

Private Renting: the Resistible Rise of Rupert Rigsby

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It traces the expansion of private landlordism via the mythical rise of Rupert Rigsby, from landlord of a few seedy bedsits — depicted in the television programme ‘Rising Damp’ — to a major rented property – owner. The article sets out the undesirable consequences of the growth in private landlordism and indicates how its expansion can be curtailed.

Abstract

Since 1986 the number households renting privately in England has increased from 1.85 million to 4.8 million. This private landlord renaissance has been supported by Buy to Let, tax concessions, the abolition of rent control, light touch regulation, the Right to Buy, Housing Benefit, and now, Build to Rent. However, until recently, private landlordism has made only a small contribution to new housing supply, is still characterized by low quality and ‘rogue’ landlords, adds to state expenditure, increases inequality and has a negative impact on family life. Ways are available to curb the sector’s growth that, following the stark ‘two Englands’ revelation in the Brexit vote and the 2017 General Election outcome, require a higher place on the political agenda. The article makes extensive use of the private landlord survey made by Ministry of Housing, Communities and Local Government in 2018.

Key words

Inequality; private landlordism; home ownership; Housing Benefit; tenure; insecurity

Between 1986 and 2017 the growth in private renting was remorseless, rising from 1.85 million English households in 1986 to 4.8 million by 2017/18. This revival was supported by Buy to Let, business-related tax concessions, direct subsidies and loan guarantees, the ending of rent control, reduced regulation, the Right to Buy, Housing Benefit (HB) — now paid to private landlord tenants as the Local Housing Allowance (LHA) — and Build to Rent. However, until recently, private landlordism's input into new housing supply has been low and the sector is characterized by low quality and tenure insecurity. It has a harmful impact on family life, LHA payments to private landlords adds to state expenditure and the growth in private landlordism has helped to generate growing wealth and income inequality .

Rupert Rigsby

In 1980, when the film version of the TV sitcom *Rising Damp* was released — starring Leonard Rossiter, triumphant in his portrayal of Arturo Ui in Brecht's 'The Resistible Rise of Arturo Ui' — Rupert Rigsby, Rossiter's character, was a private landlord owning a few seedy furnished bedsits in Leeds. This article traces Rigsby's mythical rise to become a major property owner.

When Rigsby started on his private landlord career, private landlordism was in freefall, down by 1.3 million UK households since 1971 and reaching its 1.9 million UK nadir in 1986. Exit from private renting followed the trend since 1915 when rent control had been introduced. Landlords either sold their properties to existing tenants or, on vacant possession, to owner-occupiers with 4.5 million dwellings transferring from private landlords to homeowners between the 1920s and the 1980s — the most effective low-cost homeownership scheme ever? The 1988 Housing Act, allowing landlords to charge market rents to new tenants and to let as 'assured shortholds' — with very limited security of tenure — paved the way for a private letting revival. By 2017/18, 19.5% of households in England rented from private landlords. There has been a striking rise in the per cent of households with dependent children renting privately from 8% 2003/4 to 24% in 2017/8. In 2003/4 there were 597,000 households with dependent renting privately in England compared to 1,531,000 in 2017/8 ([MHSLG](#), 2019a).

Post 2004 home ownership started to fall, from 68% in 2004 to 63% in 2017/8. This decline was concentrated in the younger households with 41.3% of households headed by a person aged 25-34 owning in 2004 compared to 27.7% in 2018, 66.1 % of those aged 35-44 in 2004, 52.1% in 2018 and 73.9% of those aged 45-54 compared to 63.8% in 2018 ([Resolution Foundation](#), 2019).

Rigsby might own ten rented properties in London today, worth six million pounds with a monthly £30,000 rental yield. He could a Tory MP — 196 MPs, mainly Conservative, have an income from letting residential property with 'the majority taking home at least £10,000 per year'¹. Rigsby may well be sitting

on the House of Commons Housing, Communities and Local Government Committee: in 2019 there were four members with financial interests in private renting on this Committee ([Parliament](#), 2019). He would approve of this level of representation: 2% of adults are private landlords but 30% of MPs and 36% of House of Commons Housing, Communities and Local Government Select Committee members.

Rigsby's rise 1: the end of rent control and the introduction of Buy to Let

How might Rigsby have acquired his property portfolio? When renting his bedsits as a resident landlord Rigsby's tenants had very limited security tenure and any appeal to a Rent Tribunal risked eviction. Rigsby was able to increase his rents and, by 1982 he had enough capital to buy a house in London renting out four rooms. Under the 1988 Housing Act, he could let these rooms — furnished or unfurnished — at a market rent on vacant possession and the high tenant turnover in Rigsby's properties ensured rapid transfer to market rents. Buy to Let, introduced in 1996 by mortgage lenders at the behest of the National Association of Private Landlords and offering interest rates only slightly higher than for an owner-occupied mortgage, was a boost. Rigsby mortgaged his properties to take advantage of the lower interest rates available via Buy to Let and the tax breaks on offer. As businesses, landlords were able to offset mortgage interest payments against tax liability — wealthier landlords received tax relief at 40%. They also benefited from a tax offset worth 10% of their annual net rental income covering 'wear and tear' on furniture and fixtures. Other expenses claimable against tax liability included broker and arrangement fees; letting agent fees; advertising for tenants; purchasing a tenancy agreement; credit checking; referencing; deposit protection and professional inventory costs; buildings and contents insurance premiums; maintenance and repairs; ground rent and service services; and the direct costs of letting the property such as phone calls, stationery and the costs of travelling between different properties for the purposes of a rental business.

Rigsby's Rise 2: Right to Buy (RTB)

RTB helped Rigsby expand his portfolio. RTB re-sales appealed to private landlords because mortgage lenders would not grant loans on property sold under RTB without a sizable deposit producing a weak resale market. Rigsby negotiated with tenants: for a cash payment, residents agreed to buy their homes and, when the two year restrictions on resale came to an end, to sell them to Rigsby who let them at market rents. In 2013, the *Daily Mirror*, using the Freedom of Information Act, found that 32% of former flats were rented privately. An investigation by *Inside Housing* in 2015 discovered that private landlords now owned 40% of all council flats sold under RTB in England. Unfortunately, this information relates only to leasehold property — mainly flats — and available information does not permit assessment of the

per cent of council houses sold under the Right to Buy that have been acquired by private landlords. A LHA mapping exercise in parts of Scotland suggested that around 40% of payments are made to privately renting tenants in houses bought under RTB ([Sprigings](#), 2013). Rents rocket when local authority housing is sold to a private landlord. In Camden, London, for example, in 2018 the private rent for a three bedroom property was over four times that of a council house ([Right Move](#), 2019; [Camden](#), 2018).

Right to Buy was a double windfall for Rigsby. It helped him to purchase more properties and it also contributed to the decline in the number of homes available in the social housing sector thereby increasing the demand for private rentals. The number of lettings to new tenants in the social sector declined from 266,000 in 2003/4 to 174,000 in 2017/8 ([Stephens et al](#), 2019)

Rigsby's rise was resistible but New Labour was private landlord friendly. Its 2000 Housing Green Paper ([DETR](#), 2000) stated:

A healthy private rented sector provides additional housing choices for people who do not want to, or are not ready to, buy their own homes.... Through its flexibility and speed of access, it can also help to oil the wheels of the housing and labour markets.... Landlords can be assured that we intend no change in the present structure of assured and assured shorthold tenancies, which is working well. Nor is there any question of our re-introducing rent controls in the deregulated market.

New Labour applied enhanced regulation merely to the multi-occupied rented sector and, in England, only considered private landlord registration in 2010. It was too late. New Labour lost the election and the coalition government preferred to rely on voluntary measures and firmer action to curb 'rogue' landlords.

Blair's house price boom swelled Rigsby's assets and provided the platform for more property acquisitions. With his mounting cash for deposits, Rigsby was able to outbid potential first time buyers. His tax breaks gave him an additional advantage and he had a somewhat cavalier approach to declaring his property sales on his tax form. In 2015 HM Revenue and Customs said that the UK had 1.63 million private landlords but only 500,000 regularly filed self-assessment tax returns that would reveal property sales subject to capital gains tax, resulting in a £9.06 billion loss to the Exchequer in 2014 ([Guild of Residential Landlords](#), 2015),

Rigsby's rise 3: Housing Benefit (Local Housing Allowance)

The survey of private landlords by the ([MHSLG](#), 2019b) noted that 52% of landlords were reluctant to rent to LHA claimants. None the less, a substantial proportion of private tenants claim LHA and it is possible that there are two overlapping markets in private renting — a Local Housing Allowance market and a full rent market (see below).

Rigsby likes to help single parent families needing a roof over their heads. In 2003/4 15% of single lone parents rented from a private landlord, in 2017/8, 38.7%. However, some of Rigsby's houses are below par — 500,000 children live in a privately rented home that is physically unsafe ([New Policy Institute](#), 2015) In *Hinterland*, Chris Mullin (2016) claims that, in Sunderland, there were high concentrations of public housing, acquired by private landlords, 'that went into a spiral of decline' because HB went directly from the public purse into private landlords' pockets, so that landlords had little interest in managing their properties. Mullin campaigned for HB to be paid directly to tenants so landlords would become more concerned about what was happening in their houses. In 2008 New Labour introduced this change with HB — in future to be called Local Housing Allowance (LHA) — paid directly to private tenants except in special circumstances. Rigsby now gives a little more attention to his properties.

Silver Renters

Private renting is rapidly moving up the age scale. In 2003/4, 8.6% of 35/44 year olds in England were renting privately as were 5% of those aged 45-54 and 4% of those aged 55-64. By 2016/7 the figures were 28.5 (35/44); 16% (45/54) and 9.6% (55-64) [[MHCLG](#), 2018]. By 2017 — labeled 'silver renters' — almost half of all UK private renters were aged over 46 (City AM, 2016). In the past, those aged 40-65 would have been securely locked into owner-occupation with about 78% being homeowners in 2001, partially the outcome of Margaret Thatcher's Right to Buy. However, marked differences within the cohort are emerging. In 2015 74% of those aged 60-64 were homeowners but only 60% of those aged 40-44 ([Brinded](#), 2016). Projecting the current trend towards private renting produces dire predictions for state spending on HB as renters move into the retirement. The [Resolution Foundation](#) (2018) has linked the rise of generation rent to future higher costs to the state. On a 'pessimistic' scenario that economic conditions will not change, it estimates that the cost of HB for pensioners will increase from £6.3 billion per year in 2016 to £16.0 billion per year in 2060. On an 'optimistic' scenario — 'a return to economic conditions similar to those that existed when it was a lot easier to purchase one's home' — the HB bill increases from 6.3 billion in 2016 to 12.2 billion to 2060.

Rigsby's rise 4: Migration

Net UK annual migration increased from 172,000 in 2002 to 256,000 in 2010. It declined to 209,000 by 2013 but then increased to 332,000 in 2015 before falling to 282,000 in 2017 ([The Migration Observatory at the University of Oxford](#), 2018). In 2018 net UK migration was 282,000 ([Office for National Statistics](#), 2019). 80% of new migrants live in the private rented sector. Thus migration — with very few of the migrants having the right to vote in Westminster elections — added to the demand for private renting.

Rigsby's Rise 5: 'Generation Rent' a) First-time buyers

The rise in private renting and the decline in homeownership are two sides of the same coin. Private landlords and first-time buyers compete in the same market. Every house bought by a private landlord adds to the renter pool, fuels rent increases and impairs the ability of first-time buyers to save for a deposit, bringing yet more punters into the rental market. Caught in a 'rent trap' with no escape from reality, Walker in *The Inequality Machine* (2016) expressed generation rent's frustrations:

A renter effectively pays not once but three times: first in rent, second as an unpaid caretaker of an inflating asset and third with the freedoms they forfeit. With the silent passing of every standing order, their roles, their status – their *class* — becomes more and more entrenched, and the possibility of escape reduced.

The [Housing, Communities and Local Government Committee](#), (2018) stated 'Several witnesses also highlighted statistics that showed 82% of private tenants were satisfied with their quality of their homes'. However, the English Housing Survey's report [Private Rented Sector Report, 2014-15](#) (DCLG, 2016) said 'in 2014-15, two thirds (65%) of private renters were satisfied with their current tenure. This compares to 98% of owner occupiers and 82% of social renters'. The difference between the two satisfaction scores appears to be perceptions of home quality and value for money. [Private Rented Sector Report, 2014-15](#) asked respondents if their form of tenure was 'a good way of occupying their home', There were marked variations in satisfaction levels with, as examples, of those private renters in part-time work or unemployed, only 59% were satisfied and satisfaction levels amongst middle aged categories were low, perhaps because such households contained children. A qualitative study involving in depth

interviews with 16 people aged 35 and under, living in the private rented sector (PRS) who were not in full time education and who had low to middle incomes revealed that the majority wanted to be home owners with a smaller number aspiring to social housing but with 'private renting was regarded as their only option in the short-term due to an inability to realise these goals'. Private renting was discussed 'largely negatively' ([McKee and Soaita, 2018](#)). Private renting is not a tenure choice: in 2016, 81% of 25/34 year olds, 75% of 35/44 year olds and 80% of 45/54 year olds wanted to be homeowners in two years ([Council of Mortgage Lenders, 2016](#)).

The house price slump in 2008-10 was an opportunity not a setback for Rigsby. Raising a mortgage became more difficult for first-time buyers as lenders became more cautious. 100% mortgages disappeared and the average deposit of first time buyers increased to 20%. However, Rigsby now had plenty of cash, either for a deposit or to buy outright. Moreover, in 2014, the Bank of England, fearful of a house price boom, introduced tighter controls on mortgage lending. It limiting the number of 'high-risk' mortgages — more than four-and-a-half times a borrower's income — to no more than 15% of new mortgages. It also required lenders to apply 'affordability' tests to new mortgage applications that included an 'interest rate stress test' to help ensure that prospective mortgagees would be able to cope with future interest rate increases. Such restrictions did not apply to Buy to Let landlords until 2017. In 2014 the Intermediary Mortgage Lenders Association found that only 420,000 of the additional 1,310,000 properties in the private rented sector between 2007 and 2012 were financed by Buy to Let loans. The survey by the [MHCLG](#) (2019b) found that 55% of landlords had a Buy to Let mortgage, but 39% of landlords had no debt or borrowing. Rigsby with his housing wealth did not need the mortgage lenders now demanding 20% deposits, first time buyers did.

Rigsby was unconcerned about George Osborne's announcement that some private landlord tax breaks would be abolished. Taking the marginal tax relief on mortgage payments down from 40% to 20% would take four years and he would still have the 20% relief that first time buyers and those wishing to climb the property ladder did not hold. Rigsby fretted about the 3% second house levy on Stamp Duty Land Tax imposed by George Osborne in 2015. However, he did not intend to sell up. The capital growth in his portfolio was high: house prices in London increased from £282,998 in 2010 to £465,000 in 2018 ([Nationwide, 2019](#)).

Rigsby's Rise 5: 'Generation Rent' b) 'Second Steppers'

Between 2003/4 and 2016/7, the number of homeowner couples with dependent children plummeted from 3,089,000 to 2,602,000: a decline from 73.3% to 53.1% in the two parent household with children homeowner proportion.

Finding an affordable home with more space when children arrive has become increasingly difficult. More potential first-time buyers with children have been forced into the private rented sector but, a problem of 'second steppers' — homeowners who require more space for their growing families — has also emerged: During the 2003 to 2008 house price boom, first-time buyers stretched their resources to get a foot on the homeownership ladder. Housebuilders responded to rising prices by building flats and cutting space standards. Bedrooms dropped to below three for the first time ever and their size dwindled. Compared to the 1990s, the homes built were [4m² smaller](#). In many parts of England house prices declined with the homes bought by first-time buyers dropping by relatively more than the houses they needed, leaving potential movers short on equity. In 2018 [Lloyds Bank](#) reported that the average equity gap between the existing homes of potential 'second steppers' and the property required to accommodate an expanding family was £50,000. Moreover, in response to the credit crunch, mortgage lenders increased deposits, a problem compounded by the Financial Conduct Authority's affordability tests that included high child care costs.

More and more potential 'second steppers' have turned to the private landlord sector to expand their living space. Yet, although private renting is more accessible than homeownership, there is a trap. High rents — although mitigated for some by LHA — hamper saving for a deposit and the time that families remain in the private rented sector is increasing.

Noting that homeowners are now moving half as often as before the 2008 recession, [BBC News](#) quoted Savills as stating 'Those not trading up are the forgotten people of the housing market....We've concentrated on first-time buyers. They get the concessions and all the focus has been on getting people onto the housing ladder'. The Help to Buy Equity Loan has helped first-time buyers onto the homeowner ladder but, although its upward house price impact may have helped 'second steppers' to acquire more equity, they have acquired only 19% of the loans. The new Land Tax Stamp Duty Relief — zero up to 300,000 and 5% from £300,000 to £500,000 — applies only to first-time buyers and, when the current Help to Buy Equity Loan scheme ends, the new version will only be available to first-time buyers.

Rigsby is aware of the frustrated second stepper market and has moved into providing family housing. The [MHCLG](#) (2019b) survey noted that 52% of private landlords with five or more properties had semi-detached houses in their portfolios and 33% all landlords.

Is the party over?

The reduction in the tax allowances and the 3% Stamp Duty Land Tax levy on second home sales plus the various Help to Buy schemes were an attempt to curb private landlords and boost homeownership, especially the number of first-time buyers. This was augmented by the Budget 2017 when relief from Stamp Duty Land Tax (SDLT) was introduced for first time buyers. In addition, HM Revenue and Customs has taken steps to ensure it obtains more of the Capital Gains Tax due when a rented property is sold.

Osborne's 2015 measures appear to be making an impact. The [Resolution Foundation](#) (2019) has noted that homeownership is ticking up — by 1% between 2016/7 and 2017/8 with private renting down to 19.5%. However the increase has been driven by older buyers aged 35-44 as home ownership is pushed to later in life and first-time buyers are also becoming increasingly reliant on the Bank of Mum and Dad.

New Labour and the Conservatives wanted to encourage institutional investors into the private renting market. After a number of unsuccessful initiatives, Build to Rent was introduced in 2012 and involves £10 billion government support, mainly in the form of 20% loan guarantees, for the construction and development of properties designed to rent out on a long-term basis; assured shorthold tenancies, usually three years or more. Investment in Build to Rent is limited to collective investment, including property funds available to institutional investors such as pension funds and corporations, with the asset managers including well-known names such as Legal & General Investment Management. After a sluggish start, Build to Rent is increasing fast. By early 2019 about 30,357 BTR units had been completed across the UK and output is predicted to increase to 140,090 units when units in planning and under construction are completed ([Marsh and Gibb](#), 2019). This will have an impact on the homeownership/private renting balance.

The cost of Rigsby to the state

In 2015 [Generation Rent](#), a pressure group representing private tenants claimed that private landlords in the UK received 26.5 billion from the state. The group's figure is made up of £9.3bn of housing benefit paid on behalf of low-income tenants, £1.69bn through the “wear-and-tear” tax relief landlords can claim on their properties, £6.63bn of tax that landlords do not have to pay on mortgage interest payments and £9.06bn of tax landlords do not pay on their annual average capital gains.

This was before Osborne's tax reforms and the Inland Revenue clampdown of non-payment of Capital Gains tax but state subsidies to private landlords remain significant. Numerous ‘business expense’ tax

reliefs remain such as legal and professional service costs and necessary repairs and maintenance of rental properties —unavailable to homeowners — as does mortgage interest relief at the basic tax rate.

The total cost of LHA to private tenants had been reduced to £7.7 billion by 2017/8, a consequence of higher employment rates and the freeze on LHA rates that started in 2015/16.

Local Housing Allowance is usually deemed a tenant subsidy but there is evidence that it boosts rents especially in particular areas. A comprehensive examination of the international and national evidence ([Bentley, 2015](#)) led to the conclusion that housing allowances boost rents with, in the UK:

the ‘reference rents used to restrict Housing Benefit covering broad areas that disguise sub-markets, hence private sector rents are already distorted – upwards – by a system of subsidies that places a floor under prices, at least at the lower end of the price spectrum. This, in turn, increases the numbers of lower-income households forced to rely on it, further inflating rents.

([Bentley, 2015](#) p 6)

It is also worth noting that LHA recipients must use their entitlement in the private rented sector. Access to social housing is very limited and LHA cannot be used to pay the mortgage interest of low income homeowners.

Rigsby’s Rise: the Impact

‘Rogue’ landlords and Letting and Managing Agents

‘Rogue landlord’ started to enter the government’s lexicon in 2015 when the then Housing Minister Brandon Lewis, in announcing extra local authority funding targeted on the problem, said: “The majority of tenants are happy with their home, but the private rental sector is still afflicted by too many rogues — who rent dangerous, dirty and overcrowded properties without a thought for the welfare of their tenants’. The 2015 Derogation Act gave tenants some protection from ‘revenge evictions’, that is, evictions following complaints about private landlord behaviour and the 2016 Housing Act included provisions for Banning Orders which local authorities could impose on the most unscrupulous landlords and, as an

alternative to prosecution, allowed local authorities to elect to impose fixed penalties. The Act also introduced provisions for the Secretary of State to create a central database of rogue landlords and property agents made up of those fined or convicted of an offence. Local Authorities would be responsible for entering names into the database. An entry had to be made into the database if a banning order has been made and the details would remain in the database for the duration of the banning order. In addition, when a landlord committed a relevant offence, then tenants or the local authority could apply for the repayment of rent. The ‘rogue landlord’ database became active in 2018 and new guidance to local government on how to tackle rogue landlords was issued in April 2019.

Definitions of ‘rogue landlords’ — a somewhat cuddly, ‘Del Boy’ term — are vague. In 2016 the then Parliamentary Under-Secretary of State for Communities and Local Government, [Baroness Williams of Trafford](#), said ‘The term ‘rogue landlord’ is widely understood in the lettings industry to describe a landlord who knowingly flouts their obligations by renting out unsafe and substandard accommodation to tenants, many of whom may be vulnerable’. [Goodmove](#) (2018) stated:

A landlord is usually defined as ‘rogue’ if they rent out substandard properties, which are often dilapidated, overcrowded, squalid or dangerous. Those who are also convicted of housing, immigration and other criminal offences such as leasing overcrowded properties, unlawful eviction and fire and gas safety offences will also see themselves on the database.

Given the vagueness of the ‘rogue landlord’ idea it is not surprising that data on the nature and extent of the problem is sparse. The government has estimated that there are 10,500 rogue landlords operating in England ([Goodley, 2019](#)) but the evidence for this estimate has not been published and the approximation seems to be part of the government’s attempt to portray ‘rogue landlords’ as a minor problem infecting the private landlord sector’s reputation. There are about 1.5million private landlords operating in England (PLR) so, on the government’s figure, less than 1% of private landlords are ‘rogues’.

There has been numerous private landlord ‘horror stories’ in the media. [Metro, 2017](#) reported ‘Rogue landlord squeezes 35 men into three-bedroom home’ and the [Sun](#) (2017) ‘Immigrants packed in squalid ‘£850-a-month’ sheds and garages of West London’. [Panorama, 2019](#) featured *Britain’s Most Controversial Landlord* who was evicting 90 families because he wanted to cash-in on his property-empire and the powerlessness of the families facing eviction.

However, following many years of cutbacks in local government finance, proceedings against ‘rogue’ landlords are rare. The Guardian reported that ‘More than one in seven councils in England and Wales

have failed to prosecute a single bad landlord over the past three years, despite some having very high numbers of homes classed as “non-decent” ([Wall, 2018](#)). Despite the 2015 Derogation Act, 44% of tenants said a fear of retaliatory eviction would stop them from making a complaint to their landlord and 200,000 tenants reported having been abused or harassed by a landlord ([Housing, Communities and Local Government Committee](#), 2018). According to some sources one in two formal complaints about landlords produces evictions ([BBC Afternoon Report 15th April 2019](#)). Six months after its introduction, no landlord was on the rogue landlord list ([Guardian, 2018](#)). We have what [Tombs](#) (2015) called ‘regulation without enforcement’.

A few local authorities have attempted to tackle the ‘rascal’ landlord problem seriously. When they have, major problems have been uncovered. Newham was the first local authority in England to introduce a borough-wide private landlord registration scheme. Sir Robin Wales, elected Mayor of Newham, in his evidence to the House of Commons Select Committee on Communities and Local Government ([Wales, 2013](#)), stated:

Before we went to do borough-wide licensing, we did a pilot in Little Ilford, which is an area in Newham.... One third were very good; one-third were okay and dragged a wee bit doing it; and about 25% were cash-in-hand criminal landlords ... we are discovering quite a lot of what we think is fraud.... It is much bigger than we thought. We thought we had 5,000 landlords; we now know we have 15,000 and those are just the ones who have registered early. It is amazing.

Low Standards

Moving away from ‘scoundrel’ landlords to more representative information on private renting reveals widespread problems.

- The private rented sector has the highest proportion of non-decent homes (25%) while the social rented sector has the lowest (13%).
- 14% of the private rented housing stock has a HHSRS Category 1 hazard (serious) compared to 6% of the social rented sector.
- About 7% of private rented dwellings had some type of damp problem, compared with 6% of social rented dwellings.

- The private rented stock has an average SAP rating of 61, compared to 68 in the social housing sector and a much higher proportion of privately rented homes (22%) are in the lowest of energy efficiency categories (E-G).

(All figures from [MHCLG, 2019c](#)).

Insecurity

The ‘quiet enjoyment’ of a home depends on security. The ‘assured shorthold’ tenancy became the norm for new tenants under the 1988 Housing Act and it was made the default tenancy under the 1996 Housing Act. Effectively the tenant has six months tenure security. Whereas most landlords want to retain good tenants, short-term tenancies promote insecurity. Private renters move ten times more frequently than homeowners ([Shelter](#), 2013) with consequences for participation in neighbourhood activities and for ‘social capital’ — defined in *An Invitation to Reflexive Sociology* by Bourdieu and Wacquant 1992, p. 119) as:

the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition.

Frequent movement seriously affects electoral participation. [Apostolava, V., Uberoi, E. and Johnston N. \(2017\)](#) comment:

The Electoral Commission notes that in part, lower levels of registration among young people are explained by the fact that young people move house more often, and this has a strong impact on registration.

Repeated moves makes voter registration difficult for private tenants and links to a particular area — likely to promote election participation — impeded. A high proportion of younger voters are private renters and the [Resolution Foundation](#) (2016 p 12) noted ‘first-time eligible turnout has been falling: it was 65 per cent in 1992 but, by 2015, it had dropped to just 46 per cent’. This dearth in private tenant electoral participation extends up the age scale. Voter turnout in elections up to 2015 was 20% above the norm for ‘baby boomer’ owner-occupiers aged 62 but 32% below the norm for 46 year old generation X renters and 37% below the norm for 30 year old generation X renters (Resolution Foundation (201

Regular moves have a strong impact on children. [Shelter](#) (2013) stated:

- 1 in 10 renting families (10%) have had to change their children's school due to moving, with moves causing stress and upset for some children;
- Renting families are nine times as likely to have moved in the last year than families who own their homes;
- Nearly three quarters of families (72%) are struggling or falling behind with their rent (compared to 63% of all renters), with many cutting back on essentials to stay in their homes;

Moreover, as [Coulter](#) (2016 p 5) states:

Renting privately can pose extra challenges for families above and beyond the more general issues of constrained affordability and poor dwelling conditions that disproportionately afflict the PRS ...Although housing insecurity can be problematic for anyone, the expiry of short contracts or brinkmanship by landlords seeking to raise rents between leases may be especially detrimental for families if this makes it difficult for them to avoid making costly and disruptive residential moves

Parents tolerate long commutes, higher rents or a less desirable house so their children can stay in the same school. Moreover, private letting involves direct costs. In addition to a deposit these may include inventory, agreement, reservation and administrative fees plus moving in and out charges that can amount to over £800 in high demand areas. Letting agent fees were banned in Scotland in 2012 and are scheduled to end in England but Generation Rent's frequent movement in the private landlord sector, each time paying letting agent fees, has helped to undermine the ability of tenants to save for a deposit.

Under the 1988 Housing Act tenants could be evicted from an assured shorthold tenancy under either Section 8 or Section 21. Section 8 notices can be used if a tenant has broken the terms of the tenancy. Between 2 weeks' and 2 months' notice, depending on which terms they've broken, can be given. Section 21 notices can be issued after a fixed term tenancy ends or if the landlord wants the property back after 4 months in a tenancy. A minimum of two months notice has to be given Theresa May's government indicated that Section 21 would be abolished and to evict a tenant landlords would have to use Section 8 of the 1988 Housing Act, a process that allows landlords to seek possession only on specified grounds, mainly that the tenant has breached the tenancy agreement. This includes more than two months of rent arrears, damage to the property and anti-social behaviour.

Poverty

Private landlordism has been called ‘the new home of poverty’ ([Guardian](#), 2016) with the proportion of children in poverty living in the private rented sector increasing from 24% before housing costs to 44% after housing costs ([Francis-Devine et al](#), 2019).

Inequality

Private landlords are becoming the new wealthy kids on the block. The Ministry of Housing, Communities and Local Government’s survey [MHCLG](#) (2019b) revealed that the median private landlord *non-rental* income was £25,000 per annum but 38% reported between £20,000 and £49,999 and 24% reported £50,000 or more. Landlords received 42% of their *total gross income* from rental property. A survey by [Scanlon and Whitehead](#) (2016) found that the landlord median gross income band, including rental receipts, was £60,000 – 69,999 with 18% of buy-to-let landlords having an income more than £100,000 per year. For comparison, at the time, UK median household income was £25,700. The mean estimated value per rental property for all landlords was £261,900, 36% of landlords had portfolios they valued from £200,000 to £499,999, 22% had a portfolio valued from £500,000 to £999,999 and 18% had rental property portfolios valued at £1 million or more. An investigation by [Shelter](#) (2016) disclosed that, on the ACORN Group classification, private landlords were over-represented in the ‘lavish lifestyle’, ‘executive wealth’, ‘mature money’, ‘city sophisticates’, ‘successful suburbs’ categories. 82% were from social classes ABC, 29% had an annual income of more than £70,000 per year and 20% between £50,000 and £69,999.

The private landlord profile replicates the ethnicity, class and age dimensions of the owner-occupation divide. The majority (89%) of landlords are White. Over half (59%) of landlords are aged 55 years and third are retired. In 2017-18, 34% of households were outright owners while 30% were buying with a mortgage. Private landlords and outright owners form a large part of the ‘baby boom’ generation. [Savills](#) (2018), in exploring trends in wealth distribution, stated:

Private landlords and owners without a mortgage have been the big winners: accounting for 95% of the total growth in private housing wealth since 2007...housing wealth is increasingly concentrated in fewer, older hands – notably owner occupiers who own their homes outright and private sector landlords. Together they have seen their housing equity grow by £1.4 trillion over the past ten years.

By 2016, the total housing wealth owned by UK landlords had surpassed that held by mortgaged owner-occupiers and in 2018 private landlord equity had increased to £1.3 trillion, up from £0.6 trillion ten years ago, and a £89bn gain year on year, a result of value growth and a increased number of properties ([Savills, 2018](#)),

Every generation since the post-war 'baby boomers' has accumulated less wealth than the generation before them had acquired at the same age and the net household property wealth of those aged 60 to 62 is 17 times greater than those aged 30 to 32. The average 60 to 62 old has net household property wealth of £165,000 compared to just £10,000 for those half their age. Ten years ago those aged 60 to 62 had just six times the property wealth of those aged 30 to 32 ([FT Adviser, 2018](#)). The top income decline (median equivalised for household size) has £300,000 in housing equity whereas, for the bottom three deciles, housing equity is negative ([Office for National Statistics 2018](#)).

Following an examination of secondary property ownership in Europe, [Wind, Dewilde and Doling](#) (2019) state:

In liberal welfare states, the recent upswing of buy-to-let landlordism is a manifestation of the concentration of housing wealth and limited access to homeownership for starters, which makes SPO (Secondary Property Ownership) an ever more attractive investment.

The growth in private landlord lets is directly related to area deprivation levels. In the 10% most deprived areas private landlordism increased by 89.5% between 2001 and 2011 and, in the least deprived 10% by 37.2% ([Rhodes, 2015](#)) The Gini Coefficient and the P90/P10 Ratio — show increasing inequality after housing costs ([McGuinness and Harari, 2019](#)) and child poverty is increasing faster after housing costs than before housing costs ([Francis-Devine et al, 2019](#)). The gap between rents and earnings growth increased from 0.4% in 2011 to 4.5% in 2016 ([Shelter, 2016](#)) and the 5 and 10 per cent growth in the incomes of the poorest 35% of households between 2007/8 and 2014/5 was reduced to between zero and 2% after housing costs ([Belfield et al, 2015](#))

Resisting Rigsby

Fair rents

Tenants in situ before 1988 pay only the fair rents, in existence for all tenants before the 1988 Housing Act. The number of tenants eligible to pay these fair rents, that ignore scarcity value, has been substantially reduced since 1988 but current fair rents are about 50% of the market rent. A return to fair rents for all private tenants would reduce rents. In 1965 when fair rents were introduced they were welcomed by some landlords with William Stern stating that the end of rigid control and rent reviews every three years, rather than 14 to 21 years for commercial properties, meant that ‘the long-term investment value of residential properties has become strengthened by the Act and its long-term effects will, on the whole, benefit rather than harm landlords as a class’ (Stern, W. *Investor’s Chronicle*, 25th April, 1966 p1xiii). Stern’s company, Wilstar Securities, developed a substantial residential property portfolio.

Fair rents did not halt the decline of private landlordism, perhaps because council housing and owner-occupation were viable alternatives. Reintroduction would curb expenditure on LHA but would dry up the supply of rented accommodation. Under fair rents private landlord property was sold to owner-occupiers — often sitting tenants — but this gave a huge boost to low-cost homeownership. Moreover, if fair rents were introduced local government and housing associations would be able to buy reduced cost private landlord property for rent.

In its 2017 General Election manifesto the [Labour Party](#) (p.62) promised to ‘make new three-year tenancies the norm, with an inflation cap on rent rises and given the particular pressures in London to look at giving the Mayor the power to give renters in London additional security’.

In Scotland the Private Residential Tenancy, part of the Private Housing (Tenancies) (Scotland) Act 2016 allows only one rent increase per year and if a tenant thinks the proposed rent increase is unreasonable they can apply to Rent Service Scotland for an adjudication with a rent officer setting an appropriate market rent for the property by reference to information on the property and its locale. The Act also introduced local Rent Pressure Zones (RPZ), which apply only to a new tenancy, and can be requested by local authorities for any specific geography within their boundaries. RPZs can restrict rent increases for up to five years, but rents are still allowed to rise annually by CPI plus 1%. So far, the impact of RPZs is untested. Both the measures in Scotland and Labour’s proposals do little to mitigate high private landlord rents.

In the past Jeremy Corbyn proposed a Right to Buy for private landlord tenants and received unlikely support from a New Right think-tank. The idea has recently been revived by John McDonnell,

Labour's Shadow Chancellor ([Independent](#), 2019). Allowing working homeowners to claim LHA on their mortgage interest payments would also help to curb private landlordism. LHA is paid to renters. Working low-income homeowners receive no help with their housing costs. The result is to push low-income households, especially those with children, into the rented sector with consequences for the spatial distribution of poverty and LHA costs. Even in the USA housing choice vouchers — the equivalent of HB/LHA in the UK — can be used to help to buy a modest home under the Homeownership Voucher Programme and in some states such schemes are extensive ([New York State](#), 2019). LHA paid to private landlords sector is permanent whereas, if paid assist homeownership, it will diminish over time as mortgages are paid off.

The lauded German tenure structure with over 50% of households renting privately — a consequence of generous tax breaks for private landlords; high levels of institutional investment; fiscal policy success in controlling house price inflation so that tenants do not feel left behind by asset growth and modest rent regulation and sustained higher levels of new house construction relative to population growth than in the UK — has produced a lower 'housing cost overburden' for private renters. According to Eurostat the 'housing cost overburden', that is, the per cent of households paying 40% or more of their equivalised disposable household income in housing costs (including maintenance, repairs, water and heating costs) was 33.2% in the UK and 23.1% in Germany ([Eurostat](#) , 2017). However, for *all* households, the per cent with a 'housing cost overburden' was 12.1 in the UK and 15.9 in Germany, a reflection, in part, of the high UK rates of owning outright by households headed by older people compared to Germany ([Eurostat](#), 2017).

If implemented, any of the proposals outlined above would curb private landlordism, but the most effective 'quick-fix' would be raise the Land Stamp Duty Tax levy on second home sales to 10%.

Conclusion

Why was Rigsby's rise been irresistible? Landlords are over-represented in Parliament and the landlord vote has clout. [Jeremy Corbyn](#) (2017) has expressed his concerns:

... you're looking at several million people letting out one or two flats. And they can become a politically significant group. Particularly in marginal constituencies. So you will find all parties trimming towards them: landlords tend to be people who vote.

Another reason has been that the dominance of neoliberal ideas has led to the notion that the housing market will provide. But the market has not provided — as the 2017 Green Paper ([DCLG, 2017](#)) declared ‘the housing market is broken’ and included figures showing that mean private rents absorbed 52% of weekly household income (46% after LHA) compared to 19% for people buying with a mortgage. Curtailing private landlordism will boost homeownership, add security, mitigate inequality and help to quell mounting ‘precariat’ disaffection.