
DIRECTION

The Direction on the Rent Standard 2025

The Secretary of State makes the following Direction in exercise of the powers conferred by section 197(1) and (2)(b) of the Housing and Regeneration Act 2008^(a).

In accordance with section 197(4) and (5) of that Act, before making this Direction the Secretary of State consulted the regulator, the Greater London Authority, the Housing Ombudsman, the Charity Commission and bodies appearing to the Secretary of State to represent the interests of local housing authorities, tenants of social housing and registered providers.

Citation, commencement and application

- 1.—(1) This Direction may be cited as the Direction on the Rent Standard 2025.
- (2) This Direction comes into force on the day after the day on which it is made.
- (3) This Direction applies to the regulator in relation to the rents of registered providers of social housing.

Interpretation

- 2.—(1) In this Direction—
 - “affordable rent housing” means—
 - (a) affordable rent housing within the meaning of [paragraph 3.3] of the Rent Policy Statement, and
 - (b) accommodation that—
 - (i) has never been let on a social rent basis, and
 - (ii) has been or is to be let on an affordable rent basis as permitted by [paragraph 3.4] of the Rent Policy Statement;
 - “CPI” means the general index of consumer prices (for all items) published by the Office for National Statistics or, if that index is not published for any month, any substituted index or index figures published by that Office; and where this Direction refers to CPI this is a reference to the percentage change in the CPI in the 12 months to the September falling in the preceding financial year;
 - “existing tenant” means, in relation to particular accommodation, a tenant that is not a new tenant;
 - “financial year” means a year beginning on 1 April;
 - “formula rent” means the amount calculated in accordance with the method set out in [paragraphs 2.9 to 2.13] of the Rent Policy Statement;
 - “new tenant” means, in relation to particular accommodation, a tenant who is granted a tenancy of that accommodation for the first time;
 - “registered provider” means a registered provider of social housing;
 - “regulator” means the regulator of social housing;

(a) 2008 c. 17. Section 197 was amended by Section 25(5)(a) to the Local Democracy, Economic Development and Construction Act 2009 (c. 20), Schedule 12 to the Local Audit and Accountability Act 2014 (c. 2), Schedules 17, 19 and 25 to the Localism Act 2011 (c. 20) and section 5(4) of the Social Housing (Regulation) Act 2023 (c. 36). There are other amendments but none is relevant.

“Rent Policy Statement” means the [Policy Statement on Rents for Social Housing issued by the Secretary of State for Housing, Communities and Local Government on [x date];

“rent standard” means a standard for registered providers requiring them to comply with specified rules about their levels of rent set under section 194(2A) of the Housing and Regeneration Act 2008;

“social rent housing” is low cost rental accommodation that is not affordable rent housing;

“supported housing” has the meaning in [paragraphs 2.37 and 2.38] of the Rent Policy Statement.

(2) Any expression which is used but not defined in this Direction has the same meaning as in the Housing and Regeneration Act 2008.

Direction to set a rent standard

3.—(1) The regulator must set a rent standard that applies from 1 April 2026 in relation to low cost rental accommodation that is not—

- (a) let to a high income social tenant, or
- (b) accommodation to which the Rent Policy Statement does not apply^(a).

(2) The rent standard must require registered providers to comply with the rules about their levels of rent set out in paragraphs 5 and 6 of this Direction.

(3) The regulator must have regard to the Rent Policy Statement when setting the rent standard.

(4) In this paragraph—

“high income social tenant” means the tenant of a household that had a total household income of £60,000 or more in the relevant tax year, where—

- (a) “total household income” means, in relation to accommodation—
 - (i) if there is one resident, the income of that resident,
 - (ii) if there are two residents, the sum of the residents’ incomes, and
 - (iii) if there are more than two residents, the sum of the two highest incomes of the residents;
- (b) “resident” means—
 - (i) any person who is the tenant or a joint tenant, and
 - (ii) any person who resides at the accommodation and is the spouse, civil partner or partner of the tenant or of a joint tenant;
- (c) “income” has the same meaning as “total income” as described in section 23 of the Income Tax Act 2007^(b);
- (d) “partner”, except in the expression “civil partner”, means a person who—
 - (i) is not married to, or a civil partner of, the tenant or a joint tenant, and
 - (ii) lives with the tenant or joint tenant in the accommodation as if they were married or in a civil partnership;
- (e) “relevant tax year” means the tax year ending on the 5th April which falls in the financial year prior to the financial year in which the rent is reviewed.

Exemptions from the rent standard

4. The regulator may, in relation to a private registered provider, grant an exemption from or vary a requirement of the rent standard if the regulator considers that complying with the requirement would jeopardise the financial viability of the provider.

(a) See [Chapter 5] of the Rent Policy Statement.

(b) 2007 c. 3. Section 23 has been amended by the Finance Act 2009, the Finance Act 2013, the Finance Act 2014 and the Finance (No. 2) Act 2023.

Social rent housing

5. – (1) The maximum weekly rent for a new tenant of social rent housing is the lower of—
- (a) formula rent with an upwards tolerance of—
 - (i) where the accommodation is supported housing, 10% of formula rent, or
 - (ii) where the accommodation is not supported housing, 5% of formula rent, and
 - (b) the rent cap for the accommodation calculated in accordance with [paragraphs 11 and 12] of Appendix A to the Rent Policy Statement.
- (2) The maximum amount by which the weekly rent of an existing tenant of social rent housing may be increased each year is—
- (a) where $R1 >$ the rent flexibility level—
$$R1 \times \text{CPI};$$
 - (b) where $R1 \leq$ the rent flexibility level—
$$(R1 \times (\text{CPI} + 1\%)).$$
- (3) In this paragraph—
- “R1” means the tenant’s weekly rent in the year preceding the one in which the rent increase will be applied;
- “rent flexibility level” means—
- (a) 105% of formula rent, or
 - (b) if the accommodation is supported housing, 110% of formula rent.

Affordable rent housing

- 6.—(1) The maximum gross rent for a new tenant of affordable rent housing is 80% of its market rent.
- (2) The maximum amount by which the weekly rent of an existing tenant of affordable rent housing may be increased each year is—
$$R1 \times (\text{CPI} + 1\%).$$
- (3) In this paragraph—
- “gross rent” means the rent inclusive of all service charges;
- “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;
- “R1” has the meaning given in paragraph 6(3).

Revocation and transitional provision

7. The Direction on the Rent Standard 2019 and the Direction on the Rent Standard 2023—
- (a) are to have no effect in relation to rents from 1 April 2026, and
 - (b) are revoked on 1 April 2026.

Signed by authority of the Secretary of State for Housing, Communities and Local Government

Name
Title

Date Ministry of Housing, Communities and Local Government