



TAI

2025



Breakout - The financial landscape: Rent policy and CPI

Sesiwn Fach - Y dirwedd ariannol: Polisi rhent a CPI



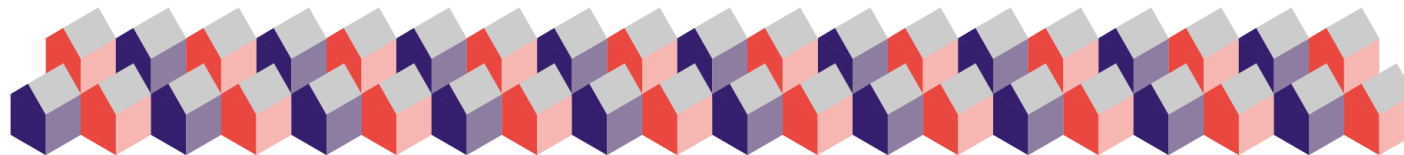
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The financial landscape: Rent Policy and CPI – a provider's perspective

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Background

Financial year 2024/25 is the final rent decision under the current Welsh Government Rent and Service Charge Standard - that social landlords must adhere to until 2025

Rules Summary

- **CPI + 1%** is the maximum overall increase allowable in any one year
- Individual tenants' rents can be reduced, frozen or rise by “up to an additional £2” per week
- Social landlords are expected to set service charges which are reasonable and affordable.

Change

Why is changed needed?

- Widely acknowledged existing rent setting policy in Wales is not fit for purpose
- Challenging economic environment - rising costs, interest rates and cost inflation
- Huge pressure placed upon the operating margins of housing associations
- Data shows investment in new housing is significantly lower than pre-Covid-19 levels
- Emerging gap between Welsh Government policy ambition and what is deliverable around development, decarbonisation and tenant safety
- Low lender confidence due to lack of long-term stability

Impact on Tenants

- 75% of tenants have some or all of their rent covered by Housing Benefit or Universal Credit
- 2023/24 Housing Associations provided hardship funds of over £1.3M for tenants in the financial crisis
- Rising demand for support from tenants - particularly self-payers
- Last year Grwp Cynefin's Welfare Team supported tenants with their living costs to the tune of £1,129,154
- Record number of people in temporary accommodation in Wales
- Huge B&B costs for local authorities

WG Rent Review

Critical piece of work for the sector and our tenants;

- Develop future social rent policy that is fit for purpose; aligns with our legislative frameworks
- Recognises the wider sector and policy implications of rent setting policy; and works to deliver our holistic vision for affordable housing in Wales
- Revised rent standard for Wales which will seek to deliver a consistent approach to affordability across the social housing sector in Wales
- Give certainty and assurance to tenants, social landlords, funders and Welsh Government about how rent decisions are made
- Balance affordability for tenants with financial sustainability for social landlords

England

- 5-year rent settlement to remain in place for at least 5 years, from 1 April 2026 to 31 March 2031.
- UK Government considering possible variations to this approach that could potentially improve the stability of rent policy – such as confirming policy for a longer period (e.g. 10 years) or on a rolling basis; and
- Permit social housing rents to increase each year by up to CPI plus 1 percentage point ('CPI+1%'), applying both to Social Rent and Affordable Rent

Improving

How can we improve things together:

- Minimum 5-year Rent Settlement which links between rent policy and wider Welsh Government goals, including development, decarbonisation, building safety is critical to build lender confidence
- Create certainty and stability over the medium-long term that **trusts and allows** social landlords to make long term investment decisions with confidence
- A shared understanding of, and ability to assess, affordability is critical for a policy that is transparent, fair and stable, and that this should be based on a credible assessment of what it costs to live well in a home, including service charges
- “Warm Rents” is a concept gaining traction in England and emphasises energy efficiency to be factored into the social rent formula
- A greater degree of flexibility to allow social landlords to make fair and progressive decisions that respond to tenant circumstances, geography and types of homes

Questions?



Breakout - The financial landscape: Innovation in temporary accommodation

Sesiwn Fach - Y dirwedd ariannol: Arloesi mewn llety dros dro



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