

A hand holding a magnifying glass over paper house models. The background is a blurred green and white bokeh. A blue diagonal stripe runs across the image from the top left to the bottom right. The left side of the image is an orange gradient.

B11: Rent Regulation Update: What you need to know

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Rent regulation and legislation update

What we're going to talk about today:

- White Paper: A Fairer Private Rented Sector
- 2023 rent increases
- Service charges

Rent Increases

- Contractual clause
 - Increase within first 12 months
 - Provides flexibility
- s.13 Notice
 - Statutory increase with prescribed form
 - No increase within 52 weeks
 - No contractual clause in tenancy

White Paper: Proposed Reforms

- Rent increases once per year
- Abolition of rent review clauses – all increases by s.13
- 2 months notice (currently 1 month)
- FTT may not increase rent beyond the amount asked for by the landlord

2023 Rent Increases

- Social and AR increase = CPI + 1%
 - Rent Standard due to be in place 2020-2025
- Shared ownership increases = RPI + 0.5%
- Cost of living crisis
 - CPI = 9.9%
 - RPI = 12.3%

Social housing rents consultation

- Income not rising at same level
- Concerns by both RP's and residents about the potential increase in 2023
- Government now published consultation on a proposed cap

Social housing rents consultation

- Proposal of cap of whichever is lower of the following:
 - CPI + 1% or
 - a maximum of 3%, 5% or 7% as a ceiling
- 5% preferred as striking a balance for both L + T
- Social and affordable rent only
 - Nothing re shared ownership

Social housing rents consultation

- For 2023/2024 and views sought on extension to 2024/2025
- Not apply to new lettings
- Proposal to issue new Direction to the Regulator later in 2022

Social housing rents consultation

- Considerations:
 - What about lenders?
 - Impact on viability of business? Exemption
 - Increase in operating costs for RP's v reduced income
 - Less new homes?

What about other tenures?

- Options
 - Hardship
 - Cap
 - Write off of %
 - Deferral of %
- Service charges?

Considerations

- Deviation from lease terms?
- Charitable objective/balancing future and existing beneficiaries' interests
- Competition law
- Business plan/corporate strategy compliance
- Lenders
- Grant provider?