

Welsh Government consultation on a new rent and service charge standard for Wales

August 2025: Crisis response



About Crisis

Crisis is the national charity for people facing homelessness across Wales, Scotland and England. We know that homelessness is not inevitable, and we know that together, we can end it.

Our South Wales Skylight provides direct one-to-one support to people who are at risk of or experiencing homelessness in Swansea, Neath or Port Talbot. We help our members find safe and affordable homes as well as support with accessing benefits, healthcare services and employment opportunities. We also offer a range of learning, social and wellbeing opportunities.

Our Best Practice team works with local authorities, third sector partners, businesses and other organisations on a range of homelessness projects across Wales and Great Britain to identify, test and promote ways of ending homelessness.

Our Wales Policy team works closely with Members of the Senedd from all parties, contributes to working groups and advisory groups, responds to consultations and calls for evidence, and connects with policy teams in other organisations in Wales. In 2022-23, Crisis was proud to be invited to convene the [Expert Review Panel](#), looking at how legislative change can help to end homelessness in Wales.

Crisis response

Introduction

The affordability of social rent and service charges is crucial for preventing and ending homelessness and ensuring that everyone has a safe and settled place to call home.

A safe and settled home is the foundation on which people can build a decent life and meet their true potential. Having a decent home is vital for good health and wellbeing and makes it easier for people to succeed at work and in education, to maintain relationships with family and friends and to contribute to their community. Making sure that everyone has a safe and affordable home benefits us all.

However, renting a social home is currently unaffordable for many people. The most recent Welsh Government data on social rent arrears showed that in March 2024, a staggering 46% of all social housing tenancies in Wales, i.e. 108,424 households, were in arrears. This represents a 7% increase from the previous year and is the highest figure

recorded to date.¹ The most recent quarterly statistics show that nine evictions were carried out due to rent arrears.²

While we acknowledge that Registered Social Landlords (RSLs) require income certainty for social housing business plans and to underpin confidence in investment, the above statistic demonstrates that social housing tenants are already struggling to afford social rents across Wales. Crisis feels strongly that social housing is needed to provide genuinely affordable homes and it is important that policies moving forward maintain this principle at the centre.

We urge that the Welsh Government:

- Carries out a review of social housing affordability and considers for the future alternative methods to improve the affordability and consistency of social housing rent setting, ensuring that social housing remains affordable to those in the lowest quartile of local incomes.
- Monitors the setting of service charges and its impact on affordability.
- Secures continued investment in the creation of more social homes at pace.
- Considers financial packages to support social housing tenants who struggle to afford social rents, especially when there are future significant spikes in inflation and levels of tenants in arrears.
- Carefully considers the impact of any future “warm rents” policy, taking account of key reservations.
- Seeks to expand the use of living rent models.
- Lobbies the UK Government for critical benefit changes to help secure affordability.

Responses to questions

Question 2

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?

Crisis agrees it is important to ensure that rents remain affordable for both current and future tenants, as well as ensuring that they enable social landlords to meet tenant needs. However, we would suggest that this more appropriately forms two distinct guiding principles.

Furthermore, whilst we understand the sentiments behind this principle, its appropriateness depends on the metrics used to define “affordability”. It is essential that

¹ [Social housing vacancies, lettings and arrears: April 2023 to March 2024 \[HTML\] | GOV.WALES](#)

² See [Social Housing Vacancies, Letting and Arrears: April 2023 to March 2024](#) and [HYPERLINK](#)

["https://www.gov.wales/registered-social-landlord-regulation-survey-october-december-2024"](https://www.gov.wales/registered-social-landlord-regulation-survey-october-december-2024)Registered social landlord regulation survey: October to December 2024 | GOV.WALES

the concept of affordability accurately reflects the financial circumstances of different tenant groups, especially those who are at risk of or have experienced homelessness.

We also believe there is also a need for a guiding principle to cover the importance of affordable service charges in addition to rent.

Question 3

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?

We know that service charges can vary and often present difficulties in affordability for tenants. While the proposed changes will help strengthen existing guidance on service charges by promoting transparency, fairness, and accountability, we are concerned that service charges can still be unaffordable for our members.

We would like to know how the Welsh Government plans to ensure this guidance is followed. We would suggest data is collected to review service charges across Wales and would urge that the Welsh Government intervene, where necessary, with further action to ensure service charges are affordable.

Question 4

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)

Given the ever-changing economic and policy landscape, we believe that a five-year policy term is more appropriate than ten years. A five-year period offers RSLs a good degree of certainty for their business planning and gives the Welsh Government time to consider the points raised below in question 5.

Question 5

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)

We understand the rationale behind this proposal and that it is in line with the position in England. However, above inflation rent increases at CPI + 1% for already unaffordable 'affordable rent' homes will further exacerbate affordability difficulties for the very significant number of social tenants - 46% - who are in arrears across Wales. It will create further barriers for some groups of tenants.

For example, we know that people who have a history of rent arrears can be excluded from accessing social housing again in future, especially after experiencing homelessness. As such, reducing the likelihood of accruing debt and arrears is an important part of

meeting the Welsh Government's ambitions on preventing and ending homelessness. Furthermore, as social rents rise, it makes it even more difficult to address the existing affordability-related access barriers experienced by people facing homelessness.

As such, while we understand the proposed retention of the current rent envelope of CPI + 1%, we do have concerns that this will result in social rents that continue to diverge from affordability and income. We urge that the Welsh Government reviews the use of CPI as a basis for setting rent in the future and its impact on social housing affordability - including its impact across different regions of Wales. We believe there may be a more appropriate way of linking rent to income, ensuring that rent increases are more closely aligned to income indicators such as wage growth and benefit levels. It is important that social housing remains affordable to those in the lowest quartile of local incomes.

In the meantime, we would advise that the Welsh Government communicates clearly with RSLs to inform them that the standard is a ceiling, not a mandatory target, and we trust that RSLs will strive to keep social homes as affordable as possible.

As noted in the consultation, many RSLs in Wales have adopted the "Living Rent" model for assessing affordability of rent increases for their tenants. We would suggest that the Welsh Government requires all RSLs to adopt this.

We would also urge the Welsh Government to provide additional resources to protect tenants for whom this is unaffordable, especially in the event of future spikes in inflation.

Furthermore, it is also vital that the Welsh Government lobbies the UK Government for safeguards to protect tenants who pay some of their rent without the support of Housing Benefit. This should include:

- Removing or reforming the Benefit Cap and Spare Room subsidy to ensure the welfare system fully covers the cost of rent.
- Reducing the 65% Housing Benefit taper rate to align it with Universal Credit's 55% rate.
- Guaranteeing that benefit increases continue to match inflation and that welfare levels are linked to the real cost of essential living, including housing

We would also highlight that rental income alone cannot sustain investment at the levels needed to maintain, improve and decarbonise existing homes while also delivering desperately needed additional social housing. In addition to providing long term certainty over rental income, it is critical that the Welsh Government continues to increase investment in establishing new social homes across the country to meet need.

Question 6

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)

Crisis would question whether this should sit at above 2%, in line with the Bank of England target on inflation. Furthermore, Crisis believes that ministerial intervention should be triggered not only when inflation exceeds this percentage, but also when a significant percentage of social housing tenants fall into rent arrears. It is concerning to us that, at present 46% of social housing tenants are in rent arrears (with more than 4% in rent arrears for 13 weeks or more).

Question 7

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)

We note that there is no consistent trend of CPI being higher or lower in September than in April. However, we would suggest that if inflation drops significantly between April and September, Welsh Ministers should intervene and mandate a link to the September's CPI to ensure optimal levels of affordability for tenants. This would be in keeping with the core guiding principles outlined above of ensuring that social housing is affordable to current and future tenants.

Question 8

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)

We are concerned that permitting the increase of individual rents by a further £2.55 beyond CPI+1% would not be affordable for many people renting social homes, and particularly people at risk of or already experiencing homelessness. If this were to be adopted, we would wish to seek assurances and further information around how those who could not afford this extra cost might be exempt from the charge or supported.

Question 9

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)

We would suggest provision of more funding packages to support people who are struggling financially.

Question 10

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)

As an alternative, we would suggest that the Welsh Government requires all RSLs to adopt the "Living Rent" model. This approach would allow for the determination of varied rents within the established envelope, providing a more nuanced and potentially more equitable solution for tenants.

As outlined above, at Crisis, we are keen to ensure that social rents are monitored and that interventions are made to prevent large hikes.

Question 11

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](#) to the current Rent and Service Charge Standard)?

(Yes/No/Unsure – please explain)

Yes, Crisis agrees that the future social rent policy should continue to apply to all general needs and sheltered housing that is funded through Welsh Government programmes or provided from a landlord's own resources.

Question 12

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)

We have reservations around "warm rents" and agree that a more robust evidence-base on "warm rents" should be established before it can be incorporated into a future policy. We need to fully understand how this model would work in practice to ensure it does not negatively impact affordability or tenant autonomy. It will be crucial that any policy around warm rents takes account of the fact that heating a home is a necessity, not a luxury. It should also take account of the fact that one of the significant benefits of

investing in energy efficient homes is to create homes with affordable and sustainable bills. We would be concerned if a warm rents policy were to diminish this key benefit.

Question 13

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?

(Please explain)

We welcome the Welsh Government's commitment to actively review and improve data collection. In addition to the existing data on rent arrears, we believe the government should also collect and publish data on:

- Service charge arrears
- Rent and service charge increases or decreases
- Number of challenges made against rent and service charge increases

This data should be collected in a way which facilitates analysis of effects on different protected characteristics.

The data could also be used as a basis for determining when it would be appropriate for the Welsh Ministers to intervene in rent setting, as suggested in our response to Question 6.

Further information

Thank you for taking the time to consider this response. For further information, please contact Jasmine Harris, Senior Policy and Public Affairs Officer, Wales:

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