

Universities UK submission - Renters Rights Bill committee

24 October 2024

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1. This briefing outlines Universities UK's (UUK's) key concerns and recommendations in relation to the Renters Rights Bill and its potential impact on the student housing market.

Summary of UUK's views

2. For UUK, the Renters Rights Bill is an education issue, not just a housing issue. Accommodation forms an integral part of many students' experiences of university. Over 1.2 million full-time students in the UK (close to 60%) live away from their own or family home¹. It is therefore crucial that all students have access to safe, good quality and affordable accommodation throughout their higher education.
3. The aims of this Bill are welcome, and we support increased attention on where improvements to the student accommodation market can be made. However, steps should be taken to ensure there are no unintended consequences that result from this Bill, in particular a further reduction in supply of accommodation, which would not be in the interests of students.
4. We welcome the Bill's proposal to introduce a mandatory ground for student HMO landlords (ground 4a) to serve a notice and ensure properties can be vacant in time for the next academic year, and the requirement for tenants to have been given a written statement to this effect before the tenancy is entered into. This will help protect the annual cyclical model of student tenancies, which is critical for landlords' business models, and will ensure a timely and robust supply of student accommodation whilst enhancing students' tenancy rights.
5. However, the introduction of provision for student tenants to serve two months' notice at any time will create uncertainty about the future availability of accommodation and could lead to a reduction in supply. This could lead to less choice for students and increased rents, both things that will disproportionately impact disadvantaged students.
6. There is currently a lack of detail on how these proposals would work in practice. We are seeking a commitment from government to consult with relevant stakeholders on changes to student tenancies in the private rental sector.
7. As part of a consultation with the sector the government should explore aligning student Houses in Multiple Occupation (HMOs) with purpose-built student accommodation (PBSA) and university-owned accommodation. This will ensure parity between HMOs and PBSAs, and common student rights which recognise their unique needs.

¹ <https://www.hesa.ac.uk/data-and-analysis/students/where-study#accommodation>

The impact of the Renters Rights Bill on the student housing market

8. The availability of suitable accommodation is a crucial part of a thriving higher education sector, and at UUK we have worked with the sector to support good practice to manage supply challenges.² Decisions from students on where they should study should be based on academic considerations, not the local availability of accommodation or its cost within a particular region.
9. We welcome the Bill's proposals to introduce a ground for student HMO landlords to serve a notice and ensure properties can be vacant in time for the next academic year. However, the provision for student tenants to serve two months' notice at any time may create uncertainty about the future availability of accommodation and likely lead to a reduction in supply. This comes at a time when there is a projected shortfall of 450,000 student bed spaces in 2025.³
10. Whilst it is welcome that landlords will be required to serve notice between a specific period (1 June and 30 September), which will protect students from being evicted at any point in the year, we are concerned that this ground for possession only relates to the traditional autumn start. Given the increased diversity of how and when courses are delivered, including those starting in January, there will be some courses which are inappropriate for this model.
11. In addition, the definition of an HMO in the Bill is three or more individuals; landlords renting one- and two-bedroom flats to students will therefore not be able to use this ground for possession, leaving them unable to sign tenancies with future students and more likely to rent to other tenant groups.
12. Therefore, it is our view that this Bill, as currently drafted, could result in some landlords choosing to leave the student rental sector, thereby contributing further to the decline in available accommodation for students. This could have the following impact on the supply of student accommodation:
 - a. Students will be unable to secure a property to rent for the following year until two months' notice has been given by the previous tenants. To secure properties, students will have to find and rent their new accommodation over the summer, when many are not present in their place of study. This is likely to particularly impact international students and those from disadvantaged backgrounds who have limited resources to travel to their university town for multiple house viewings.
 - b. Student rents may increase to compensate for the higher likelihood of void periods. Landlord behaviour is likely to change with increases to rent to account for shorter let periods. Moreover, as demonstrated in the recent Unipol 10 City Accommodation Costs Survey⁴, where accommodation supply is restricted, you typically find the highest rents.

² <https://www.universitiesuk.ac.uk/sites/default/files/field/downloads/2023-06/Supporting-good-practice-in-student-accommodation.pdf>

³ <https://sturents.com/student-accommodation-news/en/2022/08/18/anticipating-a-shortfall-of-approximately-450-000-student-beds-by-2025-as-supply-dries-up/3108>

⁴ <https://www.hepi.ac.uk/wp-content/uploads/2023/10/Student-accommodation-costs-across-10-cities-in-the-UK.pdf>

- c. In Scotland, where similar tenancy reforms were introduced in 2017, the rental housing market has contracted by 12% between 2016 and early 2020.⁵ Time lags in data publication mean this may have increased further. Some Universities Scotland member institutions estimate that the rental market contraction in their local area over the last two years has been as high as 20-25%.
- d. UCAS is forecasting one million higher education applicants by 2030, a quarter of a million more than today⁶. Universities are working hard to grow sustainably and encourage development of innovative PBSA, but it is essential to retain supply in the student housing market, not reduce it further.

Universities UK's recommendations

13. **We are seeking a commitment from government to consult with the sector on changes to student tenancies in the private rental sector.** There is a risk that without proper scrutiny these proposals could have unintended consequences for students. The government should publish a detailed impact assessment, learning lessons from Scotland, to better understand the impact of abolishing fixed-term tenancies on the availability of student accommodation. This should include the impact of HMO landlords exiting the market, which could lead to increased rent and less choice. We know that this is likely to disproportionately impact disadvantaged students, who may be forced to choose their place of study based on where they can afford to live or increasingly commute or live at home during their studies. Although living at home will be the right choice for some students, for those who seek to live away, we cannot risk accommodation becoming a barrier to aspiration.
14. We are aware that the quality of student housing in the private rental sector can sometimes fall below the expected standard. However, most student housing is subject to mandatory licensing, with local authorities having responsibility for implementation. This could be extended to all student HMOs. **The government should ensure that local authorities have sufficient funding, resources and powers to enforce existing licensing agreements.**
15. As part of a consultation with the sector the **government should explore aligning student HMOs with PBSAs** and university-owned accommodation. This will ensure parity between HMOs and PBSAs, and common student rights which recognise their unique needs. By allowing fixed term contracts in PBSA and university-owned properties, the government are accepting that this type of tenure works and is suitable for students. In the long term this also opens up the potential to introduce more bespoke rights that are suitable for the student market. Examples, of these might include a longer cooling off period should a student's circumstances change, or exploring how penalty fees for leaving a contract early can be stopped should a student withdraw from their course.
16. **There is currently a lack of detail on how these proposals would work in practice.** We would encourage greater clarity on the following points:

⁵ The 2016 Scottish Household Survey estimated the size of the sector to be 370,000 households. Data released by the Scottish Government in February 2020 showed 325,649 properties were privately rented – a drop of around 12%

⁶ <https://www.ucas.com/about-us/journey-million/what-journey-million>

- a. Monitoring the unintended consequences of the Bill (e.g. in relation to landlord behaviour) to ensure the student market remains attractive for landlords and is ready to meet expanding student numbers in coming years.
- b. Given the increased diversity in how and when courses are delivered there will be some courses which are inappropriate for the Bill's proposed model of landlords serving notice between 1 June and 30 September. The government should consult with the sector to identify where this is the case and what amendments can be made.
- c. Would the government, through a consultation explore the proposal to extend the exemption for PBSAs to HMOs and create a specific form of tenure for students that covers all student landlords?

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About Universities UK

At Universities UK, we harness the power of the UK's universities and create the conditions for them to thrive. We are the collective voice of 141 universities, bringing them together to pursue a common cause: Thriving universities, serving society.

This mission forms the core of our strategic plan which runs to 2030 and sets out our ambitions for the sector. We will use our unique role to ensure our universities can transform the lives of more individuals, drive greater growth and create flourishing places through the knowledge and skills they generate, and be globally competitive centres of research making ground-breaking discoveries. We will help them achieve more by securing sustainable funding and building pride in our universities.