

Universities UK briefing

Renters (Reform) Bill

Second reading: House of Lords, 15th May 2024

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

The Renters (Reform) 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.

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.

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

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

Summary of UUK's concerns

- We have previously warned that the provision which allows student tenants renting in the PRS to serve two months' notice at any time will create uncertainty about the future availability of accommodation and likely lead to a reduction in supply.
- The grounds for possession of student HMO landlords (4A) only relates to the traditional autumn start for the academic year and does not account for the increasing number of courses, and therefore tenancies, that start throughout the year, particularly in January.
- We are also concerned about the use of joint tenancies which could require all occupiers to vacate a property where a single tenant wishes to give notice.
- The Bill could result in different sets of tenants' rights between different types of student accommodation.

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

We welcome the introduction of a ground for student HMO landlords to serve a notice and ensure properties can be vacant in time for the next academic year. This will help protect the annual cyclical model of student tenancies and ensure a timely and robust supply of student accommodation.

However, we have previously warned that abolishing fixed term tenancies and allowing student tenants to serve two months' notice could create uncertainty about the future availability of accommodation and likely lead to a reduction in supply. This will lead to less choice for students and increased rents, both things that will disproportionately impact disadvantaged students. This comes at a time when there is a projected shortfall of 450,000 student bed spaces in 2025.²

The government has been clear during Commons stages that it does not intend to allow fixed term tenancies for student HMOs. Instead, it has amended the Bill to prevent tenants from serving notice in the first four months of a tenancy, which would give landlords the legal certainty of at least six months' rent at the start of a tenancy. However, this still means that student tenants could move out after four months of a tenancy. Landlord behaviour is consequently likely to change, leading to

² <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>

rent increases in the student market to compensate for the higher likelihood of void periods, or landlords choosing to leave the student market altogether.

In Scotland, where similar tenancy reforms were introduced in 2017, the rental housing market has contracted by 12% between 2016 and early 2020.³ 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%.

We are also concerned that this ground for possession only relates to the traditional autumn start for the academic year and does not account for the increasing number of courses, and therefore tenancies, that start throughout the year, particularly in January.

Finally, we are also concerned that the Bill, as drafted, encourages landlord use of joint tenancies. As outlined by former Unipol CEO Martin Blakey, the requirement of joint tenancies for students could require all occupiers to vacate a property where a single tenant wishes to give notice⁴.

Our recommendations

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's impact assessment⁵ should be updated to detail the impact of abolishing fixed-term tenancies on the availability of student accommodation, this may include lessons from Scotland where similar legislation has exacerbated the existing student housing crisis. This should also 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. They may increasingly choose to live at home during their studies. Although living at home will

³ 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%.

⁴ <https://www.hepi.ac.uk/2024/01/30/students-and-the-renters-reform-bill-the-government-has-listened-but-it-needs-to-listen-some-more-part-ii/>

⁵ <https://publications.parliament.uk/pa/bills/cbill/58-03/0308/2023072023RentersReformBillImpactAssessment.pdf>

be the right choice for some students, for those who seek to live away, we cannot risk accommodation becoming a barrier to aspiration.

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. Aligning tenancies across HMOs and PBSAs could also open 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 the individuals' circumstances change, or exploring how penalty fees for leaving a contract early can be stopped should a student withdraw from their course.

During Commons stages, the government proposed an annual parliamentary update on the state of the private rented sector. We believe this update should report on the following:

- The impact of abolishing fixed term tenancies on the availability of student accommodation in the private rented sector.
- The impact of HMO landlords exiting the student housing market.

We note the government's amendment which would see landlords serving notice between 1 June and 30 September (Part 1, section 4). This is welcome as it would not be in the interest of students if landlords could evict tenants at any point in the year. However, given the increased diversity of how and when courses are delivered there will be some courses which are inappropriate for this model. The government should consult with the higher education sector to identify where this is the case and what amendments can be made.

For more information, please contact Methela Haque, Political Affairs Manager on methela.haque@universitiesuk.ac.uk

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.