

Boris Johnson  
Mayor of London  
(Sent via email)

Date: 5 November 2015

Dear Boris,

## **Purpose Built Student Accommodation in London**

On 23 June 2015 the London Assembly Housing Committee met to examine the issue of providing Purpose Built Student Accommodation (PBSA) in London. We spoke to a variety of experts, including the National Union of Students (NUS), Savills, Unite Group, the University of London Housing Services (ULHS), the London Borough of Southwark and Professor Chris Hamnett. In the meeting we gave particular focus to the policies proposed in your Draft Interim Housing Supplementary Planning Guidance (SPG). We also undertook a site visit to Bloomsbury in September, when we visited a variety of different types of student accommodation and met with students and representatives from University College London (UCL), the University of London and Unite Students.

This letter makes recommendations to improve the Mayor's Draft Interim Housing SPG and to contribute to future Mayoral policy on PBSA in London. London is a global magnet for students, with 366,605 students (of whom 67,000 are international),<sup>1</sup> bringing in over £5.9 billion to London's economy.<sup>2</sup> We believe that the new guidance in the Draft Interim Housing SPG is both timely, in light of rising student rental prices in London, and represents a strong starting point for making accommodation in London work better for all parties. However there is scope for you to go further, particularly in encouraging the dispersal of student accommodation across London and making accommodation more affordable for the student body as a whole.

### *Dispersing PBSA into outer London*

We welcome the efforts made by the Mayor and the Mayor's Academic Forum to disperse student accommodation into outer London. We also note that students are willing to live

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<sup>1</sup> London First & PwC, 2015, [London Calling: International students' contribution to Britain's economic growth](#)

<sup>2</sup> Universities UK, 2014, [The Economic Impact of the London Higher Education Sector](#), p.5

further out, as long as the accommodation available is more affordable.<sup>3</sup> We recognise that the Mayor's target to build 20,000–31,000 new bed-spaces by 2025<sup>4</sup> is ambitious but necessary if we are to meet the needs of London's growing student population. We want to see sufficient provision of high quality units available for students from a variety of income backgrounds. As such, over time new accommodation will necessarily need to be dispersed into cheaper land in outer London as the current high concentration of 57 per cent of all of new student accommodation in just four central London boroughs<sup>5</sup> is unsustainable both in terms of rental prices and availability of land.

We agree that dispersal across London can bring benefits for both students and Londoners. We learned at our meeting about how students can access cheaper accommodation and interact with new communities, while boosting the local economy. The NUS told us that students enjoy living in places with character and where they can interact with local people, for example, through participation in volunteering activities.<sup>6</sup> We support the Mayor's requirement for transport accessibility when siting new PBSA, which will help students to live further out, while also addressing student concerns about long commuting times.<sup>7</sup> However, there is a risk that high transport costs will mitigate the benefits of cheaper accommodation.

As the number of students living in outer London rises, we recommend that Transport for London reviews the level of the travel discounts it currently offers university students.

Furthermore, locating student accommodation near transport hubs can give the inner London boroughs, where many universities are sited, greater freedom to coordinate with outer London boroughs, providers and other partners to deliver more accommodation in more affordable locations. In this, care should be taken to ensure that both inner and outer London boroughs are providing accommodation that works for students from a mixture of socio-economic backgrounds in new and existing halls.

The Mayor should request that the Mayor's Academic Forum produces a sub-regional needs assessment to map the projected demand for student accommodation in a more strategic approach to land use across a number of boroughs. This assessment could identify new sites for development, including where it could contribute to town centre regeneration, redevelop public land or within London's opportunity areas.

To limit the concentration of PBSA in central London paragraph 2.1.20 of the Draft Interim Housing SPG which proposes that student accommodation should be exempt from affordable housing requirements may need to be revised. The Committee heard from the London Borough of Southwark, which adopted a policy in 2011 requiring that PBSA provide an element of affordable conventional housing, to help the borough meet its overall housing targets. Cllr Mark Williams argued that such a policy delivers both affordable housing and a healthy pipeline of student accommodation, but also dissuades "speculative developers coming in just to turn a quick profit rather than to manage good student housing".<sup>8</sup> With

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<sup>3</sup> [Transcript of 23 June meeting](#)

<sup>4</sup> Greater London Authority, 2015, *The London Plan*, p. 123

<sup>5</sup> Mayor's Academic Forum, 2015, *Strategic planning issues for student housing in London: Recommendations*, p.3

<sup>6</sup> [Transcript of 23 June meeting](#)

<sup>7</sup> University of London Housing Services, 2015, *Student Accommodation Survey 2015*, p.17

<sup>8</sup> [Transcript of 23 June meeting](#)

similar intentions, the London Borough of Camden prevents the development of PBSA on land suitable for affordable housing.<sup>9</sup>

We recommend that the Mayor reviews the findings from Southwark's report on its policy and considers adjusting his guidance to encourage inner London boroughs to require that new student accommodation contribute towards the delivery of affordable housing.

#### *Improving the quality of PBSA*

The Mayor should do more to encourage a greater diversity of stock in new PBSA. We note the concerns presented to us by Unite Group and the University of London Housing Services that too many studio flats are being built, particularly by direct-let providers.<sup>10</sup> This may be part of the reason why average rents were £233 per week in 2014 in direct-let PBSA, compared to £162.66 per week in university-owned PBSA,<sup>11</sup> where there tends to be a greater diversity of rooms on offer. We are also concerned about the proliferation of en-suite cluster rooms which nationally made up almost 55 per cent of all rooms in 2012/13.<sup>12</sup> The University of London has told us that "all these high-end studio developments and luxury en-suites [give] a completely distorted image of what student housing is meant to be".<sup>13</sup> The focus on studio flats and en-suite cluster rooms limits the choice for students who may wish to access other types of room, such as non-en-suite cluster rooms or shared rooms, which are generally cheaper.

The Mayor should use his Draft Interim Housing SPG to encourage the development of more non-en-suite cluster rooms and shared rooms in new developments, to give students a greater diversity of choice. These rooms should not be substantially smaller than other types of room and some should be accessible for disabled students.

The Committee recognises that there is a level of student dissatisfaction with accommodation and that the Mayor could encourage more effective management of PBSA in London. Student dissatisfaction has risen sharply from 12 per cent of undergraduate students reporting that they were dissatisfied or very dissatisfied in 2012 to 19 per cent in 2014.<sup>14</sup> Poor conditions are contributing to this: for example, a lack of running water and lift maintenance as reported by the Students' Union University of the Arts London (SUARTS)<sup>15</sup>, pest infestations reported by UCL Union<sup>16</sup> and overrunning maintenance work reported by the LSE Student's Union.<sup>17</sup> The University of Westminster Student's Union warned that ongoing issues can lead to "frustration around speed of response",<sup>18</sup> which has the potential to lead to more direct action, such as the recent rent strikes at the School of Oriental and African Studies (SOAS)<sup>19</sup> and UCL.<sup>20</sup> More effective management, accompanied by good communication, has the potential to avert these crises: students at City University were able to secure compensation for ongoing maintenance issues after a change in PBSA management led to a more

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<sup>9</sup> London Borough of Camden, 2010, [Camden Local Development Framework: Camden Development Policies](#), p.19

<sup>10</sup> [Transcript of 23 June meeting](#)

<sup>11</sup> University of London Housing Services, 2015, [Student Accommodation Survey 2015](#), p.3

<sup>12</sup> National Union of Students, 2013, [Accommodation Costs Survey 2012/13](#), p.5

<sup>13</sup> [Transcript of 23 June meeting](#)

<sup>14</sup> University of London Housing Services, 2015, [Student Accommodation Survey 2015](#), p.13

<sup>15</sup> SUARTS, 2015, [Your Hall, Your Call 2015: Final Report](#)

<sup>16</sup> UCLU, 2015, [Accommodation Survey 2015](#)

<sup>17</sup> LSE Student's Union, 2015, [Your Hall Your Call 2015](#)

<sup>18</sup> University of Westminster Student's Union, 2015, [Reviewing Housing Strategy](#)

<sup>19</sup> School of Oriental and African Studies, 2015, ['SOAS Student Rent Strike Wins Compensation'](#)

<sup>20</sup> Change.org, 2015, ['I support the rent strike! UCL. Pay compensation to the students at Campbell House who have suffered and had their revision ruined because of UCL's demolition work!'](#)

constructive relationship between students and the provider.<sup>21</sup> Effective management will also be important as student accommodation disperses into outer London, particularly on maintenance, welfare and social matters.

The Committee would like to see the Mayor emphasise in his guidance the importance of effective management, including stronger lines of reporting and communication of maintenance and welfare issues between students, accommodation providers and unions, particularly as accommodation is dispersed into outer London.

#### *The Mayor's Affordable Student Rent Policy*

Providing more affordable student accommodation in London is a critical issue. The Committee welcomes the fact that the Mayor has produced guidance to address this and we are pleased that most of the recommendations of the Mayor's Academic Forum have been included in this new draft guidance.

In light of the abolition of student maintenance grants from 2016/17,<sup>22</sup> there urgently needs to be a new benchmark for determining the eligibility of students for affordable accommodation.

We suggest that the Mayor should adjust the maximum threshold for the affordable student accommodation criterion basing it on the maximum parental income that previously governed maintenance grant eligibility or another benchmark of average student incomes. However, as the student finance structure changes, this will need to be reviewed, and the Mayor's Academic Forum has a role to play in determining the most effective benchmark in the long-term.

The Committee has heard concerns from universities and students' unions about the impact that rising rents are having on students from middle-income backgrounds and students with siblings. These students may struggle to afford accommodation in London if their parents are unable to supplement their income. As Roland Shanks, Information and Projects Manager at the ULHS, told us, there is an issue with the 'squeezed middle', meaning that there are many "middle-class parents who cannot afford to send their kids to university in London anymore because of the accommodation costs."<sup>23</sup> This effect is magnified where parents are supporting several children.

We recommend that the Mayor should consider changes to the eligibility threshold where monitoring suggests that there is sufficient stock of affordable accommodation to justify widening the criteria.

We welcome the Mayor's guidance which permits linking rental costs for affordable student accommodation to a recognised measure of inflation. Rents are rising above inflation and more quickly than the available student finance is increasing. The NUS reports that average student rents across tenures in London stood at £157.48 per week in the academic year 2012-13, a rise of 26 per cent from £125.34 in 2009-10.<sup>24</sup> Over the same period the

<sup>21</sup> City University London Student's Union, 2015, '[CULSU complaint on behalf of students at Pure City upheld](#)'

<sup>22</sup> HM Treasury, 2015, [Summer Budget 2015](#), p.54

<sup>23</sup> [Transcript of 23 June meeting](#)

<sup>24</sup> National Union of Students, 2013, [Accommodation Costs Survey 2012/13](#), p. 5.

maximum student loan and grant amount for a London student rose just 11 per cent.<sup>25</sup> On the other hand, we acknowledge that universities must be able to secure sufficient funding to invest in better student facilities. We heard from the ULHS that increases in rent are used to fund capital projects at universities; UCL told us on the site visit that they have to consider the cost of refurbishing and improving halls when setting their rents.<sup>26</sup> We support innovative measures to mitigate the impact of these costs, including the use of PBSA by universities for ancillary purposes (such as acting as a hotel) during vacations. Roland Shanks told us that this would “allow [providers] to subsidise the rents during the term times”.<sup>27</sup> We are pleased that the Draft Interim Housing SPG proposes allowing private sector providers to do the same.

However, the Mayor should call for more transparency in the setting of rents. Both universities and private providers rely on the market to set rents, although UCL told us that they also assess the impact that the new rent will have on students.<sup>28</sup> However information on how rents are set is limited, and both UCL Union and the LSE Student’s Union have called for greater transparency. LSE’s model of including student representatives on its Finance Committee marks a good starting point.<sup>29</sup> Similar models could allow the student voice to be heard at rent-setting discussions and help facilitate effective communication with the student body as a whole.

To promote greater transparency the Mayor should encourage universities to allow increased student participation in the rent setting process.

Changes are also needed to the calculation of the affordable rent level, particularly around earning money over the summer. The Committee does not support inclusion of summer income in the calculation for two reasons. First of all the level of income that students earn over the summer, as calculated by the GLA, is based on an arbitrary estimate. It does not appear to be backed up by evidence to indicate what average incomes for students actually are over the summer. In addition to this, the inclusion of income earned over the summer does not take account of the fact that students may need to use this money to pay rent elsewhere during the summer, particularly as most PBSA is not offered for the full calendar year.<sup>30</sup> The guidance also does not account for the fact that there are students on specialist courses who are required to use their time over the summer taking part in course-related work or volunteering and so are unable to earn income.

The Committee calls on the Mayor to reassess the reference to income earned over the summer from the affordable rent calculation with a view to consider its removal.

The Committee is also concerned that the way the Mayor has calculated student bills may be inaccurate. The Mayor has calculated that 15 per cent of student incomes will be spent on bills. This is based on Office for National Statistics (ONS) water and fuel statistics for a whole household, at a cost of £33.90 per week in 2013. However, the Committee notes that it is

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<sup>25</sup> Student Loans Company, 2015, ‘[Student Support for higher education in England](#)’

<sup>26</sup> [4 September 2015 Site Visit notes](#)

<sup>27</sup> [Transcript of 23 June meeting](#)

<sup>28</sup> [4 September 2015 Site Visit notes](#)

<sup>29</sup> London School of Economics and Political Science, 2014, ‘[Your Hall Your Call: Recommendations and actions 2014](#)’

<sup>30</sup> [Transcript of 23 June meeting](#)

very unlikely that a student will have the same bills as a whole household. The ULHS uses a figure of £12 per week,<sup>31</sup> which is roughly equivalent to 4 per cent of student income.

The Mayor should work with universities and providers to identify an accurate average calculation of the cost of bills and services to students staying in PBSA in London.

*Building on the work of the Mayor's Academic Forum*

The Housing Committee fully supports the recommendation of the Mayor's Academic Forum that it should be reconvened to address "specific strategic issues and to support boroughs in identifying and addressing strategic and local need for student housing".<sup>32</sup> We would further urge the Mayor to consider reconvening the Forum to inform the next iteration of the London Plan and the Housing SPG.

The full transcript from the Committee's meeting is available here:

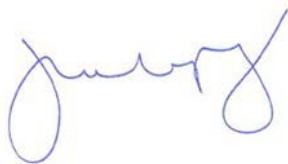
<http://tinyurl.com/po6ucw8>

I would be grateful to receive a response to the points raised above by 15 January 2015.

Please send a copy of your reply to Reece Harris, Assistant Scrutiny Manager at

[reece.harris@london.gov.uk](mailto:reece.harris@london.gov.uk).

Yours sincerely,



Tom Copley AM

**Chair of the London Assembly Housing Committee**

Cc: Stewart Murray, Assistant Director, Planning  
John Lett, Strategic Planning Manager, Planning

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<sup>31</sup> University of London Housing Services, 2015, *Student Accommodation Survey 2015*, p.19

<sup>32</sup> Mayor's Academic Forum, 2015, *Strategic planning issues for student housing in London: Recommendations*, p. 8