

# Home sweet home

Adam J Walker says tenants want longer tenancies.

**A**ccording to the national press, the great majority of people dream of being homeowners and hate being tenants.

I don't believe that this is true and by perpetuating this myth, we avoid facing up to the real issue which is that the standard Assured Shorthold Tenancy (AST) agreement does not serve the needs of either tenants or landlords.

What many tenants are crying out for is a longer tenancy agreement and the right to make their property into a proper home during the period that they live there.

Many landlords are on the same page as their tenants; they would very much like to enjoy the security of a guaranteed income from a good tenant for a longer period of time, without worrying void periods and they are frustrated that they remain responsible for every minor repair.

Despite this, most ASTs are for just six months.

Other countries do this far better than we do. For example, in Italy, the standard tenancy contract, the Contratto Libero, is for four years with an option to renew for four more. As a consequence, it is not uncommon to find tenants who have happily rented the same property for their entire lives. They have often redecorated to their own taste and even installed new kitchens and bathrooms because they know that they will be there for long enough to enjoy them.

## ■ THE ISSUE

In the UK, whilst leases on shops and offices are granted on this basis, it is almost impossible to rent a property for more than three years. At first glance, it seems strange that the market cannot offer new contracts when both tenants and landlords want them but in fact the obstacles to doing so are formidable.

These obstacles include:

- 1 Many mortgage lenders will not allow a property to be let for more than three years.
- 2 The maximum term of an AST is three years and most landlords and their solicitors are reluctant to use non-standard contracts.
- 3 The UK market still has very few institutional landlords who would be more open to the idea of longer term contracts than individual investors.
- 4 Landlords are reluctant to pay letting agents a fair fee for arranging a longterm residential tenancy.



**Owners enjoy their homes while tenants move from one soulless flat to the next.”**

## ■ SOLUTIONS

The obstacles are significant but not insurmountable. A mortgage lender could easily win market share with a specialist loan to landlords committing to longer residential tenancies.

A specialist firm of property solicitors could create a set of standard contracts that allow a property to be let on a full repairing basis for a fixed term of more than three years and make it available to landlords and agents on a commercial basis.

Institutional investors are now investing in the UK buy to let market and they are in a great position to win tenants by offering long-term contracts.

Letting agents could improve their selling skills so that they are able to justify to landlords the benefits of agreeing to pay a fair fee for the full term of a long-term tenancy rather than expecting to pay for the first year then keep the tenant for nothing thereafter.

Finally, politicians could help to give both institutional and private landlords the confidence to agree to longer-term tenancies by stopping all further threats about introducing rent controls.

## ■ SOLUTIONS

The benefits for landlords and tenants would be enormous. Tenants could take a lease for five, ten or twenty years and know that they have complete security of tenure for the whole period. They would also be able to make their rented properties into a real home by decorating to their taste and carrying out other non-structural improvements. Under such circumstances many tenants would be happy to remain as tenants forever.

As far as landlords are concerned, many more investors would be prepared to invest in the buy to let sector if they were sure of a guaranteed income for a fixed period of time and would be freed from the need to organise and pay for every minor repair.

Until this happens, we continue with the current situation of apartheid in the housing market where homeowners are allowed to enjoy their homes while tenants move from one soulless flat or house to the next, unable to so much as put up a picture for fear that their landlord would charge them to apply another coat of magnolia paint when they move on in six months' time.

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