



# REINVENTING RENTING IN DURHAM

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DURHAM\$U



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## Executive summary

This report explores the challenges and opportunities of alternative student accommodation models in Durham. The report identifies three potential models: students' union letting agencies, students' union-managed accommodation, and student housing co-operatives.

The students' union letting agencies model, the most common amongst other universities, involves the students' union establishing a letting agency as a trading arm of the organisation. The students' union-managed accommodation model involves the students' union owning, letting, and managing student accommodation. The student housing co-operatives model involves students collectively owning property.

Each model has its own set of challenges and opportunities. Costs, administration, governance, scale, and student engagement are identified as the main challenges. Opportunities include student engagement, university collaboration, and the potential for the students' union to establish its own letting agency or to support students in setting up housing co-operatives. The report concludes with the recommendation that Durham SU should explore the feasibility of establishing its own letting agency, and provide support to students who are interested in setting up housing co-operatives. It also suggests that Durham SU and Durham University should work collaboratively in these areas.

## INTRODUCTION

### Aims and methods:

Durham has always had challenges with accommodation. As a small university city the traditional “town vs. gown” problem has persisted for decades<sup>1</sup>, and successive expansions of the university have often been received negatively by both students and local residents<sup>2,3,4</sup>. In the last several years, the early release of student properties for letting in advance of the next academic year has exacerbated the city’s notorious housing rush. This rush forces students<sup>5</sup> to find groups of friends to live with in only their first couple of months in Durham, often leading to strained relationships by the time they move in together. At the same time, quality has remained poor, and because demand has outstripped supply<sup>6</sup> the market incentive for private landlords and agencies to maintain their properties to an adequate standard has been eroded.

Efforts to address this issue have, for a long time, struggled to meet the scale of the problem. Successive years of “take time to sign” campaigns began to become ineffective as the situation worsened. At the same time, various iterations of landlord assurance schemes<sup>7</sup> have been attempted, to varying success, though none appear to have had a lasting impact on the local housing market as it now stands. Recent proposals for a Code of Practice following a meeting between student representatives, university management, landlords and letting agents, local councillors and Mary Foy MP, spearheaded by Laura Curran<sup>8</sup>, are a new development with the potential for positive change in the future.

This report seeks to explore what methods are available to students to collectively navigate the housing market at Durham. In other cities across the UK, alternative models of providing student accommodation are used, including student co-operatives, students’ union-owned letting agencies, and direct management of accommodation by students’ unions themselves. For this research, we identified examples of each accommodation model and requested meetings with their respective representatives. We conducted semi-structured interviews with a team member from each different organisation, and compiled transcripts and notes. We then presented the information about each model to three student focus groups, asking them to discuss the potential positive and negative aspects of each model in a Durham context. This report presents the information we gathered from both the interviews and focus groups. Future action on putting this into practice will require further, more detailed, market research.

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<sup>1</sup> <https://www.theguardian.com/education/2018/sep/23/town-v-gown-is-the-student-boom-wrecking-communities>

<sup>2</sup> <https://www.palatiniate.org.uk/durham-big-enough-planned-expansion/>

<sup>3</sup> <https://www.thenorthernecho.co.uk/news/local/northdurham/18043445.durham-university-forced-defend-expansion-plans/>

<sup>4</sup> <https://www.chroniclive.co.uk/news/north-east-news/durham-university-under-fire-over-14529286>

<sup>5</sup> <https://www.palatiniate.org.uk/analysis-the-durham-housing-rush/>

<sup>6</sup> <https://www.ft.com/content/2fccedc6-231a-4006-9539-8d82c63a9442>

<sup>7</sup>

<https://www.durham.gov.uk/studentlandlords#:~:text=What%20is%20it%3F,over%20the%20five%20year%20period>

<sup>8</sup> <https://www.bbc.co.uk/news/uk-england-tyne-65772372>

## **Main findings**

The report details the potential challenges and opportunities that each model of alternative accommodation provision carries and gives a recommendation that Durham SU explore the logistics of establishing a student lettings agency, while at the same time continuing and expanding the support it can give to students wishing to autonomously establish housing co-operatives.

## BACKGROUND

### Current state of student accommodation in Durham

The problems with student accommodation in Durham can broadly be broken down into three main areas: price, quality, and availability. The latter of these resulted in the most recent housing crisis in the 2022-23 academic year, with students resorting to camping outside estate agents overnight<sup>9</sup> to be able to secure properties for the following year. While the early-Michaelmas housing rush has been a known issue for a long time, this instance appeared to be the most severe. This rush places undue strain on students, to the detriment of their academic commitments<sup>10</sup>, and results in hastily signing contracts with groups of people who may no longer be suitable housemates by the time their moving in date comes around eight or nine months later.

As of October 2022, only approximately 4% of properties advertised on StuRents were available for under £100 per week. The most common price band for student properties was £151-175, with 35% of properties falling under this category. In many cases the prices charged for the next academic year, 2023-24, saw a significant increase from previous years<sup>11</sup>. At the same time, financial support available to students has failed to keep pace with this reality – the government announced in January 2023 that the student maintenance loan for the 2023-24 academic year would rise by just 2.8%<sup>12</sup>. While increases in the University's Durham Grant<sup>13</sup> may help to alleviate this issue, they cannot solve it. Given the rise in energy prices, many properties are now also let without utility bills included, which had previously often been the case.

The quality of student accommodation in the private sector in Durham can often be poor, and this remains the case. Many photographic examples of the extreme disrepair of student houses in Durham were contained in Durham SU's submission to the House of Commons' Levelling Up, Housing and Communities Committee's inquiry on the government's *A Fairer Private Rented Sector* white paper in 2022<sup>14</sup>.

Along with these issues in the private sector, Durham University's own halls of residence in its colleges continue to increase in cost to students. The increase in accommodation fees announced for the 2023-24 academic year was 10.3%, the largest such increase in a decade<sup>15</sup>. As with private accommodation, this increase far outstrips increases in available student financial support.

### Why alternative accommodation?

Alternative student accommodation models open the possibility of changing the landscape of housing in Durham. While adverse market forces have contributed to the current state of affairs, the significant increases in rent and the persistently poor quality of housing suggest that unethical and unfair practices by landlords and estate agents continue to play a role.

<sup>9</sup> <https://www.bbc.co.uk/news/uk-england-tyne-63391102>

<sup>10</sup> <https://www.durhamsu.com/housing-stories#impact-on-studies>

<sup>11</sup> <https://www.thenorthernecho.co.uk/news/23096998.data-student-lets-site-shows-outrageous-rent-rates-durham/>

<sup>12</sup> <https://www.gov.uk/government/news/cost-of-living-boost-for-students>

<sup>13</sup> <https://www.palatiniate.org.uk/durham-grant-set-to-rise-in-2023-2024/>

<sup>14</sup> <https://committees.parliament.uk/writtenevidence/110840/html/>

<sup>15</sup> <https://www.palatiniate.org.uk/breaking-news-college-accommodation-prices-rise-by-10-3-in-2023-24-academic-year/>

### **The models in question:**

The report identifies three potential alternative models of student accommodation provision:

- Students' union letting agencies
- Students' union-managed accommodation
- Student housing co-operatives

These models offer varying degrees of collective student ownership of accommodation, all of which are noticeably greater than what is currently available in Durham. They also differ in their potential short and long-term impacts on the local housing market, as well as in the ease with which they can be established and become successful.

## DESCRIPTION

### Alternative student accommodation models in detail.

#### *Students' union letting agencies*

This model appears to be the most common in use at other universities – as part of this research, we spoke to letting agencies owned by:

- Leicester SU and De Monfort SU
- Staffordshire SU
- Lincoln SU
- Bristol SU

The principle of this model is that the students' union in question establishes a letting agency as a trading arm of the organisation. Typically, this is separately branded and run by dedicated staff. Being part of a students' union, which are registered as charities under company law, these letting agencies are run on the same not-for-profit principle as the unions themselves. The aim of such letting agencies is to exert control over the quality of properties let via their service, as well to provide a service that prioritises accessibility and ease for students.

#### *Students' union-managed accommodation*

This model was less common than SU letting agencies, though appears in a few places. SUs who own and manage their own accommodation that we spoke to were:

- Aston SU
- Lancaster SU

The principle of this model is very simple – that a students' union owns, lets and manages student accommodation. The same not-for-profit governance also applies here, and rents are used for maintenance of the property and put into the SU's other charitable activities. The aim is to exert close control over both quality and cost, as well as to provide a good student-focused service.

#### *Student housing co-operatives*

This model does not directly involve a students' union, unlike the previous two discussed. The principle is that students, collectively, own property. Established as a registered co-operative organisation, the members of a co-op are its current residents. For this project we spoke to:

- Student Co-Op Homes (members of which had also been involved in the SEASALT student co-operative at the University of Sussex)

A co-operative gives the students living there collective control over their accommodation. Membership of the co-operative involves responsibility for the upkeep, maintenance and administrative work involved with living there. Co-operatives elect a secretary to be responsible for the governance of the organisation, and issues like rent are set collectively. In this sense, control over cost, quality and service is almost direct.



## Characteristics

### *Students' union letting agencies*

Letting agencies set up by students' unions may operate in one of several ways, in terms of their regulation and governance. As a registered charity, a students' union may set up a letting agency directly under its control – this is then, in turn, governed by the union and covered by all of the same regulation. This was the case at Bristol SU. The letting agency may also be established on the initiative of a students' union (or multiple students' unions), but be an independent organisation in its own right. Sulets, a letting agency established jointly by the students' unions at Leicester University and De Montfort University, operates as an independent charity, with its own board of trustees. Because it still functions as a charity, the not-for-profit requirement continues to exist.

### *Students' union-managed accommodation*

The regulatory and ownership models of accommodation managed by students' unions can vary. The accommodation itself may not be owned by the union, but by another body, and be managed and administered by the union. As part of our research we spoke to Aston SU, whose accommodation is owned by a local housing association who gave the union a large degree of autonomy in its management.

### *Student housing co-operatives*

Housing co-operatives must operate under the principles of the co-operative movement<sup>16</sup>, and be registered as a co-operative society. These are regulated by the Financial Conduct Authority, rather than by charity law as students' unions are. This registration allows the co-operative to raise funds through community shares, to aid purchase of property. Co-operatives must demonstrate that they operate for the mutual benefit of their members.

## Advantages and disadvantages: as reported by interviewees

### *Students' union letting agencies*

While the establishment of a letting agency generally seemed to be within the means of a students' union, interviewees reported that, in their cases, doing so was a “slow burner”, and that a period of one or two years before the agency reached a sustainable turnover was to be expected. Those interviewed agreed that the establishment of their own letting agencies had been well received by students, and that they provided a better service to them by comparison with mainstream private letting agencies.

Interviewees' views were mixed on whether their own letting agency had been able to have a large impact on the local market. Positive responses focused on service quality, with interviewees stating that they believed they were more responsive to issues like maintenance requests than private agencies. Interviewees generally agreed that they had little control over pricing of accommodation, with many acknowledging that they operated in the local market, and thus needed to compete with private agencies. The fact that the letting agency model relies on the voluntary participation of private landlords appears to mean that, by and large, it is unable to exert much influence on pricing, either through its own rates or by influencing the market more widely.

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<sup>16</sup> <https://www.uk.coop/understanding-co-ops/what-co-op/co-op-values-and-principles>

### *Students' union managed accommodation*

In contrast to a letting agency model, interviewees from students' unions who managed their own accommodation reported that they had more control over setting rent levels. For instance, some rooms at The Green, accommodation managed by Aston SU, were available for less than £80 per week in the 2022-23 academic year<sup>17</sup>. It was also reported that this model carried similar benefits around service for students.

However, the main disadvantage from interviewees' point of view was the availability of this form of accommodation – Aston SU's accommodation was acquired in 1978 at very low rates. As a result, it is likely to be much harder to acquire accommodation in the current housing market. While this may be an obstacle for establishing new students' union-owned accommodation, it also means that, where a students' union already owns accommodation, high demand is experienced, requiring an application process.

### *Student housing co-operatives*

As detailed above, student housing co-operatives hold the benefit of far greater student control over all day-to-day aspects of their accommodation. As well as this, interviewees felt that the model of a co-operative fostered a sense of community among its members, and that being involved in the running of the co-operative provided valuable, transferrable skills and experience.

However, two main issues were raised in interview – difficulty with starting up a co-operative, and difficulty making a co-operative a long-term proposition. Interviewees reported that setting up a co-operative could be a long and complicated process, requiring governance arrangements and large amounts of fundraising. Many of the students initially involved in this stage may not actually be able to live in the accommodation by the time the co-operative was established. As a result, this model relies on a motivated group of student volunteers in the first instance. Similarly, interviewees spoke of the difficulty associated with recruiting new co-operative members over long periods of time in order to sustain the organisation as a feasible venture. Because of these factors, student housing co-operatives may also find it difficult to expand to accommodate large numbers of members.

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<sup>17</sup> [https://www.astonsu.com/housing/abg/abg\\_vacancies/](https://www.astonsu.com/housing/abg/abg_vacancies/)

## **Advantages and disadvantages: as reported by student focus groups participants**

### *Students' union letting agencies*

Participants in the focus groups felt that this model had the advantage of improved service for student tenants at the first point of contact. This was seen to be down to its non-profit status, and the fact that it would ultimately be under the control of student representatives. However, it was also felt that the establishment of a letting agency by the students' union would, because it would ultimately operate in the existing market, have little immediate ability to solve the issue of high rents and poor quality.

### *Students' union managed accommodation*

Students in the focus groups believed that this model would result in very close control over both quality and service, because of the direct management of accommodation by the union. Participants believed that a students' union could be trusted more than private landlords to adhere to good standards and respond quickly to repairs. However, participants also recognised that this model would remain vulnerable to market forces for much the same reason as the letting agency model, and that there was still the likelihood of rent increases being seen as necessary under current economic conditions.

### *Student housing co-operatives*

Focus group participants viewed this model as bringing the highest degree of student control over quality and rent levels. Students also felt that the sense of ownership inherent in the co-operative model was a unique benefit, and that the direct democratic control was greater than other alternatives. On the other hand, participants raised the issue of potential for mismanagement, and the difficulty of finding consistent membership to make a co-operative a long-term venture. Another issue discussed was the ease with which property could be acquired.

## CHALLENGES AND OPPORTUNITIES

### Challenges

#### *Cost*

All of the potential models detailed in this report carry a cost, to a greater or lesser extent. The letting agency model likely carries the smallest cost, needed to cover mainly administration, staffing and similar expenses. The other two models, students' union managed accommodation, and student housing co-operatives, require the purchase (or other method of acquiring) property, as well as staffing (in the first model) and administration and governance (in both models).

#### *Administration & governance*

Students' union letting agencies would require dedicated staff and oversight from the students' union to ensure operations align with its principles and objectives. Students' union-managed accommodation and student housing co-operatives would face additional complexities related to property management, including maintenance, compliance with housing regulations, and potential legal issues. Student housing co-operatives would need to establish and maintain a democratic governance structure, a process that could be challenging due to the turnover of students.

#### *Scale*

In general, the possible models examined in this report operate on a small scale. Letting agencies appear to be far from able to command large sections of a local market, while students' union-managed accommodation and student co-operatives are very limited in the number of rooms that can be provided. These limitations mean that, by and large, their impact on the local market be limited (though not insignificant).

#### *Student engagement*

More so than the other two models, a student housing co-operative is particularly reliant on maintaining a consistent base of engaged and active students. This is needed both in the phase of establishing the co-operative, and in subsequent years, as well as being important for any plans to expand its size.

### Opportunities

#### *Student engagement*

Conversely to the above, where there is a group of interested students, an opportunity exists to work with them to promote the growth of co-operatives. This is, to an extent, already the case in Durham, with members of Durham Tenants' Union (an SU student group) exploring establishing a co-operative recently.

A decision to establish any of the alternative models of accommodation detailed here will be most effective where they are made in consultation with, and carried out in partnership with, students and other student organisations. Many of the students' unions interviewed for this research spoke of the relative popularity of their service (both in management of accommodation, and in administration of the renting process) with student members, and it is important to build student engagement in from the beginning of any potential future models.



### *University collaboration*

As a students' union, Durham SU possesses the existing institutional links and relationships with Durham University to work collaboratively on housing matters. This presents a possible opportunity for any establishment of an alternative model to be more successful – though it should also be borne in mind that the University is itself the single largest owner of accommodation in the Durham housing market.

### **University/students' union involvement implications**

Of the two cases of students' union-owned models detailed in this report, support from Durham University would be important in both. As a relatively small commercial operation, Durham SU may find it difficult to establish either of these models unaided, and support from its main funder (either in the form of administrative support, promotional support, or added funding) may be necessary in the initial stages of operation.

The third model, student housing co-operatives, requires a group of students to fundraise for the initial purchase of property. In some cases, such as at Sussex University, students' unions have made donations towards this, as well as university management. In others, this relationship has been more antagonistic. So long as student interest in co-operatives remains, Durham SU should maintain a supportive relationship with those involved. This could include providing partial funding via a grant for the initial property purchase, administrative support and advice on governance, and aiding the co-operative with promotion to students to help maintain an active membership in the long-term.

## CONCLUSION

This research has examined three different models of possible alternative student accommodation provision, and how they might be employed in a Durham context. While all three offer different benefits, and have been used to some success in other settings, all appear to vary in how well they could be used to effect change in the present local housing market in Durham.

A students' union letting agency is, of the three, the simplest to establish, due to low start-up costs and established patterns of governance to follow. It also has greater ability to reach wider across the local market, though its effect may not be as deep as the other models can achieve. It would be able to greatly improve the service offered to students, and exert some influence to curb the excessive rush for properties that occurs in Michaelmas term. However, it is unlikely to be able to limit rents in the city, especially since it would, by necessity, have to operate alongside private agencies.

While students' union-managed accommodation is able to offer far greater control over rents, quality and service, the local housing market in Durham seems to prohibit this, owing to the general lack of properties available within the city, and the consequent extremely high prices. Where this model is in use, students' unions have generally owned the property in question for a long period of time.

Student housing co-operatives offer the greatest student control over rents, quality and service of the three models – in all cases this control is mostly direct. Similarly to union-managed accommodation, however, it suffers from the general lack, and high prices of, properties in Durham city. However, due to their student-organised nature, the question of whether or not to establish a co-operative does not lie directly with Durham SU in the first instance. A student housing co-operative could only be established by those students intending to own and live there, and could not be established by a “top-down” decision by the Union.

This report recommends that Durham SU take steps in the near future to establish the viability and necessary actions for setting up its own letting agency. Once established, this would have a short-term positive impact in terms of student-facing services, and be able to provide a better experience for students during what is, currently, one of the most stressful periods of the academic cycle. Medium- and long-term, it would be able, through growing, to also exert some influence over housing quality. Its non-profit nature removes the profit-making drive that exists in private letting agencies, and means it would be able to offer lower fees for client landlords than these organisations.

At the same time, Durham SU should look into options for supporting students who wish to set up housing co-operatives. There is no expectation that Durham SU need provide all, or even a majority, of the funding required for this. Co-operatives are often funded by a broad range of donors, and the amount Durham SU donates could be affordable, but also important for the co-operative. It is also likely to be within Durham SU's charitable objectives. Student housing co-operatives can play a part in demonstrating the possibility of alternative housing provision for students. With clear interest from students in the idea this year, support should be offered.

## Recommendations

1. Durham SU should conduct detailed market research into the viability of establishing a student lettings agency
2. Durham SU should establish positive working relationships with students interested in establishing student housing co-operatives
  - i. This should include consideration of grant funding to assist with fees and property purchase
3. Durham SU should work closely with Durham University in order to obtain support for both of these initiatives

## Acknowledgements

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