

Recent Trends in Social Rents and Affordability

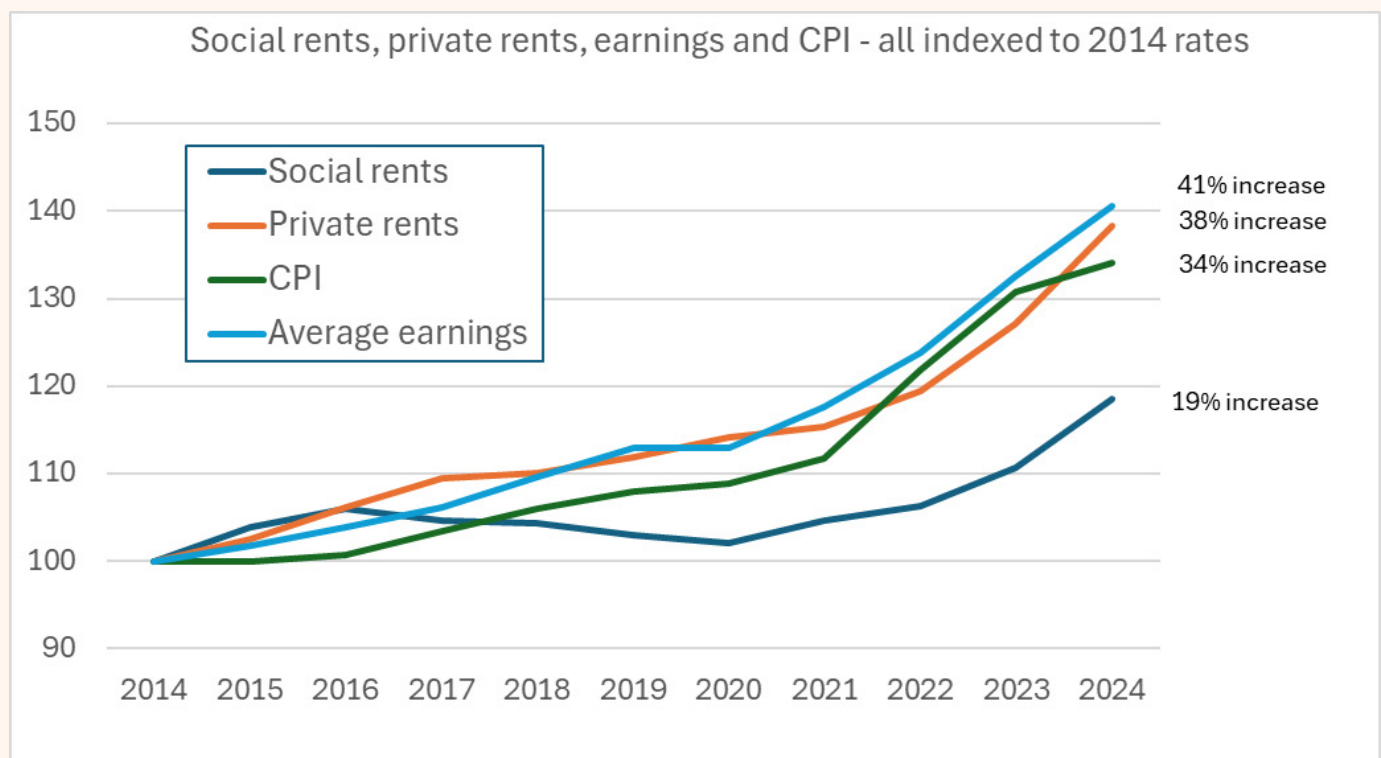
Insight report

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What has happened to social rents over the last 10 years?

There are ongoing debates around how much social rents should be allowed to increase each year. Lower rents are better for tenants, but can create financial difficulties for landlords who need to maintain the housing. To help inform discussions, The Housing Forum has taken a look at what has happened to social rents over the last ten years:



Source: Annual Survey of Hours and Earnings; Index of Private Rental Housing Prices; Statistical Data Return – Registered Provider general needs rents only.

As shown above, social rents increased much less than wages, inflation or private rents over the last ten years. This means that social rents fell, in real terms, by 13% over this ten-year period. Average rents in 2014 were £92.30 a week. If they had kept up with inflation, they would be £123.73, or if they'd kept up with earnings, they'd be £129.70. Instead, they're £109.44.

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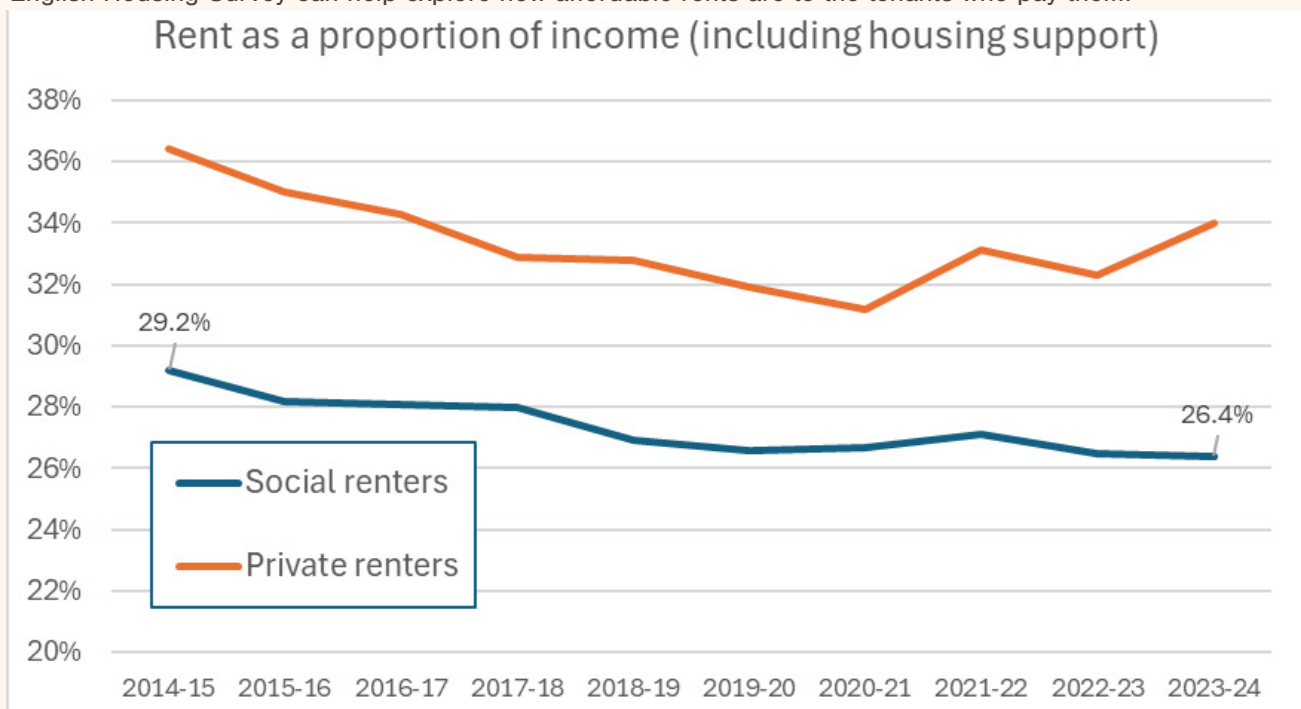
Why have rents fallen?

Prior to 2002 social rents were set in a variety of different ways. To make things fairer target rents were set for all social rented homes, based on a formula which considered the size of the property, local income levels and house prices. Social rents were to be allowed to rise at up to RPI+0.5% a year. Rents for existing tenants that were below target allowed to rise by a further £2 a week each year, until they reached target – known as ‘rent convergence’.

Increases in social rents fall partially upon tenants, but also partially on the DWP via housing benefit and Universal Credit claims. As pressures on budgets rose, Government became increasingly conscious of the need to hold rents down. Between 2007 and 2014, rent increases were sometimes capped at lower levels than RPI+0.5%, and rent convergence was finally abandoned in 2014. The formula was changed to CPI+1% from 2015. However, in 2016 this was abandoned and between 2016 and 2020, social rents were cut by 1% a year in cash terms – causing a fall in real terms of 11% over the four years. (For details of rent setting over this period see [Rent setting: Social housing \(England\)](#)). The CPI+1% rent formula was reintroduced in 2021, though rent increases were capped at 7% as a one-off in 2023, below the rate of inflation. Taken together, this has led to quite a significant real-terms cut in social rents over the last ten years, as shown above.

What about affordability?

The high inflation in 2022 and increase in utility bills led to concerns about a cost-of-living crisis. Data from the English Housing Survey can help explore how affordable rents are to the tenants who pay them:



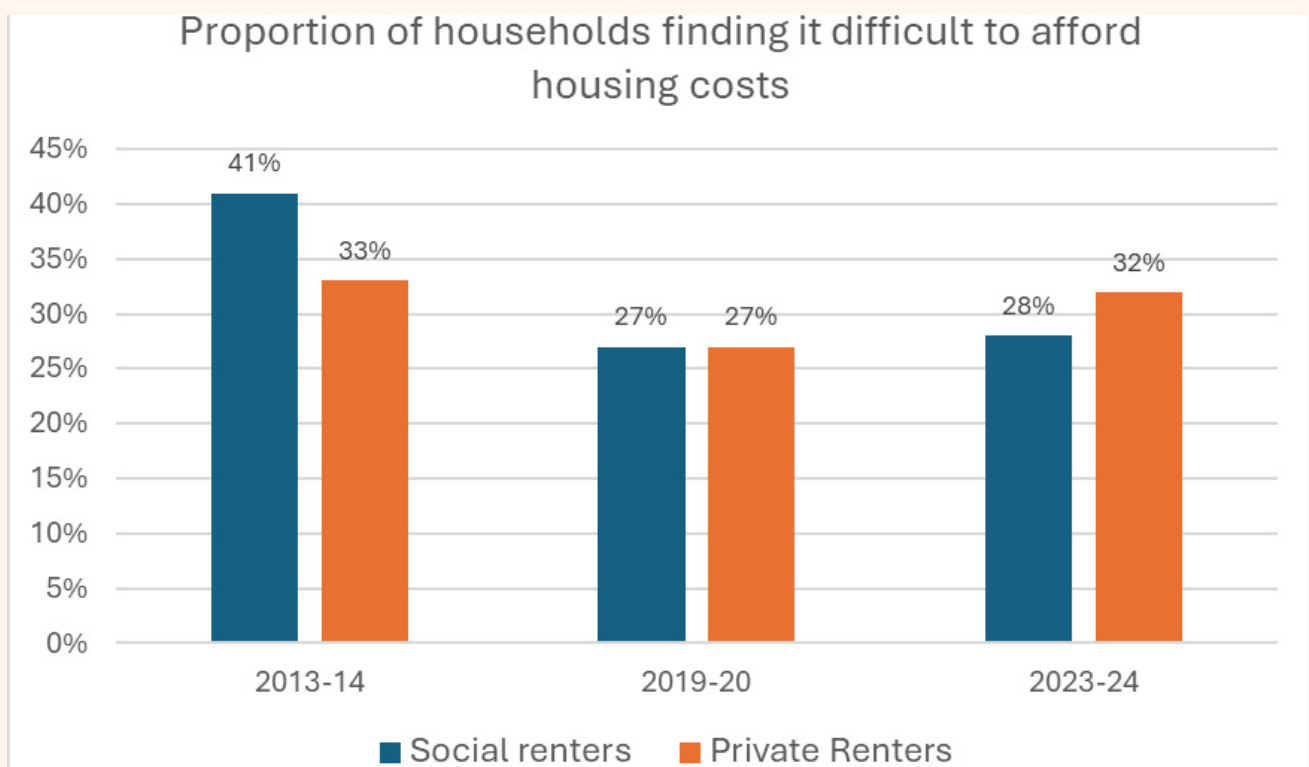
Source: https://assets.publishing.service.gov.uk/media/67459d7d83f3d6d843be969e/2023-24_EHS_Headline_Report_Chapter_2_Housing_Costs_and_Affordability_Annex_Tables.ods

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As shown in the chart above, the proportion of income paid in rent by social renters has fallen from 29.2% to 26.4% since 2014-15.

We can also look at tenants' self-reporting of how difficult they find it to afford their housing costs:



Source: [English Housing Survey 2023 to 2024: Experiences of the 'housing crisis' - GOV.UK](#)

This shows that the proportion of social renters who reported that they find it difficult to afford their housing costs fell from 41% in 2013/14 to 28% in 2023/24.

This fall in social rents as a proportion of income has taken place despite the fact that Affordable Rent is included in the sample and forms a growing share of social housing. It is therefore likely that social rents have fallen even further as a share of income.

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About The Housing Forum

The Housing Forum is the cross-sector membership network for housing and construction committed to a 'Quality Home for All'. The Housing Forum has 120+ member organisations from across the housing sector and supply chain. Local authorities and housing associations represent a large part of our membership, alongside suppliers and manufacturers, housebuilders and construction companies. Our members share a determination to drive quality in design, construction and maintenance of UK homes and a commitment to partnership working.