



Regulator of  
Social Housing

# Rent Standard

April 2023



OFFICIAL

## 1. Required outcome

- 1.1 This 2023 Rent Standard has been set in response to the Direction on the Rent Standard 2023 (the Direction). The regulator has had regard to the Government's Policy Statement on Rents for Social Housing 2022 (hereafter Rent Policy Statement)<sup>1</sup> in setting this 2023 Rent Standard.
- 1.2 This 2023 Rent Standard applies to rent periods that begin in the 12 months from 1 April 2023 to 31 March 2024 in relation to low cost rental accommodation.
- 1.3 This Rent Standard sits alongside the Rent Standard – April 2020 (hereafter 2020 Rent Standard) which continues to apply to supported housing as set out in para 2.3 below.
- 1.4 Registered providers<sup>2</sup> must set rents in accordance with the Rent Policy Statement.

## 2. Exclusions from this 2023 Rent Standard

- 2.1 This 2023 Rent Standard applies, subject to the exceptions in 2.2-2.6 below, to 'low cost rental' accommodation, as defined by section 69 of the Housing and Regeneration Act 2008. All other terms used in this Rent Standard are defined within the Rent Policy Statement.
- 2.2 This 2023 Rent Standard does not apply to the following categories of property, as defined in chapter 5 of the Rent Policy Statement:
  - Shared ownership low cost rental accommodation
  - Intermediate rent accommodation
  - Specialised supported housing
  - Relevant local authority accommodation
  - Student accommodation
  - Private Finance Initiative social housing
  - Temporary social housing
  - Care homes.

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<sup>1</sup> The Policy Statement on Rents for Social Housing was updated in December 2022.

<https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing>

<sup>2</sup> This Rent Standard applies to both private registered providers and local authority registered providers.

## 2023 Rent Standard

- 2.3 This 2023 Rent Standard does not apply to any type of supported housing (as defined in paragraphs 2.39 and 2.40 of the Rent Policy Statement). The setting of rent for supported housing must continue to comply in full with all the requirements and expectations set out in the 2020 Rent Standard.
- 2.4 This 2023 Rent Standard does not apply to property let to a high income social tenant for the period of time where that property is let to that tenant. Where a tenancy of a high income social tenant ends, or where the tenant no longer fits the definition of “high income social tenant” as set out in the Rent Policy Statement, this 2023 Rent Standard then applies to that tenancy, and/or to future lettings of that property (subject to any exclusions from this 2023 Rent Standard).
- 2.5 Where the application of this 2023 Rent Standard would jeopardise the financial viability of a private registered provider, the regulator may agree, on request from that provider, an exemption to specific requirements of this Rent Standard for a period of time<sup>3</sup>.
- 2.6 In a situation (such as an insolvency) where there is a mortgagee in possession or receiver in place, or where the registered provider’s stock is sold to a non-registered landlord following intervention by the regulator, neither the mortgagee in possession, nor the receiver, nor the landlord to whom the stock is sold will be bound by this 2023 Rent Standard. Where a Housing Administration Order applies to a registered provider, this 2023 Rent Standard will continue to apply to that provider unless an exemption has been granted by the regulator to that provider.

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<sup>3</sup> Further guidance on providers requesting an exemption can be found at <https://www.gov.uk/government/publications/rent-standard/making-a-formal-application-for-an-exemption-to-the-rent-standard-from-1-april-2020>. Arrangements for local authorities are outlined in “Local Authority Guidance for formal applications to disapply government rent policy”.

### 3. Specific expectations

- 3.1 Registered providers must comply in full with all the requirements and expectations set out in this 2023 Rent Standard. They must additionally comply with all the requirements and expectations of the Rent Policy Statement on the setting, increase and decrease of rents and service charges.

#### Social rent

- 3.2 Where accommodation is not affordable rent housing (see 3.8 – 3.9 below), the maximum weekly rent for a tenant who is granted a tenancy of the accommodation for the first time is formula rent. Formula rents are exclusive of any service charges.
- 3.3 The formula rent of accommodation is found in accordance with the method set out in paragraphs 2.2 to 2.7 of the Rent Policy Statement. The rent set may include an upwards tolerance – “Rent Flexibility” – of 5% of formula rent (on the basis the accommodation is not supported housing).
- 3.4 As set out in paragraphs 2.8 and 2.9 of the Rent Policy Statement, formula rent is subject to the rent cap. The rent cap for 2023-24 is determined in accordance with paragraph 11 of Appendix A to the Rent Policy Statement.
- 3.5 For a rent period that begins in the 12 months from 1 April 2023 to 31 March 2024 the weekly rent of any existing tenant may not be increased by more than:
- CPI<sup>4</sup> + 1% in any year; or
  - if the tenant’s rent exceeds the rent flexibility level, CPI in any year,
- subject to such weekly rents not increasing by more than 7% in any year.

#### Fair rent

- 3.6 In the case of tenancies subject to fair rent protection, the maximum weekly rent is the lower of the fair rent set by the Rent Officer and formula rent (subject to both the rent caps and the rent flexibility level).
- 3.7 Registered providers may not increase the rent of a tenant with fair rent protection by more than CPI + 1% in any year, subject to weekly rents not increasing by more than 7% in any year for a rent period that begins in the 12 months from 1 April 2023 to 31 March 2024 (even if the tenant’s rent is below the formula rent level and the maximum fair rent is increased by more than that amount).

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<sup>4</sup> CPI, where mentioned, is the Consumer Price Index rate published by the Office for National Statistics for September of the preceding financial year.

## Affordable rent housing

- 3.8 Affordable rent may only be charged where the property in question is provided by:
- a. a registered provider pursuant to a housing supply delivery agreement between that provider and Homes England<sup>5</sup> or the Greater London Authority and the accommodation is permitted by that agreement to be let at an affordable rent; or
  - b. a registered provider pursuant to an agreement between a local authority and the Secretary of State and the accommodation is permitted by that agreement to be let at an affordable rent; or
  - c. a local authority, and the Secretary of State, Homes England or the Greater London Authority has agreed that it is appropriate for the accommodation to be let at an affordable rent.
- 3.9 In addition to the above, affordable rent may be charged where the property has been acquired by a registered provider and was affordable rent housing when it was acquired.
- 3.10 Where affordable rent is being charged, the maximum rent inclusive of service charge for a new tenant under a new tenancy is 80% of the market rent<sup>6</sup> for the tenant's accommodation, subject to 3.11 and 3.12 below.
- 3.11 If the formula rent is higher than 80% of the weekly market rent (inclusive of service charges) for the tenant's accommodation, the maximum weekly rent is formula rent which is to be set as in paragraphs 3.2-3.5 above and would be exclusive of service charges.
- 3.12 The rent of an existing affordable rent tenant (including where they have a new tenancy) may not be increased by more than CPI + 1% in any year, subject to such weekly rents not increasing by more than 7% in any year for a rent period that begins in the 12 months from 1 April 2023 to 31 March 2024. 'Existing tenant' in this context means an existing tenant of the specific property concerned. For the avoidance of doubt, the revised rent on re-letting to an existing tenant may only be re-based to 80% of current market value where the resulting rent would be no more than the rent arrived at by a CPI+1% increase subject to a maximum increase of 7%.

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<sup>5</sup> Previously known as the Homes and Communities Agency.

<sup>6</sup> Market rent means, in relation to accommodation, an estimate of its market rent inclusive of all service charges at the time the tenancy is granted that is based on a valuation in accordance with a method recognised by the Royal Institution of Chartered Surveyors.

### Moving between types of rent

- 3.13 Where a tenancy subject to fair rent protection ends and the property is re-let, that new letting should be at Social Rent (or affordable rent where applicable and permitted, see 3.15a below).
- 3.14 On re-letting of a property previously occupied by a high income social tenant, the new letting should be at Social Rent (or affordable rent where applicable and permitted, see 3.16a below).
- 3.15 Social rent properties may not be converted to:
- a. affordable rent (other than in the circumstances set out in chapter 2 of the Rent Policy Statement)
  - b. market rent (other than in the circumstances set out in chapter 4 of the Rent Policy Statement) or
  - c. intermediate rent.
- 3.16 Affordable rent housing must not be converted (including on re-let) to:
- a. market rent (other than in the circumstances set out in chapter 4 of the Rent Policy Statement) or
  - b. intermediate rent.

### Local authority information requirements

- 3.17 Local authority registered providers shall communicate with the regulator in an accurate and timely manner. This includes all data and information required by the regulator in respect of compliance with this Standard. Where material issues that relate to non-compliance or potential non-compliance with the Rent Standard are identified by local authorities, they are expected to communicate these to the regulator promptly.



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