrangements that are excluded from C4 (HMO between 3 and 6 unrelated individuals):

- *Social housing is excluded from C4 as are care homes, children's homes and bail hostels. Properties occupied by students which are managed by the education establishment, those occupied for the purposes of a religious community whose main occupation is prayer, contemplation, education and the relief of the suffering are also excluded. Some of these uses will be in C3, others will be in other use classes or fall to be treated as sui generis* (Paragraph 30).
- *Properties containing the owner and up to two lodgers do not constitute a house in multiple occupation for these purposes* (Paragraph 31).

4.7. In the document 'Changes to planning regulations for dwellinghouses and houses in multiple occupation' Annexe A Guidance on Classes it gives the following guidance in regard to large HMOs:

- *Large houses in multiple occupation – those with more than six people sharing – are unclassified by the Use Classes order and are therefore considered to be 'sui generis''* (Paragraph 16).
- *Although the control limit of six persons defines the scope of the C3 (b) and (c) dwellinghouses and C4 houses in multiple occupation classes, this does not imply that any excess of that number must constitute a breach of planning control. A material change of use will occur only where the total number of residents has increased to the point where it can be said that the use has intensified so as to become of a different character or the residents in relation to C3 no longer constitute a single household* (Paragraph 17).

Article 4 Directions

4.8. The Government has given Councils the power to remove certain 'permitted development rights' in all or part of their area through Article 4 of the General Permitted Development Order 2015 (as amended) if they consider it is appropriate to do so and there is sufficient planning justification.

4.9. There are two types of Article 4 directions under the 2015 Order:

- **An immediate Article 4 Direction** applies when the development to which the direction relates would be prejudicial to the proper planning of their area or constitute a threat to the amenities of their area. The direction withdraws permitted development rights with immediate effect once notice of the direction is published. However, a local planning authority may be liable to pay compensation to a landowner when permitted development rights are removed by an immediate Article 4 Direction. All claims for compensation must be made within 12 months of the date on which the planning application for development formerly permitted is refused.

- **A non-immediate Article 4 Direction** requires a 12 month interval after notice of the direction is published before the direction comes into force. A non-immediate Article 4 Direction is therefore implemented to reduce the likelihood of any compensation claims against the Council.

4.10. Paragraph 53 of the NPPF states the use of Article 4 directions to remove national permitted development rights should:

…be limited to situations where this is necessary to protect local amenity or the well-being of the area… [and]…be based on robust evidence, and apply to the smallest geographical area possible

4.11. Furthermore, Planning Policy Guidance (PPG) adds further clarity on when it is appropriate to use Article 4 Directions. Paragraph 038 states:

The potential harm that the article 4 direction is intended to address will need to be clearly identified, and there will need to be a particularly strong justification for the withdrawal of permitted development rights relating to a wide area (e.g. those covering entire area of a local planning authority).[3]

4.12. The PPG also clarifies that Article 4 Direction cannot be used to restrict changes between uses in the same use class of the Use Classes Order as movement from one primary use to another within the same use class is not development and therefore does not require planning permission.[4]

Regional

London Plan

4.13. The London Plan (2021) recognises the importance of HMOs. Policy H9 (Ensuring the best use of stock) of the London Plan states that *Boroughs should take account of the role of HMOs in meeting local and strategic housing needs. Where they are of a reasonable standard they should generally be protected.*

4.14. The supporting text of Policy H9 clearly acknowledges the important role HMOs play in London's Housing market by stating:

HMOs are an important part of London's housing offer, reducing pressure on other elements of the housing stock. Their quality can, however, give rise to concern. Where they are of a reasonable standard they should generally be protected and the net effects of any loss should be reflected in Annual Monitoring Reports. In considering proposals which might constrain this provision, including Article 4 Directions affecting changes between Use Classes C3 and C4, boroughs should take into account the strategic as well as local importance of HMOs (Paragraph 4.9.4).

4.15. Achieving high standards of residential quality and design internally and externally are matters that the 2021 London Plan seeks to deliver through Policy D56 Quality and Design of Housing Developments, in that *housing development should be of high quality design and provide adequately-sized rooms with comfortable and functional layouts*

[3] Paragraph: 038 Reference ID: 13-038-20210820
[4] Paragraph: 036 Reference ID: 13-036-20140306

which are fit for purpose and meet the needs of Londoners without differentiating between tenures.

Local

Adopted

4.16. DM Policy 6 of the Development Management Local Plan (2014) sets out the Councils planning policy approach to HMOs. DM Policy 6 states:

1. *The Council will only consider the provision of new Houses in Multiple Occupation where they:*
   a. *are located in an area with a public transport accessibility level (PTAL) of 3 or higher;*
   b. *do not give rise to any significant amenity impact(s) on the surrounding neighbourhood*
   c. *do not result in the loss of existing larger housing suitable for family occupation, and*
   d. *satisfy the housing space standards outlined in DM Policy 32.*

2. *The Council will resist the loss of good quality Houses in Multiple Occupation.*

3. *The self-containment of Houses in Multiple Occupation, considered to provide a satisfactory standard of accommodation for those who need shorter term relatively low cost accommodation will not be permitted, unless the existing floor space is satisfactorily* re-*provided to an equivalent or better standard*.

4.17. One of the purposes of DM Policy 6 is to protect family housing unless environmental issues such as noise and lack of amenity space render the retention of a dwellinghouse unsuitable. However, these exceptions are subject to accordance with the plan's design policies and a minimum floor space of 130 sqm.

4.18. The adopted local development framework does not contain polices which seek to address the harmful overconcentration of HMOs.

Proposed

4.19. The draft new Lewisham Local Plan (Regulation 18 stage "main issues and preferred approaches" document) proposes a more thorough and stringent policy in regard to HMOs, which factors in their overconcentration. This is set out in policy HO 9 Housing with shared facilities (Houses in Multiple Occupation) outlined below:

A. Development proposals for new housing with shared facilities (i.e. Houses in Multiple Occupation) (HMOs) in the Sui Generis Use Class will only be supported where they contribute to a beneficial mix and balance of uses within an area and:
   a. *Do not result in the loss of existing larger housing suitable for family occupation;*
   b. *Do not result in an overconcentration of HMOs in the area;*
   c. *Do not give rise to adverse impacts on the amenity of the surrounding properties and neighbourhood, including cumulative impacts taking account of other HMOs in the area;*
   d. *Are appropriately located in areas of goodtransport accessibility; and*

e. *Are well-designed and provide high quality accommodation that satisfies the relevant standards for HMOs along with other Local Plan policies, including for interna space standards and amenity space provision.*

B. *Development proposals for small HMOs in the C4 Use Class (i.e. 3 to 6 unrelated people) within any area covered by an Article 4 Direction will only be permitted where they contribute to a beneficial mix and balance of uses within an area and:*
   a. *The gross original internal floorspace of the existing dwelling is 130 sq. metres or greater; and*
   b. *The requirements of (A)(b-e) above are satisfied*

C. *Development proposals that result in the loss of an HMO, or the self-containment of any part of an HMO, will be resisted unless it can be suitable demonstrated that:*
   a. *The existing building does not meet the appropriate standards for an HMO and has no realistic prospect of meeting the standards; and*
   b. *Adequate replacement provision can be secured within the Borough, having regard to the requirements of (A) above, with no net loss in HMO floorspace; or*
   c. *Any replacement use includes an element of residential provision that meets an acute local housing need, particularly genuinely affordable housing, with at least the equivalent amount of residential floorspace re-provided.*

D. *Large-scale purpose-built shared living accommodation in the Sui Generis Use Class will generally be resisted as this type of use compromises opportunities to deliver conventional housing in the Borough. Development proposals will only be permitted where it is suitably demonstrated that:*
   a. *They meet an identified local need for the type of housing proposed;*
   b. *Private residential units within the development are demonstrably not accommodation in the C3 Use Class;*
   c. *There is adequate provision of communal facilities and services suited to the intended occupiers;*
   d. *They are appropriately located and designed to high quality standard, having regard to the requirements of (A) above;*
   e. *The development will be suitably managed and maintained over its lifetime, aa evidenced by a management plan;*
   f. *Minimum tenancy lengths are available to occupants; and*
   g. *A cash-in-lieu contribution is made towards affordable housing in the C3 Use Class.*

4.20. This draft policy may be subject to revisions following consultation feedback, and that any amendments would be set out in the Regulation 19 Lewisham Local Plan: Proposed Submission Version.

5. Licensing

5.1 Most HMOs within the borough have to be licensed. The Council currently operates the following licensing schemes.

National Mandatory Licensing Scheme

5.2 Since October 2018, by law, an HMO must have a national mandatory licence if it has five or more people in more than one household and share amenities, such as

bathrooms, toilets and cooking facilities. National mandatory licenses, if granted are valid for five years.

Lewisham Additional Licensing Scheme

5.3 An Additional License Scheme has been in effect in the Borough since February 2017 and applies to any HMO above commercial premises. This Additional Licensing Scheme was replaced with a new Additional Licensing Scheme, which came into force on 5 April 2022 and applies to most HMOs in Lewisham that the National Mandatory Scheme does not capture. This includes properties with three or more tenants forming two or more different households irrespective of the property type, i.e. it includes flats and houses. Each licence can last up to 5 years or until the scheme expires on 4 April 2027

5.4 Certain types of properties are exempt from HMO licensing as they are not legally defined as HMOs in Schedule 14 of the Housing Act 2004. These include buildings controlled and managed by a:

- local housing authority
- non-profit registered provider of social housing
- body which is registered as a social landlord
- police and crime commissioner;
- fire and rescue authority
- health service body

5.5 These changes to licensing will help to achieve a higher quality of HMO accommodation across the borough by requiring them to meet set standards for room sizes, health and safety, and property management, ensuring safe, secure and well-managed properties for tenants. Landlords will also be required to have clear plans in place to tackle any anti-social behaviour related to their properties.

5.6 Whilst licensing will help to improve standards for private renters in HMOs, some issues assessed and mitigated as part of a planning application are not covered within a licensing application. Such issues can include: the loss of housing suitable for family occupation, the cumulative impact resulting from a harmful overconcentration of HMOs, ensuring HMOs are located in areas that are well-connected to local services, impacts on local amenities and refuse storage arrangements.

6. Evidence: high and increasing demand for HMOs

6.1 This section considers the opportunities in which HMOs are created and factors contributing to the increasing demand for HMOs within the borough.

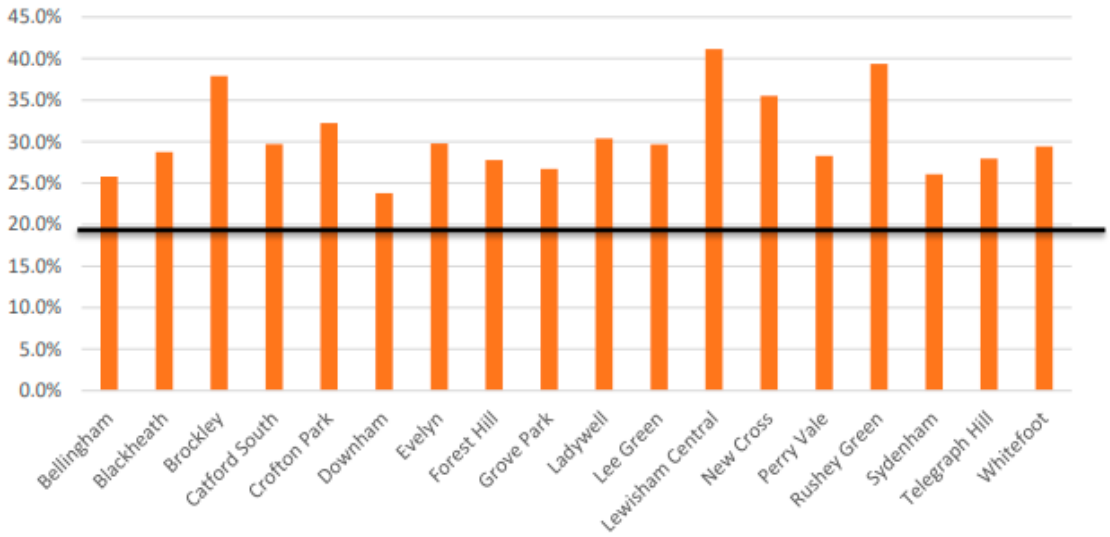
Tenure

6.2 A large and growing private rented sector lends itself to HMO conversions within the borough.

6.3 The proportion of private sector housing in the borough has increased significantly at the expense of owner-occupation. Over the past two decades, the private rented sector (PRS) has more than doubled from 14% in 2001 (Office for National Statistics - ONS) to 31% in 2021 (Metastreet), whilst owner-occupation decreased from 50% in 2001 (ONS) to 41% in 2021 (Metastreet). Such changes in tenure are part of long term nationwide and regional trends, with the PRS in the UK growing from 9% in 2000 to 19% in 2020

(ONS). However, the PRS remains more prevalent across Lewisham when compared nationally. Figure 1 below shows that each ward in the borough has a higher percentage of private sector housing than the national average (19%). Lewisham Strategic Housing Market Assessment Update (SHMA) (2021/22) explains that the growth of the PRS for both 'active choice' renters and 'frustrated would-be' homeowners can be attributed to increasing house prices, a struggling sales market and less access to social rented housing.

Figure 1: Percentage of PRS dwellings by each ward. Horizontal black line shows national average at 19%



Source: LBL Private Rented Sector: Housing Stock Condition and Stressors Report (2021)

Affordability

6.4 The affordability challenge across London as a whole and Lewisham as a borough is likely to result in increased demand from lower-income households for HMOs.

6.5 Lewisham's SHMA Update (2021/2) states that prices in the borough have risen dramatically since 2000, with median prices increasing 330% from £99,995 in 2000 to £430,000 in 2020. This has been the largest proportionate increase compared with neighbouring boroughs, the South East and England. Affordability is a major issue within the Borough as the ratio of median house price to median gross annual (workplace-based) earnings (2021) for Lewisham is 14.23.

Student population

6.6 A large and growing student population in Lewisham means the demand for HMOs is likely to be high given that HMOs present a type of lower-income housing. The delivery of new purpose-built student accommodation (PBSA) will help to alleviate some of the demand for new HMOs resulting from a growing student population. However, there will still be increasing demand for HMOs from students who cannot afford PBSA.

6.7 There are four key higher education providers borough: Goldsmiths College located within the north borough with 10,090 full time students (2019/20)[5], University of

[5] Source: Higher Education Statistics Agency

Greenwich located to east of the borough with 19,825 full-time students (2019/20)[6], Trinity Laban located within the north of the borough with 1,250 full-time students (2019/2020)[7] and Lewisham College[8] located within the north of the borough. Goldsmiths College also has significant expansion plans to grow the number of full-time students to 13,885 by 2025[9].

6.8 2021 council tax data reports 1,013 dwellings that students wholly occupied, a significant proportion but not all of which are likely to be HMOs. Table 1 below shows these were located throughout the borough but mainly concentrated in the wards of Brockley, New Cross and Evelyn, given its proximity to Goldsmiths College.

Table 1: Council tax student exempt properties by ward

Ward	Number
Evelyn	146
New Cross	140
Brockley	110
Lewisham Central	101
Telegraph Hill	74
Blackheath	55
Bellingham	48
Sydenham	44
Rushey Green	41
Forest Hill	34
Whitefoot	34
Perry Vale	33
Lee Green	32
Grove Park	29
Ladywell	28
Downham	25
Crofton Park	21
Catford South	18

Source: Lewisham SHMA Update (2020/21)

[6] Source: Higher Education Statistics Agency
[7] Source: Higher Education Statistics Agency
[8] No data available on the number of full time students enrolled at Lewisham College
[9] Source: Planning Statement submitted for planning application DC/20/116334

Welfare Reform

6.9 The Shared Accommodation Rate (SAR) introduced in 1996 initially limited the Housing Benefit of a single person under the age of 25 to the average rent level charged for a room in a shared house. The government extended the SAR to cover single claimants up to age 35 from January 2012. Such changes to housing benefits have expanded the HMO market by adding to the proportion of the rental population who can only afford a room in a shared house. In effect, opportunities for landlords seeking to purchase single-family dwellings and convert them into HMOs have widened following this expansion in potential HMO occupants.

6.10 The 2018 HMO Review and Evidence Paper evidenced a growth in a clustered manor of this particular delivery model of small HMOs - those occupied by people with access to SAR for housing benefit - within the wards of Bellingham and Whitefoot. These two wards were targeted for small HMO conversions to house people claiming housing benefit because they have some of the lowest median property values for terraced and semi-detached houses within the geographical area to which the Inner South East London Local Housing Allowance Rate (LHA) applies.

6.11 Whether a growth in this particular delivery model of small HMOs has occurred in wards outside the current Article 4 Direction boundary cannot be ascertained as part of this updated review. This is because housing benefit data for SAR claims is no longer available to the Council due to the roll out in universal credit in July 2018, which absorbed housing benefits.

Exempt Accommodation HMOs

6.12 The growth in non-commissioned exempt accommodation nationally has added to the proportion of vulnerable groups who live in HMOs.

6.13 Exempt accommodation is supported housing which is exempt from Housing Benefit regulations that limit rents to defined local levels[10]. Exempt accommodation is defined as:

- a resettlement place or;
- accommodation provided by a county council, housing association, registered charity or voluntary organisation where that body or person acting on their behalf provides the claimant with care, support or supervision.[11]

6.14 The 'exempt' provisions of Housing Benefit have been in place since 1996 and are an established mechanism of funding, primarily, the housing-related costs of a wide range of supported housing schemes. It often houses vulnerable groups including: recent prison leavers; care leavers; those fleeing domestic violence; and homeless people experiencing substance dependence or mental health issues[12]. When delivered well, exempt accommodation can play a useful role in providing good quality transitional accommodation and support for people to enable them to move onto mainstream housing.

[10] Limits set by Local Housing Allowance rates. Help towards housing costs for people living in supported 'exempt' accommodation is provided.

[11] This definition is set out in paragraph 4(10) of Schedule 3 to the Housing Benefit and Council Tax Benefit (Consequential Provisions) Regulations 2006.

[12] Research Briefing, Supported exempt accommodation (England) 2022, Houses of Commons Library

6.15 However, evidence highlighted in a research briefing to the House of Commons in April 2022[13] has shown a rise in non-commissioned providers utilising the exempt provisions of housing benefit to provide poor quality, unsafe accommodation within HMOs with limited care, support and supervision. Despite exempt provisions of housing benefit being in place since 1996, the number of exempt accommodation properties has increased significantly in recent years. As of May 2021, 153,701 households in the UK were housed in exempt accommodation, representing a 62% increase from 2016 to 2021. Research by Crisis[14] explains that several factors have driven growth in poor quality non-commissioned exempt accommodation, including reductions in spending on housing-related support, reduced availability of social and private rented housing for single adults experiencing homelessness and weak sector regulation and oversight (for instance, exempt accommodation is exempt from HMO licensing schemes).

6.16 Recent community concerns have highlighted that HMO developers are targeting exempt accommodation in Catford, Lewisham and their surrounding areas. Whilst the extent of exempt accommodation in the borough has not been verified as part of this review, it is reasonable to assume such growth is likely in line with national trends considering the borough has a large and growing private rented sector, high levels of deprivation in some areas and a notable proportion of homeless residents seeking accommodation (1.03 per 1,000 households)[15].

6.17 It is important to acknowledge the planning system has limited tools to ensure HMO exempt accommodation occupied by less than 7 people is of high quality and not over concentrated in an area. This is because these types of HMOs are unaffected by Article 4 Directions as they would fall under use class C3(b) - *not more than six residents living together as a single household where care is provided for residents* - and single households are not defined in legislation for C3(b). As outlined in paragraph 4.12, an Article 4 Direction cannot be used to restrict changes between uses in the same use class.

6.18 This is recognised nationally as an issue with legalisation. Birmingham City Council, for instance, has the highest concentration of exempt HMO accommodation in the country despite having a city-wide Article 4 Direction on small HMOs in place. They are lobbying central government to change planning legislation to ensure exempt accommodation are subject to the same planning approval and licensing process as other HMOs.[16]

Higher yields for HMOs

6.19 Gross yields for HMOs are higher than the standard buy-to-let property. For example, the median rent for a three-bedroom property in Lewisham was £1350 in 2019[17], whereas a room is a shard house was £600 in 2019[18]. When multiplied by three (3 x £600=£1800), the gross yield generated by three-person HMO when let on a single room basis is a third higher than that generated by a single-family. Therefore, landlords have a greater financial incentive to let properties as HMOs rather than single-family dwellings.

[13] Research Briefing, Supported exempt accommodation (England) 2022, Houses of Commons Library
[14] Crisis Policy Briefing: Exempt Accommodation 2021
[15] Trust for London Homelessness duties owed by London Boroughs 2021
[16] Exempt Accommodation Report 2021, Birmingham City Council
[17] Greater London Authority London Rents Map
[18] Greater London Authority London Rents Map

Article 4 Directions in neighbouring boroughs

6.20 Table 2 below shows five out of seven neighbouring boroughs to Lewisham have a borough-wide Article Directions withdrawing the permitted development rights for small HMOs. Such Directions could drive demand to develop small HMOs within LBL. A displacement could occur in LBL as HMO developers may seek to avoid the additional costs and uncertainty associated with the requirement for a planning application (through an Article 4 Direction) by investing in properties in Lewisham where the demand and profitability for HMOs are high whilst being outside an area subject to an Article 4 Direction.

Table 2: Neighbouring boroughs which have borough-wide Article 4 Directions

Borough	Borough-wide Article Direction in effect	Year Article Direction came into effect
Tower Hamlets	Yes	2021
Southwark	No	-
Greenwich	Yes	2018
Lambeth	No	-
Bexley	Yes	2017
Bromley	Yes	2022
Croydon	Yes	2020

7. Evidence: quantity and spatial distribution of HMOs

7.1. To understand the quantity and spatial distribution of HMOs the following sources of data have been used to provide an indication of the changes that have occurred since the 2018 review:

- Council tax records
- HMO licensing records
- Planning records
- Enforcement records
- Predictive modelling

HMO licensing records

7.2. At the time of the 2018 review, there were 351 properties licensed as an HMO as of December 2017. As of April 2022, there were 1120 properties with a license or expired license, representing a significant increase of 211%. It is important to note that this data set does not capture all HMOs; small HMOs between 3 and 5 persons not above commercial premises are excluded and many HMOs requiring licenses remain unlicensed.

7.3. Table 3 below shows the year in which those HMO licenses were issued. The number of licenses issued has increased significantly from 2017 onwards. However, this may reflect the introduction of the additional license scheme by Lewisham in 2017 and the extension of the mandatory license scheme in 2018 rather than a genuine substantial increase.

Table 3: Number of HMO licenses issued according to year

Year	No. of HMO Licensed Issued[19]	Total
2007	9	9
2008	25	34
2009	9	43
2010	7	50
2011	5	55
2012	2	57
2013	21	78
2014	30	108
2015	41	149
2016	46	195
2017	156	351
2018	231	582
2019	158	740
2020	214	954
2021	138	1092
2022[20]	37	1129

7.4. The wards which had the highest number of licensed HMOs as of 2017 were (see table 4):

- Evelyn (47);
- Lewisham Central (44); and
- Brockley (41).

7.5. As of 2022, this has changed to:

- Evelyn (127);
- Rushey Green (110); and
- Brockley (106).

7.6. Whilst an increase in licensed HMOs can be seen in all wards, the wards which saw the highest were:

[19] This data set includes HMO licenses which have not been renewed, and excludes renewed HMO licenses to avoid double counting.

[20] Till April 2021

- Evelyn (80);
- Rushey Green (79); and
- Catford South (69).

7.7. 133 streets had a licensed HMO present as of 2017. This has increased significantly to 404 streets in 2022.

7.8. 26 streets had three or more licensed HMOs present as of 2017. This has increased significantly to 113 streets in 2022.

7.9. 9 streets had five or more licensed HMOs present as of 2017. This has increased significantly to 54 streets in 2022.

7.10. The streets which had the highest number of licensed HMOs as of 2017 were:
- New Cross Road (16);
- Pepys Road (12); and
- Lee High Road (9).

7.11. As of 2022, this changed to:
- New Cross Road (52);
- Brockley Road (26); and
- Deptford High Street (26).

Table 4: Distribution of licensed HMOs by ward[21]

Ward	As of 2017	As of 2022[22]	Increase
Evelyn	47	127	80
Rushey Green	31	110	79
Catford South	13	82	69
Brockley	41	106	65
Bellingham	3	67	64
Whitefoot	5	67	62
New Cross	27	83	56
Lewisham Central	44	99	55
Crofton Park	23	61	38
Telegraph Hill	32	68	36
Ladywell	10	45	35

[21] This data set includes HMO licenses which have not been renewed, and excludes renewed HMO licenses to avoid double counting.
[22] Till April 2022

Ward	As of 2017	As of 2022[22]	Increase
Perry Vale	16	47	31
Lee Green	18	45	27
Sydenham	11	32	21
Grove Park	8	26	18
Downham	5	21	16
Blackheath	7	21	14
Forest Hill	10	22	12
Total	**351**	**1129**	**778**

Council tax records

7.12. In a HMO where tenants are paying rent for individual rooms on individual tenancy agreements, it is the landlord who is liable to pay Council Tax. Council tax records identified that in March 2018 there were 1,067 HMO properties HMO according to the definition set out in paragraph 3.5. As of March 2022, this increased by 83% to 1,950. However, it is important note that this does not capture all HMOs; HMOs where occupants have a shared tenancy agreement or HMOs occupied by students are excluded.

Private rented HMOs

7.13. Council tax records however included care homes and properties managed by organisations such as housing associations, homelessness charities, universities and housing cooperatives. As such it was considered appropriate to focus on private-rented HMOs where a private landlord manages the property.

7.14. The number of private rented HMOs increased significantly by 122% from 822 properties in 2018 to 1746 in 2022 (see table 5)

7.15. The wards which highest number of private rented HMOs in March 2018 were:

- Lewisham Central (96);
- New Cross (68); and
- Crofton Park (64).

7.16. In March 2022, this changed to:

- Brockley (159);
- Lewisham Central (146); and
- New Cross (135).

7.17. Whilst an increase in private rented HMOs can been seen in most wards, the wards which saw the highest increase were:

- Brockley (96);

- Perry Vale (76); and
- Blackheath (70).

7.18. 404 streets had a private rented HMO present in March 2018. This has increased significantly to 707 streets in 2022.

7.19. 81 streets had three or more private rented HMOs present in March 2018. This has increased significantly to 200 streets in 2022.

7.20. 27 streets had five or more private rented HMOs present in March 2018. This has increased significantly to 80 streets in 2022.

7.21. The streets which had the highest number of private rented HMOs in March 2018 were:
- New Cross Road (17);
- Lee High Road (14); and
- Bromley Road (12).

7.22. As of 2022, this changed to:
- Bromley Road (33);
- Brownhill Road (32); and
- New Cross Road (32).

Table 5: Distribution of private rented HMOs by ward

Ward	2015	2018	2022	Change from 2015 to 2018	Change from 2018 to 2022
Brockley	88	63	159	-25	+96
Perry Vale	44	26	102	-18	+76
Blackheath	24	18	88	-6	+70
New Cross	82	68	135	-14	+67
Catford South	60	39	104	-21	+65
Grove Park	25	28	83	3	+55
Forest Hill	38	30	84	-8	+54
Rushey Green	78	63	117	-15	+54
Lewisham Central	96	96	146	0	+50
Lee Green	42	19	66	-23	+47
Evelyn	43	45	89	+2	+44
Sydenham	46	48	92	+2	+44
Downham	31	33	75	+2	+42
Whitefoot	32	38	75	+6	+37

Ward	2015	2018	2022	Change from 2015 to 2018	Change from 2018 to 2022
Bellingham	36	29	62	-7	+33
Crofton Park	70	64	96	-6	+32
Telegraph Hill	84	61	93	-23	+32
Ladywell	69	54	80	-15	+26
Total	**988**	**822**	**1746**	**-166**	**+924**

Non Private rented HMOs

7.23. Housing associations, housing cooperatives, hostels, supported housing and nursing homes have all been classified as non-private rented HMOs where a private landlord does not manage the property.

7.24. The number of non-private rented HMOs has decreased from 245 in 2018 to 204 in 2022. This represents a shift in the proportion of HMOs managed outside of the private-rented sector from 23% in 2018 to 10% in 2022.

7.25. Although council tax records indicate these properties as HMOs, this does not necessarily mean that they classify as a HMOs in planning terms. Therefore, the class use of these specified as non-private rented HMOs and whether planning permission is required to change the use from C3 dwelling house are outlined below:

- Hostels would require planning permission as it falls under Sui Generis.
- HMOs managed by housing cooperatives classify as C4 HMOs in planning terms so whether planning permission is required depends on whether 6 or more unrelated individuals occupy the property.
- There is ambiguity over of the class use HMOs managed by housing associations; some will be in C3, others will be in other use classes or fall to be treated as sui generis.
- Supported housing would not require planning permission as it falls within the same class a dwelling house but of a different variation – C3 (b).
- Nursing homes would require planning permission as it has a different class use of C2 (Residential Institutions).

Planning records

7.26. Data obtained from planning records for the period 2018 to 2022 highlighted 56 approvals for Lawful Development Certificates relating to small HMO's. This is an increase from the 2018 HMO Evidence Paper which highlighted there were 8 approvals relating to small HMOs for the period of 2009 to 2017. Whilst this is a fraction of the true number of small HMO conversions taking place, it does indicate an increase in such conversion activity has taken place in the borough over recent years

Planning enforcement records

7.27. The planning enforcement team holds data on the number of HMO-related cases, covering all complaints from neighbours, councillors and other internal and external

stakeholders. These may include cases where the change is to a small HMO and, as this is permitted development no further action is necessary; physical changes to a property to accommodate an HMO; and unauthorised conversions to a large HMO.

7.28. Planning enforcement records for the period of 2009 to 2022 show there were 173 HMO cases and a trend in the number of HMO cases increasing cannot be observed (see table 6). However, it should be acknowledged that these figures only capture a fraction of all HMOs as not all conversions will be reported or subject to complaints.

Table 6: Planning enforcement HMO cases by year

Year	Planning Enforcement HMO Cases
2008	1
2009	1
2010	1
2011	2
2012	12
2013	3
2014	18
2015	15
2016	36
2017	14
2018	11
2019	12
2020	26
2021	24
2022	3

7.29. At the time of previous HMO Review undertaken in 2018, the wards which had highest number of planning enforcement HMO cases between 2008 and 2017 (see table 7) were:

- Bellingham (22);
- Whitefoot (22); and
- Telegraph Hill (15).

7.30. This has changed between 2018 and 2022 to:

- Catford South (14);

- Whitefoot (11); and
- Rushey Green (9).

Table 7: Distribution of planning enforcement HMO cases

Ward	2008 to 2017	2018 to 2022
Bellingham	22	5
Blackheath	1	1
Brockley	5	7
Catford South	8	14
Crofton Park	0	2
Downham	2	3
Evelyn	7	0
Forest Hill	2	1
Grove Park	9	2
Ladywell	4	3
Lee Green	1	1
Lewisham Central	11	5
New Cross	2	1
Perry Vale	1	5
Rushey Green	10	9
Sydenham	0	3
Telegraph Hill	15	2
Whitefoot	22	11
Total	**100**	**76**

Comparison to neighbouring boroughs

7.31. Table 8 below shows the estimated number of HMOs in LBL compared its neighbouring boroughs in 2017/18 and 2020/21. It demonstrates that since 2017/18, Lewisham has experienced the second-largest increase (+4,100) in the number of estimated HMOs out of its seven neighbouring boroughs. Lewisham has gone from having the second-lowest number of HMOs in 2017/18 (1,900) out of its neighbouring boroughs to having the third-highest (6,000) in 2020/21.

7.32. It is worth highlighting that several neighbouring boroughs with a lower estimate for HMOs in 2020/21 than Lewisham have a borough-wide Article 4 Direction in place concerning small HMOs. This relates to the following boroughs: Greenwich, Bromley, Bexley and Croydon.

Table 8: Estimated HMOs within Lewisham and neighbouring boroughs

Borough	Estimated HMOs 2017/18	Estimated HMOs 2020/21	Change
Tower Hamlets	1,896	9,900	+8,004
Lewisham	1,900	6,000	+4,100
Bexley	1,400	1,930	+530
Lambeth	4,800	5,207	+407
Croydon	2,600	3,000	+400
Bromley	2,000	2,215	+215
Southwark	13,000	11,550	-1,450
Greenwich	6,500	4,196	-2,304

Source: Local authority housing statistics data returns for 2017/18 and 2020/21

Predictive modelling

7.33. The Council's housing data scientist undertook predictive modelling using a range of data sets such as electoral records to estimate the total number of HMOs in the borough currently. The predictive modelling process applied the London-wide recognised random forest model - an advanced statistical analysis and algorithm tool. The model was developed by the Greater London Authority and Nesta within the piloted London Office of Data Analytics in 2016/17[23].

7.34. The modelling process to predict HMOs and estimate their total number in the borough is explained briefly below:

- Step1: linking the known HMOs and known non-HMOs to the total list of properties in Lewisham, represented as unique property reference numbers in the Local land and Property Gazetteer.
- Step 2: adding location-specific data from both historical Census records and more recent data, including: youth population, crime rates, household composition, and deprivation and student numbers.
- Step 3: adding property-specific data from the Electoral Roll, Council Tax records, previous Housing Benefit information and complaints and enforcement data for properties.
- Step 4: added data was used to predict the probability of any given property being an HMO. This was achieved by generating decision trees, each of which divides up the data in its own way, by splitting apart different categories and thresholds, until it has effectively divided the data into HMO and non-HMO.
- The random forest methodology ensures that this prediction can be generalised to all properties and not only those that were in the sample. This is done by generating a large number of decision trees and finding a compromise between

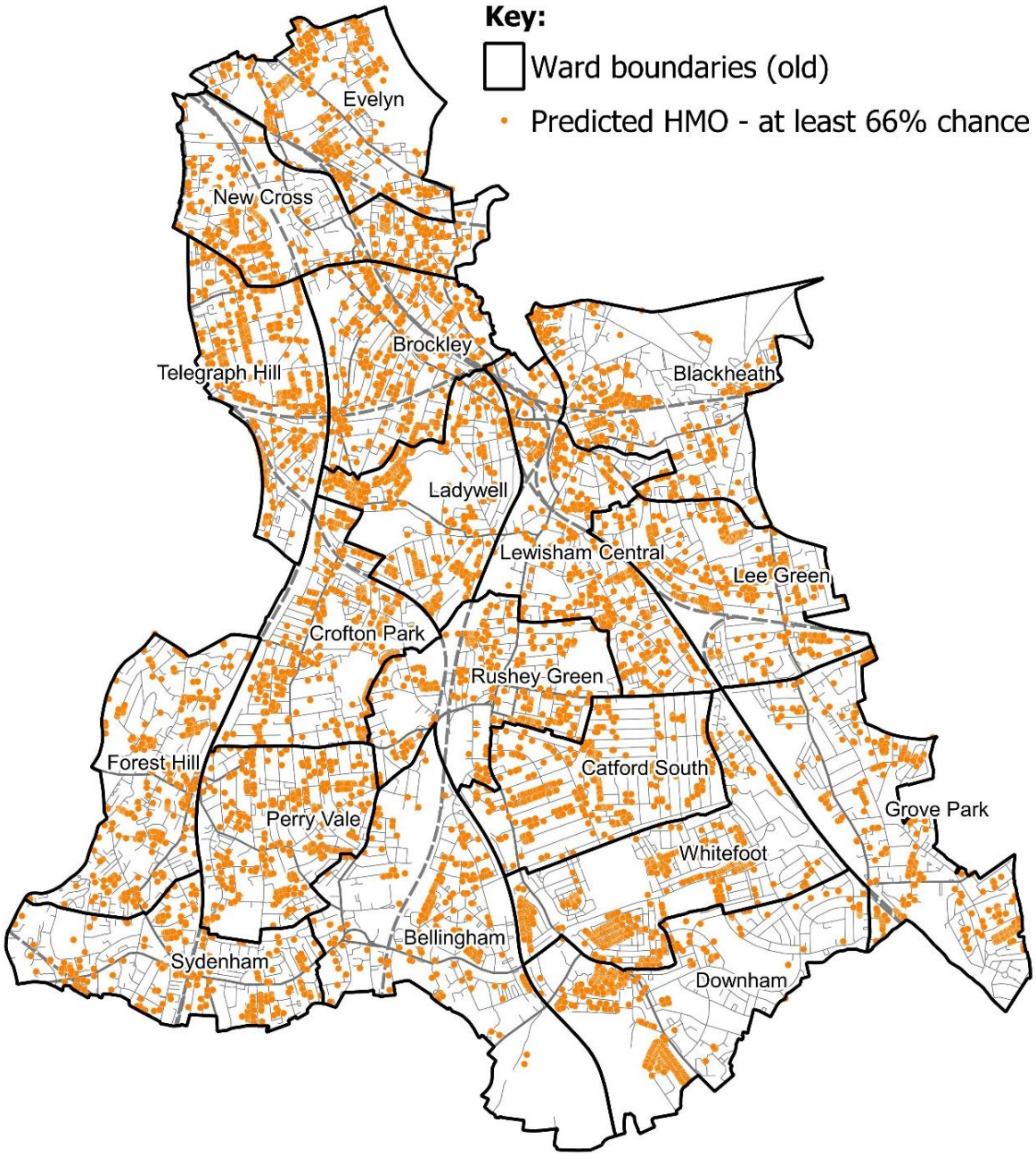
[23] Piloting the London Office of Data Analytics 2018, Mayor of London and Nesta

them. This finds the optimal balance between correctly identifying known HMOs, and still working effectively to identify unknown HMOs.

- The performance of this is evaluated by testing what proportion of already known HMOs were identified (90%) as well as whether it gives a plausible estimate of total HMOs across the borough.

7.35. The results of predictive modelling show there are 10,700 properties in the borough with at least a 66% chance of being an HMO, leading to a total estimate of 7,100 HMOs. Figure 2 below has mapped these predicted HMOs; it illustrates that clusters of HMOs are likely to exist in all wards of the borough.

Figure 2: Map of predicted HMOs



7.36. A map of predicted HMOs in relation to new ward boundaries is shown in Appendix 2.

7.37. Table 9 below shows the wards with the highest number of predicted HMOs currently are:

- Evelyn (1268);
- Lewisham Central (959); and
- Brockley (955).

Table 9: Distribution of predicted HMOs by ward

Ward	Number
Evelyn	1268
Lewisham Central	959
Brockley	955
New Cross	778
Telegraph Hill	687
Whitefoot	613
Ladywell	589
Blackheath	562
Perry Vale	513
Lee Green	512
Crofton Park	504
Rushey Green	495
Catford South	449
Forest Hill	441
Grove Park	395
Downham	382
Sydenham	344
Bellingham	320

8. Evidence: harm to local amenity and well-being of an area

8.1 The following section reviews evidence available on whether harm to the local amenity or wellbeing of an area are arising from HMOs by looking at:

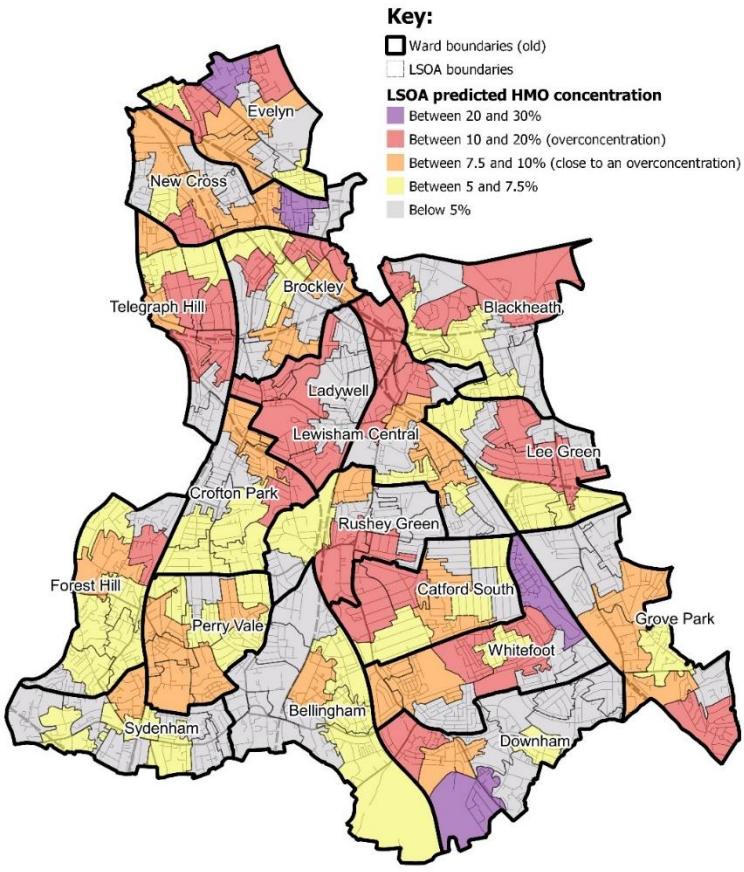
- The overconcentration of HMOs
- Links between ASB, HMOs and the PRS
- Links between poor housing conditions, HMOs and the PRS
- Community concerns
- Need for family housing

Overconcentration of HMOs

8.2 Nationally, it is generally accepted that an overconcentration of HMOs occurs when 10% of properties in a neighbourhood are HMOs. Research argues 10% concentration is the tipping at which HMOs may give rise to harmful effects and where neighbourhoods goes from balanced to unbalanced communities[24].

8.3 Using Lower Super Output Areas (LSOA) as the boundary for the neighbourhoods, a mapping exercise (see figure 3) has been undertaken to identify areas in the borough where there is likely to be an overconcentration (10% of properties or more) or close to an overconcentration (between 7.5 and 10% of properties) of HMOs using predicted HMOs outlined in figure 2 previously. For the purposes of this exercise, dwelling houses and HMOs that are located within blocks of flats or subdivided properties were counted as one property. Residential institutions, care homes, hostels, PBSA and other specialist housing were also counted as one property per block. This ensured that calculations of HMO concentration were not skewed.

Figure 3: Map of predicted HMO over concentrations



[24] National HMO Lobby (2008)

8.4 Figure 3 above illustrates that all wards within the borough contain at least one LSOA with either an overconcentration or close to an overconcentration of HMOs. Of the 169 LSOAs in the borough:

- 4 are likely have a very high HMO overconcentration - where between 20 to 30% of properties are an HMO - and these are located within the wards of Evelyn, Downham, New Cross and Whitefoot.
- 21 are likely to have an HMO overconcentration and are these dispersed across all wards except for Perry Vale, Bellingham and Sydenham.
- 31 are likely have a close to an HMO overconcentration and these are dispersed across all wards except for Lee Green and Ladywell.

8.5 A map of predicated HMO concentrations in relation to new ward boundaries is shown in Appendix 4.

Links between ASB, HMOs and the PRS

8.6 The Council commissioned Meta Street to a prepare study - Private Rented Sector: Housing Stock Condition and Stressors Report (2021) - to support an application for selective licensing in the borough. The study looks at the link between the PRS in Lewisham and ASB and poor housing standards. The data collated as part of the study, which is explored in further detail in this section, demonstrated that:

- High levels of ASB and poor housing conditions are linked to the PRS; and
- ASB and poor housing conditions is more prevalent private rented properties than in either owner occupied or social rented properties.

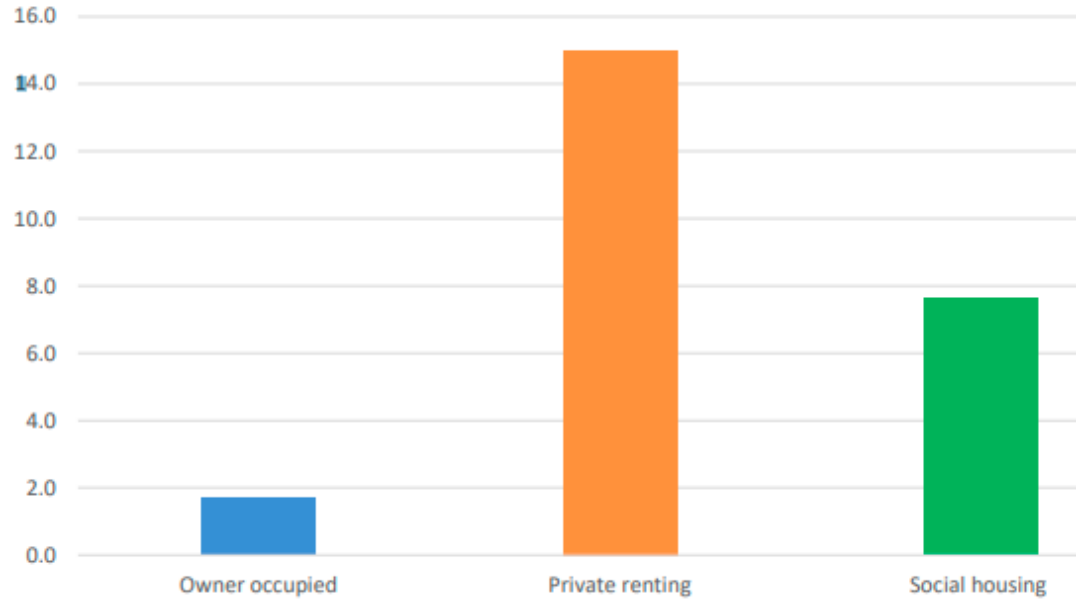
8.7 While the data is not specific to HMOs and relates to the PRS more broadly, it is reasonable to assume that higher levels of ASB and poor housing conditions also relate to HMOs, given that HMOs make up 20% of the PRS.

8.8 Over a 5-year period 5 (2016 to 2021), 948 ASB incidents and statutory nuisances have been recorded associated with residential premises in the PRS[25]. This is made up of, but not limited to, noise (various), verbal abuse, harassment, prostitution, nuisance animals, nuisance vehicles, substance misuse, rubbish and fly tipping.

8.9 Figure 5 below illustrates that rates of these recorded ASB and statutory nuisance incidents in the PRS are higher that other tenure types.

[25] ASB and statutory nuisances investigated on a street corner that cannot be linked to a residential property are excluded.

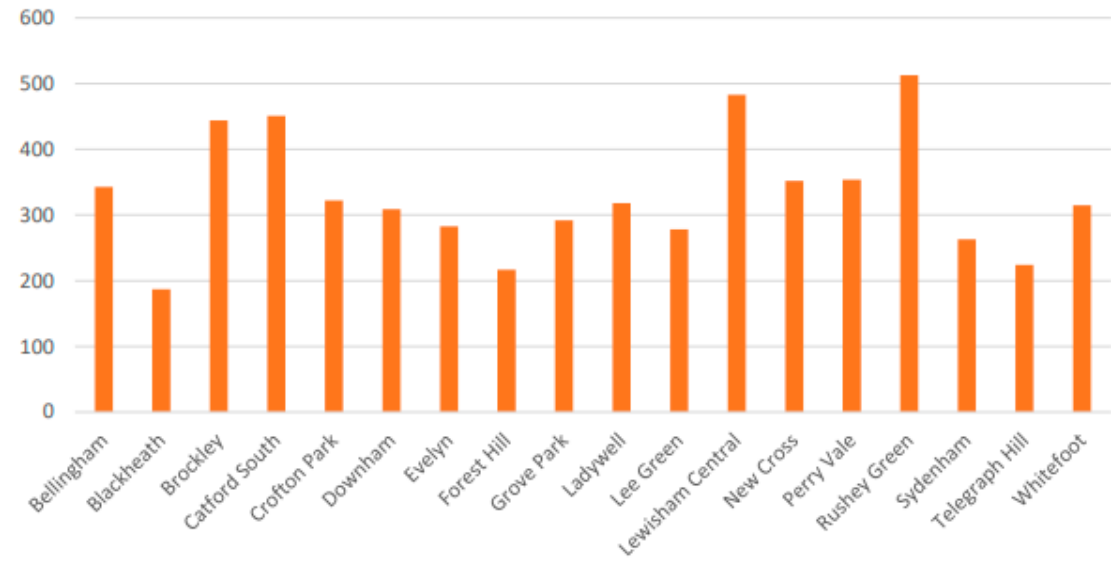
Figure 5: ASB rates per 100 properties by tenure



Source: LBL Private Rented Sector: Housing Stock Condition and Stressors Report (2021)

8.10 Figure 4 below shows that ASB and statutory nuisances directly linked to PRS properties occur across all wards in the borough. However, Rushey Green (513) and Lewisham Central (483) have the highest level of ASB incidents which also coincides with these wards also having a relatively higher number of HMOs. Forest Hill (around 200) and Blackheath (around 190) have the lowest level of ASB incidents which also coincides with these wards having a relatively lower number of HMOs.

Figure 4: No of ASB incidents and statutory nuisances by ward



Source: LBL Private Rented Sector: Housing Stock Condition and Stressors Report (2021)

8.11 As part of the 2019 evidence[26] which supported the new Additional Licencing Scheme analysis showed that:

- The proportion of known HMOs with an ASB incident recorded close by was 70%, which is higher than the PRS overall. This was based on a sample of 569 licensed HMOs.
- 46% of HMOs have experienced multiple incidents of environmental ASB in close proximity to the property.

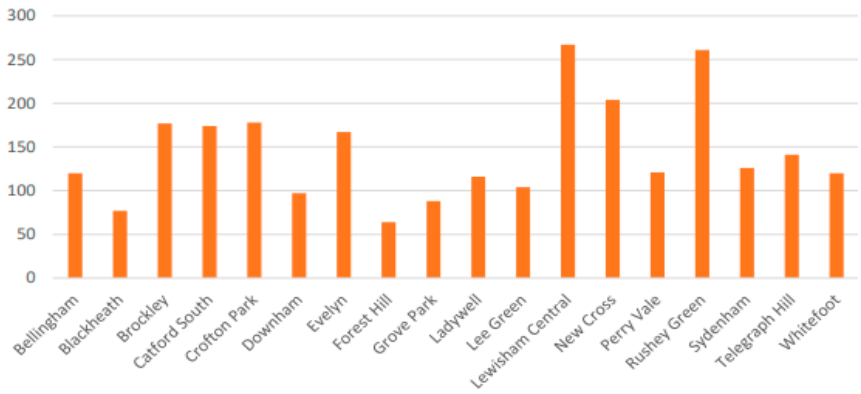
8.12 It is also worth highlighting that as a whole Lewisham receives an average of 19.6 noise complaints per 1,000 population which is more than double the national average of 7.6[27].

Links between poor Housing Standards, HMOs and the PRS

8.13 Increases in rent over the 20 past years across London have resulted in problems with residents being able to afford and access decent, affordable housing. This trend has resulted in many households being forced to put up with sub-standard properties with a range of housing hazards. Housing hazards are rated by severity. A category 1 hazard is a serious or immediate risk to a person's health and safety[28]. There are 8,995 private rented properties in Lewisham that are likely to have at least 1 serious housing hazard (Category 1, HHSRS). This represents 22.7% of the PRS stock, higher than the national average (13%).

8.14 Lewisham recorded 2,602 complaints from private tenants over a 5-year period between 2016 and 2021 regarding and poor property conditions and inadequate property management. Figure 6 below illustrates that these complaints were distributed across all wards. However, Lewisham Central (267) and Rushey Green (261) received the most complaints, which also coincides with wards that have a relatively higher number of HMOs. Whereas Forest Hill (around 60) and Blackheath (around 70) received the lowest complaints, which also coincides with wards with a relatively lower number of HMOs.

Figure 6: PRS complaints by ward



Source: LBL Private Rented Sector: Housing Stock Condition and Stressors Report (2021)

[26] Private rented selective and additional property licensing in Lewisham Evidence base for public consultation Spring 2019

[27] Source: Office for Health Improvement and Disparities (OHID)

[28] This is defined in the Housing Health and Safety Rating System (HHSRS)

Community concerns

Deptford Park Petition

8.15 In September 2021, the Council received a petition with 99 signatures from residents concerning the increasing conversion of small Victorian terraced houses into small HMOs on residential streets around Deptford Park, particularly Alloa Road, and the harmful impact this is having on local amenities. The issues highlighted were:

- loss of family housing
- fly-tipping on street corners
- overflowing bins
- bins obstructing pavements
- anti-social behaviour

Corbett Estate Public Meeting

8.16 In October 2021, Janet Daby - the MP for Lewisham East - hosted public meeting at St Andrews Church Hall concerning the impact of HMOs on the Corbett Estate - consisting largely of small Victorian terraced houses - within Catford South ward. The meeting was attended by at least 150 local residents. Some the key issues raised by local residents included:

- HMOs being created in the Corbett Estate are often of poor quality, overcrowded and poorly maintained.
- Some HMOs created in the Corbett Estate are housing vulnerable adults including those with substance dependence.
- Increasing HMOs has led to excessive rubbish on streets, increased antisocial behaviour and noise nuisances.
- The overconcentration of HMOs is the changing family orientated character of the area.

Council HMO evidence collection inbox

8.17 In October 2021, the Council set up HMO evidence collection inbox to allow the recording of further HMO-related issues. A number complaints were received from residents concerning noise nuisances and negative impacts streetscape due to overflowing bins and bins repeatedly left out on pavements associated with HMOs on the following streets:

- Alloa Road (Evelyn ward)
- Scawen Road (Evelyn ward)
- Trundleys Road (Evelyn ward)
- Torrindon Road (Catford South Ward)
- Hazelbank Road (Catford South Ward)
- Fordel Road (Catford South Ward)

8.18 Some of these complaints also included photos on the negative impact some HMOs are having on the streetscape:



8.19 HMO Licensing records confirmed the streets highlighted in paragraph 8.17 had a high number of HMOs:

- Alloa Road (22)
- Scawen Road (10)
- Trundleys Road (22)
- Torrindon Road (7)
- Hazelbank Road (5)
- Fordel Road (5)
  - However, there may be many more unlicensed HMOs.

8.20 Petitions and complaints to the HMO evidence collection inbox show increasing community concern regarding the negative impact of HMOs on the streetscape due to excessive waste. However, this was not reflected in more formal complaint channels to the Council. For example, 99 complaints regarding the overfilling of bins and 554 complaints regarding uncontrolled waste made to the Environmental Crime (enforcement) Team for the year 2021 showed no correlation to HMOs indicated by licensing records or council tax records. This may suggest low public awareness on how the Council addresses immediate issues around HMOs impacting street quality.

8.21 The Council's Environmental Crime Enforcement team and Street Environmental Services respond to fly-tipping and waste issues (such as uncontained builders waste) and complaints. Action can be taken via section 59 of the Environmental Protection Act which allows the Council to serve notices to occupier/owner to remove controlled building waste on private property that is uncontained and not secured within a receptacle. Over-spilling bins are dealt with via a Community Protection Notice (CPN) to owner, occupier, managing agent or landlord. Both can be dealt with by the courts for failure to comply.

Need for family housing

8.22 Lewisham's SHMA Update (2021/22) identifies the overall dwelling mix needed in the borough for the period 2019/2020 to 2028/2029 according to size based on demographic analysis. The findings of the analysis are set out in table 10 below.

Table 10: Overall dwelling need mix based on demographic analysis

Dwelling need		
Dwelling size	**% Dwelling stock**	**No. of dwellings**
1-bedroom	12.1	2,020
2-bedroom	26.2	4,370
3-bedroom	42.3	7,050
4 or more	19.4	3,230
Total	100.0	16,670

Source: Lewisham SHMA Update (2021/22)

8.23 The table shows there is a significant need for three-bedroom dwellings (7,050), equating to 42.3% of the overall dwelling need. In addition, there is also a need for four or bedroom dwellings (3,320), equating to 19.4% of the overall dwelling need.

8.24 The need for family housing is also supported by qualitative data. As part of the Lewisham SHMA (2019) stakeholders were invited to participate in a questionnaire survey aimed at identifying a range of information, including establishing the key perceived housing market issues in Lewisham. A total of 20 separate responses to the stakeholder consultation were obtained and represents a small sample of opinions. Building affordable homes to rent and family housing were ranked as the highest priorities by stakeholders, with 94% and 88% of respondents (respectively) considering these as high priority.

8.25 For these reasons the new Local Plan proposes policies that seek to protect existing larger homes suitable for families and maximise the future provision family housing units (3+bedrooms) in major developments of 10 or more dwellings.

9. Evidence summary

9.1 The evidence in Section 6 has demonstrated a high and increasing demand for HMOs in the borough due to several factors, including: a large and growing PRS; the housing affordability challenge across London and within Lewisham; a large and growing student population; welfare reforms adding to the proportion of residents who can only afford a room in a shared house; the growth in non-commissioned exempt accommodation nationally adding to the proportion of vulnerable groups living in shared housing; borough-wide Article 4 Directions in neighbouring local authorities and higher rental yields for HMOs than that of single family dwellings.

9.2 The evidence in Section 7 has shown that this has resulted in a significant increase in HMOs within the borough since the previous 2018 HMO review. HMO licensing records showed HMOs have increased by 211% since 2017, and council tax records show private rented HMOs have increased by 112% since 2018. However, it is important to note that these data sets do not capture all HMOs for reasons set in paragraphs 7.2 and 7.12, and the exact number of HMOs is estimated to be significantly higher. Predictive modelling estimated there are currently 7,100 HMOs in the borough; this still represents a significant increase of 274% since the 2017/18 estimate (1,900).

9.3 A comparative exercise against neighbouring boroughs was undertaken (Table 8) to contextualise this increase. It showed that Lewisham experienced the second-highest increase in estimated HMOs (+4,100) of its seven neighbouring boroughs since 2017/18.

9.4 The evidence in Section 7 has indicated that whilst HMOs have increased across all wards since 2018, some wards have seen a greater increase than others. HMO licensing records show Evelyn, Rushey Green and Catford South had the highest increases, whereas council tax records show Brockley, Perry Vale and Blackheath had the highest increases. Overall, these increases have led to significant changes in HMOs' spatial distribution between wards in that there are now more wards with a high presence of HMOs compared to historically. Rushey Green, Perry Vale, Blackheath and Catford South now have a high presence of HMOs, as indicated by council tax or licensing records, in addition to those wards such as Brockley, New Cross and Lewisham Central, which had a high presence of HMOs traditionally.

9.5 The evidence in Section 7 has also showed significant changes in the spatial distribution of HMOs at a street level since the 2018 review, with a greater degree of clustering. HMO licensing records indicated the number streets with five or more HMOs has increased from 9 in 2017 to 57 in 2022 and from council tax records the increase has been from 37 in 2018 to 81 in 2022. This increased level of clustering is also corroborated by predictive modelling, which approximated that 25 LSOAs across most wards are likely to have an overconcentration of HMOs (10% of properties).

9.6 Lastly, regarding harm arising from HMOs the evidence in Section 8 has demonstrated that over concentrations of HMOs exist throughout the borough, which is harmful in itself by creating unbalanced communities and reducing the supply of housing available for families. Secondly, the evidence suggested that links exist between anti-social behaviour (ASB) and HMOs. Extensive research which supported the Council's new additional licencing scheme found that the proportion of ASB incidents recorded close by to a HMO is higher than the PRS overall. Thirdly, concerns of the community also offered first-hand evidence through the submission of petitions and complaints to the Council's HMO inbox that poorly managed and increased concentrations of HMOs can cause issues in terms of street quality, waste and management problems.

10. Need for Article 4 Direction

10.1 Considering the evidence, an assessment of the need to introduce further Article 4 Directions is presented below.

Infrastructure Planning

10.2 Population growth puts pressure on existing infrastructure and creates increased demand for infrastructure such as healthcare facilities, leisure facilities and open spaces, but also less visible infrastructure such as utilities and telecommunications.

10.3 The change of use from dwellinghouses to small HMOs results in a greater number of different types of households that might otherwise have not been planned for. Consequently, HMOs could put greater pressure on the services and social infrastructure in the area, such as health and community facilities. The adopted and emerging Infrastructure Delivery Plan does not plan for this additional population growth, which appears to be ‘invisible’ as it is subject to permitted development rights.

10.4 Introducing a further Article 4 Direction would help the Council to ensure that communities' needs are being considered and reviewed through planning applications seeking to create new HMOs.

Improving standards

10.5 As the analysed evidence suggests, the private rented sector, of which HMOs make a significant proportion, often provide a poor standard of living accommodations. Combined with the new additional licensing scheme covering most HMOs, introducing further Article 4 Directions would allow the Council to promote and secure high quality and safe HMOs, providing appropriate internal and external spaces. Furthermore, an impact on the living conditions of the surrounding properties could be assessed and managed as part of the planning application process.

Minimising impact on local amenity

10.6 As the analysed evidence suggests, links between HMO concentrations and anti-social behaviour, noise and excessive waste exist. Introducing a further Article 4 Direction would allow the Council to review proposals for small HMO proposals to ensure that the cumulative impact of such properties does not give rise to additional adverse impacts in terms of social and environmental issues.

Need for family housing

10.7 There is a significant need for family housing units in the borough with around 10,000 families on the Council's waiting list for social rented housing. The need for family housing units, particularly 3 bedroom units, is high in both the affordable and market sector. It is therefore important to ensure that there are various tenures and units sizes that can cater for diverse population in the borough such as families, but also for people who can only afford and/or want to live in HMOs.

10.8 The increasing conversion of family dwellings into small HMOs creates an even higher demand for family houses as the existing family housing stock gets reduced through permitted development rights. The conversion of family units to HMOs is also hindering the Council's ability to buy back suitable properties for affordable family housing.

10.9 The adopted and emerging Local Plan's policies seek to protect existing family homes and maximise their future provision. Introducing a further Article 4 Direction would help the Council to manage the existing housing stock and monitor the extent of family housing units that gets converted into small HMOs through the permitted development rights.

11. Options

11.1 The following options have been considered with respect to introducing a further Article 4 direction:

- Option 1: do nothing
- Option 2: introduce in certain wards
- Option 3: introduce in the remainder of the borough

Option 1: do nothing

11.2 This option would not introduce any further Article 4 directions. As a result, the conversion of dwellinghouses to small HMOs would continue under permitted development rights outside the existing Article 4 Direction boundary (see Appendix 1). This could potentially lead to more over concentrations of HMOs in the borough, creating unbalanced communities, and giving rise to harmful impacts to the local amenity and well-being of an area. This could also impede Council's objective to ensure there is a sufficient supply of family homes.

11.3 The recently introduced additional licensing scheme for HMOs would help achieve a higher quality of HMO accommodation in the borough as well as minimise anti-social behaviour associated with some HMOs. However, some of the issues assessed by a planning are not dealt with by licensing as outlined paragraph 5.6.

11.4 As such, it is considered that the option of not introducing further Article 4 Direction would be an inappropriate response to better manage the impact of HMOs and the supply of family homes.

Option 2: introduce in certain wards

11.5 The second option would introduce further Article 4 Directions in certain wards that are seen as more problematic than others. However, the evidence shows that HMOs have increased and over concentrations occur across borough.

11.6 Furthermore, this option could potentially result, over time, in further harmful over concentrations of HMOs in areas which are not covered by an Article 4 Direction if the market reacts to localised planning controls, especially when borough-wide Article 4 Directions in neighbouring local authorities are factored.

Option 3: introduce in the remainder of the borough

11.7 This option would introduce an Article 4 direction covering the remainder of the borough so all HMOs in the borough would require planning permission.

11.8 It is considered this option could ensure a more consistent and effective management of HMOs alongside the new additional licensing scheme. It would help prevent further over concentrations of HMOs (once the new Local Plan is adopted) and associated negative impacts from being displaced to other areas as well as help to ensure the supply of family housing is managed across the borough.

12. Conclusion

12.1 This report has evidenced that the situation has changed significantly since the last HMO Review was undertaken in 2018. Firstly, there has been a significant increase in HMOs, with over concentrations occurring across the borough in many wards with either a low, medium or high presence of HMOs traditionally. Secondly, the evidence suggests a link between HMOs and anti-social behaviour, including rubbish and fly-tipping worsening the street quality. However, this should not be attributed to all HMOs; many occupants of HMOs form part of and make a valuable contribution to the communities of Lewisham. Nonetheless, this does not take away from the need to better manage the cumulative impact of an increasing number of HMOs.

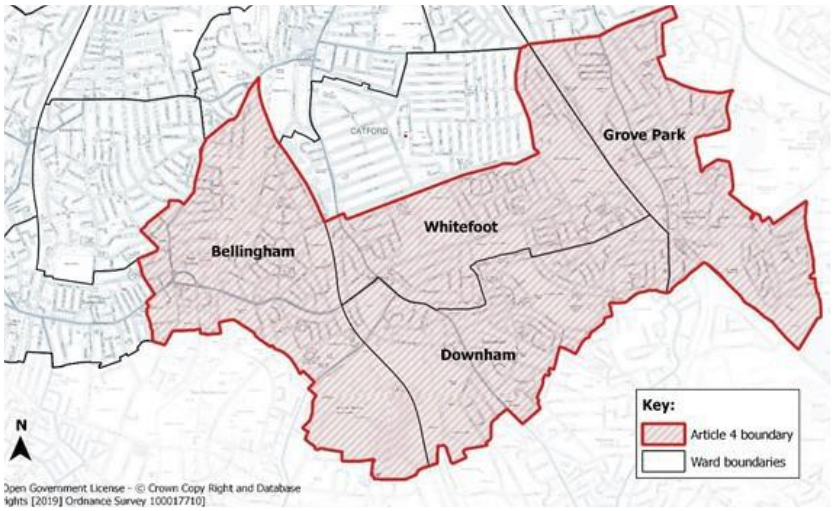
12.2 On the strength of the data that has been discussed in this paper, the implementation of a of an Article 4 Direction covering the remainder of the borough can be justified as an increase in HMOs at a borough-wide level in a clustered manner to the point where it is giving rise to harm on local amenity and wellbeing and exacerbating the acute need for family housing can be observed.

12.3 After considering the options in Section 11, it is considered an Article 4 Direction applying to the remainder of the borough is the smallest geographical area possible in order to ensure that the local amenity and well-being of areas is protected and the supply family housing is appropriately managed.

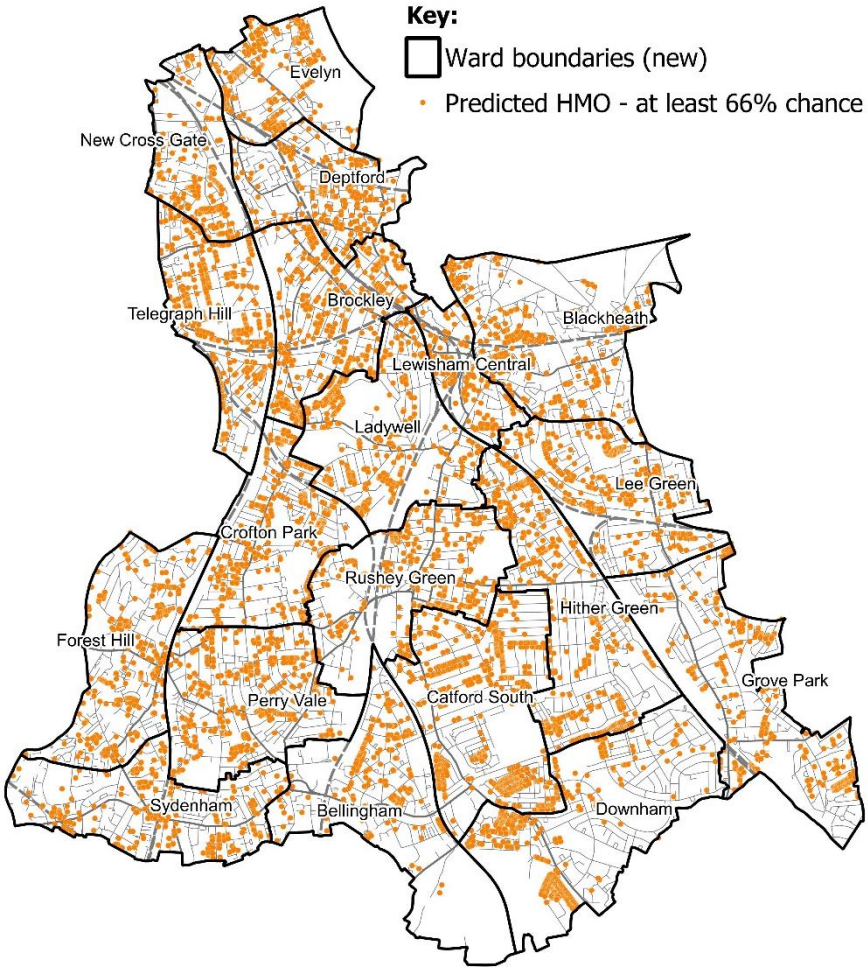
12.4 An Article 4 Direction covering the remainder of the borough, if implemented, will not be introduced in isolation. It will assist the new Additional HMO Licensing Scheme – covering most HMOs - recently introduced in a complementary and coordinated approach between the Housing and Planning functions of the Council. This approach will help the Council ensure HMOs are of good quality and provide a suitable standard of accommodation in appropriate locations balanced with the need for family housing whilst preventing low-quality accommodation in inappropriate locations.

13. Appendices

Appendix 1: Existing Article 4 Direction boundary



Appendix 2: Predicted HMOs in relation to new ward boundaries



Appendix 3: Distribution of predicted HMOs by new wards

Ward	Number
Evelyn	1125
Brockley	1046
Catford South	736
Telegraph Hill	687
Hither Green	620
Blackheath	614
Deptford	605
Perry Vale	553
Rushey Green	518
Lee Green	512
Crofton Park	508
Lewisham Central	506
Ladywell	499
Forest Hill	442
Grove Park	410
Downham	406
New Cross Gate	363
Sydenham	352
Bellingham	264

Appendix 4: Predicted HMO over concentrations in relation to new ward boundaries