

# Universities UK briefing

## **Renters (Reform) Bill**

### **Second reading (House of Commons)**

23 October 2023

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

### **Summary of UUK's concerns and areas for clarification**

- Accommodation is 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 home<sup>1</sup>.
- It is therefore crucial that all students have access to safe, good quality and affordable accommodation throughout their higher education.
- UUK is therefore concerned that the Government's proposal to abolish fixed term tenancies for off street student housing will stifle supply of student accommodation.
- Our members are concerned that the specific proposal to abolish fixed-term tenancies could undermine the stability of the student housing market by breaking the link between fixed-term contract lengths and the academic year, leading to private landlords withdrawing from the market.
- We are calling for a consistent approach to student housing which ensures that an adequate supply is maintained and reduces negative impact on students' higher education.

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

## **Different types of student housing explained:**

**Purpose built student accommodation (PBSA):** these are either owned and managed by universities or by a private company. Places are often reserved for first year undergraduates. Most PBSA is similar to a traditional 'hall of residence', although it is becoming increasingly diverse in its offering.

**Off street student housing:** Shared student rented houses in the community. These are usually houses in multiple occupation (HMOs).

**PRS:** Private rental sector

## **Summary of the Bill**

The Bill proposes to make the following changes to the private rented sector (PRS):

- Ending 'Section 21' no-fault evictions.
- Banning fixed-term tenancy agreements (FTTAs).
- Strengthening landlords' power to evict tenants for anti-social behaviour or failure to pay rent.
- Creating a new ombudsman to provide quicker and cheaper resolutions to disputes.
- Creating a digital portal so landlords can more easily understand their duties, and tenants can be better informed about the property they wish to rent.
- Only allowing landlords to implement rent increases once a year.
- Making it illegal for landlords to have a blanket ban on renting to tenants with pets.

UUK welcomes proposals to strengthen renters' rights – many of these measures will have a positive impact on students who rent accommodation in the PRS. The new digital portal could also prove helpful for students, and the ombudsman will hopefully enable quicker resolution to disputes.

## **How will abolishing FTTAs affect the student housing market?**

Where the Bill will have a negative impact on students is the proposal to ban FTTAs. The Bill proposes to remove FTTAs, putting all homes, including off-street student housing, onto periodic (open-ended) contracts (PBSA is exempt). Students would be able to remain in their student house indefinitely, until they give their two-months' notice to leave the property.

The student housing market currently operates on a unique, cyclical nature. Our members are concerned that the specific proposal to abolish fixed-term tenancies could undermine the stability of the student housing market by breaking the link between fixed-term contract lengths and the academic year, leading to private landlords withdrawing from the market.

The introduction of open-ended tenancies and provision for tenants to serve two months' notice at any time will create considerable uncertainty about the availability of accommodation at a future time. Without a mechanism for landlords to align their lettings with the academic year, we anticipate a significant reduction in the supply of student housing, as landlords opt for tenants in the wider PRS, where the risks of void periods are lower. Some landlords may exit the market altogether. Student rents may also increase to compensate for the higher likelihood of void periods. In Scotland, where similar tenancy reforms were introduced in 2017, the rental housing market has contracted by 12% between 2016 and early 2020.<sup>2</sup> 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%.

The supply of private rented accommodation for students is already under considerable pressure in a number of English cities, as strong demand for higher education comes up against constrained housing supply. UCAS is forecasting a million higher education applicants by 2030, a quarter of a million more than today<sup>3</sup>. 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

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<sup>2</sup> 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%

<sup>3</sup> <https://www.ucas.com/about-us/journey-million/what-journey-million>

reduce it further.

In addition, for local areas with Article 4 directives in place<sup>4</sup>, HMOs that leave the market are then unable to be re-let as HMOs. This would further compound the reduction of suitable accommodation for students in the PRS.

Students will also be unable to secure a property to rent for the following year until 2 months' notice has been given by the previous tenants. They will have to find and rent their new accommodation over the summer, when many are not present in their place of study, leading to poor decision-making and stress. This is likely to particularly impact international students and those from disadvantaged backgrounds who have limited resources to travel to their university town for house viewings, on multiple occasions.

These pressures will negatively impact students. In addition to mental health concerns, issues with unsuitable accommodation can lead to students spending more time commuting to university or working longer hours in part-time jobs to fund housing costs. This all comes at the expense of their studies and ability to enjoy a wider student experience. And at a national level, widespread shortages of accommodation could begin to affect students' ability to move away from home for higher education. 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.

**For UUK, the Renters (Reform) Bill is an education issue, not just a housing issue.**

## **Our recommendations**

1. Exemption from open-ended tenancy agreements (as granted to PBSA) should be extended to include all student housing in the PRS. When a landlord rents their property to a group of students (as evidenced by enrolment at an educational institution or council tax exempt status), and where all the occupants are students (or intending to be students) at the time of signing a tenancy, a fixed term tenancy agreement should be permissible. This recommendation is supported by the Levelling up, Housing and Communities Select Committee's

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<sup>4</sup> HMO Article 4 directions are a legal means through which a council can require property owners to obtain planning permission when converting single homes or residential properties into HMOs.

report on 'Reforming the private rented sector'<sup>5</sup>. To encourage high standards for student accommodation, landlords making use of this exemption should be accredited by a local authority licencing scheme.

2. Part-time students would be exempt from this arrangement, as would those whose security of tenancy precedes the introduction of this legislation.
3. We recognise there may be situations whereby students may wish to leave a tenancy early for example, dropping out of university. In these situations, we encourage landlords to be flexible towards tenants, as is currently the case.

#### Further reading

- Universities UK (2023): 'Student accommodation: supporting good practice in response to challenges'

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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 142 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.

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<sup>5</sup> <https://committees.parliament.uk/publications/33924/documents/185831/default/> (p.11)