

**Mandate of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context**

REFERENCE:  
AL GBR 1/2020

27 April 2020

Excellency,

I have the honour to address you in my capacities as Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context, pursuant to Human Rights Council resolution 34/9.

In this connection, I would like to bring to the attention of your Excellency's Government information I have received concerning the impact of **Akelius England's business model on the right to housing of tenants in Akelius' apartment blocks in London, which illustrates the negative impact of financialization of housing in the United Kingdom.**

According to the information received:

Akelius England is a subsidiary of the Swedish multi-national corporation Akelius, which owns apartments in London and rents these out in order to generate profits, which are eventually passed through to three Bahamian registered foundations. Akelius England is generating vast sums of money from its property holdings and has increased the number of properties it owns in London from 1,153 at the end of 2014, to 2,242 at the end of 2019.<sup>1</sup> The total value of the apartments owned by Akelius England stood at €951 million at the end of 2019. Over this period, Akelius England has seen yearly increases in both the rental incomes generated from its business activities, and the average residential rents that its tenants pay.<sup>2</sup>

Akelius England's business model is highly dependent on a process of acquisition, renovation and re-rental. In this regard, Akelius England purchases blocks of flats in London and subsequently commences renovations on empty flats and communal areas, despite no substantial work being regarded as required by tenants. Having completed these renovations, Akelius England then finds new tenants for the newly renovated flats, charging them higher rents as a result of the modernisation works. This model is putatively designed primarily to increase the profits of Akelius England, and is seen in most, if not all, of the cities which Akelius operates in around the world.

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<sup>1</sup> Akelius, year to end-2019 report, 28 online at: <https://mb.cision.com/Main/3302/3025691/1186841.pdf>; Akelius, Annual Report 2018, 98, online at: <https://mb.cision.com/Main/3302/2798336/1033090.pdf>

<sup>2</sup> Akelius, year to end-2019 report, 28 online at: <https://mb.cision.com/Main/3302/3025691/1186841.pdf>; Akelius, Annual Report 2018, 98, online at: <https://mb.cision.com/Main/3302/2798336/1033090.pdf>

However, this profit-making model comes at a significant cost to tenants' enjoyment of their human rights, with a number of highly publicised examples of Akelius England's tenants suffering highly detrimental impacts on their enjoyment of their human right to housing as a result.

Renovations that are undertaken by Akelius England are having a highly detrimental impact on the habitability of their homes, which is a crucial facet of the human right to adequate housing. These renovations have subjected tenants to such degraded housing conditions that they have felt unsafe in their homes. In one Akelius England-owned apartment block tenants have complained that periods of modernization on both communal areas and individual vacated apartments, taking place up to six days per week and lasting for over a year, left them living in a construction site where they were unable to peacefully enjoy their homes. These works had been commenced without any prior notice being provided, even despite some tenants having renewed their leases shortly prior to the works being started. Tenants have reported constant and unbearable levels of noise being generated during working hours, which particularly affected those in connecting apartments to ones being modernised, considerable amounts of dust being thrown up which exacerbated pre-existing medical conditions, the smell of fumes, chemicals and sewage being present, a complete loss of central heating caused by plumbing works, which caused them to have to rely on inefficient space heaters, and a regular occurrence of leaks caused by the renovations, which led to damage to some tenants' flats. Contractors hired by Akelius England turned off water connections to their flats on a number of occasions, including on very hot days, leaving them with no drinking water, and had also on occasions left work for the day without switching the connections back on. The conditions that tenants have been subjected to during the renovation works have had a considerable impact on their wellbeing, with tenants noting that they suffered significantly more spells of ill-health whilst the renovations were ongoing. The severity of the impact on the habitability of their homes caused by Akelius England's renovation works has led tenants to feel as if they can no longer continue living in there and need to find alternative accommodation.

Tenants in unrenovated apartments have also described feeling as if they are being specifically targeted by Akelius England so as to get them to leave their homes, so that their flats are then empty and can be renovated and re-leased for higher rents. Some have noted that when only tenants in unrenovated apartments live in blocks little to no communication is afforded to them about works, with information that is provided often vague and limited, and few efforts are made to keep noise levels to a minimum. However, once tenants begin moving into higher-rent renovated apartments, communication suddenly substantially improves, the number of days per week on which work takes place is lowered, workdays are shortened to correspond to the times tenants are likely to be at work themselves, and noise levels are reduced. For those living in unrenovated apartments who are being subjected to these deplorable living conditions, only after long periods of

persistent complaining does Akelius England offer any concessions, however this often includes offering to move them to other higher rent modernised Akelius England apartments, either in the same or other buildings locally, with various incentives being offered to them if they do so.<sup>3</sup> Some tenants have perceived this to be another tactic designed to take possession of their unrenovated apartment so as to be able to modernise it and re-lease it for a higher rent, as where other tenants have left their apartments due to the constant noise and disruption, taking Akelius England up on the offer of a renovated apartment elsewhere, Akelius England has subsequently undertaken renovations on their vacated flats and remarketed them at higher rents. Tenants have described feeling under duress to access alternative Akelius England apartments, as with complaints regarding their housing conditions being ignored, they feel pressured to move out quickly, with the alternative apartments being the fastest and easiest option.

In addition, Akelius England's actions have also been shown to have an impact on security of tenure of tenants and on affordability. These, again, are important elements of the human right to housing.

One tenant in London, for example, was notified that Akelius England intended to issue a section 21 no fault eviction notice on them on the pretence that the flat in question was crucial to the renovation works that were being undertaken in the building. Akelius England noted that, having taken possession of the flat, it intended to renovate it as well. Akelius England served the eviction notice on the tenant and, afraid they would be made homeless, the tenant negotiated with the company to move into an alternative apartment in the same building for a period of discounted rent and the promise that they could move back to their original flat once the works were complete. Once the renovations were complete the tenant moved back to their original, now renovated, flat but was required to sign an extensive new contract and pay a higher rent than they had previously paid when living there, with Akelius England informing them that this would again increase in 12 months' time. Whilst in this instance no actual eviction took place, it is evident that the threat of eviction was utilised, at least in part, to clear the tenant's apartment in order to allow for renovations to take place.

Examples similar to the allegations above highlight the deeply detrimental impact of the financialization of housing, which leads to decision-making and housing provision which is devoid of consideration for the human right to housing, of which affordability based on household income is a key aspect, focusing instead on profit-making.

The lack of sufficient safeguards to prevent institutional investors from utilising peoples' homes to generate vast amounts of wealth has caused a detriment impact on vital facets of the right to adequate housing, including habitability and affordability. Investment in housing in the United Kingdom has disconnected

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<sup>3</sup> Incentives have been described as including periods of discounted rent, two weeks free rent and Akelius England covering the costs of the move.

housing from its core social purpose of providing people with a place to live in security and dignity.

While I do not wish to prejudge the accuracy of the information made available to me, I wish to express my concern for the effects of the financialization of housing in the United Kingdom, which has been facilitated, in part, by your Government's inaction and in particular by the ineffective legal and regulatory framework present within United Kingdom which allows housing to be turned into a mere investment and vehicle for profitmaking. This is despite adequate housing being recognised in international law as a human right. We invite you to consider the concerns outlined in this letter, with a view to developing a human rights-based response to them.

The financialization of residential real estate undermines the enjoyment of the rights to non-discrimination, equality and housing. The business model associated with financialization demands short-term profits, meaning there is heightened pressure placed on purchasing affordable housing, or housing that is itself regarded as "undervalued" or in 'undervalued' areas, often those with rent guidelines or controls in place. This is often where the most vulnerable communities are located. The financialized housing model necessitates securing the highest possible return on investment through the persistent extraction of profits through monthly rents, which results in the constant escalation of housing costs for tenants and a degradation in living conditions generated by renovations, which have been commenced for the primary purpose of pursuing profit. Turning housing into an investment thus leads to decision-making that is investor-driven rather than tenant centred. When the focus is on maximizing profits, housing becomes less affordable, less available, less secure, and less habitable. It can result in increased evictions or constructive displacement.

I use this opportunity to encourage the United Kingdom to recognize the impact of the financialization of housing on the enjoyment of the right to adequate housing and to take concerted legislative steps towards regulating Akelius and other actors and returning housing to its core function as a social good. Failure to do so can only be regarded as a retrogressive step, and accordingly puts the State at odds with its obligations under international human rights law.

In connection with the above alleged facts and concerns, please refer to the **Annex on Reference to international human rights law** attached to this letter which cites international human rights instruments and standards relevant to these allegations.

As it is my responsibility, under the mandate provided to me by the Human Rights Council, to seek to clarify all cases brought to my attention, I would be grateful for your observations on the following matters:

1. Please provide any additional information and any comment you may have on the above-mentioned allegations.



2. Please provide detailed information on any legislative measure, including with respect to tax laws, or laws governing companies that operate through tax havens or any other measures taken by the Government to prevent the negative human rights impact of the financialization of housing.
3. Please provide detailed information on any investigation undertaken on the business practices of Akelius United Kingdom and their impact on the human right to housing of residents in buildings owned by the company.

This communication and any response received from your Excellency's Government will be made public via the communications reporting [website](#) within 60 days. They will also subsequently be made available in the usual report to be presented to the Human Rights Council.

While awaiting a reply, I urge that all necessary interim measures be taken to halt the alleged violations and prevent their re-occurrence and in the event that the investigations support or suggest the allegations to be correct, to ensure the accountability of any person(s) responsible for the alleged violations.

I intend to publicly express our concerns about the human rights impact of Akelius' business practices in the near future as, in our view, the information upon which the press release will be based is sufficiently reliable to indicate a matter warranting immediate attention. I also believe that the wider public should be alerted to the potential implications of the above-mentioned allegations. The press release will indicate that I have been in contact with your Excellency's Government's to clarify the issues in question.

Please note that a letter with a similar content has been sent to other countries concerned, and to Akelius England's parent company, Akelius Residential, highlighting its human rights obligations as a private actor to avoid any harm and to take positive steps to realize the right to housing.

Please accept, Excellency, the assurances of my highest consideration.

Leilani Farha

Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context

## **Annex**

### **Reference to international human rights law**

In connection with above alleged facts and concerns, I would like to remind your Excellency's Government of its obligations under various international human rights instruments, in particular the International Covenant on Economic, Social and Cultural Rights ratified by the United Kingdom on 20 May 1976, and more specifically article 11.1 which states that "[t]he States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions."

In addition, I would like to bring to your Government attention the UN Guiding Principles on Business and Human Rights, which remind States that they must protect against human rights abuse by business enterprises within their territory and/or jurisdiction. As part of their duty to protect against business-related human rights abuse, States are required to take appropriate steps to "prevent, investigate, punish and redress such abuse through effective policies, legislation, regulations and adjudication" (Guiding Principle 1). In addition, States should "enforce laws that are aimed at, or have the effect of, requiring business enterprises to respect human rights..." (Guiding Principle 3). In addition, according to the Guiding Principles, business entities also have an independent responsibility to respect human rights, including the right to adequate housing.

According to international human rights law, your Excellency's Government is required to take progressive measures, to the maximum of available resources, to ensure access to adequate housing for all without discrimination. To address the issue of financialization and its impact on the enjoyment of the right to housing, your Government must develop policies and laws that include a full range of taxation, regulatory and planning measures in order to re-establish housing as a human right, promote an inclusive housing system, prevent speculation and limit the extraction of profits at the expense of tenants. It is necessary, as well, to ensure that loopholes within rent control regulations do not incentivise institutional property investors commodifying housing by allowing above-guideline rent increases where they undertake, even when unnecessary, substantial renovations to properties. Achieving this will require a transformation of the relationship between your Government and the financial and private sectors, whereby human rights implementation becomes the overriding goal in all activities and processes. In this regard, we would draw to your attention to the Special Rapporteur's report on the financialization of housing (A/HRC/34/51).



UK Mission  
Geneva

30 June 2020

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*Dear Special Rapporteur,*

**Communications AL GBR 1/2020 and AL GBR 2/2020 from the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context**

Please find attached two responses from the United Kingdom of Great Britain and Northern Ireland, further to the letters dated 27 April and 29 April 2020 from the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context.

*Yours ever,*

**JULIAN BRAITHWAITE CMG**

## ANNEX

### **Response of the Government of the United Kingdom of Great Britain and Northern Ireland to AL GBR 1/2020, dated 27 April 2020, from the UN Special Rapporteur on adequate housing.**

*Note: Housing is a devolved matter in the United Kingdom. Akelius Residential only operate in England, hence replies to questions refer to policy in England only, unless otherwise stated. A full comparison of private rented sector policies in England, Wales, Scotland and Northern Ireland can be found [here](#)<sup>1</sup>.*

#### **1. Please provide any additional information and any comment you may have on the above-mentioned allegations.**

The private rented sector is the second largest tenure in England, comprising 4.6 million households. Although Akelius Residential are a large multinational corporate landlord, they are responsible for a very small proportion of privately rented homes in the United Kingdom and their portfolio within the United Kingdom is entirely based in London. The private rented sector in the United Kingdom has changed dramatically over the last 30 years, housing proportionately more families and older people. The vast majority of landlords provide safe, secure, and affordable homes for their tenants. Data from the most recent English Housing Survey<sup>2</sup> shows that the majority of private renters in England (84%) were satisfied with their current accommodation.

In recent years, the Build to Rent market, in which we would consider Akelius Residential operates, has grown considerably from an almost non-existent base. Build to Rent is purpose built, institutionally owned, and professionally managed rental stock. The Government of the United Kingdom strongly supports this expansion, as it boosts housing supply and diversifies the private rented sector. Overall, Build to Rent increases quality and choice for renters in cities and towns across the country. We want good quality Build to Rent to continue to grow and make a significant contribution to housing supply.

Affordable housing is a top priority for the Government of the United Kingdom, and we believe that the key to improving affordability for tenants is to build more homes for rent. The Government does not believe that controlling rents will result in a better private rented sector. The history of privately rented accommodation shows that rent controls risk restricting investment, which can worsen property conditions.

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<sup>1</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-7624/>

<sup>2</sup> <https://www.gov.uk/government/collections/english-housing-survey>



Tenants in the United Kingdom are protected from retaliatory eviction through the Deregulation Act 2015, and the law is very clear that no tenant should be asked to leave their home just because they have raised concerns about the standards or safety of the property.

The Coronavirus Act 2020 delays when landlords are able to evict tenants. On Friday 5 June 2020 we announced that the current suspension of evictions from social or private rented accommodation will be extended by 2 months until 23 August 2020. This means that no action to evict a tenant will proceed before 24 August 2020. The emergency measures in the Coronavirus Act, which require landlords to give at least 3 months' notice to evict tenants, are unaffected by this and will remain in place until 30 September 2020.

Over recent years, the Government has introduced a series of legislative measures to reform the private rented sector. These are explained under point 2 below. We recognise there is more to do to and, as announced in the Queen's Speech<sup>3</sup> in December 2019, we will soon introduce a package of reforms to deliver a fairer and more effective rental market. This will continue to improve the lives of tenants.

The Renters' Reform Bill will enhance renters' security and improve protections for short-term tenants by abolishing 'no fault' evictions and removing Section 21 of the Housing Act 1988. This represents a generational change in the law that governs private renting, so landlords would always have to provide a reason for ending a tenancy, such as breach of contract or wanting to sell. This will provide tenants with more stability, protecting them from having to make frequent and short notice moves, and enable them to put down roots and plan for the future.

Alongside this, we will continue to develop and implement measures to widen access to and expand the scope of the database of rogue landlords and property agents, giving greater powers to drive improvements in standards, and empowering tenants to make an informed choice about who they rent from.

**2. Please provide detailed information on any legislative measure, including with respect to tax laws, or laws governing companies that operate through tax havens or any other measures taken by the Government to prevent the negative human rights impact of the financialisation of housing.**

Since 2012, the Government has taken a number of steps to ensure that corporate purchasers pay their fair share when buying property. In 2012, the government introduced a rate of 15% Stamp Duty Land Tax for corporate purchases of residential property and in 2013 introduced the Annual Tax on Enveloped Dwellings, an annual

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<sup>3</sup> The Queens Speech forms part of the State Opening of Parliament. It sets out the programme of legislation that the Government intends to pursue in the forthcoming parliamentary session.

charge on companies owning residential property occupied by persons connected with that company. These measures had raised £1.3bn by the end of March 2019.

To contribute towards the Government's objective of ending rough sleeping we will introduce a 2% non-UK resident Stamp Duty Land Tax surcharge from 1 April 2021. The surcharge will also help control the inflation of house prices, benefitting people looking to buy their first home or move up the housing ladder.

The surcharge will apply to non-resident companies purchasing residential property as well as non-resident individuals. The revenue raised by the surcharge, over £100m per year, will be used to tackle rough sleeping.

Analysis certified by the Office of Budget Responsibility (OBR) suggests that over its first four years the surcharge will help 11,000 residents of the United Kingdom get onto, or move up, the housing ladder, as properties that would otherwise be purchased by non-residents are instead bought by residents of the United Kingdom.

Additional measures taken by the Government to improve affordability for tenants in the private rented sector include: banning letting fees paid by tenants, capping tenancy deposits, and supporting landlords and tenants agree appropriate rent increases through the free-to-use model tenancy agreement.

The Tenant Fees Act<sup>4</sup> came into force on 1 June 2019, banning unfair fees and capping tenancy deposits. Fees previously charged for renewals, administrative costs, inventory, and credit checks are now banned, unless they are specified in an existing tenancy agreement signed before 1 June 2019. The Act introduced a cap on tenancy deposits of five weeks' rent where the annual rent is less than £50,000 and a cap of six weeks' rent where it is over this threshold. It also capped holding deposits at one week's rent. The provisions in the Act will benefit up to 4.5 million private renting households, and will save them an average of £70 per year.

To enforce the Tenant Fees Act, the Government has established a new lead enforcement authority for letting agents. The National Trading Standards Estate and Letting Agency Team received over £1m in funding for the financial year 2019-20 to support local authorities around the country in tackling rogue agents.

The Government has also made membership of a client money protection scheme mandatory for letting agents to ensure that each and every agent gives tenants and landlords the financial protections that they need. As of the end of December 2019, nearly 10,000 agents had joined an approved client money protection scheme and in total these schemes protect £3.4 billion worth of client money.

As part of our response to Covid-19, the Local Housing Allowance<sup>5</sup>, the rate used to calculate housing benefit for tenants renting from private landlords, has been increased so that it is set at the 30<sup>th</sup> percentile of market rents in each area. This will

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<sup>4</sup> <http://www.legislation.gov.uk/ukpga/2019/4/contents/enacted>

<sup>5</sup> <https://www.gov.uk/guidance/local-housing-allowance>

help tenants who receive government housing support payments to continue to afford to pay their rent and avoid eviction during these unprecedented times.

Local authorities have strong powers under the Housing Act 2004<sup>6</sup> to require landlords to keep their properties free from hazards, as assessed using the Housing Health & Safety Rating System. The Government introduced civil penalties of up to £30,000 as an alternative to prosecution, and Rent Repayment Orders, which require a landlord to repay a specified amount of rent to a tenant and/or local authority where there has been, for example, an illegal eviction or failure to comply with a statutory notice.

In order to prevent the most serious offenders from letting properties, the Government introduced banning orders and a database of rogue landlords and property agents as part of the Housing and Planning Act 2016. Both the banning orders and the database went live on 6 April 2018. In its current form, the database is used as an enforcement tool for local authorities. It enables local authorities to record and share information about, and target enforcement action against, rogue landlords and agents. Local authorities must record details on the database of landlords and property agents who are banned from operating as a landlord or agent, and at their discretion may add those who are convicted to banning order offences or who have received two or more civil penalties for housing offences in a 12 month period.

As part of the Renters' Reform Bill, the Government intends to bring forward proposals to widen access to the database of rogue landlords and property agents, and expand the scope of the offences contained within it. The Government is currently analysing responses to the 2019 consultation on these reforms and will publish a response in due course.

The Government recently took further action by giving tenants the power to sue unscrupulous landlords who refuse to keep their property fit for human habitation through the Homes (Fitness for Human Habitation) Act 2018<sup>7</sup>. Landlords must make sure their property is free of hazards which are so serious that the dwelling is not reasonably suitable for occupation. Most landlords take this responsibility seriously. When a landlord fails to do so, the tenant now has the right to take action in the courts for breach of contract on the grounds that the property is unfit for human habitation.

As mentioned above, when a tenant makes a genuine complaint about the condition of their property that has not been addressed by their landlord and the local authority has served either an improvement notice or a notice of emergency remedial action, a landlord cannot evict that tenant for six months using the Section 21 eviction procedure. This is in addition to strong legal protections which tenants have against harassment and unlawful eviction.

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<sup>6</sup> <http://www.legislation.gov.uk/ukpga/2004/34/contents>

<sup>7</sup> <http://www.legislation.gov.uk/ukpga/2018/34/enacted>

**3. Please provide detailed information on any investigation undertaken on the business practices of Akelius United Kingdom and their impact on the human right to housing of residents in buildings owned by the company.**

Nationally set standards in the private rented sector are enforced by local authorities through the civil penalties, court actions, and banning orders outlined above.

Akelius Residential is a member of the Property Ombudsman<sup>8</sup>, which provides an avenue for consumers to seek alternative dispute resolution where they have a complaint which the company fails to resolve to their satisfaction. We are aware that a complaint against Akelius to the Property Ombudsman is currently being considered. The Property Ombudsman is independent of Government, and the UK Government is not involved in this complaint.

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<sup>8</sup> <https://www.tpos.co.uk/>