



Centre for
Homelessness Impact

**Encouraging landlords
to let to people receiving
benefits and at risk of
homelessness: two online
randomised controlled
trials: Summary**

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THE
BEHAVIOURAL
INSIGHTS
TEAM

NRLA
NATIONAL RESIDENTIAL
LANDLORDS ASSOCIATION

Why did we do it?

Most research on homelessness focuses primarily on individuals experiencing homelessness and pays little attention to those who hold the keys to those homes: landlords. This online experiment attempts to shift this paradigm by exploring ways to nudge landlords to let their properties to people who are at risk of homelessness. By conducting an online experiment with real landlords, we tested multiple hypotheses and ideas at a fraction of the cost and at pace. This allowed us to produce clear recommendations for policymakers while narrowing the set of research questions for future field experiments.

What did we do?

CHI worked alongside the Behavioral Insights Team and the National Residential Landlords Association (NRLA) to run two online experiments involving over 2,800 landlords across England and Wales. These experiments:

1. Investigated whether common, additional information about a tenant increases landlords' willingness to continue with the application process. We tested the impact of an email where the tenants disclosed they are receiving UC alongside 1) proof of a pre-tenancy training, 2) a budget planner, and 3) an information leaflet about alternative payment arrangements for UC tenants. These three options were considered due to their pervasive use among LAs and third sector organisations. Recipients of the emails were randomised.
2. Investigated whether different incentives increase landlords' willingness to rent a property to tenants receiving benefits. We tested the impact of offering: 1) cash up-front, 2) a rent guarantee scheme, 3) deposit bonds to ensure coverage of any potential damages, 4) support from a liaison officer employed by the council. These alternatives were selected due to their pervasive use among LAs. These different offers of support were randomised.

What did we learn?

1. Pre-tenancy training and budget planners might be less effective than we thought. Even though these are commonly used by local authorities and the third sector, they failed at improving landlords' willingness to consider renting. Landlords who received no additional information reported very similar willingness to rent to potential tenants as those who received information about pre-tenancy training and budget planners. These findings do not negate other potential benefits of training and budget planners, however they do indicate that these interventions are not effective in increasing the willingness of landlords to rent. Receiving information on pre-tenancy training had only a small impact on willingness to rent (Point Estimate = 0.15 on a 7-point scale, 95% Confidence Intervals [-0.04, 0.33]), while budget planners made no substantial difference (PE=-0.04, CI 95% [-0.22, 0.15]).

Both interventions had small to moderate impacts on perceptions of effective communications (for tenancy training: PE=0.43, CI 95% [0.28, 0.57]; for budget planner: PE=0.35, CI 95% [0.20, 0.49]) and taking care of the property (for tenancy training: PE=0.22, CI 95% [0.09, 0.34]; for budget planner: PE=0.19, CI 95% [0.07, 0.32]). There was however no measurable impact on landlords' expectation of missed or late payments (for tenancy training: PE=-0.1, CI 95% [-0.24, 0.03]; for budget planner: PE=-0.02, CI 95% [-0.16, 0.12]), which could help explain why their willingness to rent didn't substantially increase. While the overall effect of receiving information on pre-tenancy training in an email was zero, opening and reading the pre-tenancy training certificate had a moderate effect on the landlord's willingness to continue with the application process (PE=0.45, CI 95% [0.28, 0.57]), suggesting that pre-tenancy training may have a positive effect on at least some landlords.

2. Offering information about paying Universal Credit directly to the landlord made no substantial difference to landlords' willingness to rent. The current legislation on Alternative Payment Arrangements for UC (APA) means that landlords can request payments to be made directly only when the tenant had missed at least two payments in the past. While offering information on APAs made a small improvement to the perception that a tenant won't be late with payments (PE=-0.161, CI 95% [-0.29, -0.03]) it did not translate into changes in the likelihood that a landlord would let the property to that person (PE=-0.02, CI 95% [-0.19, 0.16]). This may be because the landlords' views of late payment of rent did not change enough or because their perceptions of late payments from someone claiming UC might be for other reasons outside the individual's control and the UC direct payment methods.

3. Cash upfront and rent guarantees had the largest impact on increasing willingness to rent, with both showing an improvement from the baseline of around a 0.8 (on 1-7 likert scale). In terms of likelihood to rent, these incentives shifted landlords from (unlikely/somewhat unlikely) to (somewhat unlikely/neutral) on the likert scale. Compared to cash upfront, liaison officers (PE=-0.51, CI 95% [-0.62, -0.40]) and bonds for damages (PE=-0.43, CI 95% [-0.55, -0.31]) were far less impactful in increasing the likelihood of landlord to accept an offer.

Both rent guarantees and cash upfront seem more effective at changing some underlying perceptions than liaison officers or bonds. For example, compared to cash upfront, rent guarantees reduced the perception of late/missed payments (PE=-0.56, CI 95% [-0.73, -0.39]), while pre-tenancy training and budget planners had no substantial effect on such perceptions. Cash upfront also led to a better perception that larger profits would be made.

These results about rent guarantees are interesting when compared with the Alternative Payment Arrangements for UC. While both effectively offer a direct payment of rent to the landlord, the council-backed guarantee explored in our second experiment had a greater impact on willingness to rent than did information about APA, which had no effect.

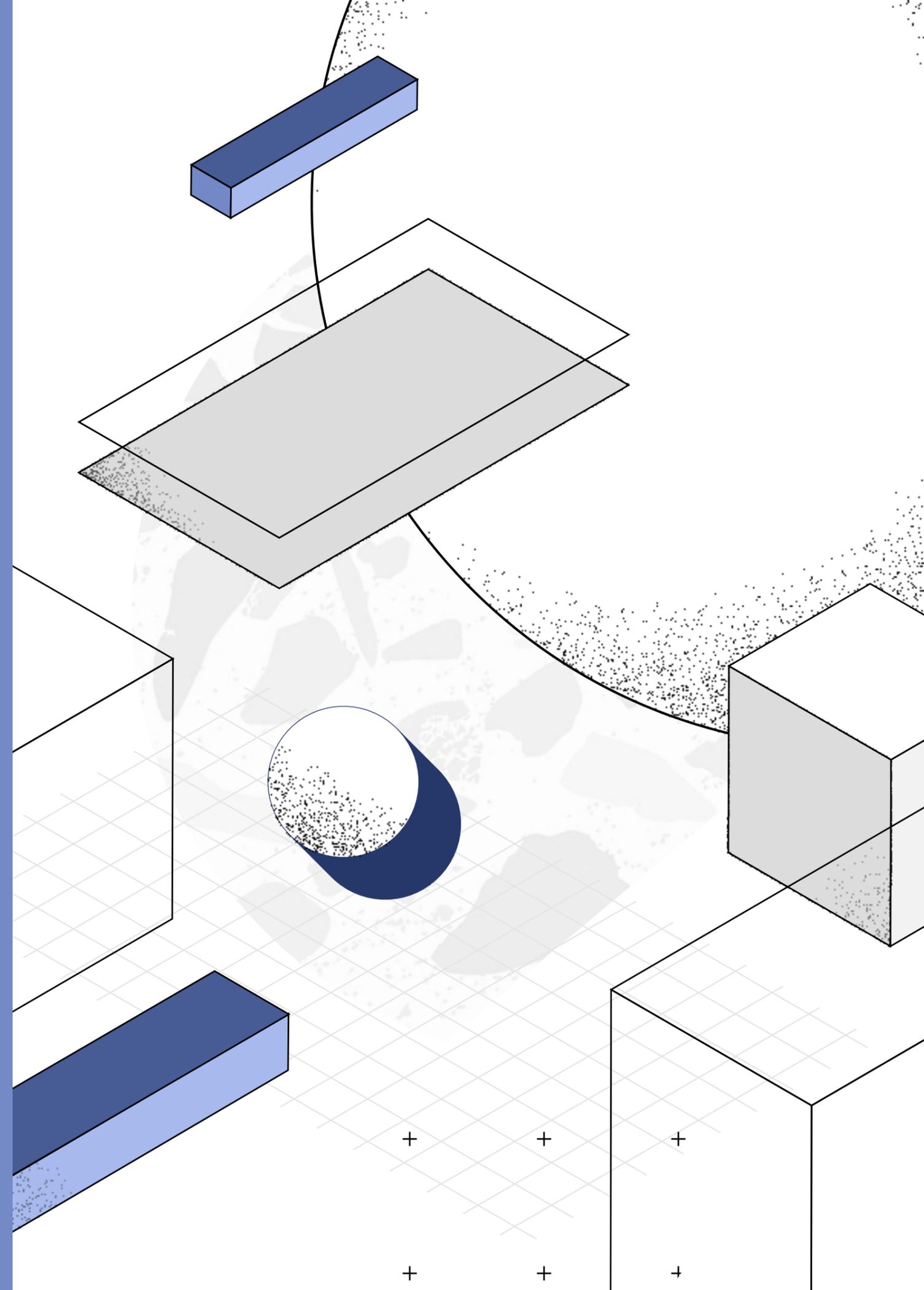
4. Willingness to rent to people at risk of homelessness remains low. In both of our trials, average willingness to rent to people receiving UC was low (on average 'somewhat unlikely' across interventions). The scenarios we presented in our trials were designed either to be affordable at the Local Housing Allowance (LHA) rate (Trial 1) or to compensate landlords for renting at a below-market rent (Trial 2). Even with the most effective interventions across both trials, landlords' reported willingness to let properties to people at risk of homelessness fell between 'somewhat unlikely' and 'neutral' (e.g. 'somewhat unlikely, unlikely', 'neutral' in the scales used for the experiment).

Next Steps

Several recommendations emerged from the findings:

1. Reconsider whether pre-tenancy training and budget planners are an effective way of improving people's access to the PRS. The results highlighted here are stacked against the impact of budget planners, and suggest that pre-tenancy training only works with a minority of landlords to improve their willingness to rent to someone receiving benefits.
2. Rent guarantees and cash transfers seem to be considerably more effective than liaison officers and deposit bonds. Councils may want to consider implementing these options, but a thorough review of their impacts on long-term tenancy sustainability would be important to determine which option is more cost-effective. Also, setting up these schemes would have different costs per tenancy which should also be considered.
3. The existing Alternative Payment Arrangements (APA) could be revised to ensure its eligibility criteria facilitate access to the PRS. The findings of the two experiments suggested that while the council-backed guarantee had a sizable impact on the willingness to rent, the APA had no effect.

Overall, the low willingness to rent to people receiving benefits or at risk of homelessness, as well as the small impacts from some commonly used interventions, suggest that multiple interventions might be required at the same time, alongside more structural changes that can tackle other problems such as stigma or housing affordability.





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