

Briefing on Government consultation on social housing tenants' rents for 2023/24

- 1 Introduction:** On 31st August the Department for Levelling Up Housing and Communities published a consultation on social housing rents – proposing a rent ceiling for 2023/24 – which would act as an upper limit on the maximum amount by which Registered Providers of social housing can increase rents in that year.

The deadline for responding to the consultation is 12 October.

Responses can be submitted by completing an [online survey](#) or emailing responses to the questions to Socialhousingrents@levellingup.co.uk

- 2 Rent Policy:** In 2019, the government set a rent policy for social housing that would permit rents to increase by up to CPI plus 1 percentage point ('CPI+1%') per annum, and made clear its intention to leave this policy in place until 2025.

When the current rent policy was set in 2019, inflation was forecast to be around 2% in 2022 and 2023.

Since 2019/20, most council and housing association rents have increased annually by CPI (Consumer Price Index) + 1% - in line with the Government's Rent Standard.

Rents increased by 2.7% in 2020/21, 1.5% in 2021/22 and 4.1% in 2022/23.

A household whose rent was £125 a week before April 2022 will be paying 130.13 after April 2022 - an extra £266.50 rent over the year – which is a lot for a low-income household.

Only two councils in London that are not increasing rents by 4.1% this year. Wandsworth council is freezing rents. Hammersmith and Fulham council is increasing rents by only 1.5%.

Each of the G15 landlords - London's largest housing associations increased rents by 4.1% - from April 2022

According to the Government, CPI was actually 10.1% in July 2022. If CPI remains at or above this level in September, this would permit social housing rent increases from 1 April 2023 to 31 March 2024 of 11.1% or more.

The Government says that in the face of these exceptional challenges, they think there is a strong case for making a temporary amendment to the CPI+1% policy next year in order to provide a backstop of protection for social housing tenants from significant nominal-terms rent increases.

This would require the Regulator to amend its Rent Standard so that the current CPI+1% limit on annual rent increases would be subject to a ceiling from 1 April 2023 to 31 March 2024.

The Government's draft direction is based on setting the ceiling at 5%. This would act as an upper limit on the maximum permitted annual rent increase a Registered Provider is allowed to implement. Registered Providers would be permitted to increase rents by 5% or CPI+1%, whichever is the lower.

However, within the consultation, they are seeking views on 3%, 5% and 7% as ceiling options, and we are also open to other percentage proposals that may be put forward by consultees.

3. Government questions:

Q 1: Do you agree that the maximum social housing rent increase from 1 April 2023 to 31 March 2024 should be subject to a specific ceiling in addition to the existing CPI+1% limit? To what extent would Registered Providers be likely to increase rents in that year if the government did not impose a specific ceiling?

Q 2: Do you agree with imposing a ceiling of 5%, or are there alternative percentages that would be preferable, such as a 3% or 7% ceiling? Do you have any comments or evidence about the potential impact of different options, including of the 3%, 5% and 7% options as assessed in our Impact Assessment (Annex D)?

Q 3: Do you agree that the ceiling should only apply to social housing rent increases from 1 April 2023 to 31 March 2024, or do you think it should apply for two years (i.e. up to 31 March 2025)?

Q 4: Do you agree that the proposed ceiling should not apply to the maximum initial rent that may be charged when Social Rent and Affordable Rent properties are first let and subsequently re-let?

Q 5: We are not proposing to make exceptions for particular categories of rented social housing. Do you think any such exceptions should apply and what are your arguments/evidence for this?

4. The issue of rent reductions 2016/20 – council tenants’ rents, by borough and what they should have been.

In all but three boroughs (Greenwich, Hackney and Hammersmith & Fulham) council rents were on average were higher than should have been in 2020 with 1% rent decreases (four being less than £1 higher). In four boroughs (Havering, Islington, Newham and Redbridge rents were higher in 2020 than they were in 2016.

| London-wide and Individual boroughs | Actual average weekly rents from 2016-20 | | | | | What average weekly rents should have been in 2019/20 | Rent decreases /increases by 2020 | Rent decreases tenants should have had by 2020 | How much more / less were weekly rents in 2020 than they should have been |
|-------------------------------------|--|---------------|---------------|---------------|---------------|---|-----------------------------------|--|---|
| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | | | | |
| London | 107.93 | 108.06 | 106.24 | 105.72 | 105.35 | 103.68 | -2.58 | -4.25 | 1.67 |
| Barking & Dagenham | 98.58 | | 97.27 | 94.89 | 95.52 | 94.70 | -3.06 | -3.88 | 0.82 |
| Barnet | 103.36 | 102.92 | 102.75 | 102.52 | 101.37 | 99.29 | -1.99 | -4.07 | 2.08 |
| Brent | 113.62 | 112.71 | 113.66 | 113.25 | 112.66 | 109.14 | -0.96 | -4.48 | 3.52 |
| Camden | 114.72 | 113.57 | 113.03 | 112.59 | 111.48 | 110.20 | -3.24 | -4.52 | 1.28 |
| City of London | 104.73 | 105.66 | 104.62 | 100.51 | 103.08 | 100.60 | -1.65 | -4.13 | 2.48 |
| Croydon | 106.64 | 105.46 | 104.42 | 103.40 | 103.48 | 102.44 | -3.16 | -4.20 | 1.04 |
| Ealing | 97.45 | 96.47 | 95.81 | 95.83 | 95.46 | 93.61 | -1.99 | -3.84 | 1.85 |
| Enfield | 101.78 | 100.97 | 100.38 | 101.06 | 100.97 | 97.77 | -0.81 | -4.01 | 3.20 |
| Greenwich | 104.62 | 103.58 | 90.71 | 89.90 | 89.16 | 100.50 | -15.46 | -4.12 | -11.34 |
| Hackney | 102.57 | 101.55 | 100.55 | 99.97 | 98.28 | 98.53 | -4.29 | -4.04 | -0.25 |
| Hammersmith & Fulham | 109.44 | 108.34 | 107.94 | 107.48 | 104.02 | 105.13 | -5.42 | -4.31 | -1.11 |
| Haringey | 107.12 | 106.44 | 105.56 | 104.63 | 103.72 | 102.90 | -3.40 | -4.22 | 0.82 |
| Harrow | 114.99 | 113.80 | 113.08 | 112.13 | 112.26 | 110.46 | -2.73 | -4.53 | 1.80 |
| Havering | 90.64 | 98.23 | 98.15 | | 96.50 | 87.07 | 5.86 | -3.57 | 9.43 |
| Hillingdon | 109.99 | 108.95 | 108.05 | 109.02 | 108.48 | 105.66 | -1.51 | -4.33 | 2.82 |
| Hounslow | 105.22 | 104.60 | 106.50 | | 102.52 | 101.07 | -2.70 | -4.15 | 1.45 |
| Islington | 115.91 | 116.45 | 116.55 | 117.30 | 117.77 | 111.34 | 1.86 | -4.57 | 6.43 |
| Kensington & Chelsea | 123.91 | 123.06 | 122.15 | 121.14 | 119.99 | 119.03 | -3.92 | -4.88 | 0.96 |
| Kingston upon Thames | 116.94 | 116.42 | 116.13 | 113.24 | 112.82 | 112.33 | -4.12 | -4.61 | 0.49 |
| Lambeth | 110.18 | 108.06 | 107.73 | 106.93 | 107.25 | 105.84 | -2.93 | -4.34 | 1.41 |
| Lewisham | 98.12 | 96.34 | 95.53 | 94.63 | 94.82 | 94.25 | -3.30 | -3.87 | 0.57 |
| Newham | 100.84 | 103.39 | 99.69 | 99.17 | 101.98 | 96.87 | 1.14 | -3.97 | 5.11 |
| Redbridge | 104.70 | 105.59 | 104.76 | 105.26 | 104.85 | 100.57 | 0.15 | -4.13 | 4.28 |
| Southwark | 103.90 | 100.76 | 100.13 | 98.75 | 102.82 | 99.81 | -1.08 | -4.09 | 3.01 |
| Sutton | 108.86 | 107.74 | 107.06 | 107.49 | 108.13 | 104.57 | -0.73 | -4.29 | 3.56 |
| Tower Hamlets | 112.07 | 114.53 | 110.81 | 109.96 | 109.04 | 107.57 | -3.03 | -4.50 | 1.47 |
| Waltham Forest | 104.60 | 104.86 | 104.69 | 104.69 | 102.65 | 100.48 | -1.95 | -4.12 | 2.17 |
| Wandsworth | 128.45 | 128.85 | 128.14 | 126.35 | 126.51 | 123.39 | -1.94 | -5.06 | 3.12 |
| Westminster | 126.14 | 131.87 | 129.98 | 127.09 | 121.27 | 121.17 | -4.87 | -4.97 | 0.10 |

5. The issue of rent reductions 2016/20 – housing association tenants’ rents, by borough and what they should have been.

In 20 boroughs housing association rents were on average higher than they should have been in 2020 – but in eight of these it was less than £1. In no London boroughs were housing association tenants rents higher in 2020 than they were in 2016.

| London-wide and individual boroughs | Actual average weekly rents in 2016-20 | | | | | What average weekly rents should have been by 2020 | Rent decreases /increases by 2020 | Rent decreases tenants should have had by 2020 | How much more or less were weekly than they should have been in 2020 |
|-------------------------------------|--|--------|--------|--------|--------|--|-----------------------------------|--|--|
| | 2016 | 2017 | 2018 | 2019 | 2020 | | | | |
| Barking & Dagenham | 128.51 | 128.74 | 118.51 | 116.92 | 121.89 | 123.44 | -6.62 | -5.06 | -1.55 |
| Barnet | 132.13 | 130.39 | 127.68 | 127.97 | 125.98 | 126.92 | -6.15 | -5.21 | -0.94 |
| Bexley | 112.89 | 112.67 | 110.75 | 109.12 | 108.73 | 108.44 | -4.16 | -4.45 | 0.29 |
| Brent | 136.19 | 133.96 | 125.60 | 133.71 | 130.62 | 130.83 | -5.57 | -5.37 | -0.21 |
| Bromley | 118.13 | 116.92 | 115.72 | 115.86 | 113.49 | 113.48 | -4.64 | -4.65 | 0.01 |
| Camden | 134.18 | 135.57 | 133.52 | 131.12 | 129.71 | 128.89 | -4.47 | -5.29 | 0.82 |
| City of London | 126.67 | 126.93 | 126.83 | 126.59 | 126.18 | 121.68 | -0.49 | -4.99 | 4.50 |
| Croydon | 125.93 | 124.37 | 123.39 | 122.20 | 120.90 | 120.97 | -5.03 | -4.96 | -0.07 |
| Ealing | 132.57 | 132.16 | 126.92 | 130.55 | 125.74 | 127.34 | -6.83 | -5.22 | -1.60 |
| Enfield | 128.84 | 125.36 | 122.20 | 122.77 | 120.55 | 123.76 | -8.29 | -5.08 | -3.21 |
| Greenwich | 119.42 | 118.07 | 119.25 | 118.66 | 117.39 | 114.72 | -2.03 | -4.71 | 2.67 |
| Hackney | 123.55 | 122.84 | 120.01 | 119.13 | 119.70 | 118.68 | -3.85 | -4.87 | 1.02 |
| Hammersmith & Fulham | 130.66 | 130.06 | 128.68 | 128.56 | 128.31 | 125.51 | -2.35 | -5.15 | 2.80 |
| Haringey | 123.05 | 120.67 | 118.09 | 119.23 | 118.22 | 118.21 | -4.83 | -4.85 | 0.01 |
| Harrow | 137.39 | 134.13 | 130.91 | 132.14 | 130.36 | 131.98 | -7.03 | -5.41 | -1.62 |
| Havering | 120.08 | 120.93 | 118.09 | 116.33 | 119.07 | 115.35 | -1.01 | -4.73 | 3.72 |
| Hillingdon | 126.37 | 126.02 | 124.13 | 124.44 | 121.89 | 121.39 | -4.48 | -4.98 | 0.50 |
| Hounslow | 126.84 | 125.32 | 124.35 | 123.32 | 122.25 | 121.84 | -4.59 | -5.00 | 0.41 |
| Islington | 127.40 | 126.78 | 124.99 | 124.74 | 125.63 | 122.38 | -1.77 | -5.02 | 3.25 |
| Kensington & Chelsea | 126.69 | 125.92 | 126.92 | 126.37 | 125.09 | 121.69 | -1.60 | -4.99 | 3.40 |
| Kingston upon Thames | 132.81 | 131.20 | 130.61 | 127.33 | 127.00 | 127.57 | -5.81 | -5.23 | -0.57 |
| Lambeth | 119.46 | 118.65 | 117.78 | 117.27 | 116.47 | 114.75 | -2.99 | -4.71 | 1.72 |
| Lewisham | 111.79 | 110.48 | 109.91 | 109.47 | 107.96 | 107.39 | -3.83 | -4.41 | 0.57 |
| Merton | 116.11 | 115.12 | 113.69 | 113.27 | 114.30 | 111.53 | -1.81 | -4.58 | 2.77 |
| Newham | 141.18 | 139.87 | 119.38 | 118.63 | 121.70 | 135.62 | -19.48 | -5.56 | -13.92 |
| Redbridge | 132.16 | 131.33 | 124.73 | 124.38 | 122.43 | 126.95 | -9.73 | -5.21 | -4.52 |
| Richmond upon Thames | 123.25 | 122.82 | 122.68 | 120.13 | 120.06 | 118.39 | -3.19 | -4.86 | 1.67 |
| Southwark | 123.58 | 122.47 | 122.33 | 121.65 | 120.51 | 118.71 | -3.07 | -4.87 | 1.80 |
| Sutton | 119.89 | 119.70 | 117.52 | 117.09 | 115.73 | 115.17 | -4.16 | -4.72 | 0.56 |
| Tower Hamlets | 126.31 | 125.85 | 124.92 | 124.19 | 123.84 | 121.33 | -2.47 | -4.98 | 2.51 |
| Waltham Forest | 122.91 | 122.04 | 116.74 | 116.49 | 117.35 | 118.06 | -5.56 | -4.84 | -0.71 |
| Wandsworth | 134.56 | 131.24 | 128.38 | 128.01 | 127.91 | 129.26 | -6.65 | -5.30 | -1.35 |
| Westminster | 141.51 | 130.12 | 130.46 | 140.33 | 129.08 | 135.94 | -12.43 | -5.58 | -6.86 |