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Delivered by email

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Dear Sir

TOWER HAMLETS COMMUNITY INFRASTRUCTURE LEVY REPRESENTATIONS ON BEHALF OF QUEEN MARY UNIVERSITY OF LONDON

On behalf of our client, Queen Mary University of London (QMUL), we have prepared the following representations to the Tower Hamlets' Public Consultation on the Draft Charging Schedule (DCS). In so doing, we have reviewed the DCS and the accompanying Viability Study prepared for the Council by BNP Paribas Real Estate (BNPPRE) (March 2013).

For the most part, university development is not specified in Table 1 of the DCS, thus it falls under the category of 'all other uses' with a Nil CIL charge.

Table 1 of the DCS also indicates that student housing will command a CIL rate of £425 per square metre, which is broadly twice the liability of any other land use.

QMUL notes the reference in paragraph 6.37 of the Viability Study to student accommodation. It refers to there being two markets for student housing; one being private sector and the other being 'unviable' university-led development. It is the latter market in which QMUL operates.

Viability Assumptions

As noted, a university has a different financial model from private sector developers, and we specifically draw your attention to the assumptions on rent that have been set out in the Viability Study:

Rental levels are suggested by BNPPRE to be £200 per week during term time. Indeed, third party developers will normally require this level across a 51-week rental term, leading to a £10,000 annual rent.

However, in order to provide affordable accommodation to its students, and ensuring places at QMUL are accessible, in line with the Institution's widening participation commitment, the typical rental level of QMUL is in the order of £130 - £137.50 per week across a 38-week let, leading to an annual rent of some £5,000, i.e. half the private sector level. At present only between 3.5 % to 5% of QMUL students choose to live in purpose built private sector halls, indicating that very low numbers of QMUL students can afford market rents of circa £10,000 per annum.

The knock-on implications of the rental income mean that the capital sum that QMUL can service, from rental income, for either development on existing QMUL landholdings, or for sites which come to the market which are suitable for student accommodation development is very restricted, and will be unaffordable if QMUL is required to fund the CIL liability (as currently proposed). This would in turn reduce the likelihood of further accommodation being developed by QMUL and offered to students at affordable rates. The College estimates that QMUL schemes would need to increase room rents by circa 15% ie to £150 to £160 a week if CIL was to be charged on QMUL schemes. The College would find it unacceptable to be faced with offering accommodation at two rates, one for rooms free from CIL levy and a higher charge for schemes where CIL had been payable.

The College would remind the Council that it has identified it may wish to develop up to an additional 700 rooms for QMUL students.

Recently QM has been exploring other methods of procuring further student accommodation including working with private sector providers to deliver to QMUL completed schemes for the College to lease, and then operate, from private providers. This model has advantages to the College in terms of risk transfer, but would become unaffordable if such schemes attracted the CIL level. QMUL would therefore ask that consideration be given to the exemption of schemes from CIL which are either to be developed and operated by QMUL or leased by QMUL for a term of 25 years or more.

Charitable Status

Paragraph 6.37 of the Viability Study goes on to state that *“It is noted, however, that when developed, [university-led student accommodation] schemes are likely to be exempt from CIL given the universities’ charitable status.”* Whilst this note is helpful, it potentially leaves certain ambiguity, which requires clarification.

There may, for example, be a situation where a university cannot, for whatever reason, claim CIL exemption through its charitable status. In such cases, that university would simply not be able to proceed with a development.

Therefore, if it is the intention of both the local planning authority and its advisors – as suggested at paragraph 6.37 – that universities are exempt from CIL liability on student accommodation schemes then we request that such a provision is explicit in the Charging Schedule. It is unsatisfactory, and potentially open to misinterpretation, to only rely on a reference to *‘likely’* exemption in a supporting document. There also remains the issue of whether or not such exemption constitutes State Aid.

CIL Regulation 55 states that a charging authority “may grant relief (“relief from exceptional circumstances”) from liability to pay CIL in respect of a chargeable development if: it appears to the charging authority that there are exceptional circumstances which justify doing so; and the charging authority considers it expedient to do so”.

The CIL Regulations require consideration to be taken into account (when setting rates) of the potential effects of the imposition of CIL on economic viability of development across its area. In light of this background, QMUL considers that it is essential for the Council’s Charging Schedule to offer exceptional

circumstances relief so that it can be used in cases where an otherwise acceptable development will not be implemented because of onerous CIL levy rates.

On this basis, we urge that student housing development by a higher education institution be acknowledged as being an exceptional circumstance, and accordingly be granted CIL relief.

Representations

Thus, we request that the following be taken into account prior to finalising the CIL Charging Schedule:

1. That the assumptions stated in the Viability Study be clearly attributed to private sector development. They are clearly not sound when considering development undertaken by a higher education institution.
2. That it is clearly stated in the Charging Schedule that student housing schemes for a university and by a university is exempt from any CIL liability, in line with the intent shown in Paragraph 6.37 of the Viability Study, in accordance with Regulation 55.

If any further information is required then please do not hesitate to contact Christopher Turner in the first instance.

2. If your representation is seeking a change to the CIL Draft Charging Schedule, do you consider it necessary to attend the Examination in Public?

Yes, I wish to attend

No, I do not wish to attend

3. Please tick the box if you would like to be notified of about any of the following:

If the Draft Charging Schedule has been submitted to an Independent Examination in accordance with section 212 of the Planning Act 2008 (as amended)

Of the publication of the recommendations of the Examiner and the reasons behind those recommendations

Of the approval of the Charging Schedule by the Charging Authority (The Council)