



Local Rented Housing Research Study

**Torrige, North, Mid and West Devon
Citizens Advice**

September 2019

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Torrige, North, Mid and West Devon (TNMWD) Citizens Advice
September 2019**

Introduction

Housing and homelessness is an increasingly important area of enquiry in the TNMWD area and informal discussion within the Tavistock office highlighted interest in exploring some of the factors which drive supply, demand and satisfaction in more detail than is routinely captured in general data monitoring. An outline proposal was presented and agreed by the Devon research group in October 2018 and the work carried out over a period of approximately ten months. This report highlights the methodology and findings of the study and describes the difficulties encountered by both tenants and letting agents/housing associations in the current rental market. It is recognised that the study is a 'snapshot', but nevertheless serves as an indicator of the wider factors *re* renting property in Devon.

Study design

The study was designed to gather the perceptions and experiences of those involved in the property rental sector through surveys and interviews with private letting/management agents, housing associations and those clients living in rented accommodation. Stages 1 and 2 were conducted in the Tavistock and Okehampton areas and stage 3 was conducted over the whole of the TNMWD area.

The study was in three stages as follows:

- Stage 1:** Desktop survey of local letting agents' websites, to assess the variety, type and volume of accommodation currently available;
- Stage 2:** Follow-up contact with agents from Stage 1 who consent to either one of the following:
- To complete an online form and return by post or e-mail;
 - To take part in a short interview, either telephone or face-to-face as agreed with each participant.
- Stage 3:** An anonymous paper questionnaire, to be offered to all face to face clients presenting with housing issues over an appropriate period to gather tenants' perceptions and opinions of availability and affordability of accommodation in West Devon.

The scoping exercise (Stage 1) and tenant survey (Stage 3) gathered quantitative data, while the telephone interviews (Stage 2) garnered more qualitative opinion and perception from accommodation providers. Stage 3 required active participation of all Citizens Advice offices in the TNMWD region.

Main Findings

The survey results are reported in three sections:

- Section 1: Desktop survey data
- Section 2: Questionnaire and interview responses
- Section 3: Client survey results

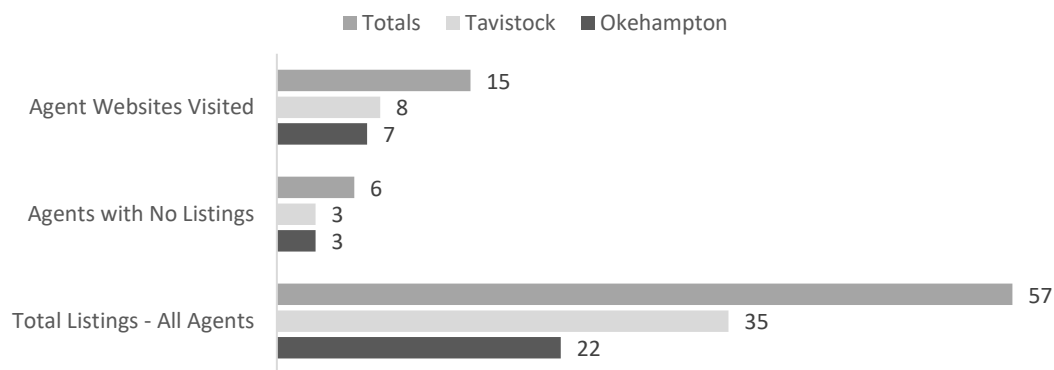
Stage 1 Desktop survey data

Website research and discussion with office supervisors identified 15 local agents in the private rental sector - 8 in Tavistock and 7 in Okehampton alongside Devon Home Choice and LiveWest housing associations.

The housing associations had only 2 properties – a one bedroom flat and a two bedroom house - in the study search area, both of which were limited to applications from those aged 55 years or over, with local connections. Average rent and deposit was £426 and £400 respectively. Due to limited availability, these organisations are not included in other study data reported here.

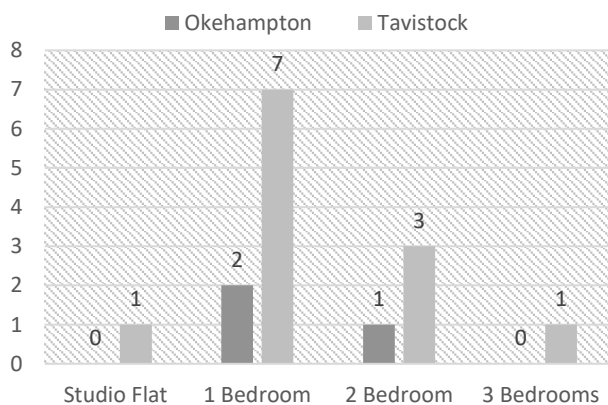
There was wide variation between private sector agents in the number of properties on their books, ranging from 2 or 3 up to 7 or 8 and in one case 12 properties. However, it is interesting to note that 40% of the agents identified had no properties listed at all.

Figure 1: Summary of Agents and Listings



The web-based search was limited to addresses falling within a 5-mile radius of each the towns of Okehampton and Tavistock. As illustrated in Figure 1, 35 properties were found in the Tavistock area and 22 in Okehampton, giving a total of 57 potential homes available across West Devon in November/December 2018.

Number of Flats to Let by Area



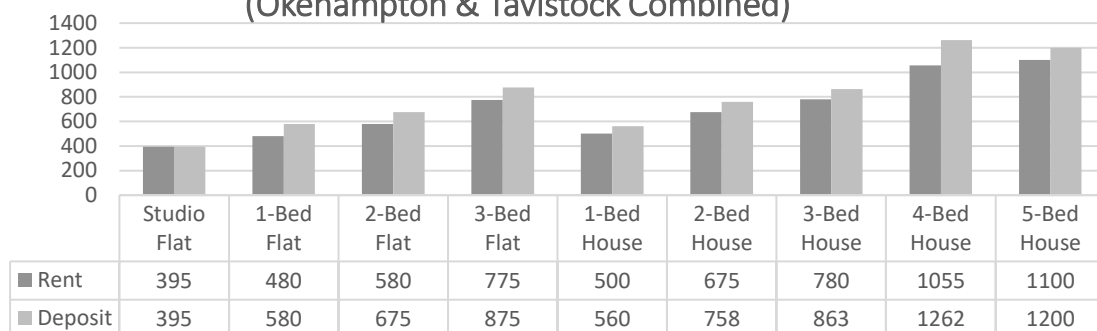
Number of Houses to Let by Area



Figures 2 and 3 show the number and different sizes of flats and houses included on the website material explored and the only significant difference appears to be a dearth of flats for rent in the Okehampton area. Given the largely rural nature of the surrounding area, this finding is perhaps not entirely surprising.

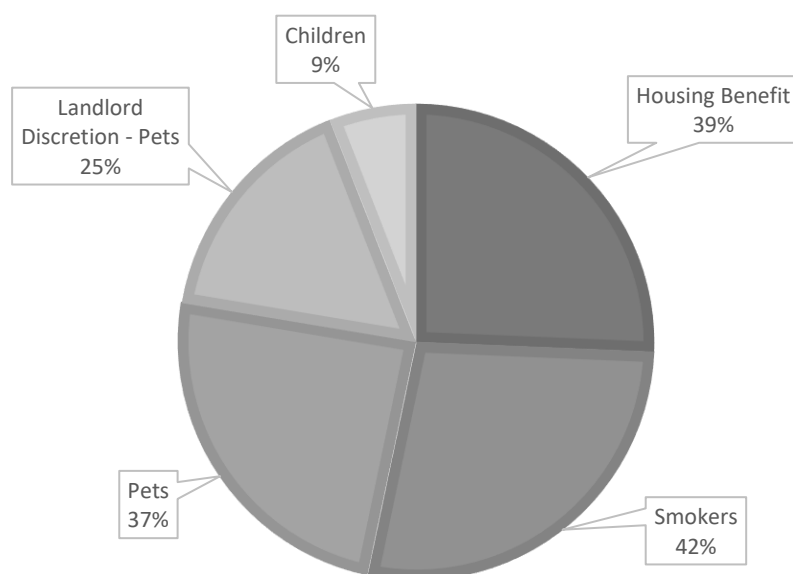
At the time of the survey all the websites visited detailed a range of charges, fees and rent in advance to be paid 'up front' in order to secure a property. These ranged from £60 - £216 per person to carry out reference and credit rating checks, and in some cases, an additional rental agreement fee was chargeable, ranging from £75 - £95. According to the survey findings, a potential renter in West Devon will require a cash sum equal to one month's rent; at least one month's rent as deposit; and an amount to meet administration fees of up to £216. As an illustration, using the average figures from the study data set out in Figure 4, a family seeking a three-bedroom home will need to have available £1859 in cash. However from 1st September 2019 a new act came into force which permitted letting agents and landlords to only charge fees relating to rent, security deposits, holding deposits, or when a tenant breaches a contract – additional fees for reference and credit checks was banned. Although this news appears to be beneficial to renters, suspicion arises about how and where the letting agents will recover this loss of their income from conducting checks, Will it be passed to the landlord, and if so, will the landlord increase the rent? This impact has yet to be ascertained.

Figure 4: Average Deposit and Monthly Rental by Property Type
(Okehampton & Tavistock Combined)



Interrogation of information published on agents' websites, alongside the usual property details, highlighted a number of barriers faced by prospective tenants with the most common exclusions from a tenancy summarised in Figure 5.

Figure 5: Summary of Tenant Exclusions



Over half of properties (56%) listed one or more exclusions in the website details. *NB It is important to note that percentages do not add up to 100 here as some properties included more than one exclusion.*

Although it applies to only a small number of properties, the inclusion of children as a specified category for exclusion might well be viewed as discriminatory and will benefit from more exploration in Stages 2 and 3 of the study. It is disturbing to note that even for the small number of properties (57) explored in the study, 2 in 5 do not permit tenants in receipt of housing benefit and an almost equal proportion also exclude pets, even though these might in some cases be considered 'companion animals'. It is interesting to note that a quarter of landlords advertise their willingness to exercise some individual discretion *exclusively* in relation to pets

Stage 2 Letting agent questionnaire, interview responses and emerging themes

Of the 15 private-sector agents identified in the study, over half (53%) responded to the request to participate. The themes reported here have emerged from 3 completed questionnaires and 2 face to face/telephone interviews. Some agents were, predictably, reluctant to participate as their sales figures can be closely guarded.

Market activity

The busiest Okehampton agent arranges on average, 12 lets per month, while the equivalent in Tavistock arranges up to 18 per month. These busy agents are most often small independent businesses, not involved with house sales. By contrast, some estate agents, mixing lettings and sales, may only handle two lets a month. There is fierce competition in the lettings market and they keep a close eye on their competitors. It is interesting to note that in addition to those who had no listings on their website, at the time of interview, 13% had decided to treat lettings either as a low priority or had withdrawn from the market altogether.

Two-bedroom properties are let almost immediately while three-bedroom properties may be on the market for longer. One-bedroom properties are those most often let to tenants in receipt of housing benefit.

Exclusions

Exclusions for those on benefits seem sometimes to arise from mortgage provider or insurer embargos or specific terms in the lease. One or two bad experiences for the letting agent or landlord give rise to caution thereafter. It is pertinent to note that as the letting agent also manages the let in the majority (80%) of cases, then having a trouble-free tenant is obviously preferable to them.

The independent, local agents use their discretion in relation to exclusions but larger, national companies are more likely to be bound by central office rules.

The 'no smoking' exclusion is universal but pets can be difficult: a small dog or cat owned by an elderly occupant is not the same as three large dogs and a family. One agent does negotiate with landlords around exclusions if the risks are considered low.

There are also exclusions, albeit less frequently, noted in relation to children. There may be good reasons for this e.g. sheltered housing for elderly, but children are not included in the Equality Act and this exclusion is therefore not actually illegal.

Checks on prospective tenants

At the time of the study all of the letting agents undertook checks on tenants including the following:

- credit rating
- employment
- previous landlord references
- review of ability to pay

The prospective tenant is no longer charged for these checks now, but nevertheless they are still done by the letting agent. Tenants who have, or have had, rent arrears will find it particularly difficult to rent privately. This is an emerging problem for those on housing benefit following the introduction of Universal Credit (UC) and the five-week waiting period. This has been partially but not fully addressed by new legislation allowing legacy benefits to run for an extra two weeks following a UC claim – but still leaves a 3-week gap for rent arrears to accrue.

Barriers to landlords

Most agents cited the new Energy Performance Certificate (EPC) rating requirement and changes in stamp duty taxation as the reasons for fewer landlords choosing to let (see appendix A for more information on legislation). Mortgage approvals are down and fewer properties are being 'bought to let'. Other barriers included cost of repairs, over fussy tenants and the need to chase rent arrears.

Barriers to tenants

Lack of availability - and subsequent competition - is the largest barrier (particularly for local authority/housing association properties). Ability to afford the rent, coupled

with a poor credit rating is a major factor: the more scarce private lettings become, the higher the rent and more unreachable for those on benefits.

As mentioned previously, the cost of finding a deposit and one month's rent 'up front' can severely limit a family's ability to move from one let to another. Typically the deposit is not returned until after the property is vacated, leaving a financial hole. Assured shorthold tenancies, which constitute most, if not all of the private rental market, provide no security of tenure and add to this problem. Clients with a poor credit rating, a record of previous rent arrears and eviction for arrears are almost impossible to house in the private sector.

Pet ownership is another area of difficulty. From local Citizens' Advice experience there are more than a few clients with mental health difficulties who are emotionally attached to their pets. They put the animals above their own welfare and housing needs and are very hard to accommodate.

Stage 3 Client survey results

N.B. Not all clients completed the questionnaire in its entirety, so numbers of responses are not always consistent. In all 57 responses were analysed, spread across TNMWD. The figures have been rounded.

We used the 'Statistical Package for the Social Sciences' software package to analyse the data (free trial!) and this allowed cross referencing of question responses with other categories e.g. type of landlord.

Basic data for respondents

Age distribution

Age (years)	Percentage of respondents (%)
Under 20	2
21 - 40	38
41 - 55	45
56 - 64	9
65+	7

Family members

57% of the respondents lived with a partner or other adults. 45% of households had children aged 0 to 17 and 10% had 18+ year old young adults living at home.

47% of households kept a family pet or companion animal, and of those 15% were cats, 22% were dogs and 7% kept cats and dogs. Some 3% kept other animals, such as reptiles or sheep.

Employment status

Status	Percentage of respondents (%)
Paid, full time	16
Paid, part time	22
Self employed	4
Unemployed, job seeking	10
Unable due to ill health	33
Retired	4
Carer role	4
Other	8

51 % of the respondents were claiming housing benefit or housing element of Universal Credit (UC). A significant percentage was unable to work due to ill health, unemployment or caring responsibilities.

Finding a suitable property to rent

Approximately 50% of respondents had spent time living with family and friends or 'sofa surfing' before finding a suitable property to rent. This time spent with friends was typically less than a year but some spent over 18 months in this situation. *(Anecdotally, there are a significant number of clients who sleep in tents or camper vans on the moor. These clients often have mental health difficulties or have recently left the armed forces or prison).*

Overall, about 40% of respondents took less than 6 months to find a property, 36% took up to one year and 13% took over three years. The experience of finding an affordable property was a significant factor:

Experience of finding affordable property	Percentage of respondents (%)
Very difficult	33
Quite difficult	28
Neutral	21
Fairly easy	9
Very easy	9

Who are the landlords?

Landlord	Percentage of respondents (%)
Local authority	17
Housing association	28
Private	53
Other e.g. almshouse	2

The mix of landlords seems to reflect the relative availability of housing for rent in the area. Unsurprisingly, over 50% of respondents rent from private landlords, usually on an assured shorthold tenancy, with limited or no security of tenure.

The method of accessing LA or HA property is through the Devon Home Choice website. Prospective tenants register on-line and bid for the few properties which are available. This system is good for those who are confident with the internet, but the elderly and those unfamiliar with computers face a barrier. Paper registration can be still be done and automatic bidding put in place, but this requires help from a third party e.g. Citizens Advice, TASS (Tavistock Area Support Services).

At the outset, these results indicate just how difficult it is to find suitable accommodation and the rest of the questionnaire was aimed at finding possible reasons and barriers.

Affordability of rent

The following data gives some idea on how much rent is being paid in the TNMWD area. Obviously the size of property required will reflect number of family members and many will be in receipt of housing benefit or the housing element of UC.

Weekly rent (£)	Percentage of respondents (%)
Less than 100	38
100 - 149	45
150 - 199	11
200+	6

A cross tabulation showed that 80% of the tenants paying less than £100 per week in rent were living in local authority or housing association properties. 71% paying £101 to £149 were living in private rented accommodation and those paying more than £150 per week lived exclusively in private accommodation. This result underpins the relative availability of properties and market forces i.e. lower rent, less availability, (especially Local Authority or Housing Association properties); higher rent, more choice in private sector.

A cross tabulation was made against the ease of finding an affordable property with the type of landlord.

Renting from:	Ease of finding an affordable property		
	Very or quite difficult	Neutral	Fairly or very easy
Local authority	50	20	30
Housing Association	60	13	27
Private sector	66	28	7

Clearly many respondents struggled with finding an affordable property in the first instance, but then have to meet their rent – so which type of landlord do renters most struggle with rent-wise?

A cross reference was made regarding how difficult respondents found it to pay their rent against who was the landlord.

Renting from:	How difficult is it pay the rent? (% of respondents)		
	Always or most of the time	Sometimes	Never
Local authority	22	22	56
Housing Association	33	40	27
Private sector	25	50	25

It is interesting to note that those living in local authority housing felt relatively more comfortable with paying their rent (55% never found a difficulty) than those in housing association or private rental properties (26% never found a difficulty). The reason for this is unclear but could point to the desirability of LA housing coupled with assured housing benefit payments? Housing associations are perhaps more active in chasing rent arrears? However it must be noted that significant numbers of tenants nearly always find it hard, or sometimes hard, to meet the rent payments, whoever their landlord is.

The duration of tenancy for those surveyed was very mixed. Over 50% had been living in their rental property for between 1 to 5 years, some had only just moved in but a significant 30% had been living in their home for more than 6 years. Only two respondents had chosen to move and two had been served notice by the landlord in the past year. This finding is encouraging as it seems to imply that landlords are not serving Section 21 notices that frequently, at least in the TNMWD area.

Debt and rent arrears

Many clients present at Citizens Advice with debts, including priority debts for rent arrears. This leaves them vulnerable to eviction and homelessness. The study looked into how much of the household income is spent on rent, frequency of borrowing to meet rent payments and financial resilience to unexpected events.

Proportion of household income spent on rent:

Proportion of income	(% of respondents)
A quarter or less	26
Up to a half	46
More than half	28

Some 50% or more of a tenant's income is taken in rent for at least 75% of renters. In the last 12 months, 47% of respondents admitted to being in rent arrears. Of these, 43% were up to 4 weeks in arrears, 39% were two months in arrears and 17% were over two months in arrears.

Respondents were asked if they had borrowed to pay their rent. 38% said yes – of these, 65% borrowed from family or friends or used a credit card (17%). Some 9% asked for a discretionary housing payment. This is patently an unsustainable state of affairs and needs to be addressed at local or national government level.

Another cross reference was done on age and financial resilience:

Age (years)	Savings put-by that would cover 4 weeks rent (% of respondents)	
	Yes	No
Under 20		100
21 - 40	10	91
41 - 55	13	87
56 - 64	25	75
65+	33	67

The trend is clear from this table, and perhaps unsurprising. Older people do have more savings to cushion them from unforeseen circumstances – perhaps due to living more frugally or not having expense of looking after children. However the overall picture is that few tenants have financial resilience, making their housing situation unsafe and preventing them from finding the necessary one month's rent + deposit if they did attempt to move or are served notice by the landlord.

Anecdotally, the stress experienced by tenants when faced with a bill for car or household appliance breakdown is all too often seen by Citizens Advice advisers. Other financial difficulties arise from sanctions imposed by Department of Work & Pensions (DWP), where the tenant may not realise how it will immediately impact their housing benefit; also sudden illness and inability to work. Statutory sick pay is often much less than a usual salary. All of these factors contribute to a precarious existence for renters, leading to perhaps low level, but constant anxiety and anger.

Some respondents' comments:

1. *'Great landlord, the property agents are too expensive.'*
2. *'Difficulty in obtaining Housing Benefit which I have had elsewhere for last 6 years as I am now renting from a family member.'*
3. *'Who to complain/turn to for benefits miscalculations and underpayments?'*
4. *'We have moved out but whilst living there doors were rotten, old condition, heating not functioning.'*
5. *'Lack of willing from Landlord to fix and maintain function of boiler, electrics etc. This is because of rent arrears.'*
6. *'Cold, fuel expensive.'*
7. *'Mould issues, coin meter electricity.'*
8. *'At the moment we are struggling to pay our rent as my partner is off work sick due to a heart attack and he's signed off work for a month.'*
9. *Bad problem with noise*
10. *Excellent housing from Local Authority for 7 people*
11. *Good landlord, much better than the last*
12. *I need advice on housing benefit or I will be homeless*

The way forward – some thoughts

It is recognised that this is a small study but it does reflect common perceptions of advisers in Citizens Advice when helping clients. Tenants face problems with finding and affording properties to rent and landlords/letting agencies are restricted by

legislation and an apparent increasing reluctance of property owners to enter the rental market.

This study does highlight a great need for affordable, one and two bedroom properties, ideally owned and managed to an acceptable standard by the local authority or housing associations. Building such properties would give tenants security of tenure, affordable rents and help to put a brake on private rental values. (Currently the local authority is effectively subsidising private landlords when housing benefit is being paid to renters. Why not subsidise themselves by building new properties and paying Housing Benefit effectively back to themselves?)

New build mini estates are springing up all over Devon – with a preponderance of 3, 4, 5 bedroomed housing. These can be of dubious quality and bound by leases or covenants which benefit the building companies. These properties are intended to be purchased by private buyers - but are out of reach to those who cannot afford a mortgage. This building programme will not address the fundamental housing problem experienced by current tenants.

The private sector is underpinning the rental market and is vital for providing housing for many. Whilst it is recognised that private landlords have their own difficulties with certain tenants - and legislation may put many of them off, they are still legally able to bar tenants in receipt of benefits, pets and even children.

The Tavistock Times reported on 31 October 2019 that 'rents on new tenancies rose across all 12 UK regions last monthwith the South West having recorded increases above 3% - this compares with the UK inflation rate of 1.7%'

What is apparent from this small study is that homelessness is an inevitably increasing consequence if matters stand as they are. National and Local government must act swiftly to avert a housing crisis.

Energy Performance Certificate (EPC) legislation

As from the 1st April 2018 there will be a requirement for any properties rented out in the private rented sector to normally have a minimum energy performance rating of E on an Energy Performance Certificate (EPC). The regulations will come into force for new lets and renewals of tenancies with effect from 1st April 2018 and for all existing tenancies on 1st April 2020. It will be unlawful to rent a property which breaches the requirement for a minimum E rating, unless there is an applicable exemption. A civil penalty of up to £4,000 will be imposed for breaches. This guidance summarizes the regulations

<https://www.rla.org.uk/landlord/guides/minimum-energy-efficiency-standards.shtml>

Stamp Duty Surcharges

One big and recent change involved stamp duty land tax, and the additional surcharge imposed on buy to let investors. This would affect those who purchase residential property, with higher rates affecting those who own two or more residential properties at the end of the day of the transaction, and are not replacing their main residence. As per the guidance, this relates to purchases in England, Wales and Northern Ireland, given the Scottish devolution.

A comparison of the previous rates, and new rates, are summarised below:

Purchase Price	Previous SDLT rate	New SDLT rate
£0 - £125k	0%	3%
£125k - £250k	2%	5%
£250k - £925k	5%	8%

<https://www.rla.org.uk/landlord/guides/tax-changes-affecting-residential-landlords-in-2016.shtml>