



OFFICE OF THE
DEPUTY PRIME MINISTER

English House Condition Survey

2001

Private landlords
survey

**building
the picture**



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Executive summary

Key Findings

- > Nearly two-thirds (65%) of dwellings in the private rented sector are owned by private individuals, of whom 73% see their property as an investment but only a small minority (9%) see renting property as a full-time occupation. In contrast, less than one in ten dwellings (7%) is owned by residential property companies and this proportion appears to have fallen since 1998.
- > Landlords' preferences are usually for tenants in full-time employment, particularly 'young professionals'. Households on Housing Benefit remain unpopular to landlords, 30% of whom have never let to anyone on Housing Benefit. Lettings to tenants on Housing Benefit account for only 18% of all lettings and nearly three-quarters of landlords who have let to tenants on Housing Benefit would prefer not to.
- > Use of more formal letting and management practices such as taking up references and requiring a deposit are increasingly being employed by the landlords and agents of the most recent lettings (82% of the most recent 'open-market'¹ lettings required a deposit and 70% references). These practices, however, together with the type of accommodation available (46% of the most recent 'open market' lettings were unfurnished) are likely to constrain choice for lower income households.
- > The tenants of more than half (58%) of all privately let dwellings (excluding those let to relatives and employees) are likely to be dealing on a day to day basis with agents rather than the owners of the property. Dwellings let and managed by agents tend to be in a better state of repair than those managed by their owners and agents were also more likely to employ formalised procedures for letting and managing a property than landlords. However, nearly half (47%) of all dwellings managed by agents failed to meet the 'decent homes' standard² and the provision of a written tenancy agreement by agents was not universal.
- > Landlords who managed their property themselves tended to operate quite isolated from sources of support, information and advice about managing rented property. Only 15% were members of a trade/professional body and only 15% had been involved in a local authority landlords forum. Forty-two per cent of landlords had never had any contact with their local authority in the course of their business as a landlord.
- > Landlords and agents tended to be overly confident about the condition of their property and their ability to keep it in a good state of repair. In particular, there was a tendency to underestimate the costs of outstanding work and routine maintenance.
- > Many landlords and agents felt that they had not received sufficient information to comply with regulations and good practice on things like upholstered furniture and fire safety, electrical fittings and installations and the certification of gas fittings. There was strong support for the provision of advice on safety regulations by local authorities.
- > The survey suggests that on a day to day basis (i.e. excluding any possible increases in the capital value of the dwelling) and under current market conditions, landlords are not achieving a particularly high rental return. Landlords of a quarter of dwellings let on the 'open market' had *gross returns* (i.e. before running costs and excluding increases in capital values) of less than 5%. Seven per cent of dwellings had negative income streams once running costs were taken into account. The average *net rental* return (i.e. net of running costs and excluding increases in capital value) on market value was 5.5% although rising house prices in many areas would have provided landlords with substantially higher *total* returns.
- > Three-quarters (73%) of dwellings would be relet if they became vacant tomorrow and one in five landlords (21%) expect to acquire more property to rent out in the next two years.

1 Excludes dwellings let to relatives or employees of the landlord.

2 The standard requires dwellings to meet the fitness standard, be in a reasonable state of repair, have reasonably modern facilities and services and provide a reasonable degree of thermal comfort. More detailed information about decent homes for all housing sectors is available from the 2001 English House Condition Survey.

Introduction

The private rented sector accounts for some 2.2 million dwellings, 10% of the housing stock in England. Although the sector is associated with some of the worst problems of poor condition properties and poor management standards, it also includes many dwellings maintained and managed to a high standard. Despite its small size it plays an important role in both national and local housing markets providing flexibility and choice and Government policy is to support and foster its growth.

The 2001 Private Landlords Survey was conducted as part of the 2001 English House Condition Survey (EHCS). It involves interviews with the owners or agents who manage dwellings identified as privately rented in the main EHCS survey. A total of 590 interviews were conducted as part of the survey, a response rate of 49%.

The survey covers a range of topics aimed at establishing the characteristics of landlords, their approaches to managing and maintaining their properties, their rationale and future intentions.

Ownership

Despite the Government's wish to draw large-scale company landlords and institutional investment into the private rented sector as a means of guaranteeing better standards of management and maintenance, the number of company and large-scale landlords appears to have been declining. Instead the sector is increasing dominated by small-scale private individual landlords renting property as a sideline activity.

- > Nearly two thirds (65%) of privately rented dwellings are owned by private individuals.
- > Private individual landlords typically have other paid employment (65%) and rarely (39%) derive more than a quarter of their income from rent. Most, however, see their property as an investment (73%).
- > Dwellings let by companies and other organisations account for less than one third (30%) of privately rented dwellings.

- > Many company and organisational landlords only have small portfolios of properties (26% have less than 10) and only two fifths (41%) derive more than half their income from rent.
- > There has been a big increase in the proportion of landlords letting only a single property, from 24% in 1994 to 30% in 2001. The average (median) number of properties owned by landlords now stands at 4, down from 9 in 1994.
- > Only 15% of dwellings are owned by 'business' landlords who specialise in renting property and own rental property as an investment (this includes both companies and private individuals).
- > Compared to 1998 there has been a big increase in the proportion of dwellings owned by 'side-line investor' landlords – individuals and companies for whom renting property is not a primary occupation or source of income, but who, nevertheless, see their property as an investment (whether for income, capital growth or both).

Access

The private rented sector encompasses a wide range of letting arrangements ranging from private individuals providing accommodation rent-free to relatives to market rent lettings under the assured shorthold regime. As well as some dwellings being let exclusively to relatives or employees of the landlord, access can be restricted as a result of landlords' preferences for specific types of tenant and by requirements to provide deposits and references.

- > Large sections of the private rented sector (21%) are not generally 'accessible to the public' as they are let (including let rent-free) to relatives or employees of the landlord and are not available on the 'open market'.
- > Nearly half (46%) of the dwellings more recently let on the 'open market' were let unfurnished, more than three-quarters (82%) required a deposit and more than two-thirds (70%) references.
- > Landlords of most dwellings have a preference for the type of person they

want to let their dwelling to. Small landlords are more likely to have a particular preference for the type of person they want to let to than larger business or organisational landlords. Preferred tenants are those in work, particularly 'young professionals'.

- > Lettings to tenants on Housing Benefit account for only 18% of lettings overall and some 30% of landlords have never let to tenants on Housing Benefit.
- > Nearly three-quarters (70%) of those with experience of letting to tenants on Housing Benefit would prefer not to let to people on benefits, with landlords frequently dissatisfied with the speed of processing claims (60%).

Tenancy Management

In the past poor management standards by landlords and agents have contributed to the negative image of the sector. The survey suggests that the more formalised approaches to management which are usually considered good practice are becoming more widespread. Agents, in particular, are more likely to employ these approaches than landlords who manage their properties themselves. Landlords who manage their properties themselves are not well connected to existing sources of information, support and advice about managing rented property.

- > Agents are responsible for the letting and/or management of more than half (58%) of dwellings 'accessible to the public'.
- > Dwellings let and managed by agents tend to be in a better state of repair than those managed by their owners. Agents also tend to use more formal procedures for letting a property than landlords. A higher proportion of agents take up references prior to letting and, in the case of furnished accommodation, provide the tenant with an inventory.
- > Most landlords and agents do not see rent arrears as a particularly significant problem although the landlords of some one in ten dwellings in the sample reported rent arrears in the 12 months prior to the survey.
- > Most landlords and agents (84%) said they would be willing to consider

seeking possession should they have a tenant whose behaviour was causing a serious problem. A third of respondents had experience of seeking possession on the grounds of the behaviour of the tenant but only half of these considered the process to have been effective.

- > Landlords who managed their property themselves tended not to have built up a wide network of support, information and advice and relied to a considerable extent on solicitors for advice and information about managing rented property. Only 15% were members of a trade/professional body and only 15% had been involved in a local authority landlords forum. Forty-two per cent of landlords had never had any contact with their local authority in the course of their business as a landlord.

Repairs and Maintenance

The private rented sector has concentrated within it some of the worst problems of poor housing conditions. Although changes in ownership patterns are associated with better quality properties being brought into the sector, the sector still contains, age for age, dwellings that are in a worse state of repair than other tenures. Landlords may be unaware of problems with their properties, certainly many budget only small amounts for annual repair and maintenance. Additionally, small landlords face similar difficulties to home-owners when it comes to diagnosing and remedying faults, hiring and managing contractors.

- > Two-thirds of dwellings have landlords or agents who consider their property to be in excellent or very good conditions and 97% have landlords or agents who feel that they are able to keep on top of the necessary repair and maintenance work required.
- > There is often a mismatch between landlords'/agents' perceptions of the state of repair and the assessments made by surveyors. Surveyors found that more than half of the dwellings (53%) failed the decent homes standard and 11% were unfit³.

- > Landlords' estimates of the costs of keeping their properties in a good state of repair tend to be low. Landlords of more than half all dwellings (53%) are budgeting less than £500 per year to keep their property in a satisfactory state of repair.
- > Surveyors, in contrast, identified significant numbers of properties (22%) with comprehensive repair costs in excess of £10,000 and found that more than one in ten (14%) required urgent repairs likely to cost £5,000 or more.
- > Most properties (90%) had had improvement or repair work done on them in the previous five years but the landlords of nearly half the dwellings (46%) reported that they had experienced difficulties in getting work done, most commonly repairs costing more than expected, and difficulties finding reliable workmen or contractors.
- > Landlords and agents felt that they had not received sufficient information to comply with regulations and good practice on things like upholstered furniture and fire safety, electrical fittings and installations and the certification of gas fittings. There was strong support for the provision of advice on safety regulations by local authorities.

Rationale and future intentions

Private landlords have diverse reasons for letting property and their diverse motivations are reflected in the way they manage their letting activities. Whilst a growing proportion of landlords see their property as an investment and acquired it for that purpose, there is still a substantial minority of landlords who have a much more personal connection with their properties having lived in the property and/or are planning to live in the property in the future.

Although the majority of landlords see their property as an investment, this does not mean that they are necessarily applying a commercial approach to managing the property. A significant minority of properties (7%)

have annual costs that exceed the rental income. This suggests that some landlords may be subsidising their letting activities on a day-to-day basis, perhaps in the hopes that they will eventually be compensated by rising capital values.

- > Although the definition of private renting is broad, encompassing owners who provide accommodation for friends and relatives and organisations with social/charitable objectives, half of all landlords gave economic reasons (investment or income generation) as an explanation for why they had become landlords.
- > Half of all the dwellings (49%) were acquired as an investment and more than two-thirds (68%) are now seen by their landlords primarily as an investment.
- > The survey suggests that it is not always easy to make money in the sector. Landlords of a third (34%) of privately rented properties felt that the rent was not high to cover all the costs they expected it to cover and/or provide a return.
- > Gross rental returns for a quarter of dwellings were less than 5% with costs exceeding income for some 7% of dwellings. The average net rental return was 5.5%.
- > Three-quarters (73%) of dwellings would be relet if they became vacant tomorrow and one in five landlords (21%) expect to acquire more property to rent out in the next two years.

Chapter 1

Introduction

1.1 Purpose of this report

This report aims to make available the findings from the Private Landlords Survey conducted as part of the 2001 English House Condition Survey. The report contains five main sections which address key aspects of private renting of interest or concern to analysts and policy-makers. These are:

- > **Ownership** – what are the **characteristics** of owners of privately rented dwellings?
- > **Access** – what type of lettings does the sector consist of and what factors influence who privately rented dwellings are let to and how are they let?
- > **Tenancy management** – how do landlords manage the day to day relationships with their tenants and what problems do they encounter in doing so?
- > **Repairs and maintenance** – how do landlords plan and finance work to the physical structure of their properties and what problems do they encounter in doing so?
- > **Rationale and future intentions** – what interests and motivations (financial or otherwise) lie behind private landlords' involvement in the sector and are they likely to remain involved in the sector for the medium- to long-term?

1.2 The private rented sector in England

The private rented sector accounts for some 2.2 million dwellings in England, approximately 10% of the housing stock. Within the sector are concentrated some of the worst problems of poor housing standards with private rented sector dwellings in a much worse state of repair, age for age, than dwellings in other tenures. Although the sector has declined considerably in size over the course of the last 80 years, it still plays an important role in providing housing choice and flexibility and government policy is to support and foster its growth (1).

Some 2 million households rent accommodation from private landlords. Although dominated by lettings made under the assured tenancy regime, the sector encompasses a wide range of types of letting including rent-free arrangements between relatives (e.g. 'Granny flats') and accommodation provided by employers. The number of regulated tenancies has declined over the years since the introduction of assured tenancies and now represents less than 6% of all tenancies (2).

There are an estimated 700,000 private landlords including private individuals, companies and not-for-profit organisations. The letting operations of these landlords range in scale from a single property to several thousand properties.

1.3 Existing Research on private landlords

There is no readily available source of landlords' names and addresses from which to draw a random sample. Because of this it has been accepted that the best way to obtain a statistically reliable sample of landlords for a survey is to first identify a random sample of private tenants and obtain landlord contact details from them. Sample sizes need to take into account the diverse characteristics of landlords and the different regional housing markets if the data is to be useful.

In the last 20 years there have been only 3 national surveys of private landlords. The first, conducted in 1982-84 (3) interviewed the landlords of some 500 lettings (319 landlords) but was restricted to the landlords of recent lettings (lettings made within the 2 years prior to the survey). A national survey of lettings was conducted in 1993-94 supported by the Joseph Rowntree Foundation and achieved interviews with the landlords or agents of some 300 addresses in England (4). This research was augmented with the support of the Department of Environment which funded an additional survey which achieved interviews with some 550 landlords in 1994 (5).

Research based on landlords of private tenants identified in the 1996 English House Condition Survey was carried out in 1998 and interviewed the landlords of some 300 dwellings (6).



1.4 The 2001 Private Landlords Survey

THE SAMPLE

The 2001 Private Landlords Survey is part of the 2001 English House Condition Survey¹, the eighth in the five yearly series undertaken by the Office of the Deputy Prime Minister (ODPM) to monitor the changing conditions of the housing stock and to measure work being undertaken to the stock².

The survey has four separate, but linked main components:

1. **Interview survey** – interviews with householders to determine their characteristics (including financial circumstances), attitudes to their homes, repair and improvement work undertaken and heating arrangements;
2. **Physical survey** – a survey of dwellings to provide a description of the stock and its present condition;
3. **Market value survey** – a survey of current market values;
4. **Private landlord survey** – interviews with the owners or agents of privately-rented addresses identified through the Interview Survey.

Fieldwork was conducted in 2001 and identified 2,421 privately rented dwellings³. Permission to contact the landlord was obtained for 1,199 of these and interviews achieved with 590 landlords or agents, a response rate of 49%. Just over half (54%) of the Private Landlords Survey interviews were with landlords, the remainder with agents. For all these addresses a matching interview with the tenant household and market value information is available and for some two-thirds physical survey information is also available.

The Private Landlord Survey sample therefore represents the landlords of dwellings identified as privately rented in the main Interview Survey where:

- a. the tenant was willing and able to give contact details for the landlord/agent;
- b. the landlord/agent could be contacted through the address details provided;
- c. the landlord/agent was willing to take part in the survey;

A range of checks were run to assess whether the resultant sample of private landlords was likely to be biased as a result of:

- a. differences between the types of tenants who were and were not willing to provide landlord/agent contact details, or
- b. differences between the types of landlord/agent who agreed/refused to take part in the survey (suggested by differences in dwelling or tenant characteristics).

These checks show that there is some under-representation of flats and particularly purpose-built flats, privately rented dwellings in London and the South East, and urban dwellings. However, the sampled dwellings exhibited a similar age profile to the PRS stock as a whole and the proportion of dwellings unfit⁴ in the sample and the PRS as a whole were similar.

¹ 'English House Condition Survey 2001' The main EHCS 2001 Report gives information on: the housing stock in terms of its composition, ownership, condition and the range and quality of facilities and services that it provides and how this has changed since 1996; the profile of household groups who are most likely to live in non decent homes and non decent places; the relationship between housing conditions and the circumstances of different household groups.

² The survey will, in future, be run on a continuous basis.

³ The EHCS is a dwellings-based survey. A dwelling is defined as a self-contained unit of accommodation where all rooms and facilities available for the use of the occupants are behind a front door. The Private Landlords Survey therefore excludes landlords letting non self-contained accommodation such as rooms let to lodgers.

⁴ S604 1989 Local Government and Housing Act.

THE INTERVIEWEES

The Private Landlords Survey includes interviews with either the landlord or agent of the selected dwelling. The inclusion of interviews with agents in the Private Landlords Survey is due to both functional and pragmatic reasons. On a pragmatic basis, where an agent is used to let and manage the property, the tenant may have no knowledge of the landlord's identity or contact details and can only provide details of the agent. There is a risk that if attempts were made to obtain the landlord's details from the agent response rates would be affected. Additionally, on a functional basis, it is also the case that where an agent is responsible for the management of the property, the landlord may have little of the information required in the survey on the day to day tenancy management issues.

Whilst the inclusion of interviews with agents ensures that as full a set of information as possible is collected about the day to day management of the property, agents cannot necessarily be expected to respond to questions about history of the property and the motivations and attitudes of the property's owners. As a result, the number of cases used in analysis varies from question to question and the small base numbers for some questions make detailed statistical analysis inappropriate.

CONTENT OF THE QUESTIONNAIRE

The questionnaire for the survey comprises of a core set of basic questions about the dwelling, the tenancy and the owner, consistent with those used in previous surveys. In addition there are a number of more detailed questions that seek to gather information on topical policy issues.

The questionnaire was designed to ensure that, as far as possible, respondents are only asked questions that are relevant to them and that they are competent to answer. Thus the questionnaire contains some complex routing reflecting the following main respondent types:

- > Landlords and agents.
- > Agents who manage all or most of a landlord's properties and those that manage only a small proportion.
- > Respondents who have been interviewed before (either landlords with other properties in the sample or agents who manage more than one property that was included in the sample).
- > Landlords owning a single property and those owning more than one.

1.5 Interpreting the data

SAMPLING ERROR

Survey data can only provide an estimate of the numbers and proportions likely to be found in the wider population. Generally, the smaller the size of the sample, the wider the range in which it is likely that the true population figures are likely to fall. The size of the sample in the 2001 (590 interviews) does not allow for very accurate estimations of true population numbers and proportions, particularly where the analysis is based on only a subset of the whole sample. The data presented here should only be treated as indicative of broad trends rather than an accurate picture of reality. Where particularly small numbers of cases have been used to produce figures for sub-groups of the sample this is highlighted in the text.

NON-SAMPLING ERROR

Non-sampling error refers to error or misleading information that comes into the survey as a result of a wide range of situations associated with the process of interviewing, recording and analysing data. In the case of this survey, the number and range of questions included in the questionnaire resulted in some interviews lasting longer than an hour. It is generally recognised that the length of an interview can have a negative impact on the quality of responses given.

The questionnaire sought to collect quite detailed information on the costs over the previous 12 months associated with renting out property. Respondents varied in the extent to which they were able and/or willing to give precise and detailed responses and responses that covered the full range of likely costs. Where inconsistency or incompleteness was evident in the data, the cases were not used in analysis.

LANDLORDS AND DWELLINGS

The survey is primarily a dwellings-based survey. This means that the data presented generally refers to the proportion of *dwellings* with a particular characteristic (e.g. the proportion of dwellings owned by business landlords or the proportion of dwellings with landlords who viewed them as an investment). However, because the survey was routed to avoid asking landlords who had already been interviewed before (and agents who had been interviewed about the same landlord before) some of the more general questions about their background and attitudes, in some cases it is more accurate to use landlords as a base and refer to the proportion of landlords with a particular characteristic. This distinction is made carefully throughout the report and tables are labelled accordingly.

Chapter 2

Ownership in the private rented sector

2.1 Main Findings

- > Nearly two thirds (65%) of privately rented dwellings are owned by private individuals.
- > Dwellings owned by companies account for only one in seven dwellings in the sector (13%).
- > The proportion of dwellings owned by companies appears to have fallen markedly since the previous survey in 1998.
- > The average (median) number of properties owned by landlords is 4, down from 9 in the 1994 survey.
- > Less than one in ten (9%) private individual landlords see renting property as their main job.
- > Most private individual landlords (65%) have other paid work and only 39% derive more than a quarter of their income from rent.
- > Nearly three-quarters (73%) of private individual landlords see their property as an investment compared to 58% in 1998.
- > Dwellings let by companies and other organisations account for less than one third (30%) of privately rented dwellings.
- > Many company and organisational landlords only have small portfolios of properties (26% have less than 10) and only two fifths (41%) derive more than half their income from rent.
- > Only 15% of dwellings are owned by 'business' landlords who specialise in renting property and own rental property as an investment (this includes both companies and private individuals).
- > Compared to 1998 there has been a big increase in the proportion of dwellings owned by 'side-line investor' landlords – individuals and companies for whom renting property is not a primary occupation or source of income, but who, nevertheless, see their property as an investment.

2.2 Background

The private rented sector has long been characterised as a 'cottage industry' with private individuals renting out one or two properties in their spare time. The majority of these 'part-time' landlords are, it is accepted, 'well-intentioned' and deserving of support¹. They provide a significant and valuable contribution to housing provision but many are naive about what is entailed in being a landlord, lacking knowledge of the legal framework of tenancy rights, health and safety issues and financial management issues².

Research on private landlords undertaken in 1995 found that small landlords worried about the lack of information about property letting and were particularly concerned about being 'in the dark' and not knowing what they were 'liable for' (7). For tenants, the informal approaches to letting and management employed by many small landlords, plus the fact that their landlord may be unable or unwilling to devote much of their time or resources to their letting activity, can result in 'an apprehension of problems that is more pressing than the actual incidence of problems'³ (see Sections 3 and 4).

¹ See *Quality and Choice: A Decent Home for All: the Way Forward for Housing*, DETR, 2000.

² The scale of investment in the sector via companies like the now collapsed PPP which claim to offer 'arms length' investment opportunities in run down areas in the north of England by purchasing, renovating, letting and managing properties on behalf of their investors, highlights the risks that exist to the financially naive investor.

³ see for example Rugg J and Bevan M (2002) *An Evaluation of the Pilot Tenancy Deposit Scheme*, London: Office of the Deputy Prime Minister, for evidence of disputes over tenancy deposits.



Whilst the Government has not wished to discourage private individuals from investing in the sector, there is a belief that significant and sustainable growth in the sector and improvements in the quality of property and standards of management will be difficult to achieve unless larger scale investors are drawn in. Larger and more business-oriented landlords, it is argued, would benefit from economies of scale and diversification of risk and would respond on a more commercial basis to market signals. The involvement of City institutions would provide a means for people who did not want to be directly involved in its management to invest in residential property. The concern of such institutions for their reputation, it is argued, would ensure that the standards of the property let would be high (8).

Various measures have been taken over the previous decades to build confidence in the sector and encourage investment. Successive changes to the law governing tenancies have been introduced since 1980 with the aim of making it easier for landlords to gain possession of their properties and to allow them to charge market rents. The Government has also experimented with tax incentives via the Business Expansion Scheme (BES) from 1988/89 to 1993/94. This provided substantial tax relief to individuals purchasing shares in qualifying companies providing housing to let on assured tenancies and exemption from capital gains on the sale of those shares after 5 years. The objective of the scheme was to demonstrate to individual investors and financial institutions that private renting could provide competitive returns. The initiative, unfortunately, coincided with the collapse of the housing market and was beset by other problems that detracted from this objective.

In 1996 the Government introduced Housing Investment Trusts (HITs) – indirect investment vehicles designed to facilitate the involvement of City institutions such as pension funds through the purchase of shares. These have so far proved unattractive to investors who, it is argued, still perceive the sector to be high risk and undeveloped. Research by the British Property Federation on returns for residential lettings found that the sector was not currently providing the level of total returns (15%) that most potential corporate investors look for (8).

Although private renting may not yet have entered the mainstream for City institutions, the involvement of high street lenders in the sector through the expansion of the market for landlord mortgages has been rapid. The number of 'buy to let' mortgages has grown significantly in recent years with an estimated 275,500 buy to let mortgages worth £24.4 billion outstanding at the end of 2002 (9). Industry sources have estimated that in 2001 one in every twenty residential transactions could be accounted for by 'buy to let' with one in every ten in Greater London(10). Despite the growth in such mortgage transactions, it is important to note that there is at present no evidence that the private rented sector is expanding to any significant extent. Therefore, either 'buy to let' properties are new to the market and replacing dwellings let by landlords leaving the market (see Section 6), or existing landlords may be taking advantage of the lower interest rates of the newer mortgage products and remortgaging.

This section looks at trends in the ownership of privately rented dwellings in two main ways. Firstly it looks at the types of people and organisations who own property to rent in the private rented sector. It looks at the different characteristics of landlords who are private individuals and companies and other organisations (Sections 2.3.1-2.3.3).

The second way of looking at landlords (see Section 2.3.4), is to recognise that landlords can be involved in renting property for a wide range of reasons that cut across their status and reflect differing degrees of commercial orientation. Categorising landlords in this way is helpful in that it emphasises the diversity of providers operating in the sector. A property company dedicated to making money from renting a portfolio of properties, for example, is a different type of landlord from a company that provides a small amount of staff accommodation, although both are companies. An individual working overseas who rents out his/her home temporarily tends to have quite different concerns from an individual who has invested in rental property to provide additional income for retirement. This kind of categorisation also serves a useful policy purpose, enabling an assessment of how responsive the sector may be to different policy tools.

2.3 Detailed findings

2.3.1 CHARACTERISTICS OF LANDLORDS IN THE PRIVATE RENTED SECTOR

- > The private rented sector remains a sector in which the majority of accommodation is provided by private individuals rather than companies or other types of organisation. Nearly two-thirds (65%) of all privately rented addresses in the sample are owned by individuals, couples or groups of individuals (Table 1).
- > Privately rented dwellings owned by companies account for thirteen per cent of dwellings compared to 25% in 1994 (Table 1).
- > The proportion of dwellings owned by individuals/couples etc. (65%) remains similar to but slightly higher than that found in the 1998 survey (61%). (Table 1)
- > There has been a marked decline in the proportion of dwellings provided by companies between 1998 and 2001 (down from 22% to 13%). (Table 1)
- > Most landlords have quite small portfolios of properties. Thirty per cent own a single property and only 34% own 10 or more (Table 2).
- > Comparing the results of the 2001 survey on the size of landlords' property holdings with those from previous surveys suggests the numbers of large landlords operating in the sector is declining whilst ownership is increasingly by small landlords with a single property (Table 3).
- > The proportion of landlords owning a single property has increased from 24% in 1994 to 30% in 2001 (Table 3).
- > Whilst nearly one in five landlords owned 250 or more properties in 1994, only 6% were operating at this scale in 2001 (Table 3).
- > The average (median) number of properties owned by landlords of the 2001 sample addresses is 4. The average (median) number of properties has fallen from 7 in the 1998 survey and 9 in the 1994 survey.

2.3.2 PRIVATE INDIVIDUALS AS LANDLORDS

- > Landlords who are private individuals (single people and couples) are generally operating on a small-scale. Sixty eight per cent of private individual landlords own less than five other privately rented properties and forty per cent only one (Table 2).
- > The majority of private individual landlords (65%) have other paid work and most of these (68%) work for 30 or more hours per week.
- > Only a small proportion of private individual landlords (9%) see renting property as their full-time job and this proportion has remained stable since the 1994 survey.
- > More than one in ten private individual landlords (14%) have some other involvement in the property industry (6%), building (7%) or both sectors (1%).
- > Rental income is rarely a major source of income for private individual landlords. Only 39% derive more than a quarter of their income from rent). (Table 4)
- > Most dwellings (78%) were purchased as opposed to inherited (18%) or acquired in other ways. Dwellings that were purchased account for a higher proportion of dwellings in the sector than in 1998 (70%).
- > Just over a quarter (28%) of dwellings owned by private individuals were once occupied by the landlord. A similar proportion was found in the 1998 survey.
- > Dwellings belonging to 'reluctant' landlords (i.e. those that would prefer to sell property but cannot) that were characteristic of the growth in the sector in the early-mid 1990s (the so-called 'property slump' landlords) feature less strongly in the sector now, accounting for only 2% compared to 8% in 1998 (Table 7).

- > New private individual landlords are playing an increasingly significant role in the sector. More than one in ten (14%) dwellings owned by private individuals belonged to landlords who entered the sector within the last 2 years compared to 4% in 1998. (Table 5).
- > Half the dwellings owned by private individual landlords have been rented out for 5 or less years (Table 6) and more than a quarter (26%) for 2 years or less. In 1998 a far lower proportion were dwellings new to the sector (only 8% had been let for 2 years or less) suggesting a considerable influx of properties new to the sector.
- > Nearly three-quarters (73%) of dwellings owned by private individuals have landlords who see their property as an investment. The survey data suggests a significant increase in investment orientation amongst private individual landlords since 1998 (Table 7).
- > A minority of dwellings owned by private individual landlords (6%) is let rent-free.
- > One in ten dwellings owned by private individual landlords are let to relatives and one in twenty to employees.
- > As in previous surveys, the data shows that private individual landlords from a minority ethnic group are found in higher proportions than populations would predict.

2.3.3 COMPANY AND ORGANISATIONAL LANDLORDS

- > Privately-rented dwellings owned by companies and organisations account for less than a third (30%) of all dwellings in the sector (Table 1).
- > Nearly half (45%) of all organisational landlords are non-commercial organisations including Government Departments, educational establishments, charities and charitable trusts etc (Table 8).
- > Only 13% of all dwellings in the sector as a whole are owned by companies (Table 1).
- > Two-thirds of company landlords are property companies.
- > In the sector as a whole, only about 7% of dwellings are owned by residential property companies compared to 14% in 1998.
- > Fifteen per cent of company landlords that are not property companies have some other involvement with property related businesses or trades as builders, surveyors etc (NB the numbers from the sample are small).
- > Company/organisational landlords are not necessarily letting on a large scale. More than a quarter (26%) have less than 10 dwellings for rent (Table 2). Twenty-one per cent of company/organisational landlords, however have more than 250 properties.
- > Company and organisational landlords tend to have been in the sector longer than private individual landlords with more than half (55%) having operated as private landlords for 30 years or more (Table 5). Only 5% entered the sector in the last two years.
- > Of the sampled dwellings, only 10% had been rented out for less than 2 years compared to 26% of those belonging to private individuals. Almost a quarter (24%) had been rented out for more than 40 years (Table 6).
- > More than half (58%) of the dwellings owned by company/organisational landlords are owned by landlords who see their property as an investment compared to nearly three-quarters (73%) of dwellings owned by private individuals (Table 7). However, more than one in five dwellings (21%) are viewed by their landlords as somewhere to house an employee.
- > The involvement of such a wide range of organisations in the sector is reflected in the extent to which the companies and organisations rely on rental income. Rental income accounts for more than half of income for only two-fifths (41%) of company and organisational landlords and 16% of company and organisational landlords earn no income from letting. (Table 4).

2.3.4 'BUSINESS', 'SIDELINE' AND 'INSTITUTIONAL' LANDLORDS

Classifying landlords by the proportion of their income received from private renting and how they view the sampled dwelling produces a four-fold classification (5) which has been used in the analysis of the previous surveys:

'Business' landlords, who get most of their income from private renting and view their properties as investments;

'Sideline investors', who get a minority of their income from renting but also view their properties as investments;

'Sideline non-investors', who also get a minority of their income from renting but do not view their properties primarily as investments;

'Institutional' landlords, who get a minority of their income from renting and do not view their properties primarily as investments.

Applying this classification to the 2001 survey data gives the following results:

- > Dwellings owned by 'business' landlords (companies which are property companies and individuals for whom managing property is a full-time job) account for only 15% of all privately rented dwellings (Table 9).
- > The largest landlord category is the 'sideline investor' accounting for 45% of dwellings in the sector. This group includes both individuals and companies for whom renting property is not a primary business or occupation but who, nevertheless, view their property as an investment (Table 9).
- > Dwellings let by individuals and organisations who/which do not view their property primarily as an investment ('sideline non-investors' and 'institutional' landlords) account for forty per cent of all privately rented dwellings (Table 9).
- > Compared to the 1998 data it would seem that there has been a significant increase in the proportion of dwellings belonging to 'sideline investor' landlords and a fall in the proportions of dwellings belonging to 'business' and 'sideline non-investor' landlords (Table 9).

2.4 Conclusions

Analysis of the 2001 data suggests that the proportion of dwellings owned by private individual landlords has increased since the previous survey. The sector now contains a higher than ever proportion of dwellings owned by landlords new to private renting and for whom private renting is a sideline occupation. This may reflect the perceived attractions of 'buy to let' when set against the weakness of the stock market and the problems many face in providing through conventional routes for their retirement.

The current pattern of ownership appears to be part of a trend in which the sector is becoming increasingly characterised by a high number of small and often part-time landlords. (This trend is also reflected in data from other sources⁴). Although new small landlords have tended to bring better quality properties into the sector (see Section 6), parts of the country which offer lower value and often lower quality properties are increasingly attractive to small investors. It is not yet clear whether investment in these areas is of a scale to influence the overall trend towards better quality in the private rented sector. In addition, despite efforts by most 'buy to let' lenders to ensure that borrowers are realistic (loans are typically restricted to 130% of rental income), falling rents in areas of oversupply are bound to make some new owners more vulnerable financially, particularly if interest rates were also to rise, and less likely to be able to afford to finance the repair and maintenance of their properties.

⁴ S.E.H data for 2000/01 shows that 85% of all tenants (and 93% of assured tenants) categorised their landlords as private individuals compared to 74% in 1993/94. R.I.C.S. Residential Lettings Surveys show that 89% of private rented accommodation coming onto the market is owned by private landlords, 9% by institutional investors and 4% by developers.

As the average holding of private landlords falls and the proportion of landlords operating as full-time landlords drops, approaches to improving both physical and management standards that rely on providing advice, guidance and support to individual landlords will continue to present a significant challenge for the Government and the residential property industry in general. Although the proposals for selective licensing in the Housing Bill would help local authorities in areas where it is adopted to identify local landlords, in general, local authorities and other agencies will continue to struggle in their efforts to contact, consult and influence private landlords in their areas.

The apparent fall in the proportion of dwellings let by 'business' landlords may be a result of sampling error or may reflect lower rates of return achievable as house prices rise and problems of oversupply arise in some local housing markets. The adoption of a 'continuous' approach to the English House Condition Survey from 2002 and the increase in sample size of the Private Landlords Survey component should allow further monitoring of patterns of ownership in the sector.

Chapter 3

Access to private rented accommodation

3.1 Main findings

- > Approximately one in five (21%) privately rented dwellings is let to an employee or relative of the landlord.
- > Housing Benefit recipients with no family or employment connection to the landlord occupied less than one in five dwellings overall (18%).
- > More than one in ten (12%) dwellings have been let to the current tenants for more than 10 years.
- > Turnover is highest amongst tenants with no family or employment connection to the landlord and not on Housing Benefit.
- > Landlords of most dwellings have a preference for the type of person they want to let their dwelling to.
- > Small landlords are more likely to have a preference for the type of person they want to let to than larger business or organisational landlords.
- > Preferred tenants are those in work, particularly 'young professionals'.
- > More than a quarter of landlords (29%) have never let to tenants on Housing Benefit.
- > Nearly three-quarters (70%) of those with experience of letting to tenants on Housing Benefit would prefer not to let to people on benefits.
- > Landlords who have let to tenants on Housing Benefit are frequently dissatisfied with the speed of processing claims (60%) while a significant minority feel that claims are not processed fairly (19%).
- > For the most recently let dwellings in the survey tenants have commonly had to provide a deposit (82%), and references (70%).
- > Nearly half (46%) of the most recently let dwellings were unfurnished.

3.2 Background

Factors affecting access to the private rented sector are important in that they influence the role that privately rented housing plays in local and national housing markets. Changes to national economies, local labour markets and patterns of household formation and dissolution generate higher levels of demand for forms of housing which are easier and cheaper to access. Government policy is to support and foster the growth of the private rented sector in recognition of the important role it plays in providing flexibility and choice¹.

The overall size of the private rented sector has remained relatively stable over the last decade. Survey of English Housing data shows that changes in supply are characterised by small increases in the proportion of households living in semi-detached, terraced houses and purpose-built flats and small decreases in the proportions living in converted flats and not self-contained property². The ratio of furnished to unfurnished lettings (3:7) has remained more or less the same throughout the 1990s and early 2000s (2). There have, however, been changes in types of lettings available with an increase in the proportion of lettings made which are 'accessible to the public' (i.e. not restricted to relatives or employees of the landlord) since 1988 (2).

¹ See *Quality and Choice: A Decent Home for All: the Way Forward for Housing*, DETR, 2000.

² Compare *Housing Statistics Summary No 18 2003 Survey of English Housing Provisional Results: 2002-2003* (reference 2) and *Housing in England 1993/94*, Hazel Green and Jacqui Hansbro, London: Office of Population Censuses and Surveys (1995).



There have also been changes in demand for privately rented accommodation. Researchers have identified a wide range of 'demand groups' who use the sector for different reasons and with differing degrees of choice³ and have begun to look at how supply is organised in relation to these groups at a local level (11). Industry analysts suggest that currently demand for rented accommodation is strong from thwarted first time buyers who are finding it increasingly difficult to keep up with rising house prices (12).

A small but growing body of research is also looking at the extent to which the private rented sector is increasingly seen as a tenure of choice amongst social housing tenants (13). In many areas, particularly in the northern regions and the Midlands, the difference in rent between equivalent privately rented and R.S.L dwellings for some types of dwelling is narrow, or even negative⁴ and this can facilitate cross-tenure moves that allow tenants to access better quality housing or live in better areas.

The extent to which private landlords respond to changes in demand at local level differs according to the degree of their business orientation. There is a strong preference for working tenants and particularly young professionals amongst landlords, but this preference is strongest amongst small landlords. Small landlords often use a combination of experience and 'judgement' or 'instinct' to find the right tenant but many have reported that these approaches were not always reliable (7). As a result, research has found, 'sideline' landlords have tended to be very conservative in their approach to selecting tenants, relying on stereotypes to define their preferences (14). Those that let to groups generally conceived of as less desirable (e.g. students), are often operating in 'niche' markets and have devised letting and management practices particularly suited to a specific demand group (11).

The letting practices of small, sideline landlords, particularly those with a personal attachment to their property, it is suggested, are often driven by their concerns over damage to their property. Those with an investment approach to their properties are more concerned that their rent is paid. Many landlords hold negative views characterised by stereotypical images of young people and people on Housing Benefit, and negative experiences with the administration of Housing Benefit have made many landlords unhappy about letting to households on Housing Benefit.

Various pieces of research suggest that tenants on Housing Benefit have lost out to other tenant groups where there is competition for access to privately rented housing. Survey data shows that the proportion of lettings made to tenants on Housing Benefit in the private rented sector has fallen steeply from 33% in 1993/94 to 22% in 2002/03 (2). Whilst there have been falls in the overall numbers of households claiming benefit across all sectors, the fall has been particularly steep in the private rented sector leading to a conclusion that the changes in the Housing Benefit system particular to the sector have been the major factor in the decline in the number of Housing Benefit claimants able to secure accommodation in the sector (15). In the high demand areas of Inner and Outer London tenants who rely on Housing Benefit may have had to contact more than 20 landlords when looking for a property (16).

Despite this, some landlords develop their lettings and management practices specifically to operate in these 'niche markets'. For example, whether property is let furnished or unfurnished can have a major influence on who the property is likely to be let to (unfurnished property is often targeted at young professionals and other households with sufficient income to have acquired and be able to transport their own furnishings). Amongst the business-oriented small landlords there is evidence of more strategic targeting of certain tenant groups. Research conducted for Help the Aged identified landlords who took in or even targeted disadvantaged people such as ex-street homeless, prostitutes, alcoholics or drug abusers (21). For landlords in this group, Housing Benefit is often seen as one of the many business risks that needs to be actively managed (methods of managing these risks, however, can verge on being overly intrusive (for example 'helping' the tenant fill in claim forms) (7) (21).

3 For example, students, households experiencing relationship breakdown and young single people leaving home for the first time.

4 See University of Cambridge, Department of Land Economy *Dataspring* data sets.

The use of 'vetting' procedures (e.g. the requirement for satisfactory financial, employment and previous landlord references) by landlords as a means of minimising the risks to themselves can act as a barrier to the private rented sector for many prospective tenants who are unable to meet the requirements. So too can the requirement to pay a cash deposit up front. In some housing markets initiatives such as deposit guarantee schemes⁵ and supported tenancy schemes which reduce risks to the landlord, have been successful in allowing tenants from the least popular groups gain access to accommodation in the sector (17). In areas where demand for rented housing is low, more formal letting practices aimed at filtering out undesirable tenants are less relevant. In these areas it is often the case that landlords compete for tenants.

The extent to which the private rented sector can play the role of providing flexibility within housing markets and catering for those unable to access other tenures will depend, to some extent, on an interplay between landlord preferences and actions and demand for accommodation locally. It is likely that landlords operate quite differently in areas where demand for accommodation is high and there is scope for landlords to seek their ideal tenants than in areas where demand is low.

This section looks first at evidence from the survey on how the private rented sector is used and the types of letting (3.3.1) landlords are providing. It then looks at the landlord preferences for different tenant types in general (3.3.2) and at their attitudes towards tenants on Housing Benefit in particular (3.3.3). Other aspects of the way property is let that act as barriers to access for more vulnerable tenant households are discussed in 3.3.4.

3.3 Detailed findings

3.3.1 USE OF THE PRIVATE RENTED SECTOR

- > The majority (79%) of lettings are 'accessible to the public', ie not restricted to relatives or employees of the landlord. The latter account for some one in five (21%) lettings overall (Table 10).
- > Of the lettings 'accessible to the public, less than a quarter (23%) were occupied by tenants on housing benefit and lettings to tenants on housing benefit accounted for only 18% of lettings overall (Table 10).
- > A higher proportion of lettings made by company and organisational landlords (32%) are to tenants with whom the landlord has a family or employment connection (Table 10) than lettings made by individual landlords (15%).
- > Amongst the most recent lettings (lettings made between 2001-2001) a different pattern of occupancy is evident (see Table 10). Lettings to friends, relatives or employees account for a smaller proportion (10%) of the most recent lettings and the proportion of lettings to tenants with no connection to the landlord and not receiving Housing Benefit is greater (73%).
- > Across the sector as a whole, nearly half (47%) of all dwellings had been occupied by the current tenant for less than two years. Turnover is lowest amongst dwellings let to relatives and employees with only 24% of tenancies having started in the two years prior to the survey and 22% having lasted 10 years or more (Table 11).
- > Housing Benefit recipients also tend to stay put longer than those not in receipt of Housing Benefit with only 42% of tenancies having started in the two years prior to the survey compared to 57% of those not on Housing Benefit (Table 11).
- > Overall 12% of tenants had been living at the sample address for more than 10 years.

⁵ Schemes in which landlords are provided with a deposit 'guarantee' by a trusted organisation in lieu of a cash deposit. See also 4.3.4.

3.3.2 LANDLORDS' PREFERENCES FOR DIFFERENT TYPES OF TENANT

- > It is rare for landlords not to have preferences for particular tenant types. Eighty per cent of landlords of dwellings that would be relet if they became vacant tomorrow claimed to have preferred tenant types and these were most commonly young professionals (36%) or people in full-time work (30%).
- > Larger landlords are less likely to have a preference for a particular tenant type. Thirty per cent of dwellings which are part of a portfolio have landlords who do not seek particular types or the type of tenant they seek varies across their properties. However, where landlords do have a preference, young professional tenants still top the list of preferred tenant types.
- > Students are relatively popular as preferred tenants. Fifteen per cent of all landlords and fourteen per cent of landlords with more than one property mentioned students amongst their preferred tenant types (although 40% of dwellings owned by landlords with more than one property have landlords who mentioned students amongst the groups they would be unwilling to let to).
- > It is not common for Housing Benefit recipients to be seen as preferred tenants with only 5% of all landlords and 3% of smaller landlords preferring to let to them.
- > Larger landlords are frequently unwilling to let to tenants on Housing Benefit. Forty per cent of dwellings owned by landlords with more than one dwelling have landlords who would not be willing to let to tenants on Housing Benefit.
- > The survey reveals no appetite for short-term lets amongst larger landlords. Three-quarters (76%) of dwellings belonging to portfolio landlords, which are not let to relatives or employees, have landlords who would prefer tenants likely to stay for a long period. Only 5% belong to landlords who would prefer tenants likely to move out quickly.

3.3.3 ATTITUDES TOWARDS TENANTS IN RECEIPT OF HOUSING BENEFIT⁶

- > More than a quarter of landlords (29%) have no experience of letting to tenants on Housing Benefit.
- > Amongst landlords who do have experience of letting to people on Housing Benefit, 70% would prefer not to let to tenants on Housing Benefit. Only 2% of landlords expressed a preference for tenants on Housing Benefit.
- > Landlords with some experience of letting to tenants on Housing Benefit express high levels of dissatisfaction at the time it takes for local authorities to process Housing Benefit claims. Sixty per cent of them were either very or fairly dissatisfied (Table 12).
- > In nearly three-quarters of these cases of dissatisfaction, the negative experience has led the landlord to conclude that they would prefer not to let to tenants on Housing Benefit again.
- > A significant minority (19%) of landlords felt that Housing Benefit claims were processed unfairly. In most cases (81%) this led to a desire to avoid letting to Housing Benefit recipients in the future.
- > Even amongst those with experience of letting to tenants on Housing Benefit understanding or awareness of the specifics are not universal. Less than two-thirds of landlords with experience of letting to tenants on Housing Benefit had heard of the local reference rent.
- > Amongst landlords who had heard of local reference rents, just over a quarter (27%) felt that the local reference rent had the effect of making them less willing to let to tenants on Housing Benefit, but, in general (68% of cases), it made no difference.

⁶ See also Section 4.3.3 on Housing Benefit and arrears.

- > A significant number of landlords felt that local rent limits had affected the amount of rent that they could charge (32%) and consequently the amount that they could spend on maintenance (24%).

3.3.4 LETTING AND MANAGEMENT PRACTICES

- > Deposits were required for more than two-thirds of all lettings (70%) that were not to relatives or employees and 82% of the most recent lettings (those made in 2000-2001) (Table 13).
- > The amount paid as a deposit for the most recent lettings ranged from £40 to over £2000. More than half of the most recent lettings (53%) required a deposit in excess of £400 (Table 14).
- > Amongst landlords with more than one property more than half (55%) always required a deposit without exception. Other landlords were prepared to make exceptions (21% normally require a deposit but do make exceptions and 6% will ask for a deposit depending on the tenant).
- > References were also required for the majority (65%) of lettings accessible to the public and 70% of the most recent lettings of this kind (Table 13).
- > For the most recent lettings where references were required, landlords' concerns were with the tenants' ability to pay the rent. Most (81%) wanted financial or both personal and financial references from prospective tenants.
- > Agents have been involved in the letting process (the selection of tenants) for nearly half (49%) of the more recent lettings that were not restricted to relatives or employees of the landlord.
- > Landlords with more than one property and their agents varied considerably in how they recruited new tenants. Whilst nearly half mentioned word of mouth (48%), a similar proportion (47%) used adverts in local newspapers.
- > Nearly half (46%) of the most recent lettings (made in 2000-2001) to tenants that were not relatives or employees of the landlord were let unfurnished. This compares to 73% of longer-term lettings of this type⁷.

3.4 Conclusions

Although the sector now provides more accommodation that is accessible to ordinary members of the public than in the past (i.e. less is provided solely for relatives or employees), there are still significant barriers to access to this accommodation for some types of prospective tenant. Landlords remain particularly negative towards tenants on Housing Benefit. Whilst some of their reluctance stems from negative stereotyping of tenants on benefits, it is also clear that a significant proportion of landlords have had bad experiences as a result of the way that Housing Benefit is administered.

The survey suggests that landlords of the most recently let dwellings are more likely to have stronger preferences for the 'ideal' tenant (people in full-time, 'professional' employment) and are even less likely to be willing to let to tenants on Housing Benefit than landlords in general. The type of accommodation being provided is still frequently unfurnished, making it less suitable for younger lower-income and some types of newly-formed households (although a much higher proportion of the more recent lettings are furnished than lettings made prior to 2000). In addition, it appears that landlords are increasingly requiring financial references and deposits which only households with stable incomes and savings could provide.

⁷ See also Survey of English Housing Data, reference (2), which suggests that unfurnished lettings in 2001/02 were 72% of all private sector lettings.

Taking into account the changes in patterns of ownership and the influx of new, private individual landlords with better quality properties into the sector, it is tempting to conclude that the findings detailed above reflect a process in which the sector as a whole is moving 'up-market'. The preferences and letting practices identified may be a reflection of where landlords are positioning themselves as suppliers (although issues of sample size and possible bias need to be taken into account – see Appendix 2). Oversupply, which has already been noted in some areas, may make it difficult for landlords to be so selective.

The 2001 survey is not large enough for an analysis of the different practices and experiences of landlords operating in areas where demand for rented housing is low. In future when larger data sets from the Continuous English House Condition Survey becomes available, it may be possible to look more in depth at how landlords operate in different market conditions.

4.1 Main findings

- > Agents are responsible for the letting and/or management of 58% of dwellings where the tenant has no family or employment connection with the landlord.
- > Dwellings let and managed by agents tend to be in a better state of repair than those managed by their owners.
- > Just over half of all agents (55%) were members of a trade /professional body and only 15% of landlords.
- > Solicitors were the most commonly cited main source of information and advice on renting property for both agents and landlords.
- > Agents tend to use more formal procedures for letting a property than landlords. A higher proportion of agents take up references prior to letting and, in the case of furnished accommodation, provide the tenant with an inventory.
- > Most landlords and agents do not see rent arrears as a particularly significant problem although the landlords of some one in ten dwellings in the sample reported rent arrears in the 12 months prior to the survey.
- > A third of respondents had experience of seeking possession on the grounds of the behaviour of the tenant but only half of these considered the process to have been effective.
- > Only a quarter of respondents had ever been involved in a local authority landlords forum. Agents were more likely to have been involved than landlords (35% compared to 15%).
- > Less than one in 10 respondents (9%) were members of an accreditation scheme.
- > A third of respondents had never had any contact with the local authority in the course of their business as a landlord/agent.

4.2 Background

The way a property is let and managed is likely to have a significant impact on the day to day experience of tenants living in the sector, affecting how satisfied they are with their housing and how confident they are that problems can be efficiently and fairly resolved as and when they arise. Good tenancy management is also important for the overall image of the sector, a factor considered important to achieving the goal of attracting more large-scale investment into the sector. Good tenancy management practices can also help landlords minimise the risks involved in letting properties. There is also growing awareness of the role of good letting and management practices in stabilising declining neighbourhoods prone to low demand and anti-social behaviour and increasing frustration within these communities over landlords who do not take responsibility for the impact of their private letting on the wider neighbourhood. As with the issues of responding to landlords of poorly maintained properties, current policy and practice in relation to the improvement of tenancy management standards is based on a belief that the majority of landlords are well-intentioned but may be lacking in guidance.

Tenant surveys tend to show that the majority of private tenants are satisfied with their landlord overall and that private tenants tend to be more satisfied with their landlords than council or RSL tenants (79% of private tenants were satisfied with their landlord in the 2002/03 Survey of English Housing (2) and only 4% said they were on bad terms with their landlord in the 1998/99 survey (18)). Asking more specific questions does, however, suggest that landlords are not always providing a satisfactory level of service to tenants. In the 1999/2000 Survey of English Housing (19) private tenants were also asked how satisfied they were with the way that their landlords dealt with repairs. On this issue only 68% were satisfied. Amongst those expressing dissatisfaction who had not tried to enforce their rights to repairs, common reasons were not wanting to cause trouble and not knowing that they had any rights.



Whilst the deregulation of tenancies has removed much of the economic incentive for systematic harassment and illegal eviction that underpinned the activities of notorious landlords such as Rachmann, it is clear from research that some landlords with assured tenancies still adopt practices that amount to harassment or illegal eviction (20) and the harassment and illegal eviction of often elderly people from regulated tenancies still continues (21). The reduction in tenants' security of tenure is likely to mean that they are less able to challenge poor or unlawful management practices by their landlords. Even where landlords do not intend to be unfair, the informality of some of their letting and management practices can lead to tenants feeling extremely vulnerable. This is illustrated in a review of landlords' and tenants' experiences of deposit management. The review found that current practice in relation to deposit taking was poor and open to abuse (22). As a result, the report suggests, whilst problems did arise, the apprehension of problems with deposits is likely to be more pressing than the actual incidence of difficulties.

From a landlord's point of view, letting property is not necessarily a straightforward business. Research with landlords undertaken in the mid 1990s found that for those landlords who expressed disenchantment with the sector and for whom property letting had become particularly problematic, four factors predominated. These were: dealing with rent paid through the Housing Benefit system, recouping rent arrears, gaining possession of a property and dealing with theft and damage (7). The sector, for a variety of reasons, is increasingly playing a role in housing more vulnerable households (20) and the potential for management problems is higher. Earlier research with landlords has reported that in the 5 years prior to the survey the landlords of 44% of properties had had problems dealing with difficult tenants, 43% with dealing with rent arrears, 30% with regaining possession and 21% with bringing an agreement to an end (5). Higher proportions of agents had experienced these problems (81%, 82%, 56% and 38% respectively). These problems were often so severe that the landlords or agents of nearly two-thirds of properties sampled had had to ask a tenant to leave in the last five years. The most common reasons being arrears, abuse/damage and noise.

Given the above, it is perhaps surprising that many small landlords persist in managing their properties themselves and do not use the services of managing agents. However, the quality of the services agents have provided has in the past been variable and there have been cases where agents have been the perpetrators of a range of exploitative and illegal practices. Landlords, particularly small landlords, often feel that the fees charged by agents are particularly high given the perceived work involved and were loathe to pay for something they thought they could do themselves. These landlords, however, were often naïve about the full implications of being a landlord (7).

In recognition of the role played by 'well-intentioned' landlords and their need for support and advice, in recent years a number of initiatives have been developed by local authorities to reach and communicate with landlords. The Government has also given its support to a pilot voluntary tenancy deposit scheme and has consulted on the need for regulation in relation to the holding of deposits. Within the industry, efforts have been made to raise standards amongst managing agents and introduce 'kite-marking' through national voluntary schemes such as the National Approved Lettings Scheme.

Sections 4.3.1 and 4.3.2 look at some of the things that affect or could potentially influence the way that privately rented property is managed. Attention is paid to the role played by agents and the standard of management they provide. The role of membership bodies (trade and professional) is considered as well as other sources of information and advice on private renting available to landlords and agents.

Section 4.3.3 looks at landlords' and agents' experiences of management problems such as rent arrears and anti-social behaviour by their tenants and the different ways they respond to such problems. Finally section 4.3.4 looks at levels of awareness amongst landlords and agents of new initiatives and the extent to which they have had contact with their local authorities.

4.3 Detailed findings

4.3.1 THE ROLE OF AGENTS, REPRESENTATIVE BODIES AND SOURCES OF INFORMATION AND ADVICE

Use of agents

- > Overall, agents are used for the letting and/or management of approximately half (51%) of the dwellings in the sample and 58% of lettings accessible to the public (Table 15).
- > Use of agents is lowest amongst dwellings belonging to sideline non-investor landlords (45%) and highest amongst business landlords (59%) (Table 15).
- > Dwellings owned by landlords with more than one property are slightly more likely to be let or managed by an agent than dwellings owned by landlords with a single property, as are dwellings owned by landlords with other paid work. The most recently let dwellings (let in 2000-2001) are also more likely to belong to landlords who use an agent than dwellings let prior to 2000 (Table 15).
- > Dwellings let or managed by agents are more likely to be of a higher standard of repair than those managed by their owners. Fifty-three per cent of dwellings managed by an agent met the criteria to be classified as decent compared to only 40% of dwellings belonging to landlords who don't use an agent.
- > The landlords of dwellings let and managed by the landlord directly were asked why they did not use an agent. Most (88%) replied that they did not need to use an agent as they could manage their property themselves. Few explained their reasons for not using an agent in terms of a reluctance to pay for these services (7%) or because they believed it would be difficult to find a competent agent (3%).
- > Landlords who use an agent are generally satisfied with the service they receive with 80% either very or fairly satisfied. Nine per cent, nearly one in ten, were, however, very dissatisfied.
- > Landlords tend to be less satisfied with the level of fees paid to agents with nearly one in five (17%) stating that they felt that the agent's fees were either not very reasonable or not at all reasonable.

Membership of trade/professional bodies

- > Only 25% of landlord respondents had heard of the National Approved Letting Scheme.
- > Membership of trade or professional bodies or schemes is not widespread amongst agents. Only just over half of the agent respondents (55%) were members of a trade/professional body.
- > Few landlords (only 15%) were members of trade or professional bodies.

Sources of information and advice

- > Overall about a quarter (23%) of all respondents (landlords and agents) cited trade or professional bodies as their main source of information and advice about renting property (Table 17).
- > Solicitors are a very common source of advice and information for both landlords and agents. More than two thirds of respondents (68%) used solicitors for advice (Table 16) and solicitors were the most commonly cited main source of information and advice (more than a third of both agents and landlords) (Table 18).
- > Other sources of information and advice included local authority departments consulted on an ad hoc basis (used by some 30% of respondents). The internet was used by some 20% of respondents, although only some 10% of landlords (see Table 16).

4.3.2 LETTING AND MANAGEMENT PRACTICES

Comparing landlords and agents

- > Where dwellings are let and/or managed by an agent it is more common to find that more formalised procedures commonly considered good business practice (such as taking up references, supplying an inventory for furnished lettings, providing written tenancy agreements and taking deposits) have been used (Table 13).
- > References had been taken up for 83% of the lettings which were accessible to the public and managed by agents compared to only 40% of those managed by the landlord directly (Table 13).
- > The use of an inventory for furnished lettings accessible to the public was almost universal (91%) where an agent was involved, whereas the practice was only employed by just over half (54%) of the landlords of properties not managed by an agent (Table 13).
- > Written tenancy agreements were provided for 92% of lettings which were not restricted to relatives or employees of the landlord managed by agents compared to only 86% of similar lettings managed by landlords (Table 13).
- > Deposits were required for 80% of lettings accessible to the public and managed by agents compared to 57% of those managed by landlords directly (Table 13).

Recent lettings

- > Landlords and agents of more recent lettings are more likely to have used more formal approaches to letting than those of lettings made pre-2000. This suggests that such practices are becoming more widespread in the private rented sector (Table 13).
- > Landlords/agents of nearly all (96%) lettings made in 2000-2001 that were accessible to the public claimed to have provided a written tenancy agreement compared to only 82% of lettings made prior to 2000 (Table 13).
- > References were taken up for 70% of the most recent lettings and deposits required for 82% compared to only 58% of landlords of dwellings let pre-2000 taking references and 55% requiring a deposit (Table 13).

4.3.3 MANAGEMENT PROBLEMS

Arrears and bad debts

- > Rent arrears or bad debts had arisen at just over 10% of the dwellings in the survey in the last 12 months, although in some cases the amounts outstanding were considerable (30% in excess of £1000).
- > Respondents were divided about how they viewed problems with rent arrears. About a quarter (23%) of respondents thought rent arrears were a very/fairly serious problem but 37% felt it to be not a problem at all.
- > Most landlords gave tenants some leeway when rent was late with more than a quarter (26%) stating that they would not respond until after two or more payments had been missed. A minority (14%), however, considered that any delay in payment was not acceptable.
- > The divergent approaches of respondents (some acting by the book and others allowing more leeway) is mirrored in the differences in how quickly they would move to seeking possession. A minority of landlords (7%) claimed they would seek possession immediately arrears accrued. In most other cases landlords had a range of criteria for when to start proceedings for possession on the grounds of arrears including the scale of arrears built up and failure to keep to a prior agreement to pay. One in five (20%) said that initiating possession proceedings would be a last resort.

- > Experience of arrears caused by Housing Benefit was mixed. Whilst nearly a third (31%) of landlords/agents who let to tenants on Housing Benefit felt that Housing Benefit often caused arrears, a similar proportion (29%) reported that Housing Benefit never caused arrears.

Anti-social behaviour

- > Most landlords and agents (84%) said they would be willing to consider seeking possession should a serious problem with the tenant's behaviour arise but a few (8%) would not. For some (44%) this would be a step they would take reluctantly after all other options had been exhausted but for others (40%) it was something best done as quickly as possible to minimise problems.
- > A third of landlords and agent respondents had prior experience of seeking possession on the grounds of anti-social behaviour by tenants. Only half of these felt the process to be effective.

Deductions from deposits

- > Landlords of nearly one in five (18%) of the dwellings owned by larger landlords whose practice it was to take a deposit reported that they frequently, usually or always had to make a deduction from or retain the deposit. For the majority (46%), however, this was rarely necessary.

4.3.4 AWARENESS OF NEW INITIATIVES AND CONTACT WITH LOCAL AUTHORITIES

Tenancy deposits and deposit guarantee schemes

- > The survey coincided with the pilot of the Tenancy Deposit Scheme – a project aiming to test the potential for a voluntary scheme for the holding of tenants' deposits by a neutral body and the professional resolution of disputes over the return of deposits.
- > Awareness of the pilot Tenancy Deposit scheme appears high considering the timing of the survey and the geographically specific focus of the pilot. A third of all respondents were familiar with the scheme and nearly one in ten of these claimed to be members.
- > A far higher proportion of agents (53%) were familiar with the scheme than landlords (17%).
- > Although some one in five respondents said that they would consider allowing a neutral organisation to hold deposits, more than half (55%) of those who had heard of the pilot TDS were definite about not wishing to join it.
- > Deposit guarantee schemes, in which the local authority or other organisation usually provides a deposit guarantee in lieu of a cash deposit, in contrast, were considered useful by half of those who had heard of the pilot TDS.

Local authority landlord forums

- > Only quarter of all respondents had been involved in the past with local authority landlord forums. Agents were more likely to have been involved (35%) than landlords (15%).
- > A high proportion (54%) of those who had not been involved in landlord forums were unaware of their existence (they may not be held locally or the respondent may not be aware) or knew that they were not available locally (13%). Only a third had specific reasons for not being involved including being too busy, not liking meetings or not seeing any value in attending.
- > Although the frequency of attendance of meetings was often low (more than half had attended once a year or less frequently), most of those that had been involved reported that they found them very or fairly useful (61%). One in ten who had attended, however, found the forum meetings not at all helpful.

Accreditation schemes

- > Less than one in ten (9%) respondents was a member of a voluntary accreditation scheme.
- > Amongst those who had not joined an accreditation scheme, about half (52%) had not joined because there was no scheme available or they were not aware of a scheme locally. The remainder did not wish to join an accreditation scheme.
- > Of those who did not have a local scheme, or were not aware that there was a scheme, half would consider joining if there was a local scheme.

Local authority services

- > A third of respondents had never had any contact with a local authority in the course of business as a landlord/agent.
- > Business and institutional landlords had the highest rates of contact with a local authority (83% and 76%).
- > Landlord types least likely to have had contact with a local authority were sideline non-investor landlords (49%) and sideline investor landlords (67%).
- > Proportionately twice as many landlords (42%) as agents (19%) had not had contact with a local authority.
- > Where there had been contact, this was most frequently (73%) about Housing Benefit issues, complaints from tenants (29%) or bad behaviour by tenants (22%).
- > Only 8% of respondents claimed that their local authorities provided advice for private landlords on dealing with management problems.
- > In areas where local authorities did not currently provide advice for landlords on management problems, 41% of respondents thought this would very or fairly useful (Table 19).
- > There was much higher level of interest in the provision of free legal advice (65% thought this would be very or fairly useful) (Table 19).

4.4 Conclusions

The survey suggests that properties managed by agents tend to be not just of a better physical standard than those managed by the owners themselves, but that agents are more likely to employ formal management practices. However, despite high rates of adoption by agents of what is generally considered 'good practice', some worrying gaps remain. For example, agents of a small but significant proportion of dwellings (8% of dwellings managed by agents) had not provided a written tenancy agreement and inventories were not provided for one in ten furnished lettings managed by an agent.

Whilst landlords who managed their properties themselves lagged behind agents in the adoption of good practice, the survey found that both the landlords and agents of more recently-made lettings are more likely to have adopted these practices. This suggests that such practices are becoming more widely adopted in the private rented sector.

The survey suggests that the aspects of property letting and management which were problematic in the past may be less so now. Rent arrears were considered a very serious or fairly serious problem by only a quarter of respondents, although only one in ten of the respondents had experienced rent arrears or bad debt in respect of the sampled dwelling in the last 12 months.

Landlords are also not reporting a universally negative experience of letting to people on Housing Benefit. Similar proportions of respondents who do let to tenants on Housing Benefit complain of always having problems with arrears to those who claim to have never had problems with arrears caused by the HB payment system.

Landlords and agents also claim to be responsive to problems that can arise as a result of their tenants' behaviour and, in general, ready to tackle tenants with anti-social behaviour in the courts. Many claim to have gone to court over their tenant's behaviour but only half found the process to be effective.

Neither landlords nor agents appear to make significant use of services that can provide information and advice on dealing with tenancy management such as local authorities, trade or professional bodies. Solicitors appear to be the main source of information and advice for both landlords and agents and, from a range of services that a local authority could provide, landlords and agents were most positive about the provision of free legal advice. Initiatives aimed at communicating with and supporting well-intentioned landlords to achieve higher standards of both tenancy management and repairs and maintenance may achieve a wider impact if the provision of legal advice was included as part of a package of services for landlords.

In conclusion, the survey data suggest that whilst tenancy management practice across the sector is becoming increasingly more formalised, many landlords, particularly small landlords, operate in isolation from existing initiatives to promote good practice. Whilst agents are more likely to employ formal procedures than landlords, there are still gaps in practice by agents (e.g. failure to provide a written tenancy agreement) and a fairly low rate of membership by agents of professional/trade bodies. Solicitors are the most common port of call for information and advice on tenancy management issues.

Chapter 5

Repairs and Maintenance

5.1 Main Findings

- > Two-thirds of dwellings have landlords or agents who consider the property to be in excellent or very good conditions and 97% have landlords/agents who feel that they are able to keep on top of the necessary repair and maintenance work required.
- > There is often a mismatch between landlords'/agents' perceptions of the state of repair and the assessments made by surveyors with more than half of the dwellings (53%) failing the decent homes standard and 11% being unfit¹.
- > The incidence of dwellings not meeting the decent homes standard is highest amongst dwellings owned by 'business' landlords (although this conclusion is based on a relatively small number of cases).
- > Most properties (90%) had had improvement or repair work done on them in the previous five years.
- > Most work on privately rented dwellings is done by contractors hired for that specific job.
- > Landlords of nearly half the dwellings (46%) where work had been carried out in the last five years reported that they had experienced difficulties in getting work done, most commonly repairs costing more than expected and difficulties finding reliable workmen or contractors.
- > Landlords' estimates of the costs of keeping their properties in a good state of repair tend to be low with landlords of half of all dwellings believed to be in a good state of repair suggesting that £500 or less was sufficient.
- > More than one in five dwellings (22%) require works valued in excess of £10,000 to bring them to a state free from disrepair and urgent repairs costing £5,000 or more were identified for more than one in ten properties (14%).
- > Owners of only a third (36%) of dwellings expect the rent to cover the costs of major works.
- > Repair work is most commonly (51%) financed from income unrelated to the letting of the property.
- > Landlords and agents felt that they had not received sufficient information to comply with basic safety regulations and good practice. There was strong support for the provision of advice on safety regulations by local authorities.

5.2 Background

The private rented sector has for a long time been associated with levels of unfitness and disrepair that are higher than in the housing stock as a whole with the poorest conditions found amongst older stock, shared houses and houses in multiple occupation. The 2001 EHCS (23) shows that 10% of privately rented dwellings are unfit compared to fitness rates of 4% across the whole stock. Almost half (49%) of all privately rented dwellings do not meet the decent homes standard compared to 33% of the housing stock as a whole. Although there has been some improvement in the physical condition of housing in the private rented sector over time, the PRS still contains the highest proportion of unfit housing and housing that does not meet the decent homes standard.

Improvements in conditions have occurred in two ways. Firstly there has been a tendency for properties brought into the sector to be of a higher quality than those sold off for owner-occupation or redevelopment. Much of the growth in the early 1990s was associated with a net inflow of good quality dwellings from owner occupation, a significant proportion of which was from owners unable to sell their property because of

¹ s604 1989 Local Government and Housing Act.



the property market slump. This inflow of better quality properties explains a large part of the improvements in overall property quality in the sector (6). Between 1996 and 2001 inflows and outflows between the private rented sector and owner occupation were more balanced (some 600 thousand dwellings in each direction) (23) but good quality properties were still replacing some of the worst properties sold off for redevelopment for owner-occupation.

The other way in which conditions in the sector improve is through the investment of existing landlords in the repair and improvement of their dwellings. Analysis of the previous EHCS and Private Landlord surveys, however, highlighted a skewed pattern of investment with more spent on the dwellings in the best condition and less than needed on those in the worst condition with the best property in the sector was more likely to be owned by landlords without an investment objective and the worst property by those seeking a return (24). It also suggested that rates of return tended to be higher for poorer condition properties. Poorer condition properties tended to be of a lower market value and have less spent on them for repairs and maintenance.

This type of 'over-investment', often by sideline non-investor landlords, has been described as a 'stewardship' approach to property management and is contrasted with that of the more commercially oriented owners of poor condition properties who could be described as 'milking' them for rental income (6). Analysis of rents and rates of return for poor and good condition properties, however, points to a rationale for this behaviour in imperfections in the market for rented housing. Whilst neither rents nor the total returns on rented property vary considerably by property condition, the source of these returns does. Better quality properties tend to have a higher rate of capital gain since acquisition than properties in the worst condition. As landlords of the worst property will not be rewarded by higher rents if they improve their properties, spending on repairs will lower their net rental yield. Curbing spending on repairs may therefore be a rational economic approach to deriving a return from properties in poor condition.

Current housing policy reflects a desire to provide support to the numerous part-time, well-intentioned small landlords with poor condition properties, recognising that they may face similar problems to those of owner-occupiers (lack of knowledge, skills, capacity and resources) when it comes to maintaining their property (25). Local authorities have been exploring and developing ways to provide this support (for example through landlords forums and accreditation schemes) but have struggled both to establish contact with the numerous small landlords operating in their areas and to develop services that balance the carrots and sticks they have at their disposal. Little systematic research has as yet been undertaken into their effectiveness (26).

Policy towards landlords who are not so 'well-intentioned' and let their property in poor condition currently rests on traditional enforcement by local authorities of housing fitness and environmental health legislation (to be updated by the Housing Health and Safety Rating System if the provisions of the Housing Bill are enacted).

Section 5.3.1 looks at the state of repair of properties included in the sample and compares the views of landlords/agents on the state of repair of the property with the assessments made by surveyors in the physical survey. Section 5.3.2 looks at what improvement work has been done to the dwelling in the five years prior to the survey, asking about a range of improvements and basic maintenance tasks (e.g. painting window frames, servicing central heating or appliances and clearing drains or gutters). It explores some of the barriers which may face small landlords in getting repairs done by asking about the extent to which contractors were used for repairs and maintenance and the problems and experiences landlords have with getting repairs done and using contractors.

Section 5.3.3 provides data on how much landlords estimate needs to be spent each year to keep their properties in good condition. Section 5.3.4 looks at landlord/agent's responses to the kinds of services that local authorities are developing aimed at supporting well-intentioned landlords in their areas.

5.3 Detailed findings

5.3.1 STATE OF REPAIR

- > Two-thirds of dwellings have landlords or agents who considered the property to be in excellent or very good condition (Table 19). Only 3% of dwellings were rated by the landlord or agent as either fairly poor (with quite a lot of problems) or very poor with a lot of major problems. These properties were owned predominantly by private individuals although included other landlord types².
- > Most properties (97%) are owned by landlords who feel that they are able to keep on top of the necessary repair and maintenance work required.
- > Despite the positive assessments given by landlords/agents of the condition of their properties, more than one in ten properties (11%) where a physical survey was completed were found to be unfit and more than half (53%³) failed the decent homes standard (Table 20).
- > The commonest reasons for unfitness were dampness (38%), disrepair (33%) and poor food preparation areas (31%).
- > Failure to provide thermal comfort was near universal in properties that did not meet the decent homes standard (96%) with disrepair being the second most commonly failed criteria (43%).
- > The incidence of dwellings not meeting the decent homes standard is highest amongst 'business' landlords (64%) and lowest amongst 'institutional' landlords (46%) although the number of cases is small (Table 20).
- > In contrast to findings from previous EHCS surveys that property condition was worse amongst landlords with an investment objective, this survey suggests that dwellings belonging to 'sideline non-investor' landlords were more likely (58%) to be non-decent than those owned by 'sideline investor' landlords (50%).
- > Tenants tended to be more critical of the state of repair of the property than landlords with one in five dissatisfied or very dissatisfied with the state of repair (Table 21) and a higher proportion of those in non-decent homes (28%) dissatisfied.

5.3.2 IMPROVEMENT WORKS AND USE OF CONTRACTORS

- > 90% of properties had had improvement work done to them in the previous five years. Works to maintain, repair or replace windows or doors (65%) or works on heating and insulation (63%) were most common. Where no improvement works had been carried out most landlords claimed that none was needed.
- > Landlords generally undertook works to meet the needs of tenants (give them better conditions, improve amenities and protect health and safety). Economic interests (increasing the market value or rent) were relatively uncommon reasons (7% and 4% respectively). Work done to comply with enforcement was rare (2%).
- > Most of the work done was done by contractors with only one in ten (9%) dwellings where work was done not having used contractors.
- > Contractors are generally hired for specific jobs according to the skills required. Nearly two-thirds of dwellings have landlords who hire contractors on an ad hoc basis.
- > Landlords of nearly half of all dwellings (46%) reported difficulties in getting repairs done. These include repairs costing more than expected (21%) and more than the landlord could afford (11%) and difficulties finding reliable builders or workmen (16%).

² Sample size too small for further analysis of this subgroup.

³ The main EHCS provides a national estimate of 49% of privately rented dwellings failing to meet the decent homes standard.

- > Amongst the private individual landlords with experience of using contractors, landlords of more than half (54%) the properties felt that there were factors which made hiring contractors difficult or daunting. The most common difficulty was in finding reliable contractors (35%) followed by concerns about being exploited (29%) and the poor quality of work done (28%).
- > Landlords who were private individuals tended to regard their own good experience of a contractor as the most important factor when looking for a contractor (65%) with price (46%), recommendation by a friend/relative (37%) and that the contractor was accredited or had other 'approved' status (31%) also being important.
- > More than one in ten (13%) properties owned by private individuals had landlords who felt that using a contractor who was a friend or relative was important.

5.3.3 REPAIR COSTS, EXPENDITURE AND FINANCING

- > Landlords'/agents' own estimates of how much they needed to spend each year to keep the property in good condition varied widely. One in five of those who thought they were on top of the repairs and maintenance believed that £250 per year was adequate whilst the landlords/agents of nearly one in five dwellings (18%) estimated an expenditure requirement of £1000 or more each year (Table 22).
- > Half of all dwellings (53%) owned by landlords who believe they keep on top of the necessary repairs and maintenance had on average less than £500 per annum spent on the necessary works to keep them in good condition over the last 5 years (Table 22).
- > Twelve per cent of the properties where landlords estimated a requirement to spend less than £500/year were unfit.
- > Higher estimates of required expenditure (£1,000 per annum or more) are more common amongst dwellings owned by companies and other organisations (24%) than private individuals (14%) (Table 23).
- > The comprehensive repair costs estimated by surveyors suggest that landlords are over-confident in their belief that they keep on top of repairs and maintenance. More than one in five dwellings (22%) require works valued in excess of £10,000 to bring them to a state free from disrepair and 14% have outstanding urgent repairs costing £5,000 or more (Tables 24 and 25).
- > Proportionally more dwellings owned by business landlords (29%) and sideline non-investor landlords (26%) have comprehensive repair costs in excess of £10,000 (Table 24).
- > High cost urgent repairs were also more common amongst dwellings owned by sideline non-investor landlords (Table 25).
- > Although most landlords (75%) expect the rental income to provide for the costs of minor repairs and wear and tear, only a third (36%) expect the rental income to cover the costs of major works.
- > At less than half (45%) of the dwellings where work had been undertaken in the last 5 years had this work been all/part-financed by rental income. More common (51%) was work financed through the use of sources of income unrelated to the property (savings, current income or money from an inheritance).
- > Use of loan income for repair and improvement works is uncommon. Only 6% of dwellings where work had been undertaken in the last 5 years had landlords who used loans as the main source of funding for the works.
- > Works on only 5% of dwellings were financed all or in part by local authority grants but 12% of dwellings had landlords who had received a grant for at least one of the rental properties they owned.

5.3.4 LOCAL AUTHORITY SERVICES

- > Two-thirds of landlords and agents interviewed in the survey had at some stage had contact with a local authority in the course of their business over the last 5 years (see also 4.3.4 on tenancy management issues). Landlord types least likely to have contacted their local authority are the groups in which small individual landlords predominate: 'sideline investor' and 'non-investor' landlords.
- > Approximately a third of all landlords and agents interviewed had contacted a local authority about planning and/or building regulation issues (37%) in the last five years and a third (33%) about repairs or improvements in general. Less than a quarter (23%) had had any contact with a local authority over grant applications or enquiries over the last five years.
- > One in five respondents (21%) did not know what services the local authority provided to help private landlords maintain their property.
- > Landlords and agents were most aware that the local authority provided guidance on safety regulations (34%). Only 22% thought their local authority provided advice on repair/improvement problems, 12% that the local authority provided a free inspection service and 11% lists of trustworthy builders/contractors.
- > Where landlords and agents had had experience of using local authority services, their opinion on these services was mostly positive. Advice on safety regulations, where available, was generally highly thought of. However, nearly one in five (18%) felt that local authority advice on repairs and improvements was not very or not at all useful.
- > Where services were not available, there was strong support for the provision of guidance on safety regulations (77% of respondents saying these would be very or fairly useful), discounts on building materials (57%), list of reliable/trustworthy builders/tradespeople (54%) and access to loans (51%).
- > Around half of the *landlords* interviewed (i.e. excluding agents) claimed never to have received any information about regulations on electrical installations and equipment (53%), fire regulations for upholstered furniture (55%), certification of gas fittings and appliances (49%) or good practice on smoke alarms (54%) (Table 26).
- > Landlords were most confident that they had received enough information to comply with regulations on the certification of gas fittings and appliances (44%), but only just over a third felt that they had received enough information to comply with regulations on upholstered furniture (37%) and electrical installations and equipment (36%) and good practice on smoke alarms (36%) (Table 26).

5.4 Conclusions

The 2001 Private Landlords Survey tends to support the findings from earlier surveys (see above) that a higher proportion of unfit properties are found amongst dwellings owned by investment-oriented landlords (12% of properties owned by 'business' landlords compared to 9% of dwellings owned by 'sideline non-investor' and 'institutional' landlords), although the differences are not great and the number of cases on which this analysis is based is low. When it comes to decent homes, however, although the worst properties appear to be concentrated amongst dwellings owned by 'business' landlords (64% non-decent) a higher proportion of dwellings owned by 'sideline non-investor' landlords are not decent (58%) than amongst those owned by 'sideline investor' landlords (50%).

Whilst nearly half of all landlords reported similar difficulties in getting repairs done to those experienced by many owner-occupiers, the discrepancy between the landlord/agent's assessment of the state of repair and those made by the surveyors suggest that landlords and agents, like many owner-occupiers may also not be aware of what needs to be done to keep their properties free from disrepair. However, research with owner-occupiers on their assessments of the condition of their homes, has found that they are often more aware of the objective condition of their homes than their responses in surveys suggest (27). There may be other reasons here why

owners/agents do not give more realistic assessments of the condition of their dwellings such as an unwillingness to portray oneself in a bad light, or a view that the property was 'good enough' for its tenants or in relation to other privately rented dwellings.

The survey also raises questions about the extent to which landlords are realistic about the costs associated with keeping their properties in good condition and how these costs can be financed. This issue is discussed in more detail in Section 6.

Many landlords and agents have some contact with their local authority in the course of their business as landlords but rates of contact by sideline non-investor landlords (amongst whom high rates of non-decent homes are to be found) are particularly low compared to other landlord types. Local authorities are not seen by landlords/agents as a source of advice about repairs and maintenance, either because their local authority was not providing this service or they were not aware of it. Where services are provided, they are not always rated highly with nearly one in five of the respondents whose local authority did provide this service rating it as not very or not at all useful. Neither is there an overwhelming demand that local authorities provide this service with only 42% of respondents stating that they would find it very or fairly useful if the local authority provided an advice service. More useful to the respondents was guidance on safety regulations where there was demand from some three-quarters of respondents for services from the local authority. (Around half of all landlord/agents claim never to have received from any source information on how to comply with regulations on electrical installations, upholstered furniture and the certification of gas fittings and appliances or good practice on smoke alarms.) Other services respondents thought would be useful were, discounts on building materials (57%) and lists of reliable contractors (54%). (See also Section 4 on landlord/agent's experiences of support from the local authority on letting and management issues).

Chapter 6

The rationale and future intentions of private landlords



6.1 Main findings

- > Income or investment reasons for acquiring property to let have become increasingly frequent since the 1994 survey whilst the provision of accommodation for employees and the acquisition of tenanted property have declined.
- > One in five dwellings (21%), however, were acquired by landlords who intended to live in them and this reason appears to have increased since the 1994 survey.
- > Nearly half (47%) of dwellings that were purchased were bought using cash (down from three-quarters in 1998).
- > Approximately one third of dwellings (31%) have a loan or mortgage on them outstanding.
- > Landlords are increasingly seeing their property as an investment. In 1994 and 1998 only 59% saw the sampled dwelling primarily as investment. In the 2001 survey this proportion had increased to over two-thirds (68%).
- > Despite the increase in the proportion of landlords who see their property as an investment, only 40% expect the rental income to provide them with some form of return.
- > Landlords of a third (34%) of privately rented properties felt that the rent was not high enough to cover all the costs they expected it to cover.
- > Landlords of 25% of dwellings let on the 'open market' (i.e. excluding lettings to relatives and employees) had gross rental returns¹ of less than 5%.
- > A significant minority of dwellings (7%) let on the 'open market' and for which a rent was charged did not generate a positive income stream for their owners in the 12 months prior to the survey.
- > Survey data suggests an average net income return of 5.5% on market value with vacant possession.
- > Nearly three-quarters of dwellings (73%) would be relet if they became vacant tomorrow.
- > One in five landlords (21%) expect to acquire more property to rent out in the next two years compared to 11% who expect their renting activities to contract.
- > Nearly one in ten landlords (9%) expects to leave the sector within the next two years.

6.2 Background

The private rented sector is subject to considerable 'churn' in terms of both properties and property ownership. New dwellings enter the sector from other uses (even during periods of contraction) and existing rented dwellings are lost to the sector on a continuous basis². The tendency for new dwellings coming into the sector to be better quality than those leaving the sector has had a large impact on improvement in overall conditions in the sector. Understanding how and why landlords become landlords, therefore, and why and under what circumstances they will remain landlords and expand their portfolios is an important element in any assessment of how sustainable is the current scale and pattern of ownership in the private rented sector and in any assessment of the effectiveness of Government policies aimed at fostering sustainable and high quality provision in the sector.

Previous studies of private landlords have emphasised the diverse motives and circumstances behind the reasons for becoming a landlord. All have shown that the

¹ Excluding capital growth.

² Of the 1.8 million dwellings in the sector in 1996, only 1.1 million (65%) were in the sector in 1991 – see (16) Crook et al (2000) *Repairs and Maintenance by Private Landlords*.

sector contains a significant minority of landlords who became landlords without intending to, for example, people who had inherited property, acquired property along with other investments or who were owner occupiers moving elsewhere who couldn't or didn't want to sell their home. These initially 'reluctant' landlords exist alongside a growing majority of small landlords who have actively acquired their property for the purpose of letting and earning some return on their investments from either the rental income generated, increases in capital value or both.

Deregulation of the sector in 1989 was designed to make the sector more attractive to landlords and potential landlords. The introduction of market rents allowed landlords to increase their returns considerably and it was assumed that the market system would both allow for and provide incentives for investment in improvements to property condition. By improving liquidity and reducing risk overall it was expected that the 'hurdle' rate of return that landlords would require would fall (6) thereby making the sector attractive to new investors.

That property is a relatively safe investment for capital growth in an era of financial uncertainty is probably a factor that underlies much of the new interest in the sector by private individual landlords. Industry analysts suggest that the sector has seen average **total** returns (i.e. income and increases in capital value) of 17% per annum over the last 25 years with high house prices underpinning a total return of 32% in 2002 (28).

Gaining a rental income from an investment in privately rented property is a quite different matter. Costs can quickly eat away at rental income. Industry experts estimate that voids, bad debts, arrears and management and maintenance costs reduce the gross receivable rents of institutional landlords by 20-30% (29). Other sources suggest 25-40% may be a more accurate ratio for small landlords (8).

Reviews of the investment returns based on the 1998 Private Landlord Survey data suggested that whilst residential lettings provide a reasonably attractive investment for small-scale individual landlords looking for capital gains and willing to look after the property in their spare time, the sector does not provide returns high enough to attract potential corporate investors. In some parts of the sector, returns are not adequate to finance the investment needed by small landlords to bring their property condition up to standard (8). More recently concerns have arisen about the over-supply of rented property and falling rents and yields in London and the South. The A.R.L.A. Index of Returns on Buy to Let shows falling returns in all regions with the exception of the North East and North West (30).

Whilst a growing proportion of landlords claim to have entered the sector for economic reasons, this does not necessarily mean that they operate in a fully commercial manner. Research undertaken in the 1990s suggests that small landlords' financial motivation is often driven by a desire to avoid losses rather than achieve a specific rate of return and that landlords rarely calculated their financial return nor were particularly rigorous in monitoring their outgoings (7). Repairs and maintenance are often undertaken in an ad hoc and unplanned manner with routine maintenance often funded from personal as opposed to rental income set aside for this purpose (6). Investment often appears skewed with more spent on dwellings in the best condition and less than is needed on the dwellings in the worst condition (8).

More recent research amongst 'buy-to-let' landlords found that few part-time landlords were achieving a positive net rental income and some were making a loss, largely as a result of recent oversupply. Part-time landlords saw this as an 'undesirable but accepted risk' and were prepared to 'subsidise' rents if necessary in order to achieve their longer-term aim of an income in retirement. In contrast, full-time landlords usually operated to investment criteria that would result in them disposing of property that was under-performing or would ensure that they never invested in property that did not have the potential to deliver significant returns (31).

The above research suggests that the landlords interviewed are taking a medium to long-term view of their involvement in the sector but warns that the context for their approach to their investments, in terms of low interest rates, rising capital values and rents and increasing demand for rented property, could easily change.

This section explores how and why landlords became landlords (section 6.3.1) and looks at the evidence provided by landlords and agents on the level of returns private landlords are making from rented property (section 6.3.2). It also looks at landlords' future intentions in terms of how long they expect to remain in the sector and whether they are planning to increase or decrease the number of properties they hold in the future (section 6.3.3). Finally, landlords' responses to a number of policy initiatives are reviewed (section 6.3.4).

6.3 Detailed findings

6.3.1 REASONS FOR BECOMING A LANDLORD

Reasons

- > Although the definition of private renting is broad, encompassing owners who provide accommodation for friends and relatives and organisations with social/charitable objectives, half of all respondents gave reasons for becoming landlords that were associated with investment or income generation (Table 27).
- > The most frequently given reason was to secure an income or return on investment (39%). Other reasons given by significant numbers of respondents suggest that decisions to invest in property to rent were made in the context of a wider (although not necessarily sophisticated) investment strategy (Table 27).
- > Despite the prevalence of an economic rationale for becoming a landlord suggested above, a quarter of respondents (26%) felt that they first became a landlord without intending to, as a result either of having inherited a property or having a property they couldn't sell (Table 27).
- > Almost half the 'reluctant' landlords, however, when asked how they view their property today, see it as an asset rather than a liability.

Acquisition

- > The majority (71%) of privately rented dwellings were bought by their landlords, however nearly one in five (18%) were inherited.
- > Only 43% of all privately rented dwellings (Table 28) were acquired with a loan to finance acquisition and only 31% of all dwellings have a mortgage or loan outstanding on them.
- > Landlords of half the dwellings (49%) in the sample gave the investment potential of the property as the main reason for acquiring it (Table 30). Thirty-five per cent gave the potential for generating rental income as their main reasons and 14% capital growth.
- > Landlords of many other dwellings included investment potential as one of a bundle of reasons for acquiring the sampled property (Table 29).
- > Income or investment reasons for acquiring property to let have become increasingly frequent since the 1994 survey whilst the provision of accommodation for employees and the acquisition of tenanted property have declined (Table 29).
- > It is, however, important to note that one in five dwellings in 2001 were acquired by landlords who intended to live in them, either at that time or in the future, and that this reason appears to have increased since the 1994 survey (Table 29).

How the property is viewed today

- > Landlords are increasingly seeing their property as an investment (Table 31). In 1994 only 59% saw the EHCS dwelling primarily as investment. In the 2001 survey this proportion had increased to over two-thirds (68%) with nearly one in ten primarily as a vehicle for capital growth (Table 31).

- > Eighty-six per cent of dwellings were let within one year of acquisition but nearly one in ten privately rented dwellings (9%) were not immediately let because they were occupied by the landlord and his/her family. A further 5% were vacant and not let in the first year following acquisition.

6.3.2 ECONOMIC RATIONALE

- > Rents charged for the sampled dwellings (where these were let to tenants with no family or employment connection to the landlord) ranged quite widely, reflecting, inter alia, the different sizes of units let and the different quality of accommodation (Table 32). The average monthly rent for dwellings for which a rent was charged and which were not let to relatives or employees was £435.
- > Dwellings new to the sector tended to command higher rents than those that had been let for much longer with average rents of £502 for dwellings let in 2000 or 2001 and £362 for dwellings let prior to 2000.
- > Most landlords (although not all) expected the rent to pay for minor wear and tear (75%) and insurance costs (63%). Only 40% expected the rental income to provide them with some form of return. This is a much lower proportion than the 60% who said that they viewed their property as an investment from which they expect to generate income (Table 31).
- > Landlords of a third (34%) of privately rented properties felt that the rental income was not sufficient to cover all the costs they expected it to cover.
- > Gross rental returns, (gross rental income as a proportion of market value with vacant possession) also ranged widely although returns for the majority (75%) of dwellings were less than 10% (Table 33).
- > The average gross rental return (mean) was 8.2%.
- > The number of cases for which both rent and cost information was available was somewhat limited³, however the available data suggests that costs were on average the equivalent of 40% of gross rental income (arithmetic mean) with a median figure of 25%⁴.
- > For quite a high proportion of cases (42%) costs were less than 20% of rental income. It is not known whether this is due to under-reporting of costs by the respondent or that the landlord was pursuing a particular financial strategy in relation to the property.
- > According to the information provided, 7% of privately rented dwellings for which a rent was charged and let on the 'open market' do not generate a positive income stream for their landlords. A further one in five generates less than £2,000 per year (see Table 34). Sixteen per cent of dwellings, however, provided their owners with a net income of £5,000 or above.
- > The average (mean) net rental return is 5.5% (Table 35), slightly lower than the 6.8% calculated from the data from the 1998 survey (8).
- > 'Business' landlords appear to achieve higher rates of return than other landlord types with an average of 7.0% although sample numbers are small (the analysis relies on 49

3 Collecting reliable and comprehensive information about the income and expenditure incurred by landlords over the course of a year is a complex task. Arguably, a quantitative survey with wide-ranging subject matter is not the best method to use for this task. Information gathered in the Private Landlord Survey can therefore only be used in an indicative way to examine the general health of private renting as a business activity.

4 Net income was calculated for some 250 dwellings where respondents were able to give full details of the rent they charged and their expenditure over the last 12 months (and where properties were not let to relatives or employees and not let rent free). Respondents were prompted for their expenditure on insurance, maintenance and minor repairs, agents fees, major works. The costs/expenditure amounts include a sum for depreciation (where given), but do not include loan/mortgage repayments. Income is based on annual rent with deductions for voids and bad debts in the last 12 months.

cases for 'business' landlords). There is little difference in the rates of return achieved by 'sideline investor' and 'sideline non-investor' landlords (5.4% and 5.8% respectively). 'Institutional' landlords appear to achieve the lowest rates of return (3.7%), but again, sample numbers are small (39 cases) (Table 35).

6.3.3 FUTURE INTENTIONS

- > Approximately three-quarters (73%) of dwellings would be relet (including those relet after improvement or conversion) if vacant or if they became vacant tomorrow (Table 36).
- > Dwellings belonging to 'institutional' landlords and 'sideline investor' landlords are more likely to be relet than other landlord categories (Table 36).
- > Dwellings belonging to 'sideline non-investor' landlords are least likely to be relet (Table 36).
- > Most dwellings that would not be relet if vacant would be sold. These account for 15% of all dwellings.
- > A fifth of landlords (21%) expect their property holdings to increase over the next two years compared to 12% who envisage the number of properties they rent out decreasing (Table 37).
- > Although numbers are small and should be treated with caution, it appears that there is greater volatility in portfolios belonging to business landlords (see Table 37). This category has landlords with the highest propensity both to increase and decrease their portfolios. A high proportion of sideline investor landlords (25%) also envisage increasing their total number of lettings in the near future.
- > Most landlords (86%) expected to remain as landlords for at least the next two years and nearly three-quarters (73%) for the next five years. However, nearly one in ten (9%) did expect to leave the sector within two years.

6.3.4 LIKELY RESPONSE TO POLICY CHANGES⁵

- > Licensing across the whole sector was seen as a particularly negative policy development with one in four landlords claiming that this would lead them to reduce the number of dwellings they let (Table 38).
- > One in ten landlords felt that selective licensing of properties not properly managed would lead to them reducing the scale of their operations, however a similar proportion responded that they would be likely to increase the number of properties let (Table 38).
- > Landlords would be more likely to increase rather than decrease the scale of their operations if licensing of HMOs was introduced (Table 38).⁶
- > Landlords also responded quite warmly to proposals that were designed to address the problems of difficult tenants. Landlords of approximately 40% of properties replied that measures to make gaining possession easier in cases of arrears, damage or anti-social behaviour and a register of tenants with a history of anti-social behaviour would lead to them increasing their scale of operation (Table 38).
- > Policy changes likely to have the biggest positive impact were those of a financial nature. Landlords of nearly half the properties in the sample felt that increasing the availability of grants for repairs and maintenance and providing capital allowances for those investing in property would make them more likely to increase the number of lettings (Table 38).
- > Landlords' responses suggest that blocking the payment of Housing Benefit to tenants in poorly managed and maintained property was likely to have little impact. Landlords of

⁵ Responses to the questions on possible policy changes should be treated with some caution as the questions were very brief and may not have conveyed the full implications of the policy changes to the respondents.

⁶ This question was put to all landlords and not just landlords of H.M.O.s.

eight out of ten properties felt that they would neither increase or decrease the number of lettings if such a measure was introduced (Table 38).

6.4 Conclusions

Despite the growth in the number of landlords who view their property as an investment, in income terms, the average net rental return on capital value is not particularly high and lower than that found in 1998. Indeed a significant minority of dwellings did not provide their landlords with a positive return and others were unlikely to be generating a return adequate to fund anything but minor repairs.

Although much is made of the recent growth in the number of 'Buy to Let' landlords (see Section 2.2) and concerns over the sustainability of these arrangements if today's market conditions (low interest rates, rising capital values) were to alter significantly, overall, less than a third of dwellings in the private rented sector have a loan or mortgage still outstanding. This suggests that the sector should remain fairly resilient should interest rates rise considerably.

Confidence in the sector amongst existing landlords is high. A higher proportion of dwellings would be relet if they became vacant than in both the 1994 and 1998 surveys and a higher proportion of landlords expected to increase the number of dwellings they owned over the next 2 years than in previous surveys.

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Appendix 1

Tables 1-39

Table 1: Changes in landlord type

	1994*	1998*	2001
	%	%	%
Private individual/couple/group	47	61	65
Partnerships	3	4	5
Companies	25	22	13
Other organisations	25	14	17
total	100	100	100

Base: dwellings

* Taken from 'Repair and Maintenance by Private Landlords'

Table 2: Scale of property holding by landlord type

	Private individuals	Companies & organisations	All
	%	%	%
1	40	7	30
2-4	28	11	23
5-9	15	8	13
10-24	10	14	11
25-49	5	7	5
50-99	2	11	5
100-249	1	21	7
250+	0	21	6
total	100	100	100

Base: landlords

Respondent: landlords only and landlord still owns rental property

Table 3: Scale of property holding (all landlords) 1994-2001

	1994*	1998*	2001
	%	%	%
1	24	27	30
2-4	13	16	23
5-9	14	13	13
10-24	8	15	11
25-49	7	5	5
50-99	6	5	5
100-249	8	7	7
250+	19	12	6
total	100	100	100

Number of cases

207

245

287

Base: dwellings

Note: the base for 1994 and 1998 is dwellings whilst for the 2001 data the base is landlords. In relation to the 1994 & 1998 data the 2001 will therefore in theory undercount dwellings owned by large landlords, although the impact on the overall findings, in practice, is very small

* Taken from 'Repair and Maintenance by Private Landlords'

Table 4: Proportion of gross income derived from residential letting by landlord type

	Private individuals %	Companies & organisations %	All landlords %
None	12	16	13
Up to 25%	50	34	45
26-50%	18	8	15
51-75%	11	8	10
76-100%	10	33	17
total	100	100	100
Number of cases	188	85	273

Base: landlords.
Respondent: landlords only

Table 5: Number of years landlord has been in the sector by landlord type

	Private individuals		Companies & organisations		All landlords	
	1998	2001	1998	2001	1998	2001
	%	%	%	%	%	%
2 or less	4	14	0	5	3	11
3-5	20	17	5	8	14	14
6-10	18	22	3	8	13	17
11-20	30	25	15	16	25	22
21-30	18	9	17	9	17	9
31-40	5	5	8	14	6	8
more than 40	6	9	53	41	22	18
total	100	100	100	100	100	100
Number of valid cases	123	244	67	105	190	349

Base: dwellings
Respondent: 2001 – landlord or agent where agent manages all or most of the landlord's properties; 1998 current/past landlords
Note: the 2001 data excludes cases where the landlord has other dwellings in the sample. This means that the 1998 and 2001 are not strictly comparable but in practice the different base makes only a minor difference to the results

Table 6: Number of years property has been rented out by landlord type

	Private individuals		Companies & organisations		All landlords	
	1998	2001	1998	2001	1998	2001
	%	%	%	%	%	%
2 or less	8	26	4	10	7	21
3-5	34	24	16	12	27	20
6-10	17	19	17	13	17	17
11-20	26	17	15	20	22	18
21-30	6	5	13	12	9	7
31-40	3	4	11	8	6	5
more than 40	5	5	25	24	13	11
total	100	100	100	100	100	100
Number of valid cases	174	349	102	166	276	515

Base: dwellings

Table 7: How property is viewed by landlord type

	Private individuals		Companies & organisations		All landlords	
	1998*	2001	1998*	2001	1998*	2001
	%	%	%	%	%	%
Investment for capital growth only	4	9	5	6	4	8
Investment for rental income only	13	23	15	16	14	21
Investment for both income and capital growth	41	41	37	36	39	40
Somewhere I/family member/friend/relative will live in	12	13	1	2	8	10
Somewhere I would like to sell but cannot	8	2	3	1	6	2
To house an employee	3	3	18	21	9	9
Incidental to another activity	1	0	5	0	3	0
As a liability	9	0	5	1	7	0
Other/don't know	9	8	11	17	10	10
total	100	100	100	100	100	100
Number of valid cases	160	359	111	172	271	531

Base: dwellings

* Taken from 'Repair and Maintenance by Private Landlords' NB response categories in the 2001 survey are not exactly the same as in the 1998 survey. Only those which are equivalent are identified in the table, otherwise responses are included in the 'other' response category

Table 8: Type of company/organisation

	%
Private company	39
Public company	3
Partnership	13
Charity/charitable trust	17
Church or Crown commissioners	5
Government Department	4
Educational establishment	7
Other	11
total	100
Number of cases	188

Base: Company/organisational landlords

Table 9: Landlord category

	1994*	1998*	2001
	%	%	%
Business landlord	17	22	15
Sideline investor landlord	34	32	45
Sideline non-investor landlord	27	27	18
Institution	21	19	22
total	100	100	100
Number of cases	143	262	577

Base: dwellings

* Taken from 'Repair and Maintenance by Private Landlords'

Table 10: Landlord and letting characteristics by occupancy type

	Relatives and employees %	Housing benefit recipients %	People not on Housing Benefit %	n
All lettings	21	18	61	564
Landlord type				
Private individuals	15	19	66	374
Companies and organisations	32	16	52	188
When let				
Recent lettings (starting in 2000-2001)	10	17	73	272
Longer standing lettings (pre 2000)	30	20	50	292

Base: dwellings

Table 11: Tenancy length by occupancy type

	Relatives and employees %	Housing benefit recipients %	People not on Housing Benefit %	All %
Less than 2 years	24	42	57	47
2-3 years	23	27	21	23
4-5 years	16	8	6	8
6-10 years	16	10	7	10
more than 10 years	22	14	9	12
total	100	100	100	100

Base: dwellings

Table 12: Satisfaction with speed of processing Housing Benefit claims

	%
Very satisfied	5
Fairly satisfied	23
Neither satisfied or dissatisfied	12
Fairly dissatisfied	22
Very dissatisfied	38
total	100
Number of cases	393

Base: landlords
Landlords with experience of letting to people on HB

Table 13: Letting practices

	Agent used	Agent not used %	Pre-2000 lettings used %	Lettings made in 2000-2001 %	All %
References taken up	83	40	58	70	65
Deposit required	80	57	55	82	70
Written tenancy agreement provided	92	86	82	96	89
Inventory supplied (furnished lettings)	91	54	—	—	73

Base: dwellings

Note: excludes dwellings let to relatives and employees

Table 14: Amount of deposit required: recent lettings

	%
£200 or less	17
£201-£400	30
£410-£600	24
£601-£800	12
£801-£1000	10
more than £1000	7
Number of cases	173

Base: dwellings

Recent lettings where tenant is not relative/employee and where a deposit was required

Table 15: Differences in landlord and letting characteristics by who lets and/or manages the property

	Agent used %	Agent not used %	Cases <i>n</i>
All lettings	51	49	590
Type of letting			
Accessible to public	58	42	474
Lettings to friends/relatives/employees	46	54	116
Landlord category			
Business	59	41	86
Sideline investor	57	43	259
Sideline non-investor	45	55	107
Institution	56	44	124
Portfolio size			
Only one property let	51	49	160
More than one property let	57	43	430
Tenancy start date			
New tenancies (2000-01)	60	40	279
Longer-term tenancies (before 2000)	51	49	311
Condition of dwelling			
Dwelling fails decent homes standard	47	60	397

Base: dwellings

Table 16: Sources of information/advice used by respondent type

	Landlords %	Agents %	All %
Agent	23	–	13
Solicitor	62	75	68
Local authority deptmts.ad hoc basis	27	32	29
Local CAB or advice centre	14	13	14
National press	13	14	13
Local press	8	8	8
Website	12	28	19
Other	19	23	21
Number of cases	307	252	559

Base: dwellings

Table 17: Main source of information/advice used

	Landlords %	Agents %	All %
Association/representative body	13	33	23
Forum/regular meeting with local authority	3	3	3
Accreditation scheme/officer	3	1	2
Agent	19	-	10
Solicitor	37	39	38
Local authority departments on ad hoc basis	8	6	7
Local CAB or advice centre	4	2	3
National press	5	0	3
Local press	1	1	1
Website	2	3	3
Other	5	12	8
total	100	100	100
Number of cases	258	232	490

Base: landlords

Table 18: How useful landlords and agents would find local authority services if provided

	Advice on management problems %	Free legal advice %
Very useful	15	39
Fairly useful	26	26
Not very useful	29	15
Not at all useful	30	20
total	100	100
Number of cases	451	459

Table 19: Landlord/agent view of state of repair

	%
Excellent – nothing needs doing	18
Very good – only minor problems	48
Fairly good – some problems, not too many	31
Fairly poor – quite a lot of problems	2
Very poor – a lot of major problems	1
total	100
Number of cases	583

Base: dwellings

Table 20: Proportion of dwellings not decent by landlord category

	%
Business landlord	64
Sideline investor	50
Sideline non-investor	58
Institutional landlord	46
All dwellings	53
<hr/>	
Number of cases	388
<small>Base: dwellings</small>	

Table 21: Comparison of tenant satisfaction with state of repair with decent homes rating

	Decent %	Not decent %	All %
Satisfied/very satisfied	79	62	70
Neither satisfied nor dissatisfied	11	10	11
Dissatisfied/very dissatisfied	10	28	20
total	100	100	100
<hr/>			
Number of cases	178	201	379
<small>Base: dwellings</small>			

Table 22: Respondent's estimate of the annual cost of keeping property in satisfactory state of repair

	%
Nothing	1
Less than £250	20
£250-499	32
£500-£999	30
£1000-1999	12
£2000-£2999	3
£3000-£4999	2
£5000 or more	1
total	100
<hr/>	
Number of valid cases	536
<small>Base: dwellings</small>	
<small>Respondent claims to be on top of repairs and maintenance</small>	

Table 23: Respondent's estimated annual cost/yr of keeping property in satisfactory state of repair by landlord type

	Private individuals %	Companies & organisations %	Business %	Sideline investor %	Sideline non- investor %	Institutional %	All %
£0-£249	24	14	16	24	21	18	21
£250-499	34	27	36	34	38	19	32
£500-£999	27	34	28	26	29	38	30
£1000 or more	14	24	20	16	12	25	18
total	100	100	100	100	100	100	100
Number of valid cases	356	180	81	243	97	106	536

Base: dwellings
Respondent claims to be on top of repairs and maintenance

Table 24: Surveyor assessed comprehensive repair costs by landlord type

	Private individuals %	Companies & organisations %	Business %	Sideline investor %	Sideline non- investor %	Institutional %	All %
£0-£249	20	16	11	18	25	20	19
£250-499	3	3	2	2	4	4	3
£500-£999	5	10	11	4	7	8	7
£1,000 - £4,999	31	32	32	35	26	29	32
£5,000 - £9,999	18	21	16	21	12	22	19
£10,000 or more	23	19	29	20	26	17	22
total	100	100	100	100	100	100	100
Number of valid cases	264	133	56	167	81	86	399

Base: dwellings

Table 25: Surveyor assessed urgent repair costs by landlord type

	Private individuals %	Companies & organisations %	Business %	Sideline investor %	Sideline non- investor %	Institutional %	All %
£0-£249	39	47	30	38	44	51	41
£250-499	5	4	4	6	4	4	4
£500-£999	10	4	9	10	10	4	8
£1,000 - £4,999	31	34	39	33	27	31	32
£5,000 - £9,999	9	7	13	10	4	7	9
£10,000 or more	6	4	5	4	11	4	5
total	100	100	100	100	100	100	100
Number of valid cases	264	133	56	167	81	86	399

Base: dwellings

Table 26: How much information has been provided to landlords on meeting safety regulations and good practice

	All I need to comply %	More info needed %	Non received %	Total %
Regulations on electrical installations and equipment	36	11	53	100
Fire regulations for upholstered furniture	37	7	55	100
Certification of gas fittings and appliances	44	7	49	100
Good practice on smoke alarms	36	10	54	100

Base: respondent is landlord

Table 27: Reasons for becoming a landlord

	Private individuals %	Companies & organisations %	All %
To secure return on investment/ provide an income	44	28	39
Without meaning to – inherited a property/ couldn't sell a property	28	21	26
I would rather invest in property than other investments	21	21	21
I prefer to have some investment in property	26	11	21
I believe that landlords perform an important function in meeting housing needs	10	20	13
I enjoy managing and letting property	13	10	12
To provide housing for a relative/friend	15	4	11
Other	9	25	15
Number of cases	211	107	321

Base: dwellings

More than one answer possible

Table 28: Use of loan to finance acquisition

	Property bought %	All properties %
No loan used	47	57
Loan used but now paid off	13	12
Loan used, still paying off	40	31
total	100	100
Number of cases	236	307

Base: dwellings – respondent is landlord

Table 29: Trends in reasons for acquiring sampled property (%)

	1994*	1998*	2001
Investment for rental income	27	41	56
Investment for capital growth	17	36	27
To live in myself, then or later	12	17	21
For friend/relative to live in	3	8	7
To house an employee	17	12	10
Charitable reasons	5	5	5
Incidental to another transaction	6	4	3
Other	-	14	11
Number of cases	143	177	266

Base: dwellings
Respondent is landlord and property not inherited. More than one answer possible
* Source: 'Repairs and maintenance by private landlords'

Table 30: Main reason for acquiring sampled property

	%
Investment for rental income	35
Investment for capital growth	14
To live in myself, then or later	19
For friend/relative to live in	6
To house an employee	9
Charitable reasons	3
Incidental to another transaction	3
Other	11
Don't know/not state	
total	100
Number of valid cases	264

Base: dwellings
Respondent is landlord and property not inherited

Table 31: How property is viewed today (%)

	1994*	All landlords 1998*	2001
Investment for capital growth only	9	4	8
Investment for rental income only	22	14	21
Investment for both income and capital growth	28	39	40
Somewhere I/family member/friend/relative will live in	3	8	10
Somewhere I would like to sell but cannot	3	6	2
To house an employee	18	9	9
Incidental to another activity	1	3	0
As a liability	2	7	0
Other/don't know	14	10	10
total	100	100	100
Number of cases	172	271	531

Base: dwellings
* Taken from 'Repair and Maintenance by Private Landlords'. NB response categories in the 2001 survey are not exactly the same as in the 1998 survey. Only those which are equivalent are identified in the table, otherwise responses are included in the 'other' response category

Table 32: Monthly rent charged

	%
Less than £200	11
£200-£399	50
£400-£599	21
£600-£799	10
£800-£999	4
£1,000- £1,499	4
more than £1,500	1
total	100
<hr/>	
Number of valid cases	440
<small>Base: dwellings Excludes properties let to relatives and employees and other dwellings let rent free</small>	

Table 33: Income return on capital value*

	Gross %	Net** %
Less than 2%	5	7
2%	5	8
3%	7	9
4%	8	10
5%	11	12
6%	11	13
7%	10	11
8%	11	10
9%	8	5
10%	6	5
11-14.99%	11	4
15-19.99%	4	4
total	100	100
<hr/>		
Number of cases	438	257
<small>Base: dwellings Excludes dwellings let rent free and dwellings let to relatives or employees *Definition: rental income receivable expressed as a proportion of vacant possession market value ** Rental income net of expenses associated with renting the property: insurance, maintenance, major works, agents fees and depreciation, voids and bad debts</small>		

Table 34: Annual net income

	%
Loss	7
£1-9,999	4
£1,000 – £1,999	16
£2,000 – 2,999	28
£3,000 – 3,999	18
£4,000 – 4,999	10
£5,000 – 9,999	13
£10,000 and over	3
total	100
<hr/>	
Number of cases	258
<small>Base: dwellings Excludes dwellings let rent free and dwellings let to relatives or employees</small>	

Table 35: Average net income yield on capital value by landlord category

	Yield %	n
Business	7.0	49
Sideline investor	5.4	137
Sideline non-investor	5.8	28
Institutional	3.7	39

Base: dwellings
Excludes dwellings let rent free and dwellings let to relatives or employees

Table 36: Dwelling would be relet if it became vacant tomorrow

	%
Landlord category	
Business	76
Sideline investor	82
Sideline non-investor	44
Institutional	84
Scale of property holding	
One property only	54
More than one property	81
How long property has been let	
After 1995	72
1995 or earlier	75
All	73

Base: dwellings
Dwellings occupied at time of survey excluding HMOs
Respondent is landlord

Table 37: Landlords' expectations of changes to portfolio over next 2 years

	Business	Sideline investor	Sideline non investor	Institutional	All
		%	%	%	%
Increase number of lettings	32	25	8	18	21
Decrease number of lettings	17	9	10	16	11
Stay the same	46	62	71	64	62
Don't know	5	3	10	2	5
Total	100	100	100	100	100
Number of valid cases	41	140	66	55	304

Base: landlords
Respondent is landlord, landlord not interviewed before

Table 38: Impact of possible future policy changes on number of dwellings let

	Increase %	Decrease %
Licensing of HMOs	41	5
Licensing of all privately rented properties not properly managed	12	10
Licensing of all private renting	6	25
Tax reductions on rental income or capital gains relating to private renting	41	5
Capital allowances for investment in the PRS	45	1
Increasing the availability of capital grants for repair and maintenance	46	2
Making possession easier in cases of arrears, damage to property or anti-social behaviour	41	2
A register of tenants with a history of arrears or misbehaviour	40	2
Blocking Housing Benefit payments to tenants in accommodation that is not properly managed or maintained	12	8

Base: landlords

Respondent is landlord

Appendix 2 Approach to the analysis of representativeness

Because there is no sample frame of private landlords in England, the sample for the Private Landlords Survey is derived from a sub-sample of the sample for the English House Condition Survey as a whole. As described in the Introduction, contact with private landlords is made if private tenants interviewed in the main English House Condition Survey are willing and/or able to provide the contact details of their landlords/agents **and** if the landlord/agent then agrees to take part.

Given the difficulties associated with contacting the owners of privately rented dwellings (the 2001 Private Landlords Survey includes the landlords of only a quarter of all privately rented dwellings in the main English House Condition Survey) and that there is little other existing information from which to assess how representative the sample of landlords is, it is only possible to look at how representative are the sample of dwellings and tenants whose landlords were interviewed as a means of identifying any possible sources of bias in the PLS.

Bias in the sample could arise in the following ways:

- a) the more vulnerable tenants living in the worst quality housing may be less likely to be willing/able to provide their landlords'/agents' contact details, and/or
- b) the 'worst' landlords may be more likely to refuse to take part.

This analysis therefore seeks to examine whether there is any evidence to suggest that the types of tenants who provided their landlords'/agents' contact details differed in any way from those that did/could not. It also looks at the differences and similarities between the characteristics of the tenants and dwellings whose landlords were interviewed and the characteristics of the tenants and dwellings of the private sector as a whole using best estimates from the main EHCS data or other large-scale surveys.

Comparison of the PLS dwelling and tenant characteristics with dwelling and tenant characteristics of the EHCS data on the private rented sector

This analysis compares the characteristics of households and dwellings included in the PLS with the weighted data on the private rented sector from the main EHCS survey. Where the variables used are from the household survey, there is a complete match with the cases that have become part of the PLS. Where physical survey data is concerned, however, data is only available for some two-thirds of the PLS cases.

TENANTS' SATISFACTION WITH THEIR HOME

Tenants of dwellings included in the PLS have a slightly higher net satisfaction rate with their home than private tenants in general and are slightly more likely to be satisfied with the state of repair of their home but the differences are not great.

Satisfaction with home (%)

	PLS sample	EHCS PRS data
Very/fairly satisfied	86	83
Neither satisfied nor dissatisfied	5	7
Very/fairly dissatisfied	9	10
total	100	100

Satisfaction with state of repair of home (%)

	PLS sample	EHCS PRS data
Very/fairly satisfied	68	65
Neither satisfied nor dissatisfied	11	11
Very/fairly dissatisfied	21	24
total	100	100



VULNERABILITY

Tenants of dwellings included in the PLS are likely to be older than private sector tenants in general. A quarter of heads of household from the PLS were aged between 45-64 compared to only 18% in the sector. There was little difference between employment status but a much lower proportion of the tenants in the PLS sample were from minority ethnic groups than in the sector as a whole.

DWELLING CHARACTERISTICS

Dwelling type was assessed both by the surveyors as part of the physical survey and the interviewers who conducted the interviews with the occupant households. Whilst there is not complete consistency in the dwelling type ascribed in the physical and interview surveys, differences are not great. As there is not a complete match between the physical survey and the PLS, using the data from the Interview Survey provides a more complete picture. Comparing the dwelling type of the sector as a whole to the PLS dwellings, it would appear that houses are over-represented in the PLS and flats, particularly purpose-built flats, are under-represented.

Information on dwelling age is only available from the physical survey. Although not a full match with the PLS, the comparison suggests that, with the exception of slight over-representation of pre-1850 properties in the PLS, the differences are not pronounced, particularly when the likely profile of the missing cases is taken into consideration.

Across the PRS as a whole some 11% of dwellings were estimated to be unfit. This proportion is mirrored in the partial match with the PLS dwellings. Estimates of the likely rates of fitness amongst the PLS cases with no matching physical survey data suggests that the sample of dwellings included in the PLS has a similar profile to the sector as a whole as far as fitness is concerned.

REGION

Compared to the geographical distribution of the private rented sector across regions produced by the EHCS main sample, dwellings in London and the South East are under-represented in the PLS sample and dwellings in the North East over-represented.

Regional distribution (%)

	PLS sample	EHCS PRS data
North East	11.7	3.8
North West	9.5	12.5
Yorkshire and the Humber	11.8	11.0
East Midlands	10.0	8.0
West Midlands	6.9	6.6
East	13.5	10.7
London	11.4	20.7
South East	12.5	17.1
South West	12.7	9.5
total	100	100

NATURE OF AREA

The partial match with the EHCS data on the private rented sector suggests that the PLS sample may be skewed towards dwellings in more rural areas with a quite marked under-representation of dwellings in urban areas.

Nature of area (%)

	PLS sample*	EHCS PRS data
City Centre	6.5	6.9
Urban	23.7	34.1
Suburban	37.8	40.1
Rural Residential	12.8	7.9
Village	7.5	4.5
Rural	11.6	6.0
total	100	100

* The PLS sample data in this table represents only some two-thirds of the total number of cases in the PLS sample.

Is bias introduced as a result of factors that affect tenants' ability and willingness to provide their landlords'/agents' contact details?

Approximately one in five (17%) of tenants interviewed either refused or were unable to provide their landlords'/agents' contact details. This following analysis compares the characteristics of those who were willing and/or able to provide their landlords' contact details with those who weren't. Analysis is based on the unweighted data of the two sub-samples of privately rented dwellings drawn from the EHCS Interview and Core Surveys.

TENANTS' SATISFACTION WITH THEIR HOME

Analysis using Chi-square tests shows that there is no significant relationship between the way tenants feel about their home and their ability/willingness to provide their landlords' contact details. The variables tested were: tenants' satisfaction with their home, satisfaction with the state of repair of their home and self-rating of state of repair.

Relationship with willingness/ability to provide landlords'/agents' contact details

Variable	Pearson Chi-squared	Significance
Satisfaction with home	5.697	0.223
Satisfaction with state of repair of home	4.638	0.326
Self rating of state of repair	6.586	0.159

VULNERABILITY

No significant relationship between employment status of head and partner, or age of head of household and willingness/ability to provide the landlords' contact details was identified. What does appear to influence willingness/ability to provide the landlords' contact details was ethnicity.

Relationship with willingness/ability to provide landlords'/agents' contact details

Variable	Pearson Chi-squared	Significance
Employment status of head of household and partner	1.148	0.765
Age of head of household	4.061	0.541
Ethnicity of head of household	30.047	0.000

DWELLING AND NEIGHBOURHOOD CHARACTERISTICS

The data suggest that there is a relationship between dwelling type and the tenants' willingness/ability to provide the landlords' contact details. Tenants living in detached houses were more likely to give their landlords' contact details than tenants in terraced housing or flats.

Whether the housing was assessed as meeting the decent homes standard appears to have no relationship with willingness/ability to provide landlords' contact details but households in 'poor' living areas were more likely to refuse or be unable to provide these details.

Relationship with willingness/ability to provide landlords'/agents' contact details

Variable	Pearson Chi-squared	Significance
Decent homes	0.779	0.378
Poor living area	6.649	0.010
Ethnicity of head of household	5.146	0.076

Appendix 3 EHCS Summary Statistics on Stock and Condition in the Private Rented Sector

a) stock, 2001

	number of dwellings (000s)				
	owner occupied	private rented	local authority	RSL	all
dwelling age					
pre 1919	3,208	952	95	153	4,408
1919-45	2,836	352	448	102	3,738
1945-64	2,857	243	1,132	243	4,475
1965-80	3,141	307	833	324	4,605
post1980	2,730	337	282	566	3,915
dwelling type					
small terraced house	1,725	416	336	184	2,661
medium/large terraced house	2,387	351	399	208	3,345
semi-detached house	4,710	356	578	209	5,853
detached house	3,118	138	9	8	3,273
bungalow	1,546	112	285	111	2,054
converted flat	246	340	40	65	691
low-rise purpose built flat	977	444	929	578	2,928
high-rise purpose built flat	63	34	214	25	336
location					
urban	11,405	1,776	2,504	1,190	16,875
rural	3,367	415	286	198	4,266
access					
flush thresholds	2,225	442	778	529	3,974
level access	10,596	1,312	1,909	961	14,778
bathroom/WC at entrance level	5,515	936	1,337	694	8,482
750mm doorway opening	2,191	304	487	303	3,285
all four	277	60	193	162	692
facilities and services					
some double glazed windows	4,287	391	413	117	5,208
all windows double glazed	7,906	751	1,264	909	10,830
central heating	13,210	1,526	2,330	1,109	18,175
programmable heating	795	340	242	223	1,600
garage	8,140	454	229	106	8,929
smoke detectors ¹	11,062	1,226	1,838	1,070	15,196
second wc	6,167	441	449	255	7,312
secure windows and doors	8,393	798	1,174	761	11,126
burglar alarms	4,757	274	230	107	5,368
total dwellings	14,772	2,191	2,790	1,388	21,141

note (1) for households not dwellings



b) condition (dwellings), 2001

% of dwellings in stock group that:

Stock group:	are non decent (%)	fail thermal comfort (%)	fail disrepair (%)	fail fitness (%)	fail modernisation (%)	number of dwellings in group (000s)	average floor space of group (m ²)	average repair cost of group ⁽¹⁾ (£/m ²)	average SAP rating of group
tenure									
owner occupied	29.4	23.1	8.0	3.2	1.5	14,771	95	15.93	50
private rented	49.4	40.4	17.1	10.9	4.3	2,191	75	38.62	45
local authority	42.7	34.1	8.8	4.7	5.7	2,790	65	20.85	54
RSL	27.6	22.1	5.0	3.4	2.3	1,388	64	11.77	60

note (1) for households not dwellings

c) change 1996 – 2001

	number (000s)	% of all dwellings	number (000s)	% of all dwellings	average SAP rating		
dwellings							
owner occupied	14,771	69.9	13,927	68.5	owner occupied	50	46
private rented	2,191	10.4	1,998	9.8	private rented	45	39
local authority	2,790	13.2	3,469	17.1	local authority	54	46
RSL	1,388	6.6	941	4.6	RSL	60	54
all tenures	21,140	100.0	20,335	100.0	all tenures	51	46

dwelling based data	2001		1996	
	number (000s)	% within tenure	number (000s)	% within tenure
non decent				
owner occupied	4,336	29.4	5,843	42.0
private rented	1,083	49.4	1,263	63.2
local authority	1,191	42.7	1,921	55.4
RSL	383	27.6	353	37.5
all tenures	6,993	33.1	9,381	46.1
failing thermal comfort				
owner occupied	3,416	23.1	4,796	34.4
private rented	885	40.4	1,057	52.9
local authority	951	34.1	1,657	47.8
RSL	307	22.1	315	33.4
all tenures	5,560	26.3	7,824	38.5
failing disrepair				
owner occupied	1,182	8.0	1,472	10.6
private rented	375	17.1	508	25.4
local authority	245	8.8	326	9.4
RSL	69	5.0	56	5.9
all tenures	1,870	8.8	2,362	11.6
failing fitness*				
owner occupied	468	3.2	834	6.0
private rented	238	10.9	337	16.9
local authority	132	4.7	252	7.3
RSL	47	3.4	49	5.2
all tenures	885	4.2	1,472	7.2
failing modernisation				
owner occupied	216	1.5	343	2.5
private rented	94	4.3	165	8.3
local authority	160	5.7	211	6.1
RSL	32	2.3	12	1.3
all tenures	502	2.4	731	3.6

*s604 1989 Local Government and Housing Act

The 2001 Private Landlords Survey was conducted as part of the 2001 English House Condition Survey (EHCS). It involved a sample of 590 interviews with the owners or agents who manage dwellings identified as privately rented in the main EHCS.

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