



Rent Setting Policy 2022/23

We build homes, create communities and transform lives

Welsh Government Requirements:

5 year rent settlement agreed in 2019/2020 at (Consumer Prices Index) CPI + 1% max provided that:

- Affordability for tenants is considered as part of the Rent Setting Policy
- Tenants are engaged in decisions around rent setting
- There is an annual assessment of cost efficiencies and value for money
- There is a commitment to reduce evictions into homelessness
- New build properties will meet the Beautiful Homes and Spaces Standard and EPC rating A or above from April 2021

Our Policy:

- Current policy in place since 2020; Together Panel consulted on policy principles; also survey on website and social media
- Rents will not be more than 28% of National Living Wage (or 33% where service charges are included)
- Equates to £82.28 rent for a 1 bed flat; multipliers added for larger properties
- Based on Joseph Rountree Foundation Affordability Model
- Some rents exceeded this threshold (mostly 1 bed flats) and others were well below it
- Commenced a 3 year program in 2020 to bring rents in line with this measure of affordability

Current climate



It's a
balancing
Act!

- Impact of COVID19 – end of Furlough scheme; end of £20 UC uplift
- Rising energy and other costs
- CPI in Sept 2021 – 3.1%
- WG likely to restrict rent increase to a maximum of CPI (taking away the +1% agreement)
- Rising labour and material costs/shortage of materials
- Affordability of service charges (United Welsh not recovering £79k of incurred costs)
- De-carbonization agenda

2022/23 Proposals:

Applying Our Policy:

- Final year of **rent reductions** to bring rents in line with our affordability policy (285 properties) – cost of £45,000
- **Freeze rents** on a further 221 properties – cost of £20,000
- Increase rents on some properties by less than 3.1% (61 properties)
- Increase rents that are below the affordability threshold by CPI (3.1%) (subject to WG confirmation) – majority of properties
- Increase rents on properties that are significantly below the affordability threshold by CPI plus up to £2 (as permitted by the WG guidelines) (640 properties)

Spending plans for 2022/23:

- Asset Management Contract (day to day repairs) - £9.7 million (£450,000 increase from 2020/21)
- Planned Maintenance - £5.6 million (increase from £3.6 million in 2021/22. Significant additional fire safety works is part of this)
- Decarbonisation programme – Aim to be net zero carbon by 2035 (in line with WG requirements) - evaluating Modern Methods of construction; Carbon Foot-printing, Energy Advice Pilot, SMART meter evaluation etc – Budget for 2022/23 – approx. £1.5 - £2 million
- Additional costs incurred in 2021/22 due to COVID - £22,000. Deep cleans, waste disposal, PPE, working from home equipment etc. additional costs likely to continue well into 2022/23



Questions or comments?

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