

Private Housing (Tenancies) (Scotland) Bill

Written submission to the Infrastructure and Capital investment Committee

Watkin Jones Group

Watkin Jones Group is a specialist developer and contractor of Student Accommodation and Residential properties across the UK including Scotland. We have significant experience and track record of delivering purpose built student accommodation schemes in Scotland having delivered in excess of 4,000 bedspaces.

We have closely reviewed the proposed Bill with a number of our institutional investment partners and funds and also our associated management company Fresh Student Living. We write to express some significant concerns about the proposed Bill and its application to the Purpose Built Student Accommodation (PBSA) sector.

The purpose built student housing sector differs from traditional residential markets in a number of key respects:

It serves to meet a specific occupier market and demand from students studying at the various education institutions across Scotland.

It works alongside the Higher Education sector / Universities in meeting these student requirements. Increasingly across the UK in part due to changes in University funding policies and a focus on key academic estates the Universities increasingly work closely with the private sector to ensure good quality well managed accommodation is provided.

Student accommodation seeks to operate around and reflect the Universities academic year timetable and requirements. This point appears to have been recognised in the exemption in the Bill for Universities.

PBSA is already comprehensively quality controlled and accredited through ANUK which ensures properties, tenancies and students are managed correctly and professionally.

One of the key concerns within the Bill as proposed, is the uncertainty it creates with regards to the duration of a student's tenure (the ability to extend and then terminate mid-year) and the consequential uncertainty this will create for both students and operator in the number of rooms that will be available at the start of an academic year. Students typically want certainty and peace of mind around their accommodation for the following year, as early as possible.

This issue is potentially exacerbated as academic institutions who are exempt from the proposed Bill, will likely have to limit security of tenure to an academic year to allow for the next years in take – these outgoing students will have continued uncertainty over whether there are available beds with in the PBSA sector.

We believe there are a number of potential negative outcomes associated with the Bill and the PBSA sector:

Undermine investor and operator confidence in the Scottish PBSA sector – reducing investment and supply.

Attractiveness of Scottish Universities to students – Accommodation and ‘Student Experience’ are now key considerations for students in selecting an institution and important recruitment tools for Universities in attracting both home domiciled and International students. If students lose confidence in the ability to live in attractive quality accommodation this could have impacts on student numbers.

Reversion to Houses of Multiple Occupation (HMO sector) – An unintended consequence of the Bill could be an encouragement of students back to traditional HMO housing, reducing accommodation for other housing need groups, Council Tax Income for the appropriate authority and impacting the ‘student experience’ and pastoral and welfare benefits of PBSA;

Because PBSA are restricted to letting to students only – tenancies ending mid-term will inevitably result in voids for the rest of the academic year. This could have potential impact on rents as Owners may be left with increasing void periods if the letting period becomes disconnected from the academic cycle.

In markets such as Edinburgh, PBSA serves an important tourist accommodation purpose, for example during the festival. This could be impacted by the proposed Bill’s provisions.

In conclusion whilst we can see the proposed Bill’s strengthening of a tenant’s position within the private rented market we do not believe this necessarily translates to the PBSA. We believe strongly the ICI committee should exempt purpose built student housing from the Bill in line with the University sector. This sector is already well regulated by professional bodies and it is an important distinction of the PBSA sector that tenancies should be able to be linked to an academic year.

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