

# Rent Square

## An Alternative to Rent Controls?

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## **Design** a process of creating

*“new integrations of signs, things, actions and environments that address the concrete needs and values of human beings in diverse circumstances.”*

*Buchanan 1990*

## **Design Research**

*“as a systematic inquiry whose goal is knowledge of, or in, the embodiment of configuration, composition, structure, purpose, value, and meaning in man-made things and systems.”*

*Archer 1981*

## **Services** in a service design context

*“[C]omplex, hybrid artefact[s]. They are made up of things - places and systems of communication and interaction - but also of human beings and their organisations. Permeated with human activity as they are, they can never be reduced to the simplicity of mechanical entities. Like all complex entities they are largely un-designable. On the other hand, for this very reason, precisely because they appear to be un-designable, it is both useful and necessary today to develop a new, service-oriented design culture and practice.”*

*Manzini 2011*

## Services in the **public policy design**

*“the design of services has a long history and tradition in the public realm ... [and] services remain first and foremost instruments for policy-making.”*

*Junginger 2013*

## **Disruptive platform for the PRS**

1. Bring transparency into a deregulated market
2. Relationship service design & policy implementation/design
3. Addressing market imbalances
4. Role of service design - new mechanisms for policy delivery

## The PRS prior to the 1988 Act

Up until the 1988 Housing Act, the private rented sector was **tightly regulated** through legislation which imposed restrictions on rent levels and ensured long term security of tenure. These tight restrictions meant the private rented sector offered **low return rates and a poor investment option** to landlords (Haffner et al. 2009). According to Kemp (2004) the net effect of these restrictions on rents and the security of tenure, meant landlords seized every opportunity to exit the market.

## **The Private Rented Sector since then....**

The 1988 Housing Act removed any regulation over rents and, in introducing contractual agreements between landlords and tenants, shifted these responsibilities to these individual transactions. It removed control on rents, which could now be set freely according to market prices and tenants' ability to pay. The contractual agreements, in the form of assured shorthold tenancies or fixed contracts set out expected quality standards of accommodation and ensured a minimum 6 months in security of tenure to any tenant renting the PRS. These individual contracts became the principal means and mechanism to ensure quality of accommodation in the sector.

## **The size of the PRS**

From from 1991 to 2001 the number of households in the sector rose by 27% and the number of people in the sector rose by 44% (Ball 2004, 10). A recent study by Scanlon et al (2014) suggests the situation in cities like London is particularly acute with the size of the sector more than doubling since 1991 to 27% (11).

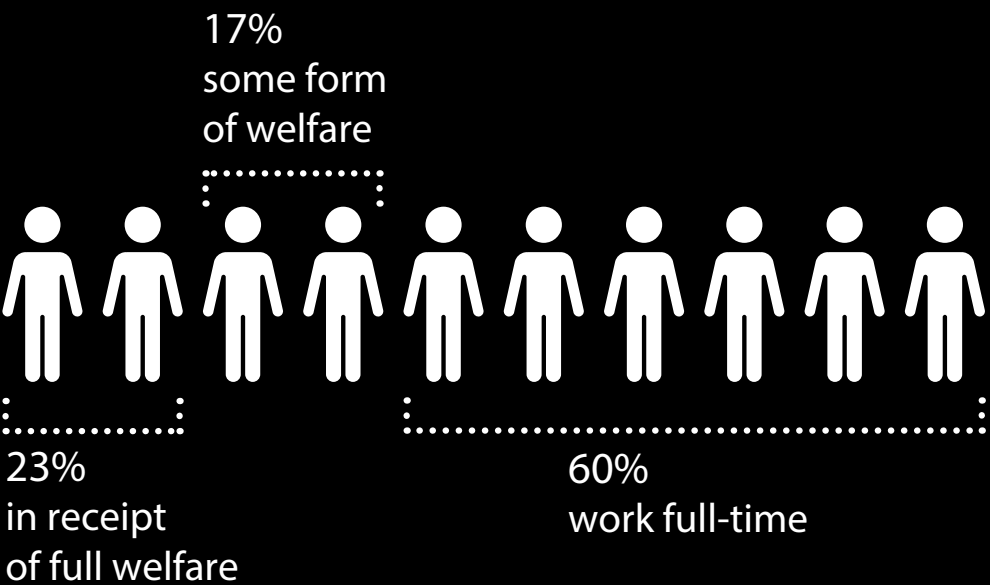


# A glance at the market

“Currently the sector is dominated by small scale individual investors. According to a 2010 survey carried out by DCLG 89% of landlords are individuals (as opposed to organisations), most of whom have very small portfolios. Only 3% own five or more properties, while 78% own only one. Single property landlords let 40% of all home in the sector.” (Resolution Foundation & CIH, 2013)



# A glance at the private rental sector



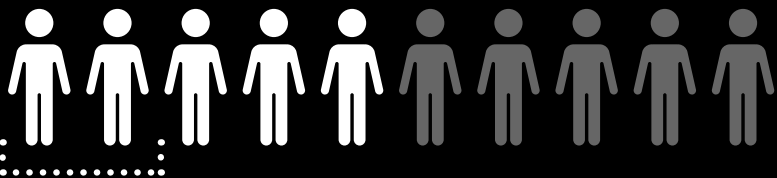
(EHS 2013)

51% of renters under 35 years  
(EHS 2013), (Shelter 2013)

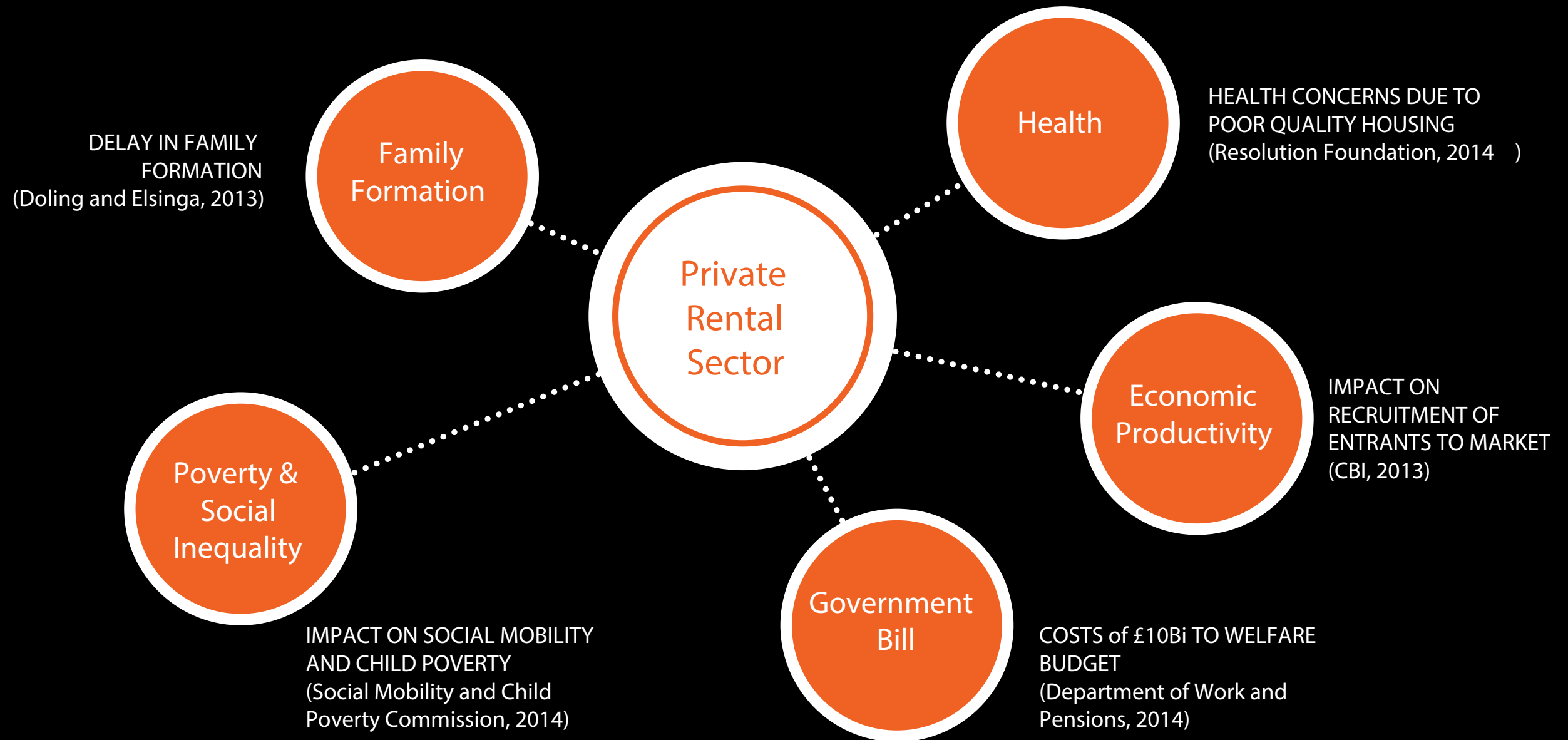
39% cut back on heating and  
35% on food to cover costs  
(Generation Rent)

20% don't have central heating  
(Resolution Foundation, 2013)

10% of children change schools  
due to changes in tenancy  
duration in PRS  
(Shelter, 2012)



# Negative impact on society



The PRS from a policy making and design perspective

Complex

Fragmented

Resistant to change

**From a design perspective a “wicked problem”?**

**Rent Square** is a web based platform where landlords and tenants can connect directly around an optimal rent price.

## Rent Square and Open Data

*“Open data has the potential to power tools that provide solutions to real problems. Although the UK is the world leader in releasing open data, its use in informing real world solutions has been limited and fragmented, with innovative startups lacking support and data expertise to scale to a sustainable business level. The challenges will help SMEs and startups to work with data providers, industry experts and business leaders to develop new ways to reuse available data in ways which create sustainable business opportunities.”*



Tenants would save **£1300** per year.

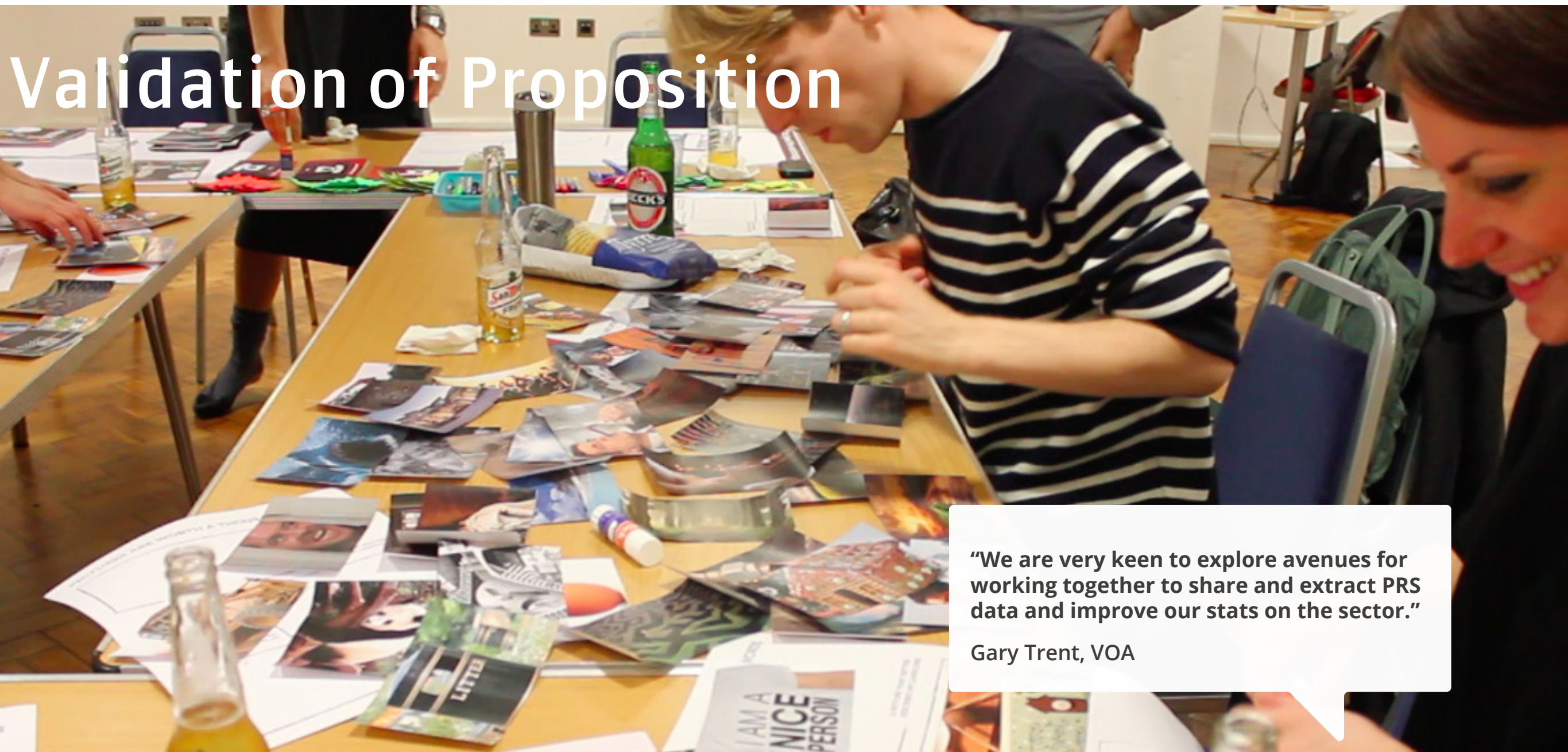
Landlords would save **16%** per year in letting fees & costs .

Assumptions modelled & verified with a small sample in Hackney, London. The modelling showed the calculation worked for 69% of the sample.

These savings mean tenants can afford to pay an electricity bill or save for a mortgage & landlords are guaranteed a return.



# Validation of Proposition



"We are very keen to explore avenues for working together to share and extract PRS data and improve our stats on the sector."

Gary Trent, VOA

GREATER LONDON AUTHORITY



Shelter





## Regulation through a demand & user driven tool

1. Calculation & algorithm: what is a “*fair*” rent?
2. Stimulating better behaviours
3. Embodiment and tangibility to policy initiatives
4. Designing value & alignments
5. Role of experimentation
6. Disruptive role of technology
7. Data as a public good

## **Policy Making** some definitions

*“The consensus in public policy theory and practice is that policy making:*

*“[F]ocuses on what Dewey (1927) once expressed as ‘the public and its problems’.”  
(Parsons, 2005)*

*“[R]efers to actions of public actors (typically governments), although societal actors might to some extent be involved or participate in public decision-making.”  
(Knill & Tosun 2012)*

*“Is a problem solving activity”  
(Laswell 1956; Birkland 2010).”*

## **Considerations** for policy practice in housing and welfare

1. Role of designer
2. Would this mean an intermediate PRS?
3. Questions of adoption & accountability
4. Transparency on collection & use of data
5. Broader understanding of role of government
6. What does this mean for institutional design

# Thank you!

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