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Lessons from more equitable European countries: Rent Regulation

Almost all European countries both have lower income inequality than the UK and also ensure by law that tenants who rent their homes enjoy much longer tenancies. To be able to do this, they have to give tenants a degree of certainty about how much rents can rise during the time they live in a property; otherwise the landlord can easily evict them simply by raising the rent. This is why rent regulation is so important. It is the only defense against arbitrary eviction.

■ In Germany half of all householders rent privately. Often they are renting via very standard long-term leases. This compares to standard tenancy agreements in the UK that at most give you a right to stay for the first 12 months and then allow your landlord to evict you at just two months' notice. Rents are also not permitted to rise at all quickly. Tenants' groups organize to complain when landlords are not penalized for breaking the law.

■ In Sweden private-sector rent levels are set through negotiations between representatives of landlords and tenants in a very similar way to how trade unions and employers negotiate over pay levels. The rent caps do not cause shortages, just as not having rent caps in the UK doesn't result in a great increase in the supply of high-quality rental housing at reasonable cost.

■ In the Netherlands government officials inspect for quality and then fix the rents permitted. The factors involved in assessing quality include the amount of space both inside and outside the property and the quality of the building, such as whether it has double-glazing. Location is not a factor in assessing quality. For prime properties that are large, well built and also very well maintained by the landlord, no rent regulation is imposed.

■ Denmark has various forms of rent regulation. This is one of the reasons why children in Denmark fare so well relative to children in most other affluent countries. Denmark also does not suffer homelessness on the scale of countries with a supposedly more 'free market'. 'Free' housing markets merely give a free rein to those with most money.

■ In France a new set of rent regulations came into force in the capital, Paris, in August 2015. These regulations state that private rents 'must be no more than 20 per cent above or 30 per cent below the median rental price for the area.

The evidence from more unequal countries such as the UK and USA is clear: being able to charge whatever you like does not result in enough housing being made available.

Edited Extract from Danny Dorling's New Book: *The Equality Effect: Improving Life for Everyone*, Oxford: New Internationalist, published May 2017.

LESSONS FROM MORE EQUITABLE EUROPEAN COUNTRIES: RENT REGULATION



Prof Danny Dorling

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