



Affordable Rent Setting Policy

Policy Number: P046

Revision/Version: 1.0

Person Responsible: Executive Director of Operations

Board Approval: December 2025

For Review: December 2026



Contents

1.	Purpose	3
2.	What matters	3
3.	Introduction	3
4.	Eligible rents.....	4
5.	Non-eligible rents.....	4
6.	The ‘living rent’ affordability test.....	5
7.	Value for money.....	6
8.	Linked policies.....	6
9.	Relevant legislation and regulation.....	6
10.	Equality and diversity.....	7
11.	Data protection.....	7
12.	Welsh language.....	7
13.	Complaints, disputes and concerns	7

1. Purpose

This policy sets out Beacon's approach to rent setting for all properties for the financial year 2026-2027. The purpose of the Policy is to ensure that in setting rents we:

- Provide clarity and direction on the approach taken to setting rents across homes in Beacon, including the approach to affordability testing.
- Ensure Beacon rents facilitate sustainable occupation contracts and are affordable to residents
- Enable Beacon Board to determine rent changes and Beacon officers to effectively administrate the charges.
- Ensure that rent levels facilitate the standard of service residents expect, maintain housing stock and remain financially viable, whilst demonstrating value for money.
- Enable Beacon to continue to build more homes and regenerate communities to meet housing need and alleviate homelessness.
- Comply with the Welsh Government's Rent and Service Charge Standard (for all eligible properties) and the Regulatory Framework.

2. What matters

- Residents want properties that are affordable, well maintained and effectively managed.
- A 'living rent' method is used to test the affordability of rents and charges.
- Rents are set at the lowest level possible without negatively impacting service quality.
- Effective communication supports the principles of transparency and accountability.
- Residents are engaged in conversations about rent setting and Beacon listens to understand what matters in all rent management matters.
- Changes are undertaken in accordance with the appropriate legislation, regulatory guidance.
- Processes are undertaken fairly and professionally.

3. Introduction

Beacon aims to provide high quality, secure and affordable homes to people for whom home ownership is out of reach or who are living in temporary, insecure, or unaffordable accommodation. Beacon's purpose is to create lasting change you can see, through affordable homes, sustainable neighbourhoods and vibrant town and city centres.

Beacon's primary source of income is from rents across all housing stock, and the primary areas of expenditure are the maintenance of properties, the salaries of employees and the cost of paying interest on borrowings.

Assumptions about annual rental increases are at the core of Beacon's short, medium and long-term financial business plans, providing an evidence base for investors decision making and viability for Welsh Government. Achieving overall rent increases supports the security value of Beacon's housing and as a not-for-profit business, is income that is reinvested in housing stock to ensure homes are safe, affordable and comfortable.

The overwhelming majority of property is within the general and elderly needs social housing portfolio, along with some intermediate rents, shared ownership, leasehold, extra care, highly adapted, former

sheltered housing, and specialist supported housing (managed by third sector organisations). Beacon also offers shorter-term properties through the Welsh Housing Partnership, providing homes at below market rents orientated at people in employment.

The total rent charged is made up of up to two elements: the core rent and the service charges. Service charges vary between those eligible to be covered by welfare benefits and ineligible charges that do not qualify for benefits. Service charges cover the costs of all services provided e.g. door entry systems, fire safety equipment, grounds maintenance and cleaning. Most service charges operate within a fixed model, with a much smaller number managed under a variable system. There is a separate Service Charge Policy.

Rents for neighbouring properties of the same size may have different rents because of several factors, including occupation date turnover, specific features and historic charging when rents have been converted.

Recommendations on rent changes are provided by officers to the Board for a decision.

4. Eligible rents

Beacon aims for all properties eligible under [Welsh Government's Rent and Service Charge Standard 2026-26](#) to be affordable using the 'living rent' formula. Rents are evaluated against living rent measures for affordability which determine how reasonable rents are for local citizens (see Section 6).

4.1 Swansea/Neath Port Talbot/Carmarthenshire/Bridgend

Beacon has historically monitored trends in rents across the private rented sector to understand where Beacon rents are in relation to these and set rents differentially across property types, localities, etc. An affordability test ('Living Rent') has been applied and rent changes are applied differentially according to the findings.

4.2 Rhondda Cynon Taf

Beacon has historically set rents for different property types at a flat level across different localities within RCT. An affordability test ('Living Rent') has been applied and rent changes are applied differentially according to the findings.

5. Non-eligible rents

5.1 Rents in Welsh Housing Partnership properties are managed within Welsh Government grant conditions and guidance on intermediate rents, which reference relationship to market rents.

5.2 Rents in other intermediate properties (e.g. S106) are intended to be set in alignment with Welsh Government guidance (published 2011 called '[Rent First](#)') that limits rents to 80% average private market rents and targeted at or below the appropriate Local Housing Allowance. However, LHA rates were frozen between 2016 and 2024, and re-frozen in 2025 distorting this landscape and more recently, rents in the private sector have not kept pace with increase in the National Minimum Wage. These factors make meeting the obligations of 2011 guidance problematic. Intermediate Market Rents are reviewed annually in line with other rent setting.

- 5.3 Rents in specialised supported housing (with managed agents), are increased by the preceding September Consumer Price Index (CPI), or the maximum permitted by Welsh Government for eligible properties.
- 5.4 All other specialist provision (e.g., extra care, former sheltered, highly adapted, etc.) where there are few comparisons in the private market, close attention is paid to resident feedback, demand and turnover to ensure affordability.
- 5.5 Rents in leasehold properties are changed in accordance with the terms of the lease.
- 5.6 Rents in shared ownership properties change by the Retail Price Index (RPI) in the preceding November or otherwise, in line with the terms of individual agreements.
- 5.7 Fair rented properties are subject to conditions within the Housing Act 1988 and rents for these properties are determined by the Rent Officer. The Rent Officer sets rents for secure residents every two years and is free to set what they consider a fair rent for the property taking account of rents set for comparable properties. Beacon ensures fair rents are re-registered in sufficient time to enable a new rent to be registered. Beacon will propose to the Rent Officer the equivalent rent for the property in Beacon. If the Rent Officer sets a fair rent higher than the Beacon rent, we will charge the Beacon rent. If the Rent Officer sets a fair rent lower than the Beacon rent, the fair rent will be charged. Any increase takes place from the "effective date", or as soon as possible after receiving the fair rent from the Rent Officer, subject to giving residents at least four weeks' notice.

6. The 'living rent' affordability test

The 'living rent' model is based on the work undertaken by the Joseph Rowntree Foundation, Cambridge Housing Society, and the University of Westminster. This has been considered further for the Welsh context by [Community Housing Cymru and Altair](#). Work remains ongoing in the Welsh sector to further refine the model for use by Welsh social housing providers.

6.1 Swansea/Neath Port Talbot/Carmarthenshire/Bridgend

The model assumes a living rent is affordable for a household with someone in full-time employment, working the average number of hours (including overtime) and earning around a minimum wage. The earnings data is taken from the Office of National Statistics on average local authority incomes (lower 25th percentile) is applied. The model estimates no more than 28% of net income (rent only) and 33% (if service charges apply) is spent on rents.

6.1 Rhondda Cynon Taf

The model assumes a living rent is affordable for a household with someone in full-time employment, working the average number of hours (including overtime) and earning around a minimum wage. The Government's National Minimum Wage (for those aged over 21) is applied. The model estimates no more than 28% of net income (rent only) and 33% (if service charges apply) is spent on rents.

7. Value for money

This policy provides the framework for setting individual rents which, when combined, provides an annual income sufficient to cover all of Beacon's costs. This includes:

- 7.1 *Housing Management* – The costs associated with providing a high standard of service to residents in relation to all aspects of their occupation contract including providing information, guidance, support, advice, administration, helping to resolve neighbour issues.
- 7.2 *Reactive Repair and Maintenance of Homes* – The costs of day-to-day repairs reported by residents and cyclical maintenance of home such as external painting and health and safety related surveys.
- 7.3 *Planned Maintenance and Improvements* – The cost of improving or replacing property components such as windows, doors, new heating systems, bathrooms and kitchens when they come to the end of their useful life. This also includes the cost of bringing all our homes up to and maintaining the Welsh Housing Quality Standard 2023 and meeting decarbonisation targets.
- 7.4 *Voids and Bad Debt* – The costs associated with properties when they become empty, including loss of rental income and when rent arrears cannot be recovered.
- 7.5 *Loan Charges and Insurances* – The cost of any loans taken out to fund Beacon's activities such as building new homes and regenerating communities where Beacon homes are located. Insurances costs related to the costs of insuring properties and buildings and other types of insurance that we need to have in place as an employer and responsible business.

8. Linked policies

- Service Charge Policy
- Rent Management Policy
- Lettings Policy
- Maintenance Policy

9. Relevant legislation and regulation

- Landlord and Tenant Act 1985
- Data Protection Act 2018
- General Data Protection Regulations
- Commonhold and Leasehold Reform Act 2002
- Housing (Wales) Act 2014
- Renting Home (Wales) Act 2016
- Regulation of Registered Social Landlords (Wales) Act 2018
- Renting Homes (Amendment) (Wales) Act 2021
- Leasehold and Freehold Reform Act 2024
- Welsh Government Rent and Service Charge Standard 2026 - 2036

10. Equality and diversity

Beacon has an Equality and Diversity Policy, which reflects not only the legal parameters of the Equality Act 2010 but also embraces the spirit of the Act in recognising the value of diversity in our communities. It reinforces Beacon's commitment to eradicating prejudice, discrimination, and victimisation in all forms.

Beacon values diversity and is committed to equal opportunities. We will ensure that this policy is operated fairly and will not discriminate against anyone on the grounds of age, disability, gender identity/reassignment, marital or civil partnership status, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.

11. Data protection

Beacon operates a Data Protection Policy which governs how the organisation manages the collection, retention, processing, management and disposal of individual's personal data and special category data. The policy is designed to incorporate all of the legal requirements contained in the General Data Protection Regulations (GDPR), the Data Protection Act 2018 and all guidance and best practice issued by the Information Commissioners Office. The Data Protection Policy will apply to all activities referred to in this policy.

12. Welsh language

Beacon acknowledges that members of the public can express their opinions and needs better in their chosen language. We aim to ensure that services are available through the medium of Welsh if requested, are of a high quality and provided in a timely manner.

13. Complaints, disputes and concerns

If citizens are concerned their rent has been changed unfairly, they may be able to appeal to the [Rent Assessment Committee](#). This only applies if the rent is changed in line with legislation, as opposed to contractually through the occupancy agreement – check the terms of the agreement. Appeals must be applied for before the date that the rent is due to change. The rent assessment committee can put rents up as well as down.

Complaints regarding any aspect of rents and rent setting can be made through the company's complaints process by contacting Beacon by telephone, email, live chat or by letter. A copy of the complaints leaflet can be found [here](#).