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sustainable design
code for sustainable homes/BREEAM/
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cdm co-ordinator
co-ordinator

master planning
landscape design

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LEICESTER COMMUNITY INFRASTRUCTURE LEVY

DRAFT CHARGING SCHEDULE EXAMINATION

EXAMINER'S MAIN ISSUES, QUESTIONS AND GUIDANCE

COMMENTS ON BEHALF OF JAMIE LEWIS RESIDENTIAL LETTINGS

Introduction

These comments are made on behalf of Jamie Lewis Residential Lettings (JLRL), which owns and operates Code Student Accommodation (CSA), based on Western Road, Leicester. The site provides accommodation for 651 students and two planning applications have recently been submitted to expand by providing space for another 581 students. This would make Code one of the largest providers of student accommodation in Leicester.

The existing accommodation won six national awards in 2013 and 2014 for Best Private Halls Provider, Student Landlord of the Year, Best Customer Service, and Developer of the Year. It has also won a local Civic Society award for the site.

Comments have previously been submitted by rg+p Ltd on behalf of JLRL in response to the public consultation on the draft charging schedule. It is acknowledged that these comments were made outside of the consultation period but we are aware that they have been brought to the attention of the Inspector. We have registered to attend the Examination and have addressed in these comments the relevant questions (no's 29 to 36) posed by the Inspector.

The above information about JLRL has been stated in order to demonstrate that the company is an important provider of student accommodation in Leicester with a track record of delivering and operating quality, award-winning student accommodation and that, as such, we believe the concerns expressed in the earlier representation and in these comments should be taken into account. We do not believe that any prejudice to other interested parties would occur as a result.



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Leicester Community Infrastructure Levy
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Question 32. Approximately what quantity of student accommodation development is likely to take place in the period to 2026 by (a) universities and (b) the private sector?

This question is very difficult to answer with presently available information and will be significantly influenced by factors outside the control of providers of accommodation and the Universities, not least Government policies relating to the higher education sector and student financing.

Statistics published online by the Higher Education Statistics Authority (HESA) (source: www.hesa.ac.uk) show that from 2002/3 to 2013/14 (the latest year for which figures are available), the number of full-time undergraduate and post-graduate students at the two universities rose from 24,560 to 29,165, the equivalent of an average annual rise of 0.75%. There is no reason to suggest that a smaller rise would be expected up to 2025/26 and, in fact, demographic changes forecast by the Office for National Statistics (source: www.ons.gov.uk) suggest a rising 18+ population over the next few years, alongside a growing market for overseas students in the UK in general. Nonetheless, even applying just the past growth rate to 2026 would see an additional 2736 full-time students in need of accommodation.

Meanwhile, rising expectations about the quality, location and security of accommodation seen over the last 10-15 years can be expected to continue, such that the great majority of the new students would expect to be housed in purpose built accommodation. This is notwithstanding the fact that if a significant proportion went to traditional housing stock then that would have a negative impact on community balance and cohesion (which is a clearly experienced outcome for many of those opposed to new student accommodation, and which is well documented in parts of other cities).

It is a desirable planning outcome to steer the majority of new students towards purpose-built accommodation and students increasingly expect to be in such accommodation for their entire courses. If the accommodation is not provided then significant demands will be placed on the traditional housing stock within easy reach of the universities and the reputation of the two universities will suffer, which would both be negative outcomes for Leicester.

It is not unreasonable to assume that at least 80% of new accommodation would be purpose-built to meet qualitative as well as quantitative demand, which would mean about 2200 bed spaces being provided up to 2026 based on the above growth example.

On the evidence of the last 15 years, which has seen massive growth in accommodation and the creation of a private purpose-built sector in Leicester, almost from scratch, the contribution from the two universities has been very small. There is no firm evidence to suggest this will change, such that the great



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majority of accommodation that might be provided to 2026 could be expected to be so by the private sector. A figure of 90% does not seem unrealistic which, based on the above assumptions, would mean at least 1900 bedspaces having to be being provided by the private sector in Leicester.

Question 36. If you consider that the proposed charging rate for student accommodation would put at risk the overall development of the area, what specific modification are you seeking and what appropriate available evidence is there to support it?

The proposal to levy a £100 per square metre charge on student accommodation across the whole of Leicester would be highly likely to render the development purpose-built student accommodation in unviable. This is not to say that individual developments would make a loss and therefore be undeliverable, though that is certainly a high risk, but it is more a question of the impact it would have on investment decision making (all such accommodation being an investment).

Put simply, developers will be faced with the choice of paying zero in the Strategic Regeneration Area for residential accommodation and only £25sqm elsewhere, or paying £100sqm for purpose-built student accommodation everywhere.

By way of illustration, the CSA accommodation on Western Road contains approximately 14900sqm of new-build gross internal floor area. The proposed charge would have meant a bill of almost £1.5m. This is a potent example of the incentive that would be created to not build student accommodation. Though other schemes might be smaller, the effect would be proportionate and similar.

The question of proportionality is very important in this respect. No evidence has been presented to say why student accommodation should be charged at four times the rate of residential development and not be similarly exempt in the SRA.

For the large part, students have a smaller impact on local resources and infrastructure, so there is certainly no justification for charging so much more on that count. Indeed, this is directly contrary to the requirement noted in Paragraph 021 of the National Planning Policy Guidance, which states: "charging schedules with differential rates [which is what is proposed] should not have a disproportionate impact on particular sectors or specialist forms of development [which student accommodation is]."

It is no coincidence that where other LPAs have adopted a CIL charge that includes a student accommodation rate, the vast majority have set a rate that is the same or less than the rate set for residential development. Two examples are Birmingham (£69sqm for residential and student accommodation) and Sheffield (£0 to £80sqm for residential and £30sqm for student accommodation - source: www.planningresource.co.uk/article/1121218/cil-watch-whos-charging-what). LPAs with student rates similar to the proposed rate for Leicester or even greater are also charging similar rates for residential.



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The reason for this national pattern is clear, in that it is almost a matter of common sense that charging one form of residential accommodation at least four times another type (which student accommodation is in most respects) will drive developers to the cheaper version. It almost certainly this kind of perverse incentive that other LPAs have sought to avoid in their charging rates.

Such a disproportionate charge would also create the incentive to build regular residential accommodation at the lower or zero rate and then rent it to students anyway, there being no reasonable planning control over that. This would be counter to the evident qualitative demand from students for halls of residence-style of accommodation that brings with it a high level of security, management, and ancillary facilities.

It is also the case that providers of student accommodation are not forced to develop in Leicester. It is a national market in essence and if one LPA adopts a charge rate well in excess of that charged by most other LPAs then providers will be incentivised to move away from the Leicester student accommodation market.

In terms of what would make an appropriate charge we cite the Council's own Green Space Supplementary Planning Document, adopted in 2011. This sets out contribution rates for the provision of new and the enhancement of various types of green space infrastructure, which is generally held to be the type of infrastructure that students have the greatest impact on.

For student accommodation, it set a maximum contribution of £604.55 per bedspace. For the CSA scheme that would have resulted in a total contribution of about £351,000, or about £23.55 per square metre.

That is a clearly proportionate figure to the proposed residential charge and avoids creating perverse incentives to avoid the delivery of student accommodation altogether or to provide it indirectly without the qualitative benefits now demanded by students. To avoid perverse incentives and the risk of driving the sector away from Leicester we believe it would be proportionate to set a rate of £25sqm outside the Strategic Regeneration Area and £0sqm within it.