
**THE NEW PRIVATE
RENTAL TENANCIES:
EVALUATING CHANGES
TO RENTAL
AGREEMENTS IN
SCOTLAND**

May 2019

Shelter

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Chapter 1: Background

On 1st December 2017, a new type of private rental tenancy came into law in Scotland. Fixed terms are no longer in use and all eligible contracts are now indefinite, in one of the biggest changes to housing policy in a UK country for a generation. The box below outlines the main features of the new tenancy and how it differs to tenancies in England, with further details available by following the links. It is a phased implementation, with renters in Scotland gradually moving over to the new terms. Renters adopt the new tenancy when they move into a new home after 1st December 2017, or if a contract renewal is agreed after this date. The numbers for the contract renewal element are unknown, but the Scottish household survey suggests that about 35% of private renters moved into a new private rented home in a year. This means that at the time of publication we would expect close to half of all privately renting households in Scotland to be on the new terms.

Features of the new private rental tenancy agreements in Scotland	Compared to Assured Shorthold tenancy agreements in England (and in Scotland before the changes)
No fixed term - indefinite	Fixed term – normally set at 6 or 12 months, very occasionally longer, then rolling
18 grounds for eviction, some mandatory, some discretionary. Includes the landlord selling, landlord moving in, rent arrears, breaches of tenancy agreement, refurbishment. End of ‘no-fault’ evictions.	Grounds for eviction during the fixed term include rent arrears, damage, breach of contract. Some are mandatory and some discretionary. The key difference is that outside of the fixed term no grounds are needed to evict (‘no-fault eviction’)
Some exemptions – student housing, supported housing, TA, resident landlords (lodging)	Some exemptions – student housing, supported housing, TA, resident landlords (lodging)
Potential to appeal against unfair rent rises	Theoretical right of appeal against unfair rents, but extremely rare in practice
Maximum of one rent rise per year, three months-notice of rise must be given	No restriction on rent increases outside of fixed term period and can be immediate
Landlord must give 84 days-notice, unless tenancy is in first six months, or reason relates to tenant behaviour (28 days notice)	Two months-notice outside of fixed term
More details on the new tenancies can be found here	Further detail on AST’s in England (and Wales) can be found here

No official evaluation of the changes is currently planned. The Nationwide Foundation is commissioning a three-year research project looking at the changes, which is being tendered at the time of publication of this report. This evaluation is likely to be an important source of evidence on the changes, but the first outputs are not expected until later in 2019. Interest in these changes is extremely high in England. Shelter (England) plan to produce evidence on the emerging impact of these policy changes: this is our first output.

We believe that the evidence and lessons learnt from Scotland are critical to understanding the best way forward for tenancy law in England. Shelter have long been proponents of longer or permanent tenancies in England, and such a policy being rolled out in a neighbouring country, with a similar social, economic and housing history presents us with a unique opportunity to assess what such a change would mean for England.

Whilst we were compiling this report, the Westminster Government announced that they proposed to end the use of Section 21 'no-fault' evictions in England (and a similar announcement was made by the Welsh Assembly), effectively introducing similar indefinite term tenancies to those countries. The purpose of this research therefore shifts slightly to informing the upcoming consultation on these new tenancies, and, we hope, the detail of their implementation. A shorter summary of this research, linking more closely to the changing policy environment can be found [here](#).

Chapter 2: Methodology

A change as significant as this will almost certainly result in numerous positive and negative outcomes for tenants, landlords, communities and other stakeholders. There is no single outcome that will decide on the success or otherwise of this policy change; evaluating it thoroughly and objectively involves examining multiple sources and multiple research questions. No policy change is ever entirely without any negative side-effects, but an objective evaluation will look at the evidence and assess whether we are seeing mostly positive impacts, mostly neutral, mostly negative or indeed if it is a fine balance.

It is also still very early days for the policy change and we must not leap to conclusions about its success or failure at this early stage. Due to the time it will take to get to a point where nearly all renters in Scotland are on these terms (at least 3 years) and the lags involved in producing and publishing statistics, the full picture will not emerge until late 2020, and some impacts may take even longer. Having said this, if the policy is largely failing, we would expect to already see numerous red flags to indicate this.

This policy change has not taken place in a vacuum; there are a range of other housing policy, economic and social factors feeding into and influencing the kinds of things that need to be tested to evaluate this policy. Isolating specific impacts that are solely attributable to the new tenancies is extremely difficult. This is an additional reason to exercise caution when interpreting the findings and to take an overarching view on the findings, rather than placing significant weight on any one finding.

We have designed a programme of research that will examine a range of features of the policy and possible outcomes for renters and other stakeholders in Scotland over the next few years. The methods employed in this report are summarised in the box below:

Research method	What does it test?
Official statistics and other data sources	A small number of specific questions – what impact does the policy appear to have had on: rent levels, the size of the private rented sector, homelessness emanating from the PRS
Survey of approximately 750 private renters living in Scotland, via the YouGov panel	Awareness and knowledge of the policy change. A wide range of possible positive, negative and neutral outcomes/ effects
Stakeholder interviews/ testimony	The views and experiences of people working in the sector

Once others have published their own research and evaluations on the new tenancies, we will incorporate these too. We plan to carry out full updates to the research in 2020 and 2021 and will also produce new editions of this report if and when more data becomes available.

Chapter 3: Key findings

- The ONS index of private rental housing prices shows that there haven't been any unusual increases in the cost of rents in Scotland in the period leading up to, or since the implementation of the new tenancies. In fact, rental inflation in Scotland appears to have been running at a slightly lower level than that seen in the comparator areas of England, Wales, the North West region of England, Northern Ireland and England excluding London.
- The size of the private rental sector in Scotland has contracted very slightly in the latest set of data released (2017). However, this pattern of fairly rapid growth followed by a slowdown or slight contraction in the very latest set of data is also seen in all other parts of the UK studied – Wales, England, North West England and England excluding London. There is therefore no evidence that the changes to tenancy law in Scotland have coincided with an unusual fall in the number or proportion of households renting there.
- Scotland's homelessness figures include a section that records the tenure the household lived in prior to becoming homeless or being threatened with it. This data has been analysed in various ways and is flat over the last one to two years, showing that the changes in tenancy law have not coincided with any unusual rises (or falls) in homelessness emanating from the private rental sector.
- A survey of 752 private renters living in Scotland, carried out online by YouGov in March to April 2019 and weighted to be representative of Scotland's private rental population by age, gender, income, household type and working status showed that:
 - Only half of renters in Scotland (49%) are aware of the new tenancy agreements and three in ten do not know whether they are on a new or old-style agreement. Answers given to questions on moving in dates and contract renewals suggest that about half of the sample are on a new indefinite tenancy, but a substantial number of renters are not clear on this themselves.
 - Of 21 attributes tested, renters surveyed who were on the new tenancies were more positive than those surveyed on the old tenancies in 17, with three featuring statistically significant differences, which were:
 1. Renters on the new tenancy were half as likely to say they 'worry about becoming homeless' as those on the old tenancy (15% cf. 29%).
 2. Renters on the new tenancy were half as likely to agree 'I feel that I am locked-in to my rental contract and cannot move when I want to' (8% cf. 16%).
 3. Renters on the new contracts were less than half as likely to strongly agree 'Politicians in Scotland don't care about renters' (10% cf. 25%).
 - Renters on the new tenancies were no more likely to say that they found it difficult to find an affordable home to rent the last time they moved than those on the old tenancies.
 - Half of renters on the new contracts (50%) agreed that the new tenancies have 'improved the experience of renting for me, overall', with only 8% disagreeing.
 - When asked about the impact of the new tenancies in their own words, renters in Scotland were overwhelmingly positive about them.

- Testimony from a small number of people working in the homelessness sector in Scotland was largely very positive about the new tenancies, compared to the old ones, in terms of helping them to tackle homelessness.

Table 1: Renter survey – Selected results

(see chapter 5 for full results, those in bold are statistically significant differences between results among those on new and old tenancies¹)

Attribute	% of those on new tenancies who agree (base: 229)	% of those on old tenancies who agree (base: 302)	% on new tenancy saying that the new tenancy has made this better (base: 229)
Feel secure in your housing situation	58%	47%	52%
Worry about unexpected rent increases	43%	50%	44%
Worry about losing the home you are currently living in	28%	38%	43%
Worry about becoming homeless	15%	29%	34%
Feel locked-in to your tenancy	8%	16%	66%²
Satisfied with current housing situation	60%	51%	50%
Feel that politicians don't care about renters	38%	47%	48%
Feel confident in complaining about poor conditions	71%	62%	45%
Feel confident in challenging rent increases	38%	35%	29%

Source: YouGov survey of 752 private renters in Scotland, March-April 2019, online, weighted.

¹ This means that the results for this question include statistically significant differences, but this is not necessarily in the particular figures shown here, for example on feeling politicians don't care about renters it is only the difference in the strong agreement that is significant

² In this one case the % is for those disagreeing that the new tenancy has made them feel more locked-in, so it will include some who feel there is no difference between old and new on this.

Chapter 4: Official statistics and other data sources

This section uses statistics, mainly from official sources, to examine some of the big questions about the impact of the tenancies being introduced in Scotland and to test whether there is any evidence that the most commonly cited potential negative impacts have taken place. Official statistics always have a time-lag and we are only in the fairly early stages of implementation, so these results should be viewed as early indications and not definitive answers to the questions. Having said that, if the most negative predictions had occurred: a spike in rental costs, or a significant reduction in supply and increased homelessness, we would expect to see some evidence of this taking place already because landlord behaviour would likely have begun to change in the period leading up to implementation in 2017.

Have rent levels been impacted by the introduction of the new tenancies?

Some commentators have expressed the view that the new tenancy regime would exert inflationary pressure on rents in Scotland. This could be because of landlords withdrawing from the market and reducing the supply of homes relative to the demand for them, and/ or because the new tenancies are perceived to be a higher quality product, thereby adding a premium to rental costs.

The impact on rent levels is difficult to evaluate precisely, because rents are influenced by a huge range of economic and housing market factors and isolating the impact of these changes without carrying out complex and expensive regression analysis is not possible. However, the ONS index of private rental housing prices gives us a reliable and consistent source on rent inflation, because it attempts to control for price changes that are not related to changes in demand (such as significant changes in the stock composition, location and quality) and it also compares Scotland to its past trends and to other parts of Great Britain. There are many rival rent inflation measures, but none have the authority³ or huge sample size (around 500,000 in Great Britain) of the ONS index of private rental housing prices. It would be difficult to justify using an alternative source for assessing private rental inflation. While it is not possible to definitively answer the question ‘what impact have the tenancy changes had on rent prices?’, it is possible to answer the question ‘has there been any unusual/ unexpected movements in rental averages in Scotland since the changes were announced/ came into effect?’, and that is what we seek to do here.

The three charts below show private rental inflation indexed firstly from January 2016 and secondly from November 2017, both comparing Scotland with other parts of the UK, and finally a longer-term trend plotted against house prices in Scotland.

³ The ONS IHPRP is still classed as an experimental rather than official statistic, but it is the only measure of rental inflation that is actively working towards becoming an official statistic.

Chart 1 below charts rental inflation from January 2016, to see whether rents moved unusually in Scotland in the lead-up to the implementation of the new tenancy and beyond, to date. The chart shows that there were no substantial or unusual movements in rent levels in Scotland over this period. In fact, rental inflation in Scotland over this three-year period has run at a lower rate than all five comparator areas.

Chart 1: Rent inflation - trend in Scotland compared to other parts of Great Britain since January 2016

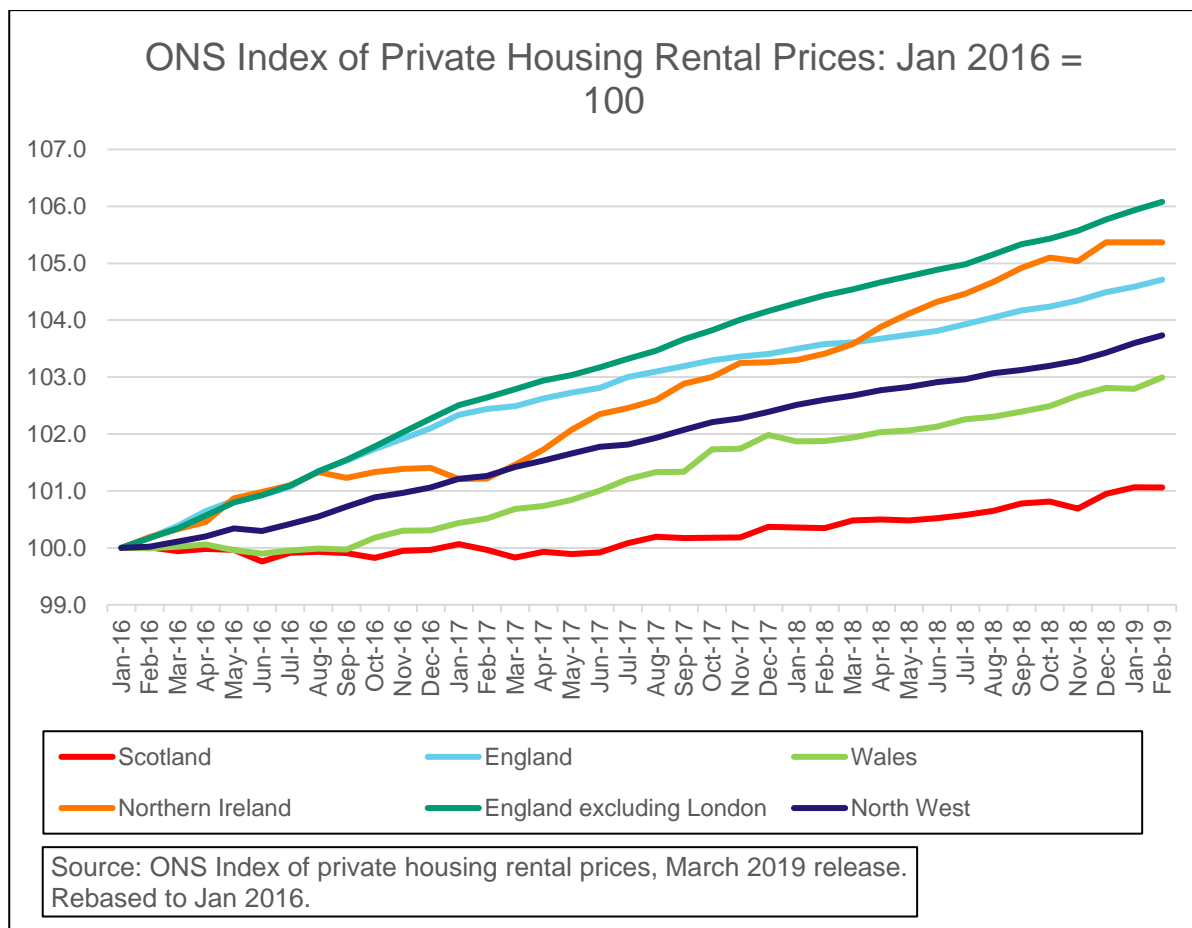


Chart 2 below shows the trend indexed to November 2017. This is to enable us to home in on the exact implementation period. The chart shows that over this period of just over a year, again rent inflation in Scotland has run at a lower level than all five comparator areas. In the very early months following implementation it did run slightly higher than in Northern Ireland, England and North West England (but below Wales), but this was very short lived and could not be described as unusual or substantially different to long-running trends.

Chart 2: Rent inflation - trend in Scotland compared to other parts of Great Britain, since November 2017

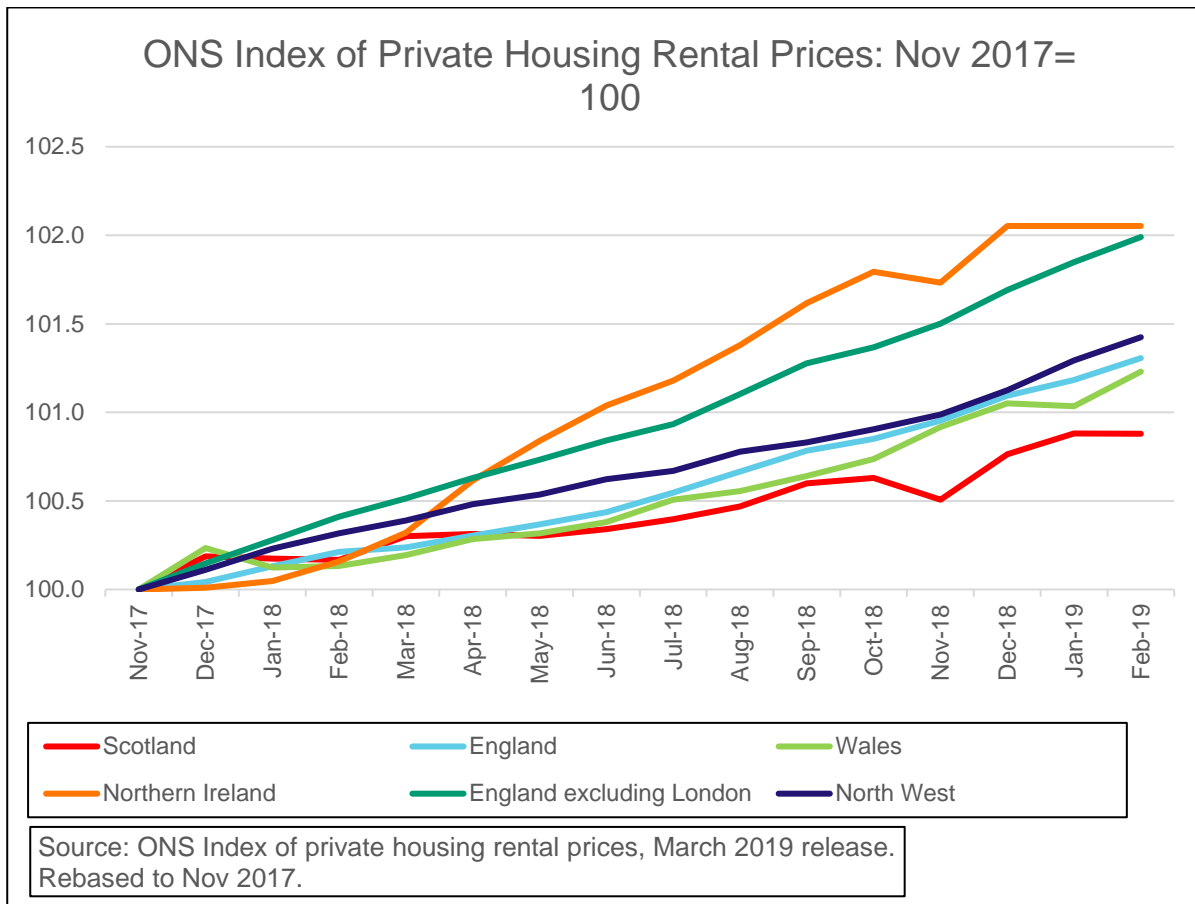
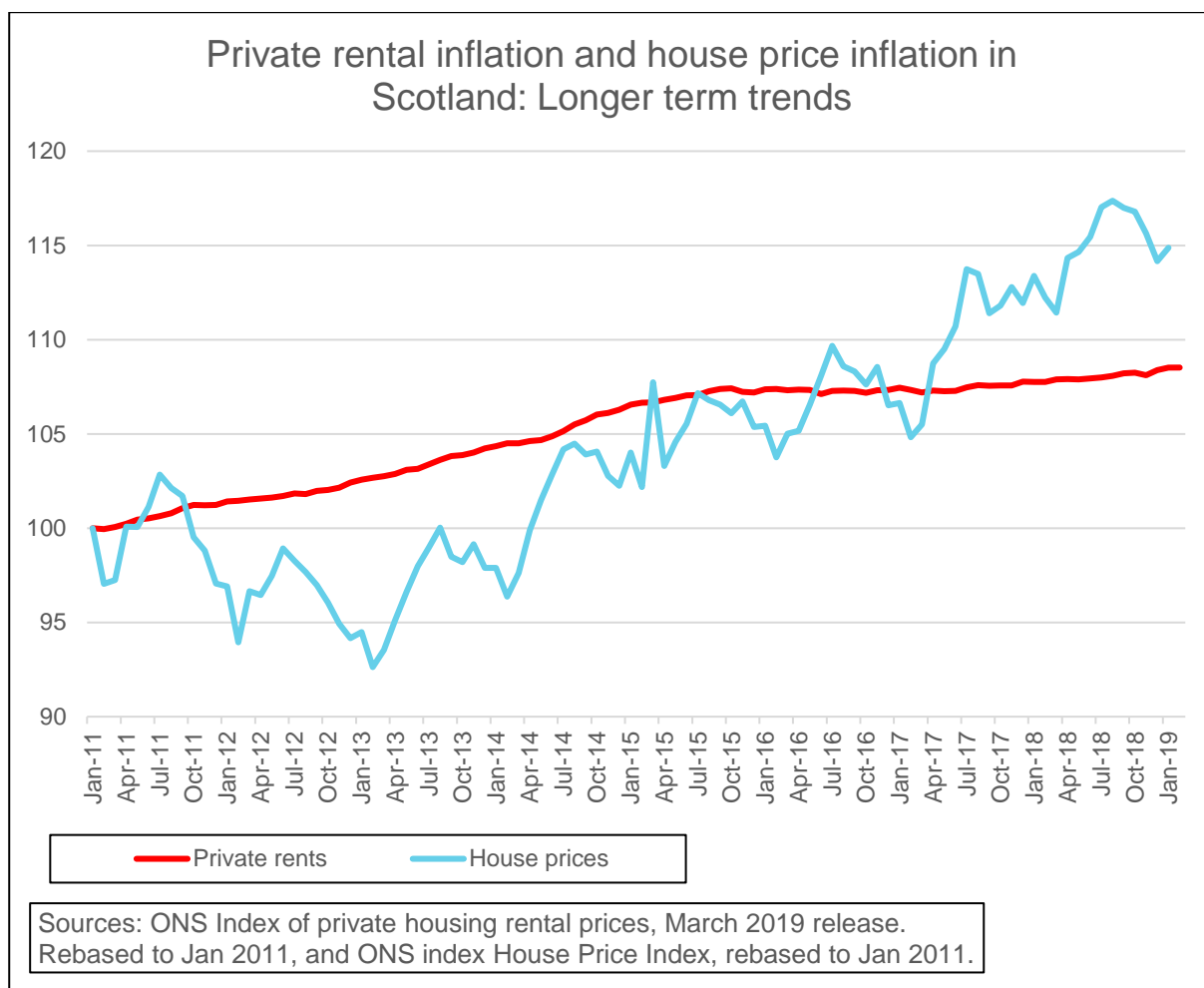


Chart 3 below presents a much longer-run trend for rent inflation in Scotland, charted against house prices over the same period (indexed at January 2011). This clearly shows there haven't been any unusual movements in rental costs in Scotland around the time of the introduction of the new tenancies or since. It also shows that in the period 2011 to 2016 private rents rose at a very similar rate as house prices (from the indexed base of 100 to around 107), whereas since then private rental inflation in Scotland has slowed slightly, and not been as great as house price inflation.

Chart 3: Rent inflation - trend in Scotland compared to house price trend



Has there been any impact on the size of the private rented sector in Scotland?

The private rental sector has been growing rapidly in Scotland since 2000, as it has been in other parts of the UK. Most commentators consider this to be a largely negative phenomenon (although opinions differ on how negative), because it is increasingly populated by people and families who would rather be owners or social renters but are not able to access or afford those tenures and are renting privately because it is the only type of housing they can access. A YouGov survey of over 4,000 private renters in Great Britain found that only 14% of private renters in England said their main reason for private renting was ‘I like the freedom and flexibility’ or ‘it is my preferred choice of housing’, and this was only 17% in Scotland⁴.

Opponents of tenancy reform in England and Scotland have said that it will cause large numbers of landlords to sell-up, reducing the size of the private rental sector and leading to increased homelessness. Official statistics on the size of the private rental sector in Scotland are the best indicator to show us whether the sector is contracting post implementation of the new tenancies.

⁴ YouGov survey of 4091 private renters, Jul-Aug 2017, online, weighted (England only, Scotland unweighted)

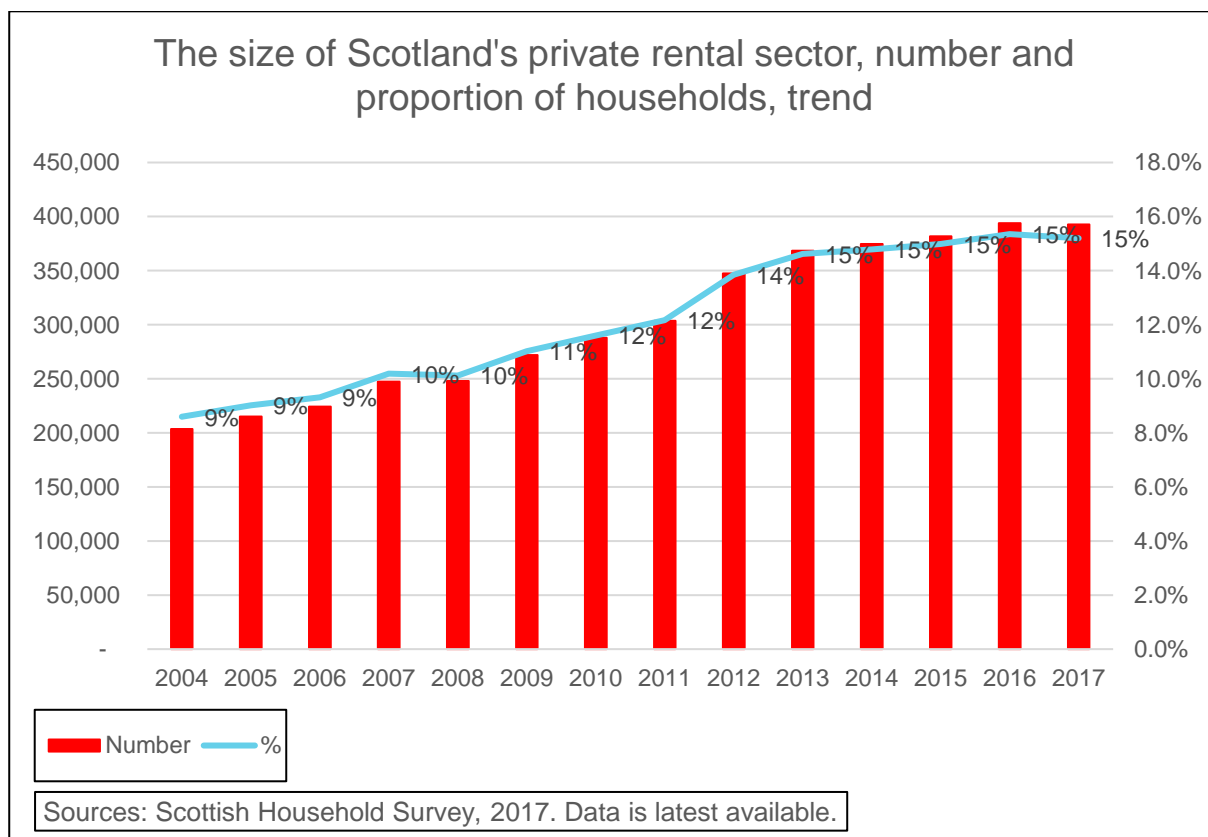
This does not in itself tell us anything about landlords selling up, because those properties might end up being sold to other private landlords. However, if selling up is happening in substantial numbers, and if the flow of new landlords coming in is not as great as the outflow, we would expect to see an unusual reduction in the size of the market. The homelessness side of this is examined further below.

The extent to which any contraction or stalling of growth in Scotland’s private rental sector is a bad thing is a debatable point; if it is contracting, it all depends on what happens to the homes and the households renting them now and potentially in the future. Having said that, any sudden large-scale contraction of a type of housing that is performing such a crucial role would be problematic.

As with all the indicators in this report, it is too early to draw strong conclusions, particularly given the time lag on official data. However, given that landlords knew these changes were coming some time prior to the implementation, if there is to be a substantial reduction in private rental homes we would expect to see it starting to feed through into the 2017 figures, and probably even in the year before that.

The chart below shows that there has been very little change in the size of Scotland’s private rental sector in terms of absolute number or proportion of all households over the last three to four years.

Chart 4: Number and % of households living in private rented homes, trend, Scotland



The chart below then takes the Scotland data on the proportion of homes that are private rented and plots it against comparator areas. Here we can see that the other countries and parts of the UK compared have all seen a very similar pattern of rapid growth from 2004 to 2010, slowing somewhat more recently, particularly in the latest sets of data for each area.

Chart 5: % of households living in private rented homes, trend, Scotland, England and selected regions of England

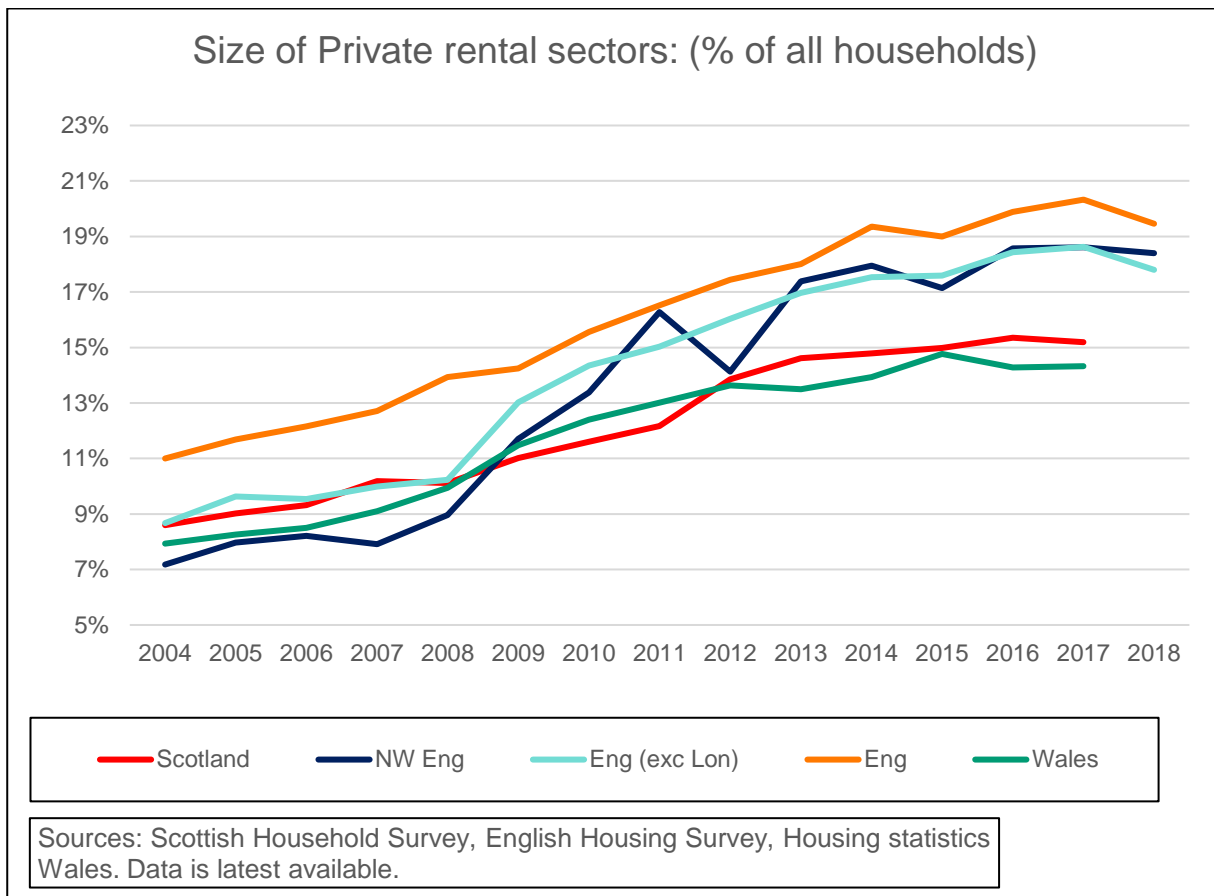


Table 2 below shows the sizes of the various private rental sectors in comparator parts of the UK, this time in absolute numbers rather than as a proportion of all households.

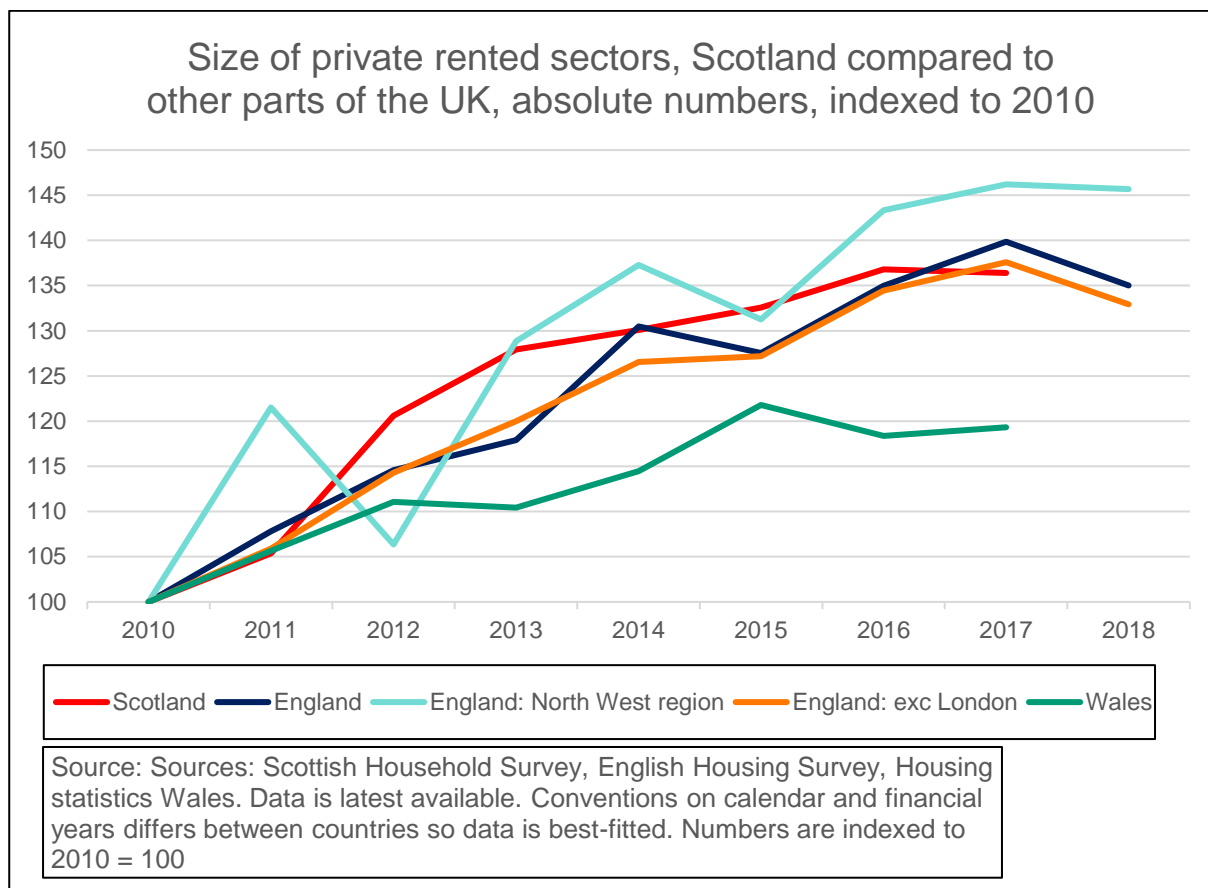
Table 2: Size of Private rental sectors, number of households/ dwellings

Year	Number of households renting privately: Scotland	Number of households renting privately: England	Number of households renting privately: North West Region of England	Number of households renting privately: England (exc London)	Number of households renting privately: Wales
2010	288,035	3,354,860	398,309	2,657,773	170,470
2011	303,505	3,616,873	484,083	2,814,713	180,103
2012	347,324	3,843,343	423,596	3,037,679	189,313
2013	368,468	3,956,092	513,162	3,189,335	188,226
2014	374,748	4,377,202	546,847	3,362,966	195,111
2015	381,898	4,278,287	522,820	3,380,014	207,615
2016	394,022	4,527,999	571,000	3,573,274	201,782
2017	392,841	4,692,068	582,362	3,656,861	203,401
2018		4,530,000	580,236	3,533,198	

Sources: Scottish Household Survey, English Housing Survey, Housing statistics Wales. Data is latest available. Wales is dwellings rather than households. Conventions on calendar and financial years differs between countries so data is best-fitted (i.e. 2017/18 is shown as 2018).

Chart 6 below takes the number of households in each private rental sector in the table above and indexes them to 2010. This shows that the trend in the size of the sector in Scotland has been very similar to other parts of the UK that have not had changes to their tenancy law – quite rapid growth until very recently, when there has been a slowdown and very small drop. So the introduction of new tenancies in Scotland has, so far, not coincided with any unusual contractions in the size of the rental market, with the pattern being virtually identical to the comparator areas which have also seen a slight reduction in size in the most recent datapoints.

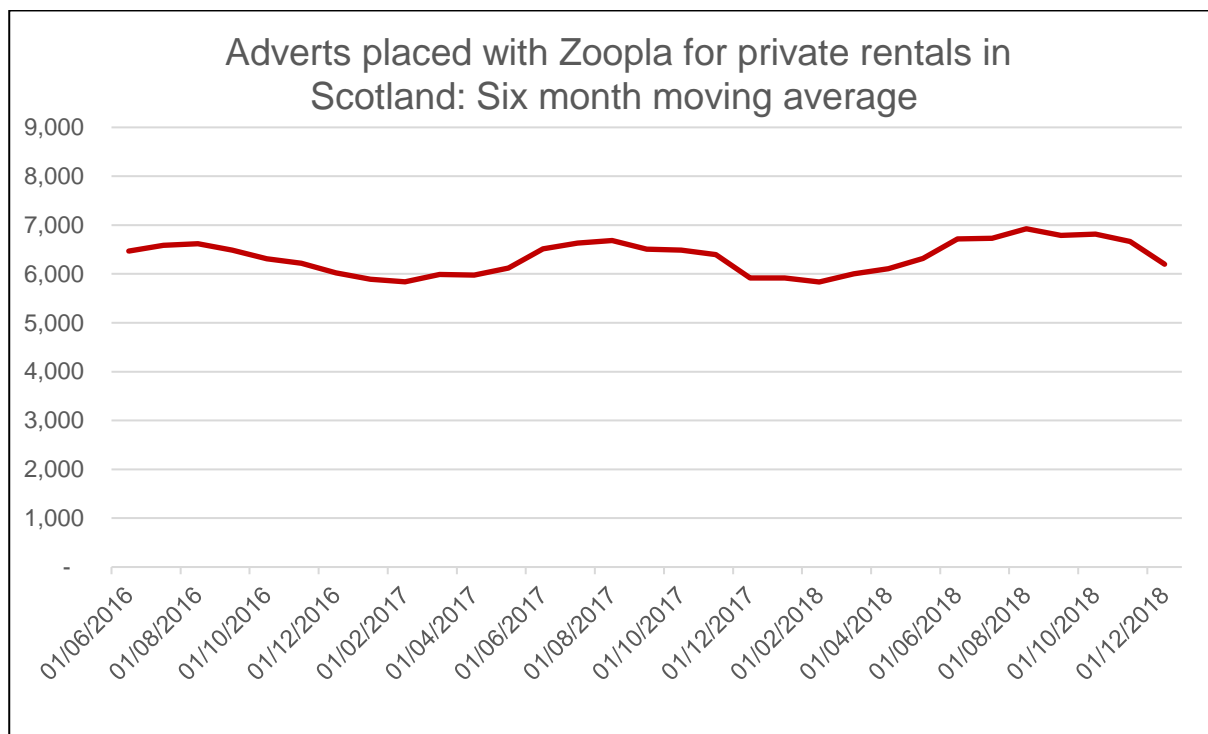
Chart 6: Comparison of changes in size in private rental sectors, trend, indexed



The official data above strongly points to the conclusion that we have not seen a large or unusual contraction in the size of Scotland's private rented sector since the new tenancies were announced.. There is, however, a substantial time-lag on this official data and at least two more years are needed before any strong conclusions can be drawn from it. Zoopla kindly supplied us with six-month rolling averages for the numbers of private rental adverts in Scotland going back to 2016. This gives us another data source to corroborate the findings, and also takes us much more up to date than official sources. This data should be treated as indicative because it is only one website, only the letting agent part of the sector and we do not have comparative data for other geographies (future iterations of this report should include these).

The chart below shows a consistent trend in the rolling average number of rental adverts placed on Zoopla from January 2016 to December 2018. The pattern in the year since implementation is very similar to that seen in the two years prior, with similar levels and seasonal variations. This Zoopla data corroborates the findings above in that there appears to be no evidence of a substantial reduction in the size of the rental sector in Scotland since the implementation of changes to tenancy law.

Chart 7: Rental adverts for properties in Scotland, Six-month rolling average, Zoopla website, Jan 2016 to Dec 2018



Has there been any impact on the number of cases of homelessness emanating from loss of private rental tenancies in Scotland?

The official Scottish Homelessness statistics include a section where the type of property where the applicant became homeless/threatened with homelessness is recorded, and the private rental category here is a very useful indicator for us to assess any impact on homelessness that the switch to the new tenancies may have caused. The numbers themselves need to be viewed in the context of the total number of cases of homelessness in Scotland, and the size of the whole private rented sector for the most accurate read on this. We also need to be very cautious over the time periods here, as only a third (four months) of the latest annual time-period covered is post-implementation of the new tenancies.

Opponents and sceptics in England and Scotland often say that changes like this could or will result in increased homelessness, mainly due to landlords exiting the market because they no longer wish to let under such a law, and/ or due to rent levels increasing. On the other hand, supporters of longer or permanent tenancies have argued that the increased security of tenure will ultimately drive down homelessness emanating from the private rental sector, as landlords are no longer able to evict with no grounds and renters are better able to plan their moves. It is likely that any positive impacts on rates of homelessness will take longer to feed through into the statistics, whereas negative impact would be expected to emerge earlier, because if significant numbers of landlords exit the market and evict/ remove their tenants this would begin to emerge before the changes come into effect.

The chart below shows that absolute numbers of homelessness cases emanating from Scotland's private rentals have been virtually flat from around 2013 to date (see red bars, 2017/18 is the latest period available). Looking at this as a proportion of all homelessness cases in Scotland (pale blue line) we can see a long running gradual upward trend, but no unusual movements in recent years that could be attributed to the policy change.

Chart 8: type of property where the applicant became homeless/threatened with homelessness, Scotland, long term trend, number and proportion of all homelessness/threatened with homelessness cases

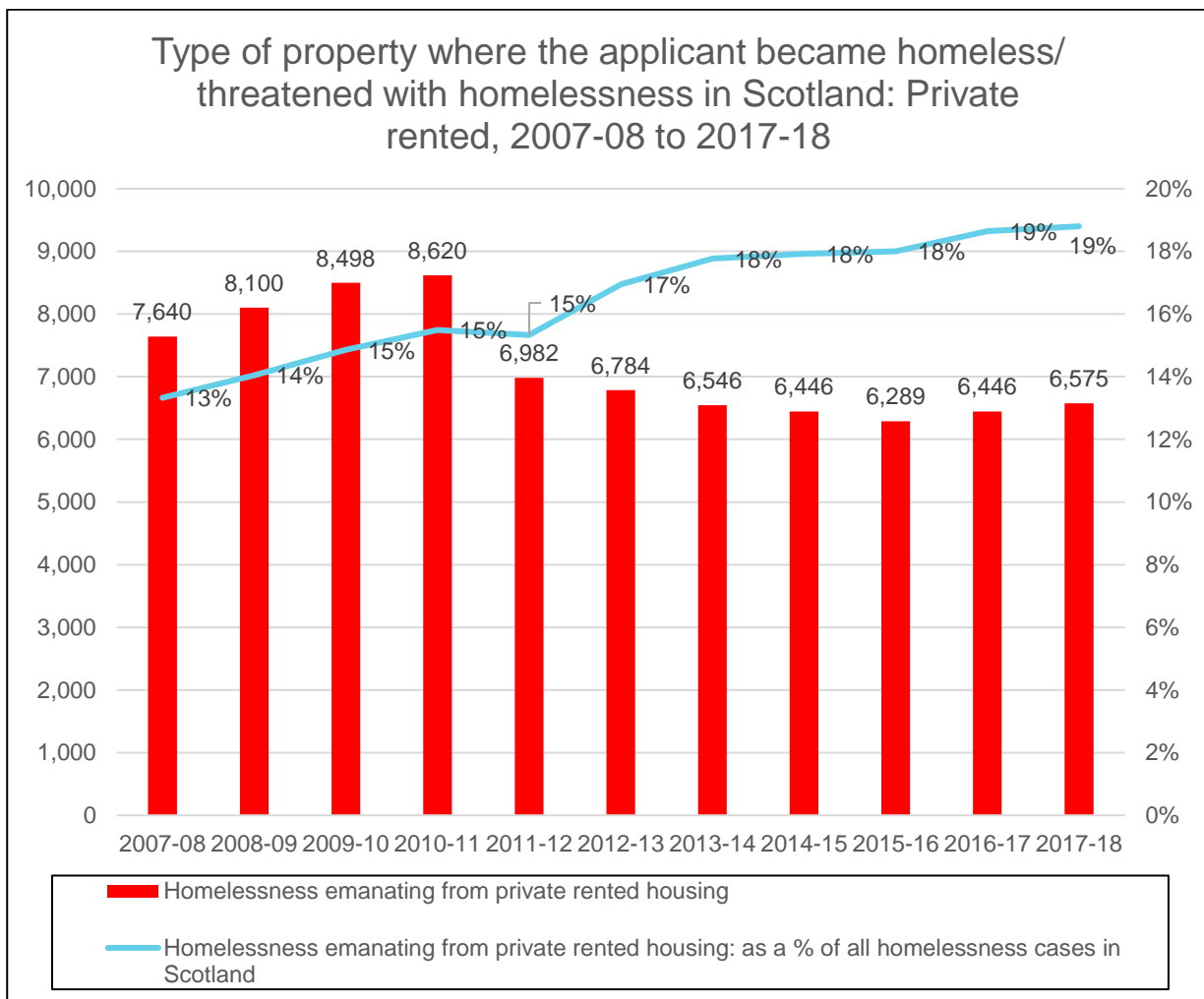
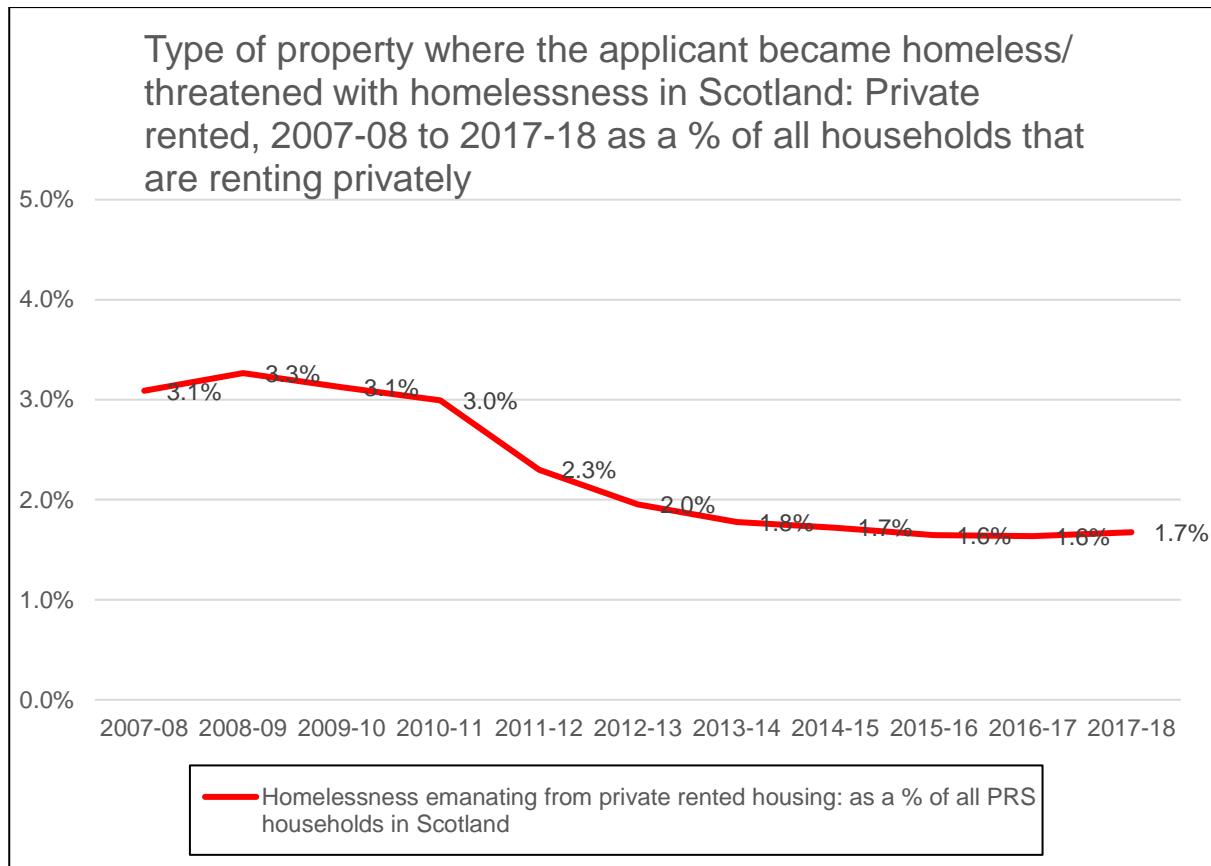


Chart 9 below looks at this same data in another way, as a proportion of all households privately renting in Scotland, so that the growth in the sector is accounted for. The chart shows that homelessness cases where the applicants were living in the PRS, as a proportion of all households in Scotland's PRS, have been on a long-term downward trend. This is largely because in line with the rest of Britain, the private rental sector has been growing rapidly in Scotland. The rate of this fall has slowed in recent years and the trend across the last three to four datapoints has been flat, but again, there does not appear to be anything unusual in this trend.

Chart 9: type of property where the applicant became homeless/threatened with homelessness, Scotland, long term trend, as a proportion of all households in Scotland's PRS.



Whilst it is too early to draw any strong conclusions from this data, it is clear there has not been any unusual spike or uptick in homelessness emanating from private renting in the period immediately leading up to and including the implementation of the new tenancies. The hypothesis that announcing such a change in tenancy law would cause an immediate and substantial increase in homelessness is unfounded. Whether or not the policy change has any positive impact on homelessness levels remains to be seen, as this will take longer to play out.

Chapter 5: Survey of private renters in Scotland

This section details the results from a YouGov survey of 752 people renting privately in Scotland, carried out in early April 2019. The results have been weighted to be representative of Scotland's private renting population by age, gender, working status and income using the Scottish Household Survey and Census 2011. At least one further survey, along similar lines, is planned for 2020.

A few things are important to keep in mind when viewing these results:

While the results have been weighted for representativeness, the YouGov panel is almost certainly inherently a more stable and well-informed population than the reality.

The new tenancies have only been in place since December 2017 and most of the people answering the survey who are on the new tenancy have been on it for substantially less than that, as it is being phased in. These results should be seen as the early indications of the impact on renters and are not as the final say on the success or otherwise of the policy – as time goes on and people spend more time on their new terms, we'd expect these results to evolve.

When we compare results between different groups, the sample sizes mean that large differences are needed to reach the level of statistical significance. We try to be clear about this in the relevant sections but differences should not be assumed to be significant unless tested by the reader or explicitly stated by us.

Awareness of the new tenancies

Respondents were split very evenly on this question, with 49% saying they were aware of the new agreements and 51% saying they were not. The only statistically significant variations on awareness were that the youngest renters (18-24) were more likely to be aware of the new tenancies (68%) and renters currently claiming Housing Benefit were less likely to be aware of them (29%). There are indications that awareness is lower than average among a number of groups, but these differences are not statistically significant:

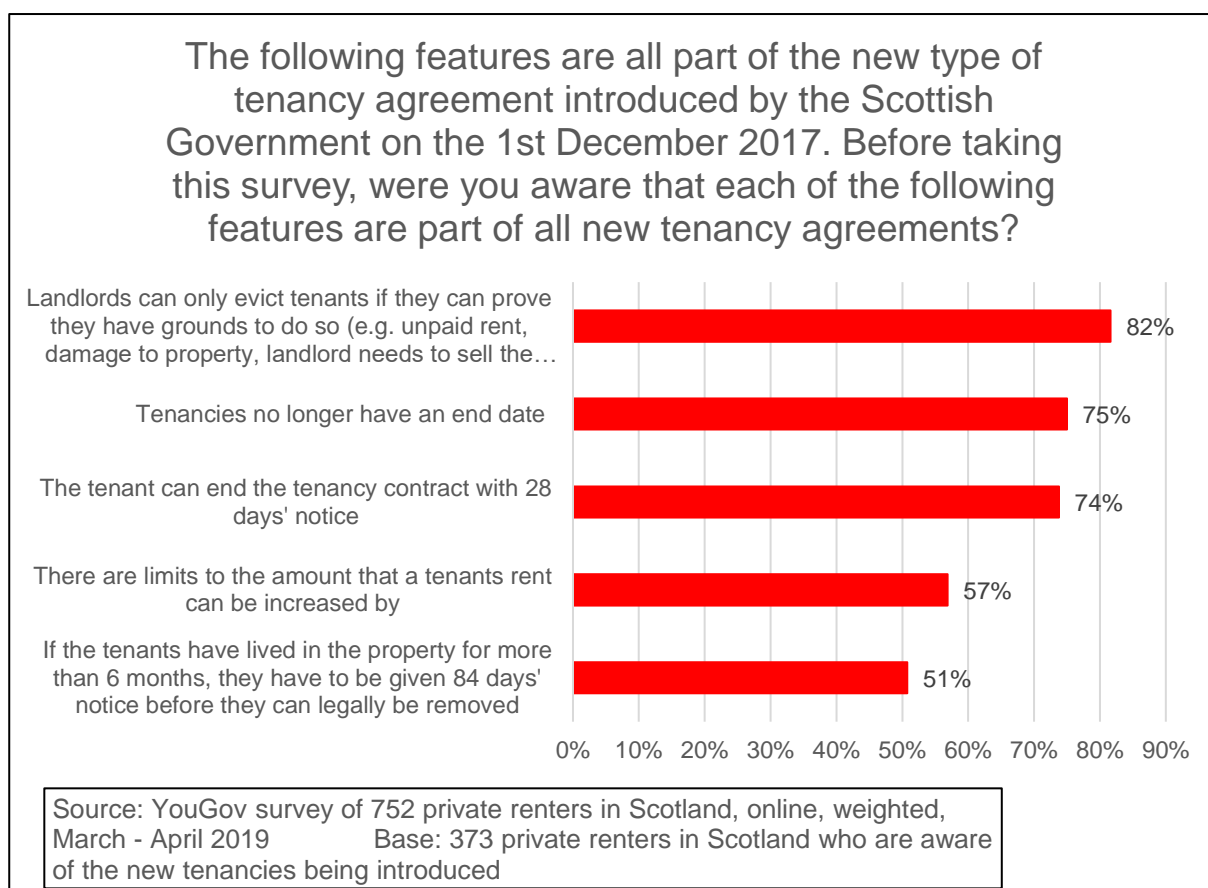
- C2DE social grade (40%)
- Late 30s/ early 40s (39%)
- Renters with children (42%)

It is not surprising that a large proportion of renters in Scotland are not yet aware of the new tenancies, as they are being phased in and other surveys we have carried out with renters have shown substantial proportions to be unaware of much longer-standing policy changes (for example, tenancy deposit protection). Substantial resources have already been put towards publicising the new tenancies. The findings here suggest that this needs to continue and that an additional focus on those claiming Housing Benefit and those with children should be considered. In the case of those claiming Housing Benefit, it should be possible to make cost savings on

publicity by including messaging about the new tenancies in scheduled communications from DWP to households claiming Housing Benefit or its successor benefits in Scotland.

Respondents who said they were aware of the new tenancies were then asked if they were aware of particular features of it (see chart 10 below). Results here were quite positive, with around three quarters or more being aware of the key features around grounds for eviction, the lack of an end-date to the tenancy and the notice that a tenant would need to give to end the tenancy. Rent increase limitations and the exact detail of notice periods for removal with grounds were less well known, but this is understandable due to their relative complexity and the fact that the situation with rent pressure zones is still somewhat undecided. It is, however, important that tenants know there is a process for appealing against rents that are out of step with the market and extra effort to increase awareness of this feature is recommended.

Chart 10: Awareness of features of new tenancies (among those aware of new tenancies (49% of sample))



How many people are on the new tenancies?

Accurately answering this question is not one of the main aims of the survey because we know that private renters on the YouGov panel tend to move a little less frequently than the overall private renting population, and this question will likely be better answered via official data. It is, however, important to know this split as context for viewing the rest of the survey results. The chart below shows two different ways to answer this question – primarily the answers people

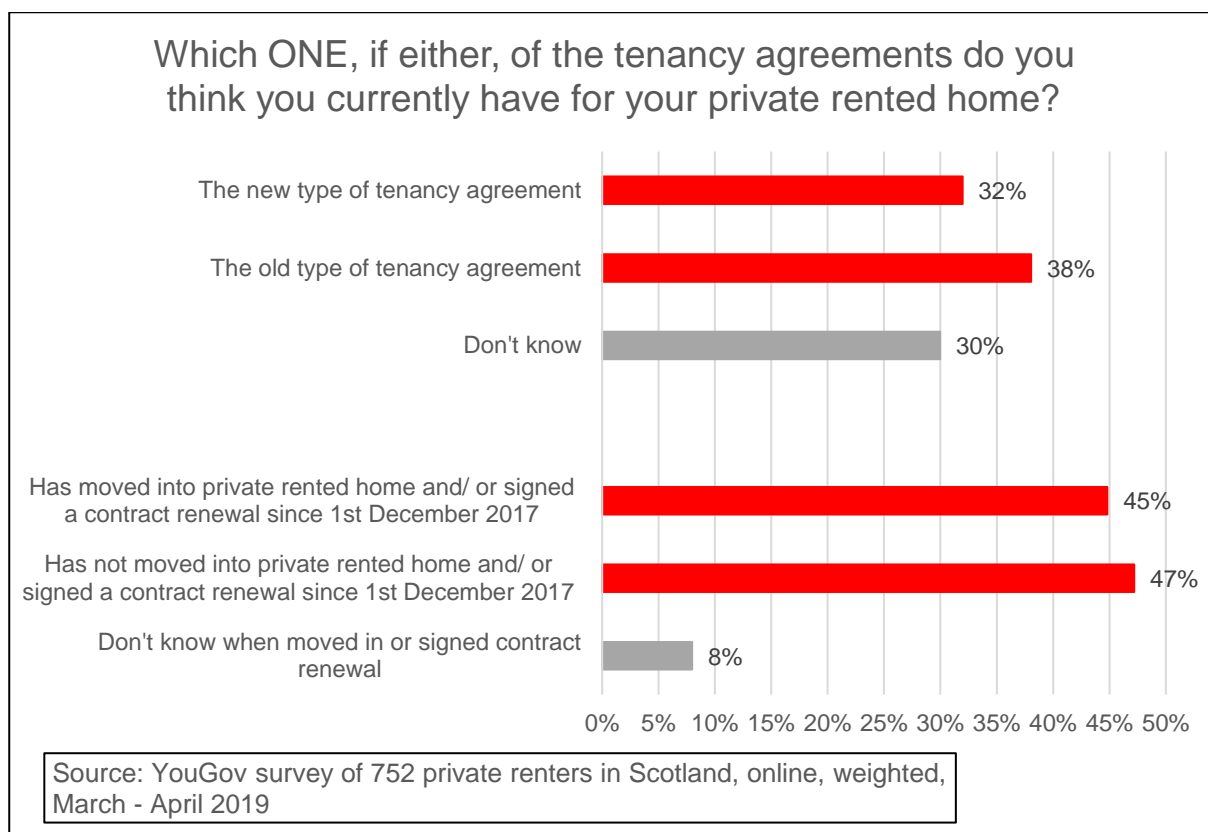
gave when directly asked if they were on the new terms, and also what their moving-in and contract renewal dates say about whether they would be on the new tenancy.

The chart below shows that three in ten renters in Scotland did not know whether they were on the new or old terms, and the rest were fairly evenly divided between being on new or old agreements. The results for actual moving in dates and signing contract renewals corroborate this.

If we examine the moving in and contract renewal dates of the 30% who said they did not know whether or not they were on the old or new agreements, they appear to be split fairly evenly between those that seem as though they should be on the new terms (42% of those that 'Don't know') and those that seem to remain on the old terms (58%).

Whilst renters in Scotland who are on the new terms but not aware of this will still receive many of the benefits and should be protected from 'no-fault' eviction, the full benefits, such as feeling more empowered to exercise consumer rights, can only be fully experienced if a renter is aware of the terms of their tenancy. Increasing awareness is therefore key to the success of the policy.

Chart 11: New or old agreements?

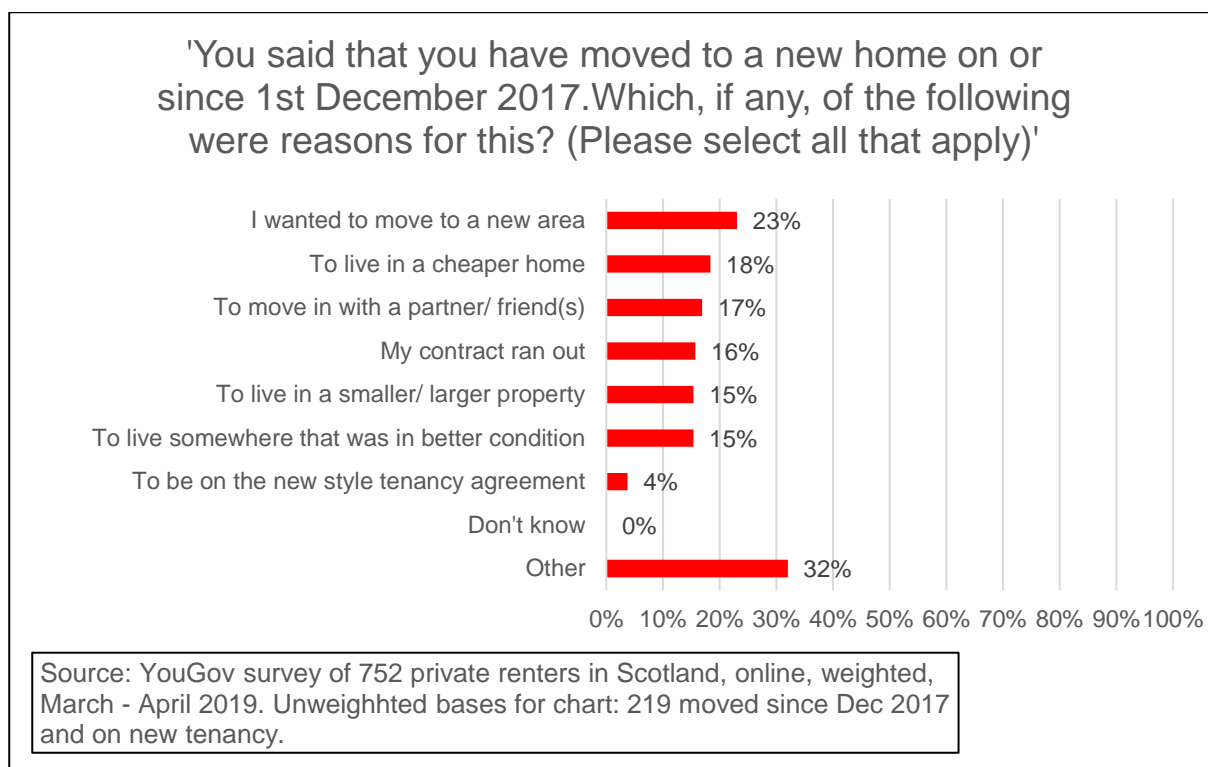


Have the new tenancies affected the moving decisions made by renters?

This section shows the results to a few questions that test whether the incentive of getting onto the new tenancy drove renters in Scotland to move more quickly than they otherwise would have done. This is not necessarily a serious negative impact of the policy change, but worth examining so learning can be taken forward should a similar policy be introduced in England.

The first chart below shows that among those that have moved home since the new tenancy was brought in, only 4% said that moving onto the new tenancy was one of the factors driving the decision to move.

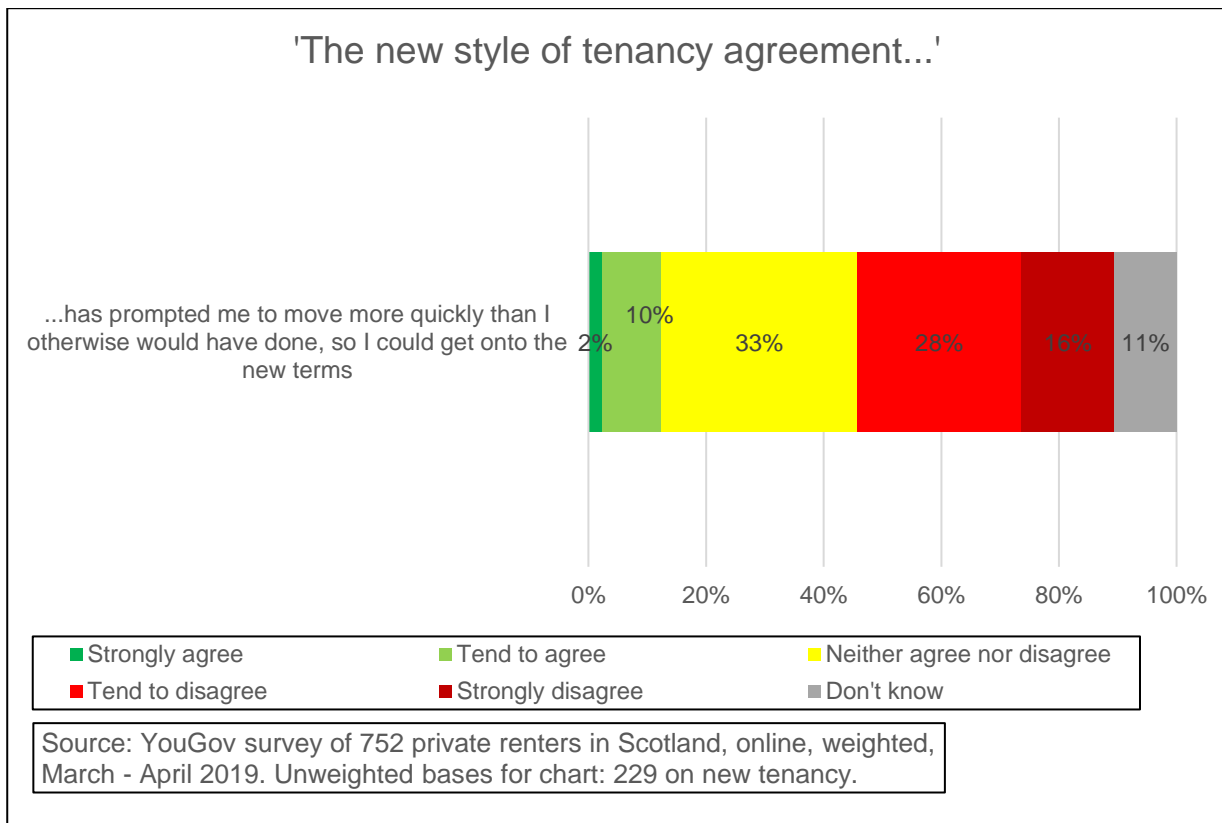
Chart 12: Reasons for moving



Of the 42 respondents who were aware of the new tenancies, had signed a tenancy renewal since December 2017, but had not moved, 7 said that they felt getting onto the new contract was a factor in this, whether that was driven by them or by their landlord. If we combine this result with that seen among the movers in the chart above, we can estimate that getting onto the new tenancy seems to have been a factor in 8% of decisions to move or sign a new tenancy agreement.

Finally, the chart below shows that 12% of those on new tenancies agreed that they had been prompted to move more quickly than they otherwise would have done to get onto the new tenancy, but only 2% agreed strongly with this. Looking at this evidence in the round, it seems clear that the new tenancies have only been major factors in a very small proportion (less than one in ten) of the moves. Renewals that have taken place since implementation have therefore had minimal impact on tenant behaviour in this regard.

Chart 13: Has the existence of new tenancies driven renters to move more quickly?



Feeling settled

The charts below compare the results between those on new and old tenancies on several questions relating to feeling settled and secure in the home. More renters surveyed on the new tenancies said that they felt settled in their homes than those on the old agreements, and fewer agreed that they 'worry I might lose the home I'm currently living in'. Neither of these differences is quite at the level of statistical significance, though.

Chart 14: Feeling secure, those on new tenancies compared to those on old

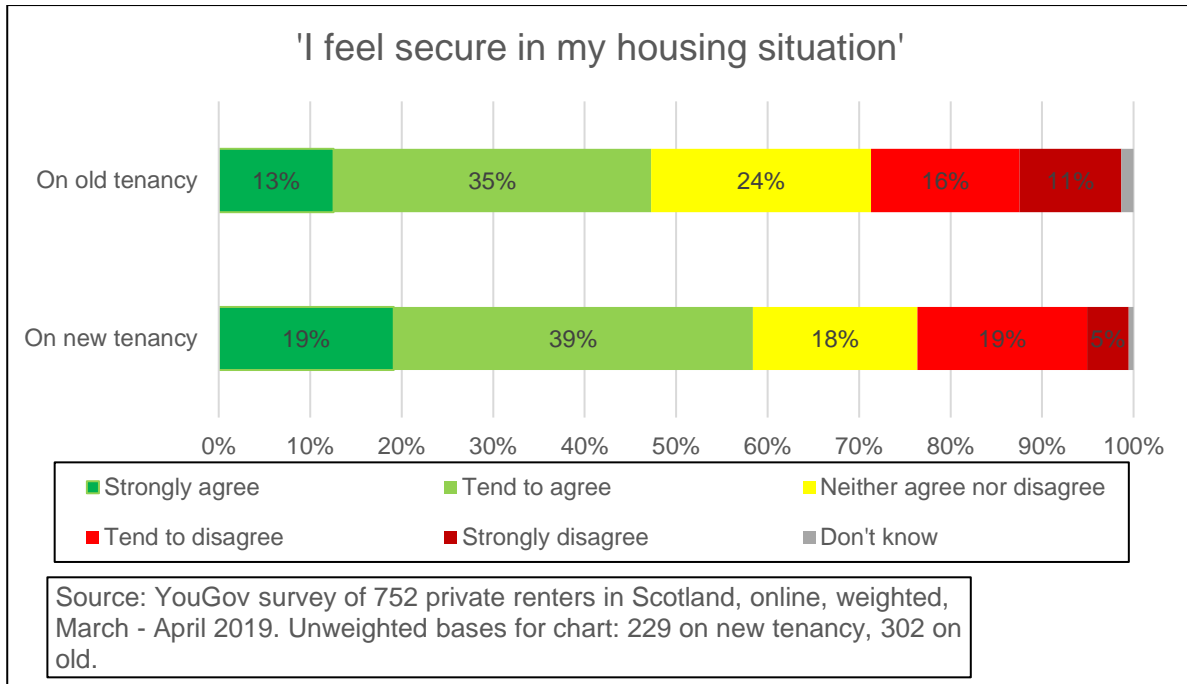
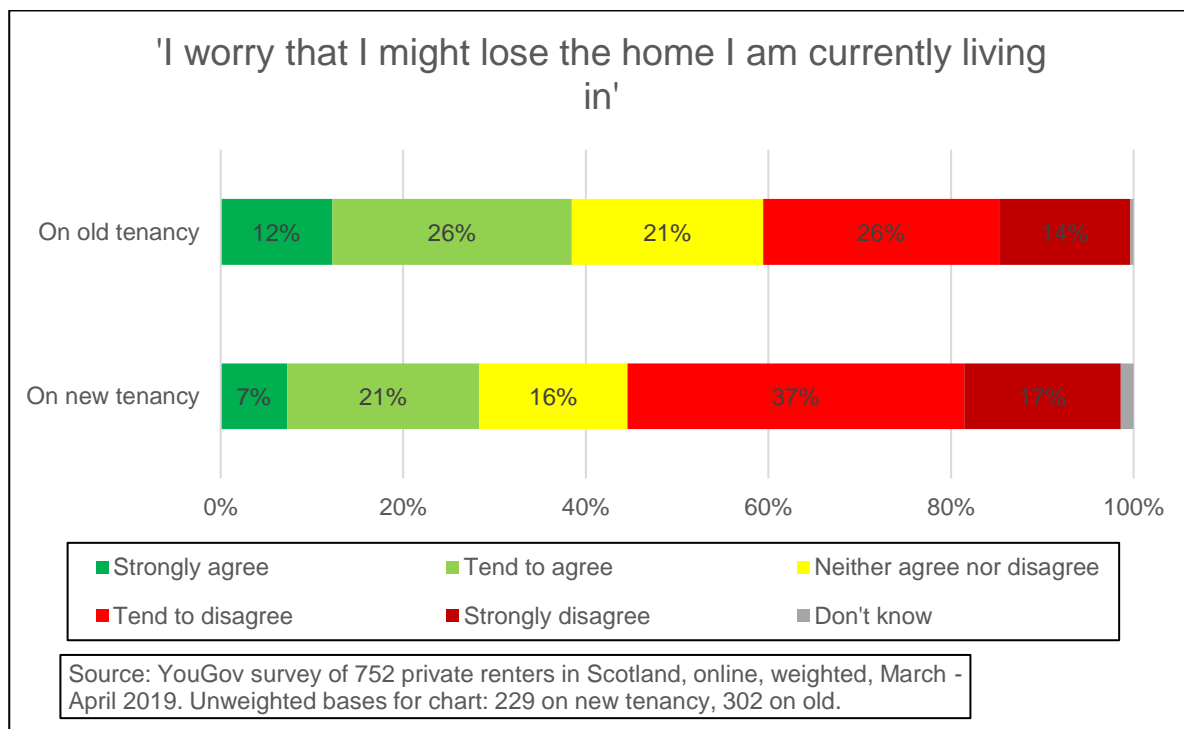
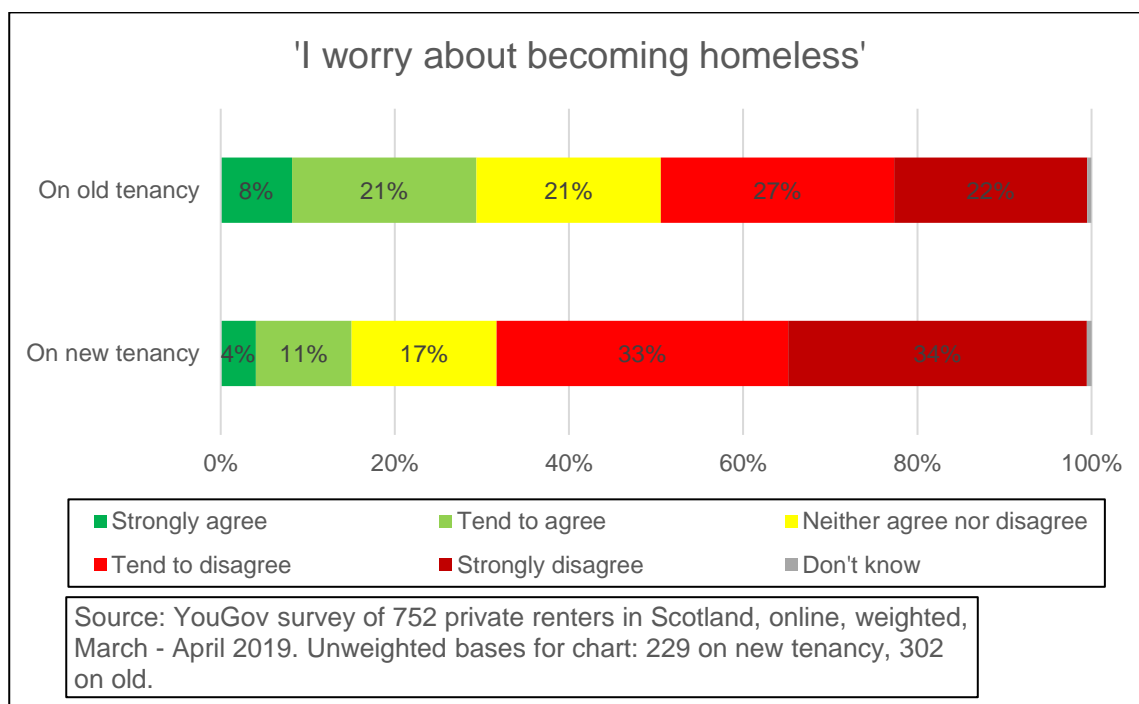


Chart 15: Worrying about losing your home, those on new tenancies compared to those on old



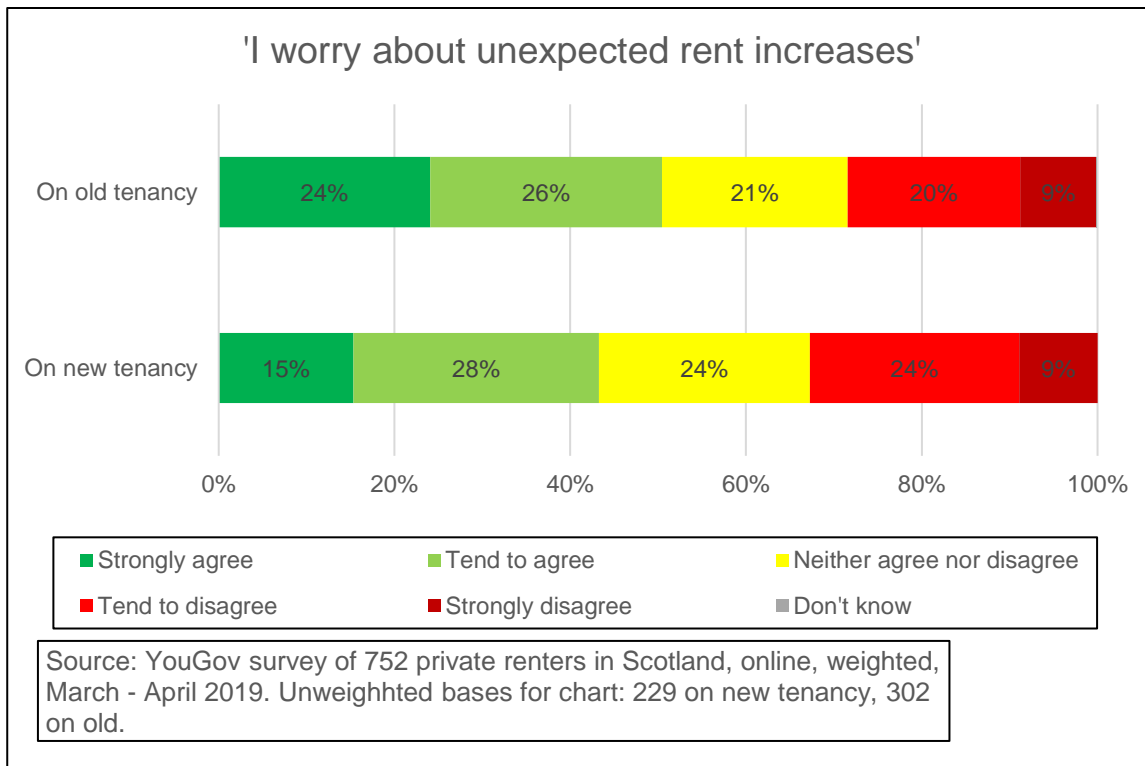
The difference in levels of agreement on worrying about becoming homeless is statistically significant at the 95% confidence level, meaning we can be sure that there is a meaningful difference and that those on the new tenancy are less likely to worry about this than those on the old tenancy (see chart 16 below).

Chart 16: Worrying about homelessness, those on new tenancies compared to those on old



The chart below shows that concern over unexpected rent increases was less common among the renters surveyed on the new tenancies, but not quite to the level of statistical significance.

Chart 17: Worrying about unexpected rent increases, those on new tenancies compared to those on old



There was very little difference in perceptions of how housing problems had impacted on mental health between those on the old and new tenancies – see chart 18 below.

Chart 18: Mental health, those on new tenancies compared to those on old

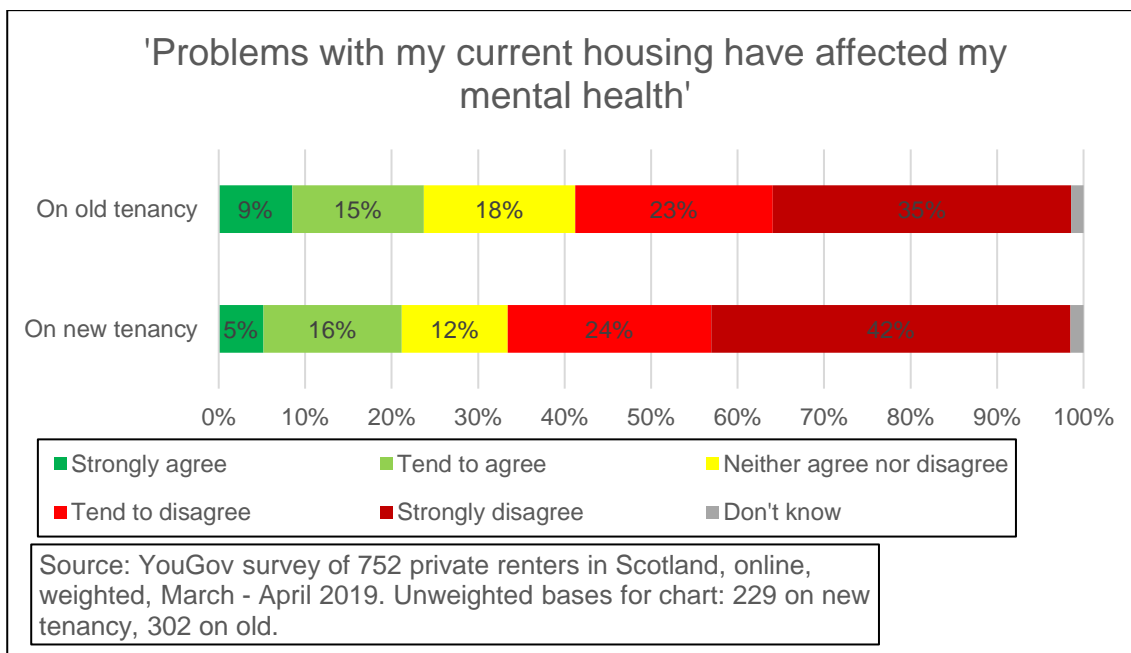
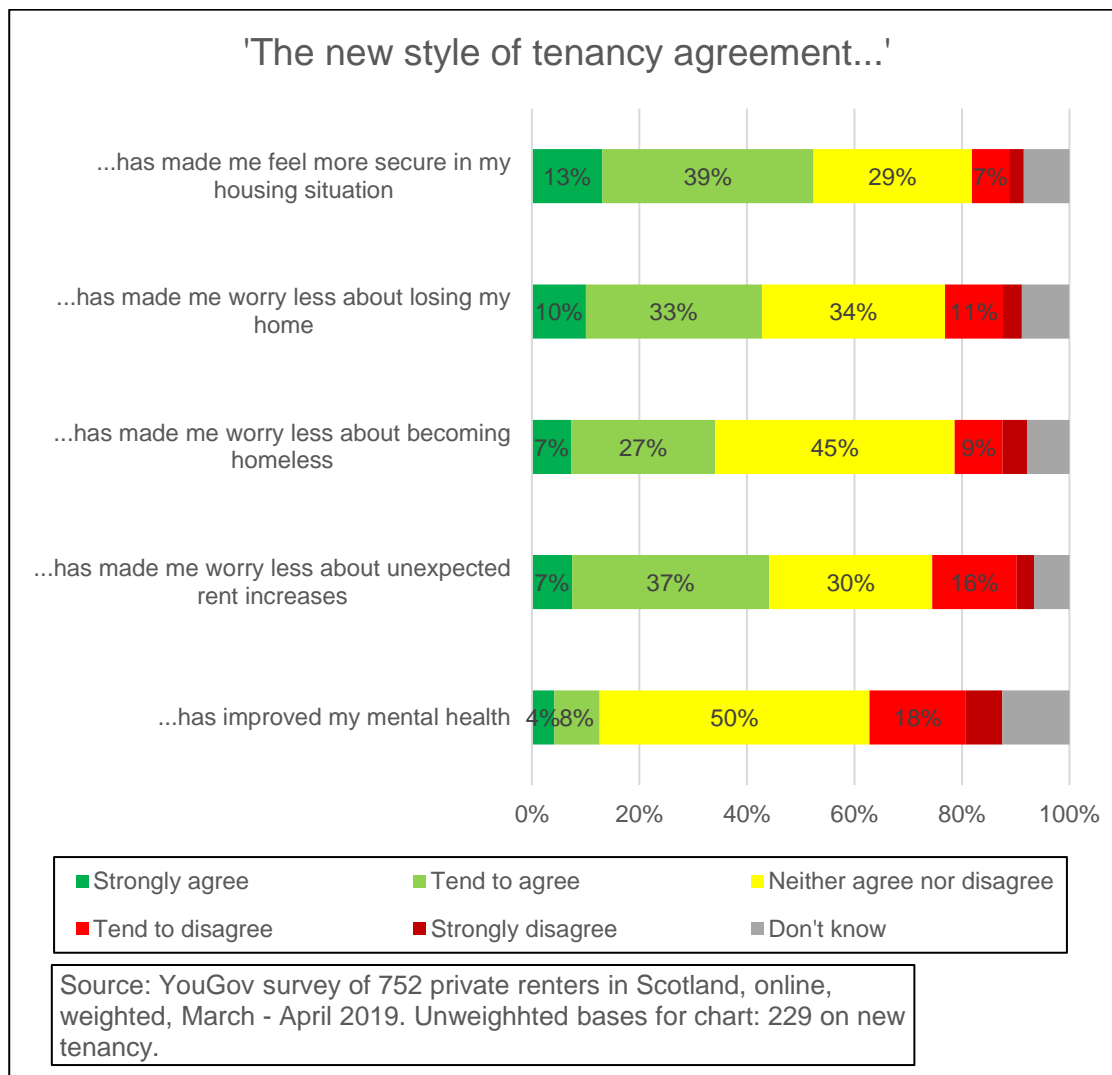


Chart 19 shows the results for a similar set of questions to those above, but this time the base is only those that are on the new tenancies and they are asked directly whether the new tenancy has impacted on them in this way or not. Over half of renters in Scotland on the new tenancies agreed that the new tenancy made them feel more secure in their housing situation. Between a third and 45% agreed the new agreements had made them worry less about losing their home, becoming homeless and unexpected rent rises, respectively. Most of those agreeing with the statements 'tend to agree' rather than 'agree strongly', which would be expected, given the fact that many respondents will have only been on the new agreements for a short while.

Chart 19: Feeling settled, impact of new tenancy



Consumer rights

The charts below show results on the topic of consumer rights. They follow the same format as above, with a set comparing the results between those on new and old tenancies and a set where those on the new agreements are asked specifically about the impact of the new tenancy.

The four charts below show that those surveyed on the new tenancies were slightly more likely to give positive responses to all four questions than those who were renting under the old terms, although none of the differences are at the level of statistical significance.

Chart 20: Housing rights and responsibilities, those on new tenancies compared to those on old

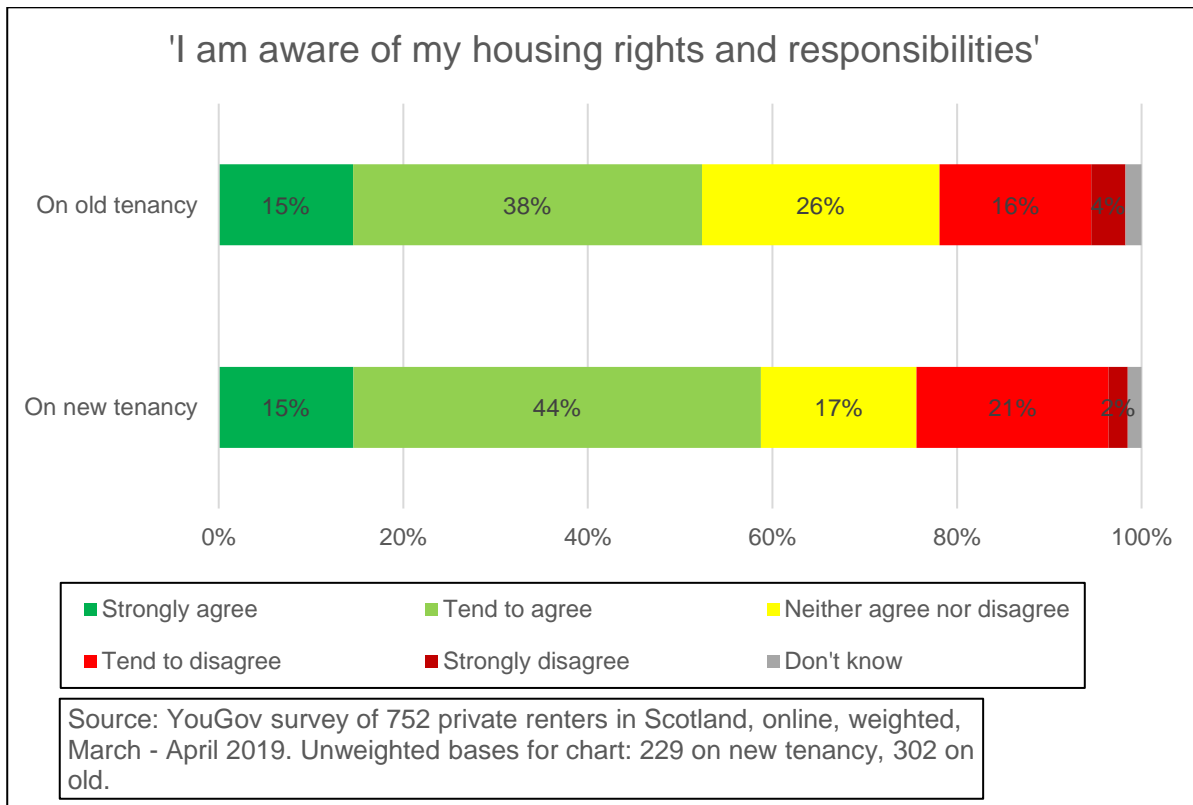


Chart 21: Challenging rent increases, those on new tenancies compared to those on old

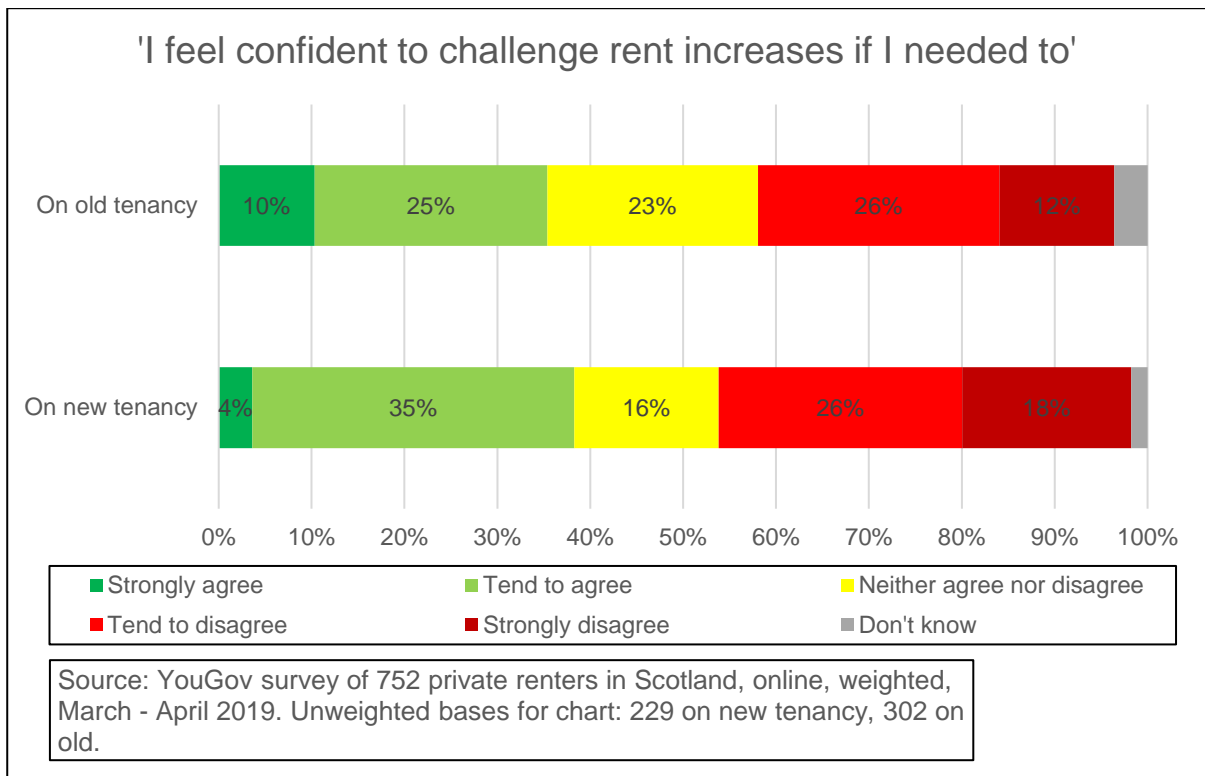


Chart 22: Complaining about conditions, those on new tenancies compared to those on old

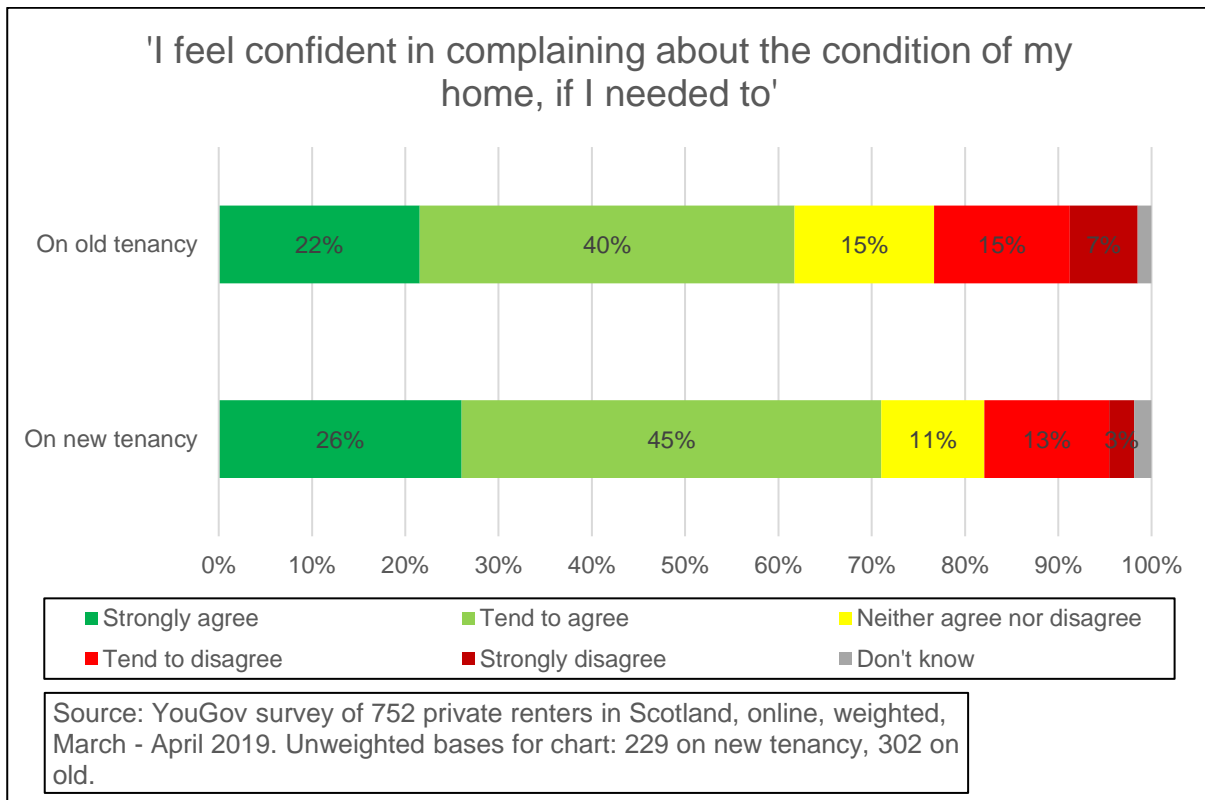


Chart 23: Disputes, those on new tenancies compared to those on old

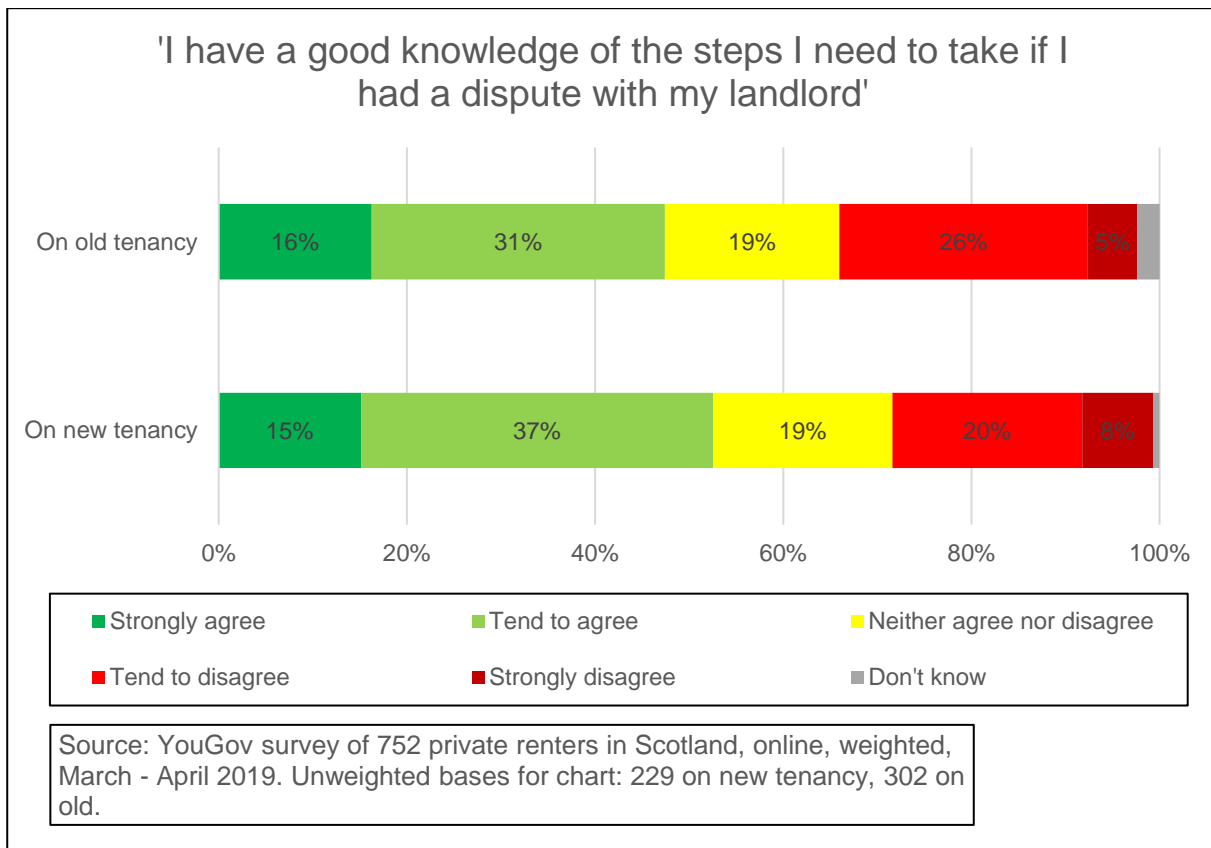
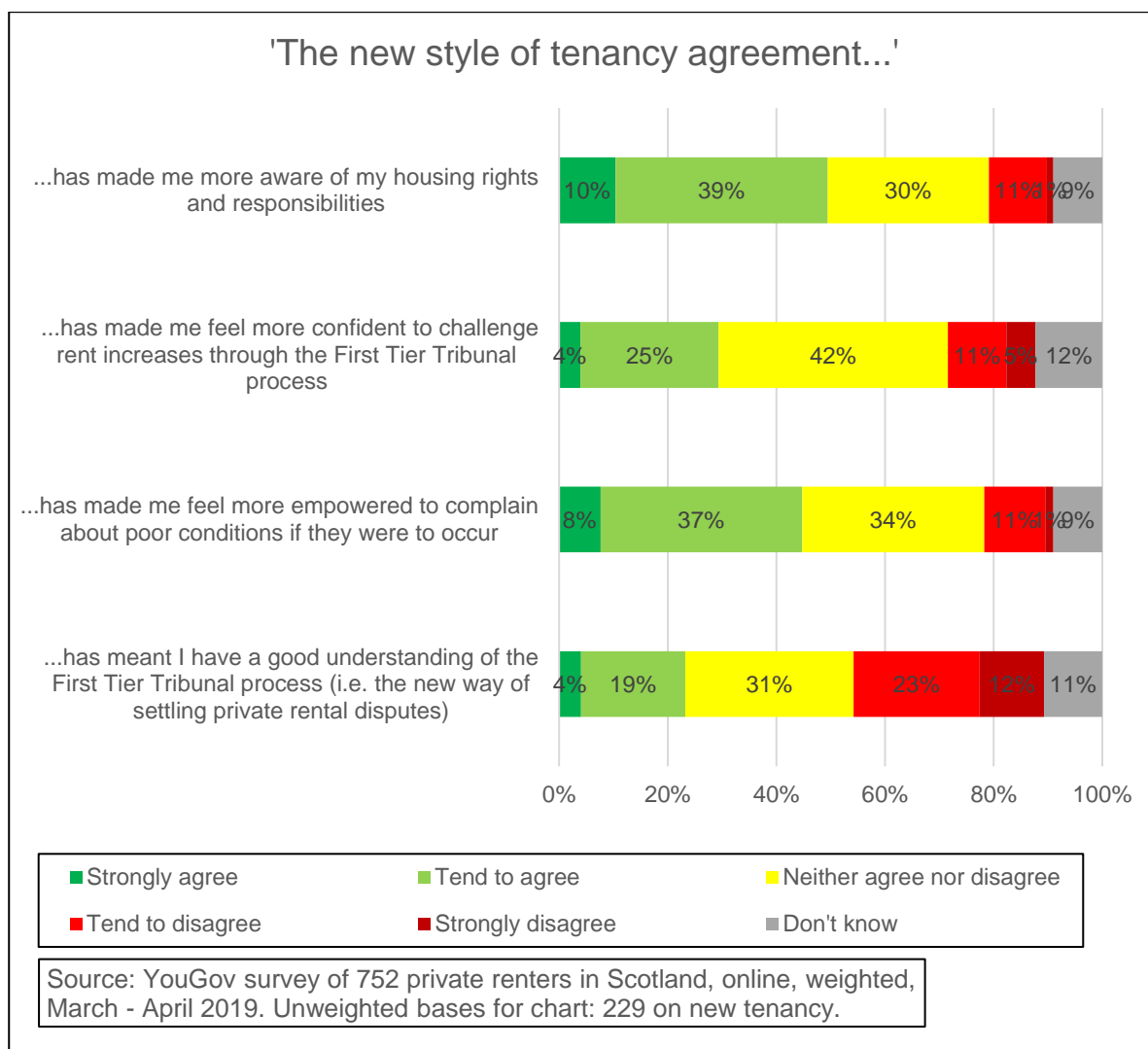


Chart 24 below shows the results to questions about consumer rights and the new tenancies, based on responses from renters on the new agreements. The most positive impacts appear to be the new tenancy leading to greater awareness of housing rights and responsibilities (49% agreed) and renters feeling more able to complain about poor conditions (45% agreed).

The lowest results in this section were for understanding the new dispute resolution service, but this is not surprising as it is a new process and it is only when a dispute comes up that a renter would be compelled to find out about it.

Chart 24: Housing rights and disputes, impact of the new tenancies



Community involvement

The charts below show the results to two questions on community involvement. We first compare the responses for those on the new and old tenancies and then ask specific questions to those on the new tenancies. These are two of only four attributes (of 21 in total) tested in the survey where the results were less positive among those surveyed on the new tenancies than those on old-style agreements, albeit not to the level of statistical significance. This is not too surprising; an increased sense of community was expected by most campaigners to be a possible, rather than a likely benefit of extending tenancy terms. It was also one that most expected to take a long time to emerge, so this result may change further down the line.

Chart 25: Community involvement, those on new tenancies compared to those on old

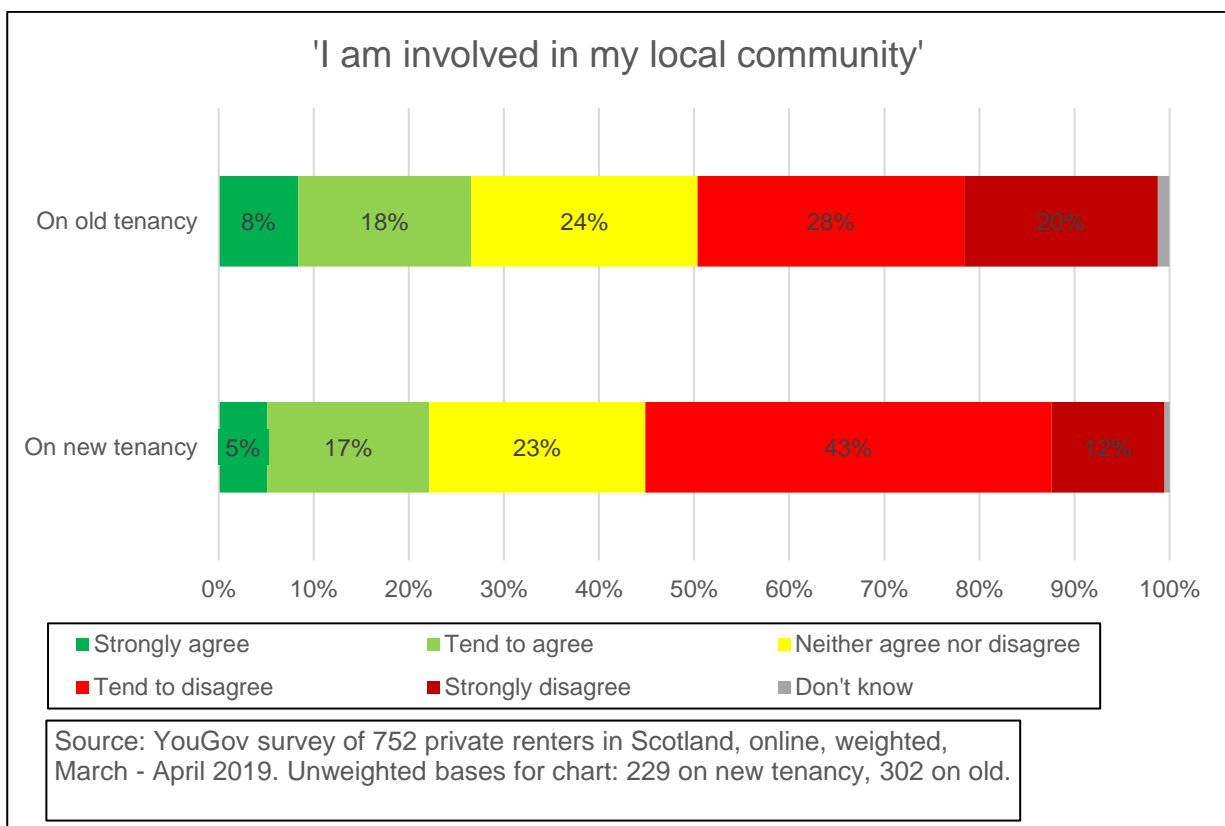
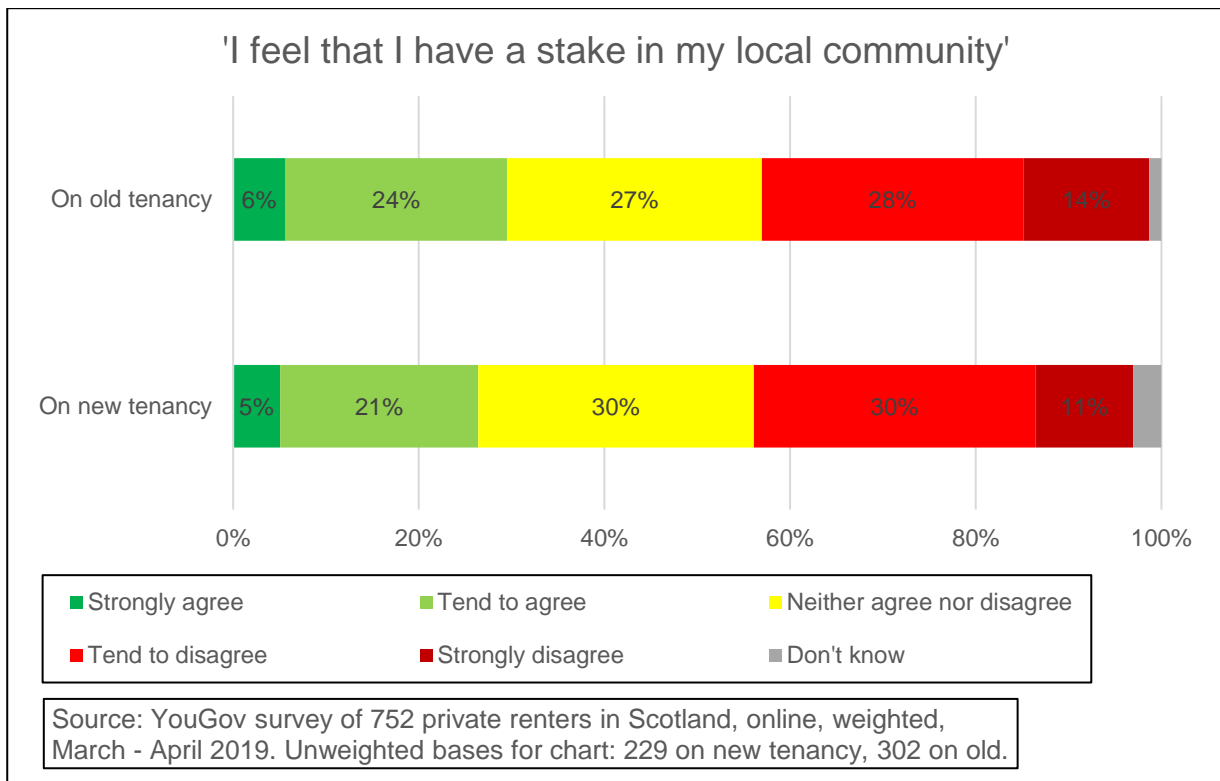
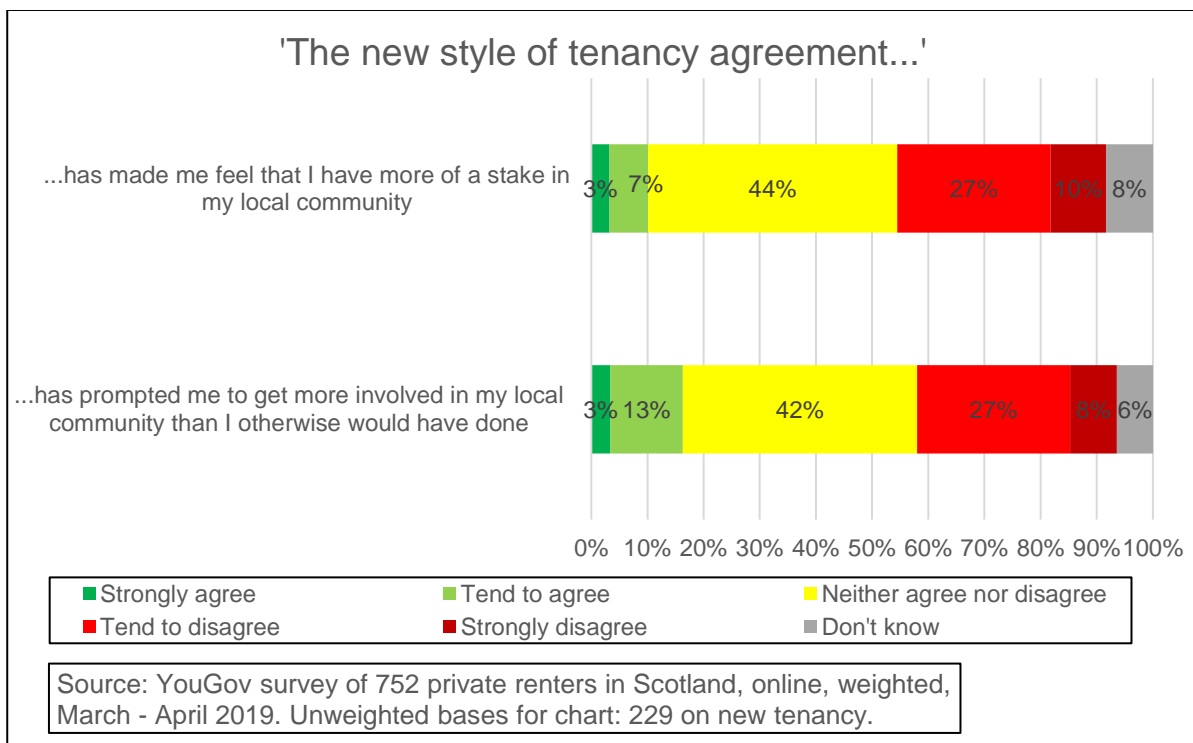


Chart 26: Stake in community, those on new tenancies compared to those on old



The chart below corresponds with the results above - only a small proportion of renters on the new contracts said that they had led to an increased sense of community.

Chart 27: Community, impact of the new tenancies

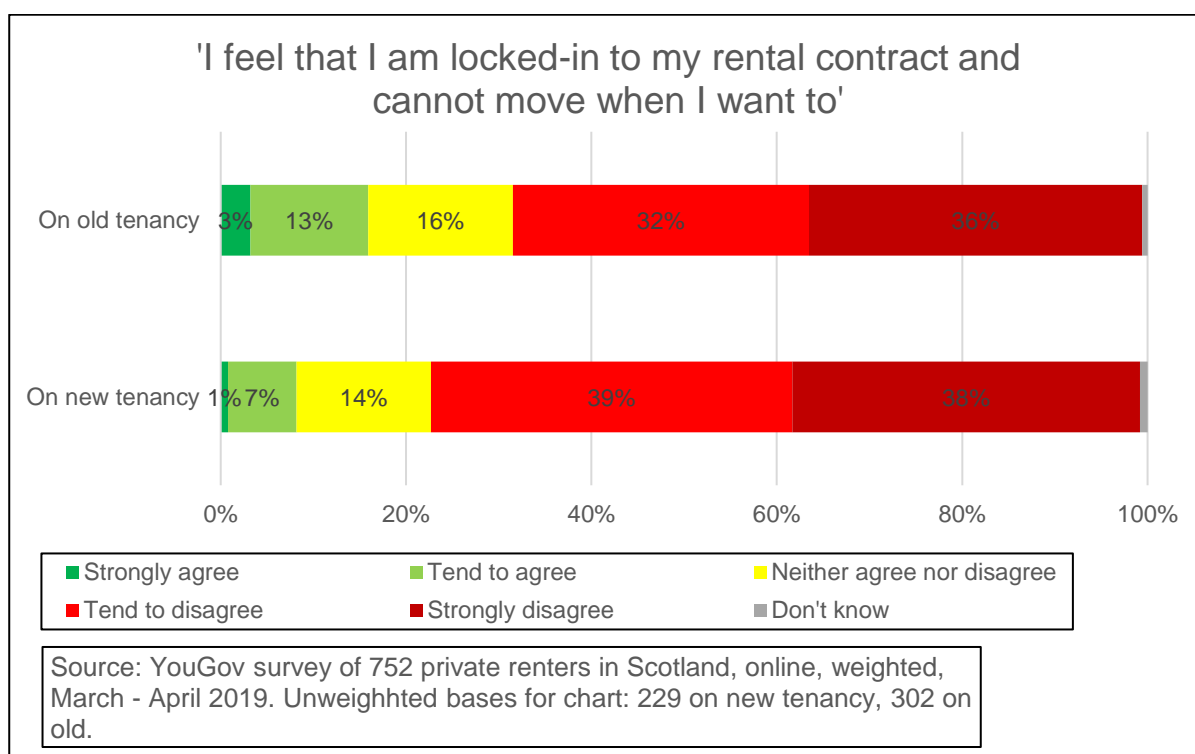


Negative impacts?

Private renters in Scotland were asked a number of questions about possible negative aspects of the new tenancies. As in the sections above, this is presented firstly by comparing the results between those on new and old tenancies and secondly by asking direct, specific questions to those on the new agreements.

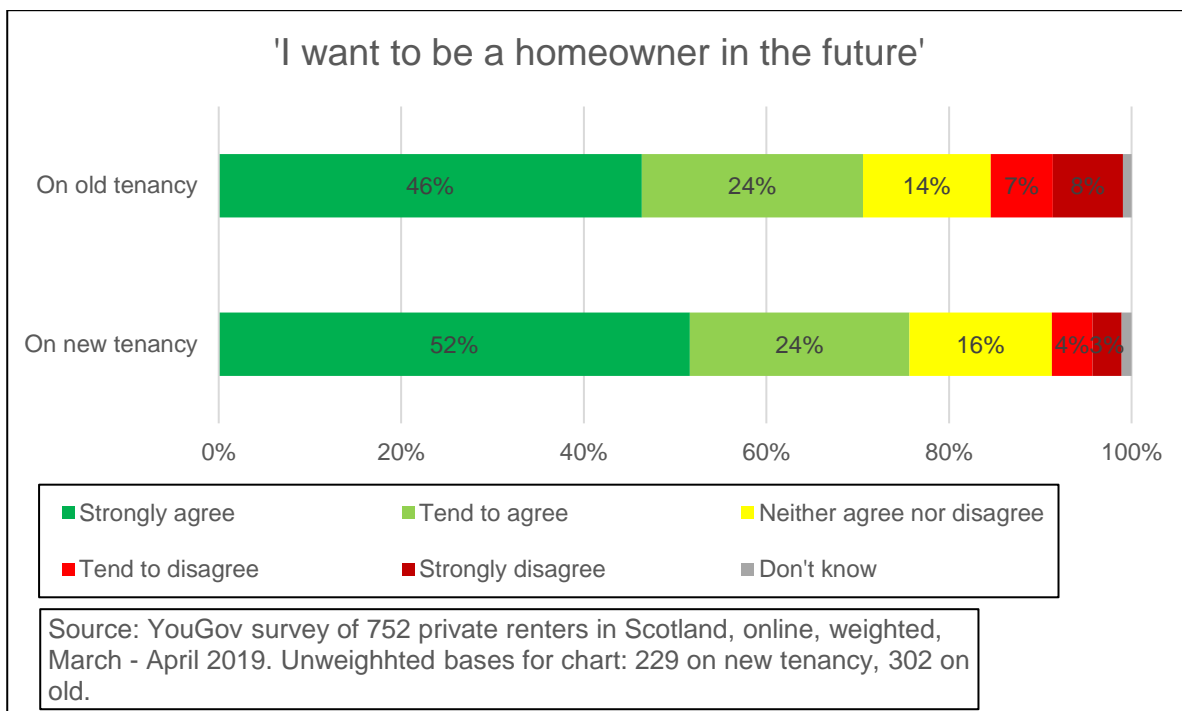
Chart 28 tests opinion on the feeling of being locked in to an indefinite tenancy. Even though close reading of the terms of the new tenancy makes it clear that it is in many ways more flexible for tenants who wish to leave their homes than the old regime, it was still a concern that tenants may not understand this and would feel locked in. This certainly does not seem to be the case as 8% of those on the new tenancy agreed that they felt 'locked-in' compared to 16% on the old tenancy, a difference that is statistically significant as it is just above the margin of error.

Chart 28: Feeling secure, those on new tenancies compared to those on old



A further area of concern for some commentators over the new tenancies is that they would stifle renter's ambitions to become homeowners themselves. The extent to which this is a bad thing is of course very debateable, and we merely seek to test whether this impact has occurred rather than pass judgement on its validity as a concern. The chart below shows that this does not appear to be the case, with a small and not statistically significant difference between the two groups on this question.

Chart 29: Wanting to own a home, those on new tenancies compared to those on old



Perhaps the biggest concern over the introduction of the new tenancies was the impact they would have on supply and affordability of private rented homes in Scotland. This is a big and key question which can only be answered by examining various sources, and the official statistics section of this report is likely to provide more reliable evidence than survey responses. However, the perceptions of tenants are important, and the chart below shows that tenants on the new tenancy do not appear to think it was harder to find an affordable home when they last moved. In fact, more of those surveyed said it was easier, although the difference is within statistical margin of error.

Chart 30: Finding a home, those on new tenancies compared to those on old

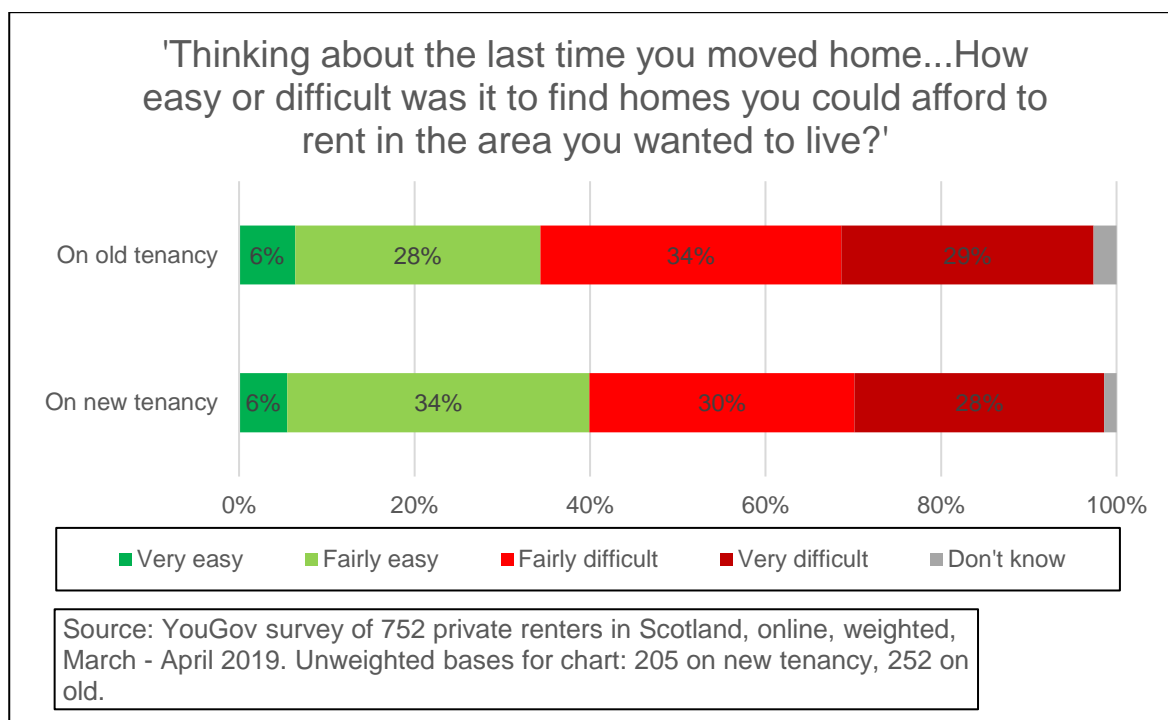
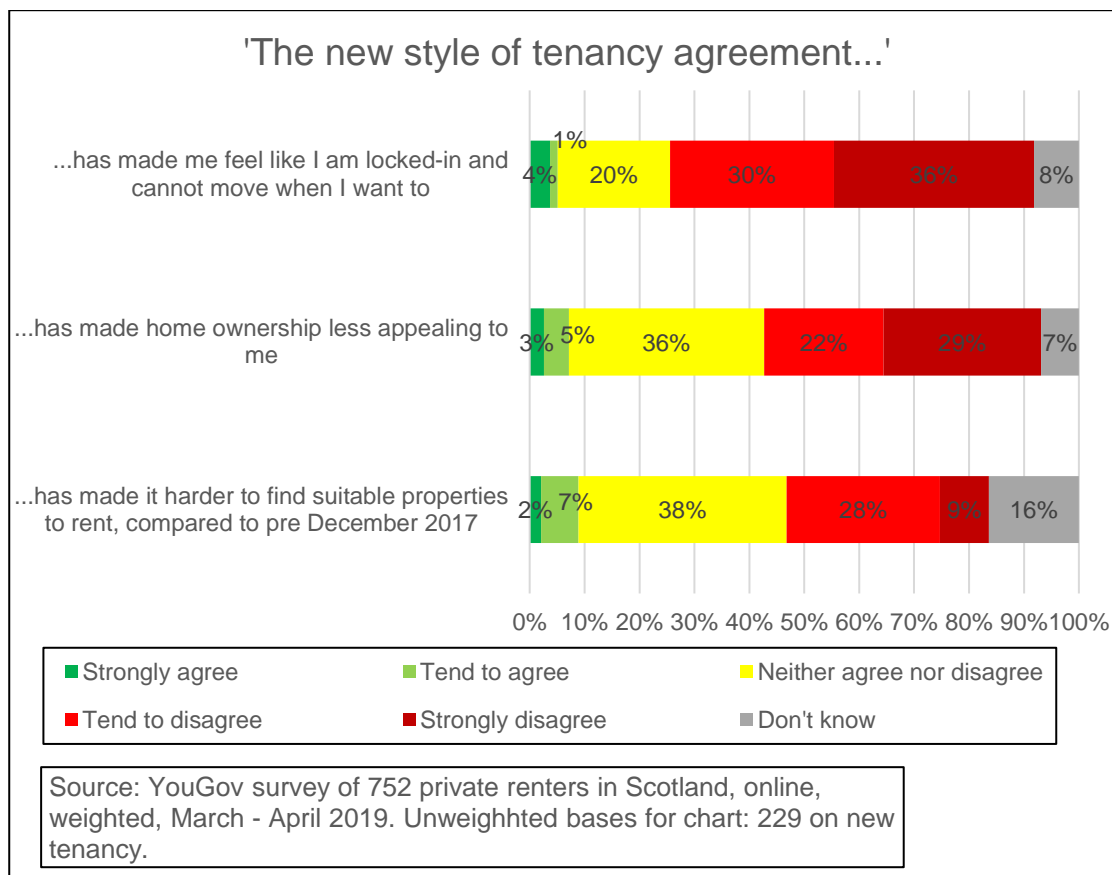


Chart 31 shows the results when those on the new tenancy were specifically asked if they thought that being on the new agreement had impacted them in these ways. We can see below that only very small numbers (less than 5%) strongly agreed that they had experienced these negative impacts as a direct result of being on the new tenancy and small numbers (less than 10%) agreed overall.

It seems clear from this section that the issue of longer or indefinite tenancies locking in the tenant and being inflexible is an issue of perception and communication and does not appear to be the reality. It also seems, so far at least, that renters moving since the implementation of the new agreements are not experiencing increased difficulties in finding homes to live in, nor is their desire to become homeowners stunted by the new-style tenancies.

Chart 31: Possible negative impacts of the new tenancies



Maintenance and relationship with landlord

The charts below show results to two questions, formatted in the same way as in the previous sections. Whilst those on the old tenancy responded more positively to both questions, the differences are not statistically significant. Again, this is not particularly surprising as these were possible rather than likely benefits and things that are likely to take longer to play out.

Chart 32: Relationship with landlord, those on new tenancies compared to those on old

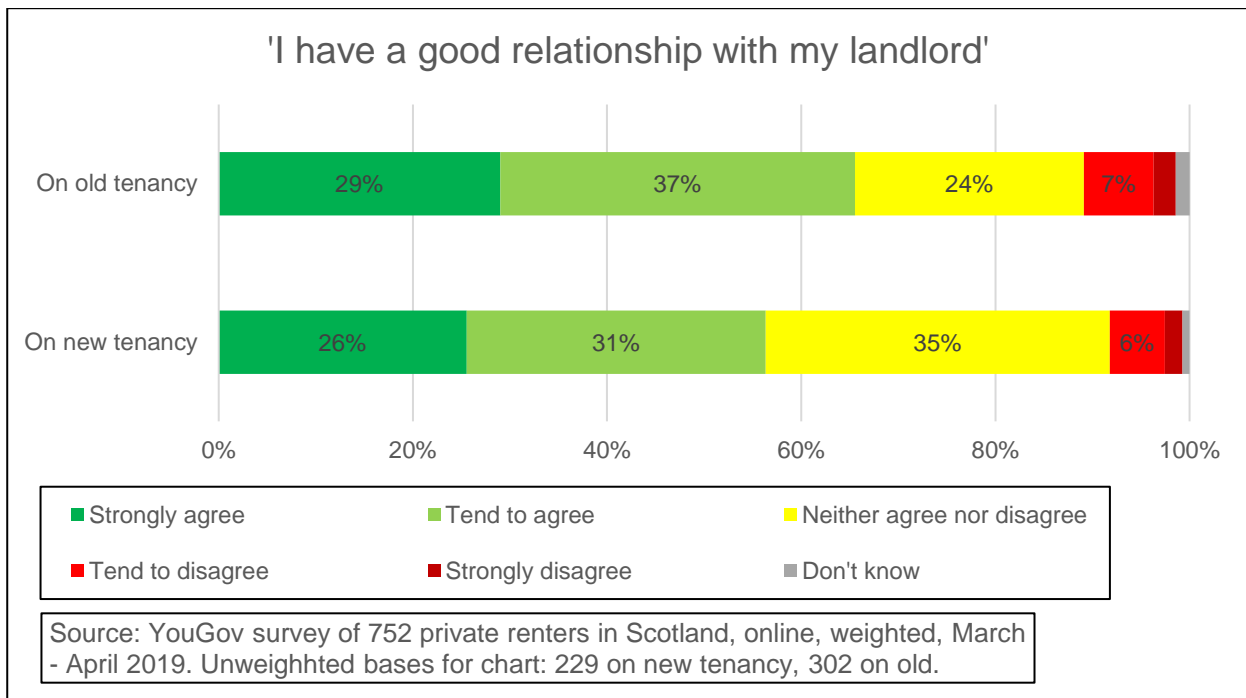
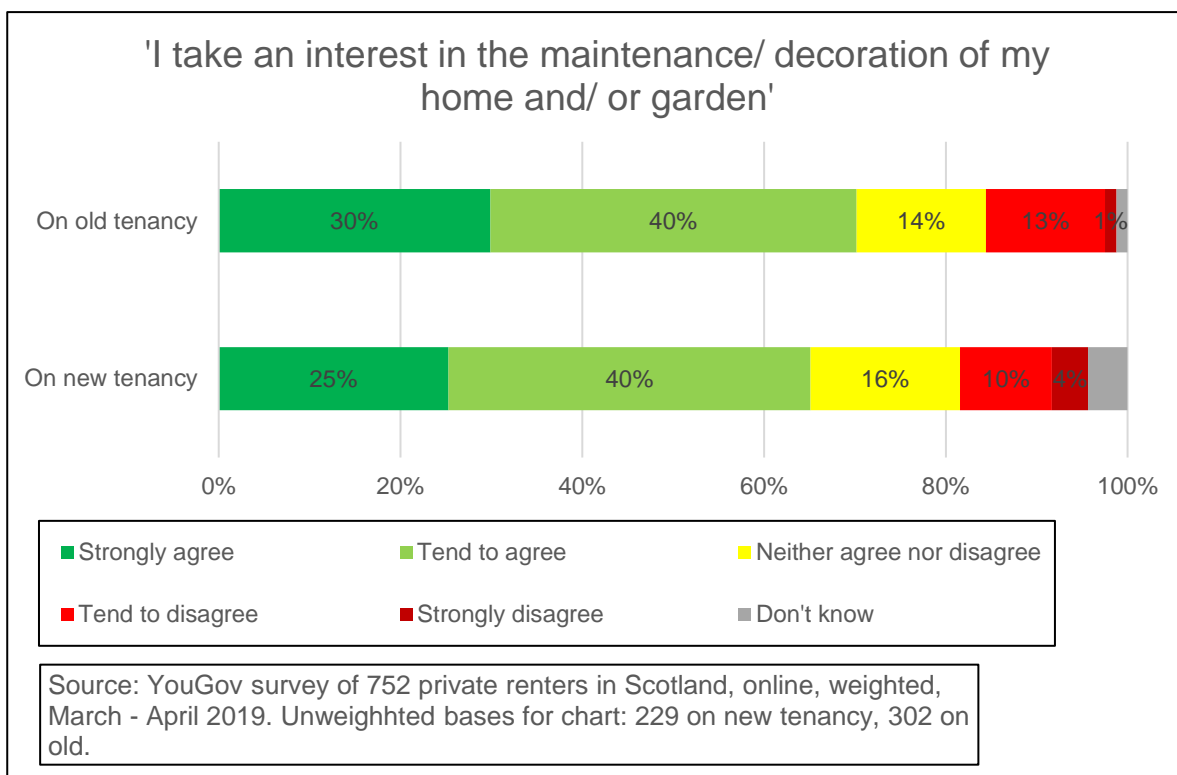
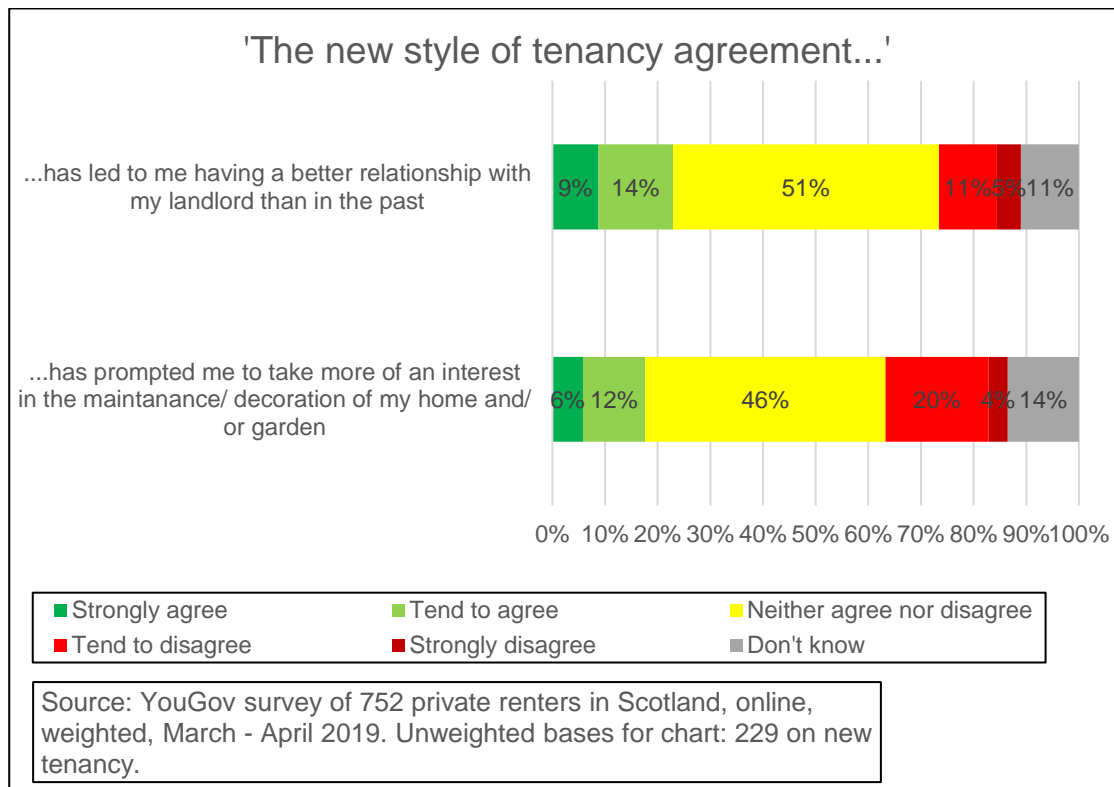


Chart 33: maintaining your home, those on new tenancies compared to those on old



Chiming with the charts above, we can see below that just over a fifth of renters on the new tenancies feel that they have led to them getting on better with their landlord or taking a greater interest in the upkeep of their homes. However, on both of these questions, about 6 in 10 were either neutral or said they 'Don't know' suggesting that it may just be too early in the implementation process for these impacts to have played out.

Chart 34: Relationship with landlord and maintenance, impact of new tenancies



Work, Finances and Planning ahead

This section examines results to a number of questions on this topic, set out in the same way as above. Whilst those surveyed on the new agreements answered slightly more positively than those on the old contracts on all four of these measures, the differences were very small and not statistically significant, meaning that little can be concluded about the impact on these aspects of renters lives at this stage.

Chart 35: Work and employment, those on new tenancies compared to those on old

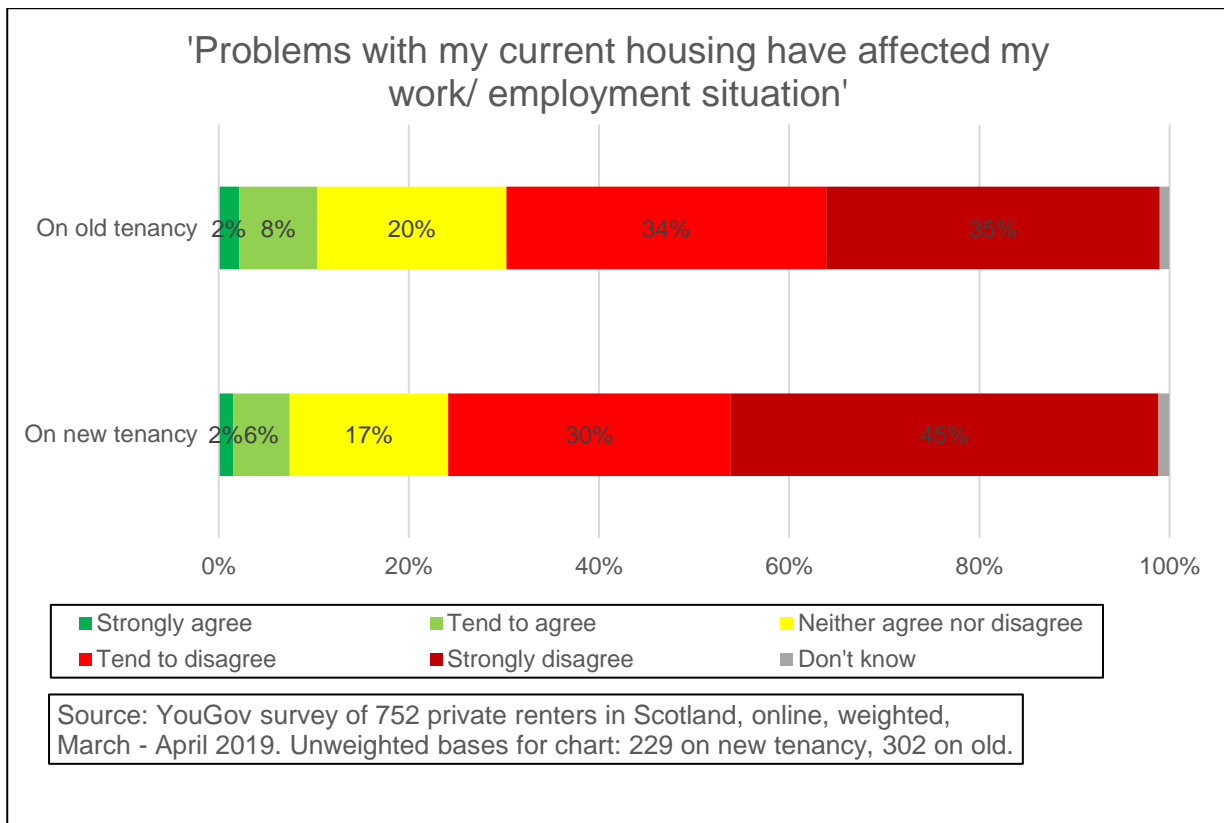


Chart 36: Home ownership, those on new tenancies compared to those on old

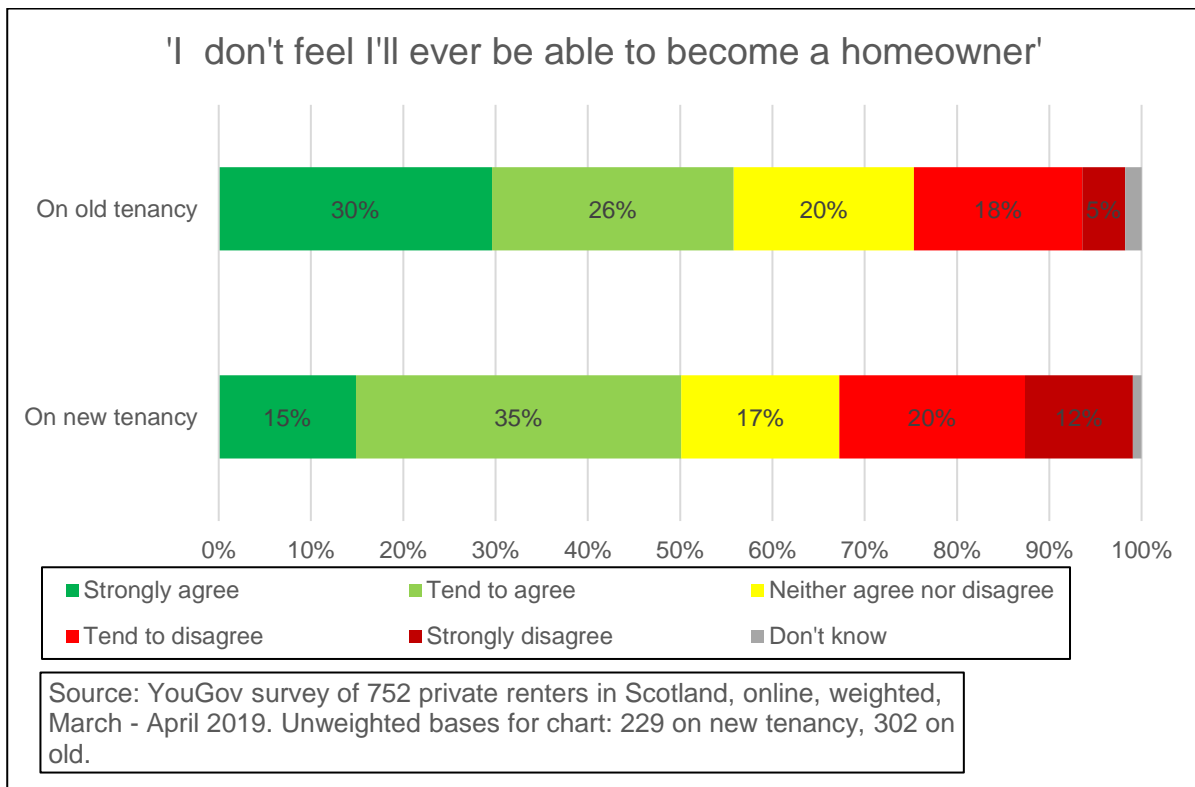


Chart 37: Planning ahead, those on new tenancies compared to those on old

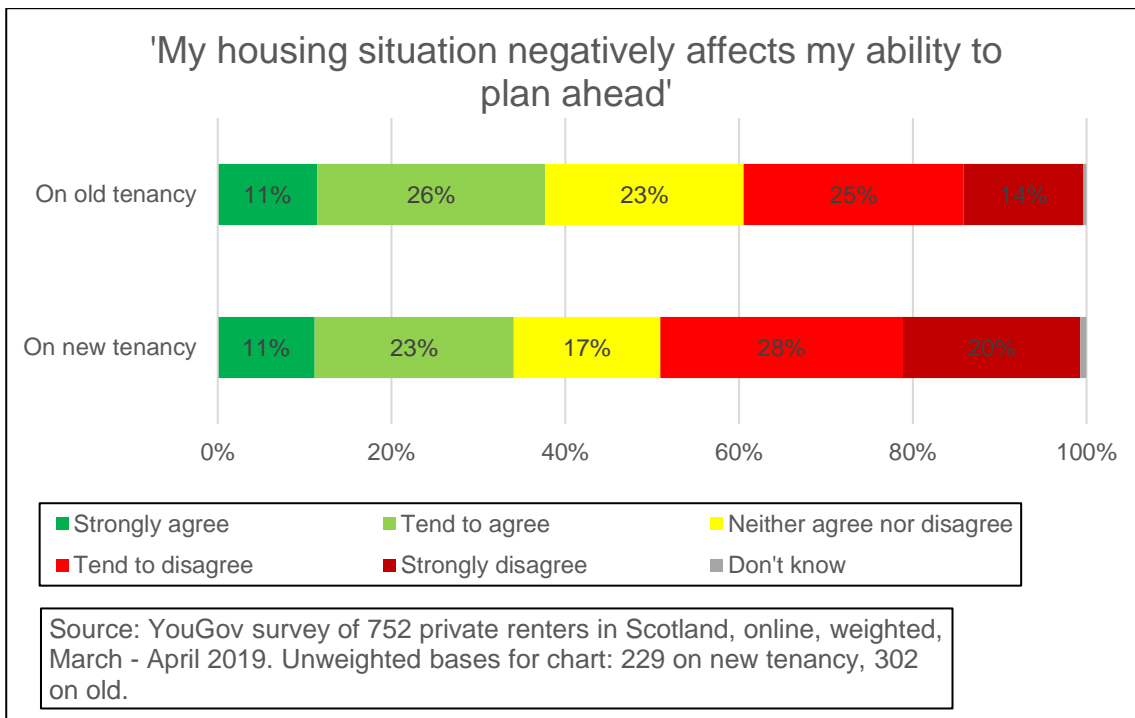
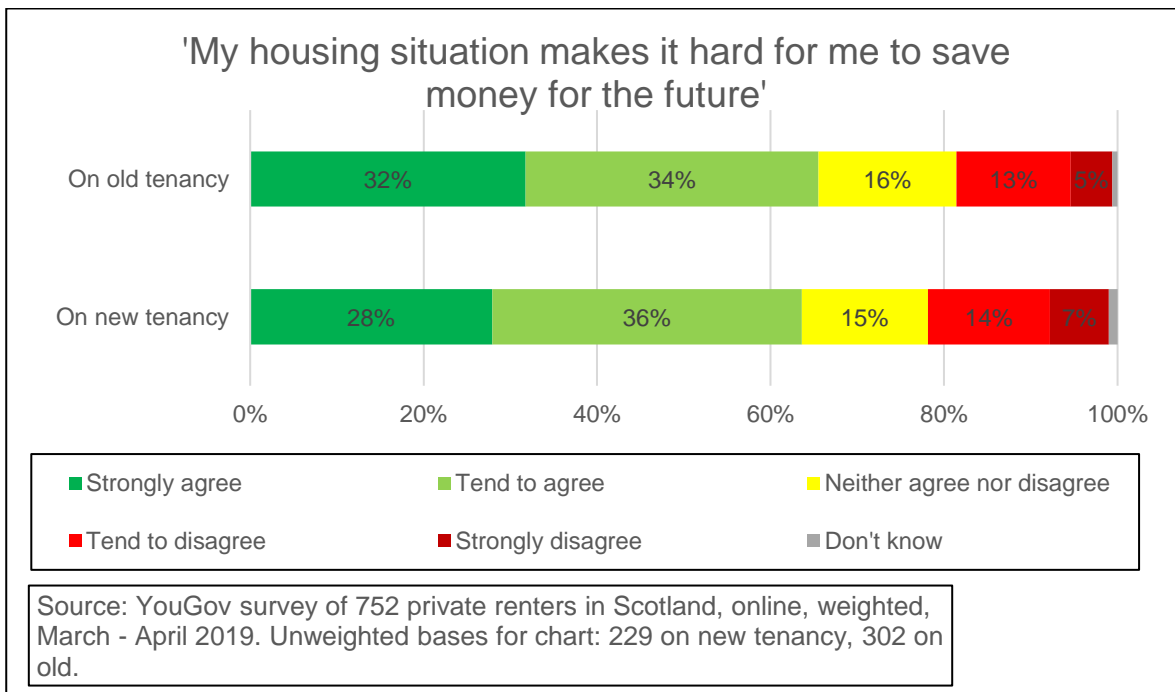
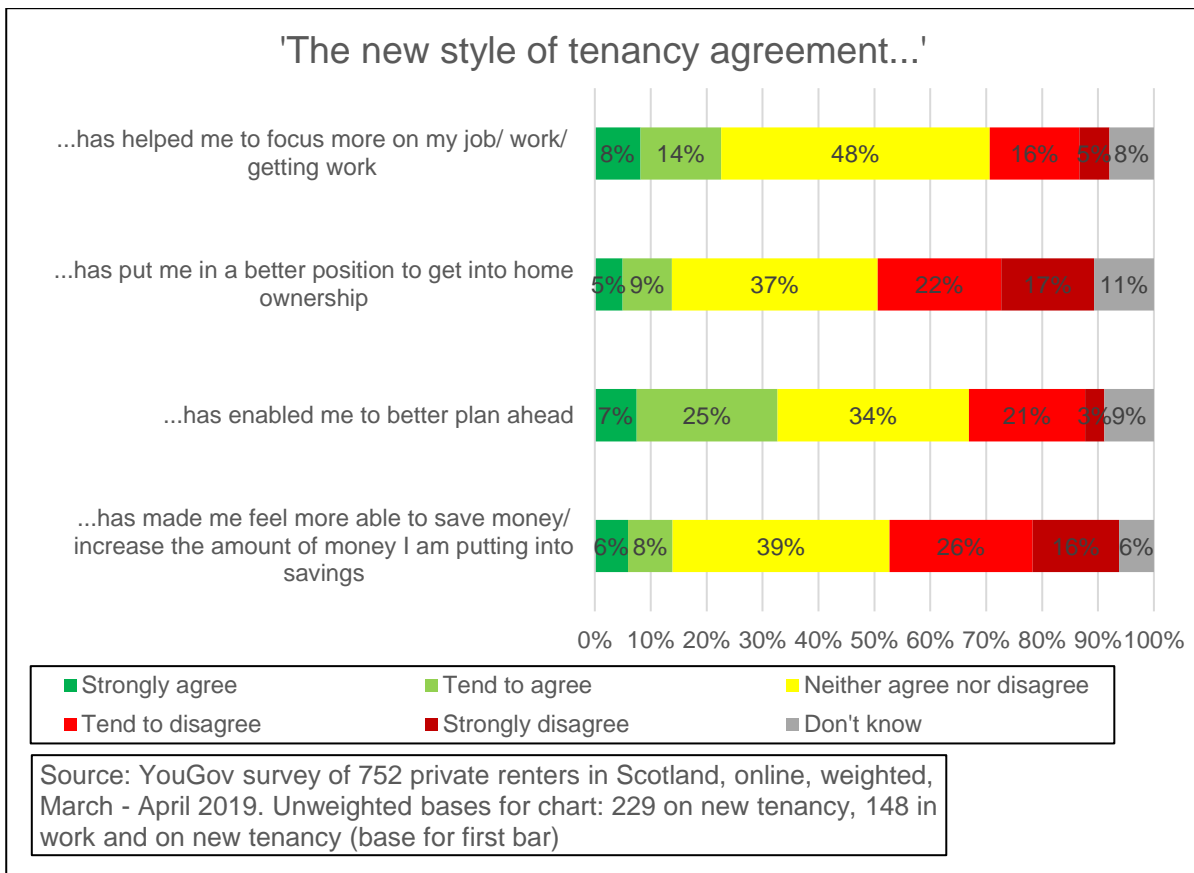


Chart 38: saving, those on new tenancies compared to those on old



The low levels of strong agreement in the chart below correspond with findings above suggesting that renters on the new terms are largely yet to feel any benefits in the areas of planning, saving, focusing on work or getting into home ownership. On the other hand, nearly a third of renters did agree that being on the new agreement was helping them to plan ahead, and over a fifth agreed that it had enabled them to focus more on their work, which are positive signs.

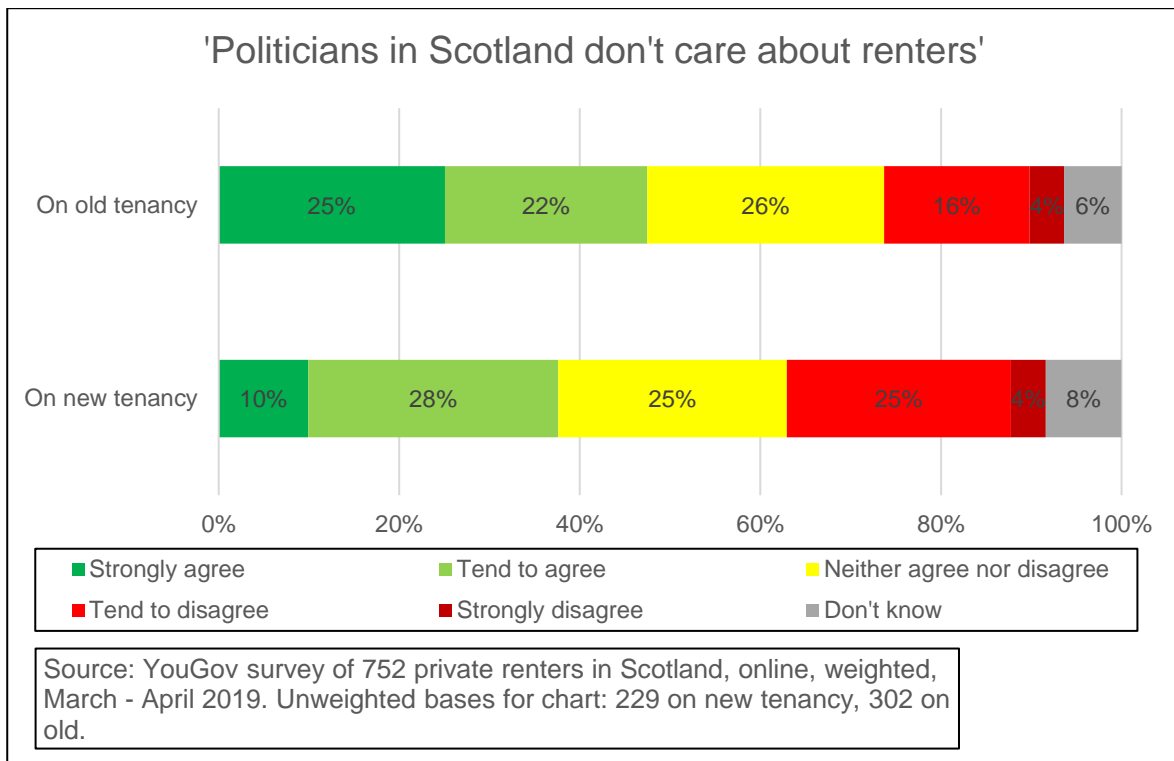
Chart 39: Work, home ownership, planning and saving, impact of the new tenancies



Overall opinions

This section looks at the results of questions that summarise overall or miscellaneous opinions on the new tenancies. Chart 40 shows that those on the new tenancies are less likely to strongly agree that 'politicians in Scotland don't care about renters' than those on the old agreements (10% cf. 25%, a statistically significant difference).

Chart 40: Views on politicians, those on new tenancies compared to those on old



The chart below compares results among those on the new and old tenancies on overall satisfaction with their housing situation. 9% more of those surveyed who were on the new tenancies agreed with the statement that they were satisfied with their housing than those on the old agreements, however this difference is not quite at the level needed to be statistically significant.

Chart 41: Overall satisfaction with housing, those on new tenancies compared to those on old

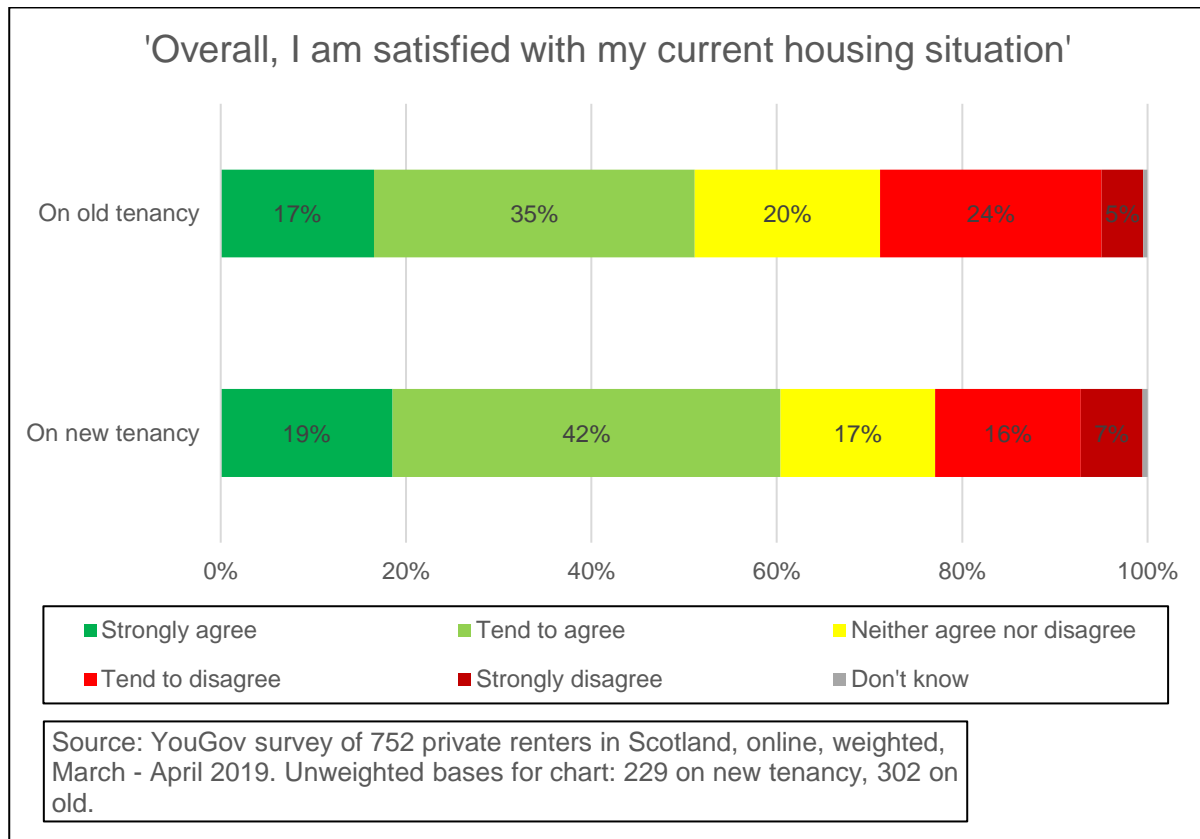
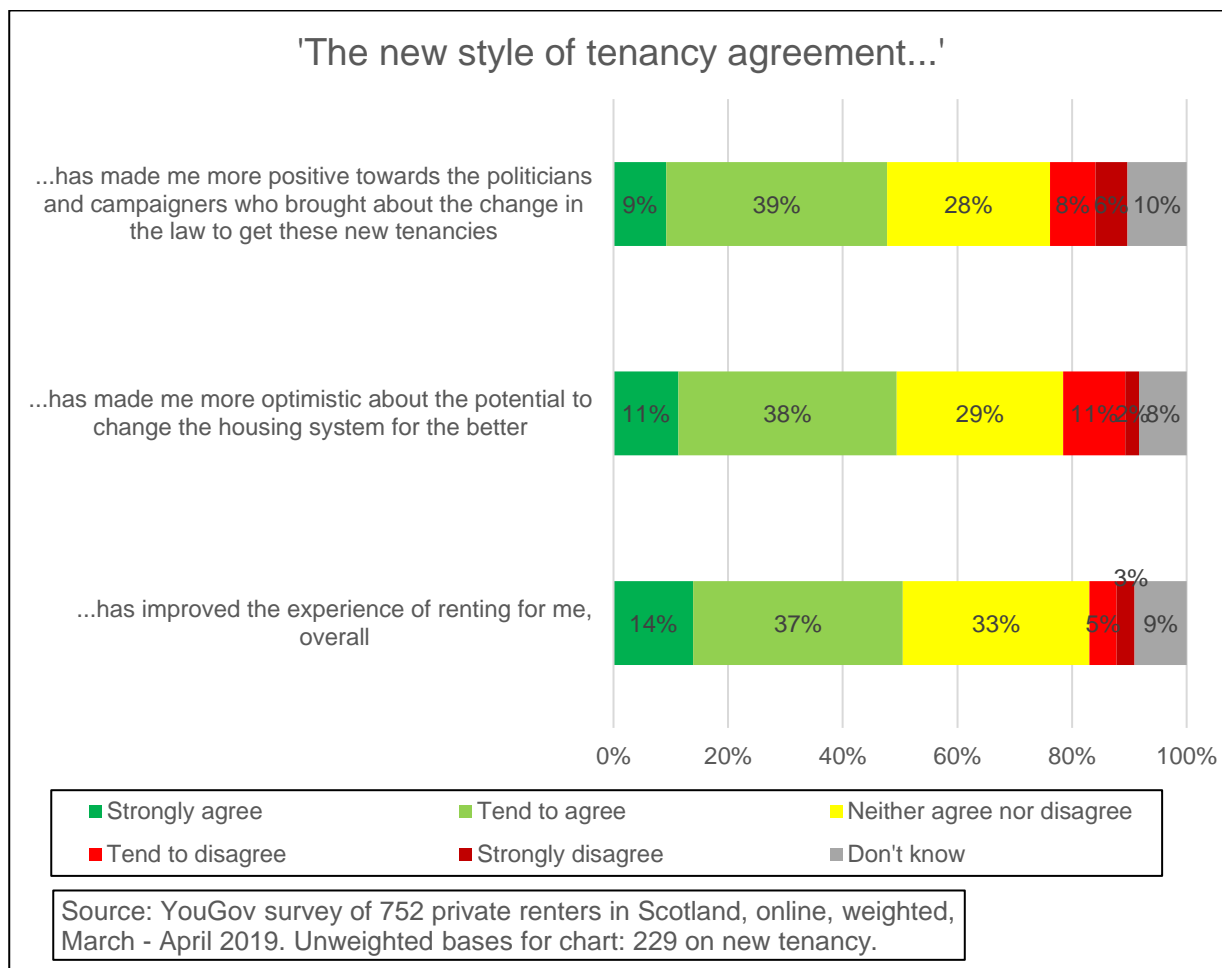


Chart 42 below shows the results to specific questions about the new tenancies.

Agreement stands at around half the sample on each of these measures, including 50% of those on the new contracts agreeing that they had 'improved the experience of renting for me, overall'. On all three measures, most of the rest responded neutrally or by saying 'Don't Know' rather than disagreeing – only 3% of those on the new agreements strongly disagreed that they had improved their overall renting experience.

Chart 42: Feelings about politicians, change and overall satisfaction, impact of the new tenancies



Summary of impacts on renters

The table below summarises the results of all 21 questions asked where we compared responses between those on the new and old tenancies. The index of positive responses is a figure that shows the relative difference between the volume of positive answers given by those on the new and old tenancies. An index of 100 would mean that those on the old and new tenancies had answered positively in exactly equal proportions. An index of 200 would mean those on the new tenancies were twice as likely to have answered positively than those on the old tenancies, an index of 50 would mean renters on the new tenancies were only half as positive as those on the old ones about that particular aspect. This gives us a clearer, at-a-glance idea of the relative differences in positive and negative responses. The final column records whether there are any statistically significant differences in the results to this question, and whether that is on the side of positivity or negativity among those on the new tenancies.

Overall, a substantially more positive set of responses were given by those on the new tenancies compared to those on the old agreements. Of the 21 attributes tested, 17 resulted in more positive answers among those surveyed on the new tenancies than the old. There were three

cases where renters on the new tenancies were statistically significantly more likely to answer positively than those on the old tenancies.

Table 3: Summary of comparisons between those on old and new tenancies	Index of positive responses, new compared to old tenancies	Statistically significant difference?
I worry about becoming homeless	195	Y, positive
I feel that I am locked-in to my rental contract and cannot move when I want to	194	Y, positive
Problems with my current housing have affected my work/ employment situation	139	N
I worry that I might lose the home I am currently living in	136	N
Politicians in Scotland don't care about renters	126	Y, positive
I feel secure in my housing situation	123	N
Overall, I am satisfied with my current housing situation	118	N
I worry about unexpected rent increases	117	N
I feel confident in complaining about the condition of my home, if I needed to	115	N
I am aware of my housing rights and responsibilities	112	N
Problems with my current housing have affected my mental health	112	N
I don't feel I'll ever be able to become a homeowner	111	N
I have a good knowledge of the steps I need to take if I had a dispute with my landlord	111	N
My housing situation negatively affects my ability to plan ahead	111	N
I feel confident to challenge rent increases if I needed to	108	N
I want to be a homeowner in the future	107	N
My housing situation makes it hard for me to save money for the future	103	N
I take an interest in the maintenance/ decoration of my home and/ or garden	93	N
I feel that I have a stake in my local community	89	N
I have a good relationship with my landlord	86	N
I am involved in my local community	83	N

Source: YouGov survey of 752 private renters in Scotland, 229 on the new tenancy, 302 on the old, weighted, online, April 2019.

The new tenancies in renter's own words

The final question in the survey asked renters 'Thinking about the new type of tenancy agreement in Scotland...Please tell us any additional thoughts you have on the drawbacks and benefits of these new tenancy agreements?'. The responses to this question were largely positive, and the majority of responses that were not positive were along the lines of 'makes no difference to me' or 'too early to say'. There were some concerns among renters about general affordability of rents and that rents may rise further if supply reduces because of the changes, but these appeared to be based on media coverage rather than actual experience of increased rents. A selection of responses is shown below:

"The new agreement is a brilliant step in the right direction"

"It can only improve a tenant's position"

"Has the potential to give people on a lower income more peace of mind and potentially enable them to have a better quality of life"

"The new tenancy agreement is very good for communities and private tenants"

"I think it is a great step forward for the rights of tenants and protecting those in danger of homelessness"

"I won't have to worry about having to sign a new lease every 6 months"

"This will definitely help make tenants feel more secure"

"More flexibility, peace of mind that I can't be evicted at a moment's notice"

"Overall, a positive legislation for both tenants and landlords"

"The security against being homeless is a big benefit"

"Very positive change. Wish this had been in place when I was a student"

"I am just so glad to live in Scotland under a government that has done so much for housing - both social housing and privately rented property"

"I can think of no drawbacks from the new type of tenancy agreement - it's excellent!"

"Not being evicted by landlords for the month of the Edinburgh Fringe"

"I find it is great for young renters"

"The new agreement gives the renter a better outlook to their contract more stability to their home at the same time protecting the landlord, overall better for all"

"I was always wary about renting privately but the new tenancy rules made me less apprehensive. I think it's been a great idea"

Chapter 6: Testimony from people working in Scotland's housing and homelessness sector

This section contains unedited evidence from people working in the sector in Scotland. Given the relatively early stage in terms of implementation, several people we approached declined to comment at this stage, but in future reports we expect the size of this section to grow. For transparency, where the feedback is from Shelter Scotland this is shown, where no organisation name is shown the feedback is from another housing and homelessness organisation in Scotland.

Thinking back to before the new tenancies were introduced, what role was the private rented sector playing in causing/exacerbating homelessness back then?

I think the main issue was and still is the lack of affordable housing. For a long time, tax and other incentives helped to provide a good return for landlords combined with capital growth. This had the effect of pushing up prices so first-time buyers could not afford to buy. They then needed to rent, pushing up prices in the rental market, and squeezing out those less able to afford the higher rents who became homeless. Council house stock was depleted by Right to Buy. Many of these were sold to private landlords for buy to let, but sometimes the former occupants spent the money and ended up homeless again.

[Senior Officer, Homelessness charity, Ayr]

Previously with old style tenancies, particularly Short Assured, very easy for landlord to give NTQ and S33 with often very little notice – no security of tenure and no grounds required under SATs.

Easy for landlords to give notice to quit to tenants who have been complaining about dampness/disrepair.

Tenants who left tenancies which were not suitable or in state of disrepair were often deemed to be intentionally homeless.

[Shelter Scotland, Dundee]

Before the introduction there was a number of clients that were being made homeless due to the condition of the property that they were living in. This was forcing clients to leave the property that they were in. Due to their negative experience within the private rented sector they will only accept a Statutory offer.

The previous set up was very confusing for clients they struggled to understand the number of different documents that they were provided. There was no or little standardisation of paperwork and an irregularity of what is provided across the sector. Due to this confusion I believe that there was a perception of 'lack of power', a number of tenants that felt the landlord has all the power

and any decisions are difficult to challenge. Client were on occasion given notice on whim or due to the no fault ground given notice for little or no substantial reasons.

[Team leader, homelessness service, Fife]

And what role was the private rented sector playing in being a solution to homelessness before PRT's came in?

The private sector has always an important role to play in being a solution to homelessness. Regardless of who owns the property private or council/social there are only so many homes available. We are not building enough for the demand, which pushes up rents. I do not think the role of the Private Sector has changed because of PRT's.

[Senior Officer, Homelessness charity, Ayr]

Solution for those deemed to be intentionally homeless. Solution in areas where little or no social housing available. Usually short-term solution only.

Persons accepted as homeless and waiting for long time for suitable permanent housing could accept SAT and LA would still have duty to rehouse, but this is almost never enforced.

PRS was generally short-term, insecure solution only as most private lets were Short Assured.
[Shelter Scotland, Dundee]

For the majority of clients a private let was only consider when a statutory property could not be offered. It appeared to be a last resort choice. Client and often local authority staff deemed and reinforced that the PRS was only a stop gap a temporary measure until you got the Statutory offer that you were entitled to.

[Team leader, homelessness service, Fife]

It is early days of course, but have you noticed any impacts that the new tenancies have had on your ability to help people who are homeless/at risk of becoming homeless?

Yes. The new PRT is more flexible, with a shorter notice period for tenants who wish/need to leave. Unfortunately, some of the most disadvantaged clients we deal with lead chaotic lives and are forced to live in areas where drugs and violence are common. Sometimes they need to move quickly due to problems in the area or relationship breakdowns. Under the PRT they only need to give 28 days notice. In the past they were tied in for the first six months and often had to give at least two-months notice to leave. Letting agents were able to issue new leases at the end of the first six-month period which enabled them to tie clients in for a further six months or sometimes longer. This makes it very difficult to leave without incurring penalties, which then wipe out your deposit. Leaving requires planning which some people are incapable of. They leave without notice, losing their deposit and setting themselves up for a bad reference which means it is difficult for them to secure a new tenancy. Under Universal Credit it is no longer possible to apply

for an overlap of housing benefit if you need to leave before your notice ends. The shorter notice period means if you move into a tenancy and find you are next to the neighbour from hell or the landlord refuses to do repairs you can leave relatively quickly.

[Senior Officer, Homelessness charity, Ayr]

Landlord's required 84 days' notice period and tenants' 28 day notice period gives tenants greater control over when they want to leave and when they are being forced to leave. However, in cases where accommodation is not suitable and tenants wants to make homelessness application, there is no opportunity to have tenancy ended at the expiry date and leaving the tenancy now would almost always result in intentionality decision.

Also, HPC is much better forum for hearing cases – tenants do not feel so intimidated by process involved in taking action against landlords.

[Shelter Scotland, Dundee]

There has been a change to the perception of power. Tenants feel that they have a better understanding and control. With less paperwork and in a more understandable format then tenant have been able to understand their rights better. Tenants are happier that they have a greater protection from being put out of their home.

With the change to amount of notice a tenant can give, vulnerable tenants can use the PRS as a stepping stone to the property or area of choice. They can take a smaller property or a more affordable property to build up credit/ renting history build up finances and then move to a PRS property that is more their ideal. Thus providing longer term sustainability in the area of their choice.

[Team leader, homelessness service, Fife]

Is there anything you would change about the new tenancies/anything about the rollout of them that you don't think has gone so well?

I think it all went very well. It is a bonus for landlords that they can complete it on line and download it for free from the Government website. It is just as well you can do it all online and e-mail it to your tenant. The full PRT including the "Easy to Read Notes" is over 70 pages - which you really do not want to print. I find some landlords and agents still prefer the hard copy, so we are depleting a few rainforests.

[Senior Officer, Homelessness charity, Ayr]

Regarding landlords using Ground of selling the property, more checks are required as to whether or not properties are actually being sold and penalties applied to landlord's who are falsely stipulating that the property is being sold.

Transition arrangements are often not clear, particularly in cases where tenancy set up just prior to 1/12/17 but tenants not moving in until following year, allowing landlords to continue using old style tenancy agreements and holding tenants to specified length of term.

Landlords are using different avenues such as Air BNB to let out properties rather than follow the stricter rules surrounding PRTs.

[Shelter Scotland, Dundee]

There was and still is a lack of Knowledge on the part of smaller or single property landlords. Additional information being provided by third sector agencies and local authorities, as well as statutory bodies. Encouragement for landlords to access and to keep informed on the changes and take responsibility. The changes to the PRS came at the same time as a number of other changes, Tax changes and Welfare reform. This has had a negative effect on smaller landlords, which has led to some considering is continuing in the PRS worth it. It may have not been possible to prevent the changes but greater landlord support and education would have helped.

[Team leader, homelessness service, Fife]

Chapter 7: Conclusion and next steps

The implementation of the new private rental tenancy agreements in Scotland is still at an early stage –around half of Scotland’s renters are now on the agreements and many will have only recently switched over. Additionally, official data has a time-lag and there is only a small amount available which covers the period since the new tenancies were introduced in late 2017.

Notwithstanding the need to exercise caution in forming firm conclusions, the official statistics in this report strongly suggest that the worst predictions about the new tenancies – that they would cause a collapse in supply which would consequently inflate rents and create more homelessness, have not occurred.

The primary survey research suggests that some of the mooted benefits of the new tenancies are emerging, with renters in Scotland on the new tenancies appearing to feel more secure and less anxious over becoming homeless. The new tenancies are not making renters feel locked in, and the politicians and campaigners behind the changes are viewed in a more positive light.

The main problem identified in this study is the lack of awareness and clarity among renters about whether they are on the new or old terms. This is likely to improve as the implementation process continues and renters and landlords become more familiar with the new agreements, but may also require further investment in information and advertising campaigns.

Overall, although very early days, the signs point to a positive change for renters in Scotland, and the sector more generally.

We plan to:

- Add official statistics and other research into this report as it becomes available in updated editions to this report.
- Carry out similar surveys of renters in Scotland a year on from those in this report. This should be published in a new report in Spring 2020.

Contact for this research: Liam_Reynolds@shelter.org.uk

Shelter helps millions of people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

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