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Dear Mr Banks

RBK Kingston: Draft CIL Examination - Additional Student Accommodation Evidence (June 2015)

We write on behalf of our client, Kingston University, in response to your email inviting the University to comment on the Additional Student Accommodation Evidence - June 2015 [SD8], a document that was prepared in response to further submissions during consultation on the Draft Kingston CIL - Minor Modifications.

Notwithstanding the Council's further evidence to support the proposed CIL rate of £220 per sqm for student accommodation in the Borough, Kingston University is still concerned about the indirect impact of the proposed high CIL charge.

While further remodelling has been undertaken by the Council's viability consultants (additional evidence, June 2015), these all make the assumption that land can be acquired by developers of student housing at existing use value (EUV) plus a landowner premium of only 20%. We consider that this assumption is unrealistic. In reality, developers will require land at market value which will invariably be significantly higher than EUV plus 20%. The impression given that there would be significant 'headroom' above the recommended CIL charge is therefore misleading.

Further information in relation to the University's objection to the proposed CIL charge is set out below and the University confirms that it wishes to rely on its previous representations and the additional statement below and that it will not be appearing in person at the hearing.

The University's concerns about affordability and the possible implications of high CIL charges for student accommodation have also been identified more generally by the British Property Federation (BPF) in its recent Manifesto, *Making the Grade - July 2015*, which urges the government to use its promised review of the Community Infrastructure Levy (CIL) to stop Councils setting 'sky-high' CIL levels, or risk constraining growth of the UK's Higher Education (HE) sector.

Importantly, the BPF Manifesto (contained at Appendix 1) highlights the crucial contribution that the HE sector makes to the economy:



“Purpose-built student accommodation (PBSA) is essential to support the growth and success of the Higher Education (HE) sector, which in turn has a strong influence on the future growth prospects of the country. HE is both an export industry, attracting international students, and an important contributor to the UK itself that develops our future workforce. In 2011/12 universities contributed over £36.4 billion to UK GDP, whilst the HE sector as a whole generated an estimated £10.71 billion of export earnings for the UK. At a local level, HE and students’ spending power contribute significantly to local economies and can help regenerate areas. HE expansion continues, with intake increasing by 446,000 for the 2013/14 academic year. The total number of students currently studying in the UK stands at around 2.4 million.” [Page 1]

The manifesto continues to note that the *“Building of student accommodation is slowing. Part of this reflects competition for land from other uses. In London some huge Community Infrastructure Levy (CIL) charges are severely hurting viability.” [Page 3]* The manifesto also points out a secondary impact of constraining PBSA supply as it will place further pressure on the already squeezed housing markets, as students will be forced into the traditional private rented sector.

Whilst it is appreciated that student accommodation developments owned by the University will be excluded from CIL by way of the University’s charity status, the University strongly considers that where there is an agreement between a private student accommodation provider and the University there should be a specific CIL exclusion or as a minimum a significantly discounted CIL charge for the provision of affordable student accommodation. This could be specifically linked to higher education facilities within the Borough, requiring that the developments provide accommodation to students enrolled in higher education establishments within Kingston Borough. The provision of affordable student accommodation in the Borough is important and as noted above it also has wider benefits by reducing existing pressures on private sector housing. The provision of affordable student accommodation within the Borough will also promote and encourage more sustainable development, by reducing the need for students to travel between their accommodation and place of learning. The high CIL charge will by comparison increase the need for Kingston University students to travel further outside the Borough in order to obtain affordable accommodation.

The proposed high CIL charge will artificially contain the market. Furthermore and as identified previously, if the Examiner is not minded to recommend the changes to the Charging Schedule set out above, we consider that as a minimum the proposed student accommodation CIL charge should be discounted to reflect the different housing markets that have been identified within the Borough. If such markets exist for market housing it appears unreasonable for charges on student accommodation to not reflect these markets

We trust that the above and our previous representations will be considered during the examination of the CIL Charging Schedule. If you wish to discuss any element of our client’s response, please contact Iain Rhind or me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'HJC' followed by a stylized signature.

Hannah Whitney
Planning Director

cc. Sean Woulfe - Kingston University



Nathaniel Lichfield
& Partners

Planning. Design. Economics.

Appendix 1 - Making the Grade prepared by British Property Federation (July 2015)

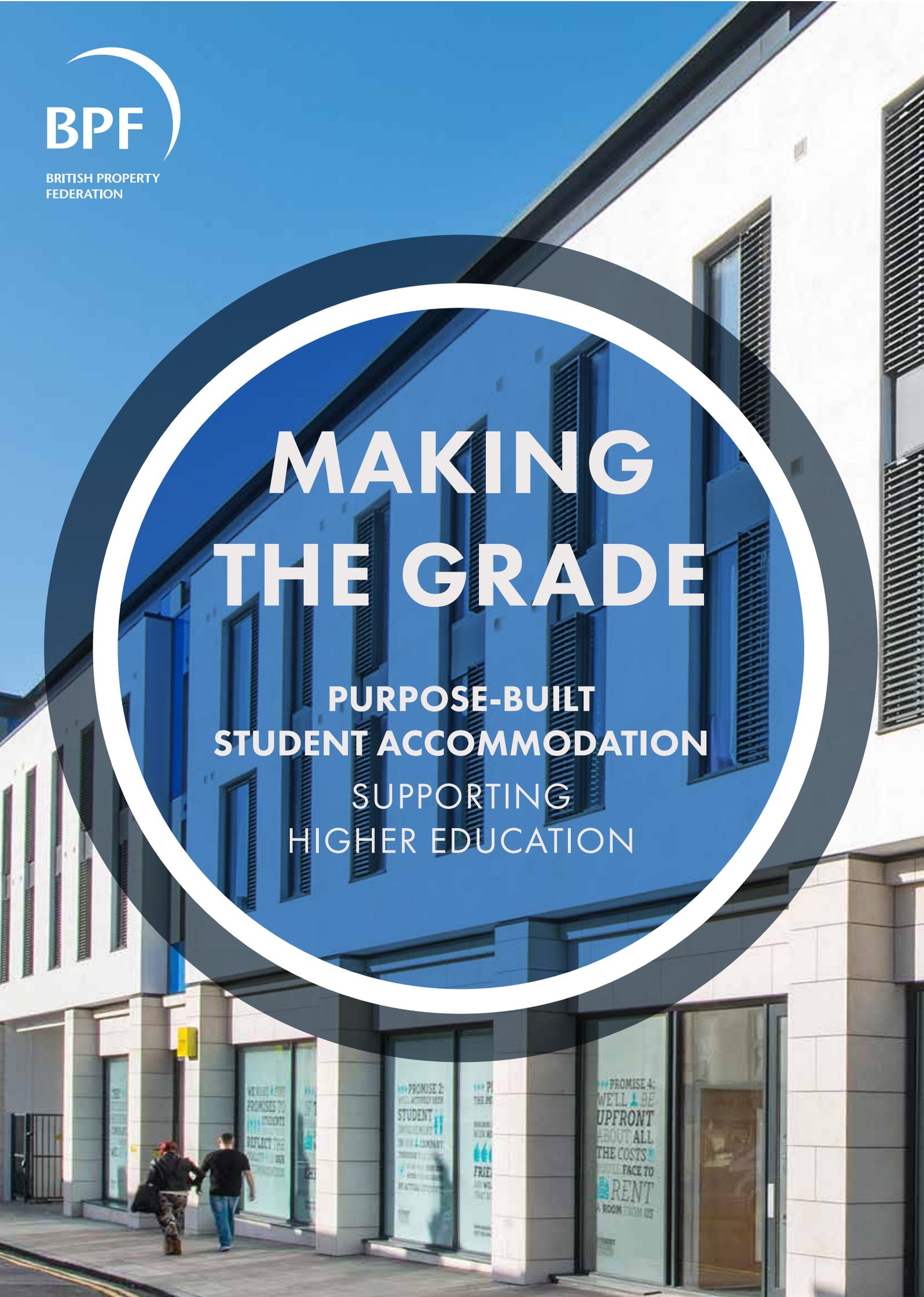


BRITISH PROPERTY
FEDERATION

MAKING THE GRADE

PURPOSE-BUILT
STUDENT ACCOMMODATION

SUPPORTING
HIGHER EDUCATION



PURPOSE-BUILT STUDENT ACCOMMODATION SUPPORTS THE UK



SUPPORTING THE UK HIGHER EDUCATION SECTOR

Purpose-built student accommodation (PBSA) is essential to support the growth and success of the Higher Education (HE) sector, which in turn has a strong influence on the future growth prospects of the country. HE is both an export industry, attracting international students, and an important contributor to the UK itself that develops our future workforce.

In 2011/12 universities contributed over £36.4 billion to UK GDP, whilst the HE sector as a whole generated an estimated £10.71 billion of export earnings for the UK. At a local level, HE and students' spending power contribute significantly to local economies and can help regenerate areas. HE expansion continues, with intake increasing by 446,000 for the 2013/14 academic year. The total number of students currently studying in the UK stands at around 2.4 million.

PBSA has grown substantially over the last two decades, with £2.1 billion invested into the sector over the 12 months of 2013. Unlike other property asset classes, the boom in student accommodation has not been limited to London; 88% of the £2.1 billion invested in 2013 went to regional schemes across 30 towns and cities. Without PBSA, the HE sector would not have been able to expand at the pace it has over the last 20 years, meaning fewer people would have got the opportunity to go university.

FREEING UP HOMES FOR YOUNG PEOPLE AND FAMILIES

The recent expansion of PBSA has also prevented further strain from being put on local housing markets. PBSA in particular frees capacity in the traditional rental market, facilitating housing provision for young professionals and families. The provision of PBSA in a number of locations across the UK could release around 77,000 homes back into the market. On a local level this can contribute significantly to housing targets.



**STUDENTS ARE
STUDYING IN THE UK**



**OF HALLS OF RESIDENCE
WERE PBSA IN 2012/13**

PROVIDING PEACE OF MIND FOR STUDENTS AND PARENTS

Private sector PBSA investment has meant universities have been able to focus on providing first-class teaching and study facilities rather than student halls. Through the diligence of providers and their membership of the ANUK code, a voluntary accreditation scheme supported by HE bodies that sets professional standards for PBSA, students and their parents are given peace of mind that PBSA is well managed and complaints are appropriately dealt with.

ATTRACTING INTERNATIONAL STUDENTS TO THE UK

PBSA has helped attract international students, who can shop around for and book accommodation online. Ease of access is just as important to our national students, providing them with unparalleled choice and an accessible alternative to traditional renting methods. It has raised the bar for provision, with higher standards now expected of all providers.



**WAS INVESTED
INTO PBSA IN 2013**



**HOMES COULD BE RELEASED
BACK INTO THE MARKET IF
MORE PBSA WAS AVAILABLE**



WORKING IN PARTNERSHIP WITH GOVERNMENT

The PBSA sector is committed to working with Government to sustain and increase its contribution to the UK. However, it faces some challenges that, if left unchecked, will hamper new provision and ultimately make it harder to accommodate growth in student numbers.

ENSURE THAT PLANNING CHARGES AND REQUIREMENTS DON'T HURT THE DEVELOPMENT PIPELINE

Building of student accommodation is slowing. Part of this reflects competition for land from other uses. In London some huge Community Infrastructure Levy (CIL) charges are severely hurting viability. It is important that the Government abides by its promise to review CIL in 2015 and we would like stronger guidance on how PBSA is treated. In London, the Mayor is also developing the idea of 'affordable student accommodation'. The detail of this must be worked through properly to ensure that it does not damage supply or perversely drive up the cost of accommodation for students.

PROVIDE CLARITY AND CONSISTENCY ON COUNCIL TAX

Council tax remains a key issue for the PBSA sector. While an exemption from council tax exists for students, the lack of a clear definition of PBSA within legislation has meant councils issuing bills to both providers of PBSA and their tenants. PBSA didn't exist in 1991 when the system was introduced, and it can therefore be classed as university accommodation or treated like small HMOs. Ideally, PBSA should be treated like university owned accommodation. The way councils handle PBSA for the purpose of council tax differs vastly across the UK, making a coordinated response difficult. This has resulted in students residing in PBSA being inconsistently charged by councils for a tax they should be exempt from, despite the efforts of PBSA providers. A more consistent approach by councils will help correct the disparity on council tax, through the use of best-practice guidance on council tax administration.

SHEFFIELD HALLAM UNIVERSITY

Sheffield Hallam University has worked in partnership with PBSA providers for over 20 years, helping to market and allocate students to purpose-built accommodation provided by private developers. It has partnered with a range of private providers, from small 14-bed local developers to large UK-wide companies with thousands of beds.

The university, PBSA providers, and students all benefit from these partnerships. Together, the university and PBSA providers conduct annual property inspections, rent review meetings, and annual portfolio reviews, ensuring a balance of prices and quality to meet all budgets.

Partnerships also include regular workshops to stay updated on issues of mutual interest, such as student recruitment figures, results of student barometer surveys, or Sheffield Hallam's nationally-recognised PRS accreditation scheme 'Snug'. Smaller developers are also partnered with the largest ones, allowing them to share advice and best practice.

CASE
STUDY



WORKING COOPERATIVELY WITH COUNCILS

We have begun drafting a guide on the issue of council tax with local government and also on sharing best practice in terms of waste disposal, which has become an issue for PBSA. DCLG and DEFRA both advised local authorities last year that the waste produced by PBSA should be classified as residential, not industrial waste. However many are yet to take notice, and some councils have continued to classify the waste as industrial, requiring the owner of the accommodation to pay for its collection. This increases the costs to students and unfairly targets those residing in PBSA. Greater clarity over PBSA's definition within waste collection is therefore needed. We hope that by sharing with councils best practice in these areas, we can come to understand how best to move further forward on both council tax and waste together.

EXEMPT ACCREDITED PROPERTIES FROM LICENSING

Local licensing of the private rented sector on a borough-wide basis is becoming increasingly prevalent as councils use general consent to introduce such schemes. PBSA is regulated to a standard expected by local authorities, and beyond it, through membership of the ANUK code. This includes a regular inspection regime and an independent mechanism for handling complaints. The purpose of licensing is to catch the worst landlords, but local authorities will often license PBSA property and derive license fees from it that are far in excess of the cost to license the property. Local authorities should be taking a targeted and proportionate approach to licensing and PBSA covered by the ANUK code should not be included in local licensing schemes.



MOONRAKER POINT, LONDON

Moonraker Point houses 671 students in London. It is operated by Unite Students on behalf of King's College London and was developed in partnership with the university.

The building is in prime central London within easy reach of the King's College campus, local shops and amenities and many transport routes. The building provides students with 24-hour security, all bills included, high speed Wi-Fi and fortnightly kitchen cleans in shared kitchens and communal areas.

The partnership between Unite and King's College has been successful as a result of their shared ethos on the importance of residential life for students. Moonraker Point was developed with the understanding that a good living experience can support success and help students to integrate with academic, social, and local communities.

ABOUT OUR COMMITTEE

The BPF student accommodation committee represents and supports the PBSA sector's interests on a range of policy issues.

The proportion of students living in PBSA has been growing annually and now represents a significant portion of the halls of residence market, rising to 24.8% in 2012/13. The committee's membership is comprised of some of these key providers in the PBSA sector, such as Unite, Liberty Living, Knightsbridge, CRM, Victoria Hall, Derwent and Greystar; representatives from key university accommodation bodies including CUBO, Unipol and BUFDG; investors such as Wellcome Trust, and organisations that support the sector like Nabarro and Jones Lang LaSalle. There is then a wider network of over 100 committee associates. This ensures a rounded view of the sector's issues is considered.

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