

# What Does It Take To Be a Student Landlord?

**David Lawrenson looks at the advantages of being a student landlord.**

**There is a large student population in the UK and it's set to increase further. The government has a target of having 50% of children going through university by 2010, which equates to a 2.5% increase in student numbers each year.**

If you are a parent and your child is either going to university already or about to go, buying some accommodation for them to live in and/or let out can make a lot of sense.

If you do your maths carefully, you may be able to save money on accommodation costs each month. In towns like Portsmouth and Plymouth rental yields can be over 5%, according to recent research from Hometrack. It may well, therefore, make sense to buy

a small house or flat, providing that the combined rent from all of the occupants covers, or at least nearly covers, the mortgage repayments.

In London the cost of renting is much higher (it costs a minimum of £110 per week to rent a reasonable room in a house share) but with mortgage repayments likely to be much higher as well it may make less sense to buy in the current market.

Student accommodation can offer strong rates of capital growth. Figures from the Halifax show that property prices in the main university towns have beaten the market in the last few years, driven in part by those big increases in student numbers.

The market is turning, however, and capital growth has slowed and even

stopped in some areas: negative growth is entirely possible over the coming year.

Parents thinking of buying for their children whilst they are still at university should think long term. If the property is sold after just three years, unless capital growth has been really strong, it could be that the buying and selling costs wipe out any capital growth.

### Local supply and demand

Anyone thinking of becoming a student landlord must first look carefully at the local supply of student accommodation as it can quickly change.

The arrival of some new self-catering blocks, for example, can drastically alter the demand/supply balance – making rents fall and properties hard to let out.

Unite and Bournston are two of the new companies that now build and rent out high-quality accommodation for students, providing great facilities such as individual broadband connections as well as a secure and safe environment.

Companies such as these are capitalising on the lack of student accommodation provided by the universities themselves. Research by Savills has shown that the proportion of students in university-provided halls has fallen from 33% to 25% over the past 10 years.

The accommodation that these companies build is great quality but costs to the student are also high. There may well, therefore, be a market for the landlord providing a more 'ordinary' house, but you will still be in competition with these companies to a greater or lesser extent.

I would advise prospective landlords to ask at both the student accommodation office and at the council planning office to find out about future growth in student numbers and what new developments are already planned.

Prospective landlords shouldn't think a "Young Ones" type of house will do. It rarely will these days because other landlords and new companies have already raised the standard and students have grown to expect far more from their accommodation than used to be the case.

### Licensing rules and regulations

You must conform to the law if you intend to be the landlord of a house or houses with several different tenants living within them. Laws for houses in multiple occupation (or HMOs as they are often called) state that all shared houses in England and Wales which have three or more storeys AND five or more tenants now need a licence.

In some areas of England and Wales, as well as throughout Scotland and Northern Ireland, this licensing has been extended by local authorities to smaller shared houses with only three people (at least two of whom are unrelated).

Councils in parts of Manchester, Salford, Middlesbrough and Newcastle have either already applied for or have extended licensing in this way. Some have introduced selective licensing

schemes. The best way to find out if these apply in your area is to ask at your local authority's housing department.

Licensing rules also lay down minimum amenity standards such as the number of toilets and washbasins a property must have and the number of people that can live within it. The detail on how these amenity standards are enforced is left up to the local authority to decide.

Fees for licences vary by council from about £200 up to £1,500 in some areas. Failure to obtain one, however, is more expensive and could result in a fine of up to £20,000. Bearing this in mind, it may be best to stick to smaller properties that fall outside the new rules.



using a member of the Association of Independent Inventory Clerks. Charges start from £200 for a three-bed property.

It is also a good idea to put all of your tenants on a single assured shorthold tenancy in which they are both individually and jointly responsible for the whole rent. Get parents to be guarantors, as this will allow you to chase either them or their parents for part or whole of the rent in the event of any one of them defaulting.

The parents may not like this but it's the best option to cover you! If they aren't comfortable with being responsible for someone else's offspring, you could suggest they pay in advance instead. This also covers you if any student leaves as it means that the other tenants must find someone new to replace them or cover the shortfall themselves. You will need to reference check all new tenants carefully.

Given the high wear and tear some students cause, ask for at least six weeks' rent as deposit, and don't forget to protect it in one of the government-approved Tenancy Deposit Schemes within two weeks. This is now a legal requirement and there are fines if you don't comply. This also makes it impossible to evict tenants on 'notice only' grounds.

### Final thoughts

Each university or college has its own timeframe when students look for new accommodation. Find out when it is and make sure that you have your property available to view at this time. It may also help you to find out about any university-run accreditation scheme for landlords and sign yourself up to it.

This will reassure many students, some of whom will only consider renting from 'accredited landlords'. If you get to know the Student Accommodation Officer he or she can sometimes provide updates on all kinds of useful information relevant to landlords as well as help you find tenants. If you do your research carefully before you buy there is no reason why you and your children cannot profit from their student years to offset all the debt they are likely to accrue!

*David Lawrenson is the author of 'Successful Property Letting'.*

