UK COLLABORATIVE CENTRE FOR HOUSING EVIDENCE

Understanding landlord behaviour in the Private Rented Sector in the UK

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University of Bristol

November 2022

housingevidence.ac.uk

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Acknowledgements

This is the final project carried out as part of the collaboration between CaCHE, the TDS Charitable Foundation, the SafeDeposits Scotland Charitable Trust. Through this collaboration the project has been undertaking a diverse programme of research on issues relating to developments in, and operation of, the UK private rented sector. The broad objective of the programme is to contribute to raising standards in the sector.

This project would not have been possible without the individual landlords who took the time to participate in interviews and complete our survey. We would also like to thank the advisory group and key stakeholders for providing guidance at different stages in the project including the final interviews. We are also grateful to the steering group members for their insights and feedback throughout the course of this project. The Cache reviewer for this report provided valuable comments on an earlier draft. Any remaining errors are the responsibility of the authors.

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Executive Summary

This study looks at the landscape of landlord behaviour in relation to key decisions that affect tenants' ability to make a home in the private rented sector (PRS) in the UK. The findings are based on a survey completed by 1,002 landlords and on 68 in-depth interviews with landlords, letting agents and experts in the field. Understanding the reasons why landlords behave as they do is fundamental to developing effective regulatory interventions. This report tells a story of complexity and nuance and demonstrates the importance of a range of drivers of landlord behaviour, including attitudinal, cultural, and relational factors.

Property condition

- Most landlords indicated that their approach towards repairs was largely reactive, where they relied on tenants to report issues (76%). Less than half of the participants adopted a more regular scheduled approach (46%).
- Some landlords exhibit financial behaviours that are highly structured and professional, such as calculating monthly cashflows that includes the cost of repairs and maintenance (31%) and setting aside money for voids and turnovers (47%). However, a significant proportion of participating landlords did not adopt these practices.
- Landlords' assessment of property conditions is driven by subjective factors related to their own personal standards (89%), tenant satisfaction (70%) and the relationship with tenants (56%). Law and regulation appear to frame these assessments less frequently than some of these other factors (56%).
- Investment in the physical condition of a property was driven by a recognition that maintenance is inevitable, a desire to protect investments, and a concern for tenants' wellbeing and their experience of home.
- Low investment behaviour and mixed compliance was driven by negative attitudes towards the law, an informal approach towards renting out properties, a failure to identify as a landlord, and misplaced assumptions about landlord/tenant responsibilities.
- A considerable proportion of surveyed landlords had faced challenges in relation to property repairs and maintenance in the recent past. Barriers relating to cost and the supply of tradespersons were common.

Selecting tenants

- In addition to formal criteria such as the ability to pay the rent and credit histories, participating landlords frequently employ subjective criteria and informal approaches to determine the desirability of prospective tenants. 64% of them took into consideration whether they felt they could build a good rapport with the tenant.
- Informal approaches are based on highly subjective factors such as personal interactions, values, tenant appearance or demeanour.
- This behaviour is driven by perceptions of risk, which are in turn shaped by the lack of efficient judicial procedures and views on "the good/bad tenant". It is facilitated by increased demand for housing.

Landlord-tenant relationship

- The landlord-tenant dynamic is a key factor that frames management practices: influencing the landlords' assessment of their own performance, their decisions on using a letting agent, and tenant selection.
- Survey participants most frequently (n: 376) defined being a good landlord in terms of having a positive relationship with tenants (open-text question). A smaller number mentioned compliance with the law (n:169).
- Tenants not reporting issues with their property forms a key problem for landlords. Only a few landlord participants recognised the power dynamics at play and adapted their approach accordingly.
- Where properties are viewed as homes and not just economic investments, this appears to be associated with greater flexibility in regard to personalisation.
- The most common practice was to inspect properties every six months (25% of survey respondents), but landlords will often rely entirely on informal checks when carrying out maintenance (22%).
- Most landlords have a strong preference for encouraging tenancy sustainment and minimising turnovers. Nine out of ten said that they preferred to find and keep a good tenant for a long time.

Information-seeking practices

- Most interviewees described barriers in accessing information (98% of qualitative sample were not members of a landlord body).
- Over 60% of survey respondents felt that changes to laws and regulations were not clearly communicated and 70% said that it was difficult to keep up with the changes. Landlords in England and Northern Ireland and those with larger portfolios were more likely to feel that changes lacked clarity. The largest landlords found it the most difficult to keep up.
- Around a third of the surveyed landlords considered online information to be inconsistent, unreliable and difficult to understand. This proportion was higher among the least experienced landlords and those with larger portfolios.
- Proactive communication (e.g., from letting agents, local authorities (in Scotland) or Rent Smart Wales (Wales)) was valued by landlords. Those operating in England and Northern Ireland – especially those not using a letting agent – often said that they received no proactive information at all.
- The findings suggest that many landlords' approach to information is reactive. Only 41% felt that it was landlords' responsibility to make sure that they are up to date.
- In the survey, deposit protection services emerged as the most frequently used information source; they were used more often than official government sources. Tradespeople were used more often than local council websites or landlord advice services. This suggests that information is being accessed as a by-product of contacts made for other purposes.
- Trust aligns strongly with the perceived professionalism or expertise of the information source, with less formal sources being trusted to a lesser degree. Deposit protection services also perform strongly in terms of trust.

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The role of the letting agent

- A number of landlords had misconceptions on the subject of ultimate liability in relation to property standards. 50% said ultimately the letting agent is responsible or that responsibility is shared, whilst 17% did not think or did not know if landlords should still treat compliance as important when using a letting agent.
- The findings suggest that letting agents can play an important role as educators, but the ways in which they understand and perform this role can vary significantly.
- Participating agents used a range of approaches to encourage compliance, which could involve threats as well as persuasion. Stakeholders suggested that this part of their role is more implicit than explicit.
- Surveyed landlords indicated that letting agents have a significant influence over key decisions including setting rent and selecting tenants, and, to a lesser extent, extending a tenancy agreement and repairs and maintenance. However, most said letting agents had no influence on decisions relating to upgrades or improving energy efficiency.
- The main reasons for deciding not to use letting agents related to the landlords' preferences for a direct relationship with tenants and their own ability to handle the property management role. However, dissatisfaction with services provided also operates as a deterrent.
- The findings suggest that landlords' experiences of letting agents can vary greatly, with many reporting problems and issues with their services.

Views of law and regulation

- In England, landlords' views on the key changes proposed in the 2022 White paper A Fairer Private Rented Sector were broadly positive. However, the abolition of Section 21 was generally viewed negatively.
- In Scotland, the proposals for a new housing standard and the introduction of a central regulator were generally welcomed. Most landlords participating in the survey (54%) were not in favour of the introduction of a national system of rent controls.
- In England and Scotland, most landlords indicated that the current proposals will have no impact on their management of their properties, or that they will comply. A smaller number indicated that they might reduce their portfolio or leave the sector.
- In Northern Ireland, the introduction of mandatory electrical checks and installation of smoke and carbon monoxide detectors were generally welcomed but the extension of notice periods was mostly viewed negatively.
- In Wales, the requirement that properties should be fit for human habitation was mostly positively received but the introduction of a six month notice period to gain possession proved unpopular.
- In landlords' assessment of regulatory reform overall, the reforms that strengthen the position of tenants - increasing tenure security or notice periods, introducing rent controls - appear to be more heavily weighted relative to the reforms which are viewed more positively.
- When asked how the law should be changed, landlords from across the four nations of the UK had similar views. Many called for improvements in enforcement of the existing regulation.

Future letting intent

- The survey suggests that the position most frequently adopted by landlords in regard to future letting intent is to maintain the status quo: 40% indicated that they planned to keep the same number of properties over the next two years.

- Only 10% of respondents were planning to increase their holding. In contrast, 15% stated that they were planning on selling all their properties and a further 16% were planning to decrease their holdings.

- Landlords who are planning on exiting the market or selling all their properties are influenced by a range of factors including recent and upcoming regulation, problems experienced with tenants, personal reasons and financial factors.

Chapter 1 | Introduction and methodology

Understanding landlord behaviour and decision making is important for researchers, policy makers and practitioners concerned with the impact of landlords' behaviour on tenants' experience of home and how to raise standards in the sector. However, our current understanding of landlord behaviour is far from adequate.

Frequent references to how "most landlords are good, but some are not", paints an unclear picture of landlords. Similarly, any assumption that landlord behaviour has a single driver such as financial barriers or regulation neglects the wide range of inter-linking factors that influence how people think and act. These seemingly common-sense assumptions have significant consequences once internalised in the policy-making process[1], whilst distracting attention from the need to develop evidence-informed approaches that embrace the complexity and diversity characterising the sector.

The increase in the number of landlords with small portfolios and among those who inherited a property has raised criticism of the sector being amateurish, lacking professionalism and based on poor management practices[2]. However, assigning explanatory value to familiar notions of "small" or "accidental" can be problematic. It risks using stereotypes to portray landlord groups as homogeneous and promotes a narrow understanding of what drives behaviour. When landlords with small portfolios or those with certain routes into renting are identified as informal or unprofessional, this disregards the important role they play in investing in a commodity that represents a basic human need. The recent Rent Better study in Scotland found that smaller landlords were seen by tenants to be more proactive and responsive than those with larger portfolios and letting agents[3].

In order to develop a language as well as policy strategies that reflect the heterogeneity of the private housing market, we need a better grasp of the range of behaviours and practices that are associated with renting out properties. We also need a better understanding of the range of factors that motivate landlords to act and think in the way that they do.

A small body of research has explored landlords' motivations for entering the PRS and, more specifically, investing in energy efficiency upgrades. This evidence illustrates that landlords are influenced by a diverse range of drivers; many of which are under-researched[4]. However, the types of behaviours that affect the tenants' ability to make a home (such as maintenance and investing in property condition), have been explored primarily from the tenants' perspective[5]. In addition, the focus has been on the impact of their decisions, rather than on the causes[6]. Explaining and identifying the different drivers of landlord behaviour and decision-making is important to inform the development and targeting of policy strategies. It can also provide a framework or deliver insights to help assess the likely impact of various interventions.

[1] For example, research suggests that one of the reasons why the 2013 Green Deal failed is because it assumed that the primary barrier landlords face is a lack of capital. While financial concerns are important in driving energy-efficiency related behaviour, so are a range of other factors such as context, routine and disruption, and social influences see Bergman, N. and Foxon, T.J. (2020) 'Reframing policy for the energy efficiency challenge: Insights from housing retrofits in the United Kingdom', Energy Research & Social Science, 63.

[2] Rugg, J. and Rhodes, D. (2018) The Evolving Private Rented Sector: Its Contribution and Potential (Research Report Centre for Housing Policy, York) (Accessed: 29/9/22).

[3] The RentBetter study (Indigo House) is an ongoing research project which seeks to understand the impact of the recent regulatory changes in the Scottish PRS on tenants and landlords. Evans, A., Nugent, B., Littlewood, M., Dore, E., Serpa, R. and Robertson, D. (2022) RentBetter Wave 2 – Final Report (Accessed: 3/10/22).

[4] Ambrose, A.R. (2015) Improving energy efficiency in private rented housing: Why don't landlords act?, Indoor and Built Environment, 47(7); Lang, M., Lane, R., Zhao, K., Tham, S., Woolfe, K., Raven, R., (2021) Systematic review: Landlords' Willingness to Retrofit Energy Efficiency Improvements, Journal of Cleaner Production, 303.

[5] Rolfe, S., McKee, K., Feather, J., Simcock, T., & Hoolachan, J. (2021). The role of private landlords in making a rented house a home. International Journal of Housing Policy.

[6] ibid

Landlord knowledge and understanding of the rules governing their activities and the availability of relevant information are examples of drivers that are particularly important within the context of the PRS in the UK. Low levels of understanding and awareness of the law and regulation has been confirmed in several sector-based reports[7]. However, we know very little about landlords' information-seeking practices and their preferences regarding the dissemination of information. The success of future interventions could be impacted if information is not disseminated through appropriate channels or if the range of help-seeking behaviours that landlords exhibit is not considered when services are designed[8].

Research in other regulatory contexts has shown that social relationships and interactions are important factors that influence behaviour[9]. Focusing on the diverse range of factors that impact on landlord behaviour therefore directs our attention to the complex web of relationships characterising the sector: between landlords, letting agents, tenants, and local and central government. The use of letting agents is one of the many approaches that has been proposed to improve management practices in the PRS. Indeed, in Wales where agents must hold a licence under the Rent Smart Wales scheme, this approach is an integral part of the regulatory structure. However, particularly in England where the letting industry is largely unregulated, letting agents may be just as 'amateur' as landlords[10]. Despite the requirement for letting agents to belong to government approved redress scheme and sign up to a government approved Client Money Protection provider there are no barriers to entry. Landlords' experiences of using letting agents remains, for the most part, unaddressed within existing research.

Ongoing regulatory and legislative development in the PRS is occurring during a time of considerable policy flux. Recent changes within the UK Government's leadership have resulted in a lack of clarity regarding the implementation of key reforms proposed in the 2022 White Paper A Fairer Private Rented Sector. The Scottish government has recently announced a rent freeze across the private and socially rented sectors, accompanied by an eviction ban. The Welsh government is considering long-term rent controls and has promised to publish proposals on making rent more affordable. Whilst in Northern Ireland developments continued to be stymied by the lack of a legislature, the Chartered Institute of Housing (CIH) is currently carrying out independent research on rent regulation to meet the requirements under Section 7 of The Private Tenancies (Northern Ireland) Act 2022. As policy makers continue to set out bold new frameworks for regulating the sector, it is essential to consider how landlords make decisions, how this varies and what the impact of policy reform may be.

A recent review of evidence on tenants' experiences of home points towards three broad categories of landlord behaviour: investment in physical condition, tenant selection, and landlord/tenant relationships[11]. Yet, the perspective of landlords, the key drivers underpinning these behaviours, and the relationships with other actor groups that might be involved are all relatively underexplored. It is within this context that we posed the following research aim and questions:

[7] Foster, D. and Bellis, A. (2019) Right to Rent: private landlords' duty to carry out immigration status checks (House of Commons Library) (Accessed: 4/2/22); Scanlon and Whitehead, The profile of UK landlords; Shelter (2016) Survey of private landlords (Accessed: 29/09/22); Scotland (2016); Housing Executive, Survey of private landlords; Which? (2018) Reform of the private rented sector: the consumer view, Policy Report, London.

[8] Scanlon, K. and Whitehead, C. (2016) The profile of UK private landlords (Accessed: 29/09/22); Shelter, Survey of private landlords; Miu, L. and Hawkes, A.D. (2020) Private landlords and energy efficiency: Evidence for policymakers from a large-scale study in the United Kingdom, Energy Policy, 142.

[9] Taylor, T.R. (1990) Why people obey the law. Princeton: University Press.

[10] Rugg and Rhodes, The evolving private rented sector.

[11] Rolfe, S., McKee, K., Feather, J., Simcock, T., & Hoolachan, J. (2021). The role of private landlords in making a rented house a home. International Journal of Housing Policy.

Research Aim

To explore the landscape of landlord behaviour in respect to key decisions that affect tenants' ability to make a home and investigate the drivers that influence their decisions and treatment of tenants.

Research Questions

- What patterns of behaviour exist in relation to the key decisions that affect tenants' ability to make a house a home?
- How do these behaviours and understandings vary between different groups of landlords?
- What factors influence landlords' decision-making and behaviour?
- What are landlords' main information-seeking practices and what are their views on the information that is currently available?
- What role do letting agents play in influencing or framing letting behaviours and management practices?

Research Methods

These research questions were explored through a three-staged approach to data collection.

Stage 1: Qualitative interviews (April – May 2022)

- 50 in-depth interviews were carried out with landlords from across England (x15), Scotland (x15), Wales (x10) and Northern Ireland (x10).
- 12 in-depth interviews were carried out with letting agents: England (x4), Scotland (x4), Wales (x2), and Northern Ireland (x2).

The interviews began with a biographical approach and asked how and why participants became landlords. To enable the participant to tell detailed stories that covered as many relevant details as possible, the interviews proceeded with a series of questions and prompts which addressed the ways in which landlords understood their role, how they managed maintenance and investment in the physical condition of the properties, their information-seeking strategies, tenant selection processes and how they conceptualised and managed the landlord/tenant relationship. Where relevant, their views and experiences of using a letting agent were also explored. This approach - which was guided by a line of questioning that was structured but followed issues as they arose - allowed landlord thinking, behaviours and relations to emerge through open-ended discussion.

The research addresses important issues of how decision-making and experiences vary for different groups of landlords. We therefore used purposive sampling to ensure that a quota of people from across the following characteristics was represented: size of portfolio, target market, number of properties owned, routes into renting and membership of landlord body (Appendix 1)[12]. Targeted sampling and tenant recruitment was carried out by an external company (Taylor McKenzie Research and Marketing Ltd).

Much of the PRS across the UK is dominated by landlords with small portfolios[13]. Research conducted with landlords is often circulated via landlord membership bodies and so participants are likely to give a differential response than other types of landlords. Because their voice appears to be under-represented within existing research and evidence, we purposefully chose participants who were not members of these organisations (96% of sample). The project focused on landlords that operated as individuals and excluded institutional landlords (e.g., large buy to let investors). The project also included landlords who routinely let to the more affordable end of the market, which was defined by them agreeing to the question: 'I regularly supply properties to tenants who find it very difficult on their present income and include those in receipt of Universal Credit' (52% of sample).

The interviews were carried out via Zoom. Each stage of the data collection received ethical approval from the University of Bristol, School of Policy Studies Research Ethics Committee, addressing issues on the impact on participants, collecting sensitive data, undue influence, confidentiality and anonymity, and informed consent. The data was analysed in NVivo using thematic analysis.

Stage 2: Survey research (August 2022)

- Online survey research was carried out with 1,002 landlords from across England (n: 559), Scotland (n: 294), Northern Ireland (n: 90) and Wales (n: 57)[14].

An online survey based on an opt-in methodology targeting landlords, was circulated to landlords in August 2022 via TDS and SafeDeposits Scotland by means of their regular e-newsletters. This followed a pilot with a small group of landlords.

The design of the survey was informed by an analysis of the qualitative data. It explored the ways in which landlords manage their properties, their information-seeking practices, experiences in using letting agents and their views of regulation. The qualitative research was key in exploring how landlords and letting agents act and the factors underpinning their behaviours. The survey provides some indication of the prevalence of these behaviours and facilitated an exploration of insights beyond the additional objectives. For example, the qualitative findings showed that views of law and regulation is a key factor that is associated with certain understandings and behaviours. This was explored further through survey questions addressing specific regulatory developments. Several open-ended questions were included to allow respondents the freedom and space to provide answers in as much detail as they liked.

[12] Additional information collected but not part of quota included: gross rental income, local authority area, number of properties owned, age, gender, ethnicity.

[13] Ronald, R. and Kadi, J (2018) The Revival of Private Landlords in Britain's Post Homeownership Society, New Political Economy, 23:6.

[14] Two participants failed to identify where all or most of their rental properties are located.

The opt-in methodology adopted within this study mirrors the approach generally adopted in quantitative studies of landlords in the PRS in the UK. The difficulties in carrying out probability-based sampling methods among private landlords is generally well recognised and stems from there being insufficient information available on the sector from which to draw random samples. Issues with the sample frame also make it difficult to arrive at a weighting scheme that could be applied to all responding cases. For example, data on the number and geographical distribution of landlords and landlord characteristics is also not readily available. Data from both the survey and qualitative interviews therefore cannot be assumed to be representative of landlords across the UK.

All landlords throughout the UK are required to protect deposits in one of three deposit protection agencies. Circulating the survey via the TDS and SafeDeposits Scotland newsletter is therefore likely to capture landlords that are necessarily compliant with at least some aspects of the regulation. Accessing the "shadow private rented sector," where criminal landlords and letting agents deliberately break laws to maximise rental profit[15], requires more specialist approaches and is not represented in this research.

The survey commenced with a series of questions that examined the characteristics of landlords across the following key dimensions: size of portfolio, how long they had been renting out property, routes into renting, and membership to landlord associations.

The characteristics of survey participants are as follows:

- How long they had been renting out properties: The proportion of participating landlords operating in the sector for 11 years or more (60%) largely reflects existing survey data (see Chapter 2). 33% had been a landlord for between 4-10 years and 7% had been in the sector for under 3 years.

- Size of portfolios: Most participants had small portfolios: 33% had 1 property, 40% had 2-4 properties, 17% had 5-9 properties. Only 11% had over 10 properties.

- Member of landlord association: Most participants had never been a member of a landlord association (58%). 33% were a current member which is slightly higher than the national average. 4% were past members and 5% didn't know.

- Reason for becoming a landlord: The most frequently cited reason for becoming involved in renting out property was to save for retirement (43%). Reasons that are more associated with non-investment routes into landlordism – setting up home elsewhere with a partner; inheriting or being given property; to provide a home for a relative or friend – were cited by around 10% of respondents. Reasons associated with financial difficulties – the property being in negative equity or not being able to afford the mortgage – were largely absent. See Appendix 2 for further discussion of the survey findings which relate to routes into renting.

The survey findings were analysed using SPSS. The open-text responses were uploaded into NVivo and analysed using thematic analysis.

Stage 3: Final stakeholder interviews (September 2022)

A total of six stakeholder interviews with experts in the field were carried out to sense check the main messages emerging from the study. Participants included professional bodies representing landlords and letting agents from across Scotland and England, academics and other professional housing groups.

[15] Spencer, R., Reeve-Lewis, B., Rugg, J. and Barata, E. (2020) Journeys in the shadow private rented sector (Safer Renting) (Accessed: 30/05/22).

Report structure

- **Chapter 2** summarises the existing research on landlord behaviour and makes the case for understanding decision-making within this context as influenced by social, psychological, and relational factors.
- **Chapter 3** presents the finding from this study on the types of behaviours landlords adopt in relation to investing or maintaining the physical condition of their property and the key contextual, social and psychological factors driving these decisions.
- **Chapter 4** discusses the findings on landlord behaviour regarding the selection of tenants and the formal and informal strategies which are adopted to minimise risk.
- **Chapter 5** looks at the importance of landlord-tenant relationships in framing landlords' understandings and management practices.
- **Chapter 6** addresses landlords' behaviours and experiences in relation to accessing information on their legal rights and responsibilities.
- **Chapter 7** explores landlords experiences of using letting agents and their role in framing landlords' letting behaviours and management practices.
- **Chapter 8** looks at landlord opinions of proposed and upcoming regulatory change.
- **Chapter 9** discusses the findings on landlord behaviour derived from this study and reflects on the findings from the stakeholder interviews.
- **Chapter 10** outlines the key recommendations for policy and practice.

Chapter 2 | Literature review

This Chapter outlines existing evidence regarding landlord characteristics and behaviours in the PRS both in the UK and in other developed countries. It discusses how assumptions about landlord behaviour that rely on single indicators are inherently flawed. An alternative understanding of decision-making which takes account of social, psychological and relational factors is outlined.

Categories of landlord behaviour

A recent review of research on home in the PRS across OECD countries demonstrates that landlord behaviour considerably impacts a tenant's ability to make a home within the sector[16]. The evidence broadly points towards the following three categories of landlord behaviour:

i. **Investment in the condition of the property:** Property maintenance and investment in the physical condition of the property are ways by which landlords influence renters access to decent housing. Across the four nations of the UK, property conditions in the PRS tend to be worse than in other tenures[17]. Tenants who are dissatisfied with their current or previous tenancies have repeatedly highlighted the condition and maintenance of their properties as a major concern[18], e.g., landlords failing to carry out routine maintenance or failing to respond to requests for repairs in a timely way. Repairs and maintenance also present as major issues in disputes between landlords and tenants[19].

ii. **Tenant selection processes:** The barriers encountered by tenants in accessing the PRS across the UK have been highlighted in several qualitative research studies[20]. Certain groups face particular difficulties including people in receipt of welfare benefits, families with children, members of minority communities, young people and people living with disabilities.

iii. **Landlord-tenant relationships:** A small but growing body of research has drawn attention to the social aspects of landlord/tenant relationships and its impact on experiences within the sector[21]. For example, recent qualitative research demonstrated that tenancy law is only one of many factors that contributes to feelings of security among tenants, and that the way in which a landlord conducts the relationship is particularly important.

[16] Rolfe et al, The role of private landlords

[17] DLUHC (2021) English Housing Survey 2020 to 2021: headline report - GOV.UK (www.gov.uk) (Accessed: 29/9/22); Scottish Government (2020) Scottish house condition survey: 2019 key findings (Accessed: 29/9/22); Welsh Government (2019) Welsh Housing Conditions Survey 2017-18 (Accessed: 29/9/22); Housing Rights (2016) Review of the statutory minimum housing fitness standard for all tenures of dwelling (Accessed: 29/9/22).

[18] Welsh Government (2020) Understanding Tenant Experiences of the Private Rented Sector (Accessed: 4/2/22); Soaita, A.M., Munro, M. and McKee, K. (2020) Private renters' housing experiences in lightly regulated markets. Review of qualitative research (Accessed: 4/2/22). Harris, J and McKee, K. (2021), Health and Wellbeing in the Private Rented Sector: Part 1 Literature Review (Accessed: 4/2/22); Rugg and Rhodes, the evolving private rented sector.

[19] Harris, J. (2020) Alternative approaches to resolving housing disputes (Accessed: 4/10/22).

[20] Summarised in Rolfe et al, The role of private landlords

[21] Harris, J. and Mc, Kee (2021) Health and Wellbeing in the Private Rented Sector | Part 2 | Findings from tenant interviews (Accessed 29/9/22); Emma R. Power & Charles Gillon (2022) Performing the 'good tenant', Housing Studies, 37:3; Byrne, M., & McArdle, R. (2022). Secure occupancy, power and the landlord-tenant relation: a qualitative exploration of the Irish private rental sector. Housing Studies, 37(1), 124–142.

Research on these three categories of landlord behaviour has primarily been explored from the perspective of the tenants, rather than from that of the landlords. An understanding of the perspective of the key social actors that policy is seeking to influence - in this case landlords - is key if policy change is to have its intended impacts[22]. Additionally, existing research has primarily focused on the impact of landlord behaviour, rather than on the causes. Effective regulation depends on an accurate understanding of the factors that motivate people's behaviour. Landlord characteristics has been offered as one analytical frame with which to explain certain behaviours.

How important are landlord characteristics?

A number of national surveys provide a good indication of the characteristics of landlords (Appendix 3). Each of these surveys has a slightly different thematic focus, geographical coverage, regional breakdown and method of data collection. This means that the results are not strictly comparable. However, the surveys do provide insight into the nature of the sector and allows us to build a picture of its changes over time. These surveys show that PRS housing is owned by a very diverse range of people and organisations:

- **Portfolio size:** The number of people that are active as landlords has increased and the overall trend has been towards smaller portfolios. The gradual increase of institutional investors has been dwarfed by a substantial influx of what might be called 'small time' landlords. Most owners do not pursue landlordism as a professional business and very few make their living solely through property management.

- **Routes into renting:** The data suggests that although the majority of landlords acquire property with the intention of renting it out, this is not the case for a significant minority. For example, in England, 36% of landlords acquired their first rental property in order to live in it themselves, whilst a smaller proportion received it through inheritance or as a gift (8%). In Scotland, it is estimated that 31% of landlords did not have intention of letting from the start, whilst 12% inherited their first property. In Northern Ireland, 29% of landlords did not initially acquire property with the intention of renting it out.

- **Income:** Whilst individual private landlords are in a relatively privileged position when compared to other social groups[23], data does reveal some dispersion. Private landlordism is becoming increasingly attractive to a wider range of households, including less affluent ones. As a result, landlords have different levels of reliance on their rental income and different levels of financial resilience[24].

- **Experience:** A significant proportion of landlords have operated in the market for quite some time. For example, in England 56% of landlords have been landlords for 10 years or more, whilst only 10% have been a landlord for 2 years or less. In Scotland, it is estimated that 52% have been in the business for over 10 years.

Existing surveys are, however, limited because they tell us relatively little about landlords' response to regulatory requirements or how and why they manage their properties. The lack of granular data also makes it difficult to assess how different local contextual factors affect landlord motivations and behaviours.

[22] Stern, P. C. (2000). Toward a Coherent Theory of Environmentally Significant Behaviour, Journal of Social Issues (Vol. 56, Issue 3).

[23] Lord, C., Lloyd, J. and Barnes, M. (2013) Understanding Landlords. A study of private landlords in the UK using the Wealth and Assets Survey (NatCen) (Accessed 29/9/22).

[24] Watson, A.R. and Bailey, N. (2021) The pandemic arrears crisis (Accessed: 27/1/22).

Recent research identified four groups of landlords in England with different patterns of compliance[25]. Those demonstrating 'mixed compliance' were most likely to be retired, outright owners of just one property and did not buy with the intention of letting. These findings suggest that landlord characteristics may have some value in helping to explain how landlords behave in relation to their regulatory requirements. However, there is a tendency in the sector to assume - without further empirical exploration - that certain characteristics are strongly correlated to behavioural traits. For example, larger and more experienced landlords are assumed to be more professional and to invest in their properties, whilst smaller or newer landlords are often thought to be "amateurs" and to act non-professionally[26]. It has also been suggested, in light of so many landlords having been in the market for quite some time, that they would inevitably have gained experience and knowledge, whether or not they had varied their portfolio[27]. However, Rugg and Wallace state that portfolio size is 'an extremely weak indicator of where a landlord 'sits' in the market' because ….:

> … a landlord holding two or three properties might easily be regarded in some way amateur or side-line but in actuality they may have been a landlord for decades and have, at retirement, divested down to a small core of unmortgaged properties. Similarly, a landlord with – say – twenty properties may have accelerated through a rapid programme of tumble-through re-mortgaging and might carry a precarious level of debt without necessarily having accrued property management experience[28].

Length of time as a landlord may not necessarily equate to more competence or higher levels of compliance if a landlord or letting agent has done nothing to keep informed and up to date with all the significant regulatory changes that have been introduced[29]. Additionally, inconsistent or incautious interpretation of groups and classifications can be problematic. For example, the term "accidental landlord" is used to describe how people originally entered the market but at times it can also be used to indicate something about current practices and future letting intent. This implies constancy of motivation and behaviour over time, whereas the approaches taken by those arriving in the sector "accidentally" can evolve in different directions over time: some will undoubtedly remain relatively uninformed and amateur, whereas others will learn and become increasingly strategic and professional in their approach. When considered in isolation, therefore, the types of characteristics outlined above cannot provide sufficient insights into the reasons why landlords behave as they do.

Research has shown that multiple identities can operate within a market. For example, Soaita and colleagues identified seven different investment strategies that differed on the basis of wider social, economic and personal contextual factors[30]. Based on 55 landlord interviews, Rugg and Wallace developed a classification that covered accidental, investment portfolio and business landlords[31]. However, their interviews took place primarily with landlords who were 'full-engaged professionally in the business of letting and demonstrated a good understanding of the appropriate legislation'. As discussed in Chapter 1, low levels of understanding and awareness of the law has been confirmed in several reports.

There is limited data on the distribution of the landlord population across different categories and limited evidence to suggest strong correlations between these characteristics and the behaviours which affect tenants' ability to make a home within the sector. This consequently suggests the need to explore the wider web of influences underpinning the ways in which landlords think and act.

[25] DLUHC (2022) Segmenting private landlord compliance (Accessed: 29/9/22).

[26] Bidwells (2018) What is the Private Rented Sector (Accessed: 25/10/22).

[27] Scanlon, K. and Whitehead, C. (2016) The profile of UK private landlords (Accessed: 27/12/22).

[28] Rugg, J. and Wallace, A. (2021) Property supply to the lower end of the English private rented sector (Accessed: 29/9/22).

[29] ibid

[30] Soaita, A. M., Searle, B. A., McKee, K., & Moore, T. (2017). Becoming a landlord: strategies of property-based welfare in the private rental sector in Great Britain. Housing Studies, 32(5), 613–637.

[31] Rugg and Wallace, Property supply to the lower end

What drives behaviour?

Variations in upkeep and retrofitting will to some extent reflect differential resource constraints[32]. Small-scale landlords with limited capital and those with the hardest-to-treat properties are likely to face challenges in maintaining and upgrading their properties. Cost implications will also vary according to the rent charged and the local housing market. However, research exploring energy efficiency upgrades shows that the relationship between property maintenance or improvements and landlord resources is not determinative[33]. Although financial factors are important and more widely studied than other influences, existing research paints a more complex picture.

There are two popular assumptions about drivers of non-compliant landlord behaviour in the PRS in the UK. The first is that landlords are generally well-intentioned but ill-informed; they are individuals generally willing to comply but lacking adequate knowledge or skills. The second is that they will not meet their obligations without external discipline: they are insufficiently dissuaded from breaking the law due to a lack of formal local authority enforcement.

Our recent report on local authority activity in the PRS in the UK, demonstrates the limitations of the belief that deterrence-based formal enforcement is the only or primary factor influencing behaviour[34]. There is a need for a more comprehensive approach when thinking about which factors influence compliance. A holistic compliance model that considers behaviours being influenced by both enforcement and by social, normative and economic factors, could be a good starting point[35].

The two assumptions outlined above fall short because they suggest behaviour is driven by a single variable. Whilst there are many models of decision-making and behaviour in the social sciences, they share two key lessons:

- **Lesson 1:** Behaviour and decision-making are influenced by multiple variables, which often operate in interaction with each other.

- **Lesson 2:** Behaviour and decision-making are influenced by factors that operate across domains that are both contextual (e.g., regulation or economic resources) and psychological (e.g., norms and values).

The role of psychological, social and relational factors has largely been ignored when thinking about what drives landlord behaviour[36]. However, research in a wide variety of contexts has demonstrated these are key factors that influence how people behave in relation to their regulatory requirements[37]. This does not mean that economic or financial factors are not important or that the Government cannot shape behaviour through formal enforcement or other deterrence-based regulatory tools. However, when operating in isolation these drivers are unlikely to be effective because they only target some of the reasons why people behave as they do and/or only some landlords (e.g., those that are more affected by financial levers).

[32] Garboden, P. and Newman, S. (2012) Is Preserving Small, Low-End Rental Housing Feasible?, Housing Policy Debate 22(4).

[33] Ambrose, A.R. (2015) Improving energy efficiency in private rented housing: Why don't landlords act?, Indoor and Built Environment, 47(7); Lang, M., Lane, R., Zhao, K., Tham, S., Woolfe, K., Raven, R., (2021) Systematic review: Landlords' Willingness to Retrofit Energy Efficiency Improvements, Journal of Cleaner Production, 303.

[34] Harris, J., Cowan, D. and Marsh, A. (2020) Improving compliance and enforcement in the private rented sector (Accessed: 11/1/21)

[35] iBid See Parker and Neilsen fourteen compliance factors, pg.18

[36] Ambrose, Improving energy efficiency (n33)

[37] Taylor, Why people obey the law

Stern (2000) offers an integrated model which combines the individual and contextual spheres of decision-making processes[38]. In this model the following four types of casual variables are seen as important:

1. Attitudinal factors: norms, beliefs, and values
2. Contextual factors: e.g., Government regulations
3. Personal capabilities: knowledge, skills, resources, time, and money
4. Habit and routine: behaviour change involves breaking old habits

Any behaviour will typically have many constraints across these different domains, and interventions that aim to change behaviour, will need to consider how they play out within different contexts. Additionally, how these constraints interact needs to be considered. Beliefs or values will not necessarily contribute to an investment if an individual's capability or certain contextual factors deter them from action. For example, the desire to do what's "right" or to be a "good landlord," may not impact action if landlords lack sufficient knowledge of the regulations. A study or explanation that merely considers a single variable, is unlikely to lead to a comprehensive understanding of behaviour.

Behavioural drivers in the PRS in the UK

Existing research and the insights from the decision-making research outlined above suggest that the following factors are helpful in explaining landlord behaviour in the context of the PRS in the UK:

- **Wider contextual factors:** This includes available resources, physical characteristics of buildings, the local housing market and local geographical factors. The wider regulatory framework including the availability of advice and information will affect landlords' competence or capacity to adhere to regulation.
- **Legal competence:** Legal competence is associated with landlords' knowledge or understanding of the rules and regulations.
- **Attitudes and orientations towards the law:** Views and orientations towards the law are likely to affect landlord decision-making. This may include their decision to remain or exit the market or their compliance with different regulatory requirements. Landlords may completely reject the right of the law to regulate their behaviour, or they may accept the applicability of the law in general but believe it to not apply to their situation, or in relation to certain activities[39].
- **Relational factors:** Interdependencies between landlords, letting agents, tenants and local and central Government, characterise the rental experience. These relationships are likely to be key in understanding the varied responses of different landlords.
- **Social-psychological factors:** Meanings and understandings will likely guide landlord decisions and behaviour, such as having an emotional attachment to a property, attitudes towards tenants (such as a concern for their wellbeing), conceptualisations of risk, and how a property is seen in light of a landlord's personal circumstances (e.g., as security for later life). These factors may be associated with different landlord characteristics.

[38] Stern, P. C. (2000). Toward a Coherent Theory of Environmentally Significant Behaviour, Journal of Social Issues, 56:3.

Summary

The reasons why people behave as they do are complex, and single variable explanations are limited. There are many different drivers of decision-making, which can be broadly grouped into psychological and contextual domains. This suggests that landlords are influenced by a broad range of factors. Whilst characteristics such as portfolio size may add explanatory value, when considered in isolation without supporting research, these characteristics do not provide sufficient information on the reasons why landlords behave as they do.

[39] Nelken, The limits of the Legal Process. A Study of Landlords Law and Crime. Academic Press: London. Pg.94.

Chapter 3 | Property condition

The following Chapter presents findings on the types of behaviours that landlords adopt in relation to maintaining the physical condition of their property. Whilst many landlords have a highly professional approach to repairs and maintenance, this is not necessarily the case across the board. Behaviours in this area are driven by subjective beliefs reflecting the landlords' personal preferences, their perceptions of the landlord role, and their attitudes towards tenants. Contextual factors relating to cost, legal requirements, and local housing market factors are also important.

Types of behaviours

Proactive versus reactive approaches

Our qualitative research identified a distinction between property management systems that were set up to be proactive and those that primarily address issues as they arise.

- **Proactive behaviours** tend to involve a more focused approach. Examples in the data included carrying out upgrades or maintenance at regular scheduled intervals with reserves being built up until a particular investment could be financed. Another example was the use of preventative or planned maintenance programmes that identify potential problems and stop them before they occur.

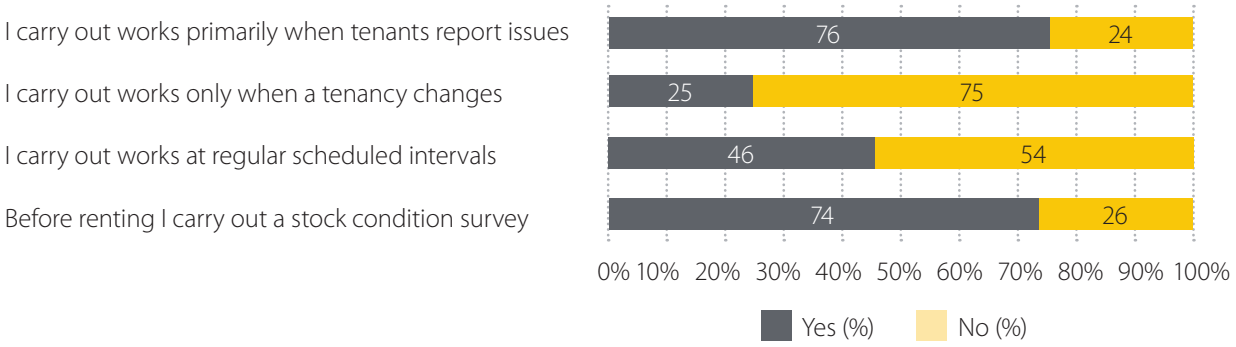
- **Reactive behaviours** tend to entail acting once something has already gone wrong, and problems or failures are generally not anticipated. Landlords with these behaviours completed work in reaction to a problem occurring (generally after a complaint from tenants). Some landlords did however consciously plan how they would maximise the effectiveness of a reactive maintenance regime (e.g., by building relationships with tenants and encouraging them to report any issues (see Chapter 5)).

A key issue associated with reactive repairs models is that they lead to significant disparities in the allocation of repairs and maintenance. A small number of tenants were reported to frequently request repairs and maintenance, whilst others did not make any requests nor received any repair visits; this sometimes over the course of several years.

A more planned approach appeared to be associated with more positive outcomes. Landlord who adopted proactive behaviour were less likely to report concerns about repairs and maintenance. By proactively bringing homes up to standard, unexpected repair costs and rates of voids and turnovers were reported to be low.

Our survey sought to provide an indication of the prevalence of these types of behaviours within the landlord population (Figure 3.1). While more than seven out of ten landlords reported carrying out a stock condition survey before renting out a property (74%), a similar proportion indicated that their stance towards repairs was largely reactive, relying on tenants to report issues (76%). Fewer than half of landlords adopt a more regular scheduled approach (46%).

Figure 3.1: Approaches to property maintenance



Landlords who owned only one property were least likely to carry out a pre-letting stock condition survey (64%), compared with eight out of ten of those owning either 5-9 or 10-24 properties. The proportion of landlords adopting this practice did not vary substantially across the countries of the UK nor between those who were members of a landlord association and those who were not.

A reactive approach to maintenance – relying on tenants to raise issues – was more common among landlords owning larger portfolios: 85% of those owning more than 25 properties adopted this approach. It was least common in Scotland (71%) and somewhat more common in Northern Ireland (79%).

Regularly scheduling works was most frequent among those who had been landlords for less than three years (55%) and least common among the most well-established landlords (45% of those who had been landlords for 11 years or more). Regular scheduling was most common among the small number of larger portfolio holders (58% of landlords with 25+ property), and least common among the smallest landlords (44% of those with a single property).

Financial practices

In respect to managing property finances, some landlords described typical business-orientated behaviours and a high level of organisation and planning that took regulatory requirements into account. These landlords engaged in monthly budgeting and knew their financial capacity well. This generally led to a higher level of confidence about meeting the cost of repair and maintenance:

> So very rarely has there been additional [work]. I budget for it so it's highly unlikely I'll get a new boiler or a new roof that I wasn't planning. So, it's never been a problem to this point … I have a file on each property. I have reminders, I have a diary for everything. I'm a very organized individual, so I don't struggle to know where things are at and I have everything on an annual cycle (Landlord 47, England).

Some participants in the qualitative interviews did not adopt a business-like approach and described poor financial management habits such as not having money set aside or a contingency plan to deal with unexpected situations such as voids or turnovers. These landlords were also unlikely to run their property transactions through a separate bank account[40]. Letting agents reported that underestimating the costs of repairs and maintenance is common:

> They [landlords] think this is great, I'll just rent that out and keep it renting it out. They don't factor [costs] in, unless they are a portfolio client landlord, they're the ones that know what they're doing but they've got the contacts as well, they've got the joiner or whoever it is … so no, the costs don't come into it (Letting Agent 2, Scotland)

> So, once I renovate, I re-mortgage and I have my money back, it's almost the same money so then I can spend that money to buy another one. My bank is empty, so I spend all the money, I just go and buy the next one, so I don't keep money in the bank (Landlord 16, Wales)

The survey sought to assess the proportion of landlords who adopted these structured financial practices. The most frequent practice was setting aside money for repairs and maintenance (Table 3.1). This did not vary substantially between landlords of different sizes. However, one in five landlords did not make this sort of provision.

Only half of landlords reported running property transactions through a separate bank account and slightly fewer reported setting money aside for voids and turnover. The least frequent practice was calculating month cashflows to include the cost of repairs and maintenance (30% of respondents overall). Smaller landlords were substantially less likely to report engaging in these latter three practices than larger landlords. But it was notable that a substantial minority of larger landlords also reported not adopting these financial practices: for example, three out of ten of the largest landlords were not running property transactions through a separate account.

Landlords participating in the interviews who did not invest in any forward thinking or financial planning reported that the costs associated with the physical upkeep of the property were a source of stress or anxiety. Several said they felt 'lucky' that works had not been required and that, if anything should happen, they simply would have to find the money from somewhere, although it was not always clear from where:

> I'm just hoping that nothing majorly wrong happens to the flat, but no, to be honest with you I guess I'm feeling a bit anxious talking about it now because I'm thinking oh maybe I should be thinking about all these things (Landlord 2, England)

These findings suggest that many landlords may not know how to record and manage their finances in order to manage their cash flow effectively.

[40] Separating personal and business accounts is described as best practice bookkeeping for landlords – Bookkeeping for Landlords: How to Maintain Best Practice - ARB Accountants (Accessed: 30/9/22)

Table 3.1: Financial practices

	Number of properties					Overall
	1 (%)	2-4 (%)	5-9 (%)	10-24 (%)	25+ (%)	
Money set aside for repairs and maintenance	78	78	81	78	73	79
Property transactions run through separate bank account	37	51	62	58	69	50
Money set aside for voids and turnover	30	47	62	59	62	46
Monthly cashflows calculated to include the cost of maintenance and repairs	25	26	41	46	42	30

(n= 999)

Managing property condition

Being attentive to the physical condition of their property was key to how participants defined their role as a landlord (see Chapter 5). Despite rental returns making a comparatively small – and occasionally negative – contribution to overall income, most interviewees stressed that they addressed any repairs or maintenance issues as soon as possible. Whilst landlords often said they generally did not understand the details of the law, they appreciated that it was their responsibility to keep the property in a good state of repair.

The qualitative data and open-text survey responses featured a few examples of "extra-role behaviour" where landlords would improve their properties above the legal minimum. One example is taking steps to improve the energy performance of properties above Energy Performance Certificate (EPC) rating C in anticipation of further requirements in the future. Another example was a landlord in Northern Ireland who adopted the higher standards required for social housing as implemented by the Housing Executive. These behaviours were not only reported by participants with larger portfolios; one was a landlord with just one property:

> I'm not necessarily convinced that even some of the trade bodies have necessarily got the right ethics as well. They'll talk about the minimal things, the minimal things you can do and I'm not really into the minimum standard (Landlord 9, England)

Some interviewees, however, described low investment orientated behaviours that are likely to contribute to inconsistent quality within the sector. These landlords admitted to not visiting the property or carrying out any works at all, sometimes over the course of several years. Three reported relying on the rents received to contribute towards their lifestyles – such as paying for holidays – despite the properties requiring work such as a new heating system. Many landlords and letting agents said they knew of landlords who did not invest in their properties. Rather than representing intentional cheating to maximise financial gain, these behaviours appeared to be associated with a careless or less than diligent approach in managing property condition[41].

[41] As discussed in the introduction, the behaviour of criminal landlords and letting agents deliberately breaking housing laws to maximise rental profit is, as expected, not represented in this research.

Drivers of behaviour

Our findings show that an array of contextual and social-psychological factors inform landlord behaviour in relation to investing in the physical condition of their properties.

Perceptions of property standards

The survey sought to explore what factors landlords used to assess the condition of the property and decide whether works needed to be done. A key issue question here was where legal obligations sit in relation to other factors. Eleven specific factors that influenced landlords' assessment of the quality or condition of their property were identified by the qualitative interviews. The survey gathered information on the relative frequency of these factors.

The survey responses suggest landlords are taking into account a broad array of factors (Table 3.2). The most frequently cited factor, by a considerable margin, is whether the landlord would be happy to live in the property themselves (89% of respondents). Clearly in a survey context it is not possible to test the robustness of this assertion. Similarly, while the second most frequently cited factor is tenant satisfaction (70% of respondents), it is not possible to say whether that is based on direct knowledge that tenants are satisfied or inferred by landlords from an absence of complaints. The latter approach would be problematic in any situation where tenants do not feel empowered to raise complaints.

Only between five and six out of ten landlords indicated that the "law and regulation on minimum property standards" and "repairing obligations" were a factor in thinking about the state of their property (58% and 54% respectively), although the proportion attending to law and regulation increased to two thirds in Scotland. Around six out of ten landlords are guided by their own belief about acceptable standards (58%), although this drops below half of landlords in Wales.

It is also notable that half of the respondents stated that the relationship with the tenant is a factor in assessing property quality or condition. There is scope here for tenants to experience different levels of service responsiveness from their landlord as a result of the quality of their social interactions. This introduces an element of uncertainty into the realisation of their rights in practice.

Table 3.2: Factors considered when assessing the quality or condition property

	England (%)	Scotland (%)	Northern Ireland (%)	Wales (%)	Overall (%)
If you would be happy to live their yourself	88	92	84	88	89
If the tenant is satisfied	72	72	60	65	70
My beliefs on what standards are acceptable	59	61	54	46	58
Law and regulation on minimum property standards	55	66	47	54	58
Repairing obligations	54	57	48	49	54
Relationship with tenant	51	43	42	53	48
Amount of rent charged	36	33	39	21	35
Complaints received from tenants	30	34	38	28	32
Advice or information from letting agent	33	24	24	23	29
My financial circumstances	13	15	14	11	14
Stories of "rogue" landlords	6	6	11	4	7
Other	2	0	3	0	1

(n = 1000)

Attitudes and awareness

Landlords in our qualitative study who adopted a proactive approach viewed maintenance of a rental property as inevitable. It was not only seen as important in keeping residents safe and ensuring compliance, but also as part of a strategic approach to asset management. This behaviour was motivated by an understanding that identifying and addressing small issues helps to avoid larger problems in future:

> Our approach is to catch something before it's broke. We just believe that if the house is regularly serviced, as you would service a car, it should last longer, and that's really what the approach is. I put in the five-year [maintenance cycles] because it's not too long, yet it's long enough, if you know what I mean, between cycles, and it just worked for us (Landlord 22, N. Ireland).

Being attentive to the physical condition of properties is key to how landlords define their role and is associated with certain perceptions regarding what is "right". Narratives around safeguarding investments, concern for tenant wellbeing and wanting to provide a home for tenants, framed these activities. Landlords that saw their property as security or an investment for their own or their children's future, described a hands-on approach and a high level of investment:

> If they're not in there I can't pay the mortgage, then the investment is not going to work out as I want it to for me. As I said, there is of course a moral issue as well, we want them to be happy, we want them to have somewhere nice to live (Landlord 41, Scotland).

> I think we just see what this house is for the future, for us or for our kids. We want to take care of the property (Landlord 34, N. Ireland).

In contrast, those landlords who demonstrated behaviours associated with a lack of investment appeared to be informed by problematic or mistaken assumptions regarding what renting out a property entails. Letting agents described a lack of understanding regarding the fact that properties require maintenance and what compliance entails in terms of costs and landlord responsibility:

> There would be no business model and I think most of them are quite naïve and it's only when they start doing it, they realise it's not quite what they thought it was (Letting Agent 4, Wales)

> I think they're [landlords are] under the impression that once it's rented, I don't have to do anything to it. A lot of them think oh the boiler breaks, they [the tenant] will just fix it themselves that kind of thing. I think a lot of them are more hopeful than realistic (Letting Agent 9, N. Ireland)

Landlords reporting low investment or mixed compliance orientated behaviours sometimes distanced themselves from the landlord identity altogether. This happened, for instance, in some cases where landlords acquired property via inheritance and did not plan to remain in the sector long-term. Others believed the law did not apply to their situation because their property was being rented to friends (or friends-of-friends) on an informal basis or because they only had one property. Others said that the law was too complex, difficult to understand or 'more hassle than its worth' (Participant 24, N. Ireland):

> I'll be honest with you, I'm dyslexic. So, I just thought, well no, I'm not interested in that [registering]. It just puts you off, all the legalities of it all, it's just dreadful (Landlord 17, Wales).

> We haven't even really, a tenancy agreement I think you call 'em, we haven't even had anything like that drawn up. We just met, decided, we spoke, shook a hand, that's it … I don't really call myself a landlord, I suppose technically I am but no, that's not something I'd put on my CV, put it that way … I'm not purely dependent upon this income to live, a landlord is somebody who, that's their bread and butter, they've probably several or more properties (Landlord 21, Scotland)

The interviews also included examples of inadvertent non-compliance. For example, several participating landlords in Northern Ireland professed to be unaware of the requirement to register. Low investment or non-compliance because of a lack of understanding of landlord rights and responsibilities was confirmed by participating letting agents:

> We come across it all the time where a landlord will come to us and be like "right, I want to sell the property with a tenant in there" and we'll be "right, will you provide us with gas safety certificate" and it's like "uh, well, I had it serviced a couple of years ago" or "the electrical safety has come in, have you got that for us?" and it's like "erm, I got it when I bought it" … I don't know if those landlords are genuinely clueless and naïve or whether it's just winging it and just hoping for the best because there's a lot of landlords that are very blasé with all the rules (Letting Agent 9, England).

Many landlords participating in the interviews reported feeling uncertain whether they were compliant with all the regulations and said that it was generally difficult to know whether they were. Especially those new to the rental market, seemed shocked to learn during the interviews that they were breaking certain aspects of tenancy law.

Assumptions regarding tenant behaviour

Some landlords described not receiving any contact from tenants over a long period of time as a sign that they were satisfied with their tenancy. However, we know that the most vulnerable people renting are most likely to be reluctant to raise complaints. Occasionally assumptions about tenant behaviour were used to explain why certain properties needed repair or maintenance. Some participants saw a failure or lack of "home-keeping" abilities on the part of tenants as the main cause of issues occurring. Within these narratives, tenants were framed as irresponsible, which in turn contributed to a mindset that appeared to place the burden of responsibility of property maintenance elsewhere (as described by Letting Agent 9 above). The lack of professional experience in the housing market meant that instinctual behaviour was often likely to prevail, as manifested in assumptions about tenant responsibility and differing views expressed by the landlord participants (particularly in relation to damp and mould):

> I think in most rental properties where issues have come about it's been because of damp and mould, and that's generally to do with the way that a tenant lives in the property, they don't ventilate, they dry stuff on the radiators, so it would be down to the calibre of the tenant if that makes sense (Landlord 14, Wales).

> Damp and mould, it's surprising, I don't think it's a tenant thing, it's more of a there's something going on outside the house. I can smell mould, you can go and walk into a room and go yeah, there's water coming in somewhere (Landlord 50, Wales).

Business model

The level of investment in properties was influenced by the landlords' business models and local and regional housing market factors. Homes in the middle to higher end of the rental market tend to be of a higher standard and command a higher rental value. Landlords operating in this part of the market described investing in their properties because they wanted to remain competitive. In lower value areas, 'ceilings' on rent levels sometimes operated as barriers to property improvement as landlords had concerns about their investments not being reflected in property values or the rents they could command. Landlords and letting agents operating in the affordable part of the sector also explained that tenants would at times not request or accept a landlord's offer of upgrades or improvements because they were afraid that it would result in rent increases:

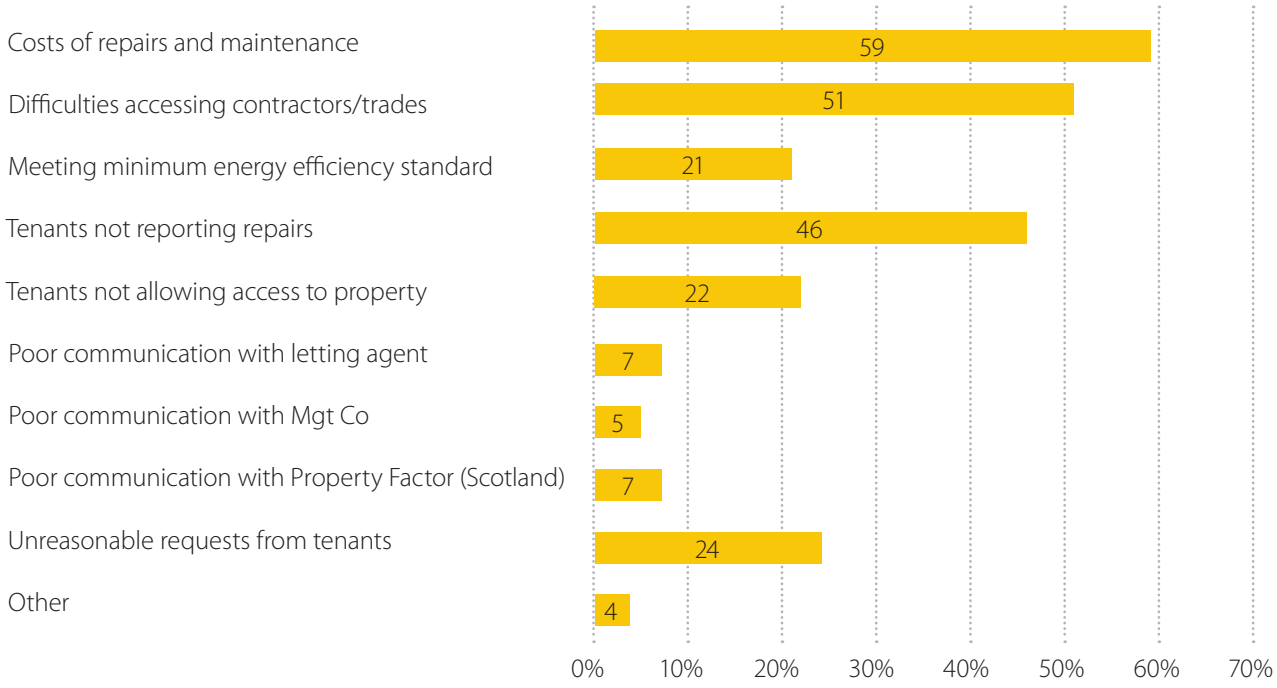
> Because she's raised a lot of these things for probably a year and nothing much is happening … I'm quite surprised that she's not been onto me a bit more. So again, that puts me back to thought that she's thinking, well this is really cheap rent. And also, they're probably aware of other people that are living in real shit holes (Landlord 28, Scotland)

Some landlords recognised that tenants tolerated problems or were willing to accept a poorer-quality property to secure or maintain an affordable tenancy.

Supply challenges and cost barriers

The survey findings indicated that a substantial proportion of landlords faced a number of challenges relating to property repairs and maintenance in the recent past (Figure 3.2). More than half of respondents reported experiencing challenges relating to costs (59%) or to accessing contractors or tradespersons (51%). It was only in Wales (37%) and among more recent landlords (35% for landlords operating 3 years or less) that access to contractors or tradespersons was reported notably less frequent.

Figure 3.2: Challenges relating to repairs and maintenance in the last five years



Almost half faced the challenge of tenants not reporting repairs (46%). Experience here differed sharply: while this challenge affected a third of landlords with a single property, for landlords operating more than 25 properties the proportion was three out of four (73%).

One in four reported that unreasonable requests from tenants was a challenge. This proportion increased to one third of landlords in Northern Ireland (34%) but was fewer than one in five in Scotland (19%). The reported incidence of the challenge of unreasonable requests from tenants increased directly with scale of operation (Figure 3.3). The survey is capturing landlords' perceptions on this issue: whether the requests being referred to here are "unreasonable" in any more broadly understood sense cannot be determined.

The final point to draw from Figure 3.2 is that while landlords reported that communication with market intermediaries of all types – letting agents, management companies or, in Scotland, property factors - was a challenge, it was a challenge that affected only a relatively small proportion of respondents.

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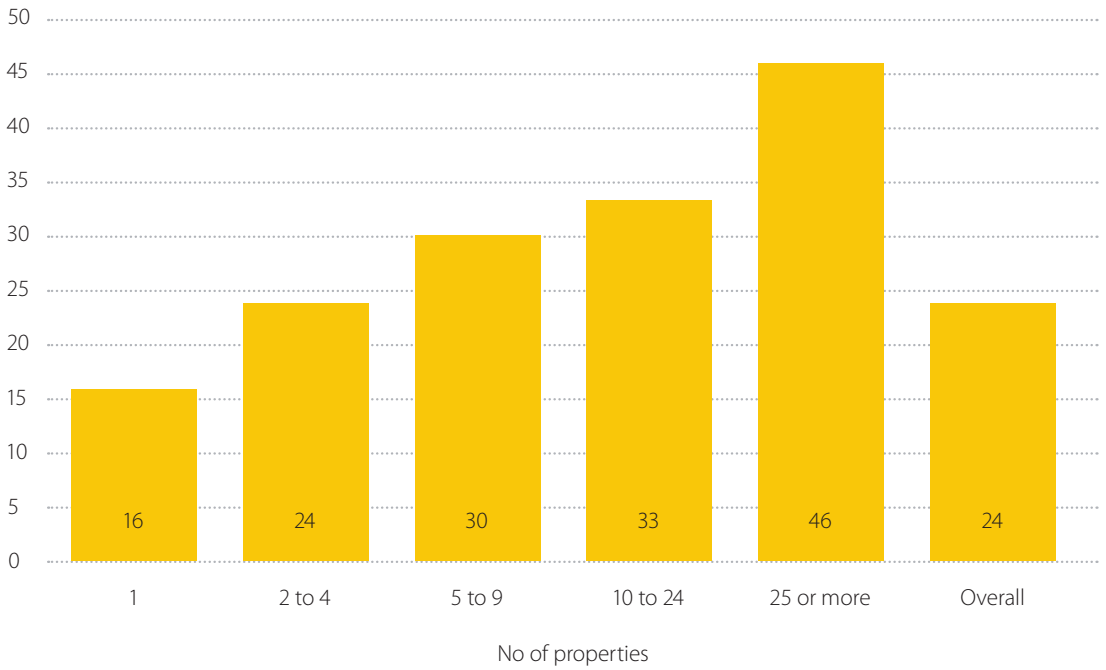
Figure 3.3: Landlords reporting the challenge of unreasonable requests from tenants, by size of portfolio



In the interviews, landlords described how supply challenges and cost barriers impacted the work that they planned to do, the way in which it was done, and the speed with which issues could be resolved. In some instances, landlords had to delay works, carry out repairs and maintenance themselves, or use tradespersons they were not familiar with (which can be more expensive). Letting agents said that costs associated with more expensive works such as boiler replacements can cause delays for tenants. Letting agents, larger or more experienced landlords, and those having family members with relevant skills, stressed the benefits of having access to a network of local tradespersons.

The interviews also probed landlords on whether the money received from letting was sufficient to cover all repairs and still provide a reasonable financial return. The responses differed according to the key variables listed below. Property values and rental yields did feature, but were by no means the main or only factor:

- **Motivation:** Many participants said that their primary motivation for purchasing property was capital appreciation rather than generating an income. Those looking for short-term income and with larger portfolios were more critical of the tax burden and initial purchase costs. Landlords with smaller portfolios were content with achieving capital appreciation in the long run.

- **Rental yield:** Where property was in an area that offered lower yields, landlords did not necessarily lack motivation to carry out works. However, in some cases it did mean that work had to be completed in stages or over time. Buoyant housing markets enabled landlords to extract equity where needed. Three participants were in negative equity. Two still invested in their properties and were concerned with compliance. The other adopted a "hands-off" approach and was non-compliant with most regulation.

- **Initial purchasing strategy:** Whether a property was purchased outright or held a mortgage did affect the ability to meet repair and maintenance costs. Some landlords operating in lower value areas stated that they would not have started renting if they had been unable to purchase outright because the rental yield would have been insufficient to maintain the property and meet mortgage payments.
- **Personal financial situation:** The financial position of households strongly influenced the landlords' ability to manage larger or unexpected costs (e.g., inheritance, support from family).
- **Proactive maintenance approach:** Some landlords stated that keeping on top of things, exercising good financial management, and being proactive in maintaining the physical condition of property, resulted in a low number of requests for repairs.

Summary

Some landlords in the PRS have a more planned and preventative approach towards managing property maintenance and finances. However, many are largely reactive in their approach and do not have business-oriented money management habits. Landlord behaviour is influenced by a broad array of economic, cultural, and social drivers. Subjective perceptions appear to be particularly important in shaping thinking in respect to the physical quality of rental properties.

Chapter 4 | Selecting tenants

This chapter explores landlord behaviour regarding the selection of tenants. The findings suggest that when selecting tenants, landlords employ a range of formal and informal strategies to minimise risks both to their property and their income stream.

Factors considered when selecting a tenant

The qualitative interviews suggested that increased demand for PRS properties in many areas is allowing landlords to be more selective regarding who they rent their properties to. Participants described the use of a wide range of criteria when selecting tenants. Our survey therefore sought to explore the prevalence of the types of factors that landlords said they considered when selecting tenants for their properties (Table 4.1).

The findings suggest that in addition to ability to pay the rent and credit histories, landlords are employing several subjective criteria to determine the desirability of a prospective tenant. For example, 64% said they would consider whether they could build a good relationship with the applicant. Northern Ireland stood out in this respect because fewer than half of landlords identified this as a consideration (49%). Half of landlords stated they would consider whether households were less likely to cause high wear-and-tear on the property. It was a particular concern in Northern Ireland (59%), and least frequently considered in Wales (44%). Both the open text responses and the qualitative data shows that this includes households with fewer members and households without children. A third of landlords stated that they would consider if a household seemed likely to be a demanding/complaining tenant. This was more frequently a factor for medium and long-term landlords than for short-term landlords.

Responses regarding some of these factors did not vary in any systematic way across landlords of different sizes. However, consideration of whether a tenant might be demanding/complaining; likelihood of fitting in the neighbourhood; Right to Rent requirements; likely length of stay; and current or potential need to claim Housing Benefit/Local Housing Allowance, all increased with landlord size. In contrast, whether the landlord thought they could build a good relationship with the tenant appears inversely associated to landlord size.

Table 4.1: Factors considered when selecting a tenant, by size of portfolio

	Number of properties					Overall
	1 (%)	2-4 (%)	5-9 (%)	10-24 (%)	25+ (%)	
Ability to pay the rent	92	95	97	99	92	94
Clean rent history, no history of antisocial behaviour	80	82	90	82	81	83
Likely length of stay in the property	65	71	73	72	73	70
Think could build a good relationship with them	66	64	62	61	54	64
Someone seems likely to cause high wear and tear to the property	47	50	53	53	54	50
Type of household	45	47	51	51	46	47
Someone seems likely to be a demanding/ complaining tenant	29	35	37	38	46	34
Likelihood of fitting in the neighbourhood	24	28	33	35	46	29
Right to rent requirements*	13	23	28	30	46	22
Current or potential need to claim HB/LHA	16	18	24	24	35	19
Other	4	5	3	6	4	4

* Applicable in England; 35% of landlords in England indicate they take this into account.
(n. = 999)

Assessing tenants

In the qualitative interviews, landlords described both formal and informal means of assessing risk and selecting "good tenants". The survey further explored landlords' views on this process via an open question (Table 4.2)

Table 4.2: "What is the most effective way to identify whether someone is going to be a good tenant?" (Open text survey question)

Top 10 themes	Number of respondents
Meeting the tenant	414
Obtain references	239
Follow letting agent advice	118
Carry out financial checks	91
Gut instinct	74
Assess tenant's character, attitude or values	71
No idea or not possible	62
Look at rental or payment history	57
Recommendation from friend/colleagues/previous tenant	43
Other informal mechanisms	41

The approach cited most frequently was to meet the prospective tenant in person. Several landlords also cited formal mechanisms including obtaining references, following letting agent advice and assessment and carrying out financial checks. However, many said there was no perfect system to find the right tenant and supplemented formal approaches with more subjective and informal screening practices which included relying on gut instinct and assessing the tenant's character, attitude or communication style. Other informal mechanisms that were less common included visiting tenants in their current property, researching them on social media and speaking to members of the local community about prospective tenants.

What drives these behaviours?

Feelings of risk and insecurity play a key role in framing landlords' practices relating to tenant selection. Concerns about identifying and avoiding "problem tenants" were commonplace. Fears of being stuck with a "bad" tenant could often be traced back to hearsay or media representations rather than lived experiences. When discussing their concerns in the interviews, several landlords cited the Channel 5 documentary Nightmare Tenants, Slum Landlords:

> I'm hoping it means that we're not going to have one of the horror stories of tenants trashing the house. Like stories you hear from television and news reports and stuff. We don't know people like that that have rented out houses, so it's not personal experience, but yeah, certainly things we've seen on television (Landlord 12, N. Ireland)

In cases where smaller landlords had direct experience with tenants breaching their tenancy agreement, this framed their experiences and opinions. Group attribution bias appeared common: the behaviour of one tenant was assumed to be characteristic of the tenant population at large. This in turn led to changes in management approaches, such as a higher level of surveillance and greater restrictions, as also reported by letting agents:

> Then they change their approach in quite a significant way, no more decorating, no more pets, more inspections. And I'm a bit like, it's really sad that they've been through what they've been through, but I feel like that might have been years ago. Or somebody might have had a dog in one of their houses and the dog wrecked the kitchen. So therefore, that particular landlord won't let dogs in any of their houses because of that one incident (Letting Agent 7, England)

Concerns about "nightmare tenants" were less pronounced among landlords with larger portfolios. Whilst generally these landlords had at some point encountered a tenant who breached the terms of their contract, these experiences did not appear to dominate their thinking to the same degree.

Landlords appeared to favour tenants who adhere to certain norms and expectations of "the good tenant". However, views on what constitutes a good tenant differed distinctly. On the one hand, caring for the rental property and notifying the landlord or letting agent of any emerging issues or repairs stood central within the notion of a responsible tenant. Many expressed frustrations about tenants failing to report small issues that later became more costly to repair. However, tenants that were seen as complaining too much or about issues that the landlord felt the tenant could repair themselves were not regarded favourably. A "good tenant" was described by some landlords as people with certain homemaking abilities such as handyperson skills. Occasionally this was associated with more subtle forms of discrimination and exclusionary tactics that reflect stereotypes (for example, relating to gender):

> So, if I've got a chance between a single woman or a couple, or a guy, I will go to the people who will tend to sort that problem out themselves, rather than phone me with a trivial thing that can be sorted out in 10 minutes by, say, a male who will sort it out for himself and not phone me up. I will tend to move in that direction, even though the other one's a perfectly good tenant (Letting Agent 10/Portfolio landlord, England).

This study cannot quantify the prevalence of this type of discriminatory behaviour. The key point here is that the findings show that highly informal strategies, subjective criteria and varying definitions of "the good tenant" are being employed to select tenants. This may in turn impact tenants' ability to access PRS housing. The open-text survey responses show that informal approaches and decisions are often based on highly subjective factors and unobservable characteristics such as appearance, values, and demeanour:

- You need to meet the tenant yourself and speak with them, not just about the property, but life in general, their values, the direction etc (open text survey response).
- Have a lengthy conversation when showing round the property, try to assess their character, values, priorities (open text survey response).
- See if they have some furniture and general chat to see what their views are in general. If they don't have a bed or sofa at say 40 or 50 then there is a reason why? (open text survey response).
- I like a tenant to be open and straightforward and someone I can talk to and work with, who understands the situation together with the obligations and responsibilities of both parties. It is all about mutual respect (open text survey response).
- I meet them all and try to get a feel for the type of people and their situation. Use my intuition more than what they say (open text survey response).
- Type of work and general attitude and the questions asked by them. Past history also (open text survey response).

One issue here is that individual (mis)conceptions of what is normal or unusual in behaviour, interactions, or appearance could influence the selection process and affect tenant's ability to access housing. Tenants who do not conform to preconceived roles and assumptions on values, morals or behaviour could be met with a higher level of suspicion and be subject to further risk analyses and scrutiny.

Letting agents reported that increased demand for PRS properties in many areas allows landlords to be increasingly selective in who they rent their property to. The more competition there is for properties in a locality, the more scope there is for landlords to bring a range of criteria to bear on this decision.

Screening practices are also driven by concerns about the difficulties associated with evicting tenants. Numerous participants cited the lack of swift and effective judicial procedures for the termination of contracts following a breach of contact. Landlords expressed concerns regarding the time, costs and complexity associated with eviction procedures. The risk of unpredictable costs due to non-payment of rent was a key concern, particularly for landlords with smaller portfolios:

> You have to give tenants more time if you want to evict them or they don't pay their rent. There are a lot more rights I believe now than there was before COVID. So, things like that scare me, if you get a dodgy tenant who doesn't pay the rent, obviously the mortgage still has to be paid (Landlord 26, N. Ireland)

A lack of efficient conflict-resolution mechanisms and uncertainties in how to address problems that emerged in the tenancy were key themes (particularly in the qualitative interviews). Landlords described how the existing legal framework offers little help in cases of rent arrears, property damage or anti-social behaviour. This contributed to feelings of injustice, a heightened sense of risk and a feeling that the law operated primarily in favour of tenants. As found in other recent research, these concerns were associated with strict tenant selection criteria and a reluctance to take risks[42].

Summary

The findings show that in additional to formal approaches, landlord adopt a range of subjective criteria and informal strategies to select tenants. This behaviour is driven by perceptions of risk, the lack of efficient judicial procedures, perceptions of "the good/bad tenant" and increased demand for housing. Tenants cannot be certain that they will receive consistent treatment at the point of applying for PRS properties.

[42] Rugg and Wallace, Property supply (n 28)

Chapter 5 | Landlord-tenant relationship

The following Chapter explores the importance of landlord-tenant relationships across the following key themes: engagement, communication, inspections, tenancy length, and tenant support. The findings suggest that landlords' interpretation of this dynamic is a key factor that frames an array of specific management practices.

Engagement and communication

In the interviews participants were eager to be identified as good landlords; this regardless of whether they were fully compliant with the law or had a professional approach in managing their property. However, we cannot assume that they all share the same conception of what behaviours constitute "good" landlordism. The survey therefore included an open-ended question that invited respondents to provide their own definition of a "good landlord" (Table 5.1).

Table 5.1: How landlords define being a "good landlord" (open text survey question)

Top 10 themes	Number of respondents
Has good relationship with tenant	376
Responsive to problems or issues	271
Carries out maintenance/repairs	237
Provides good standard of property	191
Charges fair rent	173
Is compliant with the law	169
Implements the golden rule[43]	97
Is fair, honest, caring	86
Provides safe accommodation	83
Provides a home (personalisation)	41

A substantial majority felt that being a good landlord entailed having a positive relationship with tenants. General comments on the landlord-tenant relationship highlighted the need for clear communication, responsiveness to the tenants' needs, and availability. In both the survey and the qualitative interviews, good communication was considered to strengthen mutual trust, confidence and respect whilst achieving positive outcomes for both landlords and tenants:

> We wanted them to know they could contact us if there were any problems, and we wanted their experience to be positive, because we want them to live in it long term, we don't necessarily want a revolving door of people coming and going. I felt that if they felt they were getting their needs met, the chances of them staying and looking after the property would be better. And because I'm personable, you know, relationship focused, I think it's just natural for me (Landlord 12, England).

In the open text survey responses, many respondents also said that being a good landlord entailed being responsive to problems and issues (n: 271) and carrying out necessary repairs or maintenance (n: 237). A smaller number of respondents cited compliance with the law (n:169).

[43] Only providing a property you would be willing to live in yourself

Recent UK-wide qualitative research with tenants found that the landlord-tenant relationship was the most important factor impacting feelings of security or insecurity[44]. The second wave of the Rent Better Study (Indigo House) research project also reported that private tenancies in Scotland are being governed through subjective tenant-landlord relationships rather than objective commercial contracts[45]. Our survey suggests that this dynamic is also significant from a landlord perspective and that it operates as a key frame of reference that landlords use to assess their own performance. These interactions may be more important than the regulatory framework in shaping interpretations of what it means to be a responsible landlord.

The relationship with tenants can operate as a spur for action, for example, in relation to property maintenance. During the interviews references were made to how being responsive to tenant concerns and their requests for repairs would support a positive relationship and bring about benefits associated with the principle of reciprocity[46]. Many felt that this behaviour meant the tenant would be more likely to look after the property. Equally, where a good relationship had been encouraged, landlords felt that tenants would be sympathetic to their own circumstances:

> It's sort of a case of communicating with the tenants and saying, "look I can't afford to do it today on the cheap and then have to do it again in six months. So can you wait three, four weeks and I'll get it done but it will be done properly?" And I've found that as long as you're open, honest, communicate with the tenants, and you stick to your promises then it works out quite well (Participant 41, Scotland).

Landlord-tenant dynamics can however be complex and varied. In the interviews, a minority of landlords preferred a more hands-off approach and described how, from their perspective, "positive interactions" meant not hearing from the tenant too often or preferably not at all. This view contrasts starkly with that of most participants who described their relationships with their tenants as an integral part of how they identified as a landlord and key to the enjoyment they derived from renting out their homes. For a few landlords, positive interaction with tenants was used to rationalise behaviour that reflected mixed compliance with the regulation (e.g., visiting the property unannounced):

> I don't do regular inspections, I just trust them, I know that they'll look after my property, I can see from when I have to pass one of my properties anyway, I pop by and say hi and can have a feel how they're keeping my property (Participant 16, Wales).

Another issue is that in the UK, where housing is generally in short supply, the landlord-tenant relationship is characterised by power differentials. As discussed above, tenants failing to report problems in the property is a key challenge faced by landlords. Particularly in cases where they believed trust and rapport had been established, landlords were surprised to learn that tenants had failed to raise issues which, consequently, had become more costly and difficult to remedy.

[44] Harris and McKee, Health and wellbeing | Part 2

[45] The RentBetter study (Indigo House) is an ongoing research project which seeks to understand the impact of the recent regulatory changes in the Scottish PRS on tenants and landlords. Evans, A., Nugent, B., Littlewood, M., Dore, E., Serpa, R. and Robertson, D. (2022) RentBetter Wave 2 – Final Report (Accessed: 3/10/22).

[46] The norm of reciprocity is a fundamental principle of human behaviour and is based on the notion that people repay respectful treatment with respect, kindness with kindness, and cooperation with cooperation.

Other research illustrates the conflict tenants experience between quiet acquiescence and the active reporting of issues, which was also reflected in our study[47]. Letting agents reported that tenants are increasingly seeking to perform what they believe to be the "good tenant part", such as by not reporting issues or by carrying out repairs or maintenance themselves:

> So, the tenant doesn't say anything, because they don't want the rent to be put up, especially now when they see the rental prices going up so much, they'll do it themselves. So, if they've got a leaky tap, they'll just get their own plumber round (Letting Agent 7, England).

> Unfortunately, you do have some tenants that just do [repairs and maintenance] because they don't want to sound like they're causing hassle or risk the fact that if they're coming up with all these issues and then the landlord might say, "well I'll get someone else". So unfortunately, you do get some tenants that do do it, and it's not fair on them (Letting Agent 9, N. Ireland).

A reluctance to complain due to concerns of jeopardising the tenancy has been widely reported, and vulnerable tenants are significantly less likely to raise issues[48]. Recent research suggests that tenants may also be reluctant to complain out of fear that it could damage the relationship with the landlord[49].

The findings indicate a lack of awareness among landlords of the role of power inequalities in driving tenant behaviour. During the interviews landlords often drew on narratives of personal responsibility to explain why tenants failed to report issues, citing a general lack of care, laziness, or a belief that problems are too trivial:

> I don't think there is any real reason for anyone not to report things. I'm amazed that some people just seem to live in an environment whereby they don't notice it, or they don't care about it (Landlord 1, England)

Only a few landlords appeared to be aware of housing-context related explanations - they stood out in recognising the power inequalities that exist. They took extra steps to ensure that tenants felt comfortable reporting issues by adopting various communication strategies. Examples included having an induction meeting at the start of the tenancy to talk through the property and open lines of communication, actively encouraging tenants to report issues regardless how small, and proactively ensuring that tenants were kept informed of the progress of ongoing works:

> I get a sense that there's a lot of uncertainty around tenants being kicked out of houses or landlords having to sell houses and the market seems to be really tricky at the moment for people to be able to rent houses. I just wanted to remove some of that anxiety (Landlord 12, England).

[47] Chisholm, E., Howden-Chapman, P., and Fougere, G. (2020). Tenants' Responses to Substandard Housing: Hidden and Invisible Power and the Failure of Rental Housing Regulation. Housing, Theory and Society, 37(2).

[48] Harris et al, Improving compliance and enforcement (n34)

[49] Harris and McKee, Health and wellbeing in the private rented sector | Part 2 (n21)

Academics have suggested that the fundamental power imbalances that exist within the sector are manifested in properties often being seen as assets rather than renters' homes[50]. Data from the interviews suggests that where properties are viewed as homes and not only as economic investments, this is associated with greater flexibility to allow tenants to personalise and decorate the property (also see Table 5.1). Some landlords suggested that allowing personalisation would be of mutual benefit by increasing the likelihood that tenants would look after the property whilst encouraging tenancy sustainment (assumptions that are reflected in existing research[51]):

> I want them to make it their home because I think if they make it their home then they're more likely to look after it, so I do let them decorate … I want them to feel like it's their home because I want long-term tenants. I don't want this quick changeover every six to twelve months (Landlord 14, England).

Inspections

The adoption of a regular inspection regime generally features within good practice guidance[52]. The findings from the qualitative interviews suggest that landlords may not always perform regular inspections but will adopt other approaches, such as having a brief look around the property when completing works, applying regular maintenance regimes, or actively fostering a good relationship with the tenant so that they feel comfortable reporting issues. Informal approaches were generally seen as less intrusive. In some cases, narratives around housing as home framed a reluctance to carry out formal inspections:

> If it's something we think we can fix we'll go and we'll have a quick look round while we're there, without making it a formal inspection. Maybe that's because we like them and we don't want to put them under pressure and "oh, yeah, we're definitely coming to inspect the property" because we know that they look after it (Landlord 7, England)

> It's a hard one because they are quite good in letting me know if there's anything wrong. And I don't want to go around snooping around the house, to me it's their house (Landlord 44, Scotland).

The survey also examined the frequency of property inspections. The results indicated a broad range of practices (Table 5.2). The most common practice was to inspect properties every six months, although this was an approach adopted by only one in four respondents. The second most frequently reported approach was not to have regular inspections at all but instead to rely on informal checks when completing works (22%). The responses suggest that landlords in Wales were adopting a slightly different approach to inspection compared with elsewhere: if they were not inspecting six monthly, they were more likely to report inspecting quarterly than rely on an informal approach.

[50] Rolfe et al, The role of private landlords

[51] Hiscock, R., Kearns, A., MacIntyre, S., & Ellaway, A. (2001) Ontological security and psycho-social benefits from the home: Qualitative evidence on issues of tenure, Housing, Theory and Society, 18(1–2), 50–66. Easthope, H. (2014). Making a rental property home, Housing Studies, 29(5)

[52] The landlord's essential guide to periodic property inspections | NRLA (3/10/22)

Table 5.2: Frequency of property inspections while a property is tenanted

	England (%)	Scotland (%)	Northern Ireland (%)	Wales (%)	Overall (%)
Six monthly	26	24	29	35	26
Informal checks only when completing works	22	23	20	11	22
Annually	20	19	15	14	19
Quarterly	15	19	13	30	17
Other	7	6	7	2	6
Don't know (letting agent responsible)	4	2	7	5	4
Every two months	3	2	6	2	3
Never	3	3	3	2	3

(n = 998)

The findings from the qualitative research suggest that there are varied understandings on the role and purpose of property inspections. Many described inspections as necessary in order to stay on top of maintenance and identify issues. Some also suggested that inspections provide a means of assessing or monitoring the "home-keeping" activities of tenants. Other respondents however distinguished between desirability and legal obligation in relation to tenant behaviour. Legally enforceable contractual duties as contained within the tenancy agreement were differentiated from the use of subjective criteria to assess and monitor standards of behaviour:

> Because I manage the properties, I tend to visit them fairly regularly, so I guess maybe a six monthly, or a yearly inspection would be the norm. And there are tenants who keep immaculate homes and there are others where you just sit and you say, look, this needs a little bit more care and I want you to have a nice home, if you care for it, it will be nicer (Landlord 1, England)

> They're entitled to live there, respecting what's in the tenancy agreement obviously. So, I think it's difficult sometimes for [landlords] to see, well look that's their home now and I can't tell them to keep it tidy … The point of me going to inspect a property is to see if there's any problems that they haven't reported, it's not for me to see whether they put the hoover on or washed the dishes, everyone lives differently and as long as we have the house back the way we gave it to them, that's the main thing (Letting Agent 4, Wales).

Other respondents considered inspections to be important in providing support for tenants; practices that were framed by narratives on housing as being tenants' home and a concern for their wellbeing:

> There's an inspector team that go into each property about every seven to eight weeks. So, it's not only to check for the landlord, it's actually touching base with the tenant, "Hello, everything going okay here? How's your washing machine?" Or whatever it be that they're having trickiness with and then providing advice. So, we don't want to impose on their lives, that's their home, but that kind of helps both the landlord and the tenant I would say (Letting Agent 2, Scotland).

However, recent research in Scotland found that frequent inspections (e.g., bi-monthly) were experienced as invasive and unsettling, whilst undermining tenants' ability to feel "at home" in the property[53].

[53] Simcock, T., McKee, K., Marsh, A., Harris, J., Moore, T., Soaita, A. and James, G. (2022) What do lower income tenants in Scotland's private rented sector want to see from a new Rented Sector? (Summary report) (Accessed: 22/9/22)

Tenancy length

Our survey asked landlords to select one of three options which best described their approach to tenancies (Table 5.3). One option emphasised tenant mobility allowing rents to be revised, the second option emphasised keeping good tenants and minimizing turnover costs, and the third option was to indicate that the landlord had no preference either way.

Nine out of ten landlords responded that they preferred to find and keep a good tenant for a long time. Some 7% indicated that they did not have a preference between mobility and stability, as we had characterised it, and only 3% stated they preferred a strategy focused on mobility. Given the dominance of the preference for stability there is limited scope for variation across types of landlords, locations, or experience (Table 5.3).

Support for tenants

Echoing recent research, some landlords, particularly those operating in the affordable part of the market, provided tenant support and assistance to minimise rent arrears and encourage tenancy sustainment[54]. These landlords considered the provision of this support as central to their role. Some landlords were less confident about their ability to provide this support and asked for more information on this aspect of tenancy management:

> I think it would be useful having information on how to look after a tenant … I know people have difficulties, whether it be just a poor relationship with them or it might be that you've got a tenant that's going through a lot of difficulties themselves, so you've got to kind of be careful about what you say and how you contact them. I think stuff like that would be quite useful because not only is it a business you're also dealing with real people, and I don't know if a lot of people are quite as aware in that sense (Landlord 3, England).

Table 5.3: Options to describe preferences regarding tenancy lengths, by amount of experience as landlord

	Less-experienced landlord (3 years or less) (%)	Medium- term landlord (4 to 10 years) (%)	Long-term landlord (11 or more years) (%)	Overall (%)
I prefer to house relatively mobile tenants so there is a regular turnover of tenancies and the rent can be revised, if necessary.	4	2	3	3
When I find a good tenant I prefer to allow them to stay for a long time because I know they'll look after the property and turnover costs are minimised	93	91	90	90
I don't have a preference about length of tenancies	3	7	7	7
n.	73	327	584	984

[54] Rugg and Wallace, Property supply to the lower end

Summary

The landlord-tenant relationship is a key driver of landlord behaviour in the PRS and appears to be more important than legal frameworks in framing considerations of what it means to be a responsible landlord. The findings suggest that where properties are viewed as homes and not only economic investments this underpins an array of specific management practices including flexibility on personalisation, the provision of support for tenants and a considered approach towards managing repairs and property inspections. Most landlords have a strong preference for encouraging tenancy sustainment and minimising turnovers.

Chapter 6 | Information-seeking practices

This chapter explore landlords' behaviours and experiences in relation to accessing information on their legal rights and responsibilities. It considers the sources from which landlords obtain information, how they assess the validity of that material, and the methods and frequency of updating knowledge.

Availability of information

The qualitative interviews provide insight into the information-seeking activities of a group of landlords who are not members of landlord bodies (96% of total interview sample). Participants from across the four nations of the UK described barriers in accessing information and advice on their legal rights and responsibilities. They felt that the rules kept changing but that they were not clearly communicated to the sector:

> There doesn't seem to be a direct communication to landlords saying this change will occur on this date, it will affect you in the following ways and if you don't do it, you go to prison (Landlord 1, England).

> If they have a register then they should know the name and the address of everybody in Northern Ireland who is renting property and they should be able to send something to them, like, this is the latest [regulatory change] and tell us about it. But, at the moment, I think it's really ages before I get to know any changes (Landlord 40, Northern Ireland).

> All these things have been introduced since I started eighteen, nineteen years ago and I struggled a bit because I'm not a member of a landlord association group, I had to find out by myself. Sometimes I stumbled across the information. Sometimes a friend of mine might pass it onto me. I didn't find it particularly well-advertised. Especially the first few years, I was totally winging it (Landlord 33, Scotland).

> I don't think there is enough succinct information, it tends to be quite convoluted and quite wordy. I think I would appreciate more succinct information (Landlord 18, Wales).

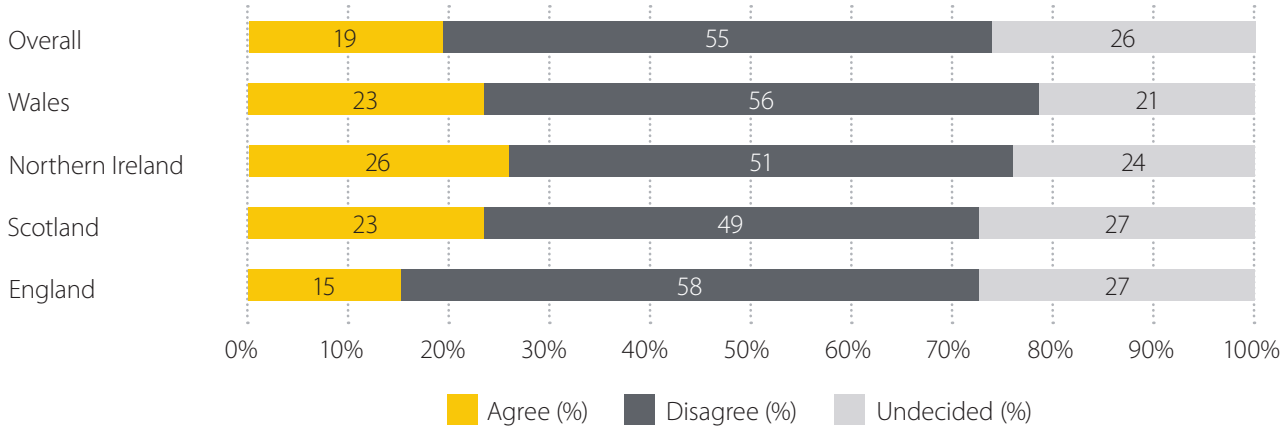
Some landlords said there was too many generalised static online articles but insufficient targeted advice or interactive information resources. Others believed there was too much information from a wide variety of sources and many participants in England and Scotland criticised the lack of a centralised information source. Some said that available information was inconsistent or unreliable whilst others found the language used difficult to understand.

The survey sought to further explore landlords' views on the availability and accuracy of existing information. The information environment differs somewhat between the countries of the UK and so the disaggregated responses to each question are considered below.

A substantial minority of respondents were unable to provide a definite view in respect to several questions. The level of 'undecided' responses could perhaps, in itself, be taken to indicate a communication issue.

Most survey respondents reported that it wasn't difficult to find information to help with a tenancy problem (Figure 6.1a). In contrast, one in five agreed that it was difficult finding information, and this increased to one in four in each of the devolved nations. Less experienced landlords were more likely to face difficulties than medium and longer-term landlords. Those who were current members of a landlord association were much less likely to face difficulties in finding helpful information than those who were not members (13% cf. 22%).

Figure 6.1a: "When I have a problem with my tenancy, it is difficult to find information to help me", level of agreement with statement, by country



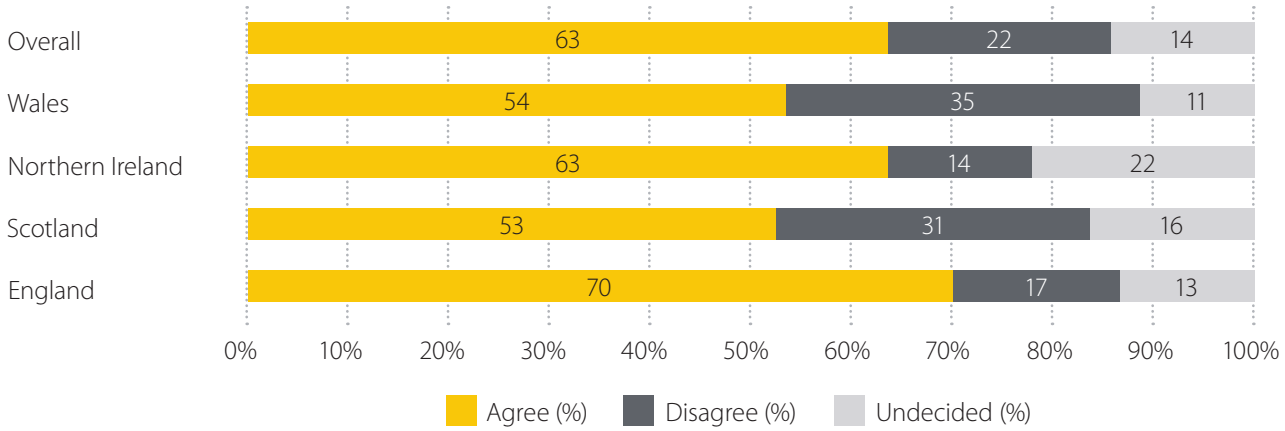
(n = 996)

When considering the question of how changes in laws and regulations are communicated, more than six out of ten respondents agreed that changes were not communicated clearly enough (Figure 6.1b). Landlords also had clearer views on this topic: fewer were undecided.

The experience across nations differed quite sharply: seven out of ten respondents in England considered that communication was not clear, whereas the proportion was closer to half of respondents in Scotland and Wales. The proportion of respondents who saw communication as sufficiently clear was considerably higher in both Wales and Scotland. What these results are indicating is likely the net result of the intersecting influences: the complexity of the substance of the changes, the effectiveness of communication, and the capacity of responding landlords.

Landlords who did not belong to a landlord association were somewhat more likely to report that changes were not communicated clearly (67% cf. 59% for association members). The smallest landlords were least likely to agree that communication lacked clarity (58% of landlords with one property), whereas it was landlords with more substantial portfolios who were most likely to hold this view (71% of landlords with 10-24 properties).

Figure 6.1b: Changes in laws and regulations are not clearly communicated to landlords, level of agreement, by country

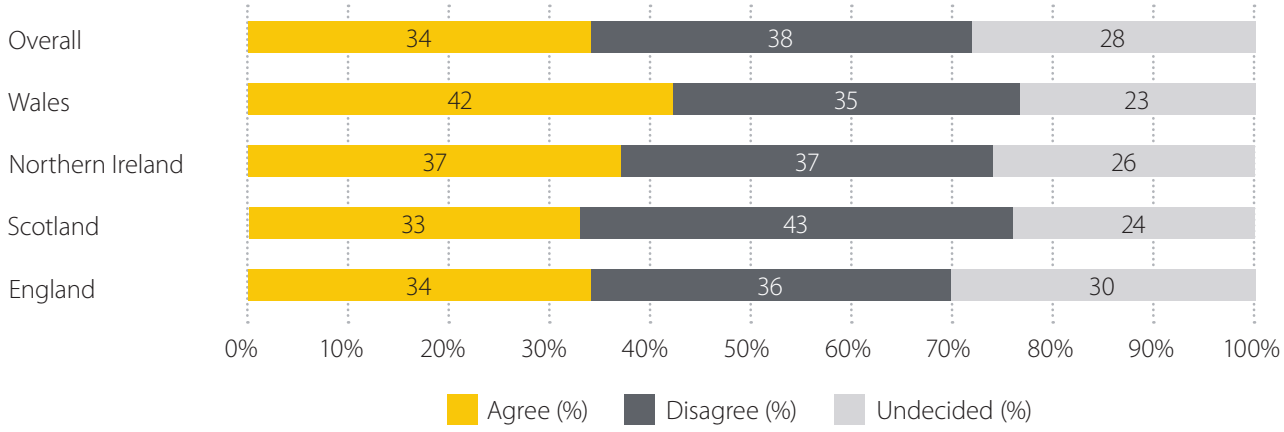


(n = 996)

Survey respondents were asked for their views on two aspects of information available online: whether it was difficult to understand and whether it was inconsistent or unreliable. Landlords in the different nations were relatively evenly split in respect to difficulty in understanding the material (Figure 6.1c). A third of respondents agreed that the available information is difficult to understand, and this increased to 42% of respondents in Wales. The least experienced landlords were most likely to agree that online information was difficult to understand (42%); nearly half of landlords operating more than 25 properties (46%) took a similar view.

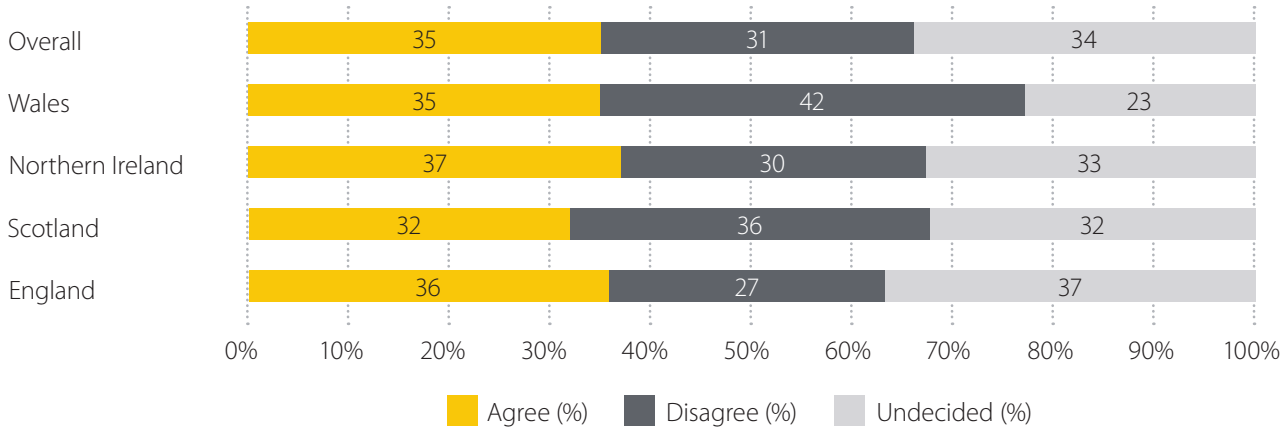
The picture with respect to the quality of information online was also relatively consistent across countries. Around a third of respondents in each country agreed that information available online is inconsistent or unreliable. We might argue that those who are undecided on this point have not sought information online and so feel unable to comment. Alternatively, it could be that they are also uncertain as to the quality of the information available, which would be indicative of the same issue. Larger landlords were more likely to agree that information was inconsistent/unreliable than smaller landlords. While a quarter of landlords with a single property took this view, half of landlords managing 10-24 properties (51%) and 25 or more properties (50%) agreed.

Figure 6.1c: The information available online is difficult to understand, level of agreement, by country



(n = 993)

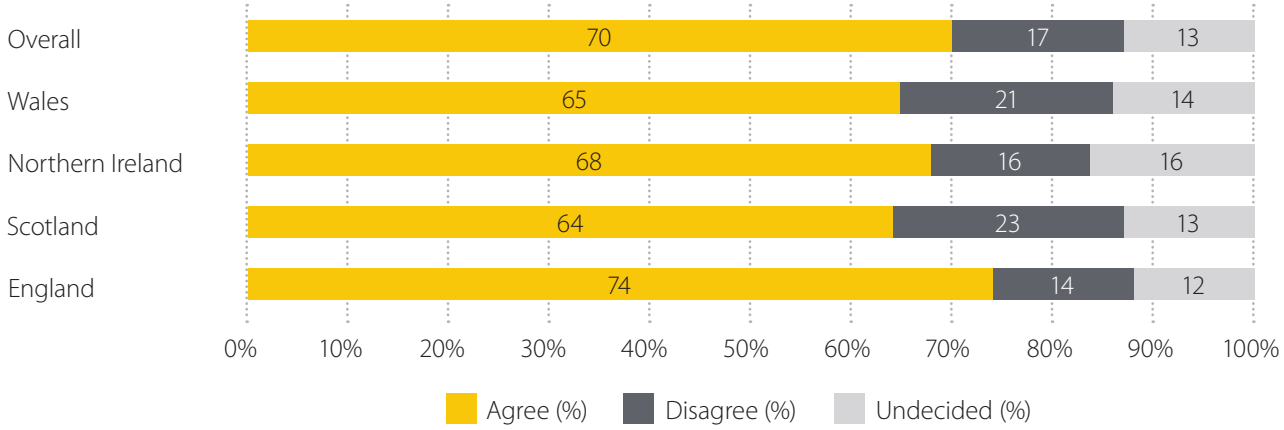
Figure 6.1d: The information online is inconsistent or unreliable, level of agreement, by country



(n = 992)

Landlords were asked whether they thought that it was difficult to keep up with changes to relevant law and regulation (Figure 6.1e). Seven out of ten responding landlords agreed that it was difficult to keep up with changes in law and regulation. The smallest landlords were least likely to hold this view (66% of those operating one property), while the largest landlords were the most likely to agree that it is difficult to keep up (81% of those managing 25 or more properties).

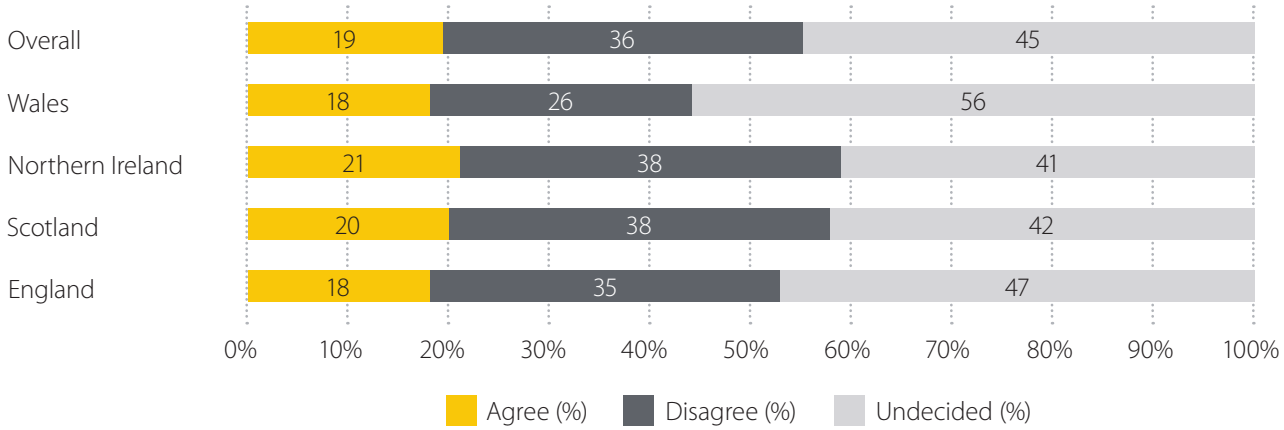
Figure 6.1e: It is difficult to keep up with the changes to the law and regulation that affect landlords, level of agreement, by country



(n. = 993)

The survey sought to gather landlords' views on the volume of information available about the laws and regulations that affect private renting. While around a third of respondents considered that the right amount of information was available, landlords were more frequently of the view that there was not enough (Figure 6.2). More than half of respondents in Wales considered that the available information was not sufficient. Landlords who were not members of a landlord association were more likely to view information as insufficient than those who were members (49% cf. 40%). In contrast, only one in five respondents considered there was too much information available. The profile of views among the largest landlords (25 or more properties) differed from those among smaller landlords: they were more likely both to think that there was too much information available (32%) and less likely to think that there was too little information (32%).

Figure 6.2: Views on the amount of information available about laws and regulations affecting private renting, by country



Information sources

The qualitative interviews highlighted the range of information sources that landlords use to learn about their rights or responsibilities or changes to regulation. Whilst some used government websites and professional networks (e.g., electricians, mortgage advisors, solicitors, letting agents), many others relied on informal sources such as social networks (e.g., friends, families or neighbours), Facebook groups, newspapers and TV shows. Landlords were critical of the ad hoc way in which they found out about key regulatory changes:

> I know it sounds ridiculous, but things like the home section of the Sunday Times or something like that, which is crazy isn't it. It's absolutely ridiculous that as a professional landlord with a decent number of properties that I should find out information in that way (Landlord 1, England).

Most participants in Wales valued the regular communications from Rent Smart Wales. However, some felt more education on the upcoming changes under the Renting Homes (Wales) Act 2016 was needed and, echoing the survey findings discussed above, some felt the information provided was difficult to understand. Landlords in Scotland who received regular communications from their Council (for instance in the form of a newsletter) felt this was a useful information resource (even though they admitted to not reading all the emails). However, not all landlords received such communications. On the one hand landlords may have opted out of regular communications. However, earlier research has shown that not all Councils use the National Registration Scheme to communicate with and upskill the sector[55]. Responses suggested that where landlords were not receiving regular communication, the potential for accidental non-compliance appeared to be higher. One landlord described his position:

> I think things like the energy performance certificate, the only reason I know about that is because I have the estate agents find the tenants. If I was finding the tenants myself, I wouldn't know about that, and the electrical safety certificate, again, I know about that because of the estate agent, but if I was doing it myself, would I know about it? No. And would I do it? Probably not, because I wouldn't know that I had to do it (Landlord 38, Scotland).

Landlords in Northern Ireland and England – especially those not using a letting agent – reported receiving no proactive targeted information at all. The regulatory structure in these countries appears to be built on the implicit assumption that landlords will proactively search out the information they need. However, as explored below, this will not always be the case.

The online survey sought to build up a fuller picture of landlords' sources of information and distinguished two different dimensions: use and trust. Respondents were offered fourteen possible sources of information, with the list constructed from data gathered through the qualitative interviews.

Table 6.1 focuses on the frequency of use of the different sources of information[56]. Deposit protection services emerged strongly as the most frequently used information source, considerably ahead of official government sources. Landlords reporting using tradespeople as a source of information more often than local council websites or landlord advice services. This suggests that information is flowing as a by-product of contacts for other purposes, rather than landlords proactively seeking it. While more informal sources (family and friends, other landlords, online forums) and non-sector specific sources (newspapers, solicitor) are sometimes used by a substantial minority of landlords, relatively few use these sources often.

[55] This demonstrates that the value of national systems of registration and licensing lie not only in their impact in assuring current standards but also in their role as important tools in developing and sharing knowledge within the sector. See Harris et al, Improving compliance and enforcement.

[56] It focuses on valid answers (hence the row totals differ considerably) and orders the options by the proportion of respondents stating they used the source "often".

Table 6.1: Use of sources for information about rights and responsibilities as a landlord

	Often (%)	Sometimes (%)	Never (%)	Total n.
Deposit protection services	39	51	9	967
My letting agent	28	42	31	611
Landlord association/organisation	21	39	40	892
Central government websites	21	67	13	958
Tradespersons (eg electricians, builders)	14	54	33	887
Local council websites	9	53	38	890
Landlord advice service	8	35	56	838
Friends, family or neighbours	7	31	62	855
Other landlords	7	50	43	873
Newspaper	6	39	55	852
Online forums	6	40	55	852
Solicitor	5	46	49	837
Mortgage advisor	3	16	81	653
Television	1	25	73	820

(Row percentages may not sum to 100 due to rounding)

When considering the degree of trust that landlords have in each of these sources a slightly different picture emerges (Table 6.2). Only three sources are trusted 'a lot' by more than half of landlords. Deposit protection services again perform strongly. Overall, the profile of responses suggests that trust aligns quite strongly with the perceived professionalism or expertise of the information source, with all the less formal sources being less trusted. One characteristic of the survey responses that contrasts somewhat with our qualitative work is the relatively low use of television as a source of information.

Table 6.2: Degree of trust in sources of information about rights and responsibilities as a landlord

	A lot (%)	Somewhat (%)	Not at all (%)	Total n.
Deposit protection services	65	31	4	943
Landlord association/organisation	63	34	3	787
Central government websites	56	40	4	940
Solicitor	45	38	17	673
My letting agent	37	45	18	574
Landlord advice service	34	52	13	637
Local council websites	31	53	16	803
Tradespersons (eg electricians, builders)	11	67	22	798
Mortgage advisor	10	40	50	427
Other landlords	9	71	21	726
Friends, family or neighbours	6	48	45	747
Newspaper	3	53	44	743
Online forums	2	59	39	675
Television	2	44	54	624

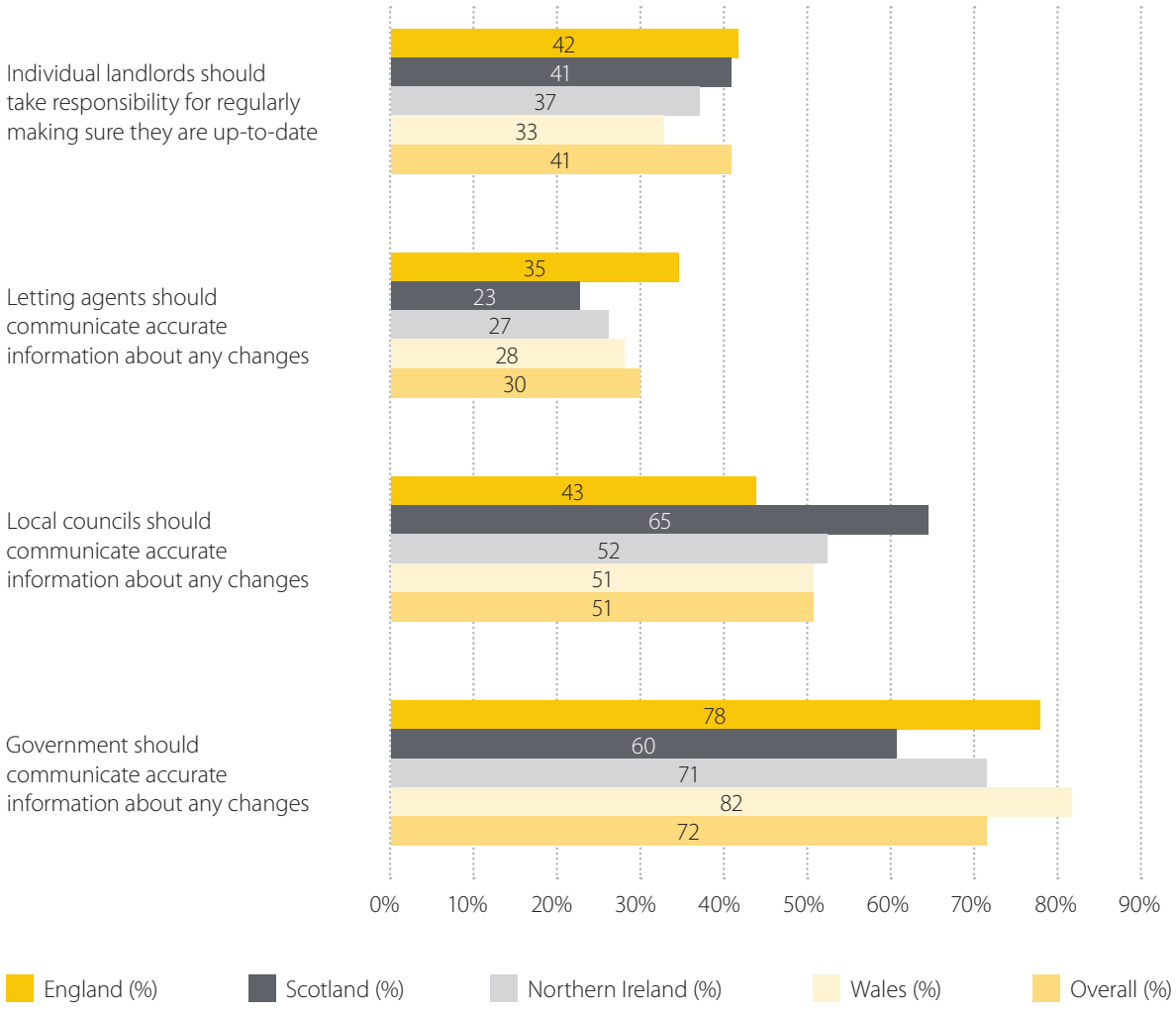
(Row percentages may not sum to 100 due to rounding)

Information-seeking behaviours

Becoming a landlord caused some participants to become aware of the need for more information which then stimulated proactive information-seeking activities. Some regularly searched for information regarding changes to the regulation. This was however not the case for all participants. Others did not proactively seek out information on their rights and responsibilities but rather learned reactively from a tenant, friend or family member, or in response to emerging issues. An understanding of the regulations governing behaviours was often acquired through experience over time.

The survey sought landlords' views on the importance of proactive information seeking (Figure 6.3). Only a minority of respondents indicated that it is the responsibility of individual landlords to make sure they were up to date with laws and regulations (41% overall). This view was most widely held in England (42%) and least so in Wales (33%). It was more common to indicate that it was the responsibility of Government (72%) or local councils (51%) to communicate accurate information about changes in law and regulation. The view that Government should play this role was strongest in Wales (82%) whereas in Scotland particular emphasis was placed on the role of local councils (65%).

Figure 6.3: Who has primary responsibility for ensuring landlords have up-to-date information about laws and regulations affecting private renting?



The qualitative findings suggest certain factors may increase the likelihood of information being sought proactively. The risk of being caught - for instance the risk of being reported to the authorities by tenants - may highlight the importance of compliance and in turn stimulate information-seeking:

> I got caught out a couple of times where tenants were asking me, "Where's my deposit been lodged?" And I'm like, "Well, it's in my bank account." And they're like, "Well you have to have it lodged with a third party," and that's how I found out about that. Another thing I found, I think it was the smoke alarm legislation, another tenant came to me about that, and I think that's when I had a big wakeup call and I was like, do you know what, I need to take a bit more responsibility here and make sure I'm doing everything right (Landlord 33, Scotland)

Additional factors that stimulated information-seeking included being alerted to an issue in the media (via television adverts, newspapers, or online forums); problems occurring with the tenancy; and deciding to switch from using a letting agent to self-management. Proactive information-seeking was also part of the process of assuming a professional landlord identity. Some participants associated it with being a "responsible" or "good" landlord:

> So, I think if you are a landlord, and certainly if you've got more than one property, you definitely should be making it your own business to make sure you're up to speed with everything, as you would if it was your normal day job (Landlord 30, Wales)

The qualitative findings also demonstrate several factors that inhibit proactive information-seeking. This includes views on existing information being unavailable or inaccessible or beliefs about one's own ability to obtain needed information from friends and family. Some landlords thought that regulatory bodies such as Rent Smart Wales or letting agents would tell them what they needed to know. Others believed that they did not need to actively search for information because they had a small portfolio, had not encountered any problems or issues, or because they did not envision remaining in the sector long-term:

> Well, I haven't looked to be honest with you, because I haven't needed to, I mean I don't have the time to just do it just for the sake of it. Obviously if I was doing it on a bigger scale I'd have to (Landlord 2, England)

Being solely reliant informal sources and not proactively seeking out information was more likely to be associated with mixed compliance or non-compliance, particularly in cases where people did not use a letting agent. This was confirmed by the English Private Landlord Survey[57].

Summary

A large proportion of surveyed landlords felt that changes to the law are not communicated clearly enough and that said that it is difficult to keep on top of regulatory requirements. A reactive approach to locating information appears commonplace; only 41% indicated that they felt it was the individual landlords' responsibility to make sure they are up to date. Landlords are most likely to use and trust deposit protection services for information and are more likely to use tradespeople for information than local council websites or landlord advice services. This suggests information is being accessed as a by-product for other purposes. The qualitative findings suggest that landlords who are not members of landlord organisations encounter many barriers in accessing the information needed to ensure compliance in a fast-changing legislative and regulatory landscape.

[57] DLUHC (2022) Segmenting private landlord compliance (Accessed: 3/10/21)

Chapter 7 | The role of letting agent

This chapter explores the role of letting agents in framing letting behaviours and management practices across three key areas: providing information; ensuring compliance; and influencing best practice. The findings demonstrate letting agents' potential to remake or renegotiate rather than merely accept or replicate existing behaviours. However, landlords' experiences with letting agents does vary, with many reporting issues and problems with their services.

Information and communication

All letting agents participating in the qualitative research were independent organisations of varying sizes which operated at a local level, although some operated under larger branded franchises[58]. These agents played an important role in communicating information to landlords on law and regulation via regular newsletters or through ad hoc correspondence (e.g., when a certificate needs to be renewed, or at the start of a tenancy). Many landlords relied on letting agents to keep them abreast of regulatory changes and for some this was a key motivation for using letting agents in the first place. Agents felt that although a thorough understanding of the regulations is less important among landlords who instruct an agent, some level of comprehension is still necessary because ultimate liability remains with the landlord:

> I would probably say that a lot of landlords do use an agent because they think they can trust them to deal with things on their behalf. Obviously if there's no gas certificate in a property, ultimately the landlord is culpable for that should anything go wrong, so they really should know what is going on, we do try and obviously tell them as much as possible (Letting Agent 1, Scotland)

Our survey explored landlord awareness of who is ultimately responsible for ensuring compliance with the law on property standards. The key issue is whether landlords feel that putting their properties under the management of an agent allows them to take a hands-off approach. The results suggest that three quarters of respondents disagreed with the view that letting agents were ultimately responsible for compliance, whereas 87% viewed this as ultimately the landlord's legal responsibility (Table 7.1). Yet, 37% agreed with the idea that responsibility for ensuring compliance was shared between landlord and agent and 13% felt it was ultimately the letting agents' responsibility.

The final question in this group sought to identify the proportion of landlords who believed that compliance remained an important concern once a property is managed by an letting agent. While only 7% disagreed with this idea, a further one in ten stated that they didn't know.

The pattern of response to these questions suggests that there could be a discernible, if not substantial, minority of landlords operating with a fundamental misapprehension about their position.

[58] There is significant variation in letting agents' characteristics, business and management models. Due to the sample characteristics, this research cannot comment on how these factors framed letting agent activity.

Table 7.1: Who is responsible for ensuring compliance with the law on property standards?

	Agree (%)	Disagree (%)	Don't know (%)	Total n.
Ultimately the letting agent is legally responsible	13	74	14	551
Ultimately the landlord is legally responsible	87	7	5	581
The landlord and letting agent are both legally responsible	37	47	16	557
When a property is managed by a letting agent, compliance should remain an important concern for the landlord	84	7	10	566

(Row percentages may not sum to 100 due to rounding)

Although letting agents can play an important role in educating landlords, the findings demonstrate significant variations in practice. Some landlords who used different letting agents kept on top of regulatory changes by relying on the information provided by one agent, and would then forward the information onto the others:

> Their app keeps me abreast of the legislation and the changes that are happening. That's the benefit of using one of the more well-established ones because I don't get that from any of my other agents. As a matter of fact, nine times out of ten, I'll be ringing my agents to tell them, this is what is happening and they're going "oh right, is that right? Has that come into play?" (Landlord 9, England)

At the other end of the spectrum there were also examples of letting agents that fully embraced their role as educators. One letting agent in Wales hosted training events on new requirements under the Renting Homes (Wales) Act 2016. This agency saw their role as interdependent with the changing regulatory environment:

> And I'll hold my hands up and say, I'm happy to get pulled along with it and to be one of the leaders at the forefront of [changing regulation]. I think now is the time of the professional landlord, who needs to understand more about what they do. Not "it's just a house that I used to live in that I rent out to friends". Those days are gone (Letting Agent 9, Wales)

These findings suggest significant differences in the ways in which letting agents understand and perform their role as educators.

Influencing compliance

Participating letting agents played a role in regulating the conditions of properties entering the sector whilst also setting standards of conduct. Most reported not taking on certain properties because they failed to meet required minimum standards or said that they would first require landlords to make the necessary changes. Drawing up behavioural contracts that list landlord requirements and behavioural expectations was another strategy used to motivate compliance and prevent inaction in respect to repairs and maintenance. Law and regulation strongly influenced these activities. Non-compliance was cited as potentially very costly to the letting agent in both monetary and reputational terms. Morals and values were also important, with most letting agents emphasising principles of fairness and their duty of care towards the tenant despite being employed by the landlord:

> Landlords sometimes are tricky. They can be tricky if anything needs to be done to the property, they don't want to pay any extra money to get something fixed. So, there's agreements all over the place that we have to get them to sign up to basically to be fair to the tenant (Letting Agent 2, Scotland).

Thresholds for instructing repairs or replacing goods before checking with landlords were common. In some cases, this was a standard amount set at approximately £250, whilst other agencies agreed the amount with each individual landlord. Some of the behavioural agreements would allow the letting agent to act without the landlord's permission, for example, when a risk to health and safety was present:

> Say there is damp coming through to the property and it's causing problems, then we will report it to the landlord, and then we give them a week to sort that out. If they haven't, then we will ring them again, and then we give them another chance. And then if not, we will instruct our own [tradesperson] and then we bill them for it (Letting Agent 7, England).

> You see if it's a legal issue like with smoke alarms and they say don't go ahead, there's been times where I'll just go ahead, and I'll deal with that later (Letting Agent 3, Scotland).

Participating agents employed a range of approaches to encourage compliance which involved threats as well as persuasion. By means of information provision, regulatory conversations and dialogue, they would seek to convince landlords to bring their activities into alignment with the law. For example, they sought to challenge mindsets and improve understanding of why repairs and maintenance are important:

> I think our team are great in putting the case over to the landlord "look we've got a tenant here that's been with you for six years, they've never missed a day's rent, they're really good, the oven is on the blink and I'd hate for them to go elsewhere and if you have to find another tenant there might be much more high maintenance hassle for the sake of £250" (Letting Agent 9, England)

> What we keep saying is "what kind of tenant are you going to attract if your property is not up to standard either and whatever tenant you get in, they're not going to keep up standards, why would they if the place is falling apart?" (Letting Agent 1, Scotland)

For a minority of landlords, informal communication or persuasion proved to be ineffective. Participating letting agents would at times, as a "last resort", threaten these landlords. For example, if necessary, they would threaten to terminate the landlord's contract, or tell the landlord they would 'advise your tenant not to pay because you've not got a property that's habitable for them' (Letting Agent 7, England). Others said that they would make the landlords aware of legal sanctions. These tactics were generally seen as effective in stimulating behavioural change, which in turn indicates that letting agents operate in the "shadow of the law" in persuading landlords to comply:

> Sometimes I feel like our landlords are maybe trying to take the mick, don't do it, don't do it, don't do it, maybe they're hoping they won't get a pushback … I always just bring it back to First Tier, and sometimes say "I'm not going to represent you in this case because I'm not comfortable so you'll need to do it yourself, if it goes to First Tier you'll have to go and represent yourself", and that usually does it (Letting Agent 3, Scotland)

> So, we're all about the story and educating them that if it's a smoke alarm that needs replacing saying "look, your obligation is to have a smoke alarm on both floors. You could be in breach, there could be a really big fine if you don't do it" ... normally when you say 'fine' or 'court case,' a lot of landlords are wary (Letting Agent 9, England).

The extent to which the tactics outlined above are employed to influence behaviour depends on the part of the market letting agents operate within. Some letting agents reported that they would only seek to influence landlord behaviour on regulatory requirements. Others that were operating at the higher end of the market, used similar approaches in relation to cosmetic changes. All participating letting agents however said they were aware of other agents operating locally that would take on the properties they turned down. This diversity in practice limits the extent to which letting agents can help to raise standards in the sector.

Influencing practice

Besides regulatory compliance, some agents also sought to influence landlords' behaviours on other aspects of property management. For example, they encouraged landlords to engage in better financial planning and set aside contingency funds, or to carry out cosmetic changes that are up to the landlord's discretion to make. In some cases, they urged landlords to be flexible about who they would let their property to, or in relation to personalising the space and permitting pets. Tactics included inviting the landlord to visit the property, encouraging them to focus on tenants as part of a smart investment strategy or drawing on various morals and values. This was however recognised as a more challenging area to intervene in:

> We try and operate off the "well would you live in it?" approach, and it's not until you say that to a lot of landlords that they think, actually no I wouldn't. Then you tend to get that wee bit of reaction out of them then they are actually, "well I will do this", "I will maybe modernise that bathroom," wee things like that (Letting Agent 8, N. Ireland)

> If it's not law or legal that's a bit harder. If I do agree that the carpets are fraying and they're really dirty, then that's when it's a bit more difficult, then you're fighting with the landlord. But I definitely feel I've got it slightly easier than the rest of the staff, purely because I've got the landlord's trust because it has been years (Letting Agent 3, Scotland)

The survey further explored the extent to which letting agents influence key decisions (Table 7.2). On only two of the issues – rent charged and tenant selection – were letting agents reported to influence the decision 'a lot' or 'somewhat'. Letting agents were reported by nearly half of participants as at least 'somewhat' influential in decisions on three further issues: extending a tenancy agreement, understanding of law and regulation, and repairs and maintenance. In contrast, on investment decisions – making upgrades to the property and improving energy efficiency – the majority of respondents indicated that letting agents were 'not at all' influential.

Table 7.2: How much letting agents influence key decisions

	Not at all (%)	Somewhat (%)	A lot (%)	Total n.
How much rent I charge	8	41	50	574
Who I rent my property to	15	41	44	576
If I extend a tenancy agreement	53	29	18	519
My understanding of laws and regulation	37	46	18	538
Repairs and maintenance	47	38	15	498
If I allow pets in the property	58	31	11	517
If I allow tenants to decorate	65	25	9	508
Making upgrades to the property	61	30	9	499
Making energy efficiency upgrades	70	22	8	479

(Row percentages may not sum to 100 due to rounding)

Landlords' experiences of letting agents

The survey sought to explore landlords' experiences of using letting agents. Four out of ten respondents were currently using a letting agent. The majority of these were using a letting agent for tenant find only (27%), while the remainder were using a letting agent to both let and manage the property (13%). In addition, a further 21% of respondents indicated that they currently self-manage their properties, but they had used a letting agent in the past. Only 38% of respondents had always self-managed their property.

This latter group of self-managing landlords was asked to provide more information on why they had chosen not to use a letting agent for a full management service. The most frequently cited reasons relate to the landlords' preference for a direct relationship with tenants and their own capacity to fulfil the property management role (Table 7.3). Two thirds wanted a direct relationship with tenants, rising to four out of five landlords in Wales. These issues of relationship and capacity were less frequently cited in Northern Ireland.

In contrast, landlords in Northern Ireland were most likely to cite high letting agent fees as an issue and, along with landlords in England, more than half thought letting agents didn't offer value for money. A desire to maximise profits and reference to letting agents having a bad reputation were cited by a third of respondents, although in both cases landlords in England were more likely to identify these reasons than landlords elsewhere.

Landlords who had in the past used a letting agent to provide a full management service but were now self-managing were asked why they stopped using an agent. Their responses indicated a range of dissatisfactions (Table 7.4). The most commonly cited issues were high fees (64%), still having to sort out lots of problems themselves (67%) and poor communication. In some cases, participants' capacity to self-manage had increased to the point where they were able to take on the task themselves (42%).

Two further points are worth noting. First, it was landlord dissatisfaction with the service that more commonly drove the decision to stop using a letting agent rather than dissatisfaction from the tenant perspective. Only a quarter of landlords – rising to a third in Northern Ireland and Wales – indicated that tenant dissatisfaction with the service was an influence on the decision. Second, the decision was not typically about the need to save money: only one in ten landlords stated they could no longer afford an agent, although this figure was nearer one in five in Northern Ireland.

Table 7.3: Reason(s) for not using a letting agent for a full management service (Multiple response possible; Self-managing landlords only)

	England (%)	Scotland (%)	Northern Ireland	Wales (%)	Overall (%)
I wanted a direct relationship with tenant	72	63	47	79	67
I find it easy to manage the property myself	66	68	56	67	66
I have my own tradespeople that I can use	50	50	44	46	49
Letting agents do not offer value for money	54	41	53	46	48
Letting agent fees are too high	50	41	62	54	48
I wanted to be more hands on	42	30	32	50	37
I wanted to maximise my profits	40	28	38	25	34
Letting agents have a poor reputation	37	29	18	21	31
I had bad experiences with letting agents in the past	20	12	6	21	16
Other	7	8	0	8	7

(n. = 380)

Table 7.4: Reason(s) for stopping using a letting agent for a full management service (Multiple response possible; Current self-managing, previous agency-managed landlord)

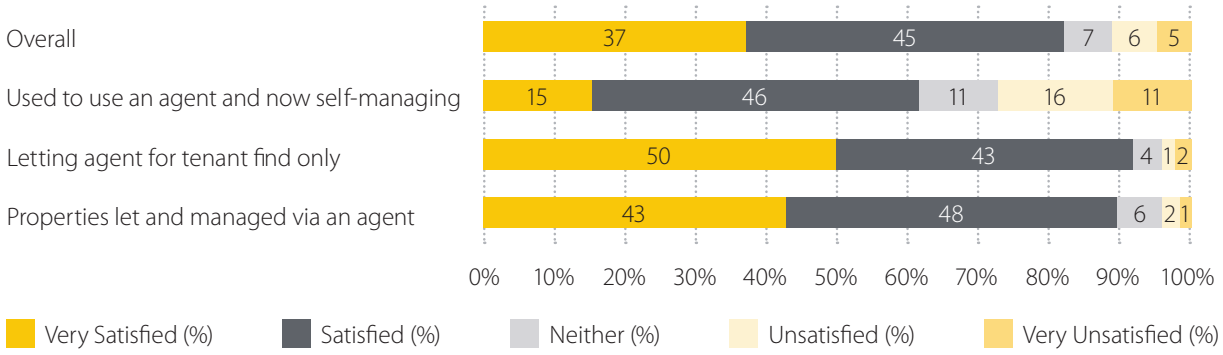
	England (%)	Scotland (%)	Northern Ireland	Wales (%)	Overall (%)
I still had to sort out lots of problems myself	70	61	78	53	67
High fees	68	54	61	73	64
Poor communication	54	51	33	47	51
I had to chase them to get things done	47	63	56	33	51
Poor customer service	54	46	28	27	47
I gained enough confidence/experience to manage them myself	41	47	33	47	42
Delays in responding to repairs and maintenance	33	30	33	47	33
My tenant was dissatisfied with service provided	28	16	33	33	26
Other	16	18	6	13	15
I can no longer afford it	10	12	17	7	11

(n. = 213)

All landlords apart from those who had always self-managed their properties were asked to rate their satisfaction with seven aspects of letting agents' performance. To meaningfully interpret the data, it is necessary to disaggregate responses between those who currently use an agent and those who have stopped using one for a full management service (Figure 7.1a-7.1g). We would expect the profile of satisfaction for the latter group to look very different from the former, which is capturing a large part of the reason why they no longer use an agent.

The data indicate that respondents were assessing the different dimensions of the letting agents' service in rather different ways. There was broad satisfaction with the tenant find service, even among those who no longer used a letting agent (Figure 7.1a).

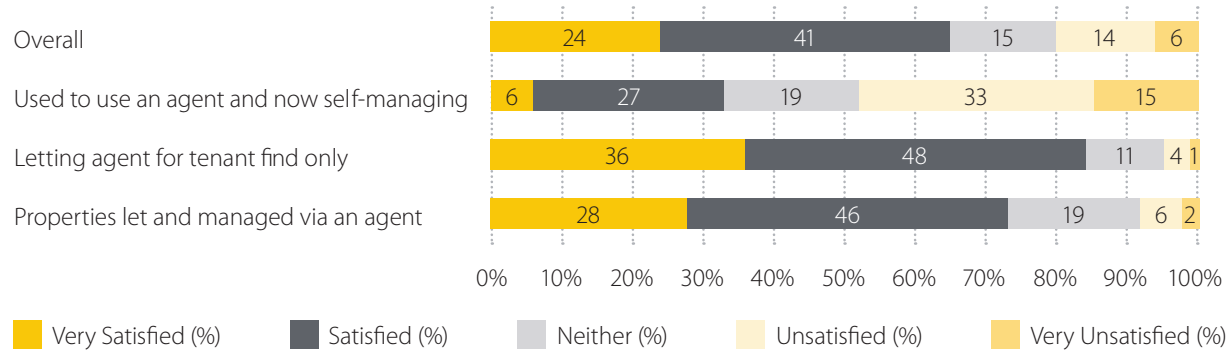
Figure 7.1a: Overall satisfaction with the service of your letting agent: tenant find



(n. = 587)

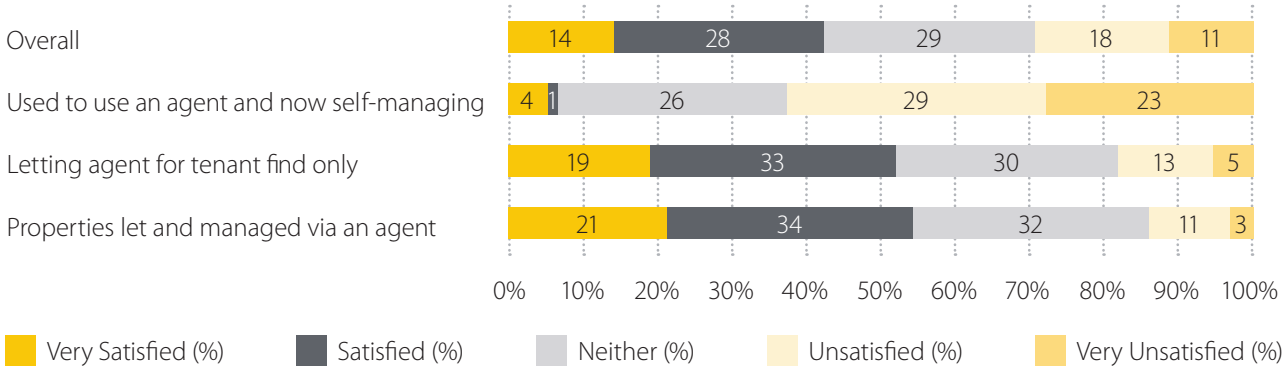
Those who currently use a letting agent are for the most part satisfied with the agent's general communication, whereas those who no longer use an agent were more likely to be dissatisfied (Figure 7.1b). In terms of giving landlords information on key changes to the law and regulation, about half of those currently using an agent were satisfied (Figure 7.1c). In contrast, among those no longer using a letting agent, the majority reported being dissatisfied.

Figure 7.1b: Overall satisfaction with letting agent: general communication



(n. = 579)

Figure 7.1c: Overall satisfaction with letting agent: giving information

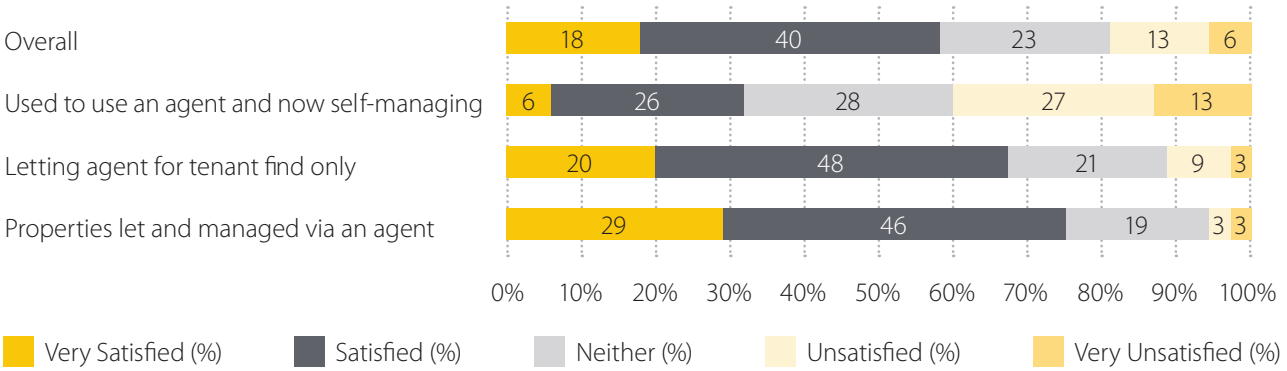


(n. = 545)

When considering legal compliance, two thirds of those who currently use a letting agent were satisfied with their agent's service in ensuring they were compliant (Figure 7.1d). The views of those who no longer used an agent were divided, with four out of ten dissatisfied with their agent's efforts to ensure compliance and a third being satisfied.

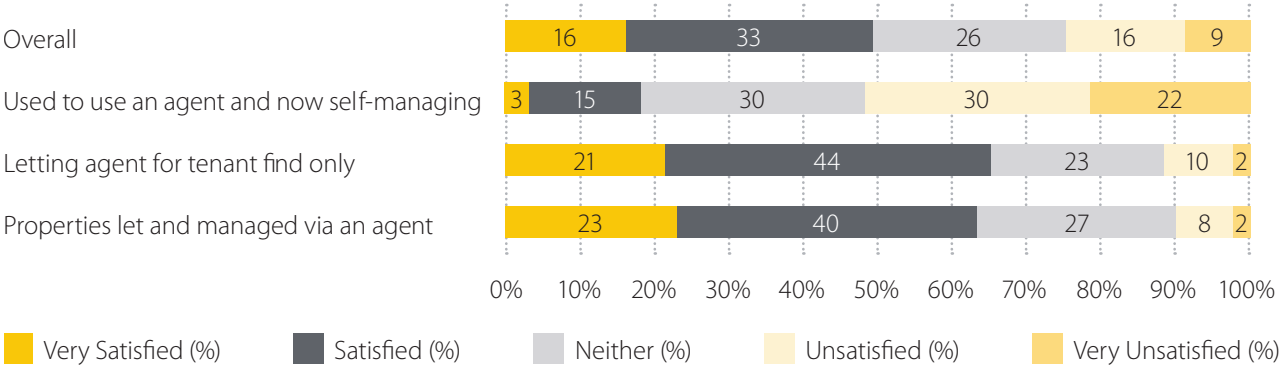
Half of responding landlords were satisfied with the quality of their letting agent's staff and training (Figure 7.1e). However, there were substantial differences between groups. More than three out of five of those who were currently using a letting agent were satisfied. However, fewer than one out of five of those who no longer used an agent were satisfied, whilst half were dissatisfied or very dissatisfied.

Figure 7.1d: Overall satisfaction with the service of your letting agent: ensuring I'm compliant with the law



(n. = 553)

Figure 7.1e: Overall satisfaction with the service of your letting agent: quality of staff and training



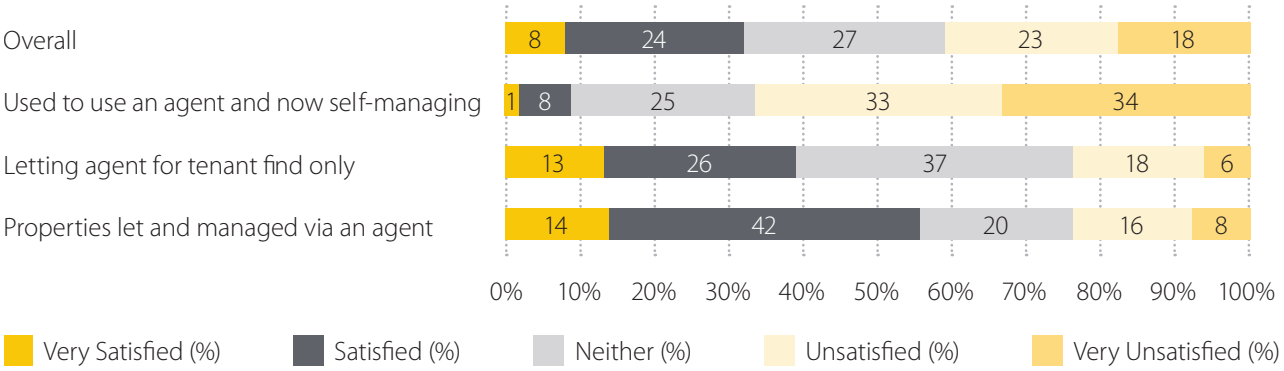
(n. = 535)

The last two dimensions of letting agent performance explored were cost of works completed and repairs and maintenance. If a landlord is using a letting agent for tenant find only then these are not applicable.

More than two thirds of those who no longer use a letting agent were dissatisfied with the cost of works completed, with the majority of the remainder being neither satisfied nor dissatisfied (Figure 7.1f). Among those currently using a letting agent, just over half of respondents reported being satisfied on this issue. Satisfaction in this area is therefore lower than in the other service areas explored above[61].

Levels of satisfaction with repairs and maintenance were similar to those for cost of works among landlords currently using a letting agent (Figure 7.1g): around six out of ten were satisfied. Levels of dissatisfaction with repairs and maintenance among those who no longer used a letting agent were also similar to those for cost of works completed: more than six out of ten reported being dissatisfied.

Figure 7.1f: Overall satisfaction with the service of your letting agent: cost of works completed[60]

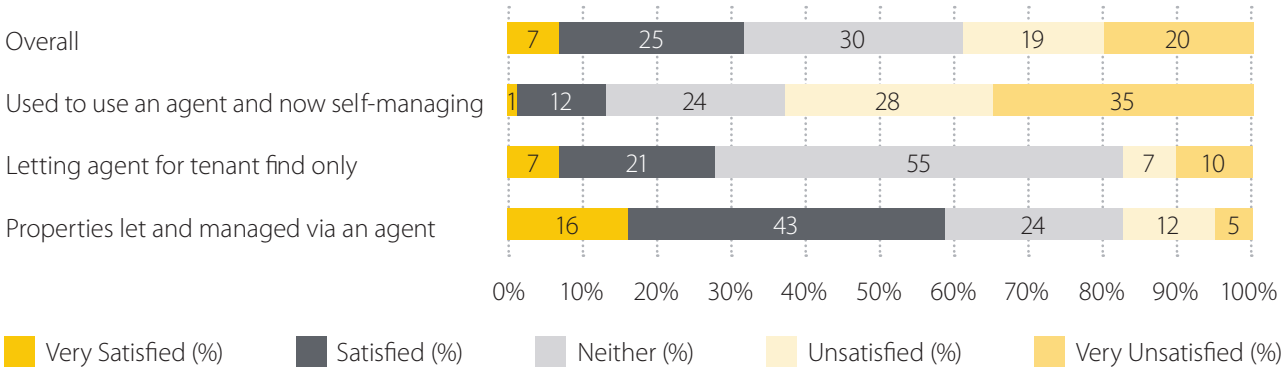


(n. = 380)

[60] The Tenant Fees Act 2019 and the Renting Homes (Fees Etc.) (Wales) Act 2019 reduced the income of landlords and letting agents with landlords using letting agents likely finding that their fees have increased as agents have had to cover the costs of works they previously charged tenants for. This has occurred against the backdrop of tax changes and a number of reductions in tax relief for landlords since 2015.

[61] A large proportion of "letting agent for tenant find only" landlords did not answer this question. Those that did are assumed to be referring to prior arrangements.

Figure 7.1g: Overall satisfaction with the service of your letting agent: repairs and maintenance[62]



(n. = 329)

Summary

Letting agents can operate as professional intermediaries who are involved in framing and reframing letting behaviours and management practices. The qualitative findings demonstrate ways in which letting agents seek to shape landlord behaviour, thinking and compliance orientations. Letting agents have significant influence over certain key management decisions, including the selection of tenants, setting rent levels, and those which relate to landlords' understanding of the law and regulation. However, the findings suggest letting agents have limited influence over decisions relating to upgrades and energy efficiency. The findings show that landlords' experiences with letting agents can vary greatly, with many being dissatisfied with a range of services provided and, in particular, those that relate to costs of works completed and repairs and maintenance.

[62] A large proportion of "letting agent for tenant find only" landlords did not answer this question. Those that did are assumed to be referring to prior arrangements.

Chapter 8 | Views of law and regulation

This chapter explores landlords' views and orientations towards the law and regulations. It addresses landlords' views on the need for change in general, on specific regulatory changes and on their plans for their portfolio in the next two years. The legislative changes currently being considered in each of the countries of the UK differ in substance and extent. So, after discussing the overall picture in relation to the need for legal change, each country is considered separately below.

Changing the law to improve standards

The survey asked respondents if they thought the law should be changed to improve standards. A high level of uncertainty emerged: one in five respondents was not able to give a definite view. This increased to more than a quarter of respondents in Scotland (Table 8.1). Among those expressing a definite view the balance of opinion was modestly in favour of change. That overall result was driven by majorities in favour of change in England and Wales. In Scotland and Northern Ireland opinion was evenly balanced.

More experienced landlords were more likely to state that the law should be changed: 39% of those who had been landlords for at least 11 years favoured change, compared to 27% of those who had been landlords for three years or less.

A view in favour of change was also associated with holding a larger portfolio: 29% of landlords owning one property favoured change, rising to 57% of those operating between 10 and 24 properties.

Table 8.1: Should the law be changed to improve standards?

	England	Scotland	Northern Ireland	Wales	Overall
Yes (%)	46	38	39	46	43
No (%)	34	36	40	39	35
Don't know (%)	20	26	21	16	21
Total (n.)	559	294	90	57	1000

England

In addition to the headline question of whether landlords thought that legislative change was needed, the survey invited respondents (n: 559) to provide further information on what sort of change in the law they thought was necessary (Table 8.2).

Table 8.2: "What about the law do you think needs changing? (England)" (open question)

Top 10 themes	Number of respondents
Improve Enforcement	132
Improve possession proceedings	47
Introduce more rights for landlords	46
More information or support	40
Increase protection for renters	39
Introduce more fairness	36
Simplify the law	33
Introduce national registration or licensing scheme	26
Address anti-landlord rhetoric	25
Requirements should apply equally to social rented sector	20

The need for improved enforcement to tackle criminal landlords who were perceived as tarnishing the reputation of the sector was the most frequently expressed view. The lack of swift judicial procedures for the termination of contracts and the need for improvements in eviction proceedings also emerged as a key theme. Many also called for more rights for landlords, particularly in relation to rent arrears and damage to properties, and for a greater availability of advice and information. Some landlords also suggested that there needs to be more protection for tenants to ensure that homes are safe, healthy and secure and that a national system of registration or licensing needs to be introduced.

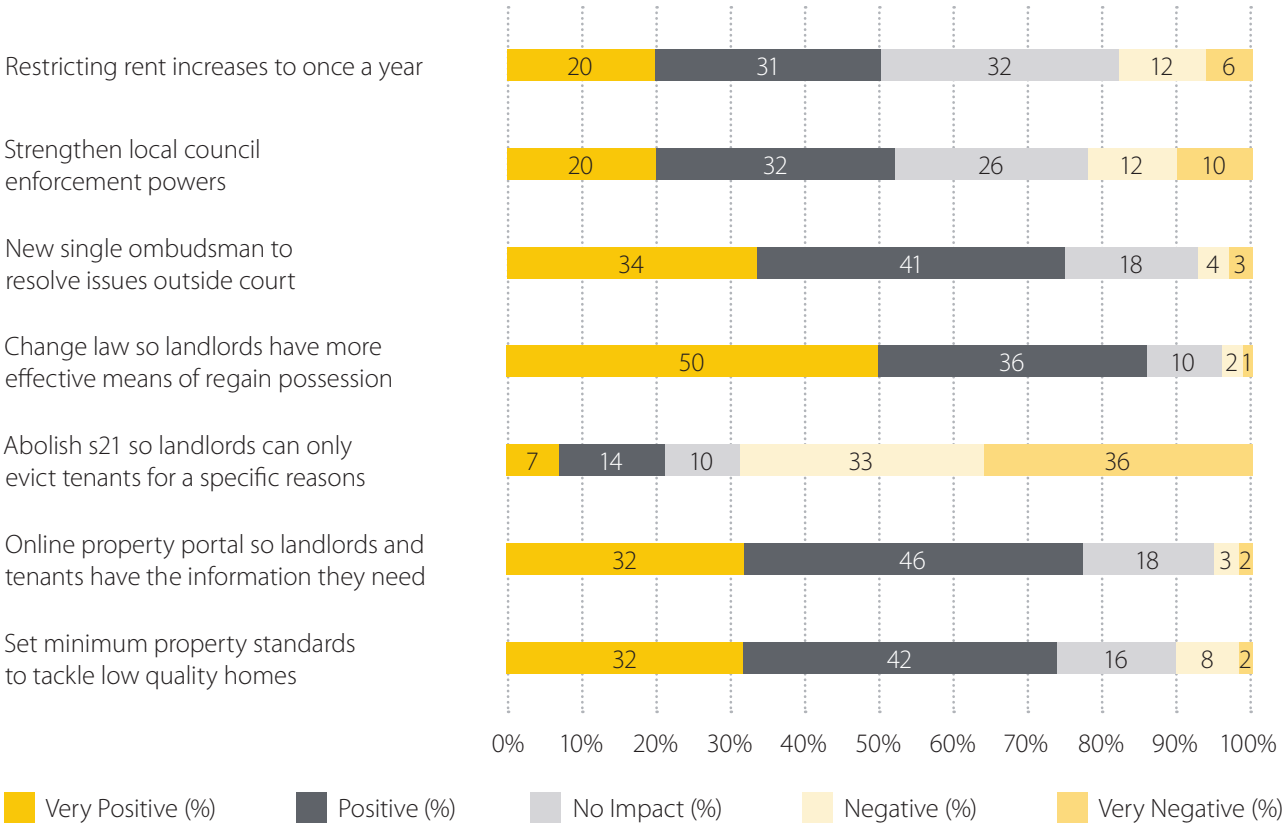
The survey also sought landlord views on the key changes proposed in the 2022 White Paper A Fairer Rented Private Sector. The survey asked respondents to give their view on the impact of each of the proposed changes.

The picture that emerges is that landlords are considering the proposed changes to be broadly positive, with one exception (Figure 8.1). Some of the White Paper proposals align with those that featured among the landlords' own ideas of what needed changing. Changing the law so landlords have more effective means of regaining possession was viewed as having a positive impact by 86% of respondents. Three quarters of respondents were similarly positive about setting minimum standards, the idea of an online information portal, and an Ombudsman to resolve issues outside court.

Given the frequency with which improving enforcement occurred among landlords' own suggestions for change, it is somewhat surprising that only half of respondents thought that strengthening local authority enforcement powers would have a positive impact.

The one proposal that attracted a very different assessment was the abolition of Section 21. This was rated as having a negative impact on the sector by two thirds of landlords, including more than one in three who rated it as having a very negative impact. Only one in five landlords thought this move would have a positive effect.

Figure 8.1: Landlords' views on impact of proposed policy changes (England, n. = 550)



Our survey went beyond asking for a general assessment of the impact of the proposed policy changes and gave participants the opportunity to explain in their own words what impact, if any, the current proposals will have on their management of their properties (Table 8.3).

Table 8.3: "What impact, if any will the current proposals for legislative and regulatory change have on how you manage your properties? (England)" (open text survey question)

Top 6 themes	Number of respondents
No impact	213
May reduce portfolio or leave sector	138
Will introduce stricter tenant selection criteria	43
Don't know or undecided	28
Will pass on costs to tenants	24
Evicting problem tenants now	5

The most common response – by a considerable margin - was "no impact" . These landlords explained that their properties already met or exceeded regulatory requirements and that they would take steps to comply where necessary. The second most common response related to portfolio intentions: some were unhappy with the increased regulatory burden and said they would consider reducing their portfolio or exiting the sector altogether. The removal of Section 21 and the costs associated with bringing properties up to required minimum energy efficiency standards emerged as key concerns. Several landlords also described possibly introducing risk mitigation strategies, such as stricter tenant selection criteria or passing on additional costs to tenants via increased rental charges.

There is perhaps a slightly differing emphasis here between respondents' general assessment of policy impacts and their report of how it would affect their own practices. The proposal to remove Section 21 was broadly viewed as having a negative impact on the sector, but indications of negative impacts on management practices were less widespread. That may be because the impact on management practices is the net effect of the suite of changes. It is undoubtedly the case that there was considerable strength of feeling expressed by some respondents:

> If I cannot maintain that level of control over my investment, then I will remove my money and put it elsewhere. It is not okay in my opinion for the government to dictate what happens in a private property (open text survey response, England)

Scotland

Landlords in Scotland (n: 294) were asked how the law should change in order to help improve standards in the PRS. Many of the themes that emerged resonated with those among landlords in England (Table 8.4).

Table 8.4: "What about the law do you think needs changing? (Scotland)" (open question)

Top 10 themes	Number of respondents
Improve enforcement	59
More information or support	24
More rights or protection for landlords	21
Law is biased towards tenants	15
Improve possession proceedings	12
Simplify the law	10
Address anti-landlord rhetoric	8
More support for tenants	8
Responsibilities and rights in common areas	5
Change tenant notice period (too short)	5

Landlords in Scotland believed existing laws should be better enforced and called for proactive inspections to be carried out by local authorities under the National Registration Scheme:

> If landlords on the register had property spot checks by the council for compliance, and the charge wasn't another way to tax landlords, then the registration system and tenants' rights might actually be enforced and upheld (open text survey response, Scotland)

> Unsatisfactory properties should be taken off the market and bad landlords stopped from renting out. This would involve proactive work from local councils/agencies (open text survey response, Scotland)

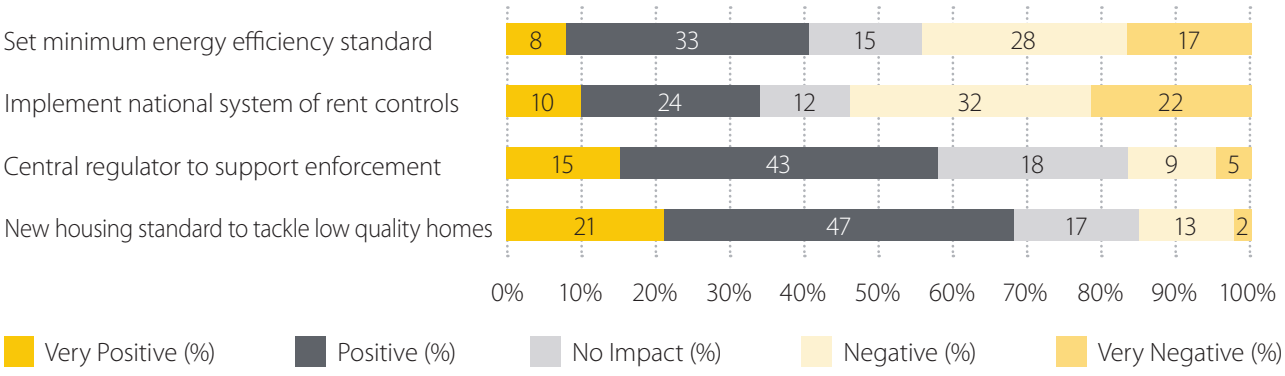
Because of the lack of enforcement, landlords questioned the legitimacy of the regulatory system and described how they felt that 'the government only appear[s] to be after the law-abiding landlords' (open text response). Some landlords felt that existing legislation was sufficient to ensure good standards, with one participant expressing that, 'the current regime gives a fair balance of right and responsibilities to both tenants and landlords' (open text response). Others in turn felt that the law was biased towards tenants and called for more information and support and/or for more protection against problem tenants.

The survey also explored the landlords' views on four key measures proposed in the 2021 A New Deal for Tenants – draft strategy. Two of the measures attracted majority support (Figure 8.2). More than two thirds of respondents felt that a new housing standard to tackle low quality housing would have a positive impact on the sector. Slightly fewer (58%) felt that a central regulator to support enforcement would have a positive impact.

Views on the impact of setting a minimum energy efficiency standard were more finely balanced: 42% of respondents considered that it would have a positive impact, while 45% thought the impact would be negative. Those who viewed this proposal negatively were more likely to see the impact in stronger terms: 17% viewed it as likely to have a very negative impact, compared to only 8% who viewed it as likely to have very positive impact.

This strength of feeling was mirrored in relation to the implementation of a national system of rent controls, which was the only proposal viewed negatively by the majority of respondents (54%). The proportion assessing this proposal as likely to have a very negative impact was twice the proportion who viewed it as very positive (22% cf 10%). This finding is pertinent in relation to the recently announced rent freeze in Scotland which includes the PRS alongside social and student housing.

Figure 8.2: Landlords' views on impact of proposed policy changes (Scotland, n. = 288)



The survey asked landlords to describe in their own words how the current proposals would impact the management of their properties (Table 8.5). Most reported that there would be no impact, or that they would take the steps necessary to comply. Several respondents did however indicate that they might reduce their portfolio or leave the sector. Commonly raised issues included the challenges of meeting future EPC standards, feelings of being overburdened by increased regulatory requirements, and possible difficulties in regaining access to properties.

Table 8.5: "What impact, if any, will the current proposals for legislative and regulatory change have on how you manage your properties? (Scotland)" (open text survey question)

Top 6 themes	Number of respondents
No impact	81
May reduce portfolio or leave sector	75
Will comply	52
Don't know or undecided	23
Pass on costs to tenants	17
Stricter tenant selection criteria	4

Northern Ireland

Landlords in Northern Ireland (N: 94) were asked to describe how the law should be changed in order to help improve standards in the sector. Their views reflected the concerns of landlords in England and Scotland (Table 8.6). The most frequently raised issue concerned the need for more rights to protect landlords against problem tenants e.g., against non-paying tenants and those causing damage to properties. Respondents also called for improved enforcement and more information or support:

Table 8.6: "What in the law do you think needs changing? (Northern Ireland)" (open question)

Top 5 themes	Number of respondents
More rights or protection for landlords	17
Improve enforcement	11
More information or support	7
Less regulation	6
More support for tenants	5

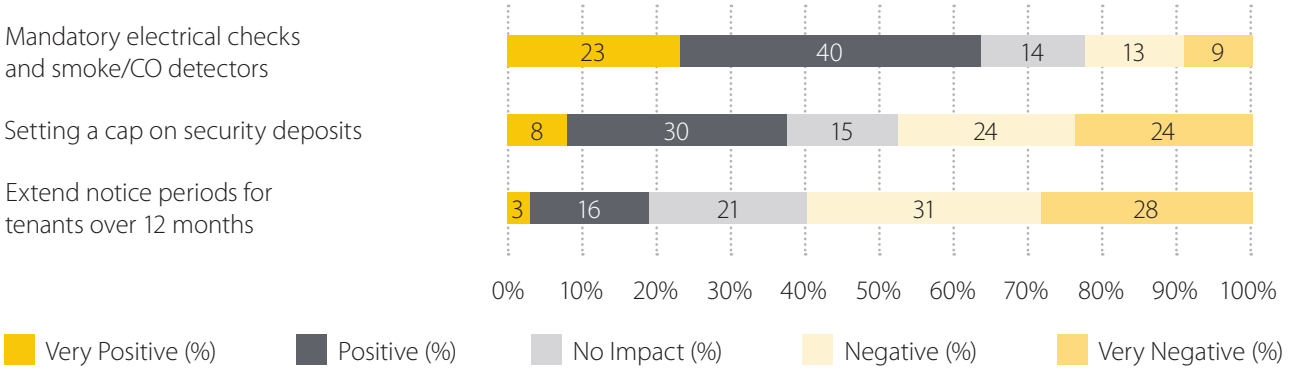
Landlords were asked to provide their assessment of three key policy changes. The perspective offered on each proposal was rather different (Figure 8.3).

Introducing mandatory electrical checks and installation of smoke and carbon monoxide detectors was viewed by more than six out of ten landlords as likely to have a positive impact.

In contrast, six out of ten landlords stated that extending notice periods on tenancies over 12 months would have a negative impact – and more than a quarter of landlords expected the impact to be very negative.

The third proposal – setting a cap on security deposits – generated a more mixed set of views: while 38% viewed this as likely to have a positive impact, nearly half (48%) considered it likely to have a negative impact and, of this group, half thought the likely impact very negative.

Figure 8.3: Landlords' views on impact of proposed policy changes (Northern Ireland, n. = 89)



(Row percentages may not sum to 100 due to rounding)

Several respondents in Northern Ireland said that these proposed legislative changes would have no impact on their decisions and management practices, or that they would comply. Some said that they might reduce their portfolio or leave the sector, whilst others remained undecided.

Table 8.7: "What impact, if any, will the current proposals for legislative and regulatory change have on how you manage your properties? (Northern Ireland)" (open text survey question)

Top 5 themes	Number of respondents
No impact	16
May reduce portfolio or leave sector	16
Don't know or undecided	14
Will comply	12
Pass on costs	4

Wales

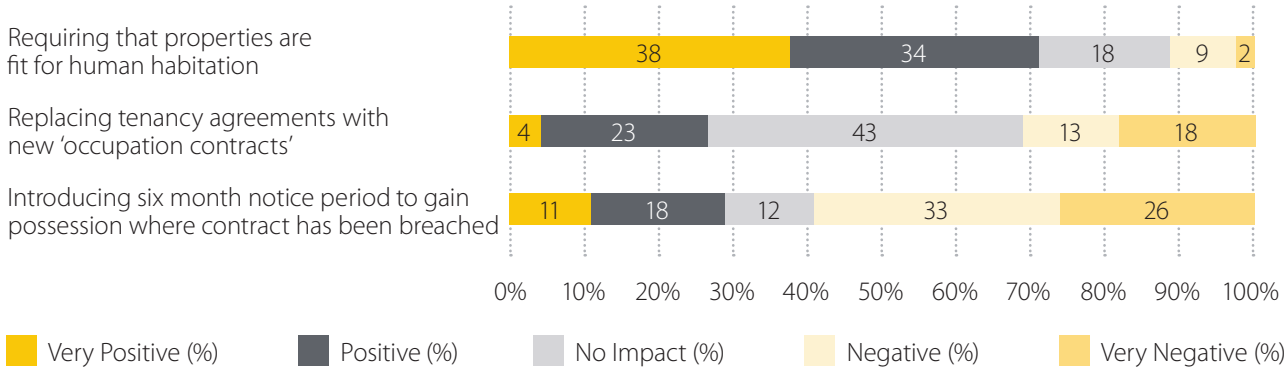
Landlords in Wales (n: 57) were asked to give their views on how the law should be changed to help improve standards in the sector. Only a few comments were received. These suggested that there should be more information or support (n: 6), more enforcement (n: 7), and a simplified system to deal with any problems that occur (n: 3).

The Welsh Government has three key aspects of its reform in the PRS and landlords were asked to assess the likely impact of each one (Figure 8.4). The requirement that properties should be fit for human habitation was the most positively received. Nearly three quarters of respondents thought that this would be positive, while only one in ten assessed its likely impact as negative.

The move from tenancy agreements to occupancy contracts met with a neutral response. Nearly half respondents thought it would have no impact. The remaining respondents were split on whether the impact would be negative (31%) or positive (27%).

Landlords' views were decidedly less positive about the proposal to introduce a six month notice period to gain possession when the contract hasn't been breached. Nearly six out of ten felt that this would have a negative impact on the sector. In contrast, only one out of ten thought it was likely to have a very positive impact.

Figure 8.4: Landlords' views on impact of proposed policy changes (Wales, n. = 56)



(Row percentages may not sum to 100 due to rounding)

In response to upcoming regulatory changes, some landlords said that they would reduce their portfolio or leave the sector (Table 8.8). A number said they would comply or that the proposals would have no impact.

Table 8.8: "What impact, if any, will the current proposals for legislative and regulatory change have on how you manage your properties? (Wales)" (open question)

Top 5 themes	Number of respondents
May reduce portfolio or leave sector	19
Will comply	14
No impact	13
Stricter tenant selection criteria	2
Pass on costs	2

Overall impact

After giving their views on individual policy changes currently proposed in their country, respondents were invited to provide a summary assessment of the overall impact of the package of reforms. As is clear from the discussion above, landlords took different positions on the likely impacts of specific reforms, so this question was asking them to give an assessment of the net effect.

The results are interesting both in their own right and when compared to the profile of answers to the previous questions. An initial observation is that a quarter of respondents – and over a third in Northern Ireland – did not feel able to offer an assessment of overall impact (Table 8.9). Very few considered that the reform package would have no impact. Where respondents provided an assessment, it was predominantly negative. Views were most definite in Wales and they were also most clearly negative: 80% of respondents offered a definite view and 60% of them viewed the reforms negatively. Reforms were viewed most positively in Scotland but, even here, less than one in five respondents thought the net effect of reform would be positive.

These responses might initially appear somewhat at odds with the answers given in the previous sections, where there was much broader support for some of the reforms being proposed. The most likely way to reconcile these findings is to assume that landlords are weighting the reforms differently. In particular, the reforms that would appear to strengthen the position of tenants - increasing tenure security or notice periods, introducing rent controls – appear to be particularly heavily weighted relative to the reforms which are viewed more positively.

Table 8.9: Overall impact of national proposals for policy change, by country

	England (%)	Scotland (%)	Northern Ireland (%)	Wales (%)	Overall (%)
Positive	15	18	11	11	15
Negative	55	50	45	60	53
No impact	4	5	7	11	5
Don't know	26	27	37	19	27
no.	558	293	89	57	997

Future letting intent

The policy environment in which landlords are operating is in a state of flux. This is not simply a question of proposed housing policy changes but also of policy changes that have already been implemented. In addition to significant policy change there are changes to market conditions and personal circumstances. The survey was conducted in summer 2022 before the sharp change in the macroeconomic environment, particularly increases in interest rates, occurred. While we cannot be sure how landlords are responding to these contextual changes it is likely that they will lead some landlords to revise their plans.

The survey sought to gather information on landlords' future letting intent in the short term and some indication of the drivers of those plans. The survey suggests that the position most frequently adopted by landlords is to maintain the status quo: four out of ten indicated that they planned to keep the same number of properties over the next two years (Table 8.10). Only one in ten respondents was planning to increase their holding. In contrast, 15% stated that they were planning on selling all their properties and leaving the business; a further 16% were planning to decrease their holdings.

Planning to increase holdings was most common among less-experienced landlords, but these landlords were also most likely to be planning to sell all their properties. The plan to decrease holdings was most common among long-term landlords.

Table 8.10: Landlords' plans for their properties over the next two years, by experience

	Less-experienced landlord (3 years or less) (%)	Medium- term landlord (4 to 10 years) (%)	Long-term landlord (11 or more years) (%)	Overall (%)
Keep the same number of properties	42	47	42	43
Decrease	5	11	20	16
Increase	15	9	8	9
Sell all properties and leave the business	23	13	15	15
Not made plans	15	20	14	16
n.	74	330	592	996

(Column percentages may not sum to 100 due to rounding)

Smaller landlords were more likely to be planning to keep the number of properties the same over the next two years (Table 8.11). Yet they are also more likely to be planning to sell all properties and leave the business.

Larger landlords were more likely to have clear plans and to be changing their holdings than smaller landlords. They were also more likely to be increasing their portfolio. It would be possible to read these intentions, if realized, as indicating a modest tendency towards concentration of ownership in the sector, although more information would be needed in order to be confident of that conclusion.

Table 8.11: Landlords' plans for their properties over the next two years, by size of portfolio

	Number of properties					Overall (%)
	1 (%)	2-4 (%)	5-9 (%)	10-24 (%)	25+ (%)	
Keep the same number of properties	47	47	34	30	38	43
Decrease	3	18	31	25	27	16
Increase	6	8	11	23	19	9
Sell all properties and leave the business	20	13	12	14	8	15
Not made plans	24	14	12	8	8	16
n.	326	392	172	79	26	995

Respondents who indicated they were either planning to decrease their portfolio or sell all their properties and leave the business (n: 311) were invited to indicate why that was the case. Landlords flagged up law and regulation as the key driver. In each country except Scotland forthcoming changes in law and regulation were cited more frequently than changes that have already occurred (Table 8.12). Landlords in Wales were particularly likely to cite forthcoming changes. Government attitudes towards tenants were also most frequently identified as a reason in Wales (72% of respondents), but least frequently an issue in Northern Ireland (42%). Financial reasons, personal reasons and market reasons played more modest roles in driving plans in the near term, with the exception of financial reasons in Northern Ireland (42% of respondents).

Table 8.12: Reasons for planning to decrease or sell portfolio, by country

	England (%)	Scotland (%)	Northern Ireland (%)	Wales (%)	Overall (%)
Forthcoming changes to law/ regulation	70	65	58	84	68
Recent changes to law/regulation	52	64	42	72	56
Government attitude towards tenants	55	58	42	72	56
Too many problems with tenants (eg anti-social behaviour, property damage)	26	28	39	20	28
Financial reasons	21	20	42	24	23
Personal reasons	16	29	29	12	21
Other	18	17	23	16	18
Market reasons	6	4	13	4	6

(n. = 311)

When these responses are considered by landlord size there is no consistent overall pattern. Medium sized landlords were most likely to be concerned about forthcoming legislation. In contrast, the frequency with which recent legislative changes were cited as a reason increased as size increased: fewer than half of single-property landlords identified this as a reason whereas nearly four out of five landlords with 25 or more properties did so. The largest landlords were also most likely to cite the government's attitude towards tenants as a reason.

Finally, we consider whether landlords' plans for the next two years are related to differences in landlords' orientation to the role. We do this using the reasons the landlord specified for initially becoming involved in private renting (Table 8.13). If we can assume that initial reasons for becoming a landlord map onto current approaches to being a landlord, then reasons for entering the sector can give a broad indication of differences within the landlord community. As noted earlier, this assumption can only be made cautiously. However, the data do suggest some discernible differences in approach.

Those who became private landlords as a full-time business – who might be expected to be more strategic in their approach – were most likely to have a plan for the next period and were very likely to be planning to change their portfolio: they were the group most likely to be thinking in terms of increasing their portfolio (23%). The only other groups who recorded an above average intention to increase their holdings were those who initially inherited or were given property (16%) and those who prefer to invest in property rather than other investments (13%).

In contrast, most groups who entered private landlordism through more "accidental" routes were more likely not to have made a plan (set up home elsewhere with partner (22%), couldn't afford mortgage (31%), provide a home for a friend or relative (28%)). The exception is those who inherited or were given property (14%). Relatively few of those who entered landlordism through these more "accidental" routes were planning to increase their holdings over the next two years.

However, the small groups who entered landlordism for personal financial reasons (Property was in negative equity and I couldn't sell it (47%), Could not afford the mortgage to live in the property (19%)) formed the largest proportion of respondents planning to sell their portfolio and exit the market. Yet, one in five of the group that entered landlordism as a full-time business – the group that we might assume is most strategic in its approach - were also planning on leaving the sector.

Table 8.13: Landlords' plans for their properties over the next two years, by reason for starting renting (multiple response possible)

	Keep the same (%)	Decrease (%)	Increase (%)	Sell up and exit (%)	Not made plans (%)	n.
To save for retirement	43	20	10	14	14	427
To supplement income	46	18	10	15	12	331
Prefer to invest in property rather than other investments	42	19	13	12	14	285
An investment for children's future	45	18	5	13	19	166
Set up home elsewhere with my partner	45	14	7	11	22	125
Inherited or was given property	47	14	16	8	14	106
Other	40	13	7	22	17	89
To let property as a full-time business	29	21	23	21	6	78
To provide a home for a relative or friend	45	11	4	12	28	67
Could not afford the mortgage to live in the property	31	19	0	19	31	16
The property was in negative equity and I could not sell it	27	7	0	47	20	15
%	43	16	9	15	16	100
(n.)	(432)	(160)	(92)	(151)	(162)	(997)

(Note: row percentages may not sum to 100 because of rounding)

Summary

Across the four nations of the UK, participating landlords took different positions on the proposals for reform. Those that relate to improvements in the physical condition of properties – e.g., the introduction of minimum standards (England, Scotland), electrical/gas safety (Northern Ireland), introduction of a central regulator (Scotland) - were generally positively received. Overall, the reforms that strengthen the position of tenants - increasing tenure security or notice periods, introducing rent controls - appear to be viewed less favourably. In terms of letting intent, participating landlords were most likely to report that they plan to keep their holdings the same. However, a significant minority of participants indicated they may reduce their portfolio or leave the sector altogether. We cannot infer that these plans will result in a reduction in the overall size of the private rented sector. These properties may be purchased by other landlords whose business model is resilient to a more challenging economic and regulatory environment.

Chapter 9 | Conclusion and discussion

This chapter outlines our key findings on landlord behaviour and the implications of those findings for policy. Findings from the stakeholder interviews are incorporated to support the discussion.

Managing property condition

Our research highlights variations in landlord behaviours and practices regarding the maintenance and updating of properties. Some landlords approach matters of repairs and maintenance in a highly professional manner and apply proactive strategies, e.g., scheduling maintenance at regular intervals. Whilst this more professional orientation is more likely to be associated with larger landlords, the findings suggest that portfolio size is not an entirely reliable indicator of the way in which landlords approach managing the condition of their property. The data provides examples of "extra-role behaviour,"[63] and highly professional practices among those with only one property.

Our research suggests that a reactive approach (which relies primarily on tenants reporting issues) is commonplace and a significant proportion of landlords do not adopt a more structured and business-like approach towards managing property conditions and finances. Whilst many participants did anticipate and save for future works, a substantial minority did not. Whilst good practice in financial management (e.g., calculating monthly cashflows to cover the cost of repairs and maintenance or setting aside money for voids and turnovers) appears to be more commonplace among landlords with larger portfolios, a significant proportion of even the largest landlords did not adopt these practices.

From inevitable property maintenance to rental income taxes, there are many expenditures that will affect a landlord's cash flow. Learning better financial management practices and how to maintain contingency funds is therefore likely to be extremely helpful in ensuring that properties are maintained to a good standard and will reduce the risk of landlords struggling financially in the face of unexpected events. Even minor maintenance may become an issue if it has not been budgeted for (a factor that may become increasingly important as the cost-of-living crisis intensifies).

With the UK Government hoping to encourage a more proactive approach under the new Decent Homes Standard, understanding the drivers of these behaviours is important. Resonating with existing research[64], our study demonstrates that landlords often encounter barriers and challenges, such as a lack of understanding of regulation, costs, and a lack of tradespersons. Our research does, however, add a further dimension: investment in the physical condition of properties is, to a significant degree, also an attitudinal issue. It is based on subjective beliefs reflecting landlords' preferences, their views on tenant satisfaction, and their interactions with tenants.

Whilst law and regulation are by no means inconsequential, the most significant indicator affecting perceptions of rental property standards is whether the landlord would be willing to live in the property themselves. If landlords' own personal standards are anchored on higher standards than the legal minimum, then the implications for the compliance of the property with the law might not be significant. However, if landlords' beliefs about acceptable standards for rental property lie below those specified as the legal minimum, then an approach resting on subjective belief is problematic.

[63] Where landlords would invest in their properties beyond the legal minimum.

[64] See Chapter 2 for references

Whilst our high-level survey responses do not allow us to unpick these subtleties, relying on personal preferences or the interactions with tenants as key benchmarks for assessing property standards clearly risks significant disparities in the way landlords fulfil their roles. As a result, tenants may experience inconsistent behaviour and unpredictable treatment and may in turn respond to this insecurity in ways that can be detrimental to tenants and landlords alike (e.g. by not reporting repairs). In addition, stakeholders emphasised that there are requirements in the PRS that 'are not necessarily things you would expect in your own home' (Stakeholder 2, Scotland), and that certain issues only become apparent over time when residing in a property:

> Where it comes to things like draughty windows, that's maybe not something that they're necessarily conscious of when they're having a quick look around the property. It's only something you would experience if you were there for quite a while that it would then come to annoy you. If the windows were excessively draughty, that would breach the legislation (Stakeholder 2, Scotland)

> It's easy for landlords to say "oh, yeah, I'd be happy living there" until they're actually living there and lived in the quality of the property for a while. You can go "oh, it's only a bit of a mould on the wall or something, just scrub it down, it will be fine." But then it comes back and it keeps coming back (Stakeholder 4, Scotland).

Our research highlights issues with repair models that are primarily based on tenants raising complaints. The research supports other recent findings by demonstrating how tenants manage uncertainties within the market, e.g., by not asking for repairs or by performing maintenance themselves[65]. In an increasingly competitive housing market, the lowest risk strategy for tenants may be to not raise complaints. Nevertheless, reporting of issues by tenants is crucial in ensuring that properties are properly maintained. Although the sector could give greater emphasis to proactive management on the part of landlords (e.g., regular inspections, maintenance schedules), there will always be a need for a certain amount of reactive action. One stakeholder called for a "cultural shift", whereby tenants will feel comfortable reporting issues:

> We've got to have an arrangement where we're not penalising landlords unfairly, and I think properties do disintegrate and disrepair occurs, and there's no way the landlord can be there to see that happening all the time (Stakeholder 3, England)

> We want to create a culture where, it's not whistleblowing, it's not complaining, but it's reporting and it's done in a way that it's felt like the responsible thing to do rather than a burdensome thing to do, or something that may put you in bad graces (Stakeholder 1, Scotland)

Elsewhere we have argued that UK and devolved governments should improve the advice and informational ecosystem available to tenants so that renters are able to assert their legal rights, be aware of their entitlements, and have options for a speedy resolution when problems occur[66].

In addition, academics and lobby groups, from across the political spectrum, have argued that the introduction of longer-term tenancies and restrictions on the terms by which landlords can terminate tenancies are key to empowering tenants and reducing feelings of insecurity. In 2016 Scotland radically overhauled tenancy law, thereby introducing open-ended tenancies and ending no-fault grounds for possession. Wales sought to address the limited security of tenure under The Renting Homes (Wales) Act 2016, and in 2019 the UK Government announced that no-fault grounds for possession would be removed in England. However, even if these legal changes are necessary to move the sector to a better position, they are likely not sufficient because they do not touch the more fundamental relational dynamics at play. This point was captured by one of the stakeholders:

[65] Harris and McKee, Health and wellbeing in the private rented sector | part 2 (n 21)

[66] Harris, J. (2021) Innovation in housing advice in the UK private rented sector (Accessed: 5/10/22).

> It's like a megalith of lobbying that's sat around Section 21 and I can see the reasons why that's happened … but it's an illusory paradigm shift, because it's not reframed the relationship between landlord and tenant in reality, because we know that that relationship has got lots and lots of misunderstandings that sit in it (Stakeholder 5, England).

Our research contributes to a growing body of evidence which demonstrates that besides law or legal frameworks the dynamics of the landlord-tenant relationship are particularly important in framing both landlords' and tenants' experiences.

The landlord-tenant relationship

This report highlights the importance of the landlord-tenant relationship in shaping landlords' thinking and behaviour. This interaction is central to an array of management practices, including decisions on using a letting agent, rules on personalising the space, and assessments of property standards. Our data suggests that the landlord-tenant dynamic carries greater weight than legal frameworks in shaping understandings of what it means to be a responsible landlord (which in itself is a key driver of behaviour).

The landlord-tenant relationship is complex and multi-faceted. It can lead to improved outcomes for both parties, as emphasised by our stakeholders:

> We tended to find that where the tenant has a direct relationship with the landlord, there's a lot of added benefits to it … tenants have a better relationship with them, they rate them higher in terms of responsiveness, the repairs, etc, in large part because of landlords being proud of the house, wanting to make sure that they are offering a good service (Stakeholder 6, England).

On the other hand, the relationship between landlord and tenant is historically unequal, polarised and characterised by stereotypes assigned to each role. Some stakeholders described how depictions of an "adversarial" relationship and moralistic dualisms of "good" and "bad" frame popular narratives (e.g. as seen in the Channel 5 documentary Nightmare Tenants, Slum Landlords). These cultural constructions and assumptions of tenant behaviour influence how landlords think and behave within the sector. For example, tenants who failed to report emerging problems was a key frustration and fears of the stereotypical risky tenant are driving increasingly stringent tenant selection criteria. This has negative implications for households seeking to rent a home; this is particularly the case if they do not meet the picture of an ideal tenant:

> I think landlords don't recognise the power dynamics in terms of that they hold so much power over whether this person gets a home or not. There is that lack of understanding of tenants needing the security in the home and them needing the housing in general (Stakeholder 4, England).

One consequence of these findings is that regulatory reforms such as simplification of the law, improvements in the security of tenure, and enhancements in the provision of information and advice, will only have limited impact unless fundamental changes are made in the conceptualisation and regulation of the relationships between landlords and tenants. As a first step, personal aspects of the relationship, that go beyond traditionally accepted economic and legal interactions, must be recognised as being important for both parties' experiences. In addition, appropriate structures need to be put in place to help both parties to understand, protect and enforce their rights in the event of non-compliance and disputes.

The availability of advice and information

Compliance with regulations is contingent on a landlord possessing the requisite knowledge. When individuals do not have this knowledge, instinctual behaviour is likely to take over (e.g., what people think is right or fair). Many landlords aspire to be "good" landlords and believe themselves to be so, but the definition of "good" can vary and a definition guiding behaviour may only partially overlap with what would be considered a legally conscientious approach. It is therefore imperative that regulatory systems assume an informational role and adequately disseminate information to the parties it seeks to regulate in order to ensure landlords are educated on their rights and responsibilities.

Our findings suggest that the provision of information across the four nations of the UK requires improvement. Whilst the data suggests this to be the case for each nation of the UK, landlords' experiences do seem to differ somewhat between countries. In England, most landlords felt that changes in the law are not clearly communicated. While this appears to be less of an issue in Scotland and Wales, this view was still expressed by 50% of respondents, and these are nations where information provision is - at least in principle - better integrated into the regulatory system. Recent research with low-income tenants in Scotland demonstrates that tenants also need to be better informed about their rights and how to resolve issues with their tenancy[67].

Websites such as www.gov.co.uk are a type of information provision that can be understood as operating passively. They can contain substantial collections of valuable information which, this study suggests, could be improved further through rigorous assessment to ensure accessibility and comprehensibility. However, regardless of quality of information available on these websites, they will make no impression on landlords or their behaviour and practices unless landlords actively seek the information. Such websites rather "lie in wait" for the user. An alternative approach involves proactive information provision that anticipates the needs of the users (such as the need to understand upcoming regulatory changes) and seeks to direct the information accordingly.

Landlords were generally positive about regular proactive email communications (e.g., in Wales from Rent Smart Wales or in Scotland from local authorities). This indicates that national systems of registration and licensing can function as important tools in the development and sharing of knowledge about the sector. The findings also suggest that letting agents can play an important role in sharing information and educating landlords. However, considerable variation exists in the provision of this type of information, as confirmed by participating stakeholders:

> We have this potentially amazing tool in landlord registration. It could be such a useful resource in disseminating information to them and it's just not well used for that purpose by so many local authorities … Most landlords are not a member of a membership organisation. That means they have no way of getting the information that they need unless they sit down and proactively look it out. But if you don't know something has changed, why would you start looking for it? (Stakeholder 2, Scotland)

The findings suggest that regulatory systems are failing to adequately acknowledge landlords' lack of knowledge of the law. Particularly in England and Northern Ireland, where the proactive delivery of information to landlords is not integral to the design of the regulatory system, the system appears to operate on the implicit assumption that individuals will proactively seek out the necessary information and adjust their behaviour accordingly. These assumptions are problematic, with our data showing that many landlords only acquire information in a reactive manner. Although some landlords do seek information proactively, regulators need to be responsive to different information-seeking strategies. Either they need to assume an active approach in communicating with the sector or they need to address the more fundamental issue of reshaping landlords' understanding of their responsibility to stay up to date.

[67] McKee, K., Simcock, T. and Harris, J. (2022) The challenges of living in Scotland's private rented sector. Low income renters' qualitative experiences (Accessed: 5/10/22).

Many participants in Scotland and England called for a centralised information resource in order to facilitate access to information. The recent proposal in England for the development of a central information portal, as outlined the 2022 A Fairer Private Rented Sector White Paper, is arguably a positive development. Landlords who operate proactively are likely to value the introduction of a "one stop shop" that provides information on their rights and responsibilities. However, unless the portal is also used as a medium for proactive communication with landlords, it risks failing to engage those whose approach to information is more reactive. Whilst providing local authorities with accurate information on PRS properties via the portal could help target both enforcement and education-based activities, resources are a key factor that will affect local authorities' activity in this area. The comments of one stakeholder in England illustrated the concern that the UK Government's current proposals fall short in specifying how adequate information and education will be made available to ensure compliance with the new requirements:

> Local authorities will have a bigger role around the regulatory and the enforcement side. They'll have new duties around what a decent home is, and they've got the new HHSRS. Are they also supposed to do all this education and training? … Whether local authorities have the capacity to do that, or whether that should come from central government, or whether there's a third unsuggested option or where that's going to come from, but it seems to be one of the missing links at the moment in regards to how landlords even will know. (Stakeholder 3, England)

One of the challenges in thinking through the options here, including considering whether there is a viable as yet "unsuggested option", are the findings on landlords' use and trust in information sources. These suggest that as policy design moves beyond considering formal and official sources to disseminate information landlords' inclination to trust the information being offered declines.

Letting agents

This research illustrates the important role letting agents can play in ensuring that landlords are compliant with the law and that the homes they provide are safe and secure. Letting Agents can clearly encourage adherence to standards and influence other key decisions that impact tenants' experiences of home. The findings suggest that there is greater potential for letting agents to play a role in framing and reframing landlord behaviour (rather than merely accepting or perpetuating current practices) than is currently recognised. Letting agents could therefore be pivotal in improving standards and management practices in the PRS.

These findings indicate a need to consider a wider "web of influence" that goes beyond formal Government and legal sanctions within the PRS. Governments and local authorities do not have a monopoly over the regulation of the sector. However, feedback from the stakeholders indicates that the role of letting agents in raising standards and encouraging compliance is perhaps more implicit than explicit:

> I think if we had a more professional letting agent sector where there was that commitment to higher standards, that demonstration around committing to the code and actually a demonstration about them turning down clients because they don't meet the standards, I think that would be a really powerful thing to see (Stakeholder 1, Scotland)

> I've looked at a number of letting agents' websites recently and not one of them in its list of services to landlords says we will ensure that your property is compliant ... That's not what they sell to landlords, which to me, that's a little bit alarming (Stakeholder 5, England)

Whilst letting agents clearly can contribute to improved standards, data from our study shows variability in their practices. Many landlords reported problems and issues with their services. Decisions to self-manage the property are often related to landlords' preference for a direct relationship with tenants and their own capacity to fulfil the property management role. However, a belief that letting agents offer poor value for money and that they have a poor reputation also act as a deterrent to using these services. This is particularly the case in England and Northern Ireland where, compared to Wales and Scotland, the letting agent sector remains largely unregulated (e.g., in terms of training requirements). Landlords' decisions to stop using an agent are rarely driven by affordability-related issues but are associated with a range of dissatisfactions with the services provided.

These findings suggest that we are a long way from being able to rely on this part of the market to help regulate the market, a sentiment also shared by participating stakeholders. Particularly in England and Northern Ireland, current regulation of letting agents is not sufficient to ensure that landlords receive a consistent standard of service. Although, in England, Trading Standards does operate within this market, they tend to become involved once a problem has occurred. Our findings indicate a need for more proactive regulatory intervention to ensure greater consistency in the services delivered by letting agents. One option could be the introduction of a central regulator, or the introduction of mandatory training qualifications as recommended by the working group chaired by Lord Best[68]. Stakeholders in Scotland also suggested that the training requirements for letting agents in Scotland should be expanded to cover junior members of staff.

The letting agent sector involves a broad range of actors and organisations. Stakeholders held conflicting views about the quality of services of larger companies in comparison to those of smaller independent franchises. Some believed larger companies offered a better standard of service, whilst others felt smaller agencies performed better and were favoured by tenants. This demonstrates a gap in our knowledge about the role of letting agents and underlines the need for further research to explore if and how practices differ between types of agents.

Tenant selection

Landlords perform a key role as gatekeepers to the PRS market. Our research shows that both formal and informal strategies are being adopted at the point of application and that this has important implications for the fairness and efficiency of tenants' housing search.

When selecting tenants, landlords exercise their right to perform preliminary checks on a prospective tenant's ability to respect contractual obligations, e.g., by means of financial background checks and references. Certain criteria, such as a history of rent arrears or a criminal record, are largely objective and explicit. But landlords also adopt informal approaches and subjective criteria when selecting tenants. Informal approaches tend to be more variable and inconsistent, and the use of subjective impressions can lead to discrimination. Research in other contexts has demonstrated that subjective screening practices can undermine access to housing among lower income and other stigmatised populations[69].

Reflecting findings from other recent research, investing in the PRS was conceptualised by many of the landlords we spoke to as a high-risk activity[70]. The implementation of strict tenant selection criteria is a response to feeling at risk and unprotected by the legal system. Reflecting findings from the interviews and survey, some stakeholders emphasised that these decisions are driven by realistic concerns regarding the difficulties of regaining possession through the courts and the costs that this process incurs. In addition, heightened demand for rental properties in competitive local housing markets allows landlords to be choosier.

[68] DLUCH (2019) Independent report. Regulation of property agents: working group report (Accessed: 5/10/22).

[69] Reosti, A. (2020). "We Go Totally Subjective": Discretion, Discrimination, and Tenant Screening in a Landlord's Market, Law & Social Inquiry, 45(3).

[70] Rugg and Rhodes, The evolving private rented sector (n 2)

Reforming dispute resolution processes will therefore be an important aspect of addressing landlords' perceptions of risk and associated management practices, including those that govern access to the sector. However, an important message throughout this report is that landlords' behaviour is not driven by single drivers. Improvements in the sector can only be achieved if we have a better understanding of the reasons why landlords behave as they do, an understanding which takes relational and cultural factors into account.

The need for a cultural change

The findings clearly demonstrate that, besides economic factors and regulatory developments, other factors influence landlord thinking and behaviour. Behaviour within the sector is also conditioned by norms, values and relationships, which in turn fundamentally affect how tenants experience home. Landlords operate with a great deal of discretion and their behaviour is largely driven by these wider social and cultural factors. These drivers shape management practices and therefore can be explored as potential leverage points for change.

Participating stakeholders highlighted the need for a cultural change in the sector and presented a number of points, e.g., on repairs and maintenance, that landlords should view maintenance as inevitable, need to be proactive and make financial provisions, and that tenants should feel able to actively report issues without having to fear possible consequences.

Another aspect of this cultural change was said to involve popular depictions of the sector. Some stakeholders felt properties should be seen not only as investments, but as people's homes. Evidence from the qualitative interviews suggests that, where landlords and letting agents do not see tenants as mere commodities but rather as individuals or families in need of all that makes a house a home, this then shapes their management practices. One stakeholder felt that adopting language of 'housing as home' across the sector, was essential to achieving change:

> Language is one of those fundamental underlying things. I think if you change language that helps change understanding, that then changes behaviour and how people interact and approach the situation. So, seeing this is someone's home not just 'oh, it's just an asset that we need to fix.' Seeing its more relational/emotional aspects might help drive that behaviour forward (Stakeholder 4, England).

Another aspect of this cultural change relates to compliance. Stakeholders said that, ideally, regardless of how landlords entered the sector, how long they are planning to stay or whatever their portfolio size, compliance should remain a primary concern. Stakeholders felt that a simplification and clarification of the law through the creation of minimum housing standards, and, in England, the ongoing evaluation of the HHSRS, would contribute to this culture change:

> We're talking about paradigm shift, and we need that paradigm shift. Nobody thinks, "oh I'm only going to be driving a bit today, so I don't need to be compliant" because you could very easily kill somebody in your five minutes today on the road as your eight hours as a very good driver. And it's that sort of thinking we need to shift (Stakeholder 5, England).

Stakeholders also argued that there is a need to change the ways in which "the good landlord" is defined so that it includes a wider array of activities, including regularly searching for information to ensure compliance.

Views of law and regulation

Across the four nations of the UK, participating landlords took different positions on the proposals for reform. Those that relate to improvements in the physical condition of properties – e.g., the introduction of minimum standards (England, Scotland), electrical/gas safety (Northern Ireland), introduction of a central regulator (Scotland) – appeared to be generally positively received. Overall, the reforms that strengthen the position of tenants - increasing tenure security or notice periods, introducing rent controls - appear to be viewed less favourably whilst also holding more weight in landlords' assessment of the overall impact of regulatory reform.

The findings from landlords operating in England suggest there is a need to be clear on the complementary changes that would occur alongside the removal of Section 21 to reassure landlords that it will be possible to recover possession swiftly when necessary – such as in situations of anti-social behaviour. The challenge will be that these changes may lie across policy domains, such as in resolving delays in court processes for anything other than accelerated proceedings.

In terms of letting intent the survey suggests that the position most frequently adopted by landlords is to maintain the status quo: four out of ten indicated that they planned to keep the same number of properties over the next two years. A smaller – but still sizeable – proportion of respondents said that that they were planning on decreasing their holdings or leaving the sector altogether. Many cited proposed or recent regulatory changes as contributing to this decision alongside personal and financial factors.

There is considerable interest in the impact that the proposed regulatory changes could have on the availability of privately rented housing. Clearly a survey can only gather information on stated plans and cannot easily get a strong indication of how firm those plans are. Only time will tell if the plans come to fruition. Moreover, these data were collected during summer 2022. Subsequent changes in the economic context are very likely to have altered the plans of at least some of the participating landlords.

Chapter 10 | Recommendations

When designing recommendations, it is important to think about the different elements of the system in which landlords operate and how the different components interact. The suite of changes we want to achieve to raise standards in the sector may involve developing instruments and initiatives that target landlords' needs and behaviours directly. However, interventions must have sufficient breadth to address the different issues at play. Some of the recommendations in this chapter therefore also target other actors and issues which are important elements of the system.

For UK and devolved governments

UK and devolved governments should improve the advice and informational ecosystem to ensure that accurate, appropriate, and timely information and advice are available to landlords and tenants in the private rented sector.

It is important to ensure that systems of information provision are designed with a clear understanding of landlords' use and trust in different sources. Information and advice must not only be credible but also must be provided through routes that landlords are likely to access and attend to.

The findings demonstrate that there are benefits in thinking more expansively about regulatory regimes and which organisations could play a more active role in communicating with the sector. Specifically, the informational and educational role of letting agents, deposit protection schemes and tradespersons could be explored.

Regular information sharing and training should be provided to the main training providers operating within the Building and Construction industry. This could cover regulatory and legislative requirements relevant to the PRS, common issues that landlords might raise, and how to signpost landlords to information or advice resources.

Use existing interfaces and interactions to improve communication to landlords by working more extensively with letting agents and other partners that already provide information to landlords, such as landlord membership bodies, tenancy deposit schemes and other voluntary organisations.

Further research should be carried out to investigate the role, and further potential, of letting agents in improving standards in the sector and how this role might differ between various types of agents.

In addition to legal and regulatory requirements, any training or advice provision for landlords should address issues relating to:

- Communicating with tenants and managing the relationship effectively. This should be underpinned by a recognition that landlord-tenant relationships are a key factor that shapes landlord and tenants' experiences within the sector.
- Encouraging formal and discouraging informal strategies to selecting tenants and addressing the risk of discrimination.
- Enhancing financial management practices: this is likely to be extremely helpful in ensuring that properties are maintained to a good standard whilst reducing the risk of landlords struggling financially in the face of unexpected events.
- Encouraging tenancy sustainment and minimising turnovers: most landlords have a strong preference for longer-tenancies which could be used to help encourage best practice.
- Emphasising proactive approaches to monitoring the condition of their properties.

Local authorities should receive adequate funding to develop appropriate and effective enforcement and educational activities within the private rented sector. It is important that these programmes enable sustainable longer-term goals to be achieved, as opposed to providing a short-term sticking plaster as associated with short-term funding allocations.

Policy developments should be informed by an understanding that the housing in the private rented sector represents tenants' homes as well as landlords' investments. Policy makers in England, Northern Ireland and Wales should assess the extent to which housing allows people to make a home in the sector and reflect on this in policy consultations and developments.

Online information provision should be reviewed to ensure accessibility. Dynamic content such as automated chatbots to support reactive information-seeking activities should be included. Checklists to help landlords self-audit compliance should also made available.

Rather than only providing static text-based content online, interactive and customisable digital tools that allow landlords to locate information specific to their situation should be developed (e.g., question-and-answer guided pathways to provide information in a tailored format).

England

Make registration with the property portal proposed in the 2022 A Fairer Private Rented Sector mandatory and use the portal to communicate proactively with landlords. User testing must include a wide range of representative groups and landlords with diverse information seeking practices, skills, and abilities. Test groups must include those who are not members of a landlord membership body and those who are new to letting out property.

Clarify where responsibility will sit for ensuring landlords are properly educated and aware of new and changing requirements. If this function is to sit with local authorities, then adequate funding must be made available to allow for the development of education-based activities. Ring fencing this funding would both signal the importance of ensuring this activity is delivered and protect it against being eroded in the face of competing demands for resources.

Clearly communicate the complementary changes that will occur alongside the removal of Section 21 to reassure landlords that it will be possible to recover possession swiftly when necessary.

The Regulation of Property Agents working group report, chaired by Lord Best, offered proposals for enhancing the performance of the property agent sector[71]. This agenda should be reinvigorated.

[71] Regulation of Property Agents: working group report - GOV.UK (www.gov.uk) (Accessed: 28/10/22).

Scotland

Local authorities must use the landlord registration scheme as a means of upskilling and educating the sector. All councils must send out regular newsletters informing landlords of key regulatory and legislative changes.

Government to develop a higher visibility portal/one stop shop where landlords can access information about their rights and responsibilities. This portal should include interactive and dynamic content and not just text-based information.

Consider expanding the registration scheme to include a mandatory training scheme for all landlords.

In respect of letting agents, consider if training requirements should be extended to all staff working within a letting agent company, partnerships or body and not just those concerned with management and supervision.

Northern Ireland

Consider whether the national registration scheme as currently configured is fit for purpose. Current data sharing restrictions are significantly limiting its usefulness as a means of communicating with the sector at a local level.

Undertake a marketing campaign to improve awareness of the support which is available for landlords (i.e., Housing Rights landlord advice line and mediation service). Be prepared to support the uprating of the capacity of support services if enhanced marketing generates sufficient additional volume of demand for their services.

Wales

Rent Smart Wales should review the regular communications shared with landlords in order to ensure they are fully accessible to landlords with different levels of legal capability.

Appendix 1 | Landlord characteristics, stage 1, qualitative interviews

Characteristics	Number of participants
Nation	
England	15
Scotland	15
Wales	10
Northern Ireland	10
Area	
Urban	22
Suburban	24
Rural	10
Member of a landlord organisation	
No	48
Yes	2
Number of properties	
1	30
2-4	12
5 or more	10
Use of letting agent	
Self-managing	41
Fully managed by letting agent	9
Type of tenant	
Regularly supplies properties to tenants who find it very difficult on their present income and include those in receipt of Universal Credit (i.e. bottom end of the sector)	26
Does not supply properties to tenants to bottom end of the sector	14
Routes into renting	
Intentional	30
Not intentional	20
Rental income p/a	
<£10k	26
£10-25k	13
£25-50	7
>£50k	4

Appendix 2 | Routes into renting: online survey

The most frequently cited reason for becoming involved in renting out property was to save for retirement, which was a reason given by half of respondents in Northern Ireland (Table A2.1). One in four respondents in Northern Ireland also cited the second long-term aim of investing in children's future. However, the more short-term aim of supplementing income was relevant to one in three respondents.

Table A2.1: Reason(s) first started renting out property (multiple response possible), by country

	England (%)	Scotland (%)	Northern Ireland (%)	Wales (%)	Overall (%)
To save for retirement	44	38	51	44	43
To supplement income	37	27	36	23	33
Prefer to invest in property rather than other investments	31	23	30	25	29
An investment for children's future	16	16	27	11	17
Set up home elsewhere with my partner	12	14	11	7	13
Inherited or was given property	9	12	11	18	11
Other	9	10	6	7	9
To let property as a full-time business	10	4	8	5	8
To provide a home for a relative or friend	6	7	6	12	8
Could not afford the mortgage to live in the property	2	1	2	0	2
The property was in negative equity and I could not sell it	1	1	3	2	2

(n. = 1000)

If we consider the reasons for starting renting out property by landlords' portfolio size some differences are apparent. Saving for retirement was most associated with landlords with a portfoilo of between 2-9 properties, whereas a preference for investing in property was most commonly cited by landlords holding 5-9 or 10-24 properties. The motivations of setting up home elsewhere with a partner and providing accommodation for a friend or relative were more common among those with small portfolios, although it was cited by those with larger portfolios – suggesting that some who enter the market "accidentally" go on to develop more substantial involvement. In contrast, and perhaps to be expected, entering the market to let property as a full-time business was associated with middle-sized and larger portfolios.

Table A2.2: Reason(s) first started renting out property (multiple response possible), by portfolio size

	1 (%)	2-4 (%)	5-9 (%)	10-24 (%)	25 or more (%)	Overall (%)
To save for retirement	28	51	56	44	27	43
To supplement income	27	37	38	35	19	33
Prefer to invest in property rather than other investments	12	33	41	46	27	29
An investment for children's future	11	22	16	19	8	17
Set up home elsewhere with my partner	21	10	8	4	4	13
Inherited or was given property	12	9	13	10	12	11
Other	13	6	8	11	12	9
To let property as a full-time business	2	5	16	20	35	8
To provide a home for a relative or friend	10	7	3	0	4	7
Could not afford the mortgage to live in the property	2	2	1	0	4	2
The property was in negative equity and I could not sell it	2	1	2	0	0	1
n.	329	393	172	79	26	999

Appendix 3 | UK-based surveys of PRS landlord characteristics

Author	Year	Methods	Country	Focus/Content	Sampling	Sample size
MHCLG/ DLUHC	2018 (ongoing)	Cross-national survey	England	Landlord portfolio, nationality/ethnicity, letting practice.	Random sample of landlords registered with TDP Scheme	7,823 landlords
Miu and Hawkes	2019	Opt-in online questionnaire	UK-wide	Landlord retrofit behaviour profiled according to socio-demographic and business characteristics	Opt-in survey with nationally representative sample size	1,067 landlords
Scalon and Whitehead	2016	YouGov and Research now panels	UK-wide	Responses to Gov policy, portfolio size and value, finance and letting intentions,	Opt-in survey with nationally representative sample size	2,517 landlords
Scalon and Whitehead	2004	Paper survey to customers of 12 BTL lenders		Buy-to-let landlords	Targeted sample of specific group of landlords	1,340 landlords
Shelter	2016	YouGov research	UK-wide (mostly England)	Landlord biography, demographics, knowledge and understanding, finances and rent, letting decisions, view of regulation.	You gov survey	1,071 landlords
Rent Better / Indigohouse		Online self-completion survey	Scotland	biography, portfolio size, rent increases, deposits logged, letting decisions (benefit claimants), awareness and views of regulatory changes, dispute resolution, challenges.	Opt-in survey	447 landlords, 92 letting agents
Watson and Bailey	2021	Opt-in survey methodology	Scotland	Views and experiences of temporary COVID legislation, scale of rent arrears, response to arrears		1745 from 29/32 local authorities
Housing Executive	2019		Northern Ireland	Demographics, portfolios, becoming a landlord, letting practices, welfare reforms, advice/information, financial circumstances, letting intent.	Invitation send to all identified landlords	1,719 landlords