

Consultation response:

Overcoming the barriers to longer tenancies in the private rented sector

To: Ministry of Housing, Communities and Local Government

By: The Intergenerational Foundation

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The Intergenerational Foundation (www.if.org.uk) is an independent think tank researching fairness between generations. IF believes policy should be fair to all – the old, the young and those to come.

Intro

The Intergenerational Foundation (IF) believes it is essential to give tenants more security within the private rented sector and welcomes these proposals for three year tenancies. With 46% of 25-34 year olds living in privately rented accommodation, a figure which has increased from 27% in 2006-2007,¹ questions about reform within the private rented sector are ones which must take into account intergenerational fairness.

What do you consider to be the main benefits of a longer-term tenancy for tenants?

From the consultation briefing document, we believe the following are two of the key advantages:

- Greater security for tenants
- Tenants have greater assurance they can afford any rent increase

¹ Ministry of Housing, Communities and Local Government (MHCLG) (2018) [English Housing Survey 2016 – 2017](#). MHCLG.

Greater security for tenants

Increasing tenancy lengths to at least three years would provide some much-needed security for tenants. Arguments from landlords that tenants are not keen for longer tenancies become flimsy when scrutinised: Nationwide have found that only 6% of renters enjoy the flexibility of current short term tenancies.² Making tenancies longer would give tenants more certainty about their living arrangements, thus reducing a significant burden of financial and emotional stress. Such security is even more important for tenants who are living in rented housing with children, the numbers of which are higher than ever before – in the last ten years the number of renters with children has increased by 175%.³

Increasing security for tenants also has positive consequences for the local community. If a tenant is given a longer tenancy, they are more likely to view their accommodation as a home and engage with community activities. The 2018 IF Index found that the indicator which measured how likely a young adult was to have engaged in some kind of volunteering during the past year fell by almost 44% between 2005 and 2015.⁴ Short term rental agreements are very likely to be at the root of this issue, as young people who do not know where they may be living in 6 months are unlikely to commit their time to volunteering. Indeed, many volunteering opportunities, particularly those involving work with vulnerable members of the community, have minimum commitment lengths of 3-6 months. As such, longer tenancy agreements have the potential to enhance community participation, and also the wellbeing of the tenant.

Tenants have greater assurance they can afford any rent increase

This reform has great potential to protect tenants from unaffordable rent increases. We particularly applaud the suggestion that landlords should “*cap the rent increase at the rate of inflation in the Consumer Price Index (CPI)*”. There is significant evidence to suggest that capping rents in line with CPI has worked well in other European countries, for example Spain, where similar reforms have enabled tenants to enjoy enhanced security of tenure without hampering the further expansion of the sector.⁵ Longer tenancies will prevent tenants from having to make the difficult choice – which they often face at present whenever their landlord wishes to increase the rent during tenancy renegotiation – between paying

² Nationwide (2018) [Portrait of British tenants shows average private renter may not exist](#). Nationwide.

³ National Housing Federation. (NHF) (2018) [English Housing Survey shows huge increase in families renting privately](#). NHF.

⁴ Kingman, D. (2018) [2018 IF Index](#). IF.

⁵ Shelter (2011) [Generation Rent: learning from different rental markets](#). Shelter.

higher rent to remain in their current accommodation and moving house, especially if the rent can only increase by the rate of inflation during the lifetime of the tenancy.

Flexibility

It goes without saying that three year tenancies will not work for all demographics who rent. IF supports suggestions in the briefing documents that *“Exemptions could be put in place for tenancies which could not realistically last for three years, for example, short term lets and student accommodation.”*

Also, considering the flexible nature of many young people’s work today, we support ideas which allow an opt-out system, such as those outlined in the consultation document: *“mandate the proposed longer-term model as the ‘default’ option with the opportunity to opt for a shorter term let if requested by the tenant”*. Such models would work in the favour of both the tenant and landlord – allowing young tenants the flexibility that may be needed to participate in today’s labour market, and landlords the ability to ensure their property has a tenant for long stretches of time (although the performance of such a system would need to be monitored over time to ensure that more vulnerable tenants were not being exploited into accepting short term tenancies against their will).

Other comments

It is worth strongly emphasising how the UK private rented sector compares poorly with international counterparts. Long term tenancy security is the norm in many other European countries, to the benefit of both the landlord and tenant. European countries – from affluent ones such as Germany and Sweden, to less wealthy ones such as Greece and Slovakia – offer their renters more security than the current English private rented sector provides. In eight European countries, tenants get between 1 and 10 years protection, and in nine countries, they get permanent protection and can only be evicted on legal grounds.⁶ The success of the private rented sector in these countries raises serious questions as to why the UK has not already followed suit in terms of increasing tenant security through longer leases and capped rent increases.

⁶ Shelter (2016) [Time for reform: How our neighbours with mature private renting markets guarantee stability for renters](#). Shelter.

If you would like to learn more about the work of the Intergenerational Foundation please contact:

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