

TPAS Cymru Passnotes: What's Happening with Rent Policy?

What does it mean for tenants and landlords?

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What's happening?

Consultation period = 30th June – 12th August

“The outcome of this consultation will determine if, and how, the Welsh Government reflects the proposals outlined in this document, in the next Welsh Government Rent and Service Charge Standard”



OPEN CONSULTATION, DOCUMENT

A new rent and service charge standard for Wales

We want your views on the development of a refreshed social rent policy.

First published: 30 June 2025

Last updated: 30 June 2025

Context



The 2019 Rent Standard set a five-year capped rent increase to give social landlords and tenants stability. Due to rising living costs and economic challenges, WG are now putting a focus on making rents more affordable and protecting tenants from hardship.

The Standard was extended for a year to gather feedback from tenants and stakeholders, including TPAS Cymru.

This consultation reflects that input and aims to create a clear, fair, and sustainable policy for future social rent increases in Wales.



The Existing Standard

The Welsh Government's 2019 Rent Standard sets a five-year capped rent increase to provide stability for social landlords and tenants.

The Rent Standard allows social rent to be increased in line with inflation in the UK as measured by the consumer price index (CPI).

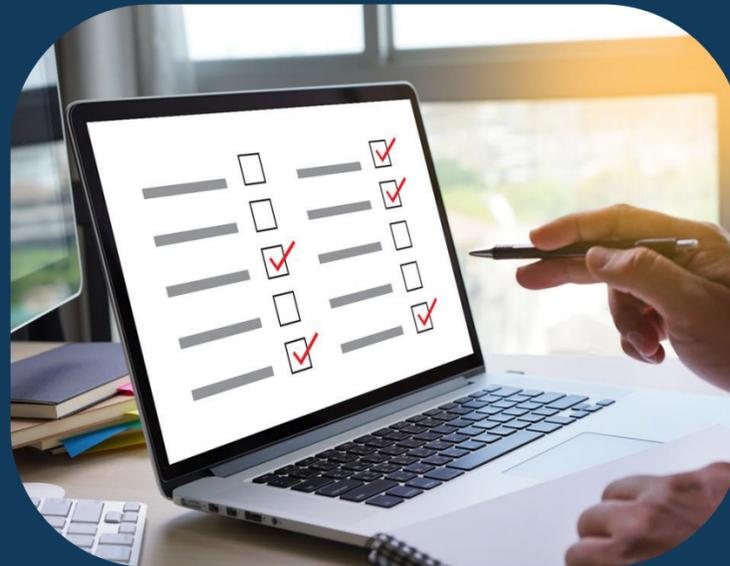
What is CPI?

The Welsh Government defines the Consumer Price Index (CPI) as the main measure of inflation used for policies like rent-setting and benefits. It excludes housing costs but helps keep price changes fair and aligned with the cost of living.

Sharing the Tenant Voice on Rent



Direct feedback



Tenant Pulse



TVCF

Tenant Pulse

Heard from 1,642 tenants just on the topic of rent.

Tenant Pulse shares the voices of renters in Wales about what truly matters to them, and the change they would like to see in the sector.

Supports TPAS Cymru's work on Consultations and overall Programme to ensure it is tenant-let.

RENT, SERVICE CHARGES AND AFFORDABILITY

THE NEED FOR MORE TRANSPARENCY

SEPTEMBER 2024
WWW.TPAS.CYMRU

Ariennir yn Rhannol gan Lywodraeth Cymru
Part Funded by Welsh Government

TENANT VOICE SPONSOR

THE 2ND ANNUAL RENT SETTING CONSULTATION SURVEY

OCTOBER 2023
WWW.TPAS.CYMRU

Ariennir yn Rhannol gan Lywodraeth Cymru
Part Funded by Welsh Government

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Affordability

Living Rent Model

Guiding Rent setting and affordability – capping rent at 28% household income

Sector Pledge

In 2022 the sector pledged to work together to develop a consistent approach to assessing affordability

Principle

WG are currently consulting on a proposed 'principle' of affordability.



Proposed principle:

“affordability requires balancing the needs of social landlords and their tenants, ensuring rents remain affordable for both new and existing tenants while enabling social landlords to meet tenants’ housing need”

Service Charges

Price spike

Increases have led to tenants calling for service charges to be capped.

Increasing pressure

Decreasing operating margins have led to difficulty ensuring all services are funded, especially with new requirements (eg WHQS)

Welsh Government

Now looking at strengthening existing guidance on SC in the Rent Standard.

Shaped

WG's proposals are shaped by direct listening and work with tenants and social landlords.



Proposed changes:



01

Remain reasonable and affordable

02

Annually review SC to ensure they remain reasonable

03

Provide tenants with notice to any changes

04

Provide tenants with clear information on the breakdown of their service charge costs

05

Consult tenants on service standards

06

Develop consistent communications

07

Show tenants where to access info on service charges

08

Signpost recourse mechanisms in communications

The proposed rent envelope

The Welsh Government's rent envelope sets the limit for annual social housing rent increases, balancing tenant affordability with landlords' ability to fund services, repairs, and new homes.

Following economic uncertainty, it proposes keeping the CPI+1% formula to ensure predictability, financial viability, and flexibility, while seeking stakeholder views on improvements.



Target Rent Bands

Target Rent Bands (TRBs) were introduced to promote fairness by aligning rents within set bands across Wales.

They achieved rent convergence but were suspended during the pandemic.

The Welsh Government now views the rent envelope (CPI+1%) as the main affordability tool and questions reinstating TRBs. The consultation asks for views on this.



“Warm Rents”

Decarbonising social housing and improving energy efficiency requires significant investment.

One option debated is the ‘warm rents’ model, where higher rents offset reduced utility bills after energy upgrades. While it aims to maintain tenants’ overall costs, its effectiveness is limited due to unpredictable energy prices and bill savings.

The consultation asks for views and opinions on how this could look in practice.



Tenant Engagement

TSS

Landlords currently undertake a TSS and publish results, WG recognise from this data that not all tenants are seeing information on rent

Quarterly Returns

WG propose to work with the sector to bring greater transparency in rent and tenant involvement

Under the current Rent Standard, social landlords must submit an annual self-certification return by 28th February to show they are meeting the rules.

WG proposes to work closely with landlords and other partners to update this process, making it clearer and more transparent.



Consultation

Questions



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Affordability



The Welsh Government believes the principle that “***affordability requires balancing the needs of social landlords and their tenants, ensuring rents remain affordable for both new and existing tenants while enabling social landlords to meet tenants’ housing need***”, embodies our commitment to ensuring affordability and should underpin our approach to social rent setting across Wales.

Do you agree that the Welsh Government should adopt this principle?

(Yes/No/Unsure – please explain)

Service Charges



The Welsh Government will continue to work with the social housing sector to increase transparency and consistency of all service charges but has outlined proposals to strengthen the existing guidance on service charges.

Do you agree these proposals work to help strengthen the existing guidance on service charges by reinforcing transparency, fairness, and accountability in service charge management?

(Yes/No/Unsure – please explain)

5 or 10 years?



The Welsh Government has proposed the new social rent policy should apply from 1 April 2026. In your view, should this policy apply for five years or 10 years?

(5 years/10 years/Unsure – please explain)

Thoughts on CPI+1%



Do you agree with the proposal that rents should be permitted to increase by up to CPI+1% per annum?

(Yes/No/Unsure – please explain)

Ministerial Cap



Do you have views on whether to amend the parameters that trigger Welsh Ministers involvement in rent setting, which is currently set at CPI falling outside the parameters of 0% - 3%?

(No/Yes– please explain/Unsure – please explain)

CPI



The Welsh Government believes there are good reasons to retain the use of September's CPI to inform the social rent increase for the following April but recognises this can place landlords under significant pressure to undertake all necessary activities ahead of rent changes being applied from April. We have assessed options and propose to consider using the previous April's CPI measure to inform the following year's rent increase (*i.e. CPI in April 2025 is used to inform the rent increase to be applied from April 2026*).

Do you have any views on whether we should retain the link to the previous September's CPI or amend this to the previous April's CPI instead for rent increases to be applied from the following April?

(Yes/No/Unsure – please explain)

Flexibility on £2.55



Do you agree with the proposal to retain the flexibility social landlords have to amend individual rents by up to a further £2.55 (as adjusted for inflation) to help achieve and maintain rent affordability?

(Yes/No/Unsure – please explain)

Protecting from additional financial pressures



Do you have any further views on how we could seek to build in additional safeguards and/or flexibilities to help more efficiently respond to future economic volatility and inflationary spikes?

(Yes/No/Unsure – please explain)

Target Rent Bands



Do you agree with the position that reinstating the target rent band (TRB) policy and mandating compliance with Welsh Government-produced TRB data tables undermines the sectors calls for flexibility and autonomy, and would introduce unnecessary complexity and reduce transparency in social rent setting?

(Yes/No/Unsure – please explain)

Exemptions



Do you agree with the proposal that the future social rent policy should continue to apply to all general needs and sheltered housing funded through Welsh Government programmes or provided from a landlord's own resources (i.e. maintain the current list of exempt properties as identified in the **Annex** (<https://www.gov.wales/sites/default/files/publications/2024-12/rent-and-service-charge-standard-2020-2025.pdf>) to the current Rent and Service Charge Standard)?

Exemptions

ANNEX A – Properties excluded from the Rent and Service Charge Standard

The Standard shall not apply to the following property types owned or managed by social landlords:

Other Social Housing

- extra-care housing.
- other supported housing.
- any housing units which are not self-contained.

Other Non-Social Housing

- housing let at intermediate rent levels.
- housing let at market rent levels.
- Shared ownership, Homebuy, flexible tenure for the elderly.
- non-residential properties.
- leased dwellings which include those leased to temporarily house the homeless.
- dwellings that are managed by a social letting agency.
- properties where the Social Landlord has sold the leasehold (through right to buy, right to acquire or otherwise) but retains the freehold.
- residential care homes.
- nursing care homes.
- residential investment properties.
- student accommodation.
- Vacant dwellings awaiting demolition or disposal where formal agreement by the Board/Council has been obtained.
- Other specialised forms of provision subject to the consent of the Welsh Government.

Warm Rents



The Welsh Government is aware of on-going debates and discussions around a 'warm rents' model. We anticipate the evidence-base on this subject will grow in the coming years. We want to begin exploring if a 'warm rents' provision could be incorporated into a future social rent policy. How do you envisage this working?

(Please explain)

Transparency



The Welsh Government is committed to supporting the sector to learn from existing practices and drive continuous improvement. We will actively review and improve our data collection to publish information to support landlords while strengthening accountability to tenants.

What additional information do you believe Welsh Government should collect and publish to fulfil this objective and meet the requests for more publicly available data?

Welsh Language Support



In your opinion, could the social rent policy be formulated or changed so as to:

- have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
- mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

2025 Tenant Pulse is now LIVE



**YOUR RENT
YOUR SAY
YOUR FUTURE**

**Share your views &
help shape the future
of housing in Wales**



WYNDHAM STREET



Diolch yn fawr Thank you

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