

Administrator  
Johan Mirtorp (LL.M), General  
Counsel

Date  
2023.01.27

## Introduction to the Swedish Model on the Rental Market

### Introduction

The Swedish rental market model stems from the same corporatist economic model – “the Swedish model” – that uses collective bargaining for wage-setting between representatives of employees and employers in the Swedish labour market. While the system of collective bargaining in the labour market intends to reduce conflict between labour and the interests of capital, collective bargaining of rents between representatives of tenants and landlords intends to ensure that consumer and property owner-ship rights, and interests, are balanced.

Both systems are largely self-regulating in the sense that market actors (parties) negotiate wages or rents through collective bargaining. In the case of the rental market, rents are based on local consumer preferences, according to a utility values system<sup>1</sup>, and negotiated entirely without any state or municipal involvement. This means that the cost to the public purse is minimal.

Although both labour and rental markets employ collective bargaining, there are several significant differences. Whereas employees may go on strike if employers refuse to increase wages, a tenant cannot stop paying his/her rent in the event of a rent-hike without risking to lose his/her tenancy rights. Another difference is that whilst trade unions would like to see wage increases, tenant representatives try to keep rent increases as low as possible and, ideally, no higher than inflation. Arbitration mechanisms also differ.<sup>1</sup>

The Swedish model on the rental market is characterised by offering no means tested social housing. Instead large municipal public housing stock is open to anyone. The housing is generally of high standard. Housing offered is subject to security of tenure where legislation is applicable to both private landlords and municipal housing companies. Low income households are offered housing allowances (rent supplement). Rents are typically also “warm rents” meaning heating and hot water is included in

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<sup>1</sup> Arbitration for publicly owned housing companies is dealt with on a voluntary basis between the Swedish Association of Public Housing Companies (SABO) and The Swedish Union of Tenants (SUT) whereas arbitration between private property owners and the SUT is undertaken through the public court system.

the monthly rent. The system is generally trust based and desposits are rare.

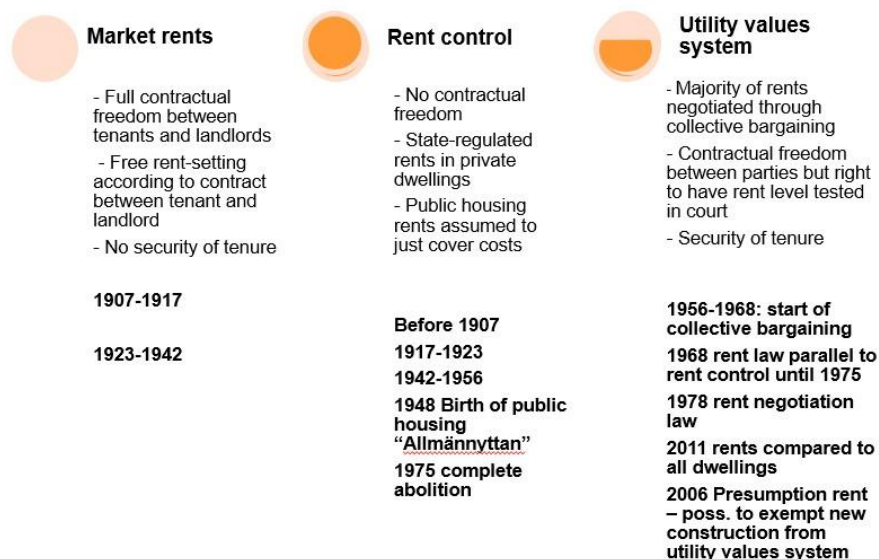
## Overview of the Rent-Setting System and Legal Basis

Sweden's utility values system and collective bargaining of rents emerged through voluntary agreements between the Swedish Association of Public Housing Companies (SABO) and The Swedish Union of Tenants (SUT) in the 1950s and has since the 1970s also included private property owners. Rents of around 1.5 million dwellings affecting 3 million tenants are negotiated through collective bargaining every year. This represents over 90 percent of the total supply of rentals.<sup>2</sup>

As a general rule of thumb rent negotiations have two points of departure:

- Setting or adjusting the rent according to the utility value of a particular dwelling, e.g. in the case of a new build or a flat that has undergone renovations, and for which an new assessment is justified, and
- Changes to the cost of maintaining the dwelling and/or ongoing investments in improvements.

### Rent-setting systems in Sweden over time



All other things equal, it is usually the case that the latter falls within the scope of annual rent negotiations.<sup>3</sup> These negotiations are normally conducted on the initiative of the landlord<sup>4</sup>, on the one hand, and the tenant's organization on the other hand. Negotiations often take place

<sup>2</sup> The total number of rental units amount to approximately 1.6 million of which half are owned by public housing companies and half by private landlords. Most flats are situated in multiapartment dwellings although semi-detached houses also exist as rental units. However, the practice of individual investors renting out one or two leasehold flats or condominiums is not included in this number.

<sup>3</sup> However, in the case of standard improvements, the annual negotiations could also include adjustments according to the utility values system.

<sup>4</sup> Landlords can also be represented by a property-owner's organization or another third party in which case, they take care of the negotiations on behalf of the landlord.

during a few months in the autumn, with rents usually being increased on 1 January of the following year.

The collective bargaining system is governed by the *Rent Negotiation Act*.<sup>5</sup> This stipulates fundamental requirements for each party involved in the negotiations though; in general, the bargaining system is based on voluntary agreements between the landlord, a tenant's representative and the tenant, according to the following:

1. The landlord and the tenant's organization will enter into a formal agreement determining what rules will govern the negotiations and the format in which they are to be conducted.
2. An ordinary tenancy agreement is concluded between the landlord and the tenant. This tenancy agreement includes a negotiation clause which binds the tenant and obliges him/her to pay the rent determined at future negotiations.
3. When a deal is reached, rent levels are adjusted for those apartments covered by the agreement.

Individual tenants are entitled to withdraw from the collective bargaining system although, in reality, this is rare. Clauses stipulating automatic rent adjustments on the basis of official indices (e.g. the consumer price index) are not permitted in housing tenancy agreements. This means that rent-regulation is not allowed. Consequently, rents are largely set for all residential apartments through collective bargaining.

The collective bargaining of rents presents advantages for both landlords and tenants. Because of information asymmetries between landlords and tenants, individual tenants would on their own be in a weaker position in relation to their landlords. This way the balance of power between tenant and landlord is leveled out and consumer protection ensured.<sup>6</sup>

For landlords the collective bargaining represents an efficient way of establishing rent increases for several hundred, or sometimes several thousand, tenants through a single negotiation. The alternative would imply negotiations between each individual tenant and landlord causing considerable transaction costs estimated at approximately 153 million SEK annually in the Stockholm region alone.

The rent-setting system is of major macro-economic importance. Annually rents worth over 115 billion SEK are negotiated. This means that an annual average rent increase of 2 per cent implies in excess of a 2 billion SEK dent in the purchasing power of tenants.

## The Utility Values System Explained

The legal basis of the utility values system is the 1968 *Tenancy Act* which replaced the 1942 Rental Regulation Act. In 1975 state-controlled rent

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<sup>5</sup> The Rent Negotiation Act - Hyresförhandlingslag (SFS 1978:304).

<sup>6</sup> Consumer protection is essential as asymmetric information tends to undermine the possibility for consumers to compare or negotiate on equal terms with the landlord.

regulation was completely abolished. The rules and regulations for the utility value system form part of the Tenancy Act<sup>7</sup> and can be regarded as a form of national protection for private tenants. The aim of the utility values system is not to regulate rent levels but to protect the tenants' security of tenure.<sup>8</sup>

A fundamental principle of the utility values system is that rents are set objectively on the basis of how tenants generally value various housing characteristics relating to their dwelling such as:

- nature, size and location of the apartment,
- position of the apartment within the actual building,
- noise proofing,
- access to amenities such as: garbage disposal facilities, elevators, laundry facilities, storage, garage, etc.,
- quality of property management, etc. and finally,
- the general location of the building as well as access to public transportation.

The resulting rent should reflect what the collective of tenants in that particular location is willing to pay for the characteristics pertaining to the particular dwelling assuming a market in equilibrium. The assessment of the utility value is undertaken without regard to the landlord's costs. Part of the negotiation therefore relates to assessing the various utility values of the apartments and assigning a monetary value to them. In-between negotiations the parties often work on surveying the apartments' utility values (e.g. through documentation and by means of a points system) as well as ascertaining the values attributed by tenants (e.g. through questionnaires). Negotiations generally result in rent levels being adapted to the utility value when necessary, although this will be affected gradually where substantial rent adjustments are involved. As regards the cost of managing and building housing, the negotiations involve assessing cost increases within the sector.

Although the implementation of the utility values system falls upon the parties' active in the locality – utility value models are different in each locality reflecting local consumer preferences in that local market – oversight is exercised by Regional Rent Tribunals. These tribunals are central government administrative authorities managed by a district rental tribunal officer whose members are nominated by the main housing market parties (i.e. The Swedish Union of Tenants (SUT), The Swedish

<sup>7</sup> The Tenancy Act – Hyreslagen (Jordabalken (SFS 1970:994) 12 kap.).

<sup>8</sup> According to the law, each tenant holding a direct tenancy agreement (head lease) is entitled to continue to rent the apartment for as long as the rent is paid and neighbours are not disturbed, etc. This is known as 'security of tenure'. However, such security of tenure would hardly be worth much if the landlord were able to increase the rent by such a large amount that the tenant would be unable or did not want to pay and as a result would be compelled to move. Consequently, a ceiling for the amount of rent that landlords can charge must be established. In the Tenancy Act this is expressed as the landlord not being allowed to impose a rent higher than what would represent a reasonable amount.

Association of Public Housing Companies (SABO) and The Swedish Property Federation (FäF).<sup>9</sup>

If the rent is contested by a party, the Regional Rent Tribunal conducts a utility values review. This involves finding out what rents are being charged for other, 'comparable' apartments of similar utility value; i.e. with approximately the same location, standard, equipment, etc. The rent charged for the 'review apartment' is deemed to be within a 'reasonable limit', if it doesn't exceed the highest rental level of comparable flats by more than approximately five per cent.

The fact that some individual tenants pay a particular rent for a comparative apartment is not in itself enough of a comparison. Such a rent must only be included in the review if the comparison object is subject to collective bargaining.<sup>10</sup> Both publicly and privately owned flats can be included as comparison objects in the review.

If there are no relevant comparison objects to be found, the Regional Rent Tribunal will make a general assessment of reasonableness in light of its knowledge of the rental situation in the municipality.

Thus the utility values review does not involve estimating the utility value of the apartment in monetary terms. It only involves comparing rent levels between apartments with corresponding utility values. This is an important distinction. The central principle here being that central government should not get involved in setting rent levels, but should protect security of tenure for private tenants.

A tenant can always require a utility value review for the rent of their own apartment. This also applies in those cases where the rent is determined through collective bargaining. An integral function of this provision is to provide consumer protection.

As costs of building new residential buildings in Sweden are very high (and rising), landlords undertaking new construction regularly seek to charge rents that are significantly higher than rents for flats in older buildings, even if there is not much difference in the utility value. A provision was introduced some years ago regarding so-called 'presumption rents' in order to make these higher rent levels possible while simultaneously ensuring that rents for already existing stock is not being pushed up. These rules, which are voluntary, imply that the presumption rent for an apartment in a new building should be deemed to be reasonable without any further review if it has been determined in written agreement between the landlord and an established tenants' organization. The exemption from the utility values system applies for a maximum of fifteen years. During this time, such apartments will be excluded from the stock used for comparisons undertaken as part of utility value reviews in the Regional Rent Tribunals. Important to note is that

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<sup>9</sup> There are also other organizations representing private property owners besides Swedish Property Federation. The latter represents only about 17 percent of landlords in collective bargaining.

<sup>10</sup> This is the case since landlords and tenants can agree a much higher rent if they wish to abstain from the collective bargaining.

the agreed rental level is supposed to be based on builders' production costs, not on consumer willingness to pay.

### **The Role of the Swedish Union of Tenants**

The Swedish Union of Tenants is a national membership association comprising in excess of 530 000 member households, the second largest civil society organization in Sweden after the Swedish church. The Swedish Union of Tenants has several roles as a:

- membership organisation representing members interests in the public policy debate,
- assisting members with legal advice and member benefits, as well as
- representing member, and non-member tenants, in the collective bargaining of rents.

The Swedish Union of Tenants' activities are financed through membership fees and a 'rent-setting charge'. The rent-setting charge amounts to 12 SEK per month per household and is charged to tenants by landlords through inclusion in the overall rent. This charge is then passed on to The Swedish Union of Tenants.

Although it is possible for any tenant's organization to represent tenants in the collective bargaining of rents, The Swedish Union of Tenants has a significant market share.

For more information: <https://www.hyresgastforeningen.se/>

The Swedish Union of Tenants

Johan Mirtorp (LL.M)

General Counsel

Hyresgästföreningen

Norrlandsgatan 7

Stockholm

T: +46 10

E: Johan.Mirtorp@hyresgastforeningen.se

# **Introduction to the Swedish Model on the Rental Market**

The Swedish Union of Tenants

Johan Mirtorp (Jur. Kand., Jur. Mag. / LL.M)

General Counsel

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# The Swedish Union of Tenants - Hyresgästföreningen

- 100 years
- Over 530 000 households are members
- Representative democracy with over 8 000 elected representatives
- Around 850 employees



# SUT – What do we do?

- **Lobbying and campaigning** on issues relating to housing:
  - Affordable housing, tenant influence, tax neutrality between types of housing, etc.
- **Representing tenants in annual rent-negotiations** with landlords (both public and private)
- Offering **member services** including:
  - **Legal assistance** and representation - 30 000 calls to our legal service every year, 4 000 cases taken on every year and 1 000 cases ending up in court.
  - **Membership benefits** e.g. vouchers and discounts on home insurance, cinema tickets.

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# Sweden – some basic facts

- 10,4 million inhabitants
- Strong demographic growth
- Changing political landscape
- Resilient economy through financial crisis & Covid
- Inequalities on the rise in recent times

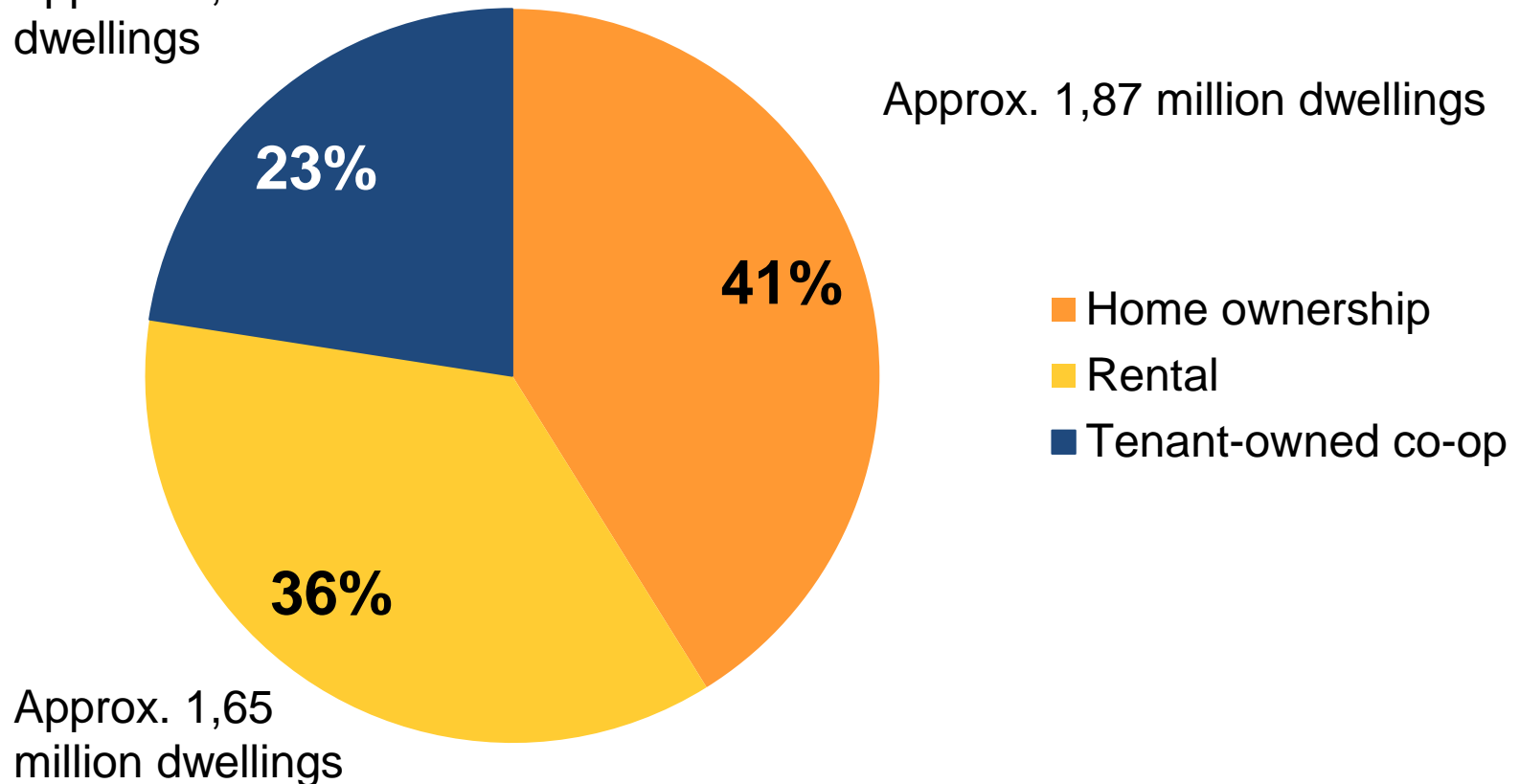


# How do people live?

## Housing stock, by tenure (2012)

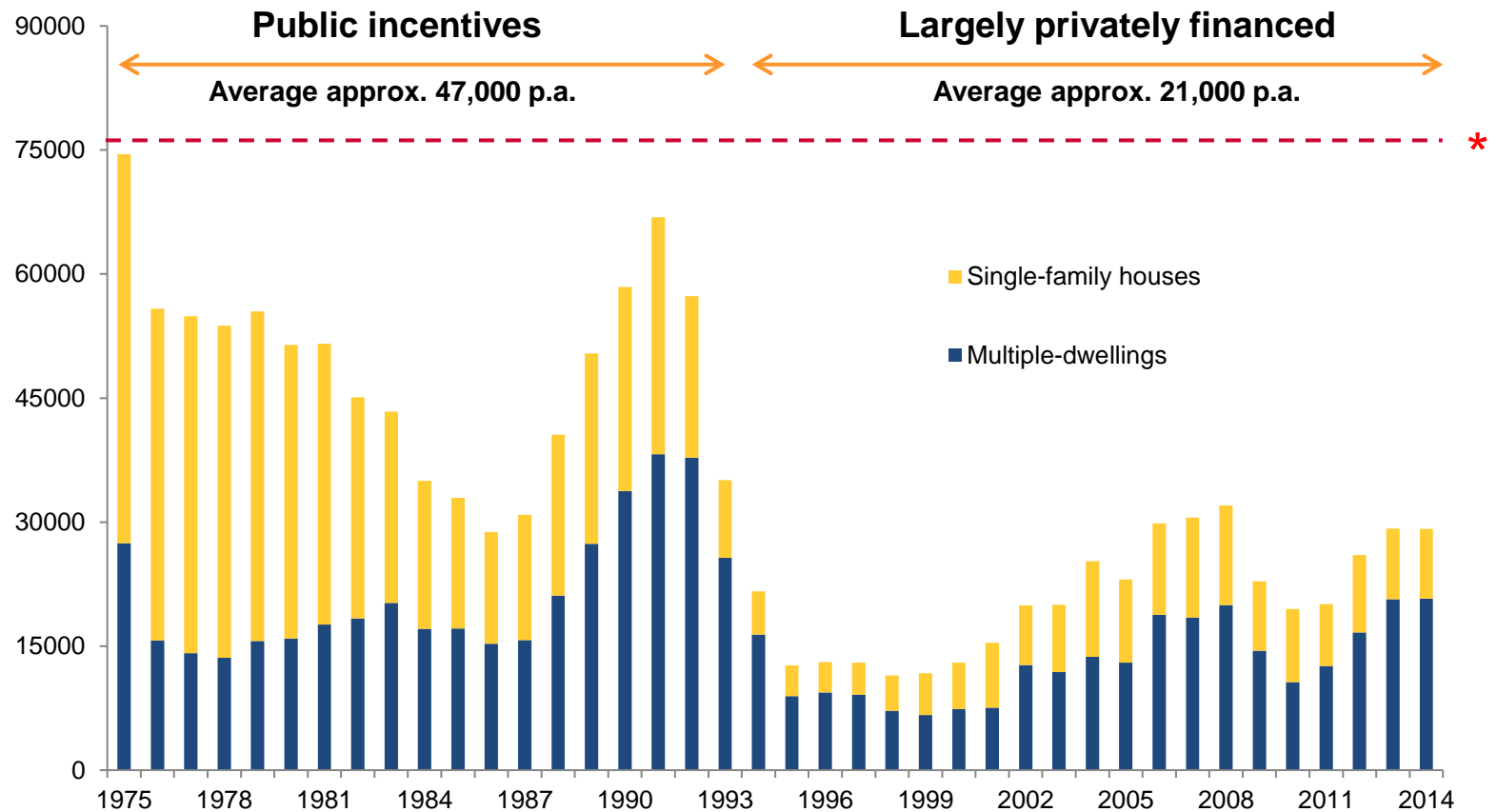
Approx. 1,03 million dwellings

Approx. 1,87 million dwellings



Source: Swedish Statistics Office.

# Housing Supply Deficit: Construction Levels Dropped as State Financing Decreased or Ceased



\* Note: National Board of Housing, Building and Planning annual estimate 2015-2020; 460,000 units of housing

Source: SCB

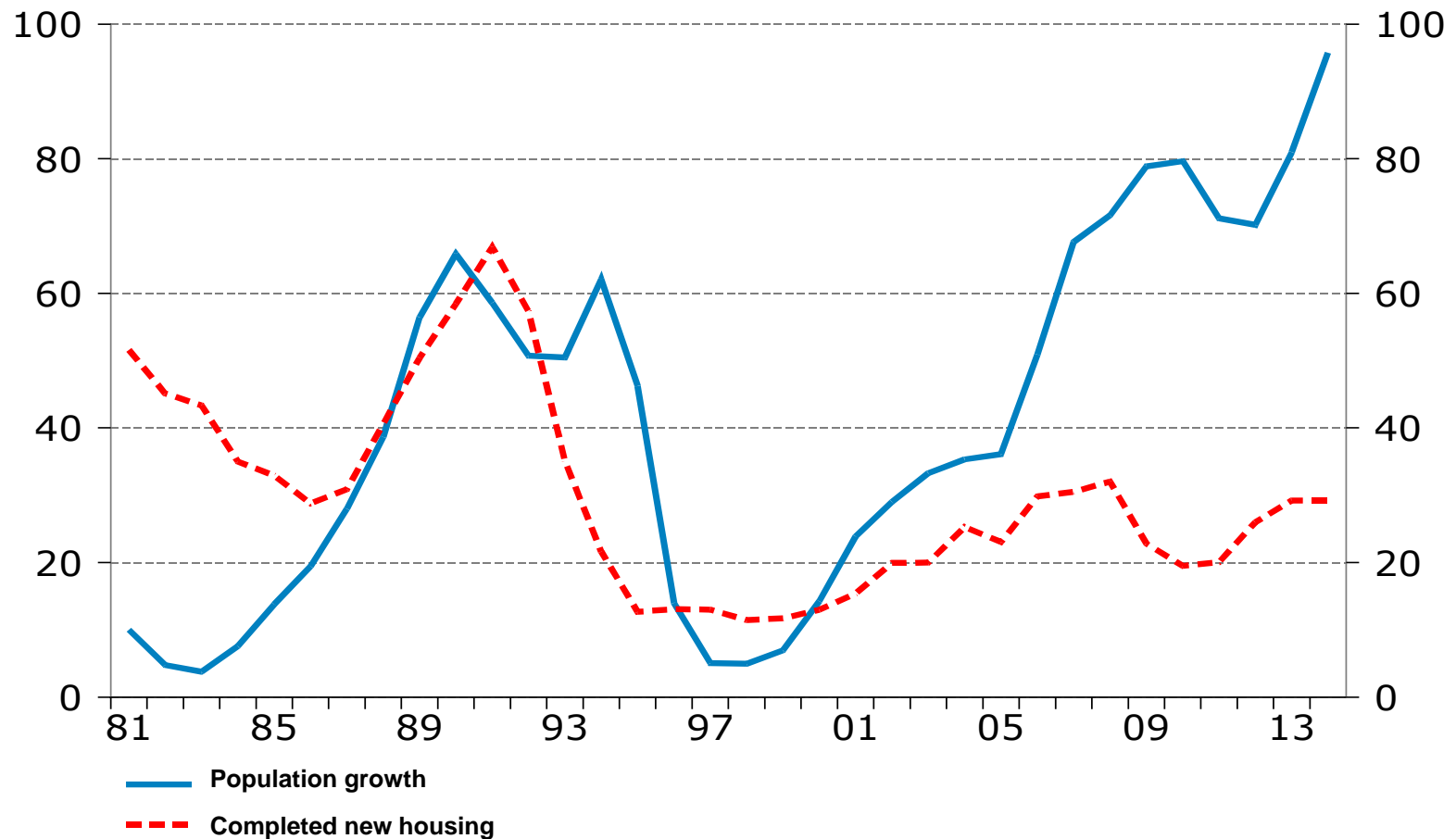


Hyresgästföreningen

*The Swedish Union of Tenants*

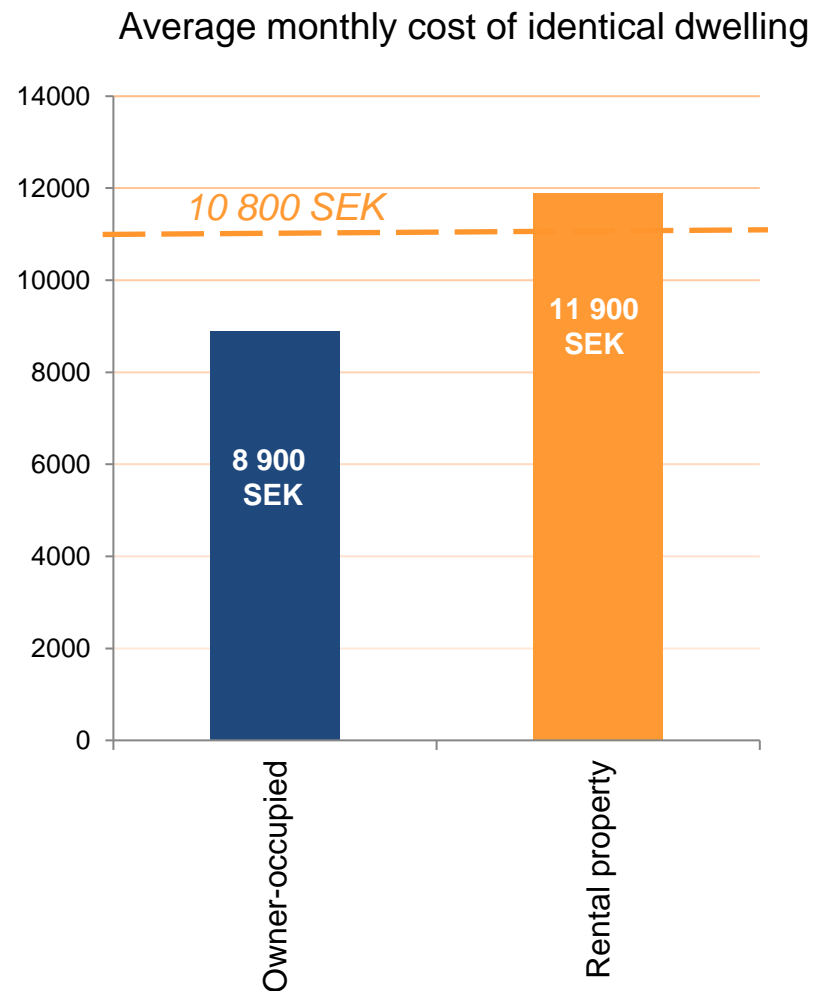
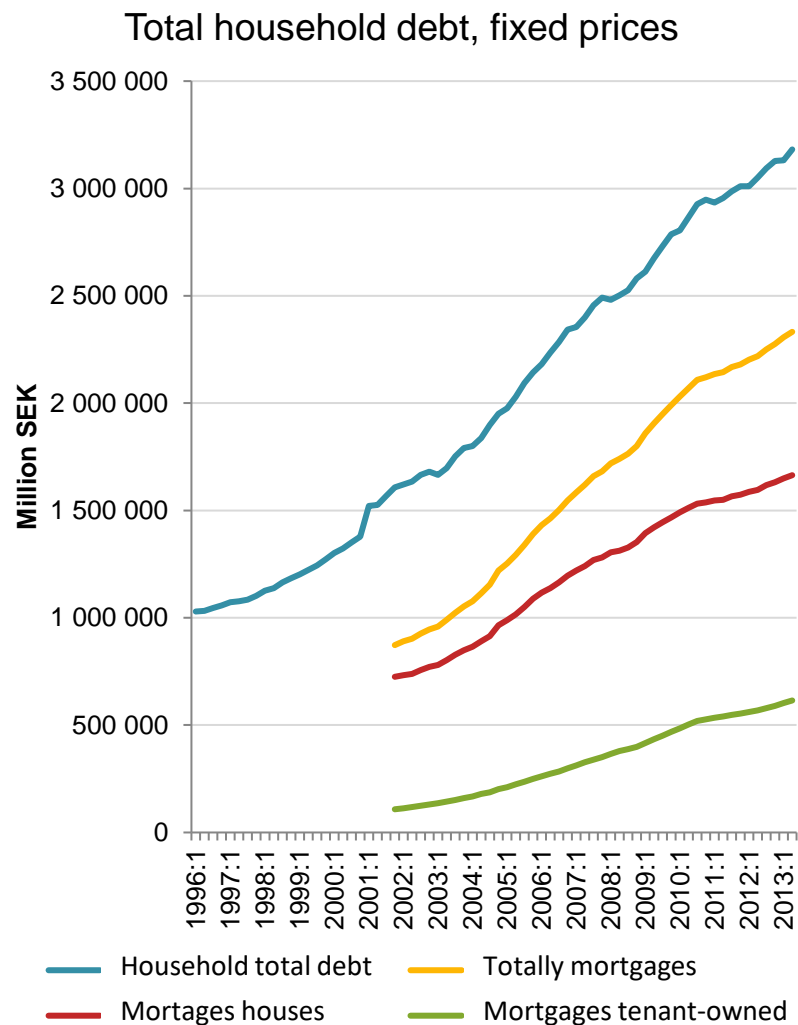
# Strong population growth consist of groups with limited ability to demand expensive housing

Population growth (thousands of people) and completed new flats (thousands)



Source: Konjunkturinstitutet (2015)

# Tax policy and low-interest rates have increased home owner-ship and fuelled household debt levels



Source: SCB, Evidens and Bostadsbeskattningskommittén SOU 2014:1



# Other issues in the Swedish housing market problems

- Cartel-like situation in the construction market contributing to high construction costs and low levels of productivity
- Tax policies fuelling ever increasing levels of household debt and benefitting households on high incomes
  - mortgage interest deductions amount to 0,7% of GDP
  - tax subsidy for construction project in own homes
  - no property tax on own homes but on rental properties
- Poor understanding of market failures and how best to optimise market outcomes at municipal level through land, competition and investment policies



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# Rent-setting systems in Sweden over time



## Market rents

- Full contractual freedom between tenants and landlords
- Free rent-setting according to contract between tenant and landlord
- No security of tenure

**1907-1917**

**1923-1942**



## Rent control

- No contractual freedom
- State-regulated rents in private dwellings
- Public housing rents assumed to just cover costs

**Before 1907**

**1917-1923**

**1942-1956**

**1948 Birth of public housing  
“Allmännyttan”**

**1975 complete abolition**



## Utility values system

- Majority of rents *negotiated* through *collective bargaining*
- *Contractual freedom* between parties but right to have rent level tested in court
- Security of tenure

**1956-1968: start of collective bargaining**

**1968 rent law parallel to rent control until 1975**

**1978 rent negotiation law**

**2011 rents compared to all dwellings**

**2006 Presumption rent – poss. to exempt new construction from utility values system**



**Hyresgästföreningen**

*The Swedish Union of Tenants*

# The “Swedish model” – a universal model

- No social housing (no means-testing)
- Large Municipal (public) housing stock open to anyone
- High housing standards
- Security of tenure - legislation applies to both private landlords and Municipal housing companies
- Housing allowances (rent supplement) to low-income households
- Social welfare system contributing to rents for households receiving income support
- Rents inclusive of heating and hot water
- Trust-based system – deposits are rare
- Right by law to swap dwelling free of charge

# Scale of the Swedish rental market system

1 500 000 rented flats

Collective  
bargaining

800 000 flats

Municipal housing-  
companies

Total value of rents  
110 billion SEK p.a.

1 % rent increase  
= 1 billion SEK

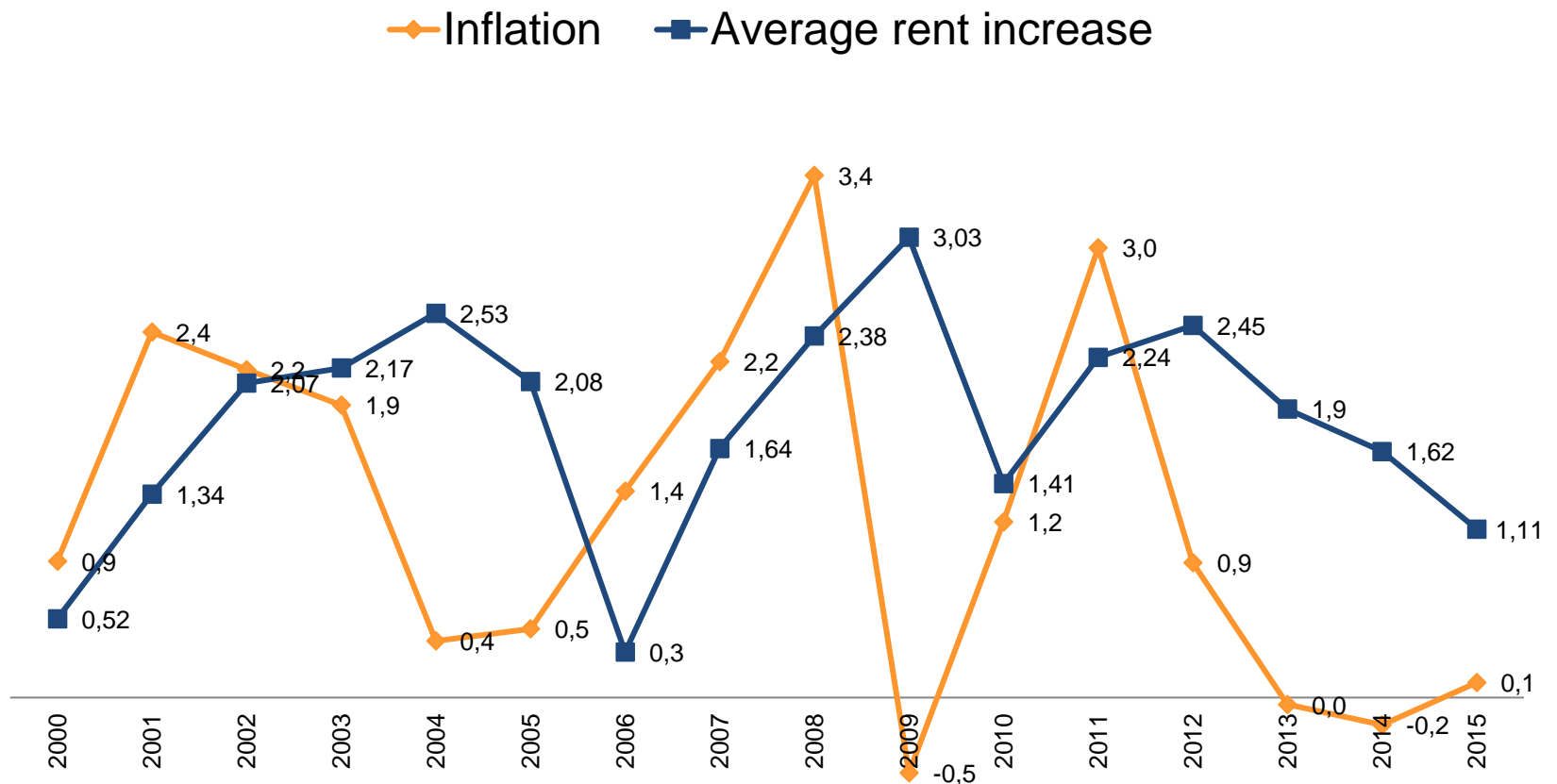
Utility value or  
presumption

Private  
landlords

1 600 000 rented flats

800 000 flats

# Negotiated rents relative Consumer Price Index

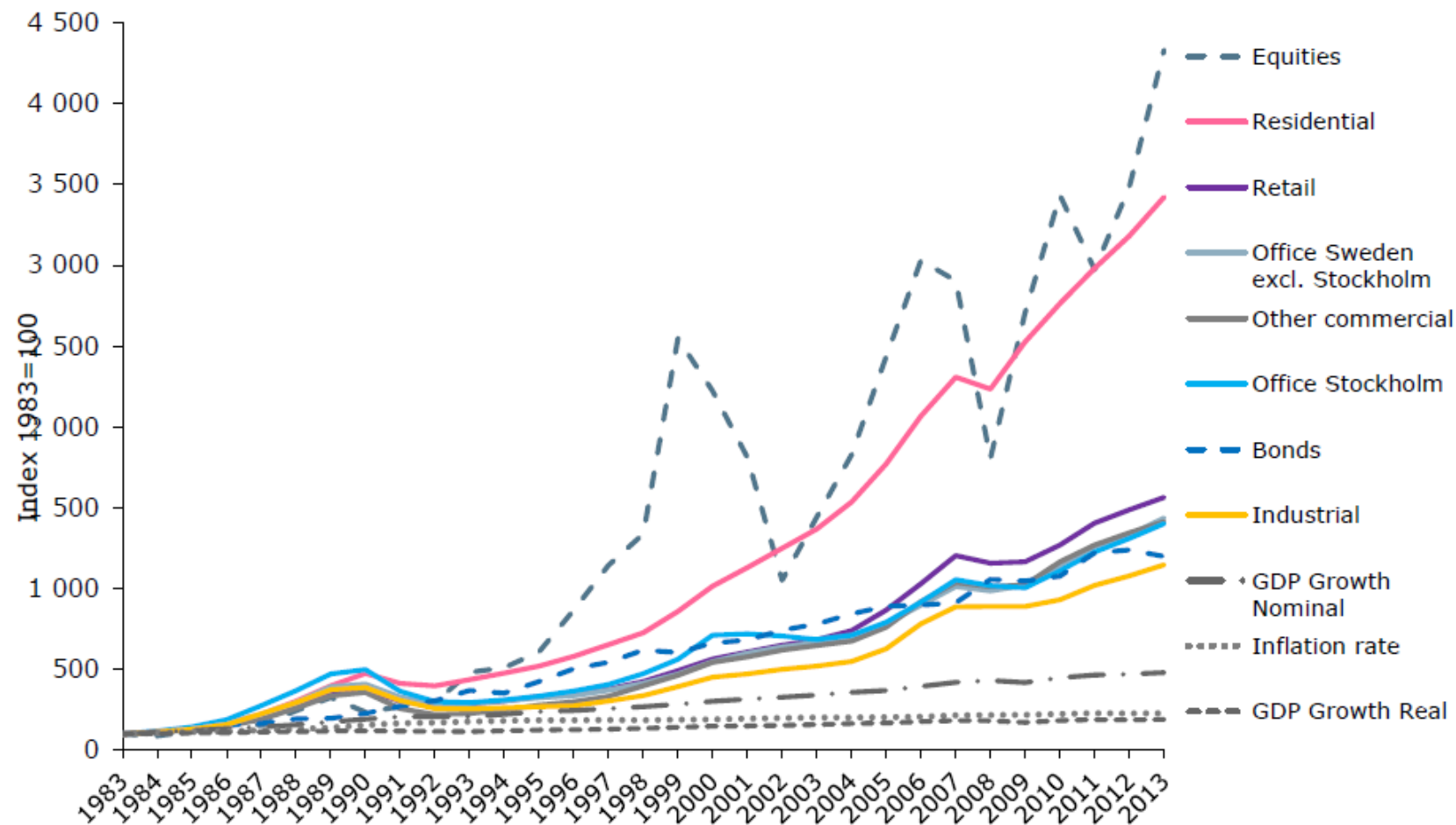


Source: Konjunkturinstitutet, SUT

# Long term annual total return for property and other assets



An MSCI Brand



Hyresgästföreningen

The Swedish Union of Tenants

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# Specifics of the Rental Relationship

- Rental agreements are often **long term** / very long term.
- **A successive and reoccurring return.**
- A rental agreement also has a major social and economic meaning for the involved parties.

# Current Legal Framework

- A combination of ***two sets of rules*** in Sweden both with the aim to protect consumers:

- 1. Tenancy Act*** – contains a rent ceiling

- Landlord cannot demand markedly higher (about 5 %) rent than similar negotiated dwellings (both public and private) in same area and to similar standard – intrinsically linked to protection of tenancy

- Arbitration mechanisms vary depending on type of landlord (public vs. private) but rely in large parts on the market (self-regulation and enforcement)

## 2. ***Rent Negotiation Act*** – a statutory right to be represented in rental negotiations

E.g. by the Swedish Union of Tenants, however not obligatory – tenants can chose to negotiate rents directly', but if they want representation

- Landlords negotiates rents with organisation of tenants
- SUT negotiates rents for over 90 % of tenants

# Security of Tenure – A Fundamental Principle of the Tenancy Act

## ➤ The presumption:

- A **primary right of the tenant to remain in the rented property**
- Even if the landlord terminates the lease.

## ➤ Exceptions:

Only under certain conditions can this protection be broken – the law defines those situations.

- Even if you have security of tenure, the right to remain in the rented dwelling **can sometimes be forfeited**
- I.e. the landlord can terminate the lease for immediate relocation – without first being terminated normally this implies doing something which seriously **violates the lease**, e.g. not paying the rent or seriously disturbing your neighbors.
  - In some cases, property protection is weaker
    - **Second hand tenancy** – security of tenure only after two years, and then only towards the first hand tenant.
  - In other cases, you have no property protection at all
    - If leasing an apartment for **less than two years**
    - Lease for **leisure purposes** if less than nine months.
- Special agreements subject to certain criteria can mean no security of tenure.

# Legal Framework – An Instrument for Social Protection

Important to keep in mind that the Tenancy Act (Hyreslagen) and the Rent Negotiation Act (Hyresförhandlingslagen) have not been adopted only to regulate the financial dealings landlord / tenant, but also to:

- emphasize the **bargaining relation** between what is considered the stronger part (landlords) and the weaker part (tenants), and
- emphasize the **primary social responsibility** of the lessors, i.e. not to randomly evict tenants -> strong right to security of tenure.

Therefore, in "the Swedish Model" the Tenancy Act is considered a **social protection legislation**, ensuring tenants the social protection from unjust rental levels.

# A Social Protection Legislation

- **Code of Land Law, 12 Chapter – The Tenancy Act,**
  - Mandatory rules in favour of the tenant
  - Rules guarding tenancy protection – a right to remain despite termination of contract
  - Rules regarding the rent level – utility value
- **Rent Tribunal** – a special tribunal for adjudicating disputes between landlords and tenants
- **The Rent Negotiation Act**
  - Regulates the collective bargaining system.

# Judicial Bodies

- The majority of rent related disputes are solved by:
  - The **Rent Tribunal**
    - 1 lawyer judge,
    - 2 members representing their interests)
  - **Svea Hovrätt** (the first appeal court) previously the Housing court
    - 3 lawyer judges
- Remaining types of disputes e.g. rent reduction, damages, forfeiture are dealt with by
  - General courts (District Court, Court of Appeal, Supreme Court)



# Different Models for Determining the Rent Level

## Rent regulation

- Rent is determined by law or by public authority.
- No contractual freedom

## Market rent

- Parties are free to agree
- The market determines the value – whoever pays gets the contract

## Utility value

- Contractual freedom
- A "break"
- A right to have rent level tried in court
- Reasonable amount – rent is compared to similar apartments with similar utility value
- Equal apartments – equal rent

# Advantages of Collectively Bargaining the Rents



A guarantee of a healthy development on the market – for both parties



Tenants are allowed to exercise their rights collectively



A practical and cost-effective solution for both parties

# The Rent Negotiation Act

Some Formalities and Conditions for Rent Negotiations



## Fundamental agreements

### ***Agreement on Order of Negotiation*** (Förhandlingsordning)

- an agreement between e.g. tenancy union and landlord establishing an agreement to negotiate rents

### ***Negotiated Agreement*** (Förhandlingsöverenskommelse)

- an agreement on e.g. annual raise of rent – entered into by tenancy union and landlord

### ***Negotiation Clause*** (Förhandlingsklausul)

- a contractual clause in the individual rental agreement binding the tenant to the results of the negotiated agreement

# Agreement on Order of Negotiation

(Förhandlingsordning)

1.

## ■ Based either on

- Agreement, or
- Decision taken by Rent Tribunal

## ■ The Parties

- Landlord and tenancy union (Two-Parties agreement)
- Landlord + organisation of landlords (where the landlord is a member) AND a tenancy union (Three Parties agreement)

# Agreement on Order of Negotiation

(Förhandlingsordning)

2.

- For an Agreement on Order of Negotiation to be possible:
  - The landlord must let as **a minimum 3 dwellings**,  
(1 § Rent Negotiation Act)
  
- Formalities:
  - In **writing**, and
  - **Signed**  
(6 § Rent Negotiation Act)
  
- An Agreement on Order of Negotiation is always applicable also towards a new landlord  
(8 § Rent Negotiation Act)

# **Agreement on Order of Negotiation**

(Förhandlingsordning)

3.

## **A RIGHT TO AN ORDER OF NEGOTIATION**

- In case one party refuses to enter into such agreement, a right to have the issue tried before the Rent Tribunal

(9 § Rent Negotiation Act)

- Such decision should be made, based on
  - The qualifications of the organisation
  - The number of dwellings expected to be included,
  - On the basis of what is otherwise reasonable considering all circumstances.

(10 § Rent Negotiation Act)

# The Negotiation Clause

1.

- The basis for such clause, and a precondition is the existence of a Negotiated Order having been agreed.
- Through a specific clause in the rental agreement between landlord and tenant, the tenant agrees to the application of the Negotiation Order

(2 § Rent Negotiation Act)



# The Negotiation Clause

## 2.

- The tenant may however on own accord
  - decide to **abandon** the Agreement on Order of Negotiation, and
  - **negotiate on their own** behalf(3 § Rent Negotiation Act)

**NOTE:** A requirement though is that the Negotiation Order has applied for at least 3 months

- A tenant also has an individual right to have the Negotiated Agreement tried by the Rent Tribunal
- 22 § Rent Negotiation Act

# Primary Obligation to Enter into Negotiation

- The landlord **MUST** negotiate (primary obligation) if:
  - It concerns raising rent level
  - Rent level for a new tenant is higher than the previous tenant
  - The basis for calculation of e.g. heating has been modified
  - Modification of conditions for common space

(5 § Rent Negotiation Act)

# The Negotiation - formalities

- Demand for negotiation must be made in a **petition** (framställning)
- Issues included in the petition must be made **in writing**
- The **meeting must take place within 3 weeks** of petition

(15 § Rent Negotiation Act)

# The Negotiation - formalities

- Parties have an **obligation to present themselves** at the negotiation
- Present a **motivated proposal**
- Upon request a **protocol** should be written
- Negotiation must take place **speedily**

(16 § Rent Negotiation Act)

# Damages

- In case the landlord **violates the primary obligation** to negotiate, the tenant's union has a right to damages  
(26 § Rent Negotiation Act)
- If one party **neglects to show up** for negotiation the counterpart has a right to damages  
(27 § Rent Negotiation Act)
- **Non-pecuniary damages** – when damages are assessed, the interest of respect towards the Order of Negotiation is taken into account  
(28 § Rent Negotiation Act)
- Put forth demands within **two months**
  - Refer to Rent Tribunal within 2 years  
(29 § Rent Negotiation Act)

# The Negotiated Agreement

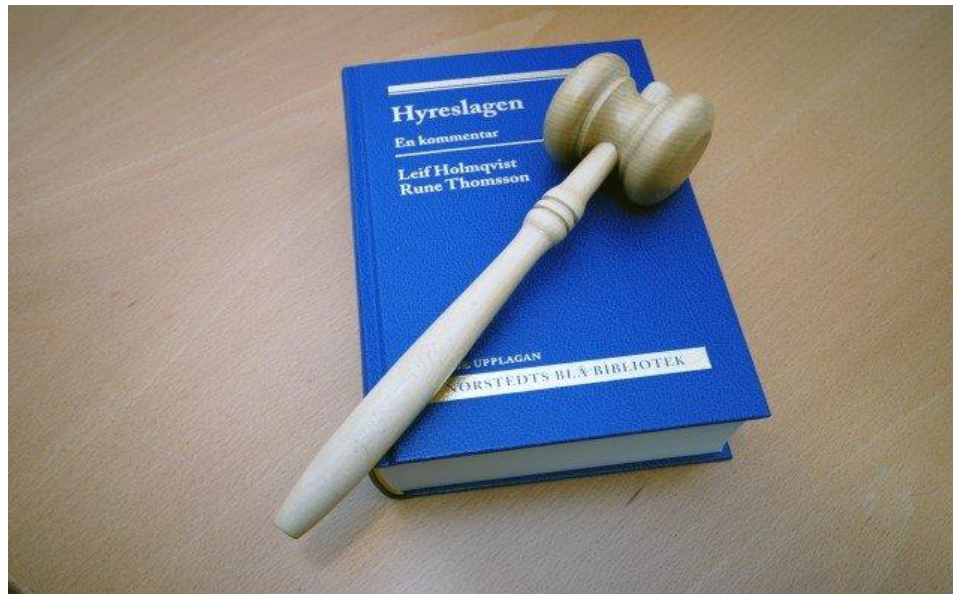
- In writing and signed  
(19 § Rent Negotiation Act)
- Equal apartments – equal rent  
(21 § Rent Negotiation Act)
- Rental levels raised without negotiation are null and void  
and to be repaid  
(23 § Rent Negotiation Act)

# The Negotiated Agreement

- Tenants can apply with the Rent Tribunal for modifications of the agreement  
(22 § Rent Negotiation Act)
  - Application must be made at the latest within 3 months when the tenant was informed of the new rental level

# The Tenancy Act

How to determine the rent for a specific dwelling





# The rent level – The Rent Tribunal

## 55 § Tenancy Act

- The rent should be determined at a **reasonable** amount
- Supporting rules:
  - Rent is NOT reasonable if:
    - ☐ It is **significantly higher** than the rent of apartments which considering,
    - ☐ The utility value is considered to be **equivalent**.

# The rent level – The Rent Tribunal

- Comparison is being made with apartments where **rent levels have been negotiated**
  - Such comparisons are primarily being made within the **same municipality / commune**
  - In case this is not possible, rents are then compared with apartments **in a similar location in another municipality** and subject to **similar conditions**.
- **Key is to always compare objects with as equal characteristics as possible**

# Examples: Factors of relevance for Utility Value

## The nature of the apartment

- Size, modernity, floor plan, positioning within the building, reparation standard, sound proofing etc.

## Benefits associated with the apartment

- Elevator, garbage disposal, laundry, storage, service, garage etc.

## Other factors

- General positioning of the house, living environment, proximity to transportation etc.

(SOU 1981:77, sid 120. Hyresrätt 3, Bruksvärde, hyresprocess mm)

# The Protection Rule

55 § 5 st, The Tenancy Act

- If the rent upon examination is ***significantly higher*** than the previous rent,
- the Rent Tribunal shall,
- if the ***tenant so requests*** and ***no specific reasons*** speak against it,
- decide that rent must be paid at a lower amount for a reasonable period of time.

# The Protection Rule

- Significantly higher rent – that is, close to 10 % higher
- A petition from the tenant is required
- No particular grounds opposing this, e.g. tenant and landord has agreed upon standard raising maintenance ...  
Reasonable time: approx 3-5 years in exceptional cases up towards 10 years

# Presumption Rent – Special Rules for Newly Produced Housing

- Rent determined in accordance with the Tenancy Act 55 c § Tenancy Act is **presumed to be reasonable provided**
  - There is a **Negotiated Agreement** with a tenant's organisation
  - It is **obvious** the agreement is in accordance with the law as per above 55 c §
  - **All apartments are included** and the **agreement has been done before the rental agreement** was signed.

# Presumption Rent – Special Rules for Newly Produced Housing

- The presumption is broken if ***special reasons*** are to be found  
E.g. if the agreement has been made under circumstances where it is null and void or could be subject to the contractual conditions being smoothed (contract law)
- After 15 years the rent levels for newly produced housing enters the utility value system and is subject to annual negotiations

# Questions?

E-mail: [Johan.Mirtorp@hyresgastforeningen.se](mailto:Johan.Mirtorp@hyresgastforeningen.se)

Mob: +-46-73-622 17 19