

Introduction

PRS 4 Scotland is an alliance of people and businesses that wants to see a strong, modernised and sustainable Private Rented Sector (PRS) in Scotland serving tenants and enhancing supply by contributing to the nation's housing stock. It includes agents, landlords, portals and investors.

While many aspects of the Bill will strengthen the relationship between landlords and tenants, we are concerned that the 'one size fits all' approach used for the standard tenancy agreement will actually work against the interests of some tenant groups, especially students. This briefing explains why that is our view and what must be done to avoid significant disruption in the student sector.

A distinct market

At the moment, a significant proportion of students opt to take a 9-10 month lease so that they can vacate the property in the summer months and save money and/or move back home. In many cases that allows landlords to take vacant possession of properties for holiday lets, which is a popular and economically vital option in cities like Edinburgh, where Festival visitors place high demand on local accommodation.

The current calendar for student accommodation providers works well, both for landlords and tenants and is explained on the right.

The need for a rethink

The new Single Tenancy proposed by the Private Housing (Tenancies) Scotland Bill effectively breaks this cycle, for no obvious benefit. Landlords and students will be unable mutually to agree a lease of a fixed duration (e.g. 9 or 10 months) and the removal of the no fault clause for repossession will mean that landlords, agents and specialist university accommodation providers will have no advance knowledge of when their accommodation will be available to let, and so will not be able to advertise properties for rent when most students are looking.

The consequence will be that students looking for accommodation for the first time or looking to move at the end of summer term, will face a severe shortage of options. Moreover, the overnight removal of a significant portion

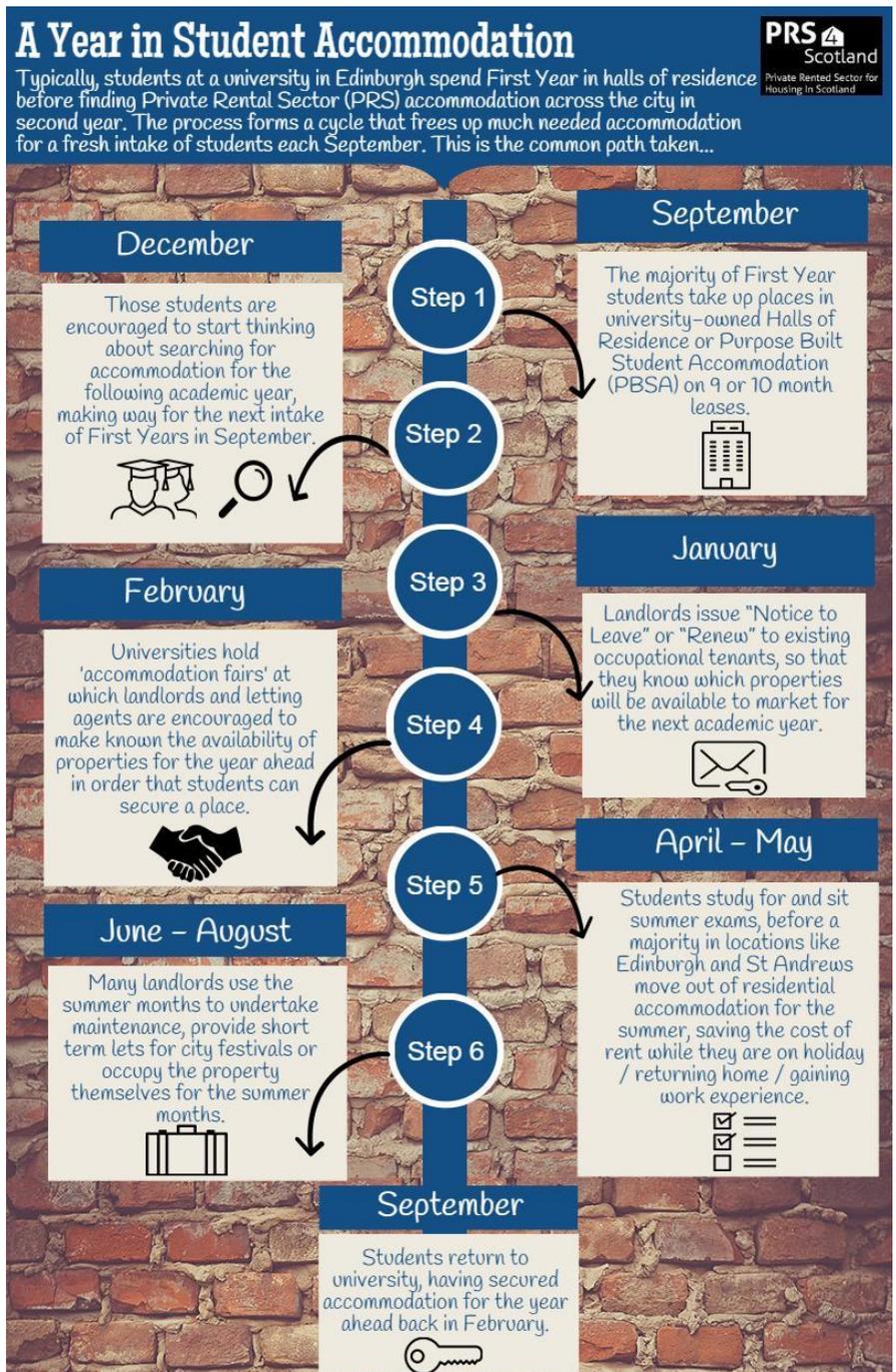


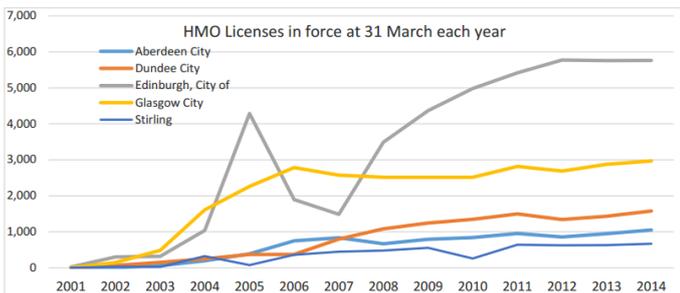
Figure 1: Copyright - PRS 4 Scotland, 2015

of these properties from the short stay lettings market, which the Bill in its current form will lead to, will leave the organisers of summer events like The Open in St Andrews and Edinburgh’s Festivals at a loss over where to accommodate visitors.

When it took evidence on this issue this year, the Scottish Parliament’s Finance Committee “expressed doubts that all students would remember to give sufficient notice and that some might simply walk away at the end of June leaving their landlord out of pocket”. In response, “the Bill Team restated its position that landlords should have regular engagement with their tenants meaning they should have adequate notice of their intentions and in the worst-case scenario, eight weeks.”¹ PRS 4 Scotland would point out that under the terms of the bill, the Scottish Government’s so-called “worst case scenario” risks happening commonly because landlords will have no recourse to law to prevent it.

As things stand, the Bill serves to hamstring the effective function of the student lettings market while providing no practical guidance for students or landlords to pick up the pieces. In effect, landlords will have no power to ascertain whether student tenants will stay for another year, or simply walk away from the property with eight weeks’ notice. It will be particularly difficult to work out what will happen in larger HMO properties because landlords will have to rely on tenants’ capacity to agree a joint and coordinated response to landlords stating their wishes, and experience tells us this isn’t always possible in practice. As well as leaving landlords potentially out of pocket, the new system

means that first year students currently in halls of residence will have far more limited opportunities to secure the following year’s accommodation because landlords won’t be able to market properties at a predictable time. The result will be an increasing shortage of available student properties across Scotland, particularly in the most popular areas where students want to live and work. Moreover, those that do become available will no longer be marketed at predictable and convenient times of the year.



Source: Scottish Government

We know that a big proportion of students move away from university each summer, so why are we creating a system that will force so many to look for accommodation in the middle of the summer holidays or risk losing out in the search for a property where they want to live for the duration they need?

PRS 4 Scotland is urging policymakers to amend the Private Housing (Tenancies) Scotland Bill at Stage 2 because the current provisions will:

1. Severely hinder students aiming to secure quality accommodation in a timely and predictable manner.
2. Against the wishes of universities, make students search for accommodation during exam / holiday periods.
3. Prevent students from saving on summer rents by choosing the popular option of a 9/10 month lease.
4. Leave landlords unable to market properties at the particular time of the year when students are looking for them, creating the uncertainty that their property will let in September.
5. Severely limit the supply of housing in the student sector because, faced with uncertainty, landlords will either sell up or market their property to non-student tenants.
6. Hammer the supply of accommodation for short term summer lets, which events like our festivals need to function properly.

¹ [Report on the Private Housing \(Tenancies\) Bill’s Financial Memorandum, 2015 \(Session 4\)](#)

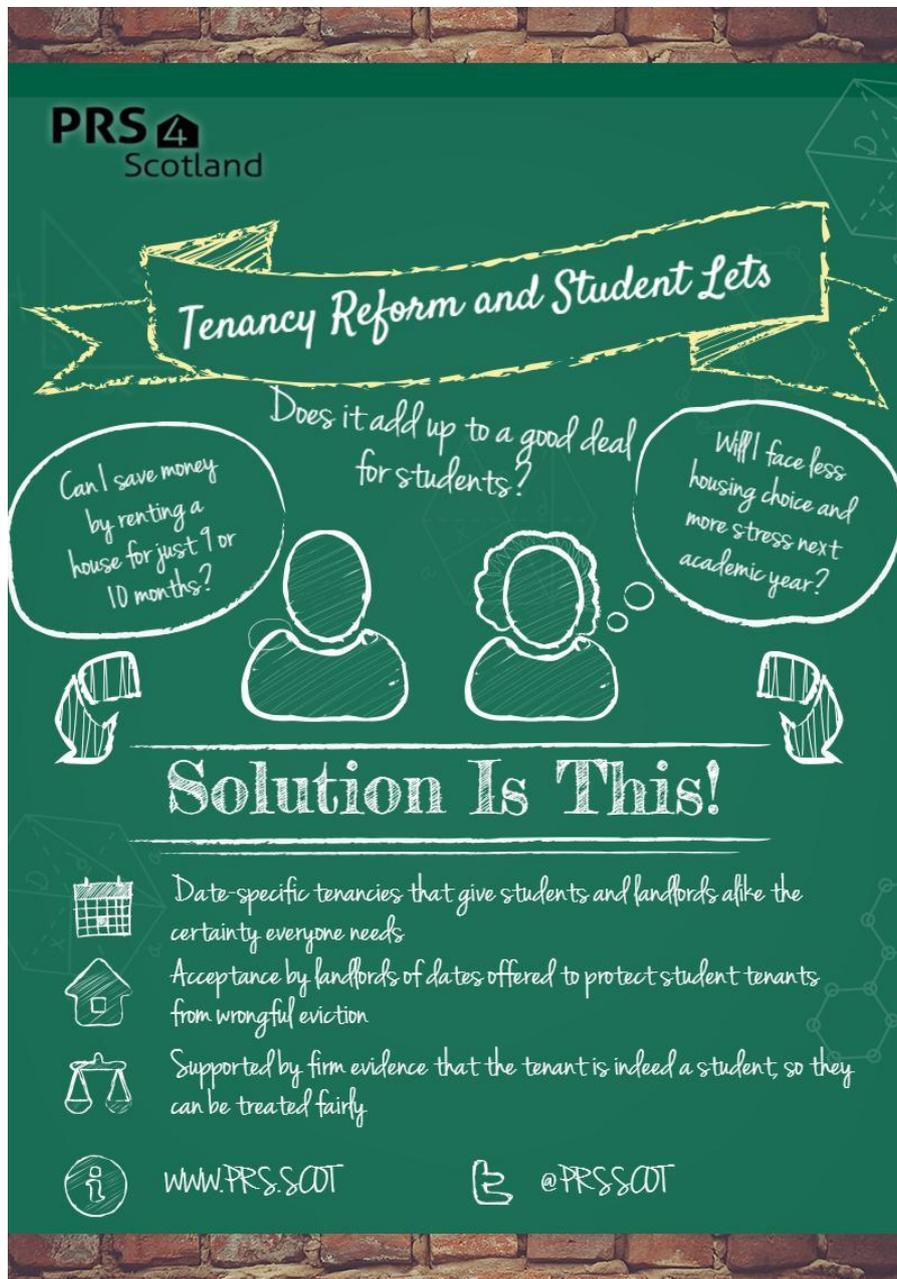
What's needed now

MSPs must consider bringing forward a 'student tenancy' that gives students all of the same rights as other PRs tenants under the bill but allows for a defined end date to be set at the start of the tenancy (in an agreement by the landlord and student). The tenancy must provide equal rights for students in all tenures to provide a smoothly functioning market. The 'student tenancy' would include:

- Date-specific tenancies as determined by the consumer (student tenant), that give the sector the certainty it needs to function properly.
- Acceptance by landlords of the dates offered, so that student tenants are fully protected from unwarranted eviction.
- Supported by firm evidence that consumer is indeed a student, so the tenancy isn't used inappropriately.

Further information

For more information about PRs 4 Scotland and the issues contained in this paper please contact Dr John Boyle at john.boyle@rettie.co.uk or Dan Cookson at dan@lettingweb.com.



PRs 4 Scotland

Tenancy Reform and Student Lets

Does it add up to a good deal for students?

Can I save money by renting a house for just 9 or 10 months?

Will I face less housing choice and more stress next academic year?

Solution Is This!

-  Date-specific tenancies that give students and landlords alike the certainty everyone needs
-  Acceptance by landlords of dates offered to protect student tenants from wrongful eviction
-  Supported by firm evidence that the tenant is indeed a student, so they can be treated fairly

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