

# Argyll & Bute Council

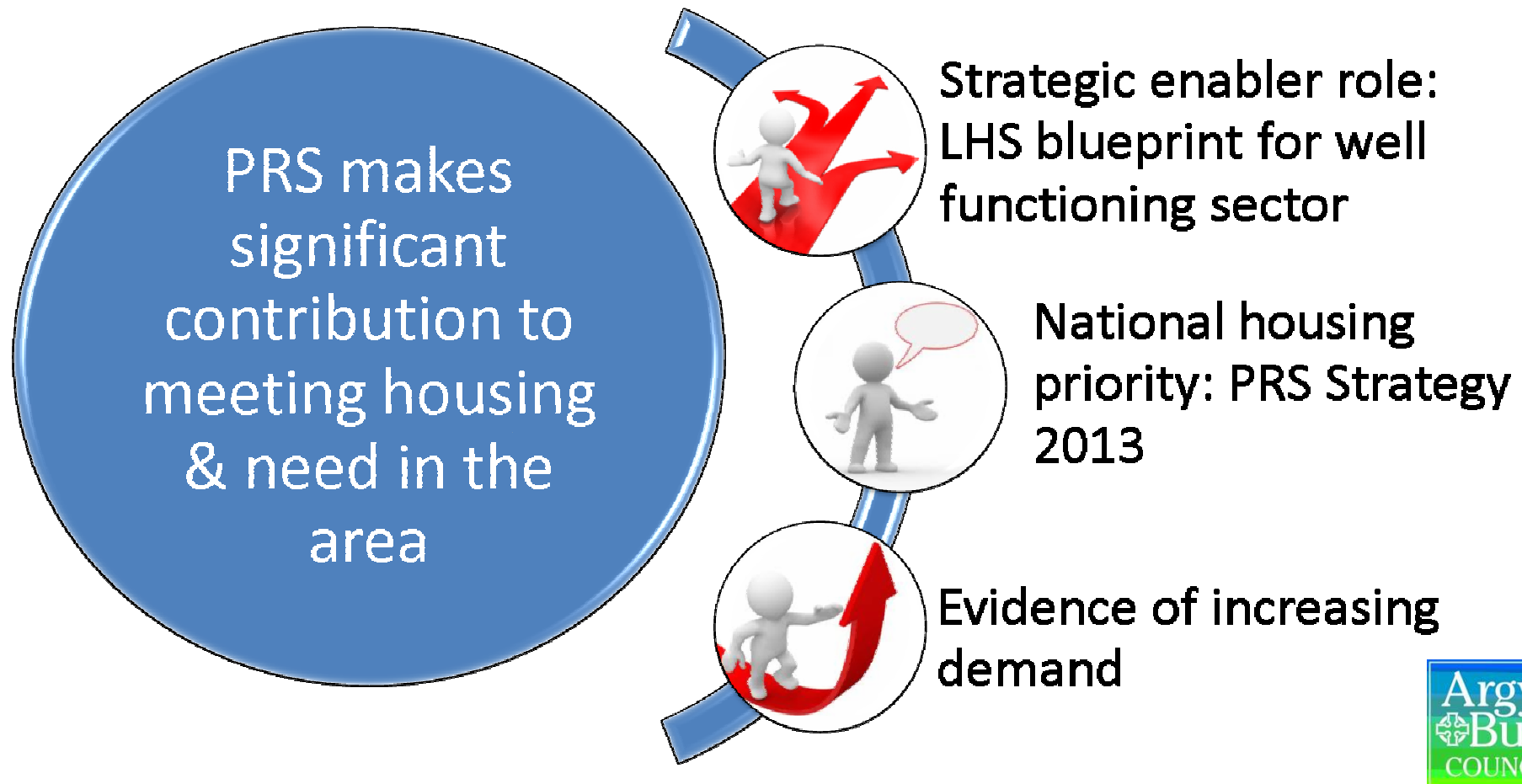
Research into the Private  
Rented Sector

Area Committee: Bute & Cowal

1<sup>st</sup> October 2013

# Why are Argyll & Bute Council Interested in the Sector?

## Project Study Aims...



# National Agenda

## 3 Strategic Aims

1. to **improve the quality**: of property management, condition and service.

2. to **deliver for tenants and landlords**: meeting the needs of the people living in the sector; consumers seeking accommodation; and landlords committed to continuous improvement

3. to **enable growth, investment**: and help increase overall housing supply

# Private Rented Sector Research

Arneil Johnston commissioned Oct 2012

Desk based analysis: what do we know about the sector?

Interviewing landlords & tenants: major survey exercise

Workshops: What do local professionals think of the sector?

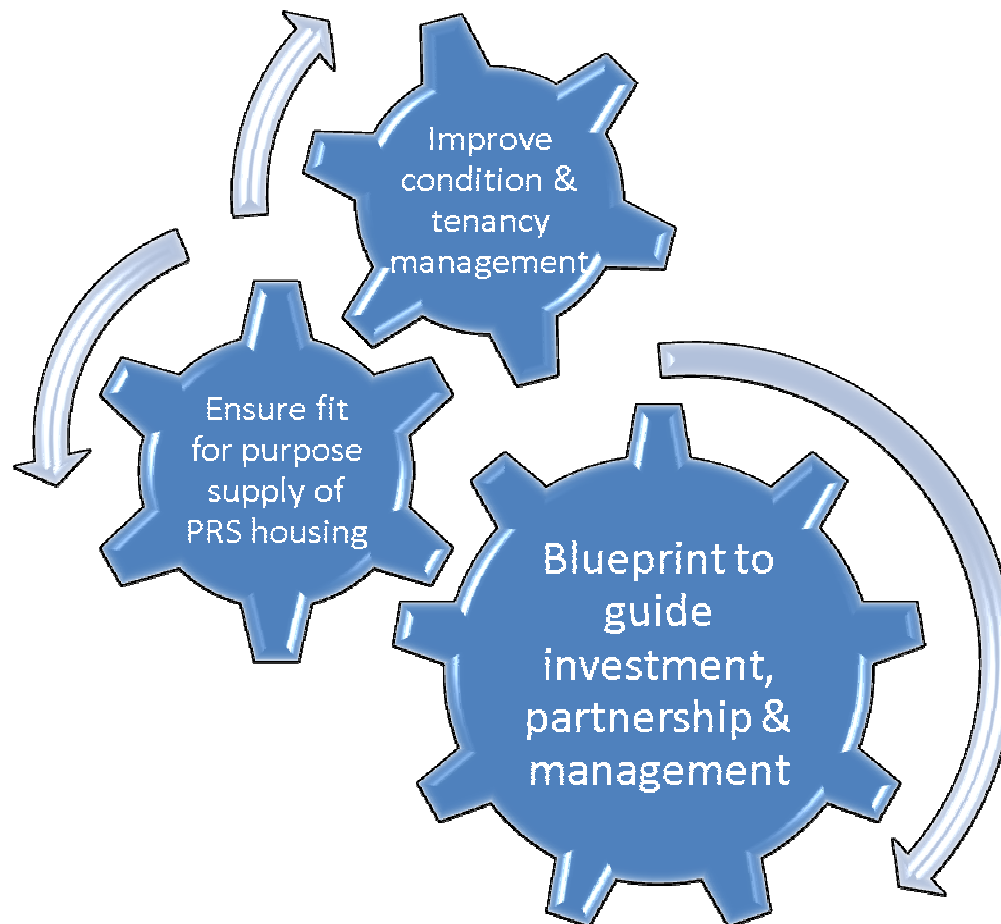
Assessing the demand for and affordability of the PRS

Strategy Day Conference

Developing and action plan for the PRS in Argyll & Bute

# Private Rented Sector Research

## Research Outcomes



Informed approach  
to planning:  
LHS/LDP

Avoid 'one size fits  
all' approach to  
local sector

Ensure national  
vision can be  
implemented  
locally

# PRS in Argyll & Bute

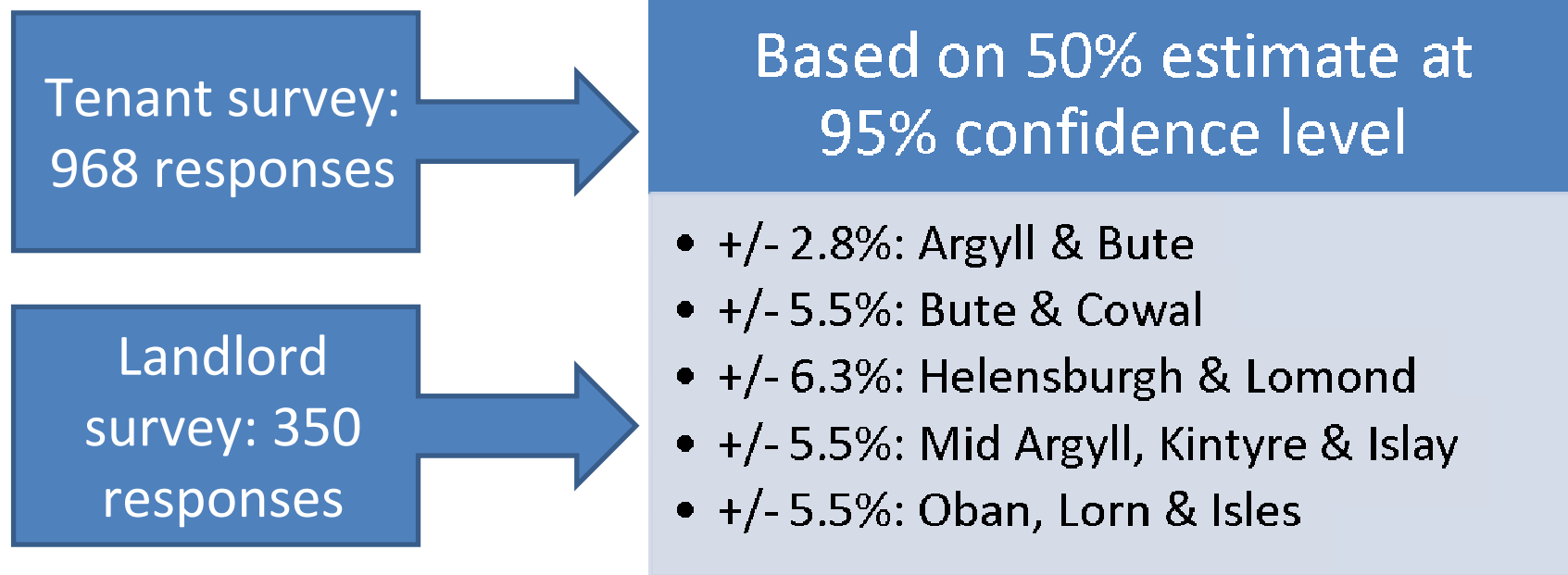
## Headline Statistics: Secondary Data



# PRS Research Study

## Major Primary Research Exercise

- Postal Survey: 4,885 PRS Tenants
- Telephone Survey: 350 Landlords



Strong confidence level: informed decision making

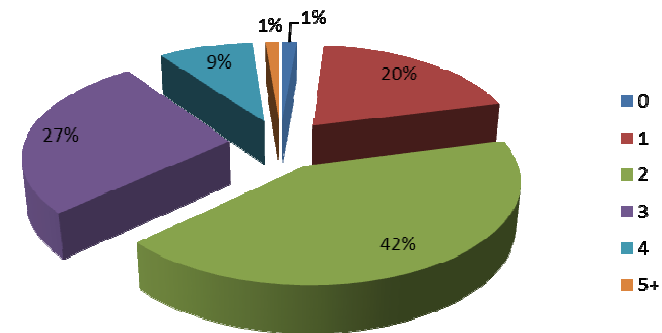
# Stock Profile: Property Type

## Property Type Profile

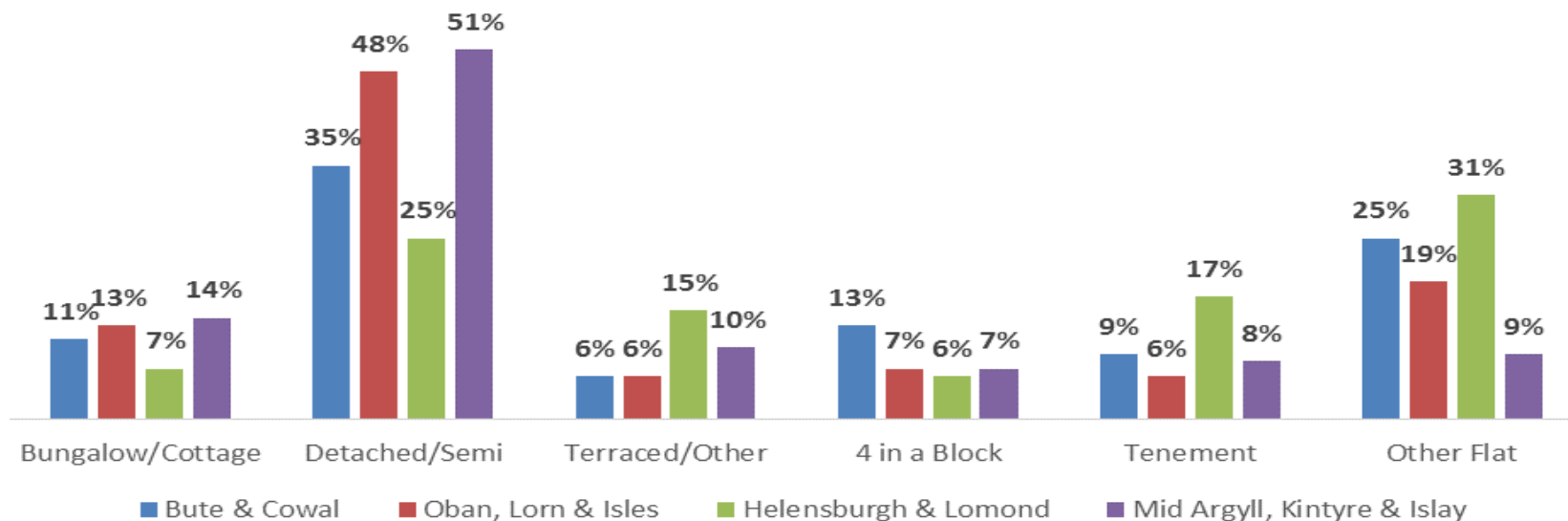
- 54% houses
- 46% flats

## Property Size Profile

- 62% dwellings are 1 or 2 bedroom homes



PRS Stock by Property Type and Area

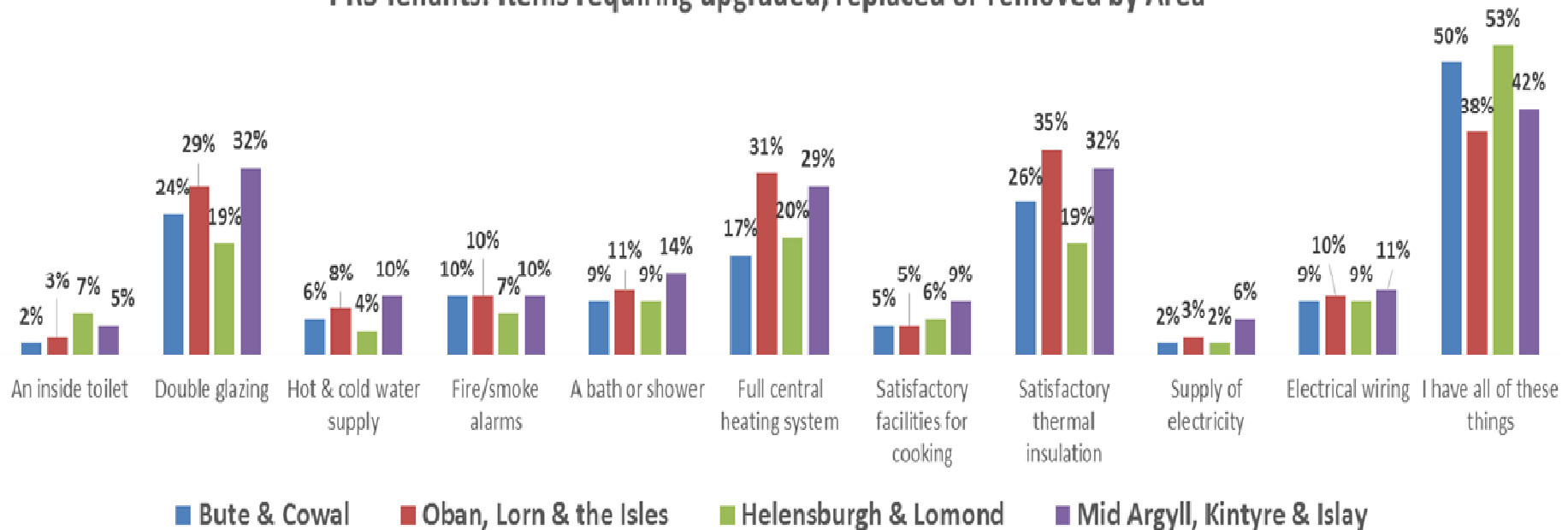




# PRS Stock Profile: Amenity

53% of private lets in Helensburgh & Lomond have no amenity problems compared to 38% in Oban, Lorn & the Isles

PRS Tenants: Items requiring upgraded, replaced or removed by Area

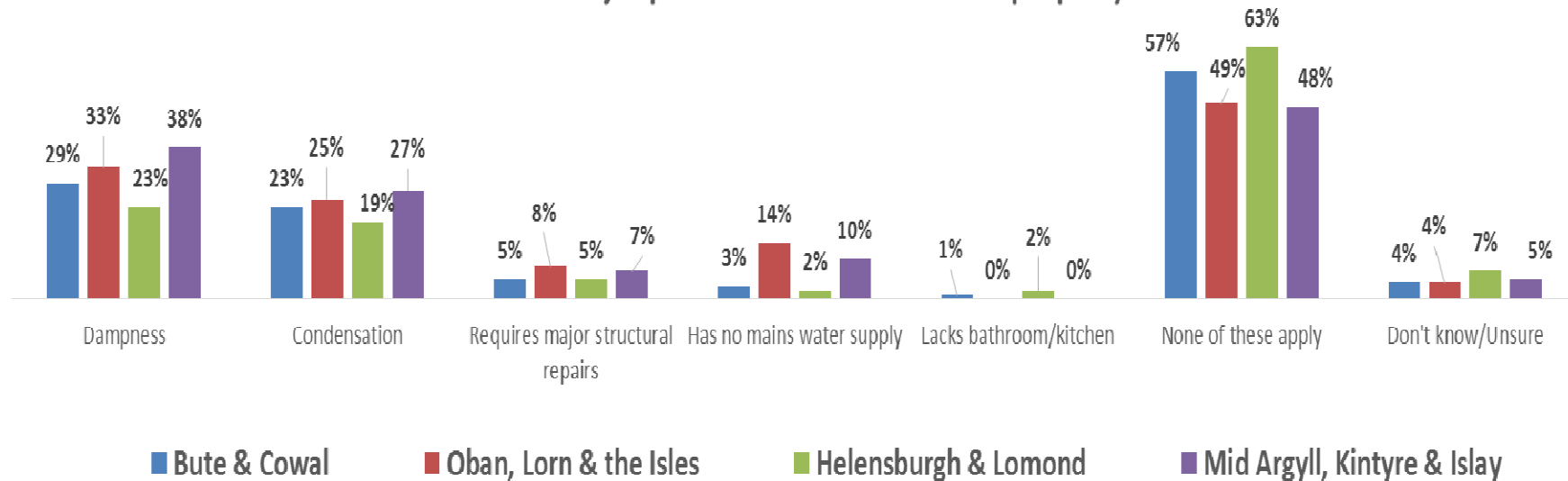


# PRS Stock Profile: Condition

## Tenant assessment of condition

52% of respondents had no major problems with condition  
 43% identified major problems with condition  
 5% don't know/unsure

PRS Tenants: Major problems with condition of property

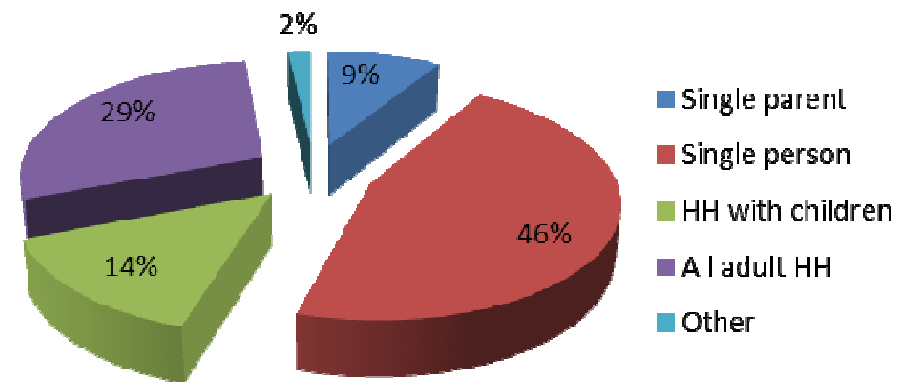


# PRS Population Profile

## Household Type, Age, Employment Profile



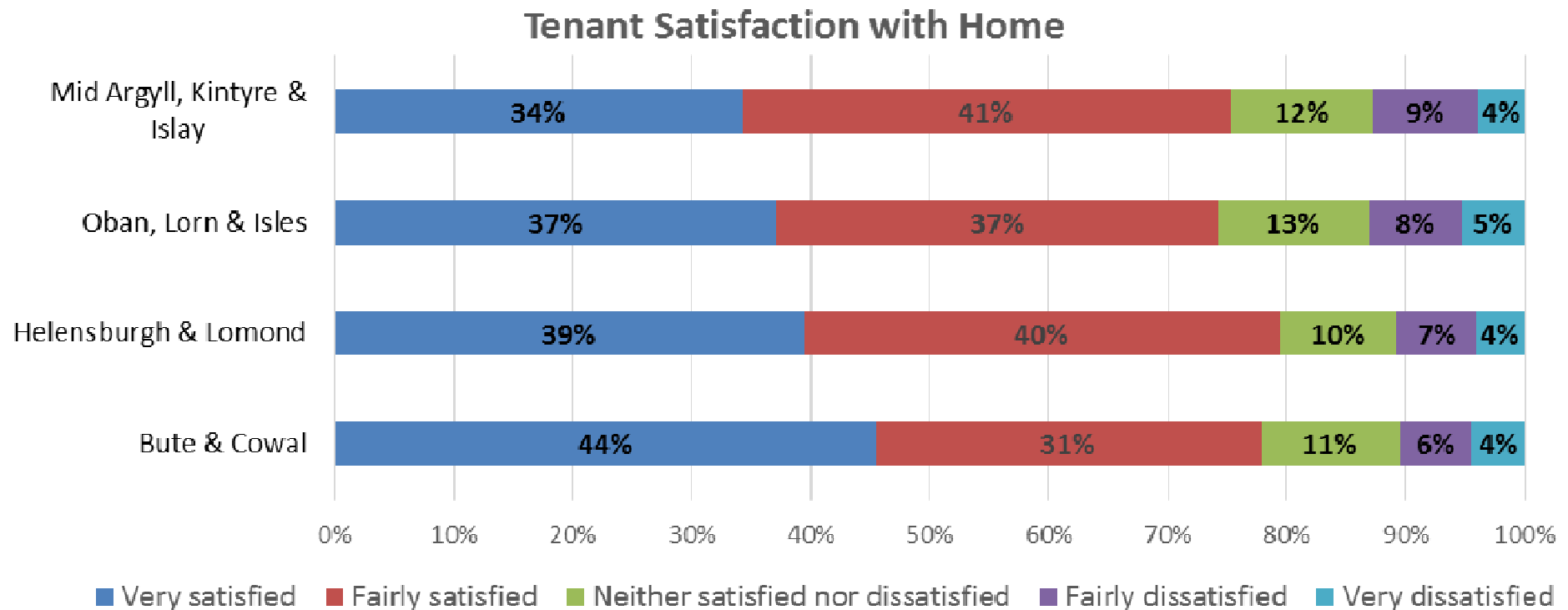
**Household Composition of PRS Tenants**



- Average Household Size: 1.9
- 21% PRS population >65 (2/3 are single people)
- 27% have long term illness or disability
- 44% PRS population not economically active

# Tenant Satisfaction with Home

Tenants most satisfied with their home in H&L area (79%)  
Most dissatisfied in MAKI & OLI (13%)



# Business Profile of Sector



81% of LLs have single property portfolios

48% are accidental landlords

35% are pension investors

9% professional /property investors

- 31% landlords use an agent to manage homes
- 85% have no problem finding tenants
  - Local network instrumental in sourcing tenants: 35% use word of mouth, 17% only let to friends/family
- 36% will not accept HB claimants
  - 40% place no restrictions on tenants

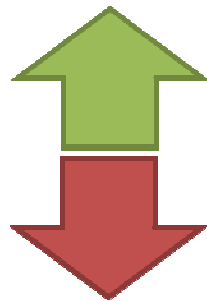
# PRS Rental Analysis

Property Size	Argyll & Bute	Bute & Cowal	Helensb & Lomond	Mid Argyll, Kintyre & Islay	Oban, Lorn & the Isles
1	£362	£353	£374	£315	£408
2	£427	£421	£485	£388	£419
3	£474	£428	£593	£408	£497
4	£544	£523	£770	£426	£549
5	£671	-	£886	-	£499
<b>Average</b>	<b>£436</b>	<b>£410</b>	<b>£509</b>	<b>£383</b>	<b>£456</b>

Average monthly PRS rents is £436 per month

H&L rents are 17% above this

MAKI rents are 12% below this



4 bed LHA (£750) is 38% above average rent













1 bed LHA (£351) is 3% below average rent

# PRS Rental Analysis

Property Size	Private Rents	LHA Rates	LHA/ Private variance
1 bed	£362	£351	-3%
2 bed	£427	£451	+6%
3 bed	£474	£511	+8%
4 bed	£544	£750	+38%
Average	£436	£516	+18%

# Housing Affordability

## Affordability: PRS Survey Income Profile

PRS		
	1	2
<b>Inc Affordability</b>	<b>25%</b>	<b>30%</b>
1 Bed	 35%	 25%
2 Bed	 45%	 34%
3 Bed	 53%	 40%
4 Bed	 63%	 49%
5+ Bed	 72%	 64%
<b>Average</b>	 <b>47%</b>	 <b>35%</b>

At 25% of income 47%  
PRS tenants cannot  
afford PRS rents











**At 30% of income 35%**  
**households cannot**  
**afford PRS rents**

At sustainable income to rent ratios between 35-45% of  
PRS tenants cannot afford average commercial rents



# Housing Affordability

## Affordability: PRS Survey Income Profile

PRS		
Scenario	1	2
Inc Affordability	25%	30%
Bute & Cowal	 42%	 32%
Helensburgh & Lomond	 38%	 28%
Mid Argyll, Kintyre & Islay	 35%	 26%
Oban, Lorn & the Isles	 54%	 39%
ARGYLL & BUTE	 47%	 35%

Rent affordability is best in MAKI: 26% cannot afford  
 Rent affordability is worst in OLI: 39% cannot afford

# PRS in Bute & Cowal

## PRS Housing Stock Profile

- 1,318 properties (27% PRS stock)
- 10% Bute & Cowal housing stock
- 52% houses/48% flats
- 68% are 1 or 2 bedroom properties
- 57% of tenants report no major problems with house condition
- 50% PRS tenants feel amenity of their home needs improved
- 26% want improved thermal efficiency

## PRS Stock Profile



How does housing quality compare?

Better amenity

Better condition

50% PRS homes in Bute require upgrade to amenities (53% in A&B)

57% tenants state no major problems with condition of their home (52% A&B)

# PRS in Bute & Cowal



## PRS Tenant Profile

### PRS Tenant Profile

- 51% single people
- 17% families with children
- 38% with limiting illness or disability
- 58% retired/not working
- 65% earn less than £25k
- 51% in receipt of LHA
- 40% want or need to move

Significantly more households not economically active (58%) than A&B (44%)

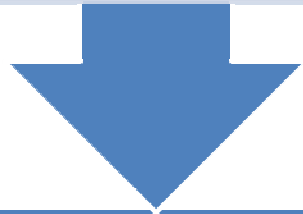
More households claiming LHA (51%) than A&B (34%)

More households over 65 (44%) than A&B (38%)

# PRS in Bute & Cowal

Average monthly rent in  
Bute & Cowal is £410

6% lower than Argyll &  
Bute average (£436)



Is the sector affordable  
(30% income to rent)?

32% of PRS tenants can't  
afford (35% A&B)

Does the sector provide  
security of tenure?

46% consider PRS a long  
term solution - highest in  
A&B

Is the quality of tenancy  
management good?

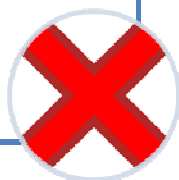
82% satisfied with the  
way their LL manages  
their tenancy (77% A&B)



RNEIL  
OHNSTON

- Income maximisation
- Fuel poverty strategy
- Money advice
- Welfare reform activity

Is the PRS affordable?



- Encourage tenancy term negotiation
- Tenancy sustainment support
- Promoting best practice

Does the PRS provide security of tenure?



- Enhanced enforcement
- Tenancy management training

Is the PRS well managed?



- Low cost loans for repairs
- Long term maintenance plans
- Owner associations & factors

Does the PRS provide housing in good condition?



- Enhanced enforcement
- Private LL forum
- LHA partnership: ABC, LLs, tenants

Does the PRS have the capacity to improve?



- Institutional investment
- Encourage accidental LLs to remain in PRS

Does the PRS have the capacity to grow?



# LHS Strategic Objectives

Inform activity to enhance strengths and improve weaknesses in PRS

