Exploring the interplay between the private rental sector and complex tenancies

(Supporting Successful Tenancies)

SOSC3202 Final Research Report

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Executive Summary

The following report explores how property managers in the private rental sector (PRS) respond to complex tenancies.

- We wanted to learn how property managers that are actively working in the PRS made sense of the term complex tenancy. The term complex tenancy is used frequently in literature, however seldom appeared in resources familiar to property managers. When asked to describe what a complex tenancy looked like, responses were predominantly contextualised through the lens of tenancy-related issues first and foremost - such as rent arrears, or property damage; this contrasts with the literature, in which discourse around complex tenancies tends to focus on the characteristics or situation of the individual.
- Various motivations by the property managers to sustain tenancies were identified in interviews, including having a sense of social justice, a sense of professional duty, feelings of empathy, mutual benefit and responses to tenants displaying positive behaviours.
- Barriers that restricted property manager's capacity to enable tenancy sustainment were categorised as either formal or informal. Examples of formal barriers include legislative requirements and insurance obligations, while informal barriers are more dependent on the individual property manager, often emerging in personal biases, emotional intelligence and life experience.
- Themes that were identified as barriers to tenancy sustainment by property managers were found to often be the same tools used to advocate or assist in sustaining tenancies.
- Other dominant themes that emerged in interviews included, motivations for sustaining tenancies, the influence of legislation and process on decision making, overextension of resources, inadequate training, implementation and use of technology in the industry and communication between tenant and property manager.
- The knowledge that emerges from this research will assist both policymakers and industry stakeholders to develop resources that help to build capacity in the rental market to sustain tenancies for those with complex needs.

Introduction

Over the last decade, Australia's housing sector has experienced a 38% increase in the number of people in the private rental housing market (Hulse, Martin, James, & Stone, 2018a). While home ownership is still a common aspiration, it has become increasingly unattainable for many. This has resulted in longer tenures within the PRS (Wulff, 1997). Alongside this, social housing stock has been unable to keep up with increasing demand that comes from population growth. This has forced many who have historically relied on social housing to move into the PRS (Hulse, Parkinson, & Martin, 2018). Tenants within the PRS now represent a broader range of social groups, including increased vulnerable populations such as low-income groups and people with complex needs (Pawson, Milligan, & Martin, 2018). A vast majority of tenancies in Australia are managed by formal intermediaries such as property managers rather than landlords, highlighting the importance of exploring the relationship between the two parties (Bate, 2019).

Given there is an inconsistent application of terminology such as 'complex tenancies' and 'complex needs' between authors in the literature (Tually, Slatter, Faulkner, & Oakley, 2016), the working definitions used in this research are drawn from field interviews conducted with property managers. Evidence suggests that most resources designed to assist tenants with complex needs in accessing and sustaining housing are confined to the social housing sector. The few support programs within the PRS are significantly limited in scope, particularly in the area of tenancy sustainment (Stone, Sharam, Wiesel, Ralston, Markkanen & James, 2015)

This study examines how property managers in the PRS perceive, interact with and understand complex tenancies, with a particular focus on tenancy sustainment. Through the analysis of these interviews, we intend to gain an understanding of the knowledge and resources, or lack thereof, that exist within the industry.

There is significant scholarship on complex tenancies within the social housing sector, while complex tenancies in the PRS have received considerably less attention. This has lead to a critical knowledge gap within the literature of how tenants navigate the changing landscape of the PRS, and how property managers assist or inhibit this process (Parkinson, James, & Liu, 2018). This research will help to fill gaps within the existing academic literature that explores the interplay between the PRS and complex tenancies. Knowledge that emerges from this research will assist both policymakers and industry stakeholders to develop resources that build capacity in the rental market to sustain tenancies for those with complex needs.

The study addresses three overarching research questions:

1. What are the experiences of property managers in managing complex tenancies?

2. To what extent is tenancy sustainment a concern for property managers and what, if anything, are they currently doing to sustain tenancies?

3. What are the barriers (both formal and informal) that property managers face in enabling tenancy sustainment for tenants with complex needs?

The report will include a review of the relevant literature relating to the PRS. Following, methodology and methods pertaining to data collection and analysis will be outlined. The results and a discussion of the thematic analysis will then be presented, ending with concluding statements.

Literature Review

Though the private rental market has long consisted of a variety of population groups, research shows that the sector has grown to play a larger role in housing low income and other vulnerable groups that may have complex needs (Seelig, 1997). Hulse, Milligan and Easthope (2011) identified that traditionally, social and public housing was the sector most suitable for low-income tenants, providing low-cost rent and secure housing. Hulse and Milligan (2014) identified that due to the trend of de-institutionalisation of housing for those with high needs and vulnerabilities, only those with the greatest complex needs are now able to enter social housing. Changes within Australia's housing environment has thus seen a reduction in capacity and availability of social housing, forcing many to rely on the private sector for housing (Hulse et al., 2018b). This corroborates with Hulse and Pawson's (2010) previous assessment that the Australian government has formally envisaged the PRS as playing a larger role in accommodating vulnerable groups as a way to offset the decline in the availability of social housing. Hulse, Burke, Ralston, and Stone (2012) note that this increase in demand in the private sector is compounded through the inability of many to afford home ownership regardless of possible aspirations. Thus both entry to home ownership as well as social housing provisions has stagnated despite significant population growth. This has resulted in increased demand for long term housing in the PRS for a larger cross-section of the population than found previously, including those belonging to vulnerable groups and people with complex needs (Wulff, 1997; Hulse et al., 2018b; Yates & Wulff, 2000).

Scanlon and Kochan (2011) noted that whilst it is common in other countries for landlords to manage their own properties, Australia is distinctive in the prominent role held by real estate

agencies in the PRS. Around 35% of tenants lease directly from the landlord in Australia, while 65% of tenants lease their properties through property managers (Bate, 2019). Whilst numerous scholars (Seelig, 2003; Stone et al., 2015) have conducted interviews with property managers in Australia discussing tenants with complex needs, the focus of this research tends to centre on allocation and facilitation of tenancies rather than on tenancy sustainment (Short, Seelig, Warren, Susilawati, & Thompson, 2007). Renting through formal intermediaries such as real estate agents or property managers is often referred to as a formal pathway into the PRS, as opposed to informal or supported pathways (Parkinson, James & Liu, 2018). The process of seeking and applying for a tenancy via a formal pathway is now often done online through rental property websites, which while expanding access for many also may have the effect of disadvantaging populations lacking internet or computer access and skills (Parkinson, James & Liu, 2018). Whilst online platforms such as 1Form have been praised for being an efficient and effective way of comparing and applying for tenancies, concerns have been raised regarding privacy of the applicant (Parkinson, James & Liu, 2018). Former unsuccessful applications are made easily accessible to agents, signaling a tenant's undesirability to the property manager (Parkinson, James & Liu, 2018). Access and tenancy sustainment within the PRS through formal pathways can thus be problematic for those in vulnerable situations.

While the terms 'complex needs' and 'complex tenancies' are commonplace within housing studies, they lack clear definitions, particularly in the context of the PRS. Tually, Slatter, Faulkner & Oakley (2016) acknowledge that there is a lack of consistent application of terminology between authors, thereby restricting the ability to measure outcomes across studies. Stone et al. (2015) describe complex tenancies through the context of critical life events, such as employment changes, serious illness or injury, birth of children, economic loss and partner changes. Other authors illustrate complex tenancies through descriptions of anti-social or demanding behaviour, vulnerability (Hulse et al., 2011), domestic violence, physical or intellectual disability, mental illness (Habibis et al., 2007), while others simply describe it as being 'not rental ready' (Tually, Slatter, Faulkner & Oakley, 2016, p.87) or having limited experience in the housing market (Atkinson, 2007). Because the bulk of literature describing complex tenancies has been written within the context of social housing, its usefulness in explaining complex tenancies in the PRS may be limited due to the numerous institutional differences. For further examples of definitions of complex needs and complex tenancies in the literature, see Appendix A.

Parkinson, James & Liu (2018) conducted a qualitative study which found that there are 'entrenched' views within the PRS about what an 'ideal tenant' looks like on paper, with applications deviating from these ideals being overlooked and seen as 'risky' (Bate, 2019). Despite property manager's attempts to educate landlords that low-income tenants can still be well-suited, landlords prefer to rent their property to the 'ideal tenant'. The 'ideal tenant' varies amongst

property managers, but a certain archetype exists: "a professional couple in their mid-to-late 30s with no children" (Parkinson, James & Liu, 2018, p. 52). Furthermore, single applicants are given preference over shared households, as are those with displayable finances (Parkinson, James & Liu, 2018). Bate (2019) found that 'good' and 'ideal' tenants are perceived as more responsible and pose less risk of property damage or non-payment of rent. Considerable research has been done into risk assessment strategies used by property managers, with property managers using formal and informal vetting to identify high-risk tenants (Short, Seelig, Warren, Susilawati, & Thompson, 2007). As well as history of rental defaults or property damage being seen as risky, research has found property managers consider applicants as high-risk if they are from low-income single and family households, have no or little formal rental history, are young, or from indigenous or migrant backgrounds (Short et al., 2003; Short, Seelig, Warren, Susilawati, & Thompson, 2008; Flatau, Coleman, Memmott, Baulderstone & Slatter 2009). Screening applicants is not a new phenomenon, however, with Harloe (1985) noting in 1985 that tenants have long been vetted using informal means on whether or not they are perceived as being a 'good' or 'suitable' tenant. Marston's (2000) critical discourse analysis (CDA) also identified that the stereotype of the 'bad tenant' has long been used to legitimise ideological managerial policies in social housing. Similarly, in 1993, the Industry Commission (1993) acknowledged that "low-income households, families with young children and those who are perceived to be different ... often find it difficult to obtain accommodation because others are preferred" (p. 51). This effect may have only increased in recent years, with scholars noting that as demand in the PRS grows, it is granted greater leverage in avoiding tenants they perceive as being difficult or high-risk (Seelig, 2003; Short, Seelig, Warren, Susilawati, & Thompson, 2008).

Seelig (2003) notes that while landlords and property managers have always sought to screen out 'risky' applicants, this process has become largely formalised with the use of private tenancy databases, potentially extending the negative effects that vetting can have on housing opportunities. Short et al. (2003) found that tenants listed on such tenancy databases were identified as being 'high-risk'. which could result in being unable to find housing in the formal PRS, and instead forced into the informal housing market, which is charecterised as having comparatively high volatility, insecurity and a lack of protective statutory process. The movement to online rental advertisement and application systems, as highlighted by Parkinson, James & Liu (2018), has made the vetting of applicants easier for property managers. Through interviews with ten leading property management firms in Brisbane on approaches to tenancy allocation and management, Seelig (2003) found that the use of tenancy databases has become ubiquitous in the rental allocation process. Some scholars assert that the development of formal processes such as these have allowed property managers to discriminate against vulnerable tenants (Seelig, 2003; Tually, Slatter, Faulkner & Oakley, 2016). Despite considerable developments in recent decades

in how people interact with the PRS, the literature describes a 'policy lag' in public programs being developed that protect vulnerable and complex needs tenants from discrimination in the PRS (Stone et al., 2015).

Stone et al. (2015) found key differences between the types of housing assistance offered to vulnerable tenants in the PRS compared to those in social housing. Programs and policies that enable tenancy sustainment, including integrated support services and case management, are generally for tenants within social housing. Assistance available for those in private rentals, conversely, was primarily cash assistance schemes focused solely on 'access programs', or rental facilitation,[1] while leaving complex needs support largely unaddressed. Stone et al. (2015) found that there are 'ongoing support programs' which assist with tenancy sustainment, such as private rental brokerage, which includes tenancy facilitation, ongoing monitoring and support based on the client's needs; however such programs are limited in scope and their reach is comparatively small, existing only in a number or jurisdictions. The transition of many from social housing to private rentals has prompted scholars to acknowledge the need for increased attention to institutional settings and housing policy to ensure that the PRS integrates successfully into the overall housing market (Hulse & Pawson, 2010).

Key Concepts

Housing pathways

Our research focuses on the formal pathway to housing, whereby tenancies are accessed and managed through formal intermediaries such as property managers or real estate agents who act on behalf of landlords. Clapham's (2005) 'housing pathways' approach describes three pathways that tenants take to access housing in the PRS: the formal pathway, the informal pathway and the supported pathway. In the 'informal pathway', tenants bypass these intermediaries through housing that is privately managed by landlords or sub-landlords. The 'supported pathway' refers to PRS housing that is facilitated by community or 'third-sector' agencies. As the vast majority of properties in Australia are managed by formal intermediaries, this is where our research has been focused (Parkinson, James & Liu 2018). The formal pathway that our research explores is governed by residential tenancy acts; tenants are typically placed on a legally binding lease agreement, and over their tenure within the PRS tend to build a rental history that is used to affirm

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[1] Cash assistance schemes that support rental facilitation include the Federal Commonwealth Rent Assistance, a means tested income supplement available to tenants in private and community housing. State based schemes included Bond Loans and Rent Advances and Relocation Assistance (Stone et al., 2015). Cash assistance schemes that aid in tenancy sustainment include schemes such as arrears-assistance however are relatively minor in scope, and only available in two states.

their desirability, or otherwise, to prospective property managers for future housing (Parkinson, James & Liu, 2018).

Common Organisational Structures

PRS firms vary in organisational structure, thus influencing a property manager's workload and responsibilities. Property managers within firms with portfolio or 'hybrid' pod-based structures are responsible for, often with another property manager, all aspects of tenancies from beginning to end of a proportion of the firm's rent roll (Bradbury, 2018). Comparatively, property managers within task based firms are responsible for a larger portion of the rent roll, but are specialised in one particular task rather than overseeing all aspects of management (Bradbury, 2018).

Tenancy Sustainment & Housing Security

As tenancies are significantly less secure in the PRS compared to other housing systems (Stone, Burke, Hulse, & Ralston, 2013), a key concept in our research is tenancy sustainment. High levels of both voluntary and involuntary mobility in housing is experienced by tenants in the PRS (Hulse et al., 2011). Tenancy mobility is problematic when it is driven by external constraints rather than tenant choice (Stone, Burke, Hulse & Ralston, 2013). Tenancy sustainment for the purposes of this study is defined as the capacity of a tenant to remain affordably housed within the PRS (Stone et al., 2015). This includes the tenant's ability to exercise self-determinism over their living situation, including the ability to gain and maintain leases in order to continue their tenure within the PRS for as long as they require (Bate, 2019). Sustained tenancies have been associated with more stable neighbourhoods, as well as increased social capital for both the tenant and the area they reside (Habibis et al., 2007). Conversely, unsuccessful tenancies can result in the individual or family being denied future access to the PRS through formal pathways, while also placing them at risk of isolation and social exclusion, health problems, family problems and financial burden (Habibis et al., 2007). Furthermore, evictions in the PRS have been associated with significant public and community burden, with costs incurred through lost productivity, the provision of crisis and transitional housing, and increased demand for health, mental health, child and family services (Pinkey & Ewing, 2006).

Barriers to sustaining tenancies

Within our research, focus is placed on the barriers that are encountered by property managers, rather than tenants. Barriers to sustaining tenancies are categorised as either formal or informal. Short et al. (2008) outlines formal barriers as including legislation, policy and current processes in place within the PRS that influence what a property manager is able to do to enable tenancy

sustainment. Risk assessment processes, restricted scope of profession, statutory requirements of property managers in the conduct of their business, and provisions for tenancy agreements are further examples of formal barriers (Short et al., 2008). Informal barriers are more dependent on the individual, and tend to relate more to personal motivations, values and beliefs held by the property manager, or the culture existing within the firm they work in (Short et al., 2008). Such barriers directly affect the ability and the willingness of a property manager to advocate for a tenancy to be sustained.

Methodology

This research was guided by a relativist ontology, acknowledging that knowledge and understanding is subjective and built on the experiences and paradigms of individuals through social action with others to create shared meanings (O'Grady, 2002).

Twelve in-depth semi-structured interviews were conducted between August and September 2019. All participants were working within the PRS with property management experience in firms within the Brisbane metropolitan area at the time of the interviews. The sample consisted of property managers, senior property managers, firm principals and business development managers.

Participants were recruited by email, with contact details being collected from the 'our team' and 'contact us' pages on Brisbane real estate firms' websites. 277 property managers were emailed over a 3-week period, each receiving an informational flyer and a personalised invitation to participate in the research. The response rate to the mail-outs was 4.7%. Whilst this recruitment process may pose some minor ethical concerns due to invitations being unsolicited, contact with property managers through business email addresses found on advertising materials equate to contact with commercial entities who would already reasonably expect some degree of solicitation.

Participant information sheets were provided prior to the interview via email, allowing participants time to make an informed decision on whether they would like to participate.

Interviews were conducted in pairs and split evenly amongst the research team, with interviews ranging from 30 to 90 minutes in length. Interviews were conducted at a time and place most convenient to the interviewee. All respondents gave consent for their interviews to be audio recorded, and were asked to choose their own pseudonym. Interview questions were drawn from key themes and concepts which emerged from the research questions, such as complex tenancies, sustained tenancies and their associated barriers. Once completed, interviews were transcribed with all identifiable information redacted or pseudonymised and given to participants to review.

Once interview transcriptions were complete, a thematic analysis was conducted. This began with familiarising ourselves with the data, followed by multiple levels of coding. From here, we sought

to identify patterns within our coding from which themes could be developed, which in turn were reviewed in the context of our research questions, and then named. This process was done using an inductive approach, allowing meanings to emerge from the data, rather than approaching it with a hypothesis (Castleberry & Nolen, 2018). As dominant themes from the data were established they were compared to academic literature, enabling new insights to emerge.

As this research sought to understand how property managers perceive and respond to complex tenancies, an interpretivist epistemology informed our data analysis, as it is well suited to understanding how people apply meanings to their experiences and actions (Scotland, 2012).

Results and Discussion

The roles held by the property managers interviewed were diverse, as were their experiences, perceptions and understandings of complex tenancies. Time spent working in the industry, location and size of rent roll, firm culture, personal attitudes and values of property managers varied. These factors, as well as the organisational structure of the interviewee's firm, indicated how the property manager perceived and acted on a tenancy.

Understandings of Complex Tenancies

Due to the lack of consistency in the PRS literature of how the terms "complex tenancies" and "complex needs" are applied (Tually, Slatter, Faulkner & Oakley, 2016), we wanted to understand how those working in the industry made sense of the term. When providing their own definition of complex needs respondents described situations that were inherently property-related in nature. Property managers noted rent arrears, property damage, and events that lead to lease disruptions most often and before all other definitions. This contrasts with the literature, which tends to describe complex tenancies in terms of the tenant first; with definitions including critical life events, such as changes in partner or employment, illnesses or disabilities, and anti-social behaviours (Atkinson et al., 2007; Habibis et al., 2007; Hulse & Milligan, 2014; Hulse et al., 2011). Although property managers initially offered property-related definitions for complex tenancies, it was common for the interviewee to later offer anecdotes that were congruent with the literature. This included interviewees recognising critical life events experienced by tenants they manage such as, *"the husband loses his job and starts drinking"* (Alysha). Property managers also offered anecdotes of tenant drug use, fraud, physical and mental disabilities, neighbourhood complaints and occurrences of domestic violence - all found within the literature as definitions of 'complex needs' or determining a 'complex tenancy' (Flatau, Coleman, Memmott, Baulderstone & Slatter, 2009; Atkinson et al., 2007; Habibis et al, 2007). However, when property managers offered characterisations of complex tenancies that were in line with the literature, they tended to only be

shared through the lens of how they eventuated, or could eventuate, in property-related issues or other financial disruptions to the firm or landlord.

Influence of Legislation and Process on tenancy sustainment

Interviewees highlighted factors which affect a property managers' motivation, desire and ability to sustain complex tenancies. Whilst property managers may have the desire or personal motivation to sustain complex tenancies, their capacity to do so is limited by professional duties. Short et al.'s (2007) characterisation of formal barriers to tenancy sustainment were apparent throughout all interviews, generally in the form of firm policy, legislative requirements and its associated statutory authorities, the Residential Tenancy Authority (RTA).

Ross, a senior property manager and firm principal, stressed the importance of following the legislation above all else, espousing the mantra: *"process over people"*. Ross explained how accommodating complex tenants beyond standard procedures could be detrimental to his business, stating: *"if you don't run that process, the owner's landlord insurance won't cover it."*. Ross' loyalty was to the landlord first and foremost, and a complex tenancy was seen as a risk. While not all property managers were this risk averse and were more willing to assist tenants experiencing difficulties, all actions taken were risk assessed to an extent, with the fiduciary responsibility to the firm and landlord being the main priority.

Legislation was mentioned as a barrier that prevented property managers from sustaining tenancies, as Winston remarked, *"the legislation can be brutal,"*, going on to describe how the Tenancy Act does not leave room for nuance, often to the detriment of the tenant. To protect the interests of the firm, property managers would issue a 'notice to remedy breach' in any instance of non-compliance of the tenancy agreement (such as non-payment of rent), regardless of how they personally felt about the situation, or they risked a future landlord insurance claim being denied. Property manager Roland illustrated this:

> *"you can't not breach because of insurance… if the owner has to claim on landlord insurance, the first thing the insurance company does is ring me and say show me you followed the process. If I haven't breached and sent notice to leave, I've not followed that process, they won't pay out"* (Roland).

Similarly, Amanda, who has worked in property management for close to 30 years, remarked,

> *"bear in mind, too, insurance companies aren't very compassionate. They won't necessarily pay if we've been mucking around with it"* (Amanda).

Here, Amanda and Roland equate acts of leniency to a tenant as being deviations to compulsory formal processes, and that doing so would be grounds for an insurance claim to be denied. A common thread throughout our interviews, many felt they were unable to offer leniency to those experiencing hardship due to the ubiquitous role that landlord insurance plays in the industry.

Others, however, were able to follow these formal processes while simultaneously helping a tenant facing hardship. One property manager, Emily, described that when evicting a family from a property due to formal process, she felt the need to assist them in securing a tenancy with another firm, as they would struggle with their poor rental history and she did not want to see them become homeless. Property managers characterised issuing breaches as a necessary formality that could be done in tandem with actions of assistance for a tenant experiencing hardship rather than being a purely punitive exercise. For example, property managers occasionally referred tenants to external resources suitable for the circumstance, or organised payment plans to recover any loss of rent. While property managers felt obliged to follow the legislative and bureaucratic processes, they also used legislation to assist tenants. Two interviewees had mentioned they had help tenants experiencing intimate partner violence to utilise provisions in the law for victims to apply through QCAT to end a tenancy agreement without penalty. While legislation and process were found to cause significant barriers to sustaining tenancies, it should be acknowledged that it also offers tenants a level of statutory protection that they are less likely to receive through informal housing agreements.

Motivations for Sustaining Tenancies

Interviewees had varied motivations for sustaining tenancies, often rooted in emotion, such as a sense of social justice, sense of professional duty and feelings of empathy. Some property managers were conscious of the impact their decisions can have on a tenant:

> *"In property management you've got peoples' lives in your hands…their day to day living can be greatly affected by the way they are treated by the property manager".*
> (Winston)

Winston illustrated the power dynamic between property managers and tenants, such as their power to refuse to renew tenants' leases, 'blacklist' them, take tenants to civil tribunals and to give negative rental references. These are all actions which can affect a tenant's current and future housing security. In multiple instances interviewees expressed that they did not want to feel responsible for a tenant becoming homeless or otherwise losing their housing security. In practice however, the biggest motivator for property managers to sustain a tenancy was if doing so would

result in mutual benefit for landlord, firm and tenant. As explained by Roland, in most cases, a sustained tenancy was preferable:

> *"At the end of the day we would rather people stay than go. Much cheaper for the owner, it's much better for me to have a full portfolio than an empty one".* (Roland)

While sustaining tenancies usually benefited all parties, interviewees could identify a tipping point in complex tenancies where negatives began to outweigh the usual mutual benefit, making sustainment no longer a priority. This is congruent with a body of research in the literature that explores the prevalence of risk management by PRS intermediaries, who regularly 'weigh up risks' of managing a complex tenant against protecting their own interests (Short et al., 2003).

Some property managers were more likely to be open to managing a complex needs tenancy if it had been brokered through third-sector organisations[2] and received ongoing case management. Mutual benefits of such tenancies were apparent regardless of the tenant's situation, with some interviewees feeling head-leasing had *"a lot of positives"* (Roland) for the landlord and firm, such as rent being guaranteed, and any property-related issues being easily resolved. Multiple interviewees reflected on their experiences with third sector organisations, discussing having managed properties head-leased by Anglicare, INCH (Inner North Community Housing) and YHA (Youth Housing Australia). One interviewee, Roland, had developed an ongoing relationship with YHA, and described his experiences with their tenants as *"fantastic"*. Roland explained that he feels he is able to help tenants who he believes would otherwise *"be homeless right now,"* while still keeping their landlords content and generating revenue - remarking that *"you can do both,"*. This model of housing has evolved specifically to overcome the limited PRS options available to certain populations (Parkinson, James & Liu, 2018), and our interviews provided anecdotal evidence supporting this. One tenant in a property head-leased by YHA and managed by Roland's firm is a 17 year old boy who was previously homeless, and has since finished his schooling, gained employment and is on a *"good trajectory";* another interviewee, Amanda, had partnered with INCH to manage numerous tenants recently released from incarceration. While Roland was motivated by his own sense of social justice to work with potentially vulnerable tenants, he saw himself as an outlier in the industry, reflecting that *"most property managers wouldn't take it on. Most would see it as a risk",* a notion confirmed by several other interviewees. Similarly, he found that the landlords who were willing to partner with third-sector organisations tended to be *"a bit more understanding"* (Roland) than other landlords he worked for. Our interviews found that

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[2] This is an example of Clapham's (2005) head-leasing within the "supported pathway" to housing, and allows those who may usually struggle to enter the PRS develop a formal rental history.

complex tenancies that had the ongoing support from the third-sector were more likely to be sustained, however the generally risk-averse nature of landlords and property managers made these situations uncommon.

Further Barriers to Sustaining Tenancies

Time

As well as financial considerations, time was another key influencer in a property manager's decision to end a tenancy. Property managers often felt *"snowed under managing the day to day stuff"* (Ross), leaving them with limited excess time to manage complex tenancies. Tenants that engaged in unreasonable amounts of contact with the property manager, or *"email-bashing"*, as Amanda described it, were characterised as being 'problem' or 'complex tenancies' for using too much of the firm's time to be worthwhile sustaining. Property managers holding such attitudes may disproportionately disadvantage already vulnerable populations, with interviewees recognising that it tended to be tenants with mental illness or lonely elderly people who were likely to partake in excessive levels of contact.

Limited Scope of Profession

Interviewees sometimes cited limited scope of their profession and professional duty to the owner as a barrier to sustaining tenancies, as they were unable to make definitive decisions without landlord permission. Interviewees often described their relationship with landlords as being *"advisory"* and their relationship with both landlord and tenant as *"middle-men"* (Salmon). Interviewees also recognised that they were able to influence landlords, and could choose to advocate for tenancies if they desired. For example, Roland described how *"a strong relationship"* with an owner had allowed him to *"convince"* the landlord to rent to a single mother with two kids, an archetypal 'unideal' or 'risky' tenant.

Life Experience

Life experience was described as a key influencer of a property manager's ability to deal with and sustain complex tenancies. Property managers frequently expressed that the formal training they undertake prior to entering into the industry does not equip them with the necessary skills to assist a complex tenancy. Life experience, professional experience and emotional intelligence, were described in most interviews as being the largest determinants of competency in dealing with complex tenancies. Even our youngest interviewee, at 21 years of age, recognised that in order to

"move up the ranks" (Dub), he first required more life experience, as it allowed him to understand how to deal with different situations.

Communication between tenants and property managers

Communication between tenants and property managers was identified as one of the most important factors that enable property managers to advocate for sustained tenancies. Interviewees often stated that they were more likely to proactively assist a tenant going through unpredicted critical life events if the tenant was able to adequately communicate their challenges to the property manager. This is in line with findings from similar interviews conducted by Short et al., (2003), which also found the importance of communication to be a central theme enabling negotiations in complex situations to eventuate in "renewal of tenure for the tenant" (2003, p. 8). Property managers identified that they struggle to detect tenants experiencing hardship due to limited interaction with tenants, often only noticing issues during routine inspections or once rent falls into arrears, at which point the property manager is obliged to follow procedure, as Salmon recalls:

> *"It's very reactive... It's not like you can see it coming…something like that you can only pick up at routine inspections. But with a few of the DV's we get tenants giving us a call straight up. We encourage that. Otherwise they just go, they just stop paying the rent and they just leave. So it's arrears, and routine inspections that really you can only be reactive to, unfortunately".* (Salmon)

Salmon describes how he is forced to be reactive in dealing with most complex tenancies, but also notes that he encourages tenants experiencing issues to get in contact first, allowing him to proactively assist in sustaining the tenancy, rather than leaving problems unaddressed until it is 'too late', as is common. The experiences Salmon described resonated frequently across a majority of interviews. While increased communication between tenant and property manager was seen as an answer to overcoming barriers to sustaining tenancies, other property managers could see that open communication was an unlikely scenario due to the nature of the relationship between the involved parties. Winston recognised the unequal power dynamic between tenant and property manager:

> *"[a breach] can be used as a stick by unscrupulous property managers. And the tenants feel very reluctant to breach back... because it impacts on their perceived suitability to be a tenant… if you go to the next place and they [real estate] ring up and say "would you rent to him?"- "no way, they're a bloody problem".* (Winston)

Winston recognises that tenants actively avoid interacting with property managers to avoid the risk of antagonising the property manager who has the power to jeopardise their future housing security by denying a positive rental reference. This fear held by tenants may not be unwarranted or exaggerated, with another interviewee stating that he would be less likely to advocate for a tenant's lease to be renewed if he deemed the tenant to be 'annoying', despite them fulfilling all requirements of their lease agreement. Examples of 'gut feelings' like this are an example of the informal strategies that serve as barriers to sustaining tenancies as described by Short et al. (2007).

Technology's role in property management and tenancy sustainment

The role that technology plays in property management was a common theme throughout interviews. One senior property manager and firm principal implemented software at his firm which analyses tenant's payment ledger to predict when they are more likely to fall behind in rent. Ross explains how, upon receiving an alert from the software, he could approach a tenant to say:

> *"[The] Last couple of years you've always struggled on Christmas...How about now that we are early start putting an extra $10 a week on rent. So that way you are a couple of weeks ahead come Christmas time".* (Ross)

This use of technology enabled the firm to take proactive steps to assist tenants that were potentially experiencing hardship to sustain their tenancy, while remaining mutually beneficial by avoiding loss of income to firm and landlord. This contrasts with the experiences of most property managers, who struggled to detect issues before it was 'too late', by then requiring statutory, often punitive responses.The use of data science to predict and anticipate rental arrears is an emerging area of research, with recent trials in the social housing sector taking place in Europe (Johari & Talib, 2014; Leslie, Harrison, & Qurashi, 2018).

Our interviews supported the notion in the literature that technology can act as a barrier to sustainment. Interviewees often mentioned how their firms had implemented technology to aid in various roles, such as logging maintenance requests and signing leases; as Sarah explained *"we do everything digitally now, because, it just <u>works</u>",* however this system also excluded some tenants from participation, *"a lot of these people they don't understand, like a lot of them don't even have a smartphone, or have a tablet"*; Sarah, a young property manager with 2 years of experience, expressed irritation and a lack of desire to assist these tenants, feeling that they have a responsibility to utilise technology since we are *"in a digital age",* and they were unnecessarily increasing her workload by requiring paper copies or her physical presence. This is congruent with findings by Parkinson, James & Liu (2018), who while recognising that technology such as *1form* can help some vulnerable tenants by improving access to formal PRS housing, it can also serve as

a barrier to tenants that are not computer literate or that don't have reliable access to smartphones, tablets or internet. Furthermore, tenancy databases were used extensively to screen applicants, with interviewees stating a tenant being listed always results in an application being declined; as Emily noted, competition for rentals has sharply increased during her tenure as a property manager, and now *"If you don't have a squeaky clean rental history, you just won't get a step in the door, it's just too difficult."*. This practice, informally referred to as tenants 'blacklisting', has long been a point of interest in the literature, with the use of tenancy databases to screen 'undesirable' tenants having been a point of concern since their establishment (Seelig, 2003). Landlord insurance policies have become more popular in recent years (Stone et al., 2015), and their importance to the property management process was reflected in many of our interviews. Scholars have suggested that the increase in insurance claims for damages such as rent-arrears has resulted in a sharp increase in tenants becoming 'blacklisted' in recent years (Parkinson, James & Liu, 2018). This could prove detrimental to tenancy sustainment, leaving tenants with no options to stay in the PRS outside of the "informal" or "supported" pathways.

Summary of Findings

In this study we investigated the interplay between property managers and complex tenancies within the PRS, with a particular emphasis on tenancy sustainment. While interviewees could characterise what was meant by 'complex tenancies' using descriptions of the tenant's personal circumstances, it was usually only through the context of how these circumstances negatively affected the tenancy.

Interviewees were in agreement that a sustained tenancy was ideal in most cases, as all parties benefited. However, often in cases of complex tenancies a tipping point was recognised, where sustainment was no longer a priority. Most interviewees appeared to engage in informal risk assessment strategies and had clearly defined ideas of what makes a 'good tenant' and 'bad tenant', something that Marston (2000) identified as legitimising housing policies that seek to control tenants. This is in line with a considerable body of research in the literature that explores the prevalence of risk management by PRS intermediaries, who regularly 'weigh up risks' of managing a complex tenant against protecting their own interests (Short et al., 2003; Seelig, 2003; Short et al., 2007). Various motivations were seen as impacting on interviewees level of concern for tenancy sustainment, such as their sense of social justice, professional duty and sense of empathy.

Of interest, all major themes that emerged as barriers during data analysis were found to be the tools that property managers used to assist in sustaining tenancies. For example, while some interviewees felt restricted in their ability to assist tenants due to legislation, others utilised their knowledge of the Tenancy Act to find provisions to advocate for the tenant. A similar effect can

be found in the literature, such as authors Parkinson, James & Liu (2018) noting how online site 1Form was able to simultaneously improve and restrict vulnerable renters access to formal housing. Likewise, Short et al. (2003) found instances where communication between tenant and property manager both harmed and helped tenancies, depending on how it was utilised.

Conclusion

This research project explored how property managers in the PRS perceive, interact with and understand complex tenancies, focusing on tenancy sustainment and its associated barriers. Interviews revealed that there are various barriers, both formal and informal, that prevent property managers from sustaining tenancies. Whilst a property manager may feel inclined to sustain a tenancy due to a range of motivations, be it a sense of social justice, affinity to the tenant, sense of professional duty or empathy, they are often restricted in the extent that they can do so due to barriers. These range from formal barriers such as legislative requirements and industry norms to informal barriers such as personal misgivings and biases borne from prior experience or 'gut feelings' (Short et al., 2008).

Further, a property manager's ability to define a complex tenancy was often contextualised through the lens of property related issues, rather than behavioural or situational characteristics of the tenant, as is common in the literature. It was only once property related issues arose, that property managers were able to detect these behavioural or situational characteristics. This was further limited by the tenant's hesitance to communicate with the property manager about the situation due to the unequal power dynamic between the two parties.

While there has been increasing interest in contemporary housing studies regarding the PRS and complex tenancies, contemporary qualitative research has seldom focused on the experiences of property managers, rather than the tenant, especially in the context of tenancy sustainment. This research fills this gap in the scholarship by introducing the perspectives of PRS property managers which have largely been ignored hitherto. This study contributes to the overall literature by providing insight into the ways PRS property managers perceive and interact with complex tenancies. This research has shown that in order to effectively encourage tenancy sustainment for complex tenancies, a better understanding of the motivations, perceptions and roles of property managers is necessary. This insight will assist policymakers and industry stakeholders to make informed and effective decisions when developing resources for the PRS that help to build capacity in the market to sustain tenancies for those with complex needs.

Limitations

While the study provided some important insights into the experiences of PRS property managers, it was not without its limitations. The data collection phase ended prematurely due to time constraints, despite having willing participants available. By collecting more interviews from a range of people within the property management industry, we would have been able to develop a richer data set from which additional findings could have been gleaned. To improve the research, a mixed-methods approach could also be introduced, such as having the findings corroborated with a quantitative analysis, thereby increasing its validity through triangulation (Jick, 1979).

As our own beliefs were likely to be asserted in our interpretations, it can be assumed that knowledge generated in this research was not entirely value-free (Scotland, 2012). Furthermore, the data collected may have been affected by social desirability bias, as participants may have been inclined to answer in a manner they believed to be more favourable. It is also possible that the recruitment process attracted property managers with particular values, and the responses we received may not accurately depict the industry as a whole.

Recommendations for future research

Policy lag and the traditional reliance on social housing has delayed the PRS from being included in the wider discourse of housing policy for vulnerable Australians until recently (Stone et al., 2015). There is a critical knowledge gap in the current literature about how formal intermediaries from the PRS and complex tenancies interact. Existing literature largely focuses on the tenant's perception of the PRS, and research that has involved interviews with property managers, particularly in Brisbane, has become largely outdated. Given the increasing role the PRS plays for vulnerable populations, it is vital that new research is conducted that reflects the current housing landscape more accurately. Due to the inconsistent application of terminology in housing studies, we recommend that a framework is developed that provides authors with a guideline on how terms should be applied, allowing consistent measures to be used, enabling comparative studies to be conducted.

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Appendices

Appendix A: 'Complex Needs' & 'Complex Tenancies' as defined within literature

Reference	Sector	Terms used to describe 'Complex Needs' / 'Complex Tenancies	Descriptions
Stone et al., 2015: 20	Private		Critical life events (eg. partnering, losing a partner, re-partnering, birth of children, employment changes and housing transitions, serious illness or injury, economic loss)
Tually, Slatter, Faulkner & Oakley, 2016: 87	Private	[Not] 'rental ready'	
Flatau, Coleman, Memmott, Baulderstone, & Slatter, 2009:1	Private & Social/ Public	Anti-social behavior, at-risk tenancy,	Long-standing social, health or economic needs, eviction, rent arrears, inadequate property standards, property damage
Hulse et al., 2011: 182	Social/ Public	Anti-social behaviour, vulnerability, range from noise disturbances to threatening behaviour,	Mental illness, substance abuse
Hulse & Milligan, 2014: 649	Social/ Public	Disruptive behaviours	Diverse circumstances, noise, inappropriate disruptive, criminal behaviour
Habibis et al., 2007:3	Social/ Public	Physical disability, intellectual disability, mental illness	
Atkinson et al., 2007: 4	Social/ Public	Anti-social behaviour, vulnerable, hard-to-house	Domestic violence, children with challenging behaviour, drug/alcohol problems, mental disability, low levels of education, substance abuse, mental and physical health problems, criminal records, little experience in public market