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How to implement Social Rent convergence

Consultation response from The Housing Forum

Response submitted by:

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About The Housing Forum

The Housing Forum is the UK's cross-sector, industry-wide organisation that represents the entire housing supply chain. Our growing membership drawn from over 150 organisations across the public and private sectors and includes local authorities, housing associations, housebuilders, architects and manufacturers. All share our determination to drive quality in the design, construction and decarbonisation of UK homes. They have a commitment to partnership working and share in our vision of 'A Quality Home for All'.

In order to achieve this, we have advocate for policy change needed for everyone to live in a good quality, sustainable and affordable home.

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Response to questions

Question 1: At what level should Social Rent convergence be permitted?

- £1 per week
- £2 per week

The Housing Forum welcomes the proposals to introduce rent convergence and believes that rent convergence should be permitted at rates of up to **at least £2 per week**. Many of our members would prefer to see a **£3 cap**, which would be on a par with the £2 cap that was used under the previous period of rent convergence, from 2012, adjusted for inflation (£2.00 in 2012 is worth £2.88 in 2025, and would be around £3 a week by 2026 when this is introduced).

Question 2: How would the benefits for the supply and quality of social and affordable housing differ depending on whether convergence was permitted at £1 or £2?

Allowing rents to rise at £2 a week would improve the finances of social landlords and therefore enable them to improve the quality of their existing stock, as well as investing in new housing. The difference between a £2 and a £1 a week cap on convergence of below-target rents is significant, with many rents not reaching their target rate for more than 10 years of a rate of only £1 a week is used. Restricting convergence to £1 will prolong under-recovery of rents, delay vital long-term investment, increase the risk of stock deterioration, and undermine the financial sustainability of the sector. In contrast, faster convergence would improve quality and supply of social and affordable housing.

Faster rent convergence would improve housing quality

There are several factors that have put enormous strain on the finances of social landlords – both housing associations and local authorities:

- The costs of maintaining their housing have risen sharply, and are taking an increasing proportion of their resources. The latest [Global Accounts](#) show that expenditure on major repairs and maintenance rose from £5.4bn in 2021 to 8.8bn in 2024.
- New costs relating to fire and building safety compliance, including particularly high costs for those who manage high-rise blocks.
- Increased disrepair claims resulting from past under-spending, but diverting resources further away from future preventative planned works, thus perpetuating this spiral of increased spending on emergency repairs.

There are also additional costs likely to fall on the sector:

- Costs associated with reaching a minimum EPC level C – currently out to consultation.
- Costs associated with reaching a new Decent Homes Standard – currently out to consultation.

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It is not yet clear what additional funding will be available from Government to support these new costs, but the need will be greater if rental income continues to be too low to cover costs.

Rent convergence is therefore needed to avoid stock deterioration and help improve the quality of existing homes.

Faster rent convergence would improve the supply of social and affordable housing

Rent conversion is needed primarily to cover expenditure on existing homes. However, there is also a clear impact on supply of the improving the finances of social landlords via faster rent convergence, alongside grant funding or S106 cross-subsidy. For social landlords involved in building new homes, there have been particularly sharp increases in costs in recent years:

- Building new homes has become more expensive, because construction costs rose very sharply. The Housing Forum's report on [The Cost of Building a House](#) explains where all these costs go.
- The costs of borrowing have risen sharply due to the rise in interest rates.
- Building new homes has become slower, due to delays in planning and building safety approval. Combined with the increased costs of borrowing, this puts additional strain on finances.

These factors have caused a sharp downturn in social housing starts and completions, which does not yet appear to be reversing. In addition, further costs of housebuilding are likely in the near future with the introduction of the Future Homes Standard.

The lack of funds within the social housing sector has reduced the sector's appetite for taking on new homes that are being completed via S106 conditions, which is having a further negative impact on the wider housing sector and delivery of new homes of all tenures. The Housing Forum has published a short [Insight Guide into this issue](#).

Question 3: How would the impacts on households differ depending on whether convergence was permitted at £1 or £2?

The Housing Forum has published a policy paper on [Recent Trends in Social Rents and Affordability](#) over the last ten years. This shows that:

- **Social rents have fallen in real terms over the last ten years. 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.**
- **The proportion of income paid in rent by social renters has fallen from 29.2% to 26.4% since 2014-15.**
- **The proportion of social tenants who reported that they find it difficult to afford their housing costs fell from 41% in 2013/14 to 28% in 2023/24.**

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Taken together, this analysis suggests that social rents could be pushed up by 1% over CPI, alongside the £2 a week (a 1.8% increase, on average) and it would still take several years for rents to get back to where they were ten years ago.

As the [Government's Impact Assessment](#) shows, around two thirds of social tenants receive housing support (via UC or HB), and so would not be directly affected (or would be only minimally affected, if they are subject to the Removal of the Spare Room Subsidy). The third who do pay their rent from their incomes are – by definition – the better off households living within social housing.

It is also worth noting that tenants in social rented homes are paying sometimes significantly lower rents than similar tenants in Affordable Rent homes, so increasing social rents would help reduce this unfairness, and may enable social landlords to hold rents down on Affordable Rent homes, or ensure that new homes are social rent rather than Affordable Rent.

Faster rent conversion would increase the ability of social landlords to maintain and upgrade their housing stock, which should have a positive impact on the health and wellbeing of tenants. Improvements to energy efficiency would also reduce energy costs, which may in some cases offset the costs of the additional rent.

Question 4: Should convergence be implemented from 1 April 2026 or from a later date, and what would be the implications of implementing it from a later date?

Convergence should be implemented from 1 April 2026. Delaying the process of rent convergence would worsen the financial situation of social landlords as well as extending the period in which rents are not charged fairly on similar properties.

Question 5: How long should convergence be in place for, and what would be the implications of different durations of convergence?

Rent convergence should remain in place until all social rents have reached their target rent. This will obviously be a shorter period of time if the government adopts the higher convergence rate of at least £2 per week. The sensible time to review the approach to the additional 1% increase above CPI would be at the end of the ten-year period, for which the Government has committed to it. If convergence is at least £2 a week above this, we would expect the large majority of social rented homes to have reached their target rent by this time.

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