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The Right Honourable Sadiq Khan - Mayor of London
New London Plan
GLA City Hall
London Plan Team
Post Point 18
FREEPOST RTJC-XBZZ-GJKZ
London SE1 2AA

Dear Mr Mayor,

DRAFT NEW LONDON PLAN REPRESENTATIONS ON BEHALF OF UNITE STUDENTS

We write on behalf of our client, Unite Students, to submit representations to the consultation on the 'Draft New London Plan'. Unite Students is the UK's largest manager and developer of purpose-built student accommodation serving the country's world-leading higher education sector. Unite currently provide homes for almost 50,000 students in more than 140 properties across 24 leading university towns and cities in England and Scotland, the majority (over 60%) of which are in partnership with Universities. Unite also has a strong development pipeline, which will deliver a further 8,000 beds in the next three years across the UK.

Introduction to Unite Students

Unite Students, designs, builds, manages and operates outstanding student accommodation and networking facilities across the UK. They have selected key university towns and cities to roll out their development programme over the next 5 years.

Unite is keenly focused on providing students with high quality, safe and secure accommodation at great value for money, located close to university campuses, transport links and local amenities. Their market research has demonstrated that this section of the UK market is suffering from the most acute pressure of under supply. The accommodation comprises ensuite rooms and studio apartments with rents covering all bills, insurance, 24 hour security, fortnightly cleaning services, 'concierge-style' management service, building facilities team, ultra-high speed Wi-Fi, and high quality amenity spaces (both internal and external) to socialise.

The company is driven by the common purpose: to provide students with a 'Home for Success' and to be the most trusted brand in the sector. This is delivered through great service, great people and great properties, all designed on the basis of an unrivalled insight into students' needs and preferences which includes the provision of pastoral care to ensure the well-being of the student occupants.

Introduction to Representations – London's University Sector

It is necessary to provide an overview of London's University sector and to reinforce the important role the student population play in respect of the wider London economy as this underpins the core argument of our representations.

London has over 145 higher education institutions (HEIs) awarding undergraduate and postgraduate courses. 44 of these are recognised by the Higher Education and Funding Council for England (HEFCE), 12 of which are national universities with campuses in London. These HEFCE accredited universities account for c.300, 000 students between them. The remaining 100 or so universities, including 10 international ones with a London campus, add another c.53,000 odd students. This national and global interest in the city helps push the student population in London to over 345,000 students. With the total population of London at about 8.8m, the student population stands at just under 4% of that.

The number of purpose built student accommodation in London, both university owned and those in the private sector, total 89,950beds. This equates to roughly 1 bed for about every 4 students. This means that there are over 255,000 students in general needs housing; filling housing stock from other Londoners. If we discounted half of the student population as living at home, owning their own home or not interested in staying in PBSA, there is still a grossly overwhelming under supply of student accommodation in London. Please see the JLL 2017 London Student Housing Report enclosed within **Appendix A**.

London hosts many world class universities, which contribute directly (e.g. employment) and indirectly (e.g. provision of skills) to the UK economy, so making sure that these institutions have the capacity to flourish is imperative to London retaining its prosperous economy. In 2013/14 there were 67,405 international students enrolled at London universities, 18% of the total student population in London, which has increased by 2% (+1,530 students) in 2016. London's international students bring a net benefit of £2.3 billion per annum to Britain's economy (primarily through fees and accommodation), equating to around £34,122 per student, and representing 39% of the total fee income of London's universities. Furthermore, having international students in London improves Britain's business influence. PwC found that international students who study in London are 60% more likely to do business with the UK because of studying there. Therefore, international students are likely to form long-term ties with London, thus helping to strengthen its business and economic influence around the world.

London accounted for over 23% of the UK's economic output in 2014, having grown by 18% since 2009, compared to 8% for the country as a whole (Experian). London has a highly qualified workforce, with 53% of employees having a degree. Imperial College London is ranked as the 8th best university in the world, with a further three London universities in the Top 40. London as a global financial centre also means that the knowledge economy based industries have easy access to specialist financial services and venture capitalists, as well as a vast array of legal expertise. These firms account for turnover of £17 billion, equivalent to 24% of the sector's total. For London, the number of people employed by SMEs or who work for themselves is equal to 39% of all employment. In the finance and insurance sector, this share falls to 16%, but within the knowledge economy, the share is 47% in the information and communications sector and 54% in professional, science and technical services.

This highlights the entrepreneurial nature of these sectors and provides the foundations for co-working and closer integration in clusters. By working together, sharing new techniques and skills to grow, improve and innovate, it is these SMEs that provide the most potential for new growth, creating new technologies and opening up further opportunities in new markets.

Representations

The representations, on behalf of our client, to the Draft New London Plan are set out in the following paragraphs. The predominant focus of our representations is purpose-built student accommodation along with a number of affiliated policies which are important to address. The structure of our representations comprise; Accessible Housing (Policy D5); Purpose-built Student Accommodation (hereafter PBSA) (Policy H17) and Cycling Parking (T5).

Firstly, the important concern we have with Policy H17 is that the existing PBSA policy was only adopted two years ago in the Further Alterations to the London Plan and has not been tested to a significant extent as to its practicality and impact on development. This is further compounded with understanding the timescales of development. Acquisition negotiations take typically over a year, planning discussions are between one and two years (without Appeal) and constructional activity is normally between two to three years on PBSA developments, of a size and quantum that will be referred to the GLA.

Accessible Housing - Policy D5

Draft Policy D5 (Accessible Housing) requires ***“at least the provision of 10% of new build dwellings must be designed to be wheelchair accessible or easily adaptable for wheelchair users”***.

Draft Policy D5 (Accessible Housing) is consistent with the wording of the currently adopted London Plan Policy and, based on Unite’s previous experience, the consequence of this policy has been that Boroughs have taken this literally and sought 10% minimum wheelchair provision for all forms of housing including student housing. This approach is considered unsound for a number of reasons as explained in the following paragraphs.

The requirements for conventional residential accommodation should not be applied to student housing as in reality, the typical demand from students per annum falls significantly below the 10% mark. This is evidenced by Unite’s experience in London which highlights that in 2017/2018, less than **1%** of the total number of Unite student rooms within their London portfolio is occupied by full-time students with mobility issues. This is a steady and consistent trend as evidenced by Unite’s longer term experience, full details of which are provided within **Appendix B (GLA DDA HESA Data)**.

Further, Building Regulations require that 5% of units are wheelchair accessible. This ensures that, whether there is a planning policy position on wheelchair housing or otherwise, an element of wheelchair accessible units is provided which is still more than 10 times the identified need for such units.

One of the consequences is that in order to meet the requisite design standards this results in larger student bedrooms and kitchens, thus fewer standard units per development can be provided. This has the knock on effect of reducing the overall supply of PBSA number of units; increasing the cost and rent levels of existing stock and placing more pressure on the supply of conventional homes.

We would stress that Unite are committed to providing wheelchair accessible units and ensuring their student accommodation schemes are inclusive to all. Unite operate a policy of meeting the needs of an individual user and not applying a one size fits all policy. Indeed, should individual bedrooms need to be adapted; this can be done quickly and relatively easily to meet requirements. Unite have undertaken such additional alterations in discussion with the end user and provided a bespoke solution to a student’s needs. Adjoining carers’ rooms have been provided also before the student took their place at university. Given the nature of student accommodation where ‘sign up’ is carried out in well in advance of the term starting (at least 3 weeks even during Clearing), it is therefore not considered necessary to over provide on wheelchair accessible units which will not be used. Student accommodation is not like a hotel where any one can come off the street and request a room.

In addition, we understand the 10% requirement was introduced in order to help meet a shortfall in wheelchair accessible housing within conventional housing. Generally, those who live in

conventional dwellings are of an older demographic thus the percentage of those who have a disability and require wheelchair accessibility is far greater than the demographic affiliated with student accommodation. The normal age range of students is between 18 and 25, this explains why there has never been a shortfall in wheelchair provision within student housing, highlighting that the 10% requirement is wholly unreasonable and blatantly unnecessary. We therefore recommend that specific reference is made within the sub-text to draft policy D5 (Accessible Housing) which provides more clarity in relation to the tenure that the 10% requirement applies to, by listing those tenures that are included or excluded.

Recommendation: Whilst we acknowledge this is an important requirement, Unite have over 140 PBSA properties across the UK with 27 buildings in the London portfolio. Of these c.9500 bedrooms, we have provision for 528 students that may need a wheelchair room. This is over 5.5% of our total London rooms. Over the last 5 years, Unite have provided 41 students with these rooms. For this current year, Unite have 7 students in need of wheelchair sized rooms out of an approximate total of c.9500 bedrooms. This equates to a 0.07% take up and thus demonstrating an exceptionally low need for accessible bedrooms.

Therefore we recommend there is no evidence to support the need for purpose built student accommodation schemes to include more than 1% of built out accessible rooms. Certainly any policy requirement to require provision in excess of the relevant Building Regulation which requires 5% of the total number of rooms to be adaptable is unnecessary and unsound.

Purpose-Built Student Accommodation - Policy H17

Draft London Plan Policy H17 (Purpose-Built Student Accommodation) states:

- A. Boroughs should seek to ensure that local and strategic need for purpose-built student accommodation is addressed, provided that:
1. at the neighbourhood level, the development contributes to a mixed and inclusive neighbourhood;
 2. the use of the accommodation is secured for students;
 3. the accommodation is secured for occupation by members of one or more specified higher education institutions;
 4. at least 35 per cent of the accommodation is secured as affordable student accommodation as defined through the London Plan and associated guidance;
 5. the accommodation provides adequate functional living space and layout.
- B. Boroughs, student accommodation providers and higher education institutions are encouraged to develop student accommodation in locations well-connected to local services by walking, cycling and public transport, but away from existing concentrations in central London as part of mixed-use regeneration and redevelopment schemes.

The London Plan provides the following justification for Policy H17 *“London’s higher education institutions make a significant contribution to its economy and labour market. It is important that their attractiveness and potential growth are not compromised by inadequate provision for new student accommodation. The housing need of students in London, whether in Purpose-Built Student Accommodation (PBSA) or shared conventional housing, is an element of the overall housing need for London determined in the 2017 London SHMA. London’s overall housing need in the SHMA is expressed in terms of the number of conventional self-contained housing units. However, new flats, houses or bedrooms in PBSA all contribute to meeting London’s housing need. The completion of new PBSA therefore contributes to meeting London’s overall housing need and is not in addition to this need. Every three student bedrooms in PBSA that are completed equate to meeting the same need that one conventional housing unit meets, and contribute to meeting a*

borough's housing target (set out in Table 4.1) at the same ratio of three bedrooms being counted as a single home".

Draft Policy H17 (Student Accommodation) comprises of a Part A with 5 separate points, followed by a Part B which are addressed in turn below.

1. Point A1 of Policy H17 requires Borough's to ensure that local and strategic need for PBSA is addressed, provided "***at the neighbourhood level, the development contributes to a mixed and inclusive neighbourhood***".

Point A1 is inconsistent and contradictory to the strategy proposed in Part B as the proposed policy wording implies there is a concern that the provision of student accommodation in new locations may have an adverse impact upon the local area and cohesiveness of the community, whereas, Part B seeks to divert student accommodation away from existing concentrations in central London i.e. in new locations.

The student population should be afforded an equal standing to residents given that they contribute significantly to the local and wider economy and the provision of student accommodation alleviates pressure on housing land supply in the same respect as conventional residential dwellings. In addition the need of a typical student to access GP, optician and dentist services are far lower than those residential properties with older family members or children. Students will invariably attend GP facilities on campus or where the parental home is. PBSA developments will also pay for their refuse collection which is generally undertaken within the development themselves, thereby minimising any inconvenience on the street or to the Council services.

Furthermore, the landlord is the long-term key stakeholder (i.e. Unite) whose reputation is dependent upon the responsible management of the student accommodation premises to ensure the amenity of neighbouring properties is not adversely affected and the proposal will positively contribute to community cohesion. It is an established practice for the applicant to prepare and submit a student management plan which addresses matters of noise, disturbance and anti-social behaviour as well as setting up regular meetings with local resident and business groups, and also providing contact points for neighbouring occupiers to alleviate these concerns.

The report titled 'The Economic Impact of the London Higher Education Sector, April 2014' assessed major economic characteristics of the sector including its revenue, expenditure, employment and secondary knock-on effects. Notably, the sector attracted approximately 102,995 students from outside the UK and in addition to paying fees, money is spent on rent, food and other living expenses, much of which accrues to the local area. International student off-campus expenditure amounted to an estimated £1.2 billion and domestic student off-campus expenditure was estimated at £1.4 billion which is regarded as a significant injection into the local and regional economy. The research acknowledges that all student expenditure is crucial to the local economy and is seen by local businesses as a core part of their revenue stream which is visually evident in the areas surrounding a university with the plethora of bars, cafes, shops and other services that serve the student population.

Accordingly it is considered that the point A1 serves no planning purpose and should be deleted.

2. Point A2 states "***the use of accommodation is secured for students.***"

We agree with this approach, however, we consider it important to add further clarification to ensure the wording of the policy is not misinterpreted and propose the following: "***the use of accommodation is secured for students across London***".

Student accommodation should be accessible to all students from all Boroughs. For example, if a student is enrolled at the University of Westminster they should be able to have the option to live in

student accommodation located within the LB of Lambeth and vice versa. If student accommodation is required to be secured for students attending HEIs within the same Borough it places heavy restrictions upon student choice and the ability for accommodation providers to efficiently occupy the rooms.

3. Point A3 of Policy H17 is supportive of student accommodation providing “***the accommodation is secured for occupation by members of one or more specified higher education institutions***”.

Paragraph 4.17.3 provides further justification and states “*To demonstrate there is a local need for a new PBSA development and ensure the accommodation will be supporting London’s higher education institutions, the student accommodation must either be operated directly by a higher education institution or the development must have an undertaking in place from initial occupation, to provide housing for students at one or more specified higher education institutions, for as long as the development is used for student accommodation. A majority of the bedrooms in the development must be covered by such an undertaking. Therefore, the borough should ensure, through condition or legal agreement, that the development will continue to **maintain a nominations agreement** or enter new nomination agreements with one or more specified education institution(s) for a majority of the bedrooms in the development, for as long as it is used as student accommodation or such time period as the borough considers is appropriate. There is no requirement for the higher education institution linked by the agreement to the PBSA to be located within the borough where the development is proposed*”.

As stated above, Unite are supportive of Policy H17, Point A2 which requires accommodation to be secured for student use. This is in-line with current practice in London whereby the use of the accommodation is robustly secured in perpetuity by way of planning condition or clause in a Section 106 Agreement which usually reads “*the occupation of the accommodation hereby permitted, shall be limited to students in full time education*”.

However, Point A3 imposes a further requirement which states that unless the accommodation is secured by a specified University through a binding legal agreement, the development will not be supported. Unite do not support this approach as this type of binding connection with a specified provider at such an early stage in the planning process is extremely restrictive and does not coincide with the manner in which Unite operate which is to generate demand through students letting directly. Additionally, Unite have found that Universities are often reluctant to engage in such agreements where they are liable to pay void payments if they are unable to fill rooms or take a risk on losing a development (and therefore committed rooms) if it falls behind in the planning and / or construction process, which as articulated earlier can take between 4 – 5 years. This is further exacerbated if another development does come online but has gone to another HEI, therefore compounding the loss...It should be recognised that specialist student accommodation providers have the wealth of knowledge, experience and skills to offer and manage the accommodation within a community without the need to enter a nominations agreement with a specified provider.

The proposed implementation of a nominations agreement is far too restrictive and contradicts normal planning policies and practice which do not usually require an applicant to specifically identify by way of a formal agreement the end-user/occupant of land/building/unit prior to the granting of planning permission. In a practical context, this would be the equivalent of an application for office or retail development to be supported subject to the applicant been able to demonstrate that the occupant of the building would be restricted to ‘KPMG’ or ‘Tesco’ for as long as the building remained in office or retail use (Use Class B1a/ Use Class A1). This would completely contradict the principle of competition which underpins the planning system. Furthermore, this does not allow for any unforeseen external circumstances beyond the applicant’s control which may occur between the date planning permission is granted to the point of occupation.

The proposed requirement of a nominations agreement is not only disadvantageous to the applicant but also from the University perspective. The agreement will force a University to commit to a selected accommodation provider at least 6 years prior to the completion of the development based upon realistic timescales allowing 1 year for acquisition, 2 year for planning and 3 years for construction. This is considered a conservative estimate as this doesn't account for appeal time-scales or construction delays. Therefore, as a minimum, 6 years may pass before a University can be guaranteed the agreed number of bed spaces but they are tied by nominations agreement nonetheless.

In light of the above, the proposed implementation of a formal nomination agreement is an excessive measure which will further delay the rate of development and will unnecessarily complicate the application process rather than promote and aid the delivery of sustainable development and is therefore considered unsound.

The removal of this restriction will afford the applicant a greater degree of flexibility and enable rather than hinder the delivery of high quality student accommodation schemes which is essential to addressing the student accommodation shortfall in London Boroughs over the plan period.

Recommendation: We therefore request that Point 3 of Draft Policy H17 is removed in its entirety. The policy wording of Point 2 is sufficient in ensuring the accommodation is robustly secured for student use.

4. Point A4 of the Policy supports PBSA providing “***at least 35 per cent of the accommodation is secured as affordable student accommodation as defined through the London Plan and associated guidance.***”

Unite are concerned that the proposed affordable rent requirement for student accommodation is too high and will ultimately hinder the future delivery of good quality student schemes. Affordable rent cannot be considered in isolation and must be considered alongside the introduction of Borough and Mayoral CIL which collectively amount to significant additional development costs and will continue to have a dramatic adverse impact on the supply of student accommodation in the City. This will ultimately deter the delivery of student schemes and consequently place additional pressure on the supply of other conventional forms of housing. Unite, amongst other student housing providers are concerned that additional barriers will further slow-down the delivery of pipeline schemes across the city and ironically, result in unintended consequences comprising:

- A reduction in the supply of purpose built student accommodation;
- A reduction in the supply of affordable rent;
- Lack of supply of student housing not being able to address the increased demand and thus existing rents increasing; and
- An increase in students using the HMO/general needs housing market and thus reducing the supply of conventional housing.

With supply being reduced, market forces will dictate the rents of the limited supply of purpose built student accommodation and will inevitably become more expensive. Additionally, if the 35% affordable rent requirement is strictly enforced it is highly likely that accommodation providers will increase the rent levels on the remaining 65% to mitigate the financial impact on viability. As such, the practicality of the implementation of this policy and the principle is ultimately flawed and should be left to the free market.

The proposed wording is not only counterproductive to the policy of delivering affordable student accommodation but also to overall housing requirement given the positive contribution PBSA can make to the release of other conventional forms of housing. Constrained supply will mean higher rents which will inevitably undermine the London Plan aim to increase affordable student

accommodation. In order to convey the outcome of this policy logically, an example is provided below.

Tier of Student Rent (£)	Existing Scenario across a Student Accommodation Development	Post Policy Implementation Scenario
A (Expensive)	A low proportion of students pay high rents (Approximately 25%)	The proportion of students who pay high rent increases to 65%
B (Median/Average)	The vast majority of students pay the median rent values (Approximately 75%)	This value band of rent is lost
C (Low cost)	No students pay discounted rent 0%	Requirement for 35% of the development to be low cost rent

The Draft New London Plan recognises that the provision of student accommodation makes a significant contribution in terms of alleviating pressure upon the supply of conventional housing across all London Boroughs. Paragraph 4.17.1 states “*new flats, houses or bedrooms in PBSA all contribute to meeting London’s housing need. The completion of new PBSA therefore contributes to meeting London’s overall housing need and is not in addition to this need*”.

PBSA is integral to the delivery of a wide range housing requirement and has a positive impact on housing supply through the release of other market housing on to the general market for example the release of HMOs back into family housing. However, the strict implementation of a 35% affordable housing requirement will render the development of student accommodation unviable and unattractive which will possibly result in the long term sustained shortage of PBSA which will exert significant pressure on more traditional housing markets. This is particularly unsustainable in respect of the increasing projections in student demand anticipated at additional 20,000 – 31,000 places up until 2025 and the increasing pressures on the conventional housing market in London. These would equate to a loss of 6,666 – 10,333 housing units (based on the Mayor’s guidance of 3 student bedrooms is the same as a 3 bedroom house) from the general housing stock.

In light of the increasing projections, it is clear there is a demonstrable need for student accommodation which is distinct from the need for affordable housing. Therefore, requiring affordable housing from this would double count the supply and subsequently conflict with paragraph 38 of National Planning Practice Guidance which states:

*“All student accommodation, whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus, can be included towards the housing requirement, based on the amount of accommodation it releases in the housing market. Notwithstanding, local authorities should take steps **to avoid double-counting**”.*

The evidence base document ‘The London Plan Viability Study, December 2017’ doesn’t adequately demonstrate with supporting evidence how the proposed 35% requirement for affordable housing has been justified. This requirement does not reflect the approach taken by a number of London Borough Council’s and contradicts initiatives proposed by student accommodation providers. Some boroughs already have in place affordability schemes such as bursaries and require developers to sign up to these. Where this is the case, another affordability scheme is not required and would be a double provision. If insisted upon, it will only serve to reduce the viability of student accommodation development which is already under pressure due to rising land values in London. Examples of Council’s adopted planning policy in respect of student accommodation and affordable housing are provided below:

- **LB Southwark – Core Strategy Policy 8 (Student Homes)** – “Allowing development of student homes within the town centres, and places with good access to public transport services, providing that these do not harm the local character”.
- **LB Islington – Policy DM3.9 (Part H)** – “Student accommodation will be approved where; the site has been allocated for student accommodation use; it can be demonstrated there will be no adverse impact on amenity... Planning conditions and agreements will be used to ensure student accommodation is occupied by only students”
- **LB Lambeth: Policy H7 (Student Housing)** – “Student housing will be secured by planning obligation or condition relating to the use of the land or its occupation by members of a specified educational institution. Where the accommodation is not secured for students, the development will be subject to the requirements of policy H2 in respect of affordable housing provision.”
- **LB Greenwich: Core Strategy Policy H3 (Affordable Housing)** – “Developments of student accommodation that are not robustly secured for student use (either by planning agreement or condition relating to the use of the land or to its occupation by members of specified educational institutions to make a contribution towards the provision of affordable housing.”

The ‘London Plan Viability Study December 2017’ uses two case study example schemes to provide evidence and convey that 35% affordable rent is viable and achievable. Paragraph 4.2.1 of the study notes that the case studies selected are hypothetical schemes to reflect the typology of sites likely to come forward over the life of the plan and are not intended to represent specific development proposals. Details of the schemes are as follows:

- Ref: SR1 – 9 Storey building, 300 beds (6,300 sqm)/ 0.38 hectares;
- Ref: SR2 – 15 Storey building, 300 beds (6,300 sqm) / 0.3 hectares.

The study only assesses two hypothetical examples of student accommodation schemes and concludes that the taller building SR2 is less viable than SR1 in all value bands and at (paragraph 10.4.3) “student accommodation is more viable (than some other uses), and this includes all of the value bands, although there are some exceptions to 50% being viable against the high benchmark land values, particularly in Value Band A. In these cases, 35% is generally viable”.

The assessment of two hypothetical similar schemes does not qualify as robust evidence base to support and justify viability calculations in order to establish the affordable requirement threshold for student accommodation; neither is it an accurate representation of student accommodation development across London and is therefore flawed. Enclosed within **Appendix C** are representations prepared by James. R. Brown and Co which robustly demonstrates why this policy is flawed and the evidence it is based upon is not substantial.

We note a number of recent student schemes across London Boroughs that have not provided student accommodation in strict accordance with this policy requirement as it would render the scheme unviable. We have undertaken research on student accommodation schemes which have been consented in London following the adoption of the Mayor’s affordable rent policy (**Appendix D – Consented London Student Schemes, prepared by RPS**). From the research, we note at least 6 examples including:

1. **Site at Junction of western Avenue and Old Oak Road (LB Hammersmith and Fulham)**
The development proposed 306 student rooms across a part 6/7 storey building and planning permission was granted on 19 October 2016. The scheme was not referable to the GLA neither was an affordable rent contribution sought.

2. **Holbrook House, Victoria (LB Ealing)**

Redevelopment of the site to construct a part 16/18 storey building comprising 424 bed spaces and commercial units for flexible use. Planning permission was granted on 14 February 2017 accepting the provision of 10% affordable units with a discount of at least 20% on the full rent. The affordable rent quantum is based on the conclusions of viability testing by the applicant.

3. **Emperor House, 35 Vine Street (City of London)**

The redevelopment of the site to provide a mixed use building, including 619 student bedspaces was recommended for approval at Committee on 25 July 2017 and is currently awaiting determination. The proposal did not provide a contribution to affordable rent.

4. **140 Wales Farm Road, Acton (LB Ealing)**

The redevelopment of the site proposed 5 buildings up to 31 storeys in height comprising 736 student bedspaces, residential flats and commercial floorspace. The application was approved at Committee on 16 August 2017 despite no contribution to affordable housing but the applicant demonstrated the development would provide University accommodation to meet the needs of Imperial College.

5. **4-10 Forest Road (LB Waltham Forest)**

Planning permission was granted at Committee on 12 October 2017 for the construction of a 9 to 17 storey student accommodation block to provide 353 student rooms and 900 sqm of commercial floorspace. The proposal did not provide a contribution to affordable rent as it was demonstrated this was unviable. .

6. **Parkwood House (LB of Brent)**

The planning application was recommended for approval at planning committee on 13 December 2017. The proposed development comprises the erection of a part 13 and 17 storey building to provide 283 student bedrooms. The applicant did not demonstrate a connection with a higher education provider, however, it has been agreed that this will be sought through a clause in a Section 106 Agreement. In the event this is not achieved, a viability review mechanism will be implemented to secure affordable student accommodation.

The above examples demonstrate that a flexible approach has been taken in the determination of recent planning applications for major student schemes since the affordable housing policy has been in force. This indicates that the policy has not been enforced strictly or consistently and in many circumstances it has been deemed appropriate to consider applications on a case by case basis and negotiate an appropriate provision which would be viable and satisfy all parties. Similar to the example of 140 Wales Farm Road, we consider it appropriate to remove the affordable housing requirement if student accommodation schemes are able to demonstrate a connection with a higher education provider.

Recommendation: We therefore propose that Point A4 of Draft Policy H17 (Purpose-Built Student Accommodation) is amended to: ***“10 per cent of the accommodation is secured as affordable student accommodation as defined through the London Plan and associated guidance. However, if student accommodation schemes are able to demonstrate a connection with a higher education provider, point 4 of this policy does not apply and an affordable rent contribution will not be sought”.***

As an alternative, Unite propose the concept of off-setting affordable rent through the promotion of existing sites whereby the affordable rent requirement is pooled and distributed amongst existing student developments in their portfolio. The benefits of this include that the affordable rent is immediately realised following the granting of full planning permission in the sense that Unite would commit the existing property to affordable rent irrespective of when development commenced on site. On average, this would equate to affordable rent being implemented two years prior to the

main development (calculated on the basis of a 24-36 month construction period). As a result, this would prevent developers land banking and encourage them to build out planning permissions in order to realise the value of them.

5. Point A5 of the policy requires that “***the accommodation provides adequate functional living space and layout***”.

The supporting text in paragraph 4.17.5 sets out additional information and notes that the design of the development must be high quality and in accordance with the requirements of Policy D1 London’s form and characteristics.

Point A4 of Draft Policy D1 (Design) states that proposals should deliver appropriate outlook, privacy and amenity. However, the above policies do not precisely specify what constitutes ‘adequate functional living space’ and there are no set space standards for student accommodation. In this instance, it is assumed that the minimum room size requirements and space standards for residential development are applicable.

We consider that the requirements and amenity space standards deemed ‘adequate’ for residential development should not be applied strictly to student accommodation given that they do not fall under the same Use Class, are occupied differently and should therefore be treated differently. In the assessment of appropriate space standards for student schemes a degree of flexibility should be applied which take into consideration a number of factors including, the wider merits of the scheme, access to communal living spaces, access to areas of open space, provision and access to leisure facilities and other outdoor spaces. In addition, the level of ‘concierge-style’ management, 24hour security and understanding pastoral care that Unite staff can provide on the wellbeing concerns for students, are not fully taken into account.

6. Part B of Draft Policy H17 (Purpose-built Student Accommodation) details the locational strategy for student schemes and states “***Boroughs, student accommodation providers and higher education institutions are encouraged to develop student accommodation in locations well-connected to local services by walking, cycling and public transport, but away from existing concentrations in central London as part of mixed-use regeneration and redevelopment schemes***”.

We reinforce the support for student accommodation in well-connected locations and encourage student schemes across all London Boroughs including new emerging locations. However, the latter part of the policy wording above seeks to deter student schemes away from central London locations. This has perhaps been influenced by the recognition that growth in student accommodation has previously been concentrated in central London Boroughs with Islington, Tower Hamlets, Southwark and Camden having accommodated approximately 57% of the provision for new student schemes over the adopted plan period. However, in perspective, 60% (23 of 38) of London’s HEIs are located within the central sub-area therefore demand here will be the greatest.

Furthermore, given that the majority of London’s HEIs are concentrated within the central area, it is a logical and sustainable location for further student developments as this is where demand is greatest and future developments can benefit from the infrastructure, services and facilities which are already in place and those which are tailored specifically to serve students. Students want easy access to the institutions where they are studying and student accommodation providers are simply following this demand. The dispersal of student accommodation can only be sustainable where this coincides with the location of HEIs, for example, if they are seeking to expand or relocate to areas beyond their traditional “core locations” (typically central London). Similarly to HEIs, the concentration of student accommodation should be embraced as there are economic benefits/economies of scale which derive from their agglomeration in their existing central locations.

The evidence base document 'Student Population Projections and Accommodation Need for New London Plan 2017' refers to research undertaken by University of London Housing Services (ULHS) which estimates the existing provision of PBSA bedspaces in London at 83,000 and the projected net requirement between 2016 and 2041 at 88,500 additional bedspaces which equates to 3,500 per annum when assumed over the 25 year plan period. These statistics reinforce the need to deliver a greater number of student accommodation schemes throughout London.

Recent data presented in a report prepared by Jeremy Leach Research Ltd on behalf of The Watkin Jones Group, June 2017 titled 'Study of Demand for Student Accommodation' indicates that the need for student bedspaces within Central London outweighs the current supply. The report considers the existing and future provision of University maintained accommodation and private sector developers against the existing and projected need for bedspaces and concludes there is a significant undersupply within the central sub-region. Page 2 of the report states:

*"Assessing the position amongst Central sub-region HEIs only, on the assumption that all of the pipeline (including schemes currently at the application stage) in the sub-region (6,855 bedspaces) will be constructed and with growth in student numbers averaging 2% per year, the level of provision of PBSA in the Central sub-region is projected to stand at 30.4% by 2020 which equates to a gap of 102,707 bedspaces. By 2020, therefore, with the current pipeline, although the level of provision of bedspaces will have increased from 28.1% to 30.4%, the gap in the number of bedspaces being provided will have increased by more than 5,000 from **97,307 to 102,707.**"*

The above statistics demonstrate there is a significant undersupply of student accommodation in *all* London Boroughs therefore we do not support the intention of the policy to divert student schemes away from central London areas. There are a total of 23 HEIs in central London which are recognised as making a vital contribution to the local economy subsequently the requirement for associated facilities should not be understated neither should their future growth be comprised by an inadequate provision of new student accommodation.

Recommendation: We propose to amend the policy wording of Part B in order to remove restrictions which may limit the geographical distribution of student accommodation across London and consequently suppress future supply. The policy should read: ***"Boroughs, student accommodation providers and higher education institutions are encouraged to develop student accommodation in locations well-connected to local services by walking, cycling and public transport."***

Cycle Parking – Policy T5

The proposed minimum cycle parking requirement for student accommodation is provided within Table 10.2 (Minimum Cycle Parking Standards) of Policy T5 (Cycling) and sets the standard at 1 cycle space per bedroom unit. The proposed requirement represents an increase from the adopted London Plan standards and is considered to be excessive as it based upon the unrealistic assumption that each occupant will require and utilise a cycle parking space.

Unite Students are supportive of the provision of cycle spaces to encourage sustainable travel, however, the proposed rates for 1 space per bedroom unit is considered unnecessary and unsound for several reasons set out in the following paragraphs.

Student housing is developed at higher densities than conventional housing and as a consequence and in order to provide these levels of cycle parking, large areas of floorspace typically at ground floor level, are required which could otherwise be used more efficiently and effectively for living or town centre uses thus reducing the viability of the scheme. Unite's experience has shown that cycle parking provision within consented student schemes where this has been provided at policy compliant levels is severely underused. Enclosed within **Appendix E (Representations to Draft New London Plan - WSP)** is supporting evidence which refers to a recent survey (February 2018)

undertaken by Unite to understand the present uptake of cycle utilisation across their student accommodation sites. The study demonstrates that the maximum average demand for cycle parking storage is 5% of bed places, which has been found across the 26 of Unite' sites which equates to a demand of one cycle space per 20 students.

By way of an example, Unite were required to provide a minimum of 423 cycle spaces for a student scheme in the London Borough of Islington which translates to a floor area of approximately 465 sqm or 385 sqm based on the typical requirements of 1.1sq.m for a Sheffield stand or 0.91sq.m for a dual-stacking system respectively. Based on an average student cluster bedroom size of approximately 11sq.m, this would result in the unnecessary loss of approximately 35-42 bedroom units.

Additionally, it has been demonstrated that an increase in the provision of cycle parking for student accommodation would not directly result in an increase in cycling patterns amongst students. Firstly, student housing schemes are generally in close proximity of places of study [allowing majority of journeys to be undertaken on foot and are in areas with high levels of public transport accessibility providing an alternative means of transport. Secondly, the influence and take up of Cycle hire schemes provide an affordable means of transport, precluding the requirement for private cycle ownership and storage which eliminates the need for students to invest in safety, security and maintenance associated with private ownership.

By way of justification for the increase in cycle parking requirements, the GLA refer to the evidence base document '*Cycle Parking – Part of the London Plan, December 2017*' which notes that the 2013 Early Minor Alterations to the London Plan included minimum standards for cycling for the first time, as it considered that student accommodation is essentially residential in nature and as such should be consistent with residential standards. Subsequently, the evidence base recognises that further alterations did not include similar rises in cycle parking for student accommodation.

The cycle parking requirements for residential development should not be applied to student accommodation and it is considered that the proposed levels of cycle parking for student housing should be considered on a case by case basis as supported by the evidence referred to above.

Recommendation: We propose to broaden the wording of the policy to ensure a more flexible approach to the requirement is undertaken. Cycle parking requirements for student accommodation shall ***“be considered on a case by case basis.. The level of provision should take into account the location of the development and accessibility to public transportation, but as a maximum the provision should be 25% of the total number of bedrooms.*”**

Threshold Approach to Applications - Policy H6

The threshold approach applies to development proposals which are capable of delivering more than ten units or which have a combined floor space greater than 1,000 sqm and sets the threshold level of affordable housing at a minimum of 35 per cent. The 35 per cent threshold will be reviewed in 2021 and if appropriate increased through Supplementary Planning Guidance. It is not clear whether this policy applies to student accommodation, however, in-case there is an intention to apply Policy H6 we provide supporting evidence as set out in **Appendix C** 'Representations to the London Plan prepared by James. R Brown and Co'.

Offices, other strategic functions and residential development in the CAZ - Policy SD5

In addition to the draft student accommodation policy, Unite are concerned about the mixed messages provided by draft Policy SD5 'Offices, other strategic functions and residential development in the CAZ'. This places a blanket policy presumption in favour of office development across areas such as the City Fringe which conflicts with the local development plan policy. To ensure the plan is sound this conflict should be reconciled in favour of the local development plan

which is better placed to deal with local issues. Thus this element of the policy should be amended and we recommend the following wording:

Recommendation: *“commercial core areas identified in the City Fringe/Tech City Opportunity Area Planning Framework, aside from areas falling outside the local plan employment policy designations”.*

Summary of Representations and Recommendations

Our main comments are summarised as follows:

- **Policy D5 Accessible Housing:** The requirement for the provision of 10% of new build dwellings to be wheelchair accessible or easily adaptable for wheelchair users as stated in Draft Policy D5 (Accessible Housing) should not be applied strictly to student accommodation schemes.
- **Point A1 of Policy H17** – we recommend this policy removes reference to ‘neighbourhood level’ and ‘inclusive’ and reads ***“the development contributes to a mixed neighbourhood”.***
- **Point A2 of Policy H17** - to read ***“the use of accommodation is secured for students across London.”***
- **Pont A3 of Policy H17** – we propose this is removed in its entirety – ***“the accommodation is secured for occupation by members of one or more specified higher education institutions”.***
- **Point A4 of Policy H17-** amend to ***“10 per cent of the accommodation is secured as affordable student accommodation as defined through the London Plan and associated guidance. However, if student accommodation schemes are able to demonstrate a connection with a higher education provider, point 4 of this policy does not apply and an affordable rent contribution will not be sought”.***
- **Point A5 of Policy H17-** we request that this policy is not strictly applied to student accommodation - ***“the accommodation provides adequate functional living space and layout which takes into consideration the provision of other facilities and the wider merits of the development”.***
- **Part B of Policy H17** should be amended to be less geographically restrictive - ***“Boroughs, student accommodation providers and higher education institutions are encouraged to develop student accommodation in locations well-connected to local services by walking, cycling and public transport.”***
- **Policy T5 Cycling** - The proposed minimum cycle parking requirement for student accommodation as defined in Table 10.2 of Policy T5 (Cycling) should be amended to ***“be considered on a case by case basis. The level of provision should take into account the location of the development and accessibility to public transportation, but as a maximum the provision should be 25% of the total number of bedrooms”.***
- **Policy H6** – This policy should not be applied to student accommodation.
- **Policy SD5** – We proposed the following wording for Policy SD5 - ***“commercial core areas identified in the City Fringe/Tech City Opportunity Area Planning Framework, aside from areas falling outside the local plan employment policy designations”.***

Please acknowledge receipt of our representations to the Draft New London Plan. We look forward to discussing matters with you further in the future.

Yours faithfully

MATTHEW ROE
Director

Appendix A - JLL London Student Housing Report 2017

Appendix B - GLA DDA HESA Data

Appendix C - Representations to the Draft London Plan prepared by James. R. Brown &Co.

Appendix D - Consented Student London Schemes prepared by RPS

Appendix E - Representations to the Draft New London Plan prepared by WSP

APPENDIX A - JLL LONDON STUDENT HOUSING REPORT 2017

London Student Housing



“

Developers in London face substantial challenges in meeting the chronic undersupply of modern purpose built student housing in the capital. With population growth as well as increasing global demand for the world class education the city provides, the fundamental supply and demand principles are highly attractive for investors. Much of purpose built provision in central London would be near impossible to provide again today, and that isn't going to change any time soon.

”



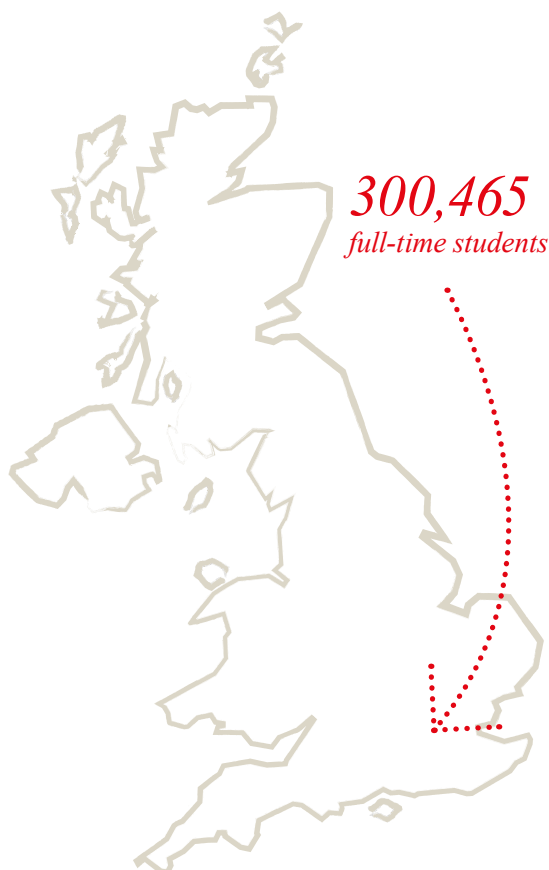
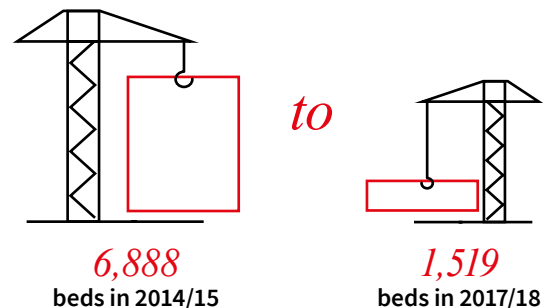
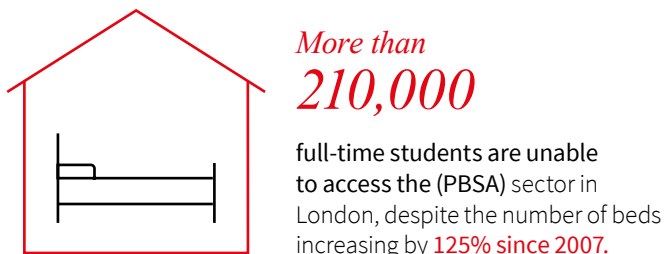
Huw Forrest
Director,
Student Housing



Executive summary

- London is the world's largest student market, with more than 300,000 full-time students and four universities in the world's top 50. A quarter of all international students studying in the UK are based in the capital.
- London remains an undersupplied market with 88,950 purpose built student accommodation (PBSA) beds, lower than the national average for peer markets. The 49,300 new beds in the last decade have been matched by 48,240 extra full-time students in the capital.
- Student housing development activity has slowed markedly. In Zone 1, the development pipeline has fallen from 6,888 beds in 2014/15 to 1,519 in 2017/18. High development costs and restrictive planning policy have forced investors to look at more peripheral locations in Zones 2 and 3 outwards. The 3,000 new beds delivered for the 2017/18 academic year is the lowest in more than a decade, and the outlook is unlikely to improve. So far, there have been no major applications in Zone 1 in 2017.

In Zone 1, the development pipeline has fallen from



- Prime yields have narrowed towards residential investments over the course of the last two years, but still offer a high level of arbitrage. Continued demand and restrictions on new supply are likely to lead to a further hardening of yields.
- Rental growth in London looks set to remain steady at 3% to 4% per annum. Demand fundamentals from international and postgraduate students remain strong, while rents will face upward pressure from the lack of new units in the central markets.
- 2017 looks set to be another record year for the London PBSA investment market, with the anticipated sale of the Pure Student Living and Chapter Living portfolios. With limited single asset investment opportunities available those that come forward will attract strong investor interest. There will be a continued focus on development opportunities but with increasing barriers to entry preventing any meaningful supply side growth.
- The result of the 2017 general election appears to have reduced the risk of both a hard Brexit and the inclusion of students in migration targets. The resulting depreciation in sterling has made the UK more attractive to international students, while investment into UK student housing and commercial property markets has increased following the 2016 referendum.

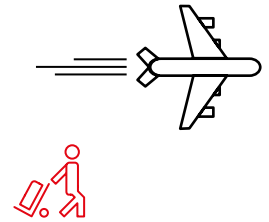
London a global real estate market

London is the economic powerhouse of the UK and remains one of the world's leading global cities, not just as a place to study, but for business, finance, culture and science. The capital generates 30% of the country's main tax revenue and produces more than double the average economic output per capita for the country as a whole. Following the EU referendum, London will remain a leading global financial centre, with job creation in the city at record levels.¹

The rapidly expanding TechCity and FinTech sectors have helped attract start-ups and some of the world's largest companies including Apple, Amazon and Google who are all taking office space. London is also a major centre for science and research, thanks in part to the MedCity initiative, new infrastructure such as the Francis Crick Institute and incubators at Imperial, Whitechapel and Stratford. The graduate talent pool is a major attraction for a range of global employers.

London has always been a popular destination, thanks to its history, museums, galleries, retail, sporting and cultural events. **There were more than 19 million visitors in 2016, up 3% from 2015.**² The recent depreciation in sterling has helped underpin the city's appeal as a destination to visit, study and live in for international visitors.

*The city is served by six airports that transport more than 150 million passengers each year.*³



London currently ranks third in the list of best student destinations.⁴ It has the most students and is the only city in the top 10 with more than two universities ranked 50 in the world. Five of the 24 Russell Group universities are based in London, as are a further three from the former 1994 Group of leading smaller universities.

The Times Higher Education 2018 rankings shows that London has more elite universities than any other city. It now boasts 14 universities in the world's top 500 list, beating its nearest competitor, Paris, with 10, and Boston, with eight.

Table 1 - Best student destinations 2017

Rank	Change on last year	City	Region	Students (FT & PT)	Top 50 global universities
1	+6	Montreal	Americas	170,000	1
2	-1	Paris	EMEA	233,000	1
3	+2	London	EMEA	376,000	4
4	+6	Seoul	Asia Pacific	341,000	2
5	-3	Melbourne	Asia Pacific	245,000	1
6	+3	Berlin	EMEA	175,000	0
7	-4	Tokyo	Asia Pacific	198,000	1
8	+5	Boston	Americas	152,000	2
9	+2	Munich	EMEA	110,000	0
10	+3	Vancouver	Americas	75,500	1

Source: QS

¹ PMI/HIS Markit

² International Passenger Survey, 2017

³ UK Civil Aviation Authority, 2016

⁴ QS World Rankings, 2017



Image source: Unite, Angel Lane

Demand

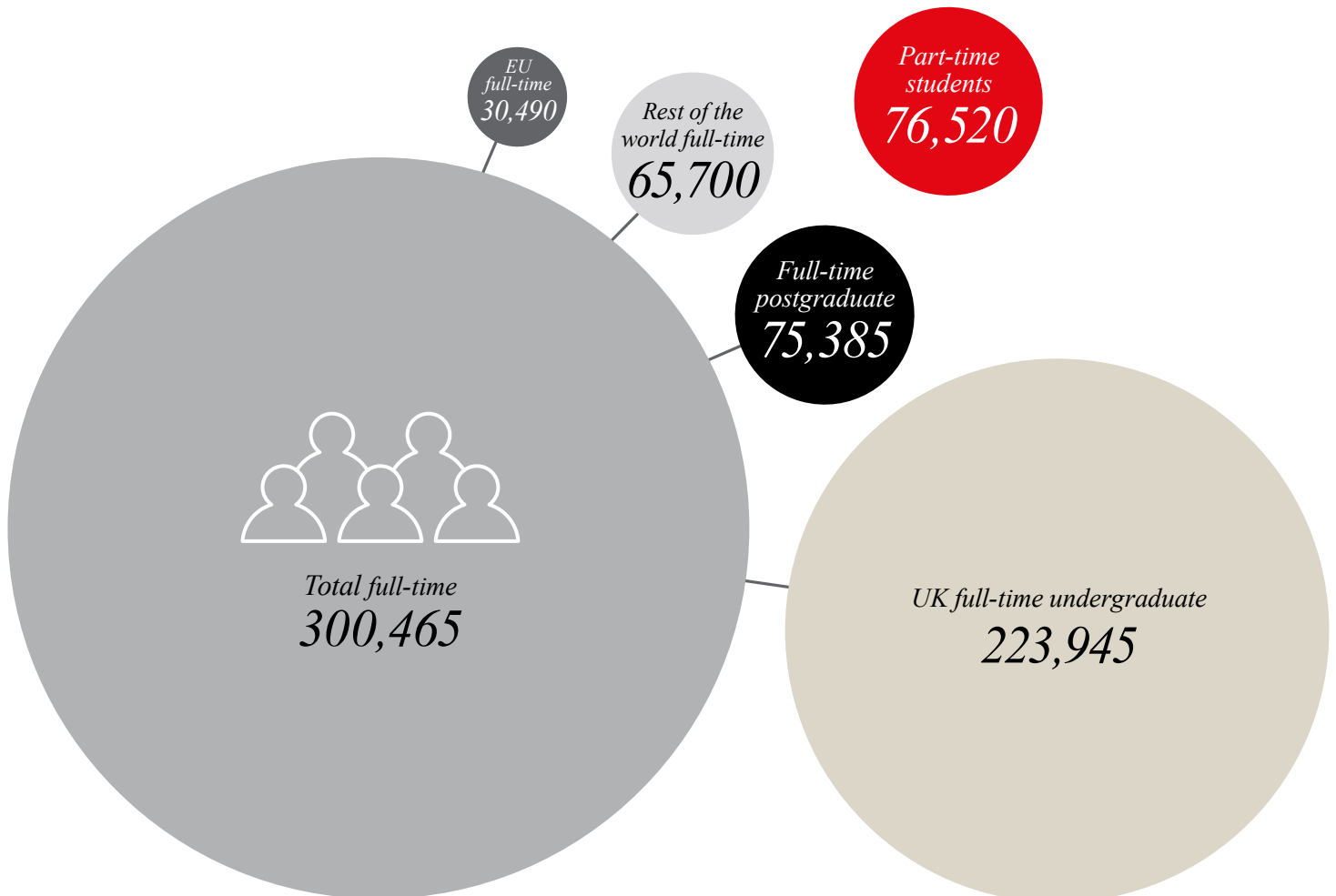
The latest HESA figures show there are 300,465 full-time students in London. Overall demand is also supported by a number of private colleges, the increasing number of universities from the UK and overseas opening London campuses, and shorter semester programmes.

London has the largest concentration of international students in the country with 24% of the UK total, compared to 13% of the total full-time UK student population. Consequently, international students account for 32% of full-time students in London, compared to an average of 21% for the rest of the UK.

The number of full-time postgraduate students stands at 75,385, equal to 25% of all full-time students. There is scope for further growth as a competitive labour market leads to a drive towards higher qualifications and more universities are concentrating research capabilities in the capital.

The fundamental components of PBSA demand are first year, overseas and postgraduate students. Many universities guarantee some form of university owned or leased accommodation as standard to new undergraduates, and those that cannot are often keen to lease or nominate enough beds to be able to do so.

Guarantees are becoming a more important marketing tool, especially with parents influencing students' decisions over which university to attend. The guarantee of a bed during the clearing process is also a key decision point and some universities hold back allocation of several beds until August to enable this.



Flight to quality

One of the stand out features of London as a place to study is the concentration of high ranking universities. **The city has two universities in the latest global top 10 rankings from QS, with another two in the top 50.** There are a further seven in the top 500, with a similar number ranked between 500 and 1,000. Five universities are Russell Group members, the organisation for the UK's leading research intensive universities, while there are a further three who were members of the former 1994 Group which comprised of the smaller modern leading research universities.

London universities by world ranking



Top 10
University College London
Imperial College London
10-50
King's College London
London School of Economics and Political Science
50-200
Queen Mary University of London
200-500
Royal Holloway University of London
SOAS University of London
Birkbeck, University of London
City, University of London
Brunel University London
Goldsmiths, University of London
500-1000
Kingston University
University of Westminster
London Metropolitan University
Middlesex University
London South Bank University
University of East London
University of Greenwich

Source: QS

Since the introduction of higher tuition fees, there has been a marked shift from students towards the leading universities. London's highest ranking universities have recorded at least a 20% increase in applications over the same period, while the three lowest ranked have witnessed a drop of at least 20%. Overall, London has seen an 8% increase since 2012.

Figure 1 - Changes in applications 2012-2016 for London universities

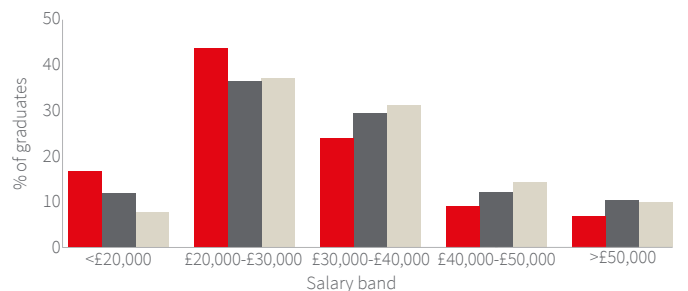


Source: UCAS/Times ■ Russell Group and former 1994 Group

The market will look with interest to see how the Teaching Excellence Framework impacts on application rates as top ranked universities have not scored highly, relative to the competition. While London was evenly represented in the silver category as a proportion of UK universities, it is under represented in the gold category and has a higher share of bronze awards. However, questions have been raised about the process for determining these awards and a number of universities are appealing their decision.

A longer term assessment would be to look at the earnings of graduates based on where they studied after three years of employment following graduation. London universities had the highest proportion of graduates earning above £30,000 with 51.7%, compared to 39.7% for the UK. This is the highest of any region and only bettered by the Russell Group (55.3%). Amongst the highest earners (more than £50,000) 10.4% of London graduates were in this salary band, compared to 9.8% for the Russell Group.

Figure 2 - Earnings of 2012/13 graduates after three years of employment



Source: HESA ■ UK ■ London ■ Russell Group

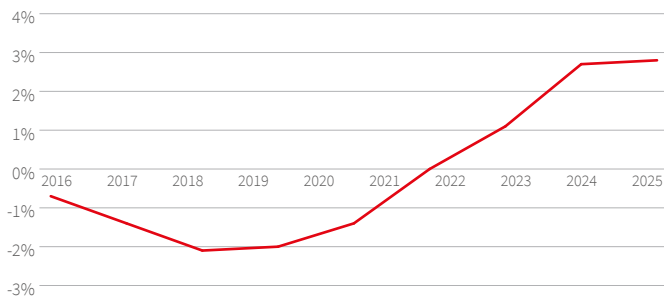
Future demand and Brexit

The 2016 London Plan states that there could be need for a further 25,000 to 31,000 PBSA beds by 2025 to help meet current unsatisfied demand and future growth. This implies a further 75,000 to 90,000 students based on current supply ratios, or 10.3 years supply based on the 2017/18 development pipeline. The London Mayor’s 2015 Academic Forum predicts 147,000 extra full-time students by 2025.

The strong demand to study in London has led to a number of universities opening new campuses. **There are already 12 regional UK universities with offshoots in the capital catering for approximately 8,500 students, with Loughborough opening a new campus in 2016 for postgraduates.** UCL, the University of the Arts and Imperial College London have or are developing new campuses in other parts of London. This is in addition to the private colleges and overseas universities who are already established or looking to open in London.

By 2027, there is expected to be a 4% increase in the number of 18 to 21 year olds in the UK. For London, the increase is 13% with the capital accounting for 38% of the total UK increase.

Figure 3 - UK 18 to 21 year olds population growth



Source: ONS

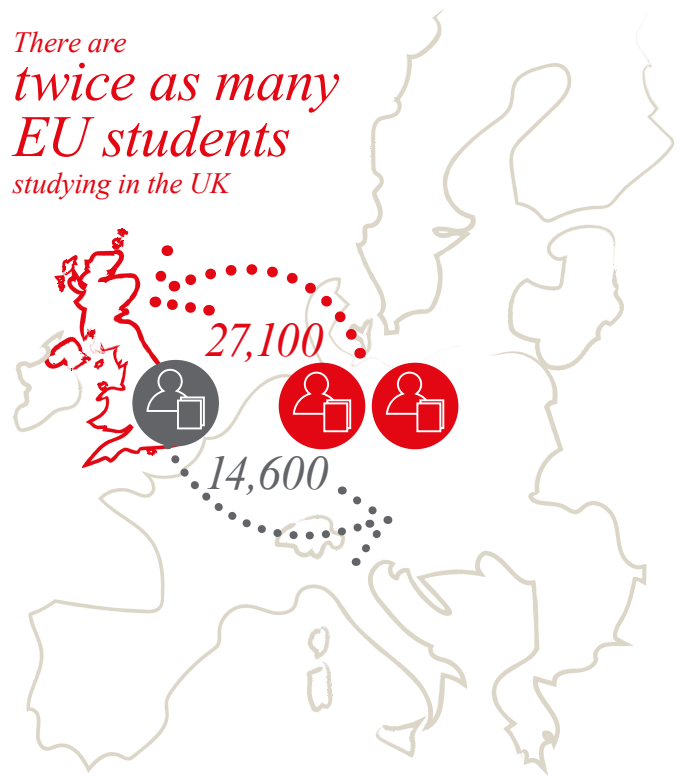
The increased global mobility of students will also help underpin demand. The UK is currently the second most popular destination for international students after the United States, accounting for 10% of international students worldwide, and London is the most popular location in the UK.

The global number of international students is set to reach 7 million by 2020, compared to 4.1 million in 2013.¹ This is reflected by the fact that international students in London have increased by 279% since 2001. For the 2016/17 academic year, there were 1.2 UK applicants for every place offered, but 1.7 international applicants, highlighting the scale of potential demand.

The UK can not afford to be complacent and has sent mixed messages to prospective international students by different parts of Government, most notably the inclusion of students in any future migration targets post Brexit. But following the 2017 election result, this hard line stance now seems unlikely to materialise, and the higher education community is actively building on this as an opportunity to reaffirm the UK as a welcoming place for international students.

Despite recent events and increased competition from some European countries, the UK is still a key market. Should the UK maintain a 10% share of international global student mobility to 2020, this could provide more than 300,000 extra international students for the UK.

There are twice as many EU students studying in the UK under the ERASMUS programme, compared to UK students studying in the EU. The scheme includes Iceland, Liechtenstein, Norway, Switzerland, Turkey and Macedonia so its likely that the UK will continue involvement.



Source: European Commission

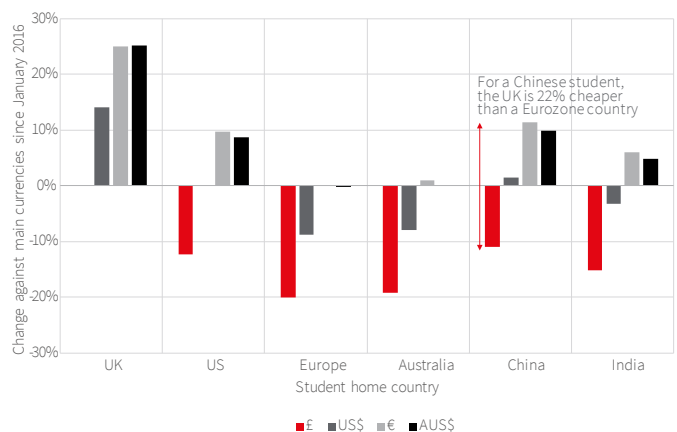
¹ OECD



There has been a modest decline in the number of EU applications for the forthcoming academic year. This decline started prior to the referendum and has been offset by an increase in applications from international students outside the EU, who outnumber EU students by more than two to one.

For 2017, London's ranking for best places to study rose two places, partially as a result of the depreciation in sterling. Taking into account how the pound has performed against the US dollar since January 2016, sterling is more than 10% cheaper by comparison for European, Chinese, Indian and Nigerian students, the four largest groups of international students in the UK.

Figure 4 - Currency changes for international students since January 2016



Source: Thomson Datastream

*For 2017,
London's ranking for best
places to study rose two places,
partially as a result of the depreciation in sterling.*

Supply

A history of chronic undersupply in the capital means that despite the number of PBSA beds in the capital more than doubling over the last decade, London remains substantially behind the UK average in terms of beds as a share of full-time students.

At the start of the 2017/18 academic year, there will be a total of 88,950 beds in the capital, compared to 2007/8 when there were just 39,585 beds (an increase of 125%).

The majority of this increase has come from private operators who have developed 90% of all new beds over this period. **Direct let (33,669 beds) and privately owned university agreements (18,152 beds) now account for 58% of all supply, up from 18% in 2007/8.**

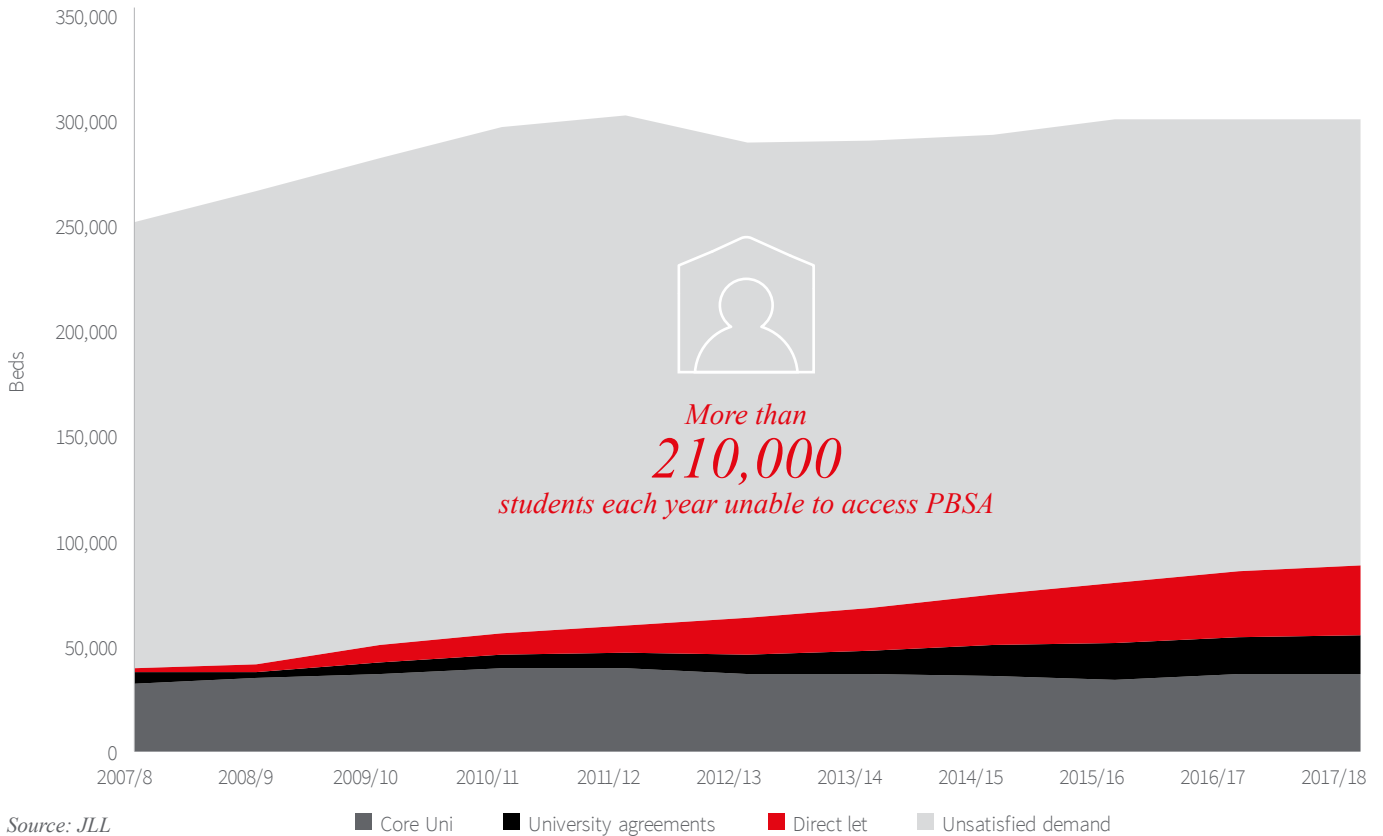
Compared to the other prime UK markets, London is undersupplied by as many as 34,500 beds based on current provision rates. Universities have relied heavily on private operators to deliver new supply.

We estimate that two thirds of existing university beds are more than 17 years old and many are likely to be in need of modernisation. The last few years have seen a number of rent protests for university accommodation over a perceived lack of value for money, reflecting how student demands have changed.

Beds by type 2017/18

University (core)	University agreement	Direct let
37,129	12,831	31,824

Figure 5 - Growth in London PBSA by type

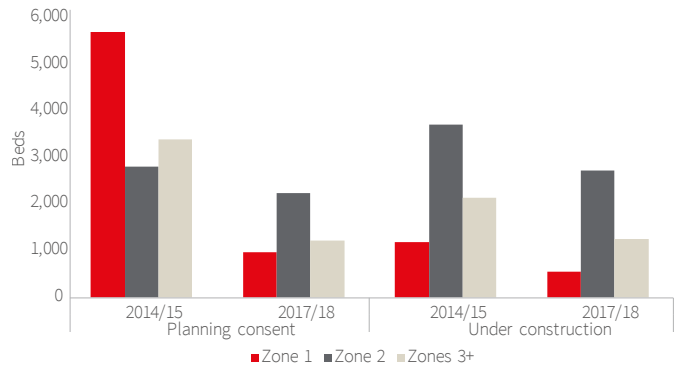


The development pipeline has fallen by 41% in the last three years and is falling away still further. The pipeline that is coming through is now less centrally located, instead focused in Zones 2 outwards. This is due to a number of factors, but the change in attitude towards student housing planning policies in the central boroughs has certainly been a key driver behind this fall.

As recently as 2014/15, the 6,888 beds either under construction or with planning consent in Zone 1 accounted for 36% of the development pipeline. For the 2017/18 academic year following the planning approval for Urbanest’s Vine Street scheme with King’s College London, there are just 1,519 beds, equivalent to just 12% of the pipeline. So far in 2017, there have been no new planning applications for student housing in Zone 1, suggesting that the pipeline beyond 2018/19 will have all but disappeared.

The issue of undersupply is likely to be compounded further by the fact that the pace of new delivery is slowing. The number of new beds per annum has averaged 5,000 since 2008/9. **This year the additional 3,000 beds is the lowest rate of growth for more than a decade and less than half that delivered in 2014/15.** We expect this decline to continue, particularly in Zone 1 where the potential for new supply is being severely restricted. At this rate, the targets established in the London plan will be challenging to meet.

Figure 6 - Changes to development pipeline 2014/15 - 2017/18



Source: JLL

Zone 1 development pipeline

2014/15	2017/18
6,888 Beds (36% of pipeline)	1,519 Beds (12% of pipeline)



Image source: Urbanest, Vine Street

Barriers to development

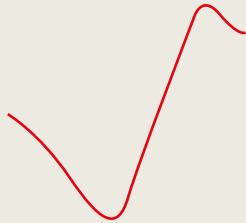
London is home to almost 9 million people, with a workforce expected to reach 5.8 million people by 2018. Population growth and increased urbanization means that the population of the capital is set to reach 10 million by 2025 with greater emphasis on smaller households. This will have significant implications for housing and land uses in what is already a competitive market.

Population of capital is set to reach
10 million
people by 2025



A combination of rising inflation and a weaker pound means developers are facing additional pressure from rising build costs. Materials have increased by more than 5% in Q2 2017 compared to the same period for 2016. Competition for skilled construction workers and a high inflationary outlook are also contributing to the slowdown in new development of student housing in the capital. Development costs in 2014/15 were approximately £60,000 - £70,000 per bed (excluding land costs). For 2017, this figure has risen by at least 29% to £80,000 - £90,000.

Development costs per bed
have risen by at least
29%
to £80,000 - £90,000



The average Community Infrastructure Levy (CIL) cost for a student housing scheme in the capital is £202 per sq m, compared to £96 per sq m for the key university markets in the rest of the country. In seven boroughs, student housing is liable to the highest charge available, while it is the second highest levy (and significantly higher than commercial or hotel use) in a further two. Not only are central boroughs like Camden, Islington and Hackney seeking to control student housing development in this way, but outer London boroughs such as Barnet, Brent and Croydon now also charge their highest rate for the sector. With the addition of the £35 Mayoral CIL, payments can add approximately £7,000 per bed to development costs.

CIL payments can add approximately
£7,000 per bed
to development costs



Key infrastructure improvements across the capital, including Crossrail (The Queen Elizabeth Line), Crossrail 2 and the Bakerloo extension have contributed to a rise in residential development activity. Major regeneration projects at Vauxhall, Nine Elms and Battersea (VNEB), Elephant and Castle, Stratford and the Lee Valley, and the Greenwich Peninsula have led to land price inflation for a range of uses and made it very difficult for PBSA to compete.

Infrastructure improvements and
major regeneration projects are
increasing competition for land



Development viability has been further squeezed by the increase in planning costs. Developers now have to contend with affordability, with the London Mayor's Office requiring a share of beds to be let at an affordable rent when there is not an agreement with an academic institution in place. Whilst viability assessments can reduce the affordable PBSA provision target, it adds time and risk to the development process.

Whilst viability assessments
can reduce the affordable PBSA
provision target, it adds time and
risk to the development process



The mix of increased building costs, dearer land and a restrictive planning policy in central London has resulted in a greater emphasis on locations in Zones 2 and 3. It is now more viable to purchase standing assets when available rather than develop from new.

Many existing large student developments
built in Zone 1 in 2010 – 2015 would
struggle to be developed now in the current
planning climate. We do not predict this is
likely to change in the medium to long term.



Affordable rent

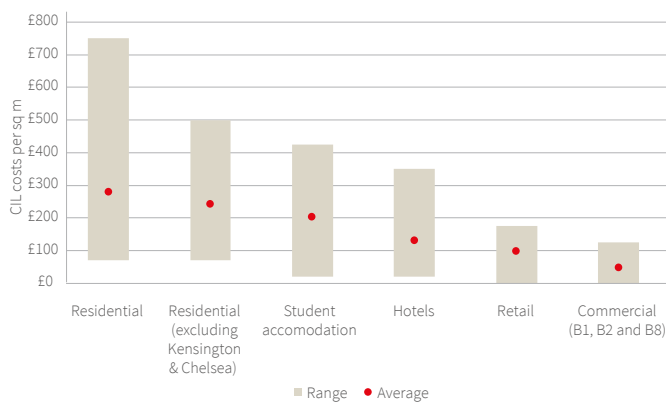
- For 2017/18, affordable rent will be £159 per week based on a 38 week lease (£6,051 per annum). The Mayor’s Housing SPG (2016) states that affordable rent equates to 55% of the maximum student maintenance loan for living costs available to a UK full-time student living away from home in London for that academic year.
- Where there is no undertaking with a specified academic institution, providers should deliver an element of student accommodation that is affordable (subject to viability).
- There is no specific threshold for the provision of affordable PBSA across London as it is dependent upon viability, although some boroughs have a specific target (Southwark 35% minimum). The Mayor’s Housing SPG recommends boroughs look at the percentage of students in receipt of means tested maintenance grants as a guide (29% England, 33% London), although this grant ended in 2016 for new students. The Mayor’s Annual Monitoring Report (AMR) will provide future guidance.
- The Mayor is considering a blanket 35% threshold for all housing types across London. PBSA (C2 use) is considered to be residential (C3) in terms of housing delivery targets but falls outside of minimum size standards.
- The recent planning consent for Downing’s 424 bed scheme in North Acton secured 10% of beds on affordable rents under viability. Although this represents a much lower level than a residential development of the same scale, this still adds more time to the planning process and reduces potential income and value.
- Anecdotal feedback from the Mayor’s office is suggesting a future claw-back if rental performance is better than forecast in a viability assessment. The claw-back could be via either cash payment based on uplift or increase in affordable provision.

Student housing development costs

London	Outside London	Mayoral CIL
£202 per sq m	96 per sq m	£35 per sq m

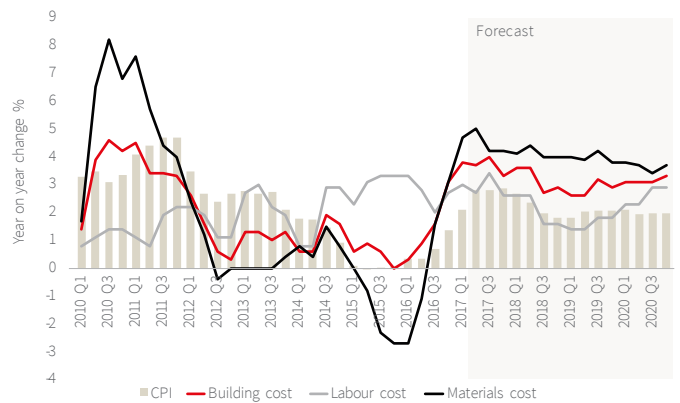
2017 build cost per bed (excluding land)
£80,000 - £90,000
(up 29% compared to 2015)

Figure 7 - CIL cost range across London boroughs



Source: JLL

Figure 8 - Cost indicators



Source: JLL

Impact of demand and supply *imbalance*

For every academic year since 2007/8, there have been more than 210,000 full-time students unable to access the PBSA market. This imbalance is unlikely to change as new PBSA provision is likely to track net new demand.

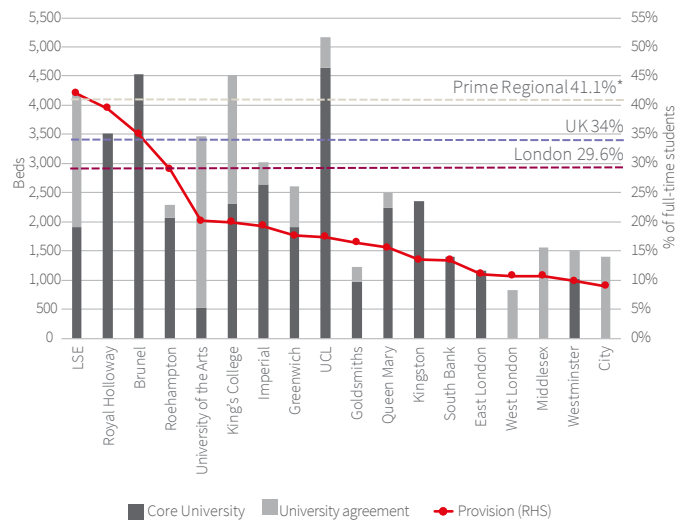
The provision rate of beds to full-time students for the capital is 29.6%, compared to 34% for the whole of the UK (including London). **To meet the UK average would require a further 15,000 beds.** However, in Russell Group university towns, the provision rate is 41.1% and demand for PBSA remains strong. On this basis, London is undersupplied by 34,500 beds.

Given London's unique property market, relative to the UK, its universities face greater challenges than their regional peers. This has led to an increased reliance from the private sector to support this shortfall and is predicted to continue to be a feature of the market.

With no immediate chance of addressing this imbalance, rental growth will remain a feature of the sector. This will be driven by the close interconnection with residential and the predicted growth in students outstripping new supply. University agreement beds will also be underpinned by inflation, which looks set to be above the Bank of England's target rate of 2%.

With a growing population and a falling number of housing completions forecast, there is a critical under provision of housing in the city that will affect all residential occupier groups. Current PBSA supply squeezes are being exacerbated by competition for sites from residential developers. Should the GLA target increase to 50,000 new homes per annum in the forthcoming London plan, it could be read that policy will remain focussed on core residential targets at the expense of what would be deemed a smaller problem in PBSA.

Figure 9 - Provision rate for London universities (over 5,000 full-time students)



* Prime regional = Russell Group university towns excluding Belfast

Source: JLL, HESA

With no planning relief on the horizon for PBSA, the supply side does not look likely to satisfy the forecast growth in demand. **Consequently, we can expect rental growth to match that of the residential PRS market and remain consistently at 3% to 4% per annum across London up to 2021, with the possibility of higher growth rates in prime markets where supply is likely to remain limited.**

Full-time students per PBSA beds

Region	Value
London	3.4
UK (excluding London)	2.8
Prime regional	2.4

Table 2 - Rental growth projections

	2017	2018	2019	2020	2021
London PBSA	3.0 - 4.0%	3.0 - 4.0%	3.0 - 4.0%	3.0 - 4.0%	3.0 - 4.0%
UK PBSA	2.0 - 4.0%	2.0 - 4.0%	2.0 - 4.0%	2.0 - 4.0%	2.0 - 4.0%
London PRS	2.5%	3.5%	4.0%	4.0%	4.5%
UK PRS	2.5%	3.0%	3.5%	3.5%	4.0%
RPI inflation	3.0%	2.7%	3.2%	3.6%	3.6%

Source: JLL



Transactional market

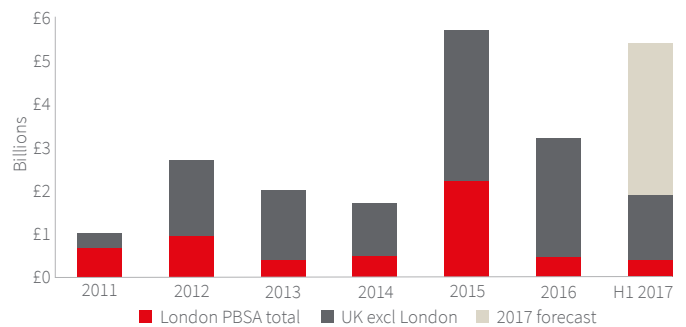
Since 2011, investment activity in the London PBSA market has totalled £5.5 billion, equivalent to 32% of the UK student housing market over this period.

Overall, more than 43,200 beds have traded, which is equivalent to 83% of the total private market (including university agreements) and 128% of the direct let market.

2015 has been the only year when total sales in the capital have exceeded £2 billion, in what was a record year for the UK sector. In 2017 to date, there has been more than £350 million of deals in the capital and we expect another strong year with more than £2 billion of sales, led by some key London centric portfolios such as Pure Student Living and Chapter Living.

The top five operators account for 50% of private PBSA beds in London

Figure 10 - PBSA Investment



Source: JLL

Table 3 - Top 5 London operators

	Operator	Predominant UK coverage	London beds	London market share (private)
1	Unite	National	9,842	19%
2	Chapter Living	London	4,687	9%
3	iQ Student (iQ and Prodigy Living)	National	4,445	9%
4	Urbanest	London	3,404	7%
5	Pure Student Living	London	2,799	5%

Source: JLL

Portfolio sales account for 48% of all London sales since 2011 in terms of value, with 18,554 beds transacted in total.

Since the 2,521 bed Nido sale in 2012, there have been five further London centric portfolio sales, including the 2015 Nido re-sale to Chapter Living.

Such a large volume of transactions means there is likely to be a shortage of investment stock, particularly individual assets. Investors are having to look at new ways of entering the market.

Table 4 - Portfolio sales analysis

Date	Portfolio	Beds	Buyer
May 2012	Nido	2,521	Round Hill
September 2012	LSA JV	1,479	GIC
May 2014	OCB	1,130	Chapter Living
January 2015	Urbanest	1,900	M3 Capital managed funds
March 2015	Pure	2,170	Pure Student Living
April 2015	Nido	2,521	Chapter Living
2012 - 2016	Portfolios with London element	6,833	Various
	Total	18,554	

Source: JLL

Forward funding

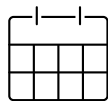
Since 2011, there has been **£912 million of forward funding and development site deals in London, which is equivalent to 17% of the market.** However £418 million of these have taken place since January 2016. This accounts for 62% of all deals in the market in the last 18 months and 46% of all forward funding activity that has taken place in the capital since 2011.

The level of trading that has taken place has led to a rise in standing investments in the market, reducing the potential number of assets in play. **The restrictions on development in Zone 1 and the absence of operational trading assets means investors are being forced to seek development opportunities.** Any existing units in good quality central locations, either single assets or as part of a wider portfolio, are likely to attract considerable interest.

Supply constraints on London PBSA market

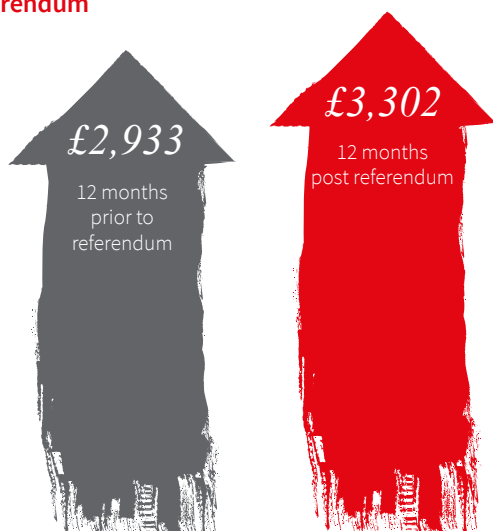


62%
of all deals since January 2016 have been forward funding and development sites



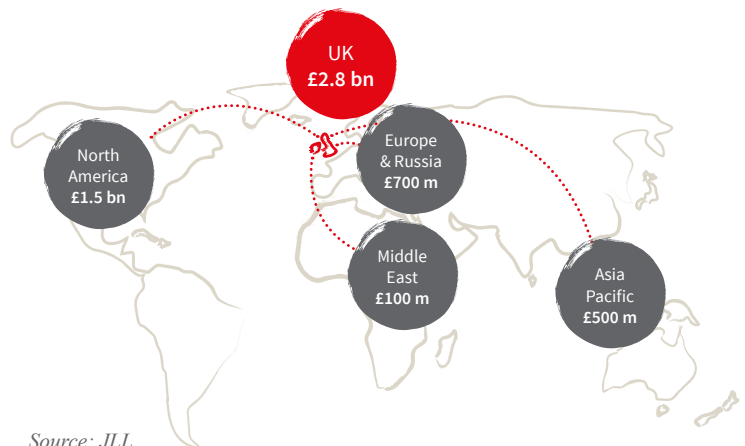
46%
of all forward funding activity since January 2011 has happened in the last 18 months

Figure 11 - PBSA investment volumes pre/post EU referendum



Source: JLL

Figure 12 - Global capital flows into London student housing since 2011



Source: JLL

Global capital flows

Despite some overseas investors establishing significant market share in the London market in a relatively short period of time, UK operators remain the most dominant in the sector, accounting for 47% of all purchases since 2011. North America is the largest source of overseas capital, with more than £1.5 billion coming into the London student housing market from investors including PSP, CPPIB and Goldman Sachs.

The amount invested from North America is more than the combined total from Europe, Asia and the Middle East. Recently, buyers from these markets have been more focused on the traditional commercial sectors despite the greater exposure to political, economic and financial market sensitivities. The exception to this is the likes of GIC, Pure Student Living and Mapletree who have all invested heavily into the sector across the UK and in London in particular.

For fresh capital, the UK property market has the benefit of an effective discount following sterling's depreciation. In H1 2017 London was the highest ranking city in the world for commercial property transactions, attracting over \$17.5 billion, up from \$13.1 billion for the same period in 2016.⁵

In the 12 months since the EU referendum, the UK student housing market has continued to grow in strength, with 2017 expected to match 2015 transaction values. **In the 12 months following the referendum, more than £3.3 billion has been invested into the UK PBSA market, compared to £2.9 billion in the 12 months preceding it.** This is a 14% increase which shows that investors have not been deterred.

⁵ JLL Capital Markets Research, 2017

Investment outlook

Student housing yields in London are moving down having remained stable since 2015.

Prime yields in the capital vary between 3.75% for a 25 year full repair and insurance (FRI) university lease and 4.25%-4.50% for a central London direct let.

For income strip deals, the yield is much lower and we have seen pricing offered at sub 3%, reflecting the longer term lease. The investment market remains incredibly competitive for long dated indexed leases let to strong covenants.

The continued lack of supply relative to occupational demand will ensure London's PBSA market continues to perform well. Despite uncertainty in some commercial and residential property markets, the sector continues to attract strong interest from investors from across the globe.

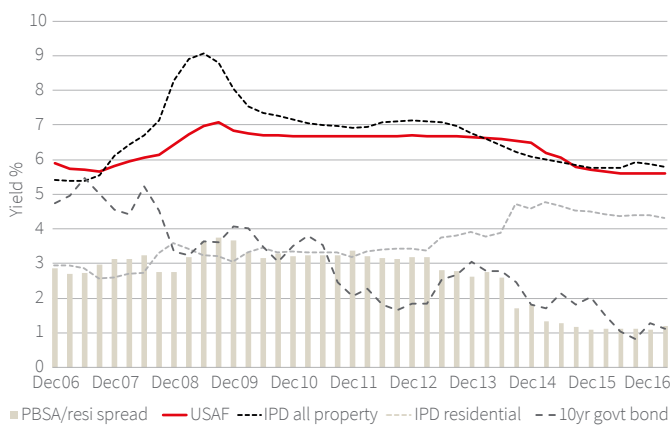
The yield spread between student housing and residential has narrowed steadily in recent years, having been consistently above 300 basis points prior to 2012, to just over 100 basis points now. The limited number of prime assets available and other barriers of entry suggests that there is further scope for student housing yields to harden as investors continue to seek secure long term income, and to balance exposure to regional markets.

These yields also highlight the fact that despite recent compression, they still offer a relative discount to forward funded PRS sites. The scope for further yield compression is justified when comparing the yield gap for PBSA against residential bonds and presents an opportunity for arbitrage.

The student housing sector is protected from the economic led cycles that impact on traditional commercial sectors such as offices and retail, and instead driven primarily by demographic and structural change. The positive outlook for the London market, and assets in Zone 1 in particular, is further supported by the fact that it is now increasingly difficult to deliver new supply in the prime markets.

The supply constraints in central London risk creating a two tier market, with the spread between prime and secondary locations and assets increasing. With the development pipeline at its lowest level for a decade and an absence of new schemes in Zone 1, any established assets that come onto the market in central locations, close to the major institutions and with good transport links, are likely to attract considerable investor interest.

Figure 13 - PBSA yield vs residential



Source: JLL, MSCI, USAF

London student housing yields Q3 2017

<i>Prime direct let</i> 4.25 - 4.50%	<i>Other direct let</i> 4.75 - 5%
↓	← →
<i>Prime 25yr FRI lease</i> 3.75 - 4.00%	<i>Other 25yr FRI lease</i> 4.00 - 4.25%
↓	↓



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APPENDIX B – GLA DDA HESA DATA

Unite Students portfolio / HESA data

Mar-18

HESA Data UK as a whole	2012 / 2013	2013 / 2014	2014 / 2015	2015 / 2016	2016 / 2017	2017 / 2018
Total students studying in the UK	2,375,510	2,337,061	2,306,056	2,320,113	2,354,844	not analysed
Total UK domicile Full Time students	1,307,618	1,308,159	1,305,821	1,343,512	1,393,600	not analysed
Total students studying in the UK with mobility issues	7,714	7,958	8,052	8,326	8,736	not analysed
as a % of Total students studying in the UK	0.32%	0.34%	0.35%	0.36%	0.37%	
Total UK domicile Full Time students with mobility issues	4,530	4,790	4,988	5,252	5,693	not analysed
as a % of Total UK domicile Full Time students	0.35%	0.37%	0.38%	0.39%	0.41%	
Total students studying in London	419920	413686	415898	417219	419695	not analysed
including Full time UK domicile, Internationals, non HEFCE, national HEIs London campuses, international HEIs London campus and part time						
Total full time students studying in London	327639	328203	334165	340707	345227	not analysed
including Full time UK domicile, Internationals, non HEFCE, national HEIs London campuses, international HEIs London campus (excluding part time)						
Total full time students studying in London with mobility issues	773	804	752	802	848	not analysed
as a % of Total UK domicile Full Time students	0.24%	0.24%	0.23%	0.24%	0.25%	
Total UK domicile Full Time students studying in London	195,845	192,604	188,836	193,186	198,663	not analysed
Total UK domicile Full Time students studying in London with mobility issues	664	695	654	674	702	not analysed
as a % of Total UK domicile Full Time students studying in London	0.34%	0.36%	0.35%	0.35%	0.35%	

UNITE London Portfolio	2012 / 2013	2013 / 2014	2014 / 2015	2015 / 2016	2016 / 2017	2017 / 2018
Total UNITE student rooms	7642	7262	7404	8003	10152	9540
Total carparking bays	153	74	61	63	70	70
Accessible Bedrooms fitted out	185	185	171	173	266	235
as a % of Total UNITE student rooms	2.4%	2.5%	2.3%	2.2%	2.6%	2.5%
Accessible Bedrooms sized and capable of adaption	123	123	172	230	295	295
as a % of Total UNITE student rooms	1.6%	1.7%	2.3%	2.9%	2.9%	3.1%
Total Accessible Bedrooms	308	308	343	403	561	530
as a % of Total UNITE student rooms	4.0%	4.2%	4.6%	5.0%	5.5%	5.6%
Total Accessible carparking bays	50	48	34	36	43	43
as a % of Total carparking bays	32.7%	64.9%	55.7%	57.1%	61.4%	61.4%
Total Full time students with mobility issues	7	8	9	7	10	7
as a % of Total UNITE student rooms	0.092%	0.110%	0.122%	0.087%	0.099%	0.073%

* 'known to have a disability' as defined and reported by HESA and advised to UNITE staff at booking

UNITE currently has 27 operational properties throughout London of which only 2 have no accessible rooms. All other properties have at least 1% accessible rooms.

**APPENDIX C - REPRESENTATIONS TO THE DRAFT
LONDON PLAN PREPARED BY JAMES. R. BROWN & CO.**

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**Proposed Draft London Plan Policies H6, H13,
H15, H17 & H18.**

Financial Viability Orientated Representations.

1/3/2018

Proposed London Plan Policies H6, H13, H15, H17 and H18 are not justified by robust viability evidence because the evidence in the London Plan Viability Study ('LPVS') is fundamentally flawed and/or wrong.

We assume that there is an onus on the GLA to provide appropriate evidence to justify the proposed London Plan policies and that, where this evidence is missing or lacking, the consequence will be (or should be) that the proposed policy cannot be adopted.

The London Plan Viability Study ('LPVS') is fundamentally flawed and/or wrong because:-

(N.B. We refer to the main body of the LPVS as the LPVS and its accompanying Technical Report as the LPVSTR below).

a) Support or Inform:-

Para 1 of the LPVS Executive Summary says its purpose is to 'support' the new London Plan. However, this implies a fait accompli as surely the main purpose of the LPVS should have been to 'inform' the potential policies in the new London Plan.

As the LPVS is dated December 2017, it would not seem credible that the proposed new London Plan policies were generated almost immediately thereafter. Para 1.2.4 of the LPVS suggests that consultation on the proposed London Plan started at the end of November which pre-dates or almost coincides with the LPVS.

The LPVS appears to have been written to support pre-determined policies in the new London Plan rather than inform policy making which is in-appropriate and undermines its credibility as 'evidence'.

b) Intervention & Justification for 35%:-

Whilst planning policy has been intervening in the affordability and consequential value of housing for some years now, is this fundamentally legal and/or a planning policy matter? What part of what law permits and/or promotes this?

c) Data Sources, Analysis and Non-Ascertainable Logic through to Conclusion:-

The LPVS/LPVSTR is a very thin on data, detail and analysis.

We have regularly seen more substantial viability reports relating to a single site.

There is no clear audit trail from data to conclusion, especially as there are no explicit financial viability appraisals provided. As such, the LPVR does not represent evidence.

d) Incorrect and/or Misrepresented Data:-

We are familiar with the Savills forecasts on page 16 of the LPVS but the LPVS fails to clarify that these forecasts do not apply to 'new build' which London Plan policies are aimed at.

Furthermore:-

- the forecasts listed on page 16 of LPVS are already out of date as most of the cited forecasters have since pegged back their growth forecasts, and;
- the LPVS fails to use 'independent' data sources rather than estate agent forecasts (who might wish to avoid gloomy predictions). Forecasts from independent bodies (e.g. MOLIOR) should feature.

Assuming the LPVS has used incorrect and/or has misrepresented base data such as this throughout, the LPVS is not professionally reliable.

e) Build Costs:-

Although the build cost rates are reported to have been produced by Turner & Townsend, this is not evidence in itself. Detailed comparable contract evidence is surely needed to justify these rates to represent 'evidence'.

In our experience the build cost rates suggested by Turner & Townsend are un-realistically low even if they relate to total scheme GIAs (which the LPVS fails to clarify). If they relate to NIAs

The LPVS needs to provide extensive and explicit evidence regarding build costs as, at the moment, the build cost rates used are unclear and un-substantiated.

f) Model:-

Although one cannot see any of the financial viability assessments that we assume the authors of the LPVS have prepared using the Three Dragons/GLA Toolkit, we question why the authors (i.e. The Three Dragons et al) have used the Three Dragons/GLA Toolkit software bearing in mind the vast majority of viability consultants (acting for either Councils and/or applicants) dispensed with this as an inferior model several years ago.

Independent reviews of the Three Dragons/GLA software (e.g. by BNP Paribas) have previously confirmed that it is inferior to software such as ARGUS, so why use it?

We fully expect the appraisals prepared by The Three Dragons et al in the LPVS to contain 'error equivalents' as a consequence of the software used which undermines its conclusions.

g) General Approach to Viability Testing:-

The LPVS makes no reference to (and does not appear to have given any consideration to) the RICS's Guidance Note 94/2012 (Financial Viability in Planning).

The RICS has been the pre-eminent professional institution representing the UK property and development industry for many decades.

To evade guidance provided by the RICS ignores input from most of the UK development industry which is not reasonable and questionable.

Charles Solomon (now head of viability at the GLA) was part of the Core Working Group that produced the RICS GN 94/2012 and so one would reasonably expect viability studies instructed by the GLA to consider it.

h) Approach to BLVs (echoing the Mayor's Affordable Housing SPG and referred to in notes to proposed London Plan Policy H6):-

The approach used within the LPVS to derive BLVs is misguided and the evidence used is not evidence.

In our opinion, the RICS's guidance on arriving at BLVs as set out in their GN94/2012 is well thought through and reasonable, albeit unavoidably open to some criticism.

However, certain stakeholders in the planning system are seeking to dismiss the RICS's guidance in favour of guidance within the Mayor's Affordable Housing SPG which is open to a lot more criticism.

There is no perfect approach and cannot be for a variety of reasons.

The LPVS has heeded the Mayors guidance on viability and therefore inevitably concludes what the Mayor's Affordable Housing SPG promotes. This is a major problem as the required approach to viability within the Mayor's Affordable Housing SPG is echoed within the proposed London Plan (particularly via H6 and Sections 4.6.1 to 4.6.15).

We have already made representations on the Mayors Affordable Housing SPG and its viability guidance and we would re-iterate everything we said therein (see **Appendix A**).

Via the new London Plan, we feel the Mayor is in-appropriately seeking to politically intervene in the free market via the planning system by unduly influencing/directing how Benchmark Land Value ('BLVs') should be arrived at (whereupon the required approach is also poorly defined). We think the Mayor's guidance needs to be less prescriptive.

Via Section 4.6.10, 4.6.11 in the proposed London Plan plus the Mayor's SPG and the LPVS/LPVSTR, the narrative is in danger of practically enforcing the use of 'EUV plus a land-owner's premium' ("EUV Plus") as the only acceptable approach to BLVs. The Mayor and the proposed London Plan (including numerous references to the Mayor's Affordable Housing SPG) effectively suppress Alternative Use Value ("AUV") and/or Market Value (as defined by the RICS in their GN 94/2012) as an approach to BLVs.

In reality, land values are ultimately determined by the market and prospective vendors of land will always consider AUVs and Market Value before selling. Meanwhile, purchasers of development land will usually seek to minimise what they need to pay for development land and so it would be wrong to assume that they readily over-pay.

'EUV Plus' is poorly defined compared to the extensive/clear definition and explanation provided by the RICS for Market Value in their GN 94/2012. AUV is also poorly defined but is effectively a component of Market Value.

With respect to EUV Plus, the key question is what the 'Plus' bit should be? For no apparent or logical reason, the GLA and their supportive consultants keep pointing to '20%' on numerous projects we have worked on but this is arbitrary. It also makes no sense whatsoever on sites that are cleared but have obvious 'alternative use' potential.

The Mayor's Affordable Housing SPG says that land-owner's premiums "could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary". This Mayoral SPG wording is in danger of being interpreted to mean land-owner's premiums should or must be 10% to 30% which is highly problematic and in-appropriate. We think the London Plan needs to absolutely clarify this if the EUV Plus approach is to be endorsed as the preferred approach (and/or used as alternative terminology for Market Value as defined in the RICS's GN 94/2012).

In reality, the 'Plus' percentage or sum (as there is no logic to suggest it should ever be any particular percentage) will or should take the BLV up to the sum that is equivalent to Market Value (as defined by the RICS in their Guidance Note GN 94/2012, as opposed to the 'Red Book', and whereupon full regard to planning policy must underpin development land purchaser prices). This may well be via the identification of alternative use development potential.

Some people point to 'Parkhurst' as important appeal case precedent on the topic of BLVs.

At the Parkhurst appeal (APP/V5570/W/16/315698) the Inspector considered an SVB of £6.75m to be reasonable even though the EUV was negligible or, at best, up to £700,000. Whatever terminologies one wants to use, the Inspector effectively considered a BLV equivalent to EUV plus 868% as reasonable. This confirms that it is not appropriate or reasonable for the Mayor or any Council to try and claim that a land-owner's premium should be 20% or within the range of 10% to 30%.

The Mayor's Affordable Housing SPG requires that landowner premiums are justified and yet, ultimately, there is no way of justifying any particular landowner premium (be it zero, 20%, 300% or £3m) without some kind of reference to land transaction evidence as it is otherwise arbitrary. Whilst the Mayor's SPG indicates that the level of premium can be informed by benchmark land values that have been accepted for planning purposes on other comparable sites, we do not think this is reasonable. It would not necessarily mean a 20% premium (for

example) is reasonable just because 20% was agreed (by way of an incidental 'equivalent' percentage) on a neighbouring site. Firstly, it may not have been 'agreed' but rather accepted under protest and, secondly, it would be equally reasonable to suggest that if a BLV equivalent to £10m per acre was agreed on a neighbouring site, that £10m per acre should be applied to the subject site – whether this equates to a premium over and above EUV of 20% or indeed 300%. In other words, references to and/or the application of land-owner's premiums via 'percentages' is in-appropriate and the London Plan should clarify this.

Furthermore, AUVs (which are effectively a component of Market Value) should not be suppressed by the wording of the proposed London Plan policies and/or by its references back to the Mayor's Affordable Housing SPG. The London Plan should support the use of an AUV and/or Market Value approach where the subject site is cleared (i.e. with no physical existing use thereon). N.B. We are currently working on a cleared un-contaminated 3.8 acre site in an urban centre in a south-eastern London Borough where a prolific viability consultant to London Boroughs and the GLA is seeking to apply a BLV of £1 based upon EUV Plus. In practice, this is where EUV Plus can lead (i.e. to a nonsense).

A BLV is the most crucial assumption within financial viability assessments and yet contention still exists with regard to how these should be reasonably derived.

There is no meaningful, logical or reasonable evidence supporting the Mayors guidance to viability. The RICS is apolitical and is surely the appropriate body to provide guidance in this regard.

Returning specifically to the LPVS/LPVSTR, this seeks to use BLVs agreed on certain planning consents by alleging that BLVs in associated S.106 Agreements (e.g. within review clauses) were 'agreed'.

We believe most of the LPVS BLV examples cited in Annexe J to the LPVSTR are connected to one particular viability consultant who only act for certain Boroughs and who will not negotiate on their approach to BLVs at local level (i.e. effectively EUV Plus only). However, we were involved in some of those projects where we know the BLVs were/are not agreed and that the applicant was practically force fed the EUV Plus approach by the Councils advisor (with the Mayor's SPG in the background) and where the 'Plus' bit has typically been 20% without evidential justification. In some cases, this has led blighted and un-implementable consents. Furthermore, there are only 35 BLV examples relied upon by the LPVS in Annexe J across only 13 London Boroughs. This is a completely deficient sample size and a fundamental flaw which undermines the LPVS.

Para 2.1.12 in the LPVS confirms that land values (and therefore BLVs) "should be informed by comparable, market-based evidence but excluding transactions above the norm". The LPVS does not present and has not considered any true comparable market-based evidence. This should reasonably include actual development land transaction evidence and analyses thereof.

i) Profit:-

Para 2.5.6 of the LPVS says its viability testing assumes a 'private developer'.

Clearly, the identification of reasonably necessary profit targets to private developers is therefore crucial to determining viability.

The LPVS states at Para 2.5.4 that "residential values and profit targets have been compiled by Housing Futures Ltd".

Having sought to establish what experience Housing Futures Ltd have with regard to residential values and profit targets, there is very little information available on the internet and we cannot find their web site. It appears that Housing Futures Ltd may be a person called Peter Redman who, some internet references say, has 'worked in social housing for 40 years' including a number of housing association and local authorities.

With respect, we are concerned that 2 crucial assumptions (i.e. profit targets and values) that are fundamental to the LPVS's conclusions and London wide planning policy have been 'compiled' by a consultancy that might not have sufficient experience in this regard. Furthermore, it is not clear what 'compiled' means in context. Have they determined what reasonable profit targets are?

The LPVS makes no mention of having gathered any evidence from Banks, financial intermediaries, equity and mezzanine financiers/funders with regard to what they need to see as prospective development profits in order to satisfy their conditions precedent to lending across a variety of property types and development risk profiles. If this evidence has not been obtained and considered as part of the LPVS, the LPVS cannot be credible as, without funding, development cannot happen.

At the moment, we are not convinced that sufficient evidence has been obtained and analysed to determine what a reasonable/necessary development profit is across the various housing, quasi-housing and mixed-use development projects considered within the LPVS because it is not apparent.

j) Finance Costs:-

Table 5.15 (page 34) in the LPVS indicates that the GLA have instructed the authors of the LPVS what finance rates to use. Surely the authors of the LPVS should produce evidence and express a justified opinion in this regard? This is not evidence.

Although Table 5.14 suggest that the GLA have evidence to support the instructed finance rates, we have looked at 'The Value, Impact and Delivery of Community Infrastructure Levy' (University of Reading, Three Dragons, Smiths Gore and David Lock Associates – Feb 20127) for example but see nothing in there that represents evidence to support any particular finance rate assumption.

Our experience of finance rates to the average hypothetical developer is that they are significantly higher than the GLA are suggesting including finance facility fees (which should not be ignored). Up to date explicit evidence is required regarding finance cost assumptions before the LPVS can be considered credible in this regard.

With respect to footnote 50 on page 34 of the LPVS, it is not appropriate to spread land finance costs over half the development period as professional development valuers would confirm. It is usually reasonable to spread finance costs on construction in this way because construction costs are indeed spread over the development period. However, finance costs on land compound from the day of purchase and usually continue compounding until the end of the development (or close to) unless the development is substantially phased (which is rarely the case with student accommodation development). This indicates that, in all likelihood, the results from the LPVS's viability testing of their 2 student development archetypes are wrong for this reason alone.

In conclusion, finance rate/cost assumptions significantly affect viability tests and yet the LPVS provides no evidence in support of its assumed rates/costs and has also applied them incorrectly with respect to land finance. This undermines the LPVS's conclusions regarding student accommodation development.

Proposed London Plan Policy H17 should not be adopted for this reason.

k) Transparency & Financial Viability Assessments:-

The LPVS/LPVSTR needs to provide the explicit financial development appraisals that must have been prepared to arrive at viability testing results.

Without these, one cannot reasonable scrutinise the workings behind the LPVS.

l) Review Clauses:-

If Policy H6 applies to student accommodation development and review clauses will end up being required on viability tested schemes that do not offer 35% affordable housing as a consequence of the London Plan, this would be unreasonable, unjustified and in-appropriate because:-

- The LPVS is fundamentally flawed for a number of reasons identified above and so 35% is not justified by evidence to start with, and;
- Evidence demonstrating that review clauses are not prejudicial to the fundability of development has not been provided and has not been properly considered (if at all). In earlier London Plans, review clauses were only considered appropriate on long term phased development projects and nothing has occurred since to warrant any deviation from that approach, and;
- Sound advice from the RICS (in their GN 94/2012) indicates that, for short term projects, review clauses are not appropriate and, for longer term phased projects, only pre-implementation reviews are appropriate. There is no evidence or ultimately constructive sense to have 'near end of development' reviews on short term projects and no need for pre-implementation reviews if a viability exercise has just been gone through. Review clauses are a serious threat to development especially as the GLA will combine them with un-realistically low BLV references. Although some review clauses have been agreed in what has been a rising market over recent years, we think these are in danger of seriously blighting development over the next few years where growth is not forecast, and;
- Banks, equity and mezzanine development financiers/funders need to be consulted directly, independently and comprehensively to establish what they will do if review clauses coupled with low BLVs become the norm. This is an imperative but has not apparently been done, and;
- Review clauses will seriously damage the ability to fund schemes as, in particular, loan security valuers will not be able to demonstrate adequate loan to value cover and risk cover.

APPENDIX A

Affordable Housing SPG,
FREEPOST LON15799,
GLA City Hall,
Post point 18,
The Queen's Walk,
London,
SE1 2AA.

WITHOUT PREJUDICE

23rd February 2017

Dear Sirs,

COMMENT ON THE DRAFT AFFORDABLE HOUSING & VIABILITY SUPPLEMENTARY PLANNING GUIDANCE (SPG).

Introduction:-

My views herein are on behalf of; James R Brown & Company Ltd and all past/present/future clients whether they are planning applicants or Boroughs.

We mainly act for planning applicants but occasionally act for Boroughs.

I have been appraising the viability of development projects for approaching 30 years and I am a qualified RICS Registered Valuer. I have also been directly employed by property development companies in the past.

Over the last 5 years (i.e. since the demise of Housing Association Grant), I estimate that I have produced viability reports for planning purposes on over 350 projects in London ranging from a two house scheme up to individual projects with Gross Development Values approaching £1bn (e.g. Whiteleys, W2).

Affordable housing provisions have been agreed at local level on about 98% of those projects following scrutiny of my reports by independent viability consultants. On average, the vast majority of those projects ended up with significantly less than 35% affordable housing but more than the 13% referred to in Section 1.2 of the SPG.

General Response to the SPG:-

- a) The current system of negotiating affordable housing provisions on a site specific basis often involves numerous debates/issues but it is the optimum reasonable system in so far as Section 106 ("S.106") is capable of delivering affordable housing.
- b) Whilst greater certainty in development would theoretically be welcome, any quasi fixed affordable housing percentage (especially a high one like 35%) will eliminate numerous potential sites which can only come forward viably with less than 35% affordable. Recent history tells us that this is indeed most sites (hence the recent 13% delivery quantum referred to within the SPG).
- c) Although, the SPG does not prevent viability representations being submitted for schemes with less than 35% affordable, the implication of extended review clauses (bearing in mind how these are panning out in terms of how Boroughs are requiring them to operate seemingly without full appreciation of the related funding implications or the delays review clauses tend to bring about with respect to structuring and policing them) is such that either path to agreeing affordable housing provisions presented by the SPG (i.e. Routes A or B via the Threshold Approach) are un-sustainable. I do not think either option will incentivise the market, quite the opposite.
- d) Whilst everybody would like to see more affordable homes and a greater percentage proportion of affordable homes, the S.106 model is not the answer. The S.106 model is not meant to be a tax but a means to address harm caused by development. The Mayor and Government need to look at other affordable housing delivery models (and/or be more flexible with respect to the time duration of affordable housing 'restrictions' on S.106 affordable housing and affordability issues) as the S.106 model is already delivering as much quantum/quality as it can.
- e) As we all know, property markets move in cycles and most market commentators were calling the top of the market in London (notwithstanding that there are variances between Central & Outer London etc) towards the end of 2015.
- f) Recent 'start on site' statistics (e.g. as reported by MOLIOR – Page 14 Quarterly Analysis: Sales – January 2017) indicate a sharp reduction in the number of starts between 2015 and 2016. Now is not an appropriate point in the market to introduce an SPG like this.
- g) I believe that, in summary, this is because short to medium term markets are particularly uncertain, particularly since the Brexit referendum.
- h) Whilst the SPG seeks to help create certainty, it is seeking an average quantum of affordable housing that, on average, is too high and the main certainty will unfortunately be that this will substantially diminish development implementation and progression.
- i) Whilst the GLA may witness some planning applicants offering 35%, the overall picture in terms of starts on site will be the key measure as to the success or calamity of this SPG.
- j) It is clear that 35% is too high because, even in a rising market over recent years, 35% has not been delivered despite vigorous independent viability scrutiny.
- k) Where has 35% come from? Is there any up to date evidence to support this percentage as being, on average, viable? The fact that only 13% (if correct – as this does sound low) affordable housing has been delivered recently (following scrutiny by independent consultants) and that starts on site are currently falling sharply clearly indicates that 35% affordable is not typically viable.

- l) Whilst it is obvious that the GLA want to diminish land costs/values down to try and forcibly assist viability, I fear this will simply stop many sites coming forward for development. Does the Mayor have any considered evidence with respect to quantifying this substantial risk?
- m) The SPG is not clear upon whether a review clause route will be required if the tenure split and/or affordability split of a 35% provision is not policy compliant. What is most important between; affordable housing quantum, the tenure type of affordable housing and/or the affordability of affordable housing? I would suggest that the latter is the most important but this does not facilitate the highest quantum of affordable housing.
- n) The SPG and rapidly emerging advice to Boroughs from their viability consultants (following this draft SPG) does not appear to appreciate how most private residential led development is funded. Most involves a significant amount of Bank finance. To secure this, certain loan to value ratios have to be identified as well as prospective profit/risk levels. Currently emerging review clause concepts are in serious danger of rendering many prospective development projects un-fundable.
- o) Overall, I think this SPG will unfortunately damage housing delivery at this time.

Using the numbering in the SPG from hereon to make specific points, we comment against these as follows:-

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(S.9) – a move to 35% when schemes that have actually been delivered are averaging 13% affordable is substantially more than a ‘nudge’. It is not reasonable to expect, on average, developer’s to move from delivering 13% to more than double. Has the Mayor prepared any hypothetically ‘typical’ residual appraisals across the Boroughs to see what Residual Land Values (“RLVs”) are produced with 35% affordable housing along-side CIL payments etc and has the Mayor considered how these compare to ‘reasonable’ land values in the context of existing and competing land uses other than residential? If not, I would ask again - how is 35% justified and is there any up to date evidence to support this?

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(S.6) – the ‘debate’ about appropriate approaches to Benchmark Land Values (“BLV” – a.k.a. SVB) has been around for several years but remains critical. I believe that, if approached appropriately and reasonably, all of the current guidance (i.e. whether from the RICS, the GLA and/or other bodies) should lead to the same BLV number. In my experience, Boroughs and the GLA tend to shun the words ‘Market Value’ with respect to BLVs as they suspect this inevitably means high BLVs which lead to lower affordable housing provisions. However, this view of Market Value is unnecessary as the specific definition of Market Value in the RICS’s Guidance Note 94/2012 (Financial Viability in Planning) is well thought out by highly experienced professionals (who advise both private and public sector clients) and it is not the same as the definition of Market Value in the RICS ‘Red Book’. This means that, if approached correctly, the use of Market Value as defined within GN 94/2012 will not lead to SVBs which are purely based upon what similar sites may have recently sold for. Regard will had to whether or not such transactions appropriately accounted for planning policy.

Existing Use Value, Current Use Value and Alternative Use Values are a component of Market Value (as per RICS GN 94/2012). Whilst I understand the GLA’s concerns in how BLVs are arrived at, it is not realistic, reasonable or constructive to seek to cast aside Alternative Use Value as a key driver of BLVs and, furthermore, land transaction evidence needs to be considered (albeit with caution and with appropriate analysis) in deciding what ‘land-owner’s premium’ should be added to a CUV or EUV assessment.

A problem has developed amongst some viability consultants advising Boroughs whereupon they typically apply a ‘semi-fixed’ 20% land-owner’s premium (or less) for no discernible or evidential reason. The somewhat excessive but nonetheless valid example I tend to cite when querying this is what would happen if one had a garden shed on an acre of land in the middle of Mayfair. If the shed had an EUV /CUV of £1,000, it is clearly un-reasonable to suggest that the site would come forward for development for £1,200. General land transactions in the area would influence the minimum price at which a vendor would sell. The EUV or CUV plus land-owner’s premium approach has merit but not if a land-owner’s premium of 20% is considered to be ‘standard’ (which it should not be). Unless we are all going to be completely unrealistic, consideration must surely be given (albeit with caution and based upon appropriate/reasonable analysis) to:-

- Land transaction comparables.
- Whether the site is in a particularly low value use surrounded by high value uses and/or in a high value area.
- Whether the site is income producing or not.
- Whether there are any ‘push’ influences on a hypothetical vendor to sell.
- Any other valid/reasonable evidence or logic.

If one adds an appropriate land-owner's premium to a reasonable EUV or CUV, one effectively ends up with Market Value as defined by the RICS in their GN 94/2012. In this sense, the EUV/CUV plus land-owner's premium becomes a valuation 'method' with Market Value being the valuation 'basis'.

Whilst references are made amongst some viability consultants to typical land-owner's premiums ranging between 10-40% over EUV/CUV, it needs to be appreciated that, if expressed as a percentage, it might well be substantially above 40% (e.g. in the case of the garden shed in Mayfair example mentioned above).

On the ground, I have found some viability consultants, Boroughs and the GLA unfortunately seeking to unreasonably translate the EUV/CUV plus land-owner's premium approach and seemingly apply a cap of 20% on land-owner's premium. For example, I had one case where the site was about 8 acres and accommodated a football stadium and hotel. The Borough and their viability consultant were insistent that an appropriate BLV in that instance was £zero. Clearly, that was beyond unreasonable. To a lesser extreme, another project I have recently worked on involved a cleared site in E16. The Borough, their viability consultant and the GLA all recently claimed that a reasonable BLV is one which happens to equate to about £1.56m per acre. Unfortunately, even accounting for the fact that the Mayor wants to diminish land values to assist viability, vendors will simply not bring prospective development land forward at these levels. This is a major concern.

- 1.3 I do not believe the SPG's main aim to accelerate overall housing delivery will be achieved. An aim to secure more affordable housing in a more uncertain market cannot surely happen.
- 1.14 A number of Boroughs have used one or two viability consultants to produce viability reports to underpin and justify their Borough Wide affordable housing target. These were often produced some time ago and are out of date. In my experience, those same consultants have subsequently agreed that most of the individual projects that they have gone on to consider cannot deliver anywhere near 50% or even 35%. In conclusion, the evidence used to support the S.106 affordable housing policies adopted by most Boroughs are out of kilter with what has subsequently been agreed on average by the same consultants who have indicated that 35% or more is, on average, viable. There is a serious 'dis-connect' in this regard and this ideally needs to be considered by all stakeholders.
- 2.4 The Threshold Approach does not provide a realistic 'incentive' to developers. It effectively implies that developers can either go down Route B (and try and absorb a percentage of affordable housing which is too high) or face complication and delay via Route B (i.e. the viability 'and reviews' path).
- 2.6 Does this imply that The Mayor discourages the Threshold Approach for schemes under 10 units? Please can the Mayor clarify !

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RouteA Current GLA policy and sound advice from the RICS indicates that, for short term projects, review clauses are not appropriate and, for longer term phased projects, pre-implementation reviews are appropriate. There is no evidence or ultimately constructive sense to have 'near end of development' reviews on short term projects and no need for pre-implementation reviews if a viability exercise has just been gone through. This will seriously damage the ability to fund schemes as, in particular, loan security valuers will not be able to demonstrate adequate loan to value cover and risk cover.

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RouteB History tells us that 'delivered' schemes have only contained 13% affordable on average in what has been a rising market. This surely indicates that 35% in what is now a significantly uncertain market is un-sustainable.

- 2.14 As per my comments earlier, does the Mayor have any up to date evidence testing what 35% affordable typically does to land values across London and how these compare to existing use values and/or whatever might be deemed to be reasonable land values. I believe that this blanket approach will unfortunately damage land supply substantially.
- 2.15 Whilst the SPG indicates that Route B (i.e. 35% affordable) is not fixed, Route A is equally detrimental to development given the new/extended 'review' proposals.
- 2.29 Leaving LPA's to choose what affordable tenure (and presumably how affordable that tenure is) will be required on 40% of the affordable housing provision creates uncertainty and is likely to lead to additional viability issues due to that uncertainty and as most LPA's will probably choose the most affordable (and therefore least valuable) affordable housing tenures.
- 2.44 More affordable housing would be deliverable if it did not have to be perpetually affordable. Why shouldn't this be an option?
- 3.1-
- 3.6 Why does the Mayor effectively reject RICS guidance in favour of guidance on viability produced by the Boroughs? The RICS has members that act for private and public sector bodies and has been setting standards and providing advice on property development matters for decades?
- 3.14 Over the last 2 years, many RPs do not seem to have been interested in getting involved with S.106 affordable housing unless the site has consent. Understandably, they do not wish to waste their limited time resources on something that their organisation may never get an opportunity to own. Furthermore, as an increasing number of RPs are increasingly more focussed on doing private led residential development themselves, the requirement to involve them in financial matters pertaining to a planning application can present serious conflicts of interest. What does the Mayor advise in this regard?
- 3.33 The Mayor seems to be advising the market how they should assess necessary profit. However, in reality, applicants have to see profit targets based upon how Banks/shareholders etc measure profit and it is not reasonable for the GLA to tell the market how profit should be targeted. In reality, most developers and their funders target profit via profit on cost as a single percentage. They do not split profit between various elements within a scheme. Why is the Mayor trying to tell the market how they should target profit as this will surely lead to artificial viability assessments?
- 3.42 If thought through logically, EUV or CUV plus land-owner's premium should lead to the same BLV number as the definition of Market Value in the RICS's GN 94/2012.
- 3.46 In reality, AUV is a substantial influence on the price at which vendors are willing to sell land. Pushing this aside will damage land supply. Why does the Mayor think the EUV+ approach is usually the most appropriate approach for planning purposes? What evidence does the Mayor consider appropriate with respect to justifying the level of land-owner's premium?
- 3.48 An inappropriate interpretation of the RICS's definition of Market Value can lead to excessively high BLVs. Equally, and indeed more so in practice based upon my experience, viability consultants acting for LPAs can arrive at excessively low BLVs by mis-interpreting and/or not properly justifying (with evidence) EUVs/CUVs plus land-owner premiums. As such, it is unreasonable for the Mayor to not accept the RICS's recommended approach especially as the RICS is, collectively, the most knowledgeable non-political institution with respect to property development, valuation and viability matters in the UK.

3.49 It does not seem reasonable for the Mayor to direct that an AUV approach to BLVs should only be accepted if a planning consent for that alternative use exists. This surely has no regard to reality. Again, with respect to my 'garden shed on 1 acre of land in Mayfair' example referred to earlier, a vendor would not realistically sell that site for £1,200 if there is no planning permission for, say, an office block on the site. However, the scope to obtain a planning consent for office use might be realistic and would/should therefore be reflected in its value. Again, I believe the Mayor's proposed approach in this regard will seriously damage land supply.

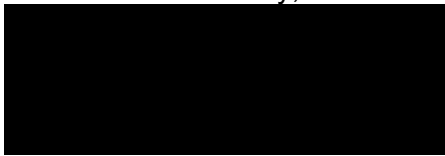
3.50-

3.54 We have indicated our views on review clauses earlier herein. Compared to the GLA's previous policies on review clauses, no new evidence suggests that it is now appropriate to impose review clauses on single phase relatively short to medium term schemes. Indeed, current and foreseeable market uncertainty connected to Brexit (for example) mean that there is certainly no justification for this more than ever in the current market as it would be highly prejudicial to scheme fundability and deliverability.

4.1-

4.15 In simple terms, 'Build to Rent' and/or PRS schemes will typically be significantly less able to viably sustain an affordable housing provision as BtR and PRS are generally worth less than unrestricted C3 residential, especially if 'conditioned'. Is this fully accepted by the Mayor in principle?

Yours faithfully,



James Brown BSc (Hons) MRICS
RICS Registered Valuer
Director

**APPENDIX D - CONSENTED STUDENT LONDON SCHEMES
PREPARED BY RPS**

Table of student consents which have been determined since the adoption of the Mayor's affordable rent policy

Site	LPA	Description of Development	Decision Date	Affordable Rent	Other Obligations
Site at Junction of western Avenue and Old Oak Road, London	London Borough of Hammersmith and Fulham	<i>Redevelopment by the erection of a part 6 and part 7 storey building (over 2 basement levels) to provide 306 rooms of student accommodation and a ground floor café (use class A1); provision of servicing area accessed from Foxglove Street comprising a loading bay, and two parking spaces / Site At Junction Of Western Avenue And Old Oak Road London</i>	19 th October 2016 (Planning committee date, 27 th July 2016).	The scheme was not GLA referable and does not secure any affordable rent	<p>Mayoral CIL - this development would require a payment of £450,000.</p> <p>LBHF's CIL requirements - this development would require a contribution of around £745,000.</p> <p>The proposed legal agreement would include the following Heads of Terms:</p> <ul style="list-style-type: none"> - Highways works, contribution towards `frontage works`, including cross-over work and amendments to parking proposed by the developer and a reconfiguration of the Foxglove Street junction with Old Oak from one-way traffic to two-way traffic - Ensuring that the accommodation shall be for use of students only, studying a course full-time in a higher educational institution in London - Restriction on students being able to sub-let the units - Submission of a travel plan including formal monitoring at Year 1, Year 3 and Year 5 - Submission of a Construction Management Plan, Construction Logistics Plan and a Servicing and Deliveries Management Plan

					<ul style="list-style-type: none"> - The student accommodation scheme to be managed in accordance with an agreed Management and Maintenance Plan - With the exception of disabled students, and students who have impaired mobility whom may apply for Blue Badges, no occupiers of the Student Accommodation units to be eligible to obtaining residents' parking permits to park on-street in the controlled parking zone
Holbrook House, Victoria Road, Acton W3 6UW	London Borough of Ealing	<i>Demolition of existing buildings and redevelopment to construct a part - 16/part-18/part-24 storey building with basement for use as student accommodation (sui generis) comprising 424 bed spaces (within both clusters and studios); ground floor ancillary student accommodation and a commercial unit for flexible use Classes A1, A2, A3, A5, B1 or D1 uses . Cycle parking, storage and plant space to be located predominantly at ground and basement levels. Servicing and 2 No. disabled car parking bays on-site as well as improvements to the public</i>	<p>Decision issued 14th February 2017 (was heard at Planning Committee on 21st September 2016)</p> <p>Note, s.73 application has been made to amend planning drawings, the revised accommodation would result in</p>	The Stage 2 Report states that <i>"The applicant has confirmed that 10% of the student units (42 units) would be affordable, with a discount of at least 20% on the full rent and meeting the rent levels defined within Mayor's Housing SPG (calculated on 55% of average student income). The</i>	<p>The Heads of Terms to be incorporated into the Section 106 Agreement include:</p> <ul style="list-style-type: none"> a) Commuted payment of £1,000,000 for displaced existing housing; b) Payment of £500,000 for local transport (highways, pedestrian, CPZ, public realm including North Acton Square); c) Payment of £250,000 towards health d) Payment of £250,000 for open space; e) Payment of £174,000 towards North Acton inter-change station; f) Carbon off-setting contribution;

		<p>realm including widening the footpath to North Acton station and frontages to Victoria Road and Wales Farm Road</p>	<p>498 bedspaces comprising 327 cluster bedrooms and 171 studios with changes to the external envelope and internal layout as regards cycle parking and refuse storage spaces – awaiting decision</p>	<p>affordable quantum is based on the conclusions of viability testing by the applicant, which the Council has independently appraised and confirmed that this represents the maximum that the scheme could viably support. The affordable accommodation has been secured in perpetuity in the s106 agreement. The GLA is satisfied that the scheme provides a suitable amount of affordable student accommodation in compliance with London Plan Policy 3.8</p>	<p>g) Connection to district heating network; h) Secure 10% of the overall lettable bedspaces as affordable student accommodation; and i) Payment of the Council’s legal and profession fees incurred during the preparation of the Section 106 Agreement</p>
Emperor	City of	Demolition of the existing buildings	Recommended	No provision	- Affordable housing contribution

<p>House 35 Vine Street London EC3N 2PX</p>	<p>London</p>	<p><i>and redevelopment to provide a new mixed use building, comprising offices (Class B1), incubator offices (Class B1), a shop/ café unit (Class A1), student/ incubator tenant accommodation and ancillary facilities (sui generis), and exhibition space associated with a Scheduled Ancient Monument (sui generis), arranged over basement, lower ground, ground and parts 6, 12, 13 and 14 upper storeys plus plant; including a new pedestrian route, creation of new public realm; associated parking, servicing, and ancillary plant and storage; and other associated works (619 student bedspaces)</i></p>	<p>for approval at Committee 25/07/2017 - Currently 'awaiting determination' on LPA's website</p>		<p>equalling £277,220 - 911sqm floorspace dedicated as incubator office accommodation - 59 rooms out of 619 rooms (approx. 11%) to be made available to the incubator occupiers</p>
<p>140 Wales Farm Road, Acton, W3 6UG 172682FUL</p>	<p>LB Ealing</p>	<p>Demolition of all existing buildings and the redevelopment of the site to provide five buildings of 5, 7, 10, 11 and 31 storeys comprising 736 student bed spaces (603 rooms), 85 residential flats, 6214sqm (GIA) of Office (B1) floor space with associated access from Wales Farm Road, amenity space, cycle parking, four disabled car parking spaces, servicing, public realm improvements and landscaping (Full Planning</p>	<p>Approved - planning committee 16.8.2017 subject to GLA referral</p>	<p>No affordable rent provision (University accommodation provided to meet needs of Imperial College)</p>	<p>(b) Subject to the satisfactory completion of a Section 106 agreement under the Town and Country Planning Act 1990 (as amended) in order to secure the following: (i) 35% of the proposed dwellings are to be provided as discounted market rented units, discounted to London Living Rent in perpetuity; (ii) Compliance with a Marketing Plan to eligible persons in respect of the DMR</p>

		<p>Application accompanied by an Environmental Impact Assessment)</p>		<p>(iii) Compliance with triggers for the occupation of the affordable and private (including Build to Rent) housing; (iv) Compliance with conditions of occupation of the student accommodation (except during vacation periods) (v) Financial contribution for funding primary school places towards expansion projects at John Perryn Primary and Acton High. (£125,185); (vi) Financial contribution towards the provision of healthcare facilities; new primary care provision at Central Middlesex Hospital' (£508,161); (vii) Financial contribution towards WEST (Work, Education, Support and Training) project for provision of outreach engagement, pre-employment training and employment support for borough residents living in and around Wales Farm Road and adjacent wards (£250,000); (ix) Local Employment and Apprenticeship Scheme means a programme undertaken by the Owner to use reasonable endeavours to employ a minimum of 30% of local people during the construction phase and 14 new apprenticeships (or outcomes of equivalent value, e.g.: traineeships, site visits for learners,</p>
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					<p>engagement with local schools) or other placement in the construction of the Development and the on-going maintenance and management of the Development; (x) Financial contribution towards the improvement's in local parks: The Green, Acton Cemetery, North Acton Playing Fields. (£105,465); (xi) Air quality action plan measures (£103,024); (xii) Financial contribution and other measures to the value of (£375,000) towards site specific sustainable transport measures, and transport and highway infrastructure improvements in the vicinity of the site to mitigate the impact of the proposed development. The financial contributions and other measures shall comprise: - Clause restricting residents/businesses of the development the right to purchase CPZ permits; - Public realm and access improvements on Victoria Road linking in with Station Square (£200,000); - Improvements on Victoria Road and Wales Farm Road (Wider crossings, new lane marking and localised widening and upgrading existing and installing new tactile paving and pedestrian islands, segregated cycle lanes in each</p>
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					<p>direction) (£125,000); - Improving pedestrian facilities between the site and Acton Main Line station (£25,000); - CPZ consultation & review – Extending the hours of operation and or changes to layout of type of bays to address the needs of residents (£15,000); - Extending legible London and bus infrastructure (£10,000); - Travel Plan monitoring (£3,000) (xiii) North Acton Station improvements (TFL) (To be agreed with TFL); (xiv) Carbon offsetting contributions (To be confirmed £46,800); (xv) Future connection to off-site district heating network (xvi) Payment of the Council’s reasonable legal and other professional costs incurred preparing the Section106 agreement.</p>
4 – 10 Forest Road, London E17 6JJ	Waltham Forest	Demolition of existing buildings and construction of 9 to 17 storey student accommodation block to provide 353 student rooms (sui generis) and approximately 900 sqm of commercial floorspace (A1/A2/A3/A4/B1/B2/D1/D2) at ground floor and mezzanine levels with cycle parking, amenity space and other associated works. This application has been accompanied by an Environmental Statement (ES).	Approved Planning Committee 12 th October 2017. Item 4.1 Ref:172336	There would be a review of scheme viability in the event an Academic Institution is not secured to take the student accommodation. Affordable Student Accommodation would be provided at a rate in	The following Heads of Terms: (a)Educational Institution- The student accommodation shall be operated by the University of London (or another agreed academic institution) (b)Viability Assessment- There would be a review of scheme viability in the event an Academic Institution is not secured to take the student accommodation. Affordable Student Accommodation would be provided at a rate in

				<p>accordance with the Mayors' Affordable Housing & Viability SPD (August 2017).</p>	<p>accordance with the Mayors' Affordable Housing & Viability SPD (August 2017)</p> <p>(c) Loss of Employment and training Strategy- The scheme shall provide 14 Apprenticeship posts and 18 work placements. A cash contribution of £58,212 is required in the event the work placements are not provided.</p> <p>(d) Highways and Public Realm- The developer will be required to enter into a S278 agreement of the Highway Act 1980. A payment of £200,000 (two hundred pounds only) will be required for highway improvements along Ferry Lane and Forest Road including cycling and pedestrian improvements as part of the Council's sustainable travel initiatives. A Section 38 agreement will be required for adoption of new footway and a legal agreement will secure provision of the 'commuter cycle hub' further details of such are to be agreed with the applicant.</p> <p>(e) Ecology & Walthamstow Wetlands- A financial contribution of £312,000 towards development and access to the Walthamstow Wetlands project.</p> <p>(f) Air Quality- £35,000 to be spent on LBWF Air Quality Action Plan initiatives</p>
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					<p>(g) Sustainability- The site must be connection ready for the 'Station Hub' district energy centre. A carbon offset fund will be required if the 35% is not met.</p> <p>(h) Public Art- The application would make a contribution of £20,000 towards public art which would be incorporated within the development.</p> <p>(i) Retention of Architect- The applicant shall retain the architect during the build phase until completion.</p> <p>(j) Retail Strategy- The applicant shall provide a retail strategy for the development including restriction of uses within the units.</p> <p>(k) Legal Fees- Payment of the Council's legal fees for the preparation and completion of the Legal Agreement.</p>
Parkwood House, Albion Way, Wembley HA9 0LP	London Borough of Brent	Demolition of existing building including clearance of site, and erection of a part 13 and part 17 storey building comprising 113sqm of affordable workspace (Use Class B1) at ground floor level and 283 bedroom	Recommendation for approval from Planning Committee 13 th December 2017. Item 6. Currently	No current educational provider is associated with the development. A Section 106	<p>The following Heads of Terms:</p> <ol style="list-style-type: none"> 1) Payment of legal and professional costs; 2) Notification of material start 28 days prior to commencement

		<p>student accommodation (Use class Sui Generis) on the above floors with ancillary student reception area on the ground floor, cycle parking, bin stores, amenity space, landscaping, public realm works, installation of a rainwater attenuation tank and other associated works.</p>	<p>'awaiting decision' on LPA's website</p> <p>Ref:17/2782</p>	<p>clause will be sought in order to achieve this.</p> <p>In the event where no single education provider is brought on board a viability review mechanism will be used in order to secure affordable student accommodation, in line with the aspirations of the London Plan.</p>	<ol style="list-style-type: none"> 3) A parking permit restriction, withdrawing future right of residents and business occupiers to on-street parking permits 4) Join and adhere to the considerate constructors scheme 5) A Section 38/278 Agreement to secure highways works 6) Travel Plan g) To allow the easy connection to a District Heat/Energy Network should one be implemented in the area 7) Training and Employment 8) The provision of 113sqm (GIA) of 'Affordable Workspace' in perpetuity 9) A financial contribution of £60,000 towards the cost of extending Controlled Parking Zones in the vicinity of the site, including the subsidisation of parking permits of existing local residents in the area; 10) In the event that a Higher Education Institution does not take up the operation of the premises, a Viability Review will be required to provide the maximum quantum of affordable student accommodation. 11) Any other planning obligation(s) considered necessary by the Head of Planning.
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<p>Units 1 -5 Inc Cannon Trading Estate, First Way, Wembley HA9 0JD</p>	<p>London Borough of Brent</p>	<p><i>Demolition of the existing buildings and erection of a part 7/9/10/11 storey building, comprising educational use (Use Class D1), office use (Use Class B1(a)) and student accommodation (Use Class Sui Generis), with ancillary external landscaping.</i></p> <p>A mixed use building comprised of:</p> <ul style="list-style-type: none"> - 678 student bedrooms located over 9 floors above the ground floor level - UCFB Wembley teaching facilities and associated offices including seminar rooms, a 300 seat auditorium at ground floor level - Office space (B1) aimed at start-up businesses - Coffee bar, gym and fitness facilities 	<p>Recommendation for approval from Planning Committee 13th December 2017. Item 7. Currently 'awaiting decision' on LPA's website</p> <p>Ref: 17/3797</p>	<p>In the event that no single education provider is brought on board, a viability review mechanism will be used in order to secure affordable student accommodation, in line with the aspirations of the London Plan.</p>	<p>Section 106 Heads of Terms:</p> <ol style="list-style-type: none"> 1) Payment of legal and professional costs; 2) Notification of commencement 3) A financial contribution of £100,000 towards the cost of extending Controlled Parking Zones in the vicinity of the site, including the subsidisation of parking permits of existing local residents in the area; 4) The implementation, monitoring and review of a residential travel plan, incorporating free membership of a car club in the vicinity of the development for residents for an enhanced period of at least two years; 5) Undertaking of highway works and soft landscaping on the highway prior to first occupation through an agreement under S38/S278 of the Highways Act 1980; works to include resurfacing, construction of a new pedestrian crossing and the creation of 6m kerb radii; 6) Training and employment plan targeting Brent residents; 7) Financial contribution to bus improvements of an amount to be agreed with TfL;
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					<p>8) Adoption of the footway on the northern side of the development following the completion of works to both UCFB and Kelaty House;</p> <p>9) Secure nomination rights for 60% of the student rooms to be occupied by UCFB students</p> <p>10) The requirement for and procedures of a viability review process to secure the maximum quantum of affordable student accommodation possible within the development, which will be required in the event that a Higher Education Institution or Student Accommodation Provider acting for and on behalf of a Higher Education Institution does not take up the operation and management of the 40% of the student rooms outside of the UCFB nominated rooms</p> <p>11) Any other planning obligation(s) considered necessary by the Head of Planning.</p>
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**APPENDIX E - REPRESENTATIONS TO THE DRAFT NEW
LONDON PLAN PREPARED BY WSP**



Draft 2018 London Plan – Cycle Storage Standards Occupancy Research

DATE	02 March 2018	PREPARED BY	OS
SUBJECT	Transport Technical Note	CHECKED BY:	AF

INTRODUCTION AND OVERVIEW

WSP has been commissioned by UNITE to undertake a cycle storage demand research note in light of the draft 2018 London Plan. Across their London Estate UNITE experience very low demand for cycle storage. UNITE is concerned that there is no justification for future increases in minimum standards within the draft London Plan and this will lead to further unnecessary unused space within their future redevelopment sites.

BACKGROUND

The GLA has provided the document 'Cycle Parking – Part of the London Plan evidence base' December 2017. It notes that the 2013 Early Minor Alterations to the London Plan included minimum standards for cycling for the first time, as it considered that student accommodation is essentially residential in nature and as such should be consistent with residential standards. Subsequently, the evidence base recognises that further alterations did not include similar rises in cycle parking for student accommodation as it included for residential. This, the evidence paper notes, means that not every student living in student accommodation could own a bicycle. It also recognises that since student accommodation does not include car parking, students have a limited budget, live in inner London and that cycling could potentially bring benefits and suitable for distances that they are likely to travel.

The draft London Plan proposes an amendment to the minimum cycle parking standards, based on the findings of the evidence, from the adopted London Plan standard of 1 cycle space for every two bedroom units to effectively one cycle space for every bed space. This is based on the following extracts of Table 10.2 of the Draft London Plan, where every studio unit requires a cycle parking space.

Sui generis	As per most relevant other standard e.g. casino and theatre = D2, room in large-scale purpose-built shared living or student accommodation = studio C3.
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C3-C4	Dwellings (all)	1 space per studio, 1.5 spaces per 1 bedroom unit, 2 spaces per all other dwellings
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PREVIOUS REPRESENTATIONS

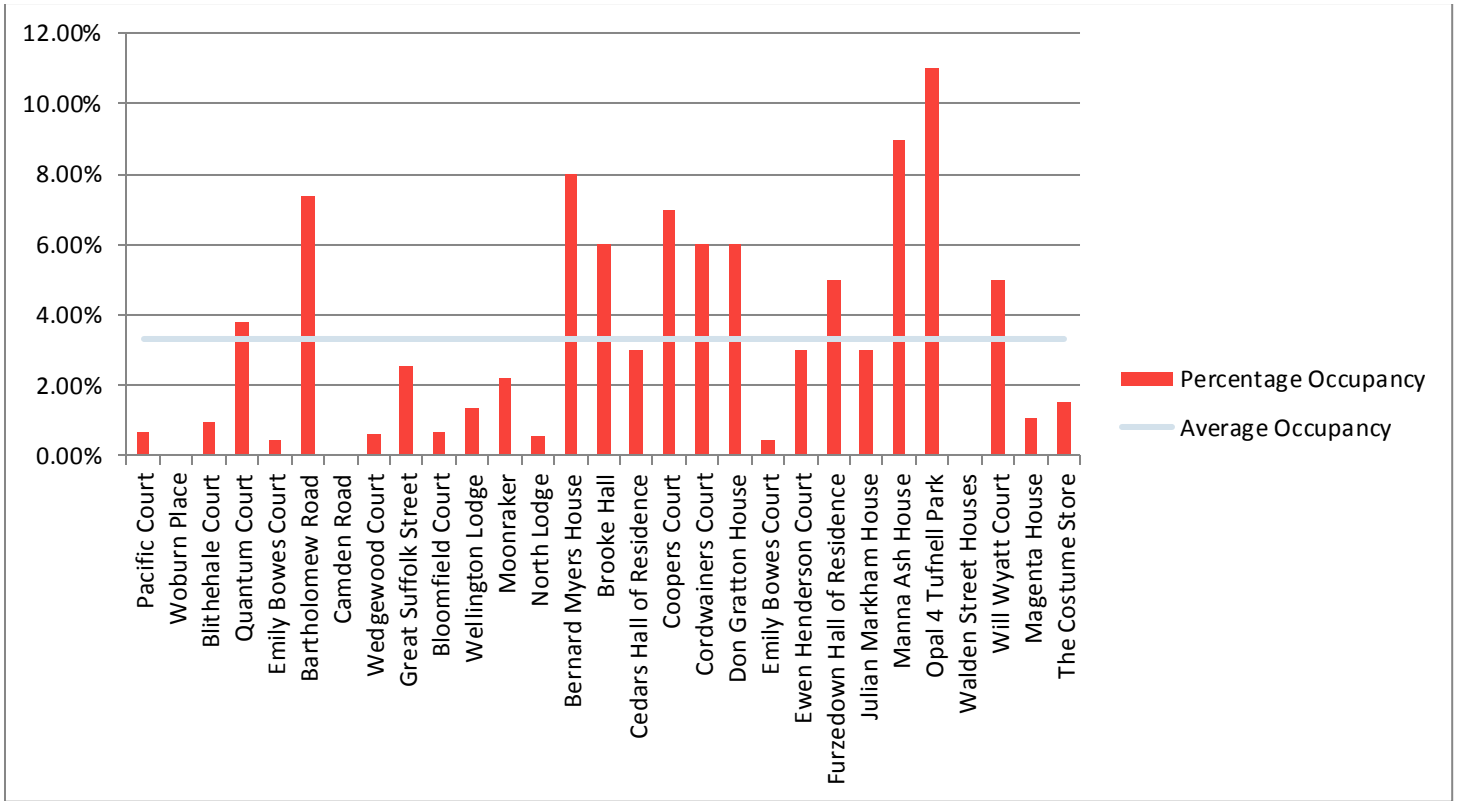
UNITE prepared written representations in 2012 in response to the GLA proposing an introduction of minimum cycle parking standards within the London Plan. The representations found that across the UNITE estate very little cycle parking was used, at around 3%.

An independent study was also undertaken in 2013 on behalf of Knightsbridge Student Housing Ltd and The Student Housing Company 2013 across England. The Note reflected the findings of UNITE's 2012 study, finding low cycle storage usage of around 1 to 6% across five sites and 14 sites in London with occupation from zero to 11%.



Graph 1 demonstrates the cycle ownership across the 2012 and 2013 studies referred to above.

Graph 1- Cycle Storage Demand by Bed Spaces (% Ratio)



STUDY PURPOSE AND RESEARCH FINDINGS

This Note provides an update to the 2012 cycle occupancy data to identify current cycle storage usage and to identify whether there has been a general increase in cycle parking utilisation across their estate.

The Note then discusses the appropriateness of aligning student accommodation (Sui Generis land-use class) with residential land-use class.

UPDATED RESEARCH

UNITE has undertaken further surveys of their student accommodation sites to understand the present uptake of cycle utilisation across their estate. The surveys were undertaken between the 1st to 7th February 2018. The approach was to count the number of bicycles contained within their on-site cycle stores at 5am, timed to capture peak time for cycle storage requirements. This included 26 of their London sites, providing representative data across their London Estate.

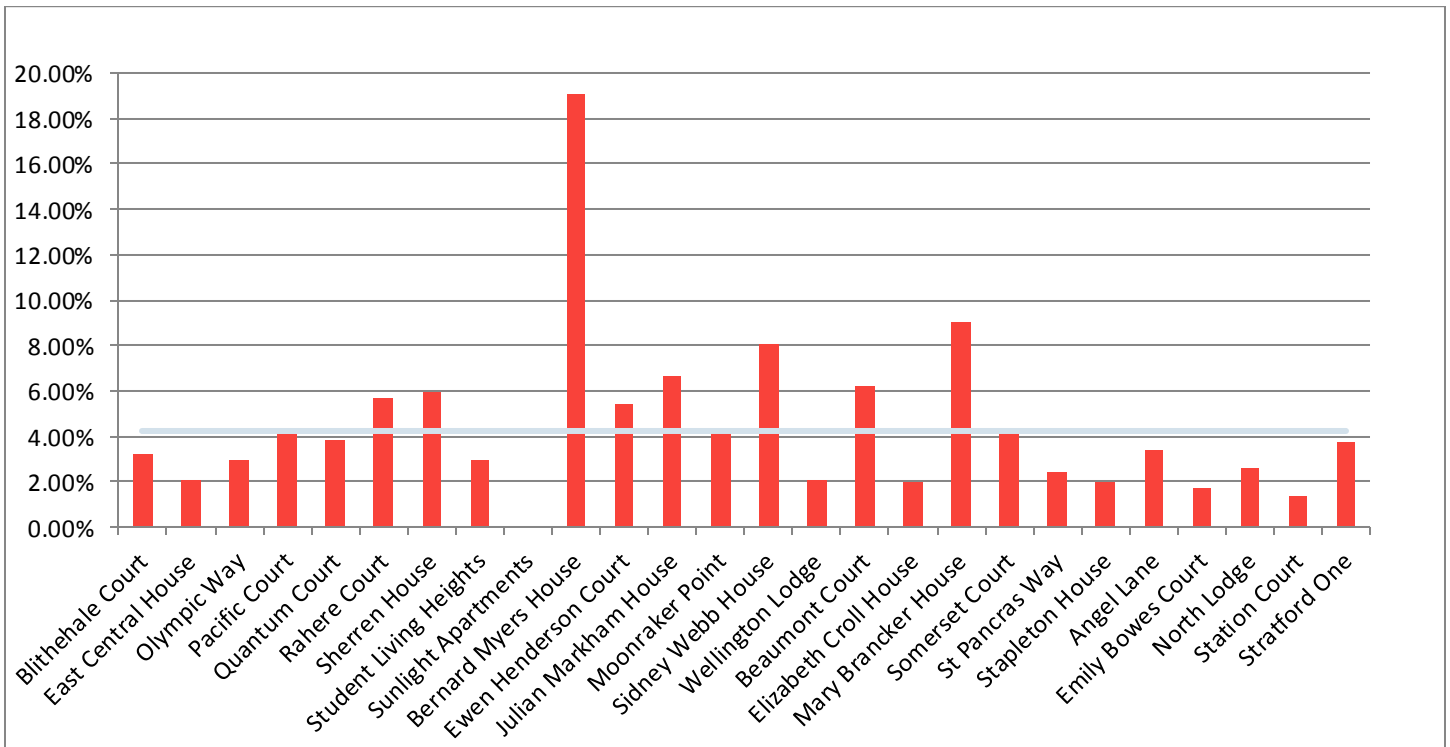


SURVEY FINDINGS

The seven day maximum cycle storage demand across all 26 sites is illustrated by Graph 2 below.

A maximum average demand of 5% of cycle storage has been found across the 26 sites. This equates to a demand of one cycle space per 20bedroom unit. There was a maximum demand of 20% or 1 per 5 bedroom unit however, as graph 2 illustrates below this was limited to a single site, with the vast majority (90th percentile) ranging from 1 to 8%, or 1 bicycle for every 11.5 bedroom unit.

Graph 2 – Cycle Storage Demand by Bed Spaces (% ratio)

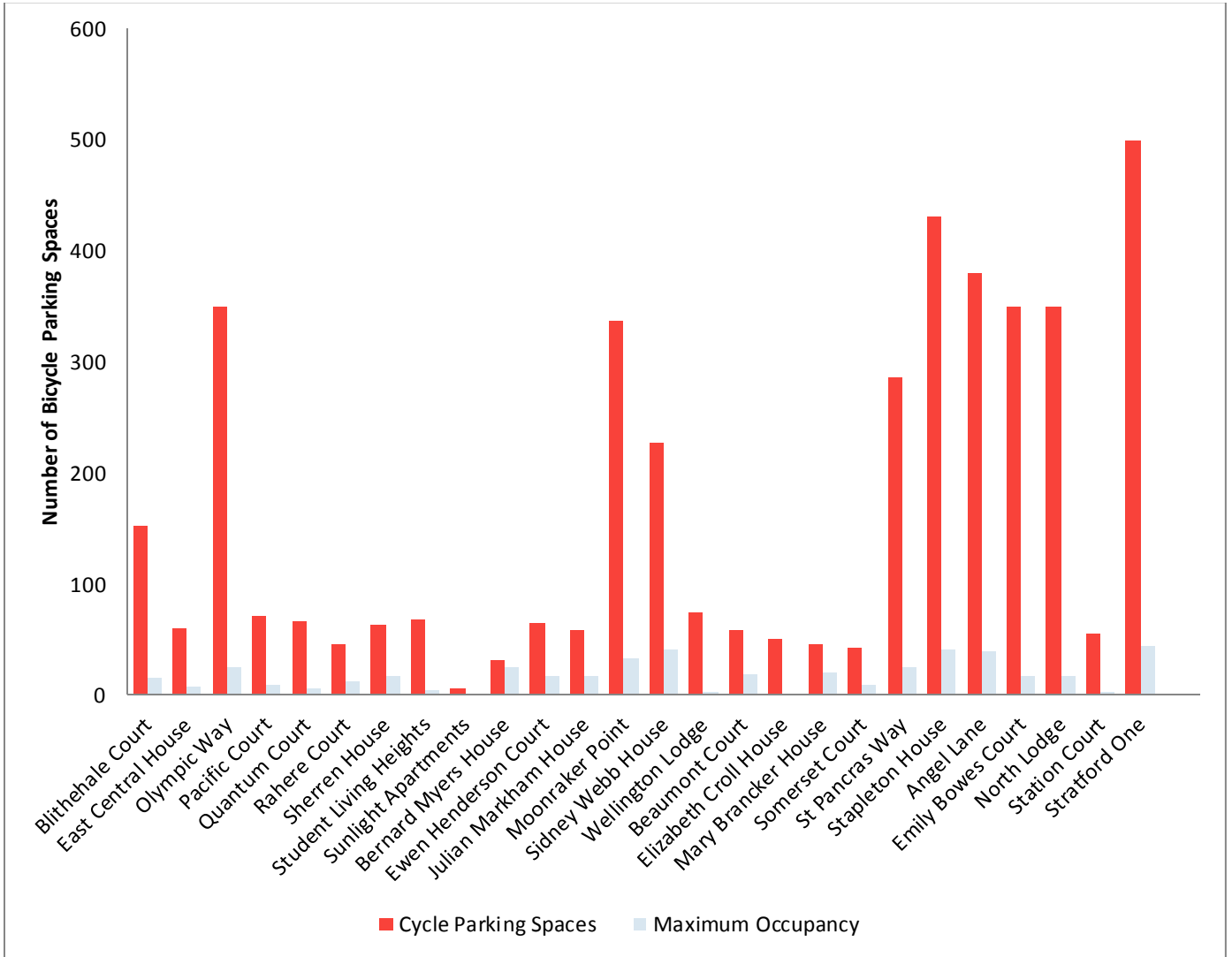


In the last 6 years there has been a negligible increase in cycle storage requirements from 3 to 5% of bicycles stored per bed spaces.

Graph 3, provides an indication of the utilisation of the level of cycle store usage across the UNITE estate. For example, one of the recently completed sites (Stapleton House) experienced a maximum demand of 43 cycles within the cycle store accommodating 430 cycle parking spaces. This store would therefore continually experience 390 empty cycle parking spaces.



Graph 3: Number of Cycle Parking Spaces Compared With Number of Parked Bicycles.



DISCUSSION

Given the consistent low level of cycle parking from 2012 to 2018 and the very low level of cycle parking demand that exists, it strongly indicates that the current level of cycle storage guidance at 1 per 2 bedroom unit is significantly over providing cycle storage capacity.

A further increase in minimum cycle standards to 1 per 1 is unnecessary and would be ineffective at seeking to increase cycling use and would lead to even greater levels of poorly utilised space.

LINKS TO RESIDENTIAL LAND-USE CLASS

The evidence provided by TfL in document referred to above states the rationale behind storage increase relies on bringing student accommodation (Sui Generis) more in line with residential land-use class (C3 land-use class). However, some of the differences in the two land-use classes have been identified which are likely to influence the potential uptake in cycling between the two land-use classes. These factors are summarised below:

- Student accommodation occupiers are more likely to be within a walking distance from their main journey destination and less likely to cycle. Whereas residents are more likely to live further away from their destinations increasing the likelihood of cycling being attractive;
- Student accommodation occupiers are more transient and there are barriers to transferring bicycles to place of study, particularly if studying abroad or reliant on public transport to travel to their student accommodation from their home; and
- Student accommodation sites have zero car parking and occupiers are travelling sustainably from the outset, i.e. there is less scope for modal shift compared to residential.

SUGGESTED APPROACH

Given the above research it is evident that the level of cycle parking utilisation is consistently low. As such, further increase in provision will be ineffective at encouraging future cycle growth. All UNITE sites have ample cycle parking and there is not a lack of cycle parking creating a barrier to cycle ownership. Purpose built student accommodation is also typically built in areas of high public transport accessibility, providing an alternative to travelling by bicycle for destinations further afield.

If there is to be a policy change in relation to cycle parking, it should likely centre around: allowing developers to be able to off-set cycle parking provision with other initiatives to encourage cycle ownership, such as contributions towards cycle hire / share initiatives. These initiatives would be as an alternative to meeting current minimum London Plan cycle parking standards.

There may be other barriers to cycle uptake amongst students that should be explored, such as safety and security issues associated with travel by bicycle or secure storage within higher education campuses.

It may be that cycle storage provision is agreed with the local planning authority on a case by case basis, with the provision based on likely demand. This storage level would be based on factors such as, proximity to higher education, availability of public transport and experience of cycle parking demand at similar sites.

This more flexible approach would allow for alternative use for poorly utilised space, such as increase in student welfare and recreational facilities within the accommodation sites.