

Renters (Reform) Bill: Submission of Unipol Student Homes



November 2023

Implications of the Renters Reform Bill for Access to Higher Education

As an educational charity interested in the availability of student accommodation, we have concerns about the impact of the Renters Reform Bill as currently drafted and would welcome the opportunity to discuss these with the Committee.

About the Student Rental Market and Unipol Student Homes

The significant majority of students in England move away from home to study (1.2 million in 2021¹), and this mobility enables widening participation with students able to choose a university based on merit rather than proximity to home. Of this, each year 589,000 (49 per percent) of students live in shared student houses in a rental sector with properties and services specifically shaped to the needs of students.

Unipol is a national student housing charity established in 1973 that exists to advance education through the provision of accreditation, guidance and housing to students. Unipol operates two National Codes for purpose-built student accommodation that have the status of Approved Codes under the Housing Act 2004, covering 420,000 student beds across the UK. We also operate landlord accreditation schemes in Leeds, Bradford and Nottingham covering a further 20,000 beds in shared student houses as well as our own accommodation in those cities. We regularly publish reports and sector analysis and run a national training programme dedicated to improving professionalism and standards in student accommodation.

Unipol's views on the Renters Reform Bill

The *Renters (Reform) Bill* has been motivated by a desire to give tenants a better deal by abolishing no-fault evictions and re-writing the grounds for possession available to landlords, and although we support these broader aims we are concerned about the unintended consequences on the student sector.

As part of the overhaul, there is a proposed ban on fixed-term tenancy agreements, including for the student segment of the private rented sector, although it is understood that PBSA would be exempt. We consider that this exemption should be extended to the shared house sector with a specific tenancy agreement that reflects the needs of students.

If students are able to give two months' notice to end a tenancy while providing greater flexibility, over time this would radically destabilise the long-standing alignment of academic and letting cycles which provides a stable stock available at times when required by students. This would have fundamental implications for the business model used by student landlords, inevitably entailing less efficient occupancy, greater administration and higher costs, causing some to move to other markets where there is more regular tenant demand. There are already shortages of accommodation, particularly of affordable options, in many areas of England including Durham, Bristol, York, Bath and Manchester, and any changes that reduce supply to students are likely to contribute to these shortages and increase rents.

Unipol has interviewed landlords about the impact of the Bill, and these interviews confirmed this assessment and expressed the view that enactment of the Bill in its current form would push some student landlords to retire, sell up or move into other markets. Whilst this will not cause a reduction in overall PRS stock, for students, the ensuing market dislocation and likely shortages would add

considerably to the complexities of finding somewhere to live – as well as to their rent bill, as landlord costs were passed on.

The shared housing market is, on average, more affordable than PBSA so any impact on the supply of such homes to students would, in all likelihood, impact on those for whom affordability is a significant issue. The consequence would be to restrict the choice of universities. We are deeply concerned about the educational impacts of any reduction in supply in the student accommodation sector if students are unable to find accommodation that matches their budget or indeed the academic year cycle.

Recent Amendments

We welcome the recent amendment which proposes a specific ground for possession for shared student houses. Although gaining possession of properties is not an issue in the student sector, the ability to link this explicitly to the academic year is welcomed. However, this ground for possession should also be flexible to account for courses that run from January to January, mainly postgraduate courses and a minority of undergraduates. However, the further recent opposition amendment that this be only available to properties rented via a university would effectively render the original amendment unworkable, as universities have neither the capacity nor expertise to administer the wide-spread system this implies, and should be rejected.

We remain concerned about the ability of student tenants to be able to give two months' notice to end a tenancy at any point. Student housing demand works on a cycle linked to the academic year and it is very difficult mid-year to replace students who leave. Landlords can currently accommodate the small amount of changeover and void loss that occurs now because of its marginal nature, but to extend this would render business models unviable in the student sector causing the issues outlined above with a highly likely reduction in the shared housing stock available for student rentals.

Alterations to the Proposals

We consider that a special student tenancy that recognises the educational importance of student housing, as is being proposed for PBSA, should be extended to the shared housing sector.

This student tenancy could have special features that would bring real value to student renters, reflecting their circumstances:

- There is a problem with early renting in the shared house sector, linked to shortages and pressure from landlords. A measure that could prevent this would be the ability for students to give notice on a contract up to 4 months before it begins. This would mean for a contract starting on 1 July, if students signed up very early (the prior November is not uncommon) and their circumstances changed (for example if they fell out or failed their exams) they would be able to give notice any time before the end of February.
- Allowing students who either do not take up their course of study or who leave their educational institution, to give two months' notice to leave their contracts. This would be of much greater benefit to students than a security of tenure which is meaningless when the reason for wanting to live in the place no longer applies. This could be achieved by creating a section 8 ground for possession (similar to ground 16) which could be "The dwelling-house was let to a tenant to enable the tenant to pursue a course of study at a specified educational institution and the tenant has ceased to pursue that course of study".
- There are real concerns that student tenants, usually on short tenancies and relatively inexperienced at renting, are often unaware of and do not act on their rights, and this is

used as an argument for student renters being able to give 2 months' notice. We agree with the assessment of the problem, but not with the proposed solution. The Bill proposes a PRS Ombudsman and we support this, but consider that the timescales involved (currently cases can take up to six months before they are even considered) would be incompatible with the student market. We therefore propose that there is a dedicated ombudsman or redress scheme specifically for the student market that can take faster action. There are existing schemes in place that could be extended to fulfil this role. For example, the complaints process under the ANUK/Unipol National Codes which already makes provision for levels of compensation and inconvenience payments in certain circumstances.

The student population living in the shared market is diverse and clearly, residents who already are living and renting in their place of study before they become students should keep their rights to security of tenure in their existing accommodation that they had, prior to being students. Part time students, normally living where they study, should also be within scope of the proposed tenure reform. But we believe that enabling students to give two months' notice in other circumstances, on what are already relatively short tenancy agreements, would destabilise the student market so considerably that it would reduce supply and on balance this would not benefit students.

We consider that these alternatives directly address concerns raised by students with the current rental market, whilst at the same time maintaining viability of business models.

Conclusion

The Department for Levelling up, Housing & Communities (DLUHC) has received several representations from ourselves and other HE sector bodies about how badly these changes would disrupt the student housing market and reduce affordable supply. The response to our representations implied this issue was too complicated to resolve, and we agree that there are difficulties to address. But not to do so risks creating significant shortages like those currently being seen in Scotlandⁱⁱ and the Republic of Irelandⁱⁱⁱ.

We would welcome the opportunity to discuss this in more detail, and consider that your list of invitees with respect of the student market has not adequately considered the views of the educational sector, who would undoubtedly be impacted if there were unintended consequences from the impact of the Bill as currently drafted.

ⁱ Higher Education Statistics Agency 2021 – 2022 Student Accommodation data (most recent available)

ⁱⁱ ⁱⁱ Research on Purpose Built Student Accommodation and Student Housing in Scotland, UK Collaborative Centre for Housing Evidence, 2022.
<https://housingevidence.ac.uk/publications/research-on-purpose-built-student-accommodation-pbsa-and-student-housing-in-scotland/>

ⁱⁱⁱ <https://www.breakingnews.ie/ireland/434m-euro-funding-pot-to-address-serious-student-accommodation-shortage-1544211.html#:~:text=A%20multi%2Dmillion%20euro%20fund,rents%20below%20the%20market%20rate.>