Tenant's Perspective on Facilities vs. Rental Values: A Comparison between Public and Private Housing Schemes

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Abstract

Initially, housing is one of the basic needs of the human beings and these are occupied either owner or tenant which are provided by both Public and Private Parties. Simultaneously, the residential rent market is over increasing in contrast to the facilities. Thus, this research tries to examine whether the tenant is satisfied with facilities and it is deeply surveyed under the categories of Utilities, Facilities and Amenities. For this purpose, data collected from Maththegoda housing scheme and Araliya Uyana housing scheme which are in Colombo sub urban area. For the sampling, 80 units out of 202 units in Public scheme and 16 out of 16 rented housing units in Private were selected respectively. Results reveal that all the tenants in Public sector are dissatisfied and show a weak positive correlation between rental value and the satisfaction. Similarly, the tenants in private sector are highly dissatisfied with utilities and they are dissatisfied with facilities and amenities and show a negative correlation. Independent sample test on overall satisfaction shows the 't 'value as 0.664 and undoubtedly it is greater than 0.5 and it causes to reject the null hypothesis of the research. Accordingly, the research concludes as, both sectors are dissatisfied and

comparatively, tenants in public housing scheme are rather satisfied. Hence the policies are encouraged more public housing than private housing.

Key Words: Public Private Housing, Tenants perspective, Rental value, Satisfaction, Facilities

Introduction

Since the "Housing" requires absolutely an immense cost, the achievements of the need have been far away from the reality. As a physiological need more over as a social need, housing is important because it provides shade for everyone's' heads. However, the overall demand for housing depends mainly on long term factors. Although there are various types of houses, houses are occupied either by "Tenant" or "Owner occupiers". It denotes that either people make their own residence along with their ownership or lives by paying a specific fee to the landlord. According to (Wickramarachchi, 2016) since each housing market is confined to a given area, characteristics of market in one area are not necessarily an accurate representation of the other market. The rental housing market in Sri Lanka is significantly closer to urban areas specially where there are industries and higher educational institutes. Furthermore, (Wickramarachchi, 2016) states that at present renting of houses instead of buying is a significant phenomenon in the housing market of Sri Lanka as people are having a goal of owning a rental property and expects to make profits with little additional effort.

Moreover, it is identified that the person who rents land or property from a landlord (Oxford Dictionary, 2002) is called as "Tenant".In generally, a monthly or an annual or a periodic payment for the use of the property is called as "Rental Value". According to (Edwards, 2007) it has been identified three types of amenities that affect housing values. Natural

amenities (Such as Green space, Proximity to bodies of water, or other scenic landscapes) Historic Districts and endogenous amenities (Such as quality education and other publicly provided services, proximity to transit routes and proximity to nice restaurants or other urban facilities). Undoubtedly, these factors influence to the housing values and itdirectly affects to the Rental value also. Therefore, it can be recognized that the facilities inherent to the residence are placed a critical role when determine its' Rental value.

Usually, the vertical and horizontal housing developments projects are implemented and expanded in the outskirts of Colombo city with an aim of reducing the housing problems in Sri Lanka by Mutual Corporation of Public and Private sector (Zainudeen et al, 2006). Accordingly, the Matthegoda Public housing scheme is also a good project done by the government specially to provide houses for government servants. Moreover, the houses in these both sectors have been given either as sold or rented out. In fact, customer satisfaction should be the prime objective in any industry. Moreover, customer satisfaction is the individual's perception of the product or services in relation to his or her expectations. Accordingly, the satisfactory level may vary from person to person and it reflects a person's comparative judgments resulting from a product's perceived performance in relation to his or her expectations. If the performance falls short of expectations the customer is dissatisfied and disappointed (Kotler et al, 2005)

In addition to that, "Tenant" is also a customer who rents out houses yet the satisfaction is common to him also. Hence, tenant satisfaction is always combined with the concept of their perception (This is common to all customers). Furthermore, Landlords as investors determine the rent amounts by guessing or decid arbitrarily or ask charges of comparable adjoining

properties due to the absences of a particular guideline for determining rental value in the country (Wickramarachchi, 2016). This study mainly concerns the tenants' perception about the facilities they receive for the monthly rental value they pay. Through that the satisfactory level is going to be identified because especially in Sri Lanka most of the landlords are not concerned standards of facilities which provide to tenants and this study is confined to the tenants' view.

Objective of the study

Accordingly the main objective of this paper is to examine the satisfaction of tenant on the facilities; they receive for the rental value in the public and private residential. Along that, the specific objectives are, identify the level of satisfaction in each category, compare the level of satisfaction with the monthly rental value and analyze the difference between Private and Public residential are also going to be accomplished.

However, there are limitations with this regard. This study mainly focused on the facilities and rental values they pay for their residential only. As well as the monthly rental value considered in the public housing scheme is the fixed rent in the year 1985 and the monthly rental value for private housing scheme is rent being paid by the tenants.

Literature Review

Meaning of "Housing"

According to (Zainudeen et al, 2006), it is said that "Shelter" is a primary need of the mankind in the modern day's context, housing development is seen as a key issue to be addressed in the socio-economic and political agenda across the world, particularly in the developing countries where urban housing poses a challenge in the process of development.

According to (Ariyawannsa, 2009) housing fulfills one of the most fundamental human needs of shelter. Therefore, one may not like to recognize housing simply as a product. In fact, it has very distinct features those do not belong to many other products but real estates. Generally, a house can be defined as a home, shelter, building or structure that is a dwelling or place for habitation by human beings. In the context of real estate (land and landed property), all individual properties as well as build premises should be in line with required standards in order to achieve expected benefits of all users.

Basically, housing has very distinct features those do not belong to many other products but Real Estate and can be recognized as Immovability, Lifetime, Cost and the quality and quantity of the complementary products and services. Although these all persons identified different distinguishing factors of houses, it can be concluded that they all are taking about common factors, such as the Durability, Immovability and the Cost of it. When moving away from these common factors it must be looked in another angle. Obviously, these factors are very relevant to the Asian Region. Certainly, housing in any community provides different types of utilities to fulfill different types of needs of different communities.

Different Views for "Tenant" and "Rent"
According to (Siriku et al, 2013) a house is seen as a bundle of multi-dimensional attributes that combine together to give a certain price (rent); it is not possible to break up the house into its component and market them individually. However, if the information on the rents of houses that corresponds to the attributes of house can be obtained, it should be easier to derive the implicit market prices (rents). Thus, house price (rent) reflects the valuation of individual buyer (tenant) of a particular set of attributes of each house unit.

On the other hand, the Oxford dictionary (2002), explains the Tenant as the person who rents land or property from a landlord. Further, it explains the Owner as a person who owns something. Accordingly, a person or group that rents and occupies land, a house, an office, or the like, from another for a period of time; lessee or a person who holds or possesses for a time lands, tenements, or personality of another, usually for rent is called "Tenant" (http://dictionary.reference.com/browse/tenantaccessed on 8/2/2010).

Public and private rented accommodation
When consider the public ownership, homeownership is encouraged by many governments because it is supposed to have a positive effect on both the individual and society as a whole. Accordingly, homeownership is assumed to be preferred over renting, because it provides greater security, more freedom, financial advantage and therefore higher housing satisfaction (Marja and Hoekstra, 2005).

In contrast, private rented housing is a vital and growing part of the housing market and the market is varying from better quality property into smaller investors. Further, the tenant can enjoy a flexible form of tenure and widens choice and meets a wide range of housing needs, including those receiving Housing Benefits. Accordingly, for the provision of private rented accommodation many companies and individual owners are participating. Unlike some of the other countries, Sri Lanka has no organization with government and private sector participation which deals with the administration of house. Additionally, this private sector rented properties are protected by many rules and regulations. From that the Rent act No 07 of 1972 is very important. Especially this is a tenant protection act.

Utilities, Amenities and Facilities

As (Sikiru et al, 2013) explains no two houses are alike, due to their heterogeneity; house differs according to a wide variety of characteristics (attributes), such as location and physical attributes. There characteristics are further examining under facilities which directly influence for the rental value. For the comfort to the study the word "Facility" divided to three parts as "Utilities "Amenities" and "Facilities".

Satisfaction

According to (Kotler and Keller, 2005) satisfaction reflects person's comparative judgment resulting from a product's perceived performance in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied and disappointed. If the performance matches the expectations the customer is satisfied. If the performances exceed expectations the customer is highly satisfied or delighted.

Measuring Customer Satisfaction

Moreover, a consumer uses what is bought and can be different from the customer. The decision to buy is made by the customer, while the consumer's needs may influence his decision to buy. Further customer is an individual or organization that buys or exchanges something of value for a marketer's products (Gayani, 2009). In addition to that, customer satisfaction is the key factor determining how successful the organization will be in customer relationships. Therefore, it is very important to measure it (Fecikova, 2004). But there are no commonly accepted methods of measuring customer satisfaction in the property industry (Zainudeen et al, 2006). Further he states, customer satisfaction in the property industry offers several benefits. For example, it will lead to lower marketing cost as

satisfied customers are an effective source of advertisement to contractors and developers.

Techniques to measure the customer satisfaction

According to (Fecikova, 2004) any method that gathers customer feedback is good, but for effective measurement we need to find appropriate methodology (description process and measurement scales). Further, the alternative methods to use include questionnaires (by post or e-mail), direct interviews, telephone interviews, marketing research, comparison with competitors and so on. However, using the following questions he has built the formula for the measurement of customer satisfaction.

Customer Satisfaction = $\dfrac{\{(Level\ of\ Satisfaction)\ -\ (Level\ of\ Importance)\}}{*(Type\ of\ \ customers)*(Type\ of\ method\ used)}$

Source : (Fecikova, 2004)

So, the four key questions need to be answered in designing an effective set of questions or a questionnaire as, Will the respondent have the information needed to answer the questions? Will the respondent understand the questions? The respondent likely to give a true answer and Will the formulation of the question bias the response. By referring the research of Bhave (2002) he has measured Satisfaction under the Stability, Price and Design and has given a weight for all the answers which taken under Likert scale in his questionnaires. Accordingly, the research has done a questionnaire survey which included four parts such as company profile, expectations and performances which used Likert scale from one to seven, and suggestion of additional facilities.

So, different types of research methodologies described in here. But mainly this research will be focused on the third and fourth models. Accordingly the research methodology is a combination of those two. That means the

tenants satisfaction is measured by using the fourth model and for all the answers it is given a weight as explained in third model.

Methods

Mainly, the analysis of this study is done according to the primary data collected by questionnaire and for this purpose, data was collected from Maththegoda housing scheme and Araliya Uyana housing scheme in Colombo sub urban area. So, the sample was about 80 housing units from public housing scheme and 16 units from the Private housing scheme according to the availability.

The characteristics are further examined under facilities which directly influence for the rental value. For the comfort to the study the word "Facility" divided to three parts as "Utilities "Amenities" and "Facilities" since this study mainly focused on the facilities and rental values they pay for their residential. The "monthly rental value" is considered as the independent variable. The research hypothesis (H0): Tenants in Private residential are more satisfied than tenants in Public residential. And (H1): Tenants in Public residential are more satisfied than tenants in Private residential. Furthermore, for the dependent variable "the satisfaction" the theory which has been built by (Kotler, 1994) was adapted and the following formula is created to measure the Tenants' satisfaction.

$$\text{Satisfaction} = \text{Expectation} - \text{Performance}$$

Finding and Discussion

When the main objective of the study is to examine whether the tenant is satisfied about the facilities, they receive for the rental value which they pay

for the public and private residential, the formulated specific objectives are accomplished as follows.

Figure 1 - **Overall satisfaction on utilities amenities and facilities**
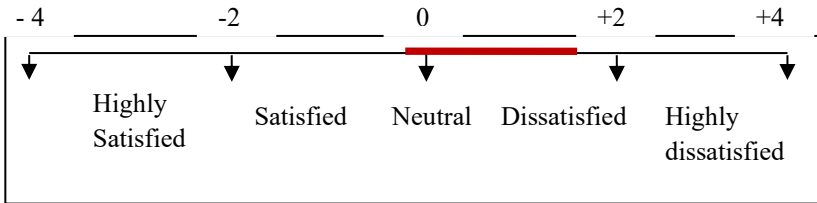
Source: Compiled by Author

Accordingly, the first two specific objectives try to categorize the facilities and measure the satisfaction level respectively and the result shows as per the figure 1 above and the overall satisfaction as the neutral to the dissatisfied level.

On the way, the third specific objective can be achieved by analyzing the Co relation between satisfaction and rental value.

Table 1 – Correlation between satisfaction and rental value

| Objective: Compare the level of satisfaction with monthly rental value					
Schemes			Correlation between rental value & satisfaction on…	r 2 Value		Correlation on overall satisfaction
Public housing scheme		Utilities	Weak positive correlation	0.065		Weak positive correlation 0.239
		Amenities	Weak positive correlation	0.183		
		Facilities	Weak positive correlation	0.231		
Private housing scheme		Utilities	Weak negative correlation	-	0.139	Weak negative correlation -0.1
		Amenities	Weak positive correlation	0.068		
		Facilities	Weak negative correlation	-	0.128	

Source: Survey data

According to the table 1 the correlation between levels of satisfaction on utilities, amenities and facilities and the monthly rental value, public

housing scheme has been taken a weak positive correlation. But it is closer to zero. Therefore, it can be concluded that there is a weak relationship between the rental value and the satisfaction level of utilities, amenities and facilities

Figure 2– Correlation between rental value and overall satisfaction in Public Scheme
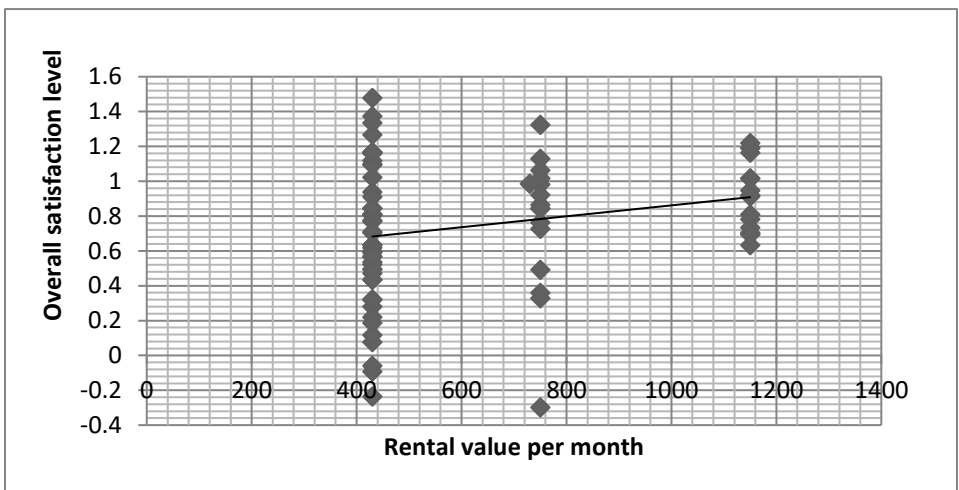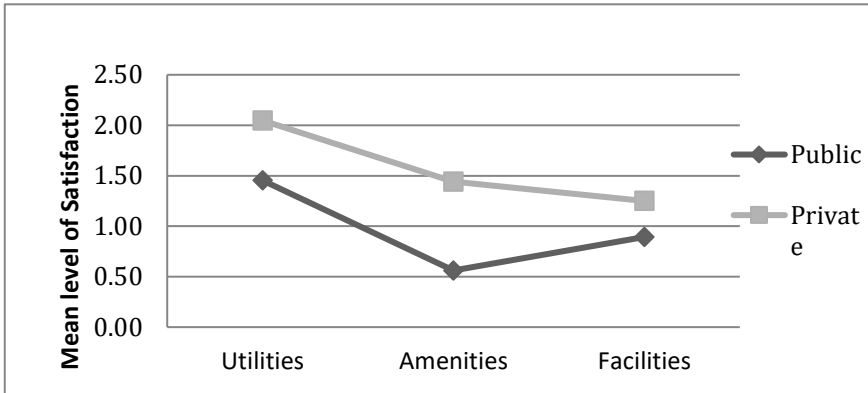

Source: Survey data

At this situation, when the rental value increases the dissatisfaction on utilities, amenities and facilities or when the rental value is decreases the satisfaction on those three is also increase but in lower level. In private housing scheme the correlation between the overall satisfaction and the rental value in weak negative position. Although the correlation on utilities and facilities take weak negative position, only the correlation on amenities takes weak positive position. Accordingly, it can be concluded that although the rental value decreases the satisfaction on utilities and facilities are not increases. But this is not relates to amenities. However, the overall result is

negative. That means although the rental value decreases the overall satisfaction is not increases.

When analyze the satisfaction between public and private residential as the forth specific objective, a hypothesis test has to be done through an independent sample test. Research Hypothesis are (H0): Tenants in Private residential are more satisfied than tenants in Public residential. (H1): Tenants in Public residential are more satisfied than tenants in Private residential. Accordingly, it rejects the null hypothesis and gives negative value. According to these results private group is dissatisfied than the public group. That means there is a difference between the satisfaction levels in public and private residential**.**

In here the Levene's test gives the answer for the equity of variances on the dependent variable of this. Here the significant level is 0.664; it is higher than the significant level of 0.05. Accordingly, the equity of variances on dependent variable is significantly not differed or the variances are approximately equal. Hence the T value is -6.076.When it considers with the 95% confidence interval it does not fall to the interval and it is in the rejection region. According to that the null hypothesis has to be rejected. Consequently, the alternative hypothesis can be accepted.

Figure 3- Satisfaction between public and private residential

Source: Survey data

According to the analysis and the tables of 1 and 2, tenants in public housing scheme are dissatisfied about the utilities, amenities and facilities. Tenants in private housing scheme also in a dissatisfactory level about these three. The following findings can be gathered through the analysis.

Table 2 – Independent sample test on overall satisfaction

	Levene's test for quality of variance		T – test for equity of means						
	F	sig	t	f	Sig (2t)	Mean difference	Std error diff	95% confidence interval	
								lower	upper
Equity variance assumed	.190	.664	-6.076	94	.000	-.61145	.10063	-.81126	-.41164
Equity variance not assumed			-6.758	24.031	.000	-.61145	.09048	-.7917	-.42473

Source: Survey data

According to the table 3 the correlation between levels of satisfaction on utilities, amenities and facilities and the monthly rental value, public

housing scheme has been taken a weak positive correlation. But it is closer to zero. Therefore, it can be concluded that there is a weak relationship between the rental value and the satisfaction level of utilities, amenities and facilities. At this situation when rental value increases the dissatisfaction on utilities, amenities and facilities increase or when the rental value is decreases the satisfaction on these three is also increase but in lower level.

In private housing scheme the correlation between the overall satisfaction and the rental value in weak negative position. Although the correlation on utilities and facilities take weak negative position, only the correlation on amenities takes weak positive position. Accordingly it can be concluded that although the rental value decreases the satisfaction on utilities and facilities are not increases. But this is not relates to amenities. However the overall result is negative. That means although the rental value decreases the overall satisfaction is not increases.

When analyze the satisfaction between public and private residential as the forth specific objective, it gives the result as explained in table 3. To achieve this result a hypothesis test has to be done through an independent sample test. Accordingly it rejects the null hypothesis and gives negative value. Then it can be concluded that the tenants in public residential are satisfied than the tenant in private residential.

Table 3– Correlation between satisfaction and rental value

Objective: Compare the level of satisfaction with monthly rental value				
Schemes		**Correlation between rental value & satisfaction on…**	**r 2 Value**	**Correlation on overall satisfaction**
Public housing scheme	Utilities	Weak positive correlation	0.065	Weak positive correlation 0.239
	Amenities	Weak positive correlation	0.183	
	Facilities	Weak positive correlation	0.231	
	Utilities	Weak negative correlation	- 0.139	

Private housing scheme	Amenities	Weak positive correlation	0.068		Weak negative correlation -0.1
	Facilities	Weak negative correlation	-	0.128	

Source: Survey data

Conclusion

When consider about the findings regarding the satisfaction on utilities in Maththegoda public housing scheme, it can be concluded that a higher percentage (about 94%) of tenants are dissatisfied about the utilities and further comparatively this is a common problem for the tenants in Araliya Uyana as well. According to the analysis and the tables 1 and 2, tenants in public housing scheme are dissatisfied about the utilities, amenities and facilities. Similarly, tenants in private housing scheme are in a dissatisfactory level about these three. When analyze the satisfaction between public and private residential as the forth specific objective; it gives the result as explained in table 3. Eventually, to achieve this result, a hypothesis test has been done through an independent sample test. Accordingly, it rejects the null hypothesis and gives negative value. Then it can be concluded that the tenants in public residential are satisfied than the tenant in private residential. Finally it can be concluded neither tenants in public nor the private housing schemes are not satisfied about utilities, amenities and facilities. Comparatively, tenants in public housing scheme are satisfied than the tenants in private housing scheme. But actually they are dissatisfied, only comparatively tenants in public housing scheme are satisfied than the private tenants about utilities, amenities and facilities which they receive for the rental value they pay for the house.

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