



# Private Tenancies Bill

## Communities Committee – Oral Evidence – 9 November 2021

Housing is a significant issue for Northern Ireland’s student population. Student renters have unique needs to other types of renters due to the nature of their lives. They typically require short-term tenancies which start mid-summer / early autumn and they move frequently throughout their course of education. They are usually on low incomes and many may be renting for the first time. Large numbers of international students arrive every year and have to navigate the Northern Ireland rental market with little support – most of these students do not yet have a bank account or UK based guarantor.

Northern Ireland is different from the rest of the UK in that it has a much higher percentage of students in the private rented sector than in purpose-built student accommodation (PBSA), partly due to the lack of availability of the latter.

### Tenancy statements and receipts (Clause 1 – 3)

NUS-USI supports these measures as they can provide extra security to student renters who may not be fully informed on their tenant rights.

It is important to note however that current pressure in the housing market can lead to students having little scope to effectively scrutinise, request alterations to, or make changes to a tenancy agreement. The NUS Homes Fit for Study report (2019)<sup>1</sup> found that 28% of student renters were asked to pay a deposit before they had seen their tenancy agreement; and in recent months we have heard that students are signing up to tenancy agreements immediately after viewing houses in order to secure their place.

Students most likely to pay rent in cash are international students who are unable to secure a UK bank account before finding a tenancy. These students are less likely to be confident about what their rights are as a renter in the UK.

### Deposits and affordability (Clause 4 – 7)

NUS-USI broadly supports clauses 4 – 7 of the Bill, but has concerns that it does not go far enough in making renting more affordable and secure for students.

#### Overall affordability

- Affordability of housing is one of the main issues impacting student renters.
- One of the lowest PBSA rents available in Belfast is £119 per week, amounting to £4522 for a 38 week lease. The maximum student maintenance loan available to students is £4840, meaning that 93% of non-means tested student finance goes straight into rental costs.
- A student from a low-income background receiving a full loan and grant can receive a grant of up to £3475, giving them a total income of £8315. In this case an annual rent of £4522 would represent 54% of their income. Research suggests that on [average the UK population spends 27% of its income on rent](#).
- Student finance has not risen with inflation for the last decade, meaning that students today are roughly 20% worse off than their counterparts ten years ago. This is one of the reasons that many students opt to enter the private rented sector where housing costs can be slightly lower.
- Research carried out in March 2021 found that 79% of students in Northern Ireland were concerned about their ability to manage financially. One fifth of students said they had been unable to pay their rent in full over the previous four months, and three quarters were concerned about their ability to pay rent for the rest of the year.

<sup>1</sup> <https://www.nus.org.uk/articles/homes-fit-for-study-report>

- Unlike other population groups students, for the most part, do not have access to Universal Credit. This means that if they are relying on part-time work to cover the cost of their rent, they have little access to additional support should they lose employment. This severely impacted students during the Covid-19 pandemic, many of whom were instructed by landlords to apply to their university's hardship scheme in order to continue paying rent<sup>2</sup> – hardship schemes typically have very strict requirements for application and rarely issue payments higher than £500.
- NUS-UKSI's research in 2014<sup>3</sup> showed that 58% of students regularly worry about having enough money to cover basic living expenses such as rent and utilities. While student finance has remained static since that time, the cost of rent in Northern Ireland has been [rising faster than in the rest of the UK](#).

### Deposit payments

NUS-UKSI supports Clause 4 which seeks to limit the deposit paid by a renter to one month's rent. However, unless additional support measures are put in place to limit the amount of rent which may be charged in advance, some of the most vulnerable students are likely to still struggle with excessive pre-tenancy costs. Finding a suitable guarantor can be a challenge for a number of students, including international students, mature students, student parents, care-experienced students, students that are estranged from their families and students on low incomes.

Without a guarantor landlords often charge additional rent in advance. The Homes Fit for Study report found that for students that couldn't provide a UK-based guarantor, 42% were required to pay between 1 and 2 months' rent in advance as an upfront cost, 4% were asked to pay 6 months' rent and 2% were asked to pay a full years' rent in advance.

The committee may wish to consider additional support mechanisms to support these students. It is important that restrictions to deposit requirements does not result in fewer students being able to access housing – however it is also important to make housing affordable to students by reducing the significant financial burden many experience at the beginning of their tenancies. The committee may wish to consider schemes such as government or university owned guarantor schemes.

### Deposit scheme

We have no overt objections to increasing the time period to protect a deposit to 28 days (Clause 5), however we recommend that a review of how this clause is working is undertaken soon after introduction to ensure it is not having any unforeseen negative consequences for renters. We support Clause 6 as there have been instances where students have not been made aware that their deposit was not protected until the end of their 12 month agreement. By this time it is too late for them to take legal action regarding the non-protection and it makes it far more difficult for the student to negotiate the return of the deposit from the landlord. If this time limit did not exist, it would have encouraged the landlord to have returned the deposit to avoid legal action being taken against them.

### Rent increases

NUS-UKSI supports Clause 7 which places a limit on rent increases in a 12 month period, however student tenants tend to move more frequently than other tenant demographics between rental properties. Without any rent controls *between tenancies*, it is likely this higher level of 'churn' will mean students benefit less from these proposals than other tenant groups.

Furthermore, the Bill fails to provide any restriction on the level of rent increases a landlord can implement. The Fair Rents Bill in Scotland prevents a landlord of a private residential tenancy from increasing rent in any year by more than the Consumer Price Index plus 1% and recent legislative changes in Ireland mean that any tenancy,

<sup>2</sup> <https://twitter.com/tracyharkin1/status/1243845203175321600?s=21>

<sup>3</sup> <https://www.nusconnect.org.uk/resources/pound-in-your-pocket-nus-usi-report-2014>



including those in PBSA, in a Rent Pressure Zone must abide by the maximum annual increase of 4%. Meanwhile Homelets has found that the average cost of rent in Northern Ireland has [increased by 11.6% in the last 12 months](#). Restricting the frequency of rental increases without restricting the level of increase could simply lead to greater increases in rent taking place between longer intervals.

## **Housing quality and safety (Clause 8 – 10)**

NUS-UKSI supports Clauses 8 – 10.

NUS' Homes Fit for Study report (2019) found that:

- A substantial proportion of student renters reported experiencing an issue in their rented home, with the main problems identified as excessive condensation (experienced by 44% of renters), draughty windows and doors (42%), and issues with damp and mould (40%).
- Issues with vermin or insect infestation were reported by 20% of student renters and 16% reported living in properties with electrical safety hazards, and 9% reported gas safety hazards.
- The impact of living in substandard or dangerous properties was recorded with 37% of renters reporting that it made them feel miserable, 36% reported feeling anxious or depressed, 27% reported that they didn't invite friends over, and 17% felt that the conditions of their property had exacerbated an existing health condition.

The proposed clauses will likely help to ensure a higher standard of safety and quality of private rented housing. Additional measures which should be taken to ensure the effectiveness of these clauses include:

- Running a public information campaign alongside universities and colleges to ensure student renters know their rights and responsibilities as early as possible.
- Ensuring that mechanisms to report housing problems are clear and easily accessible. Over half (57%) of student renters feel they know where to seek advice on their housing issues, with just under half (47%) confirming that they know their rights as a renter, and that they feel confident in asserting them<sup>4</sup>. Clearly there are substantial numbers of students who are not confident seeking help or asserting their rights.

## **Eviction (Clause 11)**

NUS-UKSI supports the ask of Housing Rights NI to extend the period available for tenants to leave to 12 weeks in line with current emergency legislation.

It is important to note that students experience periods of significant academic pressure in line with exam periods, usually around January, May and August/September. The requirement to find alternative accommodation at these periods could result in students needing to defer exams which can have a significant long-term cost as a result of additional tuition fees. As such, offering 12 weeks to secure and move to alternative accommodation provides a reasonable compromise and allows student renters flexibility should they be asked to leave at a time in the year when they are also experiencing significant academic stress.

## **Additional issues:**

### **Purpose-Built Student Accommodation (PBSA)**

While Northern Ireland has typically had low numbers of PBSAs, an increase in number is likely to change the landscape of student rentals in the next few years. In Scotland, where the number of PBSAs is much higher,

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<sup>4</sup> <https://www.nus.org.uk/articles/homes-fit-for-study-report>



students have experienced significant and growing problems in relation to poor quality, lack of regulation and rent inflation.

NUS-USA recently wrote to the Economy and Communities Ministers expressing our concern over rising rental costs for students. Both Ministers stated that PBSAs fell outside the remits of their Departments. It is imperative that as the PBSA sector continues to grow the NI Executive is confident in accepting regulatory responsibility over it. The committee should consider the response of NUS Scotland to the Fair Rents Bill in Scotland earlier this year, and their calls to bring PBSAs under the remit of private tenancies legislation (attached).

### **Pressure selling**

A common trend in the student rental market is the practice of students being pressured into signing tenancy agreements far in advance of the start of the tenancy. The NUS Homes Fit for Study report found that 57% of students had started looking for their next property (to move into in the autumn of the following year) by December. Students attributed this early start on house-hunting to pressure from their peers and concern that there would be no properties available if they left it any later. Early reports from NI SUs this year show that due to rising rental pressures students are already seeking properties for the next academic year.

NUS has urged the Competition and Markets Authority to consider investigating whether pressurising students to sign contracts so far in advance of the tenancy start date may be an unfair practice.