



The Global Leader in Rental Housing

House of Commons Public Bill Committee
House of Commons
London
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Dear Chair,

Renters (Reform) Bill – Committee Stage

I am writing in my capacity as Managing Director of Investments (Europe) at Greystar, to offer evidence in support of the work of the Public Bill Committee in scrutinising the Renters (Reform) Bill, ahead of the beginning of Committee Stage of the legislation on 14 November. Certain provisions of the Bill are prompting significant concern in the build-to-rent sector, and we are keen that these concerns should be taken into account at the next stage of Parliamentary scrutiny.

Greystar is a global leader in rental housing providing over 800,000 rental homes around the world. We are the largest investor and operator of build-to-rent (BTR) housing in London, with over 5,000 operational rental homes and a development pipeline of nearly 6,000 additional units, investment of £3.7 billion. Additionally, we provide over 35,000 beds of purpose-built student accommodation.

We welcome the government's commitment to draw on sector expertise to help improve the Bill at Committee stage. As a professional provider of rental housing, we support the aims of the Bill to improve standards in the private rented sector. We are proud to be at the forefront of building new homes and developing thriving communities.

The UK private rented sector houses over 11 million people and is currently experiencing acute challenges as a result of individual landlords exiting the rental market. This is due to higher interest rates combined with current rules on mortgage deductibility resulting in less choice and higher costs for renters.

While individual landlords are selling, investment in building new properties by institutional investors, such as build-to-rent developers, is vital to increase private and affordable housing supply (alongside 'build-to-sell' developments), stimulate economic growth and improve provision of higher quality rental options for residents.

While we are aligned with the overall aim of the Bill, to provide renters with long term security of tenure, we have strong concerns that if implemented unamended, the Bill's proposal to move to open-ended periodic tenancies in particular risks severe unintended consequences for large landlords and BTR operators.



The Global Leader in Rental Housing

Our concerns and proposed solutions are set out in detail below:

Abolition of fixed-term tenancies

Currently, tenancies provide 12 to 36 months of secure income. This is the core attraction of rental housing for institutional investors and provides stability for renters. Abolishing fixed term tenancies and replacing them with a rolling tenancy with a two-month notice period means rental housing will no longer offer this secure long-term income stream, with residents able to move after just two months. The impact of this change on investment in new rental housing supply will be significant.

The two-month minimum will likely result in shorter average rental periods (counter to the government's aim to move to longer tenancies) and will significantly increase costs to landlords. Examples of these costs include marketing, repairs between tenancies and the inevitable lost income due to gaps between tenancies. The increased costs and reduction in attractiveness will result in reduced build-to-rent housing supply, which will contribute to higher rents in the longer term.

From the resident perspective, two-month minimums will result in more transient communities and risk forcing the growth of an 'Airbnb' style market as providers exit the long-term rental market altogether, reducing already constrained supply for renters.

We propose that an initial minimum fixed term should be retained, depending on the need of the resident (i.e., between three and 36 months) before the tenancy becomes an indefinite rolling tenancy subject to a notice period. Beyond this initial term, we would suggest a notice period of three months, so that providers are able to have sufficient time to re-let apartments ahead of move outs.

This closely aligns with the Levelling Up, Housing and Communities Committee's [call for landlords to be given the legal certainty of at least six months' rent at the start of a tenancy](#).

Reliance on rent tribunals

Currently it is proposed that tenancies are updated to market rent on an annual basis and that where there is a dispute, the rent will be reviewed by a rent tribunal. As such, we think there is a high risk of a large increase in rent tribunal hearings for single residential tenancies.

We have significant concerns that the current tribunal service is not adequately resourced to cope with the potential increase in rent reviews that it will be required to undertake and that this is likely to cause delays which will result in further frustration for residents and housing providers.

We would propose that where providers have acted reasonably and market rents have been justified through the provision of three relevant comparable properties, that the rent tribunal should not undertake its own research to impose a different market rent. This would limit the work required for rent tribunals, limit the number of speculative tribunals, and ensure that rent tribunals are not used as a form of rent control, discouraging providers from proposing reasonable market rents.

Abolition of Section 21

We are supportive of the abolition of Section 21 'no fault' evictions to provide long term security to residents. However, if an appropriate market rent has been proposed on an annual basis and this rent is not accepted by the resident, it is currently proposed that a housing provider would have to wait for rent arrears to accrue and to then evict through the courts to re-gain possession, which is subject



The Global Leader in Rental Housing

to significant delays and large costs. In the instance that the proper process is followed, and an appropriate market rent has been offered (supported by appropriate evidence) and then rejected by the resident, then there should be a fair route to possession that does not require a court eviction.

Court/Bailiff Backlogs

In unfortunate instances where a court eviction is required, due to the slow court/bailiff process we currently experience large legal costs and large unrecoverable rent arrears. The courts and tribunals system is not ready to manage the large increase in volume of work that the abolition of Section 21 will create and material improvements need to be secured before the Bill is implemented. We welcome the commitment already given by the government that Section 21 will not be abolished in practice until the situation in the courts and tribunals system has improved significantly.

We hope the above points underline the concern that Greystar and the wider build-to-rent sector share about aspects of the Renters (Reform) Bill as drafted, and we would invite the Public Bill Committee to focus in particular on the likely damaging impact of the abolition of fixed term tenancies, which will directly hamper investment in new rental housing supply and reduce stability for renters. I understand that the Committee will soon be holding oral evidence sessions as part of Committee Stage of the Bill, and Greystar would be happy to put forward a witness to discuss these points in further detail.

In the meantime, should the Committee have any questions regarding this submission, then please do not hesitate to contact me.

Yours sincerely,

Frederick Muirhead

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