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16/08/2022

Dame Angela Eagle MP
Sherlock House
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16/08/2022

Dear Dame Angela

Re: The Rental Reform White Paper

I would like to express my concerns about aspects of the Government's Rental Reform White Paper which I would be grateful if you could raise with the Housing Minister.

I own and run a managing agency on Smithdown Road in Wavertree, Liverpool which since 2006 specialises in student housing. Student property makes up around 95% of our managed stock. We employ 6 people, all local residents.

There are a number of letting agencies like ours where our entire business is built on the thriving student market in Liverpool.

There are areas of the rental reform bill that are sensible and long overdue such as the removal of Section 21, assuming it is balanced with strengthening the eviction grounds for antisocial behaviour, especially in multiple occupancy properties.

However the removal of the fixed term within tenancy agreements will create immense issues with the student market. My view on this is informed by speaking to Scottish letting agents and landlords who have lived with this system for the last 5 years under the PRT (Private Residential Tenancy) system. Glasgow is mentioned a number of times below as they have seen a circa 40% increase in rental costs in the student market over the last three years, mostly due to landlords exiting the market and properties being sold off, and being removed from the student rental market.

The student market in most cities is very predictable. There is generally sufficient stock for students, and tenants look early - up to 10 months early - for their homes for the upcoming academic year. In Liverpool for example 80% of our houses are let before Christmas with the remainder let by Easter. This means that the majority of organised students will secure a property for the next academic year well in advance.

The changes to the fixed term contract throws that into chaos. The reality we will face both as managing agents is we will not be able to offer any property to let until we have been given notice by the current tenants that they intend to exit at the end of the tenancy. Furthermore, we will not be able to sign any tenancy agreements until we actually have vacant possession in July of each year.

There are two significant impacts on tenants and landlords with this new proposed system.

1. This tenancy system of having no fixed term contract is entirely unsatisfactory for tenants who are seeking a home for their student year. Their experience of renting will be cloaked in uncertainty. Uncertainty that they have secured a house as it won't be signed for until July at the latest and uncertainty that the student group who live there at the time they apply will move out. This will put students under huge pressure to find accommodation and will likely be exploited by landlords who will sign tenants up without knowing for sure they can guarantee vacant possession. From my research into the Scottish market - in particular Glasgow - this lack of certainty is a particular issue, with agents not advertising properties until May for the current student intake, and students arriving in the city to start their studies without having found a student house to live in. A specific problem in Glasgow is students do not leave at the end of the usual student rental year because they simply have nowhere else to move to for their next year of studies as there are no student homes available. This leaves landlords with no other option but to not sign contracts until they have vacant possession. Entering into a contract and finding the tenants do not move out opens the landlord to legal jeopardy.

2. If students are able to give notice and leave after for example two months, the landlord will face a significant void period. The landlord will likely sell, or possibly move to other uses such as social housing with a private social provider, professional HMO accommodation, or will move to short term accommodation use (e.g., Airbnb). This will remove that property from the student market, most likely for good. This will reduce supply in the market and will drive up rental prices and make it much harder for students to find properties to let. Landlords may also sell due to uncertainty in the market.

The white paper indicates that "PBSA" - Purpose Built Student Accommodation - effectively large blocks of flats aimed particular at students - will be exempt from the fixed term contract issue and will be allowed to issue fixed term contracts. There is

clearly a lack of a level playing field with this proposal, and is a clear indication that the government recognises there is a need for this.

If the government does decide to press on with removing fixed term contracts, there is a very simple solution. This is to simply allow landlords of private sector homes within the student market the same right to have a fixed term contract as the landlords for the large accommodation blocks.

This is the perfect solution for tenants - student tenants deserve a functioning student rental market - as well as a good solution for landlords.

There will clearly be unintended consequences from introducing these proposed reforms, as there has been from introducing other legislation such as Section 24 of the Finance Act 2015, which removed mortgage interest as an allowable expense - this in particular led to a renewed interest in short term accommodation which was outside Section 24 and has further added to the housing shortage not just in Liverpool but across the country.

I include a number of open source references from the last few years which highlight the particular issues in the student market in Scotland since the introduction of their rental reforms 5 years ago. These have been provided as "TinyURL" links (see end of letter for these).

I would be grateful if you could raise my concerns with the Housing Secretary, Marcus Jones MP.

I look forward to receiving a positive response.

Yours faithfully,

Simon Topple
Director, Topproperty Lettings Limited.

References

<https://tinyurl.com/reform-1> [Glasgow Guardian article about crisis in the student market]

<https://tinyurl.com/reform-2> [Scottish Conservative and Unionist press release]

<https://tinyurl.com/reform-4> [Glasgow Guardian - anecdotal report from a student in issues finding accommodation]

<https://tinyurl.com/reform-5> [BBC news articles about the problems in the Scottish student market]

<https://tinyurl.com/reform-6> [Glasgow Times article about problems in the Scottish student market]

<https://tinyurl.com/reform-7> [The Scotsman article about students having to commute 45 minutes due to the housing crisis for students, as well as deferring their studies]