The role of regulation in the private rented sector: a comparative study (by Christine Whitehead, Sarah Monk, Sanna Markkanen, Kathleen Scanlon and Connie Tang)

The role of regulation in the private rented sector has been of considerable interest recently, particularly as the sector has declined dramatically in many countries yet grown strongly in some others. This research conducted case studies of eleven European countries to clarify how regulation had changed over the last thirty years and what impact this has had on the scale of private rental provision. In this paper the focus was mainly about the nature of changes in regulation and how these have differed between countries, in order to establish what degree and type of regulation might be necessary for well operating private rented sectors. The research found that the strength of regulation has no direct relationship with the size of the sector. What is termed second generation rent control (control over rent increases as opposed to initial rent setting) and regulation on security of tenure (indefinite tenancy) have had desirable effects in Germany and Switzerland which have sustained the role of the sector to accommodate more middle-income families who cannot afford owner-occupation in high cost areas. The paper concluded that regulation is one factor affecting the role of the private rented sector, but it needs to be supplemented with analyses of other government policy instruments, e.g. tax benefits to landlords, housing assistance to private tenants, subsidy to developers on the provision of new private rented dwellings, refurbishment subsidies and tax breaks to landlords for housing renovation etc., as well as a better understanding of the role of the social rented sector.