



Llywodraeth Cymru  
Welsh Government

Chairs of Registered Social Landlords  
Director of Finance of Local Housing Authorities  
Director Housing of Local Housing Authorities  
Chief Executives of Registered Social Landlords  
Directors of Finance, Registered Social  
Landlords

29 December 2021

Dear Colleague

### **Social Housing Rent and Service Charges from 2022-2023**

The purpose of this letter is to advise social landlords of the maximum rent levels that tenants can be charged from 4<sup>th</sup> April 2022.

This is the third year of the 5 year rental agreement and it is even more important that the needs of landlords and the interest of tenants are considered equally. Affordability remains at the heart of this rent settlement and I remain mindful of not placing excessive financial burdens upon tenants in these very challenging times.

As you will all be aware the September CPI index was 3.1% which means that under the rental agreement the annual rent uplift of CPI+1% does not apply and that the Minister for Climate Change will determine the appropriate change to rent levels which will apply **for the following year**.

The Minister has determined:

1. The maximum annual rent uplift will be up to **CPI ONLY** based on the September 2021 index of **3.1%**
2. Whilst CPI (3.1%) will be the maximum increase allowable for 2022/23 it must not be regarded as the default increase. Landlords' decisions on rent must take into account the affordability of rents for tenants.
3. The level of an individual rent can be reduced, frozen or can rise by up to an additional £2 per week over and above CPI, **on condition that the total rental income collectable across the whole stock increases by no more than CPI**. This provision is designed to enable social landlords to restructure rents

where appropriate. In effect, if you decide an individual rent(s) should increase by up to £2.00 per week on top of 3.1%, other rent(s) will need to be frozen or reduced to ensure the overall increase for the whole stock does not exceed 3.1%.

4. Social landlords should advise the Welsh Government if they have concerns about the impact that the rent standard has upon their business plan, financial viability or on their ability to meet their obligations to tenants and lenders.
5. As an intrinsic part of the five year rent standard, social landlords are expected to set a rent and service charge policy which ensures that social housing is and remains affordable for current and future tenants. As part of the annual decision on the level of rent uplift/reduction to be applied, social landlords must assess cost efficiencies across the operating cost base and value for money as well as affordability for tenants.

### **Suspension of Target Rent Bands**

Whilst Target Rent Bands played a valuable role when they were introduced, the landscape today is very different and for most landlords they do not play a significant role in local rent setting. Following discussions with sector representatives, their suspension will be continued. The impact of this decision will be monitored going forwards, and if there are unexpected and unintended matters arising from this decision, the use of Target Rent Bands will be reviewed.

### **Monitoring Compliance**

All social landlords are required to make, and evidence, an annual assessment of affordability for tenants, cost efficiencies and to demonstrate their homes and services represent value for money as part of their decision on the rent uplift to be applied each year.

Social landlords should remember the rent standard is the **maximum** increase which can be applied. **It is not a target rent.**

To assist with providing the necessary assurance, each social landlord will be required to complete a self-certification monitoring form which will be used to monitor compliance with the Welsh Government Rent Standard. The form is included in the published [Rent Standard](#) and must be completed and returned by the end of February 2022.

Please note that detailed assessments of compliance with the rent standard will be undertaken and further detailed information/assurance may be requested where there are any concerns.

### **Wider Rental Agreement**

I am pleased to note that work has been ongoing on a number of the new initiatives agreed with the sector. As a result, the detail of the initiatives have been updated and set out below:

- Continue to strengthen your approaches designed to ensure you minimise all evictions, working effectively with partners to deliver on a new agreement not to evict into homelessness.
- Undertake a standardised tenant satisfaction survey and provide the data for publication on a central website to assist tenants in scrutinising and comparing landlord performance. The next submission date, based on the revised core questions, is 28 February 2022 for publication in April.
- Build on the commitment to deliver high quality homes which comply with the new housing quality standard “WDQR 2021” across all tenures on sites which attract Welsh Government funding.
- Continue to work towards an aspiration that all new build housing, regardless of tenure, achieves energy efficiency standards of no less than EPC A on sites which attract any Welsh Government funding.

Despite the pandemic, we must continue to work together to ensure tenants now and in the future have access to more high quality, energy efficient homes and we do all we can to alleviate poverty in these uncertain times.

If you have any queries or concerns about rent setting and Welsh Government’s expectations, please feel free to contact the teams through the email addresses below.

LHA’s – [HousingQualityStandards@gov.wales](mailto:HousingQualityStandards@gov.wales)

RSL’s – [HousingRegulation@gov.wales](mailto:HousingRegulation@gov.wales)

Yours faithfully



**EMMA WILLIAMS**

**Cyfarwyddwr Tai ac Adfywio / Director of Housing and Regeneration**  
**Llywodraeth Cymru / Welsh Government**

**C.C.** Local Authority Council Leaders  
 Local Authority Chief Executives  
 Local Authority HRA Business Plan contacts  
 Welsh Local Government Association  
 Community Housing Cymru  
 Chartered Institute of Housing Cymru  
 Tenants Participation Advisory Service  
 Tai Pawb  
 UK Finance  
 Abbeyfield Co-ordinator Wales

Prof Mark Stephens, Heriot Watt  
 University