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THE TENANT VOICE ON RENT AND AFFORDABILITY

THE 4TH ANNUAL TENANT PULSE ON RENT

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Ariennir yn Rhannol gan
Lywodraeth Cymru
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FROM THE CEO



**David Wilton,
Chief Executive**



This report isn't just data. It's a call to action. This year's results are worrying. Only 42% of tenants feel their rent is affordable, down from 62% last year and 78% the year previous. Behind the numbers are real people struggling to make ends meet.

With a new Rent Standard on the horizon, this Tenant Pulse provided an opportunity for TPAS Cymru to share what tenants would like to see in the future of Rent Policy.

ABOUT THIS TENANT PULSE:

As part of our ongoing work with Welsh Government and the wider housing sector, we have completed our 4th annual Tenant Pulse survey focusing on rent and affordability. Rent setting remains a complex and sensitive issue, as landlords face rising costs while tenants need genuinely affordable rents.

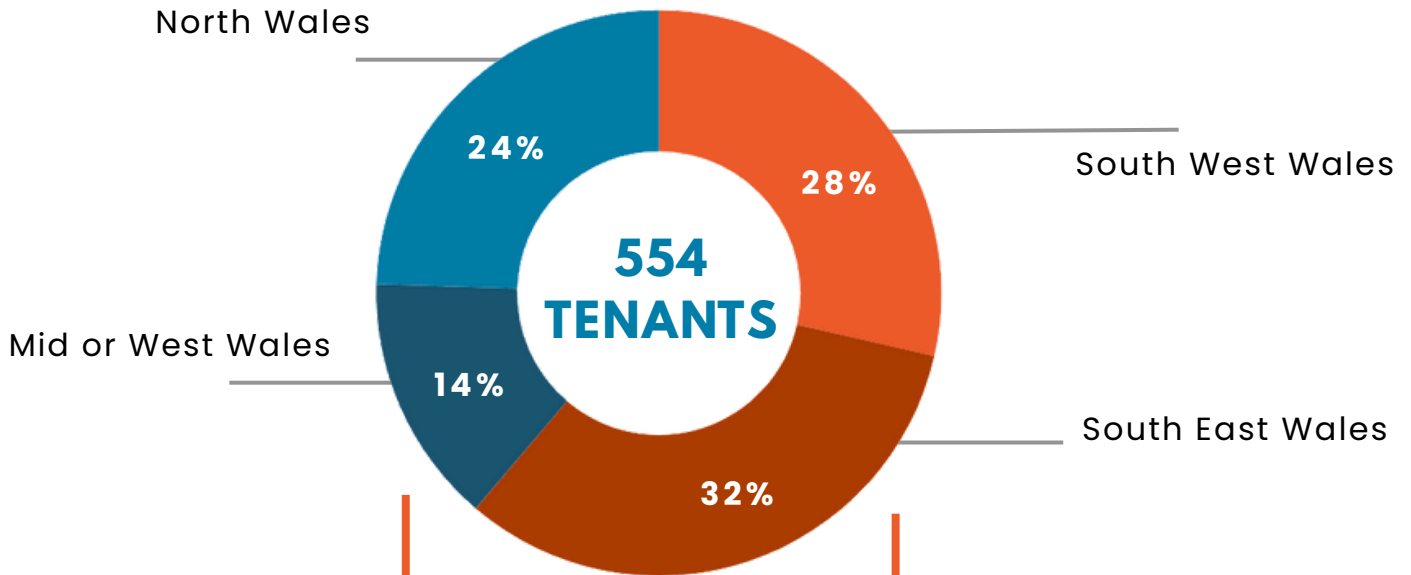
This report explores tenant perspectives on affordability, service charges, communication, and potential rent adaptations. We continue to work closely with landlords and Welsh Government to ensure tenant voices shape policy, including the recently closed consultation on the new Rent and Service Charge Standard.

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**WE WERE PLEASED TO HAVE SEEN A 30% INCREASE
IN RESPONSES FROM OUR 2024 SURVEY**

WHO DID WE HEAR FROM?



01

Underrepresented Groups

We're pleased to share that this has been our more diverse Tenant Pulse yet.

47% of all respondents identified as Disabled or with sensory loss. 3.7% identified as BAME. 19% identified as a carer or unpaid carer and 7% identified as LGBTQ+.

02

Responses by Age

Our age profile remained similar to the 2024 Survey. The overall response provided a good mix of tenants aged 18-66+.

The largest group remained tenants aged 44-65.

03

Type of Tenancy

30% of responses came from Local Authority tenants, and 66% of responses came from Housing Association tenants. This split is similar to our 2024 survey response.

KEY FINDINGS ON LANDLORD COMMUNICATION

- There is an increased need for transparency on rent spending. 56% of tenants do not know how their rent is spent - but want to. 8% of tenants are not interested in knowing this information.
- There are obvious regional differences when it comes to communication. Fewer tenants from Mid/West and South West Wales report receiving information on their rent. This shows a need for targeted communication.
- We see a difference when it comes to age. Older tenants are more aware of rent spending. Younger tenants (under 30) are less engaged in communications.
- Tenants need further communication on financial support. 41% of tenants have seen this support, but 44% of tenants want more information on financial inclusion.
- Tenant responses in South West Wales stand out in this report. They report low awareness and high demand for further communications. This indicates a focus area for landlords.



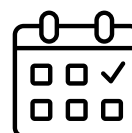
RECOMMENDATIONS ON LANDLORD COMMUNICATION

We recommend the following:

- 1) Be clearer on how rent is spent.** Over half (56%) of tenants don't know how their rent is spent, but want to. Landlords should provide simple breakdowns so that tenants feel informed about how their rent is used.
- 2) Focus on the areas that need it most.** Tenants in Mid/West and South West Wales report being the least likely to hear communications on rent.
- 3) Engage all ages.** This report highlights a gap for younger tenants, who are less engaged and less likely to see rent communications.
- 4) Financial support must be easier to find.** 45% of tenants report wanting to see further information on financial support.

KEY FINDINGS ON RENT ADAPTATIONS AND VARIATIONS

- 71% of tenants oppose paying higher rents for energy-efficient homes, showing that tenants prioritise affordability over landlord reinvestment.
- Opposition to the warm rents model. Only 20% of tenants support the warm rents model, and half oppose it. Tenants want to see energy efficiency improvements without risking paying higher housing costs.
- 66% of tenants support keeping the Ministerial Cap, if CPI exceeds 3%. Younger tenants and those living in South West Wales were especially supportive of this.
- Tenants were split in opinion between a 5 and 10 year rent policy length. Overall, tenants called for flexibility and a mid-term review, to ensure affordability is kept at the centre of any policy.



RECOMMENDATIONS ON RENT ADAPTATIONS AND VARIATIONS

We recommend the following:

- 1) Ensure to consider tenant preferences in rent policy.** Policy-makers and landlords should prioritise ensuring that rent policies focus on affordability. Overall, tenants have told us that there is not much support for specific rent variations based on area, EPC or new-builds.
- 2) Landlords should prioritise clear and accessible communication.** Many tenants, especially younger tenants, are unsure about what rent setting policies mean. Landlords should provide clear, easy-to-understand information so that all tenants know what to expect.
- 3) There is a need to maintain protections against large rent increases.** 66% of tenants support keeping the Ministerial Cap, and further safeguards should be in place to help keep rent affordable for all tenants.

Other key findings from tenants:

- Tenants emphasised that the use of CPI can cause confusion and feel inaccessible, with one tenant saying *“Why would you think a standard tenant understands CPI...”*
- When looking at the Ministerial Cap, some tenants also called for there to be stricter limits than the 3% that is proposed.



KEY FINDINGS ON SERVICE CHARGES

- Tenants have serious concerns about affordability. 46% of tenants consider their service charges affordable, and 29% do not - with 24% unsure. This shows that a significant portion of tenants are experiencing financial pressure.
- Housing Association tenants and those aged 31-45 are most likely to find service charges unaffordable. Also those living in Mid/West Wales.
- Value for Money and transparency remains a key issue for tenants. Many tenants feel that service charges are high when compared to income. Many tenants also feel that services are not also delivered, leading to a feeling of poor value for money.
- Tenants report a lack of clarity on what service charges cover, contributing to feelings of frustration and a feeling of reduced trust.
- Tenants want to have a further understanding of service charge calculations, with only 31% of tenant reporting that they understand how service charges are calculated. 50% of tenants want further information on how service charges are calculated. Overall, there is a clear demand for improved transparency and trust.
- There is a need for targeted communication, with middle-aged groups reporting feeling less informed on service charges. Landlords should provide clear, accessible information tailored to all age groups.



**There is a feeling of a lack of transparency and trust when it comes to service charges.
One tenant commented the following:**

“It has risen by too much in the past 2 years. Often the services for which we pay are not being carried out.”



RECOMMENDATIONS ON SERVICE CHARGES

We recommend the following:

1) Landlords must improve transparency and clarity of services. Only 31% of tenants feel that they understand how their service charges are calculated. Whilst over half of tenants want more information.

To build trust and understanding long-term, landlords should provide a clear breakdown of charges and explain what tenants are paying for.

2) Provide and ensure value for money. Many tenants report feeling that services covered by their service charge are not delivered to their expectations. Landlords should review the quality and delivery of services to make sure charges reflect what is provided.

3) Provide targeted support where needed. Younger tenants and those on working incomes are more likely to find service charges challenging. Landlords should offer targeted support and guidance for tenants experiencing difficulty managing these costs.



KEY FINDINGS ON AFFORDABILITY

- Affordability is at a crisis point for tenants. **Only 42% of tenants now consider their rent to be affordable.** This is a sharp decline from 2024 (62%) and 2023 (78%).
- Affordability is lowest amongst younger tenants, those whose incomes come from their salary, and specific underrepresented groups. This highlights an uneven impact across tenants in Wales.



Tenants shared 5 main reasons why they struggle with affordability:

- 1) Tenants feel that rent is too high when compared to income.** Many households spend a large % of their earnings on rent.
- 2) Tenants are experiencing rising costs.** Any rent increases, when combined with service charge and the cost of living, are putting a huge pressure on households.
- 3) Tenants report experiencing poor value for money.** Many tenants report feeling that the services included in their rent are not matching the cost.
- 4) Tenants report feeling a lack of clarity.** Many report feeling that it is often unclear what service charges are covering. This leaves tenants feeling frustrated and unsure if they are paying a fair amount.
- 5) Tenants have been impacted by changing household circumstances.** Many report that different family sizes, income types and experiences of the benefits system are all affecting if rent feels manageable. Tenants report feeling that one standard rent doesn't suit everyone.

MORE FINDINGS ON AFFORDABILITY

Opinions on the CPI model

Most tenants opposed the standard CPI+1% annual rent increase model. 55% of tenants shared that they prefer a rise to be below this level.

Local Authority tenants are more in favour of keeping rents lower than Housing Association Tenants.



Affordability Framework

Tenants clearly want a defined model of affordability. This model should take into account household income, benefit income and the cost of living. Tenants report this to be the best way for rents to remain fair to everyone.



Long-term thinking

When looking at policy long-term, tenants want clear measures to keep rents manageable. This may include rent caps, increased supply of social housing and a long term strategy. This strategy must balance fairness, transparency and stability for all tenants.



RECOMMENDATIONS ON AFFORDABILITY

We recommend the following:

- 1) Rent affordability must include all tenants.** With only 42% of tenants finding their rent affordable, landlords and policymakers should prioritise measures to keep rents manageable. This is particularly important for younger tenants and those on working incomes.
- 2) Consider creating a clear affordability framework.** Tenants want to see a defined model that considers household income, benefits and cost-of-living.
- 3) Review rent increase policies.** With over half of tenants (55%) preferring annual rent rises to stay below CPI+1%, rent setting policies should consider tenant concerns. Policies should balance the needs of tenants regarding affordability, and the need of landlords to maintain homes and services.
- 4) Support long-term stability and protections for tenants.** Tenants value protections such as the Ministerial Cap and long-term planning. Landlords and Welsh Government should continue to explore strategies that provide security, transparency and fairness to all.



TO DISCUSS FURTHER,
PLEASE CONTACT:
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