

No to 10 years of above inflation rent increases

thelabourcampaignforcouncilhousing.org

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 two years alone most council and housing association tenant rents 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.

Signatories include:

BAFAWU (Bakers Union); Brent West CLP; Brighton & Hove Housing Coalition; Disabled People against Cuts; Fire Brigades Union; Greater Manchester Tenants Union; Haringey & Barnet UNITE Community; Haringey DCH; Homes4All; Housing Action Teesside; Islington Homes4All; Labour Campaign for Council Housing; National Pensioners Convention, Gloucester, Avon & Somerset; Newton Abbot CLP; Social Housing Action Campaign; Somerset & N.Devon UNITE Community; Streets Kitchens; UNITE Community National Housing Group; UNITE Housing Workers Branch; Kevin Courtney, ex-GS NEU; Andrea Egan, Candidate for UNISON Gen Sec; John Moloney, PCS Ass Gen Sec in p/c.

MPs: Diane Abbott, Hackney & Stoke Newington; Paula Barker, Liverpool Wavertree; Apsana Begum, Poplar & Limehouse; Richard Burgon, Leeds East; Neil Duncan-Jordan, Poole; Chris Hinchliff, N.E. Hertfordshire; Imran Hussein, Bradford East; Kim Johnson, Liverpool Riverside; Brian Leishman, Alloa & Grangemouth; Clive Lewis, Norwich South; Rebecca Long-Bailey, Salford; Rachael Maskell, York Central; John McDonnell, Hayes & Harlington; Bell Ribeiro-Addy, Clapham & Brixton Hill; Jon Trickett, Normanton & Hemsworth.

To sign the statement email labourcouncilhousingcampaign@gmail.com