

Affordability of Rents in Carmarthenshire

Housing Services Division
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1.0 Purpose of a Rent Assessment

Whilst the responsibility for setting rents resides with the Council, this is specified within boundaries laid out in the Welsh Government Rent and Service Charge Standard 2020-2025.

*“Affordability for tenants must take into account the whole cost of living in a property e.g., rent, service charges and energy costs of properties, and landlords will be expected to consider these costs when setting rents each year. **Affordability for tenants** is the key to this Rent and Service Charge Standard.”*

Carmarthenshire must provide housing that remains affordable for current and future tenants and is assessed for cost efficiency and value for money.

Conducting a full affordability rent assessment is seen as good working practice which is set out in the Rent Standards. This provides us with information to allow us to make informed decisions within our Rent Setting Policy.

2.0 Context

When determining the setting of rents and service charges, social landlords must make an assessment of cost efficiencies, value for money and affordability for tenants.

The maximum overall rent increase allowable in any one year is the September Consumer Price Index (CPI) +1%. This must not be regarded as an automatic uplift.

Individual tenants' rents can be reduced, frozen or rise by “up to an additional £2” per week on condition that the social landlords overall increase in rental income is no greater than CPI+1%.

Should CPI fall outside the range of “0% to 3%”, the responsibility will rest with the Welsh Ministers to determine the appropriate uplift to be applied for that year.

3.0 Rent levels and value for money

Rents charged by private landlords are significantly higher than Council rents. The table below shows the current weekly rent and the proposed average rent for 2025/26 compared with the current Local Housing Allowance (LHA) rates and with rents in the private rented sector.

Weekly rent levels and corresponding LHA rates No. of Bedrooms	CCC Current Weekly Rent 2024/2025	CCC Proposed Weekly Rent 2025/26 (2.7% increase)	CCC Proposed Weekly Rent 2025/26 (2.62% increase)	Weekly Local Housing Allowance (2024/25)	Weekly Private Market Rents - July 2024 based on 30 th percentile
Bedsit	£76.37	£78.43	£78.37	£92.05	£109
1 bed flat	£85.90	£88.22	£88.15	£92.05	£109
1	£94.97	£97.53	£97.46	£92.05	£109
2	£105.52	£108.37	£108.28	£112.50	£144
3	£116.06	£119.19	£119.10	£123.12	£172
4	£126.60	£130.02	£129.22	£149.59	£221

NB:

- Rents above are based on 52 weeks collection.
- All tenants will receive an increase of 2.62%. We currently have **905** tenants below target who will receive a progression of up to £1 giving an average increase of **2.7%**.
- We currently have **389** 1 bed bungalows/houses of which **8** are due to have progression.
- [Local Housing Allowance \(LHA\) rates](#) are used to calculate Housing Benefit for tenants renting from private landlords.
- We have the **second** lowest average weekly rent of **£105.77** out of 11 Local Authorities. <https://statswales.gov.wales/Catalogue/Housing/Social-Housing-Stock-and-Rents/averageweeklyrentsinstockatsocialrent-by-provider-accommodation>
- Our average weekly rent is **lower** than any neighbouring Housing Association.

4.0 The Joseph Rowntree Foundation (JRF) Living Rent Model

The JRF Living Rent model links rents directly to an index of earnings and uses a recognised equivalence scale to allow for household income and property size to produce a Living Rent.

The model states that a Living Rent should be affordable for a **household with someone in full-time employment, working the average number of hours worked per week (including overtime) and earning around the minimum wage.** This uses the lower quartile national earning figures.

However, this income needs to be adapted to reflect the differing composition of households in different-sized properties and the fact that household income for low-paid families with children is likely to be enhanced by benefits and tax credits.

The Living Rents are based on:

- Lower quartile localised earnings data from the Office for National Statistics' Annual Survey of Hours and Earnings (**ASHE**).
- The gross weekly figure below which **25% of the lowest earners resident in Carmarthen** earn in 2024 is **£383.80**.
- These earnings are then adjusted for property size, in accordance with the JRF model.
- The starting rent is then set at 28% of the adjusted earnings.

The following table shows how the rents calculated using the Living Rent model compare with the net rent for Carmarthenshire County Council properties from April 2024.

It indicates that overall Carmarthen rents fall **within an affordable level**.

Property Type	Carmarthenshire County Council Net Rent - per week 2024/25 (based on 52-week year)	Carmarthenshire County Council Net Rent - per week 2025/26 ^{2.62%} increase (based on 52-week year)	Living Rent - per week 2024/25	Difference in charge per week (Total & %)
Bedsit	£76.37	£78.37	£107.46	£31.09
				40.71%
1 Bed House / Bungalow	£94.97	£97.46	£107.46	£12.49
				13.16%
1 Bed Flat / Maisonette	£85.90	£88.15	£107.46	£21.56
				25.10%
2 Bed House / Bungalow	£105.52	£108.28	£139.70	£34.18
				32.39%
2 Bed Flat / Maisonette	£95.49	£97.99	£139.70	£44.21
				46.30%
3 Bed House / Bungalow	£116.06	£119.10	£171.94	£55.88
				48.15%
3 Bed Flat / Maisonette	£105.01	£107.76	£171.94	£66.93
				63.74%
4 Bed House / Bungalow	£126.60	£129.92	£204.18	£77.58
				61.28%
4 Bed Flat / Maisonette	£114.58	£117.58	£204.18	£89.60
				78.20%
5 Bed House / Bungalow	£137.18	£140.77	£236.42	£99.24
				72.34%

NB: rents above are for 52 weeks and *do not* include service charges to make them comparable with the living rent formula.

Living Rent model compare with the net rent for Carmarthenshire County Council properties from April 2024.

