



New rules for rent and service charges in Wales

We want to know what you think



July 2025

How to use this document



This is an easy read version of '**A new rent and service charge standard for Wales**'.



You might need help to read it. Ask someone you know to help you.



Llywodraeth Cymru
Welsh Government

Where the document says **we**, this means **Welsh Government**. For more information contact:

Email: HousingQualityStandards@gov.wales
HousingRegulation@gov.wales

Phone: 0300 0604400



[Easy Read Wales](#) made this document into Easy Read using **Photosymbols**. [To tell us what you think about this easy read version, click here.](#)

[Photosymbols Licence number 403527247](#)

Contents

About this document.....	4
About the rent and service charge rules.....	7
Why we need to make changes.....	8
How changes in the economy affect rent	9
What changes we could make.....	11
Making sure rent is fair, so people can afford to pay	11
About service charges	13
About rent limit	17
Other rules	26

About this document



We need to update the rules for rent and service charges in Wales.



The current rules are in the [Rent and Service Charge Standard 2020 to 2025](#).



These rules are for **social landlords**.



Social landlords are organisations that rent out homes to people at lower rents than private landlords. They include:

- Registered Social Landlords (housing associations)
- Local councils



We spoke to tenants and social landlords about their experiences.



Their ideas helped us to write about the changes we could make to the rules.



We want to know what you think of these changes.



Your answers will help us to write the final rules and guidance.



Please read this document and answer the questions in the response form.



Please send us your answers by **5pm on Friday, 12 August 2025.**

About the rent and service charge rules



The rent and service charge rules are for **general needs housing** and **sheltered housing**. This type of housing is called **social housing**.



General Needs Housing is housing for anyone over 18.



Sheltered housing are houses designed for older people who:

- want to live on their own
- and may need some help or support.



The rules say how much rent can be charged. And when and how rents can rise.

Why we need to make changes



Living costs are high, that makes it hard for tenants to pay rent.



We want to make sure people can afford to pay the rent.



But we also want landlords to be able to keep providing homes.

How changes in the economy affect rent



Since 2019, the **economy** has faced many big changes. The **economy** is the way people spend money and the way people make money.



These changes were because of things like leaving the EU (European Union), the pandemic, and the war in Ukraine.



These things caused a rise in costs and prices.



Because of this, we had to make changes to rent 3 times in 5 years outside of the rent rules.



If rent is high, tenants may struggle to pay.



But if rent is low, landlords may have less money to fix homes and provide services.



We must think carefully about what is fair for tenants and landlords.

What changes we could make

Making sure rent is fair, so people can afford to pay



Social landlords want to keep rent fair, while still covering their costs.



We are helping landlords with this work.



Social landlords are already using different ideas to make sure the rent amount is fair.



For example, many use tools to check how much money people earn in the local area.



Everyone agreed the new rent rules must be:

- Fair
- Clear
- Affordable
- Long-term
- Easy to understand



We agree that each landlord may use different ideas based on how they work.



But they should focus on making rent fair for tenants. So, people can afford to pay the rent.



We now suggest a clear rule for **making rent fair and affordable**:

- Rent should not be too high for tenants.
- Landlords should still get enough money to look after homes.
- It is about making it fair for tenants and landlords.

About service charges



Service charges are extra costs on top of rent. They cover different things. For example, the cost of looking after a building.



Because of the rise in costs, service charges are also higher.



In the past, landlords tried to cover some of the extra costs.



Now, costs for repairs, staff, and safety rules are more. Service charges are different in each place. They depend on things like costs for local services in the area.

We plan to improve the current guidance. This will help make things clearer, so tenants know that:



- Their landlord has done the right checks.
- Any service charges are fair.
- The charges give good value for money.



The UK Government has made a new law called the **Leasehold and Freehold Reform Act 2024**. These changes will:

- Give more rights to certain tenants.
- Make things clear and more open.
- Improve the way service charges are handled.



Landlords may also have to follow new rules for heating systems by 2027.



We will work to make sure the new rules are clear.

While we wait for new rules, we want social landlords to:



- Check that service charges are fair and not too high.



- Think about service charges when deciding what rent people can afford.

- Look at service charges every year to find ways to save money.



- Tell tenants in advance if service charges will change.



- Landlords should try to give at least 1 month's notice.

- Give tenants clear information of what their service charges are for.



- Keep rent and service charge information separate.



- Talk to tenants about service standards.
- Be clear about what tenants should expect and take responsibility.



- Use clear and simple language when explaining service charges.
- Tell tenants where they can find more information.



- Tell tenants how to complain if they are not happy.
- This includes how to make complaints to the Public Services Ombudsman for Wales.



These ideas come from what tenants and landlords have told us.

About rent limit



Rent is the main way social landlords make money.



This money helps them provide important services for tenants. For example, repairs and maintenance.



Having a steady rent also helps social landlords get extra funding from things like banks.



With extra funding, they can build more new homes to meet housing needs. They can also improve old homes.

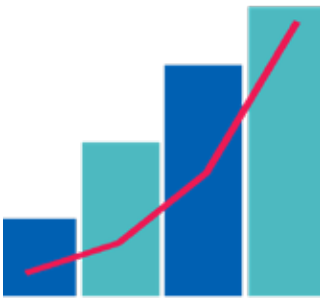
Rules for setting rent limit



Sometimes, rent goes up a little each year.



This happens if prices of things and the cost of living goes up.



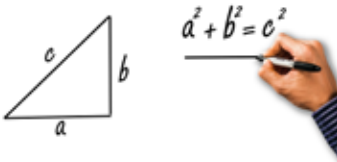
If prices and costs of living rise, landlords decide to increase the rent a little.



But we have rules which limit the amount social rent can increase by each year.



The limit is based on how high the prices and costs of things are.



We use a formula to decide by how much the rent will go up.



What the formula means:

The new rent will include the amount based on how prices have changed plus a little extra on top of that.



The little extra is to help landlords pay for things like repairs.



The goal is to balance 2 things:

- Keep rent affordable for tenants.
- Help social landlords get enough money to run services like repairs and maintenance.



This rule helps tenants know what to expect.



It protects people from sudden big rent rises.



Landlords might decide to keep rents the same, lower them, or raise them by up to what the rules allow. Landlords can add an extra £2 a week on top of the rent increase.



But the total rent they get from all of their houses and flats must not be more than the rent limit.



The next time social rents can increase is from **1 April 2026**. We will use the same formula to set the rent.



This helps landlords plan their work, get funding, and build or fix homes.



We talked to people about how often rent rules should be checked. And, if needed, changed.



Most people said the rent rules should last at least 5 years. Some also thought 10 years might be too long.



People said we need to be flexible and ready to adjust if needed.



We want to check if people want the rules for 5 years or 10 years.



Right now, we get involved in deciding the rent limit if price changes are too low or too high. This happened 3 times in 5 years.

Reviewing rent in September



Social landlords review rent in September. They check how prices have changed in September.



They use this information to decide how much rent should go up **next April**.



Example:

In **September 2025**, landlords look at how prices have changed.

They use this to help decide if rent should go up in **April 2026** and how much it should go up by.



Some social landlords say reviewing rent in September is a problem.



Some landlords say this gives little time to plan and inform tenants.



But after talking to people and looking at the facts, we think September is the best time to check price changes.



It gives the latest information before rents might change in April.



This helps landlords and the Government plan their money properly.



Some people want to review rent in April instead of September.



Example:

In **April 2025**, they check how much prices have changed.

Then they use that information to decide if rent should go up in **April 2026** and how much it should go up by.



If this happens, social landlords will have more time to plan rent changes.



But prices can change a lot from month to month. So, landlords might miss recent price rises.

Changes to extra rent



We want to raise the extra rent limit from **£2 to £2.55 a week.**



Landlords must still check that people can still afford to pay rent.

Target rent bands



A target rent band is a guide for how much rent social landlords should charge for different types of homes.



Rent bands were made to stop big differences in rent, even in the same area.



But when Covid-19 happened, it made it hard to collect rent data as normal.



Because of this, Target Rent Bands were paused for setting rents from 2021 to 2022.



We think bringing rent bands back would make things more confusing. It would not give people flexibility to make changes. We want to know what you think.

Other rules

Houses not included in rules



The current rent rules apply to:

- General needs housing
- Sheltered housing



Some houses are not included in these rules. These are listed in Annex A of the rent rules: <https://www.gov.wales/sites/default/files/publications/2024-12/rent-and-service-charge-standard-2020-2025.pdf>



We looked at this list with others. We plan to keep the same rule.

Extra rent week



Sometimes a year has 53 weeks instead of 52.



This happens every 5 to 6 years. It last happened in 2024–25.



This can cause problems for tenants getting benefits. Universal Credit is based on a 52 week year. So, tenants might not get enough money to pay for the extra week.



To solve this problem, the UK Government says landlords can:

- Charge rent every month, or
- Change weekly rent into monthly rent by using a formula to make it correct.



Social landlords in Wales should use this method.



Or they can solve the issue by counting rent daily.

Improving homes



Making social housing better and more energy efficient, will cost money.



People are discussing about a **warm rent system**.



This means landlords could do work to homes to help make heating and energy costs lower. In these homes, rent could be higher.



We want to know what you think about this idea.
We want to find out if this can be part of future rent rules.



Warm rent means:

If a home gets better heating, the rent could go up a little. But the tenant's energy bills would go down. So, the total cost of living stays the same.



This could help landlords get money to improve more homes.



We don't know yet how a **warm rents system** would really work.



We want to do more work and talk with others about this idea.

Sharing information



Tenants have said in surveys that they don't always get clear information about how their rent is spent.



We want to help landlords share clear information with tenants.



Registered social Landlords send in reports every 3 months.



These reports include important things like tenant safety, unpaid rent, empty homes, and evictions.



We want to work with landlords to make these reports more clear.



We want landlords to say:

- What tenants can expect.
- What tenants must do.



We have worked with landlords to show how they can help with:

- Reducing homelessness.
- Making homes better.



We will look again at these goals.



We want to make sure landlords also help with:

- Building stronger communities.
- Involving tenants.
- Supporting tenant wellbeing.



Both social landlords and tenants have asked for more information to be shared.



Right now, social landlords must send a form every year by 28 February. This form shows they are following the rent rules.



We plan to work with landlords and others to improve this form. And share more useful information with everyone.



We want to know what information would be useful to you.