

Funding the Future

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We talk about food poverty and fuel poverty, but almost never about rent poverty. Yet rent is now the biggest driver of inequality in Britain. Thatcher's deregulation turned homes into speculative assets, and tenants into disposable people. It's time for a change. In this video, I explain why rent poverty is central to our inequality crisis — and why Britain urgently needs a new Rent Act.

<https://www.youtube.com/watch?v=MabpFYU4GmY&si=BjqxJcru5mHpZ-tD>

This is the audio version:

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This is the transcript:

Wealth and rents are the issues that I want to talk about in this video. This is the 13th in our series on wealth, and in that series, we've looked at the reasons why the wealthy in the UK have become wealthy.

And one of those reasons is because they own a significant amount of the UK's land. The average person in the top 1% of wealth owners in the UK has total ownership of land worth more than £2 million out of their total wealth of more than £5 million.

You can see that land contributes a significant amount to the wealth of people in this country, if they have a lot of that wealth. If they have very little wealth, then land

contributes nothing at all because then they're doing something else, which is paying rents. And that is the focus of what I want to talk about, that transfer of wealth between those who have no land to those who have land through the payment of rent.

And this is a problem because the ownership of land in the UK is highly concentrated. It's most concentrated in Scotland, where a vast proportion of the total land mass is owned by a handful, well, a few hundred people, but throughout the rest of the UK, a minority of people own most of the land and property, and the industrial buildings of the UK as well.

This is an issue because the payment of rent creates poverty in this country. And in fact, that is the overwhelming theme of this video. I'm going to say it again, but I'll do so now. We talk about food poverty in the UK. We talk about fuel poverty in the UK. And I'm suggesting we should be talking about rent poverty in the UK as well, because it's a real issue, and if we are to tackle inequality in this country, we have to talk about rents.

And that's what I want to talk about because rent poverty is very bad. It's at its worst for a long time at present. The average renter in England is now paying 36% of their gross income in rent, and in London, they're paying over 40% of their income in rent. There is unsurprisingly little over for anything else in their lives. No wonder we have people who are angry when so much of their income is being extracted from them by their landlords.

So we have to ask the question. Is there a better way to organise the rental property sector in the UK so that tenants have a chance?

And in this context, we need to go back to something called the Rent Act of 1977. This Act was put in place by the Labour government that was then in power, headed by Jim Callaghan, a Prime Minister who most people have forgotten, but who was, in fact, Prime Minister throughout the entire time that I was at university, so I do remember him quite well, because I was interested in politics even back then.

And the whole point of the Rent Act 1977 was to bring together all previous Rent Acts to make sure that there was one place where we could look to ensure that tenants got a fair deal in life. And that was the focus of this Act. There was a deliberate attempt by Labour, in a way that would be unimaginable now, to rebalance the landlord-tenant equation in favour of the tenant because it had gone too far in favour of the landlord.

What happened was that tenants were given protected rights to the property in which they lived. They could continue to live there unless the landlord did, for example, require it to live in themselves. So there was protection for the landlord, for example, who had gone overseas for a period and then wanted the property back on their return. The whole situation wasn't biased, wholly in favour of the tenant. But in the case of commercial landlords, there were few such protections.

Once a tenancy was granted to a person, and once they had accepted it, and once they had agreed to comply with the rental obligations and actually did so, because, of course, not paying rent was a reason to throw people out of properties, even then, so long as they paid their rent, they basically had security of tenure.

And that it was important because security of tenure is why people want to own homes in the UK now, because they can't get this security any other way apart from finding themselves in a council house, and far too few people can do that.

And security of tenure is the basis of security of much else in life.

It means that you can plan to live in a community.

It means that you can have stable friends, because most people know people in the world around them, and they become their close friends.

It means that their children can stay at the same schools and have continuity of education, which is vital to their development.

It means that their children can have the same friends as they grow up. And again, there's a lot of evidence to suggest that this is quite important. The fewer disruptions there are to a child's education, the more likely it is that that education will be successful.

Security of tenure was the focus of what Labour provided in 1977.

And they did something else as well. They said that tenants should pay fair rents, and there were rent officers whose job it was to determine what a fair rent was. And a fair rent was not one that took into consideration the scarcity of property. It was one that took into consideration the balance of risk and reward for tenants and landlords to make sure that the landlord got sufficient to cover the costs of providing the property, but they didn't make an excess return because the value of the property was rising in the market, which the tenant had to compensate the landlord for. So, excess pricing due to property value increases was ruled out. And this was, again, essential because people shouldn't be required to pay for their landlord's profit.

But come 1979, Labour was out of office, and what then happened was that Margaret Thatcher decided that she could no longer face the things that the Rent Act 1977 delivered.

She didn't like the protection that it provided for the tenant against eviction and rent hikes.

She didn't like the predictable, affordable rents for ordinary households that it provided.

And she didn't like the fact that private renting could, in fact, deliver secure long-term

housing for people. She wanted the opportunity for people to make speculative profit from renting once more.

And in 1980, she introduced an Act that got rid of some of the provisions of the Rent Act 1977. She introduced the concept of short-term tendencies, but it was in 1988 that she really overthrew Labour's Rent Act. In that year, she passed another Act, and in this Act, she basically threw out all the protections that the Rent Act 1977 provided.

She decided to rebalance that equation again. She balanced the equation in favour of the landlord and against the tenant, and nobody has ever taken any steps ever since to redress the resulting inequalities that have arisen.

Rents were deregulated.

The rent officers disappeared.

And short tenancies became the norm for periods of six months or so onwards, and it's now normal for no tenancy to be for a period of longer than 12 months, although of course they can roll onwards, but the opportunity to evict was made much easier, and that has become the case ever since.

The reality is that homes were, as a consequence, turned into houses, and they weren't places for people to live. They simply became investment vehicles. Tenants became, as in every case in neoliberal economics, disposable, as all people are considered to be within that philosophy.

Insecurity was normalised.

Artificial scarcity became a factor in the determination of rents.

Tenants had to compensate landlords for the fact that the value of the property had gone up through no action on the landlord's part. Indeed, the landlord could ignore the property and still make a gain, and the tenant had to pay for it with upward-only revisions in the rents that they had to pay.

Unsurprisingly, this contributed to the surge of inequality that we saw in the 1980s and through into the early 1990s as a consequence of everything that Thatcher did. Property wealth skyrocketed. It became the normal subject of conversation in middle-class dinner parties - the curse of the middle class, as I would describe it - and those people became obsessed with property price increases and owning as much property as possible as a consequence. The era of the buy-to-let landlord was created. By the end of the century, it was becoming commonplace.

People were looking to put their money into property rather than into pension funds, and rather than into investment in real productive activity in the UK.

We lost our productivity.

We lost our future.

We gained a landlord class, and we saw exploitation through rent increases happening yet again. And the consequence I've already noted is levels of rent in London and throughout the UK, which are so high that people are basically being put into what I call rent poverty.

This was the consequence of Thatcher's deregulation. Now rents, quite deliberately, transfer income from a large number of people who live in rental property, and very many millions do, to the few who own these properties. There is a concentration amongst landlords. Of course, nobody who rents owns more than one property, and indeed, they might not occupy even the whole property because multi-tenanted occupation is now becoming normal, and so we see this massive disparity in power developing. And power, of course, is a fundamental element in the determination of the fair rewards inside political economy.

So, tackling rising rents is central to tackling wealth concentration if that is what we want to do. We can't just tackle wealth concentration through increasing taxation. That's an after-the-event reaction to the rising power of the wealthy. We have to tackle wealth before it goes out of control, and this means that we need a new Rent Act.

We need to restore security of tenure for many more tenants. I'm not saying it needs to go back to where it was in 1977. Maybe the balance swung too far at that point, but we need to ensure that as many people as possible can be certain that they can live in accommodation for the long term.

So the 12-month rental periods that many people have now are far too short. Rental periods to me need to be much longer.

There needs to be a way of reviewing fair rents, and these might need to once again be subject to independent assessment.

And there needs to, therefore, be a rebalancing of power between the tenant and the landlord.

And we need to ensure that homes are used as such, and are not used as speculative assets.

If we did, we would rebalance the wealth in our society.

One of the major causes of anger that exists today would be removed.

It isn't inevitable that we should have rent crises in the UK.

Rent poverty is not necessary.

If we did tackle rents and controlled them properly, we would reduce wealth concentration in this country.

A new Rent Act is overdue.

A government that was really worried about the anger in communities in the UK would deliver this.

A government that was really worried about tackling the rise of neo-fascism in the UK would deliver this.

If we don't, we are going to see growing anger, growing wealth inequality, and a failure of our communities.

This is fundamental. Tackling our rent crisis is essential if we are to build a sustainable future in the UK.

What do you think? Do you think we should reintroduce rent controls? That's what we're asking in today's poll. Have a look at it. And let us know your view.

Poll

[poll id="193"]

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [here](#).

One word of warning, though: please ensure you have the correct MP. ChatGPT can get it wrong.

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