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1 September 2014

Community Infrastructure Levy
Planning Policy
Bath and North East Somerset Council
PO Box 5006
Bath
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By Email Only (cil@bathnes.gov.uk)

Dear Sir or Madam

**Bath and North East Somerset Community Infrastructure Levy – Draft Charging Schedule
Representations by the Watkin Jones Group**

Introduction

I write in respect of the Draft Community Infrastructure Levy (CIL) Charging Schedule, issued by Bath and North East Somerset Council (BANES) in July 2014 for consultation, to make comments on behalf of the Watkin Jones Group. The comments made herein relate primarily to the level of CIL suggested for purpose built student accommodation in the city, namely £0 per square metre for student accommodation provided on campus and £200 per square metre for purpose built student accommodation provided off campus. It is recognised that there is a need for CIL in the city, but it is suggested that the proposed level of CIL for off campus accommodation is reduced significantly for the reasons presented herein.

These submissions are set out in the following order:

- A brief description of the Watkin Jones Group is provided;
- An overview of the CIL rates for comparable university cities is provided;
- The need for purpose built student accommodation in Bath is described, with reference to a recent Student Accommodation Demand Study for the city prepared by CBRE and the Council's recently adopted Core Strategy; and
- An analysis of the level of CIL proposed by BANES for off campus student accommodation is provided setting out the impact that the current proposed levels of CIL will have on the provision of much needed purpose built, managed student accommodation in the city.

The Watkin Jones Group

This submission is made by the Watkin Jones Group. The Group is a multi-disciplinary developer and constructor of developments across a variety of development types. Its focus over the last 15 years has been the construction and development of purpose built, managed student accommodation. Its sister company, Fresh Student Living, is a highly experienced operator and manager of such accommodation. Fresh manages approximately 6,000 bedspaces of student accommodation, which has continued to increase significantly each year since Fresh's establishment several years ago.

Building the future

www.watkinjones.com



Reg No. FS 38552

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Reg No. EMS 550807

The following list provides some useful statistics about the Group:

- The Group has typically constructed on average between 2,500 and 3,500 bedspaces of student accommodation each year. The Group has constructed in excess of 25,000 bedspaces to date.
- The Group has in excess of 7,300 bedspaces of student accommodation currently being constructed. The location of the student accommodation is widespread, including within the following locations: Birmingham; Brighton; Bristol; Central London; Chester; Edinburgh; Oxford; and St Andrews.

Community Infrastructure Levy in Comparable Locations

Within the Times Good University Guide 2014, the University of Bath is ranked 7th out of the 121 institutions in the Guide. Its ranking has improved from 9th in the 2013 Guide and 12th in the 2012 Guide. Bath Spa University is 70th in the 2014 Guide, maintaining its position in the 2013 Guide and improving from previous years.

It is evident, therefore, that the Bath is considered to be one of the top locations for university study in the UK, particularly given the presence of the University of Bath which maintains high rankings within the Guide.

The following table provides a comparison of the level of CIL which is being charged, or is proposed to be charged, by other local planning authorities for locations in which the top ten universities in the Guide are located, as well as in Bristol given its proximity to Bath and which itself has a university ranked highly in the Guide. The universities in Central London have not been included in the table, as it is considered that the dynamics of the market in Central London are very different to elsewhere.

| University Name | Times Good University Guide 2014 Ranking | Level of CIL for Student Accommodation | Is CIL adopted? | Current Progress of CIL | Comments |
|---------------------------|---|---|------------------------|-------------------------------------|---|
| University of Cambridge | 1 | £125 | No | Draft Charging Schedule | Draft Charging Schedule issued late 2013 for consultation. |
| University of Oxford | 2 | £100 | Yes | Adopted October 2013 | N/A |
| University of St Andrews | 4 | £0 | N/A | N/A | CIL (or a similar levy) is not chargeable in Scotland |
| Durham University | 6 | £50 | No | Submitted for examination. | Draft Charging Schedule submitted for examination in April 2014. |
| University of Bath | 7 | £200 | No | Draft Charging Schedule | Subject location. |
| University of Exeter | 8 | £40 | Yes | Adopted December 2013 | N/A |
| University of Warwick | 10 | £80 | No | Preliminary Draft Charging Schedule | Preliminary Draft Charging Schedule issued mid 2013 for consultation. |
| University of Bristol | 15 | £100 | Yes | Adopted January 2013 | Location included given that it is in close proximity to Bath. |

Need for Student Accommodation in Bath

A Student Accommodation Demand Study (July 2014) has been prepared by CBRE, in conjunction with the Group's development interests in Bath and has been sent separately to the Council as part of pre-application discussions. As the Study relates to a specific site, it is not included within this submission but a copy is available upon request. The Study does, nevertheless, provide some useful statistics on university study in the city, the number of students studying in the city and how this has changed in recent years, as well as the provision of student accommodation and the location and type of accommodation in which students' reside. It identifies a significant need for purpose built, managed student accommodation in the city which is an important factor in considering the level of CIL proposed for such accommodation, for the reasons stated later. The Study highlights the following factors:

- As of the 2012/ 13 academic year (the most recent year for which statistics are available) and according to the Higher Education Statistics Agency (HESA), there were in excess of 18,000 students studying at the University of Bath and Bath Spa

University. These figures have increased in recent years and are expected to have done so for the 2013/ 14 academic year replicating a national increase.

- The ranking of the universities is described above. The high and improving ranking of the University of Bath, in particular, demonstrates the increasing popularity of the city for university study. The city has experienced a substantial growth in applications for students to attend their universities, much higher than the UK average. The universities are investing heavily in their campuses to maintain their status at the forefront of UK university study.
- In comparison with the UK average, Bath has a lower proportion of students living within purpose built student accommodation and a much higher than average proportion of students living in uncontrolled houses in multiple occupation (HMOs). The provision of purpose built student accommodation allows for students to live in highly managed environments, instead of living in typically unmanaged HMOs. The impacts of students living in HMOs is well known and recognised by BANES through the adoption of an Article 4 Direction, to prevent the otherwise permitted change of use of houses to HMOs. Purpose built student accommodation is commonly recognised to be the answer to providing accommodation for students and there has been an increase in students in the city in recent years, without an increase in purpose built accommodation to match this and to cater for the accommodation needs of students.
- Of the 18,000 students attending the city's universities, there are 8,200 students with a need for accommodation in the city, but without access to university halls of residence or privately provided purpose built student accommodation.

The recently adopted BANES Core Strategy (2014) also states the following in respect of the need for student accommodation:

- Objective 5 of the Core Strategy seeks to ensure that the accommodation needs of any increase in the number of students can be met sustainably.
- It is recognised that if the provision of purpose built student accommodation does not "keep up" with the number of students attending the universities, this could result in an increase in the number of HMOs.
- It is recognised that the amount of purpose built student accommodation constructed over the last decade has not kept up with the increase in student numbers at the universities.

Analysis of the Level of Community Infrastructure Levy Proposed by BANES

The Group comments on the following matters:

- The validity of the viability evidence prepared by BNP Paribas on behalf of BANES to justify the level of CIL proposed for purpose built student accommodation; and
- The impact that the proposed level of CIL will have upon student accommodation developments in Bath.

The level of CIL proposed in Bath has been based on a single scenario/ example of a student accommodation development within the Viability Assessment prepared by BNP Paribas. It is considered that the level of CIL for student accommodation should have considered a sample of student accommodation developments across the city and it is considered dangerous and not realistic to have based the level of CIL on one scheme.

Sites have different constraints and risk profiles where additional costs can include, for example, contamination issues, archaeological considerations, diversions of services and environmental considerations. For land owners in considering their development options, these factors can impact significantly upon a project's viability. There is the ability to consider such factors with the local planning authority when the level of S106 payments for a scheme is considered. There is not the same ability to undertake this with CIL and imposing such a high level of CIL payment based on floorspace means that there is limited scope to react to these individual circumstances, reducing flexibility which could prevent currently viable sites coming forward for development.

The result of higher CIL levels for student accommodation above other residential uses (and indeed all other uses for which CIL has been proposed) is that land values generated for student led development will be unable to compete with those typically generated for residential land. This will act as a stranglehold on future purpose built student accommodation coming forward and will deter such development from being undertaken. There is a recognised market demand for purpose built student accommodation demonstrated above and a high rate of CIL will put greater pressure on the wider residential housing stock (i.e. houses in multiple occupation (HMOs)) that will instead have to meet demand from growing student numbers. The city's two universities cannot solely provide the level of accommodation themselves to meet the demand demonstrated above, the Council has introduced an Article 4 Direction to prevent the further creation of HMOs and the introduction of a high level of CIL for off campus student accommodation will prevent developers from progressing student accommodation developments on viability grounds. With an increased amount of students studying in the city over the last decade, the city being at the forefront of university study and with expected increases in university study in the city in the future, the question which arises is where students will live in the city.

It is also necessary to consider the current upturn of the residential market which is also typically putting upward pressures on land values in some areas and already decreasing the ability for student accommodation developments to compete with other land uses. A high and fixed level of CIL rate could remove any incentive to bring forward an important use such as purpose built student accommodation that contributes both economically, reduces the pressure on students living in HMOs and helps to ensure a mixed and balanced community within the city.

It is widely accepted that the quality of university facilities, including the quality of student accommodation, forms an important part of a prospective student's decision to attend a particular institution. Research produced by the Unite Group (The Next Generation (2013)) has found that 72% of students identified that the quality of student accommodation affects success at university. It also found that a small, but significant minority of current students rated their accommodation as less than four out of ten. Should such a high fixed level of CIL decrease the quantum of new, high quality accommodation coming into the market, it could have a detrimental effect on Bath's ability to attract students to the city.

BANES has recently adopted the Core Strategy, the effect of which in relation to purpose built student accommodation is to limit student development in certain areas (e.g. the Central Area). In combination with the proposed high level of CIL, this will further limit the ability of student accommodation developments to come forwards, which will result in an increase in rents charged within existing student accommodation schemes (this is recognised by BNP Paribas in its Viability Assessment). This will increase the costs of studying in Bath and again affect the City's ability to attract students and promote growth in the local education sector.

In this regard, it is important to compare the level of CIL proposed to be charged for student accommodation in Bath with similar university locations. Savills, within their publication 'Spotlight on... Student Housing 2013', state that Bath is ranked alongside eight other locations (Brighton, Bristol, Cambridge, Cardiff, Edinburgh, London, Oxford and St Andrews) as the top university cities or towns in the UK. This is generally reflective of the same cities rankings in the Times Good University Guide 2014, which is the nationally recognised guide for ranking student accommodation. Within the table presented earlier in the letter, it was shown that the level of CIL proposed for Bath is substantially higher than that proposed in similar university locations. The average adopted level of CIL in similar locations is £80 per square metre and the average level, including draft levels of CIL and excluding Bath, is £71. The level of CIL proposed at Bath is over double these average levels and level itself has doubled since BANES consulted on a Preliminary Draft Charging Schedule in 2012 without justification for a substantial increase. This will have a further impact upon deterring investment in purpose built student accommodation in the city, further impacting upon the City's ability to attract students.

Final Comments

I trust that the comments provided within this letter will be taken into account in the consideration and progression of CIL in Bath. For the reasons presented herein, it is accepted that there is a need for CIL in the city, but the suggested that the level of CIL associated with off-campus student accommodation is reduced to a level which replicates similar university cities, as presented in this submission. Without a decrease, this will have a disastrous impact on the ability to deliver additional purpose, built managed student accommodation in the city, which is particularly important in the city maintaining its forefront of university study in the UK and continuing to be one of the most attractive cities within the UK at which students wish to study. The balance between the desirability of CIL to assist in funding infrastructure and the potential effects of the imposition of CIL on the viability of development across the borough has not been met.

Please do not hesitate to contact Stuart Hardy or me at this office should you have any queries or require any further information, and I would appreciate early engagement with the Council in the next stage of evolution of CIL.

Yours faithfully

FOR THE WATKIN JONES GROUP



Iain Smith BA (Hons) MTPL MRTPI
Planning Director