

No to 10 years of above inflation rent increases

The government is implementing a policy of 10 years of above inflation rent increases (CPI+1%) for council and housing association tenants. In addition it is reintroducing 'rent convergence' (see our Briefing: [Why we oppose 'rent convergence'](#)), originally introduced by New Labour to drive up council rents to housing association levels. The consultation on 'rent convergence' proposed either £1 a week or £2 a week extra, inaddition to CPI+1%. £2 seems most likely.

Whilst CPI+1% is a maximum, the financial circumstances of council Housing Revenue Accounts is such that it is likely that most of them will go for the maximum. So will housing associations.

The Labour Campaign for Council Housing, together with other organisations has produced a statement (see below) opposing these policies addition - see [\[link\]](#). The government's own estimate of the impact of the £2 a week increase alone, is that it will cost £4 billion extra in benefits.

We are also calling for the government to end the Tories "affordable rent" (up to 80% of market rent) which is on average £50 a week higher than social rent. For larger properties the difference is even more. "Affordable rent" costs more in housing benefit. The government has yet to justify why it is keeping this.

These policies will only serve to further impoverish already poor tenants who don't have their rent covered by Housing Benefit or Universal Credit. Unlike those who receive HB, the increasing numbers on Universal Credit are not even guaranteed their 'housing element' if they earn 'too much' in any one month.

Most Council and housing association tenants' rent has increased by 14% just over the last two years. In 17 of the last 23 years they have had above inflation rent increases. No wonder that there has been an increase in council tenant rent arrears in England, from £203 million in 2015/16 to £397 million in 2023/24.

In the case of council housing these rent increases are a substitute for adequate government funding of Housing Revenue Accounts. As more than 100 councils have shown ("[Securing the Future of Council Housing](#)") HRAs have insufficient resources for maintaining and improving existing homes and all the other things they are being asked to do, including retro-fitting and decarbonisation. They have said that they need £12 billion more over the next five years just to bring homes up to EPC (Energy Performance Certificate) C.

Housing Associations are asking the government to allow them to drive up their tenants' rent even further, calling for £3 a week on top of CPI+1%. Last year the cost of their debt was more than their income. The process of commercialisation has led many of them to abandon their professed 'social purpose' and act like corporations. It is a failed model in large part because it is based on 'social housing' funded by more expensive private debt rather than as with council housing, which borrows more cheaply from the government's Public Works Loans Board.

We want the statement to be a launching pad for campaigning to overturn these policies. Council tenants should not be forced to pay for the shortage of funding of HRAs, nor housing association tenants for the unsustainable debt and commercialised of these businesses.

Councils, in particular, should be uniting with tenants to press the government to fund HRAs sufficiently, rather than passively accepting policies which will impoverish their tenants.

What can you do?

- Sign the statement in an individual capacity.

- If you are involved in a tenants union or housing campaign, ask them to sign it.
- Get your trade union branch to support it and press your national union to follow BAFAWU and the FBU in supporting it.
- Lobby your councillor to support the statement.
- Ask your MP to sign it.

Let us know the results of your efforts. Email us at
labourcouncilhousingcampaign@gmail.com

Statement

No to 10 years of above inflation rent increases

This summer, the government consulted on “How to implement social rent convergence” rather than *whether* it should be implemented. Not doing so was excluded from the consultation.

The extra increase, on top of ten years of CPI plus 1% rent increases, enables landlords to raise rents to ‘formula rent’, which links them to local earnings and house values. The gap between existing rent and ‘formula rent’ is said to be £5.74 pw on average in England and £9.14 in London for council homes. For housing associations it is £2.67 in England and £8.35 in London.

Whilst this may not appear to be a great deal, since rent convergence was introduced by New Labour, tenants have faced above inflation rent increases in 17 years out of the last 23 years. Social rents paid by working-age households in the lowest two-fifths of incomes increased by 58% in real terms between 1994 and 2020.

No wonder that rent arrears for council tenants have increased from £203 million in 2015/16 to £397 million in 2023/24. In the last two years alone both council and housing association tenant rents have increased by over 14%. Tenants struggling to get by financially, month by month, can be thrown over the edge even by small amounts.

Whilst council and housing association rents are much lower than private sector rents, they have nonetheless risen so much that it is not uncommon now for applicants on waiting lists to be refused a tenancy on the basis that they cannot afford the rent. If you cannot afford the rent on a council or housing association home, what can you afford?

According to the government's own impact assessment, a £2 a week rent convergence increase will cost the exchequer £4 billion in benefits. What is the point of impoverishing tenants and driving up benefits as a result?

Impoverishing already poor tenants will not resolve the financial crisis of housing revenue accounts or the indebtedness of housing associations.

Councils have warned the government that Housing Revenue Account finances are unsustainable. They have said they need an extra £12 billion over the next five years just to bring homes up to Energy Performance Certificate C.

Last year housing associations paid more in debt servicing than they had income, indicating that funding ‘social housing’ by private debt and commercialising the sector, is a failed model.

Council tenants should not be forced to suffer the consequences of the under-funding of HRAs. The government should respond with direct support for local authorities, providing the funding that is needed to maintain and improve existing homes, rather than raising rents to increasingly unaffordable levels.

Housing association tenants should not be impoverished to support the further commercialisation of organisations whose primary focus is already the provision of market and intermediate products, often in close association with profit-driven housebuilders.

We will campaign for the government to abandon above inflation rent increases and ‘rent convergence’ and to scrap unaffordable “Affordable Rent” (up to 80% of market rent).

Don’t charge rents that deepen poverty and social exclusion. Charge rents that tenants can actually afford to pay.

Initial signatories include:

BAFAWU (Bakers Union), DPAC (Disabled People against Cuts), Fire Brigades Union, Haringey Defend Council Housing, Homes4All, Housing Action Teesside, Labour Campaign for Council Housing, Somerset & North Devon UNITE Community, Streets Kitchens, UNITE Community National Housing Group, UNITE

Housing Workers Branch LE1111.

MPs: Paula Barker, Liverpool Wavertree; Neil Duncan-Jordan, Poole; Chris Hinchliff, North East Hertfordshire; Kim Johnson, Liverpool Riverside; Jon Trickett, Normanton & Hemsworth.

To sign the statement email labourcouncilhousingcampaign@gmail.com and infohfanew1@gmail.com

Notes

1. The English Housing Survey estimated that 59% of social tenant households have at least one person with ill-health or a disability. And 73% have no savings, making them vulnerable to even small changes in their financial circumstances.
2. The Deaton Review of Inequalities found that social rents paid by working-age households in the bottom 40% of the income distribution went up by 58% in real terms between 1994 and 2020, so that long term government policies already 'leave a growing fraction of the low-income population highly exposed to high housing costs.' (Hoynes, H., Joyce, R. and Waters, T. (2023), 'Benefits and tax credits', *Institute for Fiscal Studies Deaton Review of Inequalities*)
3. The DWP's annual survey of Households Below Average Incomes shows that 47% of the 3.2 million children in social renting households in the UK are in households in the lowest quintile of incomes. (Table 4.2db (AHC) of HBAI, 2023/24).
4. Social Rent plus service charges takes at least 30% of income for median new local authority and private provider tenancies. In London it is 40% of income. (*Social Housing Lettings in England 2023/24*).
5. 47% of food bank users as social tenants. (Clair, A., Fledderjohann, J., Lalor, D., & Loopstra, R. (2020). 'The Housing Situations of Food Bank Users in Great Britain', *Social Policy and Society*, 19 (1), 55-73).
6. The government relies on welfare benefits to take the strain of higher rents. However Universal Credit does not meet all basic daily living costs. This will be compounded with benefit gaps and clawbacks to deepen tenant poverty. Whereas tenants are guaranteed housing benefit, the housing element of Universal Credit is not guaranteed if monthly income is variable.