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## Private Landlords in Historical Perspective

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Although this book is focused on the transformation of private landlordism over the last three decades, it is important to place that process in its historical perspective. The privately rented sector that existed in 1979 was a product of its history. The nature of private landlordism at that time was profoundly affected by the historical development of the sector over the previous century and especially since the First World War, when rent control and security of tenure legislation were first introduced. The aim of this chapter is therefore to provide an overview of that history and thereby to set the scene for the chapters that follow. Much of the material presented here draws on the historical research on the private rented sector conducted by Kemp (1982, 1984, 1987b, 2004).

### The Victorian landlord

The nineteenth century was arguably a 'golden age' for private landlords (if not for their tenants). In that century, private landlords were in the ascendant and by far the dominant provider of housing. Although national data are not available, local studies suggest that about nine out of ten households in Britain rented their home from a private landlord, with almost all the remainder being owner-occupiers. Indeed, most landlords seem to have been tenants of other private landlords (Kemp, 1984).

The importance of private renting appears to have increased with industrialisation and rapid urban growth in the late eighteenth and the nineteenth centuries (Harloe, 1985). As people moved from the countryside to the towns in search of work and opportunity, they generally moved into

accommodation rented from private landlords. In the nineteenth century, the great majority of newly built villas and rows of terraced housing were bought by investors seeking an income from letting property, rather than by people wanting somewhere for their own occupation. Thus, the house-builders' prime market – whether they were constructing middle-class suburbs or working-class slums (Dyos & Reeder, 1973) – was the investor in housing to let (Kemp, 1982).

Even in rural Britain, where the prevalence of owner occupation appears to have been greater than in the towns and cities, the majority of households rented their home. Very often, the rural tenant's landlord was also their employer, especially if they worked on a farm or for one of great landed estates. Indeed, tied accommodation, often let rent-free or for a low rent, was a pervasive feature of the countryside. Likewise, many of the servants that were such a ubiquitous feature in the life of middle- and upper-income households in urban and rural Britain lived in their employer's house. Hence households with live-in servants were not just employers but also landlords (Kemp, 2004).

Thus, in the nineteenth century private renting was by far the most common form of housing tenure and the private landlord was a ubiquitous feature of the housing market (Kemp, 1982). Although most people could not afford to buy their own home, many wealthy people and other households that had the financial means to buy chose to rent their accommodation instead. Owner occupation did not have the financial attractions that it subsequently acquired, such as rising real house prices. And although mortgage interest payments could be offset against taxable liabilities, relatively few people paid income tax before the First World War. Where owner occupation did exist on a significant scale it was mainly confined to the more expensive parts of the housing market. There were also pockets of owner occupation among the labour aristocracy (skilled workers in well-paid employment), especially in small towns that were dominated by one firm or industry and where there was a large amount of company housing (Kemp, 1982). Nevertheless, some of these working-class owner-occupiers were also landlords (Kemp, 1987b).

Private rental housing was a popular investment prior to the First World War for households with savings to invest. Estate duty returns indicate that, at the turn of the century, one sixth of all personal wealth was held in the form of dwelling houses. It was second only to stocks and shares as a form of personal wealth. The ownership of rented houses was spread across all levels of wealth ownership, but was particularly important for those owning relatively small amounts of capital. House letting was popular in part because the available range of investment outlets was quite limited. But it was also attractive because the returns were competitive with the alternatives that did exist (Kemp, 1982). The income from rental housing, while not spectacular, was steady and dependable (Damer, 1976), important

attributes in an era when few people has access to an old-age pension or insurance against the death of the family breadwinner.

Historical research suggests that private landlordism was a mainly small-scale business (Kemp, 1982), as it still is today. For example, in Liverpool in 1849, the average portfolio ranged from 3.0 to 9.6 dwelling houses across the 16 wards of the city (Treble, 1971). Daunton (1977) found that between 70 and 90% of the landlords in the various suburbs of Cardiff in 1884 owned fewer than six houses to let and the average holding per landlord was only 4.2 dwellings. In some localities, however, large landlords could play a major role. Thus, in the Newcastle-upon-Tyne suburb of Benwell in 1880, landlords with more than 50 dwellings accounted for only 3% of owners but 27% of the stock of dwellings (Benwell CDP, 1978). Landlord portfolios may have been larger in the Scottish cities, where much of the population lived in tenements. In Glasgow in 1900, for example, the average holding was 3.6 tenement properties, which represented about 22 flats (Morgan & Daunton, 1983).

Most Victorian private landlords borrowed money when investing in housing to let (Cairncross, 1953; Kemp, 1982). The main sources of mortgages in the housing market prior to 1914 were not building societies or banks, but private individuals and trust funds such as marriage settlements and bequests (Offer, 1981). Private mortgages offered the lender a regular flow of income without any of the costs or management hassles associated with property ownership. Estate duty statistics show that private mortgages on house property and business premises accounted for 6.8% of all personal wealth held in the UK (Kemp, 1982).

Borrowing enabled landlords to gear up their investment and obtain a higher return on the equity they had invested than would otherwise have been possible. Building societies and even insurance companies also provided loan finance to private landlords in the nineteenth century (Kemp, 1982). Private and building society mortgages were invariably made on a fixed-rate basis. But whereas building society mortgages involved annual payments of both principal and interest, private mortgages involved interest-only payments, the principal being repaid either at the end of the term or if the loan was recalled. Hence, landlords could obtain a higher rate of return by borrowing money privately than by getting a loan from a building society (Nevitt, 1966).

In the half century up to 1914, investment in new housing went in long waves of around 25 years, with a boom in house-building being followed by a slump. Hence, late nineteenth-century housing markets were subject to cyclical fluctuations, with periodic gluts and shortages (Saul, 1962). These cyclical fluctuations affected the amount of rent that could be charged by the owners of houses to let, particularly on new dwellings (Weber, 1960). The last house-building boom in the nineteenth century peaked in the late

1890s and early 1900s. Like its predecessors, it was then followed by a slump, but this time on an unprecedented scale. Between 1903 and 1914 house-building fell by as much as 70%. By the outbreak of the First World War, the output of new houses had fallen to a level that had not been seen for 60 years. From 1914 until the end of the twentieth century, house building for the private rental sector – apart from a short-lived resurgence in the 1930s – was negligible (Kemp, 2004).

## **The First World War and beyond**

In December 1915, in response to rent strikes on Clydeside and elsewhere, rent controls were introduced for the first time in Britain. The tenant unrest was a response to rent increases imposed by landlords taking advantage of the acute local shortages of accommodation as manpower shifted to areas of munitions production. The government was forced to respond when the rent strikes threatened to extend into industrial action, thereby potentially endangering the war effort (Dickens, 1978; Byrne & Damer, 1980; Melling, 1980). Most other countries involved in the hostilities introduced rent controls during the war (Kemp, 1984; Harloe, 1985).

As its title suggests, the Rent and Mortgage Interest (War Restrictions) Act 1915 controlled not just rents, but also mortgage interest rates. Because repayment mortgages with loan terms of ten years or more were excluded from control, it was private lenders rather than building societies that were affected by the restriction on mortgage interest rates. The rateable value limits in the legislation restricted rent control to dwellings that, broadly speaking, were occupied by working class tenants (Kemp, 1984).

The 1915 Act was originally conceived as a temporary measure made necessary by the war and was due to expire six months after the cessation of hostilities. But by the end of the war, the housing shortage was far worse than it had been in 1915 (Bowley, 1945), which made it politically difficult to let the Act expire. Moreover, concerns had been raised during and immediately after the war about 'landlord profiteering' on middle-class properties, newspaper accounts of which damaged the image of private landlords (Kemp, 1984). Hence, rent control on existing dwellings was not only extended in duration, but also widened in scope in 1919 and again in 1920. However, newly constructed properties were exempt from all rent controls from 1919 to 1939 (Kemp, 2004).

In 1919 the Government also introduced Exchequer subsidies for local authority housing (Wilding, 1973; Merrett, 1979; Swenarton, 1981). It was realised that not only would there be very considerable excess demand for accommodation at the end of the war, but building costs would also be abnormally high, yet could be expected to fall after a few years. This seemed

to imply that, irrespective of the long-term prospects for a return of investment into rented housing, in the short term investors would hold off from purchasing new house property until after building costs and house prices had fallen, for otherwise they would have suffered a capital loss. Hence, in turn, builders would be very unlikely to construct houses, since their traditional customer, the private landlord, would probably not buy them (Kemp, 1984). In these circumstances and in view of the likely social unrest that the housing shortage would generate, the Government accepted the need to provide some kind of subsidy to house building until 'normality' had returned (Wilding, 1973; Merrett, 1979; Swenarton, 1981).

During the 1920s, the building industry recovered from the slump into which it had entered during the late 1900s, a recession much exacerbated by the war. A prime cause of the initial slump was the downturn in the attractiveness of house-letting as an investment. The recovery of house-building during the 1920s, however, was based not on private rental but on owner occupation and local authority housing, two tenures that had been of considerably less importance before 1914. This recovery was greatly stimulated by the provision of Exchequer subsidies to new local authority housing and to private builders, as provided by the Housing Acts of 1923 and 1924 (Bowley, 1945; Merrett, 1979, 1982).

Following the publication of a report by the Onslow Committee into the Rent Acts, the Conservative Government took steps towards decontrolling the *existing* supply of rental housing. The 1923 Rent Act provided for decontrol on vacant possession, thereby transferring the basis of rent control from the dwelling to the tenant. The Act also made provision for decontrol by class of house as from 1925 when the position was to be reassessed in the light of house-building progress (itself to be aided by Government subsidies).

But even after the return to some kind of 'normality' in 1923, when the immediate effects of the post-war boom and slump had been felt and building costs had stopped falling from their 1920 peak, the prospects for investment in *new* private rental housing were poor (Kemp, 1984, 2004). Interest rates and building costs were still at higher levels than they had been before the war. Meanwhile, the wages of people in full-time work wages had not kept up with the rise in the cost of living. Moreover, during the depressed 1920s, short-time working was common and unemployment at a very high level (Bowley, 1947). Hence, the average working-class tenant would have had difficulty affording the economic rent of a new dwelling. Those who could afford the cost of new private housing tended to become owner occupiers rather than remain in the rented sector. In any case, the builders' traditional market – the private investor – was no longer prepared to buy new rental housing (Kemp, 1984).

Existing private landlords not only had rent controls to contend with, but also faced competition from the new, subsidised local authority rental

sector. Indeed, 98% of all new 'working class' dwellings produced in England and Wales between 1919 and 1931 were built for local authorities and only 2% for private owners. Moreover, the new local authority housing – built to higher standards and let at subsidised rents – tended to be let to clerks, teachers and better off working-class households in steady employment (Bowley, 1945). The rents of the new council houses, even with the subsidy, were simply too high for low paid or unemployed households to afford. Hence, the poorest households continued to rent their homes from private landlords.

After the First World War, people with money to invest were presented an increasing array of outlets for their savings, many of which were more attractive than housing to let. Moreover, compared with rental housing these new investments were more liquid, less 'lumpy', involved far fewer management problems and promised higher rates of return (Kemp, 1984). Thus, there was a marked growth in the number of joint-stock companies listed on the stock exchange after the war (Thomas, 1978), which made it easier for small-scale savers to invest in shares. Interest rates were much higher in the 1920s than they had been prior to the war. This not only reduced the profitability of geared investment in rental housing, but also increased the returns from money-lending investments such as Government bonds and building society share and deposit accounts (Kemp, 1984).

Thus, after the First World War a combination of rent controls, the investment environment and the tarnished image of investment in housing to let, helped ensure that a revival of new building for private rental did not occur in the 1920s (Kemp, 2004). When the building industry did eventually get back on its feet, from 1923 onwards, the recovery was not based on private renting, but on local authority housing and owner occupation. This recovery of house building was greatly stimulated by the reintroduction of Exchequer subsidies for local authority and private housing in the Housing Acts of 1923 and 1924 (the subsidies introduced in 1919 had been axed in 1921 as part of cuts in public spending). Whereas the 1923 Act passed by Chamberlain favoured the private sector, the 1924 Act passed by Wheatley favoured local authority house building (Merrett, 1979; Holmans, 1987).

The recovery of the private housing sector in the 1920s was based on owner occupation (Merrett, 1982; Ball, 1983). Much of the growth of owner occupation in the new housing market was the result of necessity. But home ownership also had important advantages in the 1920s. Whilst private renting was a reasonably attractive proposition for middle class households prior to 1914, the uncertainties and shortages of the war and early post-war years quickly highlighted its disadvantages. Buying one's home was thus a means of ensuring stability and security (Kemp, 1984). Moreover, the building societies had plenty of money after the First World War (Cleary, 1965). Of course, this increase in owner occupation would not have been possible had not

there been an important increase in people's ability to buy (Cleary, 1965; Merrett, 1982; Ball, 1983). This was a product of increasing job security, the growth of 'white collar' employment and rising real incomes for those in work between the wars (Pollard, 1969).

Thus in the inter-war years there was a major shift in social attitudes towards owner occupation (Cleary, 1965; Jackson, 1973). This shift was reinforced during the 1930s, when there was a massive private house-building boom, based largely on owner occupation (Richardson & Aldcroft, 1968). Low house prices and generous lending terms meant that an increasing number of households could, for the first time, afford to buy rather than rent their own home (Ball, 1983). Hence growing numbers of better-off households left the private rental market and became homeowners. The fact that the vast majority of those purchasing in the 1930s were first-time buyers therefore meant that they did not have to sell their existing home in order to buy a new one (Merrett, 1982); they merely had to give their landlord notice to quit.

However, the conditions that made it possible for so many people to become owner-occupiers also helped make investment in private rental housing more attractive (Kemp, 2004). As well as low interest rates and building costs, working class rents increased during the 1930s, making rental yields relatively attractive. As a result, there was a notable revival of new private rental house building in the 1930s. In total, over 350 000 new dwellings were built for private letting in the five and a half years from September 1933 to March 1939, together with a substantial but unknown number of more expensive ones (Kemp, 1984).

Many of the investors in this new rental housing were private individuals. However, an important and to some extent novel feature of this return of investment in private rental housing was that much of it was by newly-formed property companies. These new property companies were different from the typical Victorian private landlords, who tended to be individuals. Moreover, this new form of landlord tended to involve a larger scale of operations, had access to a different form of capital financing and could be expected to be more economically rational in outlook (Kemp, 1984). The big insurance companies and pension funds were also keen investors in blocks of flats, especially in London and the south-east (Kemp, 1984; Hamnett & Randolph, 1988).

## **Post-war decline**

The Second World War marked an important turning point for the privately rented sector in Britain. It brought to an abrupt halt the 'Indian summer' in building for private rental that had commenced in the early 1930s (Kemp,

2004). Just a few days after war was declared, rent controls were extended to virtually all rented housing, with rents frozen at their September 1939 level. After the war, the sector declined rapidly, both in relative and in absolute size. In 1938 the privately rented sector accounted for 6.6 million dwellings or 58% of the housing stock in England and Wales, but by 1975 it contained only 2.9 million dwellings and represented only 16% of the stock (Holmans, 1987). A similar decline occurred in Scotland. During this period, therefore, private renting in Britain was transformed from being the most common tenure to being a relatively small and residual part of the housing market.

The housing shortage after the war and the election of a Labour government in 1945 were important reasons for the lack of new construction for private renting. One consequence of the post-war housing scarcity was that blanket rent controls remained in place on existing and new dwellings after hostilities had ended. The failure to exempt new dwellings from rent controls made it almost inevitable that little construction for private rental would be undertaken in the post-war years (Kemp, 2004). Moreover, under the immediate post-war system of building licences, local authorities were expected to provide 80% of new construction (Meirett, 1979). Given the existence of rent controls on new private homes, the lack of subsidies for new rental housing and the limited permission to build, it was hardly surprising that the private sector focused its output on the market for owner occupation rather than housing to let (Kemp, 2004).

When the Conservatives returned to office in 1951, the housing shortage was still very substantial and hence so was the political imperative both to maintain rent controls on the existing stock of privately rented dwellings and to increase the output of new houses. The Conservatives at this time were more concerned with reaching the target of 300 000 new homes per annum that they had promised in the 1951 election campaign than by whom the houses were built (Holmans, 1987). With private housing construction gradually recovering as building controls were removed, it was difficult to argue a case for the extension of subsidies to the private landlord (Kemp, 2004).

Meanwhile, private sector rents were frozen at their September 1939 level, which in many cases was the August 1914 level plus 40%. The result was that private rents fell in real terms as house prices, earnings and retail prices all increased following the war. The consumer price index increased by 105% between 1939 and 1951 and the price of building maintenance trebled (Holmans, 1987). Frozen rents and rising property values meant that rental yields fell substantially. With a significant gap opening up between tenanted and vacant-possession house prices, many landlords took whatever opportunities arose to sell up and invest elsewhere. The continuing housing shortage, combined with an increasing appetite for owner occupation and growing numbers of households able to afford to buy, meant that landlords had a ready market for their properties (Hamnett & Randolph, 1988). Between

1939 and 1953, an estimated half a million dwellings were sold by private landlords to owner-occupiers in England and Wales. A further 1.2 million were sold in the period from 1953 to 1961 (Holmans, 1987).

While the new Conservative government sought and succeeded in raising housing output to 300 000 a year by 1953, it also began to focus attention on the condition of the existing stock of (mostly privately rented) houses, much of which was seriously substandard. The Conservatives' 1953 White Paper 'Housing – the Next Steps' viewed the problem of substandard housing as one of the privately rented sector (Merrett, 1982). Apart from the age of the stock – 30% of which was at least a century old – the white paper identified post-war restrictions on building works and materials, and especially rent controls, as the two causes of the physical deterioration in the condition of private dwellings since the war (Kemp, 2004).

The structure of rents in the privately rented sector was described in the White Paper as 'hopelessly illogical', with, for example, different rents being charged for identical houses in the same street. In addition, many rents were insufficient to enable landlords to maintain their houses in adequate repair. Since the housing shortage was still sufficiently severe to prevent rents from being completely decontrolled, 'The main question resolves itself, therefore, into the most equitable way of allowing such increases in the rents of privately-owned houses as will enable the landlord to keep the house in good repair' (MHLG, 1953, p. 7).

The subsequent House Repairs and Rents Act 1954 permitted limited increases in the rents of dwellings which had been let before September 1939 and which had been maintained or put into a good state of repair (Doling & Davies, 1984). The size of the permitted increase varied according to the extent to which the landlord was responsible for repairs and decoration. The aim was to give landlords an incentive to increase their expenditure on repair and maintenance. In addition, rent control was lifted from newly constructed and converted dwellings (Kemp, 2004).

From the mid-1950s the Conservative government began a new drive towards the replacement of the slums (Merrett, 1979). This new approach involved the large-scale clearance of mainly privately rented terraced housing, much of it built to low standards in the nineteenth century and suffering from inadequate maintenance expenditure because of the low rents produced by decades of crude rent controls. The cleared stock was replaced by new council housing, built to modern standards and with the help of substantial subsidies from the Exchequer, which made it much more attractive for tenant households than privately rented accommodation. This process further hastened the decline in the privately rented sector.

Although rents on new construction had been decontrolled in 1954, there is little evidence that this led to a resurgence of building for private rental. The demand for new private housing was focused on the owner-occupied

market. Decades of rent control in the private sector and large subsidies for council housing had created a low-rent environment that was not easily shed. The unwillingness of the Conservatives to provide subsidies to private landlords in the way that other west European countries had done reflected the political controversy that surrounded the privately rented sector from the mid-1950s onwards. This period witnessed a growing polarisation in political debates on the privately rented sector (Kemp, 2004). These debates were often marked by the use of stereotypical images of both landlords and tenants (Cullingworth, 1979).

This polarisation between Labour and the Conservatives in relation to private renting was exhibited most clearly in the debates surrounding the passage of the 1957 Rent Act. This highly controversial legislation included three main steps towards rent decontrol. First, all private dwellings with a rateable value of over £40 in London and £30 elsewhere were automatically freed from rent control. Second, dwellings below these limits that became vacant were decontrolled. Third, landlords were allowed to increase the rents of dwellings that remained subject to controls, although the tenant could object to this if the property was in disrepair (Cullingworth, 1979).

The impact of the 1957 Rent Act was much less dramatic than many commentators had anticipated (Cullingworth, 1979). A study funded by the Joseph Rowntree Memorial Trust found that many landlords increased their rents (some by a considerable amount) but others did not, even though they were allowed to do so under the legislation (Donnison *et al.*, 1961). Nor did rent decontrol bring a halt to disinvestment by landlords. Rather, landlords continued to get out of the sector by selling to owner-occupiers, including their own sitting tenants. Thus, the 1957 Rent Act failed to halt the decline of the privately rented sector (Kemp, 1987a).

From the early 1960s the Conservatives began to encourage the development of cost-rent housing societies. Initially it was hoped that this initiative would stimulate the return of investment in new privately rented housing. But when that failed, the societies were instead encouraged as an alternative to the privately rented sector. The development of this 'third arm' of housing provision (that is, in addition to owner occupation and council housing) was seen by the Conservatives as being especially important to counter the growing monopoly of council housing as the privately rented sector shrank and municipal housing increased through new building (Cullingworth, 1979; Malpass, 2000). The option of providing subsidies to enable the private sector to build new housing to let seems not to have been given serious consideration. This was perhaps hardly surprising given the political controversy surrounding the 1957 Rent Act and the subsequent Rachman scandal in the early 1960s (Kemp, 2004).

By the early 1960s, the housing shortage in pressure areas such as inner London had become acute, especially at the bottom end of the market.

With controlled rents well below market levels, creeping decontrol (that is, decontrol on vacant possession) gave landlords an incentive to remove their sitting tenants by whatever means they could, in order to charge a higher rent (Kemp, 1987a). Because of the gap between sitting tenant and vacant-possession house values – although this was not due to the 1957 Act – they also had an incentive to get rid of their tenants and sell their properties in the owner-occupied housing market (see Hamnett & Randolph, 1988).

Around this time, stories began to appear in the local papers in London about intimidation of tenants, evictions and homelessness, some of which implicated the West London landlord Peter Rachman. The issue gained notoriety when it became linked to the Profumo scandal in 1963 via a call girl who was associated with both Rachman and the Conservative defence minister. For a couple of weeks, the public was fed a daily dose of stories about the violence and intimidation that Rachman was said to have used against his tenants (Banting, 1979). This publicity confirmed and strengthened the negative image with which private landlordism had come to be associated in Britain (Kemp, 1987a).

The Rachman scandal forced the Conservative government to set up the Milner Holland Committee to investigate the problems of housing in London (Banting, 1979). The committee's report, which was published in 1965, concluded that there was an acute shortage of rented housing in London. The surveys commissioned by the committee found that, although most tenants were satisfied with the way their landlords treated them, landlord abuse was too common to be treated as an isolated problem. The committee also demonstrated that, because of the tax and housing subsidy arrangements then in place, an identical house would cost a household less to buy with a mortgage or to rent it from a local authority than it would to rent it from a private landlord (Milner Holland Committee, 1965).

## **From control to regulation**

The Labour Party, which came to power in 1964, pledged to reintroduce security of tenure for private tenants. Later the same year it passed a temporary measure, the Prevention of Eviction Act, in order to fulfil that promise (Banting, 1979). The Rent Act 1965 incorporated the security of tenure provisions of the 1964 Act and introduced 'regulated tenancies' and 'Fair Rents' assessed by independent rent officers. Labour's new system of rent regulation was an attempt to provide a fair balance between the interests of landlords and tenants. It aimed to restore tenants' security of tenure while providing landlords with regular rent increases (Donnison, 1967). The expectation was that rents would largely be set by the market, but that where

landlord and tenant disagreed, either or both could refer the rent to the new Rent Officer service. Rent regulation was a significant departure from the previous, rather crude, system of rent control that had prevailed in Britain up until 1965 (Kemp, 2004).

Surprisingly, the 1965 Rent Act extended rent regulation to include new construction, thereby making it highly likely that little new private housing to rent would be produced (Kemp, 2004). In fact, house building in the 1960s and 1970s was largely confined to local authorities and the market for owner occupation. Both Labour and Conservative governments supported major local authority house-building programmes from the Second World War through to the 1970s (Merrett, 1979). With the aid of subsidies from the Exchequer and from rate payers, local authorities were able to offer their tenants housing that was cheaper, more modern, built to higher standards, and – in practice if not in law – gave stronger security of tenure than that provided by private landlords (Kemp, 2004).

In the 1950s and 1960s, full employment and rising real incomes made it possible for an increasing number of households to enter the owner-occupied sector (Ball, 1983; Merrett, 1982). Although economic growth faltered in 1970s, increased participation in the labour market by married women helped to increase the ability of moderate-income households to buy their home on a mortgage (Holmans, 1987). Moreover, the attractions of owner occupation for households that could afford to buy increased in the 1960s and 1970s, in part as a result of government policies, which further helped to shift demand away from private renting and towards owner occupation (Whitehead, 1979; Holmans, 1987).

During the 1960s the fiscal treatment of owner occupation changed from one of relative indifference to active support (Holmans, 1987). One such measure was the abolition of taxation on imputed rental income on owner-occupied (but not on privately let) properties in 1963. Another was the introduction by the Labour government of the option mortgage scheme in 1967, which gave non-tax-paying households a subsidy equivalent to that provided to taxpayers by mortgage interest tax relief. And when tax relief on the interest payments on consumer loans was abolished, it was kept in place on mortgages (although a £30000 limit was introduced by the Labour government in 1974). These tax concessions became gradually more important as an increasing proportion of working people became liable to pay income tax during this period (Kemp, 1997).

The attractions of owner occupation over private renting were further enhanced by the rising trend of inflation in the 1960s and its acceleration after 1973. Inflation eroded the real value of mortgage repayments and outstanding debt, thereby allowing households to borrow larger multiples of their income than might otherwise have been feasible, safe in the knowledge that a few years' of inflation would reduce the real value of the

repayments and outstanding debt to more manageable proportions. Moreover, for much of the 1970s the level of retail price inflation was greater than nominal interest rates, with the result that in real terms interest rates were negative (Merrett, 1982; Ball, 1983).

The high rates of inflation prevalent during the 1970s sharply reduced the rental yield on accommodation let on regulated tenancies with a Fair Rent. Since rents fell in real terms during the 1970s while vacant possession house values increased, landlords had a strong incentive to sell to owner-occupiers and invest their money elsewhere, rather than re-let when a property became vacant (Holmans, 1987). Although private landlords could make capital gains from rising property values, the Rent Acts gave tenants relatively strong security of tenure, which made it difficult for landlords to repossess their properties. Moreover, because of the gap between vacant possession and tenanted investment values, it was economically rational for landlords to realise their investment by selling when the property became vacant and putting the proceeds in more-profitable and less-risky investments (Doling & Davies, 1984; Hamnett & Randolph, 1988).

The gap between vacant possession and tenanted investment values created a space for property dealers to make large profits by purchasing tenanted property, 'encouraging' the tenants to leave and selling at vacant possession values (Hamnett & Randolph, 1988). In some cases, developers were able to obtain improvement grants to improve run-down privately rented houses, which they then sold at a substantial profit to owner-occupiers (Williams, 1976). In this way, local authorities, perhaps unwittingly, subsidised developers to gentrify inner-city neighbourhoods and to accelerate the decline of private renting and the growth of owner occupation (Crook & Bryant, 1982; Crook & Martin, 1988).

By the early 1970s, owner occupation had become the mainstream tenure to which a majority of households aspired (Whitehead, 1979; Holmans, 1987), while council housing had become the largest rental tenure. In contrast, private renting was now a minority sector and one that was continuing to shrink. It had also become much less central to policy debates (Kemp, 2004). The Conservative government under Prime Minister Edward Heath failed to address most of the problems facing the privately rented sector. Although the incoming Labour government under Harold Wilson introduced several changes to rent regulation in 1974, these affected only a small part of the sector. The 1974 Rent Act excluded lettings made by resident landlords from the regulated tenancy framework. It also extended rent regulation to include furnished accommodation, a part of the sector that had previously been left uncontrolled. This change was deemed to be necessary because some landlords were seeking to avoid rent regulation by letting their accommodation with a minimal amount of furniture included in the letting (MacLennan, 1978). This was just one of a number of means by which

landlords hoped to avoid or evade the rent restriction and security of tenure provisions of the Rent Acts. Others such devices included letting property with breakfast, pretend 'holiday lettings' and non-exclusive occupation contracts (Kemp, 1988a).

Labour's Housing Act 1974 included several measures that affected the privately rented sector (Kemp, 2004). It introduced housing action areas (HAAs), which were intended to achieve rapid improvement in housing conditions in areas characterised by poor physical and social conditions. HAAs had more generous improvement grants than non-designated areas and local authorities had enhanced powers of compulsory purchase, which were used where landlords and owner-occupiers were unable or unwilling to improve their properties within the designated area (Cullingworth, 1979; Thomas, 1986). In Scotland, where HAAs took a different form from England and Wales, the Housing Corporation (which funded and regulated associations) was especially active in promoting the establishment of housing associations to take over from reluctant or recalcitrant owners and improve properties. This resulted in a significant transfer of inner city private rental dwellings to housing associations within HAAs, especially in inner Glasgow (Kemp, 1979; Maclellan, 1985).

In the mid-1970s, the Labour government carried out a review of the Rent Acts, but it was concerned mainly with rationalising the existing system of controls rather than with a fundamental appraisal of the role of the sector in the modern housing market (Cullingworth, 1979). Indeed, the 1977 Rent Act consolidated the legislation that was already in place and introduced no major innovations (Stafford & Doling, 1981). By the time that Labour left office in 1979 the private rented sector had declined to 2.3 million dwellings or 11% of the housing stock in Britain. The rate of decline during the 1970s was approximately 80 000 dwellings per annum. All the evidence seemed to suggest that the sector would continue to shrink in size for the foreseeable future.

## **Private landlordism in the 1960s and 1970s**

The lack of new construction, and the loss of existing homes from the sector, meant that the number of private landlords decreased during the post-war years. By the 1960s, the sector was relatively moribund, with relatively little new investment. This had important consequences for the nature of private landlordism. For instance, as we shall see, it meant that most owners of housing to let had been landlords for a long-time and substantial numbers had inherited their properties rather purchased them.

However, prior to the 1980s there was relatively little information about the types of people and organisations that were landlords, the nature of their

operations and their attitudes to lettings. This paucity of information, combined with the highly polarised political party attitudes to private renting, meant that policy debates about private landlordism tended to be based on myths and stereotypes. As the author of one of the earliest studies of private renting noted:

Considering the controversy which has raged for so long over the private ownership of rented houses it is strange that no serious inquiry has been mounted of it. Much of the argument which has accompanied the passing of the Rent Act assumed that the typical private landlord was an 'economic man' owning houses which he regarded as a business investment. Yet there were no facts to support this idea, or the alternative ones of the bloated capitalist owner who (given the chance) would grind the faces of the poor, and the struggling widow trying to make ends meet with the meagre rent she drew from cottage property. (Cullingworth, 1963, p. 105)

Two years later, Greve was able to write that 'while the Government did not know much about private landlords, nor did anyone else' (Greve, 1965, p. 8). The evidence that Cullingworth, Greve and later researchers gathered showed how different the actual picture was compared to these caricatures and how much it contradicted 'what everyone knows' (Holmans, 1987, p. 438).

### *Types of landlord*

Cullingworth rectified this ignorance in respect of Lancaster, a small town in north-west England. He found that all the private landlords in Lancaster were individuals and none were companies. He also found that 65% of them were 60 years or more in age and two-thirds were women. He commented that 'these figures are staggering and prompt the observation that the landlords of Lancaster are only slightly younger than the houses they own!' (Cullingworth, 1963, p. 107). However, Cullingworth admitted that Lancaster could not be regarded as representative of the picture nationally.

Fortunately, several other studies were carried out in the 1960s and 1970s that provided information on private landlords to supplement the insights gained from Lancaster. As Table 1.1 shows, these studies confirmed the importance of individual owners, whether measured as a proportion of all landlords or in relation to their share of lettings within the private rented sector. Companies accounted for at most a third of the stock of dwellings or of landlords, while 'other' types of landlord (who included a wide range of organisations, including charities, trusts and churches) owned only a much smaller share than companies. The evidence from successive *General Household Surveys* (which asked tenants about their landlords) suggests that

**Table 1.1** Types of landlords

Landlord type	Lancaster 1960 <sup>a</sup> (%)	England 1963 <sup>b</sup> (%)	London 1964 <sup>c</sup> (%)	England and Wales* 1976 <sup>d</sup> (%)	England 1977 <sup>e</sup> (%)	England 1978 <sup>f</sup> (%)
Individual	100	69	51	55	65	64
Company	—	31	36	29	27	32
Other	—	—	13	16	8	4
Base	LL	LL	Le	Le	HH	HH

\*Densely rented areas of England and Wales. LL, landlords; Le, lettings; HH, households.

Sources: <sup>a</sup>Cullingworth (1963); <sup>b</sup>Greve (1965); <sup>c</sup>Gray & Todd (1964); <sup>d</sup>Paley (1978); <sup>e</sup>DoE (1979); <sup>f</sup>Todd *et al.* (1982).

the proportion of the sector owned by companies had been in decline over the period covered by Table 1.1 (House of Commons Environment Committee, 1982a). Property companies were more likely to be owners of purpose-built flats than other dwellings (Todd *et al.*, 1982), a finding that reflected the significance of companies in the development and ownership of mansion and other blocks of flats specifically constructed for private rental in the 1930s (Kemp, 1984). Most of these rented flats were sold to owner-occupiers, especially in the 1960s and 1970s (Hamnett & Randolph, 1988).

These surveys also confirmed the continued general validity of Cullingworth's observations about the age and occupations of individual landlords, namely that the majority were elderly, with low incomes and only small rental incomes. Many were or had been skilled manual workers earning below average incomes. In the survey of landlords in densely rented areas of England in 1976, for example, 46% of individually owned lettings had landlords who were 60 years or more in age and 41% had owners who had retired from skilled manual jobs (Paley, 1978).

The fact that such a high proportion of privately rented dwellings was owned by elderly individual landlords reflected the fact that many of them had been inherited from relatives who had originally bought (or otherwise acquired) them as investments. In Lancaster in 1960, 70% of landlords had acquired their portfolio through inheritance. Greve's 1963 national study of landlords found that 49% of landlords owning fewer than 10 tenancies had inherited their properties. He also reported on the apparent lack of significant investment by private landlord (Greve, 1965).

Most landlords owned very small portfolios of property and, indeed, many had only one dwelling to let. However, some landlords had quite extensive holdings. For example, in Lancaster in 1960, although 61% of landlords owned just one dwelling each, they accounted for only 22% of the privately rented stock in the city. By contrast, although only 1% of landlords owned more than 20 houses, between them they owned 25% of

**Table 1.2** Portfolio sizes

Size of portfolio (lettings)	Lancaster 1960 <sup>a</sup> (%)	England 1963 <sup>b</sup> (%)	London 1964 <sup>c</sup> (%)	England and Wales <sup>a</sup> 1976 <sup>d</sup> (%)	
1	22	58	14	14	
2–4	27		16	17	
5–9	19		13	11	
10–20	9	27	18	28	
21–50	25		7		6
51–99			12		8
100–499		15	5	7	
500–999	15		11		
1,000+	15		11		
Base	LL	LL	Le	Le	

<sup>a</sup>Densely rented areas. LL, landlords; Le, lettings.

Sources: <sup>a</sup>Cullingworth (1963); <sup>b</sup>Greve (1965); <sup>c</sup>Gray & Todd (1964); <sup>d</sup>Paley (1978).

the sector. Paley's 1976 survey of areas of England with high proportions of renting found that, while 42% of lettings had landlords with portfolios of fewer than ten dwellings, 26% had landlords with portfolios of more than 100 dwellings (Paley, 1978).

As all four surveys in Table 1.2 show, most private tenants in the 1960s and 1970s were renting their homes from landlords that had small portfolios. Interpolating the different-sized categories used in the surveys suggests that the majority of lettings were owned by private landlords with fewer than 21 lettings, while only a quarter were owned by those with portfolios of 100 or more dwellings. Not surprisingly, perhaps, privately rented properties let by companies were much more likely than those let by individuals to belong to large holdings. For example, in densely rented areas of England in 1976, 43% of company-owned lettings were parts of portfolios of 100 or more (Paley, 1978).

### *Length of ownership*

In the 1960s and 1970s, most privately rented properties had been owned by their current landlord for many years. Indeed, in Lancaster in 1960 only 4% of all landlords had bought property for letting between 1948 and 1960. Moreover, the 19% who had become landlords for the first time since 1948 had all inherited their stock (Cullingworth, 1963). However, Greve's 1963 national study showed a different picture, with 27% of private lettings having been acquired in the previous five years, that is, since the Rent Act 1957. It had mainly been landlords with fewer than 100 properties, rather than landlords with larger portfolios, who had invested in the sector. Greve

commented that, if there was to be a policy-induced increase in private rented housing it would have to come from these larger landlords with access to capital: 'It would not be possible to fashion a coherent and balanced policy for rented housing from the fragmented and haphazard activities of a few million private landlords' (Greve, 1965, p. 30).

Gray and Todd's 1963 study of landlords in Greater London found that 28% of lettings had landlords who had been letting for less than ten years, including 23% since the 1957 Rent Act. It was individuals more than company landlords who had invested in the sector. The lettings of 38% of the former, but only 22% of the latter had owners who had begun letting within the previous ten years. Gray and Todd also concluded that many of those new to landlordism were owners of a single property that they had converted to use as a house in multiple occupations (Gray & Todd, 1964). The latter finding may have reflected the high level of overcrowding in the capital and perhaps also the fact that (as noted above) furnished lettings were exempt from rent controls at that time.

Thus in the 1960s, although the private rented sector was declining at a relatively rapid rate, some investors were willing to counter the prevailing tide and enter the market. Paley's 1976 national study of private renting in densely rented areas showed that this trend continued into the next decade. Just under a quarter (23%) of all lettings within the private rented sector had been acquired between 1971 and 1976 (Paley, 1978). Most significantly, the survey revealed just how substantial were the holdings of those who had become landlords for the first time since the 1957 Rent Act. About half (53%) of all lettings had landlords who had first started letting within the previous 20 years. Furthermore, 18% were owned by those who had first become landlords within the previous six years. The latter included 23% of lettings owned by non-resident individuals and 17% of those owned by companies. Organisations such as non-charitable trusts and public bodies were much less likely to have first started letting within the previous six years (the landlords of 6 and 2% of such lettings respectively).

Paley's 1976 survey evidence also suggested that most of the new investment was by small-scale individual landlords. For example, 41% of lettings owned by small landlords (those with fewer than ten lettings) had landlords who first started letting in the previous six years, compared with 13 and 6% respectively of those owned by medium (10–99 lettings) and large (100 or more lettings) landlords. A final clue from this survey to the apparently positive climate for new investment in the 1970s is the fact that 39% of lettings were parts of portfolios that were either owned by landlords who first started letting in the previous six years (18%) or by landlords who has first started letting before then but had grown their portfolio in the previous six years (21%).

*Attitudes to letting*

The extent to which this new investment by landlords involved properties acquired with sitting tenants or with vacant possession is unknown. What is clear, however, is that, despite the continued decline of private letting, new landlords were entering the sector. Moreover, they were choosing to enter a market that was substantially regulated (and one in which private landlords generally had a tarnished reputation). Thus, while some owners were inheritors, others had actively chosen to become landlords. This raises the question of how private landlords viewed the business of letting residential property.

Paley's survey of landlords in densely rented areas of England and Wales in 1976 asked two questions about the sampled addresses to help discover their attitudes to letting: firstly what they thought an adequate rent should cover and secondly how they regarded the property. Table 1.3 shows that, with the exception of lettings by resident landlords and by public bodies, a large majority of lettings were regarded as financial investments. It also shows that many non-resident individual landlords, companies and non-charitable trusts regarded their lettings as investments with the return coming as a yield, based on current market value and not the original purchase price. Only in the case of public bodies were lettings substantially regarded for a special use, such as housing employees.

Not surprisingly, most resident landlords regarded their property as their home. Moreover, the majority of them were not looking for an investment return. Indeed, resident landlords appeared to be a rather special category of their own, letting out rooms to help cover their outgoings or to obtain companionship in sharing their home. They tended to let to retired single people

**Table 1.3** How landlords regarded their property\*

	Individual resident (%)	Individual non-resident (%)	Company (%)	Non-charitable trust (%)	Public body (%)	All (%)
<b>Rent should cover:</b>						
market value	18	53	70	59	37	52
purchase price	11	14	11	13	14	12
mortgage only	14	4	4	—	1	5
no return	57	29	15	28	48	30
<b>Regarded as:</b>						
home	92	9	1	—	—	18
investment	7	86	87	87	55	71
special use	—	3	10	7	38	9
else	1	2	2	6	7	2

\*Densely rented areas in England and Wales.

Source: Paley (1978).

or young females. The general impression from surveys that included resident landlords is that they were a rather fluid group. Many let part of their home to help cover costs, but dropped out of this business when this was no longer needed.

Non-resident landlords mainly regarded their properties as investments (even if inherited) on which they were looking for a return. In most cases, they wanted the rent to provide a return on the market value of the property. However, it is not always clear from these surveys whether the investment returns that landlords sought were from rental income, capital appreciation or both. A rare example of evidence on this question comes from the research on Greater London's landlords in 1963, which showed that 63% of the rateable value units in the sample were regarded as investments. Property that had been bought as an investment was almost always thought of as an investment to provide income rather than as one to be sold for capital gain (Gray & Todd, 1964, pp. 341–342).

Hence, in a sector that – to paraphrase Holmans – ‘everyone knew’ was unprofitable there was, in fact, much evidence of active investment in the 1960s and 1970s. A qualitative study of landlords in Edinburgh in the early 1970s asked the question: ‘Why in a shrinking market and in a sector of the economy frequently depicted as very unprofitable [do] so many firms remain ... The answer lies in the fact that they never simply operate as landlords’ (Elliott & McCrone, 1975, p. 553). What landlords did was to acquire blocks of properties and break them up to sell on to owner-occupiers, a finding that was strongly echoed in a later study of the flat break-up market in London (Hamnett & Randolph, 1988). As the authors commented, such enterprise readily commanded the skills of local entrepreneurs prepared to get their hands dirty. However, while some landlords were involved in property dealing, it is evident from the survey data from the 1960s and 1970s that many other landlords were seeking rental income rather than short-term capital gains.

### *Landlords' views on the legal framework*

The 1976 survey of landlords letting property in densely rented areas in England and Wales found that only about half of all lettings had landlords who preferred to agree rents privately with their tenants (Paley, 1978). The remainder had owners who preferred to get a Fair Rent registered when letting accommodation. Moreover, in 88% of cases where a Fair Rent had been registered, the application had been made by the *landlord* and not by the tenant. However, these landlords sought to get Fair Rents registered not because they provided a satisfactory return, but because they enabled them to avoid disputes and disagreements with tenants about the rent that should be charged. What landlords disliked about the system was that, in their

**Table 1.4** Perceived adequacy of rents on lettings by type of landlord in England and Wales in 1976

	Individual resident (%)	Individual non-resident (%)	Company (%)	Non-charitable trust (%)
Fair Rents:				
prefer to have rent registered	8	21	32	50
Fair Rent is adequate	9	12	11	20
Rent is adequate	65	30	31	22
Rent insufficient to cover repairs and give reasonable return	50	80	74	84
Lettings where landlord limited spending on repairs and improvement compared with what was needed	64	53	47	66

Source: Paley (1978).

view, Fair Rents were fixed too low, were reviewed too infrequently and increases were phased in over too long a period. As explained in the next chapter, these concerns were addressed by amendments to the Fair Rent system introduced in the 1980 Housing Act.

Landlords that charged tenants market rents did not necessarily earn competitive returns and nor were they always satisfied with the rents. Of course, adequacy depends to quite an extent on the items that landlords think rents should cover. Table 1.4 shows that, on a range of measures, few landlords of lettings in densely rented areas in 1976 were satisfied. Apart from resident landlords, fewer than a third of lettings had landlords who thought their rents (whether privately negotiated or Fair Rents) were adequate. Indeed, more than three-quarters thought rents were insufficient to cover repairs and give a reasonable return. Meanwhile, the landlords of upwards of a half of all lettings restricted what they spent on repairs. When asked what rents would need to be in order to give them an adequate return, the median increase (£3.60 a week) was almost double the rents then being charged (a median of £4.00 per week).

The evidence in Table 1.4 suggested that, not just registered Fair Rents, but also market rents made it difficult for landlords to achieve competitive returns and do necessary repairs. One strategy adopted by landlords for achieving adequate returns was to neglect repairs. Estimates on rates of return showed how low they were in the 1970s, except in certain niche sub-markets. Thus, estimates made in 1970 and 1975 used comparisons of registered rents with the median prices of second-hand houses sold with building society mortgages and took into account prospective increases in rents and costs (DoE, 1977, Vol. 3). This suggested that net income returns in 1975 were 6% outside London, which was not thought to be unattractive given

that long-dated government gilts then yielded 9%. But by 1975 the net income return had fallen to 2% as a result of high house price and cost inflation. Repairs costs had risen 89%, but registered rents by only 40%. Dividends on ordinary shares were then averaging 6.5% so selling up and investing in equities appeared to be a much better investment prospect than residential letting.

Further evidence comes from a comparison made over the years 1970, 1973 and 1976 of the registered rents and the vacant-possession values of a sample of dwellings in England and Wales (House of Commons Environment Committee, 1982a). This confirmed that rental yields declined in the early 1970s, the mean falling from 8.0 to 4.4% between 1970 and 1973, although rising to 4.9% in 1976. The median was much lower than the mean (5.5, 3.1, and 3.7% for each of the years), which suggests that returns were skewed towards the lower end of the range.

Paley's 1976 survey examined landlords' attitudes to security of tenure. Four out of ten lettings had landlords who said the legislation affected their letting policies. In particular, they were reluctant to re-let properties that became vacant and, when they did re-let, it was typically to transient types of tenants. Some explained that they no longer put in furniture as a device to limit their tenants' security – rent regulation had been extended to furnished lettings in 1974 (see above) – and instead had started to let on 'non-exclusive licence agreements' or 'holiday' lettings as ways of trying to safeguard their ability to regain possession (Paley, 1978).

### *Plans to re-let or sell vacancies*

Cullingworth (1963) found that 90% of landlords in Lancaster in 1960 would sell if they got vacant possession. However, as noted above, it is not clear that the situation in that town was representative of the country as a whole. In his national survey, Greve (1965) found that, over the period from 1960 to 1962, only 25% of landlords said they had sold all their vacancies, 8% had sold some and the remaining 67% had re-let all of their vacancies. Thus, the majority of properties that became vacant were re-let rather than sold.

Two surveys of London in the 1960s showed that the landlords of the great majority of sampled *furnished* lettings would re-let if their properties became vacant (Milner Holland Committee, 1965, Appendix V; Committee on the Rent Acts, 1971). To some extent these findings reflect the fact that, at the time, furnished lettings were not subject to rent control or rent regulation. Among *unfurnished* lettings in Greater London in 1963 that were not subject to control, 77% had landlords that would re-let if the property became vacant.

By 1969, however, there is evidence that the new system of rent registration had affected landlords' willingness to re-let unfurnished lettings because

only 50% of these properties that had registered Fair Rents would be re-let. These findings were confirmed by a later study of central London, carried out in 1974/75, that showed that higher proportions of unfurnished lettings would be sold than the two previous surveys from the 1960s had shown, and also that, if whole buildings containing several furnished lettings became vacant, higher proportions of these would be sold (Whitehead, 1978).

The nationwide survey of lettings in densely rented areas in England and Wales in 1976 broadly confirmed the findings of the 1969 London survey. This distinguished between intentions if a sample letting became vacant 'tomorrow' and if the whole building did so (in cases where there was more than one letting in a building all owned by the same landlord). The survey did not, unfortunately, distinguish between unfurnished and furnished lettings, or their degree of protection. Only 54% of lettings would be re-let, a proportion that fell to 40% if landlords had vacant possession of the whole building (Paley, 1978).

The reasons landlords had for not re-letting are not hard to guess. The 1976 survey of lettings in the densely rented areas found that, among lettings that would not be re-let, 57% had landlords who said it was because the rent from the letting did not give an adequate income or economic return, and in 18% of cases it was because the return from investing elsewhere would give better value. Within this general picture, it is relevant to note that company landlords were the most concerned about financial issues. While many individual landlords were concerned about financial aspects of letting, more of them wanted to save themselves from the 'bother and fuss' of being a landlord (Paley, 1978).

Only 7% of lettings in 1976 were owned by landlords who expected their total holdings to increase in the next three years, 47% had landlords who expected no change in their holdings and 46% thought they would decrease. Those who expected to see their holdings decrease mainly said this was because it was no longer economic to let accommodation or because of government legislation (Paley, 1978).

## **Conclusions**

By the time Labour lost office in 1979, private landlordism was a declining industry, a sector from which many more landlords were exiting than new ones entering. It was dominated by individuals rather than property companies and by small-scale operators rather than by landlords with large portfolios. The processes of centralisation and concentration in ownership that have characterised many other sectors of the economy had not occurred in private letting (Kemp, 1988a). Moreover, many owners of private rental housing were 'accidental landlords' in the sense of having inherited their

properties rather than actively decided to invest in lettings. The fact that many of the properties inherited by landlords were occupied by tenants with strong security of tenure made it difficult for those who wanted to cash in on their new asset; hence some of them were not just accidental but also reluctant owners of housing to let. The Rent Acts had not just controlled the rents at which a significant proportion of properties were let, but had also, to a significant extent, ossified the ownership of the sector. Although new investors had entered the market, many others were getting out, and the overall position was one of net disinvestment.

Moreover, the Rachman scandal had further damaged the already tarnished image of the private landlord. This poor reputation almost certainly acted to deter potential landlords and made it more difficult politically to tackle the financial obstacles facing those who might otherwise have been willing to invest in housing to let. Finally, it also helped to highlight the attractions of owner occupation and council housing, two tenures that by the 1970s had come to dominate the housing market and that were the main focus of policy attention.