



Renters' Rights Bill: amendment to restrict rent increases within an assured tenancy (9)

New clause: to establish an index by which annual in-tenancy rent increases ("Section 13 increases") are limited, to the lowest of either inflation or median wage growth.

Clause 7, page 9, line 6, leave out from "determination" to the end of line 11 and insert—

"(4AA) Where the rent for a particular period of the tenancy is to be greater than the rent for the previous period by virtue of a notice, determination or agreement mentioned in subsection (4A), the rent may not be greater than whichever is the lesser of—

- (a) the rent for the previous period plus an increase equal to the rent multiplied by CPI;
or
- (b) the rent for the previous period plus an increase equal to the rent multiplied by the percentage increase in median national earnings.

(4AB) Any provision relating to an assured tenancy to which this section applies is of no effect so far as it provides—

- (a) that the rent for a particular period of the tenancy must or may be greater than the rent for the previous period otherwise than by virtue of a notice, determination or agreement mentioned in subsection (4A), or
- (b) that the rent for a particular period of the tenancy, where greater than the rent for the previous period by virtue of a notice, determination or agreement mentioned in subsection (4A), must or may be greater than the lesser of –
 - i. the rent for the previous period plus an increase equal to the rent multiplied by CPI; or
 - ii. the rent for the previous period plus an increase equal to the rent multiplied by the percentage increase in median national earnings.

(4AC) In this section –

"CPI" means the Consumer Prices Index 12-month rate published by the Office for National Statistics for 1 April preceding the date the notice is served.

"the percentage increase in median national earnings" means that calculated by the UK Statistics Authority over a three-year period ending on the date on which the notice was served."



Effect of amendment

The purpose of this amendment is to restrict the amount that rent can be increased each year, by **establishing an index by which annual in-tenancy rent increases (“Section 13 increases”) are limited**. The index – the lowest of either inflation or median wage growth – would be a fixed figure, established at a regular interval (each 1st April for example). Section 13 rent increases would be capped by that percentage figure during that period. Landlords would be free to propose lower rent increases and could choose when in the year to serve a section 13 notice, but the index figure would remain the proportional cap on individual increases until next updated. This simple process largely reflects the process of rent increase caps in the social rented sector.

INTRODUCTION

A third (34%) of private renters are already paying half or more of their income on rent – well above the commonly accepted affordability threshold of 30%.¹ Alarming, **29% say they could not afford any rent increase, while a further 24% say they would need to cut back on essential spending, fall behind on bills or need to borrow money to manage any rent increase.**²

A private rented sector that forces people to move frequently or pushes renters into debt to cover rising rents is unsustainable. **Measures to stabilise rents within tenancies are essential to ensure the Renters’ Rights Bill delivers the secure, stable system it promises**, as well as empowering tenants to challenge unfair rent increases that result in unwanted moves.³

Shelter is proposing to establish an index by which annual in-tenancy rent increases (“Section 13 increases”) are limited, to the lowest of either inflation or median wage growth because:

1. For many renters, a rent increase is as good as an eviction notice.
2. Without an established index that outlines what a “fair rent increase” looks like, the First Tier Tribunal will remain ineffective in supporting renters.
3. Setting fair limits to rent increases would protect tenants from unexpected changes in costs, have minimal impact on landlords, and allow both parties to plan for their long-term financial future.

¹ All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2038 Private Renters in England. Fieldwork was undertaken between 23rd October – 19th November 2024. The survey was carried out online. The figures have been weighted and are representative of Private Renters in England aged 18+, based on English Housing Survey data

² All figures are from a YouGov survey for Shelter of 4,023 private renting adults (18+) in England. The survey was conducted online between 14th July – 16th August 2023, and the results were weighted to be representative of private renters

³ Prime Minister’s Office, [The Kings Speech 2024 background briefing notes](#), July 2024



RENT INCREASES WILL BECOME THE NEW 'NO-FAULT' EVICTION

At least 300,000 renters been forced to move in the past 5 years due to a rent increase.⁴

While the Renters' Rights Bill takes a vital step in abolishing 'no fault' section 21 evictions to provide renters with greater security of tenure, without clear limits to rent increases, renters will continue to face the instability and upheaval of losing their homes due to a rent hike. Additionally, the threat of a retaliatory rent increase may discourage renters from exercising their new rights, undermining important protections introduced by the Bill.

In recent years, renters have faced record rent increases on top of already record high rent levels. **Rents in England rose by an average of 8.8% (up £109 to £1,348 per month) in the year to September 2024.**⁵ However, these average figures mask more dramatic rises for individual tenants, with many facing individual rises of 10%, 20% or more. **This is while over half (56%) of renters said that they could not manage a 10% rent increase.**⁶

Under the current system, where "market rent" serves as the ceiling for rent increases, many of these dramatic hikes are entirely permitted. **This has led to 43% of renters say worrying about how they will pay their rent is making them anxious or depressed.**⁷ For those forced out by unaffordable rent hikes, the very real threat of homelessness has a devastating impact.

ENSURING FIRST TIER TRIBUNALS WORK

The Renters' Rights Bill proposes changes to improve the process and experience of challenging rent increases through the First Tier Tribunal (under section 13 of the Housing Act 1988). However, it does not address the critical issue: **the upper ceiling of "open market rent" remains unchanged as the benchmark for tribunal decisions. This means the tribunal can only judge whether the proposed new rent aligns with "market rent", regardless of how much higher it is than the tenant's initial rent.**

Evidence from the 100 relevant tribunal hearings between 2 May 2024 and 19 September 2024 demonstrates that in many circumstances, a ceiling of "market rent" means tenants will continue to see their rent increased by a very significant proportion – even when they have the means to bring a case:

- The average increase in rent permitted by the tribunal was 23%
- Two thirds of the cases resulted in a rent increase of 10% or more
- In 16 out of these 100 cases, the tribunal permitted an increase of over 40%.
- In at least 4 of these cases, there was clear evidence of landlords using rent increases alongside eviction notices, likely because they had failed to secure an eviction.

It is welcome that the eventual rent determined by the tribunal will no longer be able to exceed the amount requested in the landlord's Section 13 notice (currently a rare occurrence). However, even when the tribunal determines a lower rent than requested, the resulting

⁴ Shelter/YouGov polling, March 2024

⁵ ONS, Private rent and house prices, UK, November 2024

⁶ Shelter/YouGov, Private renters survey, 2023

⁷ Shelter/YouGov, cost of living tracker, November 2024



increases are often still a very large proportional increases in rent. This underscores that, without indexed limits on rent increases, the tribunal process will remain largely useless for renters.

Setting fair limits on rent increases within tenancies would protect renters from large, unexpected hikes in their rent; in effect, limiting the need for time consuming, expensive tribunal hearings down to the rare cases where landlords mistakenly or maliciously raise rents above the annual limit.

IMPACT OF INDEXED LIMITS ON RENT INCREASES TO TENANTS AND LANDLORDS

Countries with large renting populations often have rent stabilisation measures in place, for example, France, Germany, Ireland, Belgium and Switzerland. Studies from the United States show that in jurisdictions with rent stabilisation policies, low-income renters face fewer forced moves⁸. Rent stabilisation contributes to community continuity and workers can stay in cities that otherwise would have become unaffordable. Greater housing stability is better for mental and physical health and children's educational attainment.⁹ Evidence from these countries shows that, contrary to some claims, this moderate form of rent control is compatible with relatively large, functioning private rented sectors and does not preclude private investment.

Tracking market rent increases since 2015, against the projected effect of the proposed policy of annual limits by the lowest of wage growth or inflation, shows that increases permitted under this policy would largely reflect average changes to market rent over that period. As such, it would not prevent landlords from reasonably covering changes in their business costs. However, it would prevent the large, one-off rent hikes that cause such instability and risk homelessness for lower income tenants. England's largest Build to Rent landlord, Grainger, has previously proposed a similar form of rent stabilisation.¹⁰

WHAT NEXT FOR RENT STABILISATION?

Help to ensure that rent hikes do not become the next 'no-fault' eviction for renters by adding your name onto and supporting amendment 9, tabled by Paula Barker MP, which establishes an index by which annual in-tenancy rent increases are limited to the lowest of inflation or median real wage growth.

If you would like to discuss the Renters' Rights Bill with Shelter, please feel free to contact us at public_affairs@shelter.org.uk.

⁸ UK Collaborative Centre for Housing Evidence, [Rent control: Review of the evidence base](#), February 2022

⁹ Pastor, M., Carter V., Abood, M., [Rent Matters: What are the Impacts of Rent Stabilization Measures?](#), October 2018

¹⁰ LUHC Select Committee, [Written evidence submitted by Grainger plc](#), August 2022