

Appendix 2

Rent cap on social housing to protect millions of tenants from rising cost of living

Under the proposals being consulted on, a cap on social housing rent increases would be put in place for the coming financial year, with options at 3%, 5% and 7% being considered.

From:

[Department for Levelling Up, Housing and Communities](#) and [The Rt Hon Greg Clark MP](#)

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- Social rent cap proposed to support tenants with cost of living
- Move could save households £300 per year and provide financial stability for 4 million families
- Part of government's efforts to support most vulnerable households

A [consultation](#) has been launched today (Wednesday 31 August) to invite views from social housing tenants and landlords on a proposed rent cap to understand how best to support households with the cost of living.

Under the proposals, a cap on social housing rent increases would be put in place for the coming financial year, with options at 3%, 5% and 7% being considered.

The move would prevent rents for council and housing association houses from rising significantly, saving tenants an average £300 per year and providing stability as inflation rises.

The government regulates how much social housing rents can increase each year. Currently this is set at up to the consumer price index (CPI) rate plus 1% – meaning potential increases next year of 11% in line with recent Bank of England forecasts.

The proposed new cap will help support the most vulnerable households in the face of cost-of-living pressures. This comes on top of our existing £37 billion support package, which includes a £150 council tax rebate, a £400 energy bill discount to support households over the coming months and the most vulnerable 8 million households receiving support of at least £1,200.

Housing Secretary Greg Clark said:

We must protect the most vulnerable households in these exceptional circumstances during the year ahead. Putting a cap on rent increases for social tenants offers security and stability to families across England.

We know many people are worried about the months ahead. We want to hear from landlords and social tenants on how we can make this work and support the people that need it most.

The rent cap would be temporary and would apply from 1 April 2023 to 31 March 2024. The consultation also seeks views on whether to set a limit for 2024-25. The government understands this will impact social housing landlords and is engaging fully with the sector.

Following the consultation, a final decision will be announced later this year, to make sure social housing landlords have enough time to factor this into their rent decisions for April 2023.

The government is also committing to reviewing social rent policy beyond 2025, via a separate consultation due to be launched next year.

Today's announcement is part of measures the government has put in place to support the most vulnerable households with the cost of living.

This is in addition to the £11.5 billion investment to build more affordable, quality homes through the Affordable Homes Programme.

Geeta Nanda OBE, Chair of the G15 group of leading housing associations and Chief Executive of MTVH, said:

We are deeply concerned by the impact cost of living pressures are having on the people we provide homes to. G15 members have increased support for residents, including providing additional funding for vital crisis support, on top of the work we are doing to bring down people's energy bills by improving the energy performance of the homes we provide. The support government has announced for energy bills is welcome, but it is clear that further assistance is urgently needed.

All G15 members recognise the current high rates of inflation and are considering the impact of this on residents and the essential work we do carefully. To maintain and improve existing residents' homes, as well as continuing to build much needed new affordable homes, significant investment each year is essential. Rental income is critical to supporting this work. Housing associations have already seen costs for vital materials for repairs and maintenance work increase by as much as 16.8% this year, and the cost of constructing new homes has grown by more than 11% as well.

In getting the balance right on rent setting, we are committed to maintaining affordability for residents. We welcome the government's consultation and the opportunity to discuss these important issues further.