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Demand and Impact Assessment of St Patrick's Hall Redevelopment

Prepared on Behalf of:

The University of Reading and UPP Ltd

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Executive Summary

This Demand and Impact Assessment sets out the clear benefits of delivery of the St Patrick's Hall redevelopment proposal to the local community, allowing the University greater control over its student population, and reducing pressures on the housing market by freeing up stock for the local community. The proposals are supported by the Draft Local Plan which states student accommodation "should mainly be met on campus or through reconfiguration and redevelopment of existing halls of residence".¹

Key statistics supporting the proposal are outlined below:

- The University has grown full-time student numbers by 18% over the last five years, increasing the demand for accommodation bed spaces
- There has been a 59% increase in the number of students aged 20 or under over this period, with University accommodation allowing the institution to offer good levels of pastoral care and eliminate the behavioural impacts of young students in the local community
- The University has increased non-UK students by 49% over the last five years and there is a need to deliver on campus accommodation to suit their particular needs
- Private purpose-built accommodation is expensive and does not solve the problem – 98% of the University of Reading's existing accommodation is priced below even the least expensive bed space at CityBlock, Reading's newest student development
- There is no incentive for students to move from the housing market into such expensive accommodation
- Reading has seen a 16% increase in the number of students living in HMOs over the last five years, double the national average increase of 8%
- Reading Borough Council's own research shows that the growing student population is "having deleterious impacts on local residential areas"²

¹ Reading Borough Council Draft Local Plan, May 2017

² Small Houses in Multiple Occupation and the Article 4 Direction Review' – July 2015, Reading Borough Council



1. Introduction

- 1.1. This paper summarises the rationale behind the St. Patrick's Hall redevelopment proposal and assesses the benefits and impacts of developing new accommodation on university owned land.
- 1.2. The key drivers for the redevelopment are;
 - To accommodate the long term increase in student numbers and forecasted growth.
 - To allow the University to continue to offer a first year guarantee to its students to enhance the student experience and provide good levels of pastoral care.
 - To reduce the impact of students on the already stretched local housing market.
 - To replace the outdated facilities on the St Patricks Hall site in line with standards in other Higher Education institutions and student expectations.
 - To improve overall accommodation quality to maintain the attractiveness of the University of Reading and the wider area to a prospective student body.
 - To realign the demand to supply ratio. (The university had waiting lists in excess of 700 students
 - To maintain and enhance the overall student experience and avoid having to place large numbers of students in hotels.
- 1.3. **This paper also explores the dynamic between student demand for accommodation and the private housing market in Reading. There are clear benefits to providing more on campus accommodation both for students and the local community, including improving the student experience, giving the University greater control in managing its student population, and in freeing up houses in the private rental market. This is supported by the Draft Local Plan which states that student accommodation “should mainly be met on campus or through reconfiguration and redevelopment of existing halls of residence” as per the St Patrick’s Hall redevelopment proposal.**

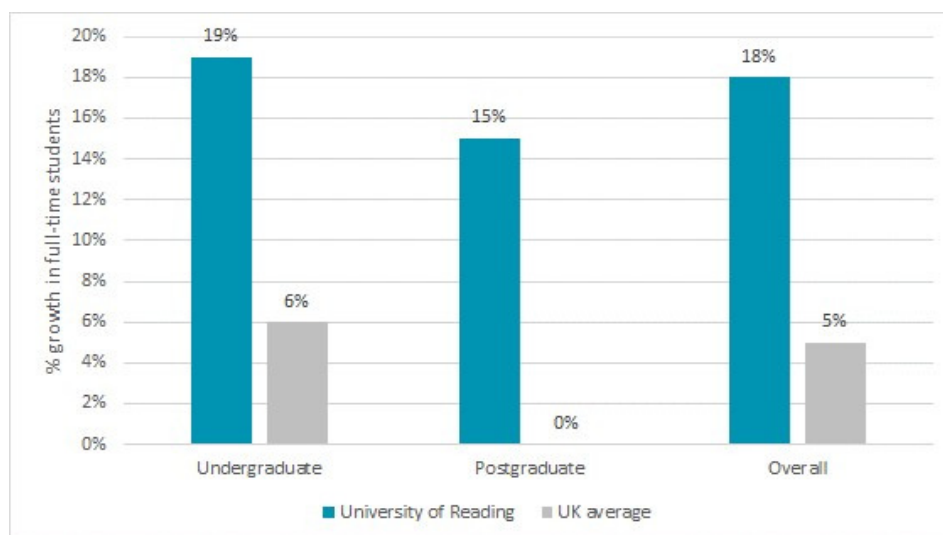


2. Student Demand

The University of Reading is a successful and growing institution which recruits an increasing number of students from outside the region. Purpose-built accommodation development is essential in housing the growing cohort demanding bed spaces and to reduce increasing pressures on the local housing market.

- 2.1. The University of Reading is one of the largest employers in the region and it is estimated that £650m goes into the local economy each year as a direct result of the University³. The Global Reach, Local Impact report also highlights the University's key role in working with the local supply chain, bringing £3.5m of business tourism to the area, and training 1,000 teachers per year for the region's schools. As a top 30 UK institution, the University is home to large numbers of knowledge-intensive graduates, of which the Government believes future economic growth will be delivered through.
- 2.2. The University is perceived in the Higher Education sector as a successful institution which has continued to grow at a time of volatility in the market. The University has grown full-time student numbers by 18% between 2010/11 and 2015/16, far above the national average of 5% over the same period (HESA 2010/11 to 2015/16). Impressively, the University has managed to grow both its undergraduate and postgraduate student population over this period – the former by 19% (vs. 6% national average), and the latter by 15% at a time when no growth was seen in the postgraduate population nationally. This growth can be seen below.

Figure 1: University of Reading full-time student number growth vs. national average 2010/11-2015/16



Source: HESA 2010/11 to 2015/16

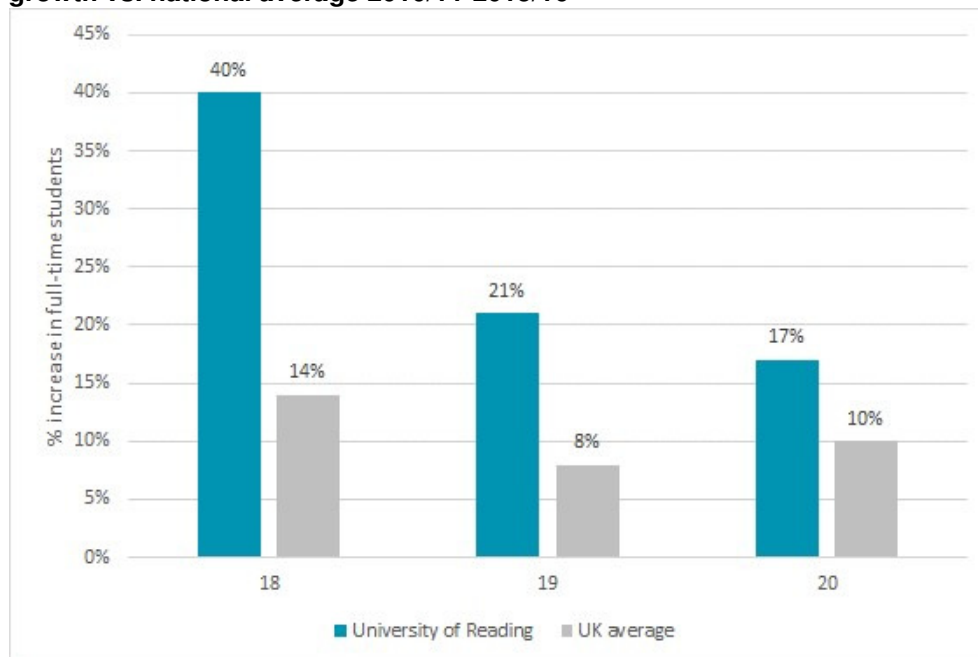
- 2.3. **The University's growth over this period has been characterised by an increase in the young student population. 59% of the full-time student population is now aged 20 or**

³ <https://www.reading.ac.uk/universitypublications/Economicimpact/up-economicimpact.aspx>



below, a figure significantly higher than the 51% national average. Younger students are more likely to demand a bed space in university accommodation, with institution's themselves eager to offer bed spaces which mean they can deliver pastoral care to support good social and learning outcomes. The University's strong recruitment performance means that students of this age are increasing faster than the national average. This is growing the demand for purpose-built student accommodation beds.

Figure 2: University of Reading full-time student numbers aged 20 or below growth vs. national average 2010/11-2015/16

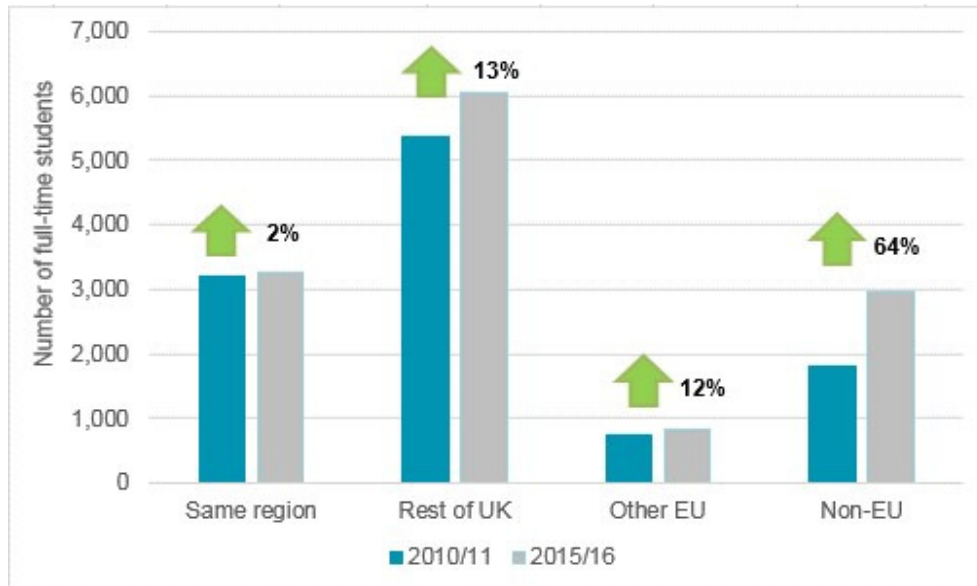


Source: HESA 2010/11 to 2015/16

- 2.4. The University's success means that its national and international appeal is growing strongly.

Crucially in terms of demand for student accommodation, the University now recruits 29% of its student population from outside the UK, far above the 23% national average. Since 2010/11, the University has increased its non-UK student population by 49%, above the national average of 10% seen over the same period. International students (i.e. non-EU) have grown particularly strongly at 64% (vs. 12% national average over the same period). International students are far more likely to demand purpose-built accommodation, valuing the security, ease and student experience it offers. The University is also recruiting more students from the rest of the UK, with those from within the region only growing by 1%. All of this growth means that the demand for student accommodation bed spaces is growing strongly.

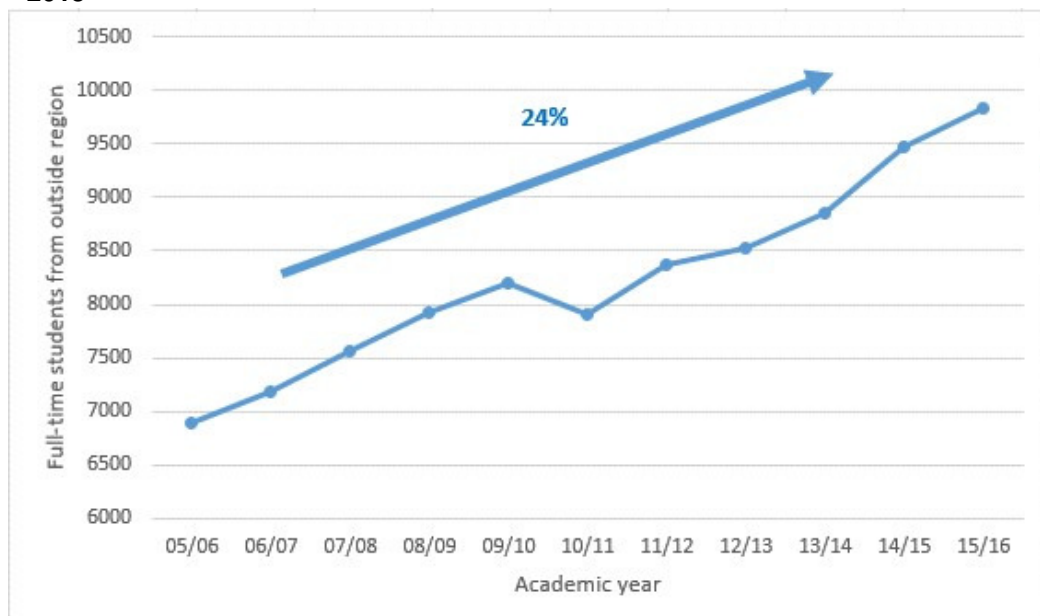
Figure 3: University of Reading growth in students from outside the region 2010/11-2015/16



Source: HESA 2010/11 to 2015/16

- 2.5. The University's attractiveness to students from outside the region – i.e. those requiring a bed space has grown significantly over the last decade, as can be seen below.

Figure 4: University of Reading growth in students from outside region 2005-2015



Source: HESA 2005/06 to 2015/16

- 2.6. As can be seen, the University is key to the local economy and its strong performance will be important to the future success of the local economy. However, growth will



increase the pressure on an already stretched local housing market – something development at St Patrick’s will alleviate.

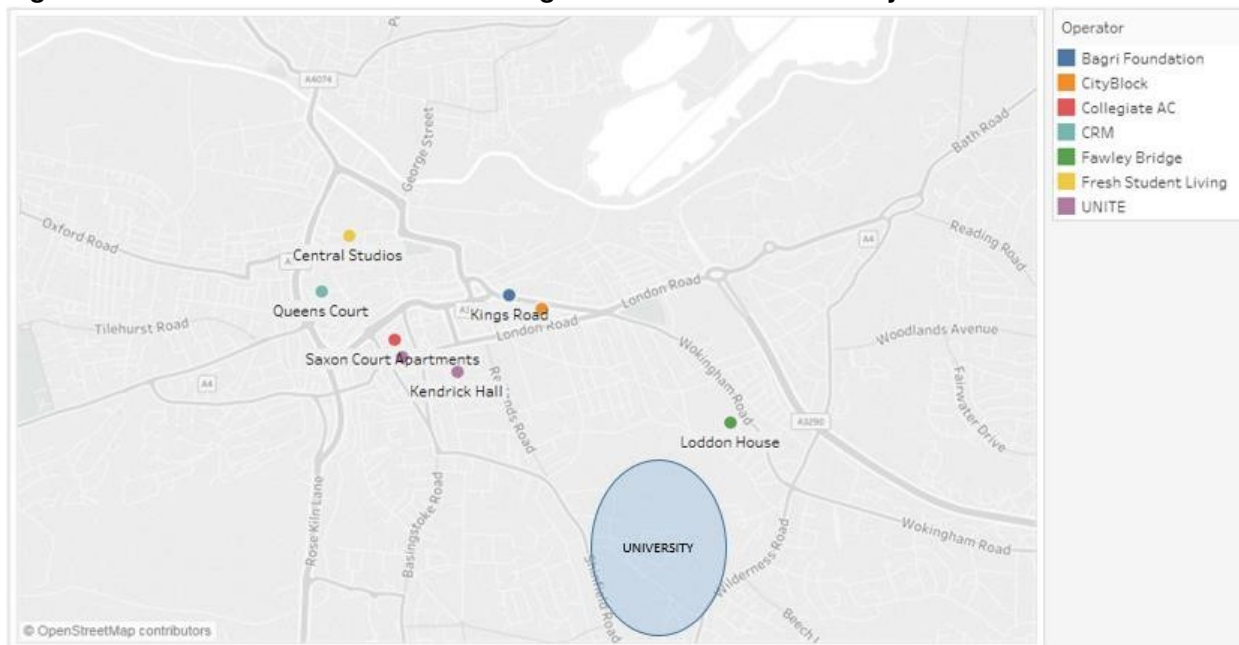


3. Supply

Background Demand for Accommodation

- 3.1. The University's main campus at Whiteknights offers 4,982 rooms which are all provided through a partnership with UPP (University Partnership Programme).
- 3.2. UPP is the largest on campus provider of purpose-built accommodation in the UK, and took over the operation and management of all of the university accommodation at Reading in 2011. UPP provide a managed solution for the university accommodation with sites staffed during core hours, with security patrols 24/7.
- 3.3. Cushman and Wakefield has used licenced HESA data, along with detailed consultations with the University registry and forecasts, to outline the number of students who are likely to require accommodation. The methodology reviews the full-time student population and then removes students least likely to demand accommodation (i.e. those from the local areas not in term time accommodation and sandwich students who are off-campus on a placement for one year). The result is a demand pool of students who are most likely to require student accommodation. This demand pool, combined with the supply available, produces a supply-demand ratio which can then be benchmarked against other UK towns and cities. For the University of Reading this has been calculated at a demand pool of two students to every bed (2.0:1 ratio). This indicates a need for additional accommodation supply to meet demand, and results in a larger than average proportion of students needing to find accommodation in the private rented sector. Cushman & Wakefield has seen evidence that in previous years some first year undergraduates have deferred their place at Reading or accepted a place at another institution due to the fact they have been unable to secure campus accommodation. Further, the University has been forced to house large numbers of students in hotels on a temporary basis, damaging the student experience.
- 3.4. Currently the private purpose built student accommodation (PBSA) market provides 1,558 rooms in 2017/18 within the Reading area. The map below shows the location of these developments which are generally located toward the town centre.

Figure 5: PBSA accommodation in Reading for the 2017/18 academic year



Source: Cushman & Wakefield Student Accommodation Tracker 2017/18

- 3.5. The table below provides a brief overview of the PBSA blocks and the number of rooms provided within each.

Table 1: Overview of PBSA supply in Reading

Block	Operator	Total Rooms
Loddon House	Fawley Bridge	101
Kings Road		80
Central Studios	Fresh Student Living	141
Crown House	UNITE	40
Kendrick Hall		604
Saxon Court Apartments	Collegiate AC	83
Queen's Court	CRM	375
CityBlock		134
Total		1,558

Source: Cushman & Wakefield Student Accommodation Tracker 2017/18

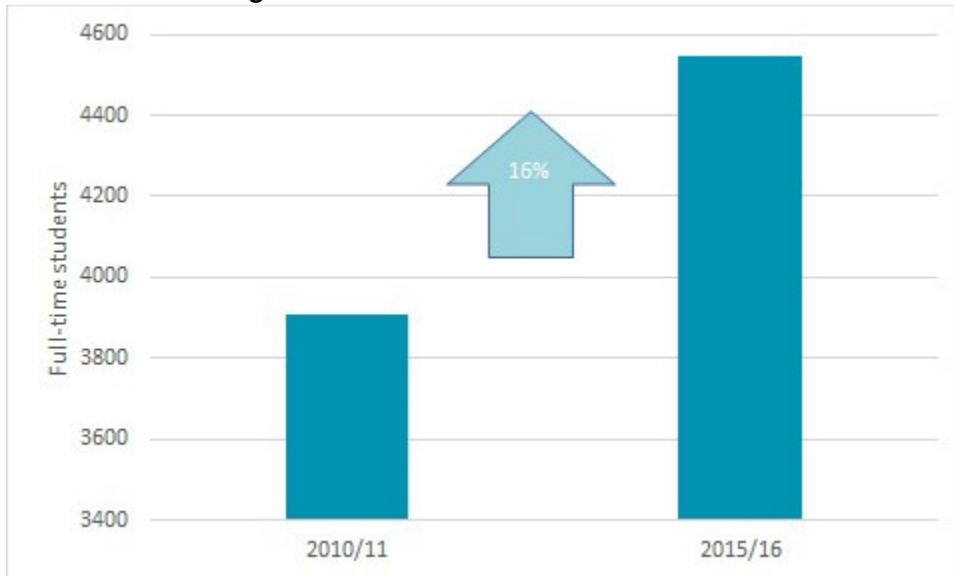
- 3.6. Even with private sector purpose-built and University accommodation, there are still a large number of students who must look to the local private rental market for accommodation.



Planning Pipeline

- 3.7. In national terms, the planning pipeline is relatively small which means that the St Patrick's redevelopment is crucial in raising the capacity of the University to absorb demand. Positively this will also reduce the proportion of students housed in HMOs.
- 3.8. We are aware of circa 300 purpose-built bed spaces currently within the planning system and our review of these proposals and the existing accommodation available suggests that the proposed scheme will do little to increase student choice and affordability. Furthermore, it is our understanding that location is key to the choice of accommodation and that the attractiveness of the campus environment is a key decision making factor for students in where they choose to live.
- 3.9. Even with the private sector and proposed developments, there are a large number of students who must look to the local HMO market for accommodation during their studies. The off campus situation in Reading does not, we believe, provide a great volume nor choice of accommodation now or in the future in comparison with the size of the University and its potential for growth in student numbers.
- 3.10. It is unlikely that inexpensive accommodation off campus will be possible to develop due to the following factors:
 - The rising population of the city as a successful and increasingly populous commuter town for London, raising land prices and leading to smaller packages of land being available over time (raising each room price to make future developments viable)
 - Competition for land from other uses such as housing for the increasing population
 - Construction costs rising, again leading to the inability of a provider being able to offer ultra-cheap accommodation
 - The commercial models of other operators in the UK student accommodation space – indicating that they would not offer accommodation for ultra-low rates as it is not commercially viable, nor necessary to do so.
- 3.11. **This is perhaps best evidenced by the only new development to be delivered in Reading in 2017/18 – CityBlock. Rents at this all studio development start at £184 per week, rising to £243 for the most expensive room. All lease lengths are 51 weeks in length meaning that annual rents are between £9,400 and £12,368. In contrast, 98% of all University-provided accommodation is priced below CityBlock's least expensive annual rent.**
- 3.12. With the University's growth it is unlikely that the housing market will be able to provide an adequate response to this, especially given the pressures that will be coming from many users of HMO accommodation from a wide demographic of economically active people. There is evidence that the University is already exerting a greater than average pressure on the HMO sector. This can be seen below.

Figure 6: Percentage of Reading student body living in HMO accommodation vs. national average 2015/16



Source: HESA 2015/16

- 3.13. **As can be seen from the chart, there has been a 16% increase in the number of full-time students at the University of Reading living in HMO accommodation between 2010/11 and 2015/16. At a national level over the same period, the rate of increase has been only half this level – 8%, as purpose-built stock has been used to alleviate pressures on the housing market nationally.**
- 3.14. As part of its wider accommodation strategy the University is seeking to redevelop part of the existing St Patrick's Halls site to replace some of its oldest accommodation and increase the provision of quality accommodation for its students. This is a positive step to managing its growth and reducing the University's impact on the private rented accommodation within the town and increasing choice for students who wish to live on campus.
- 3.15. The ability to provide a sufficient number of rooms on-campus is positive for a variety of mutually beneficial reasons:
- For the University it enhances the student experience and supports a mixed community of students on-campus. It also provides access to campus living for a greater number of students, in line with students' expectations.
 - It is positive for the town where growth in student numbers can be captured on-campus, freeing up private rented accommodation both in the town and around the campus.
- 3.16. According to the July 2015 *Small Houses in Multiple Occupation and the Article 4 Direction Review* the wards of Katesgrove, Park and Redlands were covered by an Article 4 direction because 'the growing student population was having deleterious impacts on local residential



areas'.⁴ Often this can be due to anti-social behaviour, issues associated with parking, the balance of the local community, the lack of management of the housing and a large reduction in the local population for certain times of the academic year.

- 3.17. Bringing more students on-campus will reduce the impact of student demand for private rented accommodation. In line with the Article 4 direction it also enables the town to maintain and grow a mixed community, an important factor when considering the *'negative impacts that high levels of tenure turn over can have on communities'*⁵

⁴ 'Small Houses in Multiple Occupation and the Article 4 Direction Review' – July 2015, Reading Borough Council

⁵ 'Small Houses in Multiple Occupation and the Article 4 Direction Review' – July 2015, Reading Borough Council



4. Conclusions

University Performance

- 4.1. As outlined in this assessment, the University of Reading is a growing institution, with recent increases in full-time student numbers far outstripping those seen at national levels. Key to the pressure on local housing markets is the composition of the University's student body. As the institution has developed a reputation as a high quality teaching and research institution, it has become more popular as a place of study to both a national and international audience. Consequently, recent years have seen a significant increase in the demand pool for accommodation. As accommodation supply has not been able to keep up with the rate of demand growth, more students have been forced into the private rented sector, with these students taking up houses that could be used by the local community.

Availability of Housing

- 4.2. As previously referred to, it is clear from the supply and demand dynamics, representing a ratio of 2.0:1 students to beds available, that there is a shortfall in suitable accommodation for students. This has resulted in an increased number of students living within the private housing sector in Reading. By doing so this has reduced the availability of accommodation for other population groups at a time when the housing market is under significant pressure.
- 4.3. The significant impact of this is referred to within the Council's Homelessness strategy. *'Households on a low income face some particular challenges accessing private rented accommodation as the cost of privately renting in Reading has increased. Demand for private rented accommodation locally is fuelled not only by the buoyant economy but also fewer households buying property, the student and young professional markets and households moving out of London to seek more affordable accommodation - all competing with those on a lower income'*.⁶
- 4.4. The movement of students out of the private rented sector and into purpose-built University accommodation will support both the Homelessness Strategy and the Borough Councils desire to restrict the proliferation of Houses in Multiple Occupation.
- 4.5. A further consideration is that students are exempt from paying Council Tax. By reducing the number of properties in the private rented sector that are occupied by students and replacing them with Council Tax paying residents, there will be a resultant benefit to the local community.

Controlling Noise and Disruption to the Local Community

- 4.6. Building on-campus means the University has greater control over their student body. It allows the University to retain responsibility for students, mitigating potential issues of antisocial behaviour, building a balanced community as well as maintaining the attractiveness of the university for future generations of students. On campus accommodation also allows the

⁶ Homelessness Strategy 2016-2021 Reading Borough Council



University to provide good levels of pastoral care to its students, alleviating any issues before they become serious. This is especially important as the University has significantly increased its number and proportion of students under 20 years of age over recent years.

- 4.7. The Partnership between the University and UPP enables a high level of management of the accommodation to mitigate any noise and disruption issues. A management plan has been developed as part of the planning submission to demonstrate how the accommodation is currently managed and will be managed during and post the redevelopment of the new accommodation. The management plan has been further developed through consultation with the local community to ensure that the increase of students on the site will be managed effectively to mitigate impact on local residents.

The University taking control of the effects of the growth in students

- 4.8. There has been a precedent at the University of Exeter and the University of York whereby their respective councils have determined that any growth in student numbers should be supported on campus. Exeter City Council published a Supplementary Planning Guidance Note for Development Related to the University of Exeter in June 2007. This document included nine principles, one of which states that it supports the University's intention to expand but seeks the provision of as much purpose built student housing as possible to reduce the impact on the private sector housing market and recommends more intensive use of the University's Duryard Campus.
- 4.9. In York City Council's Preferred Options Local Plan June 2013 it states that '*In accordance with Policy ACHM5: Student Housing, the University of York must address the need for any additional student accommodation which arises because of their future expansion. Provision will be expected to be made on campus in the first instance or otherwise on allocated sites managed by the institution in question or linked to purpose built dedicated private sector accommodation.*'
- 4.10. Reading University has an established residential campus at Northcourt Avenue which can support further development of student residences. On campus accommodation is attractive for students who want to be immersed in both the academic and social experience of living in a halls community. This is evidenced by the chart below which shows the increased numbers of students living in purpose-built stock as opposed to HMO accommodation. The University is therefore keen to ensure that their Accommodation Strategy reflects planned growth and lessens any negative impacts on the local Reading housing market this growth may bring about; whilst meeting the desires of today's students.

Affordability

- 4.11. Affordability is now an increasingly important concern for students, with the 2016 National Student Housing Survey rating price as the second most important reason for choosing accommodation after location. Affordability is especially as concern when nearly nine in every ten beds delivered for the 2017/18 academic year is through the private sector. Cushman & Wakefield's student Accommodation Tracker finds that the average private sector en-suite bed space in 2017/18 is £740 more expensive than the average university-provided bed.



- 4.12. The University is able to control the rents charged to students alongside the ability to provide a mix of unit types on campus. The mix of room types means standard rooms, of a low price bracket, can be provided allowing for a range of price points. This is in response to the University and their students' requirements. Private sector schemes generally only provide higher value room types and thus a lack of University supply forces a number of students into unsuitable, expensive accommodation.
- 4.13. The Student's Union has produced a paper highlighting the need for affordable rent options: 'The Case for More Affordable Accommodation at the University of Reading' by Ben Cooper, Community and Development Officer at Reading University Student Union⁷. The Students' Union's position is supported by the wider national body which is campaigning for at least 25% of all bed spaces to be offered at half the level of the student maintenance loan (c£4,200 per annum).⁸ On campus schemes can provide a more affordable option to students as the cost of land doesn't have to be incorporated into the costings which means that rents can be more affordable for students. Pricing in any development in town would not be able to be as affordable and may not therefore deter students from the PBSA scheme and towards the more price sensitive HMO's property options.
- 4.14. **Allowing this development will enable the university to continue to be an economic driver for the area. It will free up HMOs and other residential locations in the city, allowing for greater levels of graduate retention and the housing of young professionals that will drive economic growth. Development will also allow more balance in local housing stock, helping to balance the local community.**

⁷ http://issuu.com/rusudocs/docs/the_case_for_more_affordable_accomm/2?e=4934705/33539962

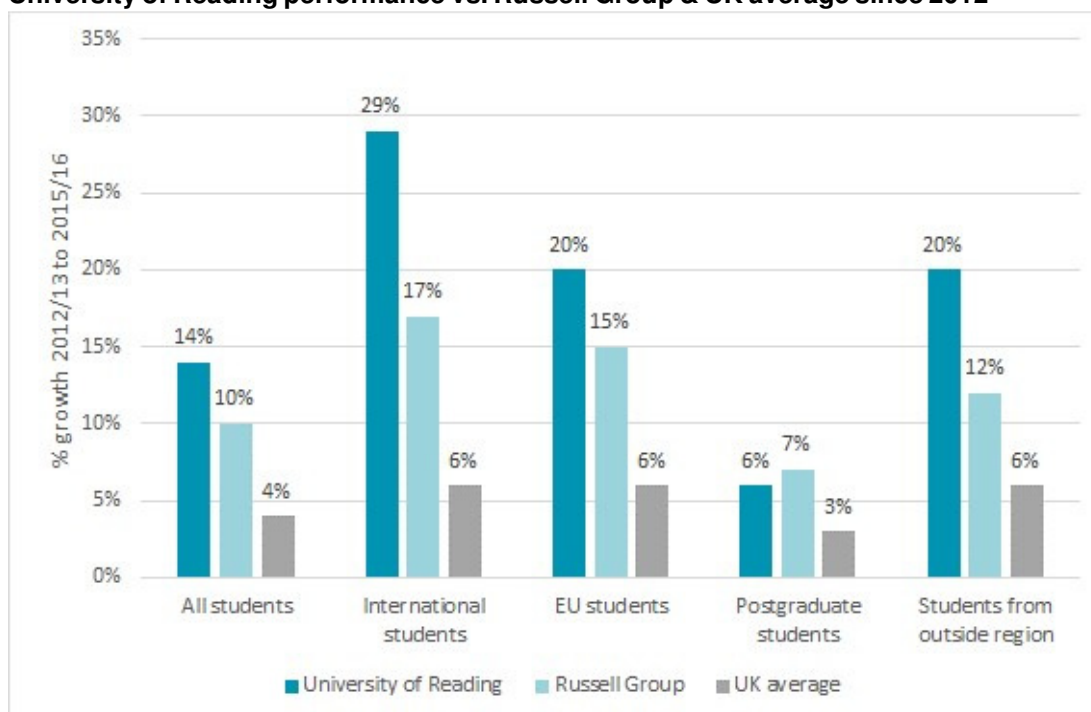
⁸

<https://www.nus.org.uk/PageFiles/2161132/Draft%20Interim%20Housing%20Supplementary%20Guidance%20Consultation%20Response%20from.pdf>

Appendix A

Since changes to the university tuition fee system in 2012, the Higher Education sector has undergone significant change, with a clear gravitation of students towards quality institutions that support quality employment and career outcomes. There is, therefore, a clear division between 'winners' and 'losers' in the sector, with those able to support future employment succeeding at the expense of those which are less able to do so. It is important to place the University's success in context and below, we outline University growth in comparison to elite, research-intensive Russell Group universities since changes to the tuition fee system in 2012.

University of Reading performance vs. Russell Group & UK average since 2012



Source: HESA 2010/11 to 2015/16

As can be seen from the chart, the University outperforms elite Russell Group institutions in all but one category and far exceeds the national average growth in every one. The University is recruiting more students from a wider base more quickly than the national average and even the Russell Group as a whole. This is increasing the demand for accommodation bed spaces.

The University of Reading is ranked among the top 32 universities in all three of the main university league tables. The University has remained consistent in the rankings over the past five years, despite intense levels of competition in the Higher Education sector.



University League Table Performance

League Table	2010	2011	2012	2013	2014	2015	2016	2017	2018
The Times	31	35	33	24	35	33	32	31	32
Guardian	41	45	32	25	38	30	25	32	29
Independent	35	40	34	32	37	37	29	27	26

Source: Newspaper university league tables. *The Times 2017 results are not yet published

In the 2016 National Student Survey (NSS) the University scored an overall satisfaction rating of 87%, above the national average of 86%. Recently released data from the Times Higher Education Student Experience Survey 2016 reveals that Reading is ranked 18th in the UK, up from 32nd the previous year.

The total increase in the number of students from outside the region between 2010/11 and 2015/16 is 1,930 – students that, if purpose-built accommodation is not available to them, are forced into the private rented sector, increasing pressures on the housing market. At an average of four students per household, this means 483 additional houses are used that could otherwise be made available to local families. Further, the transient nature of the student population means that a number of students are not in situ during holiday months – damaging small businesses based in local communities.

The University has had a waiting list of accommodation for the last three years which has grown to over 700 students in 2017/18. The institution is now forced to temporary house students in hotel accommodation at the start of term until accommodation can be found within the surrounding local housing stock damaging the student experience and potentially the reputation of Reading.

In its Draft Local Plan, Reading Borough Council acknowledges pressures on the local housing market, noting that “there are high concentrations of flats and conversions and houses in multiple occupation, in part reflecting the very high student population”.

The Draft Plan notes that the need for student accommodation “should mainly be met on campus or through reconfiguration and redevelopment of existing halls of residence” as per the St Patrick’s Hall redevelopment proposal”.

The proposed scheme would deliver improved and additional accommodation on campus to meet growing levels of demand. Given the Borough Council’s policy to consider additional housing needs, it recognises that “there are many sites where development for students prevents a potential housing site being used to help to meet the more pressing needs for general housing”. The proposed St Patrick’s redevelopment would not use a site that could be used for housing and meets the Borough Council’s desire that “development for students should therefore be limited to established student locations”.

There is a need for the University to ‘revitalise’ its accommodation estate to better meet the needs of today’s students, especially given the number of international students the institution



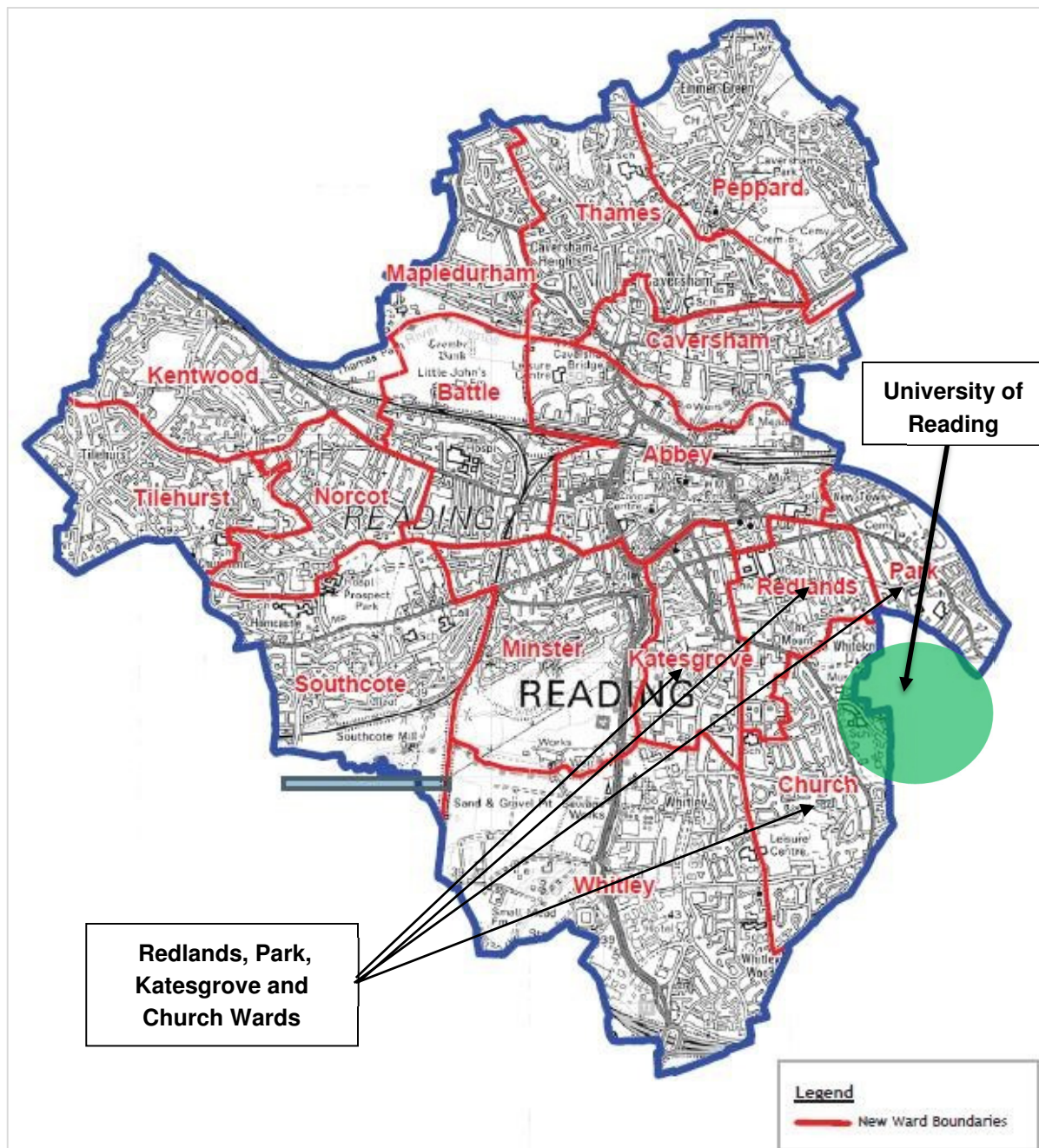
now attracts. The proposal would deliver over 60% of these en-suite rooms in the form of one bathroom per two student provision – increasing quality, but helping to mitigate against any significant increases in overall rents.



Reference Documents

- Homelessness Strategy 2016-2021 Reading Borough Council
- Article 4 Direction – May 2012, Reading Borough Council
- 'Small Houses in Multiple Occupation and the Article 4 Direction Review' – July 2015, (Reading Borough Council)
- Joint Venture Management Plan by University of Reading and UPP (to be presented to locals)
- Exeter City Council: Supplementary Planning Document: University (<https://exeter.gov.uk/planningservices/planning-policy/supplementary-planning-documents/university-spg/>)

Reading Wards Map



Source: Reading Borough Council Wards 2004

Area of Article 4 Direction

