

Academic Forum meeting 26 January 2015: Notes

Attendees	Organisation (acronym used in notes)
Jane Donachy	University of the Arts London (UAL)
Nick Brown	Brunel University
Roland Shanks	University of London Housing Services (ULHS)
William Wilson	UCL
Paresh Shah	London Higher
Andrew Dickie	Middlesex University
Hamish Clifton	University of Kent (UoK)
Robert Farnsworth	LB Camden
Karen Montgomerie	LB Islington
Philip Waters	LB Southwark
Christine Lyons	LB Newham
Kim Hopkins	LB Westminster
Claire Gray	LB Lewisham
Alun Evans	CgMs for Unite-group
Brian Welsh	The Student Housing Company (SHC)
Ciaran Little	Berkeley Group (BG)
Ian Fletcher	BPF
Allan Hilton	Cass and Clerdale Halls of Residence Association Limited (CCH)
Richard Maung,	Deloitte
Jonathan Seager	London First
Jo Goodman	NUS
Bethan Dudas	NUS
John Lett	GLA (Chair)
Jennifer Peters	GLA
Elliot Kemp	GLA

Abbreviations in notes

Purpose built student accommodation – PBSA

Affordable student accommodation - ASA

Higher Education Institutions – HEI

Post meeting commentary is shown in *[brackets]*

1 Introduction and London Plan update

1.1 The chair welcomed the members to the reconvening of the Mayor’s Academic Forum and outlined the timetable for publishing the Further Alterations to the London Plan – aiming for publication in March 2015. The FALP introduces a requirement for the delivery of affordable student accommodation in paragraph 3.53B. The subject of the meeting is to discuss how this requirement should be translated into planning guidance.

1.2 The GLA explained that the Housing SPG is being reviewed and guidance on affordable student accommodation will form part of this revised SPG. The GLA is aiming to begin the consultation on the Housing SPG on the 11th of May. The consultation will run for 12 weeks and adoption is planned for winter 2015.

1.3 GLA presented an approach to delivering student income outline in the GLA's Affordable student accommodation planning guidance discussion paper January 2015, which was emailed to the forum member on 20 January 2015.

2 How do we measure student income?

2.1 The GLA's approach to measuring student income was outlined as per the discussion paper.

2.2 The Student Housing Company highlighted that the majority (circa 60%) of students in their PBSA are foreign students and they have significantly higher income than UK student, thus this should be taken into account. The GLA explained that the FALP requirement for affordable student accommodation is aimed at providing accommodation that is affordable to UK students, and thus the proposal focuses on measuring UK students' income. *[Following the meeting London Higher has provided statistics on London's student population in 2012/13¹ showing that in London 80% of undergraduate students were domiciled in the UK, 7% were from other EU countries and 13% were non-EU domiciles. For postgraduate students 59% are domiciled in the UK, 13% in other EU countries and 28% are non-EU domiciles.]*

2.3 UCL queried the assumption that the government regard income from the maximum grant and loan as adequate to pay for all of a student's living costs during the academic year because they are required to pay bursaries of £5,000 p.a. to some students to supplement their income. NUS pointed out that the level of bursaries varies from university to university and not all universities pay £5,000. GLA queried which students are eligible for UCL's bursaries and UCL confirmed students with household incomes of £12,000 or less. *[GLA note: The maximum grant and loan is payable to students with household incomes of £25,000 or less. Thus students that qualify for the maximum grant and loan do not necessarily also qualify for UCL's bursaries and thus would have to rely on the grant and loan for all of a student's living costs during the academic year.]*

3 Cost of comparable accommodation provided by London universities & What percentage of a student's income is considered reasonable to spend on the cost of accommodation?

3.1 The GLA's outlined analysis of rents for PBSA in London as per the discussion paper. Rents were analysed by room type and provider arrangements. The lowest rents for all room types are charged for PBSA owned and operated by HEI. Direct let PBSA charge the highest rents for all room types. Standard rooms were the lowest cost room type and as thus are the most appropriate room type to use for comparable rental costs when considering affordable student accommodation. FALP paragraph 3.53B seeks the provision of affordable student accommodation in the context of rental cost of accommodation provided by London universities, which is taken to be university owned & operated PBSA. Average rents for a standard room in university owned & operated PBSA for different periods of time were presented to the forum. These rents showed weekly rents of £148 and £5,624 for 38 week contract.

3.2 The GLA then explained their rationale for determining what percentage of a student's income is considered reasonable to spend on their accommodation costs. The factors taken into consideration:

¹ London Higher Factsheet 2014 for 2012/13:
http://www.londonhigher.ac.uk/fileadmin/documents/Publications_2014/LHigher_HESASStudents_2014.pdf

- There is no agreed percentage considered an appropriate proportion of disposable income to spend on accommodation costs.
- The GLA's criterion for intermediate affordable in its AMR is - annual housing costs, including rent and service charge, should be no greater than 40% of net household.
- The student will only be in the accommodation for the short-term.
- PBSA offers inclusive packages that cover utilities, facilities management and internet access, these costs would be in addition to rent in conventional housing.
- ONS 2013 data - household spending on fuel and water was £33.90 per week. (x 38 weeks equates to 13% of student income).

3.3 The GLA concluded that it is reasonable for a student in London to spend 55% of their income on the cost of accommodation in PBSA. Thus for 2014/15 the annual rental cost for affordable PBSA in London could be £5,662 or less.

3.4 UCL stated that in their survey students were prepared to pay an average of £175 a week. LUHS referenced initial results from their survey of over 7000 students in London in all accommodation types, this showed that 60% of respondents were paying £150 or less a week.

3.5 The forum discussed how much a student should pay for rent. Although the boroughs and NUS felt 55% was a high percentage of income to spend on accommodation they supported this approach above one that used the cost of London universities accommodation as a benchmark of affordability. UoK pointed out that when considering cost of PBSA the added security they offer needs to also taken into account as an extra service that students are receiving.

3.6 UoK suggested that the rents set by the universities are inherently affordable as the universities do not want to price their students out of accommodation. Thus setting a percentage based on what proportion of a student's income is reasonable to spend on rent is unnecessary, and instead ASA rent should be linked to rents set by the universities for their PBSA. CCH and NUS disagreed commenting that the universities are also have an interest in making a profit from their PBSA. GLA explained that the universities can change their rents at any time and if the affordable accommodation cost was linked to university rent there would be no link to a student's income. The boroughs preferred to have the affordable accommodation based on a percentage of the student's income.

3.7 ULHS was concerned that if the rent for ASA was a fixed amount only a few rooms would be delivered, they preferred the approach they advocated in their FALP representation of having rents set at 75% of the market rent for the PBSA and 30% of the bedrooms being ASA. BPF raised the possibility that if the rent level of the ASA was lower than that of that being provided by new PBSA provided by the universities there could be a state aid issue.

3.8 UoK raised the concern that the impact of the requirement would be to increase the rents of the standard priced accommodation, to subsidise the ASA through increased rents.

3.9 CCH highlighted that the GLA's proposal currently equates with the cost of rooms being provided by London universities and thus there should be little problem with delivering ASA. There can be a review on the rent differential between the GLA set level and London universities' PBSA at set periods, e.g. every three years, to assess if the situation has changed.

4 Provision and maintenance of affordable student accommodation

4.1 GLA proposed that the amount of ASA would be the maximum reasonable amount subject to viability and that viability is assessed in context of borough's CIL other costs such as student bursaries. GLA suggested that once the rent level had been agreed it could be linked to an index of inflation. There could also be a set review period to calibrate rents against the GLA's measure of what it considered ASA at that point in time. The amount of ASA and these mechanisms for maintaining it can be secured through s106 agreement.

4.2 SHC were concerned that pegging the measure of student income to the grant could create a problem as the costs increases for the provider are independent of increases in the grant e.g. utility costs.

4.3 LUHS commented that the GLA's proposed formula does not link to university accommodation costs. *[The proposed formula recommends student can spend 55% of their rent on accommodation costs and this has been set in the context of the rent levels for London universities PBSA]*

4.4 The universities and CCH suggested that the SPG should indicate the percentage of ASA that should be provided in a development, and this should be 30%. NUS were keen on having a recommended percentage of ASA, the maximising the amount of ASA was considered very important. The boroughs supported a strategic percentage target for ASA.

4.5 The private providers highlighted that viability was key factor for determining the amount of ASA.

4.6 Overall the forum agreed that the SPG should recommend a percentage of ASA that should be provided in applicable PBSA developments.

5 Flexible approach to reducing cost of student accommodation

5.1 GLA suggested that a possible way to reduce the cost of PBSA and the rental cost for students was if boroughs allow the use of accommodation during vacation periods for ancillary uses e.g. students on short-term education courses. Ancillary uses can be managed through s106 agreement or conditions.

5.2 The private provider raised the problem of councils asking for council tax if the PBSA is not used all year by students and problems with VAT liabilities for other uses. The tax implications were considered by other forum members an issue that can be worked out for individual developments and not something that need concern the advice in the SPG.

5.3 The private providers suggested that strategic guidance was needed on ancillary uses such as hotel use. The universities and providers highlighted that older PBSA have the right to be used as a hotel in the summer and it was only newer PBSA developments that have tight restrictions on their use. The money raised from the summer uses was very important to reduce the cost of the accommodation for the students. They also pointed out that without these halls offering accommodation during the Olympics there would not have been enough accommodation in London for all the visitors. The GLA advised the principal use of the building could not be changed.

5.4 Some boroughs were concerned with ancillary hotel use as the planning considerations for hotels are not the same as for PBSA. They also wanted a link between allowing the ancillary use and gaining more ASA than would otherwise have been viable. The NUS supported

exploring uses of the PBSA in the summer but wanted there to be an option for student to stay in the accommodation if the needed to.

5.5 Overall the forum agreed that ancillary uses for the PBSA should be explored the the guidance.

6 Allocating affordable student accommodation

6.1 The GLA proposed that as FALP para. 3.53B only requires a provider to deliver affordable student accommodation when a provider has not entered into an agreement with a specified academic institution the SPG would leave the allocation of the ASA to the provider. However the GLA highlighted that University of London Housing Service provides a “ready-made” allocation system which the private providers may opt to use.

6.2 The GLA consider that requiring means-testing as part of the allocation of the accommodation would be too onerous. However, universities are in a better position to know which students are in need of the ASA. Thus if they private provider allows the university to allocate the ASA it could be allocated to students on lower incomes. *[The GLA consider that a simple form of means-testing would be to restrict eligibility on to the accommodation to student which received a maintenance grant for living expenses]*

6.3 The universities preferred there to be a central system for allocating ASA and it was suggested that London Higher would be the appropriate body to lead a new system or it could be led by the LUHS. The private providers supported having the choice of how they allocated the ASA.

6.4 The forum discussed who would get the ASA and if it was to be restricted to UK students. The GLA stated the aim of the requirement is to provide accommodation that would be affordable to UK students. The boroughs considered that how the accommodation was allocated would be key to justifying a s106 agreement.

7 Next steps

7.1 The GLA will produce draft text of the affordable student accommodation guidance to go in the Housing SPG and send it to the Academic Forum for their comments. The draft Housing SPG will be consulted on in May following the general election and revised in light of consultation comments.