

MEETING OF PORTFOLIO HOLDER FOR PLANNING, HOUSING AND HERITAGE

Date: 22 June 2017

3rd Annual Vacancy Survey of Purpose Built Student Accommodation (PBSA) for the academic year 2016/17

Purpose of Report

To provide the Portfolio Holder with results from the 3rd annual vacancy survey carried out on Purpose Built Student Accommodation (PBSA) for the academic year 2016/17.

Recommendations

That the Portfolio Holder notes the report and the results from the PBSA vacancy survey.

Background

1. With the significant growth in student numbers over the last decade, the Council has promoted the growth of PBSA in appropriate locations, particularly within the City Centre. The aim being to increase choice, improve the quality of accommodation for students and provide an alternative to traditional student housing (often within Housing of Multiple Occupation). PBSA has also helped to re-balance the housing provision in some areas of the City where there are high concentrations of students. By providing a high quality alternative option for student households, the policy is aimed at reducing demand for HMO accommodation, and allowing the housing that becomes available to be available to other households.
2. Anecdotally, key commentators including Nottingham Trent University and Unipol have previously suggested that there are vacancies within PBSA market. In the Unipol report produced in December 2013, they reported that there were almost 3,000 bedspaces empty in the Nottingham market (based on figures from October 2011).
3. The concerns with any over-supply are;
 - Older schemes or new schemes coming forward to market not being attractive to students who will therefore remain within traditional housing stock and as such PBSA will not help to address HMOs concentration levels within these areas.
 - Redundant PBSA stock and the need to find suitable alternative uses which may well be then lead to pressure to convert to low quality housing stock. This could result in high concentrations of poor quality housing as many student schemes that have been given consent are large and have small rooms with little or no amenity space compared to traditional housing.

4. It was therefore agreed at Executive Panel in October 2014 that a vacancy survey be undertaken to ascertain actual vacancy rates including working with the Universities, Unipol and other PBSA providers. The first survey was carried out in the autumn term of 2014 to get an accurate number of vacancies and it was subsequently agreed that the survey should be carried out on an annual basis to ensure suitable monitoring of PBSA with a repeat of the survey carried out for the academic year 2015-16 and now for 2016-17.
5. In this third year of the survey, scheme providers were requested to confirm that the information we have about their scheme(s) is correct including the number of bedspaces and type of accommodation (bedsits or cluster flats), as well as the number of vacant bedspaces and if there have been any changes to the way their scheme(s) operate to reduce vacancy rates/maintain low vacancies (for example, lowering prices, renovation/redevelopment, offering additional facilities and services etc). Scheme operators were requested to provide their vacancy rates for the autumn term when it was likely they would have the highest occupancy levels.

Overview of Findings

- All of the main PBSA providers responded to the survey accounting for 95.6% of the known 21,100 bedspaces across the City.
- For the third year running Nottingham Trent University accommodation reported that they had 100% occupancy of their accommodation.
- The University of Nottingham reported a vacancy rate of 1.78%.
- New schemes for 2016-17 (including the Lace Market Studios, Hydrogen [Formerly Barrasford House], Newtown House and Newland House) also reporting zero or very low vacancy rates.
- Overall, the survey shows a vacancy rate of 1.2% (just over 250 bedspaces) across all the schemes who responded.
- Very few operators reported any major changes to the way they have operated their schemes other than providing some incentives including refer a friend, early sign up discounts and returner incentives. Some schemes also reported adding new social facilities and general refurbishment but no scheme reported the need to lower prices to maintain low vacancy rates.
- Given the low number of voids across all types of accommodation (bedsits and cluster flats) there does not appear to be any particular type of accommodation that has higher vacancy rates.
- These results show the reported vacancy rates has been consistently below 2% for the 3 years of the survey.

Academic Year	Reported Vacancy Rate %
2014-15	1.6%,
2015-16	0.7%
2016-17	1.2%.

6. The survey does require operators to self-report and so it is not possible to validate the number of vacant bedspaces. However a review of some student scheme's

websites in the later summer and early autumn of 2016 confirmed that many were reporting their schemes to be full at that time.

7. Given that the vast majority of the market has responded positively to the survey and have confirmed that the vacancy rate has been consistently below 2% for the three years it would appear that the PBSA market remains very strong. The market also remains very competitive with operators making their accommodation more attractive through refurbishment, offering improved facilities and/or offering incentives.
8. Maintaining a vacancy rate consistently below 2% is despite the highest number of new PBSA bedspaces becoming available for the academic year 2016-17 at just under 1,400 additional bedspaces. Of these new bedspaces, only 20 were reported to be vacant. Also of interest is that in these new schemes approximately 75% of the bedspaces that have been provided are studios.
9. Between the academic years 2014-15 to 2015-16 the number of students increased from 50,512 to 52,636 (based on the confirmed enrolment numbers). Not all of these students live within the City and some are students living with their parents or guardians or within their own homes. It is estimated that there was an increase in the number of students of just under 1,500 requiring accommodation within the City. This increase in student numbers will have increased demand for all types of student housing. Going forward both Universities have indicated that they wish to expand however the implications of the decision for the United Kingdom to leave the European Union are unclear. Nationally university applications are said to have fallen across the board amid Brexit fears, higher tuition fees and rising cost of living make UK 'increasingly less attractive option' for EU students. It is therefore unclear what future student numbers will be.

Implications for the emerging Local Plan and Development Management Decisions

10. PBSA planning policy (HO6) in the emerging Nottingham City Land and Planning Policies Document, Local Plan Part 2 (LAPP) introduces the requirement for a needs argument for new schemes coming forward as well as encouraging greater quality of schemes and adaptability to other uses if schemes were no longer viable for student occupation. It is considered that these proposed changes are appropriate and should further encourage good quality schemes to come forward for specific student markets and further encourage students out of traditional housing stock particularly in areas where there are existing high concentrations. Although this years vacancy survey has shown that there continues to be strong demand for PBSA it is also considered appropriate to pursue introducing a need requirement for new schemes to ensure the policy is future proof if the situation were to change and ensure that the right type of schemes are coming forward.

Next steps

11. There is planning permission for a further 2,300 PBSA bedspaces with it anticipated that approximately 1,700 additional bedspaces will be provided by September 2017 and a further 600 additional bedspaces by September 2018 based on planning approvals and feedback with operators. In addition the Council continues to have requests for pre-application advice and it is also anticipated that a large PBSA scheme will come forward on Burton Street as part of the redevelopment of the Guildhall, Police Station and Fire Station site (PA61 in the LAPP).
12. It is therefore considered appropriate to continue to monitor the vacancy levels in PBSA schemes. The number of HMOs and households exempt from council tax will also continue to be monitored.