

CONFIDENTIAL

B/f on 22 Feb pcc
DUB
15/2

Prime Minister ⁽¹⁾

Agree to include this subject
in the agenda for a meeting

15 February 1985

PRIME MINISTER on housing (see separate note
on home improvement)?

PRIVATE RENTED SECTOR

DUB
15/2

Yes

To secure the job-creating, labour-mobilising advantages of a vigorous private rented sector (as in the United States) radical and courageous decisions are needed. Anaemic proposals were put to H Committee last year, and were rejected because they were judged to be ineffective and costly.

The costings on which that decision was taken were misleading, according to further research which we have carried out, assisted by Alan Walters. DoE now accept that the extra public expenditure cost of deregulation will be small and short-lived, and that thereafter, substantial savings will be achieved. We estimate that these could amount to £100-200 million a year after 5 years.

DoE and the Welsh Office will shortly be putting revised proposals to H Committee. The new proposals will leave existing lettings untouched and focus on new lettings. They will propose deregulating rent levels but, once again, will fail to grasp the nettle of security of tenure. This will be reduced, from lifetime plus two successions to lifetime plus tenant's spouse, but will still act as a powerful deterrent to potential landlords.

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Because the politics of this subject are so ticklish, and its implications so far-reaching for enterprise, jobs, mobility and welfare, you may wish to consider whether you yourself wish to chair the discussion of this topic, possibly by including it on the agenda of your forthcoming meeting on home improvement policy.

Christopher Monckton

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CHRISTOPHER MONCKTON