

On Monday Ed Miliband outlined how Labour plans to address the crisis in private renting, with further details on the party's 2014 policy to regulate private rents. The announcement was accompanied by other policies to address the housing crisis, including secure three-year tenancies, a ban on letting agent fees charged to private renters and a national register of landlords. Plans for rent control have unsurprisingly provoked criticism from Conservatives, with ministers misleadingly evoking the much blunter rent control systems of Venezuela or Vietnam, and even more bizarrely in Boris Johnson's case, the Roman emperor Diocletian. But do Labour's plans go far enough, and would they deliver the sort of rent controls that [the public now overwhelmingly support?](#)

### What is Labour's offer to private-sector tenants?

[Labour's sixth pledge promising 'homes to buy and action on rents'](#) is a welcome commitment showing a willingness to tackle the problems millions experience in securing an affordable, decent quality home. Labour's commitment to private renters was outlined in three proposals:

- Cap rents so they cannot rise by more than the rate of inflation (CPI) during secure three-year tenancies.
- Require landlords and letting agents to disclose the rent levels charged to previous tenants so that householders can negotiate the best possible deal at the start of their contract.

# 77%

The number of private renters in favour of rent controls

- Penalise rogue landlords by reducing buy-to-let tax relief for those who own hundreds of thousands of properties which do not meet basic standards.

### What is rent control?

Rent control is a loose term, often demonised by the right to undermine government intervention, and used to describe a range of regulatory strategies to exert downward pressure on rents. Labour's plans closely resemble so-called 'second generation rent control' which is where governments can introduce measures to "calm" rents without directly setting prices. In Labour's case, longer-term tenancy contracts and a rebalanced renting environment (where the onus for agency fees, for example, is shifted to the landlord) reduce the insecurity of private tenancies and put a brake on rapidly rising prices. [Almost half of all young households \(aged 25 to 34\) rent privately](#), and would be affected by Labour's plans.

### What is Labour's plan for regulating rent?

The plans mark an encouraging departure from the status quo, offering the security of long-term tenure and

a guarantee that price rises will not exceed CPI inflation within a tenancy contract. In the year to March, rents across Britain went up by an average of 2%. In London, it was slightly more. With inflation at zero, if Labour's policy were in effect today, rents for the next year [would be frozen](#). However this form of regulation would still be largely dictated by prices set by the market between tenancies. [The plans pale in comparison to more robust regimes that tie maximum increases to a proportion of the local average](#) and can only be part of the solution to the housing crisis.

As well as [bizarre attacks](#) from the right [the plans have also come under criticism from some progressives](#). Though they would be preferable to the current unregulated market, future planning for renters will still be difficult as rent rises are tied to inflation which can be unpredictable. There are also no safeguards preventing landlords from increasing rents between tenancies or after the three-year freeze has come to an end.

The rent control of the 1980s was a failure, often driving down standards in housing, and the legacy of this policy has for too long caused politicians to hesitate on regulating the housing market. Regulations that account for the complexities of the modern housing market, that go beyond the modest limitation of CPI inflation could be an important short term strategy to increase access to affordable housing.

## Labour's other housing announcements

Labour's offer to private-sector tenants was yesterday followed by a pledge to scrap stamp duty for first-time buyers (purchasing a property up to the value of £300,000) in the first 3 years of a Labour government. The plan will cost £225 million and will be funded by a clampdown on landlords who avoid tax, a cut in tax relief for landlords who fail to maintain properties and increased taxes on foreign property investors.

### Changes to stamp duty

The Chartered Institute of Surveyors has warned that the proposed move could increase house prices as it only addresses the demand aspect of the housing market. The Institute argues that, for the policy to be truly effective, it must be accompanied with an ambitious house building programme to drastically increase the supply of homes.

### Landlord register

Labour also pledged to create a national register of landlords, saying this would curb tax avoidance by landlords by 20% and bring in £100 million in revenue. Tax relief for landlords to cover the upkeep of furnished properties would also be reduced for rogue landlords that rent out sub-standard properties. There is already a Landlords' Register in Scotland, however between 2007-2013, it only achieved a compliance rate of 75% so a register for England and Wales would need to consider how best to ensure 100% compliance.

## What has Class published?

**Election guide:** [What's at stake for housing](#), February 2015

**Policy paper:** [Tackling the housing crisis](#), Prof Marjorie Mayo & Ines Newman, October 2014

**Briefing:** [Extending the right to buy](#), April 2015