

Housing, Regeneration and Planning

Qualitative research to explore the implications for private rented sector tenants and landlords of longer term and more secure tenancy options

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In September 2013, the Scottish Government established an independently chaired Private Rented Sector (PRS) Tenancy Review Group to look at the suitability and effectiveness of the current tenancy regime. To build the evidence base available to inform the Group's discussions, Craigforth was commissioned to undertake qualitative research to explore the implications for private rented sector tenants and landlords of longer term and more secure tenancy options.

Main Findings

- Despite their varied profile, in terms of number and locations of properties owned, landlords tended to hold very similar views on the 'bigger' issues. In particular, they considered the Short Assured Tenancy (SAT) regime broadly works well, with fundamental changes not required.
- Rather than making changes to the tenancy regime, landlords believed the focus should be on taking action against landlords who are not complying with existing legislation and regulations.
- The views of tenants were more varied, although did divide into two broad positions depending on whether the tenant expected to live in the sector for a relatively short time, or whether they anticipated living in private rented accommodation in the longer term.
- Those who expected to live in the PRS for a shorter time tended to consider that the SAT regime works reasonably well. In particular, it offers them flexibility and this is generally very important to them.
- For many longer-term tenants, the major problems are around property condition and getting repairs carried out. Other considerations, such as any concerns about lack of security of tenure, are often secondary.
- However, lack of security can be of critical concern to some, and particularly to those who feel they have few if any other options. Lack of security tended to be most keenly felt by those with strong previous connections to the social rented sector.
- Many tenants noted that they are either not in a position or are not inclined to 'take on' their landlords and tackle issues associated with poor condition or other breaches of tenancy legislation or regulation.

Context

The Scottish Government's strategy for the Private Rented Sector, *A Place to Stay, A Place to Call Home*, made a commitment to review the suitability and effectiveness of the current Private Rented Sector (PRS) tenancy regime. In September 2013, an independently chaired PRS Tenancy Review Group was tasked with looking at this issue.

Having undertaken an evidence review to inform the Review Group's discussions, the Scottish Government identified a number of areas in which the evidence base was limited. In response, Craigforth was commissioned to undertake qualitative research which explored tenants' and landlords' views on, and responses to, a range of longer term and more secure tenancy options.

Approach

A purposive sampling approach was used. For the landlord group, the main emphasis was on ensuring that size of property portfolio was taken into account. The tenant group was to include: families with children; high and low income working age households; Local Housing Allowance (LHA) recipients; students; and households including members with protected characteristics (including disabled households).

A total of 63 tenants took part in the research, with the overall group relatively evenly divided between those living in urban, smaller town or rural locations. There were 43 landlords participants, with an even spread between smaller, medium-sized and larger landlords.

Opinion Drivers

Both tenants and landlords were very clearly influenced by their previous experiences of operating within the sector, as well as the experiences of others. It was also clear that participants' plans for the future tended to inform their views on a range of tenancy-related issues.

A considerable majority of the landlords who took part in the research expected to continue operating as landlords for the foreseeable future. This included a small number who had initially been reluctant to become a private landlord but, having been through the necessary processes, had decided to continue letting out their property rather than seeking to sell.

Tenants tended to fall into one of two broad groups. The first group generally saw the PRS as a short to medium-term option and included students and some who had made recent work-related moves. The other group generally anticipated staying in the PRS in the longer-term and included some who were 'born and brought up' in the PRS, those who had given up a social rented sector tenancy, and some who had grown up in the social rented sector but had not been able to access their own social rented sector tenancy.

Finally, there was a range of other 'softer' factors that appeared to influence views. In particular, there were sometimes very powerful emotions at play, despite the letting or renting of a property being a business transaction. Mutual trust was particularly important and, when either party felt their trust had been broken, they sometimes talked of feeling angry or hurt. Tenants often spoke of feelings of powerlessness, and the extent to which a tenant felt able to exercise at least a degree of control over their own situation was perhaps the single greatest influence on their views of the tenancy regime. Some landlords also spoke of powerlessness, particularly in relation to dealing with a tenancy that had broken down.

Understanding of the SAT regime

The vast majority of the landlords who took part in this research routinely use the Short Assured Tenancy (SAT). Equally, the majority of tenants who were clear about the type of tenancy they had reported that their landlord had issued an SAT. This is very much in line with the common view that its use is standard industry practice.

The research found some variations in understanding of the arrangements which underpin the SAT regime. For example, not all landlords agreed about when and how an AT5 should be issued. Landlord's practice and/or understanding also differed with regard to the arrangements in place at the end of the initial tenancy term.

Tenants tended to be less confident about the basic arrangements that must or should be in place if a landlord has issued them with an SAT. For example, there was varied understanding, and some confusion, about the arrangements in place once the initial period of the SAT had expired.

Tenancy documents and the potential of a model

One area in which there was a clear consensus amongst participants was that the documentation associated with setting up a tenancy can be both lengthy and complicated. Many supported the idea of some type of model tenancy document. Those who broadly supported the idea included most tenants and a number of newer or smaller landlords. However, some landlords did have concerns, a key one being that the degree of property-to-property variation required could be so considerable as to render the original premise (of a standardised document) null and void.

Strengths of the current regime

When considering the strengths of the SAT regime, most respondents tended to point initially to its flexibility. This was common to both tenants and landlords and across the range of participants within both groups. For many this flexibility equated to an initial trial period after which either party could bring the arrangement to an easy and non-confrontational end.

A number of tenants also saw the initial tenancy period as giving them a valuable opportunity to test out other aspects of their new home, such as whether it was well-positioned for travel to work or schools. These considerations were particularly important to those who were new to an area. Some tenants made a connection between a shorter tenancy and being able to access a property quickly.

The overall impression from both landlords and many tenants was that the initial fixed period is an easy-to-understand and well-understood approach, albeit that there is some confusion about the precise arrangements at the end of that period and thereafter. Despite being a business arrangement there was also a sense that many welcomed the potential to simply bring the arrangement to a civilised end without explanation or the need to find fault.

Weaknesses of the current regime

While most participants identified strengths in the current SAT regime, most were also able to identify weaknesses. Many landlords' concerns were around regaining possession of their property should the need arise. Otherwise, landlords tended to the view that the current system works reasonably well and there is no need for significant change.

Tenants were more likely to raise significant concerns about the current tenancy regime although, as with the landlords, the most frequently raised issue was about how the regime translates into practice on the ground. The issue raised most frequently and forcefully concerned property condition and the difficulties in getting landlords to carry out improvements or repairs.

However, some tenants did have concerns which related directly to the current tenancy regime. These concerns were generally about the lack of longer-term security afforded by the SAT regime and were very often raised by those with previous experiences of living within the social rented sector.

Possible changes to tenancy length

The landlords' position was clear and unambiguous; they did not wish to see the removal of the fixed initial tenancy period after which they would be able to regain possession of the property without needing to meet specific grounds for repossession. Many landlords also made it clear that changes to tenancy length could affect their business decisions.

Many landlord participants felt that any proposal to bring in changes to the tenancy regime was symptomatic of the Scottish Government's approach to the sector. The view was that more and more requirements have been imposed on landlords and that, while 'good' landlords bear the considerable burden of complying with any changes, no meaningful efforts are made to tackle those who do not.

While landlords tended to hold very similar views on possible changes to tenancy length, tenants' views were more varied. It was clear that views on this issue were shaped by the tenant's personal circumstances and plans for the future. Most straightforwardly, those tenants who expected to use the PRS as a shorter-term, transitional housing option had very few concerns regarding security of tenure.

Tenants who expected to be living in the PRS in the longer-term generally had a different perspective, although the picture was somewhat complex. For longer-term tenants, property condition tended to be the over-riding concern. These tenants wished to make it clear that they are not in a position to 'take on' their landlords and tackle issues associated with poor condition or other breaches of tenancy legislation or regulation. They were unlikely to believe that greater security of tenure would make them feel more able or inclined to pursue the right to repair.

However, many longer-term tenants did still favour changes to the tenancy regime. Those with a strong connection to the social rented sector were most likely to support a change. They tended to favour an approach similar to that used in the social rented sector.

While some tenants supported the idea of greater security, some had chosen to give up such security (offered by a social rented sector tenancy). These tenants had placed having a property that met their basic requirements or was in a suitable location above security of tenure, although they did not see this as a choice but a necessity; some of these tenants were concerned that any changes which offered greater security could backfire on some tenants, with landlords increasingly disinclined to offer them even sub-standard accommodation.

Notice periods & grounds for repossession

Overall, most landlord and tenant participants felt the current notice arrangements work reasonably well. However some participants did consider notice periods to be too short. Others, generally including those tenants who placed a particularly high value on flexibility, did not.

In terms of the grounds for repossession, both landlords and tenants tended to consider them to be broadly fair. However, some landlords suggested that revisions should be made to the rent arrears-related discretionary grounds. Although some suggested that the grounds should be modified, it was also clear that some of the concerns centred on what the landlords considered to be inconsistent application by the Sheriff.

This document, along with full research report of the project, and further information about social and policy research commissioned and published on behalf of the Scottish Government, can be viewed on the Internet at: <http://www.scotland.gov.uk/socialresearch>. If you have any further queries about social research, or would like further copies of this research findings summary document or the full research report, please contact us at socialresearch@scotland.gsi.gov.uk or on 0131-244 7560.