

Argyll & Bute Council

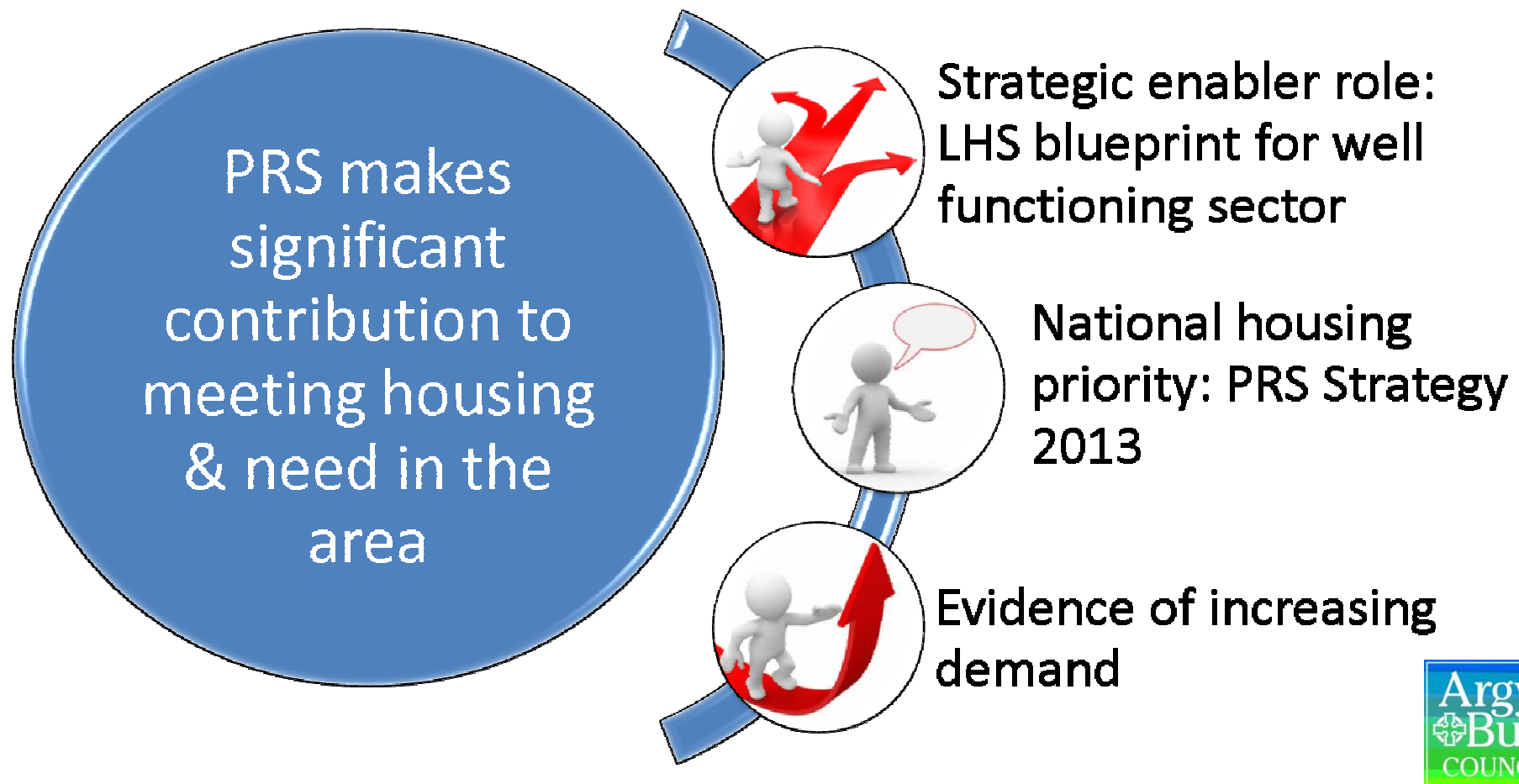
Research into the Private
Rented Sector

Area Committee: Oban, Lorn &
the Isles

9th 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?

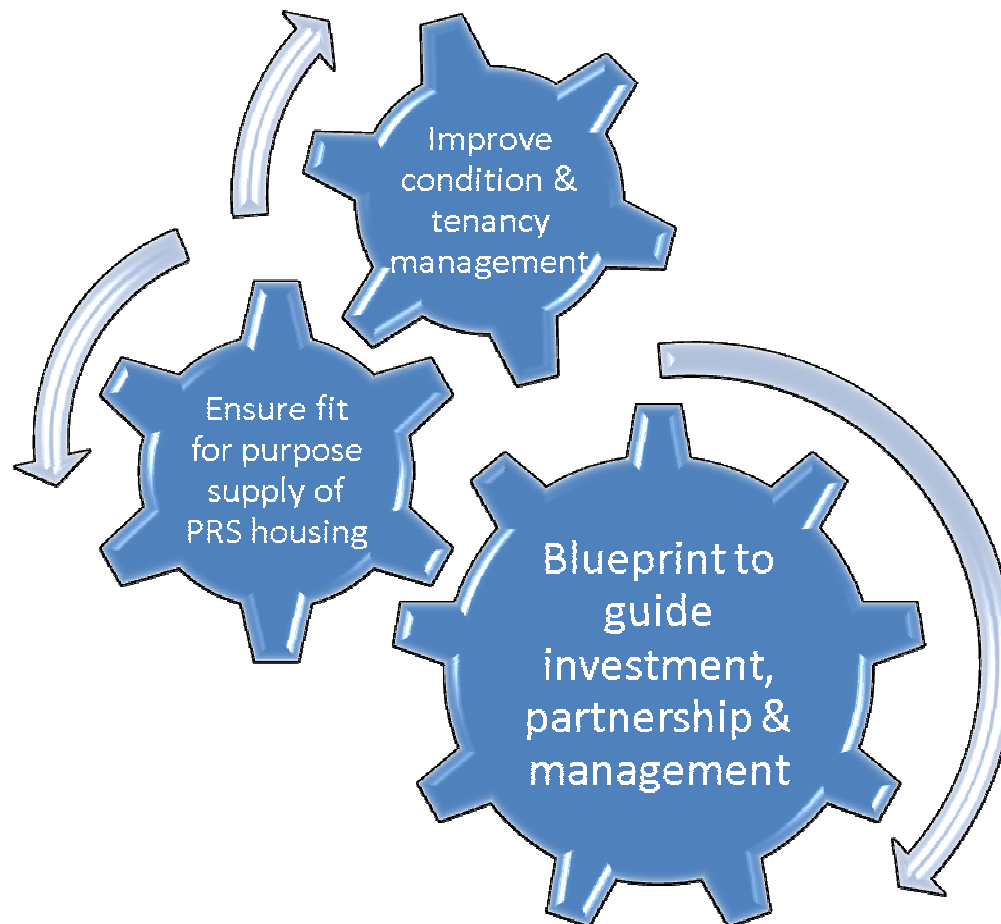
Assessing the demand for and affordability of the PRS

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

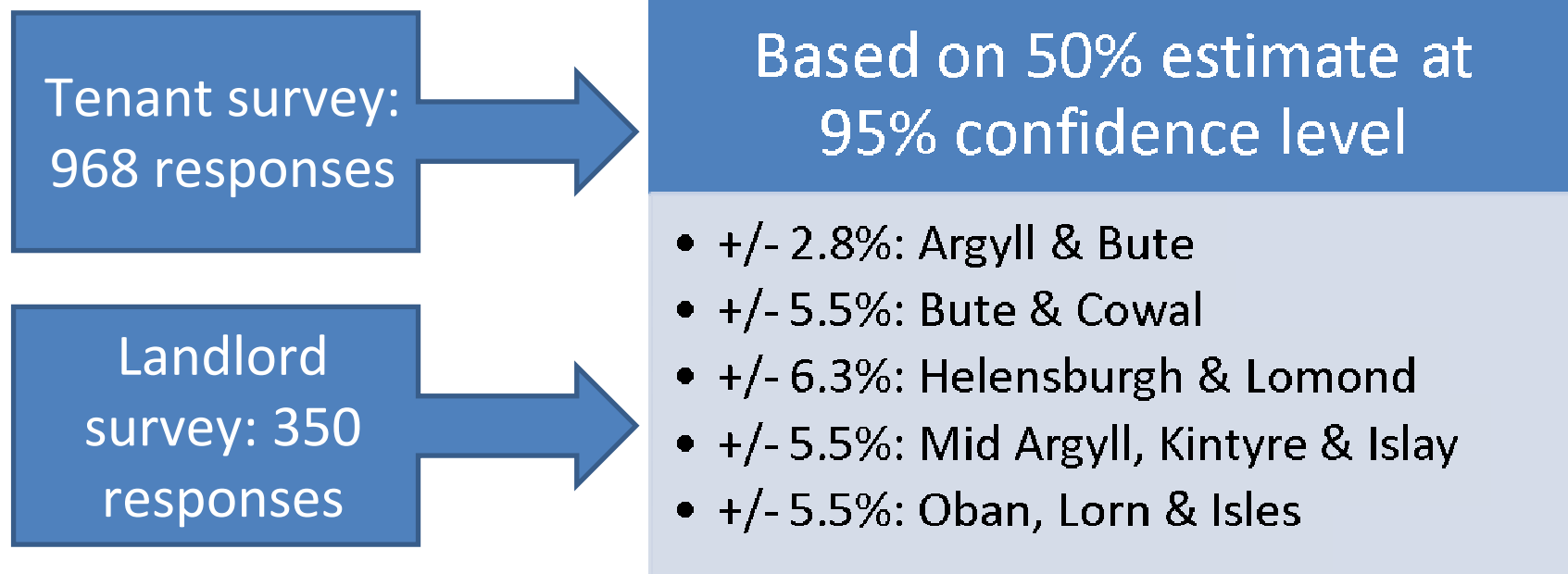
Headline Statistics: Secondary Data



PRS Research Study

Major Primary Research Exercise

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



Strong confidence level: informed decision making

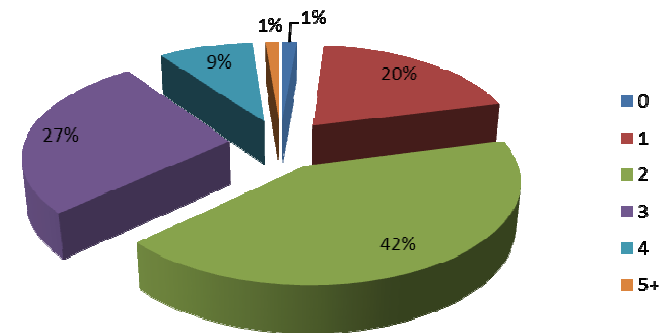
Stock Profile: Property Type

Property Type Profile

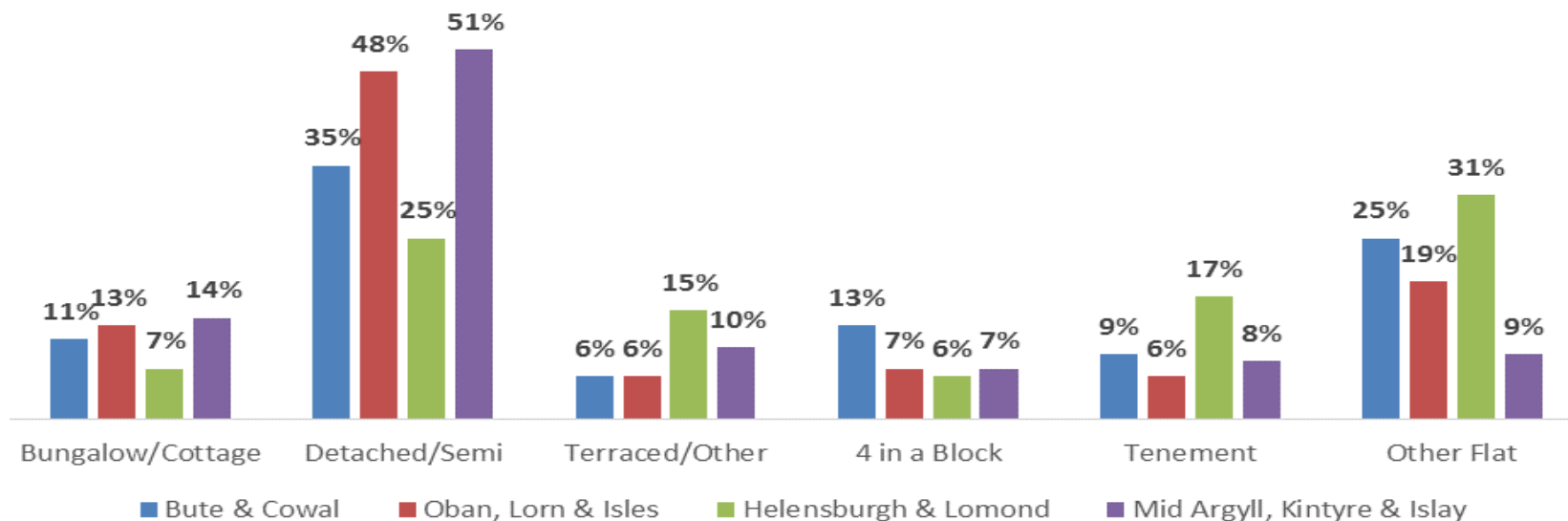
- 54% houses
- 46% flats

Property Size Profile

- 62% dwellings are 1 or 2 bedroom homes



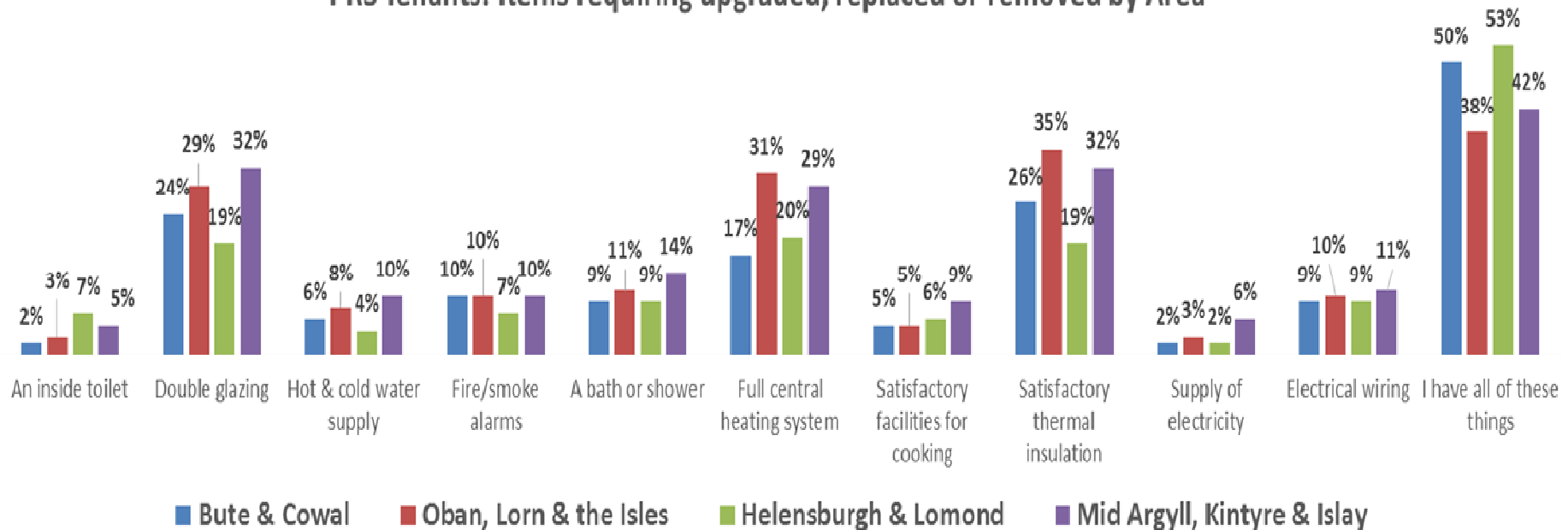
PRS Stock by Property Type and Area



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

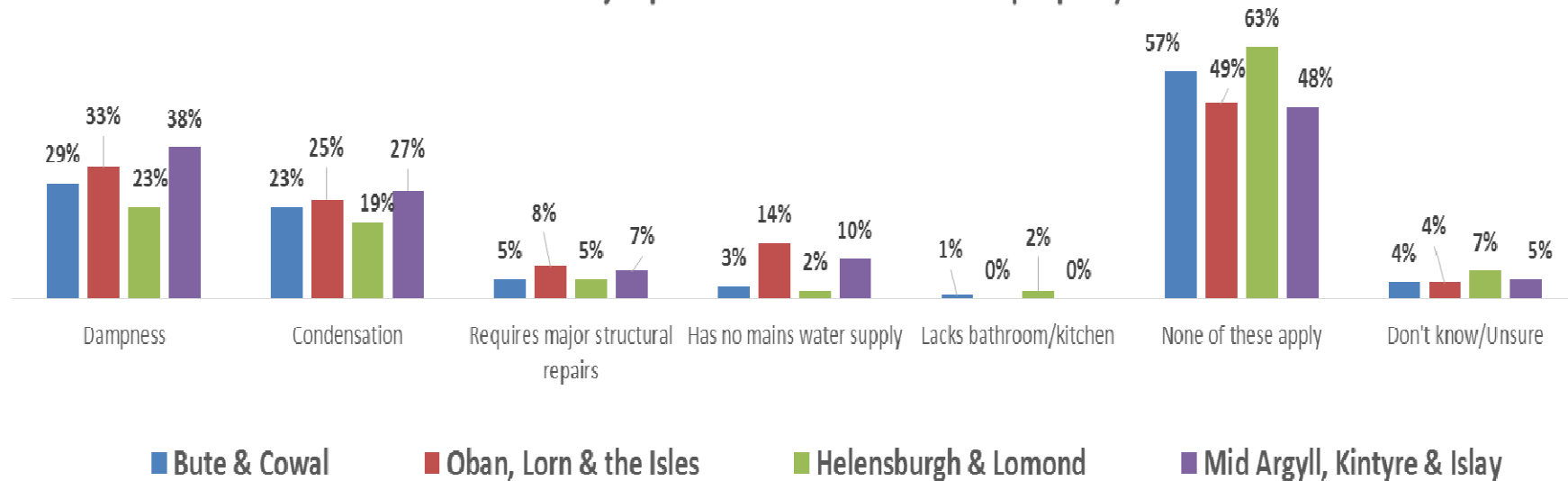


PRS Stock Profile: Condition

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

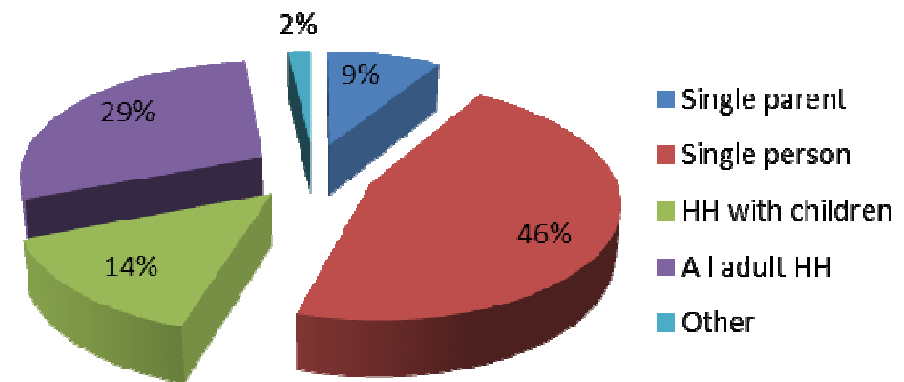


PRS Population Profile

Household Type, Age, Employment Profile



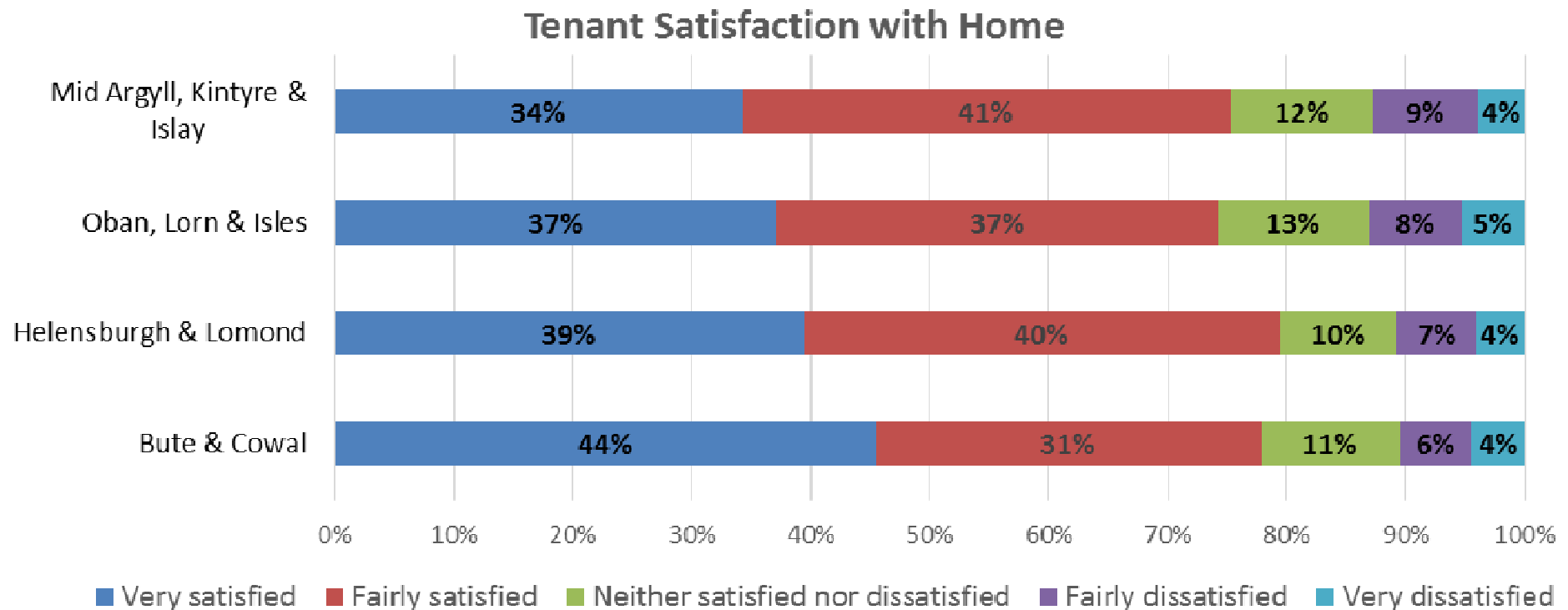
Household Composition of PRS Tenants



- 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

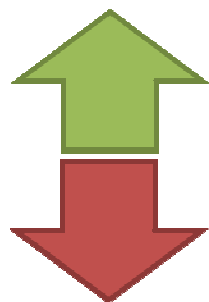
PRS Rental Analysis

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
Average	£436	£410	£509	£383	£456

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











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 Oban, Lorn & the Isles

PRS Housing Stock Profile

- 1,171 properties (24% of PRS stock)
- 11% of OLI housing stock
- 67% houses/33% flats
- 56% are 1 or 2 bedroom properties
- 49% of tenants report no major problems with house condition
- 14% don't have a mains water supply
- 62% PRS tenants feel amenity of their home needs improved
- 35% want improved thermal efficiency

PRS Stock Profile



How does housing quality compare?

Poorer amenities

Worse condition

62% PRS homes in OLI require upgrade to amenities (53% in A&B)

49% tenants state no major problems with condition (A&B: 52%)

PRS in Oban, Lorn & the Isles



PRS Tenant Profile

PRS Tenant Profile

- 38% single people
- 20% with limiting illness or disability
- 25% retired/not working
- 52% in F/T employment
- 65% earn less than £25k
- 22% in receipt of LHA
- 46% want or need to move

Fewer households not economically active (25%) than A&B (44%)

Lower incomes (65% earn <£25k) than A&B (59%)

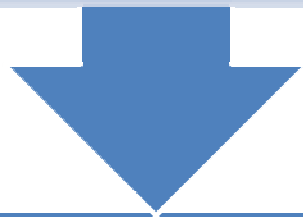
Lower % claiming LHA (22%) than A&B (34%)

Lower rate of illness & disability (20%) than Argyll & Bute (27%)

PRS in Oban, Lorn & the Isles

Average monthly rent in
OLI is £456

5% higher than Argyll &
Bute average (£436)



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

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

Does the sector provide
security of tenure?

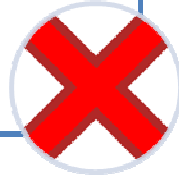
Only 1/3 consider PRS a
long term solution (lower
than average)

Is the quality of tenancy
management good?

78% satisfied with the
way their LL manages
their tenancy (77% A&B)

- 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?



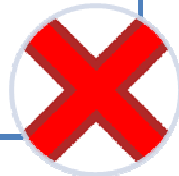
- Enhanced enforcement
- Tenancy management training

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

