

# Exeter: Town vs Gown? The housing challenges faced by a university city

@ExeterCAB

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Exeter is a relatively small but prosperous city with growing student numbers. In a population of almost 120,000 people, students currently account for just over 10% of residents<sup>1</sup>.

The University is one of the city's largest employers and as well as bringing prosperity to the area it also brings its challenges. In our research we set out to look at the impact of a large and growing number of university students on the city, how this is managed and its impact on the housing market.

Our research also considered the specific effects on both the housing market and the community in general of the large purpose built student accommodation blocks, which have proliferated in the city over recent years.

Exeter is a buoyant, growing city that has attracted large businesses and organisations such as the Met Office. The city has a traditional two tier government (County Council and City Council) with a predominantly Labour City Council. The rental market in the city is also buoyant, to the extent there is oversupply according to one city lettings agent. Housing is plentiful, although much of the rental housing stock in the city consists of older Victorian terraced properties.

According to a report by the National Housing Federation, private renters in the South West are spending 35% of their earnings on rent – the third highest rent-to-income ratio in the country<sup>2</sup>. In Exeter, where the average wage is £22,266 and the average private rent is £840 the ratio is even higher at 45.3%<sup>3</sup>.

According to the City Council more than 70% of houses in multiple occupation in the city are occupied solely by students<sup>4</sup>. Landlords who rent to students get a higher income from their properties than renting to professionals or families. Landlords say that properties in areas such as St James and Pennsylvania that are closer to the University demand higher rent and, to date, have always been the quickest to be let. Those houses further away from the University, such as Mount Pleasant and Polsloe, are often cheaper and in recent years have proved less popular with main campus students.

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<sup>1</sup> <http://www.exeter.gov.uk/CHttpHandler.ashx?id=19630&p=0>

<sup>2</sup> National Housing Federation. 2014. *Broken Market, Broken Dreams: Home Truths 2014/15*

<sup>3</sup> Ibid

<sup>4</sup> Exeter City Council report to planning member working group 24 August, 2010

Until 2006/07, as the University grew, much of the new student population was absorbed by the rental market. This led to streets in some areas becoming almost 100% populated by students, and residents say that as a consequence the balance that had existed in these communities is being eroded.

## Methodology

Our evidence was gathered through interviews and informal discussions with a variety of people. We spoke to residents, students, the University of Exeter Students' Guild, university representatives, landlords, lettings agents and the City Council.

The evidence was gathered in two phases:

Firstly, secondary research was collected via desktop reviews of recent newspaper articles and academic research, and from telephone interviews with City Council representatives. This equipped us with a strong initial knowledge base to then conduct in-depth face-to-face interviews.

For the second phase, face-to-face interviews were conducted. A wide variety of participants were chosen in order to be as representative as possible of different issues and experiences. Personal and professional introductions were used to gather the research, as well as 'cold calling' where we contacted residents in areas we were particularly interested in.

We interviewed 27 people in total: 7 residents of streets considered to have a high student population; 7 landlords (from small 'hobby' landlords to professional landlords); 2 lettings agents; 8 students (studying at both the main University campus and the St Luke's campus); a representative from the Student Guild (an organisation that provides independent, impartial advice for students); a representative from Exeter University and a representative from Exeter City Council. All the interviews were semi-structured and in-depth. Detailed questions were tailored appropriately to the individual we were interviewing.

Through using this multi-stakeholder methodological approach, we have been able to develop a picture of the student housing market today, look at the way it is developing and scrutinise the role of the City Council and the University in this development.

## Findings

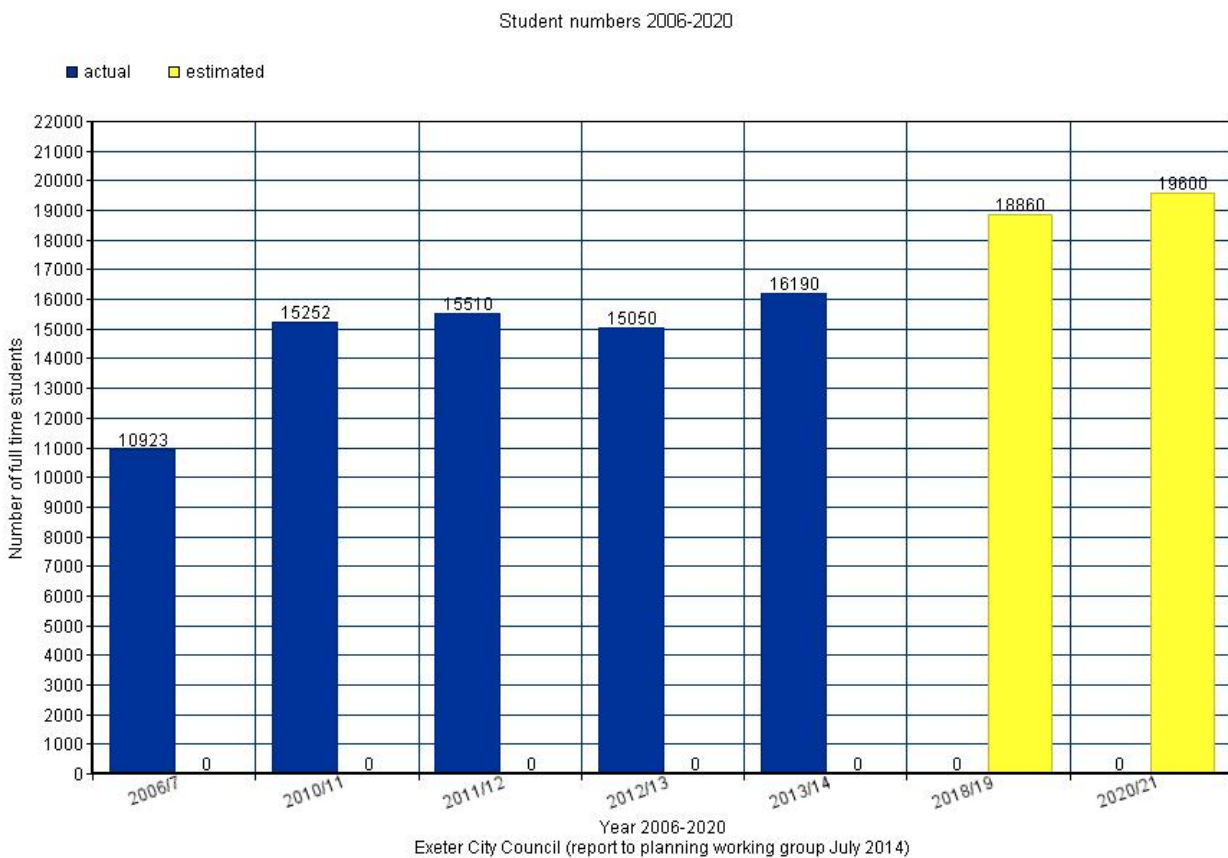
### 'Studentification'

Darren Smith, professor of geography at Loughborough University, identified the process of "studentification" as a change in the proportion of houses in multiple occupation that occurs when there is a large imbalance between the number of

students and the number of permanent residents in an area. In his report<sup>5</sup> he examined the effects of studentification on an area and the challenges brought about by large student numbers. His research in other university cities, including Loughborough and Nottingham, reveal a pattern emerging when an area becomes overpopulated with student houses.

His findings revealed that the housing stock which may have traditionally been owner-occupied was increasingly being adapted and repurposed as houses in multiple occupation; leading to areas becoming progressively 'studentified'. As this process occurred the areas became less popular to other members of the community, creating streets which were filled solely with students. As a consequence traditional businesses and amenities which supported a cross section of the community (such as schools, nurseries and pubs) began to be lost.

Residents of Exeter commented that there is an imbalance in their neighbourhoods and that it affects their local amenities. For example, residents of the Pennsylvania suburb of Exeter have seen the closure of their local pub during university holiday periods due to its main clientele being students.



**Figure 1: Exeter student numbers 2006-2020**

The University's plans to expand in 2006 were supported by the City Council, but on the condition that 75% of the increase in the student population would be accommodated in new purpose-built accommodation, to reduce the impact on

<sup>5</sup> Smith, D.P. (2005) Studentification: the gentrification factory?, in Atkinson, R. and Bridge, G. (eds) Gentrification in a global context: the new urban colonialism, Routledge, London, pp.72-89.

residential areas. In the Council's core strategy document, which was adopted in 2012, it states that the *"new purpose built student housing should be located on, or close to, the University Campuses, at sustainable locations at or near to major transport routes, or in the City Centre"*<sup>6</sup>.

### **How has studentification impacted Exeter neighbourhoods?**

What happens to a community when there is a proliferation of houses in multiple occupation? The main sources of discontent our interviewees identified were problems with:

- Refuse – houses in multiple occupation produce more rubbish than a family house. The model of refuse collection in Exeter (bi-weekly collections for landfill) is not adequate for this. There are no door-to-door glass collections. The University is working to resolve some of these problems, for example by paying for extra collections when students leave and providing information detailing collection days. One landlord commented *"The change to two weekly collections was almost constructive discrimination against students. Not collecting glass and two weekly collections are two things that make student lives difficult."*
- Noise – residents on the main routes to and from campus say noise levels are unacceptably high, particularly in the early hours of the morning after the nightclubs have closed. The University has attempted to combat this issue through the introduction of a student warden system, and employing a Community Liaison Officer who responds to complaints. During 'Freshers' Week' in 2014, Devon and Cornwall Police joined forces with the University and the City Council to run a 'Neighbours Sleeping' campaign to raise awareness of noise pollution.
- Parking – residents say it can be difficult to find parking spaces during term time due to high concentrations of students in their neighbourhoods.
- Degradation of the area – front gardens become untended and untidy and houses are not cared for.
- Loss of community spirit – caused by a transient student population.



Figure 2: Pavement stencils aimed at students during 2014 Freshers' week [picture courtesy of the Exeter Express and Echo]

We examined the effects of 'studentification' on one Exeter ward in particular, St James, which has changed dramatically in the last 25 years. According to census

<sup>6</sup> <http://www.exeter.gov.uk/index.aspx?articleid=10103>

data the number of houses in multiple occupation in the ward increased by more than 2,000 to 2,800 in the 10 year period 1991-2001<sup>7</sup>.

Residents in the area have come together to form the St James Forum and are the first in the country to develop an urban neighbourhood plan<sup>8</sup> which is now seen as a statutory document. Throughout their work on the plan, residents prioritised the need for balance in their community and *“to ensure that future development and social changes benefit the people who live and work here”*.

The residents of St James that we interviewed were not ‘anti-student’, in fact they felt that the students and the University were vital to Exeter, creating a vibrant society. But as one resident stated *“Students are the same as they always were – but there are just more of them. There’s a balance to be struck and I feel it’s gone a bit far in some areas.”*

### **The cost of being a student**

Exeter is the third most expensive place in the United Kingdom to be a student, only London and Guildford have higher rents<sup>9</sup>. The students we interviewed agree that rents in Exeter are high compared to other universities.

The University is committed to providing accommodation, on or off campus, for all first year students and this is taken up by the majority of new students who can apply for places at the residential halls of their choice. In recent years the University has developed its housing stock, refurbishing and rebuilding halls and working with outside partners and the City Council to provide more purpose built accommodation off campus.

Support is offered to students by the University, whether pastoral support for those living in halls or through initiatives such as the Community Liaison Officer, a role created in 2008. As well as a point of contact with the community, their role is to develop policies and projects to manage problems and improve relationships.

Traditionally, students have chosen to move out of halls or purpose built student accommodation and rent a house with friends in their second and third years. A spokesperson for the City Council said it was supporting applications for new purpose built student accommodation to relieve the tensions in some areas of the city and wanted to see more second and third year students choosing them. The Council has also introduced an Article 4 Direction, which restricts the number of houses which can be converted to houses in multiple occupation in some areas of the city<sup>10</sup>. The spokesperson said *“The purpose of the Article 4 Direction is to prevent an increase of houses in multiple occupation in residential areas. Although once students have been in halls they want to move in with their friends and rent in the city*

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<sup>7</sup> Smith, D.P., Sage, J. and Balsdon, S. (2014) The geographies of studentification: ‘here, there and everywhere’. *Geography* 99(3): 116-127.

<sup>8</sup> <http://www.exeterstjamesforum.org/st-james%20plan>

<sup>9</sup> [www.accommodationforstudents.com](http://www.accommodationforstudents.com) survey 2012

<sup>10</sup> <http://www.exeter.gov.uk/index.aspx?articleid=13208>

*and it is very difficult to change that mentality.*" This was a factor which was supported by the students we interviewed who all said they would expect to live in a shared house after their first year.

An issue identified by both the Students' Guild and the students we interviewed was the perceived pressure to find a house early in the academic year. Properties are marketed by agents and landlords as early as October, often less than six weeks after the students have started at university. In recent years one lettings agent has seen students sleeping outside their office the night before their housing list was released, so keen were they to get the house of their choice.

The students we spoke to agreed that they felt pressure to make next year's housing decisions very early; one student at the St Luke's campus said *"Everyone started looking for houses before Christmas, I felt a lot of pressure. There is so much hype about it and everyone seemed to have it sorted before Christmas."*

Evidence from the Guild supports the fact that this pressure forces the groups to choose housemates and form friendships very quickly, often having disastrous results with groups falling out with each other, breaking contracts and having a huge impact on their life in Exeter.

A spokesperson for the Guild said *"It can cause real problems and they tend to rush the process, no matter how much information you put out the message still goes out that if you don't get your house before Christmas you lose the best houses [...] they are forming groups with people they have known for a matter of weeks and signing a legal agreement with them [...] From October we have a steady stream of students who want to leave their homes, can't stand their housemates, or worse, are being bullied by their housemates. Information about their contractual obligations in these situations is probably one of our biggest areas of advice."*

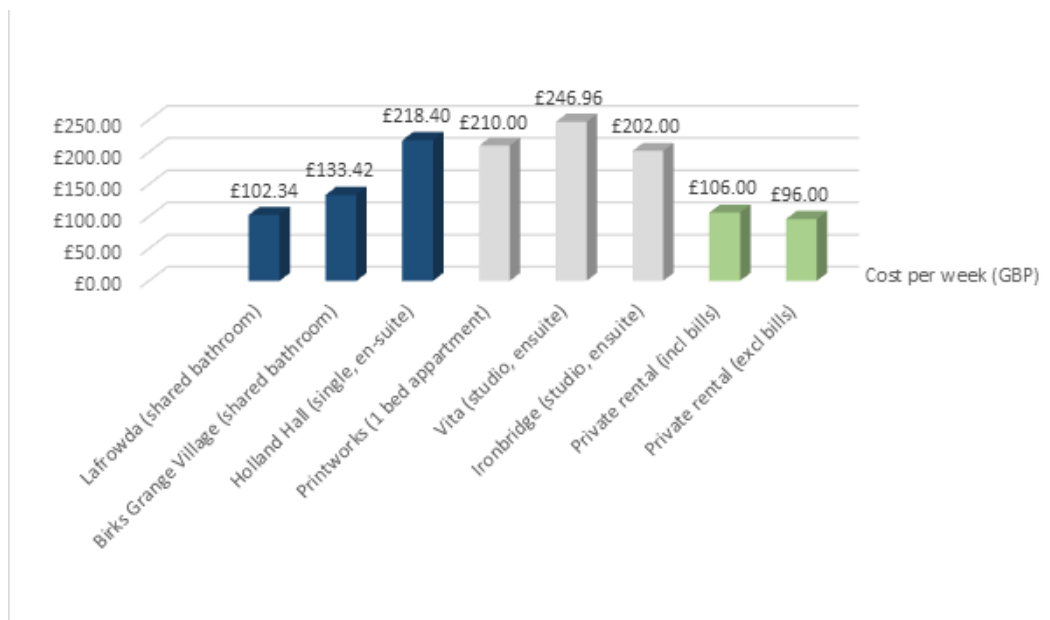
The lettings agents we spoke to say they understand this, but respond by saying they have to act for their landlords in a competitive marketplace. Is it a realistic expectation to ask agents and landlords not to market any properties until the January after the first term?

### **What is the impact of the '9k environment'?**

Students now pay up to £9,000 a year in university tuition fees. How does this impact on their approach to how much they pay for their rent? The University's community liaison officer said he believes it makes them more savvy consumers, demanding better value for money. He added *"Students paying more for fees are maybe approaching premises from more of a consumer point of view, they are saying, 'what am I getting for my money, I'm paying a lot for my degree, I want to make sure everything is good.'"*

There was a perception among many of our interviewees that Exeter University students were more likely to be from affluent middle class families. *"It has shifted a*

bit, they are still wealthy, perhaps not as much as they were, but there is still a feeling of affluence,” said one landlord.



**Figure 3: Exeter student accommodation costs per week (GBP)**

Figure 3 shows student rents across Exeter. Halls can be catered or self-catered; some of the most popular campus-based units are so oversubscribed the University is receiving up to three applications for each room. Rent for purpose built student accommodation usually includes bills, property maintenance and security. There is even a concierge service available at the Printworks (Victoria Hall).

The Knight Frank 2014 Student Property report<sup>11</sup> revealed that students in Exeter are prepared to pay more than 30% more to live in purpose built student accommodation. In the report Keith White, Managing Director of CRM, (the largest independent student accommodation provider in the UK) said *“Increasingly, students are choosing their accommodation for reasons beyond just price. They are demanding clever design that allows social groups to form and bond; such as placing kitchens and lounges at the heart of the design and not despatched to the ends of corridors. Likewise, they are demanding services that create wider social interaction; such as events and private activities, all of which adds to their experience.”*

### **Who chooses to live in purpose built student accommodation and why?**

The new purpose built student accommodation blocks offer varying standards of accommodation. All the students we interviewed said the blocks were not a consideration for them due to their cost. There was a common perception amongst the majority of participants that the new high-end developments are proving popular with overseas students; the groups we interviewed felt there were many reasons for this:

<sup>11</sup> [http://www.knightfrank.co.uk/resources/commercial/brochure/student\\_report\\_2013.pdf](http://www.knightfrank.co.uk/resources/commercial/brochure/student_report_2013.pdf)

- Some are marketed towards certain nationalities;
- Cultural – many overseas students want an en-suite bathroom, something not readily available in Exeter’s traditional housing stock;
- Education agents promote the blocks to their overseas students;
- Slick websites and readily available online profiles make it easier to make an informed decision from overseas; and
- Overseas students have greater financial resources to pay for the higher rent.

Some students find they are excluded from the conventional model of renting a house through a landlord or letting agent, and therefore have little choice but to live in purpose built student accommodation. Those students who do not have a UK credit history often have problems securing a property, and require a guarantor. The Guild says there is evidence of students without guarantors being required to pay a year’s rent in advance.

### **What is the impact of purpose built student accommodation?**

In the last few years the number of beds in the city has dramatically increased due to the new purpose built student accommodation. How can we measure the effect of this increase on the housing market, the community and the job market in the city? In Exeter it is apparent that the impact is only just starting to be felt. We examined the implications for the future if the blocks are built without restriction, and the impact this has on the city.

- Raising the standards of accommodation – landlords say they feel compelled to compete with the purpose built student accommodation. This means investing in new kitchens and bathrooms, high quality furnishings and whitegoods. One landlord said *“They are setting standards so high, raising expectations and pricing some students out of the market.”*



**Figure 4: Some Exeter streets are almost entirely houses in multiple occupation**

- Oversaturation leading to landlords being unable to let properties – the number of landlords we interviewed who had one or two properties said they had struggled to let their houses in the last few years. This became particularly apparent in 2012. Different decisions were taken, some choosing to leave a house empty for a year, others choosing to sell their property, whilst others chose to rent to individual tenants. One landlord who was unable to rent to students chose to let his house to four individual tenants instead. He said this caused a number of problems for him. The time required to manage the property increased dramatically and the single tenants did not take care of the property, causing more problems than the groups of students who had rented from him previously.



- Raising rents – as the quality of accommodation rises, so too have rents. The Guild spokesperson said: *“Exeter has extremely high rents. The landlords justify the cost by saying that is what the University is charging for its accommodation, so we are going to match our private rents to the same figure, but they don’t have the same sort of benefits for students. Obviously in halls they are not just getting their room and bills, they are getting the pastoral support and other benefits from the University.”*
- Impact on the labour market – the Guild spokesperson said that purpose built student accommodation has a direct effect on Exeter’s labour market *“The student package they get from the Government doesn’t cover the rent, so there is pressure on the students to find part time employment. Exeter is only a certain size, and there are only so many jobs available, so that will have an impact on the community.”*
- Isolate students further from the community – one interviewee suggested that the blocks cause students to become more isolated from their immediate communities.
- De-studentification<sup>12</sup> – the *“reduction of a student population in a neighbourhood which leads to social, cultural, economic and physical decline”*. Rather than areas predominantly filled with student houses becoming more family-orientated, houses in multiple occupation are being left empty or rented out to transient young single people instead, which ultimately does little to improve community cohesion in these areas.

### **Restricting the number of houses in multiple occupation in Exeter**

As part of its vision to protect areas where the residential balance was becoming lost, the City Council introduced the Article 4 Direction in 2011. This placed a restriction on the number of houses in multiple occupation and the Council agreed to resist plans for new proposals for change of use from family homes to new houses in multiple occupation (HMOs) in wards where 20% or more of the housing were student properties, to combat the growing imbalance in these areas. This affects around 7,000 homes in the north and east of the city. Proposals to extend the area were the subject of public consultation and were supported in writing by more than 140 households. Their concerns were focused on the imbalance created by too many houses in multiple occupation (housing both students and non-students)<sup>13</sup>:

*“It can’t come soon enough. I have no issues with the students who live in my neighbourhood, in that they don’t make noise or cause a nuisance. But they are transient. They have no stake or interest in the community. They don’t mix, they only talk to each other. There’s a lot of community spirit in Newtown and the more HMOs you allow, the more that community spirit will be eroded. The result will be social*

<sup>12</sup> Smith, D.P. (2008) The politics of studentification and '(un)balanced' urban populations: lessons for gentrification and sustainable communities? *Urban Studies* 45(12): 2541-2564.

<sup>13</sup> <http://www.exeter.gov.uk/CHttpHandler.ashx?id=19504&p=0>

*breakdown, with the inevitable increase in crime, vandalism, graffiti and all the other problems that occur in rootless, transient areas.” [Local resident]*

*“I am concerned at the ‘ghettoisation’ which results in areas with a preponderance of student houses with problems arising of noise, litter, refuse bins and unkempt appearance. Where there is the right mix, students appear to take more trouble over the way they behave alongside their neighbours. If the balance tips in favour of HMOs then the whole of the area changes for the worse.” [Local resident]*

Residents of St James say the legislation has worked in their area, and there has been a significant halt on the conversion of family homes to houses in multiple occupation. However they also commented that to date, there is little evidence of the affected streets returning to a mixed community.

During the planning process the University of Exeter Students’ Guild raised five points of concern about the Direction: the possibility of rent increases for accommodation in affected areas; addressing transport infrastructure would be a simpler solution to encouraging students to live further from the Campus; disappointment that the Council is not taking the opportunity to explore mandatory accreditation as a city-wide solution; concern about impact on other groups occupying houses in multiple occupation such as young professionals; and how a threshold of 20% students in one area as a desirable maximum had been decided.

There were some unintended negative consequences as a result of the Article 4 Direction. Residents in St James said there was a marked increase in properties being sold and converted to houses in multiple occupation just before it was introduced (this was confirmed in a discussion with the City Council in March 2015). One resident said *“Families were realising they wouldn’t be able to sell and changed their houses to student lets and moved to other areas of the city. All of a sudden there was a little peak of houses changing use at that time.”* This was confirmed by a landlord who said *“Everybody who could turn their properties into a student house rushed it through before it [the Article 4 Direction] came in”*. Residents also identified a problem in the streets just outside the defined area seeing a proliferation of houses in multiple occupation.

One resident who objected to the extension of the Article 4 Direction told the council *“I would like to state my opposition to such an order, as the benefits system requires single people to be in bedsits or single bedrooms. I feel we need more houses in multiple occupation, not less. The Council’s justification is that many students occupy HMOs. I understand that more student flats are being built in co-operation with the University and the Council should as a policy encourage purpose built student accommodation to prevent HMOs being occupied by students”*.

This restriction on developing new houses in multiple occupation creates considerable market pressures. Students are not alone in competing for such

properties. Other private renters vying for them include young professionals and single people under 35 who receive Local Housing Allowance.

A landlord with a number of houses and a variety of tenants (students, professionals, unemployed people) said *“Students aren’t the only people who wish to live in shared housing ... the planning requirement is quite strict and applies to three or more occupants, so that could apply to three professionals who wish to house share or flat share. There are therefore less properties available for in those people in the areas covered by the Article 4 Direction”*.

## **Accreditation**

The Student Guild gives support to students in three main areas; housing, money and academic issues, with most of the housing issues related to the transition from halls to private rental. It organises a housing fair, offers a contract checking service for students and has recently introduced an accreditation scheme.

The Guild spokesperson said they would like to see a situation where students were choosing properties owned by accredited landlords. She added *“This offers more protection for the students. We don’t have a big problem in terms of standard of accommodation in Exeter and the majority of landlords are good”*.

There are currently 50 landlords signed up to an accreditation scheme. The landlords we interviewed who were not part of the scheme said they did not feel joining brought any benefit. One landlord said *“The standards are not high enough, the criteria are so similar to the council’s houses in multiple occupation accreditation they are not bringing any added value.”* They added that landlords would be likely to add the cost of joining the scheme on to the tenant’s rent.

## **Conclusion**

The number of students living in Exeter has brought a series of changes that have altered the landscape of student housing in the city. Traditional patterns of streets with a high density student population have been replaced with the proliferation of purpose built student accommodation. The impact of these changes is only now being felt.

There is a limited supply of housing suitable for two main markets – private renters and students who are vying directly for these properties. With students being a more lucrative choice for landlords how is that impacting on other tenants? This is a particularly pertinent issue due to recent changes in benefits for single people under 35 that means they are only able to claim housing benefit for shared accommodation rates.

There is a concern that there will be a tipping point when the market becomes oversaturated with student properties, whilst at the same time students will begin to move towards purpose built student accommodation, leaving swathes of

formerly student areas largely empty. Whilst there are no simple solutions, we have identified several key recommendations that have developed as a consequence of this research.

Firstly, we need to increase mobility and offer student accommodation options more widely across the city by improving transport links, introducing planning policies to dis-incentivise property developers and incentivise students to live further away from the university. As part of its framework to support expansion of the University, Exeter City Council *“expects the University to significantly improve its commitment to sustainable travel, in particular by funding improved bus services to the campus to provide services throughout the day and into the evening”<sup>14</sup>*.

Consideration should be given to the use of a specialised lettings agency that could manage the types of tenants taking on properties in certain streets to regain a balance within the community. This market intervention approach could be used to correct the imbalances that have developed.

An alternative model of accreditation could also be developed. To date, accreditation schemes have not worked and the landlords we interviewed were reluctant to join the current system being promoted by the Guild. Perhaps a model where students rate their property online, along a similar line to ‘Airbnb’ or ‘rentalraters.com’, would prove a more efficient way to pass on information.

Consideration should also be given to introducing extra refuse collections, or different models of collection, e.g. large communal bins in appropriate locations, in streets with a high proportion of houses in multiple occupation.

It is clear there are concerns around how the city manages its growing population and the City Council and the University are working together to address this. The evidence we have gathered shows there is also a real need to listen to those directly affected – Exeter’s residents, landlords and students.

Although it remains a complex issue, perhaps it is time policy makers begin to consider ways to find equilibrium in the community and look at how the local and student communities can be encouraged to integrate as a community, rather than be segregated further from each other. As one resident said *“This is a three way relationship, the Council the University and the community and if you want to keep a community you have to keep a balance”*.

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<sup>14</sup> <http://www.exeter.gov.uk/index.aspx?articleid=10562>