

Subject: Purpose-Built Student Accommodation in London

Report to: Housing Committee

Report of: Executive Director of Secretariat

Date: 17 March 2015

This report will be considered in public

1. Summary

- 1.1. This report sets out the proposed scope for an investigation into the issues surrounding the provision of purpose-built student accommodation in London.

2. Recommendation

- 2.1 **That the Committee agrees the scope for an investigation into the issues surrounding the provision of student accommodation in London.**

3. Background

- 3.1 The importance for London's universities of the adequate provision of student accommodation is emphasized in the Further Alterations to the London Plan (FALP). It says that there is a requirement for 20,000 to 31,000 university places over the ten years to 2025, but the Plan also notes that student accommodation should not undermine the provision of affordable homes or the requirement for mixed and balanced communities.
- 3.2 The London Plan proposes that more student accommodation should be located in outer London and that it should be more affordable for the student body as a whole, while remaining within the context of local strategic planning needs. It requires privately provided units to be broadly comparable to university-provided accommodation, with benchmarking provided through the Mayor's Academic Forum and the London Plan Annual Monitoring Reports. Finally, it notes that if the accommodation is not "robustly secured for students", it should be subject to affordable housing requirements, although monitored separately from overall provision.
- 3.3 The Mayor's Academic Forum was established in 2011 to address student accommodation needs arising from the London Plan. The Forum's agenda covers: future student numbers, the geographical concentration or dispersal of student housing, affordability, quality, meeting strategic and local needs and partnership working.

4. Issues for Consideration

- 4.1 The provision of purpose-built student accommodation needs to be considered within the wider context of London's heavily pressurised housing market. The Mayor's Academic Forum believes that increased provision of purpose-built student accommodation has the potential to free up conventional housing currently occupied by students. As noted above, new student accommodation is exempt from the usual requirements relating to mixed use and affordable housing provision. It is increasingly provided by the private sector, up from 4% in 2003 to 41% in 2014. It may also affect the boroughs' ability to meet their affordable housing targets.
- 4.2 From the students' viewpoint, affordability is the most important issue, yet the price of London's university accommodation is very high. Some universities have argued that the 'affordability' threshold for student rent in London is £150 per week, but this is below the average London rent level reported by the National Union of Students in 2012/13 of £157 per week. And the average rent for private purpose-built accommodation was then £221. The Mayor's Academic Forum notes that high-quality en-suite rooms or studio flats may be being built at the expense of more basic, self-catering rooms with shared facilities.
- 4.3 Student accommodation is also heavily concentrated geographically, with 57% of existing provision located in four central London boroughs (Camden, Islington, Tower Hamlets and Southwark). Universities prefer to locate their provision (and students also prefer to live) in these areas, provided that such accommodation is 'affordable'. While some increased provision is being approved in outer London, there is still a heavy focus on central London in terms of new approvals. High rent levels mean that the poorest students spend on average 55% of their maintenance loan on accommodation and more than one third (37%) of students moving into the private rented sector (PRS) say they are doing so for reasons of affordability. So this heavy concentration of purpose-built accommodation in central London, together with the type of units we are providing, may be driving up prices for students. There is also a concern that the current arrangements for bespoke accommodation may be driving students into the already over-subscribed PRS, putting further pressure on rental levels for the wider market, and potentially pricing the poorest students out of London altogether.
- 4.4 Accessibility is an emerging issue, as both universities and private sector providers are looking to reduce the percentage of rooms made available for disabled students on the grounds that they are not attractive to other students. Therefore the Committee may also wish to consider whether London provides the right amount of accessible student accommodation.
- 4.5 Members may therefore wish to question expert guests on:
- whether new purpose-built student housing is in any way compromising affordable housing provision; and
 - the affordability and suitability of new student accommodation in London.
- 4.6 Subject to discussions with party Groups, a visit is proposed later in the year as a way to allow Committee Members to view recently built accommodation and to speak to those who manage, maintain and live there.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no financial implications to the GLA arising from this report.

List of appendices to this report:

None

Local Government (Access to Information) Act 1985
List of Background Papers: None
Contact Officer: Lorraine Ford, Scrutiny Manager Telephone: 020 7983 4394 E-mail: scrutiny@london.gov.uk