

Rental reform: recalibrating the landlord-tenant relationship in England

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Abstract

The Renters' Rights Act 2025 represents the most fundamental reform of private rental tenancy law in England since 1988. It recalibrates the landlord-tenant relationship in ways that strengthen tenant rights and, in doing so, creates a tenancy framework that is better suited to accommodate the growth and transformation of private renting since the turn of the century. This article explains the background to this important reform, why it became an electoral necessity, and the reasons why it was fiercely contested by stakeholders and backbench Conservative MPs representing the interests of private landlords. Finally, it highlights key features of the 2025 Act tenancy law framework that most affect landlords and tenants.

Key words: private tenants, private landlords, tenancy law, Generation Rent, no-fault evictions, homeless families

Introduction

A substantial share of households in the rich democracies rent their home from private landlords but the terms on which they do so varies between different countries and within them in federal nations. The decline of homeownership in Britain and other countries since the global financial crisis, combined with shortages of affordable rental housing and the post-Pandemic rise in rents in some countries, has created pressure for reform of the law of landlord and tenant. In England, the tenancy law regime was last reformed in 1988 by the Conservative Government and remained in place largely unchanged until recently. The Renters' Rights Act 2025 introduced a major reform of tenancy law, which significantly strengthened security of tenure for tenants and introduced an array of other measures to improve the experience of renting a home in the private market. This recalibration of tenancy law was the outcome of a new political consensus on the need to reform private renting. Nevertheless, the proposed changes proved highly contentious and generated fierce debate between the stakeholders in the rental property market. The aim of this article is to explain the background to this important reform, why it became an electoral necessity, and the reasons why it was fiercely contested by stakeholders and backbench MPs. Before doing so, it considers the nature of tenancy regimes.

Tenancy law regimes

Housing tenures, such as private renting, are often seen as bundles or constellations of rights and responsibilities that are codified in law. For example, in return for paying rent to their landlord,

tenants have the *right* to occupy the dwelling as their home; and the *duty* to adhere to the terms and conditions of their lease. These constellations of legal rights and responsibilities vary between different jurisdictions and are changed infrequently over time. However, while it is helpful to think about tenancy relations in this way, the legal framework does not necessarily reflect the everyday ‘lived experience’ of landlords and tenants in the rental market. From a sociological perspective, landlord-tenant relations can be conceptualized as ‘relatively enduring collections of rules and organized practices embedded in structures of meaning’.¹ These formal rules, informal practices and shared meanings inform our understanding of how things operate, and frame perceptions of how they should operate. This is important because research has shown that landlord and tenant behaviours are shaped, not only by the formal rules codified in law, but also by informal practices that are not necessarily consistent with those rules.²

Divergence between the law and everyday practices reflects the fact that a substantial minority of landlords and many tenants are relatively ignorant of the law of landlord and tenant. However, divergence between law and practice also results from deliberate disregard of the law by a small minority of landlords and tenants. Illegal behaviour is more likely to occur at the bottom end of the rental market and especially so when, as now, there is an acute shortage of rental housing. In the English private rental market, local authorities have the power to take landlords to court or issue fines for failing to fulfil their legal responsibilities. However, there is considerable variation in the extent to which local authorities have the resources or the political will to prevent or punish non-compliance with the law by so-called ‘rogue’ landlords, letting agents and tenants.³

Because the formal rules and informal practices that shape landlord-tenant relations are relatively ‘settled’ and endure over time, they often become seen as ‘normal’ and taken for granted. Not surprisingly, stakeholders that benefit the most from the existing rules and informal practices will defend them when the stakeholders that benefit the least campaign to overturn the status quo. Political contestation becomes especially acute when the wider social and economic context changes over time in fundamental ways, but the rules and practices remain the same. Failure to adapt rules and practices to the changing context within which they operate also increases the likelihood that, when reforms are eventually made, they will be transformational rather than just marginal adjustments to the status quo. And this is what happened with rental reform in 2025. Prolonged failure to adapt existing rules and practices to social and economic trends over the previous two decades led the radical recasting of tenancy law in England in 2025.

¹ J.G. March & J.P. Olson, ‘Elaborating the “new institutionalism” in R. A. W. Rhodes, S.A. Blinder & B.A. Rockman (eds) *The Oxford Handbook of Political Institutions*, pp. 3-20, Oxford, Oxford University Press, 2006.

² D. Lister ‘The nature of tenancy relationships: landlords and young people’ in S. Lowe & D. Hughes (eds) *The Private Rented Sector in a New Century*, Bristol: Policy Press, pp. 95-107; T. Crook & P.A. Kemp, *Transforming Landlords: Housing, Markets and Public Policy*, Oxford, Wiley-Blackwell.

³ D. Cowan, A. Marsh & J. Harris, ‘Local authority intervention in private renting: from compliance to hardline enforcement’, *Journal of Law and Society*, vol. 51, issue 3, pp.390-412, 2024.

The institutional and policy legacy

The Renters' Rights Act 2025 changed important features of the pro-landlord tenancy law framework that was introduced over three decades ago by the Conservative's Housing Act 1988. That Act in turn replaced the pro-renter tenancy law regime introduced by Labour's Rent Act 1965, which had strengthened prevention from eviction and introduced a flexible system of rent regulation. The Housing Act 1988 freed from rent regulation all new lettings in the private rental market. Instead, rents were to be determined by negotiation between landlords and tenants. The central objective of the reform was to reverse the long-term decline of the private rental market by allowing landlords to charge a market rent on new lettings. This would enable landlords to obtain a competitive rate of return on rental housing and bring new investors and more supply into the market.⁴ The Act facilitated, but was not the primary cause, of the growth of private renting from the turn of the late 1990s.

The 1988 Act also substantially weakened tenants' security of tenure. It allowed landlords to make so-called 'no-fault evictions'; that is, to evict tenants at the end of a fixed term tenancy, if they so wished, even if the tenants were up to date with the rent and had adhered to all the terms in their lease. Weakening tenants' security of tenure greatly increased the liquidity of rental housing as an investment, making it relatively easy for landlords to evict tenants, let to other tenants willing to pay a higher rent, or sell their property with vacant possession more quickly. It also substantially weakened tenants' bargaining power in the rental market. Moreover, tenancies as short of six months or one year made it much more difficult for tenants to feel settled in their dwelling and to make it their home rather than simply shelter from the elements. This was less of a problem at the time than it subsequently became because most new lettings then were to young and other very mobile tenants. To that extent, it reflected the changing tenant composition of rental housing, as growing numbers of families and middle-aged people moved into owner-occupied or (to a lesser extent) council housing.

Not surprisingly, for landlords - the principal winners from the radical reform of tenancy law introduced by the 1988 Act - this pro-landlord letting framework became normalized over time. It was not only how things were but also, from their perspective, how things should be; and, therefore, not particularly pro-landlord. Since 1988 landlords have often complained about this or that aspect of tenancy legislation and consequently campaigned for the law to be amended. However, these complaints tended to be about more marginal aspects rather than the critical features of the 1988 tenancy regime.

For tenants, however, weak security of tenure of private rentals was a frequent cause of complaint. Until recently, these concerns were largely ignored by successive governments because private tenants were not especially electorally salient for politicians. Private tenants were much less likely to vote than owner-occupiers and social housing tenants. Moreover, they were not well organized politically as a voter group and did not have economically or politically powerful lobbies

⁴ C. Whitehead & M. Kleinman, 'The private rented sector and the Housing Act, 1988', *Social Policy Review 1988-89*, pp.67-84. Sitting tenants, many of whom were elderly and had lived at their present for many years, remained on regulated tenancies.

representing their interests, unlike owner-occupiers and social housing tenants. In addition, the concerns of young and low-income private tenants did not loom large in the news media, except for occasional and fleeting coverage about substandard property conditions at the bottom end of the rental market.

With such low public visibility and limited political salience, it is hardly surprising that, until recently, rental reform never made it onto what public policy scholars call the 'decision agenda'. There are invariably far more public policy problems than governments have the legislative time to tackle during their term of office. In practice, therefore, only a relatively small number of topics are likely to make it on the shortlist of problems that have a realistic prospect of getting onto the decision agenda; and even fewer reach the legislative stage.

Political consensus

When Labour returned to power in 1997 campaigners might have expected the new government to reform the 1988 Act tenancy framework to give it a more pro-tenant orientation. But in fact, Labour's policy on private renting had changed by then. It recognized that, although much diminished in size, the private rental market performed vital roles - for example, easy access accommodation for young and mobile households - for which owner-occupation and council housing were much less suitable.⁵ It also accepted that rent controls had reduced rental supply and made it more difficult for landlords to renovate substandard homes they owned.⁶ This helps explain why Labour did not re-introduce rent regulation after they returned to office in 1997 and instead retained the key provisions of the 1988 Housing Act. As a result, there was a political consensus on private renting for the first time in decades.⁷

After the Conservatives returned to office in 2010 (in coalition with the Liberal Democrats until 2015) they had little reason to change the key features of the tenancy framework introduced by their Housing Act 1988. Landlords were able to charge market rents and tenant security of tenure could hardly have been made weaker without being punitive. However, after the 2015 general election, the Conservatives increased the amount of tax that residential landlords pay. It did so by introducing a 3% surcharge on property purchases by landlords, restricting mortgage relief to the basic rate of tax, and adding an 8% surcharge to the capital gains tax paid by landlords. The Chancellor's explicit motivation for these tax increases was to reduce the profitability of private rental housing to make it easier for middle income tenants to afford to buy their own home. This was the first time that a Conservative government had explicitly attempted to reduce the amount of private rental housing in the market.

⁵ E. Boviard, M Harloe & C. Whitehead, 'Private rented housing: its current role' *Journal of Social Policy*, vol. 14, issue 1, pp. 1-23.

⁶ The impact of rent regulation is highly contested. It also depends on the details of the regulation and the context within which it is introduced. See A. Marsh, K. Gibb & A. M. Soaita, 'Rent regulation: unpacking the debates' *International Journal of Housing Policy*, vol.23, issue 4, pp. 734-757.

⁷ R. Best *et al*, *The Future of Private Renting*, York, Joseph Rowntree Foundation, 1992.

These anti-landlord tax increases were a response by the Conservatives to the emergence of Generation Rent. Another was to introduce the Help to Buy (HtB) scheme, which provided house buyers with an equity sharing loan that was interest-free for the first five years. The research on the impact of HtB is mixed but the Office of Budget Responsibility argued that, because of the short-term inflexibility of housing supply in response to increases in purchasing power, HtB was likely to result in a commensurate increase in house prices. The implication was that the principal beneficiaries of HtB would be existing owner-occupiers and housing developers, via increased house prices, rather than first-time buyers. That in turn would put upward pressure on rents in the private rental market. The essential point for this paper, however, is that measures to help households at the rent/buy margin to purchase their home failed to solve the problems encountered by young people who remained in the rental market.

It was not until Teresa May became Prime Minister that the Conservatives acknowledged something had to be done about those members of Generation Rent who could not, at least for the time being, afford or did not want to buy their home. Reversing the decline of owner-occupation remains the primary goal of Conservative Housing policy, but the pressures to improve the terms on which private tenants rent their home continued to gather steam and eventually became impossible to ignore electorally.

Pressure for reform

Reform of tenancy law, whether relatively minor or more radical, is very often the outcome of political contestation and campaigning by pressure groups representing tenants and those representing landlords and other property market actors such as letting agents. That contestation is ever present. But it tends to become difficult or impossible for policymakers to ignore in response to four main developments: (1) disruptive economic shocks; (2) gradual but transformative change in the rental market; (3) rapidly rising rents due to an acute shortage of rental homes; and (4) the election of an ideologically driven government determined to introduce radically reform to the existing tenancy law.

The reforms introduced in the Renters' Rights Act 2025 were the outcome of a combination of the first three of these drivers: (1) a disruptive shock, (2) gradual transformation of the rental market; and (3) rapidly rising rents due to an acute shortage of rental homes. The disruptive economic shock was the global financial crisis (GFC) of 2007-09 and the Great Recession that followed on from it. Because they are both a shock and highly disruptive, far-reaching economic crises have an immediate and very high visibility. By contrast, gradual institutional transformation tends to go under the radar for quite some time before it becomes sufficiently apparent that it is discussed in the news media. And this was certainly the case with the transformation of the lettings market that began in the late 1990s and early 2000s.

From the turn of the century, the private rental market began to expand in size numerically and as a share of all households. This re-growth after decades of decline largely reflected the unanticipated fall in homeownership. However, this gradual transformation accelerated after the GFC, in part because of the sharp drop in mortgage lending in the immediate aftermath of what was the largest

economic shock since the Great Depression in the early 1930s. The introduction of macroprudential tools by the Bank of England (and other central banks) to help prevent another systemic financial crisis included new restrictions on mortgage lending, which made it more difficult for aspiring first-time buyers to purchase a home even after the mortgage market recovered from its slump. This was compounded by slow economic growth and stagnant real incomes after the GFC.

In short, the rise of what the news media dubbed ‘Generation Rent’ was the main driver of the re-growth of private renting. However, the continued decline in social housing meant that most households who in the past had a realistic prospect of gaining access to social housing increasingly had to rent their home from a private landlord instead. It is hardly surprising, therefore, that the number of households renting their home from private landlord, increased, rising from one in ten households at the turn of the century to one in six today. The rise of generation rent and the continued decline in social housing also transformed the roles and importance of private renting. This is because it changed the types of household renting in the private market. Most importantly, an increasing number and share of rental households were families with children, rising from one in five households at the turn of the century to one in three households today. In numerical terms, 1.5 million children are now living in private rental housing, three times the number at the turn of the century.

This marked rise in the number of children living in the private rental market reflected the ageing profile of households renting their home from private landlords. Many of the early members of Generation Rent remained in the rental market and therefore became older as they did so, some of whom became parents. The share of private rental households aged between 35 and 44 years and (to a lesser extent) those aged from 45 to 54 years increased over the past quarter of a century. Today, one in four private renters are aged between 35 and 44 years; and one in seven are aged between 45 and 54 years. Hence, while the majority of Generation Renters are young people, that is less true than it was at the turn of the century; a growing number of them are now middle-aged.

The economic status of private tenants also changed, with the proportion in full-time work rising from one half at the turn of the century to two-thirds today. This development reflects the fact that Generation Rent, almost by definition, very largely comprises people in paid work. Finally, private renting also became more ethnically diverse. The share of households from minority ethnic groups doubled, rising from one in ten at the turn of the century to one in five today. One important driver of this change was the growth in net immigration since the early years of the century. The great majority of economic immigrants move into private rental housing when they move to this country.

The re-growth of private renting, and especially the rise in middle-aged and family renting, generated a new debate about security of tenure for tenants. Since the turn of the century, the proportion of private renters who had lived at their current address for two or less years has fallen from two-thirds to only two-fifths of the total. Meanwhile, the share of households who lived at their address for between three to nine years doubled. In short, the rental market had become much less dominated by short-term renting. Instead, increasing numbers of households were

renting from private landlords for more sustained periods of time.⁸ And yet the most common length of lease was only one year. Private tenants were typically required to sign a succession of tenancy renewals to continue living in their current home. This regime benefited landlords and letting agents, but not necessarily tenants. It may not have been a problem for young people who wanted to stay in their current home for only a short period. But it did not work well for families with children and others needing to rent for the medium or long-term.⁹ Not surprisingly, the rise in middle-aged and family renting, and the increasing length of time they were living in the sector, generated demands for greater security of tenure for private tenants.

Moreover, prior to the Renters' Rights Act 2025, landlords could require tenants to leave even if they were up to date with the rent and had fully adhered to the terms of their tenancy agreement. These 'no fault evictions' were especially a problem for families with children who wanted to remain in their current home but were forced to leave. And this also became a problem for local authorities who have a statutory duty to rehouse unintentionally homeless applicants who have dependent children. Indeed, the single most important reason for the sharp growth in homelessness from 2010 onwards was no fault evictions. The shortage of council housing forced local authorities to place increasing numbers of homeless families in temporary accommodation, including rundown bed & breakfast establishments. By 2024, local authorities in England were spending over £1.5 billion a year on temporary accommodation, which exacerbated the financial crisis that many councils are facing. Local authorities therefore joined the growing number of stakeholders urging the government to abolish no-fault evictions.

A further pressure for reform was the post-pandemic surge in rents on new lettings in the rental market, especially in high demand localities such as London. Rent inflation was largely a response to an increase in the *demand* for rental accommodation in the wake of the Covid-19 pandemic and a fall in the *supply* of rental vacancies. Among other things, the fall in vacancies on the market was due to rental dwellings being moved back into the short-stay accommodation market as tourism and in-person business meetings recovered from the pandemic lockdowns. The resultant excess demand fueled a sharp increase in the *advertised* rents on new vacancies and a spike in the number of tenants enquiring about rental vacancies. The high level of competition among tenants looking for a new home meant that the *transaction* rents - the rent agreed between the successful tenant and the landlord - was often much higher than the advertised rent, a process described by the news media as 'rent bidding wars'. Rent bidding added to the concerns about tenants paying very high rents on new lettings and increased rents on existing ones.

Reforming renters' rights

The rise of Generation Rent greatly increased the political saliency of tenancy rights. Moreover, it brought rental reform into the mass media spotlight for the first time in several decades, pushing it firmly onto the policy agenda. Accounting for one in five households, private renters have once again become a sizeable share of the electorate and one that politicians could no longer ignore.

⁸ P. A. Kemp 'Private renting after the global financial crisis', *Housing Studies*, vol. 30, issue 4, pp. 601-620, 2015.

⁹ T. Crook & P.A. Kemp, 'Private renting in England: growth, change and contestation' in P.A. Kemp (ed.) *Private Renting in the Advanced Economies*, pp. 91-116, Policy Press, 2023.

Moreover, the political salience of tenancy reform was increased still further by the emergence of new pressure groups representing this growing political constituency. The most prominent of these new activist tenant groups calls itself 'Generation Rent'. Others include the London Renters Union, Renters' Rights London, and Greater Manchester Tenants Union. Meanwhile, the Renters Reform Coalition's website describes itself being made up of 21 leading housing organisations campaigning for renters' rights and a fairer housing system.

Although it was not the only aspect of the 1988 tenancy regime that was of increasing concern, much of the debate focused on no-fault evictions. For critics, it seemed wrong that landlords could evict tenants who were up to date with the rent and had not breached any clauses in their lease. Moreover, during the post-pandemic surge in rents, it was not only low-income renters that were experiencing no-fault evictions. The news media highlighted cases that affected young professionals who had encountered difficulties finding new accommodation after a no-fault eviction. Landlords often complain about how long it takes to evict tenants via the courts. They were strongly opposed to the abolition of no-fault evictions because it meant they would no longer be able to use them to bypass the slow court system.

This rising tide of concern about no-fault evictions expanded the political consensus on the need to strengthen renters' rights. In 2018, the Conservative Government consulted on proposals to introduce a system of three-year tenancies but failed to introduce them. Their 2019 general election manifesto went further and promised to abolish no fault evictions, as did the Labour and Liberal Democrat manifestos. Three years later, the Conservative Government finally published a white paper setting out proposals to reform private renting (DLUHC, 2022). The expressed aim was to provide tenants with greater security, improve property conditions, and allow landlords to regain possession on reasonable grounds more quickly.

Among the many proposals in the white paper, three stand out. The first was the proposal to abolish no fault evictions and thereby meet their 2019 election promise. The second was the proposal to abolish fixed-term lettings and replace them with periodic tenancies that could only be terminated by tenants unless there were specified grounds for landlords to evict them (such as rent arrears or the landlord wished to sell the property). The third stand-out change was a suite of measures to speed up evictions including a revised list of mandatory and discretionary grounds for doing so.

The proposals set out in the Conservative Government's white paper were taken forward in their Renters (Reform) Bill, which was introduced in the 2022/23 Parliamentary session. The Bill inevitably generated intense lobbying by the wide range of stakeholders associated with the private rental market as well as by backbench MPs. This led to a host of successful pro-landlord amendments to the Bill during its passage through Parliament. The most important of these amendments was that the abolition of no-fault evictions was made contingent upon an assessment by the Lord Chancellor (a government appointee) that the county courts were able to process was able to process eviction proceedings in a timely manner. In effect, this clause was an attempt to kick the abolition of no-fault evictions into the long grass.

The Renters (Reform) Bill was not shortlisted by the Conservative government for inclusion in the small number of Bills for which there was sufficient time left to get them onto the statute book before the 2024 general election. Nevertheless, the pressures for tenancy reform remained. During the election campaign, Labour made clear that tenancy reform would be one of their priorities in government and that no-fault evictions would be abolished on 'Day 1' (aka as soon as possible); and that all new and existing fixed-term tenancies would become indefinite, periodic tenancies on the same day. The Conservatives had proposed to phase in indefinite tenancies over time as fixed term one expired.

The Labour government's Renters' Rights Act included many of provisions of the Conservative's lapsed Renters (Reform) Bill. This included the abolition of no-fault evictions and the abolition of fixed term tenancies. Labour also retained the provision in the Conservative's Bill that enabled landlords to obtain possession of a property if they wished to sell or refurbish it, or if they (or a close family member) intended to live there. However, Labour introduced new clauses to prevent abuse of these rights to repossess their property and empowered local authorities to fine landlords £7,000 if they break those rules. In addition, some of the provisions that Labour retained from the Conservative's Bill were amended to make them more pro-tenant. For example, whereas the Conservative's Bill *reduced* the notice period for evictions, Labour's Renters' Rights Act *increased* it, compared with 1988 Act tenancy regime. Labour's Act also introduced two new clauses to prevent rent bidding wars. The first clause required landlords (and their agents) to state in advertisements the proposed rent; and the second clause banned them from 'inciting, encouraging or accepting' offers for a higher than advertised rent.¹⁰ Finally, the Labour government resisted the temptation to re-introduce rent control - dismissing it as a 'sticking plaster' - despite considerable pressure to do so from pressure groups representing private tenants and from backbench MPs.

Conclusions

The rise of Generation Rent, and the growth in private renting more generally, increased the political saliency of tenancy rights. Moreover, it brought rental reform into the mass media spotlight for the first time in decades, thereby pushing it firmly onto the policy agenda. Accounting for one in six households, private renters were once again a sizeable share of the electorate and one that politicians could no longer ignore. The political salience of tenancy reform was further increased by the emergence of activist groups representing this growing political constituency. The result was a political consensus on the need to reform tenancy law to accommodate the changes in the rental market since the turn of the century.

The Renters' Rights Act 2025 represents the most fundamental recalibration of tenancy law in England in almost four decades. It significantly strengthened security of tenure for private renters and incorporated a range of other measures to ensure that the new tenancy regime better reflects the significant changes that have taken place in the rental market over the past quarter century. It is one that is more suited to the needs of households that are renting their home for the medium

¹⁰ Suzanne Smith 'How the Renter's Rights Bill differs from the Renters (Reform) Bill', *The Independent Landlord* website, 11 September 2024: <https://theindependentlandlord.com/renters-rights-bill/>

to long-term; but does so without reducing the ability of the sector to cater for highly mobile tenants. However, landlords are very concerned about the lengthy delays in court proceedings where there are legal grounds for recovering possession. Overall, however, the Renters' Rights Act 2025 has created a new rental tenancy regime that is more evenly balanced between the interests of landlords and tenants compared with any previous tenancy reform in living memory.

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