

Title: Decent Homes Standard Interim Impact Assessment IA No: N/A RPC Reference No: N/A Lead department or agency: Ministry of Housing, Communities and Local Government Other departments or agencies: N/A	Impact Assessment (IA)
	Date: July 2025
	Stage: Development/Options
	Source of intervention: Domestic
	Type of measure: Regulatory / Legislative
Contact for enquiries: decenthomesreview@communities.gov.uk	
Summary: Intervention and Options	RPC Opinion: Not applicable

Cost range of Options (in 2025 prices, 2025 present value)			
Total Net Present Social Value	Business Net Present Value	Net direct cost to business per year	Business Impact Target Status
-£3,815.3m to -£3,899.8m	- £3,773.0m to -£3,949.7m	£291.4m to £306.2m	N/A

<p>What is the problem under consideration? Why is government action or intervention necessary?</p> <p>The Grenfell Tower tragedy in 2017 raised serious concerns about how some tenants were being treated by their landlords and the physical condition of our rented housing stock. The tragic death of two-year old Awaab Ishak has amplified these concerns and thrown into sharp relief the need for government efforts to rebalance the relationship between tenants and their landlords, and to improve the quality of rented housing across the country.</p> <p>Poor quality housing has significant impacts on tenants' health and wellbeing¹ and creates problems for wider society.² Far too many tenants live in homes that are not well managed or maintained. The English Housing Survey shows that levels of damp have recently been increasing in prevalence across the rented sectors, and that in 2022-23, 800,000 dependent children lived in a rented non-decent home, and 32% of social renting households were dissatisfied with repair and maintenance. We must take action to change this.</p> <p>To improve the quality of rented housing and realise the associated societal benefits, decisive reform is needed to reform the Decent Homes Standard (DHS). The DHS was first introduced into the social housing sector in 2001. Since then, the DHS has set the minimum standard that social homes must meet and has led to improvements in the housing conditions of millions of social rented sector tenants. The DHS does not currently apply in the private rented sector where non-decency is highest. In the private rented sector, primary legislation is required to introduce a decency standard (currently being taken forward via the Renters' Rights Bill).</p> <p>The DHS was last updated in 2006 and no longer sufficiently responds to the significant challenges facing our existing and aging housing stock with improvements in the quality of rented housing stagnating in recent years. The changes set out in the linked consultation to reform the DHS represent targeted and vital improvements to the DHS will significantly improve housing conditions leading to benefits to tenants including improved health and wellbeing.</p>

<p>What are the policy objectives of the action or intervention and the intended effects?</p> <p>The overarching policy objective of updating the DHS and introducing the DHS to the private rented sector is to make sure that all rented homes in England are maintained at or above a standard of decency which meets minimum expectations. As a result of this policy, the quality of rented homes will improve, with private landlords held to account for maintaining their homes to a decent standard for the first time, via new enforcement powers for local authorities. In both sectors, landlords will be required to maintain their homes to a modern level of decency, with subsequent improvements in tenants' safety, health and wellbeing.</p>
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¹ Simetrica Jacobs, The Cost of Poor Housing – Valuing the Impact of Housing Conditions on Subjective Wellbeing (2022), PDF

² BRE, The Cost of Ignoring Poor Housing (2023)

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The Decent Homes Standard does not currently apply to the private rented sector. A 'do nothing' option would allow poor quality conditions to persist and potentially worsen. Additional local authorities' enforcement in respect of hazards could be targeted through non legislative options such as improved guidance on enforcement or additional funding, but this would only strengthen existing requirements for landlords to rectify hazards rather than addressing wider decency issues that can have a significant impact on quality of life, which private landlords are not currently required to deal with. Therefore, we intend to establish an enforceable decency standard for the PRS for the first time. A change in the law is required to allow the introduction of an enforceable DHS and improve standards in the PRS.

In the social rented sector, doing nothing to address problems with the DHS would limit the impact of the statutory changes made to social housing regulation to hold landlords to account alongside other quality reforms on tenant health and wellbeing. Landlords have asked for regulatory certainty and clarity on what constitutes decency within a home to help them to deliver safer, warmer homes to tenants. The current DHS is outdated and fails to provide that clarity and our goal of ensuring all rented homes are 'decent' by modern day expectations. Targeted updates to the DHS could address the biggest issues and would result in benefits for residents and wider society. We propose more extensive updates to address the wide range of issues with the current DHS and to incorporate new requirements which reflect modern expectations of what a decent home should be.

We are consulting on two possible implementation timeframes for each tenure for the reformed Decent Homes Standard, which form the basis of the options in this Impact Assessment – 2035 and 2037. A 2035 implementation date is broadly in line with the time that was originally available to SRS providers when the DHS was first introduced. A 2037 implementation date would delay the benefits of the new standard but would ease the financial burden on landlords in each tenure. In the SRS this will also help providers to deliver much needed new housing supply.

Will the policy be reviewed? See monitoring and evaluation section for detail.

Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?	Micro	Small	Medium	Large
	Yes	Yes	Yes	Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: Unquantified		Non-traded: Unquantified

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible:



Date:

01/07/25

Summary: Analysis & Evidence **Policy Option 1 – 2035 compliance**

Description:

FULL ECONOMIC ASSESSMENT 2025 prices and 2026 present value

Price Base Year 2025	PV Base Year 2026	Time Period 15 Years	Net Benefit (Present Value (PV)) (£m)		
			Low: -4,572.8	High: -3,249.4	Best Estimate: -3,899.8

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	95.7		331.6	3,955.2
High	118.9		348.1	4,172.5
Best Estimate	107.3		339.3	4,057.7

Description and scale of key monetised costs by 'main affected groups'

The main costs will fall on private landlords (of which there are around 2.3 million)³ and registered providers of social housing (of which there are around 1,600).⁴ Overall, the average cost to private landlords over the 15-year appraisal period is expected to be £7,480 per affected property and the average cost per affected rented dwelling to social landlords is expected to be £5,338. This compares to £6,993 and £5,079 respectively under a 2037 implementation date. These costs are primarily driven by the cost of remediating the property as well as costs to landlords of familiarising themselves with the reforms and surveying their properties to see if they meet the updated standard.

Landlords may, in some instances, attempt to pass through some of the costs of the regulation to tenants. However, the extent to which this occurs in the private rented sector is dependent on market conditions and housing affordability. We have sought to keep the burdens on landlords proportionate, including a long lead in time for implementation and the Renters' Rights Bill will enable tenants to challenge above market rent increases in the First-tier Tribunals. Rent pass through is unlikely in the social rented sector, where the government sets rent policy.⁵

Other key non-monetised costs by 'main affected groups'

The introduction of new requirements under the Decent Homes Standard (DHS) may result in additional costs for private and social landlords whose properties do not currently meet the standard. While it is difficult to quantify the precise impact, it is possible that some private landlords may choose to exit the sector as a result. However, the most recent English Housing Survey data shows the proportion of PRS households has remained relatively stable since 2013-14, suggesting that there have been no significant impacts on supply from other reforms in the sector. It is anticipated that landlords most affected by the new requirements are those offering the poorest quality accommodation. Their potential exit from the market could create opportunities for more professional landlords to enter or expand, thereby improving overall standards in the sector. If these reforms result in increased compliance with existing regulation (e.g. a reduction in category 1 hazards), those costs and benefits will be additional (further detail can be found on pages 61-63).

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0		-33.3	-400.3
High	0.0		70.5	705.8
Best Estimate	0.0		18.7	157.9

³ MHCLG analysis of HMRC data released by a Parliamentary Question. Written questions and answers - Written questions, answers and statements - UK Parliament

⁴ Statista, social housing providers united kingdom by organisation (as of 20 July 2023) This is UK figure or Regulator of Social Housing Jan 2024 list has approx. 1600 listed Registered providers of social housing – updated monthly - GOV.UK (www.gov.uk)

⁵ Future social housing rent policy - GOV.UK

Description and scale of key monetised benefits by ‘main affected groups’

The monetised benefits of introducing the new Decent Homes Standard (DHS2) are expected to accrue predominantly to society, private tenants and landlords. Society will benefit from more secure houses resulting in a reduction in crime (estimated to be £346m over the appraisal period). Private tenants are expected to experience greater housing stability, reducing the frequency of moves due to poor quality accommodation and saving on moving costs. Private landlords are also expected to benefit from a reduction in void periods as tenants move less often.

We have also monetised the opportunity cost of lesser social housing supply as a result of this reform. This is treated as a negative benefit or ‘disbenefit’, as it estimates the benefit forgone by investing in quality reforms rather than supply. We estimate that the cost to PRPs (Private Registered Providers) will result in a reduction of 4,000-8,000 dwellings over the 15-year appraisal period, implying a loss of land value uplifts of -£323.4m.

Other key non-monetised benefits by ‘main affected groups’

There are expected to be significant non-monetised benefits to tenants and wider society from improved health and wellbeing, as well as a reduction in energy usage from better maintained homes and the associated reduction in carbon emissions. In addition, tenants will benefit from reduced noise pollution from repaired windows, walls and doors. Families are expected to experience improved health and education outcomes due to less illness resulting from poor-quality housing. There are also expected to be further benefits to tenants and society arising from increased compliance with existing regulation.

Switching analysis suggests that additional benefits of £6,650 per dwelling made decent in the PRS and £5,976 in the SRS would result in a positive Net Present Value (this would equate to £443 per year in the PRS and £398 per year in the SRS). This could be accrued through impacts such as not losing 4 days’ pay each year (at the median wage, £17.09 per hour), net of Statutory Sick Pay) due to illness.

In addition to supply disbenefits, there may be opportunity cost in terms of other spending which will not occur as a result of these reforms. The proportion of cash which would not have been spent on supply may have been spent on general repairs and maintenance, other reforms such as Minimum Energy Efficiency Standards or Awaab’s Law or set aside to bolster landlords’ financial position(s).

Key assumptions/sensitivities/risks**Discount rate (%)**

3.5

The assessment estimates the expected impacts of the legislation where possible. Where assumptions have been made, the analysis makes use of scenarios to capture uncertainty. The headline Equivalent Annual Net Direct Cost to Business (EANDCB) does not include any estimates of cost pass through from landlords to tenants as this is classified as a second order effect. In line with the Better Regulation framework, we have assumed 100% compliance with new regulations in estimating costs and benefits. We have not monetised the impact of increased compliance with existing regulations within our headline figures, but this is set out separately in section ‘Wider Impacts of applying DHS2’.

BUSINESS ASSESSMENT (Option 1)

Direct cost on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 306.2	Benefits: 0.0	Net: 306.2	
			N/A

Summary: Analysis & Evidence **Policy Option 2 – 2037 compliance**

Description:

FULL ECONOMIC ASSESSMENT 2025 prices and 2026 present value

Price Base Year 2025	PV Base Year 2026	Time Period 15 Years	Net Benefit (Present Value (PV)) (£m)		
			Low: -4,366.9	High: -3,305.7	Best Estimate: -3,815.3

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	95.7		333.2	3,763.0
High	118.9		349.9	3,971.8
Best Estimate	107.3		341.0	3,861.6

Description and scale of key monetised costs by 'main affected groups'

The main costs will fall on private landlords (of which there are around 2.3 million)⁶ and registered providers of social housing (of which there are around 1,600).⁷ Overall, the average cost to private landlords over the 15 year appraisal period is expected to be £6,993 per affected property and the average cost per affected rented dwelling to social landlords is expected to be £5,079. This compares to £7,480 and £5,338 respectively under a 2035 implementation date. These costs are primarily driven by the cost of remediating the property as well as costs to landlords of familiarising themselves with the reforms and surveying their properties to see if they meet the new standard. Landlords may, in some instances, attempt to pass through some of the costs of the regulation to tenants. However, the extent to which this occurs in the private rented sector is dependent on market conditions and housing affordability. We have sought to keep the burdens on landlords proportionate, including a long lead in time for implementation. The Renters' Rights Bill will enable tenants to challenge above market rent increases in the First-tier Tribunal. Rent pass through is less likely in the social rented sector, where the government sets rent policy.⁸

Other key non-monetised costs by 'main affected groups'

The introduction of new requirements under the Decent Homes Standard (DHS) may result in additional costs for private and social landlords whose properties do not currently meet the standard. While it is difficult to quantify the precise impact, it is possible that some private landlords may choose to exit the sector as a result. However, the most recent English Housing Survey data shows the proportion of PRS households has remained relatively stable since 2013-14, suggesting that there have been no significant impacts on supply from other reforms in the sector. Landlords facing the greatest costs as a result of these measures will be the ones providing the poorest service to their tenants; we anticipate they are more likely to exit the sector as a result of these changes which leaves potential for them to be replaced by more professional landlords. If these reforms result in increased compliance with existing regulation (e.g. a reduction in Category 1 hazards), those costs and benefits will be additional (further detail can be found on pages 61-63).

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0		-32.9	-395.0
High	0.0		47.7	457.3
Best Estimate	0.0		8.5	46.3

⁶ MHCLG analysis of MHRC data released by a Parliamentary Question. Written questions and answers - Written questions, answers and statements - UK Parliament

⁷ Statista, social housing providers united kingdom by organisation (as of 20 July 2023). This is UK figure or Regulator of Social Housing Jan 24 list has approx. 1600 listed Registered providers of social housing – updated monthly - GOV.UK (www.gov.uk)

⁸ Future social housing rent policy - GOV.UK

Description and scale of key monetised benefits by 'main affected groups'

The monetised benefits resulting from the introduction of the new Decent Homes Standard (DHS2) are expected to fall predominantly on society, private tenants and landlords. Society will benefit from more secure houses resulting in a reduction in crime (estimated to be £276m over the appraisal period). Private tenants are expected to experience greater housing stability, reducing the frequency of moves due to poor quality accommodation and saving on moving costs. Private landlords are also expected to benefit from a reduction in void periods as tenants move less often.

We have also monetised the opportunity cost of lesser social housing supply as a result of this reform. This is treated as a negative benefit or 'disbenefit', as it estimates the benefit forgone by investing in quality reforms rather than supply. We estimate that the cost to PRPs will result in a reduction of 4,000-8,000 dwellings over the appraisal period, valued using land value uplifts at -£314.8m.

Other key non-monetised benefits by 'main affected groups'

There are expected to be significant non-monetised benefits to tenants and wider society from improved health and wellbeing, a reduction in energy usage from better maintained homes and the associated reduction in carbon emissions. In addition, tenants will benefit from reduced noise pollution from repaired windows, walls and doors. Families are expected to experience improved health and education outcomes from less illness caused by poor-quality housing. There are also expected to be wider benefits to tenants and society arising from increased compliance with existing regulation. Switching analysis suggests that additional benefits of £6,454 per dwelling made decent in the PRS and £5,747 in the SRS would result in a positive Net Present Value (this would equate to £430 per year in the PRS and £383 per year in the SRS). This could be accrued through impacts such as not losing 4 days' pay each year (at the median wage, £17.09 per hour), net of Statutory Sick Pay) due to illness.

In addition to supply disbenefits, there may be opportunity cost in terms of other spending which will not occur as a result of these reforms. The proportion of cash which would not have been spent on supply may have been spent on general repairs and maintenance, other reforms such as Minimum Energy Efficiency Standards or Awaab's Law or set aside to bolster landlords' financial position(s).

Key assumptions/sensitivities/risks**Discount rate (%)**

3.5

The assessment estimates the expected impacts of the legislation where possible. Where assumptions have been made, the analysis makes use of scenarios to capture uncertainty. The headline Equivalent Annual Net Direct Cost to Business (EANDCB) does not include any estimates of cost pass through from landlords to tenants as this is classified as a second order effect. In line with the Better Regulation framework, we have assumed 100% compliance with new regulations in estimating costs and benefits.

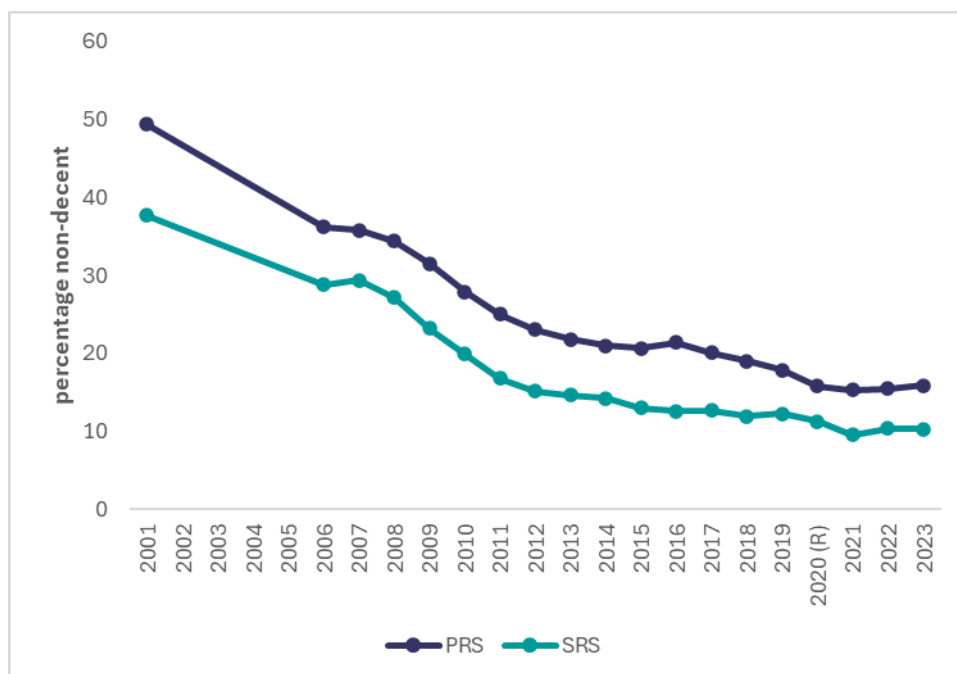
BUSINESS ASSESSMENT (Option 2)

Direct cost on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 291.4	Benefits: 0.0	Net: 291.4	
			N/A

Rationale for change

1. The Decent Homes Standard (DHS) was last updated in 2006, having been introduced in 2001, setting a minimum housing quality standard that all registered providers of social housing must meet. The standard is now out of date and in need of renewal to meet modern expectations. The current standard has four criteria, requiring that a dwelling must:
 - A) Meet the current statutory minimum standard for housing.** Dwellings which fail to meet this criterion are those containing one or more hazards assessed as serious ('Category 1') under the Housing Health & Safety Rating System (HHSRS).
 - B) Be in a reasonable state of repair.** Dwellings which fail to meet this criterion are those where either one or more of the key building components are old **and** in disrepair, or two or more of the other building components are old and in disrepair.
 - C) Have reasonably modern facilities and services.** Dwellings which fail to meet this criterion are those which lack three or more of the facilities listed in Section 5 of the government's guidance 'A Decent Home: Definition and Guidance for Implementation'.⁹
 - D) Provide a reasonable degree of thermal comfort.** This criterion requires that properties have both effective insulation and efficient heating.
2. The DHS has brought a marked improvement in the quality and safety of social rented sector (SRS) homes, where it is the regulatory standard, from 38% homes being classed as non-decent in 2001 to 10% in 2023. While we acknowledge the great improvements made to reduce non-decency in the SRS, there is still work to be done to further improve quality in both rented sectors. The updated DHS will increase compliance in the sector and alongside its application in the PRS for the first time, we will see benefits to renters and wider society from improved housing quality.

Figure 1 – Percentage of non-decent dwellings in the rented sectors over time



Note: The definition of non-decent was updated in 2006, so 2001 and later years are not directly comparable.¹⁰

3. However, in the last few years, decency improvements in the SRS sector have stagnated, with 431,000 social homes non-decent according to the current standard, meaning now is an opportune moment to review the case for going further to improve the quality of rented homes. This updated

⁹ A Decent Home: Definition and Guidance for Implementation

¹⁰ 2001 data from English House Condition Survey, 2001: Derived Data and 2006 onwards data from Annex tables for English Housing Survey 2023 to 2024 headline findings on housing quality and energy efficiency - GOV.UK

standard will also be applied to the private rented sector (PRS), where 1 million homes are non-decent according to the current standard. The standard will be reformed to better address modern expectations on the quality of homes while accounting for the differences between the PRS and SRS. Under the reformed DHS we are consulting on, we estimate that 2.2 million private rented homes and 1.7 million social rented homes would be defined as 'non-decent' if assessed today.

4. There are many renters across the country who endure poor quality housing and the new DHS will help to address this. Over the coming years, the rented sectors will play an important role in our housing market and we want to ensure that all renters will have the opportunity to live in good quality homes.
5. There is a strong case for change to set and raise standards in rented housing that improve health and wellbeing, improve educational attainment for children and support economic growth.¹¹ We expect these changes to make a significant difference to the lives of those tenants who will benefit, though we are not able to monetise many of the associated benefits with the available data.
6. We can also expect to see positive effects and benefits for individual renters and landlords, local communities and society as a whole through peace of mind for tenants; safer neighbourhoods through a reduction in crime; improvements in educational attainment and productivity; and a renewed sense of fairness across all tenures.

Why housing quality matters

7. Poor quality housing can have a negative impact on the physical health, mental health, educational attainment, and productivity of residents. This affects the lives of tenants and has wider implications for society as a whole.

Health:

8. We have long known that poor-quality housing harms health. In 2010, the Marmot Review found housing conditions to be one of the key, and increasingly significant, drivers of health inequality.¹² Houses which are damp or mouldy can leave occupiers, particularly older people and children, at a higher risk of respiratory problems and infections, allergies or asthma.¹³
9. We also know the disparity in health between those in poor quality and good quality homes has widened in recent years. In 2013, the proportion of households with a member suffering a health condition was similar in damp (33%) and non-damp (32%) homes. By 2023 those in damp homes were significantly more likely to suffer from long term health conditions (47% vs 39%). Similar disparities were seen for those in cold and overcrowded homes.¹⁴
10. As noted in Table 1, below, these health impacts add up to significant costs for our public healthcare. The Building Research Establishment (BRE) estimates that just the most serious 'Category 1' hazards (as defined by the Housing Health & Safety Rating System) in homes across all tenures cost the NHS £1.0 billion per year. This analysis showed that around 619,000 (13%) private rented homes had a Category 1 hazard in 2019, and estimate that in total, the risk of illness or injury posed by these hazards imposes a cost to the NHS of around £290m per year. In the social rented sector, the equivalent figures are 217,000 (5%) of homes with a Category 1 hazard, in total costing the NHS £65m per year.¹⁵
11. Comparing the costs to fix these hazards to the savings, the BRE has found that remediating these hazards could see a return on investment within just seven years. Within these figures, around 50% of private rented housing Category 1 hazards could be remedied for less than £1,176.

¹¹ National Housing Federation, [Why we need a long-term plan for housing report \(2023\)](#)

¹² Strategic Review of Health Inequalities in England post-2010. Fair society, healthier lives: The Marmot review (2010)

¹³ [Can damp and mould affect my health?, NHS, www.nhs.uk](#)

¹⁴ EHS Health and Housing factsheet [English Housing Survey 2023 to 2024: health and housing - fact sheet - GOV.UK](#)

¹⁵ BRE, [Cost of poor housing tenure analysis \(2023\)](#)

Table 1 – Top five “Category One” hazards found in homes in England (2021)¹⁶

Category 1 hazard	Number recorded	Annual cost to NHS	Total cost to mitigate hazard	Payback for NHS savings (years)	Annual savings to society if hazard mitigated
Excess cold	836,000	£857 million	£6 billion	7	£15.3 billion
Falls on stairs	1,048,000	£219 million	£1.3 billion	6	£1.7 billion
Falls on the level	410,000	£104 million	£350 million	3	£258 million
Falls between stairs	181,000	£51 million	£229 million	4	£280 million
Damp and mould growth	75,000	£38 million	£269 million	7	£96 million

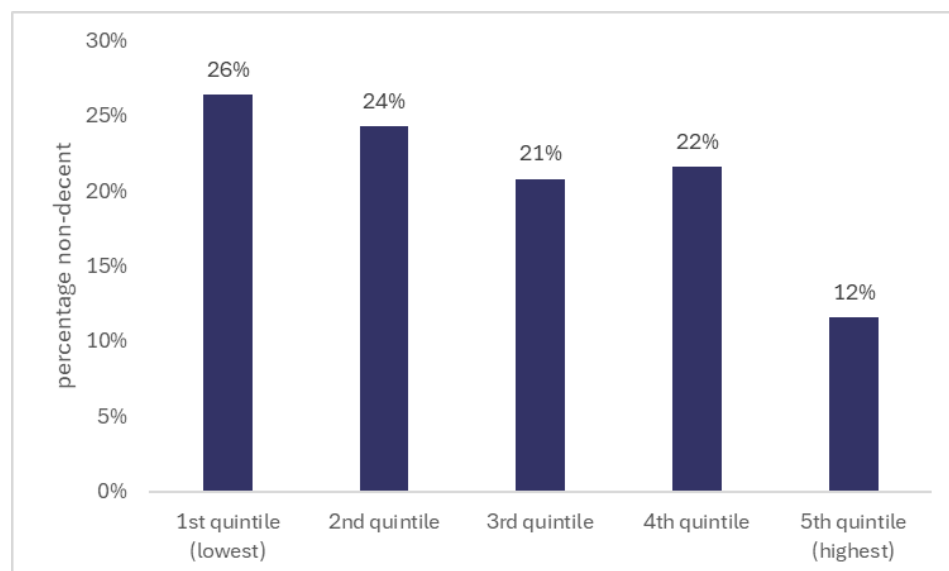
12. The effects of poor-quality housing on health are not experienced equally. The poorest areas with the most vulnerable populations have a higher rate of non-decency in PRS accommodation and related health impacts, which illustrates the cumulative and interdependent impact of poverty combined with poorer housing conditions.¹⁷ The 2023 English Housing Survey found that private renters were the most likely to report difficulty affording their housing costs at 32%, followed by social renters at 28%, and mortgagors were the least likely to report difficulty affording their housing costs (14%).¹⁸ Additionally, private rented households with a member who had a long-term illness or disability were more likely to live in a non-decent home (26%) than private rented households where no-one had a long-term illness or disability (19%). According to a 2023 Citizens Advice report, 70% of PRS tenants had experienced cold, damp or mould in a property they had rented. 1.6 million children are struggling with damp, mould or excessive cold in their home.

¹⁶ BRE, *The Cost of Poor Housing in England (2021)*

¹⁷ Several sources: *Health inequalities: Cold or damp homes*, House of Commons Library, www.commonslibrary.parliament.uk; *Vulnerability amongst Low-Income Households in the Private Rented Sector in England*, White Rose, www.whiterose.ac.uk and *Derby Housing and Health Impact Assessment pdf*

¹⁸ *English Housing Survey 2023 to 2024: Experiences of the 'housing crisis' - GOV.UK*

Figure 2 – Percentage of dwellings non-decent in the private rented sector by income quintile, 2022-23¹⁹



13. Housing problems also impact on mental health. A 2017 Shelter survey²⁰ estimated that 1 in 5 respondents in England reported that a housing issue had negatively impacted on their mental health in the last 5 years. 38% of this group reported that the offending issue was related to the repair or condition of their property. 26% of affected adults – equal to 1 in 20 in England – reported that they had gone to their GP because of the mental strain caused by their housing problems.²¹
14. The effects of poor-quality housing have significant regional disparities. More vulnerable groups are more likely to live in a non-decent home. Nearly half of all non-decent homes in Northern England have at least one person with a long-term illness or disability, well above the whole of England average.²²

Economy:

15. Poor quality housing is also costing society and harms economic productivity if tenants are too unwell to work. 21% of private tenants reported that health impacts of their housing were negatively affecting their work.²³ Health problems caused by poor housing conditions can increase absences and unemployment, as people are left unable to work as they recuperate from illnesses or injuries caused by accidents or hazards in their homes. For example, every Category 1 hazard (which affect 496,000 PRS households and 177,000 SRS households as of 2023²⁴) results in an estimated cost of lost economic output of £126 per year as a result of injuries.²⁵
16. Hazards and general disrepair can also heap additional costs onto occupiers. Water leaks and broken boilers or heating systems can increase bills as heat and water escapes. A lack of kitchen facilities can require a household to rely on more expensive, ready-made or takeaway food.
17. Additionally, a study by the University of Strathclyde found there is a strong direct economic benefit to home improvements and modernisation.²⁶ The study showed that in Scotland, for every £1 invested in home improvement, £2 was generated in economic benefits. Further research from the Building Research Establishment (BRE) has found that improvements to poor-quality homes across all tenures in England would bring about £135.5bn in societal benefits including NHS first

¹⁹ English Housing Survey 2022 to 2023: housing quality and condition - GOV.UK

²⁰ McPhillips, M (2017), Shelter, Research: The impact of housing problems on mental health,

²¹ IBID

²² The Northern Housing Consortium Report: The hidden costs of poor quality housing in the North (2019)

²³ YouGov survey for Shelter, April 2021.

²⁴ English Housing Survey 2023 to 2024: headline findings on housing quality and energy efficiency

²⁵ MHCLG analysis of Transport Research Laboratory 2009 Re-valuation of Home Accidents.

²⁶ University of Strathclyde, The economic social and environmental benefits of stimulating repairs and improvements to the Scottish built environment to aid a green recovery from Covid 19 (2021)

year care and after care, decreasing insurance costs and increasing local economy investment over the next 30 years.²⁷ The research found that societal benefits from tackling poor quality homes will come from reductions in NHS costs as well as reductions in aftercare; improvements in education and productivity; increased asset (home) values; and reductions in energy and carbon emissions.

Education:

18. There are strong associations between poor quality housing and children's outcomes – impacting their mental health, emotional development, behaviour and educational attainment over their lives.²⁸
19. Studies have shown that children made sick by damp and cold conditions at home miss more days of school than their peers and it is also thought that poor quality housing can lead to lower educational outcomes.²⁹ Research from the charity *Shelter* have found that 88% of teachers report that they have seen poor housing or homelessness result in children not being able to keep up with the curriculum, and 80% report an impact on children's performance in assessments and exams.³⁰ Studies suggest the lost earnings associated with lower grades from poor housing could amount to billions of pounds.³¹
20. Additionally, low quality housing can drive tenants to move more frequently to escape poor conditions. Children in insecure housing experience worse educational outcomes, reduced levels of teacher commitment, and more disrupted friendship groups than other children. This is exacerbated for children from low-income households in insecure housing.³² A study by the Royal Society of Arts found that results in English and Maths for children dropped 12% following one move within the school year, 17% for two moves and 25% for three moves.³³

Crime:

21. Low quality and unsecured housing is more likely to be the target particularly of burglary or vandalism. A study in Nottingham also found that improving housing to meet the existing Decent Homes Standard led to a reduction in crime rates.³⁴ Office for National Statistics data suggests that, in the year ending March 2023, private tenants were victims of burglary at a higher rate than social housing tenants.³⁵ A 2010 study estimated that the policing costs associated with crimes in poor quality housing (compared to estates with similar sizes and household profiles, but better quality housing) amount to c. £200m per year across social housing, rising to £1.8 billion if including private sector stock.³⁶ Academic research has found that crime is influenced to some extent by housing in a community.

Energy Efficiency:

22. Improvements that relate to energy efficiency make it cheaper for tenants to heat their homes and reduces poor health outcomes caused by damp and mould. By increasing every home to EPC C, the aggregate bill saving for households would be £10.6 billion annually, at today's prices.³⁷
23. Citizens Advice reported in 2023 that 42% of PRS tenants say damp, mould and excessive cold has increased their energy bills and 31% of tenants say they were unable to heat their home to a comfortable temperature. This was even higher for disabled people, rising to 45% for those who have a disability.³⁸ The report estimates the average tenant is facing annual energy bills that are

²⁷ BRE, *The cost of ignoring poor housing report (2023)*

²⁸ *Fuel Poverty, cold home and health inequalities in the UK*, The Institute of Health Equality, (2023)

²⁹ *ibid*

³⁰ *Shelter, Briefing: The impact of homelessness and bad housing on children's education (2020)*

³¹ *Institute of Health Equity, Fuel poverty cold-homes and health inequalities in the UK report (2022)*

³² *The Children's Society, Moving, Always Moving: The normalisation of housing insecurity among children in low income households in England, (2022)*

³³ *Royal Society of Arts, Between the Cracks (2013)*

³⁴ *Nottingham City Homes and Nottingham Trent University, Nottingham City Homes: Decent Homes Impact Study, Social Return on Investment (SROI) report (2013)*

³⁵ *Office for National Statistics: Property crime tables*

³⁶ *Friedman D, Social impact of poor housing (2010)*

³⁷ *E3G, The home energy security strategy: A permanent solution for lower bills (2022)*

³⁸ *Citizens Advice, Damp, cold and full of mould: The reality of housing in the private rented sector report (2023)*

£350 more expensive due to poor insulation with people living in the least efficient homes paying an extra £950 a year.

Wellbeing:

24. Poor quality housing has a negative effect on tenant wellbeing. Having to live in a poor-quality or unsafe home can contribute to the development (or exacerbation) of mental health conditions and an overall decrease in a tenant's sense of comfort and security.³⁹
25. A 2017 study by Shelter found that 20.7% of adults "indicated that they had had a housing problem or worry in the last five years, which they identified as having had a negative impact upon their mental health".⁴⁰ Contributing factors for this included security of tenure, affordability and, crucially, condition of their home.
26. Damp, cold and overcrowded homes can affect mental wellbeing throughout life.⁴¹ Citizens Advice research found:
 - 40% of tenants surveyed say they have felt stressed as a result of damp, mould and excessive cold.
 - 35% said it made them feel anxious.
 - 12% said it made them spend less time at home.
 - 8% said it had made their respiratory illness worse.⁴²

Objectives for intervention

27. The overarching policy objective of updating the DHS and introducing the DHS to the PRS is to make sure that all rented homes in England are maintained at or above a standard of decency which meets modern expectations.
28. To achieve this, we will:
 - Update the DHS to address problems with the existing standard and to reflect a modern understanding of decency;
 - Ensure that the standard is clear and understandable for residents, landlords and enforcement bodies;
 - Apply the standard to the SRS and PRS;
 - Ensure the standard can be regulated and enforced in the SRS by the Regulator of Social Housing (RSH) and in the PRS by local authorities as the enforcement bodies; and
 - Ensure the standard can be measured, monitored and reported on as part of the government's annual English Housing Survey.
29. As a result of this policy, the number of properties failing to meet the DHS is likely to rise initially, as the updated requirements are more stringent. However, we expect the overall quality of rented homes to improve over time, with non-compliance decreasing as private and social landlords take action to meet the new standard. This aligns with prior definitions of decency – over time, the definition of what is a minimum standard rises as society progresses. As such, we would see an 'increase' in non-decency due to the change in legislation, until landlords adapt. This is presented in Figure 1 of EHS Briefing: Modelling a Revised Decent Homes Standard for Consultation⁴³.
30. In 2023/24, 35% of households in England, around 8.7 million households, rented their home, either from a private landlord, a local authority or a private registered provider of social housing.⁴⁴ As they do not own the property in which they live, these households have little to no direct control over the repair and maintenance of their own home, which is the responsibility of their landlord. While many landlords (both private and social) keep their homes in a good state of repair, a significant minority do not. As landlords do not inhabit the properties they are responsible for

³⁹ Mental Health Foundation, Mental Health and Housing Policy Paper (2016)

⁴⁰ Shelter, The impact of housing problems on mental health: Findings of a research project between Shelter and ComRes (2017)

⁴¹ Health Equity in England: The Marmot Review 10 Years On (2020)

⁴² Coley, Rebekah Levine, et al. "Poor quality housing is tied to children's emotional and behavioural problems." Policy Research Brief, MacArthur foundation (2013)

⁴³ <https://www.gov.uk/government/publications/ehs-briefing-modelling-a-revised-decent-homes-standard-for-consultation>

⁴⁴ English Housing Survey 2023-24, Annex Table 1.1

maintaining, they do not bear the full consequences of living in poorly maintained housing, with these effects instead being borne by tenants.

Rates of non-decency

31. The government has already taken steps to tackle the housing crisis. At the Spending Review the government announced the biggest boost to social and affordable housing investment in a generation, confirming £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026-27 to 2035-36. Following the rent consultation, government confirmed a rent settlement of CPI + 1% for ten years, with a consultation on how to implement social rent convergence that is being published in parallel. £1bn has also been confirmed to accelerate social housing remediation by giving social housing providers equal access to government funding as private building owners receive. This is alongside measures already taken to prioritise building on brownfield sites and introducing legislation to improve local authority planning capacity and processes.⁴⁵
32. Though these steps will support providers of social housing to deliver more affordable homes, while also improving the living conditions of residents, regulation is required to more definitively address the issues with our aging and deteriorating existing stock.
33. When the DHS was introduced in 2001, 38%⁴⁶ of SRS homes were non-decent. Between 2001 and 2020, there has been a constant and gradual decline in non-decency across the SRS. By 2023, the proportion of non-decent homes in the SRS had dropped to 10%.⁴⁷ However, in recent years, progress has stagnated.

Quality in the private rented sector

34. The PRS has doubled in size since 2002, now representing 19% of all households (4.7 million).⁴⁸ The sector is now accommodating a more diverse range of households, including families with children, and for many it is providing long-term rather than temporary or short-term accommodation.⁴⁹
35. It has an important place in the housing market. For example, it is easier to move as a private renter compared to the other tenures. This means households have the flexibility to adapt their housing depending on their needs and wants at any given time. This supports a more efficient allocation of housing, labour and skills with consequent benefits for economic growth.
36. While most landlords provide a good service, the sector currently provides the least affordable, poorest quality and most insecure housing of all tenures,⁵⁰ leading to poor outcomes for tenants and costs to the state.
37. Over 1 million homes in the PRS do not meet the existing Decent Homes Standard (21% of privately rented homes). This compares to 431,000 in the SRS (10% of the socially rented homes).⁵¹ PRS homes are also more likely to have at least one category 1 hazard under the Housing Health and Safety Rating System (HHSRS). 10% of all PRS dwellings have a category 1 hazard as of 2023, higher than the owner occupied (8%) and SRS (4%) sectors.⁵²
38. Private rented housing quality varies across regions. London reports the lowest proportion of non-decent dwellings at 12%, followed by the East of England at 17%. In contrast, all other regions report rates ranging from 21 to 31%, with Yorkshire and the Humber recording the highest rates of non-decency.

⁴⁵ House of Lords Library, [Housing: Supply, quality and community impact \(December 2024\)](#)

⁴⁶ English House Condition Survey, 2001: Derived Data, page 3.

⁴⁷ IBID

⁴⁸ English Housing Survey 2023-24, Annex Table 1.1

⁴⁹ A Marsh and K Gibb, UK Collaborative Centre for Housing Evidence, The private rented sector in the UK: An overview of the policy and regulatory landscape (2019)

⁵⁰ House of Commons Levelling Up, Housing and Communities Committee, [Reforming the Private Rented Sector: Government's response to the Committee's Fifth Report of Session 2022-2023, \(2023\)](#)

⁵¹ This would equate to approximately 2.4m individuals in the PRS and approximately 920k individuals in the SRS. - [Annex tables for English Housing Survey 2023 to 2024 headline findings on housing quality and energy efficiency - GOV.UK](#); [English Housing Survey 2023 to 2024: headline findings on demographics and household resilience. - GOV.UK](#)

⁵² English Housing Survey 2023-24: Headline Findings on Housing Quality and Energy Efficiency, Annex Table 1.6

39. The last few years have seen unprecedented levels of growth in rental prices. Whilst the annual growth rate in rents has historically averaged around 2%, in March 2024 it peaked at 9.1%, the highest level since records began in 2015. UK monthly rents increased by 7.4% in the 12 months to April 2025 (provisional estimate).⁵³ This reflects the fact that demand for PRS properties is greater than supply.
40. In such a challenging market, tenants may be afraid to move (whether by choice or eviction) because they may struggle to find another suitable property or may end up paying significantly higher rent. As a result, they may feel compelled to remain in substandard accommodation and avoid report issues. The strong demand for properties disincentivises landlords from making the necessary changes to increase the quality of their properties.

Quality in the social rented sector

41. In 2023, 10% of SRS homes failed the DHS and 4% had a category 1 hazard. Decency varies by region; dwellings in the Yorkshire and the Humber (13%) were the most likely to be non-decent, while the East of England (6%) and North East (9%) were the least likely.⁵⁴
42. The rate of non-decency is lower in the SRS than in the PRS (or owner-occupied homes), likely driven in part by the fact that the SRS is the only tenure where homes are required to meet the DHS. Despite this, it is unacceptable that in 2023-24, 431,000 social homes were non-decent.
43. The negative effects of non-decency in the sector are compounded by the prevalence of vulnerable persons in social housing. 44% of households (93,000) with a new letting in 2023/24 included at least one person who had a physical or mental health condition or illness lasting or expected to last for 12 months or more.⁵⁵
44. A 2022 MHCLG Residents Social Housing Quality Programme: Residents Survey Report⁵⁶ found that a fifth (21%) of social housing residents were dissatisfied with the maintenance of their homes. The most common reasons given were:
 - a) mould, damp, and condensation (55%)
 - b) home insulation (33%)
 - c) ventilation (33%)
 - d) electrical wiring (16%)8% of residents were concerned that their home was not safe to live in (with the same four maintenance issues most commonly cited) and around three in ten (29%) were dissatisfied with recent repairs.
45. The Regulator of Social Housing's Tenant Satisfaction Measures report 2023/34⁵⁷ shows there were 14.3m responsive repairs completed by SRS landlords with 10.6m defined as non-emergency and 3.7m defined as emergency. Most tenants reported relatively high levels of satisfaction with overall repairs services (72%), maintenance (71%), and timeliness of repairs 67%. Tenant satisfaction with how complaints are handled is the lowest score across Tenant Satisfaction Measures with a score of 35%.
46. The National Tenant Survey⁵⁸ shows that satisfaction with repairs and maintenance is a primary driver of overall tenant satisfaction. When looking at why tenants are dissatisfied with their landlord, repairs dominate (64%) and well-maintained properties are also a key factor. When asked what areas tenants wanted to see improvements in: repairs service (36%) and maintenance of homes (27%) topped the list. 77% of tenants are satisfied that their landlord provides a safe home. Of those tenants who were dissatisfied with the safety of their home 13% said their reasons

⁵³ Office for National Statistics. Private rent and house prices, UK: May 2025

⁵⁴ English Housing Survey 2021-22: social rented sector stock condition report

⁵⁵ MHCLG, Social housing lettings in England, tenants: April 2023 to March 2024

Social housing lettings in England, tenants: April 2023 to March 2024 - GOV.UK

⁵⁶ Gov.UK, Social housing residents survey report (2022)

⁵⁷ RSH, Tenant Satisfaction Measures 2023/24 Headline report

⁵⁸ RSH, National Tenant Survey findings report (2024)

split into three areas: repairs, building safety and crime/anti-social behaviour (ASB) issues. When looking at the detail as to why tenants do not feel safe, damp and mould was frequently mentioned i.e. left untreated and impact that has on health and safety living in the property. In terms of home security, tenants mentioned, in particular, access points being an issue.

Wider Regulatory Environment without the Decent Homes Standard

Private rented sector (PRS)

47. Currently, the DHS does not apply to the private rented sector. Under the Housing Act 2004, private and social landlords letting out properties containing 'category 1' hazards may face enforcement action.
48. Hazards are assessed using the HHSRS. The Housing Act 2004 allows local authorities to issue statutory orders/notices such as improvement notices or prohibition orders to landlords for breaches. Failure to comply with a statutory notice could lead to a prosecution and/or fine in the Magistrates Court, or a Civil/Financial Penalty up to £30,000.
49. As PRS properties are not currently required to meet the existing Decent Homes Standard, there are currently no specific enforcement powers for failures of the other DHS criteria. However, there is some overlap between the DHS and private landlords' existing obligations under other legislation and regulations listed below, most notably with Minimum Energy Efficiency Standards (MEES). Many of the improvements made by landlords to comply with the DHS, such as new double-glazed windows, will also improve the energy efficiency of homes delivering wider benefits for tenants and contributing to environmental goals.

Current requirements for PRS properties:

50. Private landlords must comply with statutory provisions on installing smoke and carbon monoxide alarms and complying with minimum energy efficiency standard requirements in their properties. If they fail to meet these statutory requirements, local authorities can take enforcement action.
51. The Landlord and Tenant Act 1985 implies terms into private tenancy contracts requiring landlords to meet obligations on repairs and ensure their properties are fit for human habitation. If landlords fail to comply with these obligations, tenants can take them to court. Landlords are also required by law to ensure periodic checks and inspections are carried out in relation to gas safety, electrical safety and water safety.
52. There is also mandatory Houses in Multiple Occupation (HMO) licensing; all local authorities must license HMOs where five or more people from two or more households share facilities, such as a kitchen and/or a bathroom. The licence holder must meet the following conditions: a gas safety certificate must be presented annually to the local authority if there is a gas supply; all electrical appliances and furniture supplied by the landlord must be maintained in a safe condition; every electrical installation in the house must be in proper working order and safe for continued use; smoke alarms must be installed in each storey of the property containing living accommodation and kept in working order; and, carbon monoxide alarms must be installed in any room used as living accommodation which contains a fixed combustion appliance (excluding gas cookers) and kept in working order.⁵⁹

Reforms through the Renters' Rights Bill:

53. Provisions in the Renters' Rights Bill⁶⁰ will allow regulations to be made setting out DHS requirements for private rented sector homes. Existing legislation requires that private rented sector landlords meet criterion A of the DHS, and these regulations will allow new requirements to be introduced in relation to criteria B, C, D and E. The introduction of the DHS will place a legal duty on landlords to ensure their properties meet the DHS. It will also define who is liable for the duty when there are multiple people with an interest in a private rented sector property – for example, in a leasehold flat.

⁵⁹ [Gov.UK, Smoke and Carbon Monoxide Alarm \(Amendment\) Regulations 2022: guidance for landlords and tenants](#)

⁶⁰ [Renters \(Reform\) Bill - Parliamentary Bills - UK Parliament](#)

54. Local authorities will have a duty to consider DHS complaints and will be required, if appropriate, to inspect properties to determine whether there are DHS failures – for example, following a tenant complaint. Local authorities will be given enforcement powers to act where private rented sector properties fail to meet the DHS. Non-compliance with enforcement action e.g. notices/orders may be a criminal offence.

The role of government in addressing quality issues in rented housing

Private rented sector

55. Market forces in the private rented sector have not been sufficient to ensure that everyone has access to safe and decent housing. There is clear evidence of market failures in the sector, and to address quality issues and raise standards, government intervention is needed.
56. The PRS has the lowest quality housing across all tenures, and research has highlighted the multitudes of ways poor quality housing impacts the physical and mental health of tenants. As well as causing ill health and distress for tenants, these issues affect taxpayers and wider society in the form of higher health spending and lower productivity. Landlords across the country are collecting £9bn a year in rent for non-decent privately rented homes, with £1.6bn of this coming from housing benefit.⁶¹
57. This results from the negative externalities associated with poor housing. While most landlords provide a good service, some landlords may profit from neglecting the quality of their properties and mistreating their tenants. At the same time their tenants, and society as a whole, bear the cost of poor quality such as ill health, lower productivity and the need to move more frequently. Landlords have little incentive to alter their actions as the cost of their behaviour falls on others.
58. The power imbalance between landlords and tenants continues to be a significant barrier to improving housing quality in the private rented sector (PRS). At present, many tenants are reluctant to complain about poor quality housing for fear of eviction.⁶² Wider reforms to the PRS, including the abolition of 'no-fault' section 21 evictions and the introduction of a new Ombudsman, will help tenants to demand action from their landlords on issues such as disrepair and damp and mould. However, the continued imbalance between supply and demand in the sector has reduced competition among landlords, limiting tenants' bargaining power and their ability to push for home improvements.
59. There are also imbalances in the information available to landlords, tenants and letting agents. Landlords typically possess more information about a property than a tenant. Tenants may not be aware of the hazards posed by a property before moving in, and nor do they know in advance how landlords or agents will respond when problems arise. This imbalance contributes to a dynamic in which landlords can overcharge tenants or underinvest in property quality and has been exacerbated by housing pressures.
60. While the majority of landlords aim to act responsibly, there remains a clear need for a minimum regulatory standard. Establishing and enforcing such a standard would help close the information gap for tenants, giving them greater confidence that basic housing conditions will be upheld. It can also contribute to rebalancing the power dynamic between landlords and tenants. Tackling the cost of poor-quality housing to society as a whole will bring economic benefits and reduce the amount of taxpayers' money spent on non-decent housing through the benefits system.

Social rented sector

61. Government has a clear and accepted role to play in regulating the social housing sector. This is because of the substantial role public subsidy plays in affordable housing, limited tenant choice in landlord and the lack of competitive pressures to drive good, efficient service provision. There is a clear public interest in protecting tenants who are unable to benefit from a competitive market and therefore are unable to hold their landlords to account through exercising consumer choice.

⁶¹ Mayor of London calls for national action as new analysis reveals private landlords receiving billions of pounds for sub-standard homes | London City Hall

⁶² Several sources: Shelter, Private renters who complain about disrepair more than twice as likely to be slapped with an eviction notice (2023) and EHS AT 2.15 "<https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-satisfaction-and-com>

62. The social rented sector suffers from similar market failures as the private rented sector. This includes asymmetry of information with regards to dwelling condition, and negative externalities. The negative effects of poor social housing are not borne by the landlord but by the tenant and ultimately society too, with non-decent homes leading to detrimental impacts on tenants' health and wellbeing, with subsequent impacts on health services and the economy. Taxpayers are effectively subsidising poor quality social housing via benefit payments as well as ultimately bearing the costs of poor housing via increased taxation to pay for negative health outcomes. We have estimated that 60% of social rented sector households claim housing benefit.⁶³ Government must therefore ensure that social housing provides safe, high-quality homes for tenants, and that taxpayers are receiving value for money.

Options considered for improving housing quality

Private rented sector

63. Our ambition is to introduce a new standard of decency to drive up the quality of homes in the PRS. We have explored alternative non legislative options including doing nothing and supporting better enforcement of existing requirements.

Do nothing

64. A range of existing legislation applies to housing standards in the Private Rented Sector (PRS). PRS landlords must meet Minimum Energy Efficiency Standards (MEES) which require an Energy Performance Certificate (EPC) rating of at least E. A recent government consultation, which closed on 2 May 2025, proposed raising this to EPC C by 2028 for new tenancies and then all existing tenancies by 2030 as part of the broader government broader to tackle fuel poverty, make homes warmer and cheaper to heat, and lower carbon emissions. Additionally, the Homes (Fitness for Human Habitation) Act 2018⁶⁴ sets requirements that rented homes must be 'fit for human habitation', meaning they are safe, healthy and free from serious hazards.
65. Enforcement mechanisms exist under the Housing Act 2004, which sets out a duty for local authorities to inspect for hazards where appropriate, including following a tenant complaint and take necessary enforcement action. Local authorities can serve statutory orders and notices such as improvement notices or prohibition orders on landlords for breaches, and failure to comply with a statutory notice could lead to prosecution and a fine in the Magistrates Court, or a Civil Penalty of up to £30,000. The Homes (Fitness for Human Habitation) Act amended the Landlord and Tenant Act 1985 to provide additional recourse for tenants by providing the right to take landlords to court directly if the rented property is not fit for human habitation.
66. While the current framework provides important protections, it is too limited to effectively manage the problem of poor quality in the PRS. This is primarily because local authority enforcement powers are only applicable when properties contain serious hazards. Some other powers may be used – for example, Housing Act 2004 Part 1 powers may help to ensure efficient heating and the statutory nuisance regime under the Environmental Protection Act 1990 may help deal with some disrepair. However, implementation of these powers is likely to be patchy, and they provide for intervention only in a limited number of circumstances. Furthermore, as a result of the piecemeal nature of the existing legislation, it can be difficult for tenants and landlords to understand their responsibilities.
67. For these reasons, doing nothing would not address the policy objective of ensuring that all rented homes in England are maintained at or above a standard of decency which meets modern expectations. Substantial evidence supports the fact that the existing framework has not been effective in ensuring all PRS properties are safe and decent. 21% of properties do not meet the existing DHS and 10% of properties contain a category 1 hazard.⁶⁵ This has a

⁶³ [English Housing Survey 2022-2023: headline report, annex table 2.10](#)

⁶⁴ [Gov.UK, Guide for tenants: Homes \(Fitness for Human Habitation\) Act 2018](#)

⁶⁵ [English Housing Survey 2023-24: headline findings on housing quality and energy efficiency](#)

detrimental effect on tenant health, wellbeing and economic productivity. Maintaining the status quo would allow this situation to persist or worsen.

Non-legislative interventions

68. Without legislation, the primary intervention available would be to take action to improve local authorities' enforcement in respect of hazards in PRS properties using their existing powers under Part 1 of the Housing Act 2004. This could be achieved by producing improved guidance on enforcement, the Secretary of State issuing directions about how local authorities discharge their duty to keep housing conditions in their area under review, and/or providing additional funding for enforcement.
69. While there are merits to these options and we will consider these as part of implementation of the policy, these would only result in potential improvements to the safety of PRS properties (e.g. reducing the proportion containing category 1 hazards) rather than addressing wider decency issues. This is because – as detailed above - local authorities only have powers under the Housing Act 2004 in relation to hazards and would have no mechanism to require landlords to meet other criteria in the DHS. Issues which are not adequately covered by HHSRS would not be tackled, such as damp and mould which is present in 9% of PRS homes⁶⁶. Other requirements within the DHS related to the broader decency of a home, such as requiring properties to be in a reasonable state of repair would also not be covered in the PRS.

Legislative interventions – (preferred option)

70. Our objective is to substantially reduce the number of homes in the PRS that are non-decent. While the proportion of non-decent homes in the PRS has fallen over time, reducing from 37% in 2010 to 21% in 2023, we are clear that we need to go further to support the substantial number of PRS tenants still living with the daily misery of non-decent housing. Furthermore, as set out in further detail below, it is widely accepted that the current decent homes standard does not fully capture modern expectations of quality. This means that 21% is likely to be a significant underestimate of the number of tenants living in unacceptable conditions.
71. Our preferred option to address this issue is to apply a new, comprehensive standard of decency to the PRS for the first time. We are introducing in primary legislation provision for the scope and enforcement of this standard, with details to follow in secondary legislation. This approach will help improve quality in the PRS both by expanding the number of properties that will fall under the scope of local authority enforcement and by establishing a clear understanding among landlords and tenants about the minimum acceptable standard of housing quality in the PRS.
72. The existing DHS covers safety, disrepair, provision of modern facilities and services, and thermal comfort. A change in the law to apply the DHS to the PRS will therefore clarify and expand the range of faults in a dwelling that can trigger local authority enforcement, thereby unlocking a wider range of benefits than could otherwise be achieved. As outlined in this Impact Assessment, we expect this to include benefits associated with greater productivity, an increase in tenant health and wellbeing, and others.
73. As well as expanding the scope of local authority enforcement, we are introducing a new legal duty on landlords to ensure their properties meet the DHS, with the possibility of immediate fines for the most serious failures. We expect this to encourage landlords to proactively maintain the condition of their properties, in contrast to the current situation where landlords are only required to make improvements after a local authority has inspected and issued an improvement notice.
74. While these measures are positive, alone they are not enough. This is because the current Decent Homes Standard, which applies to the social rented sector, is widely considered to be out of date. The government conducted a review in 2021, which concluded that the standard required updating to meet modern expectations of quality. We therefore intend to update the standard before applying it to the PRS. This is necessary both because the DHS does not cover certain issues of national concern, such as damp and mould, and because some of its existing requirements would not work well in the PRS.
75. For example, under criterion B of the current DHS, dwellings with key elements in disrepair will only fail if these elements are also old. As an illustration, a house or bungalow with broken windows would only fail the DHS on grounds of disrepair if the windows are also over 40 years old. This

⁶⁶ *ibid*

approach historically served the purpose of providing social housing providers with clear trigger points to carry out improvement works across their portfolio. However, this would be difficult to implement in the PRS, where properties change hands more frequently meaning landlords will be less likely to know the age profiles of individual building components, and would not serve to create a clear minimum expectation of quality for tenants and landlords. Criterion C of the existing DHS relating to modern facilities and services also relies on specific age limits.

76. Further details on proposed updates to the existing DHS follow in the discussion of options for intervention in the social rented sector. Our intention is to apply the updated Decent Homes Standard to the private rented sector in the first instance, as opposed to applying the existing standard and then updating. The new DHS will simplify existing arrangements by bringing other requirements, specifically health and safety requirements and minimum energy efficiency standards together in one place. This will support landlords to understand their obligations, and tenants to challenge poor conditions.

Social Rented Sector

77. We have considered a range of options to address poor quality in the SRS, including leaving improvement to the market by doing nothing; limited amendments to the existing DHS; and our preferred option of a fuller update to the DHS.

Do nothing

78. If we maintain the current standard, as it has been over the past two decades, there would be no change in the decency requirements social landlords are required to meet.
79. 'Do nothing' would not mean that there would be no change in the way that social landlords manage the quality of their properties. As set out above, reform in the sector is already being driven forward by the Social Housing (Regulation) Act, which received royal assent in July 2023.
80. The RSH have new powers to be tough on landlords where they do not deliver the standard of accommodation required. We expect that the new, proactive approach will result in a reduction in the number of SRS properties which fail to meet the current DHS, supporting our objective of reducing the number of non-decent rented homes.
81. However, stakeholders have told us the current DHS is no longer fit for purpose. Without updating the DHS, there will be no new requirements in areas of concern such as damp and mould, and outdated requirements around thermal comfort would remain, meaning that issues are likely to persist, even if more properties are brought up to the current DHS. The minimum bar for decency that landlords are required to meet will not be raised, and our objective of setting a standard which reflects a modern understanding of decency and goes further to improve tenant health and wellbeing will not be met.

Make targeted updates to the current DHS

82. The most effective way to address the problems with the current DHS and set the right standard for the decency of SRS homes is to update the DHS. If the DHS is applied to the PRS (as discussed above), updating the DHS would also raise the bar that we set for private rented homes.
83. In 2006, the DHS was updated to replace the fitness standard previously used as the statutory element of the Decent Home Standard with the HHSRS. The social housing white paper published in 2020 committed to review the DHS to consider the strategic, economic and management case for change. The government led DHS review set up in 2021 was supported by a sounding board made up of stakeholders from across the rented housing sector. Additionally, a wider group of interested organisations were invited to register their interest and could also submit their written views. The sounding board considered each DHS criterion in detail and asked to submit written evidence. These extensive discussions and the written evidence taken together were analysed to consider the future shape of the DHS i.e. what should be retained, removed, amended and what could be added.
84. The review concluded that the overall structure of the DHS worked well in the SRS and should remain largely intact for the SRS and the PRS but that the DHS required updating in several areas. A targeted approach to updating elements of the DHS would enable the bar to be raised in the

highest priority areas for safety, decency and warmth, whilst keeping costs proportionate for landlords. However, we expect these updates would still have a significant cost for landlords.

85. The updates proposed in a targeted approach could include:

- a. **Bringing the revised HHSRS into force:** The review concluded that there should be no change made to criterion A of the DHS and what is meant by a category 1 hazard. This means no new costs would be added. The HHSRS has been reviewed, and the proposed changes will bring the tool up to date and help with the effective enforcement of housing standards. (More detail on the review and proposed changes to the HHSRS can be found here: <https://www.gov.uk/government/publications/housing-health-and-safety-rating-system-hhsrs-review-outcomes-and-next-steps>)
- b. **Updating the definition of disrepair in criterion B to remove the 'age' requirement and amend how we define condition:** Currently, the DHS requires that a building component be both old and in poor condition to be considered in disrepair. We could remove the age requirement from the definition of disrepair, so that building components do not have to be old and broken to be in disrepair, only broken. We could also change the way 'poor condition' is defined from a percentage threshold to a commonsense requirement that components must be in a 'reasonable state of repair'. This will make sure that the DHS no longer allows components which are no longer functioning to 'pass' or be classed as decent.
- c. **Adding new key building components to criterion B:** Feedback from the DHS review sounding board and written responses to our early engagement suggested that lifts and building components related to fire safety should be considered as high priority and added to the list of key building components that must be kept in reasonable repair. Additionally, to ensure that kitchen and bathroom repair continues to be prioritised once the 'age' requirement is removed from criterion B, we could remove kitchens and bathrooms from the 'other' component list and add them to the 'key' building components list, with the failure of any one key component resulting in a property being classed as non-decent.
- d. **Prioritising updating the thermal comfort criterion D to require meeting a minimum energy efficiency standard (MEES):** Detail on the impacts in the SRS and PRS of introducing MEES is presented in separate consultations and associated options/Impact Assessments.
- e. **Introducing a new minimum damp and mould standard:** Adding a new criterion and introducing a minimum standard, applicable to all rented properties, would mean the DHS clearly required tackling damp and mould as integral to decency. Setting the damp and mould standard at a sufficiently high level would mean that, in most cases, properties would be required to be kept in better condition than the bar set by the current HHSRS requirements.

86. This targeted approach fails to tackle other issues within the current DHS, such as removing or amending the requirement in criterion C for at least three of the listed facilities to be missing before a property fails to meet this criterion; this approach also does not address priorities raised by residents, such as concerns over safety and security in the home and making improvements to outdoor spaces. We expect the impact of the DHS on residents' experience of their homes, and on health, wellbeing and other outcomes would be more limited.

Update the DHS in full – (preferred option)

87. We are consulting on a preferred option of making updates to the DHS to address the wide range of issues within the current DHS and to incorporate new requirements which reflect modern expectations of what a decent home should be. As with the 'targeted updates to the DHS' option above, if the DHS is applied to the PRS, the proposed changes to the standard would apply to PRS properties as well as SRS properties. As a result, the minimum bar for decency would be raised in both tenures.
88. As outlined in the costs and benefits section below, we anticipate that updating the DHS will result in benefits for residents including better health and wellbeing, as well as benefits for society as a whole including reductions in crime.

89. We recognise the costs that these proposals represent, which is why we are consulting on the approach to exemptions and timelines for implementation as well as the standard itself. This will allow landlords to plan and build in costs in a realistic way, while ensuring that there is a clear path to making homes safe, setting longer term requirements to improve the overall decency of rented homes and supporting new development.

Summary of preferred option

90. As set out above, our preferred option is to:
- Establish the DHS as an enforceable decency standard for the PRS
 - Update the requirements set by the DHS to address problems with the current standard and to reflect a modern understanding of decency for both the SRS and PRS

Policy proposals

91. We consider that the basic structure of the current DHS is just as relevant as it was 20 years ago when the DHS was last updated. In our proposals, we set out how we can build on the current DHS to ensure any additional regulation is targeted to support innovation, improve housing quality and, critically, make sure that the DHS is widely recognised and understood by tenants and landlords alike.

Specific proposals for an updated DHS

We do not propose changing Criterion A of the DHS.

Criterion A: Homes meet the current statutory minimum standard

92. Dwellings which fail to meet this criterion will continue to be those containing one or more hazards at the most dangerous 'category 1' level, assessed using the Housing Health and Safety Rating System (HHSRS).
93. The government is considering the outcomes of the HHSRS review that concluded in 2022. It is important to note that any changes to the HHSRS following the review, if brought forward, would focus on making the tool more intuitive to use. The review's recommendations would not change landlords' responsibilities under criterion A of the DHS.

We are proposing changes in the following areas with further detail on each proposal in the consultation linked to this impact assessment:

Criterion B: Homes meet a reasonable state of repair

94. There is support for maintaining properties in a good state of repair beyond addressing immediate risks to health and safety. Tackling repairs early will reduce hazards before they arise. This supports landlords to manage their repair programmes, and signals to tenants what they should expect in their home. We propose making some changes to the way that disrepair is defined. Specifically, we propose:
- Proposal 1: Updating the way in which disrepair is measured, removing age requirements, updating the thresholds used to define that a component is in poor condition and updating the list of building components which must be kept in reasonable repair (where present in the building already). For example, rates of disrepair according to the existing DHS in the private and social rented sectors in 2018/19 were 5% and 2% respectively, which would increase to 33% and 31% respectively if the revised standard for consultation were applied.

Criterion C: Homes have reasonably modern facilities and services

94. The current DHS sets out the modern facilities and services that landlords must provide to meet the DHS. These facilities are essential for a basic standard of living with some additions focused primarily on safety and security. We propose:
- Proposal 2: Removing the maximum age requirement for kitchens and bathrooms to align with proposal 1 in criterion B and revising the approach to the list of modern facilities that need to be provided before it fails to meet criterion C.

- Proposal 3: To improve safety and reduce the risk of falls from windows by children by adding a new requirement for window restrictors to be installed

We are also considering whether to include new measures regarding security and floor coverings. We propose:

- Proposal 4: Seeking views on whether we should add a new requirement that suitable floor coverings are provided in all rooms at the start of a tenancy.
- Proposal 5: Seeking views on whether there should be a new requirement that new doorsets and windows must meet security standards at the point of replacement.

Criterion D: Homes provide a reasonable degree of thermal comfort

95. Having a home that is warm and cheaper to heat is important to tenants and goes beyond addressing pure safety risks (as included in the HHSRS). These objectives also align with government commitments to reduce fuel poverty and reduce carbon emissions. We propose:

- Proposal 6: Extending existing DHS heating requirements to cover the whole dwelling and to remove many of the technical requirements specified in the DHS, instead linking to overall energy efficiency requirements.

Criterion E: Homes should be free of damp and mould (New criterion)

96. All homes should be free from damp and mould which affects people's health, primarily the airways and lungs, but also the eyes and skin. The respiratory effects can cause serious illness and, in the most severe cases, death. Damp and mould can also affect mental health due to worries about its health impacts, unpleasant living conditions, destruction of property and belongings, among other concerns. In this context and in light of significant research in recent years, we propose:

- Proposal 7: To meet the DHS, landlords should ensure their properties are free from damp and mould (supported by the HHSRS to measure compliance and enforcement).

97. The consultation also calls for views on:

- a proposal to introduce best practice guidance to sit alongside the DHS, including information for landlords on some of the ways in which they could choose to go further than the minimum standard set by the DHS;
- a proposal that the updated DHS becomes an enforceable requirement in privately rented homes from 2035 or 2037, and a regulatory requirement in social housing from 2035 or 2037.
- proposals for how regulatory and enforcing bodies should deal with landlords who are unable to meet the DHS for reasons relating to the property, their tenants, or the landlords.

98. Tables 2 and 3 below summarises the proposed changes and subsequent estimated failure rates under the revised standard.

Table 2 – Potential changes to the DHS

Criterion	Current DHS	Updated DHS
Criterion A	A dwelling must be free of hazards at the most dangerous 'category 1' level	No changes
Criterion B	A property fails if one or more key building components are old and in disrepair ; or two or more other building components are old and in disrepair	Failure is based solely on the condition of components, not the condition and their age The lists of key and other building components are expanded
Criterion C	A property fails if it lacks three or more modern facilities, e.g. adequate kitchen which is less than 20 years old or a bathroom which is less than 30 years old.	Properties must provide at least 3 of the core facilities to be decent (see proposal 2). Bathroom and kitchen age is no longer a reason for failure Window restrictors added to list of essential facilities Potential additions: Consider if secure doors and windows should be added to the list of essential facilities. Consider if floor coverings should be provided at the start of a tenancy
Criterion D	A dwelling must have both efficient heating and effective insulation	A dwelling must meet relevant Minimum Energy Efficiency Standards and have programmable heating
Criterion E (new)	No specific damp & mould requirement	Landlords should ensure their properties are free from damp and mould .

Table 3 – Expected Failure Rates for existing and revised DHS (2018/19)

	Existing DHS		Revised DHS for consultation	
	PRS	SRS	PRS	SRS
Overall	23.3%	12.3%	46.9%	40%
Criterion A	13.2%	5.3%	13.2%	5.3%
Criterion B	4.6%	2.4%	32.8%	30.8%
Criterion C	3.6%	1.0%	1.8%	1.3%
Criterion D	9.1%	4.7%	13.4%	7.7%
Criterion E	-	-	5.6%	3.8%

Note: Table 3 uses 2018/19 English Housing Survey data as its source for expected failure rates. Window restrictors, floor coverings and security are not counted in Criterion C as they could not be modelled using existing EHS data.

99. The DHS is one of several new measures aimed at improving the quality of rental properties. Awaab's Law will apply to the social rented sector in phases from October 2025. We also intend

to consult on extending its application to the private rented sector. In parallel, we are consulting on requiring all rented properties to meet the equivalent of EPC C by 2030.

100. Together, these reforms are expected to deliver meaningful improvements in safety and energy efficiency for tenants across both the PRS and SRS. However, they will also place significant new obligations on landlords. Social housing providers are also responsible for delivering new supply.
101. In this context, we are consulting on two proposals for the updated DHS to be brought into force in each tenure in either **2035** or **2037**. This timeline broadly aligns with the nine-year implementation period that accompanied the original introduction of the DHS in the social rented sector in 2001.
102. We have therefore modelled two options in this Impact Assessment, assuming a consistent implementation date across tenures as follows:
 - **2035 Implementation** - Assuming the content of the Decent Homes Standard is confirmed in 2026, this option gives landlords 9 years to bring their full property portfolios into compliance with the Decent Homes Standard alongside other new quality requirements. In the SRS, providers are likely to achieve this by integrating the new standard into cyclical improvement works, leading to a steady ramp up in compliance over time. In the PRS, portfolios are smaller and so there is more scope for landlords to choose when to make improvements.
 - **2037 Implementation** – Given the substantial financial pressures faced by landlords and tenants in both tenures; the need for social housing providers to deliver new supply; and the widespread changes expected in the private rented sector due to the Renters Rights' Bill, there is a case for a longer implementation period. A 2037 implementation date would extend the overall time available for providers to meet the new standard to 11 years.

Costs and benefits

Analytical approach

103. **This section of the Impact Assessment (IA) sets out the costs and benefits of introducing the new Decent Homes Standard to the PRS, and updates to the standard that would apply to both SRS and PRS.**
104. **We have used a range of evidence to monetise the impact of the policy.** This includes data from:
 - **The English Housing Survey**, which is a continual survey conducted by the Ministry for Housing, Communities and Local Government. It collects information about people's housing circumstances and conditions.
 - **The English Private Landlord Survey**, which again is commissioned by the department. It surveys private landlords and letting agents in England, and collects information about their circumstances, their properties, their tenants, and the possible impact of legislative and policy changes in the sector.
 - **Statistical Data Returns (SDRs)**, data collected annually by the Regulator for Social Housing on the stock of registered providers of social housing.
 - **Reports and studies conducted by non-government organisations**, such as the Building Research Establishment (BRE)⁶⁷; stakeholder groups like the National Residential Landlords Association (NRLA), Shelter and Citizens Advice; and academic studies on subjects such as burglaries. Note that much of the analysis within this Impact Assessment is based on modelling conducted externally by the BRE, who were commissioned by MHCLG.– More information on this can be found in EHS Briefing: Modelling a Revised Decent Homes Standard for Consultation⁶⁸.

⁶⁷ <https://bregroup.com/about/>

⁶⁸ <https://www.gov.uk/government/publications/ehs-briefing-modelling-a-revised-decent-homes-standard-for-consultation>

- **Extensive stakeholder engagement** with landlord, tenant, letting agent and developer groups, including minister-led round tables. This has informed policy thinking and will ensure that stakeholders are well-informed of pending reforms.
105. We have included references to all sources of evidence within the individual impact sections below.
106. **The analysis is based on an appraisal period of 15 years starting from 2026.** This is the earliest point from which we think reforms would impact the two sectors. Implementation timings will depend on the timing of Royal Assent, secondary legislation and transition periods.
107. Given data limitations, proxies have been used to inform parts of the analysis. We have therefore provided as close a representation of the preferred option as possible, though there is some margin of error which we will look to mitigate for the Final Stage Impact Assessment. Further detail on this is provided in paragraph 148.
108. We have presented two options for when the regulation comes into force - 2035 or 2037 for both sectors. Formal implementation is assumed to fall in year 10 of the appraisal period under a 2035 implementation date or year 12 under a 2037 implementation date. However, costs and benefits are expected to occur before that point, as landlords make improvements to their properties proactively. In the SRS, we expect costs to be spread evenly year-to-year as social landlords gradually make sustained improvements to their stock working towards the implementation deadline. On the other hand, our expectations of landlord behaviour in the PRS suggest an uneven distribution of costs, with most costs falling in the three years leading up to implementation.
109. **The policy is assessed against a ‘Do Nothing’ – the counterfactual.** In this scenario, the government does not intervene through additional legislative and non-legislative measures to address problems relating to quality in the PRS or SRS. The counterfactual is used as the baseline for the cost-benefit analysis. This assumes that the DHS is not introduced to the PRS nor amended in the SRS. In the absence of intervention, we assume there is no further progress in improving quality across the sectors and levels of non-decency remain constant at current levels for the duration of the appraisal period.
110. **The text below highlights where assumptions have been made and central, low and high scenarios have been presented where there is a degree of uncertainty underpinning estimates.** The cost-benefit analysis is presented in 2025 prices and discounted from the first year of the appraisal period, in line with the Green Book.⁶⁹

Summary of impacts – PRS and SRS:

111. The vast majority of the costs of achieving DHS2 come from the capital costs of meeting new decency measures. The cost of remediation required to achieve DHS2 is estimated to be £2,595m in the PRS and £1,055m in the SRS (2025 price base, 2026 present value) under a 2035 implementation date, and £2,465m in the PRS and £1,000m in the SRS under a 2037 implementation date.
112. Further costs include the time needed for landlords to familiarise themselves with the regulations and the cost of surveying dwellings to assess whether properties meet the updated standard. The total cost across both sectors is estimated to be £4,058mm under a 2035 implementation date and £3,862m under a 2037 implementation date.
113. Some PRS landlords could choose to pass some of the costs of meeting the DHS on to tenants by increasing rents. This is discussed in more detail in the section “Wider impacts of applying to DHS2”. This is not expected to happen in the SRS where rents are regulated. However, SRS landlords may choose to cut back on planned new development to fund DHS costs. The scale and impacts of this are discussed in the SRS impacts section (paragraphs 245-247).

⁶⁹ Gov.UK, The green book appraisal and evaluation in central government (2020)

114. Given limited quantitative evidence, we have only been able to monetise what we anticipate to be a small proportion of the benefits. The benefits of the updated standard that we have been able to monetise total £481m across the PRS and SRS under a 2035 implementation date (excluding supply disbenefits) and £361m under a 2037 implementation date. The main monetised benefit is lower economic and social costs of crime arising from increased home security. Monetised benefits in the PRS also come from fewer moves caused by poor housing quality. This results in fewer void periods and avoided moving costs for tenants.
115. We have also monetised the opportunity cost of lesser social housing supply as a result of this reform – as this represents a forgone economic benefit to society, we count it as a disbenefit of the policy rather than as a cost. We estimate that the cost to PRPs will result in a reduction of 4,000-8,000 dwellings over the appraisal period. Using land value uplifts, as per the MHCLG Appraisal Guide,⁷⁰ these dwellings are valued at £323m assuming an implementation date of 2035 and £315m assuming an implementation date of 2037 (2025 prices, 2026 present value).
116. **The net present value (NPV) of introducing the updated standard in the PRS and SRS is estimated to be -£3,899.8m under a 2035 implementation date and -£3,815.3m under a 2037 implementation date.** Whilst the monetised costs outweigh the monetised benefits, there are further significant non monetised benefits which should also be considered when assessing the full impact of the reforms. These include improved wellbeing, educational gains, fewer serious childhood falls from windows, reduced noise pollution in homes, reduced energy usage, carbon savings and improved community cohesion. Details of individual non-monetised benefits are set out below along with available evidence to support our view that they are relevant and material.
117. **The introduction of the DHS2, alongside changes to the enforcement regime, will also likely drive up compliance with the existing regulations, resulting in further costs and benefits in addition to those presented above.** This is expected to result in further costs to landlords alongside a range of benefits to tenants and society, including savings to the NHS, improved productivity and a reduction in fire hazards. Impacts arising from increased compliance with existing regulation have not been included in the headline NPV and monetised impact on business in line with the Better Regulation Framework but also should be taken into account when considering the overall impact of the legislation. More details can be found in section ‘Wider impacts of applying DHS2’.
118. Switching analysis suggests that, over the appraisal period, it would take additional benefits of £6,388 per home made decent for the reforms to be a net benefit to society under a 2035 implementation date. It would require £6,182 of annual additional benefits under a 2037 implementation date. This would equate to £412 to £426 on a yearly basis. This could come, for example, from not losing 4 days’ work due to illness. In April 2024, the median hourly pay for full-time employees was £17.09⁷¹ - the loss of 4 days’ pay (net of Statutory Sick Pay) each year would therefore recoup such costs from a societal perspective.⁷²
119. It is worth noting that there is broad distribution of per household costs, whereby some landlords would face very small costs and others much higher costs. This would correlate with the condition of their stock. This means the level of benefits required to offset the costs will vary at an individual dwelling level.
120. The headline figures in table 4 provide a summary of the cost-benefit analysis in the central scenario by tenure.

⁷⁰ Gov.UK, The MHCLG Appraisal Guide

⁷¹ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

⁷² This would require 7-8 hours to be regained, assuming one day of Statutory Sick Pay to be worth £23.75 (£118.75 divided by 5) - <https://www.gov.uk/statutory-sick-pay>

Table 4 – summary impacts of complying with new legislation by tenure (2025 prices, 2026 present value)

	PRS		SRS		Total	
	2035	2037	2035	2037	2035	2037
No. of affected dwellings	373,099	379,798	237,369	237,369	610,468	617,167
Total costs	£2,790.7m	£2,656.1m	£1,267.0m	£1,205.5m	£4,057.7m	£3,861.6m
Total benefits	£309.4m	£205.1m	-£151.5m	-£158.7m	£157.96m	-£46.3m
Net Present Value	-£2,481.3m	-£2,451.0m	-£1,418.5m	-£1,364.3m	-£3,899.8m	-£3,815.3m

Overlap with other reforms

121. The government is proposing to raise the minimum energy efficiency standard (MEES) required of privately rented and social rented homes in England and Wales to the equivalent of Energy Performance Certificate (EPC) C by 2030. This aims to deliver energy bill and carbon emission savings.
122. We expect some of the actions undertaken by landlords to meet MEES could go some way to making those properties compliant with Criterion D of DHS2 if they aren't already. Whilst we believe most of the overlap between the standards intersects with existing regulation and therefore is not in scope for inclusion within the headline figures of this Impact Assessment, we believe there are efficiencies to be gained in terms of combining work to meet both standards, reducing overheads and streamlining planning. This may mean there is some overlap with the familiarisation and surveying costs of the two reforms.
123. We have not quantified the overlap between the two policies at this stage, as the overlap depends on the design of the final MEES and DHS2 regulations. We will consider these overlaps further in the Final Stage IAs for DHS and MEES.

The private rented sector: summary of major impacts

124. Table 5 sets out the summary of the major impacts of Decent Homes Standard 2 in the PRS. **The net present social value is estimated to be -£2,481.3m in the private rented sector under a 2035 implementation date and -£2,451.0m under a 2037 implementation date.** Unless stated otherwise all figures below have been monetised in **2025 prices** and **present value year of 2026** over a 15-year appraisal period.
125. The total estimated direct cost to business is £2,790.7m under a 2035 implementation date and £2,656.1m under a 2037 implementation date, with the largest impact on business coming from the additional one-off repair cost of bringing properties up to the required standard. This has been monetised at £2,594.5m under a 2035 implementation date and £2,465.2m under a 2037 implementation date. Other smaller impacts on business include savings to landlords from the reduction in gaps between tenancies where they do not receive rent due to higher quality housing. This is estimated to be £24.0m under a 2035 implementation date or £15.1m under a 2037 implementation date. Landlords are also expected to benefit from higher asset values from improved standards in their dwellings as well as potentially higher rents.
126. In terms of monetised benefits for other groups, tenants are expected to see lower costs due to fewer moves in the sector (£111.1m under a 2035 implementation date or £70.1m under a 2037 implementation date) and society is also expected to see benefits from reduced crime arising from improved home security (£174.3m under a 2035 implementation date or £119.9m under a 2037 implementation date).
127. Additionally, we expect that the policy reforms will bring substantial additional benefits to tenants and society that we have not been able to monetise. These include increased wellbeing, educational gains and health benefits due to higher quality accommodation, fewer serious child falls and energy bill savings.

128. **We expect DHS2 will also support compliance with existing regulations, resulting in further costs and benefits in addition to those presented above.** For example, if 50% of Category 1 hazards were rectified by landlords, we would see a present value NHS fiscal saving of £712m over the appraisal period under a 2035 implementation date. Under implementation in 2037, we would see a present value NHS fiscal saving of £489.7m. This would represent an indirect negative cost to society (i.e. an overall reduction in NHS costs).

129. As such, we have estimated switching values to demonstrate that the policy changes need only generate a small non-monetised benefit per household to deliver a positive net present social value. For example, **the negative net present social value (NPSV) would be offset by £6,650 of non-monetised benefits per affected household under a 2035 implementation date or £6,454 under a 2037 implementation date. This would equate to £443 and £430 per annum respectively.** Given differences in quality, the level of benefits required to offset the costs will vary at an individual dwelling level.

Table 5: Costs and benefits of applying the updated Decent Homes Standard in the PRS

Impact	2035 implementation date	2037 implementation date	DHS Component	Group impacted	Direct/Indirect
Costs					
Familiarisation cost	£91.2m	£91.2m	Whole standard	Landlords	Direct
Surveyor cost	£105.0m	£99.8m	Whole standard	Landlords	Direct
Core cost to make decent	£2,524.2m	£2,398.7m	Whole standard	Landlords	Direct
Floor coverings	£20.4m	£19.1m	Criterion C	Landlords	Direct
Damp-proof coursing	£35.8m	£34.0m	Criterion B	Landlords	Direct
Child-resistant windows	£14.1m	£13.4m	Criterion C	Landlords	Direct
Carbon cost	Non-monetised	Non-monetised	Whole standard	Society	Direct
Rent passthrough	Non-monetised	Non-monetised	Whole standard	Tenants/ Landlords	Indirect
Total costs	£2,790.7m	£2,656.1m	Whole standard		
Benefits					
Household moving costs	£111.1m	£70.1m	Whole standard	Tenants	Indirect
Reduction in void periods	£24.0m	£15.1m	Whole standard	Landlords	Indirect
Reduction in crime	£174.3m	£119.9m	Criterion B	Society	Indirect
Fewer serious child falls	Non-monetised	Non-monetised	Criterion B	Society	Direct
Carbon savings	Non-monetised	Non-monetised	Criterion D	Society	Direct
Lower energy usage	Non-monetised	Non-monetised	Criterion D	Tenants	Direct
Wellbeing	Non-monetised	Non-monetised	Criterion B	Tenants	Indirect
Educational attainment	Non-monetised	Non-monetised	Whole standard	Society	Indirect
Community cohesion	Non-monetised	Non-monetised	Whole standard	Society	Indirect
Rent passthrough	Non-monetised	Non-monetised	Whole standard	Landlords	Indirect
Increase property values	Non-monetised	Non-monetised	Whole standard	Landlords	Indirect
Reduced noise pollution	Non-monetised	Non-monetised	Criterion B	Tenants/ Society	Indirect
Total benefits	£309.4m	£205.1m			
Net Present Social Value	-£2,481.3m	-£2,451.0m			

130. The year-by-year cost and benefit profile for DHS2 is set out in the section ‘Analysis profile’.

Analytical assumptions

131. To estimate the impact of the new Decent Homes Standard, we have made assumptions about landlord behaviour and how this will impact the PRS – including the size of the sector, level of private rents and the expected compliance with the legislation.

Size of the private rented sector

132. The analysis is underpinned by our estimate of the size of the private rented sector over the 15-year appraisal period. The methodology used to arrive at this estimate is consistent with the Renters Rights Bill Impact Assessment⁷³, incorporating both historical trends in tenure and household projections.

133. The growth rate of the PRS has remained broadly stable since 2013-14 - Table 6 shows the historical growth rate in the PRS from 2019-20 to 2023-24.⁷⁴ 2018 based household projections from the ONS expect the number of households in England to increase slowly between 2026 and 2040 – averaging 0.57% growth per annum over this period.⁷⁵

134. Combining the historical regional trend in the number of PRS households and the ONS’s regional household projections, the analysis assumes an average annual growth rate of 0.90% in the number of PRS households between 2026 and the end of the appraisal period in 2040. The analysis assumes that the number of privately rented dwellings increases at the same rate as the number of households.

135. Projections on the future size of housing tenures and associated number of dwellings are highly uncertain and subject to large confidence intervals. The figures presented in this document are one possible scenario based on the available data – multiple factors influence the growth rate of the sector so, in practice, growth may be faster or slower than set out.

136. In the baseline scenario, we assume that the proportion of non-decent dwellings in the PRS remains constant. Whilst some landlords may improve the quality of their property in the absence of DHS2, other dwellings will likely age and fall into non-decency. Additionally, properties entering and exiting the PRS will likely offset each other out in terms of their impact on the proportion of non-decent dwellings. Assuming a constant proportion of non-decent dwellings means the absolute number of non-decent dwellings will increase, as we assume the overall size of the PRS continues to grow between 2026 and 2040.

Table 6: PRS household and non-decent dwellings: historic and projected

Year	PRS households	PRS households growth rate	Number of non-decent homes under the updated standard in the absence of intervention ⁷⁶
2019-20	4,437,942	-2.50%	
2020-21	4,433,637	-0.10%	
2021-22	4,611,177	4.00%	
2022-23	4,594,732	-0.36%	
2023-24	4,656,652	1.35%	
2024	4,701,113	0.95%	
2025	4,744,927	0.93%	2,226,183
2026	4,789,052	0.93%	2,246,885
2027	4,833,868	0.94%	2,267,911
2028	4,878,781	0.93%	2,288,983

⁷³ Renters’ Rights Bill Impact Assessment

⁷⁴ English Housing Survey 2023-24: headline report

⁷⁵ ONS, 2018-based household projections for councils and higher administrative areas within England (principal projection)

⁷⁶ This includes all non-decent dwellings under both new and existing standards. 6% of SRS properties and 7% of PRS properties would be counted as non-decent under the additional components of the new standard alone.

2029	4,923,549	0.92%	2,309,987
2030	4,968,304	0.91%	2,330,985
2031	5,013,685	0.91%	2,352,276
2032	5,059,419	0.91%	2,373,734
2033	5,105,326	0.91%	2,395,272
2034	5,151,147	0.90%	2,416,770
2035	5,197,084	0.89%	2,438,322
2036	5,243,682	0.90%	2,460,184
2037	5,290,337	0.89%	2,482,074
2038	5,337,007	0.88%	2,503,970
2039	5,383,455	0.87%	2,525,762
2040	5,430,052	0.87%	2,547,624

137. Data from HMRC indicates that there were approximately 2.3 million landlords in England in 2019-20.⁷⁷ This data is a snapshot in time and it is not possible to estimate trends in landlord numbers using this dataset. We assume the number of landlords remains constant over the appraisal period, however there is significant uncertainty underpinning this assumption due to lack of data. For example, we may see consolidation within the sector in order to benefit from economies of scale when undertaking remediation work.

Landlord Compliance

138. The impact of these reforms depends on the degree of compliance by landlords with the relevant proposed legislation. Lower levels of compliance than those assumed in the analysis would reduce the costs of the reforms to business but will also reduce the benefits to tenants and society. PRS landlords who fail to comply will be liable for enforcement action by the local council, courts, and tribunals. Non-compliance with legal obligations may also be taken into account by an Ombudsman when determining redress. Section 'Detail of public sector impacts' sets out more detail on enforcement plans for the new system.

139. We expect that most landlords will seek to comply with the legislation. It is also possible that behavioural changes will start taking place before the reforms are implemented. However, a small minority of landlords may wilfully disregard the legislation, leading to additional enforcement actions against this group. Analysis by the Ministry of Housing, Communities and Local Government indicates that most landlords are demonstrating good practice with at least 54% of landlords meeting most, if not all, legal requirements. A further 35% of landlords show a mixed level of compliance.⁷⁸

140. We expect measures within the Renters' Rights Bill to improve landlords' awareness of requirements, improving compliance and strengthening councils' ability to target enforcement action at the small minority of rogue landlords.

141. The costs and benefits of the Impact Assessment, discussed in the following section, have been prepared assuming full compliance by landlords and other actors affected by the new reforms, as is required by the Better Regulation framework. **Where compliance means fulfilling existing standards, costs and benefits have not been included in the NPSV calculations because these requirements should be accounted for in assessments of previous regulations.** However, we do expect DHS to result in increased compliance with existing standards, resulting in further costs and benefits above those included in the main analysis – this is discussed in section 'Wider impacts of applying DHS2'.

Detail of business impacts associated with implementing DHS2 in the PRS

Familiarisation costs

⁷⁷ HMRC data released in response to a Parliamentary Question

⁷⁸ MHCLG Segmenting private landlord compliance (2022)

142. Landlords will need to familiarise themselves with reforms to the new DHS. This cost is transitional.
143. HMRC data indicates there are 2.3m private landlords in England and we assume all landlords will choose to familiarise themselves with the updated standard.⁷⁹ The time needed by private landlords to understand their obligations is estimated at approximately 2 hours per landlord. This estimate is based on existing products on the market that train landlords to understand their obligations; for example, National Residential Landlords Association's (NLRA) 'Property Standards' course.⁸⁰ The course cost between £40 and £50 at the time of undertaking the analysis (in 2025 terms) depending on NRLA membership. We have taken the midpoint (£45) as our central cost estimate.
144. It is assumed that landlords will familiarise themselves with the reforms once final regulation is in place following consultation. The future timing of DHS is yet to be finalised and is subject to consultation but, for the purposes of this Impact Assessment, we assume that landlords will familiarise themselves with the reforms in 2030. Whilst landlords will likely want to understand the standard sooner rather than later, we believe they will wait to familiarise themselves with the legislation until closer to the point at which work needs to be carried out.
145. We estimate **the total cost for landlords to familiarise themselves with DHS to be £91.2m** over the appraisal period (ranging from £81.1m to £101.3m) regardless of whether the reforms are implemented in 2035 or 2037. This is considered a direct cost of the reforms, as landlords will be required to understand the legislation and the implications for their business models.
146. For new entrants into the sector, we expect it will take the same time to familiarise themselves with the new standard as it would with existing property standards. For example, if they were to take a Property Standards course, it would likely cover similar content to current courses such as category 1 hazards, heating, damp and window and door security. We therefore expect the familiarisation cost for new landlords to be minimal.

Repair costs of reaching the Decent Homes Standard

147. Landlords will be required to fund the **property repairs** needed to satisfy the new Decent Homes Standards. This will incur an additional direct cost to business. However, **some of these will not be entirely new costs for landlords**. Under the current law, landlords should take appropriate steps to address hazards in their rented properties or they may be subject to enforcement action. The terms implied by the Landlord and Tenant Act 1985, together with other requirements imposed on landlords by legislation that apply to rented properties, means that landlords should already be meeting the costs associated with ensuring that their properties are fit for human habitation, in a sufficient state of repair and compliant with relevant housing regulation. This covers a wide range of issues relating to property standards, such as repair, stability, internal arrangement, freedom from damp, natural lighting, ventilation, water supply, drainage and sanitary conveniences, and facilities for preparation and cooking of food and for the disposal of wastewater. This overlaps with all criteria in the DHS, although the approach to enforcement is different.
148. Analysis from the Building Research Establishment (BRE) has been used to estimate the average cost to make non decent properties decent, adjusting for the pre-existing requirements on the sector, alongside updating the estimated costs to the new standard. This cost will fall on private landlords – who are responsible for paying the repairs work. For more details on the research conducted by BRE, please see the related publication.
149. These additional costs do not fully represent the proposed standard due to limitations in the data currently available to us, but instead represent the most complete costings that can be derived at this stage. Costs relating to floor coverings, window restrictors, damp proof courses, and minimum security measures could not be assessed through EHS data, though are explored within the Impact Assessment through internal MHCLG analysis. Some other elements of disrepair⁸¹ are included within EHS surveys but are not costed here (though are reflected in the overall failure

⁷⁹ MHCLG analysis of HMRC data released by a Parliamentary Question

⁸⁰ NLRA, Property Standards course

⁸¹ Fire safety signage, internal doors, mechanical ventilation, rainwater goods, balustrades, handrails, stair treads, door entry systems, curtilage (SRS only), external pathways and steps (SRS only), external lighting (SRS only), bin stores (SRS only)

rates). We expect that the exclusion of these disrepair elements will have a minimal impact on the additional costs. Further analysis will be undertaken for the final Impact Assessment.

150. According to the EHS, 47% of the private rented sector is expected to fail the updated standard (2.4m-2.5m dwellings across the appraisal period, depending on implementation dates, equating to approximately 5.6m-5.7m individuals⁸²). This ranges from 38% in London to 60% in Yorkshire and the Humber. Most non-decent dwellings would fail the updated standard due to the presence of disrepair under the new definition (33% of all private rented dwellings), specifically roof features needing repair (15%), window disrepair (9%) and internal doors disrepair (9%). 7% of PRS properties (370,000-380,000 dwellings or 860,000-870,000 individuals) are compliant with existing regulation but would be classed as non-decent based solely on the new standard.
151. Evidence from the Royal Institute of Chartered Surveys (RICS) shows that the average length span for all available building parts is longer than the appraisal period.⁸³ We assume the cost of the repairs work occurs once in the appraisal period although landlords will incur additional costs at later stages to maintain properties at the higher property standard.
152. We have assumed the following improvement profile depending on whether the reforms are formally implemented in 2035 or 2037. Dwellings are included in the improvement profile where they face additional costs, i.e. not all non-decent dwellings are included. We assume that some landlords will make the necessary improvements required to meet the standards ahead of the implementation of the legislation in between tenancies. Assuming 22% of tenants in the PRS move each year in the appraisal period, based on data from the English Housing Survey,⁸⁴ we estimate 22% of non-decent dwellings will be remediated in the gap between tenancies in each of the two years ahead of implementation. The remaining 56% will be made decent during the year in which the policy is formally implemented.

Table 7 – PRS improvement profile

	2035 implementation		2037 implementation	
	% of non-decent PRS dwellings remediated	No. of PRS dwellings remediated	% of non-decent PRS dwellings remediated	No. of PRS dwellings remediated
2026	0%	0	0%	0
2027	0%	0	0%	0
2028	0%	0	0%	0
2029	0%	0	0%	0
2030	0%	0	0%	0
2031	0%	0	0%	0
2032	0%	0	0%	0
2033	22%	81,391	0%	0
2034	22%	82,122	0%	0
2035	56%	209,586	22%	82,854
2036	0%	0	22%	83,597
2037	0%	0	56%	213,347
2038	0%	0	0%	0
2039	0%	0	0%	0
2040	0%	0	0%	0
Total	100%	373,099	100%	379,798

⁸² English Housing Survey 2023 to 2024: headline findings on demographics and household resilience. - GOV.UK

⁸³ RICS Whole Life Carbon Assessment for the Built Environment - Table 9: Indicative component lifespans

⁸⁴ MHCLG analysis of English Housing Survey 2022-23 data

153. Some landlords may choose to make improvements to their properties at the same time as work needed to meet proposed new Minimum Energy Efficiency Standards (MEES).⁸⁵ It is currently proposed new MEES standards will apply to properties let on new tenancies from April 2028 and to all tenancies from April 2030.
154. Internal analysis of BRE's modelling indicates that the average cost to reach the new DHS is £7,451 per non-decent PRS dwelling (2025 prices). This equates to total costs of £13.6bn for landlords under a 2035 implementation timeline or £12.9bn under a 2037 implementation timeline. Total costs, including averages, do not include all disrepair elements. We therefore expect the aggregate total costs to be an underestimate.
155. The majority of these dwellings will see a cost of remediation well below the average, as a small proportion of household with larger costs skew the average upwards. More detail can be found in the related publication⁸⁶.
156. As set out above, private landlords are already bound by existing legislation on housing quality including the Landlord and Tenant Act 1985 (as amended by the Homes (Fitness for Habitation) Act 2018) which implies terms into tenancies regarding the condition of rental properties. These terms require landlords to keep their properties safe, healthy and certain features in repair. It is important to adjust the costs to landlords to account for their existing responsibilities as per Better Regulation guidelines. Criterion A (free of category 1 hazards) is already a requirement under the Housing Health and Safety Rating System (HHSRS) from the Housing Act 2004, therefore, complying with this criterion is not monetised as an additional cost. Some other costs, such as disrepair under Criterion B, may also already be a requirement in the case that the repairs are classed as 'urgent' disrepair, which we have modelled as being equivalent to repairs needed to comply with the requirements imposed by the Homes (Fitness for Human Habitation) Act 2018.
157. **When the costs of complying with existing regulations are removed, the average additional cost to reach the new decent homes standard increases to £9,011 per dwelling requiring additional remedial work (2025 prices)**⁸⁷. Approximately 81% of the sector wide cost to make decent falls under pre-existing legislation with only 19% of the sector wide costs considered additional, or new, to private landlords. The percentage of sector wide costs considered additional will be an overestimate due to the exclusion of some disrepair elements from the cost model which would be expected to have costs which would fall under pre-existing legislation. We have sought to keep the burdens on landlords proportionate whilst ensure tenants have a decent property to live in.
158. The additional cost to landlords from the introduction of DHS2 is primarily due to bringing forward 'non-urgent' replacements to external elements which are approaching the end of their lifespan (such as windows and roof coverings), as well as additional requirements regarding modernisation of the home (including double glazing and kitchens).
159. **The repair cost of meeting the additional costs of DHS2 is expected to be £2,524.2m (2025 prices, 2026 PV) under a 2035 implementation date or £2,398.7m under a 2037 implementation date.** This is treated as a direct business cost of the policy.
160. In addition to the costs calculated by the BRE, there are other components of DHS2 which represent a cost to landlords if their properties are not compliant⁸⁸:
- Floor coverings
 - Damp proof courses
 - Window restrictors

⁸⁵ Department for Energy Security and Net Zero, Improving the energy performance of privately rented homes: 2025 update.

⁸⁶ <https://www.gov.uk/government/publications/ehs-briefing-modelling-a-revised-decent-homes-standard-for-consultation/annex-c-technical-note--2>

⁸⁷ This cost increases as the number of dwellings estimated to fail relating to additional components specifically is lower than the overall failure rate. When dividing the total cost faced by the sector by the number of dwellings subject to the cost, the average is therefore greater.

⁸⁸ Security measures are not explored independently due to lack of available data and likely crossover with other works, and therefore risk of double counting. We will attempt to explore this further for the Final Stage Impact Assessment.

161. These components were not modelled by BRE as they cannot be measured using existing data within the EHS. We have therefore estimated the impact of these components separately below.
162. The updated standard could require all PRS **landlords to provide suitable floor coverings at the beginning of tenancies**. Whilst a lack of floor coverings is more prevalent in the SRS, approximately 112,000 people in the PRS do not have a suitable floor covering (equivalent to c.48,700 homes).⁸⁹ The mean floorspace of a PRS dwelling is 75 square metres;⁹⁰ if we assume that 75% of floor space will need a covering (ranging from 50% to 100%) and the average carpeting costs is £15 per square metre (ranging from £10 to £22.50),⁹¹ we estimate the **total cost of providing floor coverings will be £20.4m under a 2035 implementation date** (ranging from £6.8m to £46.0m). This decreases to **£19.1m under a 2037 implementation date** (ranging from £6.4m to £43.0m).
163. Analysis of English Housing Survey, considering where replacing floors is recommended or there is a domestic hygiene hazard, suggest there are an additional 0.5% of homes in the PRS (c.24,800) with floor faults so may also require new floor coverings. However, the cost of this is not included here as they are Category 1 hazards so are a requirement under existing legislation.
164. To note, these estimates are sensitive to assumptions set out above around the share of dwellings that do not already have floor coverings and the proportion of floorspace within the dwelling that requires covering, both of which are uncertain.
165. The standard will include **damp-proof courses** as part of the disrepair component list. Therefore, all properties with a damp-proof course will be required to keep it in a reasonable state of repair in order to be considered decent. From 1875, the inclusion of a damp-proof course became compulsory. The English Housing Survey collects data on the construction year of a dwelling, with options including pre-1850, 1850-1899, 1900-1918 etc. Of English dwellings built after 1899, 61,320 PRS dwellings had some form of rising damp according to the 2018-19 English Housing Survey (1.3% of PRS properties). Therefore, we assume this is the number of homes that have a damp-proof course that requires repairing. The cost of damp proof courses varies from a few hundred to thousands of pounds, depending on multiple factors such as the type of damp and size of the impacted area. For the purpose of this analysis, we have assumed an average cost of £700 – this is towards the lower of end of the range, which reflects the additionality of such a repair versus the need to already fix damp and mould (as well as, for example, excess cold) at a category one level. Therefore, **we estimate the total cost to private landlords to repair damp-proof courses will be £35.8m under a 2035 implementation date or £34.0m under a 2037 implementation date**.
166. The standard will also require the installation of **child-resistant window restrictors** that are overridable by an adult on all windows on a floor above ground level which pose a fall risk to children. Using English Housing Survey data, it is possible to estimate the number of windows above ground floor that are classed as a 'means of escape' in the case of fire and we assume this represent the number of windows above ground floor that a child could pass through.⁹² The windows are recorded in the kitchen, bathroom, bedroom, living room and circulation of the dwelling. All rooms except circulation have information on their level (from basement upwards). It has been assumed that if a 'means of escape' window is observed in the circulation, it is observed on the highest floor within that dwelling. Assuming one window per room, would result in 6.8 million windows that need a restrictor in the private rented sector.
167. The English Housing Survey does not collect data on the proportion of these windows that are already installed with a window restrictor. In the absence of other data, we think it is reasonable to assume 50% of these windows already do. This would mean an additional 3.4 million windows require installation of restrictors. A survey of products available online suggests prices range from a few pounds to in excess of £20. We have assumed that landlords will opt for the most efficient measures, with larger landlords also benefitting from economies of scale. We have therefore used a value of £5 for each window restrictor. We also assume that works are carried out in parallel

⁸⁹ [End Furniture Poverty. The Extent of Furniture Poverty in the UK \(2023\)](#)

⁹⁰ [English Housing Survey 2023-24 headline findings on demographics and household resilience: Annex Table 1.6](#)

⁹¹ [Checkatrade, Carpet fitting: Cost breakdown \(2025\)](#)

⁹² The methodology limits the number of 'means of escape' windows to 5 per dwelling.

with other repairs and therefore do not require a separate call-out charge. **The total cost of installing window restrictors to the private rented sector would be £14.1m under a 2035 implementation date or £13.4m under a 2037 implementation date.** However, this estimate comes with a high degree of uncertainty due to the data limitations set out above.

168. The 15-year present value cost of all additional repairs to landlords is estimated to be £2,594.5 million under a 2035 implementation date or £2,465.2 under a 2037 implementation date. **This represents an average discounted cost to landlords of £6,954 per non-decent property if the standard is implemented in 2035 or £6,491 if 2037** and is a direct cost.

Surveyor costs

169. Landlords will be required to check their properties against the new Decent Homes Standard to assess whether their properties meet the requirements. This will incur either a time cost to landlords, who undertake the survey work themselves, or the cost of getting someone else to survey the property. This is assumed to take place in the same year as the repair works following the improvement profile in Table 7.
170. We have used 2024 average estate agent wages⁹³ as a proxy for the time cost of private landlords and made an adjustment of 1.3 for non-wage costs. In the central case we have assumed it takes surveyors 1.5 hours (ranging from 1 hour to 2 hours) to survey the property for additional faults, resulting in a central cost per dwelling of £27.06 (2025 prices). We would expect all landlords in the sector to undertake a survey of their stock to identify non-decent dwellings. Therefore, this cost applies to all dwellings in the PRS. As such, **the total cost of checking properties is estimated to be £105.0m under implementation in 2035** (ranging from £70.0m to £140.0m) **or £99.8m under implementation in 2037** (ranging from £66.5m to £133.0m). This is considered to be a direct cost of the regulation.
171. However, the cost of surveying work is uncertain. In some instances, landlords may already be aware of the decency of their stock based on dwelling age or whether the property has been recently repaired and will not require any additional costs. In other instances, although it is not necessarily required, a landlord may request a full survey, which, based on the cost of an in-depth HHRS can cost between £203 to £302 per dwelling.⁹⁴

Reduced tenant moves

172. **We expect there to be fewer voluntary household moves, as a result of the higher property standards in the PRS.** Tenants will be less likely to move as a result of poor-quality rented housing. A reduction in tenant moves will result in fewer void periods for landlords i.e. less time when the property is empty between the end of a tenancy and the start of a new one and the landlord receives no rental income. This results in a financial gain to landlords from no longer having vacant properties which do not generate rental income and a more efficient use of the existing housing stock which benefits society.
173. In some instances, the time taken to make repairs to meet the DHS may create void periods. We do not have data to estimate this, however we expect it to be limited given landlords have an incentive to minimise void periods so will likely ensure work is completed with the shortest possible additional downtime for the property.
174. The benefits of reduced tenant moves for landlords are estimated assuming a void period of 11 days.⁹⁵ Whilst the average void period in the 12 months to March 2025 was 19 days, we have chosen to take a conservative approach and use the lowest average monthly void period over the past year due to uncertainty of future market conditions.
175. Applying average rent data, (£254 per week in 2025 prices⁹⁶), we estimate landlords will see, on average, £400 of additional income per avoided tenant move.

⁹³ Office for National Statistics, Annual Survey of Hours and Earnings. Gross hourly pay for all employee jobs, United Kingdom, 2024.

⁹⁴ This is based on MHCLG desk research of various HHRS surveyor costs.

⁹⁵ Goodlord, Goodlord Rental Index Average Rents Per Month Across England

⁹⁶ English Housing Survey 2023-24 Headline Report

176. Figures from the English Housing Survey show that in the three years to 2019,⁹⁷ approximately 1.3% of tenants who moved in the previous 12 months listed housing quality as the sole reason for moving, while 3.9% of tenant moves were due to housing quality alone or for housing quality and up to two other reasons. The analysis cautiously assumes that in the central scenario 1.3% of tenants moves will be prevented by the introduction of the DHS2 (0% in the lower scenario and 3.9% in the upper scenario) each year. We assume that moves will not be avoided until a year after the home has been improved. We anticipate on average 15,000 tenant moves will be avoided annually over the appraisal period.
177. It should be noted that actual behavioural responses may vary, and quality concerns may go beyond what is addressed in the DHS. Therefore, there is some uncertainty associated with this figure.
178. Under our central scenario, **the estimated benefit for landlords over the 15-year appraisal period from a reduction in void periods is £24.0m under a 2035 implementation date** (ranging from £0m to £77.5m) **or £15.1m under a 2037 implementation date** (ranging from £0m to £48.9m). Given the number of actions required before this benefit is realised, we consider this to be an indirect benefit of the regulation.
179. Reduced tenant moves will also save landlords expenses associated with the start and end of a tenancy; for example, avoiding the costs associated with cleaning a property for new tenants, checking references of new tenants and creating inventories for the property.

Higher property values

180. We also expect to see an increase in the value of properties which see an improvement in housing quality due to the new standard. Removing hazards, fixing faults, modernising features and improving thermal performance should all positively impact the price of the dwelling. This will be translated into additional house price gains for landlords if and when they choose to sell the dwelling. There is evidence of this occurring under similar reforms. For example, Hill et al. (2023) found that about 84% of the costs of EPC-recommended energy efficiency improvements are capitalised in property prices for flats, with 59% of costs capitalised in semi-detached/terrace and detached properties.⁹⁸
181. Higher property values, alongside costs to landlords from meeting the DHS, may be passed on to tenants, resulting in higher rental income for landlords. However, we do not have sufficient data to accurately model how landlords will respond and the degree to which improvements in quality will be capitalised in house prices. More details on this can be found in section 'Wider impacts of applying DHS2'. This is considered an indirect benefit to landlords of the regulation.

Rental pass through

182. Landlords may attempt to recoup some of the costs of the proposed legislation by increasing rents. The extent to which they are able to do this will be constrained by market factors and tenant affordability. Many of these costs are expected to be tax deductible. This is considered an indirect impact of the legislation. A detailed description of the rental pass-through scenarios is shown in Section 'Wider impacts of applying DHS2'.

Detail of tenant impacts associated with implementing DHS2 in the PRS

Fewer tenant moves

183. **Tenants will be less likely to need to move if the quality of their non-decent property improves.** The reduction in tenant moves will lead to cost savings to tenants. Research from Shelter indicates the average moving cost to tenants is £1,852 per move (2025 prices).⁹⁹ Therefore, each avoided undesired or unnecessary move results in significant cost savings to tenants.
184. Figures from the EHS show that, in the three years to 2019, 1.3% of tenant moves each year were due to housing quality issues only; which we use again as our central estimate of the proportion of moves that no longer occur due to the new standard. We assume that moves will not be avoided

⁹⁷ 3 years' worth of data has been used to achieve a reasonable sample size, however if this were applied to the latest data, it would be skewed by the impact of Covid-19 restrictions on moving house. Therefore, the decision has been made to use pre-Covid data.

⁹⁸ Hill et al, *Energy efficiency improvements and property values: a hedonic analysis of market incentives in England and Wales (2023)*

⁹⁹ Shelter, Press release: Over a quarter of a million families forced into debt from moving home so often (2017)

until a year after the home has been improved. As before, actual behavioural responses may vary so this is uncertain.

185. **Tenants are expected to save £111.1m over the appraisal period from fewer involuntary moves assuming a 2035 implementation date** (ranging from £0m to £326.3m) or **£70.1m assuming a 2037 implementation date** (ranging from £0 to £205.8m). The reduction in tenant moves is considered to be an indirect impact dependent on tenant behavioural changes and their response to the legislation.
186. Rents for new lets are, on average, higher than existing lets, as landlords are less likely to raise rents for sitting tenants. The 2024 English Private Landlord Survey found that 58% of landlords increased rent for new tenancies compared to 52% for renewals of existing tenancies. As a result, we would also expect avoided moves to result in lower rent for tenants though we are unable to monetise this.
187. There is also research exploring the relationship between children who move home often and educational attainment. Some studies suggest that increased home movement by tenants particularly in the PRS has a detrimental effect on children in education as it often requires change in schools. A survey conducted in Norway found that children with more residential moves are more likely to drop out of secondary school, to have a lower adult income and to experience early parenthood.¹⁰⁰ Similarly, one study of UK children found that only 78% of children with at least two residential moves between the ages of 4 and 6 achieved key stage one compared to 87% in those who did not move at that age.¹⁰¹ Therefore moving less frequently is likely to have a positive impact on educational attainment. These impacts have not been monetised due to data limitations.

Reduction in energy usage

188. In fulfilling Criterion D (reasonable degree of thermal comfort), landlords may need to improve insulation or eliminate draughts. This should reduce the amount of energy needed to heat the property, saving money on energy bills and benefitting tenants whose bills are not included in their rent. For example, tenants would see an average energy cost saving of £292 per year if their PRS property was improved to an EER band C.¹⁰² However, there is uncertainty around how much energy usage reduction can be attributed specifically to improvements in DHS. Therefore, we have not monetised the energy bill saving. This would be a direct benefit of the regulation for tenants.

Wellbeing gains

189. **We expect significant wellbeing gains from improving the quality of housing.** The Marmot review (2010) found housing to be a “social determinant of health”, both physical and mental,¹⁰³ directly impacting both the wellbeing and the expected number of Quality-Adjusted Life Years (QALYs) of tenants. Physical health effects from poor quality housing include respiratory conditions, cardiovascular disease and communicable disease transmission. Mental health impacts from poor quality housing include increased stress, depression and anxiety. Evidence from a survey by Shelter on UK adults found that housing issues had a negative impact on 1 in 5 respondents’ mental health, 38% of these concerns were in relation to the condition of the property.¹⁰⁴
190. Simetrica Jacobs’ research in 2022 monetised the direct impacts of housing quality on wellbeing based upon English Housing Survey data.¹⁰⁵ The direct welfare impacts are estimated by running regressions to identify the impact on life satisfaction and converting these impacts into Wellbeing-Adjusted Life Years (WELLBYs) using the HMT Wellbeing Appraisal Guidance in which each WELLBY is valued at £13,000 (£10,000 to £16,000).¹⁰⁶
191. The Simetrica Jacobs analysis found that satisfaction with how landlords maintain, and repair dwellings is associated with 0.433 increase in life satisfaction on the 11-point life satisfaction scale.

¹⁰⁰ Tønnessen M et al., *Childhood residential mobility and long-term outcomes* (2016)

¹⁰¹ Hayley A. Hutchings et al., *Do Children Who Move Home and School Frequently Have Poorer Educational Outcomes in Their Early Years at School? An Anonymised Cohort Study* (2013)

¹⁰² English Housing Survey 2022 to 2023: energy report

¹⁰³ House of Commons Library, *The role of homes and buildings in levelling up health and wellbeing* (2022)

¹⁰⁴ *The impact of housing problems on mental health* by Shelter, 2017.

¹⁰⁵ Simetrica Jacobs, *The Cost of Poor Housing – Valuing the Impact of Housing Conditions on Subjective Wellbeing* (2022)

¹⁰⁶ HM Treasury, *Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance* (2021).

This can be converted directly to WELLBYs using the HMT values and inflated to 2025 values using a GDP deflator. This results in the average wellbeing benefit of £6,808 per year (ranging between £5,237 and £8,379) per individual. Given that there are on average 1.9 persons over the age of sixteen who live in each non-decent privately rented home, these figures are adjusted to account for the occupancy. The wellbeing benefit to households of this is valued at £12,830 per year in the central scenario (ranging from £9,869 to £15,791 per household).

192. However, some of the wellbeing as a result of improved satisfaction with landlord maintenance will be a result of compliance with existing regulations. For some tenants, this satisfaction may result from the removal of serious category 1 hazard whereas for others it will be result of the requirements introduced by DHS2. There is insufficient data to estimate the specific proportion of benefits that are attributed to landlords addressing existing requirements around Category 1 hazards. It is therefore not possible to accurately apportion wellbeing gains specifically to the new Decent Homes Standard so wellbeing benefits are non-monetised in this IA. More on the benefits of increasing compliance with existing regulation can be found in section 'Wider impacts of applying DHS2'. This represents an indirect benefit of the reforms.

Reduction in indoor noise pollution

193. The updated DHS2 will introduce a requirement that **privately rented properties have adequate external noise insulation**. Noise can have an impact on occupants' health, wellbeing, and productivity.
194. The repair, or replacing, of windows will lead to a reduction in the indoor noise pollution. New windows compliant with defined security standards in Building Regulations are likely to be double glazed – leading to an up to 35 decibel reduction in external noise.¹⁰⁷ However, due to data limitations, we are unable to estimate current noise insulation in the sector and therefore how much DHS2 will specifically reduce noise. This would be a direct impact of the reform.

Rents

195. As noted above, **landlords may attempt to recoup some of these additional costs of meeting the proposed legislation by increasing rents**. The extent to which this could occur is determined by the scale of the costs to landlords and tenant affordability. We have sought to keep the burdens on landlords proportionate, and provide realistic timeframes for implementation and enforcement and the Renters' Rights Bill will enable tenants to challenge above market rent increases in the First-tier Tribunal. More detail can be found in the 'Wider impacts of applying DHS2' section below. This represents a potential indirect impact of the reform.

Detail of public sector impacts

196. The following section details costs to councils, courts and tribunals. We are undertaking a robust New Burdens Assessment and Justice Impact Test to calculate the net costs of new regulation.

Familiarisation time

197. **Local councils, courts and tribunals will need to familiarise themselves with the proposed regulations so they can enforce the new system**. This will particularly impact councils' housing enforcement teams. Councils, courts and tribunals will also need to update relevant guidance – though we will also be providing comprehensive national guidance to support this. **This national guidance will cover the Decent Homes Standard and incur public sector costs**.

Enforcement

198. **As above, local councils, courts and tribunals will play a role in the enforcement of the legislation and taking appropriate actions when landlords have not complied with the Decent Homes Standard**. Local housing authorities will have a duty to keep housing conditions in their area under review and, if they consider it appropriate, to inspect properties to assess whether they meet Decent Homes Standard requirements. If a local housing authority identified a failure to meet a Decent Homes Standard requirement, it will be able to take enforcement action against the landlord.

¹⁰⁷ Estimating the sound insulation of double facades with openings for natural ventilation. Bajraktari et al. (2015)

199. In addition, for the most serious issues (category 1 hazards and failures to meet type 1 Decent Homes Standard requirements), the local housing authority will be able to issue an immediate financial penalty of up to £5,000 if the landlord has failed to take reasonably practicable steps to address the issue. If landlords fail to comply with improvement notices or prohibition orders, this will be a criminal offence and the landlord can be prosecuted in the Magistrates' courts or, in the case of non-compliance with an improvement notice, issued a financial penalty as an alternative to prosecution. If a landlord has committed such an offence, the tenant and/or local housing authority can apply to the First-tier Tribunal for a Rent Repayment Order. Landlords will also be able to appeal to the First-tier Tribunal in relation to service or an improvement notice or prohibition order, and in relation to the imposition of a financial penalty. For the worst offenders who have repeatedly or seriously breached the regulations and committed criminal offences under the legislation, the intention is that local housing authorities can seek a Banning Order from the First-tier Tribunal.
200. The Renters' Rights Bill will, once implemented, extend existing local authority investigatory powers for hazards to allow these to be used in respect of the Decent Homes Standard. This will include: power of entry for local authorities to investigate possible Decent Homes Standard failures; the ability to seek a warrant to authorise entry where landlords have refused inspection requests; a power to require landlords to provide documents they possess in relation to Decent Homes Standard breaches; and a power to use housing benefit and council tax data in connection with its enforcement functions under the Housing Act 2004.
201. Measures in the Renters' Rights Bill will also introduce powers that, in addition to existing enforcement powers for local authorities for hazards (DHS criterion A), will make sure that local authorities have enforcement powers in respect of failures to meet requirements in respect of DHS criteria B, C, D and E. There are currently no specific enforcement powers for failures of these parts of the DHS criteria B, C, D and E.
202. The measures in the Bill will integrate DHS enforcement into the existing hazard enforcement system under the Housing Act 2004. This aims to reduce complexity for local authorities by allowing them to use some of the same enforcement tools for the DHS as for hazards.

Wider public sector impacts

203. **Furthermore, benefits arising from improved housing quality will have significant savings for public health spending** – driven by tenants being more empowered to complain about standards without fear of retaliatory eviction once section 21 is abolished.

Detail of impacts on society

Reduction in crime

204. The introduction of new standards for external doors and windows will **improve the security of dwellings and reduce domestic burglaries**. Landlords will be required to make sure that windows and doors are kept in a reasonable repair, with things such as external lighting, and that the replacements installed are compliant with defined security standards in Building Regulations.
205. We have assumed the introduction of new standards will increase the number of dwellings that are Part Q compliant (regulations relating to the security of housing).¹⁰⁸ However, we do not have data on the number of dwellings that are currently Part Q compliant. Before the introduction of Part Q, another security standard existed – Secured by Design (SBD). SBD was introduced in 1990 and has equivalent door and security standards to Part Q meaning any SBD dwelling is Part Q compliant. Between 2013 and 2017, 44% of new builds were built to SBD standards.¹⁰⁹ Therefore, if we assume no dwellings were SBD compliant pre 1990 and that the rate of new builds built to SBD has remained constant, we estimate approximately 2.7m dwellings in England as of 2023/24 are SBD compliant and therefore Part Q compliant.¹¹⁰

¹⁰⁸ Gov.uk, [Security in dwellings: Approved Document Q](#)

¹⁰⁹ Armitage and Monchuk, [Designing out Crime: Improving police and planning policy and practice to reduce crime and create safer communities \(2021\)](#)

¹¹⁰ Calculated by taking 44% of [historic net additions](#). We believe this is likely an underestimate. Whilst the rate of new builds built to SBD standards is likely lower in previous years, we have not included the number of property renovations which will likely result in a property becoming SBD compliant.

206. Based on the estimated number of window repairs that occur due to the new standard, we assume an additional c.485,000 homes will become Part Q compliant. A meta-analysis of UK literature indicates that the SBD security standard, assumed to be equivalent to Part Q in terms of crime reduction, reduces domestic burglaries by 53% (ranging from 5% to 77%). There were 17.23 domestic burglaries per 1,000 dwellings in September 2024.¹¹¹ Using this information and the information in the paragraph above, we estimate the likelihood of a domestic burglary to be 8.6 burglaries per 1,000 dwellings in the central case for properties compliant with Part Q and 18.3 for those that aren't. It is assumed these incidences will remain constant over the appraisal period resulting in 31,300 fewer burglaries over the appraisal period assuming an implementation date of 2035 (range between 2,800 and 46,800) or 22,300 assuming an implementation date of 2037 (range between 2,000 and 33,300).
207. The average cost of a domestic burglary to society is £8,145 (in 2025 values).¹¹² This figure is compromised of the costs in anticipation of crime, the costs as a consequence of crime and the cost in response to crime. Multiplying the average cost of a domestic burglary by the expected reduction in burglaries results in a **societal saving of £174.3m under a 2035 implementation date** (ranging from £15.6m to £260.6m) **or £119.9m under a 2037 implementation date** (ranging from £10.7m to £179.2m). This is an indirect benefit of the reforms.
208. This assumes that there is no displacement of crime from secure to insecure properties, however this assumption is uncertain. Whilst evidence suggests there is typically limited displacement of burglary in the case of improvements to residential security,¹¹³ if displacement does occur, the societal saving may be lower.

Community cohesion

209. **We expect to see stronger communities and reduced geographic disparity** as a result of improvements to housing quality. Many deprived areas in the UK are marked by poor-quality housing – 31% of PRS properties in Yorkshire and the Humber are defined as non-decent against the current standard compared to 12% in London.¹¹⁴ Improving the quality of homes will encourage pride in place, creating prosperous communities and making areas more desirable places to live and work.¹¹⁵
210. Good quality, stable housing, coupled with good high streets, and leisure and cultural activities serve as a magnet for skilled people, meaning those places continue to develop and prosper.¹¹⁶ As the Industrial Strategy Council noted, policies aimed at reducing housing-market pressures and improving social cohesion are also likely to improve the wellbeing of local residents.¹¹⁷
211. Additionally, Onward's report on the "*The state of our Social Fabric*" suggests, that 'physical infrastructure is considered a valuable aspect of social fabric'.¹¹⁸ We found that people repeatedly associate community and belonging with the physical environment in which they live and the assets that the environment affords them' and includes 'neighbourliness, civic mindedness and social support within a tightly drawn community of people'.¹¹⁹ We do not have sufficient data to monetise these benefits in relation to DHS2. It is considered an indirect benefit of the reforms.

Reduced number of serious childhood falls

212. The new Decent Homes Standard proposes to mandate all windows above ground level which pose a fall risk to children must provide child-resistant window restrictors which can be overridden by an adult. This will reduce the number of falls of children out of windows. Analysis highlights that between 1990 and 2017 falls are one of the most common causes of accidental injuries to children.¹²⁰ Over the same time period, approximately 4,000 children in the UK, who

¹¹¹ Office for National Statistics, *Crime in England and Wales: year ending September 2024*

¹¹² Home Office, *The economic and social costs of crime second edition* (2018)

¹¹³ Residential Security – Containment and Displacement of Burglary. Allatt (1984); Burglary Reduction and the Myth of Displacement. Ratcliffe (2002); Centre for Research and Evidence on Security Threats - The Unintended Consequences of Crime Prevention Measures (2024)

¹¹⁴ 2023-24 English Housing Survey Headline Report: Housing Quality and Energy Efficiency

¹¹⁵ Create Streets Foundation, *No Place Left Behind: The Commission into Prosperity and Community Placemaking* (2021)

¹¹⁶ MHCLG, *Levelling Up the United Kingdom White Paper* (2022)

¹¹⁷ Industrial Strategy Council, *UK Regional Productivity Differences* (2021)

¹¹⁸ Onward, *The state of our Social Fabric Report* (2021)

¹¹⁹ IBID

¹²⁰ A Lawford, F Finlay, *Through the window – a literature review of falls* (2018)

are under fifteen, fell from windows. EHS figures suggest that of children with access to windows above the ground floor, approximately 22% live in the private rented sector.¹²¹

213. Window restrictors offer a cheap and easy method of reducing the risk of fall and are recommended by the Royal Society for the Prevention of Accidents¹²² and The Child Accident Prevention Trust.¹²³
214. Assuming 22% of falls from windows are in the PRS (based on the proportion of children who have access to windows that live in the PRS), the introduction of window restrictors could reduce the number of childhood falls in the private rented sector by up to 880 per annum. These falls can result in serious injuries resulting in head trauma and multiple traumas. Reducing the number of childhood falls from windows will lead to significant cost savings to the NHS alongside improved wellbeing, productivity and educational gains. However, data is limited how many childhood falls each year may be prevented specifically by window restrictors and the severity of injuries prevented. Therefore, this benefit is non-monetised. It is considered a direct benefit of the reforms.

Impact on carbon savings

215. Repairs to, or replacement of, a dwellings' roof, windows and other essential fabrics will likely lead to a reduction in energy use by the occupants. Well maintained properties will be less likely to have significant drafts that allows internal heat to leak out of the dwelling. Therefore, the regulations are likely to cause a reduction in energy usage (even accounting for comfort taking measures) and a subsequent decline in domestic carbon emissions.
216. Due to data limitations, we are unable to estimate the degree to which the introduction of the standard reduces the level of energy usage across the private rented non-decent stock. Therefore, we have not monetised the carbon of energy saving of the DHS2. This would be a direct benefit of the reforms.
217. On the other hand, the materials used in the repair of properties to the DHS2 will incur an additional embodied carbon cost to society. This will represent an additional cost to society as a result of the legislation. However, due to data limitations, we are not able to estimate this. It is considered to be a direct cost of the reforms.

Educational gains

218. Poor quality housing impacts the **educational attainment of children** who occupy these dwellings. School-Home Support states that the proportion of children citing housing concerns as an obstacle to attending school rose by 73% between the 2021/22 and 2022/23 academic years.¹²⁴ Further research from 2018 found that children living in poorer quality housing was associated with lower average reading and maths skills among adolescents.¹²⁵ Children living in these dwellings may be more likely to miss school days due to poor health or struggle to complete homework in a home setting. This has implications for their education attainment and their future prospects. Research from the Department for Education finds a one-grade improvement in overall GCSE attainment is associated with an average increase in the present value of lifetime earnings of £8,500.¹²⁶
219. This represents a significant lifetime benefit from reducing the number of non-decent, and unsafe, homes. Due to data limitations and establishing the direct link between unsafe housing and education attainment, it is not possible to include these as monetised benefits in the net present social value. This would be an indirect benefit of the reforms.

¹²¹ MHCLG analysis of English Housing Survey 2018-19 data

¹²² RoSPCA, *Safety of the built environment policy*

¹²³ CAPT, *Falls from open windows*

¹²⁴ School Home Support, SHS and Housing (2023) <https://www.schoolhomesupport.org.uk/news/whats-shss-experience-of-housing-issues/>

¹²⁵ The impact of homelessness and bad housing on children's education', Shelter 2018

¹²⁶ https://assets.ctfassets.net/6sxvmndn0s/AZvOBS2tanDweEV0cKiiP/71a9a9d622c24680c358fb49b7c7094c/Teachers_Research_Report.pdf

¹²⁶ GCSE attainment and lifetime earnings.

Social Rented Sector: Summary of major impacts

220. **Table 8 sets out the summary of the major impacts of implementing DHS2 in the SRS, with a net present social value of -£1,418.5m** for the sector overall under a 2035 implementation date (-£1,073.6m for private registered provider (PRPs) owned housing and -£344.9m for local authority (LA) owned housing) and -£1,364.3m under a 2037 implementation date-£1,032.8m PRPs owned housing and -£331.5m for LA owned housing). In line with the PRS calculations, these impacts have been monetised in **2025 prices** and **present value year of 2026** over a 15-year appraisal period.
221. The total net cost to businesses in the SRS is estimated at £860m under a 2035 implementation date and £817m under a 2037 implementation date, with all of these costs falling to PRPs (local authorities are not classed as businesses). The largest single cost is the one-off repair work required to meet the DHS2 standard, estimated at £653.9m under 2035 implementation date and £635.4m under a 2037 implementation date. Other business impacts include survey costs and familiarisation costs. LA landlords, are expected to incur £293.5m in additional repair costs under the 2035 implementation date and £285.2m under the 2037 date, alongside survey and familiarisation costs.
222. We have monetised £171.9m in positive benefits under a 2035 implementation date, (£109.4m for tenants of PRP landlords and £62.5m for tenants of LA landlords. Under a 2037 timeline, these positive benefits are estimated as £156.0m (£99.3m for tenants of PRP landlords and £56.8m for tenants of LA landlords. In addition to this, we have estimated the opportunity cost of landlords not spending on supply as a disbenefit to society. This is valued using land value uplifts at £323.4m to £314.8m (2035 vs. 2037 timeline). The total benefit to the SRS is therefore negative, estimated as -£151.5m to -£158.7m (2035 vs. 2037 timeline).
223. The positive monetised benefits will impact society through reduced crime due to safer and more secure homes. There will be further significant non-monetised benefits from health, wellbeing, reduced noise pollution and educational attainment which we have not been able to monetise due to data limitations.
224. We also expect the updated standard to result in greater compliance with existing regulations. This will result in further costs and benefits on top of the headline NPV. More details can be found in section 'Wider impacts of applying DHS2'.

Table 8 summary of impacts social rented sector

Impact	2035 implementation date	2037 implementation date	DHS Component	Group impacted	Direct/Indirect
Costs					
Familiarisation cost	£2.6m	£2.6m	Whole standard	Landlords	Direct
Surveyor cost	£209.1m	£203.2m	Whole standard	Landlords	Direct
Core cost to make decent	£947.4m	£920.5m	Whole standard	Landlords	Direct
Floor coverings ¹²⁷	£78.2m	£50.3m	Criterion C	Landlords	Direct
Damp-proof coursing	£16.6m	£16.1m	Criterion B	Landlords	Direct
Child-resistant windows	£13.1m	£12.7m	Criterion C	Landlords	Direct
Carbon cost	Non-monetised	Non-monetised	Whole standard	Society	Indirect
Rent passthrough	Non-monetised	Non-monetised	Whole standard	Tenants/ Landlords	Indirect
Total costs	£1,276.0m	£1205.5m	Whole standard		

¹²⁷ This likely to be an underestimate as it is assumed that all dwellings which currently have floor coverings will keep the same floor coverings for the next let – this assumption is explored in sensitivity analysis from paragraph 240.

Benefits					
Household moving costs	Non-monetised	Non-monetised	Whole standard	Tenants	Indirect
Reduction in void periods	Non-monetised	Non-monetised	Whole standard	Landlords	Indirect
Reduction in crime	£171.9m	£156.0m	Criterion B	Society	Indirect
Fewer serious child falls	Non-monetised	Non-monetised	Criterion B	Society	Direct
Carbon savings	Non-monetised	Non-monetised	Criterion D	Society	Direct
Lower energy usage	Non-monetised	Non-monetised	Criterion D	Tenants	Direct
Wellbeing	Non-monetised	Non-monetised	Criterion B	Tenants	Indirect
Educational attainment	Non-monetised	Non-monetised	Whole standard	Society	Indirect
Community cohesion	Non-monetised	Non-monetised	Whole standard	Society	Indirect
Rent passthrough	N/A	N/A	Whole standard	Landlords	Indirect
Increase property values	N/A	N/A	Whole standard	Landlords	Indirect
Reduced noise pollution	Non-monetised	Non-monetised	Criterion B	Tenants/ Society	Indirect
Supply impacts	-£323.4m	-£314.8m	Whole standard	Tenants	Indirect
Total benefits	-£151.5m	-£158.7m			
Net Present Social Value	-£1,418.5m	-£1,364.3m			

Assumptions on landlord behaviour:

Size of the Social Rented Sector:

225. The SRS has not been modelled in the same way as the PRS. SRS stock has been held constant for the purpose of our analysis. New additions to the sector will typically be either newbuilds or acquisitions – given the latter are often purchased ‘off-plan’ (i.e., also newbuilds), these dwellings ought to meet standards. For older acquisitions or conversions, the reduction in price will be reflective of the difference in standard, equalising the cost occurring to RPs.

226. According to 2023-24 RSH data, more than half of the social housing stock in England is provided by PRPs. Table 9 below provides the breakdown of social housing stock by local authorities and private registered providers (PRPs).

Table 9: proportion of social housing stock owned by local authorities and PRPs.⁵⁴

	Local Authorities	PRPs
Number of social housing stock owned (thousands)	1,557,468	2,676,563
Portion of social housing stock owned (%)	37%	63%

Landlord Compliance

227. As in the private rented sector, the costs and benefits of reforms are reliant on compliance by landlords. The RSH regulates the DHS through its Safety and Quality Standard. This requires registered providers of social housing (both local authorities and PRPs) to meet the standard set out in section five of the government’s guidance on DHS. Since 1 April 2024, the RSH proactively seeks evidence and assurance that social housing providers are delivering the outcomes set out in its consumer standards, including meeting the Safety and Quality Standard. Providers are expected to understand the condition of their stock and are subject to programmed inspections. Should the DHS be updated following this consultation, the government will issue a direction to the Regulator of Social Housing to set a new standard requiring social housing providers to meet the new DHS.

228. As noted above, dwellings in the social rented sector are typically of greater decency than those in the private rented sector. The majority of landlords comply with regulation and the majority of tenants are satisfied with the service they receive
229. While there is a possibility that some landlords will not comply with regulation, this Impact Assessment assumes full compliance (and costs associated) as per guidance within the Better Regulation Framework.

Detail of private registered provider (business) and local authority impacts

Familiarisation costs

230. Social landlords will need to familiarise themselves with the reforms of the Decent Homes Standard. Like the equivalent PRS cost, this cost is transitional and applies in Year 1 only. Familiarisation costs in the SRS include both the DHS and Minimum Energy Efficiency Standards (MEES). These policies will be introduced as part of the same standard and landlords will likely undertake familiarisation of both in tandem. Unlike PRS landlords, social housing providers are large organisations with multiple employees. Familiarisation activities will therefore be required of many people per organisation and fall into two broad categories: reading and familiarisation with the new measures and updating company processes to comply with the regulation.
231. In terms of reading and familiarisation, although the exact DHS guidance has not yet been finalised it is anticipated that it will be considerably shorter than existing DHS guidance at around 20 pages. We anticipate this will take the same amount of time per person in the SRS as in the PRS at around 2 hours per person to read and understand. However, unlike in the PRS with many individual landlords, in the SRS the number of people per RP required to read the guidance will vary greatly based on the size of the organisation, but for illustrative purposes on average we expect 10 people at a small private registered provider will be required to read the guidance in full and around 100 at a large PRP or local authority.
232. The cost of familiarisation time is estimated based on the hourly salaries of employees taken from the Annual Survey of Hours and Earnings (ASHE) 2024. Salaries of staff at different grades were estimated and a weighted average was created based on the estimated time required at each level of the organisation, based on previously used estimates from the Social Housing (Regulation) Act 2023 IA and Awaab's Law consultation. As is standard practice in IAs, we have uplifted the salaries by 20.2% for non-wage costs. The average hourly salary including non-wage costs was estimated to be £25.89 in 2025 prices.
233. According to the RSH, there are currently 230 large PRP landlords, 1135 small PRP landlords and 226 local authority landlords. Based on this and the estimated cost per provider above, we estimate total familiarisation costs to be £1.8m for PRPs and £863k for LA landlords in 2025 prices, under both a 2035 and 2037 implementation date.

Repair costs for social landlords

234. As in the PRS, SRS landlords are required to fund property repairs to reach DHS2, which they will incur as a direct cost. For PRPs, this will be a direct cost to business, though for LA landlords (who are not classified as business under the Better Regulation Framework) this will not. As set out below, the majority of expected repair costs have been estimated by the BRE but some elements have been estimated by the department itself. For more details on the research conducted by BRE, please see the related publication.
235. According to the EHS, 40% of the social rented sector are expected to fail the updated standard (1.7m dwellings across the appraisal period equating to approximately 3.6m individuals¹²⁸)¹²⁹. This ranges from 32% in the East of England to 42% in Yorkshire and the Humber. Most non-decent dwellings would fail the updated standard due to the presence of disrepair under the new definition (31% of all social rented dwellings), specifically internal doors disrepair (10%), external paths disrepair (10%), and roof features needing repair (9%). 6% of SRS properties (200k dwellings or 500k individuals) are compliant with existing regulation but would be classed as non-decent based solely on the new standard.

¹²⁸ English Housing Survey 2023 to 2024: headline findings on demographics and household resilience. - GOV.UK

¹²⁹ Of these, 6% would fail due to revisions in legislation.

236. Internal MHCLG analysis of BRE data suggests costs of £3.6bn for PRPs and £2.2bn for local authorities under a 2035 implementation timeline, or £3.5bn and £2.1bn under a 2037 implementation timeline.
237. However, **these cost estimates include some repairs the landlords are already legally obliged to do under either retained aspects of the current DHS or their existing repair obligations.** Stripping out these costs, under a 2035 implementation date BRE estimate the total additional costs to the sector to be £653.9m for PRPs and £293.5m for LAs under a 2035 implementation timeline or £635.4m for PRPs and £285.2m for LAs under a 2037 implementation timeline. The average cost per dwelling requiring additional remedial work is estimated as £4,358 for PRPs and £3,361 for LARPs.
238. We have assumed the following improvement profile depending on whether the reforms are formally implemented in 2035 or 2037. Dwellings are included in the improvement profile where they face additional costs, i.e. not all non-decent dwellings are included. We assume that costs will be spread in a more linear fashion than in the private rented sector, given the nature of firms within the social rented sector. Many social landlords are large organisations which will plan and conduct works across quality reforms over their forecast periods.

Table 10 – SRS improvement profile

	2035 implementation		2037 implementation ¹³⁰	
	% of non-decent SRS dwellings remediated	No. of SRS dwellings remediated	% of non-decent SRS dwellings remediated	No. of SRS dwellings remediated
2026	10%	23,737	9%	20,770
2027	10%	23,737	9%	20,770
2028	10%	23,737	9%	20,770
2029	10%	23,737	9%	20,770
2030	10%	23,737	8%	19,286
2031	10%	23,737	8%	19,286
2032	10%	23,737	8%	19,286
2033	10%	23,737	8%	19,286
2034	10%	23,737	8%	19,286
2035	10%	23,737	8%	19,286
2036	0%	0	8%	19,286
2037	0%	0	8%	19,286
2038	0%	0	0%	0
2039	0%	0	0%	0
2040	0%	0	0%	0
Total	100%	237,369	100%	237,369

239. There are also elements of DHS2 that were not modelled by BRE¹³¹. These are:

- a. Floor coverings;
- b. Window restrictors;
- c. Damp proof courses

240. Note that the latter three of these also apply to the PRS and were discussed in detail in paragraphs 152-159 of this document, as they also apply to the PRS.

¹³⁰ Note that percentages will not sum to exactly 100% due to rounding.

¹³¹ Security measures are not explored independently due to lack of available data and likely crossover with other works, and therefore risk of double counting. We will attempt to explore this further for the Final Stage Impact Assessment.

241. This DHS2 may require all SRS landlords to provide suitable floor coverings at the beginning of tenancies. Lack of floor coverings is particularly severe in the SRS, where approximately 756,000 people do not have a suitable floor covering (equivalent to c.357,000 properties or 8% of stock).¹³² Floor coverings would need to be provided at the point of new let, and it is assumed for the purposes of this Impact Assessment that landlords will only begin to replace floor coverings from the implementation date of the revised DHS (i.e., from either 2035 or 2037). From this point, it is assumed that dwellings without floor coverings will be let at the current rate of social housing churn (5.2% per year, on average)¹³³ – i.e. c.19,000 properties are estimated to require new floor coverings each year from implementation (c. 7% of new lets). Costs per dwelling are based on estimates from the sector, notably the Altair report¹³⁴ which estimates per dwelling costs of new floor coverings at £1,000. This has been amended to account for inflation between 2024 and 2025 prices, increasing the per dwelling cost to £1,032. It is therefore estimated that the **total cost of providing floor coverings will be £78.2m under a 2035 implementation timeline** (£54.9m for PRPs and £23.3m for LARPs). This decreases to £50.3m under a 2037 implementation timeline (£35.3m for PRPs and £15.0m for LARPs). These are likely to be underestimates as it is assumed that all dwellings which currently have floor coverings will keep the same floor coverings for the next let – this assumption is explored below in our sensitivity analysis.
242. Analysis of English Housing Survey, considering where replacing floors is recommended or there is a domestic hygiene hazard, suggest there are an additional 1.2% of dwellings in the SRS (c.47,000) with floor faults so may also require new floor coverings. These costs are not included given they are likely in relation to category 1 hazards and would therefore not be an additional requirement to landlords.
243. To reflect uncertainty on our estimates of floor coverings costs, we have also conducted sensitivity analysis. Specifically, this explores how costs would differ if we assume different proportions of new lets require floor coverings.
244. Over the past five years, there have been approximately 260,000 new lets in the social rented sector each year¹³⁵. We have provided a range for lets – to reflect significant uncertainty, this is presented as 0-100% of new lets, with a midpoint estimate of 50%. For those not requiring new floor coverings (i.e., the other 50% in the midpoint estimate), we have assumed no cost. Landlords may face costs from cleaning, however, this may be offset by not having to remove or dispose of carpet – it is unclear to what extent either cost outweighs the other. It is assumed that those dwellings without floor coverings (as per paragraph 240) are included within the existing properties requiring floor coverings.

Table 11 – Annual cost of floor coverings (2025 prices, undiscounted)

Proportion of properties requiring new floor coverings	Number of properties requiring new floor coverings	Annual cost
100%	260,000	£268m
50%	130,000	£134m
7% (those currently without floor coverings) ¹³⁶	19,000	£19m

¹³² End Furniture Poverty, The Extent of Furniture Poverty in the UK (2023)

¹³³ Based on internal analysis of CORE lettings data. For the latest statistical publication, see - <https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2023-to-march-2024/social-housing-lettings-in-england-tenants-april-2023-to-march-2024>

¹³⁴ <https://altairtd.co.uk/wp-content/uploads/2024/05/Final-Report-Longleigh-Flooring-final.pdf>

¹³⁵ <https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2023-to-march-2024>

¹³⁶ This cost has been used for our headline estimate and NPSV

245. A range has been provided as on the one hand, the average length of tenancy in the sector would imply that the costs could be towards the higher end of the range¹³⁷. On the other hand, there are several assumptions which suggest that costs may be lower. The main assumptions are listed below:
- As stated in paragraph 240, approximately 92% of social dwellings are estimated to contain floor coverings – this implies that some landlords may already be providing floor coverings. In such cases, costs are therefore not additional to businesses. Where floor coverings have been paid for by tenants (but will now be provided by landlords), this represents a societal transfer. These counterfactual costs and impacts are not considered here given lack of evidence with which to understand the proportion of landlords or tenants currently subject to cost. *This evidence is being sought through consultation.*
 - Where tenants replace floor coverings during tenancy but later move, landlords may choose to keep floor coverings provided by tenants without facing cost.
246. The DHS2 will include **damp-proof courses** as part of the disrepair component list. Therefore, all properties with a damp-proof course will be required to keep it in a reasonable state of repair in order to be considered decent. From 1875, the inclusion of a damp-proof course became compulsory. The English Housing Survey collects data on the construction year of a dwelling, with options including pre-1850, 1850-1899, 1900-1918 and so on. Of English dwellings built after 1899, 27,490 SRS dwellings had some form of rising damp according to the 2018-19 English Housing Survey. Therefore, we assume this is the number of properties that have a damp-proof course that requires repairing. For the purpose of this analysis, we have assumed an average cost of £700 – this is towards the lower end of the range, which reflects the additionality of such a repair versus the need to already fix damp and mould (as well as, for example, excess cold) at a category one level. Therefore, **we estimate that the total cost to repair damp proof courses will be £16.6m under the 2035 implementation timeline** (£8.9m for PRP landlords and £7.7m LA landlords). This decreases to **£16.1m under a 2037 implementation timeline** (£8.6m for PRP landlords and £7.5m LA landlords)
247. The DHS2 will also require the installation of **child-resistant window restrictors which are overridable by an adult** on all windows on a floor above ground level which poses a fall risk to children. Using English Housing Survey data, it is possible to estimate the number of windows above ground floor that are classed as a 'means of escape' in the case of fire and assume that these represent the number of windows above ground floor that a child could pass through.¹³⁸ These windows are recorded in the kitchen, bathroom, bedroom, living room and circulation of the dwelling. All of these rooms except circulation have information on their level (from basement upwards). It has been assumed that if a 'means of escape' window is observed in the circulation, it is observed on the highest floor within that dwelling. Assuming one window per room, would result in 6.8 million windows that need a restrictor in the private rented sector.
248. The English Housing Survey does not collect data on the proportion of these windows that are already installed with a window restrictor. Assuming that 50% of these windows already have restrictors installed there would be an additional 3.0 million windows that require installation of restrictors. A survey of products available online suggests prices range from a few pounds to in excess of £20. We have assumed that landlords will opt for the most efficient measures, with larger landlords also benefitting from economies of scale. We have therefore used a value of £5 for each window restrictor. This also assumes that works are carried out in parallel with other repairs, and therefore does not require a separate call-out charge. **The total cost of installing window restrictors to the social rented sector would be £13.1m** (£8.0m for PRP landlords and £5.1m LA landlords) **under a 2035 implementation timeline and £12.7m under a 2037 implementation timeline** (£7.8m for PRP landlords and £4.9m LA landlords).
249. **The 15-year present value cost of all additional repairs to landlords is estimated to be £1,055.3m under a 2035 implementation timeline and £999.7m under a 2037 implementation timeline.**

¹³⁷ In 2023/24, the average length of residence in the sector was 12 years - <https://www.gov.uk/government/statistics/english-housing-survey-2022-to-2023-rented-sectors/english-housing-survey-2022-to-2023-rented-sectors>

¹³⁸ The methodology limits the number of 'means of escape' windows to 5 per dwelling.

Table 12 - additional repair costs in the social rented sector (£m)

Total cost to fit...	Floor coverings		Window restrictors		Damp Proof courses		Total	
	2035	2037	2035	2037	2035	2037	2035	2037
SRS	£78.2m	£50.3m	£13.1m	£12.7m	£16.6m	£16.1m	£107.9m	£79.2m
LA	£23.3m	£15.0m	£5.1m	£4.9m	£7.7m	£7.5m	£36.1m	£27.4m
PRP	£54.9m	£35.3m	£8.0m	£7.8m	£8.9m	£8.6m	£71.8m	£51.7m

Surveyor costs

250. It is unlikely that landlords will have sufficient information on the existing state of their stock to carry out their obligations under DHS2. As such, it may be necessary to carry out building surveys of their dwellings in order to ascertain overall levels of compliance with the standard and identify properties that require remedial action. As MEES regulations will also require similar surveys to identify which dwellings require remedial action, we anticipate most landlords will choose to conduct just one wave of surveys to cover both. It is therefore possible that such estimates overestimate total costs across quality reforms – we will adjust our estimates following consultation.
251. Where they are large organisations, most registered providers have permanent maintenance staff either directly employed or contracted to the organisation who would be capable of carrying out building surveys to some extent. However, given the scale of work required and the breadth of knowledge required to carry out a building survey for both DHS and MEES, we anticipate most registered providers will choose to sub-contract the survey work, though this will likely be to large chartered surveying organisations rather than individual inspectors (as we assume private landlords will do). This is reflective of how most registered providers undertook recent damp and mould surveys after being instructed to do so by government in November 2022.
252. As we expect registered providers to survey their stock using large organisations, we have quantified the impact of doing so based on the expected time this will take, and the hourly wage of a chartered surveyor reported in the Annual Survey of Hours and Earnings (ASHE) uplift for non-wage costs. We expect a building survey to take on average two hours. This is based on how long it takes properties to be surveyed for the physical inspection components of the English Housing Survey (EHS) which includes both HHSRS inspections and energy performance inspections, though the exact time will vary depending on factors such as the size of the dwelling. Based on the 2024 ASHE, the median annual wage for a chartered surveyor is £23.13. Adjusting to 2025 prices and accounting for a 20.2% non-wage uplift in costs, we expect the cost per survey in the SRS to be between £45 and £70 per dwelling, with a best estimate of £57. **The total present value cost to survey all SRS stock is estimated to be £132.2m for PRPs and £76.9m for LAs with a 2035 implementation date or £128.4m for PRPs and £74.7m for LAs with a 2037 implementation date.**
253. It is likely that these costs will be an overestimate of the survey costs of MEES and DHS, as some registered providers will likely conduct the surveys in house at a lower cost due to compliance with the RSH consumer standards. Additionally, some landlords may not have to conduct any surveys at all if they have recently conducted dwelling level inspections of their stock for other reasons. However, as information on this is limited, we have taken the conservative approach to assume every SRS dwelling will need to be surveyed as part of MEES and DHS.

Rental pass through

254. As rents in the SRS are regulated and set by government policy instead of by the market, registered providers are not able to pass on the costs of DHS2 to tenants through higher rents. Instead of higher rents, we expect social landlords to offset the costs of DHS2 by scaling back on other activities (see supply impact sections, paragraphs 245-247).

Detail of tenant impacts associated with DHS2 in the SRS

Reduction in energy use

255. In fulfilling Criterion D (reasonable degree of thermal comfort), landlords may need to improve insulation or eliminate drafts. This should reduce the amount of energy needed to heat the property, saving money on energy bills. However, there is uncertainty around how much energy usage reduction can be attributed specifically to improvements in DHS. Therefore, we have not monetised the energy bill saving. This would be a direct benefit of the regulation.

Wellbeing gains

256. As outlined in the equivalent PRS section, research from Simetrica-Jacobs has found satisfaction with repair and maintenance in a rented dwelling is associated with a 0.433 increase in life satisfaction on an 11 point (0 to 10) scale. Valued under the Wellbeing Adjusted Life Year (WELLBY) framework, this is equivalent to between £5,237 and £8,379 in 2025 prices, with a central estimate of £6,808. Multiplying by the number of people in an SRS household over the age of 16, which is 1.8 according to the EHS, this results in a household level benefit of £12,254 on average.
257. However, some of the wellbeing as a result of improved satisfaction with landlord maintenance will be a result of compliance with existing regulations, therefore we could be overestimating the benefits given our baseline compliance assumptions. For some tenants, this satisfaction may result from the removal of serious category 1 hazard whereas for others it will be result of the requirements introduced by DHS2. Due to data limitations, it is not possible to accurately apportion wellbeing gains to the respective legislation and therefore is non-monetised in this IA. More on the benefits of increasing compliance with existing regulation can be found in pages 61-63.

Reduction in indoor noise pollution

258. As outlined in the PRS section, the new Decent Homes Standard will require properties to have adequate noise insulation. Noise pollution has a highly detrimental effect on tenant's wellbeing: DEFRA estimated in 2014 that noise pollution from roads has a social cost of £7 billion to £10 billion per year, similar in magnitude to the social cost of road traffic accidents. This is derived from the impacts noise has on physical health, sleep disturbance and general annoyance. There are further non-monetised social costs to noise including reductions in productivity from sleep disturbance/fatigue, interrupted communications and environmental impacts. The department publishes guidance on monetising the impacts of reduction in noise for economic appraisal.
259. The repair or replacing of windows will lead to a reduction in indoor noise pollution. These new windows will be compliant with defined security standards in Building Regulation are likely to be double glazed – leading to an up to 35 decibel reduction in external noise⁴³. Single glazing older windows are an inefficient solution to noise and will have little reduction in external noise impacting residents⁴⁴. However, as it is not known by exactly how much on average DHS remediations will lower noise pollution, it has not been possible to monetise this benefit (though it could be significant in magnitude).

Detail of societal impacts associated with DHS2 in the SRS

Supply Impacts

260. As described above, there is uncertainty on the exact share of costs that would have been invested in new supply in the absence of DHS. Here we present scenarios where 50%-100% of the capital expenditure would have been invested in new supply. These parameters represent our lower and upper bounds, with 75% being the midpoint.
261. This approach is likely to underestimate the impact on supply for two reasons: 1) it only estimates the impact on PRP supply, and 2) the approach captures the impact of spending on DHS versus supply but doesn't take into account the reduction in financial capacity as a result of the reduction in income due to the lower supply.

262. The vast majority of new social supply is delivered by PRPs rather than local authorities, with PRPs responsible for 79% of new affordable housing delivery in 2023-24 compared to 14% by LARPs (2% unknown)¹³⁹. As such, only the DHS costs to PRPs have been used to calculate the value of the potential reduction in supply as a result of DHS. As part of the consultation, we are seeking views on the impact of complying with DHS on all provider's ability to invest in new supply. Based on total PRP capital costs for DHS of £1,014.2m (undiscounted) under a 2035 implementation date and £987.1m (undiscounted) under a 2037 implementation date (both in 2025 prices), we estimate—using our central assumptions—that DHS spending will result in between 4,000 and 8,000 fewer homes being delivered under either the 2035 or 2037 scenario. Using land value uplift (LVU) estimates, these reductions in housing supply are valued at £323.4m and £314.8m, respectively. This assumes a regional distribution of delivery equivalent to PRPs' current stocks.

Table 13: private registered supply reduction estimates

Units Lost	Lower	Best	Higher
2035	4,000	6,000	8,000
2037	4,000	6,000	8,000

Table 14: resulting Land Value Uplift (LVU) losses, £m

LVU lost, £m	Lower	Best	Higher
2035	215.6	323.4	431.2
2037	209.8	314.8	419.7

263. The LVU reported in Table 14 is presented in Present Value terms, 2025 prices. We assume that 90% of these units would have been net additional, as 10% would be acquisitions. We also assume an optimism bias of 10%. This disbenefit is assumed to be 100% additional, in that in the counterfactual, none of this development would have occurred (applicable land would have remained as greenfield or brownfield, without private or public development).

Higher rents due to lower social stock

264. If net social housing delivery is lower as a result of landlords having to divert resources to DHS obligations instead of new build, it is likely some households who would have otherwise moved to the SRS will not do so. As rents are lower in the SRS than the PRS, these households will likely pay more in rent than they would in the counterfactual. However, the extent to which their rental bill will vary is impossible to accurately monetise as it depends heavily on their individual circumstances. As well as financial implications, this may also affect tenants' wellbeing if, for example, they would otherwise find themselves in temporary accommodation or overcrowded in the private rented sector.¹⁴⁰

Reductions in crime

265. Like private renters, social renters are at risk of crimes such as domestic burglaries, which we expect to be reduced by the introduction of new requirements for doors and windows. Data from the ONS shows that in the year ending March 2023, social renters were the most likely tenure to be the victims of domestic burglaries, being twice as likely to be burgled as owner occupiers.¹⁴¹ As discussed in the equivalent PRS chapter, Home Office analysis found that Secure By Design security standard, assumed to be equivalent to Building Regulations, Part Q windows, reduces

¹³⁹ There is no provider information on the remaining 5% of units - <https://www.gov.uk/government/statistics/affordable-housing-supply-in-england-2023-to-2024/affordable-housing-supply-in-england-2023-to-2024#:~:text=3.-,National%20trends%20in%20affordable%20housing%20supply,2011%2D15%20Affordable%20Homes%20Programme.>

¹⁴⁰ Note that this refers to a situation where a tenant moves specifically from the PRS to avoid overcrowding, but statistically the SRS, on average, experiences greater overcrowding. In 2023/24, 8.9% of households in the SRS were overcrowded vs. 5.8% in the PRS - <https://www.gov.uk/government/collections/english-housing-survey-2023-to-2024-headline-findings-on-housing-quality-and-energy-efficiency#:~:text=summer%20of%202025.-,Key%20findings,13%25%20in%202023%2D24.>

¹⁴¹ Office for National Statistics, Property Crime Tables (2023)

domestic burglaries by 53%. Additionally, landlords will be required to make sure that the public realm around buildings is kept in a reasonable repair, with things such as external lighting and the addition of door entry systems to the list of 'other' components will also go a long way in deterring criminals in and around homes.

266. Using the framework set out in the PRS section and applying to the SRS, this suggests there may be between 154 and 2,573 fewer burglaries per year in PRP dwellings after full compliance is reached, and between 88 to 1,471 fewer in LA owned dwellings, with central estimates of 1,721 and 984 fewer burglaries respectively per year. We would therefore expect under a 2035 implementation date an annual benefit of around £7.3m from reduced PRP dwelling burglaries and £4.2m for LA, in present value terms. Under a 2037 implementation date this decreases to £6.6m for PRPs and 3.8m for LA's. We expect a total benefit across the appraisal period from reduced burglaries of £109.4m for PRPs and £62.5m for local authorities under a 2035 implementation timeline. This reduces £99.3m for PRPs and £56.8m for local authorities under a 2037 implementation timeline.
267. This assumes that there is no displacement of crime from secure to insecure properties, however this assumption is uncertain. Whilst evidence suggests there is typically limited displacement of burglary in the case of improvements to residential security,¹⁴² if displacement does occur, the societal saving may be lower.
268. As well as reduced burglaries, more well-kept and higher quality social housing and communal areas could reduce anti-social behaviour and related vandalism and crime. Onward's Social Fabric Index indicates a relationship between overall quality of place, social trust and cohesion and public order offences, crime and other indicators.¹⁴³ This in turn will lead to better outcomes for tenants.
269. This assumes that there is no displacement of crime from secure to insecure properties, however this assumption is uncertain. Whilst evidence suggests there is typically limited displacement of burglary in the case of improvements to residential security,¹⁴⁴ if displacement does occur, the societal saving may be lower.

Impact on carbon savings

270. Repairs to, or replacement of, a dwellings' roof, windows, and other essential fabrics will likely lead to a reduction in energy use by the occupants. Well maintained properties will be less likely to have significant drafts that allows internal heat to leak out of the dwelling. Therefore, the regulations are likely to cause a reduction in energy usage (even accounting for comfort taking measures) and a subsequent decline in domestic carbon emissions.
271. Due to data limitations, we are unable to estimate the degree to which the introduction of the standard reduces the level of energy usage across the private rented non-decent stock. Therefore, we have not monetised the carbon of energy saving of the DHS2. This would be an indirect benefit of the reforms.
272. On the other hand, the materials used in the repair of properties to the DHS2 will incur an additional embodied carbon cost to society. This will represent an additional cost to society as a result of the legislation. However, due to data limitations, we are not able to estimate this. It is considered to be an indirect cost of the reforms.

Educational attainment

273. As outlined in the PRS chapter, poor quality housing will impact the educational attainment of children who occupy these dwellings. Children living in these dwellings may be more likely to miss school days due to poor health or struggle to complete homework in a home setting, resulting in worse educational outcomes. However, due to data limitations it is not possible to monetise this benefit.

¹⁴² Residential Security – Containment and Displacement of Burglary. Allatt (1984).

Burglary Reduction and the Myth of Displacement. Ratcliffe (2002).

Centre for Research and Evidence on Security Threats - The Unintended Consequences of Crime Prevention Measures (2024)

¹⁴³ Onward, The state of our social fabric report (2021)

¹⁴⁴ Residential Security – Containment and Displacement of Burglary. Allatt (1984); Burglary Reduction and the Myth of Displacement. Ratcliffe (2002); Centre for Research and Evidence on Security Threats - The Unintended Consequences of Crime Prevention Measures (2024)

Reduced serious childhood falls

274. As discussed in the equivalent PRS section, the Decent Homes Standard will mandate all windows on a floor above ground level must provide child-resistant window restrictors that can be overridden by an adult on all windows that present a fall risk to children. This will reduce the number of falls of children out of windows. Window restrictors offer a cheap and easy method of reducing the risk of fall and are recommended by the Royal Society for the Prevention of Accidents³⁶ and The Child Accident Prevention Trust. It has not been possible to monetise this benefit, but analysis from the EHS shows that over 2 million children live in SRS homes with window access above the ground floor.

Community cohesion

275. A further non-monetised benefit is stronger communities and reduced geographic disparity. Deprived areas on the UK have poor quality housing and improving the quality of these homes will encourage pride of place and make areas more desirable to live in. This benefit will be especially large in the SRS, where tenants live for longer periods of time than in the PRS – on average current social renters have lived at their address for 12.7 years as opposed to 4.4 years in the PRS. The difficulties social renters face with regards to moving home also strengthens the value of any pride in place benefits derived from the Decent Homes Standard.

Reduced tenant moves

276. There may be fewer household moves as a result of higher property standards. This is likely to be less significant in the SRS given the average length of tenure is already much greater than in the PRS (in 2023/24 social renters had been in their home for an average of 12.0 years compared to 4.6 years for private renters).¹⁴⁵

277. Reduced moves would provide benefits to landlords who may otherwise lose rental income during void periods. There would also be administration costs relating to re-letting of properties. These mechanisms are described in greater detail in the PRS section “Reduced tenant moves”.

278. This would benefit current SRS tenants given lesser disruption as a result of moving. It would also benefit prospective SRS tenants, given reduced demand and therefore waiting lists for new properties. As of March 2024, there were 1.3 million households on local authority housing registers – the highest number since 2014.¹⁴⁶

Sensitivity and switching analysis

279. The headline monetised net present social value is estimated to be -£3,899.8m to -£3,815.3m (dependent upon 2035 vs. 2037 implementation timeline). However, there are additional benefits the analysis has not been able to monetise. This includes factors such as increased wellbeing, energy bill savings, lower carbon emissions and reduced noise pollution. These would be likely to provide significant monetised benefit, increasing the net present social value of the legislation if we were able to monetise.

280. A moderate additional benefit per household living in non-decent housing would be sufficient to push the NPSV into positive territory. Tables 14 and 15, below, summarises the NPSV breakeven point by housing tenure. This summarises the additional benefit needed annually for each household living in a non-decent home.

Table 15 – Switching analysis by housing tenure, 2035 implementation

Tenures	NPSV	Number of households in non-decent homes	NPSV breakeven point per non-decent household
Private rented sector	-£2,481.3m	373,099	£6,650
Social rented sector	-£1,418.5m	237,369	£5,976
All rented housing	-£3,899.8m	610,468	£6,388

¹⁴⁵ EHS 2023-2024, Chapter 3: Housing history and future housing

¹⁴⁶ MHCLG, Social housing lettings in England, tenants: April 2023 to March 2024

Table 16 – switching analysis by housing tenure, 2037 implementation

Tenures	NPSV	Number of households in non-decent homes	NPSV breakeven point per non-decent household
Private rented sector	-£2,451.0m	379,798	£6,454
Social rented sector	-£1,364.3m	237,369	£5,747
All rented housing	-£3,815.3m	617,167	£6,182

281. For the reform to have a net positive impact on society, households in the private rented sector living in non-decent homes would need to see non-monetised additional benefits of £6,454-£6,650 over the 15-year appraisal period (equating to £430-£443 per annum). For households living in the social rented sector, the additional benefit would need to be £5,747-£5,976 per household living in non-decent homes (equating to £383-£398 per annum). Across both tenures, each household living in a non-decent home would need an additional benefit of £6,182-£6,388 for the NPSV to reach zero (equating to £412-£426 per annum).
282. For context, such impacts may accrue due to, for example, not losing 4 days' at work due to illness. In April 2024, the median hourly pay for full-time employees was £17.09¹⁴⁷ - the loss of a 4 days' pay (net of Statutory Sick Pay) each year would therefore recoup such costs from a societal perspective.¹⁴⁸
283. It is worth noting that there is broad distribution of per household costs, whereby some landlords would face very small costs and others much higher costs. This would correlate with the condition of their stock. This means the level of benefits required to offset the costs will vary at an individual dwelling level.
284. The additional benefit to households would also need to consider the potential of private landlords to pass through some costs of the DHS2 repair costs to tenants in the PRS. More details on rent pass through can be found in section 'Wider impacts of applying DHS2'.

Risks and assumptions

The tables below summarise the main risks identified that would impact the appraisal contained in this Impact Assessment across the rented sectors and tenure specific impacts. The main assumptions of the analysis include:

- The size of the PRS:** using historical trends to estimate the future size of the PRS has an inherently high degree of uncertainty. The projected number of households as well as landlords are shown in the PRS section. A significant expansion of the PRS would result in changes to total costs. This would also be dependent on the condition of properties entering the PRS. An expansion in the size of the PRS from new-build Build to Rent sector would be unlikely to significantly increase costs. Whereas an expansion drive by older owner-occupied stock entering the PRS may lead to a larger cost increase. However, the per dwelling cost is unlikely to change significantly.
- The non-decency rate has remained constant in the SRS:** analysis conducted by the BRE used data from 2019 (the most recent robust data available at the time). However, we have updated our estimates to align with stock data from the Regulator of Social Housing, and therefore assumed the non-decency rate has remained constant. We have not assumed an ongoing increase in the size of the SRS stock given the nature of new additions (post- the publication of the revised standard). This is covered in paragraphs 215-216.
- Cost pass-through:** As set out in the wider market impacts section, PRS landlords may attempt to recoup some of the costs of the proposed legislation by increasing rents, though we have not been able to provide a robust estimate of whether this will happen and if so,

¹⁴⁷ ONS, Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 (2024)

¹⁴⁸ This would require 7-8 hours to be regained, assuming one day of Statutory Sick Pay to be worth £23.75 (£118.75 divided by 5) - <https://www.gov.uk/statutory-sick-pay>

the level of pass through. We have sought to keep the burdens on landlords proportionate, and provide realistic timeframes for implementation and enforcement and the Renters' Rights Bill will enable tenants to challenge above market rent increases in the First-tier Tribunal.

- d. **Landlord compliance:** In both sectors we assume 100% compliance with DHS2. The Renters' Rights Bill will introduce additional sanctions for PRS landlords who fail to comply with the legislation, including failures to meet the DHS. For first offences, this is expected to result in a civil sanction of up to £7,000 where a category 1 hazard is found. and we will introduce further penalties once the rest of the DHS is put in place. The First-tier Tribunal system will play a role in the enforcement mechanism. **These costs of compliance with the existing standard have not been monetised due to the assumption of full compliance from all private landlords operating in the sector. This is in line with the Better Regulation Framework.**

Table 17: Risks that would impact the appraisal across the rented sectors.

Risk description	Impact	Mitigations
Given data limitations, the proposed revised standard could not be modelled in full.	This is more likely to affect the total costs (and therefore average total cost per dwelling), as opposed to additional costs. The impact is likely to be small in aggregate, mainly relating to repair works which compare multiple criteria (or elements of criteria). Where applicable, this is discussed in various points of this Impact Assessment and the EHS Briefing: Modelling a Revised Decent Homes Standard for Consultation ¹⁴⁹ .	Best available proxies have been used in this analysis, and we are transparent about where limitations exist. Further modelling will be conducted (with the benefit of consultation responses) for the Final Stage Impact Assessment.
Landlord compliance with DHS2 is lower than expected	This would result in slower progress towards the policies' objectives with tenants incurring the bulk of the cost of non-compliance. There may be increased costs to council enforcement teams and the Regulator of Social Housing as a result of the non-compliance.	Clear communications and guidance to landlords on the new standard. Ensuring timelines for implementation are as realistic as possible, to set landlords up for successful compliance with the new standards. Sufficient funding for enforcement teams.
A longer implementation timeframe	A longer implementation timeframe would spread costs to the landlord over a longer period and reduce supply chain/skills shortage issues. It would mean it would take longer for benefits to be realised, including improved productivity and health outcomes.	Providing certainty on DHS2 with sufficient implementation time, so landlords have the confidence to mitigate any non-decency issues before the standard comes into force.
Inflation is higher than expected	This would increase the costs of the reforms to landlords and could potentially lead to higher pass-through to tenants.	Providing longer lead-in times to help landlords spread costs more effectively.

¹⁴⁹ <https://www.gov.uk/government/publications/ehs-briefing-modelling-a-revised-decent-homes-standard-for-consultation>

Shortage in materials or labour	This would impede improvements to the dwelling stock – increasing costs to landlords and reducing the benefits of the legislation.	Longer lead-in times to spread out the pressure on labour and resource.
Lower repairs due to lack of information about condition of current stock	Lower than expected compliance with new standards and increased risk to tenants from living in poorly maintained homes.	Supporting sector initiatives to improve knowledge and understanding of stock in the SRS. The Regulator of Social Housing are consulting on new requirements for social landlords to survey their stock at regular intervals. In the PRS we also expect an improved understanding of stock condition through enhanced data reporting on the part of local authorities.

Table 18: Risks that would impact the appraisal – PRS only

Risk description	Impact	Mitigations
Lack of enforcement	A lack of enforcement of the regulations may lead to an increase in non-compliance and hamper the objectives of the policy.	In line with the new burdens doctrine, we will assess how much additional support local authorities will need to enforce these new requirements adequately in the PRS. Wider measures in the Renters' Rights Bill to strengthen enforcement powers and introduce the PRS database will also help local authorities target enforcement action more effectively.
Landlords, and properties, leave the PRS	This could result in localised shortages of properties available to private tenants. This may lead to a further increase in rent – though may have benefits if rogue landlords leave the sector. Additionally, if dwellings sold become the property of new owner-occupiers, there may be a reduction in PRS demand which may offset lower supply to some degree. It should be noted the Impact Assessment has assumed a slow and slight increase in private rented properties given recent trends and ONS household projections.	We have sought to keep the burdens on landlords proportionate, and provide realistic timeframes for implementation and enforcement.
Rental pass through is higher than anticipated	Costs to tenants increase as landlords are pass through more of the cost of the reforms to tenants.	The Renters' Rights Bill will enable tenants to challenge above market rent increases in the First-tier Tribunal. We have sought to keep the burdens on landlords proportionate, and provide realistic timeframes for

		implementation and enforcement.
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Table 19: Risks that would impact the appraisal – SRS only

Risk description	Impact	Mitigations
Landlords dispose of, rather than remediating, non-decent homes	This would reduce overall social housing stock and potentially increase pressures on homelessness services. If ex-SRS stock becomes owner occupied, it will fall beyond the scope of DHS and benefits will not materialise. There would be a negative welfare spending impact associated with increased homelessness.	Proposals in the consultation document regarding meeting the standard seek to set out circumstances where it may not be viable or feasible (including in terms of cost compared to value of the home) for a landlord to meet DHS2.
Landlords scale back on other commitments (MEES, new supply etc) to meet decency obligations	As above, a reduction in new supply will increase pressure on allocations for social housing and would increase pressure on homelessness services. Reduced spend on discretionary quality activity may worsen outcomes for tenants.	We are seeking views on the impacts of these proposals on other commitments in the consultation and will consider pressures in the round when finalising DHS2. Separate briefing has been provided in relation to financial settlements for the SRS sector.

Risks and assumptions for the social rented sector

Supply impacts:

285. The supply losses from DHS will depend on the regional spread of costs of meeting DHS, as the costs of developing new social housing varies considerably depending on locality. Given the reformed DHS will not exactly align with the current DHS, we have assumed costs will align with the regional split of stock held (rather than current decency levels, which may imply spurious accuracy).

286. The regional split of costs of DHS2 faced by PRPs is shown in table 20 below:

Table 20: regional split of DHS2 costs by PRPs

Government Office Region	% of PRP stock
North East	6.5%
North West	18.4%
Yorkshire and the Humber	7.4%
East Midlands	6.0%
West Midlands	10.2%
East	10.5%
London	16.6%
South East	14.8%
South West	9.7%

287. It has been assumed that capex spent on decency would have otherwise been spent on supply in the same region. This does not account for any 'smoothing' from PRPs who own dwellings in more than one region.

Wider impacts of applying DHS2

288. The following section outlines the potential impacts of the DHS2 regulations on compliance with existing regulation as well as the supply and rental levels of private rented dwellings.

Compliance with existing regulation

289. **Landlords are already required to maintain a certain standard of property condition.** This includes ensuring the home is free from serious category 1 hazards as well as being in a reasonable state of repair. However, figures from the latest English Housing Survey show that 10% of dwellings in the PRS and 4% of dwellings in the SRS have at least one category 1 hazard.¹⁵⁰

290. **The introduction of the DHS2, alongside changes to the enforcement regime, are likely to drive up compliance with the existing legislation, resulting in further costs and benefits on top of those presented in the main analysis.** It is difficult to accurately model the likely increase in compliance with existing regulations as it is dependent on landlord business practices and awareness of hazards in the dwelling. Impacts of increased compliance with existing legislation are set out below. However, any monetised impacts have not been included in the headline figures due as Impact Assessment guidance requires analysis to be based on an assumption of 100% compliance (covered in Section in analytical assumptions section)

Cost of remediation (increased compliance with existing standards)

291. As set out in the improvement profile section 81% to 87% of the total cost required to bring properties in the PRS and SRS within DHS2 falls within pre-existing legislation¹⁵¹. These costs are excluded from our headline figures as they relate to obligations landlords should already be meeting, and are therefore not additional regulatory costs. If we do see an increase in compliance with existing regulations due to DHS2, and if this compliance were 100% (in reality it is likely some level of non-compliance would persist at any given time, so these figures represent upper limits), we would expect the total cost to landlords per non-decent dwelling of remediation work in the PRS to be somewhere between £1,387 and £7,451, between £534 and £3,999 for LARPs and between £722 and £4,029 for PRPs (excluding costs of floor coverings, damp coverings and window restrictors). This would represent a total of £10.5bn to £11.0bn in catch-up costs in the PRS (given 2037 vs. 2035 compliance data) and £4.8bn to £4.9bn in catch-up costs in the SRS (given 2037 vs. 2035 compliance date). However, the degree to which compliance will increase is dependent on the effectiveness of activity to support compliance, enforcement action and landlord behaviour. Therefore, in reality, we would expect these costs to be lower. Owing to this uncertainty, we are unable to monetise the costs (and benefits) of the impact of DHS2 arising from increased compliance.

NHS fiscal savings (increased compliance with existing standards)

292. Non-decent dwellings pose “a serious threat to the health and safety of renters”.¹⁵² Therefore, by reducing patients requiring treatment, tackling non-decency presents **a substantial opportunity for NHS savings**. However, many of these dwellings fail to meet existing standards. Therefore, we have not monetised the cost saving because we do not know the impact of the enforcement regime and other measures in the Bill on landlord compliance with existing requirements and how raising the standard will further contribute to these savings.

293. Greater compliance with existing regulations is associated with significant public sector cost savings from reducing the number of Category 1 hazards. A significant benefit from rectifying hazardous dwellings are fewer accidents and deaths caused by dangerous housing. This leads to savings to the NHS from fewer patients requiring medical treatment.

¹⁵⁰ English Housing Survey 2023 to 2024: headline findings on housing quality and energy efficiency

¹⁵¹ Although as noted, total costs may underestimate given complexity in the modelling with assuming which remediation costs are additional to legislation.

¹⁵² Public Accounts Committee, Regulation of Private Renting report (2022)

294. This benefit can be monetised by multiplying the cost of treating an injury from a particular category 1 hazard by the probability of such an injury occurring. The average annual healthcare saving per hazard rectified in the PRS is £596 and £382 in the SRS in 2025 prices.¹⁵³ However, this varies across households depending on the nature of the hazard.
295. According to the 2023-24 EHS, there are an estimated 496,000 unsafe homes with Category 1 hazards in the PRS, and a further 177,000 in the SRS. We do not know the degree to which the introduction of DHS2 will result in all Category 1 hazards being fixed. This is dependent on compliance with the standard, under a scenario of 100% compliance, we would expect to see all Category 1 hazards remediated. However, we do not know the likelihood of this happening in reality.
296. In a scenario in which 50% of Category 1 hazards are rectified by landlords due to DHS2, we would see a present value fiscal saving of £712.0m in the PRS assuming a 2035 implementation date (ranging from £356.0m to £1,068.0m) or £489.7m assuming a 2037 implementation date (ranging from £244.8m to £734.5m). In the SRS, we would see a present value fiscal saving of £389.6m assuming a 2035 implementation date (ranging from £194.8m to £584.4m) or £328.5m assuming a 2037 implementation date (ranging from £164.3m to £492.8m). This would represent an indirect negative cost to society i.e. an overall reduction in NHS costs.

Improved productivity (associated with increased compliance with existing standards)

297. If somebody has a serious injury in the home, they are often unable to work while recuperating, therefore reducing national productivity. Therefore, by reducing the number of injuries that occur, society can benefit from to **improved labour productivity**.
298. The productivity loss of an injury can be valued in several ways; one of which is by multiplying the time needed to recover by the wage of the injured person. This is the best monetisation of their productivity as it is a revealed cost of the price, they are willing to accept for their labour time, as well as being the price society is willing to pay them for it. However, this requires very granular data on the wages of the people living in hazardous homes. In some cases, such as local council level interventions, this may be possible. However, for nationwide schemes a different approach will be needed. An alternative way of valuing an individual's productivity is gross value added (GVA) per capita.
299. The recovery time of an injury varies greatly by the type of the injury. The analysis rests upon the average injury costs which will hide significant variation – some injuries may be life changing whereas other may be more temporary. The Transport Research Laboratory estimated that the average home injury results in a lost output of £6,145 (adjusted to 2025 prices).¹⁵⁴ Given that not every hazard will result in an injury to the occupant each year, the costs are scaled by the probability of harm occurring each year – approximately 9% of harms in the PRS and 11% of harms in the SRS will result in injury each year.¹⁵⁵ This results in a lost output cost of £540 per hazard per year in the PRS (ranging from £432 to £905 based on the severity of injury) and £688 per hazard per year in the SRS (ranging from £550 to £1,152).
300. If 50% of category 1 hazards in the PRS are fixed due to DHS2, this would result in total annual benefit of £646.0m under a 2035 implementation date (ranging from £258.4m to £1,623.1m) or £444.3m under a 2037 implementation date (ranging from £177.7m to £1,116.3m). In the SRS, this would result in total annual benefit of £700.6m under a 2035 implementation date (ranging from £280.3m to £1,760.4m) or £590.9m under a 2037 implementation date (ranging from £236.3m to £1,484.6m). This would be an indirect benefit to society.

Reduced fire costs

301. The updated standard is expected to result in **fewer fire hazards**. Building Research Establishment (BRE) estimates that approximately 7.2% of category 1 hazards in the private rented sector are fire hazards.¹⁵⁶ This equates to approximately 34,000 fire hazards in privately rented homes in England in 2023. Approximately 1.8% of these hazards will result in serious

¹⁵³ MHCLG analysis of BRE 2023 *The cost of poor housing in England by tenure*.

¹⁵⁴ MHCLG analysis of Transport Research Laboratory 2009 *Re-valuation of Home Accidents*

¹⁵⁵ MHCLG analysis of BRE 2016 *The full cost of poor housing*

¹⁵⁶ BRE, *The cost of poor housing in England by tenure (2023)*

hazard in a given year – an estimated 600 incidents per annum. In the SRS, approximately 2.4% of category 1 hazards are fire hazards, equating to approximately 5,000 fire hazards. 1.8% of these hazards would result in an estimated 90 incidents per annum.

302. In 2008, the average cost of a fire in a domestic building was estimated to be £44,523 (2008 value).¹⁵⁷ This is £68,395 in 2025 values. A breakdown of the cost, and how it is derived is not available, but it comprises both costs as a consequence of fire and the response costs. This does not include fire anticipation costs (such as fire protection installations in buildings). As a result, the headline figure will include economic, fiscal and social costs.
303. Adjusting the estimated fire cost with the expected probability of a serious fire each year results in an annual cost of £1,221 per fire hazard per year. This is a recurring cost of fire hazards in rented housing.
304. If 50% of fire hazards in the PRS are fixed due to DHS2, the reduction in fires is expected to result in £104.7m real discounted saving under a 2035 implementation date (ranging from £52.4m to £157.1m) or £72.0m under a 2037 implementation date (ranging from £36.0m to £108.0m). In the SRS, such a reduction would be estimated to result in £29.5m real discounted saving under a 2035 implementation date (ranging from £14.7m to £44.2m) or £24.9m under a 2037 implementation date (ranging from £12.4m to £37.3m). This would be an indirect benefit to society.

Wider market impacts in the private rented sector

Impacts on the supply of private rented sector homes

305. Introducing a decency standard in the PRS will represent a potential increase in cost for landlords who own or want to purchase properties which do not meet the standard. All else equal, these additional costs could reduce the appeal of supplying PRS properties.
306. However, we are unable to quantify the extent to which the reforms will impact the supply of dwellings in the PRS. This is because supply is determined by a wide range of factors including rent levels, house prices, taxation policy, interest rates, returns on other investment options, wider reforms in the sector and the movements of tenants into homeownership and social rented housing.
307. The MHCLG commissioned UK Collaborative Centre for Housing Evidence to conduct a systematic review of the evidence on the link between non-price regulation and housing supply. They were unable to identify any robust evidence that non-price regulatory reforms causes disinvestment in the PRS sector.¹⁵⁸ They did, however, find a range of evidence that shows non-price regulatory reforms are not associated with disinvestment in the PRS or other negative market outcomes. The report highlights that the growth of the private rented sector over the past two decades has continued despite the introduction of a range of additional regulatory requirements on the sector.
308. This can be applied, cautiously, to the DHS2. However, the DHS2 represents a significantly higher upfront cost to business compared to other non-price reforms. Therefore, it may be more likely to cause some reduction in investment in the sector.
309. There is insufficient evidence, from either market sources or academic references, to accurately model the likely impact. We are unaware of robust and recent estimates of supply side elasticities from which to estimate the impact of cost changes on rental property availability and prices. The main reasons for this are data limitations - limited research relevant to England; and the challenge of disentangling and isolating the impact of past reforms from other changes in the market or economy.
310. Additionally, landlords are not one homogenous group – business models vary and so do their motivations for being landlords. The level of costs they face will also differ depending on the characteristics and location of each property. This means each landlord will likely respond differently to the introduction of DHS2.

¹⁵⁷ Department for Communities and Local Government, Fire Research Project (2011)

¹⁵⁸ Harrington, N et al., The Impact of Regulatory Reform on the Private Rented Sector (2023)

311. Therefore, we're not able to robustly quantify how landlords will respond to the changes. However, we think they may choose to do one or more of the following:

Absorb the costs:

312. Landlords may be willing to absorb the costs of improving property standards if they know the costs could be offset by an increase in asset value. They may not see the benefit of a higher asset price until they sell their property but, depending on their business models, some may decide to borrow against the increased value of the property hence realise the benefits of higher asset prices sooner.
313. However, this is dependent on what landlords care about most when it comes to their assets. For example, more landlords view their role 'as an investment for rental income' (48%) than for capital growth (27%).¹⁵⁹ The two most prevalent reasons given for why landlords originally entered the sector were as a pension contribution (42%) and a preference for investing in property rather than other investments (42%). This is similar to 2021. 13% wanted to build equity for their children.
314. We expect cost absorption to be more likely for landlords that care more about asset value, however that assumes they are able to absorb the additional costs. The average mortgage rate has nearly doubled between 2021 and 2024¹⁶⁰ which has likely affected finances of the 59% of landlords who have some form of borrowing against their properties.¹⁶¹ Whilst interest rates are expected to fall slight over the next few years,¹⁶² borrowing costs will likely remain high so landlords may be less willing or able to borrow against future increases in asset price.
315. 42% of landlords said they preferred investing in property rather than other investments.¹⁶³ This would give us more confidence that there are other factors that lead to landlords investing in the private rented sector above other investment options. Furthermore, 58% have been landlords for 11 years or more and this has increased gradually since 2018¹⁶⁴ with a large proportion of landlords having invested in property as long-term investment, such as savings for pensions. The more long-term these property investments are considered, the more likely it is that the DHS2 cost will be viewed by landlords as a long-term investment which can increase the value of their asset.

Increase rents:

316. Alternatively, landlords may choose to pass some/all of the costs through to tenants in the form of higher rents. This will offset costs to their business and maintain a certain level of profit. However, it is difficult to assess the degree to which this will occur. The likelihood of this happening depends on landlords' rent setting behaviour which in turn is dependent on a number of market factors, the scale of the costs for each landlord, and housing affordability. We have sought to keep the burdens on landlords proportionate, including a long lead in time for implementation, and the Renters' Rights Bill will enable tenants to challenge above market rent increases in the First-tier Tribunal.
317. Whilst a tenant may still prefer one dwelling over another, that they can move elsewhere means different PRS properties are substitutes for each other. This means PRS landlords are engaging in monopolistic competition with each other and landlords cannot unilaterally set the rent of their property at whatever level they wish. The extent to which they can pass through the increased costs depends on the proportion of landlords facing additional costs.
318. 47% of PRS properties (2.4m-2.5m over the appraisal period depending on implementation date)¹⁶⁵ are expected to be fail the Decent Homes Standard. 7% would fail as a result of additional obligations brought about by the legislation (with the remaining 40% not adhering to existing obligations). Holding all else equal, we expect affected landlords to make up a sizeable enough proportion of sector to be able to pass increased costs through into rents, although this may vary by local housing market conditions and the scale of the rent rise.

¹⁵⁹ MHCLG, English Private Landlord Survey 2024 – Annex table 1.15. Figures may not sum to 100% as respondents could select more than one answer.

¹⁶⁰ Office for Budgetary Responsibility, Economic and Fiscal Outlook (2025)

¹⁶¹ MHCLG, English Private Landlord Survey (2024)

¹⁶² Office for Budgetary Responsibility, Economic and Fiscal Outlook (2025)

¹⁶³ MHCLG, English Private Landlord Survey (2024)

¹⁶⁴ IBID

¹⁶⁵ Of these, 7% would fail due to revisions in legislation.

319. Landlords whose properties are not directly affected by these reforms may also decide to increase rents if market rents rise. In the latest English Private Landlord Survey, the most common rationale given by landlords who increased rent for their most recent letting was they set rent in line with the market rate in their area (79%).¹⁶⁶
320. On the other hand, landlords will be constrained by whether tenants are able and willing to pay higher rents. In 2023-24, just under a third of private renters (32%) reported finding it either fairly or very difficult to afford their rent.¹⁶⁷ This, coupled with an expected slowdown in real wage growth¹⁶⁸ and significant rises in rents in recent years,¹⁶⁹ means there may be limited scope for tenants to pay higher rent levels.
321. This is likely to be most true for areas with the lowest levels of demand and for tenants with lower incomes. In 2023-24, just under three-quarters (71%) of private renters in the lowest two income quintiles spent more than 30% of their income on rent. This represents approximately 1.4 million private renting households across England with low incomes and high housing costs. Nearly all of private renters living in London who were in the lowest two income quintiles (96%) spent more than 30% of their income on rent.¹⁷⁰
322. Tenants in affected dwellings may see some saving in their energy bills due to improved thermal comfort so they may be more willing to accept an increase in rents in exchange for lower energy bills. However, we expect the saving to be small relative to the cost of making the dwelling decent that could be passed through to tenants.
323. Additionally, under the Renters' Rights Bill there will be new regulations governing rent rises. Landlords will in future only be able to increase rents once a year via the section 13 process and tenants who receive a rent increase that they feel is not representative of the market value will be able to challenge the increase at the First-tier Tribunal. These additional regulations may result in fewer landlords choosing to raise rents to cover the costs of meeting the new Decent Home Standard.
324. Given the number of uncertainties listed above, we are unable to give a definitive view on how much rent will be passed onto tenants if any. Instead, we have set out a number of possible rent pass through scenarios to provide an illustration of possible impacts. The scenarios assume costs are passed through to rents over a 5-year period and an average weekly rent of £254 (2025 prices).¹⁷¹

2035 implementation date

- a. **Scenario 1:** Landlords pass through all costs to tenants from the introduction of DHS2 to the private rented sector. This would result in landlords facing no net increase in costs, maintaining profit margins, while tenants would face a cost increase of £7,480 per household in an affected dwelling (2025 prices, 2026 present value) – this is the equivalent to a £28.77 rent increase per week for a household living in a non-decent home. This is approximately 11.3% increase in average rents.
- b. **Scenario 2:** Landlords are constrained in the degree of pass through by the proportion of the market incurring the cost. In the case of familiarisation and survey costs, this is 100% of the costs. For the upgrade costs, landlords are able to pass through 47% of the costs (based on the proportion of non-decent dwellings). This would result in landlords facing an increase in costs of £3,691 per affected dwelling. Tenants would incur rent increases amounting to £3,788 for a household living in a non-decent home – this is the equivalent to a £14.57 rent increase per week (5.7% increase in average rents).
- c. **Scenario 3:** Landlords pass through one-third of the total costs of the DHS2. This would result in landlords facing an increase in costs of £4,896 per affected dwelling. Tenants

¹⁶⁶ MHCLG, [English Private Landlord Survey \(2024\)](#)

¹⁶⁷ [English Housing Survey 2023-24 Chapter 2: Housing costs and affordability](#)

¹⁶⁸ [Office for Budgetary Responsibility, Economic and Fiscal Outlook \(2025\)](#)

¹⁶⁹ [Office for National Statistics, Private rent and house prices April 2025](#)

¹⁷⁰ [English Housing Survey 2023-24 Experiences of the 'Housing Crisis' \(2024\)](#)

¹⁷¹ [English Housing Survey 2023-2024: headline findings on demographics and household resilience \(2024\)](#)

would incur rent increases amounting to £2,493 over a period of 5 years – this is the equivalent to a £9.59 rent increase per week for a household living in a non-decent home (approximately 3.8% increase in average rents).

- d. **Scenario 4:** Landlords are unable or unwilling to pass through the costs to tenants. Landlords would therefore adjust their profit expectations accordingly. Landlords would face a net increase in direct costs, as a result of the legislation, of £7,480 per affected dwelling and tenants facing no increase in private rents.

2037 implementation date

- e. **Scenario 1:** Landlords pass through all costs to tenants from the introduction of DHS2 to the private rented sector. This would result in landlords facing no net increase in costs, maintaining profit margins, while tenants would face a cost increase of £6,993 per household in an affected dwelling (2025 prices, 2026 present value) – this is the equivalent to a £26.90 rent increase per week for a household living in a non-decent home. This is approximately 10.6% increase in average rents.
- f. **Scenario 2:** Landlords are constrained in the degree of pass through by the proportion of the market incurring the cost. In the case of familiarisation and survey costs, this is 100% of the costs. For the upgrade costs, landlords are able to pass through 47% of the costs. This would result in landlords facing an increase in costs of £3,445 per affected dwelling. Tenants would incur rent increases amounting to £3,548 for a household living in a non-decent home – this is the equivalent to a £13.65 rent increase per week (5.4% increase in average rents).
- g. **Scenario 3:** Landlords pass through one-third of the total costs of the DHS2. This would result in landlords facing an increase in costs of £4,662 per affected dwelling. Tenants would incur rent increases amounting to £2,331 over a period of 5 years – this is the equivalent to a £8.97 rent increase per week for a household living in a non-decent home (approximately 3.5% increase in average rents).
- h. **Scenario 4:** Landlords are unable or unwilling to pass through the costs to tenants. Landlords would therefore adjust their profit expectations accordingly. Landlords would face a net increase in direct costs, as a result of the legislation, of £6,993 per affected dwelling and tenants facing no increase in private rents.

325. All figures above are based on averages. In reality costs will vary by property meaning rent rises could vary. The majority of PRS dwellings are expected to be remediated for less than the average cost, therefore most rent rises, should they occur, will be lower than set out above. The subset of landlords with the highest improvement costs could be constrained in how much of the costs they can pass due to monopolistic competition with the majority of landlords with lower costs. On the other hand, landlords with the lowest improvement costs could potentially have more scope to pass a higher proportion of their costs on.

Sell their properties:

326. Lastly, landlords may decide it is not profitable enough to remain a landlord and decide to exit the market. The likelihood of this is dependent on the price landlords would receive from the sale of their property, any fees/taxes from selling, their profitability following the introduction of the Decent Home Standard, and their wider financial circumstances.

327. For example, we might expect to see more landlords leaving the sectors where rental income is relatively low compared to the cost of meeting the new standards. For example, the Yorkshire and the Humber has one of the highest median costs in England of improving dwellings to the current decent homes standard¹⁷² but is also one of the regions with lowest average rents.¹⁷³ On the other end of the scale, London has the highest average rents in England and one of the lowest median cost of improving dwellings to the current standard.

¹⁷² English Housing Survey 2022-23: housing quality and condition

¹⁷³ Office for National Statistics, Private Rent and House Prices UK April 2025

328. The decision on whether to invest in, or remain in, the Private Rented Sector is also dependent on the relative attractiveness (financial returns) of residential letting compared to other investment opportunities such as government bonds, bank deposits and pension annuities. Additional costs in the rented sector would dampen the relative attractiveness, holding all else equal, compared to other investment opportunities. However, it is unclear whether that will be enough for landlords to decide to sell, particularly given recent volatility of wider macroeconomic conditions.
329. If some landlords do decide to sell and those properties are sold to other landlords, supply in the PRS would remain unchanged. This transfer might even be associated with increased efficiency or professionalisation of the sector, particularly if the reforms encourage rogue landlords to leave the sector who are replaced with responsible landlords.
330. However, if a proportion of these properties are sold to homeowners, PRS supply would decrease. If those homeowners are first time buyers who were previously in the PRS, the decrease in supply might be offset to some degree by a decrease in demand in the PRS. Yet, the Decent Homes Standard does not apply to properties in the owner-occupied sector so there is less of a guarantee that the policy will meet its objectives (14% of owner-occupied dwellings would be classed as non-decent under the current standard).¹⁷⁴
331. A reduction in PRS supply could enable existing landlords to put up their rent levels. An increase in rents may incentivise more landlords to enter the market which could go some way to offset the initial decrease in supply. However, as with rent pass through, this is dependent on how tenants respond to increases in rents.

Impacts on PRS new build supply

332. The supply of new build specifically for the PRS comes from the Build-to-Rent (BtR) sector comprised of a small number of large-scale landlords. This differs from the traditional PRS where landlords are likely to have a small number of properties. The majority of BtR developments were built after 2010 – between 2010 and Q1 2025, 127,000 properties were built in the UK and there are 160,000 more currently under construction or in planning.¹⁷⁵ Non-decency is highly correlated with older properties – therefore, it is likely that very few of these new build properties will be considered non-decent. Therefore, it is reasonable to assume that the new supply impacts on this sector would be low.
333. If any of them would be non-decent, the possibilities of acquiring the finances to fund these costs would be much greater given they are large corporations and not individual landlords. It is therefore likely that DHS2 will have little impact on this section of new PRS supply.

Impact on construction labour market

334. Improving housing standards will likely require additional skilled workers such as window fitters, plumbers and plasterers to make the required changes to a property. This is alongside increased demand for the construction workforce from Minimum Energy Efficiency Standards, Awaab's Law, the ambition to build 1.5million homes and wider remediation work.
335. The work required to increase standards may overlap with the work needed to meet Minimum Energy Efficiency Standards so, depending on implementation timings, landlords may decide to undertake remediation for both standards at the same time, reducing the additional demand for construction workers. However, we still expect there to be significant workforce need which could push up wages and increase the cost of DHS2 for landlords.
336. In the long run, higher wages in the construction sector will incentivise more people to train in these professions which should cause wage growth in the construction sector to slow. However, there are expected to be short term cost implications, particularly given the number of properties affected by the reform and possible similar timing of other policies that require the construction workforce (depending on DHS implementation timings). The impact will also likely vary by region, depending on current decency of PRS properties and the local workforce.

¹⁷⁴ English Housing Survey 2023-2024: headline findings on housing quality and energy efficiency

¹⁷⁵ British Property Federation, Release: Build to Rent Q1 2025

Impact on small and micro businesses

Social Rented Sector (SRS)

337. **Some registered providers (RPs) of social housing are small and micro businesses.** For the purposes of this small and micro business assessment (SaMBA), we have used the number of homes owned by a PRP to determine whether it is a small business. Measuring the size of businesses in the sector by number of employees is not the most appropriate way to understand the social housing sector, where PRPs are typified by their size (small or large) depending on the number of homes they own, rather than number of employees. The Regulator of Social Housing (RSH) align their reporting on the sector with this metric, and this approach is also consistent with previous Impact Assessments undertaken in relation to the social housing sector. As such, references to small and micro businesses in this SaMBA will refer to those landlords that own less than 1,000 units of social housing. As per previous Impact Assessments, we assess in the PRS that small landlords collectively own around 5% of PRP stock and 3% of all SRS stock. At the time of writing, 1,162 PRPs meet our definition of being a small or micro business.
338. **The majority of social housing stock, around 97.1%¹⁷⁶ is held by large registered providers (PRPs and LAs) who will have sufficient size and expertise across their organisation to deliver the objectives of the reforms to the DHS that we are proposing.** However, though small landlords own a relatively small number of homes, they make up the majority of registered providers.
339. **All registered providers (RPs) of social housing are required to meet the Decent Homes Standard, including social landlords that would be classed as small and micro businesses.** Where the DHS is a minimum quality standard that all rented homes will be expected to meet, exempting small and micro businesses would severely undermine the policy objective of these changes. In practical terms, this would leave tenants of small landlords in a position where their homes are subject to a lesser standard than they are under current regulations and introduce disparity between the standards that tenants can expect – dependent on the number of social housing units owned by their landlord. Not only would this fail to deliver on the policy objective, an exemption would be a step backwards for the rented sectors.
340. **Information on the decency and stock age of PRPs by size is limited,** but small PRPs are not currently exempt from existing DHS requirements and there is no evidence they are less able to comply with regulations than large RPs. We are therefore proposing that no change of approach should be made with the application of the updated DHS.
341. **Exempting small- and micro-businesses would exacerbate the risk of tenants living in sub-standard and unsafe accommodation.** We have assessed that to provide any universal exemption to small and micro-businesses would involve an unacceptable compromise, leaving tenants of smaller landlords at a higher risk of being provided a poor service without potential recourse. It would not be acceptable to reduce the expectations or standards for the services landlords provide, based on their size. Additionally, any exemption could create loopholes for less scrupulous landlords to abrogate their responsibilities and requirements. However, for those measures above and those that will be delivered through significant further regulatory work, the Regulator of Social Housing ('RSH') may look to ensure requirements for small and micro businesses are proportionate and seek to avoid unintended impacts that outweigh the potential positive gains.

Private Rented Sector

342. **Most landlords in the PRS would be classified as small and micro businesses (SMBs) as the vast majority of landlords have fewer than 50 employees and a turnover of less than €10m.¹⁷⁷** SMBs are usually defined by the number of employees or level of turnover. 96% of landlords have a total rental income of less than £150,000 per annum and over half (51%) of landlords have a gross rental income of less than £20,000. Only the largest institutional investors are likely to exceed the turnover or number of employees to not be classified as an SMB. Only 4%

¹⁷⁶ Note that this included Low Cost Home Ownership units in addition to rented stock. See Additional tables; Table 1.19; <https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2023-to-2024>

¹⁷⁷ The definition of SMBs is available [here](#) in the BEIS Small and Medium Enterprises (SMEs) Action Plan: 2022-2025

originally became a landlord in order to let property as a full-time business.¹⁷⁸ Because such a high proportion of PRS landlords would be classified as small and micro businesses, an exemption would have a disproportionate effect on tenants in the sector and negatively impact the changes that we are seeking to deliver.

Cross-tenure

343. **Exempting SMBs would undermine the policy objective to deliver more secure and high-quality rented homes, as very few landlords, particularly in the PRS, would be in scope of the reforms.** Therefore, any exemption to SMBs in the policy would fail in the policy objectives to improve the quality of privately rented housing for tenants as very few landlords in the PRS would be in scope of the policy. This would perpetuate the market failures identified in the rationale for intervention which have to lead to negative externalities for tenants and uneven competition for private landlords. Given the vast majority of the private rented sector (PRS) is operated by small and micro businesses – and it is the smaller landlords who are less likely to be compliant with current legislation – the estimated benefits of the reforms would not therefore be realised.
344. In the SRS, 3% of all stock is held by SMBs. An exemption would disproportionately affect tenants who live in homes that are already subject to the requirements of the existing Standard. An exemption, therefore, would result in a lower standard than already exists in these circumstances.
345. **Instead of exempting SMBs, we will instead focus on ways to support them with meeting new regulations.** These measures will support all landlords, but we would expect them to have a disproportionately large impact on SMBs. This includes:
- A transition period before enforcement against DHS2 begins. We want to see improvements for tenants as soon as possible, however, we also recognise that both landlords and tenants have faced financial pressures in recent years, from rising interest rates and mortgage costs, as well as inflation. It is therefore important that we set a realistic implementation period for landlords to be able to deliver works to meet the new DHS.
 - We expect RSH in their capacity as regulatory oversight of the SRS and Local Authorities ('LAs') in their capacity as the local enforcement body of PRS standards to take a proportionate approach to enforcement. Regulators must take into account the Regulator's Code which sets out how regulators should engage with those who they regulate. LAs will have discretion to enforce proportionately, so that where a landlord is unable to meet the standard for a reason beyond their control, for example failure to access a property, they will not be penalised.
 - We will, however, not allow landlords to use the proportional approach to enforcement to avoid having to meet the standard. We expect that LAs will enforce the policy robustly, and we will prepare best practice guidance to assist them in doing this.
 - We will provide robust guidance to accompany the updated Standard for landlords in both the private and social rented sectors. This will support SMBs where staffing capacity limits the time, skillset or resource for reading comprehensively and understanding the Standard.

Equalities Impact

Rural Impact

346. The vast majority of costs in both the PRS and SRS will affect urban areas where there are more dwellings in total. However, higher rates of non-decency and average cost to make decent are seen in rural areas.

Public sector Impact

347. Our proposals are not considered to be a new burden for the majority of local authority social housing, as social housing revenue and spending is ring fenced in the Housing Revenue Account (HRA). To determine the potential burden on stock held outside the HRA, we will use information collected through the consultation to inform the preparation of a separate New

¹⁷⁸ MHCLG, English Private Landlord Survey (2024)

Burdens Assessment before the implementation of measures that directly impact local authorities.

Justice Impact

348. We will be integrating DHS enforcement into the existing enforcement frameworks for hazards under Part 1 of the Housing Act 2004. Introducing the new requirement of the DHS will bring a greater number of PRS properties in scope of these enforcement powers and is therefore likely to result in an increase in enforcement action taken by local housing authorities. We anticipate that this will result in a relatively small increase in cases in the First-tier Tribunal (Property Chamber) – for example, appeals against enforcement notices or financial penalties issued to landlords. While the introduction of the DHS may result in some criminal prosecutions against landlords who fail to comply with improvement notices or prohibition orders issued for DHS failures, we do not anticipate that there will be a significant increase in prosecutions in the Magistrates' Courts as local housing authorities are likely to issue civil penalties as an alternative to prosecution in most cases.
349. We are undertaking a new burdens assessment as part of the passage of the Renters' Rights Bill to determine how much additional support Local Authorities will need to enforce reforms, including the introduction of DHS2, adequately in the PRS.
350. Our proposals are not considered to be a new burden for the majority of local authority social housing, as social housing revenue and spending is ring fenced in the Housing Revenue Account (HRA). To determine the potential burden on stock held outside the HRA, we will gather more evidence on the impact of the new DHS on local authority landlords without an HRA and prepare a separate New Burdens Assessment before the implementation of measures that directly impact local authorities.

Environmental Impact

351. The revised Decent Homes Standard (DHS) has been designed with environmental protections in mind and should have a positive impact on the environment. Primary impacts should be on Energy Performance Certificate ratings, the improvement of indoor air quality and reduction in energy consumption. These improvements will be achieved through the new damp and mould standard (indoor air quality) and improved Minimum Energy Efficiency Standards (MEES).
352. Evidence from the latest English Housing Survey shows that 4.8% of houses in the private rented sector still have an EPC rating of F or G. While this means they do not meet PRS MEES, they may be exempt. The requirement to meet criterion A of the revised DHS in the PRS, which includes being free from excess cold and excess heat hazards at category 1 level will require works to increase the efficiency of some homes, reducing the number with low EPC ratings. This is in addition to our proposal that SRS and PRS properties meet EPC C.
353. Positive secondary effects of the revised DHS should include a reduction in environmental waste due to proposals to update the definition of disrepair and remove the age requirement. This means that rather than kitchens and bathrooms being replaced simply because they are old, in order to meet the disrepair element of the DHS, they will only have to be replaced when they are actually in need of replacement due to their poor condition, minimising waste and environmental damage.
354. The proposal to ensure landlords provide proper floor coverings should also have a positive environmental impact, with landlords in the social rented sector (SRS) becoming more likely to keep existing floor coverings rather than replacing them with each new tenancy. Currently, most SRS landlords remove floor coverings when new tenancies begin, regardless of whether the tenants want this. This proposal should see less waste and environmental impact.
355. The effects of the revised DHS will lead to a sustained and permanent environmental change that will take place cumulatively over time, with many of the benefits being in the future, as the new standards take effect.

Monitoring and Evaluation

356. A monitoring and evaluation plan will be developed in conjunction with the final DHS policy. MHCLG commits to robustly monitoring and evaluating the DHS, with methods, timeline and reporting reflecting the implementation of the standard. As such, a detailed evaluation plan will be developed at a later stage.
357. Initial monitoring and evaluation activity will likely be separated according to tenure in the first instance, reflecting the differences in current housing stock, landlord characteristics and enforcement mechanisms in the PRS and SRS.
358. Monitoring and evaluation of the Renters' Rights Bill and associated PRS reforms currently in progress will account for the DHS in the PRS and will include measurement of stock decency and local authority enforcement actions. A separate evaluation will take place for the SRS.
359. These evaluations will include an assessment of the process, impact and value for money of the changes to regulations around housing decency in the PRS and SRS, to capture early changes as the changes to the DHS are implemented and will provide baseline findings of housing decency before changes are implemented.
360. Depending on implementation timelines, we anticipate a further evaluation project may be required to measure the impacts of the changes to the DHS, and to bring together findings across the rented sector tenures, running past the implementation of the DHS, to measure longer-term impacts.
361. Ongoing monitoring will take place alongside these evaluation projects.
362. We anticipate using several different data sources to support our monitoring and evaluation work of the changes to the DHS, including:
- Established MHCLG datasets, including the English Housing Survey, the English Private Landlord Survey and Local Authority Housing Statistics
 - Data collected to evaluate the Renters' Rights Bill, collected via surveys and interviews
 - Qualitative and quantitative data from trusted stakeholders.

Analysis profile

Table 21: undiscounted cost and benefit profile of impacts in the private rented sector – 2035 implementation date

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Total
Costs																
Familiarisation cost	£0.0m	£0.0m	£0.0m	£0.0m	£104.6m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£104.6m
Surveyor cost	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£30.5m	£30.8m	£78.5m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£139.8m
Additional cost to make decent	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£733.4m	£740.0m	£1,888.6m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£3,362.1m
Floor coverings	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£6.6m	£6.7m	£6.7m	£6.8m	£0.5m	£0.0m	£0.0m	£0.0m	£27.4m
Child-resistant windows	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£4.1m	£4.1m	£10.6m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£18.8m
Damp proof courses	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£10.4m	£10.5m	£26.8m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£47.6m
Total	£0.0m	£0.0m	£0.0m	£0.0m	£104.6m	£0.0m	£0.0m	£785.1m	£792.1m	£2,011.2m	£6.8m	£0.5m	£0.0m	£0.0m	£0.0m	£3,700.4
Benefits																
Reduction in burglaries	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£8.4m	£16.8m	£38.3m	£38.3m	£38.3m	£38.3m	£38.3m	£38.3m	£254.9m
Reduction in household moves	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£6.3m	£12.6m	£28.8m	£29.1m	£29.3m	£29.6m	£29.8m	£165.5m
Reduction in void periods	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£1.3m	£2.7m	£6.2m	£6.3m	£6.3m	£6.4m	£6.4m	£35.7m
Total	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£8.4m	£24.4m	£53.6m	£73.3m	£73.7m	£74.0m	£74.3m	£74.6m	£456.2m

Table 22: undiscounted cost and benefit profile of impacts in the private rented sector – 2037 implementation date

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Total
Costs																
Familiarisation cost	£0.0m	£0.0m	£0.0m	£0.0m	£104.6m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£104.6m
Surveyor cost	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£31.0m	£31.3m	£80.0m	£0.0m	£0.0m	£0.0m	£142.3m
Additional cost to make decent	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£746.6m	£753.3m	£1,922.5m	£0.0m	£0.0m	£0.0m	£3,422.4m
Floor coverings	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£6.7m	£6.8m	£6.9m	£6.9m	£0.0m	£0.0m	£27.4m
Child-resistant windows	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£4.2m	£4.2m	£10.8m	£0.0m	£0.0m	£0.0m	£19.2m
Damp proof courses	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£10.6m	£10.7m	£27.2m	£0.0m	£0.0m	£0.0m	£48.5m
Total	£0.0m	£0.0m	£0.0m	£0.0m	£104.6m	£0.0m	£0.0m	£0.0m	£0.0m	£799.2m	£806.3m	£2,047.3m	£6.9m	£0.0m	£0.0m	£3,764.4m
Benefits																
Reduction in burglaries	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£8.5m	£17.1m	£39.0m	£39.0m	£39.0m	£39.0m	£181.5m
Reduction in household moves	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£6.4m	£12.8m	£29.3m	£29.6m	£29.8m	£108.0m
Reduction in void periods	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£1.4m	£2.8m	£6.3m	£6.4m	£6.4m	£23.3m
Total	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£8.5m	£24.8m	£54.6m	£74.7m	£75.0m	£75.3m	£312.8m

Table 23: cost and benefit profile of impacts in the social rented sector – 2035 implementation date

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Total
Costs																
Familiarisation cost	£2.6m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£2.6m
Surveyor cost	£24.3m	£24.3m	£24.3m	£24.3m	£24.3m	£24.3m	£24.3m	£24.3m	£24.3m	£24.3m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£242.9m
Additional cost to make decent	£110.1m	£110.1m	£110.1m	£110.1m	£110.1m	£110.1m	£110.1m	£110.1m	£110.1m	£110.1m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£1,100.6m
Floor coverings	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£19.3m	£19.3m	£19.3m	£19.3m	£19.3m	£19.3m	£116.0m
Child-resistant windows	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£15.2m
Damp proof courses	£1.9m	£1.9m	£1.9m	£1.9m	£1.9m	£1.9m	£1.9m	£1.9m	£1.9m	£1.9m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£19.2m
Total	£140.4m	£137.8m	£137.8m	£137.8m	£137.8m	£137.8m	£137.8m	£137.8m	£137.8m	£157.1m	£19.3m	£19.3m	£19.3m	£19.3m	£19.3m	£1,496.6m
Benefits																
Reduction in burglaries	£2.2m	£4.4m	£6.6m	£8.8m	£11.0m	£13.2m	£15.4m	£17.6m	£19.8m	£22.0m	£22.0m	£22.0m	£22.0m	£22.0m	£22.0m	£231.3m
Supply impacts	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£27.1m	-£406.9m
Total	-£24.9m	-£22.7m	-£20.5m	-£18.3m	-£16.1m	-£13.9m	-£11.7m	-£9.5m	-£7.3m	-£5.1m	£5.1m	£5.1m	£5.1m	£5.1m	£5.1m	£175.6m

Table 24: cost and benefit profile of impacts in the social rented sector – 2037 implementation date

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Total
Costs																
Familiarisation cost	£2.6m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£2.6m
Surveyor cost	£21.3m	£21.3m	£21.3m	£21.3m	£19.7m	£19.7m	£19.7m	£19.7m	£19.7m	£19.7m	£19.7m	£19.7m	£0.0m	£0.0m	£0.0m	£242.9m
Additional cost to make decent	£96.3m	£96.3m	£96.3m	£96.3m	£89.4m	£89.4m	£89.4m	£89.4m	£89.4m	£89.4m	£89.4m	£89.4m	£0.0m	£0.0m	£0.0m	£1,100.6m
Floor coverings	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£19.3m	£19.3m	£19.3m	£19.3m	£77.4m
Child-resistant windows	£1.3m	£1.3m	£1.3m	£1.3m	£1.2m	£1.2m	£1.2m	£1.2m	£1.2m	£1.2m	£1.2m	£1.2m	£0.0m	£0.0m	£0.0m	£15.2m
Damp proof courses	£1.7m	£1.7m	£1.7m	£1.7m	£1.6m	£1.6m	£1.6m	£1.6m	£1.6m	£1.6m	£1.6m	£1.6m	£0.0m	£0.0m	£0.0m	£19.2m
Total	£123.2m	£120.6m	£120.6m	£120.6m	£112.0m	£112.0m	£112.0m	£112.0m	£112.0m	£112.0m	£112.0m	£131.3m	£19.3m	£19.3m	£19.3m	£1,458.0m
Benefits																
Reduction in burglaries	£1.9m	£3.9m	£5.8m	£7.7m	£9.5m	£11.3m	£13.1m	£14.9m	£16.7m	£18.4m	£20.2m	£22.0m	£22.0m	£22.0m	£22.0m	£211.5m
Supply impacts	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£26.4m	£396.1m
Total	£24.5m	£22.5m	£20.6m	£18.7m	£16.9m	£15.1m	£13.3m	£11.5m	-£9.7m	-£8.0m	-£6.2m	-£4.4m	£4.4m	£4.4m	£4.4m	£184.6m