

Private Housing (Tenancies) (Scotland) Bill

Written submission to the Infrastructure and Capital investment Committee

Greystar Europe Holdings Limited

We understand that the Infrastructure and Capital Investment Committee is now seeking views on the general principles of the Private Housing (Tenancies) (Scotland) Bill (referred to in this submission as “the Bill”).

Greystar- Who we are

By way of introduction Greystar is an integrated real estate organisation founded in 1993 and is based in Charleston, South Carolina. Greystar is now the largest multi-family real estate organisation in the United States and commenced a programme of expansion into the student sector in the UK in October 2013.

Through our “Prodigy Living” brand (<https://www.prodigy-living.co.uk/>) we operate thirty seven student accommodation assets throughout the UK, including the purpose built student accommodation at Parker House in Dundee. We also operate another 7 student accommodation assets in conjunction with some of the UK’s top Universities and expect to acquire more assets in Scotland through portfolio purchase and development in 2016. We are now the third largest UK student accommodation provider in the UK as defined by the ANUK national code of Standards for larger Student Halls of Residence not controlled by educational establishments.

The Impact of the Bill on Student Accommodation

We understand that if the Bill is passed, it will no longer be possible for a private owner of student accommodation to grant a fixed nine month tenancy to a student which allows the landlord to require the student to leave at the contracted expiry date (ie at the end of the academic year). Instead, if a private landlord wants to recover possession of the property from a tenant after the contracted expiry date, then we understand the landlord must identify at least one of sixteen specified eviction grounds (to justify the removal of the tenant).

It is noted that there is no eviction ground set out in the Bill which would allow a landlord to recover possession from a student tenant (at the contracted expiry date) because the landlord wishes to rent the property out as a “holiday let” during the summer (e.g. during the Edinburgh Festival). This may result in the loss of important premium rental income for some landlords including us.

If passed in its current form, the Bill will also prevent private investors from properly managing student accommodation. Many private providers of student accommodation (including us) look to secure lettings several months in advance of the start of an academic year (whether by way of advertising “direct lets” with students or entering into nomination agreements with universities). [For example, we are looking now to secure rental income for the 2016/2017 academic year]. However, the Bill, if implemented today, would mean that the existing student

tenants could not be asked to leave at the end of the 2015/2016 academic year (unless the tenant in question is no longer a student). As a consequence, we would be unable to guarantee to new incoming students and universities the availability of a set number of beds in our accommodation at the start of the 2016/2017 academic year.

The Position of Universities

We also note that the Bill allows universities and colleges to grant finite short term tenancies to their students (which align with their academic year). Education institutions will therefore be provided with the flexibility to properly manage their properties whereas private student accommodation investors such as us (who work alongside such education institutions) will not be provided with the same level of control.

This lack of control may adversely affect not only private student accommodation providers, but also the education institutions with whom they work (as it will make it more difficult for the private providers to guarantee the availability of rooms to the students of those institutions).

Recommendation:

In order to address the abovementioned concerns, we would request that the Bill be amended in either one of the following ways:

1. A letting of student accommodation to a student could be excluded from the types of tenancy that can be a “private residential tenancy” (and therefore such a letting would be included within the types of tenancy listed in Schedule 1 of the Bill (Tenancies which cannot be private residential tenancies)); or
2. An additional eviction ground could be included within Schedule 3 to the Bill (Eviction grounds) which allows a landlord of student accommodation to recover possession from his tenant at the expiry of the initial agreed lease term (ie at the end of the usual nine month tenancy).

The Bill is a significant departure from the previous legislation and large Private Providers of Student Accommodation did not exist at the time of the 1988 Act. Simply carrying forward the University exemption without considering the impact on the Corporate Providers such as Greystar which operates in the same way, will leave students and providers and Scotland worse off, for no perceivable gain.

Paul Rowlinson
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