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SafeDeposits Scotland
Charitable Trust

Understanding landlord behaviour in the UK Private Rented Sector

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<https://housingevidence.ac.uk/publications/understanding-landlord-behaviour-in-the-private-rented-sector-in-the-uk/>



Methods

- In-depth interviews with 62 landlords and letting agents: Northern Ireland (x17)
- Online survey research with 1,002 landlords: Northern Ireland (x90).
- 6 stakeholder interviews to sense check main messages



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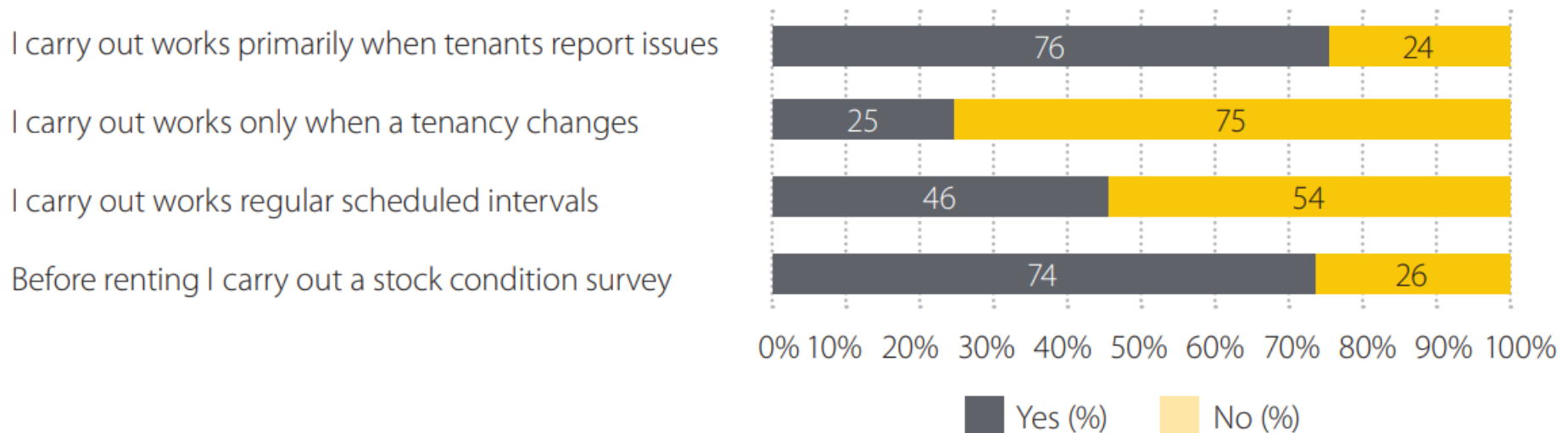
Topics covered

- Maintaining physical condition of property
- Selecting tenants
- The “good” landlord
- Information and change
- The role of the letting agent
- Views of law and regulation



1. Maintaining physical condition

Figure 3.1: Approaches to property maintenance





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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).



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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)



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

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

(n = 1000)



Key Reflections

- A more professional orientation to repairs and maintenance is more likely to be associated with larger landlords, but 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.
- Our research suggests that a reactive approach 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 good practice in financial management appears to be more commonplace among landlords with larger portfolios, a significant proportion of even the largest landlords did not adopt these practices.



2. Tenant Selection

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)



Key Reflections

- Landlords are adopting different strategies at the point of application and this has important implications for the fairness and efficiency of tenants' housing search.
- Informal approaches tend to be more variable and inconsistent, and the use of subjective impressions can lead to discrimination.
- 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. The implementation of strict tenant selection criteria is a response to feeling at risk and unprotected by the legal system.



3. The "good" landlord

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



4. Information and change

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

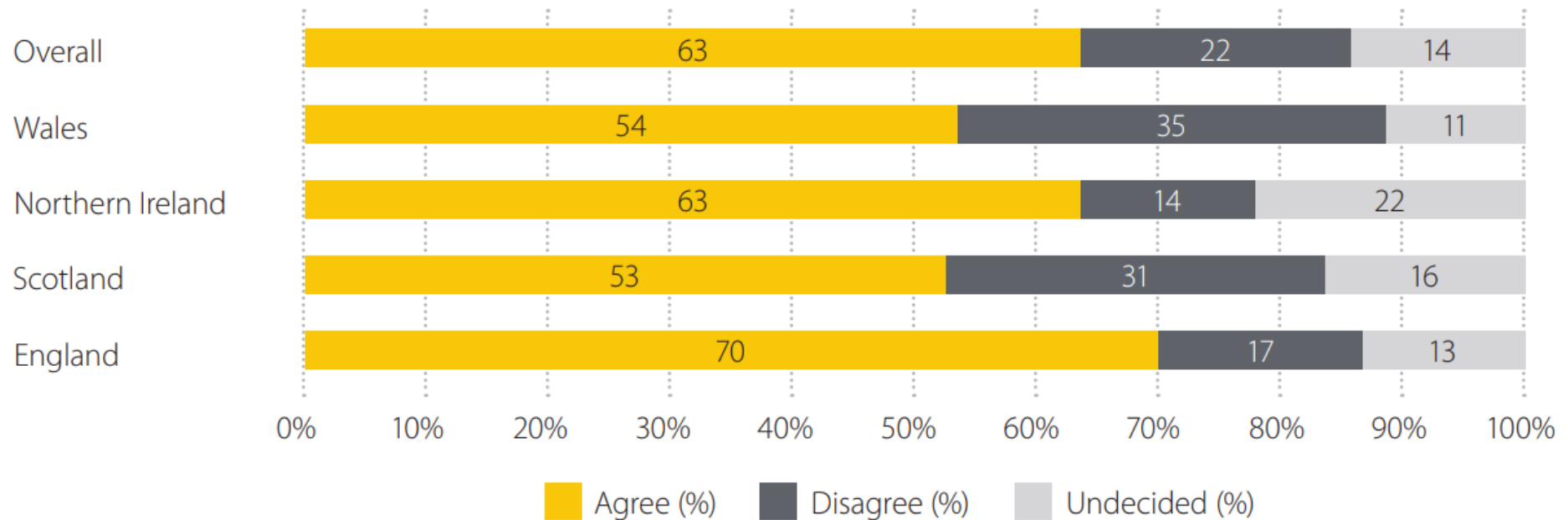
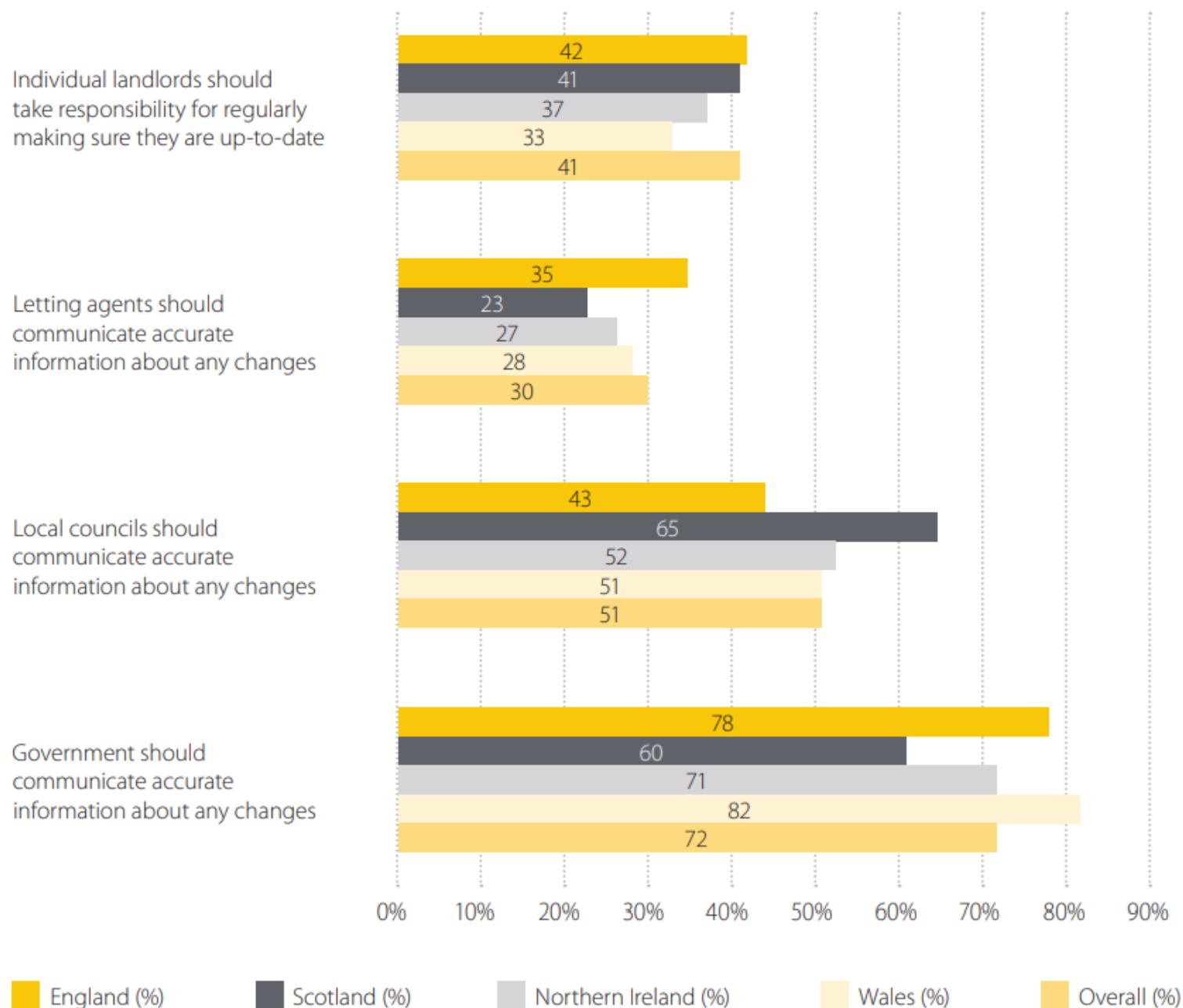


Figure 6.3: Who has primary responsibility for ensuring landlords have up-to-date information about laws and regulations affecting private renting?





Key Reflections

- Our findings suggest that the provision of information across the four nations of the UK requires improvement
- Although some landlords do seek information proactively, regulators need to be responsive to different information-seeking strategies.
- Either regulators 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.



5. The role of the letting agent

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)



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Providing information

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)



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Influencing compliance

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)



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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)



Key Reflections

- 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 could be further enhanced.
- However, the findings also suggest that we are not currently in a position to rely on this part of the market. Data from our study shows variability in their practices and many landlords reported problems and issue with their services.



6. Views of law and regulation

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



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

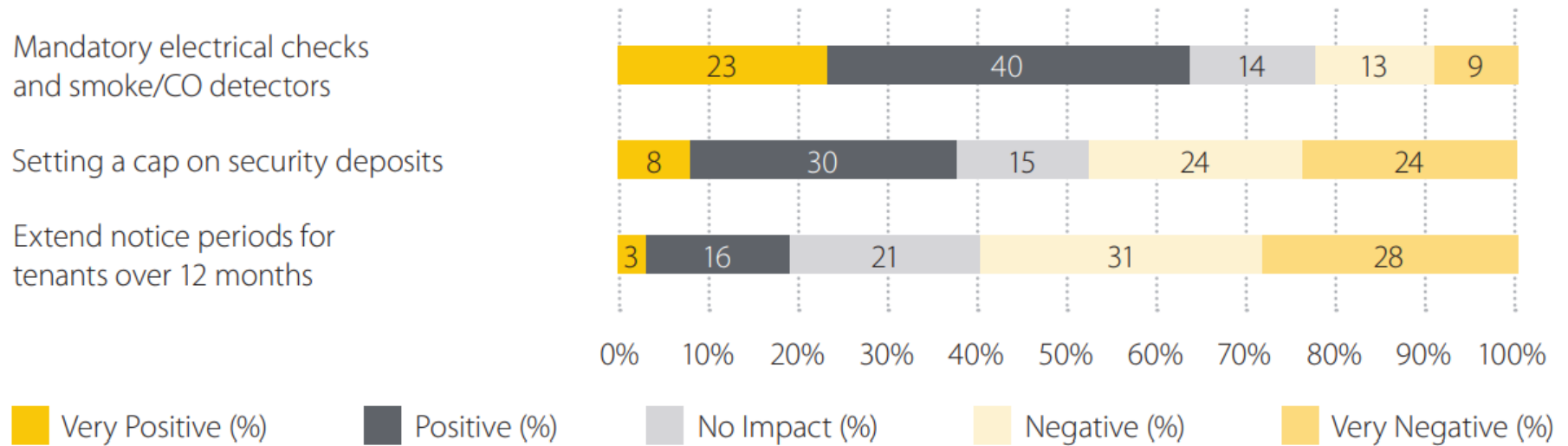




Table 8.9: Overall impact of national proposals for policy change, by country

	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



Final reflections

- Need to improve advice, information and training for landlords
- Use existing interfaces and interactions to improve communication to landlords
- Wider range of issues should be covered in existing advice and information provision
 - E.g. financial management practices
- Think more expansively about regulatory mechanisms
- Consider whether the national registration scheme in Northern Ireland 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.



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