

# Private Rented Sector in NI – Proposals for Change



## Introduction

NUS-USI is the student movement in Northern Ireland and we welcome the opportunity to respond to the second stage of the Department's Review of the Role and Regulation of the Private Rented Sector. NUS-USI represents 200,000 students across Northern Ireland, of which a large number are tenants in privately rented accommodation. We believe that it is imperative that all students who need it have access to affordable, purpose built, good quality accommodation, and that they have the skills and knowledge to navigate the challenges that come with being a tenant.

## Supply

We believe that any shortage in housing supply should be met by public housing, through the Housing Executive and Housing Associations. We do not agree that using private landlords to address housing shortage is an effective way to sustainably tackle this problem. The Department proposes to "gauge the appetite of institutional investors... to invest in Northern Ireland", and highlights the recent large scale investment of purpose built student accommodation in Belfast as an example. However this accommodation is unaffordable to many students, and does not tackle the problem of providing genuinely affordable purpose

built accommodation. The maximum maintenance loan available to students is £4,840<sup>1</sup>, which may be complemented with a grant of up to £3,475, dependent on household income. Given that in many circumstances, even the cheapest privately owned, purpose built student accommodation in Belfast costs £100+ per week<sup>2</sup>, it is clear that students end up spending the vast majority of their financial support on rent, forcing many to take on jobs alongside their studies and/or rely on family financial support. We want to see publically owned, purpose built student accommodation, run by government, councils or education institutions that is offered at a rate in line with student funding to ensure that accommodation costs are not a barrier to attainment, and that students from all backgrounds can access education.

As such, we do not believe that large scale, institutional investors represent a viable option to tackling the housing supply shortage, as they are unlikely to meet the needs of renters in regard to affordability. We would prefer to see greater investment in social housing, which prioritises the needs of tenants over the profits of investors.

We welcome moves to tackle the cost of division by promoting the greater availability of housing in areas where there are households from more than one community background. However we would prefer to see money from the Fresh Start agreement being invested in public sector housing options,

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[http://www.studentfinancenl.co.uk/portal/page?\\_pageid=54,1266217&\\_dad=portal&\\_schema=PORTAL](http://www.studentfinancenl.co.uk/portal/page?_pageid=54,1266217&_dad=portal&_schema=PORTAL)

2 <http://www.qub.ac.uk/Discover/Living-in-Northern-Ireland/Cost-of-living/>

which are most likely to provide affordable, purpose-built accommodation which meets the needs of its tenants. Many of the most polarised areas, in relation to community background, have significant socio-economic problems, and as such are more likely to be home to low income families. For that reason, social housing is a better option to provide affordable accommodation for tenants. Public money designed to tackle the cost of division should be invested in the public sector as far as possible.

We would encourage the department to exercise caution when encouraging greater links between Housing Associations and the private rented sector. Any money which is invested in improving the housing supply should go towards enhancing the provision of social housing, not the provision of private rented accommodation. Placing Housing Associations in charge of, for instance, managing private housing, could result in a significant waste of public sector resources, by letting private landlords escape their responsibilities, whilst still enabling them to gain a private profit.

However, to a certain extent, a closer relationship between Housing Associations and private landlords (particularly small amateur landlords) in the form of support and advice could prove beneficial, as guidance from an experienced public body could result in a more professional private sector and produce better results for tenants. We do not support the idea that Housing Associations should support the private sector either through direct investment or by managing properties, but rather we do

support the idea of promoting Housing Associations as a model of good practice.

## **Affordability**

We welcome plans to ensure that rents can only be increased once in any 12 month period. In line with the Private Tenancies Bill in Scotland, we would encourage the Department to also introduce a guaranteed 3 month notice period so that tenants can plan accordingly.

However, while we are supportive of these plans we do not feel that they go far enough in ensuring that housing is affordable. For instance, we want to ensure that all student accommodation provision is affordable for all students. High rents can mean that almost all of their student loan goes on rent alone. We want to see rental costs kept as low as possible, to ensure that accommodation costs are not a barrier to attainment and students from all backgrounds can access education.

We are disappointed that proposals for rent control have not been taken on board. We believe however that rent control is an effective method for ensuring that properties are let at rates which reflect their value, and it provides protection for tenants from unfair rent inflation. We believe that rent controls are an important tool we can use to ensure that accommodation is affordable for everyone, and will go some way to reducing the current housing crisis, possibly caused in part by unaffordable rents.

## **Security of Tenure**

NUS-USI supports plans to ensure that all private tenants are provided with a written agreement which contains mandatory terms. This should be accompanied by user friendly renters' advice and a public information campaign aimed at ensuring full understanding of the rights and responsibilities of both landlord and tenants.

We are supportive of plans to increase the notice to quit period issued by landlords to tenants, from 4 weeks to 8 weeks. As highlighted by the consultation document, four weeks is a very short period of time to find suitable alternative accommodation and move house, and can result in high levels of stress for tenants or in some cases homelessness.

However we do not believe that tenants should have to provide a notice period of more than 4 weeks to landlords. There are many circumstances when tenants may have to relocate quickly, for instance relationship breakdown or job relocation. Having to pay 2 months' rent, possibly at the same time as paying rent on another property, could impose significant financial burdens on low income tenants.

We are strongly opposed to the Fast Track eviction proposal. Circumstances which lead to eviction are often complex, and may include vulnerable individuals. We want to see the use of mediation services which can handle situations on a case by case basis and ensure that vulnerable people are not put at risk of homelessness. As noted in the

consultation, evidence from England and Wales has proven that a 'fast track' service might not have resulted in faster eviction processes and has resulted in some tenants being left "at the mercy of unscrupulous landlords". Rather than investing in a process which may not have fulfilled its purpose elsewhere, and could cause significant difficulties for individuals, we would prefer the Department invest in mediation services and on professionalising the sector to ensure that landlords and tenants are fully aware of their rights and responsibilities. Tackling the root of the problem is a better use of resources than creating a new system which may not have had its desired effect in England and Wales.

We call for the notice period the landlord legally has to provide the tenant in the case of eviction to be increased from 28 days to two calendar months and for the introduction of mandatory notices of eviction for tenants with fixed-term contracts.

## **Tenancy Management**

We are strongly supportive of proposals to enhance the knowledge and skills of landlords and tenants. We believe this would go some way to protecting tenants from any ill-informed landlords that might operate illegally, through ignorance rather than intent, and it would empower tenants to uphold their own rights. Many student tenants are living away from home for the first time, and as a result may be unaware of the legal terms of a landlord-tenant relationship. The proposal to provide a tenant information pack at the

commencement of a tenancy would be very helpful in ensuring that all tenants are given the correct information from the beginning of their contract, rather than simply having to seek help once something has gone wrong. We believe that this pack should also contain information about the rights and responsibilities of the landlord as well, so that tenants are fully aware of the terms of their business relationship.

We believe that the Department should run a public information campaign alongside the launch of this scheme to promote this new requirement and to help ensure that all landlords comply. We believe that students make up a significant proportion of tenants in the private rented sector in Northern Ireland, therefore NUS-USI could potentially help promote information to inform students of their rights and responsibilities as we believe we are well placed to do so.

We support plans to fund a pilot landlord advice line as this could ensure that amateur landlords are given the support they need to fulfil their obligations. We are also supportive of proposals to review the impact of CIH training and to explore the funding options for an extension of the course. We believe that it is essential to ensure that landlords have the skills and knowledge needed to rent a property. We appreciate that actions to improve conditions in the private sector, as well as advice and training for landlords and tenants will come with cost that needs to be met by either the public purse or landlords.

We also strongly welcome the proposal to bring forward legislation to ban letting fees.

We are supportive of plans to amend the Landlord Registration Regulations to incorporate a fitness declaration at the point of registration and include sample checks by councils. We believe that information about the fitness standards should be included in the tenant information packs at the beginning of their contract and that they should be able to contact the local council/ Housing Executive if the property they have rented fails to meet the standard. The property can then be inspected and the landlord will be required to make improvements to bring the property up to standard.

It is crucial that there is a robust system in place to ensure that punishments can be handed down to landlords who fail to meet regulations or fail to make necessary improvements. A system of financial penalties could be introduced, the funds from which could be used to partly fund the inspections of reported properties.

While proposals around licensing and accreditation of landlords have been rejected due to cost concerns, we believe that these could easily be implemented alongside Landlord Registration and fitness declaration without undue financial burden. We strongly believe that mandatory licensing of private sector properties is the most effective method for improving standards in the sector, though failing that, we would advocate for voluntary landlord accreditation. We would encourage the department to revisit their proposal to study the impact of the HMO licensing scheme and in light of its results consider rolling this out

to the whole private sector. In the meantime, incorporating an accreditation scheme that landlords can sign up to at the point of registering their property, which indicates their level of training, the affordability of their rents and the fitness of their property would contribute greatly to the professionalism of the sector. It would be particularly beneficial to people who are new to an area, such as students from outside Northern Ireland, in helping ensure that they find accommodation which meets their needs.

## **Property Standards**

We strongly welcome proposals to make it a mandatory requirement for private landlords to provide smoke and carbon monoxide detectors and to carry out periodic electrical checks. We would encourage the department to ensure that these electrical checks are carried out on an annual basis to ensure the safety of tenants and to ensure landlords to take a proactive approach to maintaining the standards of their properties.

We welcome plans to improve energy efficiency however we would urge significant caution in regard to plans to exempt properties which could prove expensive to renovate. The amount of fuel used by tenants to heat an energy inefficient home over the years can amount to a very large sum. Not only is this damaging to the environment, but it can lead many tenants into fuel poverty, which is a significant problem in Northern Ireland. A property should not be rented if it is going to place a significant burden on the tenant to heat and

push them into financial difficulties.

Investment by landlords should be the top priority, to ensure the long term sustainability of the property. We support the proposal to make grants available to ensure that as many properties as possible are energy efficiency.

We do not believe that the proposal to extend rent controls to properties built before 1956 goes far enough to ensure there are no sub-standard privately rented properties. Any properties that do not meet appropriate standards should not be allowed to be rented out. No one should find themselves in an unfit property because it is all that they can afford.

We believe, however, that rent control is an effective method for ensuring properties are let at rates that reflect their value, and provides protection for tenants from unfair rent inflation. To tackle the problem of housing shortage and enable people to have access to affordable housing we need to ensure that rents are in line with income, or in the case of student accommodation, that rent levels take into account the rate of student funding. The main priority for government needs to be ensuring that everyone has access to affordable housing.

## **Dispute Resolution**

We welcome plans to introduce a housing panel which would offer more opportunities for mediation. Mediation offers fast, simple methods for addressing disputes which could mean reduced rent loss for the landlord or tenant, and reduced need for expensive and

time consuming court process. It is particularly useful for people in short term contracts, such as students, for whom a lengthy court case can be a deterrent to upholding their rights, as they are not prepared to undergo such a long process.

The Tenancy Deposit Scheme is extremely useful in regard to the process it provides around deposits, however it is clear that there are many other problems which can arise in a landlord-tenant relationship and ensuring means to quick, effective solutions is a positive step for both landlords and tenants.

We would like the department to ensure that any mediation offered by an independent housing panel is free at the point of access, as the Private Rented Housing Panel is in Scotland, in order to ensure that everyone is able to avail of its services, regardless of their income.

## **Conclusion**

While NUS-USI believes that investment in the public sector is necessary to tackle any housing supply shortage in Northern Ireland, we acknowledge that the private sector currently plays a significant role in the local market, particularly for students. As such we want to ensure that the sector provides good quality, affordable accommodation and that both tenants and landlords receive the support they need to develop positive relationships. Given the significant impact poor quality housing, or housing struggles, can have on every aspect of a person's life, it

is imperative that the government continues to regulate the sector.

As we have previously stated in our response, a significant number of tenants, particularly in the cities and large towns, are students and as such we would welcome further engagement with the Department to co-operate on informing students of their rights and responsibilities.

NUS-USI  
42 Dublin Road  
Belfast BT2 7HN  
t. 028 9024 4641  
f. 028 9043 9659  
[www.nus-usi.org](http://www.nus-usi.org)