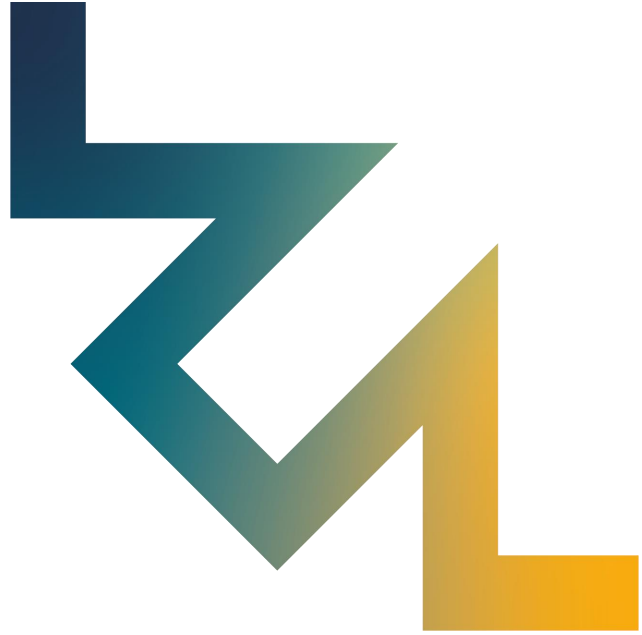




Affordable Rent Setting Policy

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Person Responsible: Executive Director of Operations

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1. Purpose

This policy establishes the framework through which Board receives assurance that rents are affordable, compliant with regulatory requirements, informed by resident feedback and supports the long-term sustainability of Beacon.

This policy sets out Beacon's approach to rent setting for all properties to ensure the following:

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

2. What matters

Resident engagement undertaken in 2026 identified five principles that should underpin Beacon's approach to rent setting:

- Affordability
- Fairness
- Transparency
- Effective communication
- Value for money

Beacon will have regard to these principles when setting rents and reviewing this policy.

Resident Assurance

Beacon will continue to engage residents on rent affordability, value for money and rent-setting priorities, and will communicate how resident feedback has influenced decision-making.

3. Introduction

Aligned to our vision of better places for people and the planet, we aim to provide safe, comfortable 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 to build more homes.

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 lenders 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, this 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 (which are designated as eligible under the Welsh Government's Rent and Service Charge Standard) along with some intermediate rents, shared ownership, leasehold, extra care, highly adapted, former sheltered housing, and specialist supported housing managed by third sector organisations (not eligible under the Welsh Government's Rent and Service Charge Standard). 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 rent and any 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 annually.

4. Eligible Rents

Beacon operates a single rent-setting framework across all local authority areas in which it owns and manages homes. Rents will be set in accordance with the Welsh Government Rent and Service Charge Standard and associated regulatory requirements. Affordability is the primary consideration when setting rents.

All rents eligible under the Welsh Government Rent and Service Charge Standard will be assessed annually using the Beacon Living Rent affordability methodology.

When setting rents, Beacon will have regard to:

- affordability; by property size and locality;
- property characteristics and amenities;
- local affordability evidence, location and housing market information;
- demand and turnover;
- development viability;
- investment requirements; and
- value for money.

Beacon may apply different rent levels to similar properties when supported by evidence of local affordability, property characteristics, housing market information, development viability or other relevant factors. Any variation will be evidence-based, proportionate, transparent and compliant with the Welsh Government Rent and Service Charge Standard.

Rental income is reinvested to maintain and improve homes, support communities and deliver new affordable housing. In doing so, Beacon will seek to balance affordability for current residents with the delivery of future affordable homes.

Beacon will review affordability, resident feedback and market evidence annually to inform rent-setting decisions and recommendations to Board

Board Assurance

Annual rent change proposals presented to Board will include evidence of compliance with the Welsh Government Rent and Service Charge Standard, the outcomes of affordability testing, consideration of resident feedback, and an assessment of the impact on residents, business plan viability, regulatory compliance and investment in existing and future homes.

Resident Assurance

Beacon will explain the factors that influence rent-setting decisions and will publish information on annual rent changes, affordability considerations and available support.

5. Non-Eligible Rents

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

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.

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.

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.

Rents in leasehold properties are changed in accordance with the terms of the lease.

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.

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. Beacon Living Rent Affordability Assessment

Beacon is committed to ensuring that rent remains affordable for current and future residents. All rents eligible under the Welsh Government Rent and Service Charge Standard will be assessed annually using the Beacon Living Rent Affordability Assessment.

The Beacon Living Rent Affordability Assessment uses local affordability evidence (at ONS Lower layer Super Output Area level) and recognised sector methodologies to assess whether rents are affordable for households within the communities Beacon serves. The assessment will consider both rent and, where applicable, eligible service charges.

Affordability assessment outcomes will inform annual rent change recommendations to Board and will be considered alongside regulatory requirements, resident feedback, business plan viability and investment needs.

Beacon will review its affordability methodology periodically to ensure it remains aligned with Welsh Government guidance, regulatory expectations and sector best practice.

Board Assurance

Annual rent-setting proposals will include the outcomes of affordability assessments, consideration of resident feedback, and confirmation of compliance with the Welsh Government Rent and Service Charge Standard

Resident Assurance

Beacon will communicate the role of affordability assessments in rent-setting decisions and will provide clear information on where residents can access further advice and support.

7. Value for Money

Beacon will seek to deliver value for money by balancing affordability with the resources required to:

- manage homes and provide services;
- deliver repairs, maintenance and compliance activities;
- invest in existing homes, including WHQS and decarbonisation requirements;
- minimise the impact of voids and arrears;
- meet financing and insurance obligations; and
- develop new affordable homes and sustainable communities.

Rent-setting decisions will be informed by affordability, resident engagement, service performance and investment needs to ensure residents receive quality homes and services that are value for money.

Board Assurance

Annual rent-setting proposals will include an assessment of affordability, value for money and the impact of proposed rents on service delivery, asset investment and business plan viability.

Resident Assurance

Beacon will communicate how rental income is used and will consider resident feedback on affordability, service quality and value for money when reviewing rents and investment priorities.

8. Overall Board Assurance

Board will review this policy annually alongside the proposed rent changes and will receive assurance regarding affordability, regulatory compliance, resident feedback, value for money and the impact on Beacon's business plan.

9. Linked Beacon Policies

- Service Charge Policy
- Rent Management Policy
- Lettings Policy
- Maintenance Policy
- Landlord health and safety policies

10. Relevant Legislation

- 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

11. 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.

12. 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.

13. 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.

14. Complaints, Disputes and Concerns

If residents 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](#).