

# The Renters (Reform) Bill and its Impact on Student Accommodation

Last week a group of 30 charities and non-profit organisations have written to the prime minister to call on the government to commit to progressing the Renters (Reform) Bill. They are primarily concerned with banning “no-fault” evictions i.e. the right for landlords to evict tenants on two months’ notice for no reason. The way the Bill seeks to achieve this is to abolish the Assured Shorthold Tenancy (AST) regime and instead all tenancies will become periodic assured tenancies, rolling monthly without a specified end date. Tenants will need to provide two months’ notice when ending a tenancy and landlords will only be able to evict a tenant under “reasonable” circumstances.

The explanatory notes published alongside the Bill stated that Purpose-Built Student Accommodation (PBSA) will be exempt from these changes as long as the provider is registered for government-approved codes. However the Bill itself doesn’t include such an exemption, so what does this mean for PBSA? Currently there are no details on how the exemption will apply in practice and whether these government-approved codes will include or be limited to existing ANUK/ UUK/ Unipol accreditation schemes for student accommodation providers.



**NICOLA COPSEY**

Senior Associate  
Commercial Real Estate

T: +44 (0)20 7399 4819

E: [nicola.copsey@forsters.co.uk](mailto:nicola.copsey@forsters.co.uk)

When similar legislation was introduced in Scotland in 2016, the BPF successfully lobbied for a student let exemption for PBSA. BPF suggested an exemption based on the UUK and ANUK codes, however the Scottish Government defined the exemption based on a building’s planning status and size. BPF’s preference in the Renters’ (Reform) Bill would be to allow all student lets to continue to be based on a fixed term tenancy, and to base the exemption on the definition of a student, with certification from a student’s Higher Education Institution, in the same way as HEIs certify a student’s status for council tax purposes.

It is worth noting that under the current assured tenancy regime there is an exemption for student lettings provided that the tenancy is granted to the student either by the educational institution delivering their course of study or by another specified institution or body of persons. So generally universities/ publicly funded higher education institutions and private registered providers of social housing are exempt from the assured tenancy regime. These tenancies will continue to be exempt and will not be affected by the Renters (Reform) Bill.

## THE RENTERS (REFORM) BILL AND ITS IMPACT ON STUDENT ACCOMMODATION

However, student accommodation which is not owned by educational institutions may be affected by the Renters (Reform) Bill. Companies which own these schemes may have a nominations arrangement with an educational institution to guarantee an agreed rental rate but it is company the which grant ASTs directly to students. The owners of these direct let assets will consequently be affected by the Renters (Reform) Bill unless they are able to register for a government-approved code and therefore benefit from the PBSA exemption.

Whilst there is uncertainty over whether there is an exemption for direct let PBSA and what that possible exemption may look like, there isn't even a hint of an exemption for HMOs as per the Bill's current drafting. In the Government's White Paper, A Fairer Private Rented Sector (June 2022), it was stated that "students renting in the general private rental market will be included within the reforms", the difference between HMOs and PBSA being that PBSA "cannot typically be let to non-students". However, HMOs also rely on students renting property at specific times of the year to align with term dates and students sign up for tenancies months in advance so landlords need to obtain vacant possession at the end of each fixed term tenancy.



Landlords also rely on having student tenants in place for the entire fixed term as it is difficult (if not impossible) to find new tenants partway through an academic year so the ability for tenants to vacate at any time on two months' notice could be disastrous for landlords.

Whether it's the uncertainty caused by the undetailed promise of an exemption for direct let PBSA or the effects of the reforms on landlords in the HMO market, the Renters (Reform) Bill, as proposed, risks damaging the confidence of investors in elements of the student accommodation sector. This could further reduce the already stretched supply, which will consequently push up increasingly unaffordable rents and add to the emerging two-tier standard of student accommodation.

It is therefore hoped that the Bill will be amended on the second reading to allow the fixed-term model of renting to continue for all student lets.

**"THE TEAM SHOWS A KEEN AWARENESS OF THE COMMERCIAL REALITIES AND REQUIREMENTS OF OUR BUSINESS; THEY ARE ALWAYS INCREDIBLY IMPRESSIVE."**

Chambers UK Guide



[facebook.com/ForstersLLP](https://www.facebook.com/ForstersLLP)



[@forstersllp](https://www.instagram.com/forstersllp)



[forstersllp](https://www.linkedin.com/company/forstersllp)



[@ForstersLLP](https://twitter.com/ForstersLLP)