

Title: Renters' Rights Bill Impact Assessment IA No: RPC MHCLG 53601 Lead department or agency: Ministry of Housing, Communities & Local Government Other departments or agencies: N/A	Impact Assessment (IA)			
	Date: November 2024			
	Stage: Bill			
	Source of intervention: Domestic			
	Type of measure: Primary legislation			
	Contact for enquiries: rentersrightsbillteam@communities.gov.uk			
Summary: Intervention and Options	RPC Opinion: Green Rating			

Cost of Preferred (or more likely) Option (in 2019 prices, 2025 present value)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status Qualifying provision
-£28.4m	-£1,001m	£33.0m (primary legislation only)	165.1
<p>The Private Rented Sector (PRS) has doubled in size since 2002, now representing 19% of all households (4.6 million). A functioning sector can provide flexibility to those who want it, and a secure stepping stone for aspiring homeowners. A sector that does not work for those who depend on it is bad for economic growth and productivity, poor for health and a drain on aspiration. While most landlords provide a good service, the sector as a whole currently provides the least affordable, poorest quality and most insecure housing of all tenures, leading to poor outcomes for tenants and costs to the state; for example, it is estimated that ill-health as a result of unsafe PRS homes costs the NHS £340 million every year. Landlords also face delays in evicting tenants who are at fault, and report frustration at being undercut by a criminal minority who believe they can operate with impunity. Government intervention is needed, as tenants lack the bargaining power to effect change and primary legislation is required to reform landlord possession grounds and bolster enforcement against rogue landlords.</p>			

What are the policy objectives of the action or intervention and the intended effects? The policy objective is to deliver a fairer, more secure and high quality PRS. As a result of reforms: <ol style="list-style-type: none"> All tenants should have access to a decent, safe and secure home. All tenants should feel that they can treat their house like a home and be empowered to challenge poor practice such as rental bidding and unfair rent increases. All landlords should have information on how to comply with their responsibilities and be able to repossess their properties when appropriate. Both landlords and tenants should be supported by a system that enables effective resolution of issues. Local councils should have strong and effective enforcement tools to crack down on poor practice.
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What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) A range of options have been considered to deliver a fairer, more secure and high quality PRS. These are: <ul style="list-style-type: none"> Do nothing: This option would perpetuate the status quo of poor experiences for tenants and landlords and costs to society of insecure and unsafe housing – including lower economic growth, productivity and ill health. Non-legislative interventions: For example, guidance to improve compliance with existing standards and encouraging membership of voluntary redress schemes. These interventions would not tackle underlying market failures, with large economic and societal costs, including as a result of private tenants continuing to experience poor quality and insecure housing. Legislation (preferred): This includes abolishing section 21 'no fault' evictions, introducing a new Private Rented Sector Database and Ombudsman, and driving significant improvements to conditions including by applying a Decent Homes Standard and extending 'Awaab's Law' to the PRS. Unlike the other options, this option will deliver the policy objective by tackling the systemic issues that have led to poor experiences for tenants and landlords.
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Is this measure likely to impact on international trade and investment?	Yes			
Are any of these organisations in scope?	MicroYes	SmallYes	MediumYes	LargeYes

What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A	Non-traded: Some savings, but likely small impact
Will the policy be reviewed? See section 3.9 If applicable, set review date: dates tbc		

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:



Date:

16/09/2024

Summary: Analysis & Evidence

Legislative Option

Description:

FULL ECONOMIC ASSESSMENT – ENACTING AND ENABLING LEGISLATION

Price Base	PV Base	Time Period	Net Benefit (Present Value (PV)) (£m)		
2019	2025	10 years	Low: -£1,029.7	High: £751.9	Best Estimate: -£28.4

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	167.4		129.3	1,266.4
High	236.1		272.3	2,557.8
Best Estimate	201.8		187.7	1,801.6

Description and scale of key monetised costs by 'main affected groups'

The main costs (excluding Awaab's Law and the Decent Homes Standard) fall on landlords with the majority on private landlords (of which there are around 2.3 million) and a small fraction on social landlords. Overall, the average discounted annual cost to landlords over the ten-year appraisal will be £22 per rented property, which is estimated to be 0.2% of mean annual rents in England. This does not take account of the benefits the reforms will bring to landlords (see below). The estimated net core cost to landlords is £12 per rented property annually – approximately 0.1% of mean annual rents. In some instances, landlords may pass some or all these costs on to tenants. Letting agents will also be impacted by the reforms due to changes to the number of household moves. This is approximately £1,700 per letting agent per year. For tenants wanting to own a pet, they will incur approximately £7 in discretionary costs annually per household, though we would expect tenants to assess this to be less than the benefits derived from owning a pet.

Other key non-monetised costs by 'main affected groups'

There is a risk that costs from the legislation may result in some landlords leaving the sector. This is difficult to estimate precisely, though we would expect it to be substantially mitigated by the additional cost per rented property being a very small fraction of average annual rent and asset value. The available evidence to date does not suggest that similar reforms to abolish section 21 in Scotland have negatively impacted supply, nor changes introduced by the 2019 Tenant Fees Act, despite concerns they would. The most recent English Housing Survey data shows the proportion of PRS households has remained relatively stable since 2013 – 14, suggesting that there have been no significant impacts on supply to the sector from various reforms. Landlords facing the greatest costs as a result of these measures will be the ones providing the poorest service to their tenants, we anticipate they are more likely to exit the sector as a result of these changes, which leaves potential for them to be replaced by more professional landlords.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0		179.8	1,528.1
High	0.0		237.9	2,018.4
Best Estimate	0.0		208.8	1,773.2

Description and scale of key monetised benefits by 'main affected groups':

Monetised benefits of the policy mainly fall to tenants, including as a result of greater security of tenure leading to fewer household moves – avoiding the associated costs and disruption. Tenants are expected to benefit by £28 per household per year from this. We also estimate a gross benefit to landlords of £9 per rented property per year from a reduction in letting agents fees because of fewer household moves and a reduction in void periods. We also expect policies to improve housing quality, as tenants will be more empowered to raise issues in the absence of section 21 – backed by improved dispute resolution, stronger enforcement mechanisms, a new legally binding Decent Homes Standard, and extending Awaab's Law to the PRS. 12% of PRS dwellings (579,000) currently have Category 1 hazards. Benefits of reducing hazards include improved health, educational attainment and productivity. **Due to uncertainty in the number of homes that will be improved as a result of these measures, we are unable to robustly estimate a headline NPSV. Therefore, we have instead presented the NPSV under scenarios with different degrees of quality improvement in annex 12. For measures relating to decency and standards, including the Decent Homes Standard and Awaab's Law, we will seek to consult with the sector in advance of implementing these measures to ensure the impacts are clearly evidenced to the sector.**

Other key non-monetised benefits by 'main affected groups'

There are significant non-monetised benefits for tenants, including health, wellbeing and productivity benefits of more stable, longer-term tenancies and higher quality housing and, for children, more stable education. Landlords will also benefit from being able to understand and meet their obligations more easily, greater ease in using section 8 grounds, and greater professionalisation of the sector, including a reduction in rogue landlords. Councils will be able to better target rogue landlords, as a result of the Private Rented Sector Database and strengthened enforcement powers, generating efficiencies, disrupting wider crime links, and leading to a higher quality PRS in their area. Benefits to society include improved health and labour market outcomes, greater stability of tenure allowing for greater integration and stronger communities, and reduced geographic inequality.

Key assumptions/sensitivities/risks

3.5

The assessment includes estimates of the impacts arising from primary legislation where possible. Where assumptions have been made, we have included scenarios. The headline Equivalent Annual Net Direct Cost to Business (EANDCB) does not include any estimates of cost pass through from landlords to tenants as this is classified as a second order effect. In line with the Better Regulation framework, we have assumed 100% compliance with new regulations in estimating costs and benefits.

BUSINESS ASSESSMENT – ENACTING ONLY (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 33.0	Benefits: 0.0	Net: -33.0 (primary only)	165.1

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1. Rationale for intervention

1. **The Private Rented Sector (PRS) plays an important role in our housing system – with 2.3 million landlords now providing housing for around 11 million private tenants.** Consequently, when looking at policy changes at the aggregate level, benefit and cost estimates appear large. However, when considered at the level of an individual landlord or tenant – a more meaningful indicator of how policies will influence people's experiences and behaviour – these can appear much smaller. For this reason, throughout this Impact Assessment, we have looked to express impact at both the aggregate and individual level.

1.1 Policy background

2. **The government has been clear that everybody deserves a secure and decent home.** The role of the PRS has changed in recent decades, driven by substantial growth and the changing demographics of both tenants and landlords. While most landlords and tenants have a positive experience of the sector, unequal regulation and enforcement have led to poor outcomes in some parts of the market for both. A functioning Private Rented Sector can provide flexibility for those who want it, and a secure stepping stone for aspiring homeowners.

Who lives and works in the PRS?

3. **The PRS has doubled in size since 2002** and is now the second largest housing tenure. 4.6 million households rent privately, which is equivalent to 11 million people and 19% of the housing market – remaining relatively stable at this level since 2013-14.¹ This compares to 65% of households in the owner-occupied sector and 16% in social housing.
4. **With this historic growth of the sector, both landlords and tenants have become increasingly diverse.** The PRS is still an important home for young professionals and students seeking flexibility but, increasingly, families and older tenants are also looking to the sector for a stable and secure home.² There is also great variety in landlords. Some are large corporates with large portfolios, while others are individuals letting a property as an investment for the future, or may have become landlords more by accident than design. Only 4% originally became a landlord in order to let property as a full-time business. **Annex 9** provides a more detailed breakdown of the characteristics of landlords and tenants.³

5. Other actors in the PRS include:

- **Letting agents**, of which there were an estimated 22,900 in England in 2023. We assume this number remains the same over the appraisal period.⁴ We estimate that around 64% of landlords use these services.⁵
- **Local councils** responsible for enforcing standards in the sector – intervening in poor conditions, poor management or unlawful evictions. They also have a duty to prevent

¹ MHCLG 2022-23 English Housing Survey Headline Report.

² The sector has the highest proportion of younger people (43% aged 16-34) but the proportion of older people (aged 65+) in the sector is increasing – up from 7.7% in 2012-13 to 9.7% in 2022-23. Between 2010-11 and 2022-23, the number of PRS households with children grew increased by 22%, however the proportion of PRS households with children has been declining following the pandemic – from a peak of 38% in 2016-17 to 30% in 2022-23.

³ MHCLG 2021 English Private Landlord Survey.

⁴ Based on ONS data UK business: activity, size and location, industry group 6831: Real estate agencies.

⁵ MHCLG Analysis of the English Private Landlord Survey 2018.

and relieve homelessness, including by helping families to sustain their tenancies or access new properties.

- **Courts and tribunals**, who resolve disputes in the PRS. Cases are primarily heard in the County Court (for example, claims for possession by private landlords and applications by tenants for damages for unlawful evictions) and the First-tier Tribunal (Property Chamber) – for example, appeals by landlords against local council enforcement notices, applications by local authorities for Banning Orders and applications for Rent Repayment Orders.
- **Others working in the PRS** include letting agent redress schemes and deposit protection schemes, charities offering advice and guidance, institutional investors who operate or fund rental properties, and membership bodies such as the National Residential Landlords Association (NRLA).

Brief overview of the history of reforms to the PRS

6. Changes to the laws that govern the PRS over the past four decades reflect the greater role the sector plays in the housing system. The legislative framework seeks to balance protections for tenants and strengthening housing quality with maintaining landlord investment and effective market operation. Below are some of the key legislative and tax changes made over the past decade:

- **Improving safety standards** by requiring landlords to provide smoke and carbon monoxide detectors as well as regular electrical safety checks. The previous government also introduced the Homes (Fitness for Human Habitation) Act 2018, which means landlords must not let out homes with serious hazards that leave the dwelling unsuitable for occupation;
- **Helping tenants and landlords resolve disputes** by making it a requirement in 2014 for letting and managing agents to belong to a government-approved redress scheme. We have also given local councils stronger powers to take action against landlords who do not meet expected standards, including by introducing Banning Orders to drive criminal landlords out of the market, civil penalties of up to £30,000 as an alternative to prosecution, and a database of rogue landlords and agents;
- **Creating a more level playing field between those buying a property to let and those buying a home to live in**, including by cutting the landlord tax relief on mortgage interest payments from 2017. Landlords still enjoy tax advantages – for example, being able to claim an income tax reduction on the finance costs of their rental property. Residential landlords can also claim relief at their marginal rate of income tax on the day-to-day costs incurred in letting out a property; for example, letting agent fees and replacing furniture; and
- **Reducing financial barriers to private renting** by capping most tenancy deposits at five weeks' rent and preventing landlords and agents from charging undue or excess letting fees, in the Tenant Fees Act 2019.

Overview of the key challenges

7. Despite these reforms, challenges remain. Most private landlords take their responsibilities seriously, provide housing of a reasonable standard, and treat their tenants fairly. However,

many tenants face a lack of housing security and quality that is damaging health, wellbeing, educational attainment, productivity, and families' ability to put down roots and invest in their local communities:

- **Section 21 'no-fault' evictions mean tenants can be evicted for any reason, leaving many reluctant to challenge poor standards due to the risk of retaliatory eviction.** Those who receive a section 21 notice are five times more likely to have recently made a complaint to their council than those who have not.⁶ A 2023 Citizens Advice report found that 18% tenants who live in poor quality housing did not complain to their landlord because they were scared of being evicted.⁷
- **'No fault' evictions are also expensive – exacerbating affordability challenges for private tenants.** Frequent costly moves undermine tenants' ability to pay living expenses and save for home ownership – with those evicted incurring moving costs and facing the risk of higher rents for the home they move in to.⁸⁹ In 2022-23, 37% of private rented tenants who had moved in the last three years did not do so out of choice.¹⁰
- The last two years have **seen unprecedented levels of growth in rental prices.** Whilst the annual growth rate in rents have usually been around 2%, in March 2024 the yearly increase in the average rent of the stock of private tenancies peaked at 9%,¹¹ the highest level since records began in 2015. Where demand has outstripped supply, market rents have increased, which has driven practices such as tenants being pitted against each other in bidding wars.
- **This housing insecurity has been shown to harm communities and the economy.** Short notice moves disrupt social connections and make it challenging to hold down stable employment. Families worry about moves that don't align to school terms – with children in insecure housing experiencing worse educational outcomes, reduced levels of teacher commitment and more disrupted friendship groups, than other children.¹² A survey conducted in Norway found that children with more residential moves are more likely to drop out of secondary school, to have a lower adult income and to experience early parenthood.¹³ As the Centre for Social Justice has also found: *"facing the possibility of needing to relocate regularly is likely to act as a barrier to putting down roots in the community over a longer period of time"* – undermining neighbourhood safety, wellbeing and productivity.¹⁴
- **In addition to this lack of security, the PRS currently offers the poorest quality housing.** 1 million households live in homes that do not meet the existing Decent Homes Standard (21% of privately rented properties), which is currently only a regulatory standard in the Social Rented Sector – not the Private Rented Sector. This is compared

⁶ 'Touch and go: How to protect private renters from retaliatory eviction in England', Citizens Advice 2018.

⁷ Damp, cold and full of mould: The reality of housing in the private rented sector, Citizens Advice report, February 2023.

⁸ Research from Shelter indicates the average moving cost to tenants was £1,400 per move (2017 prices).

⁹ Actual rents for new lets grew by 6.4% in the 5-year period to June 2024 in the UK (HomeLet) vs. 4.0% growth in the total stock of rents during the same time-period (PIPR ONS). The 'stock' of rent includes all tenancies, new or existing, as opposed to a 'flow' of rents which just includes the rental price of new tenancies.

¹⁰ MHCLG analysis of the English Housing Survey 2022-23.

¹¹ ONS 2024, [Private rent and house prices, UK](https://ons.gov.uk) - Office for National Statistics (ons.gov.uk).

¹² Moving, Always Moving: The normalisation of housing insecurity among children in low income households in England, The Children's Society 2020.

¹³ Tønnessen, Marianne & Telle, Kjetil & Syse, Astri. Childhood residential mobility and long-term outcomes. 2016.

¹⁴ Pillars of Community, Centre for Social Justice, June 2021.

to 10% in the Social Rented Sector. Hazards that present an imminent risk to health exist in 12% of properties, compared to 4% of properties in the Social Rented Sector.¹⁵¹⁶ We know that damp, cold and overcrowded homes cause illness and even death, as in the case of two-year-old Awaab Ishak.¹⁷ Every year, landlords receive an estimated £3 billion of housing-related welfare for non-decent homes, which are costing the NHS £340 million annually.¹⁸¹⁹ At the same time, 40% of tenants living in cold, damp or mouldy homes who have complained about their housing conditions have waited more than a year for their landlord to fix the issue.²⁰

- **Visibly dilapidated houses also undermine community pride in their homes, making areas less desirable places to live and work.²¹ Poor quality housing contributes to low productivity in parts of the UK.** This is contributing to an estimated £18.6 billion cost to society of households living in poor quality properties across all tenures.²² The North West (19%), the East Midlands (19%), Yorkshire and the Humber (17%) and the South West (17%), had the highest rates of non-decent homes in the private rented sector in 2022-23.²³

8. **The system is also failing good landlords.** Many report they cannot access the information or support they need to navigate the legal landscape and some face court delays. This is compounded by the limited redress options available to landlords and tenants, which can mean simple disputes escalate unnecessarily, ending up in expensive, protracted, and adversarial court proceedings.²⁴ In addition, inadequate enforcement of the existing law is allowing criminal landlords to thrive, causing misery for tenants and, for landlords, undercutting the responsible majority and disincentivising them from maintaining good standards.

9. **Section 1.2** sets out further details of the problems under consideration in the PRS, including those relating to unequal access for tenants seeking to rent with pets.

How the Renters' Rights Bill will tackle this

10. **The government has been clear that it is determined to address the insecurity and injustice that far too many renters experience by fundamentally reforming the Private Rented Sector and improving the quality of housing in it.** This includes a manifesto commitment to transform the experience of private renting by levelling the playing field decisively between landlords and tenants.

11. The previous government introduced the 'Renters (Reform) Bill' in the House of Commons on 17 May 2023, which fell in the House of Lords after Parliament dissolved on 30 May 2024 for the 2024 General Election. **We are now introducing a new Renters' Rights Bill.**

¹⁵ This requires a home to be free of serious Category 1 hazards, to be in reasonable repair, with reasonably modern facilities and with a reasonable degree of thermal comfort. The details of the current standard are set out [here](#).

¹⁶ English Housing Survey 2022, dwelling stock data.

¹⁷ Awaab Ishak - Prevention of future deaths report, November 2022.

¹⁸ Regulation of private renting, NAO Report, 10 December 2021.

¹⁹ Health Equity in England: The Marmot Review 10 Years On, February 2020.

²⁰ Damp, cold and full of mould: The reality of housing in the private rented sector, Citizens Advice report, February 2023.

²¹ No Place Left Behind: The Commission into Prosperity and Community Placemaking, October 2021.

²² The Cost of Poor Housing in England, BRE, 2021 Briefing Paper.

²³ English Housing Survey 2022-23, rented sectors.

²⁴ Private landlords can voluntarily join an agent redress scheme or the Housing Ombudsman but, currently, this covers approximately 80 to 90 private landlords out of an estimated 2.3 million. This data is an estimate based on data directly provided to MHCLG by the Property Ombudsman and the Property Redress Scheme, as well as the Housing Ombudsman Annual Report and Accounts 2020/21.

12. The Renters' Rights Bill on introduction will build on the core measures in the previous Bill with additional measures to give renters greater security and protections, and drive more significant improvements to conditions in the sector. The Bill will:
- **Strengthen tenants' rights and protections** to challenge punitive practices such as unreasonable rent rises and rental bidding. It will empower tenants to challenge rent increases designed to force them out by the backdoor and **introduce new laws to end the practice of rental bidding wars by landlords and letting agents.**
 - **Give tenants the right to request a pet**, which landlords must consider and cannot unreasonably refuse. Landlords will be able to request insurance to cover potential damage from pets if needed.
 - **Apply a Decent Homes Standard to the Private Rented Sector** to give renters safer, better value homes and remove the blight of poor-quality homes in local communities. **'Awaab's Law' will also be applied to the sector**, which will set clear legal expectations about the timeframes within which PRS landlords must make homes safe where they contain serious hazards. **Details on the application of the standard and Awaab's Law to the sector will be consulted on.**
 - **Create a digital Private Rented Sector Database to bring together key information for landlords, tenants, and councils.** Tenants will be able to access key information to inform choices when entering new tenancies, promoting greater transparency and accountability. It will also support landlords to quickly understand their obligations and demonstrate compliance, providing certainty for tenants and landlords alike. In addition, councils will be able to use the database to target enforcement where it is needed most, against the minority of unscrupulous landlords.
 - **Provide for the introduction of a new Ombudsman service** that will provide quick, fair, impartial and binding resolutions for tenants' complaints about their landlord, bringing tenant-landlord complaint resolution on par with established redress practices for tenants in social housing or consumers of property agent services.
 - **Make it illegal for landlords to discriminate against tenants in receipt of benefits or with children when choosing to let their property** – so no family is discriminated against and denied a home when they need it.
 - **Strengthen local councils' enforcement powers** and introduce a new requirement for councils to report on enforcement activity. New investigatory powers will make it easier for councils to identify and fine unscrupulous landlords. We are also strengthening rent repayment orders, including extending them to superior landlords and to new offences in the Bill, and increasing the maximum penalty to two years' rent. In addition, increased maximum penalties for breaches will help support local authority enforcers and drive bad actors out of the sector.
13. **This Impact Assessment considers the costs and benefits of the majority of the legislative measures on the face of the Renters' Rights Bill.**
14. However, as outlined above, the Bill will also apply a Decent Homes Standard and extend Awaab's Law to the Private Rented Sector (PRS). These requirements currently only apply to

the Social Rented Sector (SRS), and the Bill includes measures to extend them to the PRS. The content of the Decent Homes Standard and the detail of Awaab's Law requirements will both be defined and introduced by regulations at a later date. This is to ensure the **government can consult on both before they are implemented in the sector**. Therefore, **neither the DHS nor Awaab's Law are included in the headline NPSV numbers referred to in the text**.

15. **The Renters' Rights Bill Impact Assessment provides indicative potential impacts in the PRS based on assumptions taken from the Decent Homes Standard and the application of Awaab's Law in the SRS. The government will prepare and publish an Impact Assessment in advance of the implementation of the standard and extension of Awaab's Law to the sector. As a result, these costs and benefits are not included in any of the headline impacts, including the Net Present Social Value (NPSV) of the Bill.**

1.2 Problems under consideration

16. As set out above, while many have a positive experience of private renting, that is not universally the case. The PRS is subject to economic market failures. These include negative externalities where, for example, poor quality rented homes are creating health issues which are costing the NHS and society. There is also asymmetric information, as landlords typically hold more information about a property than a prospective tenant leading to a power dynamic that allows landlords to overcharge tenants rent in some cases, exacerbated by the imbalance of demand and supply. **In this section, we set out further detail of these problems, building on the case for change.**

Housing insecurity

17. **Housing insecurity in the PRS is well documented.** The most recent English Housing Survey found that 37% of private tenants who moved from privately rented accommodation did not end their tenancy by choice, including 9% who were asked to leave by their landlord and a further 19% who left because their fixed term ended.²⁵ Representative polling by Generation Rent in 2017 showed that 35% of tenants felt concerned about needing to move within a year, compared to 15% of homeowners.²⁶ Similarly, Shelter found in 2017 that a quarter of parents had felt unable to settle in their homes due to the fear of eviction, and 60% of parents felt that removing section 21 'no fault' evictions would increase their sense of security.²⁷ Section 21 evictions allow a landlord to end a periodic tenancy at two months' notice without giving a reason. Where a landlord evicted a tenant or asked them to leave, 67% of landlords used a section 21 notice to do so.²⁸
18. **Short notice moves, often as a result of section 21 'no fault' evictions, have been shown to have a detrimental impact.** Tenants may not find affordable, suitable properties nearby, disrupting social connections and employment, and families worry about moves that do not align to school terms. Children from low-income households in insecure housing experience worse educational outcomes, reduced levels of teacher commitment and more disrupted friendship groups, than other children.²⁹ Where children are forced to move school as a result of multiple unplanned moves, the impact is particularly deleterious. For example, a study

²⁵ MHCLG analysis of the English Housing Survey 2022-23.

²⁶ Survation polling 2017, Generation Rent.

²⁷ YouGov polling for Shelter in 'Unsettled and insecure: The toll insecure private renting is taking on English families' – 2017.

²⁸ English Private Landlord Survey 2021 – the question is multi-code allowing landlords to respond with more than one eviction method.

²⁹ Moving, Always Moving: The normalisation of housing insecurity among children in low income households in England, The Children's Society 2020.

analysing data from 19,162 children in the United States found that children who moved schools several times suffered from reduced levels of achievement in maths and reading, as well as less positive social skills and higher rates of emotional and behavioural issues.³⁰ A study by the Royal Society of Arts found that results in English and Maths for children dropped 12% following one move within the school year, 17% for two moves and 25% for three moves.³¹ Furthermore, a survey conducted in Norway found that children who moved four or more times (in particular, in adolescence), were more likely to die from mental illnesses.³²

19. Unexpected moves also risk preventing tenants putting down roots in their communities and holding down stable employment. A survey by Shelter in 2019 found that just 39% of private tenants felt part of their local community, with less than half saying they and their neighbours looked out for each other compared to three quarters of social tenants.³³ Likewise, a United States study from 2016 found that the likelihood of losing a job is between 11 and 12 percentage points higher for low income renting workers who experienced a preceding forced move, compared to workers who did not.³⁴ Indeed, one reason for this is that worries about being evicted can impact on work performance and productivity. A YouGov poll commissioned by Shelter from 2021 found 19% of private tenants said their health was being harmed by the fear of 'being forced out at short notice', while 21% reported that health impacts of their housing were negatively affecting their work.³⁵

20. Frequent home moves are also expensive. Private tenants spend a higher proportion of income on housing, compared to individuals living in other tenures, and 45% have no savings.^{36,37} This can make affording moving costs difficult. In April 2024 moving costs averaged £669³⁸ (this figure excludes recoverable costs such as rent in advance and deposits). Moreover, in 2017, a quarter of private renting families took on debt when moving.³⁹ We know that landlords are much more likely to charge higher rents for new tenants compared to existing ones. For new tenancies, nearly half of landlords (45%) said they increased the rent compared to the previous tenancy – whereas, for renewals of existing tenancies, 64% of landlords kept the same rent.⁴⁰ In March 2024 the yearly increase in the average rent of the stock of private tenancies reached 9.2%,⁴¹ the highest level since records began in 2015, although growth had slightly fallen to 8.4% by August 2024.⁴² This can put additional financial pressure on families, meaning they have less money available for a deposit when buying a home or for other essentials such as food or heating. It may also mean those being required to move face the risk of either having to pay more or having to trade down on the quality, size or location of their home depending on their financial position. In the latter case, this can potentially have impacts for employment and health.

³⁰ R L Coley, M Kull. 'Cumulative, Timing-Specific, and Interactive Models of Residential Mobility and Children's Cognitive and Psychosocial Skills', Child Development, 2016.

³¹ [Royal Society of Arts, Between the Cracks, 2013.](#)

³² Tønnessen, Marianne & Telle, Kjetil & Syse, Astri. Childhood residential mobility and long-term outcomes. 2016.

³³ Shelter, A Vision for Social Housing, 2019.

³⁴ Housing and Employment Insecurity among the Working Poor, Matthew Desmond and Carl Gershenson, Harvard University, January 2016. Study is US derived so there are some things that are likely to be particular to the US.

³⁵ [YouGov survey for Shelter, April 2021.](#)

³⁶ Private renters spend an average of 32% of their household income on rent (when including housing support), more than social renters (27%) or homeowners with mortgages (18%) – English Housing Survey 2022-23.

³⁷ Bank of England Financial Stability Report, December 2021.

³⁸ Shelter 2024 - [Unwanted moves cost renters more than half a billion pounds a year - Shelter England.](#)

³⁹ Shelter 2017 - [Over a quarter of a million families forced into debt from moving home so often - Shelter England.](#)

⁴⁰ English Private Landlords Survey 2021.

⁴¹ ONS 2024, [Private rent and house prices, UK - Office for National Statistics \(ons.gov.uk\).](#)

⁴² ONS 2024, [Private rent and house prices, UK - Office for National Statistics \(ons.gov.uk\).](#)

21. **For the most vulnerable, eviction can mean homelessness.** Between January and March 2024, the number of households threatened with homelessness due to a section 21 eviction increased by 1.2% compared to the same quarter last year reaching 6,630 in Q1 2024.⁴³ Prior to Covid-19, the number of households threatened with homelessness due to a section 21 eviction was broadly stable between 4,000 and 5,000 households per quarter. Following the end of the eviction moratorium the number of households has increased consistently reaching 6,000 households per quarter.⁴⁴
22. **Section 21 ‘no fault’ evictions are also resulting in tenants feeling unable to challenge poor standards in their home** because they worry that their landlord will evict them, rather than deal with their complaints. A YouGov survey found 39% of private tenants had lived in unhealthy or dangerous conditions due to fear of retaliatory eviction.⁴⁵ In 2021-22, 25% of private tenants who wished to complain to their landlord did not do so. Of these the most common reason was due to fear of retaliation by the landlord (15%) and concern that tenancies would not be renewed (13%).⁴⁶ Renters were asked if they had considered making a complaint to their landlord or letting agency (for private renters) or their landlord or tenant management organisation (for social renters) in the last 12 months. Private renters (24%) were less likely than social renters (33%) to consider making a complaint.⁴⁷ Furthermore, in 2018, Citizens Advice found that tenants receiving a section 21 notice were five times more likely to have recently made a complaint to their council compared to those who had not.⁴⁸ Private renters living in non-decent homes (30%) were more likely to consider a complaint than those in decent homes (22%) and the majority of private renters in non-decent homes went on to complain to the landlord (54%), agent (27%) or both.⁴⁹
23. For those tenants in fixed term tenancies (who cannot be evicted using section 21 for the period of the fixed term), **being locked into a contract undermines the flexibility that the PRS offers and restricts tenants’ and landlords’ ability to react to changing personal circumstances.** They are obliged to continue paying rent for non-decent housing or when repairs are not complete. They also cannot move to take jobs, restricting labour market mobility, or to buy a house when they have saved for a deposit.
24. **Tenants currently lack the bargaining power to negotiate better terms within the existing system.** The current tenancy system mixes fixed-term tenancies (which commit both landlord and tenant for an agreed period, typically 6 or 12 months) and periodic tenancies (which are weekly or monthly tenancies that do not last for a fixed period). While this appears to offer choice, the differences can be difficult to understand, and tenants do not always have the power to negotiate their preference at the outset. A third of tenants have signed a contract without understanding it, and half of tenants do not see a contract **before renting** a property.⁵⁰ This is an example of asymmetric information leading to imperfect market outcomes.
25. Linked to this lack of bargaining power, there are also specific loopholes in the current system that are seeing **some tenants face unreasonable rent increases that can force them to move home.** While not a direct measure of whether a rent increase is excessive, almost 11,000 households in the PRS reported moving recently because their landlord put up the

⁴³ MHCLG 2024 Statutory homelessness live tables January to March 2024.

⁴⁴ Statutory homelessness in England: July to September 2022, gov.uk.

⁴⁵ [2018 YouGov survey for Shelter](#).

⁴⁶ English Housing Survey 2020-21.

⁴⁷ English Housing Survey 2022-23.

⁴⁸ ‘Touch and go: How to protect private renters from retaliatory eviction in England’, Citizens Advice 2018.

⁴⁹ English Housing Survey 2022-23.

⁵⁰ Citizens Advice 2018 ‘Touch and go – How to protect renters from retaliatory eviction in England’.

rent.⁵¹ It is right that rent prices should be set by the market, avoiding disincentives to investment. NRLA survey data suggests that 16% of independent landlords increase tenant rents on an annual basis, whereas tenants who rent from corporations were more than twice as likely to report rent increases of this regularity (38% doing so).⁵² Finding new tenants is a significant cost for landlords too, as landlords can incur letting agent fees, cleaning and inventory fees, as well as lost income from any void periods.⁵³

Poor quality housing

26. In addition to this housing insecurity, the PRS currently offers the poorest quality housing of all tenures. Our main metric for this is the existing Decent Homes Standard, which is measured by the English Housing Survey and is currently only a regulatory standard in the Social Rented Sector (not in other tenures). To meet the current Decent Homes Standard, a home must be free from 'Category 1' hazards, be in a reasonable state of repair, have reasonably modern facilities and services, and provide a reasonable degree of thermal comfort. A 'Category 1' hazard can be in any of the 29 prescribed categories of housing hazard and are assessed as serious using the Housing Health and Safety Rating System. For example, black mould covering the majority of a bedroom wall is likely to be considered a Category 1 hazard under "damp and mould" due to its prevalence and likelihood of causing serious and immediate risk to health.

27. The proportion of non-decent homes in the PRS was 21% in 2022-23, totalling around one million non-decent properties.⁵⁴ Private rented dwellings were more likely to be non-decent than owner occupied (14%, 2.2 million) and social rented (10%, 431,000) dwellings.⁵⁵ New City Hall analysis shows that across the country, landlords are collecting £9 billion a year in rent for 'non-decent' privately rented homes, with £1.6 billion of this coming from housing benefit.⁵⁶

28. Poor quality housing has direct links to health and wellbeing. Damp, cold and overcrowded homes can make people ill – affecting physical health and mental wellbeing throughout life.⁵⁷ According to a Citizens Advice report, 70% of tenants had experienced cold, damp or mould in a property they had rented. Living with damp and mould can have significant impacts on health, especially for children and those with existing health conditions. Citizens Advice research found that:

- 40% of tenants surveyed say they have felt stressed as a result of damp, mould and excessive cold.
- 35% said it made them feel anxious.
- 12% said it made them spend less time at home.
- 8% said it had made their respiratory illness worse.⁵⁸

⁵¹ English Housing Survey 2022-2023.

⁵² [The 2022 Tenant Survey, NRLA, September 2022.](#)

⁵³ See Annex 1, 1.3 for a detailed discussion of landlord costs from tenant moves.

⁵⁴ English Housing Survey 2022-2023.

⁵⁵ English Housing Survey 2022-2023.

⁵⁶ Mayor of London calls for national action as new analysis reveals private landlords receiving billions of pounds for sub-standard homes, London City Hall.

⁵⁷ Health Equity in England: The Marmot Review 10 Years On, February 2020.

⁵⁸ Coley, Rebekah Levine, et al. "Poor quality housing is tied to children's emotional and behavioural problems." Policy Research Brief, MacArthur foundation, September 2013.

29. **1.6 million children are struggling with damp, mould or excessive cold in their home** and children in cold homes are twice as likely to suffer from respiratory problems such as asthma and bronchitis. Homes that overheat in hot summers also affect people's health.⁵⁹⁶⁰ Likewise, poor quality and insecure housing has been shown to be linked to emotional and behaviour problems for children in the PRS.⁶¹ Overall, hazardous conditions in the PRS are costing the NHS around £340 million a year.⁶²
30. **In addition, lower quality homes incur additional running costs for tenants.** Those with poorer, or no, insulation can have increased energy bills, adding to the pressures that low-income tenants face. Citizen's Advice estimate that the average tenant is facing annual energy bills that are £350 more expensive due to poor insulation with people living in the least efficient homes paying an extra £950 a year. 42% say damp, mould and excessive cold has increased their energy bills and 31% of tenants said they were unable to heat their home to a comfortable temperature. This was even higher for disabled people, rising to 45% for those who have a disability.⁶³
31. A study in Nottingham also found that **improving housing to meet the existing Decent Homes Standard led to a reduction in crime rates.**⁶⁴ Private tenants are less likely to have effective security in homes, which are more likely to be non-decent. Office for National Statistics data suggests that, in the year ending March 2023, private tenants were victims of burglary at a higher rate than social housing tenants.⁶⁵
32. **Unfit housing in the PRS also impacts on productivity and economic growth.** Illness, caused or exacerbated by living in a non-decent home, makes it harder for children to engage and achieve well in school, and adults are less productive at work. Serious hazards across all housing tenures are estimated by the Building Research Establishment (BRE) to be costing society £18.6 billion per annum as a result of the health, economic and social impacts of fatal and non-fatal injuries.⁶⁶
33. The North West (19%), East Midlands (19%), Yorkshire and the Humber (17%), and the South West (17%) had a greater proportion of non-decent dwellings when compared with the East of England (12%), North East (12%), South East (11%) and London (10%). In most regions, private rented dwellings (18% to 32%) were more likely to be non-decent than social rented (6% to 16%), and owner occupied (10% to 18%) dwellings. This was not observed in the North East and London regions.⁶⁷

⁵⁹ Damp, cold and full of mould: The reality of housing in the private rented sector, Citizens Advice report, February 2023.

⁶⁰ Health Equity in England: The Marmot Review 10 Years On, February 2020.

⁶¹ Coley, Rebekah Levine, et al. "Poor quality housing is tied to children's emotional and behavioural problems." Policy Research Brief, MacArthur foundation, September 2013.

⁶² House of Commons Committee of Public Accounts: Regulation of private renting, April 2022.

⁶³ Damp, cold and full of mould: The reality of housing in the private rented sector, Citizens Advice report, February 2023.

⁶⁴ Nottingham City Homes: Decent Homes Impact Study, Social Return on Investment (SROI) report, January 2013.

⁶⁵ Office for National Statistics: Property crime tables.

⁶⁶ The Cost of Poor Housing in England, Building Research Establishment, 2021 Briefing Paper.

⁶⁷ English Housing Survey 2022-23, housing quality and condition.

34. **Aside from the problems of poor housing quality and insecurity, there are also barriers for some tenants in finding an appropriate home in the PRS where they have or would like to own a pet.**
35. Pets can bring joy and comfort to owners, as well as supporting their mental and physical wellbeing but many tenants struggle to find a rented home that allows pets. There is a lack of robust evidence to quantify the scale of the problem, but advertising platforms for the PRS indicate that very few properties are advertised online as being available for pet-owning tenants. SpareRoom reports that 78% of pet owners responding to their survey said that they had struggled to find pet-friendly rented accommodation. Similarly, the most recent English Private Landlord Survey has reported that 45% of landlords surveyed were unwilling to let to people with pets.⁶⁸ Pet owners are entirely dependent on what is in their tenancy agreement, which tenants can lack the bargaining power to negotiate.

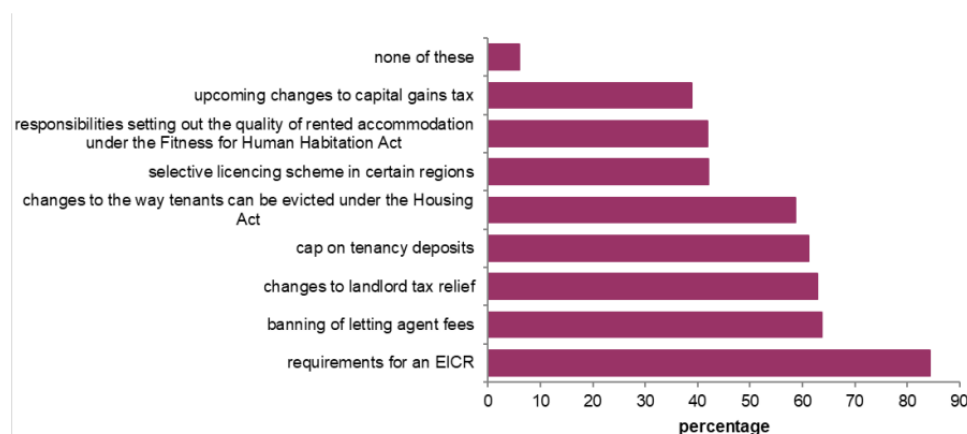
A system that is failing landlords

36. **The PRS system does not always work for landlords.** Many report they cannot access the information or support they need to navigate the legal landscape and face long court delays. In addition, the NRLA have highlighted that inadequate enforcement of the existing law by local councils is allowing criminal landlords to thrive, undercutting the responsible majority of landlords.
37. **Challenges of navigating the legal landscape are hard to measure, but surveys and anecdotal evidence suggests some landlords struggle to understand their obligations to tenants.** Data shows that the majority of private landlords meet their legal obligations (54%) – however, findings from the 2021 English Private Landlord Survey suggest that there is mixed awareness of tax and legislative changes that affect landlords (see figure 1 below). For example, landlords were asked if, before the survey, they were aware of the new legal requirement from April 2018 for all new lettings to have a minimum EPC rating of E and that in April 2020 this was extended to all tenancies. 15% were not aware of the regulation at all, and a further 22% were aware but did not understand the details. Similarly, 39% were unaware of the cap on tenancy deposits. This is also backed by NRLA research, which found only around one-third of landlords (38%) they surveyed were aware of the previous government's Renters (Reform) Bill.⁶⁹

⁶⁸ English Private Landlord Survey 2021.

⁶⁹ NRLA survey of white paper reforms, December 2022.

Figure 1: Landlord awareness of tax changes



Base: all landlords; weight: landlord weight

Note: underlying data are presented in Annex Table 3.13

Source: English Private Landlord Survey 2021

38. For landlords who end up in court seeking to repossess their property, they can face delays. When a landlord asks the tenant to leave, court action is only necessary if the tenant does not leave at the end of the notice period. However, there were 43,134 private landlord and accelerated possession claims in 2019.⁷⁰⁷¹ Where court action does become necessary, landlords have reported dissatisfaction with the process. A 2018 Call for Evidence considered the case for a Housing Court, the two main areas of dissatisfaction private landlords raised were timeliness and the complexity of the County Court system. More than 90% of landlords who responded said that they had experienced delays when taking court action for possession. 95% indicated that the period between obtaining an order for possession and enforcement by county court bailiffs (who are HMCTS employees) took too long.⁷²

Lack of redress

39. This is compounded by the limited options available to landlords and tenants for resolving disputes outside of the court system. While many work effectively together to resolve issues, the lack of options for redress can mean simple disputes escalate unnecessarily, ending up in expensive, protracted, and adversarial court proceedings that harm both the landlord and the tenant.

40. The PRS is falling behind other housing tenures and consumer sectors, such as finance, legal, energy, and the communications industry, where redress is the norm. The Housing Ombudsman provides mandatory redress for all social tenants on the full range of issues concerning their tenancies and is being strengthened. Redress schemes also exist for letting, managing and estate agents. The Leasehold and Freehold Reform Act 2024 can require leasehold landlords who manage their property to sign up to a new mandatory redress scheme, and provision for the New Homes Ombudsman scheme is included in the Building Safety Act 2022. Private landlords can voluntarily join an agent redress scheme or the Housing Ombudsman but, currently, this covers approximately 80 to 90 private landlords out of an

⁷⁰ The figure for 2019 is used because measures taken to protect public health and prevent the spread of Coronavirus, including the suspension of proceedings in possession cases between March and September 2020, the prevention of bailiff enforcement between November 2020 and the end of May 2021, and the extension of notice periods has affected the volume of possession cases since 2020.

⁷¹ Claim volumes do not directly equate to the number of landlords seeking possession action, because a landlord may make possession claims on more than one property in their portfolio and/or make a possession claim more than once on the same property, where the first claim is struck out (for example because the ground of possession is not proven or the claim is struck out due to a procedural issue). Private and accelerated claim volumes are returning to pre-Covid levels.

⁷² MHCLG Call for Evidence Considering the case for a Housing Court 2022.

estimated 2.3 million.⁷³ Private tenants can access redress where they have a complaint about their letting agent or managing agent. However, issues that are the responsibility of the landlord (such as conduct, repairs and conditions) are typically outside the remit of these schemes.

Lack of enforcement

41. **Variation in enforcement of existing standards across England can also leave tenants and landlords frustrated and allow criminal operators to thrive.** The NRLA and others have called for better targeting of enforcement action on unscrupulous landlords who flout their legal obligations and undercut responsible landlords. Research by Sheffield Hallam University found that most councils operate a largely reactive service with significant variation in the extent to which enforcement tools and powers are used. Reasons for this include low political backing, lack of data, and levels of capacity and capability.⁷⁴ Varying levels of capacity and capability are also evident from the data councils provided to MHCLG⁷⁵ on their assessment of damp and mould hazards and the action they are taking to remediate them. Reported figures for improvement notices, civil penalty notices and prosecutions amounted to 12% of all formal and informal enforcement actions local authorities took on damp and mould hazards over the same period, from 2019 to 2022.
42. **Backing this, a National Audit Office (NAO) report in 2021 found that there was a wide range of approaches across the country, with some councils inspecting almost no properties, while others inspected a large proportion.** The same report found low use of some regulatory tools such as Banning Orders and penalty notices, with only 10 landlords and letting agents banned since new powers were introduced in 2016. Similarly, in 2024, the NRLA reported that just over half of councils had used new Civil Penalties introduced in 2017 between 2021 and 2023 with over 60% of all civil penalties issued by only 20 ‘super-user’ councils.⁷⁶ Councils sought to tackle the most serious Category 1 hazards in only approximately 2.5% of properties estimated to contain those in 2019. Data supplied by councils on enforcement action on damp and mould hazards also shows that only 60 councils used Civil Penalties in relation to these hazards over the period 2019-20 to 2021-22. In 2019-20, 7,088 property inspections triggered by complaints regarding damp and mould resulted in Category 2 damp and mould hazards being identified. In 2020-21, the equivalent figure was 4,860 inspections. In 2021-22, the equivalent figure was 6,944 inspections.⁷⁷
43. **Councils’ ability to target rogue landlords is also hampered by a lack of robust data and information on the sector.** Unlike in Scotland and Wales, there is no national database of PRS landlords. Instead, there is a ‘patchwork of schemes’ – a 2021 report by the Centre for Public Data found that just 7.4% of the PRS in England are covered by registration or licensing requirements.⁷⁸ As a result, the majority of councils underestimate the size of their area’s PRS. For example, Newham initially estimated it had 30,000 rental properties let out by 5,000 landlords, but following implementation of its licensing scheme, it in fact registered 50,000 properties let by 27,000 landlords.⁷⁹

⁷³ This data is an estimate based on data directly provided to MHCLG by the Property Ombudsman and the Property Redress Scheme, as well: Housing Ombudsman Annual Report and Accounts 2020/21.

⁷⁴ Council enforcement in the Private Rented Sector: headline report, June 2022.

⁷⁵ [Damp and mould in the private rented sector - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/damp-and-mould-in-the-private-rented-sector).

⁷⁶ The Enforcement Lottery: Local authority enforcement 2021-2023, NRLA Research Observatory, 2024.

⁷⁷ [Damp and mould in the private rented sector - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/damp-and-mould-in-the-private-rented-sector).

⁷⁸ A national landlord register for England: how to make it work, The Centre for Public Data, October 2021.

⁷⁹ [Licensing Private Rented Homes \(ch1889.org\)](https://ch1889.org/) (March 2024).

44. **In the absence of a national database, trying to identify PRS properties and pursue criminal landlords can take councils a considerable amount of time.** For example, Bath and North East Somerset ran a project in partnership with the Midlands Energy Hub in 2021-22 to improve PRS compliance with minimum energy efficiency standards. In the absence of a single database, they had to reconcile data from a large range of sources including: 55,000 database entries of residential addresses within Bath and North East Somerset; 13,000 entries from deposit protection schemes; 600 properties known to be rented from housing services within the Council; the EPC register and Exemptions Register; Revenue and Benefits data and Land Registry records.

Costs to society

45. **Collectively, these failures are costing society** – incurring high costs to the state, including NHS costs to treat ill-health arising from poor quality housing (£340 million per annum);⁸⁰ reducing productivity and undermining economic growth, including as a result of increased sickness and reduced labour market mobility (with an overall cost to society of all poor-quality housing of £18.6 billion per annum);⁸¹ negatively impacting children’s educational attainment and future prospects (with results in English and maths for children dropping by 12% following one move within the school year);⁸² and exacerbating geographic inequality, due to higher proportions of unfit housing in areas in most need.

1.3 Policy objectives

46. The government has been clear on its policy objective to address the insecurity and injustice that far too many renters experience by fundamentally reforming the Private Rented Sector, improving the quality of housing within it – and correcting the market failures that have resulted in poor experiences in the sector and costs to the state. This means tackling the problems set out in section 1.2, including:

- **Poor quality and insecure housing for tenants**, driven by power imbalances that limit tenants’ ability to assert their consumer rights;
- **Unequal access to the PRS for some tenants** – particularly those in receipt of housing benefit, with children, and/or with pets;
- **Mixed compliance with regulations by landlords** due to challenges in understanding obligations;
- **A lack of redress options for both tenants and landlords**, to avoid the need for costly and protracted court processes; and
- **Unequal enforcement of regulations** which is allowing some criminal landlords to thrive because of limitations to councils’ powers and their lack of access to robust data and information.

47. The government’s aim is to tackle these problems so that:

⁸⁰ National Audit Office – Regulation of private renting 2021-22.

⁸¹ [Building Research Establishment \(BRE\)](#) – The full cost of poor housing.

⁸² [Devastating impact of moving school revealed - RSA \(thersa.org\)](#).

- All tenants have **greater security and stability so they can stay in their homes for longer**, build lives in their communities, and avoid the risk of homelessness;
- All tenants are **empowered to challenge poor practice designed to force them out by the backdoor** and **crack down on the minority of unscrupulous landlords who exploit, mistreat or discriminate against tenants**;
- All landlords have **information on how to comply with their responsibilities** and are **able to repossess their properties fairly when necessary**;
- Both landlords and tenants are **supported by a system that enables effective resolution of issues**; and
- Local councils have **strong and effective enforcement tools** to crack down on poor practice.

2. Options

2.1 Description of options considered

48. **We have considered a range of options to achieve the policy objective** of a fairer, more secure and high quality PRS, including leaving improvement to the market by doing nothing; non-regulatory interventions, such as increased communications, guidance and funding; and legislating to tackle current market failures via a range of approaches, informed by detailed consultation. A summary of the extent to which these options would deliver the desired outcomes is at table 1.

Do nothing

49. **The ‘do nothing’ option would not secure the government’s policy objective.** Taking no action would mean continued poor outcomes for landlords and tenants, and costs to society and the taxpayer as a result of poor health and lost productivity. In particular:

- **Tenants would continue to experience insecure and poor quality PRS housing** due to a combination of section 21 ‘no fault’ evictions, a lack of redress, landlords not being clear on their responsibilities, insufficient enforcement action against rogue landlords, and poor quality housing.
- **This would in turn perpetuate adverse impacts for tenants of insecure and unfit housing**, including on health and wellbeing, children’s educational attainment and outcomes (including increased chance of suicide because of frequent household moves in childhood), and overall productivity. For example, every Category 1 hazard (which affect 12%, or 572,000 PRS households) results in an estimated cost of lost economic output of £126 per year as a result of injuries.⁸³
- **Short notice moves would continue to exacerbate affordability challenges for tenants**, including reducing their ability to save for a home – and continue to put private tenants at risk of homelessness, with an average annual fiscal cost of at least £12,260 of an individual who sleeps rough.⁸⁴ There are likely to be additional social costs associated with sleeping rough, such as quality of life impacts.
- **The effects of non-decent housing would perpetuate pressures on health spending**, with annual costs to the NHS of £340 million per year for unfit PRS homes – and an annual £18.6 billion cost to society of all poor-quality housing.⁸⁵⁸⁶
- **Tenants with pets would continue to face unfair discrimination** as a result of tenancy agreements that stipulate that tenants cannot have pets. These individuals will continue to be less likely to find appropriate housing.

⁸³ MHCLG analysis of Transport Research Laboratory 2009 *Re-valuation of Home Accidents*.

⁸⁴ MHCLG 2020 Understanding the Multiple Vulnerabilities, Support Needs and Experiences of People who Sleep Rough in England.

⁸⁵ House of Commons Committee of Public Accounts: Regulation of private renting, April 2022.

⁸⁶ The Cost of Poor Housing in England, Building Research Establishment, 2021 Briefing Paper.

- **Responsible landlords would continue to use section 21 rather than clear and limited, statutory possession grounds to evict tenants**, leaving tenants with less notice to find a new property when landlords need to regain their properties for good reason.
- **Avoidable evictions would continue, because of the lack of effective dispute resolution**, and cases would escalate unnecessarily.
- **Some landlords would continue to lack clarity over their legal responsibilities** – resulting in poor experiences for tenants and putting them at risk of enforcement action or being unable to repossess their property when needed.
- **Enforcement would remain constrained**, due to the challenges for local councils in tracking down criminal landlords and being able to effectively investigate them – meaning **responsible landlords would continue to be undercut by the criminal minority**.

Non-legislative interventions

50. There have been a number of measures introduced through non-legislative interventions, including by:

- **Creating a culture of more secure tenancies** and encouraging landlords to rent to those with pets, including through the model tenancy agreement;
- **Approving other housing redress schemes which allow voluntary private landlord members** (e.g., The Housing Ombudsman, The Property Ombudsman and the Property Redress scheme) – although take-up has been low;
- **Clarifying landlords' obligations** and increasing compliance by providing information and guidance, such as the 'How to Rent' and 'How to Let' guides;
- **Encouraging councils to do more proactive enforcement** to target criminal landlords through messaging and guidance, for example the 2019 rogue landlord enforcement guidance and toolkit; and
- **Reviewing the Housing Health and Safety Rating System**, which is the tool used to assess standards in all residential accommodation to ensure it is fit for purpose and easier to understand for landlords and tenants.

51. There have also been a number of additional non-legislative interventions including:

- **Making the court process more efficient**, including by funding HMCTS and MoJ to develop a digital possession process.
- **Seeking to strengthen the use of dispute resolution in the PRS** to enable landlords and tenants to work together to resolve disputes early, avoiding the need for costly, time consuming and adversarial court action.
- **Increasing housing supply**: the government has committed to delivering 1.5 million homes over the next five years, which will increase housing supply.

52. Ultimately, previous non-legislative interventions and the additional ones proposed can only go so far in delivering desired outcomes without legislative change. **They won't tackle underlying market and regulatory failures meaning the overall policy objective won't be achieved.** For example, the Private Rented Sector has the highest proportion of non-decent homes (21%) compared to social rented (10%) and owner-occupied (14%) sectors, and the Private Rented Sector has the highest rate of Category 1 hazards (12%) compared to social rented (4%) and owner-occupied (9%) dwellings.⁸⁷

Legislative interventions (preferred)

53. **In addition to the non-regulatory intervention set out above, the government has committed to a package of legislative reforms which we are legislating for on the face of the Renters' Rights Bill, comprising:**

- **Abolishing section 21 'no fault evictions', removing the threat of arbitrary evictions and increasing tenant security.** Tenants will be able to stay in their home for longer before the landlord can move in or sell, and will have more time to find a new home in **these cases**.
- **Strengthening tenants' rights and protections** to challenge unfair practices such as unreasonable rent rises and rental bidding and empower tenants to challenge rent increases designed to force them out by the backdoor.
- **Reforming possession grounds** so landlords can still recover their property when they need to (including where landlords wish to sell their property or move in close family).
- **Giving tenants the right to request a pet**, which landlords must consider and cannot unreasonably refuse. Landlords will be able to request insurance to cover potential damage from pets if needed.
- **Introducing a new Ombudsman that private landlords** must join to provide fair, impartial, and binding resolution to many issues that tenants face. This will be quicker, cheaper, and less adversarial than the court system, benefitting both tenants and landlords. Mandatory membership of a redress scheme for landlords is necessary to provide efficient compliant resolution for tenants, demonstrated by the fact that landlords can currently join a scheme voluntarily but less than 100 landlords have joined the available schemes (The Property Ombudsman, The Property Redress Service, and the Housing Ombudsman Service).
- **Introducing a new Private Rented Sector Database** to help landlords understand their obligations and demonstrate compliance, provide better information to tenants and target council's enforcement activity.
- **Making it illegal for landlords to discriminate against tenants in receipt of benefits or with children when choosing to let their property.**
- **Applying the Decent Homes Standard to the Private Rented Sector**, to give renters safer, better value homes and remove the blight of poor-quality homes in local communities.

⁸⁷ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

- **Applying ‘Awaab’s Law’ to the sector**, which will set clear legal expectations about the timeframes within which PRS landlords must make homes safe where they contain serious hazards.

54. **Reforms were developed on the basis of extensive engagement with tenants, landlords, councils and other groups with an interest in the PRS as well as rigorous consultation by previous governments.** *‘Overcoming the barriers to longer tenancies in the Private Rented Sector’* in 2018 and *‘A new deal for renting’* in 2019, sought views on the removal of section 21 and improving section 8 eviction grounds; a 2018 consultation, *‘Strengthening consumer Redress in the Housing Market’*, which explored the option of a single housing ombudsman; and a digital discovery project, conducted by digital consultancy Zaizi, as part of the exploration of the potential benefits of a database. Annex 10 sets out more detail on the spectrum of options considered in these consultations.
55. **These reforms also build on the core measures in the previous government’s Renters (Reform) Bill**, which was introduced into the House of Commons on 17 May 2023 and progressed through Parliament until it fell in the House of Lords following the dissolution of Parliament and the 2024 General Election. These reforms received broad support from Parliamentarians and stakeholders.
56. **Unlike the other options, legislating will tackle the systemic issues that have led to poor experiences for both tenants and landlords, delivering the policy objective**, and supporting the government to meet its manifesto commitments. More detail on this preferred option is set out in section 2.2.

Table 1: Extent to which options will deliver desired outcomes

Policy objective: fundamentally reforming the PRS to address insecurity and injustice and improve the quality of housing within it					
Desired outcomes	Extent to which options will deliver desired outcomes				
	Do nothing		Non-legislative interventions		Legislative interventions
All tenants have access to a good quality, safe and secure home	X	Section 21 'no fault' evictions would be maintained, meaning tenants would continue to face eviction without reason – perpetuating the negative impacts to individuals and society of frequent short-notice moves, and eroding tenants' ability to challenge poor conditions. Tenants would also continue to be locked into fixed term contracts, restricting their ability to move for work or for homeownership, or if accommodation is poor quality.	X	While interventions such as strengthening the model tenancy agreement may help in some cases, compared to doing nothing, underlying inequalities would remain, perpetuating the negative impacts to individuals and society.	<p>✓ Abolishing section 21 'no fault' evictions and removing fixed term tenancies will deliver a simpler, more secure tenancy structure – empowering tenants to exert their consumer rights and challenge poor practice, as well as reducing costs associated with unexpected moves.</p> <p>The new Private Rented Sector Database will help with this by tackling information asymmetries, so tenants can make informed decisions about where they choose to live.</p> <p>✓ Introducing a new Ombudsman will provide greater access to dispute resolution to maintain tenancies and remedy quality issues.</p> <p>Avoiding very large rent increases being used as a backdoor method of eviction, whilst protecting landlords' ability to increase rent each year in line with market levels.</p> <p>Applying the Decent Homes Standard and Awaab's Law to the Private Rented Sector will mean rented properties must meet clear quality and safety standards.</p>
All tenants able to treat their house as a home and are empowered to	X	As above, tenants would lack the bargaining power to challenge poor practice due to fixed term	X	As with the do nothing option, tenants would continue to lack bargaining power to effect change.	<p>✓ As above, abolishing section 21 and fixed term tenancies will empower tenants to challenge poor practice.</p>

challenge poor practice		contracts and the threat of ‘no fault’ evictions. Landlords would continue being able to unfairly discriminate against tenants with pets.		As with the do nothing option, landlords would continue being able to unfairly discriminate against tenants with pets. While communications and strengthening the model tenancy agreement may help, access to appropriate housing for these groups will remain restricted for many.		Giving tenants the right to request a pet in their property which the landlord cannot unreasonably refuse will also ensure private tenants can benefit from the positive impacts that pets bring, including to health and wellbeing. Tackling unfair practices such as rental bidding wars and rental discrimination will help drive more transparency in the sector.
All landlords have information on how to comply with their responsibilities and are able to repossess their properties when necessary	X	Court delays and outdated possession grounds would continue to pose challenges for landlords in efficiently regaining their properties. Likewise, some landlords would continue to struggle with navigating the legal landscape.	X	Whilst reform to court possession proceedings will help landlords more efficiently regain their properties, challenges would remain in using section 8 grounds – reform to possession grounds require primary legislation. While further information and guidance may help with navigating the legal landscape, there would continue to be a proliferation of information in different places.	✓	The new Database will provide a single ‘front door’ for landlords to understand their responsibilities in one place. Reforming grounds for possession will also make sure that landlords have effective means to gain possession of their properties when necessary.
Landlords and tenants are supported by a system that enables effective resolution of issues	X	Landlords and tenants would continue to lack or utilise redress and alternative dispute resolution options – perpetuating the need for court proceedings that are more likely to result in a tenancy being ended.	X	Continuing to encourage landlords to join existing industry-led redress schemes may yield some results (though membership currently only stands at 0.1%), along with improvements to mediation and alternative dispute resolution. However, the PRS would continue to lag behind other sectors in not providing mandatory redress – meaning many cases would continue to escalate to costly,	✓	Tenants and landlords will have access to cheaper and swifter resolution of issues through a new Ombudsman that all private landlords must join. This will provide fair, impartial, and binding resolution to many issues for tenants and be quicker, cheaper, and less adversarial than the court system. The Bill makes provision for the Ombudsman to provide landlord-initiated mediation, enabling disputes to be resolved before they escalate to

				adversarial and protracted court proceedings.		<p>court. We are working with the Ministry of Justice to explore further options for early dispute resolution, to help ensure that only cases which need adjudication come to court.</p> <p><i>Alongside this, non-legislative interventions of strengthened mediation and alternative dispute resolution will enable landlords and tenants to work together to reduce the risk of issues escalating.</i></p>
Local councils have strong and effective tools to crack down on poor practice	X	Unequal enforcement of regulations would continue to allow some criminal landlords to thrive.	X	While disseminating best practice will be valuable, local councils would continue to lack information and data, along with robust enforcement powers, to effectively target rogue landlords – allowing criminal landlords to continue causing misery for tenants and undercutting responsible landlords.	✓	<p>Strengthening local councils' enforcement powers by increasing investigative powers will help crack down on criminal landlords.</p> <p>Increased maximum penalties levels for breaches which will help support local authority enforcers and drive bad actors out of the sector. The Database and requirement for councils to report on enforcement activity will also give councils and the department access to better data to target enforcement against criminal landlords.</p>

2.2 Summary of preferred option including implementation

57. **This section provides further detail on the preferred option, including how interventions will be implemented and enforced.** As set out in section 2.1, legislative and non-legislative interventions proposed aim to address market failures in the PRS to deliver a fairer, more secure and high quality PRS.

How the preferred option will be given effect

58. **Primary legislation will be required** to deliver the preferred option, as it will require fundamental revisions to tenancy law. This will be achieved via the Renters' Rights Bill. There will also be a significant amount of **secondary legislation**, including for the Private Rented Sector Database and Ombudsman.

59. As set out in section 2.1, **some proposals won't require primary legislation**, such as digitising the county court possession process; strengthening alternative dispute resolution and mediation; and piloting council enforcement approaches to drive up quality.

Indicative implementation approach and timings

60. **The government has been clear about the importance of allowing time for a smooth transition to the new system**, supporting tenants, landlords, agents, and councils to adjust, while making sure benefits are realised as soon as possible.

61. **For tenancy reform, we will introduce the new system on a single date.** After this date, any new tenancy will be on the new system. Existing tenancies will automatically transfer to the new system on this date – landlords and tenants will not need to sign a new agreement.

62. **The introduction of wider reforms will be aligned with tenancy reform.** Specific timing will depend on when Royal Assent for the Bill is secured and some measures will need supporting secondary legislation and transition periods. **For the purposes of this Impact Assessment we have assumed the impacts of reforms will begin being actualised during 2025 and be fully operational by 2026 (noting that measures will begin roll-out leading up to this date).** We accept that this may change as we develop our implementation plans.

Approach to enforcement

63. Ensuring an enforcement approach that is consistent, proportionate and effective will be key to delivering the policy objective. **Rights and obligations under the new system will be enforced by councils, the First-tier Tribunal, the County Court and the Magistrates Court in line with existing mechanisms – but with the new Ombudsman also playing a critical role in providing binding resolution to disputes.**

64. **For local councils, which play a significant role, it is critical that housing enforcement is prioritised. Our aim is to move towards a self-funding system of enforcement that is sustainable over the long-term.** To facilitate this, we are:

- **Making it easier for councils to collect and retain revenue** from financial penalties against landlords who flout the rules, reflecting the seriousness of the breach or offence. This means greater use of the civil penalty system. First or minor non-compliance will incur a civil penalty of up to £7,000, with serious and repeat non-compliance incurring up to

£40,000. We will seek to introduce a national framework for setting financial penalties, based on clear culpability and harm considerations, which will ensure a more consistent approach to setting financial penalties and should mean that they are more likely to be upheld by tribunals on appeal. We are also extending civil penalties to include illegal evictions and failure to deal with serious hazards, alongside introducing new criminal offences. Councils will have a choice between issuing a civil penalty or pursuing prosecution for an unlimited fine, where appropriate. To help councils collect fines, we are also strengthening their enforcement powers to better match those of Trading Standards – giving councils access to financial information that will help them more effectively levy fines from criminal landlords.

- **Helping councils undertake enforcement action more efficiently** – so they can do more within their resources. The new Private Rented Sector Database will provide a comprehensive and reliable intelligence source on PRS properties that will help councils identify non-compliance and target enforcement work. Similarly, we expect efficiencies for councils from strengthening their enforcement powers – making it easier to access critical information to construct a strong case against criminal landlords. Alongside this, the new Ombudsman will help resolve disputes before they reach councils, protecting resources for the most serious breaches. Alongside this, there is a power in the Bill to require councils to report information on their enforcement action that will help strengthen national policy and identify wider lessons.

65. We know net additional requirements on enforcement bodies will require new funding. **We are undertaking a Justice Impact Test and New Burdens Assessment to identify the additional burdens on councils and the courts and tribunals arising from new policies. This will help us to secure the right resources for partners. We will provide further detail of funding in due course.** Annexes 1-8 provide more detail on the major reforms and include sections covering the impacts on courts, tribunals and councils where appropriate.

3. Monetised and non-monetised costs and benefits of preferred option

3.1 Analytical approach

66. **This section of the Impact Assessment sets out the costs and benefits at an aggregate level of the measures on the face of the Renters' Rights Bill.** Headlines in this section are based on individual assessments of each measure within the Bill, which are set out at annexes 1-8. This analysis builds on the published Impact Assessment for the Renters (Reform) Bill, which was cleared as 'fit for purpose' by the Regulatory Policy Committee.
67. **The analysis focuses on the impacts of primary legislation.** Some of the measures in the Renters' Rights Bill will require supporting secondary legislation to set out more fully how they will operate, which will be subject to its own consultation, scrutiny and further assessment. This imposes limits on how fully the potential impacts can be assessed at this stage.
68. **There is a wealth of evidence to support the failures that we have identified, which has been used to monetise the impact of the policies.** This includes data from:
- **The English Housing Survey**, which is a continual survey conducted by the Ministry of Housing, Communities and Local Government. It collects information about people's housing circumstances and conditions.
 - **The English Private Landlord Survey**, which again is commissioned by the Ministry. It surveys private landlords and letting agents in England, and collects information about their circumstances, their properties, their tenants, and the possible impact of legislative and policy changes in the sector.
 - **Previous government consultations** which have been used to inform policy thinking, as set out in section 2. This includes the 2019 consultation, '*A new deal for renting*', which received 19,695 responses, and the 2018 consultation, '*Strengthening consumer Redress in the Housing Market*', which received 1,209 responses.
 - **Reports and studies conducted by non-government organisations**, such as the Building Research Establishment (BRE), in particular to estimate the costs to make dwellings decent, and stakeholder groups like the NRLA, Shelter and Citizens Advice.
 - **Extensive user research** being led by the Ministry for Housing, Communities and Local Government (previously the 'Department for Levelling Up, Housing and Communities'), which is being used in developing the Private Rented Sector Database.
 - **Extensive stakeholder engagement** with landlord, tenant, letting agent and developer groups including minister-led round tables. This has informed policy thinking and will ensure stakeholders are well-informed of pending reforms.
69. **An appraisal period of 10 years is used as per standard practice for Impact Assessments, from 2025.** This is the earliest point from which reforms may take effect. Implementation timings will be dependent on the timing of Royal Assent, secondary legislation, and transition periods as set out in section 2.2.

70. **The policy is assessed against a ‘Do Nothing’ – the counterfactual.** In this scenario, the government does not intervene through legislative and non-legislative measures to address market failures in the PRS. This counterfactual is used as the baseline for the cost-benefit analysis.
71. **Where assumptions have been made, these have been stated, and low, central, and high scenarios have been considered.** The cost benefit analysis is presented in 2019 prices and discounted from the year of implementation in line with the Green Book.

3.2 Summary of impacts

72. **Overall, we assess that the monetised and substantial non-monetised benefits to society of these reforms will offset the estimated costs, making the strong case for measures being brought forward in the Renters’ Rights Bill.**
73. **As outlined above, these impacts do not include the Decent Homes Standard and Awaab’s Law** – annexes 7 and 8 provide indicative potential impacts based on assumptions and costs taken from previous consultations and research on the application of these measures to the Social Rented Sector. These policies will be subject to the consultation, and we will prepare full Impact Assessments in advance of implementation.
74. **The impact of the policies will have costs and benefits to various groups, with the majority of these impacts falling on landlords, letting agents and tenants.** While we have monetised some of the main effects of the Bill, there are other, significant, benefits where we are not able to do so. Where this is the case, they have been outlined below along with available evidence to support our view that they are highly relevant and material. The headline figures in table 2 provide a summary of the cost-benefit analysis in the central scenario based on our individual assessment of each measure (as set out in the annexes). The table covers monetisable benefits and costs only.

Table 2: Summary of impacts, 2019 prices, central scenario (£ million)

Total costs (2025 PV)	Total benefits (2025 PV)	Net Present Value (2025 PV)	EANDCB (2025 PV)
£1,801.6	£1,773.2	-£28.4	£33.0 (primary only)

75. **While there will be a net cost to businesses, this is very small relative to total rental income and property value in the sector, and we expect this to be offset to a degree by cost pass through to tenants, although the extent to which this would take place is unclear.**⁸⁸ The Equivalent Annual Net Direct Cost to Business (EANDCB), for the enacting legislation, of £33.0 million (2019 prices, 2025 present value (PV)) is the expected cost to landlords, letting agents and associated businesses (such as those offering end of tenancy cleaning services) of policy changes over the ten-year period. All fees charged by a public body are excluded from the EANDCB calculations – this includes Private Rented Sector Database and Ombudsman registration fees. This is required per the Better Regulation Framework interim guidance.⁸⁹ The EANDCB contains the direct costs for primary legislation

⁸⁸ Private landlords typically have greater financial wealth compared to non-landlord homeowners and the general population. The median equity or net value of all landlords rental portfolios was £220,000, calculated from the median value of landlord rental portfolios minus median value of loans or borrowing. [English Private Landlord Survey 2021: Main report.](#)

⁸⁹ [Better Regulation Framework – interim guidance, March 2020.](#)

only. We expect some pass through of landlord costs to tenants, however, which is excluded from the EANDCB estimate, as guidance suggests that such costs are indirect and should not be included. We may, therefore, see some variation based on the degree to which landlords can pass through costs, informed by market conditions and their own business strategies. A breakdown of direct costs for both primary and secondary legislation is shown below. The cost, including direct and indirect costs, is estimated to be equivalent to a cost of £22 to landlords per rented property annually. **This is 0.2% of annual average rents.**⁹⁰

76. When including the expected costs of the secondary legislation, for the Private Rented Sector Database and Ombudsman, the Equivalent Annual Net Direct Cost to Business is £40.1 million (2019 prices; 2025 PV).

77. **Overall, we expect that the policy reforms will bring substantial benefits to the market and society.** However, it is easier to monetise many of the costs associated with these changes than the benefits. At this stage of policy development there is also a degree of uncertainty regarding how the balance of these costs and benefits will develop. As such, we have:

- **Estimated switching values** to demonstrate that the policy changes need only generate a small non-monetised benefit to deliver a positive net present social value. For example, the negative net present social value (NPSV) for the Private Rented Sector Database would be offset by just £8.62 of annual non-monetised benefits per household. To put this into context, the average annual healthcare saving per hazard rectified was £542 in 2019 prices.⁹¹
- **Presented a range of NPSVs** under the scenarios presented in full detail in Annex 12. The NPSV is dependent on the extent to which these reforms will improve housing quality, with scenarios of 0%, 25%, 50% or 75% of hazards made safe. Benefits have been monetised on the basis of the number of serious injuries avoided as a result of these improvements – reaping health and productivity benefits. Landlords are already required to make hazards safe so there is no additional cost to business. The policy primarily implies a redistribution from landlords and letting agents to tenants – a transfer of costs or benefits from one group to another. The results show a relatively small reduction (0.8%) will result in an overall positive NPSV. Details of the scenarios are set out in the table below.

Table 3: NPSV scenarios

Proportion of hazards made safe as a result of reforms	NPSV (2025 PV)
Scenario 1: 0% of hazards are made safe	-£28.4m
Scenario 2: 25% of hazards (c.145,000 properties) are made safe	£895.3m
Scenario 3: 50% of hazards (c.285,000 properties) are made safe	£1,819.1m
Scenario 4: 75% of hazards (c.430,000 properties) are made safe	£2,742.8m

⁹⁰ Based off the average private rent in the 2022-23 EHS survey (adjusted to 2019 values).

⁹¹ MHCLG analysis of The Cost of Poor Housing in England, Building Research Establishment (BRE), 2021 Briefing Paper.

78. Given that the measures in this Bill amount to the most comprehensive and far-reaching reform of tenancy law since the Housing Act 1988, **it is reasonable to expect that reforms will drive a significant reduction in Category 1 hazards, resulting in a positive NPSV.** Without the fear of retaliatory eviction once section 21 is abolished, we expect tenants to be more empowered to complain about these hazards. The Private Rented Sector Database will also increase landlords' awareness of their obligations, driving up compliance. Combined with access to redress via the Ombudsman and councils' improved ability to target enforcement action, our assessment is that it is **not unreasonable to expect to see at least a 25% reduction of the most serious Category 1 hazards. This would place the total net present social value of the reforms at £895.3m (2025 PV).** This seems likely when we compare with the Social Rented Sector which has 4% of dwellings containing a Category 1 hazard compared to 12% in the PRS. If we assume that the decline in Category 1 hazards in the PRS reaches the Social Rented Sector level there would be a 62% decline in Category 1 hazards.

79. **There are also significant wider productivity, health, geographic and public sector benefits that are not possible to robustly monetise.** These benefits are expanded on below and are why the government believes the Bill will be beneficial overall to the economy and society.

3.3 Assumptions about landlord behaviour

80. **In calculating costs and benefits to various groups, we have made assumptions about landlord behaviour and how this will impact the size of the PRS, levels of private rents, and the degree of landlord compliance with regulations over the ten-year appraisal period.** These are set out at a headline level below, with more detail about assumptions for individual policies in the annexes.

Size of the PRS

81. **Assumptions have been made about the size of the PRS over the next ten-years to inform modelling.** The PRS has remained broadly stable since 2013-14. Table 4 shows the historic growth rate in the PRS and Social Rented Sector over the past decade.⁹² The ONS 2018 household projections show the number of households in England increasing over the appraisal period – by approximately 0.6% per annum. Given the historic trend in the number of PRS households and the ONS household projections, the analysis assumes an average annual growth rate of 0.4% between 2022-23 and the end of the appraisal period. This is an average of the English Housing Survey annual change between 2018-19 and 2022-23⁹³ and the ONS household projections.⁹⁴ Using the same time period and methodology as the PRS, the analysis assumes the number of council tenants decreases by 0.1% per annum. Housing association tenants increase by 0.9% per annum.⁹⁵ These are based on EHS figures and ONS household projections. Projections of the future size of housing tenures are highly uncertain and are subject to large confidence intervals. The figures presented in table 4 are one possible scenario based on available data – in practice growth may be faster or slower than set out. The number of PRS households per year is also illustrated in figure 2. The shaded section of Table 4 shows the projections compared to the outturn data.

⁹² English Housing Survey 2022-23.

⁹³ English Housing Survey 2022-23.

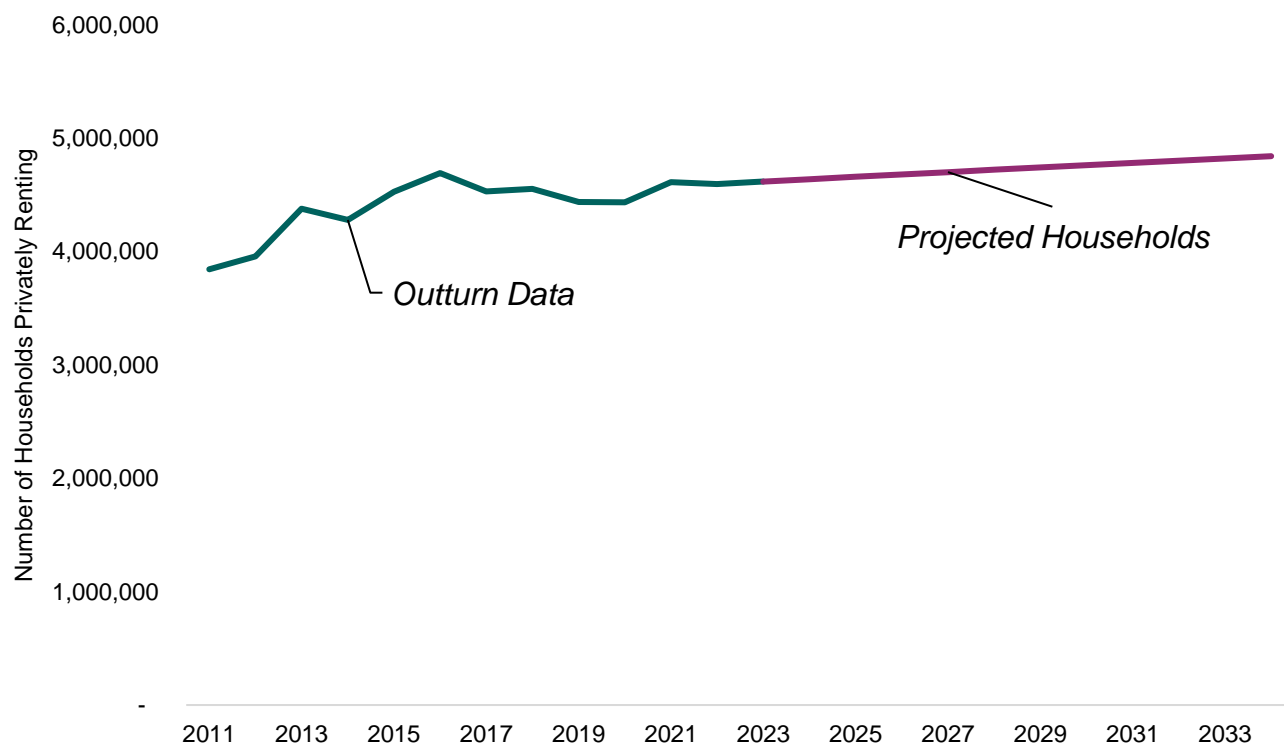
⁹⁴ ONS 2018-based household projections for councils and higher administrative areas within England (principal projection).

⁹⁵ English Housing Survey 2022-23 Headline Report.

Table 4: Growth rate in the PRS

Calendar Year	PRS Households	Growth rate	SRS Households	Growth rate	Housing association households	Growth rate
2011-12	3,843,343	6.26%	1,782,100	-2.86%	2,026,073	1.74%
2012-13	3,956,092	2.93%	1,684,115	-5.50%	1,999,876	-1.29%
2013-14	4,377,202	10.64%	1,641,237	-2.55%	2,279,018	13.96%
2014-15	4,278,287	-2.26%	1,639,370	-0.11%	2,272,317	-0.29%
2015-16	4,527,999	5.84%	1,604,752	-2.11%	2,313,485	1.81%
2016-17	4,692,068	3.62%	1,565,791	-2.43%	2,381,165	2.93%
2017-18	4,530,000	-3.45%	1,581,153	0.98%	2,377,221	-0.17%
2018-19	4,551,832	0.48%	1,591,389	0.65%	2,371,823	-0.23%
2019-20	4,437,942	-2.50%	1,580,523	-0.68%	2,397,848	1.10%
2020-21	4,433,637	-0.10%	1,570,083	-0.66%	2,414,258	0.68%
2021-22	4,611,177	4.00%	1,572,102	0.13%	2,455,560	1.71%
2022-23	4,594,732	-0.36%	1,531,000	-2.61%	2,475,000	0.79%
2023	4,616,712	0.48%	1,529,159	-0.12%	2,497,178	0.90%
2024	4,638,309	0.47%	1,527,256	-0.12%	2,519,285	0.89%
2025	4,658,936	0.44%	1,525,097	-0.14%	2,541,006	0.86%
2026	4,679,543	0.44%	1,522,996	-0.14%	2,562,854	0.86%
2027	4,700,501	0.45%	1,521,077	-0.13%	2,585,030	0.87%
2028	4,721,218	0.44%	1,519,142	-0.13%	2,607,218	0.86%
2029	4,741,448	0.43%	1,517,107	-0.13%	2,629,286	0.85%
2030	4,761,319	0.42%	1,515,016	-0.14%	2,651,305	0.84%
2031	4,781,459	0.42%	1,513,076	-0.13%	2,673,615	0.84%
2032	4,801,596	0.42%	1,511,197	-0.12%	2,696,070	0.84%
2033	4,821,545	0.42%	1,509,315	-0.12%	2,718,572	0.83%
2034	4,841,043	0.40%	1,507,344	-0.13%	2,740,983	0.82%

Figure 2: Number of Households in the PRS



82. **The analysis assumes the number of landlords remains constant across the time period** – data from HMRC indicates that there are approximately 2.3 million landlords in England in 2019-20 (see Annex 9 for further detail on landlord composition).⁹⁶ This data is a snapshot in time and it is not possible to estimate trends in landlord numbers using this dataset. We expect that consolidation of the sector, with larger landlords expanding their portfolio and smaller landlord exiting the sector, may occur. The 2021 English Private Landlord Survey found that broadly as many landlords plan to increase their portfolio (c.11%) as plan to decrease it (c.12%) – though the number of properties that respondents already own and the extent to which they plan to increase their portfolio is unclear.

Supply side impacts

83. **Our analysis is unable to robustly estimate the effect of the reforms on the supply of dwellings in the PRS, which is uncertain though expected to be small.** Supply is determined by a wide range of factors – including rent levels, house prices, taxation policy, interest rates, interest rates on other investment options and the movements of tenants into homeownership and social rented housing. We have thoroughly reviewed the available academic literature but are unaware of robust and recent estimates of supply side elasticities from which to estimate the impact of cost changes on rental property availability and prices. The main reasons for this are data limitations; limited research relevant to England; and the challenge of disentangling and isolating the impact of past reforms from other changes in the market or economy.

84. **However, our analysis and knowledge of the sector suggests that our policies will not place a significant burden on the average landlord in England.** Excluding the one-off transitory costs of the regulation, the recurring costs to landlords are anticipated to be very small relative to rental income (around 0.03% per annum) and house price assets. This is in the context of rising rents and long-term trend of rising house prices. Annual private rental prices increased by 8.4% in England in the year to August 2024.⁹⁷ The total capital value of landlords' property portfolios has also been increasing – with median market value of rental portfolios up 2.5% between 2018 and 2021.⁹⁸ The average per property rent is £1,005 per month or £12,022 per annum in England, while the average estimated value of rental property in England was estimated to be £277,100 in 2021.⁹⁹¹⁰⁰

85. This highlights another aspect of the market that makes it difficult to robustly anticipate the supply side response. **Private landlords do not have homogenous business models** nor motivations for becoming a landlord. Some may be placing emphasis on house price (asset) appreciation whereas others may be using their rental income to fund retirement plans. Survey data indicates investment for capital growth is a significant reason for investing in the PRS for 27% of landlords while 54% use the PRS as a long-term investment to contribute to their pension.¹⁰¹ This makes identifying the likelihood of landlords leaving the sector due to the impacts of legislation challenging.

⁹⁶ Investment Income: Property – Question for HM Treasury, July 2021.

⁹⁷ Private rent and house prices, UK: September 2024, ONS.

⁹⁸ In 2021 the median total market value of landlord rental portfolios was £410,000 vs £400,000 in 2018 and the median equity of landlords rental properties is £220,000.

⁹⁹ English Housing Survey 2022-23.

¹⁰⁰ English Private Landlord Survey 2021.

¹⁰¹ English Private Landlord Survey 2021.

86. **Landlords will likely offset some of the costs of the regulation through rental price growth – though there is a chance that some may be inclined to leave the PRS if they are unable to recover some of the costs incurred through raising rents.** The extent to which this occurs is dependent on tenant incomes and overall demand in the sector. For those who do exit the sector, the size of the PRS will be unaffected if another landlord purchases the property. Indeed, this transfer might be associated with increased efficiency or professionalisation of the sector. If the housing stock is sold to a homeowner, there will be supply implications for the PRS, though this would increase the number of properties available for first time buyers. There could also be significant benefits if any reduction in supply is driven by rogue landlords leaving the sector who are replaced by responsible landlords.
87. **We also know that comparable reforms in Scotland have not resulted in a mass exodus of landlords.** In December 2017, the Scottish government abolished the equivalent of England's section 21 and introduced new, indefinite tenancies for private tenants. **Data from the Scottish Landlord Register has indicated that there has been no quantitative evidence of an impact on supply of PRS accommodation since the reform was introduced.** Official statistics on the size of the sector have shown an increase in the size of the sector from 120,000 in 1999 to 344,276 in October 2019 and **the number of properties registered on the Scottish Landlord Registration System during 2023 rose by 1.2% between January and October 2023.**¹⁰²
88. **Due to data limitations, it is not possible to estimate the price elasticity of supply for privately rented homes.** The regulations are expected to introduce £22 per rented property in additional annual cost to landlords over the ten-year appraisal period. This is the equivalent to approximately £44 per landlord across their portfolio – which is approximately 0.4% of annual rents. This is unlikely to have a substantial impact on the supply of privately rented properties. While on average the cost to landlords per property is expected to be low, it is acknowledged that this will vary and some groups will be impacted more than others. The impact by business / property portfolio size is discussed in section 3.6, impact on small and micro businesses, along with the measures being taken to reduce the impacts on smaller businesses. Other areas where we might expect the impacts to vary are: landlords who are among the least efficient; landlords who have not been delivering a service that meets current legislative standards or levels of tenant service we wish to see; areas where demand is lowest and so have lower scope to raise rents. However, where this might be the case, it is expected that associated churn in ownership will support the improvement in standards the government wishes to see through these reforms.
89. The decision on whether to invest in, or remain in, the Private Rented Sector is also dependent on the relative attractiveness (financial returns) of residential letting compared to other investment opportunities such as government bonds, bank deposits and pension annuities. Additional costs in the rented sector would dampen the relative attractiveness, holding all else equal, compared to other investment opportunities. However, given the small costs to landlords as a result of the legislation we would not expect the effect to be substantial. Additionally, other external factors including interest rate changes and tax changes, would likely have a far greater impact on the supply of properties given the financial implications of these. A report recently carried out a systematic evidence review that did not identify any robust direct evidence that non-price regulation of the PRS causes aggregate disinvestment. It did, however, uncover a range of evidence regarding non-price regulatory reforms that have not been associated with aggregate disinvestment in the PRS or with other negative market

¹⁰² Scottish Landlord Registration System monthly monitoring figures.

outcomes. In light of this observation, if increased regulation had a negative impact on investment then, it may not be so strong as to counteract or overwhelm the incentives to continue to offer property for rent.¹⁰³

90. **Ultimately, given the small cost over the ten-year appraisal period per landlord or rented dwelling, it is unlikely the costs will be sufficient to make long-term investing in the PRS unprofitable. Therefore, the reforms are unlikely to lead to a significant exit of responsible landlords from the market from an economic perspective.**

Impact on private rents

91. As above, it is likely that landlords will pass through some costs of new policies to tenants in the form of higher rents – to offset those costs and maintain a degree of profit – however, it is difficult to estimate the extent to which this will take place.
92. **Landlord rent setting behaviour is dependent on wider market conditions and the degree of market power landlords hold.** The degree of market power is dependent on the local housing market (including supply and demand) and the landlord's willingness to increase rents. Landlords are typically more reluctant to increase rents on sitting tenants due to the risk of losing good tenants.¹⁰⁴ In 2022-23, approximately 1.9 million households had moved home in the previous 12 months. The majority of household moves occurred within, into or out of private rented dwellings. In total, 676,000 households moved within the tenure (from one privately rented home to another) and 192,000 new households moved into the private rented sector.¹⁰⁵ Landlords with tenants on housing support are more constrained in their ability to pass through rent due to an affordability limit.
93. No two homes in the PRS are perfectly alike: even two flats in the same block may differ in maintenance, furnishings or even lighting. However, despite the differences in stock, any dwelling with characteristics that meets a tenant's requirements (enough bedrooms, in the right neighbourhood, a garden, etc.) would meet their housing needs and be substitutable for any other dwelling that also meets the tenant's needs. The tenant may still prefer one dwelling over another but the fact that they could move elsewhere means different PRS properties are still substitutes for each other.
94. **Providing different but ultimately substitutable products means that PRS landlords are engaging in monopolistic competition with each other** (Annex 9 sets out more detail on landlord characteristics). Because a landlord's dwelling can have some characteristics a prospective tenant values, they have some non-price factors that incentivise tenants to rent their dwelling over a rival. But, because the tenant can still live in a dwelling they are less favourable towards, landlords cannot unilaterally set the rent of their property at whatever level they wish. This means that landlords can pass through some, but not all, of their cost increases to their tenants in the form of higher rent. The extent to which they can pass through the increased costs depends on what proportion of landlords are facing the new costs.
95. **We aren't able to provide a robust estimate of rent pass-through to tenants.** In the absence of this evidence, we have presented the impact of different scenarios on landlords and tenants:

¹⁰³ [The impact of regulatory reform on the private rented sector - UK Collaborative Centre For Housing Evidence.](#)

¹⁰⁴ Data from the English Private Landlord Survey 2021 shows nearly half of landlords (45%) increased rent for new tenancies. For renewals of existing tenancies, 64% of landlords kept the same rent and 26% increased rent.

¹⁰⁵ MHCLG analysis of English Housing Survey Headline Report 2022-23.

- **Scenario 1:** Landlords pass through all direct costs from the primary legislation, both visible and transitory, incurred as a result of the proposed legislation onto tenants. This would result in landlords facing a net increase in costs of £0 million per annum and tenants facing rent increase amounting to £33.0 million per year, which is equivalent to a £0.13 rent increase per week for a household. This is an approximately 0.1% increase in average rents.
- **Scenario 2:** Landlords pass through 50% of all direct costs of the primary legislation, both visible and transitory incurred as a result of the proposed legislation. This would result in landlords facing a net increase in costs of £16.5 million and tenants facing rent increase amounting to £16.5 million per year, which is equivalent to £0.07 rent increase per week for a household or approximately less than 0.1% increase in average rents.
- **Scenario 3:** Landlords are unable or unwilling to pass through costs to tenants and reduce their profit expectation accordingly. This would result in landlords facing a net increase in direct costs from the primary legislation of £33.0 million and tenants facing rent increase of £0.00.

Landlord compliance

96. **Costs and benefits of reforms are reliant on the degree of compliance by landlords with the relevant proposed legislation.** Landlords who fail to comply will be liable for enforcement action by the local council, courts, and tribunals. Non-compliance with legal obligations may also be taken into account by an Ombudsman when determining redress. Section 2.2 sets out more detail on enforcement plans for the new system.
97. **We expect that the majority of landlords will seek to comply with the legislation and indeed it's possible that behaviour changes will start taking place sooner than when the reforms are implemented.** However, a small minority of landlords may wilfully disregard the legislation leading to additional enforcement actions against this group. Analysis by the Ministry of Housing, Communities and Local Government indicates that the majority of landlords are demonstrating good practice with at least 54% of landlords meeting all legal requirements. A further 35% of landlords show a mixed level of compliance.¹⁰⁶ We expect the Private Rented Sector Database to improve landlords' awareness of requirements, improving compliance, and reforms will also strengthen councils' ability to target enforcement action at the small minority of rogue landlords.
98. **The costs and benefits of the Impact Assessment, discussed in the following section, have been prepared on the assumption of full compliance by landlords, and other actors, impacted by new reforms – as is required by the Better Regulation framework.** Where compliance means fulfilling existing standards, costs have not been included in the NPSV calculations, because these requirements should be being met. However, the benefit has been counted because it is not currently being realised. We are undertaking a separate New Burdens Assessment and Justice Impact Test to understand the likely net additional cost, including of enforcement action, to councils, the courts and tribunals. Where applicable, discussion of the non-monetised enforcement actions is included.

¹⁰⁶ MHCLG (2022) Segmenting private landlord compliance.

3.4 Detail of monetisation in estimates

99. **This section sets out further detail on the costs and benefits that inform the Net Present Social Value (NPSV) estimates and whether they have been monetised.** Table 5 at the end of this section provides a summary of the costs and benefits of each policy for the different affected groups.
100. **While each policy has been assessed independently, the reforms we propose to legislate for are linked and often co-dependent and therefore provide benefits that are greater than the sum of their parts.** As an example, we expect abolishing section 21, the Database, the Ombudsman and strengthened local council enforcement powers to work together to improve PRS quality. Tenants will feel more empowered to complain about issues without fear of retaliatory eviction, and there will be improved dispute resolution and enforcement mechanisms to remedy those complaints; for example, local councils will be better able to take action against rogue landlords because of the information available on the database and their strengthened powers. **Individual measures with costs that may seem high in comparison to benefits, should therefore be considered in the round.**

Costs and benefits for tenants

101. We expect there will be **substantial benefits** for tenants, although these are challenging to robustly monetise. The key benefit for tenants that we have been able to **monetise** is the savings from reduced household moves, because of the abolition of section 21 'no fault' evictions and improved redress which should support earlier dispute resolution, resulting in longer, more sustainable tenancies. This will reduce moving costs (which average £1,457 per move) and avoid higher rents that often occur when starting a new tenancy. Data from the English Private Landlord Survey 2021 shows nearly half of landlords (45%) increased rent for new tenancies – compared to just 26% for renewals of existing tenancies. In England, private rental prices increased by 8.4% in the 12 months to August 2024, down from 8.6% in the 12 months to July 2024.¹⁰⁷ **The total monetised benefit to tenants of reduced moves as a result of tenancy reform is estimated to be £818.6 million over the ten-year appraisal period.** This is set out in Annex 1.
102. Alongside this, there will be significant **non-monetised benefits**. As set out in section 1, short notice evictions as a result of section 21 lead to worse educational outcomes, reduced ability to hold down stable employment and a lack of bargaining power to challenge poor standards, with the associated negative health and wellbeing impacts of this. For example, children in cold homes are twice as likely to suffer from respiratory problem.
103. We can, therefore, expect improved educational outcomes, higher earnings and improved health and wellbeing because of policies that abolish section 21, improve dispute resolution, and strengthen enforcement mechanisms to bolster standards. We know that increasing inspection and enforcement activity makes a difference – the NAO, for example, found that councils that are more active in inspecting properties were more likely to see fewer Category 1 health and safety hazards. Linked to this, we would also expect energy bill savings as a result of more properties meeting minimum standards for energy efficiency and thermal comfort.

¹⁰⁷ Private rent and house prices, UK: September 2024, ONS.

104. **Illustratively, a reduction in around 1% of the most serious Category 1 hazards, which affect around 572,000 PRS households (12.5%), is needed to ensure that the monetised costs we have identified are cancelled out and the total net present social value of our reforms is positive.** As set out in section 3.1, our assessment is that it is not unreasonable to expect to see a 25% reduction of the most serious Category 1 hazards, which would place the total net present social value of the reforms at £895.3m (2025 PV).
105. Further **non-monetised benefits** include reduced reliance on some court processes, saving tenants time and money, because of increased redress options including the Ombudsman. Renters will also benefit from being able to make more informed choices about where they live based on compliance information about landlords that will be available on the Private Rented Sector Database. Furthermore, we expect they will have improved access to and choice of dwellings because of changes to the law to make it easier to rent with pets. Tenants who chose to have pets will benefit from the mental and physical health advantages associated with pet ownership.
106. However, there will also be some **costs** for tenants. As set out in section 3.3, we expect some landlords to passthrough some costs of new policies to tenants in the form of rent increases. We have **monetised** these costs, though there is a high degree of uncertainty. As this is an indirect cost, it is not included in the headline net direct cost to business.

Costs and benefits for landlords

107. As set out in previous sections, we expect **a number of costs to landlords which we have been able to monetise.** These include familiarisation costs to understand and adjust to new regulations; new and increased requirements for providing evidence prior to serving section 8 eviction notices, and for completing section 13 forms to increase rents; time required to consider requests for pets; and some additional court costs as tenants will have greater ability to challenge section 8 eviction notices. **These costs to landlords equate to approximately £22 per rented property per year – estimated at 0.2% of average annual rents in England.**
108. There are also some **costs** to landlords that **we haven't been able to monetise.** Some may lose rental income as a result of the Tribunal no longer being able to raise rents above the levels asked for by landlords (though where rent increases are not excessive, the Tribunal will retain the ability to order them to be met). In some rare circumstances, landlords may also incur costs as a result of being prevented from evicting long-term tenants to use the dwelling as a holiday let and obtain a higher rental income during the holiday season. These policies are designed to provide a degree of security for tenants.
109. This is in the context of strong **benefits** for landlords. These include those we have been able to **monetise** from reduced tenant churn as a result of longer-term tenancies – which will reduce void periods for landlords, where the property is empty and there is no rental income. It will also reduce landlords' need to use letting agents. **We estimate these benefits to landlords equates to a gross £9 per rental property per year.** As above, some landlords will also be able to raise rent to cover some costs of policies, increasing income.
110. We would also expect **non-monetised benefits** as a result of landlords being able to more easily and quickly understand their duties as a landlord via the Private Rented Sector Database. There will also be reputational benefits for landlords as a result of increased professionalisation of the sector because of increased compliance and expected greater enforcement action against criminal landlords. Furthermore, reliance on some court processes will be reduced because of increased redress options, saving landlords time and money – and

they will benefit from greater ease in using section 8 grounds to evict tenants at fault, reducing property damage and loss of rental income as a result of anti-social behaviour.

Costs and benefits for letting agents and related businesses

111. There will also be impacts on letting agents and related businesses. We have **monetised** the familiarisation **costs** of understanding and adjusting to new regulations for lettings agents. We have also monetised the commensurate loss of income for lettings agents and other related business of reduced PRS churn as a result of more stable tenancies. **For example, we expect letting agents will face costs of £1,719 per agent per year over the ten-year appraisal period.**¹⁰⁸

112. There are also **benefits that we haven't been able to monetise**; for example, we expect letting agents to also benefit from the Private Rented Sector Database because they will be able to register on behalf of landlords – generating income from this new service. This benefit may be limited as it will be simple to register so landlords may choose to do it themselves rather than use a service.

Costs and benefits to government / the taxpayer

113. We expect some **costs** to the taxpayer, which we have not been able to monetise. These include costs to the courts and tribunals as a result of new offences created by reforms, and some increased volumes of cases; for example, we may see an increase in applications to challenge above market rent increases in the First-tier Tribunal (Property Chamber). We are undertaking a detailed New Burdens Assessment and Justice Impact Test to quantify net additional costs to the courts, tribunals and councils.

114. There will also be **benefits** to the courts, which partially offset these costs. MHCLG and MoJ will work closely together to explore how alternative dispute resolution provisions in the Bill could reduce the burdens on courts. The new PRS Ombudsman will provide an alternative to court action for tenant-initiated complaints, with some potential to reduce the limited number of claims for damages made by tenants against their landlords for property standards issues and/or breaches of contract, or court action taken by tenants against the landlord because their property is not fit for human habitation. More significantly, there is also the option to deliver landlord-initiated mediation either through the PRS Landlord Ombudsman or another body. This could support landlords in resolving disputes with tenants at an early stage and prevent cases escalating to county court possession claims. This will reduce the burden on the justice system which is associated with these cases – for example the provision of legally aided advice at hearings and bailiffs to enforce warrants of possession- and free up resources which can be deployed elsewhere. The volume of illegal eviction cases pursued by councils in the Magistrates' Court is likely to decrease due to the introduction of an alternative route for enforcement outside of court through Civil Penalty Notices.

115. There will also be further **non-monetised costs** of increased enforcement activity by councils, as we anticipate an initial uptick in complaints as a result of reforms that will empower tenants to assert their rights. In the longer term, we would expect this to settle at lower levels, offset by the Ombudsman which will offer an alternative route for dispute resolution. There will also be efficiencies for councils as a result of increased enforcement powers and increased access to data and information through the Private Rented Sector Database – meaning councils will be able to better target action against criminal landlords within resources, driving up quality. We also expect some upfront costs to the government to establish the Private

¹⁰⁸ Which 2023 – Using a letting agent (adjusted to 2019 values).

Rented Sector Database (though this will eventually become self-financing via registration fees), and to provide communications and guidance about the new system to aid understanding by landlords, tenants and other actors in the PRS.

116. There will also be **benefits** to the taxpayer of improved housing quality and security as a result of reforms; **for example, the average annual healthcare saving per Category 1 hazard rectified was £542 in 2019 prices.** Similarly, the increase in stability for tenants with greater security of tenure could reduce the number of households at risk of becoming homeless leading to a reduction in temporary accommodation costs.

Costs and benefits for society

117. Overall, we expect **substantial benefits** to society which it is **not possible to monetise.** These benefits are detailed for each reform in individual annexes and include improved productivity, stronger communities, better prospects (including higher earning potential) for children who have stable education, and reduced geographic disparity as a result of higher quality and more secure housing for PRS tenants – helping deliver the government’s commitment to transform the experience of private renting by levelling the playing field decisively between landlord and tenants. This includes driving significant improvements to conditions in the private rented sector. For example, there is an estimated cost of lost economic output of £126 per Category 1 hazard per year.¹⁰⁹

¹⁰⁹ MHCLG analysis of Transport Research Laboratory 2009 *Re-valuation of Home Accidents*.

Table 5: Summary of costs and benefits of core policies on impacted groups in the Renters' Rights Bill

Bill policy			Tenants		Landlords, letting agents and other businesses		Government / the taxpayer		Society	
Tenancy reform Net present social value of £651.5m Description: Abolishing section 21 'no fault' evictions and moving to a simpler tenancy structure where all tenancies are periodic – to provide more security for tenants and empower them to challenge poor practice and unfair rent increases without fear of eviction. Reforming possession grounds so landlords can still recover their property (including where landlords wish to sell their property or move in close family) and to make it easier for landlords to repossess their properties where tenants are at fault, in cases of anti-social behaviour. Avoiding very large rent increases being used as a backdoor method of eviction, whilst protecting landlords' ability to increase rent each year in line with market rates.	Benefits	Monetised	<ul style="list-style-type: none"> Reduced involuntary household moves as a result of more stable tenancies 	£818.6m	<ul style="list-style-type: none"> Landlords' reduced use of letting agents as a result of more stable tenancies Landlords' reduced use of other businesses for services related to household moves 	£391.7m £21.5m	<ul style="list-style-type: none"> No monetised benefits 		<ul style="list-style-type: none"> No monetised benefits 	
		Non-monetised	<ul style="list-style-type: none"> Lower rents as a result of reduced moves – avoiding having to pay likely higher rent of a new tenancy, and as a result of improved ability to challenge unreasonable rent increases Improved educational outcomes, as a result of higher quality and more secure housing Improved earnings from more stable employment, as a result of higher quality and more secure housing Improved health and wellbeing, as a result of higher quality and more secure housing Reduced energy bills as a result of higher quality housing 		<ul style="list-style-type: none"> Greater ease for landlords in using section 8 grounds to evict tenants at fault – including reduced impacts of anti-social behaviour as a result of being able to evict tenants more quickly Higher rent for landlords as a result of potential cost pass-through Reduced void periods for landlords as a result of more stable tenancies 		<ul style="list-style-type: none"> Reduced health costs, as a result of higher quality and more secure housing Reduced homelessness duties owed leading to reduction in temporary accommodation costs, as a result of more stable tenancies 		<ul style="list-style-type: none"> Improved productivity, as a result of higher quality and more secure housing, and business generated as part of home improvement work Stronger communities and reduced geographic disparity as a result of improvements to housing quality 	

Bill policy			Tenants		Landlords, letting agents and other businesses		Government / the taxpayer		Society	
	Costs	Monetised	<ul style="list-style-type: none"> No monetised costs 		<ul style="list-style-type: none"> Familiarisation costs to landlords of understanding and adjusting to regulations Time taken by landlords to evidence evictions prior to serving a section 8 eviction notice and for the Ombudsman Some additional court costs for landlords as tenants will have greater ability to challenge section 8 evictions Time taken to complete section 13 forms by landlords to increase rents Reduced use of other businesses for services related to household moves Costs to letting agents of reduced use by landlords, as a result of lower churn 	<p>Calculated across all regulation (£206.8m)</p> <p>£27.5m</p> <p>£113.6m</p> <p>£25.7m</p> <p>£21.5m</p> <p>£391.7m</p>	<ul style="list-style-type: none"> No monetised costs, however a New Burdens Assessment and Justice Impact Test are being undertaken 		<ul style="list-style-type: none"> No monetised costs 	
		Non-monetised	<ul style="list-style-type: none"> Possible rent increases as a result of potential landlord cost pass-through 		<ul style="list-style-type: none"> Lost rental income through the Tribunal not being able to increase the rent above what a landlord was asking for Not being able to evict long-term tenants to use the dwelling as a 		<ul style="list-style-type: none"> Increased in applications to challenge rent increases in the First-tier Tribunal (Property Chamber) Wider enforcement costs for local councils, courts and tribunals for new offences 		<ul style="list-style-type: none"> No non-monetised costs 	

Bill policy			Tenants		Landlords, letting agents and other businesses		Government / the taxpayer		Society	
					holiday let during the high season		<ul style="list-style-type: none"> Familiarisation cost for local councils, courts and tribunals of understanding the new system Funding for Government communications, such as guidance 			
Ombudsman <i>Net present social value of -£46.4m; however, this would be offset by just £0.98 worth of annual non-monetised benefits per household, such as health and productivity benefits of improved housing quality. The average annual healthcare saving per hazard rectified was £542.</i> <u>Description:</u> Introducing a new single Ombudsman that all private landlords must join to provide fair, impartial, and binding resolution to many issues and be quicker, cheaper, and less adversarial than the court system benefiting both tenants and landlords.	Benefits	Monetised	<ul style="list-style-type: none"> Reduced involuntary household moves as a result of greater access to dispute resolution to maintain tenancies 	£155.8m	<ul style="list-style-type: none"> Reduced void periods for <u>landlords</u> as a result of greater access to dispute resolution to maintain tenancies 	£32.0m	<ul style="list-style-type: none"> No monetised benefits 		<ul style="list-style-type: none"> No monetised benefits 	
		Non-monetised	<ul style="list-style-type: none"> Lower rents as a result of reduced moves – avoiding having to pay likely higher rent of a new tenancy Benefits of improved housing quality and security as a result of greater access to dispute resolution to maintain tenancies and remedy quality issues, including improved educational outcomes, improved earnings, improved health and wellbeing, and reduced energy bills Reduced stress from settling disputes earlier 		<ul style="list-style-type: none"> Improved wellbeing for <u>landlords</u> as a result of access to earlier dispute resolution, before issues escalate Reduced reliance on some court processes for <u>landlords</u> as a result of increased redress options – saving time and money 		<ul style="list-style-type: none"> Reduced complaints to the courts, tribunals and local councils, due to a new route for complaints via the Ombudsman Benefits of improved housing quality and security as a result of greater access to dispute resolution to maintain tenancies and remedy quality issues, including reduced health costs and reduced homelessness duties owed 		<ul style="list-style-type: none"> Benefits of improved housing quality and security as a result of greater access to dispute resolution to maintain tenancies and remedy quality issues, including improved productivity, stronger communities and reduced geographic disparity 	

Bill policy			Tenants		Landlords, letting agents and other businesses		Government / the taxpayer		Society	
			<ul style="list-style-type: none">▪ Reduced reliance on some court processes as a result of increased redress options – saving time and money▪ Compensation from landlords when complaints to the Ombudsman are successful							
	Costs	Monetised	<ul style="list-style-type: none">▪ No monetised costs		<ul style="list-style-type: none">▪ Familiarisation costs of understanding and adjusting to regulations▪ Registration fee for <u>landlords</u> for being a member of the redress scheme▪ Time taken by <u>landlords</u> to register with the scheme▪ Time taken by <u>landlords</u> to submit evidence in response to claims brought to the Ombudsman	Calculated across all regulation (£206.8m) £218.4m £11.5m £4.3m	<ul style="list-style-type: none">▪ No monetised costs, however a New Burdens Assessment and Justice Impact Test are being undertaken		<ul style="list-style-type: none">▪ No monetised costs	
		Non-monetised	<ul style="list-style-type: none">▪ Possible rent increases as a result of potential landlord cost pass-through		<ul style="list-style-type: none">▪ Compensation payouts from <u>landlords</u> as a result of Ombudsman orders to remedy successful complaints		<ul style="list-style-type: none">▪ Enforcement costs for local councils, courts and tribunals for new offences▪ Familiarisation cost for local councils, courts and tribunals of understanding new system▪ Funding for Government communications, such as guidance		<ul style="list-style-type: none">▪ No non-monetised costs	

Bill policy			Tenants		Landlords, letting agents and other businesses		Government / the taxpayer		Society	
Private Rented Sector Database <i>Net present social value of -£409.5m; however, this would be offset by just £8.62 worth of annual non-monetised benefits per household, such as health and productivity benefits of improved housing quality. The average annual healthcare saving per hazard rectified was £542 in 2019 prices.</i> <u>Description:</u> Introducing a new database to help landlords understand their obligations and demonstrate compliance, provide better information to tenants and target council's enforcement activity.	Benefits	Monetised	<ul style="list-style-type: none"> No monetised benefits 		<ul style="list-style-type: none"> No monetised benefits 		<ul style="list-style-type: none"> No monetised benefits 		<ul style="list-style-type: none"> No monetised benefits 	
		Non-monetised	<ul style="list-style-type: none"> Improved understanding of landlords' compliance via the database enabling more informed decisions about where to live Benefits of improved housing quality and security as a result of landlords' greater compliance with regulations and councils' improved ability to target enforcement action against those who are non-compliant, including improved educational outcomes, improved earnings, improved health and wellbeing, and reduced energy bills 		<ul style="list-style-type: none"> Improved compliance with regulations as a result of being able to more easily understand obligations through the database Additional income for letting agents from being able to offer services to register landlords on the database Increased business generated from home improvement and services associated with landlord compliance such as providing gas safety certificates 		<ul style="list-style-type: none"> More efficient enforcement action to target criminal landlords as a result of the database Benefits of improved housing quality and security as a result of landlords' greater compliance with regulations and councils' improved ability to target enforcement action against those who are non-compliant, including reduced health costs and reduced homelessness duties owed 		<ul style="list-style-type: none"> Benefits of improved housing quality and security as a result of landlords' greater compliance with regulations and councils' improved ability to target enforcement action against those who are non-compliant, including improved productivity and stronger communities 	
	Costs	Monetised	<ul style="list-style-type: none"> No monetised costs 		<ul style="list-style-type: none"> Familiarisation costs of understanding and adjusting to regulations Fee for landlords of registering with the Private Rented Sector Database Time taken by landlords to register with the database 	Calculated across all regulation (£206.8m) £359.7m £49.8m	<ul style="list-style-type: none"> Familiarisation cost for local councils of understanding the Private Rented Sector Database will be considered through a New Burdens Assessment and Justice Impact Test 		<ul style="list-style-type: none"> No monetised costs 	
		Non-monetised	<ul style="list-style-type: none"> Possible rent increases as a result of potential 		<ul style="list-style-type: none"> No non-monetised costs 		<ul style="list-style-type: none"> Government grant to fund the initial set up of the Private 		<ul style="list-style-type: none"> No non-monetised costs 	

Bill policy			Tenants	Landlords, letting agents and other businesses		Government / the taxpayer		Society	
			landlord cost pass-through				Rented Sector Database <ul style="list-style-type: none"> ▪ Enforcement costs for local councils, courts and tribunals for new offences ▪ Familiarisation cost for courts and tribunals of understanding new system ▪ Funding for Government communications, such as guidance, to explain the database ▪ Familiarisation cost for local councils of understanding the database 		
Renting with pets <i>Net present social value of -£15.3m; however, this would be offset by just £0.77 (per household renting with a pet) worth of annual non-monetised benefits from having a pet in your home, such as improved health and wellbeing. For example, research suggests pet ownership in the UK may reduce the use of the NHS to the value of £2.45 billion a year.¹¹⁰</i> <u>Description:</u> Giving tenants the right to request a pet	Benefits	Monetised	<ul style="list-style-type: none"> ▪ Improved health and wellbeing, as a result of ability to rent with pets 	£346.8m	<ul style="list-style-type: none"> ▪ Additional for pet insurance companies and associated benefits 	£6.9m	<ul style="list-style-type: none"> ▪ No monetised benefits 		<ul style="list-style-type: none"> ▪ No monetised benefits
		Non-monetised	<ul style="list-style-type: none"> ▪ No non-monetised benefits 		<ul style="list-style-type: none"> ▪ Potential increased pet ownership driving services for pet-related businesses 		<ul style="list-style-type: none"> ▪ Reduced health costs as a result of the benefits of pet ownership 		<ul style="list-style-type: none"> ▪ No non-monetised benefits
	Costs	Monetised	<ul style="list-style-type: none"> ▪ Insurance costs / payouts as a result of pet damage 	£346.8m	<ul style="list-style-type: none"> ▪ Familiarisation costs of understanding and adjusting to regulations ▪ Time taken by landlords to consider requests for pets 	Calculated across all regulation (£206.8m) £22.2m	<ul style="list-style-type: none"> ▪ No monetised costs, but a New Burdens Assessment and Justice Impact Test are being undertaken 		<ul style="list-style-type: none"> ▪ No monetised costs
		Non-monetised	<ul style="list-style-type: none"> ▪ Possible rent increases as a result of potential 		<ul style="list-style-type: none"> ▪ No non-monetised costs 		<ul style="list-style-type: none"> ▪ Enforcement costs for local councils, 		<ul style="list-style-type: none"> ▪ No non-monetised costs

¹¹⁰ Hall, Sophie, Dolling, Luke, Bristow, Kate et al (2016) *Companion animal economics: the economic impact of companion animals in the UK*.

Bill policy			Tenants		Landlords, letting agents and other businesses		Government / the taxpayer		Society	
in their property, which the landlord must consider and cannot unreasonably refuse. The Tenant Fees Act 2019 will be amended so that landlords can require pet insurance so any damage to their property is covered.			landlord cost pass-through				courts and tribunals for new offences <ul style="list-style-type: none"> ▪ Familiarisation cost for local councils, courts and tribunals of understanding new system ▪ Funding for Government communications, such as guidance 			
Rental Discrimination <i>Net present social value of -£1.0m; however, this would be offset by just £0.02 worth of annual non-monetised benefits per household. We expect costs to businesses specifically in relation to rental discrimination to be very small and more than offset by non-monetised benefits through improved access to PRS housing for more disadvantaged groups.</i> <u>Description:</u> Making it illegal for landlords to discriminate against tenants in receipt of benefits or with children when choosing to let their property.	Benefits	Monetised	<ul style="list-style-type: none"> ▪ No monetised benefits 		<ul style="list-style-type: none"> ▪ No monetised benefits 		<ul style="list-style-type: none"> ▪ No monetised benefits 		<ul style="list-style-type: none"> ▪ No monetised benefits 	
		Non-monetised	<ul style="list-style-type: none"> ▪ Improved access to the PRS ▪ Greater choice in dwellings ▪ Improved wellbeing from greater confidence of being able to secure a home 		<ul style="list-style-type: none"> ▪ Possible rent increases a result of potential landlord cost pass through, but landlords could potentially benefit from widening their customer base 		<ul style="list-style-type: none"> ▪ Potential reduction in homelessness duties owed as result of greater access to PRS ▪ Potential health savings as tenants in more appropriate housing 		<ul style="list-style-type: none"> ▪ Increased productivity as tenants able to access more appropriate housing ▪ Reduced inequality in access to PRS housing 	
	Costs	Monetised	<ul style="list-style-type: none"> ▪ No monetised costs 		<ul style="list-style-type: none"> ▪ Familiarisation costs of understanding and adjusting to regulations ▪ Familiarisation costs to letting agents of understanding and adjusting to regulations 	Calculated across all regulation (£206.8m) £1.0m	<ul style="list-style-type: none"> ▪ No monetised costs 		<ul style="list-style-type: none"> ▪ No monetised costs 	
		Non-monetised	<ul style="list-style-type: none"> ▪ Possible rent increases a result of potential landlord cost pass through 		<ul style="list-style-type: none"> ▪ There may also be some increased costs that do not get passed on in the form of higher rents 		<ul style="list-style-type: none"> ▪ Familiarisation and enforcement costs on LAs (being considered in a New Burdens Assessment) ▪ Additional tribunal time to hear appeals (bring considered in a Justice Impact Test) 		<ul style="list-style-type: none"> ▪ No non-monetised costs 	

Bill policy			Tenants		Landlords, letting agents and other businesses		Government / the taxpayer		Society	
							<ul style="list-style-type: none"> Funding for Government communications, such as guidance 			
Rental Bidding <i>Net present social value of -£1.0m; however, there are significant non-monetised impacts which could offset the negative NPSV, such as wellbeing benefits from reduced stress of bidding wars and distributional benefits.</i> <u>Description:</u> Prohibit landlords from inviting, encouraging, or accepting offers of rent above the advertised price.	Benefits	Monetised	<ul style="list-style-type: none"> No monetised benefits 		<ul style="list-style-type: none"> No monetised benefits 		<ul style="list-style-type: none"> No monetised benefits 		<ul style="list-style-type: none"> No monetised benefits 	
		Non-monetised	<ul style="list-style-type: none"> Wellbeing benefits of reduced stress from bidding wars Distributional benefits from reduced bidding power of wealthier tenants 		<ul style="list-style-type: none"> No non-monetised benefits 		<ul style="list-style-type: none"> No non-monetised benefits 		<ul style="list-style-type: none"> No non-monetised benefits 	
	Costs	Monetised	<ul style="list-style-type: none"> No monetised costs 		<ul style="list-style-type: none"> Familiarisation costs to landlords (costed across all Bill provisions) Familiarisation costs to letting agents (which have been considered separately here) 	Calculated across all regulation (£206.8m) £1.0m	<ul style="list-style-type: none"> No monetised costs 		<ul style="list-style-type: none"> No monetised costs 	
		Non-monetised	<ul style="list-style-type: none"> No non-monetised costs 		<ul style="list-style-type: none"> Increased void periods if the policy increases the time it takes to find a tenant 		<ul style="list-style-type: none"> No non-monetised costs 		<ul style="list-style-type: none"> No non-monetised costs 	

3.5 Direct costs and benefits to business calculations

118. **The direct cost-benefit discussion is set out in the annexes, which detail the monetised and non-monetised benefits and costs of each policy.** The EANDCB includes landlords and letting agents. The EANDCB does not include any estimates of the likely degree of cost pass-through to tenants or landlords from the proposed regulation and is based on the additional costs businesses are likely to incur. A summary of the EANDCB is shown at Table 6.

119. The direct costs considered in scope of the reforms are:

- **Hidden and policy related costs**, including familiarisation costs, time costs (of registrations or additional forms required) and court costs.
- **Registration costs**, including the fees payable upon joining the Private Rented Sector Database and Ombudsman scheme. To note, these fees are charged by a public body therefore are excluded from the EANDCB calculations as per the Better Regulation Framework interim guidance.¹¹¹

120. **The benefits and costs to tenants and council landlords are not included in the EANDCB as they are not classified as businesses.** These impacts are included in the NPSV.

Table 6: Summary of the EANDCB

Metric	Value (2019 £m, 2025 PV)
Estimated annual net direct cost to business (EANDCB) – primary legislation only	£33.0

121. Landlords will be required to familiarise themselves with the reforms. We are committed to ensuring that landlords understand their responsibilities through the provision of clear, concise and accessible guidance.

122. As stated in paragraph 62, we have assumed reforms will begin being implemented during 2025 and be fully operational by 2026 (noting that measures will begin roll-out leading up to this date). As reforms will likely be implemented in part in parallel, for the purposes of this assessment, we have grouped familiarisation costs. For the measures across the Bill (excluding DHS and Awaab's Law), familiarisation cost to landlords are calculated across the legislation rather than for each individual strand of the reforms. We expect both Awaab's Law and the Decent Homes Standard for the PRS to have separate guidance, so they are monetised separately. The expected familiarisation time for the rest of the measures is approximately six hours. This is based on an approximate anticipated length of around 60 pages of applicable content, and a conservative estimate of 0.1 hours per page for landlords to understand these reforms and the implications for their businesses. This includes the

¹¹¹ Better Regulation Framework – interim guidance, March 2020.

familiarisation time to private landlords of enacting and enabling legislation on the face of the Bill.

123. We have assumed a further time cost based on the flow of new landlords to the sector. Approximately 8.6% of landlords have owned their property for under three years,¹¹² from which we will assume that one third (2.9%) have become landlords in the past year. We assume that from 2026, existing landlords will be replaced by new ones at this rate every year. For these landlords, the counterfactual time cost is 5 hours,¹¹³ so the new legislation implements an additional 1 hour per new landlord when they join the sector.

124. This assumption may appear generous as the training programme covers all existing obligations on landlords – but has been made on the basis that the measures in the Bill amount to the most comprehensive and far-reaching reform of tenancy law since the Housing Act 1988 and will impact each part of the existing system. Landlords will need a considerable amount of time to understand each reform. Furthermore, our reforms introduce new components to the system through the Ombudsman and Private Rented Sector Database and landlords will need to get to grips with what these new requirements and responsibilities mean for their business. In addition, as noted in section 1.1, there is great variety in landlords. Some are large corporates with equally large portfolios, while others are individuals letting one or two properties. Each landlord will need time to reflect on how the reforms impact their individual business model and personal circumstances.

125. The estate agent wage is used as a proxy for private landlords as this represents the cost of paying an agent to attend on the landlord's behalf. All wage data used in the Impact Assessment is from the 2022 Annual Survey of Hours and Earnings (ASHE).¹¹⁴ For existing landlords this cost is transitory in year one of the policy only. The per landlord cost is therefore the wage (uprated by 1.3 to reflect non-wage costs) multiplied by the six hours of familiarisation time – this is £86 per landlord (ranging from £72 to £100). The total familiarisation cost for existing private landlords is estimated to be £199.5 million in the first year of the policy (ranging from £166.3 million to £232.8 million). For new entrants into the sector, the familiarisation cost is assumed to be an additional one hour as highlighted above. The additional familiarisation cost for new landlords entering the market (paragraph 123) is based on the same wage assumptions and uplifts as above and total £7.3 million (ranging from £0 to £14.5 million). This brings the total familiarisation cost across the measures to £206.8 million (ranging from £166.3 million to £247.3 million). **Familiarisation costs for Awaab's Law and the DHS and for different groups (such as letting agents or social housing providers) are detailed in the annexes.**

126. We will ensure that our guidance e.g. The 'How to Let' guide remains up to date to allow landlords to remain abreast of developments and, once the Database is established, it will allow landlords to access relevant guidance through a single 'front door' alongside any industry provided courses. We are also planning a communications campaign to accompany the reforms to ensure that landlords understand their responsibilities in advance of the implementation of the legislation.

¹¹² English Private Landlord Survey 2021.

¹¹³ Based on existing products on the market that train landlords to understand their obligations; for example, NRLA's 'Landlord Fundamentals' course or ARLA Propertymark's 'Lettings Refresher'.

¹¹⁴ Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk).

3.6 Impact on small and micro businesses

127. **The PRS is expected to become increasingly professionalised, with larger portfolio landlords growing their share of tenancies.** If consolidation of the sector occurs, it may lead to an increase in good practice as the English Housing Survey suggests that landlords are more likely to demonstrate good practice if property is a significant part of their professional and financial plan. Further detail on landlord characteristics is set out in Annex 9.
128. **However, most landlords in the PRS would be classified as a small and micro business (SMBs) as the vast majority of landlords have fewer than 50 employees and a turnover of less than €10 million.**¹¹⁵ SMBs are usually defined by the number of employees or level of turnover. 97% of landlords have a total rental income of less than £150,000 per annum and over half (56%) of landlords have gross rental income of less than £20,000. Only the largest institutional investors are likely to exceed the turnover or number of employees to not be classified as a SMB. Only 4% of landlords originally became a landlord in order to let property as a full-time business.¹¹⁶
129. **Therefore, exempting SMBs would undermine the policy objective to fundamentally reform the sector by addressing insecurity and injustice and improve the quality of housing within it as very few landlords would be in scope of the reforms if these are excluded.** This would perpetuate existing market failures set out in section 2.2, relating to negative externalities and information asymmetries, that have led to poor quality and insecure housing for tenants, poor experiences for landlords, and costs to society – potentially exacerbating these problems by making regulation more unequal. Given the vast majority of the sector is operated by small and micro businesses – and it is the smaller landlords who are less likely to be compliant with current legislation – the estimated benefits of the reforms would not therefore be realised.¹¹⁷
130. **Instead of exempting SMBs, we will instead focus on ways to support them with meeting new regulations.** These measures will support all landlords but we would expect them to have a disproportionately large impact on SMBs. This includes:
- **Allowing a grace period for landlords to sign up to both the Ombudsman and the Private Rented Sector Database** – so that those who do not immediately register are not disproportionately punished. For those landlords (64%) who use a letting agent they will have the ability to instruct an agent on their behalf to sign up to the database, and we are exploring what support an agent could provide for sign-up to the Ombudsman.
 - **Exploring how we might streamline registration requirements for the Ombudsman and Private Rented Sector Database** – for example, this may involve landlords only needing to register on the database every three years and we envisage the re-registration process being swift, especially if information provided at the initial registration has not changed. We are conducting extensive user testing to ensure the service is fit for business and follows Government Digital Service (GDS) principles. For the Ombudsman, landlords will be required to pay a yearly subscription fee alongside updating any information that has changed. We will also explore how we might

¹¹⁵ The definition of SMBs is available [here](#).

¹¹⁶ English Private Landlord Survey 2021.

¹¹⁷ MHCLG 2022 Landlord Segmentation analysis.

streamline the process of signing up to both services so landlords aren't required to provide duplicate information.

- **Providing guidance and support to help landlords meet new requirements** – including undertaking a proactive communications campaign to support landlords and letting agents to meet the updated requirements. We will also provide telephone support for registering with the Private Rented Sector Database and Ombudsman and will ensure there are ways for landlords to register offline. To accompany registration there will be guidance and online processes.

3.7 Wider impacts

Equalities impact

131. To estimate the impacts of Renters' Rights Bill measures on people with protected characteristics, it is necessary to understand which groups are over and underrepresented in the populations of PRS landlords and tenants. The department uses two primary data sources for data on tenants and landlords in the PRS; the English Housing Survey and the English Private Landlord Survey. **We have undertaken a separate full Equalities Impact Assessment in accordance with the Public Sector Equality Duty. This section provides an overview of findings.**

132. With respect to landlords, due to data limitations, it has only been possible to evidence that landlords are, on average, older and less ethnically diverse than the general population. Almost two thirds (63%) of landlords were aged 55 or older. 88% of landlords identified as White.¹¹⁸ **This evidence suggests White, older people could be disproportionately affected by the costs of new policies.** However, as discussed in section 3.4, there are also strong monetised and non-monetised benefits for landlords, including reduced void periods.¹¹⁹

133. Evidence shows that **landlords** are:

- **More likely to identify as White:** 88% of landlords identified as White, with 4% Indian, 2% Black, 1% Pakistani or Bangladeshi and the remaining 5% Other.¹²⁰
- **More likely to be male:** 55% of landlords identified as male and 44% identified as female (1% identified as Other). Female landlords were more likely than male landlords to own one property (55%) compared to landlords who were male (45%).¹²¹

134. The department does not collect any data on the marital or disability status of landlords. However, we have identified that landlords within these protected groups may be negatively affected by the requirements of a digital database. We will introduce the following reasonable adjustments to combat this:

- Alternative (offline) ways for registration to be processed;
- Offering telephone line support and issuing clear guidance to support landlords; and

¹¹⁸ English Private Landlord Survey 2021: main report - GOV.UK (www.gov.uk).

¹¹⁹ English Private Landlord Survey 2021: main report - GOV.UK (www.gov.uk).

¹²⁰ English Private Landlord Survey 2021: main report - GOV.UK (www.gov.uk).

¹²¹ English Private Landlord Survey 2021: main report - GOV.UK (www.gov.uk).

- Enabling individuals to nominate another entity to complete their registration on their behalf (e.g. an agent).

135. There is greater data availability on the make-up of tenants in the PRS. Evidence suggests that compared to the general population, **private tenants** are:

- **Typically younger:** The age distribution of private renters is based on the age of the Household Reference Person (HRP). Private renters in 2022-23 remained the youngest tenure with a mean age of 41. The most common age group among private renters was 25 to 34 year olds (30%). The least common age group were those 75 years or older (4%) among private renters.¹²²
- **More likely to be male:** 55% of HRPs identify as male. The only age categories that differed between the sexes were among 25 to 34 year olds and 35 to 44 year olds. Those aged 25 to 34 were four percentage points more likely to be male than female (17% compared to 13%), and those aged 35 to 44 were also four percentage points more likely to be male than female (13% compared to 9%).¹²³
- **Less likely to have a long-term illness or disability:** 28% of households in the PRS have one or more household members with a long-term illness or disability (compared to 56% in the Social Rented Sector).¹²⁴
- **More likely to come from an ethnic minority background:** The Social Rented Sector had a higher proportion of white HRPs than the Private Rented Sector (80% or 3.2 million, compared to 74% or 3.4 million, respectively).¹²⁵
- **More likely to hold a religious belief other than Christianity or hold no religious belief:** In 2022-23, private renters had the highest proportion of HRPs of all tenures with no religion at 45% (2.1 million), compared to 37% of social renters (1.5 million) and 38% of owner occupiers (6 million). Social renting HRPs were 12 percentage points more likely to identify as Christian than private renting HRPs (52% and 40% respectively). After Christianity, the most reported religion was Islam, with 8% of both private and social renters identifying as Muslim.¹²⁶
- **More likely to have one dependent child or more:** The most common household type within the rented sectors in 2022-23 was one person living alone, making up 33% of private rented households (1.5 million) and 45% of social rented households (1.8 million). The second most common household type for private renters was couples with no children, followed by couples with dependent children (21% and 18%, respectively).¹²⁷
- **More likely to identify as LGB+:** The most common sexual identity across the rented sector was heterosexual, with 93% of private renters (3.7 million) and 94% of social renters (3.4 million) identifying as such. This equates to 476,000 LGB+ HRPs within the

¹²² English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

¹²³ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

¹²⁴ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

¹²⁵ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

¹²⁶ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

¹²⁷ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

rented sectors. LGB+ HRP's were significantly less common among owner occupiers (3%).

136. Due to data limitations, it has not been possible to build up a picture of private tenants on the protected characteristic of gender reassignment, whilst only proxy data is available for the protected characteristics of pregnancy and maternity, and marriage or civil partnership.

137. **Therefore, on average, the protected groups overrepresented in the population of private tenants will disproportionately benefit from the Bill.** There will be variability across the PRS though, and some private tenants may be negatively affected by the policy; for example, where a landlord withdraws a property from the market, or the policy leads to rent increases.

138. Overall, we have considered the impact that our reforms will have on people with protected characteristics. Our conclusion is that the intended outcomes of our reforms are to reflect the diverse nature of the Private Rented Sector today, to give tenants greater security, rights and protections. We anticipate that the Renters' Rights Bill will have a net benefit to all tenants living in the sector, including those with a protected characteristic.

139. We are designing metrics to monitor the impacts and outcomes of our reforms in a robust way, and allow us to track progress with respect to those with protected characteristics (see section 5).

Other relevant proxies linked to protected characteristics

Geographical Disparity in Rents

- **Geographical Disparity in Rents:** Private renters (mean: £356, median: £329) living in London paid more on average per week than those in any other region. Private renters in London spent more per week on rent than social renters in London. Additionally, private renters in London spent over twice as much on rent as private renters in the North East, the North West, Yorkshire and the Humber, and the East and West Midlands, where average weekly rental costs ranged from £133 to £170. On average (mean), private renters spent 32% of their income on rent when housing support was included in their household income, compared to 37% when it was excluded. This shows that housing support reduces the rent burden when counted.¹²⁸
- **Housing Support:** Private renters in receipt of housing support spent a larger proportion of their income on rent (36%) than private renters not in receipt of housing support (31%). This shows that those that receive support still spend more of their income on rent.
- **Regional impacts on PRS quality:** Among private rented dwellings, the highest rates of non-decent homes were in the North West, where 32% (180,000) were classed as non-decent. Rates of non-decent homes were higher here than in the North East (16%, 36,000), East of England (19%, 91,000), London (12%, 134,000) and the South East (18%, 130,000). The East Midlands (29%, 108,000), West Midlands (25%, 114,000) and Yorkshire and the Humber (25%, 116,000) also had higher rates of non-decent

¹²⁸ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

dwellings than London (12%, 134,000) which had the lowest proportion of non-decent private rented dwellings.¹²⁹

- **Rental price** is another factor that creates regional variation because rental price represents the (liquid) income landlords could use to improve dwelling standards and repairs. Annual private rental prices increased by 8.4% in England in the 12 months to August 2024.¹³⁰
- London was the English region with the highest annual rent inflation in the 12 months to August 2024, at 9.6%. This was lower than in the 12 months to July 2024.. Annual rent inflation was lowest in the South West, at 6.4% in the 12 months to August 2024.¹³¹

3.8 Risks and uncertainties

140. The table below summarises the main risks identified that would impact the appraisal contained in this Impact Assessment.

Table 7: Risks that would impact the appraisal

Risk description	Impact	Mitigations
Landlords, and properties, leave the PRS	This could result in localised shortages of properties available to private tenants. This may lead to a further increase in rent, however if these dwellings become the property of new owner-occupiers, to some extent this may also be offset to some degree from a reduction in PRS demand. It should be noted the Impact Assessment has assumed a slower increase in private rented properties given recent trends.	<ul style="list-style-type: none"> • Reforms to possession court proceedings seek to restore landlords' confidence in being able to regain possession where needed. • Reforms will have a sufficient roll-out time to enable landlords to adapt to new requirements without placing undue burden on them. • See further mitigations for SMBs in section 3.6.
Landlord compliance with the regulation is lower than expected	This would result in a reduction in progress towards the policies' objectives with tenants incurring the bulk of the cost of non-compliance. There may be an increase in costs to council enforcement teams as a result of the non-compliance.	<ul style="list-style-type: none"> • Landlord awareness of obligations will be improved by the Private Rented Sector Database, increasing compliance. • Council enforcement will be strengthened by the Private Rented Sector database, new fines framework and strengthened enforcement powers.

¹²⁹ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

¹³⁰ Private rent and house prices, UK: September 2024, ONS.

¹³¹ Private rent and house prices, UK: September 2024, ONS.

Risk description	Impact	Mitigations
Lack of enforcement	A lack of enforcement of the regulations may lead to an increase in non-compliance and hamper the objectives of the policy.	<ul style="list-style-type: none"> Strengthened enforcement powers and the PRS Database will help landlords target enforcement action more efficiently. A New Burdens Assessment is being undertaken to ensure appropriate resourcing.
Delays to implementation	This would mean it would take longer for benefits to be realised, including improved productivity and health outcomes.	<ul style="list-style-type: none"> Non-legislative measures being prioritised which will deliver benefits in the shorter term. Rigorous programme management to mitigate delivery risks.
The number of landlords increases as expected consolidation does not occur	This would increase the costs to businesses as more individual businesses will incur familiarisation costs amongst others.	<ul style="list-style-type: none"> Relative income and property value expected to offset this at an individual level.
Inflation is higher than expected	This would increase the costs of the reforms to landlords and could potentially lead to higher pass-through to tenants.	<ul style="list-style-type: none"> Government will continue to monitor the impact of the reforms, including through our impact and value for money evaluations. Government will take account of reforms' effects when adjusting any cost charged to landlords, or any financial penalties used in enforcement.
Rental pass through is higher than anticipated	Costs to tenants increase as landlords are able to pass through more of the cost of the reforms to tenants.	<ul style="list-style-type: none"> Tenants will be able to challenge above market rent increases at the First-tier Tribunal. Clauses which allow landlords to put rent up will be banned, removing an avenue through which some landlords might seek to pass more costs on to tenants.

3.9 Monitoring and evaluation

141. We are committed to robustly monitoring and evaluating the PRS reform programme.

Our approach will build on the department's existing long-term housing sector monitoring work, and we will conduct our process, impact, and value for money evaluation in line with our published Evaluation Strategy.¹³² We will publish the evaluation findings in a timely manner, consistent with our policy for publication of research.

142. Monitoring and evaluating the changes delivered through the Renters' Rights Bill will be complex. The PRS is not a single entity; rather it is a series of interdependent markets, defined by geographies, demographics, landlords' business models, and tenants needs and expectations. It is unlikely that the impact of our reforms will be experienced in the same way by all actors in the sector and we will develop an evaluation approach that aims to capture this nuance.

143. Establishing a robust counterfactual to assess the impact of our reforms on these markets and separating out changes which would have happened irrespective of the legislation will also be challenging. The complexity of the challenge will increase further as the reforms will be implemented at different times.

What will we monitor and evaluate?

144. At this stage we anticipate that our monitoring and evaluation work will cover three broad areas:

- **Impact evaluation**, this will assess the impacts from the reforms' outcomes on tenants, landlords, letting agents, the courts system, local council enforcement teams, external advice providers and wider stakeholders. This will cover the experience of the PRS system, focussing on the extent to which the reform package delivers the longer-term outcomes identified through our Theory of Change (further detail below) including:
 - i. Fewer unsafe and non-decent homes;
 - ii. Increased security and stability of tenure;
 - iii. Improved dispute resolution;
 - iv. Improved enforcement and better compliance; and
 - v. More positive renting experiences.
- **Process evaluation**, to examine:
 - i. The efficacy and efficiency of local council enforcement mechanisms;
 - ii. How well our public awareness campaigns raise awareness of changes in the PRS;
 - iii. How well our guidance supports tenants, landlords and other stakeholders; and

¹³² [Evaluation strategy, November 2022.](#)

iv. How the court system performs to support our reform programme post-implementation.

- **Value for money evaluation**, to assesses the benefits and costs of the reforms across the sector and wider society.

Evaluation Preparation

145. **We are taking a phased approach that begins with evaluation preparation.** Due to the challenges noted above, we have carried out a thorough scoping phase to develop a suitable evaluation design. During the scoping phase we have refined a Theory of Change, identified data sources and gaps, and finalised the monitoring and evaluation plan.

146. Significant secondary legislation is needed to implement our reforms. We will make sure that as we develop our secondary legislation, we reflect the governance frameworks and Key Performance Indicators they set out in our monitoring and evaluation plan.

147. We have developed a Theory of Change for both the legislative and wider reforms. The Department is planning to carry out a review and finalisation of the Theory of Change which will provide a sound framework for the evaluation.

148. **This work will take account of future data sources in developing the scope and timing of evaluation.** Links with wider monitoring and evaluation work on housing quality, the Ministry of Justice and HMCTS's work to monitor the performance of our courts system, the Department for Work and Pensions' oversight of the benefits system, and the Department for Energy Security and Net Zero's work on energy efficiency will be assessed.

Data Sources

149. We will use several types of data to support our monitoring and evaluation work, including:

- **Established data sets** – for example, the English Housing Survey, English Private Landlord Survey, and the ONS rental price index, alongside commercial data sources and specific research commissions;
- **Ad hoc data collections**, such as a longitudinal survey of private tenants to collect private tenants' experience in their own words and developing a metric on the extent to which they are empowered to challenge poor standards;
- **Qualitative and quantitative data from trusted stakeholders**, including other government departments and external organisations like Shelter and the NRLA; and
- **Data generated by the reforms themselves** to monitor and evaluate the impact of the reforms on the sector (for example, data generated through the Private Rented Sector Database and Ombudsman).

150. **Continued, regular engagement with local councils will enhance the department's insights into their role in the PRS.** Currently, data collected from councils is limited. District-level data is collected annually through the Local Authority Housing Statistics which are important in supporting an understanding of local housing situations and how policies affect them. The Bill includes a new power to require councils to provide data on their enforcement action to the department, which will also be used to inform monitoring.

Timing

151. **We are taking a phased approach, developing evaluation evidence from the outset with monitoring and reporting during and after implementation of the reforms.** The impacts of the reforms and delivery of longer-term outcomes aim to drive fundamental changes in behaviour, attitudes and expectations which will take time. We expect to commission an initial five-year evaluation to assess early outcomes and impacts. Subject to funding, further phases of evaluation may be commissioned to assess longer-term impacts.
152. In our evaluation preparation phase we will identify and resolve data gaps, finalise our monitoring and evaluation plan, and continue to collect relevant data through our Housing Monitoring and Evaluation Strategy. The evaluation phase will begin before implementation starts in order to develop appropriate baselines. During the evaluation phase we will collect relevant data to support our evaluation milestones, and to feed into live monitoring of the implementation process.
153. **We will produce an interim evaluation report on processes, early impacts and intermediate outcomes two years after implementation.** We will publish a further full evaluation report five years from implementation. Subject to implementation, we expect the reports to be produced between 2027/28, and 2030/31 respectively.
154. We are only likely to know if the reforms have achieved their objectives in the longer term as they will require significant landlord and tenant behavioural change and the development of councils' capability and capacity to carry out compliance and enforcement activities. **We expect the evaluation phase to continue beyond 2030, with consideration on the timing of long-term evaluation to take place after publication of the evaluation report.**

Annex 1: Tenancy reform

1.1 Description of tenancy reform policy

A simpler, more secure tenancy structure

1. **The Bill will abolish section 21 ‘no fault’ evictions and deliver a simpler, more secure tenancy structure.** To achieve this, legislation will end fixed term tenancies and move to periodic tenancies – affecting both the private and social rented sector. Tenants will need to provide two months’ notice when leaving a tenancy, ensuring landlords recoup the costs of finding a tenant and avoid lengthy void periods. Landlords will be able to evict a tenant in reasonable circumstances using statutory possession grounds.
2. **This will provide greater security for tenants while retaining the important flexibility that privately rented accommodation offers.** Without section 21, tenants will be more empowered to challenge poor practice and unjustified rent increases without fear of retaliatory eviction. They will also be able to leave poor quality properties without being locked into a fixed contract, or move when their circumstances change, for example to take up a new job opportunity. With a single tenancy structure, both parties will better understand their rights and responsibilities.

Comprehensive, fair and efficient possession grounds

3. **Landlords will also benefit from reformed possession grounds, with the Bill legislating to ensure these are comprehensive, fair and efficient.** This includes:
 - **Introducing a new ground for landlords who wish to sell their property and to allow landlords and their close family members to move in.** We will not allow the use of these grounds in the first year of a tenancy. Tenants will also benefit from a notice period of four months – which is two months longer than afforded by section 21. This will provide security for tenants, while ensuring landlords have flexibility to respond to changes in their personal circumstances.
 - **Increasing the notice period for the existing rent arrears eviction ground to four weeks** and increasing the mandatory threshold to three months arrears at the time of serving notice and hearing. This will make sure that tenants have reasonable opportunity to pay off arrears without losing their home. We recognise that tenants may sometimes breach the relevant thresholds for the mandatory rent arrears grounds because of the timing of their welfare payments. This could occur, for instance, because a relevant benefits payment – which the tenant has been assessed as entitled to – has not yet been paid out. We will prevent tenants in this scenario from being evicted, provided it is the reason they have exceeded the mandatory rent arrears threshold.
 - **Lowering the notice period for the existing mandatory eviction ground for cases of criminal or antisocial behaviour,** so that landlords can begin possession proceedings immediately upon serving notice, making it quicker to evict tenants who disrupt neighbourhoods. Enhanced government guidance will ensure landlords have more information about how to deal with antisocial tenants.

- **Introducing new, specialist grounds for possession** to make sure those providing supported and temporary accommodation can continue to deliver vital services. We will also ensure that Private Registered Providers continue to have access to the same range of grounds as private landlords. We will introduce a specialist student ground and ensure the agricultural sector can continue to function through grounds to support rural employment.
4. Alongside this, we are working on non-legislative changes with the Ministry of Justice and HMCTS to **target the areas where there are delays in court possession proceedings** – so landlords can have confidence in using the courts to take possession of their properties when needed.

Protection from rent increases being used to evict tenants

5. **Furthermore, to protect tenants from rent increases being used as a backdoor method of eviction, whilst protecting landlords' ability to increase rent each year in line with market levels, the Bill will legislate to allow increases to rent once per year** and will increase the minimum notice landlords must provide of any change in rent to two months. We will also end the use of clauses which allow rent increases to ensure rent hikes cannot be used to force a tenant out once section 21 can no longer be used. Most landlords do not increase rents by an unreasonable amount, but in cases where increases exceed the market rate, tenants will be able to challenge this through the First-tier Tribunal.

1.2 Summary of major impacts

6. **Table 8 sets out the summary of the major impacts of tenancy reform, with a net present social value of £651.5 million.** Where possible, these impacts have been monetised in 2019 prices and present value year of 2025 over a 10-year appraisal period. More detail is set out in the sections below.
7. At a summary level, this shows that **the largest impacts on business** are from the cost of the time taken by landlords to familiarise themselves with new reforms (which has been monetised across all policies at £206.8 million) and the reduction in letting agent fees as a result of fewer households moving once section 21 is abolished. This reduction in letting agent fees is a saving for landlords and a cost to letting agents – so constitutes a transfer and nets out in the NPSV. Other smaller impacts on business include savings to landlords from the reduction in void periods (i.e. the gaps between tenancies where they don't receive rent) due to lower household churn without section 21; additional court costs for landlords as tenants will have greater ability to challenge section 8 evictions; and the costs to landlords of needing to evidence grounds for possession prior to serving a section 8 eviction notice and of needing to use section 13 forms to increase rents.
8. **There are also substantial monetised and non-monetised benefits for tenants, including £818.6 million of savings** as a result of fewer moves from the end of fixed terms, alongside non-monetised benefits of more stable tenancies such as improved health and wellbeing. **Overall, the annual net present social value (excluding familiarisation cost) is the equivalent of £13.71 per household in the PRS.**

Table 8: Costs and benefits of Tenancy Reform

Impact	Total value (2019 prices; 2025 PV)	Group impacted	Direct/indirect
Costs			
Familiarisation cost of understanding and adjusting to new legislation	Monetised across the legislation	Private landlords	Direct
	£0.3m	LARPs and PRPs	Direct
	Being considered as part of a separate New Burdens Assessment and Justice Impact Test	Local councils, courts and tribunals	Direct
Time taken by landlords to evidence evictions prior to serving a section 8 eviction notice	£27.5m	Private landlords, LARPs and PRPs	Direct
Additional court costs for landlords as tenants will have greater ability to challenge section 8 evictions	£113.6m	Private landlords, LARPs and PRPs	Indirect
Reduced use of businesses for services related to household moves	£21.5m	Related businesses	Indirect
Costs to letting agents of reduced use by landlords, as a result of lower churn	£391.7m	Letting agents	Indirect
Time taken to complete section 13 forms by landlords to increase rents	£25.7m	Private landlords	Direct
Additional time costs for landlords from defending section 13 rent increases	Non-monetised	Private landlords	Direct
Reduced landlord income from more arrears before eviction	Non-monetised	Private landlords, LARPs and PRPs	Direct
Rent increases as a result of landlords' ability to pass on costs	Non-monetised	Tenants (PRS)	Indirect
Enforcement costs of the new system	Being considered as part of a separate New Burdens Assessment and Justice Impact Test	Local councils, courts and tribunals	Direct
Funding for Government communications , such as guidance on new reforms	Non-monetised	Central government	Direct

Impact	Total value (2019 prices; 2025 PV)	Group impacted	Direct/indirect
Benefits			
Reduced void periods as a result of more stable tenancies	Non-monetised	Private landlords	Indirect
Reduced use of businesses for services related to household moves	£21.5m	Landlords	Indirect
Reduced use of letting agents as a result of more stable tenancies	£391.7m	Landlords	Indirect
Reduced voluntary household moves as a result of more stable tenancies	£818.6m	Tenants (PRS)	Indirect
Rent increases as a result of landlords' ability to pass on costs	Non-monetised	Private landlords	Indirect
But conversely, lower rents as a result of reduced moves – avoiding having to pay likely higher rent of a new tenancy, and as a result of improved ability to challenge unreasonable rent increases	Non-monetised	Tenants (PRS)	Indirect
Improved educational outcomes, earnings, health and wellbeing, and reduced energy bills as a result of more stable tenancies and ability to challenge poor standards	Non-monetised	Tenants	Indirect
Greater ease in using section 8 grounds to evict tenants at fault	Non-monetised	Private landlords, LARPs and PRPs	Indirect
Reduced health costs , as a result of higher quality and more secure housing	Non-monetised	Public sector	Indirect
Reduced homelessness acceptances leading to reduction in temporary accommodation costs, as a result of more stable tenancies	Non-monetised	Public sector	Indirect
Improved productivity , as a result of higher quality and more secure housing, and business generated as part of home improvement work	Non-monetised	Society	Indirect
Stronger communities and reduced geographic disparity as a result of improvements to housing quality	Non-monetised	Society	Indirect
Net Present Social Value	£651.5m		

9. The full cost and benefit profile for tenancy reform is set out in Annex 11.

1.3 Detail of business impacts

Familiarisation costs

10. **Existing landlords will need to familiarise themselves with reforms to the tenancy structure.** This cost is transitory in year one of the policy only. The calculations for this differ for private and social landlords:

- a. **For private landlords:** HMRC data indicates there are 2.3 million private landlords in England.¹³³¹³⁴ The time needed by private landlords to understand all changes across the entire Bill is estimated at approximately six hours per landlord based on the estimated total length of the guidance for all measures, except for Awaab's Law and the DHS. This equates to £206.8 million (ranging from £166.3 million to £247.3 million) across all Bill measures (i.e. not just tenancy reform). As part of this, there is an additional time cost for new landlords who join the sector, which we approximate to be an extra one hour because of the new legislation, totalling £7.3 million (ranging from £0.0 million to £14.5 million). This is considered a direct cost of the reforms as landlords will be required to understand the legislation and the implications for the business models. Section 3.5 sets out further detail of how this has been calculated.
- b. **For social landlords,** we have assumed there are around 1,368 private register providers (PRPs) operating in England.¹³⁵ We have estimated that it will take 1.5 hours (1 to 2 hours)¹³⁶ for an individual to understand the new tenancy system. We have assumed that the minimum number of employees who will need to familiarise themselves with this for each PRP are one senior manager, one housing manager, two housing officers and one admin worker, equating to five employees. The familiarisation cost per landlord is therefore £181.83 (ranging from £121.22 to £242.45). This results in a total familiarisation cost for social landlords of £0.3 million (range: £0.2 million to £0.4 million) based on the average housing association wage and the distribution of wages in the social rented sector.

Reduced tenant moves

11. **As a result of replacing all fixed term tenancies with periodic tenancies, we expect there to be fewer voluntary household moves** – as tenants will no longer need to plan to move at the end of a fixed term period. Using English Housing Survey statistics, approximately 6.3% of tenants who moved in the previous 12 months listed the end of the fixed term as *the sole reason* for moving. These are voluntary moves from tenants that are solely due to the existence of fixed terms – this may be in situations where tenants are unable to commit to another term of at least 12 months. In 2022-23, 37% of tenants who moved in the last three years did not do so out of choice.¹³⁷ Fewer moves will mean fewer void periods for landlords – where the property is empty between the end of a tenancy and the start of a new one – and there is therefore no rental income. However, a small number of households may opt to leave

¹³³ MHCLG analysis of HMRC data released by a Parliamentary Question.

¹³⁴ Regulator of Social Housing: Annex 6 Draft regulatory Impact Assessment.

¹³⁵ List of registered providers – 15 August 2024 (accessible version) - GOV.UK (www.gov.uk).

¹³⁶ 1.5 hours assumed to be reasonable as tenancy reform is one of the six measures we expect to be included in the guidance, for which we have assumed a total reading time of six hours.

¹³⁷ MHCLG analysis of the English Housing Survey 2022-23.

earlier than they would have otherwise. Due to uncertainty as to the magnitude of the two effects, the reduction in void periods has not been monetised. This is considered an indirect impact of the regulations – the expected effect is dependent on tenant behavioural changes and their response to the legislation.

12. Taking the above 6.3% figure for tenants who only moved as a result of the end of a fixed term and assuming this is the proportion of tenants who would no longer move every year for the ten-year appraisal period – equates to approximately 65,000 fewer household moves per annum. **However, this is likely to be an underestimate, as this approach doesn't factor in the reduction in forced moves that we would also expect as a result of abolishing section 21** – including the reduction in retaliatory evictions in response to tenants complaining about poor standards, or as a result of excessive rent increases. Under the new system, changes will be made to the process by which a tenant can challenge an excessive increase in rent. We lack the evidence to reliably calculate the proportion of avoided forced evictions – but a survey by Citizens Advice in 2018 found that private tenants in England who formally complain about issues such as damp and mould in their home have a 46% chance of being issued an eviction notice within six months.¹³⁸ **We would therefore expect the proportion of avoided moves and therefore savings to landlords to be greater than we have been able to monetise.**
13. **Reduced tenant moves will also save landlords expenses associated with the start and end of a tenancy;** for example, avoiding the costs associated with cleaning a property for new tenants, checking references of new tenants, creating inventories for the property and other similar activities.¹³⁹ Overall, we estimate the cost to be £106 (range £75 to £138) per avoided tenant move or eviction. This is applied to the proportion of landlords that do not use a letting agent to conduct these checks. Taking the same assumption as above that there will be at least 65,000 fewer household moves, this results in an annual discounted cost to business of £2.1 million (ranging from £1.5 million to £2.8 million).¹⁴⁰ In most cases, this is a transfer from companies providing reference or inventory checks to private landlords. As such, it is treated as a cost to letting agents and a benefit to landlords.
14. **Fewer tenant moves will also lead to a reduction in letting agent usage by landlords.** We have estimated this using the same method as for landlord expenses above. This takes the 6.3% figure for tenants who only moved as a result of the end of a fixed term only. These are voluntary moves that occur only due to fixed terms. Using the English Private Landlord Survey from 2018, we estimate that 64% of private rented tenancies use a letting agent for letting purposes.¹⁴¹ We have estimated the average cost of a letting agent to be £1,087.¹⁴² This results in an annual discounted cost to business of £39.2 million (ranging £32.6 million to £45.7 million). This is a transfer from letting agents to landlords, who benefit from no longer requiring let agent services, and does not impact the headline EANDCB nor NPSV. The reduction in letting agent usage is an indirect impact of the reforms. Any effect is dependent on landlord choosing to use a letting agent and tenants choosing to move. As such, there are several steps between the regulation and the impacts on letting agent usage.

¹³⁸ 'Touch and go: How to protect private renters from retaliatory eviction in England', Citizens Advice 2018.

¹³⁹ This was estimated from desk research of services provided at the start and end of a tenancy.

¹⁴⁰ This has fallen since the Renters (Reform) Bill Impact Assessment because of the assumption of more landlords using letting agents.

¹⁴¹ MHCLG Analysis of the English Private Landlords Survey 2018. EPLS is skewed towards landlords without agents, therefore additional analysis was required of the most recent EPLS with a sufficient breakdown (2018).

¹⁴² Which 2023 – Using a letting agent (adjusted to 2019 value).

Increased arrears eviction ground

- 15. Increasing the notice period for the existing rent arrears eviction ground to four weeks** and increasing the mandatory threshold to three months' arrears at the time of serving notice and hearing will equate to an additional cost to private landlords, as greater debts will accrue before the tenant can be evicted. However, in some instances this may result in more stable tenancies, as existing tenants have more time to repay the arrears, subsequently reducing business churn and possible void periods for landlords. We have not monetised this cost due to insufficient data to estimate the magnitude of the effect.

Use of section 8 grounds

- 16. The removal of section 21 evictions will require landlords to gather evidence prior to serving an eviction notice via a section 8 eviction.** This equates to a cost to private landlords of £56 per eviction and £71 for social landlords per eviction. In total, it is estimated to cost both private and social landlords £2.7 million per annum over the ten-year appraisal period (ranging from £1.4 million to £5.5 million). This is considered to be a direct cost as landlords may reach a point where the only financially viable decision is to evict tenants. This may occur in the event of rent arrears. We have calculated this by:

- a. **Estimating the net additional section 8 evictions we expect under the new system:** Approximately one in five tenants move in a given year and figures from the most recent English Housing Survey show 9% of tenants who moved in the previous year were asked to leave by their landlord.¹⁴³ The English Private Landlord Survey 2021 reports 67.3% of landlords used a section 21 notice to evict a tenant.¹⁴⁴ From this, we estimate approximately 1.2% of private rented households will be evicted via section 21 in a given year.¹⁴⁵ This assumes that all section 21 evictions will be replicated in future. In reality, this will not be the case, as landlords will be unable to evict tenants, for example, due to complaints or to increase rent by unreasonable amounts – per paragraph 11 above. **It is therefore likely an overestimate of the number of section 8 evictions that will replace section 21 evictions.**
- b. **Estimating the time taken to evidence section 8 evictions:** Evidencing evictions will be highly dependent on the eviction ground used. This results in a wide range of estimates. In discussion with internal policy experts, a central assumption that it will take 3.7 hours to evidence section 8 eviction has been used (ranging from 1.9 to 7.4 hours). For most grounds, gathering evidence will simply be a matter of compiling documents the landlord already has, for example if they have instructed a solicitor to sell a property. We have engaged stakeholders to understand which grounds are more complex to use, and which therefore would require more time. While circumstances will vary, we think half a working day (3.7 hours) is a reasonable central estimate for the time needed to compile a case.

- 17. Landlords are also likely to incur additional court fees as tenants will have greater ability to challenge section 8 evictions.** This may mean additional cases enter the court system with the associated costs – though the introduction of an Ombudsman and strengthened mediation services will help mitigate this, enabling disputes to be resolved

¹⁴³ English Housing Survey 2022 to 2023: rented sectors - GOV.UK (www.gov.uk).

¹⁴⁴ English Private Landlord Survey 2021 – the question is multi-code allowing landlords to respond with more than one eviction method.

¹⁴⁵ This is calculated by taking the proportion of households that move each year who were asked to leave by their landlord and multiplying it by the proportion of section 21 evictions.

earlier. These costs are also likely an overestimate given some landlords qualify for legal aid or court fee remissions, and if landlords win their case, they will also be able to recoup costs from the losing party. Each additional court case is expected to cost a private landlord £441 in court fees (range £391 to £491) and a PRP £506 (range £444 to £567). This is a weighted average based on the proportion of evictions that reach each stage and the corresponding court costs. This is comprised of standard possession orders fees,¹⁴⁶ warrant for possession¹⁴⁷ and bailiff fees.¹⁴⁸ Using EHS data on evictions and data from the Ministry of Justice of possession claims we estimate that 51% of section 21 evictions by private landlords end up in court (and therefore section 8 evictions) and 100% for PRPs.¹⁴⁹ The average annual net present cost to business (landlords and PRPs) from additional court fees will be £11.2 million (£9.9 million to £12.5 million). This is considered an indirect cost as it is dependent on a number of factors including the landlord decision to evict and the tenant decision to challenge the eviction notice in the court system.

18. The Bill will also remove the provision for section 8 ground 3 which enables landlords to evict long-term PRS tenants in a dwelling used for holiday lets in the high season.

This will mean that tenants will not be asked to leave their home which was previously occupied as a holiday let so that the property can be used as holiday accommodation in peak season. We do not believe this to be a common business practice with most landlords preferring one business model over the other. However, there may be some localised impact in areas with high numbers of holiday lets. Landlords may choose to either continue in the holiday let sector and maintain an empty property in the 'off season' or move the dwelling permanently into the PRS. **It is possible there may be some impact on the supply of rented properties in certain areas but the national impact of removing ground 3 is likely to be small.** No data, or estimates, are available on the number of landlords that use ground 3 to evict PRS tenants. As such, it is not possible for us to determine the exact cost to business of removing this ground. While this is non-monetised it is considered a direct impact of the reform. Landlords will be unable to utilise this ground in evictions and must adjust their business models accordingly.

Rent increases

19. Landlords will now be required to complete a section 13 form every time they increase rents, which will be limited to no more than once per year – in line with the current system for statutory rent increases. Currently, section 13 notices only apply to an assured shorthold tenancy or an assured tenancy in certain circumstances.¹⁵⁰ Tenants with a rent review clause or who occupy under a fixed term tenancy are not entitled to receive a section 13 notice. It is also possible for assured tenants to agree to a rent increase outside the statutory process. Making the section 13 process mandatory represents an additional time cost to landlords who will have to complete and serve the relevant form. We estimate the time cost of completing the form to be £2.38 (range £1.19 to £3.58) per rent increase. This is based on the time taken to complete the section 13 form, 10 minutes, and the average estate agent wage. This is estimated based on a range of individuals completing the section 13 form. Approximately one

¹⁴⁶ Costs £391 based on: <https://www.gov.uk/evicting-tenants/standard-possession-orders>.

¹⁴⁷ Costs £143 based on: <https://www.gov.uk/evicting-tenants/eviction-notices-and-bailiffs>.

¹⁴⁸ Costs on average £380 for County Court eviction and average £1,350 for High Court eviction based on: <https://www.nimblefins.co.uk/business-insurance/landlord-insurance-uk/average-cost-evict-tenant#costbreakdown>.

¹⁴⁹ Using Ministry of Justice data on possession claims (accelerated + private) as a proportion of English Housing Survey data on of PRS households who were 'asked to leave' by their landlord, taking the annual average for years 2016-2019; this reflects total evictions rather than section 21 evictions but is used as a proxy as we do not have this data. Pre-covid data more representative of long-term evictions data.

¹⁵⁰ [Citizens Advice](#).

in four tenancies are likely to have their rent changed in a given year.¹⁵¹ The annual cost to business is estimated to be £2.6 million (range £1.3 million to £3.9 million). This is considered a direct cost to business given the financial necessity of periodically increasing rents when inflation increases outgoing costs.

20. **The removal of section 21 will likely also lead to an increase in the number of tenants seeking adjudication of rent increases.** Landlords will no longer have access to no fault evictions if tenants seek to challenge their rent setting behaviour and tenants' improved ability to use the First tier Tribunal to challenge excessive rent increases may mean some landlords lose some rental income, where challenges are successful. However, the impact is likely to be relatively small and we lack representative data on the outcomes of First-tier Tribunal decisions to be able to monetise this. Research from Generation Rent of 341 cases between January 2019 and August 2021 found an average increase of 5.5% per year – though this may not be representative.¹⁵² Any increase would be reliant on a change in tenant and landlord behaviour and as such it is considered an indirect impact. The ability for landlords to increase rents are already constrained by the market, as described below the Rents subheading in section 1.4.

1.4 Detail of tenant impacts

Improved security and quality

21. **Without section 21 and fixed term tenancies, tenants will enjoy greater security and quality of tenure.** We would expect fewer unplanned moves; for example, as a result of retaliatory eviction – though, as above, have been unable to robustly calculate this. This will lead to improved health and wellbeing, better productivity and earning potential and improved emotional and educational outcomes for children.
22. **In particular, school age children who are forced to move house and schools as a result of an eviction or unnecessary move will experience educational disruption.** Each school move at a non-standard time reduces expected GCSE grades by 0.5.¹⁵³ Analysis from Department for Education find a one-grade improvement in overall GCSE attainment is associated with an average increase in the present value of lifetime earnings of £8,500.¹⁵⁴ This represents significant lifetime benefits from reducing the number of undesired moves. Assuming that 10% of moves result in a school change, the net impact on lifetime earnings would be £7.0 million per annum. However, due to uncertainty in the number of non-standard school moves this calculation has not been included in the headline NPSV and is used to illustrate the potential benefit.
23. Without fear of retaliatory eviction, we would also expect tenants to feel more empowered to complain about poor standards of their property. Combined with improved dispute resolution via the Ombudsman and strengthened council action to target criminal landlords because of the Private Rented Sector Database and bolstered enforcement powers, **we would expect housing quality to improve – leading to a reduction in Category 1 hazards and the associated benefits. Annex 7 sets this out in more detail.**

¹⁵¹ English Private Landlord Survey 2021, 26% of landlords increase rent when extending or renewing an existing tenancy contract.

¹⁵² Generation Rent – Rent tribunals in England – what do we know, April 2022.

¹⁵³ Fischer Family Trust.

¹⁵⁴ DfE (2021) GCSE attainment and lifetime earning.

24. **Furthermore, the reduction in involuntary tenant moves will lead to cost savings to tenants.** Research from Shelter indicates the average total moving cost to tenants was £1,457 per move (2019 prices).¹⁵⁵ Therefore, each avoided unnecessary move results in significant cost savings to tenants based on the removal of fixed terms. Tenants are expected to save £81.9 million per annum (£73.7 million to £90.0 million per annum) over the ten-year appraisal period. Similarly, rents for new lets are on average higher than existing lets, as landlords are less likely to raise rents for sitting tenants. As a result, we would also expect avoided moves to result in lower rent for tenants though have been unable to monetise this. The reduction in tenant moves is considered to be an indirect impact dependent on tenant behavioural changes and their response to the legislation.

Rents

25. **Under the new system, tenants will be more empowered to challenge excessive rent increases via the First-tier Tribunal system, with the potential for reduced costs if successful.** As set out above, it is not possible to monetise the impact of improving tenant ability to challenge unfair rent increases due to data limitations and uncertain behavioural responses from landlords or tenants.

26. **Landlords may attempt to recoup some of the costs of the proposed legislation by increasing rents.** The extent to which this occurs is determined by the visibility, and scale, of the costs to landlords. While the costs of evicting a tenant, via a section 8 eviction process, may be relatively high to landlords, the likelihood of the costs occurring is small. Therefore, the extent to which landlords will price the risk of eviction into their rents is unclear. Due to uncertainty around this, it is not possible to provide a robust estimate of the likely degree of rent pass through resulting from tenancy reform.

1.5 Detail of public sector impacts

27. The following section details costs to councils, courts and tribunals. We are undertaking a robust New Burdens Assessment and Justice Impact Test to calculate the net costs of the new regulation and will ensure these are fully funded.

Familiarisation time

28. Local authority registered providers (LARPs) of housing will be required to familiarise themselves with the new tenancy system. LARPs will require five employees to be familiarised with the new tenancy system each taking 1.5 (1 to 2) hours. This is consistent with the Social Housing White Paper and the length of time taken to read the government issued model tenancy agreement. LARPs will incur less than £0.1 million in familiarisation costs.¹⁵⁶ As with familiarisation costs to private landlords this is considered a direct cost of the legislation.

29. **Local councils, courts and tribunals will need to familiarise themselves with the proposed regulations so they can enforce the new system.** This will particularly impact councils' housing enforcement teams, tenancy relations officers and homelessness support teams. Councils, courts and tribunals will also need to update relevant guidance – though we

¹⁵⁵ Shelter, press release, September 2017.

¹⁵⁶ MHCLG Social Housing Regulatory Reform IA.

will also be providing comprehensive national guidance to support with this. **This national guidance will cover all reforms and incur public sector costs.**

Enforcement and recourse for non-compliance

30. As above, local councils, courts and tribunals will play a role in the enforcement of the legislation and taking appropriate actions when landlords have not complied with the legislation. Where a local housing authority considers that a breach of the legislation has occurred, they will have the duty, if necessary, to take enforcement action against the landlord, in the form of issuing a financial penalty or prosecution in the courts. The tribunals will be able to rule on breaches or whether the amount of the financial penalty is appropriate where appeals are made, or where a council seeks to curtail a landlord's business activity. For the worst offenders who have repeatedly or seriously breached the regulations and committed criminal offences under the legislation, the First-tier Tribunal will hear applications for Banning Orders. Whilst the PRS Ombudsman will provide a new avenue for tenants to raise complaints, tenants will be able to go to court to enforce their rights as an alternative.

Wider public sector impacts

31. The reduction in forced evictions could result in a reduced number of households at risk of becoming homeless, with section 21 evictions currently the second leading cause of homelessness. This will in turn reduce the costs to the public purse and wider society of temporary accommodation.

32. Furthermore, benefits arising from improved housing quality will have significant savings for public health spending – driven by tenants being more empowered to complain about standards without fear of retaliatory eviction once section 21 is abolished. Annex 7 sets this out in more detail.

1.6 Detail of impacts on society

33. Benefits of improved housing security and quality as a result of a reduction in involuntary tenant moves and increased enforcement lead to:

- a. **Improved productivity**, as a result of higher quality and more secure housing, and business generated as part of home improvement work. Fewer short notice moves make it easier to hold down stable employment and improve children's prospects. Children in secure housing experience better educational outcomes, higher levels of teacher commitment and fewer disrupted friendship groups compared to children who face housing insecurity.¹⁵⁷ A survey conducted in Norway found that children with less residential moves are less likely to drop out of secondary school and to have a higher adult income than those who experience more residential moves.¹⁵⁸
- b. **Stronger communities and reduced geographic disparity** as a result of improvements to housing quality. Many deprived areas in the UK are marked by poor-quality housing. Improving the quality of homes will encourage community pride in their area, creating prosperous communities and making areas more desirable places to live and work.¹⁵⁹ Good

¹⁵⁷ Moving, Always Moving: The normalisation of housing insecurity among children in low income households in England, The Children's Society 2020.

¹⁵⁸ Tønnessen, Marianne & Telle, Kjetil & Syse, Astri. Childhood residential mobility and long-term outcomes. 2016.

¹⁵⁹ No Place Left Behind: The Commission into Prosperity and Community Placemaking, October 2021.

quality, stable housing, coupled with good high streets, and leisure and cultural activities serve as a magnet for skilled people, meaning those places continue to steam ahead.¹⁶⁰ As the Industrial Strategy Council noted, policies aimed at reducing housing-market pressures and improving social cohesion are also likely to improve the well-being of local residents.¹⁶¹

1.7 Risks and assumptions

34. Section 3.8 sets out more detail on risks and uncertainties. For tenancy reform policies, sensitivities relate to:

- a. **The size of the PRS:** Using historical trends to estimate the future size of the PRS has an inherently high degree of uncertainty. The projected number of households as well as landlords is shown in Annex 11. A significant expansion of the PRS would result in changes to total costs. However, the per landlord, or dwelling, cost is unlikely to change significantly.
- b. **The level of future evictions once section 21 is abolished:** Data on the number of section 21 evictions is not routinely collected and has been inferred from survey data. Where tenants or landlords are unsure of the eviction notice served (or the eviction notice was served informally) we have counted these as section 21 evictions. As we are assuming that section 21 evictions will be substituted for section 8 evictions, this may mean we have overestimated the number of future evictions and their associated costs. We have also been unable to model the number of forced evictions (for example, retaliatory evictions as a result of tenant complaints, or because of unreasonable rent increases). This may also mean estimates of the number of avoided moves are conservative.
- c. **Cost pass-through:** As set out in section 3.3 landlords may attempt to recoup some of the costs of the proposed legislation by increasing rents, though we have not been able to provide a robust estimate of the degree to which this may happen for tenancy reform.
- d. **Landlord compliance:** The legislation will introduce additional sanctions for landlords who fail to comply with the legislation. The offences include the misuse of eviction grounds, offering fixed terms and failing to issue an accurate written tenancy agreement. For first offences, this is expected to result in a civil sanction of up to £7,000. Subsequent or serious offences will result in a level 5 (unlimited) fine or a Civil Penalty Notice of up to £40,000. Reletting a property within twelve months of using the moving in/selling grounds could lead to prosecution with conviction resulting in a level 5 (unlimited) fine or a Civil Penalty Notice of up to £40,000. The First-tier Tribunal system will play a role in the enforcement mechanism. **These costs have not been monetised due to the assumption of full compliance from all private landlords operating in the sector, in line with the Better Regulation Framework.**

¹⁶⁰ MHCLG, Levelling Up the United Kingdom White Paper.

¹⁶¹ Industrial Strategy Council: UK Regional Productivity Differences.

Annex 2: Ombudsman

2.1 Description of Ombudsman policy

1. **The Bill will legislate for mandatory redress covering all private landlords who rent out property in England, regardless of whether they use an agent.** The King's Speech indicated the government's preference to bring forward a PRS Landlord Ombudsman through the Bill. This will bring parity with other housing tenures by ensuring all tenants have access to redress services and that landlords remain accountable for their own conduct and legal responsibilities. Making membership of an Ombudsman scheme mandatory for landlords who use managing agents will mitigate situations where a good agent is trying to remedy a complaint but is reliant on a landlord who is refusing to engage.
2. **The Ombudsman will protect consumer rights, providing fair, impartial, and binding resolutions for many issues without resorting to court.** This will be quicker, cheaper, less adversarial, and more proportionate than the court system. A single scheme will be simple for tenants and landlords to navigate and aligns with current Cabinet Office guidance on not approving multiple schemes in individual industry sectors. As well as resolving individual disputes, the Ombudsman will tackle the root cause of problems, address systemic issues, provide feedback and education to members and consumers, and offer support for vulnerable consumers. We are exploring opportunities to streamline the requirement for landlords to provide certain sign-up details once to both an Ombudsman and a digital Database – subject to this being technically feasible and the right decision for service users following testing.
3. **The new Ombudsman will allow tenants to seek redress for free, where they have a complaint about their tenancy.** This could include complaints about the behaviour of the landlord, the standards of the property or where repairs have not been completed within a reasonable timeframe. We will make membership of the Ombudsman mandatory and local councils will be able to take enforcement action against landlords that fail to join the Ombudsman.
4. **The Ombudsman will have powers to put things right for tenants, including compelling landlords to issue an apology, provide information, take remedial action, and/or pay compensation.** In keeping with standard practice, the Ombudsman's decision will be binding on landlords, should the complainant accept the final determination. Failure to comply with a decision may result in repeat or serious offenders being liable for a Banning Order. The government will also retain discretionary power, subject to consultation, to enable the Ombudsman's decisions to be enforced through the courts if levels of compliance become a concern.
5. **We expect better access to redress at an earlier stage through the new Ombudsman to help maintain tenancies through resolving disputes earlier – preventing them escalating to the courts.** In this way, we expect the Ombudsman will free up time for the courts and local councils to deal with the most serious cases, and we expect those cases to be resolved more quickly as a result.

2.2 Summary of major impacts

6. **The details of the Ombudsman will be set out in secondary legislation. Therefore, while the impacts have been estimated and monetised in this Impact Assessment, these figures are not included in the headline EANDCB. Instead, a secondary EANDCB has been constructed to provide an indication of expected impacts and these figures have been included in the business net present value.**
7. Table 9 sets out the breakdown of costs and benefits associated with the introduction of the Ombudsman. Given the details of the Ombudsman will be legislated for in secondary legislation, the impacts are not included in the headline EANDCB. All terms are presented in 2019 pounds with a present value of 2025. The net present social value of the Ombudsman is calculated at -£46.4 million, which equates to an annual per household NPV of -£0.98. Per the table, the main monetised costs of the policy arise from the time taken by landlords to familiarise themselves with the new legislation, alongside the time to register and the registration fee.
8. **Despite this negative headline figure, there are substantial benefits, some of which it has not been possible to monetise.** These benefits include reduced involuntary household moves because of greater access to dispute resolution to maintain tenancies – bringing monetised benefits of £155.8 million for tenants from avoided moving costs, and £32.0 million of benefits for landlords from reduced void periods. Alongside this, we also expect a reduction in dangerous Category 1 hazards as a result of the Ombudsman remedying quality issues.
9. **The negative NPSV for the Ombudsman would be offset by just £0.98 of annual non-monetised benefits per household,** such as health and productivity benefits of improved housing quality.

Table 9: Costs and benefits of Ombudsman

Impact	Value	Group impacted	Direct/Indirect
Costs			
Familiarisation costs of understanding and adjusting to regulations	Monetised across the legislation	Landlords	Direct
	Being considered as part of a separate New Burdens Assessment and Justice Impact Test	Local councils, courts and tribunals	Direct
Time taken by landlords to submit evidence in response to claims brought to the Ombudsman	£4.3m ¹⁶²	Landlords	Indirect
Membership fee for landlords for being a member of the redress scheme	£218.4m	Landlords	Exempt from inclusion in the EANDCB

¹⁶² This has changed since the Renters (Reform) Bill due to new assumptions on complaints which are lower than previously.

Impact	Value	Group impacted	Direct/Indirect
Time taken to register with the scheme	£11.5m	Landlords	Direct - not included in the headline EANDCB
Compensation payouts from landlords as a result of Ombudsman orders to remedy successful complaints	Non-monetised	Landlords	Indirect
Possible rent increases as a result of potential landlord cost pass-through	Non-monetised	Tenants	Indirect
Enforcement costs of the new system	Being considered as part of a separate New Burdens Assessment and Justice Impact Test	Local councils, courts and tribunals	Indirect
Funding for government communications , such as guidance on new reforms	Non-monetised	Central government	Indirect
Benefits			
Compensation from landlords when complaints to the Ombudsman are successful	Non-monetised	Tenants	Indirect
Reduced household moves as a result of greater access to dispute resolution to maintain tenancies	£155.8m (only voluntary household moves monetised)	Tenants	Indirect
Reduced void periods as a result of greater access to dispute resolution to maintain tenancies	£32.0m	Landlords	Indirect
Improved wellbeing as a result of access to earlier dispute resolution, before issues escalate	Non-monetised	Landlords and tenants	Indirect
Reduced reliance on some court processes as a result of increased redress options – saving time and money	Non-monetised	Courts, landlords and tenants	Indirect
Reduced complaints to the courts, tribunals and local councils , due to a new route for complaints via the Ombudsman	Non-monetised	Councils, courts and tribunals	Indirect

Impact	Value	Group impacted	Direct/Indirect
Benefits of improved housing quality and security as a result of greater access to dispute resolution to maintain tenancies and remedy quality issues, including improved educational outcomes, improved earnings, improved health and wellbeing, and reduced energy bills	Non-monetised	Tenants, the public sector and society	Indirect
Possible rent increases as a result of potential landlord cost pass-through	Non-monetised	Landlords	Indirect
NPSV	-£46.4m		

10. The full cost and benefit profile for the Ombudsman is set out in Annex 11.

2.3 Detail of business impacts

Familiarisation and registration costs

11. **Landlords will be required to familiarise themselves with the proposed legislation and the implications for their business.** This is a transitory cost in year one of the policy only. The length of guidance is uncertain. The time needed by private landlords to understand all changes across the entire Bill is estimated at approximately six hours per landlord based on existing products on the market that train landlords to understand their obligations – as set out in Annex 1 above.
12. **Landlords will also be required to pay an annual registration fee with the PRS Landlord Ombudsman, and this will be used to cover the cost of the Ombudsman scheme.** The cost modelling assumes that this fee is £6.03 per property owned per annum in the central scenario (£4.42 and £13.25 in the lower and higher scenarios, respectively). This figure is based on the current costs of running the Housing and the Property Ombudsman, assuming the fee for the Landlord Ombudsman will be based on the costs of administering the scheme, as is required through the Bill. Given the uncertainty in likely fees, the range in Ombudsman costs is relatively large and will be refined further. This cost is multiplied by the number of PRS landlords in each year, summed over the 10 year appraisal period, and divided by 10 to get a total annual estimated membership cost to landlords of £21.8 million (ranging from £16.0 million to £47.9 million). Fees or charges made by or on behalf of a public body are excluded from the Better Regulation Framework and the Regulatory Policy Committee has advised MHCLG should not be included in the EANDCB metric.¹⁶³
13. **Landlords will incur a time cost associated with the registration with the Ombudsman.** For the purpose of these costings, we are assuming the time burden can be reduced through measures such as using the GOV UK One Login system and/or by landlords needing to only provide certain sign-up data to the Database and Ombudsman once. With that in mind, we

¹⁶³ Better Regulation Framework – Interim guidance 2018.

have allowed 30 minutes for landlords to fill out any additional details required for the form to register each property with the Ombudsman. This is based on the time taken to fill in the form, find details and allow time for users with access needs. Using this and the Annual Survey of Hours and Earning (ASHE) data in section 3.5, the estimated per dwelling cost to landlords is £7.15 (ranging from £3.58 to £10.73). We expect approximately 1% of PRS properties to change owners each year and require re-registration with the Ombudsman. Due to data limitations it is not possible to be certain this assumption is accurate but is consistent with analysis of the private rented sector by the Welsh Government.¹⁶⁴ After the initial registration, the annual re-registration process is expected to be minimal and is not costed. The total cost per annum of registration is £1.2 million (ranging from £0.6 million to £1.7 million). As landlords will be required to register with the Ombudsman this is considered a direct cost of the reforms.

Case costs – evidence and compensation

14. **Landlords will be expected to provide evidence to the Ombudsman to support their case for either their behaviour or to evidence the tenant's behaviour.** This will incur an additional time cost to landlords. In keeping with the expected evidence required under the tenancy system, landlords will take on average four hours to gather the evidence used for an Ombudsman case in the central scenario. For each complaint received by the landlord, the evidence cost will be £57.20 (range £28.60 to £85.80). This is multiplied by our central estimate of the proportion of households who complain to the Ombudsman, 0.46%. Using this with the ASHE data and multiplying by the number of landlords allows us to estimate the cost of evidence gathering on landlords over the ten-year period. This results in an average annual cost of £0.4 million (ranging from £0.2 million to £0.6 million). This is considered to be an indirect cost associated with the legislation given tenants will need to decide to complain to the Ombudsman based on landlord action and the Ombudsman must choose whether it warrants further investigation.
15. **Landlords will incur a compensation cost if the tenant is successful with their complaint, and it requires a pay-out.** We have used a lower estimate of 0.3% of PRS landlords who will need to pay-out as a result of complaints to the Ombudsman, and a upper estimate of 1.6%, based on MHCLG analysis of English Housing Survey.¹⁶⁵ The upper estimate comes from using the proportion of private tenants who are not happy with the response to their complaint from their landlords, multiplied by the proportion of those who have made a complaint, multiplied the proportion in the Social Rented Sector who take it to the property Ombudsman. The lower estimate comes from MHCLG analysis of the Housing Ombudsman. The central estimate is therefore an average of both estimates (0.9%). Due to uncertainty about the number of complaints, and success of these complaints, the total compensation transfer from landlords to tenants has not been calculated. This is considered to be an indirect cost to business. This is dependent on landlord actions, tenant complaints and the Ombudsman adjudication.
16. **We would also expect some savings to landlords as a result of reduced reliance on some court processes** – driven by access to alternative dispute resolution via the Ombudsman, which we expect to provide quicker and cheaper resolution than the courts. This will generate time cost savings, though we have not been able to monetise them.

¹⁶⁴ [Housing \(Wales\) Act 2014 Explanatory Memorandum](#).

¹⁶⁵ MHCLG analysis of English Housing Survey 2020-21.

17. The introduction of the Ombudsman may also incentivise landlords to be more responsive to tenant complaints and issues leading to an improvement to the standard of renting in the private sector. **Therefore, the number of complaints to the Ombudsman may decrease over time as landlords act more quickly to address tenants' issues and understand their obligations better.**

Reduced household moves

18. **We expect that, as a result of access to earlier dispute resolution via the Ombudsman, more tenancies will be maintained – resulting in reduced household churn.** Like for tenancy reform, landlords will benefit from the associated reduction in household moves due to reduced void periods between tenancies when they do not receive rent. These are estimated assuming, conservatively, a void period of 10 days.¹⁶⁶ Whilst the average void period during both 2022 and 2023 has been 17 days, due to uncertainty of market conditions in the future we select the lowest average monthly void period in 2023. We monetise this using the average rent, which we assume is £910 per month (2019 prices).¹⁶⁷ This is also a conservative assumption given uncertainty of future market conditions. Data from the most recent English Housing Survey indicates a small fraction of moves each year are due to a poor relationship with the landlord.¹⁶⁸ We assume that this provides an estimate of the potential number of moves which will no longer occur due to the introduction of the Ombudsman. We combine this with analysis of complaints to the Ombudsman in the Social Rented Sector from Housing Ombudsman annual reports and analysis of complaints in both rented sectors in the English Housing Survey. The Ombudsman indicates that approximately 70% of complaints in 2019 were upheld, which forms the basis of the complaint success rate. Combining the results of these analyses, we assume that 1.4% of moves do not occur due to the Ombudsman. On this basis, the estimated benefit for landlords over the ten-year appraisal period is £32.0 million (ranging from £28.8 million to £35.2 million). Given the number of actions required for Ombudsman decisions, we consider this to be an indirect benefit of the regulation.

2.4 Detail of tenant impacts

19. **Tenant (and landlord) wellbeing will improve as a result of access to earlier dispute resolution before issues escalate.** Alongside this, we expect the Ombudsman to order remedies that improve housing quality with the associated benefits of this. Annex 7 provides more detail of this.
20. **Tenants will also be less likely to be evicted or less likely to want to move if their issues are addressed and can therefore benefit from fewer household moves.** The analysis is based on a 2017 cost estimate of £1,457 per move from charity Shelter (converted to 2019 prices),¹⁶⁹ adjusted to current prices and multiply this by the number of moves which are expected to no longer occur due to the Ombudsman.¹⁷⁰ This uses the same method as set out in paragraph 18 of this annex. The additional benefit to households is £15.6 million present value per annum. This is dependent on a number of factors – including tenant behaviours and

¹⁶⁶ The lowest average monthly void period in 2023 was in July.

¹⁶⁷ English Housing Survey 2022-23 results on mean rent in the private rented sector, which is lower than the current average rent at above £1,300 as reported by the PIPR ONS Index. Adjusted to 2019 prices.

¹⁶⁸ English housing Survey 2019-20.

¹⁶⁹ Shelter, press release, September 2017.

¹⁷⁰ Shelter, press release, September 2017.

landlord's reaction to the Ombudsman – and is therefore considered to be an indirect impact of the regulation.

21. **Tenants will also benefit from the compensation pay-outs** resulting from any successful complaints they make to the Ombudsman – though this has not been possible to robustly calculate.

2.5 Detail of public sector impacts

22. The following section details costs to councils, courts and tribunals. We are undertaking a robust New Burdens Assessment and Justice Impact Test to calculate the net costs of new regulation and will ensure these are fully funded.

Familiarisation costs

23. **Local councils, courts and tribunals will need to familiarise themselves with the proposed regulations so they can enforce the new system** (for example, where landlords fail to register with the Ombudsman and where suspected regulatory breaches or offences are referred from the Ombudsman to local authorities). Councils, courts and tribunals will also need to update relevant guidance – though we will also be providing comprehensive national guidance to support with this. **This national guidance will cover all reforms and incur public sector costs.**

Enforcement

24. **As above, local councils, courts and tribunals will play a role in the enforcement of the legislation and taking appropriate actions when landlords have not complied.** This will have a resourcing burden – however, we expect this to be offset in the longer term by the reduction in complaints to councils, courts and tribunals which will instead be dealt with by the Ombudsman.

Wider public sector impacts

25. **Benefits arising from improved housing quality will have significant savings for public health spending** – driven by improved compliance and councils' strengthened ability to target enforcement action. Annex 7 sets this out in more detail.
26. **Greater access to dispute resolution to maintain tenancies could result in reducing the number of households who are at risk of becoming homeless.** This will in turn reduce the costs to the public purse and wider society of temporary accommodation. The total expenditure on temporary accommodation in 2022-23 was £1.74 billion.¹⁷¹

2.6 Detail of impacts on society

27. **Improved housing quality and security as a result of greater access to dispute resolution lead to:**
- a. **Improved productivity**, as a result of higher quality and more secure housing, and business generated as part of home improvement work. Fewer short notice moves make it easier to hold down stable employment and improve children's prospects.

¹⁷¹ £1.74 billion spent supporting 104,000 households in temporary accommodation | Local Government Association.

Children in secure housing experience better educational outcomes, higher levels of teacher commitment and fewer disrupted friendship groups compared to children who face housing insecurity.¹⁷² A survey conducted in Norway found that children with less residential moves are less likely to drop out of secondary school and to have a higher adult income than those who experience more residential moves.¹⁷³

- b. **Stronger communities and reduced geographic disparity** as a result of improvements to housing quality. Many deprived areas in the UK are marked by poor-quality housing. Improving the quality of homes will encourage community pride in their homes, creating prosperous communities and making areas more desirable places to live and work.¹⁷⁴ Good quality, stable housing, coupled with good high streets, and leisure and cultural activities serve as a magnet for skilled people, meaning those places continue to steam ahead.¹⁷⁵ As the Industrial Strategy Council noted, policies aimed at reducing housing-market pressures and improving social cohesion are also likely to improve the well-being of local residents.¹⁷⁶

2.7 Risks and assumptions

Switching analysis

- 28. As before, it can be instructive to consider how great the monetised value of this benefit would need to be for the benefits of the policy to equal its costs (i.e., to achieve a net present social value of zero). This can be done by calculating a switching value representing the required valuation of this benefit per household.
- 29. **For the Ombudsman the annual benefit for each household would need to be £0.98 greater for the net present social value to become £0 – where the costs equal benefits.** It is likely that there are £0.98 worth of annual benefits to households that are not captured in monetised benefits. For example, there are expected to be safety and security gains to tenants from a more formal complaints escalation process.

Sensitivities

- 30. Section 3.8 sets out more detail on risks and uncertainties. For the Ombudsman, sensitivities relate to:
 - a. **The size of the PRS:** As for tenancy reform, a significant assumption has been made about the size of the PRS over the 10-year appraisal period. A significant reduction in the number of households living in the PRS will lead to a fall in the total costs of the programme.
 - b. **The expected number of complaints:** This is subject to a high degree of uncertainty. The number of complaints will strongly influence the average cost of the Ombudsman scheme

¹⁷² Moving, Always Moving: The normalisation of housing insecurity among children in low income households in England, The Children's Society 2020.

¹⁷³ Tønnessen, Marianne & Telle, Kjetil & Syse, Astri. Childhood residential mobility and long-term outcomes. 2016.

¹⁷⁴ No Place Left Behind: The Commission into Prosperity and Community Placemaking, October 2021.

¹⁷⁵ MHCLG, Levelling Up the United Kingdom White Paper.

¹⁷⁶ Industrial Strategy Council: UK Regional Productivity Differences.

for landlords. A substantial increase in the number of cases reaching the Ombudsman would likely increase costs for landlords.

- c. **Landlord compliance:** As with the other strands of reform, the legislation will create additional offences for landlords. Landlords that fail to register with the Ombudsman, provide false or missing information, or failure to be a member of the PRS Landlord Ombudsman will be liable for enforcement action. Landlords will be liable for a civil penalty of up to £7,000 for the first, or minor, breach with the possibility of a notice to comply prior to the sanction. Subsequent or serious offences will result in a level 5 (unlimited) fine or a financial penalty of up to £40,000. **These costs have not been monetised due to the assumption of full compliance from all private landlords operating in the sector, in line with the Better Regulation Framework.**
- d. **Cost pass-through:** Landlords may attempt to recoup some of the costs of the proposed legislation by increasing rents, though we have not been able to provide a robust estimate of the degree to which this may happen for the Ombudsman. Section 3.3 provides further detail, including scenarios.

Annex 3: Private Rented Sector Database

3.1 Description of Private Rented Sector Database

1. **The Bill will legislate for a new digital database**, which will provide a single ‘front door’ to help landlords understand and demonstrate compliance with their legal requirements. In England, landlords will be legally required to register themselves and their property on the database. In this way, the database will also help tenants make informed decisions about who to rent from, and significantly strengthen local councils’ ability to target enforcement activity and take action against criminal landlords – providing them with a trusted and consistent data source about the PRS in their area.
2. We are currently undertaking extensive testing for the database, underpinned by user research and engagement with representative groups, to make sure it will work for tenants, landlords and local councils. As part of this, **we are exploring how to integrate compliance and legal requirements into the database to maximise benefits to these users.**
3. **We are also carefully balancing landlords’ privacy concerns with the need of private tenants to make informed decisions about their housing options when designing the new system.** Tenants will be able to access necessary information in relation to their landlord’s identity and compliance with key legislative requirements, but we do not envisage that all data will be publicly accessible.
4. To fully operationalise the database, we will need to lay a package of secondary legislation and landlords will then be given a period of time to sign up to the database once it is live. We will consider an appropriate lead-in time to require private landlords to sign up. **We therefore expect the database to be fully up and running by 2026.** Ahead of that date we will develop the database in line with the Government Digital Service Standard, which will include testing of the service ahead of launch.
5. We are considering how to bolster the database even further **by incorporating some of the functionality of the existing Database of Rogue Landlords and Property Agents.** We will enable tenants to identify if their prospective landlord has committed an offence by making relevant offence data publicly viewable, until such time as the offence is spent. We will also maximise the utility of this function for local councils, ensuring that the maximum number of offences are visible to local authorities by mandating entry of all eligible offences.

3.2 Summary of major impacts

6. **The details of the Private Rented Sector Database will be set out in secondary legislation. Therefore, while the impacts have been estimated and monetised in this Impact Assessment, these figures are considered to be indirect and not included in the headline EANDCB. To ensure a complete appraisal of the policy changes the impacts will be included in the secondary legislation EANDCB.**
7. Table 10 sets out a summary of the reform’s impacts by the group affected. All items are presented in 2019 prices with a present value of 2025. The net present social value of the database is calculated at -£409.5 million, which equates to an annual per household NPSV of -£8.62. Per the table, the main monetised costs of the policy arise from the time taken by landlords to familiarise themselves with the new system, alongside time to register with the

database (including re-registering in future years). The database will also require a registration fee to fund its operation.

8. **Despite this negative headline figure, there are substantial benefits which it has not been possible to monetise** due to the data limitations discussed in the subsequent section. These benefits include the reduction in dangerous Category 1 hazards as a result of improved compliance by landlords (who will be clearer on their obligations as a result of the guidance provided on the database) and because of councils' improved ability to target enforcement action against those landlords not meeting these minimum standards. As set out in section 1.2, councils currently struggle to take action against criminal landlords due to the lack of data and information available about the PRS in their area, which the database will remedy. Annex 7 provides more detail of these housing quality improvements.
9. **The negative NPSV for the database would be offset by just £8.62 worth of annual non-monetised benefits per household per year**, such as health and productivity benefits of improved housing quality. For illustration, the average annual healthcare saving per hazard rectified was £542 in 2019 prices.

Table 10: Costs and benefits of Private Rented Sector Database

Impact	Value	Group impacted	Direct/indirect
Costs			
Familiarisation costs of understanding and adjusting to regulations	Monetised across the legislation	Landlords	Direct
	Being considered as part of a separate New Burdens Assessment and Justice Impact Test	Local councils, courts and tribunals	Direct
Time taken to register and re-register time cost	£49.8m	Landlords	Direct – not included in the headline EANDCB
Fee for registering on the database	£359.7m	Landlords	Indirect – exempt from inclusion in the EANDCB
Government grant to fund the initial set up of the database	Non-monetised	Central government	Indirect
Enforcement costs of the new system	Being considered as part of a separate New Burdens Assessment and Justice Impact Test	Local councils, courts and tribunals	Indirect
Funding for government communications , such as guidance on new reforms	Non-monetised	Central government	Indirect

Impact	Value	Group impacted	Direct/indirect
Possible rent increases as a result of potential landlord cost pass-through	Non-monetised	Tenants	Indirect
Benefits			
More efficient enforcement action to target criminal landlords as a result of the database	Non-monetised	Local government	Indirect
Improved compliance with regulations as a result of being able to more easily understand obligations through the database	Non-monetised	Landlords	Indirect
Additional income for letting agents from being able to offer services to register landlords on the database	Non-monetised	Letting agents	Indirect
Increased business generated from home improvement and services associated with landlord compliance such as providing gas safety certificates	Non-monetised	Other businesses	Indirect
Improved educational outcomes, earnings, health and wellbeing, and reduced energy bills as a result of improved housing quality / security because of landlords' greater compliance with regulations and councils' improved ability to target enforcement action	Non-monetised	Tenants	Indirect
Improved understanding of landlords' compliance via the database, enabling more informed decisions about where to live	Non-monetised	Tenants	Indirect
Reduced health costs , as a result of higher quality and more secure housing – due to improved compliance and enforcement action	Non-monetised	Public sector	Indirect
Benefits of improved housing quality and security as a result of greater compliance and	Non-monetised	Society	Indirect

Impact	Value	Group impacted	Direct/indirect
improved enforcement action , including improved productivity, stronger communities and reduced geographic disparity			
Possible rent increases as a result of potential landlord cost pass-through	Non-monetised	Landlords	Indirect
NPSV	-£409.5m		

10. The full cost and benefit profile for the database is set out in Annex 11.

3.3 Detail of business impacts

Familiarisation and registration costs

11. **Landlords will be required to familiarise themselves with the proposed legislation and the implications for their business.** This is a transitory cost in year one of the policy only, with an adjustment made for new tenants as set out in section 3.5. The length of guidance is uncertain. The time needed by private landlords to understand all changes across the entire Bill is estimated at approximately six hours per landlord based on existing products on the market that train landlords to understand their obligations – as set out in Annex 1 above.
12. **There will be a time cost for landlords when they first register on the Private Rented Sector Database.** They will be required to fill in the necessary details and collect the required information, such as gas safety certificates – though we would expect them to have this to hand and it should not generate a significant additional burden. Given the distribution of landlord portfolios, the average landlord is expected to take 24 minutes to register a property on the database (ranging from 18 minutes to 30 minutes). This is comprised of 20 minutes to register property details and the remainder to enter landlord details. This is based upon individuals testing a prototype version of the database registration process. This is higher than the expected registration time requirement for Rent Smart Wales (which is 10 minutes) but reflects the possible additional evidencing requirements of the database. As a result, the average registration time cost is expected to be £5.72 per dwelling registered (range £4.29 to £7.15). This is based on the average estate agent wage. The expected time cost is multiplied by the number of occupied private rented properties requiring registration on the database. Landlords with multiple properties will likely have significant efficiency saving following the completion of the first registration. The average annual present value cost to landlords is estimated to be £2.8 million (range £2.1 million to £3.5 million) over the ten-year appraisal period. As landlords will be required to complete a registration on the database this is considered a direct cost of the secondary legislation. This has not been included in the headline EANDCB as the impact is dependent on secondary legislation. For completeness, an additional EANDCB including these impacts has been calculated.
13. **Landlords will be required to re-register on the Private Rented Sector Database every three years.** The re-registration process is expected to be quicker to complete. Records will be pre-populated, so landlords will not have to re-enter information that is unchanged. It is expected the re-registration process will take approximately half the time required for the initial

registration. This is expected to be 12 minutes (ranging from 9 minutes to 15 minutes) with the landlord confirming the details are correct and updating any required certificates or details. This results in a per re-registration cost of £2.86 per property (range £2.15 to £3.58). The average annual present value cost to landlords of re-registering on the Private Rented Sector Database is estimated to be £2.2 million (ranging from £1.7 million to £2.8 million).

14. **Linked to this, we would expect benefits for letting agents**, who we anticipate will be able to offer services to landlords to support their registration on the Private Rented Sector Database. This will increase their income – though we haven’t been able to monetise to what extent.
15. **Landlords will also be required to pay a registration fee to join the Private Rented Sector Database.** Specific details of the policy will be set out in secondary legislation, but for the purposes of this Impact Assessment, we have assumed the registration will be valid for a three-year period at which point the landlord will be required to repay the fee costs. Based on the registration fees from Northern Ireland, Scotland, and Wales, the assumed per property registration fee is £28.58 (ranging from £12.23 to £45.31). The fees from the Devolved Administrations are scaled by the average portfolio size to estimate a per property fee. The Department will consider various fee structures to ensure fees are fair and proportionate while ensuring the database is self-funding. The registration fee will be paid per property in the landlord’s portfolio. In the absence of data, the analysis assumes 1% of occupied properties in the PRS change ownership, to another landlord, each year requiring re-registration on the database.¹⁷⁷ Other data sources on the number of landlord-to-landlord property sales are not available. This results in a present value cost to landlords of £36.0 million per annum over the ten-year appraisal period (ranging from £15.4 million to £57.0 million). While the legislation will require landlords to pay a fee to register on the database, fees or charges made by or on behalf of a public body are excluded from the Better Regulation Framework and the Regulatory Policy Committee has previously advised MHCLG should not be included in the EANDCB metric.¹⁷⁸

Improved compliance

16. **As part of registering with the Private Rented Sector Database, landlords will be required to demonstrate compliance with the relevant legislation regulating the PRS. This is expected to lead to an improvement in awareness of the regulation, with landlords better meeting their obligations as a result.** We would therefore anticipate significant improvements to the quality of privately rented housing (and the experiences of private tenants) – with the potential for landlords to avoid falling foul of enforcement action whilst increasing the value of rented property through improved property standards. For example, improving energy efficiency has also been found to increase a property’s value by up to 14%, providing landlords with long term benefits.¹⁷⁹ There will also be benefits to other businesses (and commensurate costs to landlords) related to increased compliance; for example, for businesses providing gas safety inspections and certification.

¹⁷⁷ Housing (Wales) Act 2014 Explanatory Memorandum.

¹⁷⁸ Better Regulation Framework Interim guidance 2018.

¹⁷⁹ MoneySupermarket, How energy efficiency impacts property value, September 2022.

3.4 Detail of tenant impacts

17. **As above, we expect the database to drive improved compliance with regulations, resulting in housing safety, security and quality for private tenants.** Category 1 hazards pose a serious risk to a tenant's health and safety. Each Category 1 hazard is estimated to cost the National Health Service £542 per year (2019 prices).¹⁸⁰ Therefore, a small reduction in the number of unsafe homes is associated with significant cost savings and improved health outcomes for tenants.
18. **We would also expect tenants to make more informed decisions about where they rent based on the information available on the database, including about landlord compliance.** We would expect this in turn to exert market pressure helping drive up standards in the PRS, with associated benefits for tenants – for example, tenants may not choose to rent from landlords who have repeatedly been fined, or who have not provided up-to-date gas safety certificates, etc.

3.5 Detail of public sector impacts

19. The following section details costs to councils, courts and tribunals. We are undertaking a robust New Burdens Assessment and Justice Impact Test to calculate the net costs of new regulation and will ensure these are fully funded.

Familiarisation costs

20. **Local councils, courts and tribunals will need to familiarise themselves with the proposed regulations so they can enforce the new system.** Councils, courts and tribunals will also need to update relevant guidance – though we will also be providing comprehensive national guidance to support with this. **This national guidance will cover all reforms and incur public sector costs.**

Enforcement

21. **As above, local councils, courts and tribunals will play a role in the enforcement of the legislation and taking appropriate actions when landlords have not complied with the legislation.** Where landlords have committed a breach of the legislation, councils will be able to investigate and impose civil sanctions on or prosecute the landlord. Councils will incur a cost in taking the enforcement action – however, improvements to landlord awareness of obligations should result in greater compliance, subsequently reducing burdens on councils.

Wider public sector impacts

22. **Furthermore, benefits arising from improved housing quality will have significant savings for public health spending** – driven by improved compliance and councils' strengthened ability to target enforcement action. Annex 7 sets this out in more detail.
23. **Central government will also be better able to monitor the PRS and develop policy solutions to emerging problems** – improving landlord and tenant experiences of the PRS.

¹⁸⁰ MHCLG analysis of Building Research Establishment (BRE) 2021: The Full Cost of Poor Housing.

3.6 Detail of impacts on society

24. Benefits of improved housing quality and security as a result of greater compliance and improved enforcement action lead to:

- a. **Improved productivity**, as a result of higher quality and more secure housing, and business generated as part of home improvement work. Fewer short notice moves make it easier to hold down stable employment and improve children's prospects. Children in secure housing experience better educational outcomes, higher levels of teacher commitment and fewer disrupted friendship groups compared to children who face housing insecurity.¹⁸¹ A survey conducted in Norway found that children with less residential moves are less likely to drop out of secondary school and to have a higher adult income than those who experience more residential moves.¹⁸²
- b. **Stronger communities and reduced geographic disparity** as a result of improvements to housing quality. Many deprived areas in the UK are marked by poor-quality housing. Improving the quality of homes will encourage community pride in their area, creating prosperous communities and making areas more desirable places to live and work.¹⁸³ Good quality, stable housing, coupled with good high streets, and leisure and cultural activities serve as a magnet for skilled people, meaning those places continue to steam ahead.¹⁸⁴ As the Industrial Strategy Council noted, policies aimed at reducing housing-market pressures and improving social cohesion are also likely to improve the well-being of local residents.¹⁸⁵

3.7 Risks and assumptions

Switching analysis

25. It can be instructive to consider how great the monetised value of this benefit would need to be for the benefits of the policy to equal its costs (i.e., to achieve a net present social value of zero). This can be done by calculating a switching value representing the required valuation of this benefit per household.

26. **For the Private Rented Sector Database the annual benefit for each household would need increase by £8.62 for the net present social value to become £0 – where the costs equal benefits.** It is likely that there are £8.62 worth of annual benefits to households that are not captured in monetised benefits. For example, there are expected to be safety and security gains to tenants from a landlord ensuring their properties meet their legal requirements – including being gas safe.

Sensitivities

27. Section 3.8 sets out more detail on risks and uncertainties. For the Database, sensitivities relate to:

¹⁸¹ Moving, Always Moving: The normalisation of housing insecurity among children in low income households in England, The Children's Society 2020.

¹⁸² Tønnessen, Marianne & Telle, Kjetil & Syse, Astri. Childhood residential mobility and long-term outcomes. 2016.

¹⁸³ No Place Left Behind: The Commission into Prosperity and Community Placemaking, October 2021.

¹⁸⁴ MHCLG, Levelling Up the United Kingdom White Paper.

¹⁸⁵ Industrial Strategy Council: UK Regional Productivity Differences.

- a. **The size of the PRS:** As for tenancy reform, a significant assumption has been made about the size of the PRS over the 10-year appraisal period. A significant reduction in the number of households living in the PRS will lead to a fall in the total costs of the programme.
- b. **Landlord compliance:** The legislation includes additional offences. Landlords that fail to register on the Private Rented Sector Database, provide false or misleading information or do not comply with the database operator's instructions in specific cases will be liable to enforcement action. For the first, or minor, breach of the legislation landlords will be liable for a civil sanction of up to £7,000 with the possibility of a notice to comply prior to a formal civil sanction. For subsequent or more serious offences, landlords will be liable to a level 5 (unlimited) fine upon conviction or a financial penalty of up to £40,000. For the most egregious offences, banning orders can be pursued. **These costs have not been monetised due to the assumption of full compliance from all private landlords operating in the sector, in line with the Better Regulation Framework.**
- c. **Cost pass-through:** Landlords may attempt to recoup some of the costs of the proposed legislation by increasing rents, though we have not been able to provide a robust estimate of the degree to which this may happen for the database. Section 3.3 provides further detail, including scenarios.

Annex 4: Renting with pets

4.1 Description of renting with pets policy

1. **The Bill will legislate to ensure landlords do not unreasonably withhold consent when a tenant requests to have a pet in their home, with the tenant able to challenge a decision.** We are amending the Tenant Fees Act 2019 to include pet damage insurance as a permitted payment and to allow landlords to require a tenant to enter a contract with an insurer for the purposes of taking out pet damage insurance. This will ensure that landlords will not incur any increased costs from tenants having pets as they will be able to either charge the tenant for the cost of insurance, or to require the tenant to take out, and directly pay for, an insurance policy. Where insurance isn't in place or doesn't cover the cost of damage incurred by a pet, the landlord will be able to deduct the costs from the tenant's deposit or, where resolution cannot be found through one of these two routes, by taking the tenant to court – which is likely to be extremely rare. We will continue to work with landlords and other groups to encourage a common-sense approach. Pets can bring a huge amount of joy, and we are committed to supporting responsible pet ownership in the PRS. Alongside greater security and quality, these measures will help tenants truly feel like their house is their home.

4.2 Summary of major impacts

2. Table 11 sets out the breakdown of costs and benefits associated with legislation on renting with pets. Where possible these have been monetised and clearly referenced whether they are direct or indirect. All terms are presented in 2019 pounds with a present value of 2025. The net present social value of renting with pets is calculated at -£15.3 million, which equates to a cost of £0.77 per household with a pet per annum. Per the table, the main monetised costs of the policy arise from the time taken by landlords to familiarise themselves with the new legislation and to consider requests from tenants for pets.
3. There will also be costs to tenants for any damages caused by their pet – however, this will be offset by the degree of benefit a tenant expects to receive from their pet. The benefits of pet ownership are well documented, including to health and emotional wellbeing. The policy creates a right, not an obligation, for a tenant to request a pet. As such, we would expect a tenant behaving rationally to base their decision on the judgment that the benefits to their household will be equal to or greater than anticipated costs, including of damages.
4. **The negative NPSV for renting with pets would be offset by just £0.77 of annual non-monetised benefits per household renting with pets.**

Table 11: Costs and benefits of Renting with Pets

Impact	Value	Group impacted	Direct/Indirect
Costs			
Familiarisation costs of understanding and adjusting to regulations	Monetised across regulation	Landlords	Direct
	Being considered as part of a separate Justice Impact Test	Courts	Direct

Impact	Value	Group impacted	Direct/Indirect
Time taken by landlords to consider requests for pets	£22.2m	Landlords	Direct
Insurance costs to cover pet damages	£346.8m ¹⁸⁶ (of which £6.9m is a transfer to insurance companies)	Tenants	Indirect
Possible rent increases as a result of potential landlord cost pass-through	Non-monetised	Tenants	Indirect
Enforcement costs of the new system	Being considered as part of a separate New Burdens Assessment and Justice Impact Test	Local councils, courts and tribunals	Direct
Funding for government communications , such as guidance on new reforms	Non-monetised	Central government	Direct
Benefits			
Benefits such as improved health and wellbeing , as a result of ability to rent with pets	£346.8m (per above, as tenants are <u>choosing</u> to have a pet, we would expect the benefit to be at least equivalent to the costs)	Tenants	Indirect
Reduced health costs as a result of the benefits of pet ownership	Non-monetised	Public sector	Indirect
Additional business for insurance companies and associated profits	£6.9m	Insurance companies	Indirect
Potential increased pet ownership driving services for pet-related businesses	Non-monetised	Pet-related businesses	Indirect
Possible rent increases as a result of potential landlord cost pass-through	Non monetised	Landlords	Indirect
NPSV	-£15.3m		

5. The full cost and benefit profile for renting with pets is set out in Annex 11.

¹⁸⁶ This figure is significantly higher than the one used in the Renters (Reform) Bill Impact Assessment, due to newer and more robust assumptions on the number of requests per year and the proportion approved per year.

4.3 Detail of business impacts

Familiarisation time

6. **Landlords will be required to familiarise themselves with the proposed legislation and the implications for their business.** This is a transitory cost in year one of the policy only, with an adjustment made for new tenants as set out in section 3.5. The length of guidance is uncertain. The time needed by private landlords to understand all changes across the entire Bill is estimated at approximately six hours per landlord based on existing products on the market that train landlords to understand their obligations – as set out in Annex 1 above.

Time taken to consider requests and appeals

7. **Landlords will be required to consider all requests for a pet from tenants and, in the event of a refusal, provide a reason.** We estimate that it will take around half an hour for landlords to process a request and provide a reason for their decision. This is based upon the landlord considering the potential tenancy changes – including insurance – and issues to the dwellings. As a result, each request for a pet is expected to cost £7.15, based on the average estate agent wage. The overall average annual time cost is therefore £2.2 million (ranging from £1.1 million to £3.3 million).
8. **We have had to make some assumptions to estimate how many requests landlords may receive per year.** It is estimated that about 43% of tenants own a pet and a further 33% are aspiring to own one.¹⁸⁷ Therefore, we can expect that by the end of the appraisal period 76% of households may have requested a tenancy with a pet. On average this would be 7.6% of households per year over the course of the appraisal period. We can compare this to recent findings which show that 9% of households in the Private Rented Sector were refused a tenancy due to pet ownership within a year.¹⁸⁸ This figure does not account for those whose requests were *accepted* by the landlord, thus the total requests that year was likely higher. However, as we do not know the distribution of this figure over a 10-year period, we have used the conservative figure of an average of 7.6% requests each year. The legislation will require landlords to consider all requests from tenants. While this is dependent on tenant behaviour it is sufficiently related to the reforms to be considered a direct effect.
9. **Tenants who believe they have been unfairly denied a request for a pet will also be able to appeal to the new Ombudsman.** Due to uncertainty around the reasons for denial and the prevalence of request for a pet, it is not possible to accurately estimate the number of cases reaching the Ombudsman nor their likely outcomes. We know that approximately 45% of landlords were unwilling to let to tenants with pets.¹⁸⁹ We know that 8.9% were refused a tenancy in a year but not how many of these would find the decision unfair and decide to complain to the Ombudsman.

Increased business for insurance companies

10. Landlords will be able to require tenants to have insurance to cover any damages caused by pets. As a result, **we would expect increased business for insurance companies.** If we assume a 2% profit margin of the £346.8 million insurance costs to tenants, the profit to

¹⁸⁷ Battersea Pet Friendly Property (Reported to Battersea by Fizzy Living in 2021 interview).

¹⁸⁸ English Housing Survey 2022-23.

¹⁸⁹ English Private Landlord Survey 2021.

Insurance companies over the 10-year appraisal period would be £6.9 million.¹⁹⁰ This profit is a transfer from private tenants to insurance companies, so does not affect the NPSV.

4.4 Detail of tenant impacts

11. **The Bill will legislate so that landlords can require tenants to pay insurance costs for any damages to the property caused by pets. This will incur costs to the tenants.** It is difficult to estimate the number of successful requests from the 76% of tenants who we expect to request, given the lack of comparable statistics to use. In the 2021 English Private Landlords Survey, 45% of landlords would not consider tenants with pets, therefore we have assumed 55% of requests are successful. However, this might be an overestimate, as not all of the 55% of landlords would necessarily accept the requests. Using the estimate that damages caused by dogs amount to £132.38 per year, we can then estimate potential damage costs across a ten-year period.¹⁹¹ Given the distribution of pet ownership, the analysis assumed 29% of requests are for dogs and will incur additional damage to the property.¹⁹² This is based on the distribution of pets across the United Kingdom. As a result, the expected cost to tenants of the damage is £34.7 million present value per annum (ranging from £26.0 million to £43.3 million). This is considered to be an indirect effect of the policy given tenants must request and landlord must approve pet ownership in the rented home.
12. **As requesting to rent with a pet will be a choice rather than an obligation, with paying for insurance to cover pet damage therefore also a choice, it follows that tenants deciding to keep a pet in their rented property assess the benefits of that as equal or greater than the costs.**
13. **These benefits include mental and physical health advantages of having pets.** Not only do some pets encourage households to be more active, there are also wellbeing benefits. These benefits include reduced stress, anxiety and blood pressure – all lending well to good heart health.¹⁹³ Animals also provide notably good companions and can help combat loneliness. Given the Community Life Survey 2020/21¹⁹⁴ highlighted 6% of respondents (three million people in England) are lonely, this is an important channel to consider, particularly as studies have shown tenants to be typically more distressed on mental health indicators than homeowners.¹⁹⁵ The Green Book Supplementary Guidance allows us to monetise the potential wellbeing impacts based on changes to self-reported life satisfaction. Each one-unit increase, based on a one to ten scale, in wellbeing is worth £13,000 per individual. **Based on the cost of damage incurred by the tenant, individuals requesting a pet would only need to experience a 0.01 increase in their wellbeing to offset damage costs.** Given that tenants must request a pet and the landlord must approve the request, the cost of insurance is considered to be indirect.
14. As noted above, we would expect a tenant behaving rationally to base their decision on the judgment that the benefits to their household will be equal to or greater than anticipated costs. This equates to an expected benefit to tenants of at least £346.8 million over the ten-year

¹⁹⁰ FCA 2019 General insurance pricing practices; 2% profit margin for home insurance.

¹⁹¹ Money Supermarket, 2021, £164 per canine (adjusted).

¹⁹² World Animal Foundation, August 2024.

¹⁹³ Pendry, P., & Vandagriff, J. L. (2019). Animal Visitation Program (AVP) Reduces Cortisol Levels of University Students: A Randomized Controlled Trial. *AERA Open*, 5(2).

¹⁹⁴ DCMS, Wellbeing and Loneliness – Community Life Survey 2020/21.

¹⁹⁵ Joseph Rountree Foundation, *Anxiety nation? Economic insecurity and mental distress in 2020s Britain*.

appraisal period. This is the equivalent to £34.7 million per annum (ranging from £26.0 million to £43.3 million).

4.5 Detail of public sector impacts

15. The following section details costs to the courts. We are undertaking a robust Justice Impact Test to calculate the net costs of new regulation and will ensure these are fully funded.

Familiarisation costs

16. **The courts will need to familiarise themselves with the proposed regulations so they can enforce the new system** (for example, where landlords do not comply with an Ombudsman direction to allow a tenant to rent with pets). The courts will also need to update relevant guidance – though we will also be providing comprehensive national guidance to support with this. **This national guidance will cover all reforms and incur public sector costs.**

Recourse for non-compliance

17. **As above, the Ombudsman will be able to support tenants' rights under the new legislation, or alternatively tenants could take their case to court.** This will have a resourcing burden.

Wider public sector impacts

18. **Tenants improved health and wellbeing as a result of pet ownership will also deliver public health savings.**

4.6 Risks and assumptions

Switching analysis

19. Again, it can be instructive to consider how great the monetised value of this benefit would need to be for the benefits of the policy to equal its costs (i.e., to achieve an NPSV of zero). This can be done by calculating a switching value representing the required valuation of this benefit per household.

20. **For renting with pets measures the annual benefit for each household with a pet would need to be £0.77 greater to net out.** It is possible that there are £0.77 worth of annual benefits from having a pet in your home that are not captured in monetised benefits. For example, the physical and mental wellbeing benefits that pets bring to the household.

Annex 5: Rental discrimination

5.1 Description of rental discrimination policy

1. It is wholly unacceptable for landlords to refuse to consider someone as a prospective tenant, simply because they are on benefits or have children. **The Bill will make it illegal for landlords to discriminate against tenants in receipt of benefits or with children when choosing to let their property.** This will prevent discrimination against these cohorts of prospective tenants during the lettings process, with councils or trading standards able to issue fines for civil breaches. The Ombudsman and letting agent redress schemes will also ensure issues can be resolved, including through compensation to prospective tenants if appropriate.
2. **We will also support landlords to take informed decisions on individual circumstances rather than relying on rental discrimination.** We will consider how best to work with the insurance industry to address landlord and agent misconceptions that it is difficult to arrange insurance for properties where tenants are in receipt of benefits. Furthermore, we will explore improvements to welfare support information for both tenants and landlords and help ensure that those who are unable to manage their rent payments can arrange direct payments of housing costs to their landlord through their Universal Credit (Managed Payments). So that tenants can access the support they need and can secure accommodation in the private rented sector, we will consider how to boost awareness of the range of local services available to help people who are living on a low wage or are receiving benefits.

5.2 Summary of major impacts

3. Table 12 sets out the breakdown of costs and benefits associated with legislation on rental discrimination. With the exception of familiarisation costs for landlords and letting agents, which are monetised across the legislation, it has not been possible to monetise costs. There will be some costs arising from relevant individuals in mortgage lenders and insurance providers needing to familiarise themselves with the rental discrimination provisions and amend policies that include exclusions in relation to those on benefits or with children. We understand, however, from the industry that such provisions are not commonplace and so would expect costs to be correspondingly low. Where possible, these have been monetised and clearly referenced whether they are direct or indirect. All terms are presented in 2019 pounds with a present value of 2025. **The net present social value of the rental discrimination policy is calculated at -£1.0 million, which equates to an annual cost of £0.02 per household living in the PRS.** Per the table, the main monetised costs of the policy arise from the time taken by landlords and letting agents to familiarise themselves with the new legislation.
4. **There are also substantial benefits which it has not been possible to monetise.** These benefits include improved access to the PRS for tenants in receipt of benefits or with dependent children, and an increased choice of dwellings – making it more likely for tenants to find a suitable property to meet their needs. This could in turn reduce the number of households who are at risk of becoming homeless and improve health and wellbeing outcomes.

Table 12: Costs and benefits of rental discrimination

Impact	Value	Group impacted	Direct/Indirect
Costs			
Familiarisation costs of understanding and adjusting to regulations	Monetised across the legislation	Private landlords	Direct
	£1.0m	Letting agents, mortgage brokers and insurers	Direct
	Being considered as part of a separate New Burdens Assessment and Justice Impact Test	Local councils, courts and tribunals	Direct
Enforcement costs for local councils, courts and tribunals for new offences	Non monetised	Local councils, courts and tribunals	Indirect
Funding for government communications , such as guidance on new reforms	Non-monetised	Central government	Direct
Possible rent increases as a result of potential landlord cost pass-through	Non-monetised	Tenants	Indirect
Benefits			
Improved access to the PRS	Non-monetised	Tenants	Direct
Greater choice in dwellings	Non-monetised	Tenants	Direct
Improved wellbeing from having greater confidence of being able to secure a home	Non-monetised	Tenants	Indirect
Potential reduction in homelessness duties owed as a result of greater access to the PRS for low-income tenants	Non-monetised	Public sector	Indirect
Potential health savings as a result of improved health and wellbeing of tenants in more appropriate housing	Non-monetised	Public sector	Indirect
Benefits of reduced inequality , including reputational benefits for the UK	Non-monetised	Society	Indirect
Increased productivity as a result of tenants potentially being able to access more appropriate housing	Non-monetised	Society	Indirect
Possible rent increases as a result of potential landlord cost pass-through	Non monetised	Private landlords	Indirect

Impact	Value	Group impacted	Direct/Indirect
NPSV	-£1.0m		

5.3 Detail of business impacts

Familiarisation and registration costs

5. **Landlords will be required to familiarise themselves with the proposed legislation and the implications for their business.** This is a transitory cost in year one of the policy only, with an adjustment made for new tenants as set out in section 3.5. The length of guidance is uncertain. The time needed by private landlords and letting agents to understand all changes across the entire Bill is estimated at approximately six hours per landlord or letting agent, based on existing products on the market that train landlords to understand their obligations – as set out in Annex 1 above.
6. **Letting agents will be required to understand and consider the implications for their businesses.** Letting agents are expected to take one hour¹⁹⁶ to familiarise themselves with this section of the new legislation, which we monetise using the average estate agent wage from the ASHE.¹⁹⁷ Looking at ONS data on the real estate industry from 2021, we estimate that a real estate agency has on average six employees.¹⁹⁸ We assume that half of these need to familiarise themselves with the new regulations. This results in a central estimate familiarisation cost per letting agent of £42.90 (ranging £21.45 to £64.35). We apply this cost to each of the 22,900 letting agents in England in 2023.¹⁹⁹ The total cost of familiarising themselves with the proposed legislation over the ten year period is £1.0 million (range £0.5 million to £1.5 million). As with other familiarisation costs, this is direct cost resulting from the legislation. There will also be familiarisation costs to mortgage lenders and insurers and some cost specifically in relation to amending their products which currently contain restrictions, for example on the mortgagor letting to people on benefits that are nullified by the Bill, though we understand that these are not commonplace.

5.4 Detail of tenant impacts

7. **We expect tenants to benefit from improved access to the PRS and a greater choice of dwellings that better meet their needs, which we expect will in turn improve wellbeing, because they will have greater confidence in being able to secure a home.**
8. **Looking at the English Private Landlord Survey and the English Housing Survey, we can get a sense of the current extent of discrimination which occurs against tenants based on having dependent children or being on benefits.** The EPLS in 2021 found that 44% of landlords were unwilling to let to tenants on either housing support or Universal Credit, and that 15% are not willing to let to people with dependent children.²⁰⁰ The most common reason for a landlord to not want to rent to people on benefits is the risk of not getting the full payment of rents or delay in payment of rents. The most common reason for not renting to

¹⁹⁶ One hour assumed to be reasonable as rental discrimination is one of the six measures we expect to be included in the guidance, for which we have assumed a total reading time of six hours.

¹⁹⁷ Annual Survey of Hours and Earnings (ASHE) 2022.

¹⁹⁸ [Real estate industry - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk) This calculation uses companies in the categories 68310: Real estate agencies and 68320: Management of a real estate on a fee or contract basis.

¹⁹⁹ Based on ONS data UK business: activity, size and location, industry group 6831: Real estate agencies.

²⁰⁰ English Private Landlord Survey 2021.

families is because the accommodation is unsuitable²⁰¹ for families. In turn, 30% of households in the PRS have one or more dependent children, out of these, 6.2% stated that they were refused a tenancy because of children in the home during that year. 24% of PRS households receive some form of housing support, among households with at least one dependent child this proportion increases to 48%.²⁰² Out of those households currently receiving housing benefits, 8.8% stated that they had been refused a tenancy due to benefit receipt between 2021 and 2023.

9. **Besides those properties which justifiably may not be suitable for children, regulating against this discrimination would make it easier for on average, 91,000 households with dependent children and 102,000 households on housing benefits per year.** Unfortunately, the benefits accrued to these households remains non-monetised as we do not know on average what the outcome was for these households – on education, productivity, wellbeing – and whether and how quickly they were able to find rental property elsewhere.

5.5 Detail of public sector impacts

10. The following section details costs to councils, courts and tribunals. We are undertaking a robust New Burdens Assessment and Justice Impact Test to calculate the net costs of new regulation and will ensure these are fully funded.

Familiarisation costs

11. **Local councils, and tribunals will need to familiarise themselves with the proposed regulations so they can enforce the new system** (for example, where landlords advertise ‘no DSS’) **and manage appeals.** Councils, and tribunals may also need to update relevant guidance – though we will also be providing comprehensive national guidance to support with this. **This national guidance will cover all reforms and incur public sector costs.**

Enforcement

12. **As above, local councils and tribunals will play a role in the enforcement of the legislation and managing appeals.** This will have a resourcing burden.

Wider public sector impacts

13. **Tenants’ better access to appropriate housing may result in a reduced number of households who are at risk of becoming homeless.** This will in turn reduce the costs to the public purse and wider society of temporary accommodation – the total expenditure on temporary accommodation in 2022-23 was £1.74 billion.²⁰³
14. **Being able to access more appropriate housing may also result in improved health and wellbeing, driving public health savings.**

²⁰¹ This is self-reported, and we do not know the underlying reasons why the landlords thought it was unsuitable.

²⁰² English Housing Survey 2022-23.

²⁰³ LGA, £1.74 billion spent supporting 104,000 households in temporary accommodation, October 2023.

5.6 Detail of impacts on society

15. Benefits of improved housing security as a result of improved access to the PRS and a greater choice of dwellings that better meet their needs lead to:

- a. **Improved productivity**, as a result of more secure housing. Greater access to housing makes it easier to hold down stable employment and improves children's prospects. Children in secure housing experience better educational outcomes, higher levels of teacher commitment and fewer disrupted friendship groups compared to children who face housing insecurity.²⁰⁴ A survey conducted in Norway found that children with less residential moves are less likely to drop out of secondary school and to have a higher adult income than those who experience more residential moves.²⁰⁵
- b. **Stronger communities and reduced geographic disparity** as a result of greater housing security. Increasing security contributes to prosperous communities, making areas more desirable places to live and work.²⁰⁶ Stable housing, coupled with good high streets, and leisure and cultural activities serve as a magnet for skilled people, meaning those places continue to steam ahead.²⁰⁷

5.7 Risks and assumptions

Sensitivities

16. Section 3.8 sets out more detail on risks and uncertainties. For rental discrimination, sensitivities relate to:

- a. **The size of the PRS:** As with the other reforms presented in this Impact Assessment, the future size of the PRS is uncertain. A larger decline in the number of households living in the PRS would lead to a reduction in the costs presented.
- b. **The expected number of complaints:** This is subject to a high degree of uncertainty. The number of complaints relating to discrimination will strongly influence the average cost of the Ombudsman scheme for landlords. A substantial increase in the number of cases reaching the Ombudsman would likely rise costs for landlords.
- c. **Landlord compliance:** Landlords may incur compensation costs via a complaint to the Ombudsman, and fine costs from failing to comply with regulatory requirements. This is dependent on the extent to which business practices change following the introduction of the legislation. These fines are assumed to be a maximum of up to £7,000 and be applied to landlords and letting agents that commit a breach of the proposed requirements. There are reasons to believe the impacts may be relatively small. Larger national rental listings platforms have already limited the use of 'no DSS' on property adverts. Landlords and letting agents will continue to be able to carry out affordability and reference checks prior to offering a tenancy. This will ensure that the tenancy is affordable to the prospective tenant and mitigate negative risks to landlords. Legislation will also make historical restrictions on insurance and mortgage products

²⁰⁴ Moving, Always Moving: The normalisation of housing insecurity among children in low income households in England, The Children's Society 2020.

²⁰⁵ Tønnessen, Marianne & Telle, Kjetil & Syse, Astri. Childhood residential mobility and long-term outcomes. 2016.

²⁰⁶ No Place Left Behind: The Commission into Prosperity and Community Placemaking, October 2021.

²⁰⁷ MHCLG, Levelling Up the United Kingdom White Paper.

unenforceable. **Ultimately, these costs of non-compliance have not been monetised due to the assumption of full compliance from all private landlords operating in the sector, in line with the Better Regulation Framework.**

- d. **Cost pass-through:** We would not expect a significant degree of rent pass through resulting from the ban on 'No DSS' practices. The ability of landlords to increase rents is likely to be low given affordability constraints of housing support recipients.

Annex 6: Rental Bidding

6.1 Description of Rental Bidding

1. The rental bidding measures will prohibit landlords from inviting, encouraging, or accepting offers of rent above the advertised price. This model would require landlords and letting agents to publish an asking bid and then prohibit landlords and agents from accepting an offer over this price, including when made of a prospective tenant's own volition.

6.2 Summary of major impacts

2. The major intended impact of prohibiting rental bidding will see an economic transfer in the form of lower rents for tenants by preventing landlords from excessively profiting from a shortage of rental properties in the market. Due to uncertainty about how the price setting behaviour of landlords will evolve, it is difficult to robustly estimate how many tenants will directly benefit in this way. **This is therefore not monetised.**
3. The implementation of the reforms will bring familiarisation costs that will be largely transitory. The impact on landlords is captured within the six hours we have assumed will be required across the whole Bill (Annex 1 and section 3.5 has further details), while below we monetise the additional costs that will affect letting agents, highlighted in Table 13.
4. The measure will generate some non-monetised benefits, not least the assurance tenants get from knowing that they will be treated fairly when seeking a new rental home. In so far as tenants that benefit will have lower income than landlords that would have engaged in rental bidding, there will also be distributional benefits. The most notable long-term cost that might arise is where this reduces the responsiveness of supply to changes in demand. **We do not have evidence to quantify this theoretical risk but judge it to be small.**
5. As our NPSV estimate of **-£1 million** only captures the familiarisation cost to letting agents and cannot take account of the other costs and benefits identified above, it reflects only a relatively small part of the policy's overall impact.

Table 13: Costs and benefits of rental bidding

Impact	Value	Group impacted	Direct/Indirect
Costs			
Familiarisation costs of understanding and adjusting to regulations	Monetised across the regulation	Landlords	Direct
	£1m	Letting Agents	Direct
Increased void periods if the policy increases the time it takes to find a tenant	Non-monetised	Landlords	Indirect
Benefits			
Wellbeing benefits of reduced stress from bidding wars	Non-monetised	Tenants	Indirect
Distributional Benefits from reduced bidding power of wealthier tenants	Non-monetised	Tenants	Indirect
NPSV	-£1m		

6.3 Detail of business impacts

Familiarisation costs

6. **Landlords will be required to familiarise themselves with the proposed legislation and the implications for their business.** This is a transitory cost in year one of the policy only, with an adjustment made for new tenants as set out in section 3.5. The length of guidance is uncertain, but we will engage stakeholders as this is developed. The time needed by private landlords to understand all changes across the entire Bill is estimated at approximately six hours per landlord based on existing products on the market that enable landlords to understand their obligations – as set out in Annex 1.
7. **Letting agents will be required to understand and consider the implications for their businesses.** In line with Annex 5 on rental discrimination, we have assumed letting agents are expected to take one hour²⁰⁸ to familiarise themselves with this section of the new legislation, which we again monetise using the average estate agent wage from the ASHE.²⁰⁹ Looking at ONS data on the real estate industry from 2021, we estimate that a real estate agency has on average six employees,²¹⁰ and we assume that half of these need to familiarise themselves with the new regulations. This results in a central estimate familiarisation cost per letting agent of £42.90 (ranging £21.45 to £64.35). We apply this cost to each of the 22,900 letting agents in England in 2023.²¹¹ The total cost of familiarising themselves with the proposed legislation will be £1.0 million (ranging from £0.5 million to £1.5 million). As with other familiarisation costs, this is direct cost resulting from the legislation.

Curbing excessive rents

8. The majority of landlords treat tenants fairly, however we know this is not universal. In a survey of private renters Generation Rent found that in 2023, 21% of tenants experienced rental bidding during their tenancy application, a marked increase from 3% pre 2018.²¹² In some instances, these tenants may be making an unpressured, rational decision according to their willingness and ability to pay to secure the property. But in others it will represent landlords unfairly gaining from a market shortage.
9. The rental bidding measures in this Bill will require landlords to publish their asking price and prohibit them from inviting, encouraging, or accepting offers of rent above the advertised price, even in the scenario where an alternative tenant was willing to pay over the asking price.
10. The primary impact of this will be to reduce excessive and unanticipated profit made by landlords from taking advantage of shortages in the market (the perception or reality of which is a pre-requisite to facilitate rental bidding). We only have limited evidence of the exact scale of this practice across the rental market. We do not believe it is sufficiently widespread to have a significant impact on market-level rents, but nonetheless as the practice is unfair and deleterious it should bring clear wellbeing, equity and affordability benefits to those that would have otherwise been affected.

²⁰⁸ One hour assumed to be reasonable as rental bidding is one of the six measures we expect to be included in the guidance, for which we have assumed a total reading time of six hours.

²⁰⁹ Annual Survey of Hours and Earnings (ASHE) 2022.

²¹⁰ [Real estate industry - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk) This calculation uses companies in the categories 68310: Real estate agencies and 68320: Management of a real estate on a fee or contract basis.

²¹¹ Based on ONS data UK business: activity, size and location, industry group 6831: Real estate agencies.

²¹² Generation Rent: [Majority of private renters faced rent increase in past year](#).

11. It is possible that some landlords will seek to adjust their rent setting behaviour to continue to exploit situations where there is a shortage of rental properties. For example, by setting a price above the market rate and either seeking to generate a competition amongst renters below this, where they accept the nearest offer (but still above what they would otherwise be willing to accept) or by testing the market and progressively lowering the price until they find a tenant willing to pay at that level. While possible, such practice is likely to extend the process of finding a tenant for the landlord and so carries an opportunity cost of forgone income – **increasing void periods**. Therefore, it is also possible that even if landlords followed this approach, they might ultimately settle on a lower rental price than if the current situation was allowed to continue, though there is limited empirical evidence to draw on in this space.
12. **In developing this policy, we have looked at international precedent**, in particular recently introduced reforms in Queensland, Australia, which implemented a similar law from the 6th of June 2024.²¹³ More time is needed to fully understand the market response to this reform and to disentangle any short-term changes from confounding factors which would also impact rental prices. Therefore, we are as yet unable to isolate the role of rental bidding policy on rental prices.

6.4 Detail of tenant impacts

Reduced rents

13. The reform is designed to prevent landlords profiting through the encouragement of rental bidding. This will benefit tenants in the form of lower rents than otherwise. **This represents an economic transfer from landlords to tenants and so does not change net present social value.**

Improved wellbeing

14. However, there are other important impacts to consider beyond rent. Rental bidding wars can be stressful for tenants, as they may feel pressured to bid more than they can afford and feel exploited by being pitted against other tenants to the benefit of the landlord. As explained above, rental bidding, while not the norm, is no longer a rare experience for those looking for rental properties. In some instances, these tenants may be making an unpressured, rational decision according to their willingness to pay for the property. In other instances, this may be a stressful experience that leads to them paying too much because they felt pressured to do so. **We do not have empirical evidence to robustly quantify this and therefore it is a non-monetised benefit of the reform.**

Distributional benefits

15. **The reduction in rents is an economic transfer from landlords (who we expect to be typically wealthier) to renters and this generates a welfare gain.** While we cannot make a direct comparison between landlords' and tenants' household income, available evidence from the EHS and the EPLS strongly suggests that the incomes of landlords are higher.²¹⁴

²¹³ Queensland Government, Residential Tenancies Authority.

²¹⁴ While not a direct comparison, the mean annual income for landlords (excluding rental income) was £55,415 in 2021 (median was £24,000) (EPLS) while for tenants (which includes *both* the household reference person and a partner) it was £40,700 in 2022-23 (median was £32,500) (EHS).

16. By design, the policy places a limit on the extent to which price and income is the most significant determinant of how rental properties are allocated in situations where shortages mean excessive profits can be made from tenants bidding against each other. This should ensure fairer outcomes for renters. In the long-term, price provides a crucial role in the allocative efficiency of the economy and housing market. Where there are structural shortages in supply, rising prices provide a signal to landlords to invest which expands supply and over time brings down prices again. By constraining that process to achieve fairer short-term outcomes, there is a risk that the market becomes slightly less responsive. This does not mean, however, that the mechanism will not continue to operate – over time landlords will still be able to judge the strength of demand e.g. by the number of enquiries or speed at which lets are made and adjust prices accordingly. The long-term impact on supply should therefore be limited, though there is no empirical evidence on this either way.
17. The other important mechanism by which prices influence allocative efficiency is via their role in skills matching within the economy. Where someone lives influences their ability to access certain labour markets. Where a better match can be made between someone's skills and jobs available, that should be reflected in local productivity levels and in turn their income and purchasing power. Through this channel, to the extent to which housing can be seen as part of the country's production function rather than simply a consumption good, the price mechanism has an important sorting effect. However, a purely price driven approach can also have negative impacts on the success of local areas. Not all occupations' contribution to society is reflected in their income, for example key public sector workers which might be priced out of local areas with impacts on local services and in turn productivity. Equally, it may also reduce diversity and work against the formation of mixed communities that can support overall social cohesion.

6.5 Risks and assumptions

18. There is significant uncertainty around the impact of this model, and there is limited external analysis which has been undertaken on this issue. Therefore, we have attempted to set out the key impacts in a qualitative way above, based on some assumptions which are subject to uncertainty:
 - a. **Landlord compliance:** In line with the Better Regulation Framework, we have assumed 100% compliance with new regulations in estimating costs and benefits.
 - b. **Rental prices:** We are assuming that landlords will continue to set asking rents in line with how they currently set rents. While a small minority of landlords may set higher asking prices than current asking prices, the impact on accepted prices is expected to be low as there is a risk of increased void periods with this approach.
 - c. **Supply:** As highlighted above, the impact on supply is uncertain given the lack of empirical evidence, but we judge there to be a little long-term impact on the supply of rental properties in the long term as the market adjusts, and other signals of high/low demand start to become apparent.

Annex 7: Decent Homes Standard

7.1 Description of the Decent Homes Standard

1. **Everyone deserves to live in a safe and secure home.** While most Private Rented Sector landlords and agents take their responsibilities seriously, the PRS has the highest rate of non-decency (21%) of any of the major housing tenures. This includes 12% of privately rented dwellings which contain the most serious safety hazards, and 9% with problematic damp and mould. **It is unacceptable that tenants of over a fifth of private dwellings are spending their income on substandard housing and that taxpayers pay £3 billion every year of welfare payments to landlords for non-decent homes.**
2. **The Bill will introduce a power to apply the Decent Homes Standard (DHS) to the Private Rented Sector (PRS).** Since 2001, the DHS has set the minimum standard for all homes in the Social Rented Sector (SRS) and has driven improvements in the quality of social housing. This will mean that all rented properties must meet a minimum level of quality. Landlords who fail to ensure their properties meet the DHS will risk enforcement action. The Bill amends the Housing Act 2004 to allow local authorities to use their existing enforcement powers for hazards for the DHS. If a PRS property fails to meet the DHS, the landlord can be issued with an improvement notice, prohibition order or awareness notice. If a landlord fails to comply with enforcement action, they can be prosecuted or fined up to £40,000.
3. **We intend to consult on updating the DHS before it is applied to the PRS.** This means that the exact standard and associated definitions which will apply to the PRS have not yet been developed through consultation. The measure will ultimately have two impacts – alongside the other measures in this Bill, it will increase compliance with existing standards, but it will also raise those minimum standards and so further boost housing quality. As landlords should be complying with existing requirements, for the purposes of this Impact Assessment we have provided estimated costs based on moving to the existing DHS as it currently applies to the SRS. **Figures are for illustrative purposes only at this stage, the government will produce further Impact Analysis alongside the DHS consultation and its subsequent response.**
4. To meet the DHS, a dwelling in the SRS must fulfil the following four criteria:²¹⁵
 - a. **Criterion A – the dwelling must meet the requirement for no Category 1 hazards** under the Housing Health and Safety Rating System (HHSRS) from the Housing Act 2004. As this is already the statutory minimum requirement for the PRS too, no additional costs arise from this criterion.
 - b. **Criterion B – the dwelling must be in a reasonable state of repair.** A property fails to meet this criterion if one or more of the key building components are old and in need of repair or replacement, or if two or more of the other building components are old and in need of repair or replacement.
 - c. **Criterion C – the dwelling must have reasonably modern facilities and services.** A property fails to meet this criterion if it lacks three or more of the following: a reasonably modern kitchen (20 years old or less), a kitchen with adequate space and layout, a reasonably modern bathroom (30 years old or less), an appropriately located

²¹⁵ A Decent Home: Definition and Guidance for Implementation, Department for Communities and Local Government, 2006.

bathroom and WC, adequate insulation against external noise (where external noise is a problem), and adequate size and layout of common areas for blocks of flats.

d. **Criterion D – the dwelling must provide a reasonable degree of thermal comfort.**

A property fails to meet this criterion if it does not have efficient heating and effective insulation.

5. Although the DHS does not currently apply to the PRS, some elements of it overlap with existing requirements, including the Housing Act (2004) as set out above and requirements set out in the Landlord and Tenant Act 1985 (as amended by the Homes (Fitness for Human Habitation) Act 2018). The latter sets standards around landlords' responsibilities for maintaining dwellings, which this analysis models as those dwellings containing components which require 'urgent' repair in order to remove costs of these existing obligations.²¹⁶
6. The analysis below focuses on the additional costs and benefits arising from meeting the DHS in the PRS; costs related to works required under existing standards are not included as these represent existing obligations. However, in practice, we anticipate that the introduction of a DHS for the PRS will further contribute to compliance with existing standards, providing a signal and focus to landlords and tenants of their importance. It is important to note that an estimated 79% of PRS dwellings currently meet the DHS standards,²¹⁷ therefore most landlords will not face additional costs to make their properties decent, beyond familiarisation and surveying costs. For those not currently meeting DHS standards, the higher standards brought about by the measures being enabled in this Bill will bring considerable wellbeing, health and educational benefits to their tenants and broader society.

7.2 Summary of major impacts

7. Table 14 sets out the breakdown of costs and benefits associated with legislation on implementing the Decent Homes Standard. Where possible these have been monetised and clearly referenced whether they are direct or indirect. All terms are presented in 2019 pounds with a present value of 2025. **The net present social value of implementing the DHS is calculated as -£3,474.7 million, which equates to an average cost of around £6,250 additional cost per dwelling with an additional cost** (although some costs, such as familiarisation and surveying may also fall on landlords of decent dwellings). The distribution of costs to make decent is discussed in more detail in paragraph 10 of this annex. The main monetised costs of the policy arise from the cost of remediation and time taken by landlords to check their properties. Many of these costs are expected to be tax deductible. Some of these costs may be passed through to tenants in the form of higher rents, but we do not have sufficient evidence to model this effect.
8. The benefits of improved decency are large, arising from both improved compliance with existing standards and by raising those standards. As this policy is still in development, and given limitations in our evidence base, we have only been able to monetise the benefits associated with fewer tenant moves. The future consultation on the DHS will provide us with more evidence, but the benefits are expected to significantly outweigh the cost. Other measures in the Bill, such as amendments to the Housing Act 2004 to allow local authorities

²¹⁶ Urgent action is indicated in the English Housing Survey if: i) the fault threatens immediate safety or is a health hazard, ii) the fault is currently promoting noticeable and rapid deterioration in other parts of the building, iii) the fault is at present causing difficulty or discomfort to the occupants (or would do so if dwelling was occupied), or iv) if the security of the building is threatened.

²¹⁷ English Housing Survey 2022 to 2023.

to use their existing enforcement powers, will reduce the number of Category 1 hazards (Criterion A of the DHS). The introduction of a DHS for the PRS should add to this although at this stage we are unable to disentangle and quantify the respective impacts. Sections 7.4 and 7.5 look at the benefits of how addressing Category 1 hazards, with every 1% reduction in the PRS generating £18.5 million in savings to the NHS, not to mention gains from reduced fire costs and productivity improvements. In addition, the DHS will also bring significant improvements in housing quality above this existing standard. The switching analysis presented in 7.8 of this annex looks at the potential added wellbeing impacts of tackling non-decency in the PRS by focussing on its effect on improving tenant satisfaction. This is a narrow measure of the expected benefits, but on its own suggests that if there is a 37% impact, which improves tenant satisfaction with repairs across the ten-year appraisal period, this would more than offset the costs to landlords of complying with a DHS set at the existing standard that applies in the social housing sector.

Table 14: Costs and benefits of the Decent Homes Standard

Impact	Value	Group impacted	Direct/Indirect
Costs			
Familiarisation costs of understanding and adjusting to specific DHS regulations	£98.5m	Landlords	Direct
Costs to make decent to existing standards in SRS (as set out in Paragraph 10)	£3,418.0m	Landlords	Direct
Surveying costs for landlords to check their properties to see if they meet the standard	£93.4m	Landlords	Direct
NHS fiscal savings from reduced injuries and illness from non-decent homes	Non-monetised	Public sector	Indirect
Enforcement costs for local councils, courts and tribunals for new offences	Non monetised	Local councils, courts and tribunals	Indirect
Funding for government communications , such as guidance on new reforms	Non-monetised	Central government	Direct
Possible rent pass-through from landlords to increase their revenue	Non-monetised	Tenants	Indirect
Benefits			
Reduced fire costs from increased compliance with existing standards	Non-monetised	Society	Indirect

Impact	Value	Group impacted	Direct/Indirect
Productivity gains from increased compliance with existing standards	Non-monetised	Society	Indirect
Lower household moving costs from improving the quality of properties	£112.3m	Tenants	Indirect
Reduction in void periods arising from longer maintained tenancies	£23.0m	Landlords	Indirect
Carbon savings from improved thermal performance and newer appliances	Non-monetised	Society	Indirect
Lower energy use leading to lower heating costs	Non-monetised	Tenants	Indirect
Educational gains from improved housing quality	Non-monetised	Society	Indirect
Wellbeing gains from improved physical and mental health	Non-monetised	Tenants	Indirect
Reduced economic and geographic disparity as a result of improvements to housing quality	Non-monetised	Society	Indirect
Increased property values and possible increased rental revenue from higher quality and possible pass-through	Non-monetised	Landlords	Indirect
NPSV	-£3,474.7m²¹⁸		

7.3 Detail of business impacts

Familiarisation costs

9. **There will be additional familiarisation costs specifically for the Decent Homes Standard**, which will be issued as separate guidance to the rest of the Bill. This is a transitory cost in year one of the policy only. The length of guidance is uncertain. Therefore, to provide an estimate of time required, we have referred to the SRS guidance.²¹⁹ This totals 38 pages, of which 32 pages contain content on the DHS, each of which we assume to take 0.1 hours to read, totalling 3.2 hours of time in our central scenario. To monetise this time cost, the

²¹⁸ Figures may not sum due to rounding.

²¹⁹ A Decent Home: Definition and Guidance for Implementation, Department for Communities and Local Government, 2006.

estate agent wage, from the ASHE, is used as a proxy for private landlords as this represents the cost of paying an agent to familiarise themselves with the DHS on the landlord's behalf.²²⁰ Therefore, we estimate a familiarisation cost of £45.76 per landlord. As set out in Annex 1 above, we apply this time cost to each of the 2.3 million private landlords in England.²²¹²²² **This gives a total familiarisation cost to landlords of £98.5 million.**

Costs to make decent

10. Our modelling extrapolates data on non-decency from the English Housing Survey, produced by the Building Research Establishment (BRE). Each dwelling surveyed by the EHS has a modelled cost to make decent overall, but the data does not tell us which elements of failure cause which costs. Not all costs to make non-decent homes comply with the DHS will be additional, because of existing obligations. Criterion A (free of category 1 hazards) is already a requirement under the Housing Health and Safety Rating System (HHSRS) from the Housing Act 2004, therefore, complying with this criterion is not monetised as an additional cost. Some other costs, such as disrepair under Criterion B, may also already be a requirement in the case that the repairs are classed as 'urgent' disrepair, which we have modelled as being equivalent to the Homes (Fitness for Human Habitation) Act 2018. **Therefore, our central estimate, based on the work of BRE, is £3,418 million, though this has significant uncertainty associated with it.**
11. **The distribution of costs to landlords of non-decent homes will vary significantly.** In 2018/19, around 1.1 million PRS dwellings failed the DHS,²²³ and are modelled to cost £8.6 billion to remediate up to the standard.²²⁴ However, some of these costs will fall under existing obligations and therefore significantly overstates the cost of these reforms. 19% of these non-decent dwellings (206,000) are forecast to have no additional cost to meet DHS1 above existing obligations. A further 30% of these non-decent dwellings (323,000) have a negative additional cost, i.e. it costs more to meet existing obligations than it does to meet DHS1. These negative costs are excluded as the application of the DHS to these dwellings will not incur any additional costs. 52% of these non-decent dwellings (566,000) face an additional cost above existing obligations. These dwellings represent 12% of all PRS dwellings. Together, this totals our central estimate of £3.4 billion, an average of around £6,250 additional cost per dwelling with an additional cost. 423,000 non-decent dwellings (75% of those facing additional cost, 9% of all PRS dwellings) face a cost more than £1,000. 227,000 non-decent dwellings (40% of those facing additional cost, 5% of all PRS dwellings) face a cost more than £5,000. 127,000 non-decent dwellings (22% of those facing additional cost, 3% of all PRS dwellings) face a cost more than £10,000.

Surveying Costs

12. Landlords will be required to check their property meets the additional criteria set out in the DHS. This will incur a onetime cost²²⁵ to landlords if they undertake this work themselves, or

²²⁰ Annual Survey of Hours and Earnings (ASHE) 2022.

²²¹ MHCLG analysis of HMRC data released by a Parliamentary Question.

²²² Regulator of Social Housing: Annex 6 Draft regulatory Impact Assessment.

²²³ EHS 2018-19. 2022-23 data indicates that the cost to make decent for the PRS is £8.4 bn. 2018/19 data is used here as 2022-23 data is less robust due to the impact of COVID on inspections.

²²⁴ Derived from BRE modelling.

²²⁵ In some instance landlords may need to re-check the dwelling at the end of subsequent tenancies, but we assume that the landlords will be more familiar with the legislation and their properties by then, so we have not monetised these. We assume landlords check their property in correspondence with the improvement profile in 7.7.

to letting agents if they are responsible for making repairs to the property. We make the same wage assumptions as for familiarisation (see section 3.5 for details), and assume 1.5 hours to survey the property, resulting in a cost per dwelling of £21.45. We would expect all landlords in the sector to undertake a survey of their stock to identify non-decent dwellings. **Therefore, this cost applies to all dwellings in the PRS. As such, the total cost is estimated to be £93.4 million (ranging from £62.3 million to £124.6 million, depending on time taken).** This is considered to be a direct cost of the regulation. The cost of surveying work is uncertain. In some instances, landlords may already be aware of the decency of their stock based on dwelling age or whether the property has been recently repaired, and will not require any additional costs. In other instances, although it is not necessarily required, a landlord may request a full survey, which, based on the cost of an in-depth HHRS can cost between £203 to £302²²⁶ per dwelling.

Reduction in void periods

13. **We expect that, because of higher property standards in the PRS, more tenancies will be maintained – resulting in reduced household churn.** Landlords benefit from the associated reduction in household moves due to reduced void periods between tenancies. However, in some instances the time to make repairs to meet the DHS may create void periods, for which we do not have data. The benefits of reduced tenant moves for landlords are estimated assuming, conservatively, a void period of 10 days.²²⁷ We monetise this using the average rent, which we assume is £910 per month (2019 prices),²²⁸ resulting in a central estimate of £299 of additional landlord income per avoided tenant move. Figures from the EHS show that in the three years to 2019, 1.3% of tenant moves each year were due to housing quality issues only, while 3.9% of tenant moves were due to housing quality alone or for housing quality and up to two other reasons. We have cautiously assumed in our central scenario that 1.3% of PRS moves will be avoided due to the DHS (ranging from 0% to 3.9%). We assume that moves will not be avoided until a year after the home has been improved, per the improvement profile in table 15. By 2029, we anticipate approximately 14,000 tenant moves will be avoided annually. It should be noted that actual behavioural responses may vary, and quality concerns may go beyond what is addressed in the DHS. Therefore, there is some uncertainty associated with this figure. **Under our central scenario, the estimated benefit for landlords over the ten-year appraisal period is £23.0 million** (ranging from £0.0 million to £74.4 million). Given the number of actions required before this benefit is realised, we consider this to be an indirect benefit of the regulation.

Increased property values and higher rental income

14. **In properties which see an improvement in housing quality because of DHS, we also expect to see an increase in the value of the property.** Removing hazards, fixing faults, modernising features and improving thermal performance should all positively impact the value of the property. As we do not know the exact requirements of the DHS we cannot model the impact on property values. **Higher property values alongside costs to landlords from meeting the DHS may be passed on to tenants, resulting in higher rental income for landlords.** However, we do not have sufficient data to accurately model the landlord response.

²²⁶ This is based on MHCLG desk research of various HHRS surveyor costs.

²²⁷ The lowest average monthly void period in 2023 was in July

²²⁸ English Housing Survey 2022-23 results on mean rent in the private rented sector, which is lower than the current average rent at above £1,300 as reported by the PIPR ONS Index. Adjusted to 2019 prices.

7.4 Detail of tenant impacts

Wellbeing gains

15. **We expect significant wellbeing gains from improving the quality of housing.** The Marmot review (2010) found housing to be a “social determinant of health”, both physical and mental,²²⁹ directly impacting both the wellbeing and the expected number of Quality-Adjusted Life Years (QALYs) of tenants. Physical health effects from poor quality housing include respiratory conditions, cardiovascular disease and communicable disease transmission. Mental health impacts from poor quality housing include increased stress, depression and anxiety. Evidence from a survey by Shelter on UK adults which found that housing issues had a negative impact on 1 in 5 respondents’ mental health, 38% of these concerns were in relation to the condition of the property.²³⁰
16. Remediating non-decency will increase tenant satisfaction with repairs,²³¹ which can be monetised as a wellbeing benefit of £10,500 per household following the Simetrica Jacobs²³² methodology and HMT Wellbeing Guidance for Appraisal.²³³ However, there is some uncertainty around how long tenants will benefit from the increase in wellbeing. If this wellbeing benefit were to persist every year across the 10-year appraisal period, only 37% of non-decent PRS dwellings would need to be remediated for wellbeing benefits to be equal to the DHS NPSV. If we assume 100% remediation, the wellbeing benefit would only have to persist for four years to lead to an overall net benefit to society.²³⁴ **The potential change in the NPSV for the DHS from including wellbeing benefits for various proportions of dwellings and for various lengths of time is illustrated in Figure 3 (section 7.8).**
17. Wellbeing benefits are applied to all non-decent PRS dwellings in line with 100% compliance assumptions, even though not all will face costs above and beyond existing obligation. It is possible, therefore, for a PRS dwelling to face no additional cost, if all costs come under existing obligations, but receive a wellbeing benefit for tenants under this approach. There is insufficient data to estimate the specific proportion of benefits that are attributed to landlords addressing existing requirements around Category 1 hazards, and uncertainty around the impact of the Bill on landlord compliance, we cannot use this evidence to fully estimate the impact of the Decent Homes Standard, and therefore have not included this in the DHS NPSV.

Household moving costs

18. **Tenants will be less likely to want to move if the quality of the property improves due to the DHS, benefitting tenants from fewer household moves.** The cost of a household move is based on an estimate from the charity Shelter,²³⁵ totalling £1,457 (once converted to 2019 prices). EHS data suggests that housing quality was cited by tenants as the sole reason for moving in 1.3% of cases, which we will again use as our central estimate of moves which

²²⁹ [The role of homes and buildings in levelling up health and wellbeing - House of Commons Library \(parliament.uk\).](#)

²³⁰ [The impact of housing problems on mental health by Shelter, 2017.](#)

²³¹ [English Housing Survey 2022 to 2023: satisfaction and complaints - fact sheet - GOV.UK \(www.gov.uk\).](#)

²³² [Simetrica Jacobs: The Cost of Poor Housing – Valuing the Impact of Housing Conditions on Subjective Wellbeing, March 2022.](#)

²³³ [HM Treasury – Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance, July 2021.](#)

²³⁴ In 2022-23, 72% of PRS households in decent homes were satisfied with repairs, compared to a lower 62% in non-decent homes. If all non-decent dwellings were remediated, only a proportion would therefore be likely to have an associated increase in satisfaction with repairs. This total is predicted to be 94,000 households out of the 970,000 total households in non-decent homes. When considering average household size, this can be converted into wellbeing benefits for every affected household member.

²³⁵ [Shelter, press release, September 2017.](#)

will no longer occur because of the DHS, with an upper estimate of 3.9% and a lower estimate of 0%. We assume that moves will not be avoided until a year after the home has been improved, per the improvement profile in table 15. By 2029, we anticipate approximately 14,000 tenant moves will be avoided annually. It should be noted that actual behavioural responses may vary, and quality concerns may go beyond what is addressed in the DHS, therefore, this benefit is uncertain. **Under our central scenario, the estimated benefit for tenants over the ten-year appraisal period is £112.3 million** (ranging from £0.0 million to £329.7 million). Given the number of actions required before this benefit is realised, we consider this to be an indirect benefit of the regulation.

Lower energy use

19. In fulfilling Criterion D (reasonable degree of thermal comfort), landlords may need to improve insulation or eliminate drafts. This should reduce the amount of energy needed to heat the property, saving money on energy bills, benefitting tenants whose bills are not included in their rent. Specific EPC criteria is not included in the SRS guidance, but for illustration, in the 2021-22 English Housing Survey, it was estimated that the average annual energy cost savings of bringing a private rented dwelling up to Band C were £285 per year.²³⁶ **However, we do not have sufficient evidence to monetise this benefit and attribute it to the improvements expected through the DHS.**

Rent pass-through

20. **Increased costs to landlords from meeting the DHS may be passed on to tenants, resulting in higher rent prices for tenants.** However, we do not have sufficient data to accurately model the landlord supply response, nor the tenant demand response.

7.5 Detail of public sector impacts

21. The impact on courts and local authorities is dependent on the final policy design, which is subject to consultation. We are undertaking a robust Justice Impact Test to calculate the net costs of new regulation and will ensure these are fully funded.

Familiarisation costs

22. **Local councils, courts and tribunals will need to familiarise themselves with the proposed regulations so they can enforce the new system.** Councils, courts and tribunals will also need to update relevant guidance – though we will also be providing comprehensive national guidance to support with this. **This national guidance will cover all reforms and incur public sector costs.**

Enforcement

23. **As above, local councils, courts and tribunals will play a role in the enforcement of the legislation and taking appropriate actions when landlords have not complied with the legislation.** Where landlords have committed a breach of the legislation, councils will be able to investigate and impose civil sanctions on or prosecute the landlord. Councils will incur a cost in taking the enforcement action – however, improvements to landlord awareness of obligations should result in greater compliance, subsequently reducing burdens on councils.

²³⁶ English Housing Survey 2021 to 2022: energy - GOV.UK (www.gov.uk).

NHS savings

24. Non-decent PRS dwellings pose “a serious threat to the health and safety of renters”.²³⁷ Therefore, by reducing patients requiring treatment, tackling non-decency in the PRS presents a substantial opportunity for NHS savings. However, many of these dwellings fail to meet existing standards. Therefore, we have not monetised the cost saving because we do not know the impact of the enforcement regime and other measures in the Bill on landlord compliance with existing requirements and how raising the standard will further contribute to these savings.
25. **Greater compliance with existing regulations is associated with significant public sector cost savings from reducing the number of Category 1 hazards.** The most significant benefits from rectifying hazardous dwellings are fewer accidents and deaths caused by dangerous housing. This leads to savings to the NHS from fewer patients requiring medical treatment. This benefit can be monetised by multiplying the cost of treating an injury from a particular Category 1 hazard by the probability of such an injury occurring. Precise savings per household vary by the specific nature of the hazard. The average annual healthcare saving per hazard rectified was £542 in 2019 prices – as of the 2018 distribution of hazards in English housing stock.²³⁸ Figures from the English Housing Survey indicate 12.5% of households privately renting in England live in a home with a Category 1 hazard,²³⁹ which would fail to meet Criterion A of the DHS. This is the equivalent to 572,000 households. If the Category 1 hazards in all of these homes were fixed as a result of the suite of reforms being introduced, this would result in a substantial saving of £267.4 million, in present value, per annum over the ten-year appraisal period resulting from the repairing of rented housing stock. However, we have not included this estimation in our present value estimate of as we do not sufficient data to model the impact of the DHS on compliance of the existing Housing Act 2004.

7.6 Detail of impacts on society

Reduced fire costs

26. The Building Research Establishment (BRE) estimates that approximately 7.2% of Category 1 hazards in the private rented sector are fire hazards.²⁴⁰ This equates to approximately 52,000 fire hazards in privately rented homes in England. If these hazards result in fires, we can anticipate significant economic costs to the tenant and landlord, alongside wider social costs and environmental costs. However, as we do not have sufficient data to estimate increased compliance with the removal of Category 1 hazards or how the final DHS standard will be set, we cannot monetise this benefit.

Carbon savings

27. To meet Criterion D (providing a reasonable degree of thermal comfort), will in some instances require better insulation, or fixing doors, windows and roofs if they lead to drafts. All of which we expect to lower energy usage for heating and reduce carbon emissions. For example, the average CO₂ savings for a dwelling to be improved to at least a band C were 1.6 tonnes per

²³⁷ PAC: Private rented housing “failing far too often to provide safe and secure homes”.

²³⁸ BRE 2021: Full cost of poor housing.

²³⁹ English Housing Survey 2022/23.

²⁴⁰ BRE 2023: The cost of poor housing in England by tenure.

year, over half of what an average house produces.²⁴¹ Moreover, when addressing Criterion B, if the landlord provides new and more efficient bathroom and kitchen appliances, we anticipate a further carbon saving. Additionally, if fewer properties are demolished by being kept in better repair, some embodied carbon emissions can be mitigated. Over 60% of new-build embodied carbon emissions are associated with the sub-structure, frame, upper floors and roof,²⁴² all of which should be avoided by not demolishing the property. However, materials to meet DHS standards will incur an additional embedded carbon cost to society. **We do not have sufficient data to estimate the net carbon impact.**

Productivity gains

28. If somebody has a serious injury in the home, they are often unable to work while recuperating. Injuries consequently reduce national productivity and by reducing the number of injuries that occur, society can benefit due to improved labour productivity.

The productivity loss of an injury can be valued in several ways: one way is by multiplying the time needed to recover by the wage of the injured person. This is the best monetisation of their productivity as it is a revealed cost of the price, they are willing to accept for their labour time, as well as being the price society is willing to pay them for it. However, this requires very granular data on the wages of the people living in non-decent homes. In some cases, such as local council level interventions, this may be possible. However, for nationwide schemes a different approach will be needed. An alternative way of valuing an individual's productivity is gross value added (GVA) per capita.²⁴³

29. The recovery time of an injury varies greatly by the precise nature of the injury, and the types of injury used in this calculation were not included by Transport Research Laboratory, the average lost output figure was scaled down using Transport Research Laboratory's ratio of medical costs to output loss. This results in an average lost output per injury of £1,495 (2019 prices). Given that not every hazard will result in an injury to the occupant each year the costs are scaled by the probability of harm occurring each year. This results in a lost output cost of £126 per hazard per year. If the Category 1 hazards in all of the 579,000 dwellings were fixed as a result of the suite of reforms being introduced, this would result in total present value benefit over the ten-year appraisal period of £62.0 million per annum. However, we do not have robust estimates on landlord compliance with existing requirements and will consult on a final DHS standard to monetise this.

Educational Benefits

30. Poor quality housing can negatively impact educational attainment; therefore, we can expect educational gains as a result of improved PRS quality from the DHS. Shelter research from 2018 suggests that living in poorer quality housing was associated with lower average reading and maths skills among adolescents.²⁴⁴ Children in these dwellings may also be more susceptible to injuries or illness, reducing attendance and educational attainment. Improved education attainment from greater housing quality is expected to improve future prospects, with the Department for Education estimating that a one-grade improvement in overall GCSE attainment is associated with an £8,500 increase in present value lifetime

²⁴¹ [English Housing Survey 2021 to 2022: energy - GOV.UK \(www.gov.uk\)](#).

²⁴² [The carbon and business case for choosing refurbishment over new build.](#)

²⁴³ Transport Research Laboratory 2009 *Re-valuation of Home Accidents*.

²⁴⁴ [Shelter: The impact of homelessness and bad housing on children's education, 2018.](#)

earnings.²⁴⁵ However, we do not have sufficient evidence to estimate precise educational benefits from meeting DHS requirements.

Reduced economic and geographic disparity

31. Improvements to housing quality can lead to **stronger communities and reduced geographic disparity**. Many deprived areas in the UK are marked by poor-quality housing, and non-decency in the PRS is unevenly distributed. 32% of PRS dwellings in the North-West were classed as non-decent, compared with 12% in London.²⁴⁶ Improving the quality of homes will encourage community pride in their homes, creating prosperous communities and making areas more desirable places to live and work.²⁴⁷ Good quality housing can serve as a magnet for skilled people, meaning those places continue to benefit.²⁴⁸

7.7 Risks and assumptions

32. The implementation timeline of the DHS is subject to consultation and is yet to be finalised. For the purposes of this Impact Assessment, we have assumed the following three-year improvement profile for the stock of existing non-decent homes. However, we will seek views on implementation period through the planned DHS consultation and it is possible that the period will be shorter or longer than this. We have assumed that costs to make decent and surveyor costs take place in the same year. Due to insufficient data, we have not modelled costs to landlords or additional benefits for properties which are currently estimated to be decent, but may fall into non-decency in the future.

Table 15: DHS Improvement Profile

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Proportion	0%	25%	25%	50%	0%	0%	0%	0%	0%	0%

33. The criteria for the Decent Homes Standard in the PRS are subject to consultation, and therefore have not been finalised. We have assumed the existing requirements for the SRS will be applied to the PRS, but it is highly likely that the DHS be changed in specific areas before application to the PRS, to take account of the consultation.
34. The costs presented are those above and beyond existing obligations for PRS landlords. These include the Housing Act 2004 and Homes (Fitness for Human Habitation) Act 2018. Costs relating to remediating Category 1 hazards and urgent disrepair respectively are removed from the total 'Cost to Make Decent' as modelled by the English Housing Survey. The additional costs are calculated for each surveyed dwelling, and only additional costs above zero are included, as these represent dwellings for which the Decent Homes Standard would require more costly work than existing obligations.

²⁴⁵ [GCSE attainment and lifetime earnings](#).

²⁴⁶ English Housing Survey 2022-23.

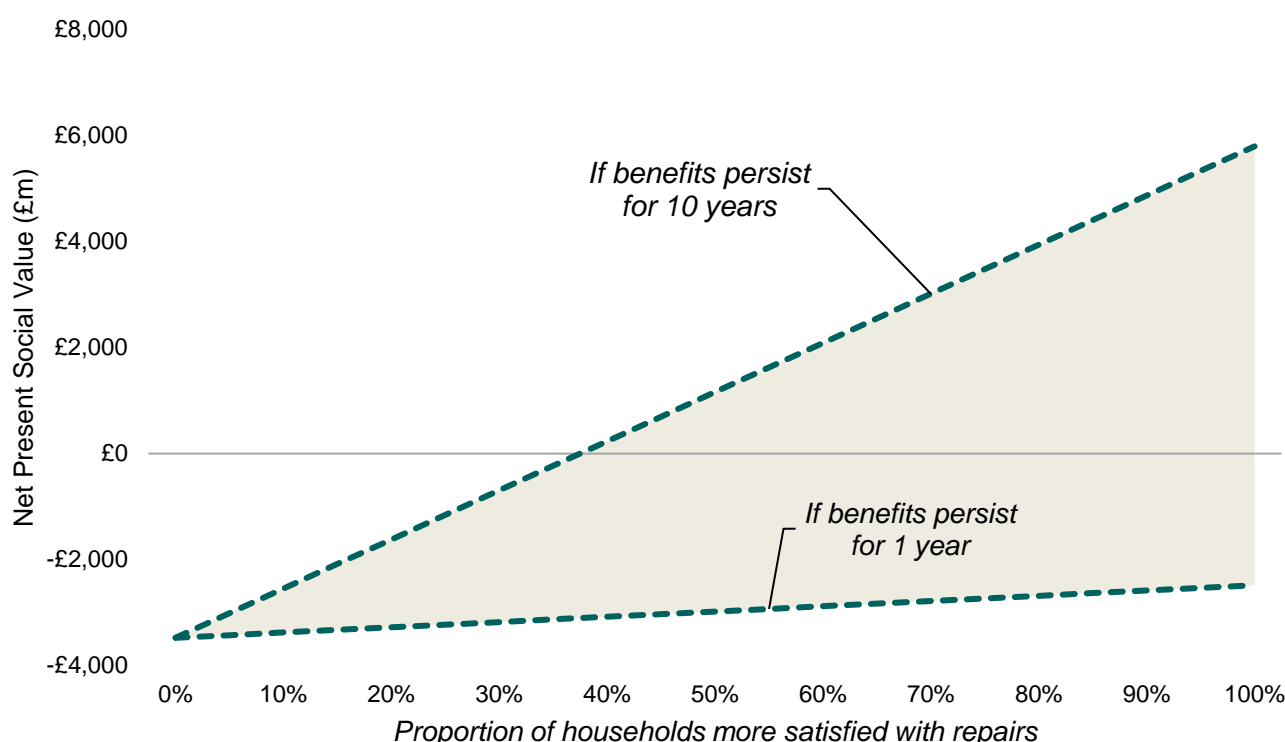
²⁴⁷ No Place Left Behind: The Commission into Prosperity and Community Placemaking, October 2021.

²⁴⁸ MHCLG, Levelling Up the United Kingdom White Paper.

7.8 Switching Analysis

35. As set out in paragraph 16, we anticipate that remediating non-decency will increase tenant satisfaction with repairs, which Simetrica Jacobs analysis²⁴⁹ suggests is associated with improved wellbeing. We can monetise this increase in wellbeing using the HMT Wellbeing Guidance for Appraisal.²⁵⁰ However, the duration of benefits and the proportion of households that will experience more satisfaction with household repairs is uncertain. Figure 3 illustrates the potential change to the NPSV from various assumptions. A range to illustrate the possible proportion of households who benefit from increased wellbeing is shown on the x axis, and the shaded area between the lines shows how the NPSV changes depending on the length of time that households enjoy the wellbeing benefit.

Figure 3: Switching Analysis of the NPSV for the Decent Homes Standard (DHS)



36. If this wellbeing benefit were to persist every year across the 10-year appraisal period, only 37% of non-decent PRS dwellings would need to be remediated for wellbeing benefits to be equal to the DHS NPSV. If we assume 100% remediation, the wellbeing benefit would only have to persist for four years to lead to an overall net benefit to society.

²⁴⁹ Simetrica Jacobs: The Cost of Poor Housing – Valuing the Impact of Housing Conditions on Subjective Wellbeing, March 2022.

²⁵⁰ HM Treasury – Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance, July 2021.

Annex 8: Awaab's Law

8.1 Description of Awaab's Law policy

1. The Bill will introduce powers to apply Awaab's Law to the Private Rented Sector (PRS), with powers in existing legislation currently just applying to the Social Rented Sector (SRS). Awaab's Law will regulate the speed at which landlords need to respond to hazards in homes that pose a significant risk of harm to tenants, as well as setting wider requirements for dealing with hazards. The provisions in the Bill will have the effect of inserting an implied term in tenancy contracts for PRS properties requiring the landlord to comply with Awaab's Law requirements set in regulations. We intend to consult on the detail of the requirements for the PRS before making regulations. If a landlord fails to comply with the requirements set in regulations, tenants may be able to seek redress through the courts. Tenants will also be able to complain to the PRS Landlord Ombudsman about standards and repair issues in their home if they feel the issue has not been properly dealt with by their landlord. The Ombudsman will have due regard for any statutory obligations when determining if a landlord should have acted differently to address a tenant's complaint.
2. Awaab's Law is difficult to cost in the PRS given it targets the speed at which landlords repair their properties to certain standards, rather than the standards themselves, therefore the illustrative costs are based on the Consultation Stage Awaab's Law Impact Assessment for the SRS.²⁵¹ It also requires the initial assessment of hazards to be carried out within a specified time period. Whether a hazard is in scope of Awaab's Law requirements for both the PRS and the SRS will also be determined in reference to the risk it poses to the actual tenant(s) inhabiting the property. This may therefore depend on the characteristics and/or vulnerabilities of the tenant that affect the likelihood that the hazard will cause them harm and potential severity of the harm that could be caused.

8.2 Summary of major impacts

3. We have used the existing Consultation Stage Awaab's Law Impact Assessment for the SRS as a starting point to estimate the potential familiarisation and preparation costs to landlords in the PRS. Although new evidence is being gathered on further costs from substantial consultation with SRS providers, the response to the consultation has not yet been published. Without further information of how landlords would respond to the regulations and the final design of Awaab's Law for the PRS, we cannot monetise the extra costs to landlords from speeding up repairs. Consequently, there are potentially substantial non-monetised costs from speeding up repairs. **With the costs and benefits that we are able to monetise for the PRS, the NPSV is -£336.1 million (2020 PV, 2019 prices).**
4. Given Awaab's Law specifically refers to faults which can pose a serious harm to the tenants, the benefits are likely to be very large. Much like for the DHS, we expect higher quality housing with fewer hazards to positively impact the productivity, educational outcomes and wellbeing of tenants, and to provide savings to the NHS. We cannot monetise these benefits, as we do not have sufficient data to estimate either how much faster these hazards will be repaired, nor which hazards we expect to be repaired, as this is linked to the risk that the hazard poses the actual tenants of rented properties, and therefore is dependent on their individual characteristics. The policy has been designed in this way with the intention of ensuring that

²⁵¹ [Awaab's Law consultation stage Impact Assessment.](#)

tenants are protected against housing conditions that, taking account of their individual characteristics and any particular vulnerabilities, present a risk of serious harm to their health. In contrast, assessments under the Housing Health and Safety Rating System (HHSRS) are a means of assessing notional risk to potential occupiers of a property and, with some exceptions, therefore does not consider the actual characteristics of the occupier.

Table 16: Costs and benefits of Awaab's Law

Impact	Value	Group impacted	Direct/Indirect
Costs			
Familiarisation costs of understanding and adjusting to regulations	£49.9m	Landlords	Direct
Preparation and posting of letters/emails	£286.2m	Landlords	Direct
Additional costs from meeting requirements on the speed of repairs	Non-monetised	Landlords	Direct
	Non-monetised	Letting agents	Direct
Possible rent increases as a result of potential landlord cost pass-through	Non-monetised	Tenants	Indirect
Enforcement costs of the new system	Being considered as part of a separate Justice Impact Test	Courts	Direct
Funding for government communications , such as guidance on new reforms	Non-monetised	Central government	Direct
NHS fiscal savings from reduced injuries and illness	Non-monetised	Public sector	Indirect
Benefits			
Improved health and wellbeing	Non-monetised	Tenants	Indirect
Educational gains from improved child health and wellbeing	Non-monetised	Society	Indirect
Increased productivity from less time injured or ill	Non-monetised	Society	Indirect
Possible rent increases as a result of potential landlord cost pass-through	Non monetised	Private landlords	Indirect
NPSV	-£336.1m		

8.3 Detail of business impacts

Familiarisation costs

- As with the DHS, we expect the guidance for Awaab's Law to be separate to the rest of the Renters' Rights Bill. The time taken by landlords to familiarise themselves with the guidance

is a transitory cost in year one of the policy only. In the SRS it was assumed that familiarisation of the new regulation required on average reading 15 pages, which took 0.1 hours each to read.²⁵² We will assume the PRS guidance is the same length, therefore totalling 1.5 hours per landlord. To monetise the resulting time cost, the estate agent wage, from the ASHE, is used as a proxy for private landlords as this represents the cost of paying an agent to familiarise themselves with the DHS on the landlord's behalf.²⁵³ Therefore, we estimate a familiarisation cost of £21.45 per landlord. As set out in Annex 1 and section 3.5 above, we apply this time cost to each of the 2.3 million private landlords in England.²⁵⁴ As there are only approximately 1,600 social landlords,²⁵⁵ the total costs are much higher in the PRS. **We estimate a total familiarisation cost to landlords of £49.9 million over the 10-year appraisal period.**

Preparation and posting of letters/email

6. The Impact Assessment for the SRS costs the requirement of landlords to provide tenants with a written letter setting out the details of the repair, by adding the cost of letter and postage and the time taken to post a letter multiplied by ASHE wage cost of a housing officer.²⁵⁷ Based on survey evidence, the SRS IA assumes 53% are posted, whilst the rest are sent over email. Those sent over email only account for the time cost. This is multiplied by a proxy of the number of repairs which Awaab's Law is considered to apply to in a year. This is calculated by assuming 4 repairs per property per year (from Housemark)²⁵⁸ and 40% of these categorised as 'urgent' (from the 2018-19 English Housing Survey). In the absence of robust evidence, we have assumed 50% of these are additional whilst 50% of providers already send letters to their tenants. In the PRS we assume that only a very small minority of landlords (if any) would currently post a letter to tenants after repairs are completed. The vast majority of communications about repairs is relatively informal – e.g. a short text message or email stating when a tradesperson will be attending. In the case of PRS costings **we assume that all communications sent due to repairs are additional.**
7. Given a requirement for more formal correspondence after repairs, we assume this would be sent by email in the majority of cases in the PRS – a significantly higher proportion sent by email than the 47% assumed for the SRS. However, for the PRS we do not have survey evidence to justify this. We assume landlords/agents would only send by post in certain situations, i.e. if the tenant is not comfortable using digital communication services. For now, given 20% of PRS tenants are above 55 years old versus 47% in the SRS, and 11% are unemployed or retired versus 34% in the SRS,²⁵⁹ and may therefore have less access to or capacity to use a computer, **we think it is reasonable to assume that the 53% in the SRS would be equivalent to around 20% in the PRS.**
8. We assume the same time to prepare and post or email letter (15 minutes), but use the wage of estate agents (again from the ASHE) to quantify this, and the same cost of post²⁶⁰ and

²⁵² [Awaab's Law consultation stage Impact Assessment.](#)

²⁵³ Annual Survey of Hours and Earnings (ASHE) 2022.

²⁵⁴ [MHCLG analysis of HMRC data released by a Parliamentary Question.](#)

²⁵⁵ [Regulator of Social Housing: Annex 6 Draft regulatory Impact Assessment.](#)

²⁵⁶ [Registered providers of social housing – updated monthly.](#)

²⁵⁷ [Awaab's Law consultation stage Impact Assessment.](#)

²⁵⁸ [Scottish Housing News: UK social landlords spend £3bn a year on responsive repairs.](#)

²⁵⁹ English Housing Survey, 2022-23.

²⁶⁰ 1 sheet of letter + VAT [Letter pricing – GOV.UK.](#)

stamp²⁶¹ which is only applied to 20% of cases. **Multiplying by the number of ‘urgent’ repairs we get a cost to landlords of £286.2 million over the appraisal period (2019 prices, 2020 PV).**

9. We assume that part of these costs would fall on letting agents. Using the EPLS survey we find that about 65% of tenancies are let and/or managed by an agent. This is most likely an underestimate as we are assuming that those landlords who are not part of one of the three government deposit protection schemes do not use an agent for either purpose – those incorporated in the 65% are those landlords who registered with the scheme themselves and said they used an agent and all those landlords who did not participate in the survey but had an agent register them in the tenancy deposit protection (TDP) scheme. However, it will most likely be an overestimate of those agents who are actually involved in repairs. Of those landlords whose agents registered them on the TDP scheme we do not know whether they are also involved with making repairs of the property, nor do we know whether those who said they only used agents for ‘letting services’ use them to also sort repairs. These additional costs to agents might also at some point pass-through as costs to landlords through raising agent fees as contracts are renewed, if the additional cost to letting agents are substantial and permanent.
10. **Given these uncertainties, we do not monetise the cost to agents but assume a proportion of the costs calculated will fall on them.** Regardless, as this will simply be a transfer between letting agents and landlords – the proportion will not affect the final NPSV.

Cost impact of quicker repairs

11. We assume that the repairs which fall under Awaab’s Law will be those which PRS landlords are already responsible for addressing under their existing statutory repairing obligations and their duty to maintain homes to be fit for human habitation. **Therefore, we do not need to consider the cost of the actual repairs or the investigation of repairs, but only the additional cost of carrying out those repairs and investigations quicker and meeting the other requirements of Awaab’s Law.**
12. As there are no additional repairs required, and hence no long-term additional demand for repairs, we would not expect a lasting price effect on the labour market for repair workers, or non-labour repair costs from the requirements. Moreover, many landlords may already be meeting their obligations to repair hazards sufficiently quickly. Lastly, even if these requirements incurred a cost, conducting repairs earlier will avoid the worsening of hazards and keep tenants satisfied (and therefore stronger property compliance), which in the longer run can lead to savings in repairs costs.²⁶² **Therefore, in many instances, landlords may face no additional costs from speeding up repairs under Awaab’s Law.**
13. Although we would not expect a *long-term* price impact, it is possible that by requiring all 2.3 million English landlords to carry out work sooner can put *short-term* pressure on prices after the introduction of the law, or in other periods of high demand, as many landlords may simultaneously need to hire workers and purchase materials for repairs, temporarily driving up prices and increasing costs for landlords. Moreover, in periods of increased demand, if repair workers do not have sufficient existing capacity to carry out the repairs quick enough, they may be more likely to charge overtime or emergency rates. **It is difficult to measure**

²⁶¹ Price of second class stamp [Stamps | Mail | Post Office](#).

²⁶² NRLA: [Timely and regular repair checks can save thousands of pounds](#).

any potential price impact from quickening repairs, as we do not have robust evidence of the number of repairs that would be immediately affected, nor of the market response to this additional pressure.

14. Whilst we have so far assumed that landlords in the PRS will hire repair-workers when required, possible alternative arrangements can impact the anticipated costs to landlords. A proportion of the PRS is made up by large-scale investors or use letting agents to manage their properties. These businesses may therefore have staff to repair their properties. In these cases, it is possible they would respond by hiring additional permanent staff, so that in any instances of widespread demand for repairs, the requirements on speed could still be fulfilled. It may also be possible that these businesses would use additional temporary contractors if required. We assume that approximately 5%²⁶³ of the 2.3 million landlords, which is more than 100,000 landlords, may have hired staff. Furthermore, at least 18% of direct landlords responding to the EPLS survey say that they use letting agents for *management* purposes (where the agent will be managing repairs), representing 17% of all tenancies.²⁶⁴ It is also possible that those who state they use an agent for *letting* purposes may have the agent involved in repairs. If these letting agents and larger scale landlords respond to the legislation by hiring additional staff, this will impose a direct cost on these businesses. **However, we do not have sufficient qualitative or quantitative evidence to gauge how these larger-scale landlords and letting agents would respond to the legislation.** New evidence is being gathered on further costs from a substantial consultation with SRS providers. Registered providers of social housing may provide useful insights into the behaviour of large-scale landlords and letting agents. However, findings from this consultation have not yet been released.
15. **Therefore, we are unable to estimate the additional cost per landlord from speeding up repairs.** The impact is dependent on the behavioural responses of the landlords, and on the short-term and long-term dynamics of the market for both non-labour and labour repair costs.

8.4 Detail of tenant impacts

Health and wellbeing benefits

16. **Given Awaab's Law specifically refers to faults which can pose a serious harm to the tenants, wellbeing and health benefits to tenants are likely to be large.** As discussed for the Decent Homes Standard (Annex 7), there is an established connection between mental and physical wellbeing and housing quality, the Marmot review (2010) found housing to be a "social determinant of health" in these aspects.²⁶⁵ Moreover, Simetrica Jacobs analysis found that tenant satisfaction with landlord repairs and maintenance is associated with a 0.433 increase in life satisfaction on the 11-point value scale.²⁶⁶ By speeding up repairs that pose a risk to tenants, we would expect an increase in life satisfaction for tenants affected. This can be converted directly to WELLBYs using the HMT Wellbeing Appraisal Guidance²⁶⁷ in which each WELLBY is valued at £13,000 (£10,000 to £16,000). This results in an average wellbeing benefit of £5,363 (ranging between £4,125 and £6,600) per individual. Given that there are,

²⁶³ In the 2021 English Private Landlord Survey, 4.7% of direct landlords said they were companies, 4.9% that they treat the landlord role as a full-time business and 6.4% that they own more than 10 properties. Therefore, 5% may be a reasonable assumption.

²⁶⁴ EPLS 2021.

²⁶⁵ House of Commons Library: [The role of homes and buildings in levelling up health and wellbeing](#).

²⁶⁶ Simetrica Jacobs: [The Cost of Poor Housing – Valuing the Impact of Housing Conditions on Subjective Wellbeing](#), March 2022.

²⁶⁷ HM Treasury – [Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance](#), July 2021.

on average, 1.9 persons over the age of sixteen in each non-decent privately rented home,²⁶⁸ the total wellbeing benefit to households of this is valued at £10,040 in the central scenario (ranging from £7,774 to £12,438 per household). However, not all non-decent houses will necessarily be impacted by Awaab's Law, as it is dependent on risk of harm to tenants. This corroborates evidence from a survey by Shelter on UK adults which found that housing issues had a negative impact on 1 in 5 respondents' mental health, 38% of these concerns were in relation to the condition of the property.²⁶⁹ We would, therefore, expect quicker repairs to positively improve life satisfaction for tenants. We cannot monetise these benefits, however, as we do not have sufficient data to estimate how much faster these hazards are repaired, nor on the type of hazard repaired.

8.5 Detail of public sector impacts

17. We are undertaking a robust Justice Impact Test to calculate the net costs of new regulation to courts and will ensure these are fully funded.

Familiarisation costs

18. **The courts will need to familiarise themselves with the proposed regulations so they can enforce the new system** (for example, where a PRS landlord has failed to remedy a hazard within the timescales specified in regulations). The courts will also need to update relevant guidance – though we will also be providing comprehensive national guidance to support with this. **This national guidance will cover all reforms and incur public sector costs.**

Recourse for non-compliance

19. **As above, the courts will play a role in the enforcement of the legislation when landlords have not complied with requirements set in regulations.** This will have a resourcing burden. The PRS Landlord Ombudsman may also provide an avenue for tenants to raise complaints as an alternative to going to court to enforce their rights.

NHS Savings

20. **Benefits arising from improved housing quality will have significant savings for public health spending.** The most significant benefits are from rectifying hazards quickly before they cause injury or illness to tenants. This leads to savings to the NHS from fewer patients requiring medical treatment – the average annual healthcare saving per hazard rectified was £542 in 2019 prices.²⁷⁰ However, we do not have sufficient data to estimate how much quicker these hazards will be rectified, and therefore the number of injuries or illnesses avoided by making the repairs sooner.

8.6 Detail of impacts on society

Improved productivity

21. **Rectifying hazards sooner will reduce the probability of illness or injury to tenants, increasing output and productivity.** Fewer short notice moves make it easier to hold down

²⁶⁸ MHCLG analysis of English Housing Survey 2018-19 data.

²⁶⁹ [Shelter: The impact of housing problems on mental health, 2017.](#)

²⁷⁰ BRE 2021: Full cost of poor housing (Data as of the 2018 distribution of hazards in English housing stock).

stable employment and improve children's prospects. Using research from the Transport Research Laboratory,²⁷¹ we can estimate a cost of £126 in lost output per hazard per year due to tenant injury (see Annex 7 for more details). Removing hazards that pose a threat to the occupants sooner will therefore lead to higher economic output for affected households, however we do not have sufficient data to monetise this.

Better educational outcomes

22. **Better educational outcomes:** Shelter research from 2018 found that children living in poorer quality housing was associated with lower average reading and maths skills among adolescents.²⁷² These effects can impact the prospects of the child, with the Department for Education estimating that a one-grade improvement in overall GCSE attainment is associated with an £8,500 increase in present value lifetime earnings.²⁷³ Therefore, we would expect quicker rectifying of hazards that pose a significant risk of harm to tenants, especially if these risks are to children, to provide substantial benefits for educational outcomes.

8.7 Risks and assumptions

23. In line with the approach taken in the SRS, **we plan to consult on the detail of Awaab's Law requirement for the PRS** in due course before making regulations. As part of this consultation, we intend to seek views on the potential costs and impacts of our policy proposals. This will allow an updated Impact Assessment to be developed and published before regulations are made.

24. We expect proposals for Awaab's Law in the Private Rented Sector to be broadly commensurate with proposals for the Social Rented Sector. We expect to consult on the requirements placed on PRS landlords, seeking wide views including from PRS tenants, landlords, letting agents and providers of surveying and construction services, recognising the different operating models of the Private Rented Sector compared to the Social Rented Sector. In particular, the consultation is likely to probe:

- a. Time limits for investigating reports of a significant hazard;
- b. The requirement for those investigations to be carried out by a 'competent investigator' and the definition of this for the PRS to ensure the individual has the skill and experience to determine whether a property is affected by a significant hazard;
- c. Time limits to remedy a significant hazard; and
- d. The requirement to offer alternative accommodation to tenants if a significant hazard can't be remedied within the set timeframe, exploring if this is feasible in the PRS, and if there are viable alternatives.

25. As the provisions in the Bill will also allow Awaab's Law to be applied to all types of licensed accommodation (in both the PRS and SRS), we will consult on considerations specific to different licence types. This will inform a final decision on which types of licence should be in scope.

²⁷¹ Transport Research Laboratory 2009 *Re-valuation of Home Accidents*

²⁷² Shelter: The impact of homelessness and bad housing on children's education, 2018.

²⁷³ GCSE attainment and lifetime earnings.

26. For the purposes of the assessment, we have assumed that the Awaab's Law requirements set in the PRS will be the same as those proposed for the SRS. In practice, we will be considering whether the detail of the requirements for the PRS may need to diverge in some respects to the approach taken in the SRS, given the significant differences between the two housing tenures – for example, the different levels of professionalisation and average sizes of landlords' housing portfolios. Differences in the detail of Awaab's Law requirements could potentially have a substantive impact on overall costs of this policy.
27. Any potential increase in repair costs to landlords has not been monetised. This requires further information on how landlords would respond to the proposed legislation, which we intend to gather from our consultation.

Annex 9: Characteristics of private tenants and landlords

9.1 Characteristics of private landlords

1. Although there is currently no central register of landlords in England, using HMRC data on tax payments we can estimate that there were approximately 2.3 million landlords operating in England in 2019-20.²⁷⁴
2. In the 2018 and 2021 English Private Landlord Survey (EPLS) we collect data on characteristics of landlords. The sample of landlords are those who directly registered themselves with one of the three government-backed Tenancy Deposit Protection (TDP) schemes that operate in England, which correspond to 408,000 landlords. It is reasonable to assume that this is representative of the total population for some characteristics, whilst for others we need to make further adjustments or caveats.
3. The EPLS shows that almost half (43%) of landlords own one rental property, representing 20% of tenancies. A further 39% own between two and four rental properties, representing 31% of tenancies. The remaining 18% of landlords own five or more properties, representing almost half (48%) of tenancies.
4. In the 2021 EPLS, landlords were asked to select the reasons they originally became a landlord. The two most prevalent reasons were a preference for investing in property rather than other investments (42%) and as a pension contribution (40%). Around a third (35%) said they wanted to supplement earnings or income. Smaller proportions said it was to provide a home for a relative, child or friend (6%), or because they inherited or were given their first rental property (6%). Only 4% originally became a landlord in order to let property as a full-time business. These figures are similar to findings for the 2018 survey.
5. Using the EPLS 2018 which collected data on letting agents, we have been able to estimate that about 57% of landlords are likely using a letting agent, which corresponds to 64% of tenancies.²⁷⁵ Landlords with one property were more likely to say they did not use an agent compared to landlords with two to four properties or landlords with five or more properties.
6. In 2021, 30% of landlords were employed full-time and 10% part-time. Over a third of landlords (35%) were retired. Less than a fifth (15%) of landlords were self-employed (not as a landlord), with a further 13% self-employed as a landlord.²⁷⁶
7. Informed by this English Private Landlord Survey analysis, we have segmented landlords based on patterns of compliance with legislation and good practice:
 - a. **Demonstrating good practice (30% of private landlords)** – the landlords who are most likely to be compliant with both legislation and good practice indicators. They are most likely to get information from a landlord organisation and use this to ensure compliance. They are likely to be engaged and knowledgeable about the quality of their

²⁷⁴ [A Fairer Private Rented Sector.](#)

²⁷⁵ The EPLS only surveys those landlords who register directly onto the deposit protection scheme themselves. This means that the sample of the survey is biased towards those landlords who do not use a letting agent. This figure also accounts for those landlords who were not surveyed because a letting agent registered them on the deposit protection scheme – which we take as a sign to assume that they are using a letting agent at least for letting purposes.

²⁷⁶ English Private Landlord Survey 2021. Figures may not sum to 100% as respondents were able to provide more than one answer (i.e. they could be a self-employed landlord and be working part-time).

portfolio and concerned about legislative changes that may affect letting practices. Property is a significant part of their professional and financial plan.

- b. **Mixed compliance (24% of private landlords)** – These landlords are likely to report mixed compliance with legislation, though many comply with good practice indicators. They are likely to view their property as a rental income and pension contribution and be a bit more hands-off and may not know all the details of their property.
 - c. **Meeting legal requirement (35% of private landlords)** – These landlords are likely to be compliant with most legislation, though less likely to be compliant with good practice indicators. They are likely to be engaged and responsible, ensuring all legal and safety requirements have been carried out and are likely to be aware of upcoming changes that might affect letting practices. They are likely to view their property as source of investment income alongside other economic activities.
 - d. **Lower Compliance and awareness (11% of private landlords)** – These are the least likely to be compliant with either legislation or good practice indicators. They are likely to have limited knowledge about upcoming tax and regulatory changes and have not complied with various legal requirements or good practice indicators. These landlords are likely to be in work separate to landlord practice.
8. **Separate to this**, there is evidence of a small number of criminal landlords operating in the PRS. The exact number is unknown as the English Private Landlord Survey only covers landlords who enrol in the deposit protection schemes. Criminal landlords often target more vulnerable tenants, who may be less aware of their rights or unable to act on them.²⁷⁷ Behaviour includes scam lettings, frequent use of illegal eviction, harassment, theft, threats of violence and extreme overcrowding.

9.2 Characteristics of private tenants

9. PRS tenant profiles have changed markedly over the past 30 years. In the 1990s, a PRS tenant was most likely to be a student studying away from home, or a 'young professional' renting while saving up to buy their own home. Households with an older Household Reference Person (HRP, which is the person who is responsible for the household or in whose name the property is rented) have increased over the last two decades. In 2022 to 2023, 10% (or 444,000) of PRS households had a HRP 65 or older whereas in 2003-2004 the same figure was 4% (or 220,000).²⁷⁸
10. Based on what we know about the financial and housing circumstances of private tenants, we can broadly separate them into six distinct groups, as follows:²⁷⁹
- a. **Comfortable tenants (44%)** – Approximately 1.94 million households. Tenants in this group tend to be in managerial professions and/or education to degree level. One in four expect to remain in the PRS. They are unlikely to be in ill-health, and most likely to need flexible tenancies. 71% expect to own their own home, 36% of whom expect to do so in the next two years.

²⁷⁷ Spencer, Roz et al (2020), "Journeys in the shadow private rented sector".

²⁷⁸ English Housing Survey 2022-23.

²⁷⁹ English Housing Survey: a segmentation analysis of private renters 2022.

- b. **Families getting by (17%)** – Approximately 759,000 households. Tenants in this group spend a high proportion of income on rent and are unlikely to have savings. One in seven live in overcrowded accommodation. These tenants are among the most dissatisfied with their current property, and 34% report difficulty paying the rent. 37% have had problems with damp/condensation. They are most likely to be couples with dependent children.
 - c. **Low-income savers (16%)** – Approximately 726,000 households. Tenants in this group have low incomes and spend a high proportion of income on rent – but do have savings. One in five lead tenants are aged 25 or younger. The main need of this group is affordability due to home ownership aspirations. 87% are satisfied with their current property, and 54% expect to buy, but generally not in the next two years. They are in the PRS for a relatively short time.
 - d. **Struggling families (11%)** – Approximately 473,000 households. Tenants in this group are very likely to be on low incomes, without savings and in receipt of housing support. Three in four are lone parents with dependent children. One in ten are on the waiting list for social housing. 49% report difficulty paying the rent, and 27% of households expect to move into social housing longer term. They are more likely to come from a Black and/or other minority ethnic background.
 - e. **Vulnerable singles (10%)** – Approximately 424,000 households. Tenants in this group are very likely to live alone and be on low income without savings. One in five are in paid work. 55% expect to remain in PRS, with 81% satisfied with their current property. 50% are likely to spend five or more years in their current accommodation, with 10% currently on the waiting list for social housing.
 - f. **Older tenants (3%)** – Approximately 121,000 households. Tenants in this group are most likely to have lived in their current accommodation for five or more years. Nine in ten are aged 65 or over. They are often long-term private tenants. 87% reported being mostly happy with their current property, and 82% are generally satisfied with being in the PRS. 7% report difficulty paying the rent.
11. The PRS still provides a vital home for students and young professionals, but over recent decades there has been an increase in other groups who rent privately. For example, the number of households in the PRS receiving housing related welfare has almost tripled from 411,000 in 2003/2004 to 1,140,000 in 2020/2021. Over the same period, the number of households with an HRP over 65 has increased by 74%, and the number of households with dependent children has more than doubled. In 2003/04 there were 566,000 households compared to 1.3 million in 2020/21. Compared to the 1990s, a PRS tenant in 2020 was, on average, older and much more likely to be living with children, to have reached retirement age, or to be renting on a low income.
12. According to the most recent English Housing Survey on average private renters spent 32% of their income (including housing support) on rent. This figure was higher than for mortgagors (18%) and for social renters (26%). This proportion was higher for private renters in receipt of housing support who, on average, spent 36% of their household income on rent. When housing support was excluded, the proportion increased to 55% of their income. This is higher

than the proportion spent by social renters in receipt of housing support (29%, respectively 41% when the housing support is excluded).²⁸⁰

²⁸⁰ English Housing Survey 2022-23 Rented Sector Report.

Annex 10: Reform options tested in consultations

1. Reforms were developed on the basis of **extensive engagement with tenants, landlords, councils and other groups with an interest in the PRS as well as previous governments consultations**. Some of these consultations include:
 - a. ‘*Overcoming the barriers to longer tenancies in the private rented sector*’ and ‘*A new deal for renting*’, which sought views on the removal of section 21 and improving section 8 eviction grounds in 2018 and 2019; and
 - b. ‘*Strengthening consumer Redress in the Housing Market*’ in 2018, which explored the option of a single housing ombudsman.
2. Options considered and government’s decisions based on the consultation responses and engagement with the sector are set out below.

Table 17: Reform options tested in consultations

Policy area	Option considered	Taken forward or rejected
Tenancy Reform	Three year tenancy model	Rejected – there was no widespread support from either landlords or tenants. Tenants had mixed views on their preferred length of tenancy, some wanted flexibility so they could respond to changing circumstances. Landlords preferred the status quo.
	Introducing new section 8 possession grounds covering landlords selling the property or moving in	Taken forward – 74% of landlords agreed that they were the right grounds.
	Six-month break clause in a tenancy that either the landlord or a tenant could use	Rejected – didn’t go far enough in providing greater security of tenure as landlords could routinely end the agreement at six months.
	Two-months’ notice period for landlords	Rejected – the Bill introduces a four-month notice period for the main no fault grounds. 56% of landlords wanted the two-month notice period proposed. Tenants wanted as long as six months.
	Two- months’ notice period for tenants	Taken forward – two months was seen as the appropriate length.

Policy area	Option considered	Taken forward or rejected
	Reduce notice periods for anti-social behaviour	Taken forward – to allow landlords to take swift action where it becomes necessary to end the tenancy due to anti-social behaviour.
	Introduce a new mandatory ground for repeat rent arrears	Not taken forward – existing rent arrears grounds are robust enough.
	Remove possession restrictions linked to section 21	Taken forward in part – to simplify the possession process for landlords. Landlords will need to continue to meet regulations, and these will continue to be enforced via other mechanisms. The Bill retains two possession restrictions – one for failure to comply with tenancy deposit responsibilities and one for failure to sign up to the database.
	New specialist possession grounds such as for student accommodation to support providers of temporary and supported accommodation	Taken forward – as these sectors sometimes need to take back possession for reasons not covered in existing grounds for possession.
	Periodic tenancies	<p>Taken forward – fixed term tenancies lock tenants in, meaning they cannot move if their circumstances changes and landlords have less flexibility to regain possession if they need to. Tenants cannot end their tenancy if their property is too unsafe to live in or the landlord has not completed essential repairs.</p> <p>Periodic tenancies give tenants the right to move whenever they need.</p>
	Exclude purpose-built student accommodation (PBSA) from the new tenancy system	Taken forward – PBSA is distinct to the rest of the private rented sector. It caters specifically to the needs of students, is often restricted to students due to planning constraints and is not designed to offer long-term accommodation.

Policy area	Option considered	Taken forward or rejected
Dispute resolution	Specialist housing court	Rejected – the costs of introducing a new housing court would outweigh the benefits, and there are more effective and efficient ways to address the issues experienced by court and tribunal users in housing cases.
	Digitisation of the possession process	Taken forward – will simplify the court process for landlords, reducing scope for mistakes which cause delays.
	Reducing the time taken for first hearings to be listed by the courts in cases of serious anti-social behaviour and in temporary and supported accommodation	Taken forward – to allow landlords to take swift action where it becomes necessary to end the tenancy due to anti-social behaviour. To ensure specific sectors can continue to function.
	Trialling a new system in the First-tier Tribunal (Property Chamber) to streamline how specialist property cases are dealt with	Taken forward – to provide a single judicial forum for these types of cases, removing the need of litigants to deal with two judicial forums to determine a single case, reduce costs, and simplify the process in pilot areas.
	Strengthening mediation services so fewer cases result in court action	Taken forward – this will free up time for the courts to deal with the most serious cases.
	Require all landlords to belong to a redress scheme	Taken forward – majority (65%) of respondents to the consultation said all landlords should belong to a redress scheme.
	Introduce a new Ombudsman	Taken forward – the majority of respondents said that mandatory private landlord redress should be delivered by a new ombudsman.
	Single housing Ombudsman across different sectors	Rejected – respondents shared concerns about the preservation of sector specific expertise and the risk of disruption.

Policy area	Option considered	Taken forward or rejected
	Single PRS Landlord Ombudsman	Taken forward – to provide fair, impartial, and binding resolution to many issues and be quicker, cheaper, and less adversarial than the court system.

Annex 11: Key assumptions, inputs and profiles

Table 18: Household projections scenario

1. These figures are based off EHS figures and ONS household projections. Projections on the future size of housing tenures are highly uncertain and are subject to large confidence intervals. The figures presented in Table 18 are one possible scenario based on available data.

Calendar Year	PRS Households	Growth rate	SRS Households	Growth rate	Housing association households	Growth rate
2011-12	3,843,343	6.26%	1,782,100	-2.86%	2,026,073	1.74%
2012-13	3,956,092	2.93%	1,684,115	-5.50%	1,999,876	-1.29%
2013-14	4,377,202	10.64%	1,641,237	-2.55%	2,279,018	13.96%
2014-15	4,278,287	-2.26%	1,639,370	-0.11%	2,272,317	-0.29%
2015-16	4,527,999	5.84%	1,604,752	-2.11%	2,313,485	1.81%
2016-17	4,692,068	3.62%	1,565,791	-2.43%	2,381,165	2.93%
2017-18	4,530,000	-3.45%	1,581,153	0.98%	2,377,221	-0.17%
2018-19	4,551,832	0.48%	1,591,389	0.65%	2,371,823	-0.23%
2019-20	4,437,942	-2.50%	1,580,523	-0.68%	2,397,848	1.10%
2020-21	4,433,637	-0.10%	1,570,083	-0.66%	2,414,258	0.68%
2021-22	4,611,177	4.00%	1,572,102	0.13%	2,455,560	1.71%
2022-23	4,594,732	-0.36%	1,531,000	-2.61%	2,475,000	0.79%
2023	4,616,712	0.48%	1,529,159	-0.12%	2,497,178	0.90%
2024	4,638,309	0.47%	1,527,256	-0.12%	2,519,285	0.89%
2025	4,658,936	0.44%	1,525,097	-0.14%	2,541,006	0.86%
2026	4,679,543	0.44%	1,522,996	-0.14%	2,562,854	0.86%
2027	4,700,501	0.45%	1,521,077	-0.13%	2,585,030	0.87%
2028	4,721,218	0.44%	1,519,142	-0.13%	2,607,218	0.86%
2029	4,741,448	0.43%	1,517,107	-0.13%	2,629,286	0.85%
2030	4,761,319	0.42%	1,515,016	-0.14%	2,651,305	0.84%
2031	4,781,459	0.42%	1,513,076	-0.13%	2,673,615	0.84%
2032	4,801,596	0.42%	1,511,197	-0.12%	2,696,070	0.84%
2033	4,821,545	0.42%	1,509,315	-0.12%	2,718,572	0.83%
2034	4,841,043	0.40%	1,507,344	-0.13%	2,740,983	0.82%

Table 19: Landlord projections

2. Due to data limitations it is not possible to estimate the likely change in the number of landlords over the appraisal figures. The analysis assumes the number of landlords remain constant.

Year	PRS landlords	Housing Associations	Council landlords
2020	2,325,420	1,368	228
2021	2,325,420	1,368	228
2022	2,325,420	1,368	228
2023	2,325,420	1,368	228
2024	2,325,420	1,368	228
2025	2,325,420	1,368	228
2026	2,325,420	1,368	228
2027	2,325,420	1,368	228
2028	2,325,420	1,368	228
2029	2,325,420	1,368	228
2030	2,325,420	1,368	228

Year	PRS landlords	Housing Associations	Council landlords
2031	2,325,420	1,368	228
2032	2,325,420	1,368	228
2033	2,325,420	1,368	228
2034	2,325,420	1,368	228

Table 20: Per unit cost and benefits

3. The table below shows the value per unit of the costs and benefits from the central scenario we have used.

Metric	Value per unit – central scenario	Description
Costs		
Familiarisation cost (existing landlords)	£85.80	Per existing landlord
Familiarisation cost (new landlords)	£14.30	Per new landlord
Database registration fee	£28.58	Per property (every three years)
Database registration time cost	£5.72	Per property – assuming 24 minutes to register
Database reregistration time cost	£2.86	Per property (every three years) – assuming 12 mins to reregister
Ombudsman membership cost	£6.03	Per property (annual)
Ombudsman evidence cost	£57.20	Per complaint
Ombudsman registration time cost	£7.15	Per property – assuming 30 mins to register
Eviction evidence cost	£55.63	Per eviction (PRS)
Eviction court costs	£440.66	Per eviction (PRS)
Reduced business costs	£106.47	Per avoided tenant move
Lost agent fees	£1,087.34	Per avoided tenant move
Section 13 form	£2.38	Per rent increase
Considering pet requests	£7.15	Per pet request
Pet damages	£132.38	Per canine per year
Benefits		
NHS saving	£542.48	Per category one hazard removed
Productivity saving	£126.45	Per category one hazard removed
Moving costs	£1,457.09	Per avoided tenant move
Reduced voids	£299.06	Per avoided tenant move
Reduced business costs	£106.47	Per avoided tenant move
Lost agent fees	£1,087.34	Per avoided tenant move
Education related income gains	£4,250	Per non-standard school move

Table 21: Tenancy reform profile

4. The table below shows the total undiscounted costs and benefits over time for tenancy reform in the central scenario.

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Familiarisation cost	£0.3m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.3m
Evidence evictions	£3.1m	£3.2m	£3.2m	£3.2m	£3.2m	£3.2m	£3.2m	£3.2m	£3.2m	£3.3m	£32.0m
Court costs	£13.0m	£13.0m	£13.1m	£13.1m	£13.2m	£13.2m	£13.3m	£13.4m	£13.4m	£13.5m	£132.2m
Business related churn	£2.4m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£25.0m
Reduced letting agents	£44.7m	£44.9m	£45.1m	£45.3m	£45.5m	£45.7m	£45.8m	£46.0m	£46.2m	£46.4m	£455.6m
Section 13	£2.9m	£2.9m	£3.0m	£3.0m	£3.0m	£3.0m	£3.0m	£3.0m	£3.0m	£3.0m	£29.9m
Total costs*	£66.4m	£66.4m	£66.7m	£67.0m	£67.3m	£67.6m	£67.9m	£68.2m	£68.5m	£68.7m	£674.9m
Business related churn	£2.4m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£2.5m	£25.0m
Reduced letting agents	£44.7m	£44.9m	£45.1m	£45.3m	£45.5m	£45.7m	£45.8m	£46.0m	£46.2m	£46.4m	£455.6m
Reduced tenant moves	£93.4m	£93.8m	£94.2m	£94.6m	£95.0m	£95.4m	£95.8m	£96.2m	£96.6m	£97.0m	£952.2m
Total benefits	£140.5m	£141.1m	£141.8m	£142.4m	£143.0m	£143.6m	£144.2m	£144.8m	£145.4m	£146.0m	£1432.7m

*Excluding private landlord familiarisation cost

Table 22: Private Rented Sector Database

5. The table below shows the total undiscounted costs and benefits over time for the Private Rented Sector Database in the central scenario.

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Registration costs	£0.0m	£133.8m	£1.3m	£1.3m	£132.8m	£2.7m	£2.7m	£131.8m	£2.7m	£2.8m	£412.0m
Registration time costs	£0.0m	£26.8m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£29.0m
Recurring registration time cost	£0.0m	£0.0m	£0.0m	£0.0m	£13.2m	£0.1m	£0.1m	£13.1m	£0.1m	£0.1m	£26.8m
Total costs*	£0.0m	£160.5m	£1.6m	£1.6m	£146.3m	£3.1m	£3.1m	£145.1m	£3.2m	£3.2m	£467.7m
Total benefits	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m

*Excluding private landlord familiarisation cost

Table 23: Ombudsman

6. The table below shows the total undiscounted costs and benefits over time for the Ombudsman in the central scenario.

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Evidence costs	£0.0m	£0.5m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£5.0m
Registration costs	£0.0m	£28.2m	£28.4m	£28.5m	£28.6m	£28.7m	£28.9m	£29.0m	£29.1m	£29.2m	£258.6m
Time cost - registration	£0.0m	£11.2m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m	£12.1m
Total costs*	£0.0m	£39.9m	£29.0m	£29.2m	£29.3m	£29.4m	£29.5m	£29.7m	£29.8m	£29.9m	£275.7m
Reduced moves	£0.0m	£20.1m	£20.2m	£20.3m	£20.4m	£20.5m	£20.6m	£20.7m	£20.8m	£20.8m	£184.5m
Reduced void periods	£0.0m	£4.1m	£4.2m	£4.2m	£4.2m	£4.2m	£4.2m	£4.2m	£4.3m	£4.3m	£37.9m
Total benefits	£0.0m	£24.3m	£24.4m	£24.5m	£24.6m	£24.7m	£24.8m	£24.9m	£25.0m	£25.1m	£222.3m

*Excluding private landlord familiarisation cost

Table 24: Renting with Pets

7. The table below shows the total undiscounted costs and benefits over time for renting with pets in the central scenario.

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Time cost	£2.5m	£2.5m	£2.6m	£2.6m	£2.6m	£2.6m	£2.6m	£2.6m	£2.6m	£2.6m	£25.8m
Damage costs	£7.6m	£15.3m	£23.0m	£30.7m	£38.5m	£46.3m	£54.1m	£61.9m	£69.8m	£77.8m	£425.0m
Total costs*	£10.2m	£17.8m	£25.5m	£33.3m	£41.0m	£48.8m	£56.7m	£64.6m	£72.5m	£80.4m	£450.8m
Premiums for insurance companies	£0.2m	£0.3m	£0.5m	£0.6m	£0.8m	£0.9m	£1.1m	£1.2m	£1.4m	£1.6m	£8.5m
Tenant pet benefit	£7.6m	£15.3m	£23.0m	£30.7m	£38.5m	£46.3m	£54.1m	£61.9m	£69.8m	£77.8m	£425.0m
Total benefits	£7.8m	£15.6m	£23.4m	£31.3m	£39.2m	£47.2m	£55.2m	£63.1m	£71.2m	£79.4m	£433.5m

*Excluding private landlord familiarisation cost

Table 25: Rental Discrimination

8. The table below shows the total undiscounted costs and benefits over time for making renting discrimination of families with children or those in receipt of benefits illegal in the central scenario.

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Letting Agent Familiarisation	£1.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£1.0m
Total costs*	£1.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£1.0m
Total benefits	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m

*Excluding private landlord familiarisation cost

Table 26: Rental Bidding

9. The table below shows the total undiscounted costs and benefits over time for making renting bidding illegal in the central scenario.

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Letting Agent Familiarisation	£1.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£1.0m
Total costs*	£1.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£1.0m
Total benefits	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m

*Excluding private landlord familiarisation cost

Table 27: Private Landlord Familiarisation

10. The table below shows the total undiscounted costs and benefits over time for landlord to familiarise themselves with the legislation in the central scenario.

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Landlord Familiarisation	£199.5m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£208.1m
Total costs*	£199.5m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m	£208.1m
Total benefits	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m

Table 28: All reforms

11. The table below shows the total undiscounted costs and benefits over time for all the measures in the Bill (excluding the DHS and Awaab's Law) in the central scenario.

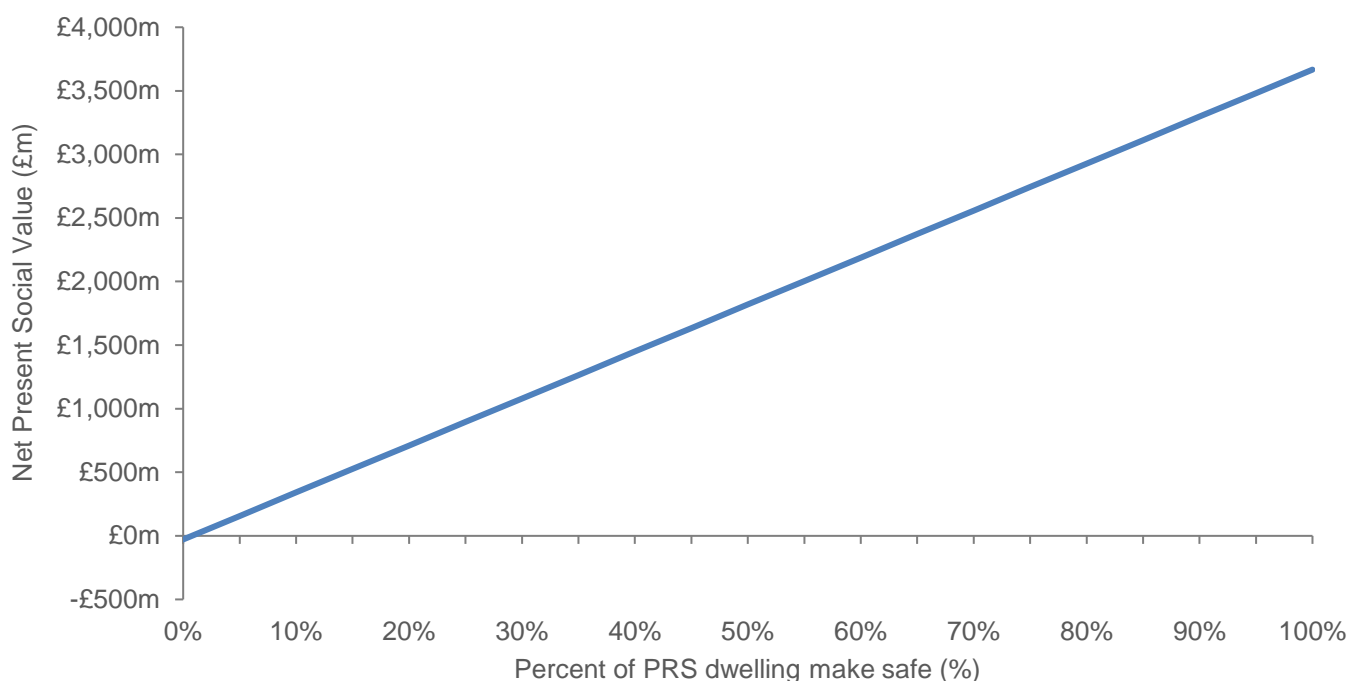
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total costs*	£278.1m	£285.7m	£123.9m	£132.0m	£284.9m	£149.9m	£158.2m	£308.5m	£174.8m	£183.2m	£2,079.2m
Total benefits	£148.3m	£181.0m	£189.6m	£198.2m	£206.8m	£215.5m	£224.2m	£232.9m	£241.7m	£250.5m	£2,088.5m

Annex 12: Switching analysis

1. Given the significant non-monetised benefits, which have been detailed throughout the Impact Assessment, we have conducted switching analysis to determine the levels of benefits required to achieve a positive NPSV.
2. **While it is difficult to quantify the significant benefits of the measures in the Bill (excluding DHS and Awaab's Law), our assessment is that the measures in the Bill will be a net positive to society once all of the non-monetised benefits are taken into account.**
3. To illustrate this, we have used the annual healthcare savings per category one hazard, which shows that a relatively small reduction in category one hazards (0.8%) would result in a positive NPSV.

Figure 4: Switching analysis

Switching analysis - improvement in net present social value by dwelling stock condition improvements (category 1 hazards)



4. This analysis assumes the improvement in housing quality lasts for the entire 10-year appraisal period.
5. Along with the switching value above, the numbers below the potential impact on the NPSV of the reforms if 0%, 25%, 50% and 75% of hazards are made safe:
 - If 0% of hazards are made safe as a result of these reforms, the NPSV of the policy would be -£28.4 million (2025 PV).
 - If 0.8% of hazards are made safe as a result of these reforms, the NPSV of the policy would be £0 million (2025 PV).

- If 25% of hazards are made safe as a result of these reforms, the NPSV of the policy would be £895.3 million (2025 PV).
 - If 50% of hazards are made safe as a result of these reforms, the NPSV of the policy would be £1,819.1 million (2025 PV).
 - If 75% of hazards are made safe as a result of these reforms, the NPSV of the policy would be £2,742.8 million (2025 PV).
6. Given that the measures in this Bill amount to the most comprehensive and far-reaching reform of tenancy law since the Housing Act 1988, **it is not unreasonable to expect to see at least a 25% reduction of the most serious Category 1 hazards, which would see the total net present social value of the reforms to around £895.3 million (2025 PV).**
7. There are also further benefits which may arise from the improvement in dwelling quality. Tenants are likely to place additional value on dwellings being free of serious hazards including damp and mould. This may be related to improved wellbeing outcomes.