# Government red tape and safety rules worsen London’s student housing disaster



London’s student housing crisis has spiraled into a full-blown disaster, exposing the utter failure of government policies to address the needs of hardworking students. The so-called ‘shortage’ of purpose-built student accommodation (PBSA) is not accidental—it’s a direct consequence of bureaucratic red tape, overregulation, and a government that has prioritized political correctness over practical solutions for the real housing shortage. Despite forecasts that a million students will seek education in London over the next five years, the city’s meager PBSA stock—just over 100,000 beds for 400,000 students—barely scratches the surface. This shortage is forcing students into the chaotic and increasingly unaffordable private rental market, further inflaming London’s housing crisis and adding yet another burden on the strained local councils, some of which have been forced to put homeless families into hotels, an appalling sign of governmental neglect.

The so-called ‘improvements’ in building safety—introduced in 2022—have been anything but. Instead of protecting residents, these regulations have clogged the pipeline for new PBSA developments for over a year, with delays reaching beyond the typical construction timelines, thanks to overly cautious and bureaucratic safety checks. Major providers like Unite Students are reporting delays averaging six months, but many projects remain stalled entirely. This regulatory paralysis means critical student accommodation simply isn’t being built on time, pushing thousands of students into the already overcrowded private sector and dangerously driving up rents. Meanwhile, recent legislation such as the Renters’ Rights Bill threatens to push landlords out of the market completely, leaving even fewer options for students and increasing the risk of profiteering by unscrupulous landlords looking to exploit the crisis.

Rental affordability for students is crumbling under the weight of misguided policy, with rents soaring by 18% over just two years—outpacing student maintenance loans and creating insurmountable barriers for those from lower-income backgrounds. The government’s failure to support students financially, while simultaneously erecting regulatory barriers for accommodation providers, is a clear sign of a government out of touch with the practical realities facing the next generation. It’s no coincidence that social mobility is stalling, and inequality is widening, when government policies serve to make access to higher education an impossible dream for many.

Despite the chaos, the private student housing market continues to attract investment—highlighting that the opportunity to profit from London’s student accommodation shortage is still lucrative for big developers. Reports show record-breaking investments, with companies willing to pour hundreds of millions into projects that can barely keep up with rising construction costs. Yet, these developments remain out of reach for most students, limited to the highest-demand urban areas, further deepening the divide between the privileged and the working class.

This crisis isn’t limited to London; across the UK, university cities are suffering from similar shortages. At a time when government planning applications for student housing have fallen sharply, students are forced into direct competition with local renters, pushing already strained housing markets to the brink. It’s a systemic failure—one exacerbated by government policies that have prioritized ideological agendas over the practical needs of millions.

The government’s response has been tokenistic, with headlines about increased staffing and oversight but little real progress on clearing the backlog of PBSA projects. Without a fundamental shift—prioritizing the swift approval and rollout of affordable student accommodation—the crisis will only worsen. Large-scale housing schemes such as Thameside West have been planned with little regard for student needs, missing a vital opportunity to ease the pressure on local rental markets.

While safety reforms following the Grenfell Tower tragedy were necessary, they’ve been used as an excuse to impose draconian regulations that stifle new development. In reality, these complex, time-consuming measures have only added unnecessary delays and costs, turning what should be a straightforward process into an obstacle course for developers. The government’s fixation on safety has come at the expense of students who need warm, safe, and affordable homes now—not years down the line.

In sum, the purpose-built student accommodation sector has the capacity and willingness to deliver safe, affordable housing—if only government and regulators would cut the red tape, streamline approvals, and focus on the urgent needs of students. Instead, they cling to bureaucratic constraints and ideological policies that deepen the crisis, forcing students into more expensive and insecure private rentals, while local residents are displaced and pushed further from the housing ladder. The current approach—which disguises failure behind notions of ‘safety’—has led to a broken system that benefits developers and political elites at the expense of hardworking students. Only a radical rethink, prioritizing practical solutions over political correctness, will begin to turn this disastrous trend around.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://pbsanews.co.uk/2025/07/29/unlocking-pbsa-bsr-delays-deepening-londons-housing-crisis/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/8903fd8e-3ca5-4fb5-9092-77fc29faefed> - Despite a decline in international student numbers and financial pressures in higher education, real estate developers are heavily investing in the UK student housing sector. Knight Frank's 2024 report highlights a record 22 deals worth £473 million in purpose-built student accommodation, showcasing projects like Greystar’s 1,014-bed development in Manchester and Dominus and Cheyne Capital’s conversion of a London office building. The sector remains attractive due to high rental yields and flat density, even as affordability becomes a growing concern for students. Rents in private student properties have risen significantly, often outpacing student loans, especially in London. Critics, including the National Union of Students, argue that for-profit models are unsustainable. However, companies like Unite Students continue to expand, recently acquiring new sites and considering the purchase of university-owned housing assets, supported by private capital. Furthermore, university-private partnerships are increasing, illustrated by a £250 million deal between Newcastle University and Unite Students to add approximately 750 beds. The imbalance between student housing supply and demand sustains developer interest, despite economic headwinds.
3. <https://www.ft.com/content/d4f896d4-5012-4139-98b0-68720fbfefef> - The UK student housing crisis is intensifying, causing new university students to struggle with finding affordable accommodation. Particularly in popular university cities such as Bristol, some students have even been housed in different towns. This ongoing shortage presents a lucrative opportunity for developers like Unite Group, which recently raised £450 million for new student housing projects. Despite a slight drop in applications, the demand remains higher than pre-Covid levels while available student beds have significantly decreased. Higher rental prices due to reduced supply and exiting small-scale landlords have pushed rents up by 7%, increasing Unite’s earnings by 14%. However, construction costs for new purpose-built student accommodations have risen to over £100,000 per room, necessitating high weekly rents, only feasible in cities with already high private rental prices. Nonetheless, this crisis remains advantageous for investors and developers for the foreseeable future.
4. <https://www.ft.com/content/709ad3e8-0a15-4fe7-9a03-eedd41cacbf9> - Students in London are struggling to afford university due to rising rents that exceed maintenance loans. A report reveals that average student rent in London for 2024-25 is £13,595, surpassing the maximum loan of £13,348. This 'cost of learning crisis' is making higher education inaccessible for poorer students. Despite a 3.1% increase in tuition fees and maintenance loans, rental costs in London have risen by 18% over two years. The Higher Education Policy Institute and Universities UK are calling for a review of maintenance support to promote social mobility and ensure disadvantaged students can attend their preferred universities. The Department for Education acknowledges the issue and urges affordable accommodation provisions.
5. <https://sturents.com/student-accommodation-news/en/2023/08/16/student-housing-shortage-in-london-around-four-students-per-room/3148> - New research has unveiled a concerning student housing shortage in London. The figures, released just ahead of A-level results, indicate that approximately four students are competing for every purpose-built student room in the capital. This scarcity of dedicated student accommodations is poised to force many school leavers into the general private rental sector. Savills estimates a ratio of 3.8 students per purpose-built bed, while the data reveals a considerable disparity between the 344,065 undergraduate and postgraduate students in London and the mere 91,351 beds available for the 2021-22 academic year. StuRents, an accommodation search engine, highlights that planning applications for student beds have significantly declined. In 2016, proposals for 72,000 beds were made, compared to a meagre 27,000 in the previous year. The shortage stems from various factors, including competition from residential developers, construction costs, and planning complexities. To maintain London's allure for high-calibre students, it's essential to address this housing deficit and expedite delivery rates. Despite the appeal of world-class institutions and renowned culture, London's student market grapples with a substantial housing shortfall, prompting Unite Students to focus on bolstering their development pipeline to meet this mounting demand.
6. <https://www.ft.com/content/e7615b6f-8ba9-4f34-b8cf-d002094c620a> - The UK government is mandating that housebuilders have 18 months to begin remediation of dangerous cladding on high-rise flats, following the Grenfell Tower inquiry's critical findings. The Ministry of Housing plans to collaborate with developers on a five-point plan to address this slow progress. Delay tactics, criminal sanctions for non-compliance, and financial implications are being discussed. Developers will have six months to assess buildings and 12 months to commence repairs, under Labour’s administration. The housing ministry will soon present a new 'remediation acceleration plan' to expedite the process. Despite identification of unsafe buildings post-Grenfell, many remain unremedied, causing severe anxiety and financial burdens for residents. Challenges include delays and bottlenecks at the Building Safety Regulator and a shortage of qualified professionals. The remediation mandate could impose financial burdens on housebuilders amidst the current housebuilding downturn. Progress varies among developers, with some having assessed all buildings while others lag behind, owing to complexities in the remediation process and regulatory approvals.
7. <https://www.propertyreporter.co.uk/lack-of-purpose-built-student-accommodation-forcing-many-into-the-prs.html> - The top markets where students can save money by living in PBSA include Amsterdam (-46%), Rome (-40%) and London (-37%). Just two cities were found to have higher costs in PBSA, Toulouse (+5%) and Milan (+3%). The lack of PBSA supply across Europe has forced many into the private rental market, exacerbating the overall housing problem. In fact, students in UK cities Exeter and Nottingham, make up 40% of all PRS households. JLL recently reported that European PRS listings were down 14% after the summer period. In cities with high numbers of students, the fall in available rental homes was even more pronounced: -61% in Utrecht, -58% in Stuttgart, -40% in Brussels, -38% in Lyon and -28% in both Manchester and Birmingham. Dominika Mocova, Senior Analyst for EMEA Living at JLL, said: “The long-term investment case for PBSA is more solid than ever. Developing more PBSA across the continent would be a game changer for students who cannot find appropriate housing. It’s also essential to universities, whose reputations can suffer when they are unable to provide appropriate housing.