

## Decent Homes Standard

<b>Lead department</b>	Ministry of Housing, Communities and Local Government
<b>Summary of proposal</b>	Update and apply the Decent Homes Standard (DHS) across social and private rented sectors (SRS and PRS), covering areas such as repair, facilities, thermal comfort, damp and mould.
<b>Submission type</b>	Impact assessment – 14 January 2026
<b>Legislation type</b>	Secondary legislation
<b>Implementation date</b>	2035
<b>RPC reference</b>	RPC-MHCLG-26122-IA-(1)
<b>Date of issue</b>	17 February 2026

## RPC opinion

<b>Rating<sup>1</sup></b>	<b>RPC opinion</b>
<b>Not fit for purpose</b>	<p>The IA sets out a clear explanation of the problem, and presents extensive evidence on housing quality, health, and regional disparities. The IA describes the situation across the private and social rented sectors, a case for intervention, non-regulatory and regulatory options.</p> <p>There is a longlist, but the IA must provide a viable shortlist. While switching analysis and quantified estimates are provided for a single option, these are not clearly contrasted with alternative main options, particularly for the decision to extend the DHS to the PRS. In the absence of structured comparison, the IA cannot demonstrate the preferred option outperforms alternatives for cost-effectiveness, compliance, risks or sequencing. The department must justify its preferred way forward with a shortlist appraisal, consistent with the Green Book.</p>

<sup>1</sup> The RPC opinion rating is based only on the robustness of the rationale, options identification (including SaMBA) and justification for preferred way forward, as set out in the [Better Regulation Framework guidance](#). RPC ratings are fit for purpose or not fit for purpose.

## RPC summary

Category	Quality <sup>2</sup>	RPC comments
Rationale	<b>Green</b>	The IA summarises quality and health risks, evidences tenure differences and explains why market failures persist, though reasoning would benefit from deeper treatment of tenant choice constraints, concealed defects, and enforcement gaps. The department should add a theory of change.
Identification of options (including SaMBA)	<b>Red</b>	The IA implicitly sets out do-nothing, non-regulatory and regulatory options, then a refined DHS with component changes. The small and micro business assessment (SaMBA) recognises PRS landlord size profile and proportionality. The IA must show how SMART objectives, and critical success factors, were used to filter the longlist to a viable shortlist before appraisal.
Justification for preferred way forward	<b>Red</b>	While switching analysis and quantified estimates are provided for a single preferred option, these are not contrasted with alternative options, particularly for the major decision to extend the DHS to the PRS. In the absence of structured comparison, the IA cannot demonstrate that the preferred option outperforms alternatives for cost-effectiveness, compliance, risks or sequencing. The department must justify its preferred option with a shortlist appraisal, consistent with the Green Book.
Regulatory Scorecard	<b>Satisfactory</b>	The IA quantifies significant benefits and costs and provides switching and sensitivity analysis, with modelling drawing on recent data. The net present social value (NPSV), about -£7bn over 15 years, equivalent annual net direct cost to business (EANDCB), about £500m, and distributional notes are presented, with coverage of impacts. The IA is not clear whether the unquantified benefits have been scaled to the small proportion of improvements that are additional. The distributional analysis is good.
Monitoring and evaluation	<b>Weak</b>	The IA commits to using local authority enforcement data and housing quality monitoring processes. Greater specificity on metrics, ownership, timing, and data flows would provide reassurance impacts will be tracked robustly. The department could add evaluation questions, and feedback routes for local authorities.

<sup>2</sup> The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed [here](#).

## Summary of proposal

The department proposes to update the Decent Homes Standard to reflect modern expectations, updating the existing DHS in the Social Rented Sector (SRS) and applying the updated DHS to the Private Rented Sector (PRS), which does not currently have a DHS. The reforms formalise five criteria covering hazardous conditions, repair, specified facilities, thermal comfort and damp and mould, and enforcement. Implementation from 2035 allows lead-in while related measures, including Awaab's Law and strengthened energy efficiency requirements, drive nearer-term safety and insulation outcomes. The policy aim is to improve tenant health, wellbeing and satisfaction, while providing landlords with clarity, certainty and time to plan compliance.

The department explains that around 48% of PRS and 45% of SRS dwellings would fail under the updated definition, with most failures linked to disrepair. The package integrates updated component lists, child-resistant window restrictors, and a revised approach to facilities, with exemptions and guidance to ensure proportionality. The IA positions DHS as a platform that consolidates obligations and improves transparency for tenants, landlords, and enforcing bodies.

The switching analysis indicates that even a modest per-household benefit would cover costs, reflecting wellbeing gains not captured in headline figures. The department notes dependencies with Renters' Rights Act reforms and complementary energy standards that will interact with DHS delivery.

## Rationale

### Problem under consideration

The IA reports that non-decency remains material in rented housing, with private renters facing the poorest conditions and higher exposure to Category 1 hazards than social renters. Links to health, education, productivity and crime are developed using Building Research Establishment (BRE) and survey evidence, alongside regional disparities and vulnerability profiles. Despite progress since 2001 in social housing, improvement has stalled, and PRS standards lag.

The department sets out that tenants typically lack control over repair, face information asymmetries and may fear retaliatory eviction, while some landlords underinvest because costs fall on tenants, and society, rather than directly on their business. Existing powers focus on hazards and are patchy for wider decency, creating ambiguity for duty-holders and uneven enforcement. The rationale would be strengthened by a fuller assessment of enforcement feasibility, including local authority resourcing, legal-framework complexity and the effect of rental undersupply on tenants' limited choice. This should recognise lower-end PRS conditions, including multiple-occupancy dwellings and emergency placements where information asymmetry and choice constraints are particularly acute. The IA assesses the policy will lead to reduced supply in the SRS and PRS. Although these effects are calculated to be small, they may nonetheless exacerbate landlord–tenant power imbalances that already impede effective tenant choice.

The department does not explain the trends shown in Figure 1 in the IA, which appears to show the PRS making improvements in parallel with the SRS, albeit with a constant higher non-decent proportion of housing, and improvement stalling in the last years. Explaining this trend would help explain the additionality of the existing DHS system, as compared to other legislative requirements and general market trends. Trends in the SRS and PRS appear similar and non-decency persists in the SRS despite the DHS, indicating enforcement challenges even where a standard already applies.

### Argument for intervention

The IA identifies persistent market failures: negative externalities from ill-health and lost output, asymmetric information about property condition, and tenant–landlord power imbalances limiting effective demand for improvements. The department argues that a single, updated standard with statutory backing would correct incentives, simplify expectations and enable proportionate enforcement across both sectors.

This analysis is cogent but the economic conditions it identifies are not new. Again, it would be helpful to explain why despite these problems, PRS performance on decency improved for many years and has now stalled, in order to explain why extending the DHS to the PRS is the right way forward.

The department argues that aligning DHS with Renters' Rights Act reforms and energy standards reduces fragmentation and improves compliance signalling, while keeping burdens proportionate through exemptions and timelines. The case reflects public interest in safeguarding tenants where competition and choice are limited, especially in social housing.

**Objectives and theory of change**

The IA presents objectives to achieve decency by 2035, improve tenant satisfaction and reduce health harms. The IA should set out measurable SMART objectives and use these to filter the longlist, so the shortlist contains options that credibly meet them, and the appraisal can show which performs best. The IA states the new standard is expected to come into force in 2035 and apply to the PRS. The department should clarify why it expects landlords to comply to this extent from the first year of the new standard. The IA should include a theory of change, to show how the proposed duties and enforcement mechanisms lead to measurable outcomes.

## Identification of options inc. SaMBA

### Identification of longlist options

The IA describes options ranging from do-nothing, to enhanced enforcement of existing powers, to a fully updated, enforced DHS applied to both sectors. The IA implies the following longlist of options:

- Do nothing: retain current DHS scope and do not apply to PRS per status quo
- Non-regulatory: enhanced guidance and funding to improve enforcement
- Apply existing DHS to PRS without update
- Full update to DHS criteria in SRS only
- Full update to DHS criteria and apply to PRS and SRS (preferred)

The longlist is implicit rather than labelled; clearer presentation would assist transparency.

### Consideration of alternative options to regulation

The IA considers non-regulatory options for the extension of the DHS to the PRS but not for updating the DHS in the SRS.

For the PRS, the department explains that existing standards address only the most serious hazards (such as a requirement that rented homes be ‘fit for human habitation’) not a broader standard of decency. Similarly, although the Renters’ Rights Act provides tenants with more confidence to challenge poor standards, the IA states that these standards would remain below those specified in the DHS. The only non-regulatory measure (apart from do-nothing) considered for the PRS is to improve local authority enforcement of existing standards and the department explains that this would again fail to meet the policy objective of improving standards beyond the removal of hazards.

This explanation deals well with the alternative approach of better enforcement in the PRS, but overall the IA should consider more non-regulatory alternatives, for both sectors. The IA should provide a worked-through assessment of standard alternatives to regulation and explain for each how it would be expected to influence behaviours. The IA would also have been improved by providing more explanation of why non-decency has fallen in both sectors, and not been eliminated in the SRS, both of which suggest that policies and market developments other than the DHS are important in improving decency. The rationale includes several market failures that could possibly be remedied directly: for example, informational asymmetries could be addressed through better and standardised information, while unequal power resulting from inadequate availability of rented accommodation could be addressed by improving supply, especially given a ten-year period is envisioned before the updated DHS would come into force.

Where such options are not taken forward, the IA should show, on an evidenced basis, why they were rejected. The IA would benefit from providing clearer evidence on the extent and nature of engagement with affected sectors that informed the rejection of alternatives, and should draw on relevant evaluations or international experience where available

### **Justification for shortlisted options**

The IA narrows to one option — update the DHS and extend its application to the PRS — then has sub-options for DHS components. The IA considers different options including maintaining the existing standard, applying it unchanged to the PRS, or updating it. The department judges applying the existing DHS to the PRS to be impractical owing to age-based triggers, and sets out that stakeholders indicated a modernised, condition-based approach would provide clearer obligations and more enforceable criteria across hazards, repair, facilities, thermal comfort and damp and mould. Component-level sub-options were explored, with alternative additions such as mandatory floor coverings and home security set aside on proportionality grounds. The analysis suggests most non-decency arises from disrepair, that can be addressed efficiently through revised condition triggers, with new elements carrying marginal costs.

The IA presents these considerations as supporting a single updated standard that simplifies expectations for tenants and landlords, widens enforceability beyond hazard powers and accommodates practical mitigations through phasing, exemptions and alignment with energy-efficiency upgrades.

However, the IA does not bring these strands together. The IA must show how SMART objectives and critical success factors were used to filter the longlist to a viable shortlist before appraisal.

### **SaMBA**

The IA recognises that most PRS landlords are small or micro businesses, with most owning fewer than five properties, and that a minority of small private registered providers exist in the SRS. The IA explains why blanket exemptions would undermine objectives and tenant protections, and instead emphasises clarity and flexibility in how landlords meet outcomes. The distributional analysis notes regional variance in stock condition and rental market tightness.

The SaMBA recognises recent financial pressures affecting landlords and tenants, adopting a transition period before enforcement against the updated standard begins to enable a realistic implementation period for landlords to meet the new DHS. The wider IA points to benefits to landlords from asset value gains and reduced void periods from better quality. Alongside the transition period, the department sets out mitigation measures that it expects to disproportionately impacts SMBs, including guidance for landlords and discretion in enforcement by local authorities. The IA

would benefit from consideration of measures such as targeted communications and templates that could materially lower familiarisation and surveying costs.

## Justification for preferred way forward

### Identifying impacts and scale

Quantified estimates describe large-scale capital improvements across millions of dwellings, with benefits concentrated in reduced hazard exposure, thermal comfort, and health outcomes. The IA estimates the impact of one option, its preferred approach, with costs of around £6.5bn, quantified benefits of about £0.5bn and a NPSV of –£6.7bn. The EANDCB is about £500m, with a business net present value (NPV) of around –£6bn and a small positive NPV for households. Unquantified benefits—including wellbeing, productivity, education, energy and noise—are reasonably expected to be material, and switching analysis suggests health gains alone could offset the negative NPV. The IA is not clear whether this analysis takes account of the relatively small additionality provided by the DHS, as the IA notes that 82% of costs to private landlords are not additional but driven by other regulatory requirements. The quantified benefits may have been adjusted for this proportion, but it is not clear that the same thinking applied to unquantified benefits, which are described as if they would arise solely as a result of the policy. Tenants benefit most while landlords face costs, with burdens concentrated in specific regions.

The appraisal explains expected public value through welfare, health and energy-related improvements, accompanied by breakeven analysis and distributional evidence from English Housing Survey (EHS) data. However, without a quantified or structured comparison across options, it is not possible to determine whether the preferred option offers the highest net value; the IA should set out incremental impacts for credible alternatives to strengthen this reasoning.

### Counterfactual and baseline

The IA outlines a counterfactual in which existing hazard enforcement continues, non-decency rates defined against the current standard remain broadly constant and quality improvements occur gradually. This establishes a clear benchmark against which benefits are assessed and enables the department to show additional impacts in 2035 and beyond.

### Evidence and data

The evidence base combines EHS, landlord surveys, regulator returns, BRE modelling and consultation intelligence. Where data are limited (e.g., window restrictor prevalence, damp-proof course failures), prudent assumptions are used and uncertainty is acknowledged.

### Uncertainty and risk

Risks include compliance shortfalls, local capacity constraints, input cost inflation, landlord exit and rent pass-through. Mitigations rely on lead-in periods, targeted enforcement, guidance and complementary reforms.

**Selection of the preferred option**

The IA states that applying an updated standard to both sectors delivers the broadest improvement in housing quality and the greatest health and welfare benefits, while providing consistency across tenures. The department explains that a single, modernised standard offers clearer expectations for landlords and regulators and aligns with wider safety and energy-efficiency objectives.

However, the IA does not demonstrate why this route is superior to alternatives, since it does not show how SMART objectives and critical success factors were used to filter the longlist to a viable shortlist, or provide comparative appraisal across a set of viable shortlist options. The IA must include structured reasoning that weighs proportionality, deliverability, costs, benefits, and risks to justify the selection. This is particularly important for the decision to extend the DHS to the PRS, which is a major intervention.

# Regulatory Scorecard

## Part A

Overall impacts: the IA reports a Net Present Social Value of about -£6.7bn over 15 years, reflecting large upfront remediation, survey costs, and limited quantification of benefits. Switching analysis indicates that modest per-household health gains would cover costs.

Business impacts: the IA estimates business NPV around -£6bn with an EANDCB close to £500m driven by additional repair, familiarisation and surveying costs. Potential benefits include fewer voids and asset value gains; pass-through is scenario-tested qualitatively.

Household impacts: the scorecard discusses unquantified benefits such as reduced moves and energy savings. The IA should scenario-test partial pass-through to households, as zero pass-through is unlikely in pressured PRS markets, and understates household costs. The equivalent annual net direct cost to households (EANDCH) incorrectly includes the value-of-life benefit, which belongs only in the NPSV, and the department must correct this. The EANDCH must exclude general welfare costs and benefits, e.g. health, environmental.

The IA does not clearly demonstrate that the department has fully followed through its correct statement that costs and benefits should be included only to the extent that they are additional. If, as stated, only 18% of investment required to meet the decency standard in the PRS is additional to existing standards, then only a similar proportion of the benefits from achieving a decent rented housing stock should be considered, even if only qualitatively. The IA implies that quantified benefits have been scaled down but if this approach has been followed, it does not come through in the way unquantified benefits are presented. Some benefits have clearly been excluded as non-additional, but it is not clear that all have been, and the narrative implies that all the benefits of decent homes arise from this policy intervention.

Distributional effects are well-treated, as the department presents data on how existing non-decent housing stock is distributed and implicitly the positive distributional effects from remedying this.

The IA should separately identify and quantify administrative costs for landlords and for local authorities/regulators e.g., familiarisation, evidence gathering, inspection, processing, reporting.

## Part B

Business environment: the department expects that the measure should not materially affect ease of doing business overall. The IA states the businesses may benefit from productivity gains that follow from improved tenant health and reduced absence (subject to adjustment for the additionality of the measures, as noted above).

International considerations: the department expects no direct trade impacts, however the IA says that demand for certain building materials may rise. The wider IA expects minimal effects on investment conditions.

Natural capital and decarbonisation: the department expects that the updated standard should reduce energy use and emissions, with the wider IA attributing this to better fabric condition and thermal comfort. The wider IA sets out that there is uncertainty on the scale of energy usage reduction that can be specifically attributed to the DHS, given the overlap with other regulatory reforms such as updates to the Minimum Energy Efficiency Standard in the PRS. As a result, benefits are correctly not quantified here, to avoid potential double counting given the attribution issues.

## Monitoring and evaluation

The IA proposes monitoring across PRS and SRS with data from the English Housing Survey, and departmental surveys, supported by guidance and local authority reporting. An evaluation will assess process, impact and value for money. The IA could set out more clearly how views from tenants, landlords, and local authorities will be gathered, the timing of data collection, and the roles of local authorities and the social housing regulator in delivering the monitoring and evaluation activities.

Key indicators could track decency rates, hazard prevalence, remediation volumes, enforcement activity, tenant satisfaction and distributional fairness, with regional cuts. Linkages to Renters' Rights Act monitoring will be important to interpret outcomes.

The department should set out specific questions to evaluate specific effects of the policy. For example, compliance with the different elements of the new decency standard could be tracked, as could the additionality of the effect of extending the DHS to the PRS: to what extent were PRS properties improved over and above standards imposed by other legislation. The timing and scale of costs and compliance should be assessed.

The evaluation should test rent pass-through, landlord exit and enforcement sufficiency, and document lessons for future housing quality programmes. The IA should confirm resource assumptions for monitoring and evaluation.

## Regulatory Policy Committee

For further information, please contact [enquiries@rpc.gov.uk](mailto:enquiries@rpc.gov.uk). Follow us on X [@RPC Gov UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](https://www.linkedin.com/company/rpc-gov-uk/) or consult our website [www.gov.uk/rpc](http://www.gov.uk/rpc). To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).

A Committee member did not participate in the scrutiny of this case to avoid a potential conflict of interest.