

CIH response to Consultation on a new Rent Standard from 2020



Chartered
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Introduction

We welcome the opportunity to respond to this consultation.

We have chosen to respond specifically to questions 1-3 from the consultation document. We recognise that some of the points we have raised in our answer to question 3 are broader than the scope of this consultation, and that the regulator is constrained by the directions it receives from government. We therefore appreciate that the regulator's ability to address these points at this point in time will be limited.

Nevertheless, these broader points represent our overall view on rent policy in the social housing sector and (while also responding to the specific questions raised in the consultation) we have taken this opportunity to make these views clear.

1. Do you consider that the regulator has accurately reflected the requirements of the direction in its proposed 2020 rent standard?

Yes. The proposed standard is clear and accurately reflects the direction from government.

2. Do you agree that the proposed 2020 rent standard, when read alongside the policy statement, gives providers an appropriate level of clarity about the rules on rent with which they will be required to comply?

Yes. We agree that further, practical guidance (for example on issues such as carrying out property valuations) is not necessary and that the proposed standard offers providers all of the information needed to comply.

3. Do you have any other comments in relation to the proposed 2020 rent standard?

While accepting that these are outside the scope of the current consultation, we would like to raise two broader concerns about rent policy.

Firstly, since 2012 there have been frequent changes in rent policy which have undermined the sector's ability to invest in new homes. It is therefore positive that the proposed ceiling of CPI+1% on annual rent increases is intended to remain in place for a minimum of five years. We would strongly recommend that this commitment is honored in practice and would also welcome any statement of intent to retain it over a longer period, if possible.

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Secondly, although we agree that following four years of rent reductions most landlords will now need to increase rents in order to continue to invest, we remain concerned that social and affordable rents are becoming less affordable for those on the lowest incomes.

Figures taken from the UK Housing Review show that, over a long period up until 2016, rents increased faster than incomes. For example, in 1990 typical local authority rents were 8.9 per cent of average earnings, and housing association rents 10.9 per cent. However by 2016 these had reached a peak of 13 and 13.6 per cent respectively.

Our view is that the sector should consider the now permitted annual increases of CPI+1% as a maximum and should take local incomes into account when considering whether there is a case to increase rents at a slower rate in their area. Our recent report, [Building Bridges](#), sets out a proposal for local authorities and housing associations to collaborate to develop Local Housing Affordability Framework for their area, and we would welcome further measures to encourage this.

We are also particularly concerned about the loss of much needed social rented housing through conversions to affordable rent. Statistical data returns (SDR) data shows that around 111,000 social rented homes have been converted since 2012. This has accelerated the trend of worsening affordability. Numbers of new conversions have now fallen and in London the practice has been halted, even though of course properties already converted remain let at the higher rents. We consider that further conversions should now cease across England.