

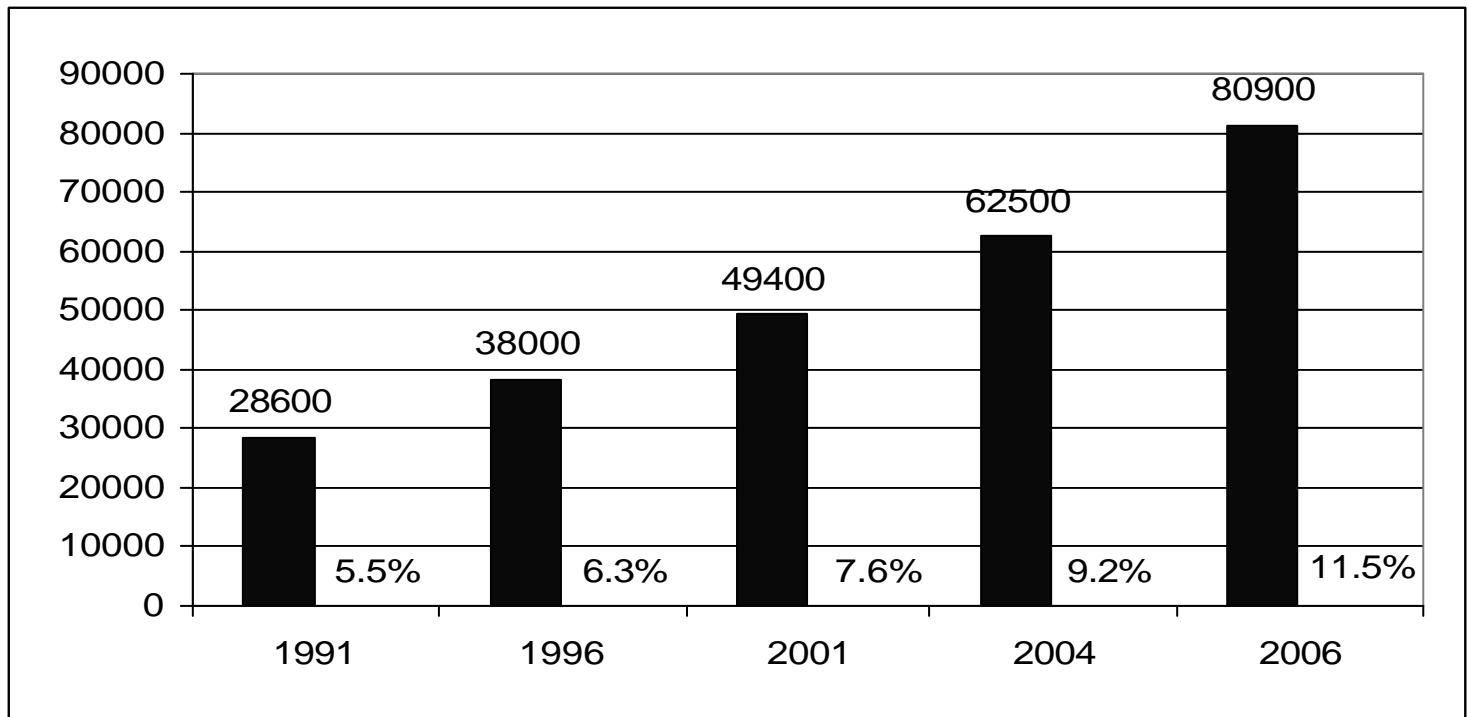
# **The Private Rented Sector in N. Ireland**

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## Overview

- Govt promotion of PRS: with the shortage of social housing and home ownership still out of reach for many, government is looking increasingly towards the private rented sector to provide alternative viable housing options.
- Series of policy initiatives
- Issues for tenants

## The growth of the PRS in NI



# Recent policy developments

## A Strategy for the Private Rented Sector in Northern Ireland (May 2004) DSD/NIHE

***‘To promote and sustain a healthy private rented sector, which offers choice and flexibility by influencing supply and securing a better quality, better managed sector’.***

- Objective 1: To create a legislative structure for the private rented sector, which addresses inequities and targets unfitness through repair enforcement and rent control.
- Objective 2: To clarify and promote the rights and responsibilities of private rented sector landlords and tenants.
- Objective 3: To improve housing conditions in the private rented sector.
- Objective 4: To facilitate housing choice, by promoting the private rented sector as a viable and affordable housing option.
- Objective 5: To influence the levels of supply of accommodation available for private renting.
- Objective 6: To promote high standards of management within the private rented sector.

## The Private Tenancies (NI) Order 2006

*To address inequities in the sector, target unfitness and encourage landlords to improve unfit properties with the prospect of a more viable return on their investment.*

- The main thrust of the legislation is to:
  - tackle disrepair and unfitness (specifically in older pre-1945 properties)
  - ensure there were no further controlled tenancies (i.e. with security of tenure and rent control introduced by the Rent (NI) Order 1978)
  - require landlords to provide certain information to tenants (i.e. rent book, their contact details, and statement of tenancy terms)
  - introduce a 6 month tenancy term in the absence of a fixed term agreement.

## Issues with PTO

- Unfitness pre-1945 cut-off
- Fitness standard doesn't include thermal comfort
- Enforcement –1 year on from the legislation coming into effect 16 councils failed to take any enforcement against landlords
- Overall, legislation is a missed opportunity? – doesn't address management standards

## Houses in Multiple Occupation (HMOs)

- The Housing Order (NI) 2003: A dwelling occupied by more than two qualifying persons, being persons who are not all members of the same family.
- Approx. 14,000 HMOs in NI.
- Statutory registration scheme launched in May 2004 (amended in 2006 to take into account landlord concerns over their responsibility for anti-social behaviour). The scheme is designed to target properties deemed to represent the greatest risk to occupants. Dwelling must meet HMO standards
- Area based approach - all HMO properties within a certain area have to be brought up to modern standards. Outside these area properties capable of occupation by more than 10 people are specified for registration
- Sept 2007 Statutory Registration Scheme amended to several additional areas.
- NIHE launched a consultation document on a Strategy for HMO accommodation (April 2008)

## **HMO Strategy consultation**

- NIHE launched a consultation document on a Strategy for HMO accommodation (April 2008)
- Changing the definition, current definition means that a couple who take in an uncle, aunt, niece etc have created a HMO
- Higher fines for non-compliance. Code of Management Practice for landlords
- Increase pace of registration

## The Review into Affordable Housing

The Review's overall objective was to consider Government interventions in the housing market that increase the supply of social housing for rent, support the private rented sector and assist intermediate households into home ownership.

The Review made several recommendations for the private rented sector, including:

- Addressing issues such as security, control and quality within the sector if the private rented sector is to play a greater role in meeting housing need
- Registration of all landlords by the new local authorities post-Review of Public Administration. However, in the interim, the NIHE should extend the registration of Houses in Multiple Occupation and develop a system of wider landlord registration.

## The Review into Affordable Housing

- Registration should incorporate a mediation and arbitration service for landlords and tenants.
- The guidance being produced by the Department for Social Development and the Rent Officer for Northern Ireland should be widely disseminated.
- The Department for Social Development and District Councils should ensure that all landlords comply with the Private Tenancies (NI) Order 2006.
- Consideration should be given to providing for longer periods of notice and tenancies as is the case in the Republic of Ireland system.
- A Voluntary Rental Support Scheme should be introduced by the Northern Ireland Housing Executive to assist landlords and potential tenants.
- A Deposit Guarantee Scheme should be considered to assist those on low incomes who are seeking homes in the private rented sector.

# Tenants

## Household profile

- 45% in receipt of HB (37% in 2001)
- Fuel Poverty – 44% compared to 34% overall
- Disproportionately high proportion of mixed religion households (7%)
- 19% unemployed compared to 8% overall
- 11% looking after the family/home compared to 5% overall
- Lone adult households over-represented (23% compared to 14% total households)
- Proportion of lone parent households doubled to 20% between 2001 & 2006

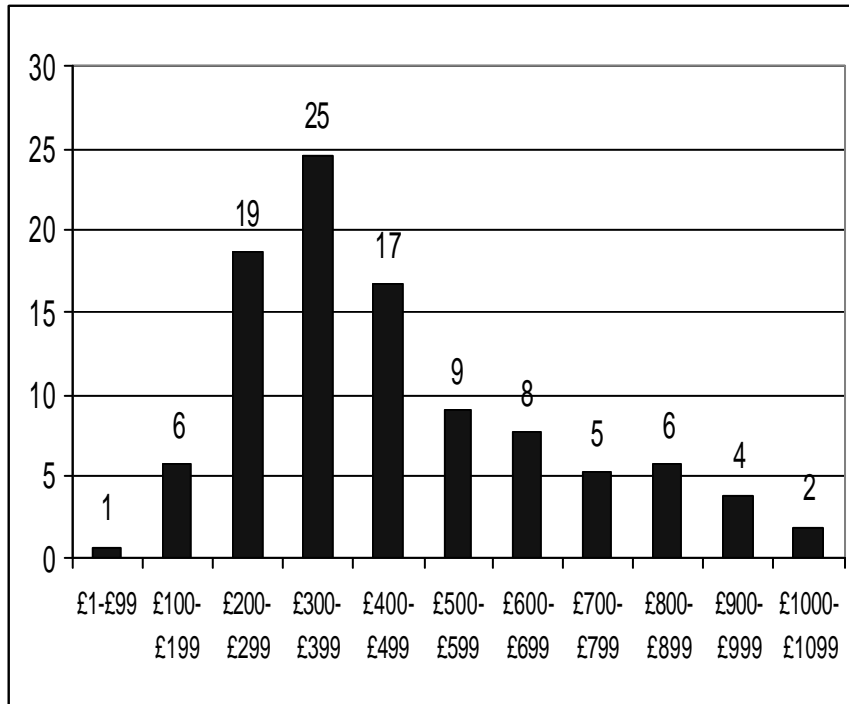
## Household Type - 2001 and 2006 (%)

	OO		PRS		NIHE		Total	
	2001	2006	2001	2006	2001	2006	2001	2006
Lone Adult	9	10	30	23	17	25	12	14
Two Adults	14	14	15	17	8	9	12	14
Small Family	15	13	10	9	9	8	13	12
Large Family	15	12	8	5	8	7	13	10
Large Adult	18	16	9	9	7	6	15	13
Two Older	16	19	8	5	11	9	14	16
Lone Older	12	13	12	13	22	22	15	15
Lone Parent	2	2	10	20	19	15	6	6

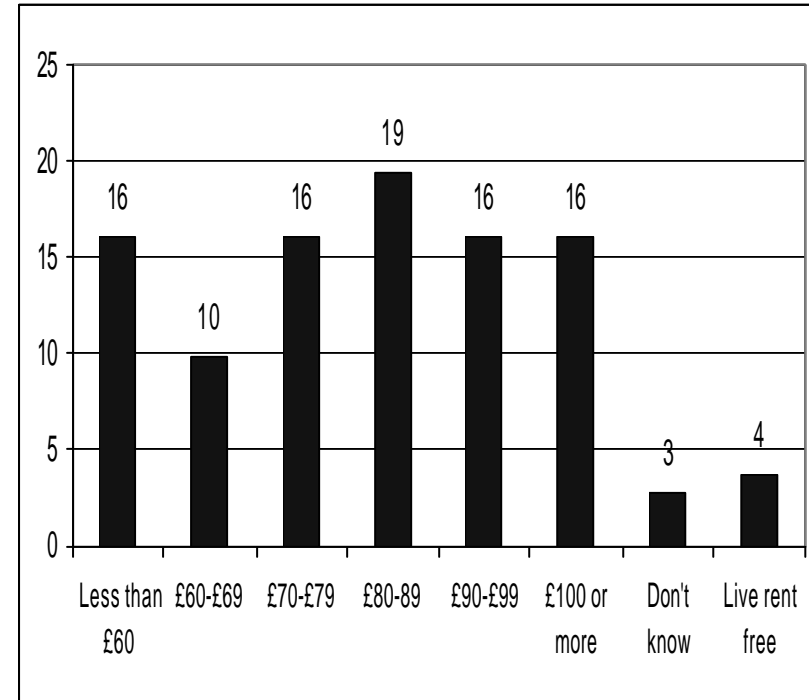
## Access & affordability

- One third (34%) paid rent in advance (£350)
- Two-fifths (41%) paid a deposit (£290)
- More than half (53%) paid either/or both – average total amount = £440
- 17% had experienced non return of deposits
- Average rent level £79 per week but one-third paid £90+
- Two-thirds of tenants in receipt of HB had to pay shortfall (average £20 per week)
- 45% found it difficult to pay rent / shortfall in HB

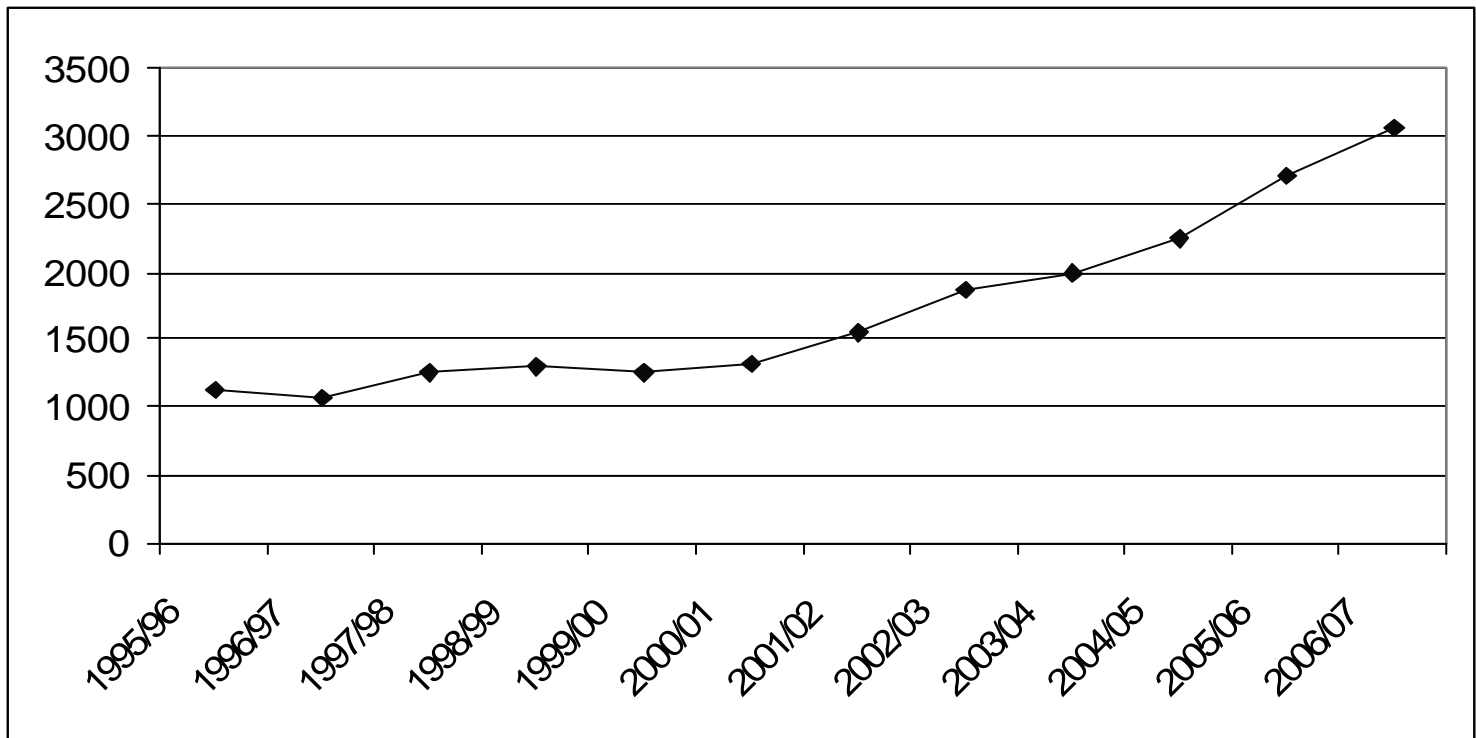
## Amount paid in advance



## Weekly rent



## Presenting as homeless due to loss of PRS accommodation



## Landlord – Tenant Relationship

- Vast majority (89%) of tenants on good terms with their landlords – only 2% said they had a poor relationship
- Most respondents very satisfied (56%) or satisfied (27%) with service provided
- However, one quarter dissatisfied with the way the landlord/agent dealt with repairs – length of time was most common reason

## Landlord – Tenant Relationship

- Three-quarters had no rent book
- Only two-thirds had a written tenancy agreement
- 84% more likely to rent from an accredited landlord
- 87% of tenants in favour of a mediation/arbitration service – rents, deposits, evictions, repairs

## Conclusion

- Private Landlords beginning to enter market again: particularly from eurozone due to strong euro
- Rising waiting lists for social housing and affordability issues for first time buyers as a result of the ongoing “credit crunch”, together with changing labour markets, will ensure that the private rented sector will continue to play a very important role in Northern Ireland’s housing market, and indeed will increasingly meet the needs of households, who in the 1980s and 1990s may have had their housing needs met by the social sector.
- Houses in Multiple Occupation (HMOs) will continue to play an important role in housing single person households including students and young professionals and those on low incomes. This form of tenure is of particular importance for migrant workers. The statutory licensing of HMOs will help ensure management standards improve.
- A new strategy for the private rented sector is to be launched in 2009. It will build on the 2004 strategy and will focus on a number of important issues, including security of tenure, housing quality, management standards and the resolution of landlord tenant disputes.