

Social Housing Rents
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How to Implement Social Rent Convergence

Overview

The Land, Planning and Development Federation (LPDF) welcomes the opportunity to respond to the current consultation on the implementation of social rent convergence. This important discussion follows the 2024 consultation on the *Future Social Housing Rent Policy*, to which the LPDF submitted a formal response¹, and reflects the Government's continued commitment to strengthening the long-term foundations of the affordable housing sector.

We particularly welcome the 10-year rent settlement announced in the Spring Spending Review. The LPDF has consistently advocated for long-term clarity in rent policy, recognising that certainty and stability are essential for supporting the financial resilience of Registered Providers (RPs) and, in turn, enabling the delivery of much-needed social housing.

The move towards rent convergence is a necessary and timely next step. Addressing rent convergence is critical to providing the financial stability RPs require in order to borrow and invest in new homes. While LPDF members are not directly impacted by rent levels, we are increasingly seeing indirect consequences, particularly in the ability of our members to secure RP partners to deliver the affordable housing components of their developments.

Challenges facing RPs ultimately affect the broader delivery of housing and could significantly impact the Government's target of delivering 1.5 million new homes this Parliament. As such, we see social rent convergence not only as a housing policy issue but as a key enabler of housing delivery across the entire market.

About the LPDF

The LPDF seeks to represent the UK's leading land promoters, home builders and commercial developers.

¹ [Future Social Housing Rent Policy - LPDF December 2024.pdf](#)



LPDF members support the housebuilding and commercial development sectors by promoting sites through the planning system, providing “shovel-ready” land with a planning permission which can facilitate the delivery of infrastructure and serviced land parcels.

The LPDF seeks to actively engage with government on planning, housing and commercial development policy and to educate the wider public on the social, environmental and economic benefits of development through an evidenced-based approach.

The LPDF encourages its members to deliver well-designed, high-quality, sustainable places which deliver a mix of housing types and tenures, commercial spaces and community uses that have a positive social, environmental, and economic impact.

Our key values include:

- Working in a positive and cooperative way with central and local government and key stakeholders, to deliver a planning system capable of supplying the homes and employment space we need.
- Promoting research and an evidence-led approach to policy development.
- Increasing the supply of new homes to meet demand and make home ownership a realistic possibility for all those who aspire to it.
- Ensuring that we build the affordable homes of all types and tenures that this country so desperately needs.
- Delivering new employment space to meet demand from businesses and support economic growth.
- Championing the impact of increased housing delivery on reducing intergenerational unfairness.
- Creating well-designed, high-quality and sustainable places to live and work.
- Educating and informing about the social, environmental and economic benefits of development.
- Supporting diversity of delivery in the market and championing SME developers.
- Promoting diversity and inclusivity within the sector.

Questions

Question 1: At what level should Social Rent convergence be permitted?

- **£1 per week**
- **£2 per week**

The LPDF supports a convergence level of at least £2 per week. However, we also recognise and support the National Housing Federation’s (NHF) position that a convergence rate of £3 per week would be more appropriate and beneficial for the sector.

A higher weekly convergence rate would enable RPs to achieve rent alignment more quickly, enhancing their financial capacity and stability. This is essential to support their ability to borrow and invest in new affordable homes at the pace and scale that is required.



Given the Government's ambition both to increase overall housebuilding and to maximise S106 quotas, it is critical that RPs have the financial capacity to purchase the affordable homes delivered through these mechanisms. The current financial constraints on RPs risk undermining these objectives and slowing the delivery of affordable housing.

While this policy does not directly impact LPDF members, we are acutely aware of the indirect effects. Our members frequently report challenges in securing RP partners for the affordable housing elements of mixed-tenure developments. This can then influence whether the wider development can be delivered as the developers will be unable to fulfil their S106 requirements without an RP partner. A stronger, more financially resilient RP sector, supported by a faster rent convergence process, will play a vital role in addressing these challenges and ensuring that housing delivery across all tenures is not delayed or constrained.

For these reasons, we believe that a higher rate of convergence, such as £3 per week, would better support the Government's ambition to deliver 1.5 million new homes within this Parliament and should be given serious consideration.

Question 2: How would the benefits for the supply and quality of social and affordable housing differ depending on whether convergence was permitted at £1 or £2?

The LPDF believes that permitting social rent convergence at £2 per week, rather than £1, would lead to significantly greater benefits for the supply and quality of social and affordable housing.

Crucially, a higher weekly convergence rate accelerates the timeline over which RPs can align actual rents with formula rents. This quicker convergence enhances RPs' financial capacity and borrowing potential, enabling them to invest sooner and more confidently in both the development of new homes and the maintenance and improvement of existing stock. As noted above in response to Question 1, in this regard, the LPDF supports the NHF's view that a convergence level of £3 per week would maximise these benefits and provide greater long-term stability.

The scale of the issue also varies geographically. The gap between actual rent and formula rent is far more pronounced in some parts of the country than others. In many areas, even a £2 per week limit would still require the full 10-year settlement period to reach convergence. A £1 cap would extend this timeline significantly, delaying the point at which RPs can fully realise the financial benefits needed to deliver improved housing outcomes.

While the LPDF's members are not directly impacted by social rent levels, we recognise the indirect effects. Financially constrained RPs are less able to commit to new partnerships, affecting our members' ability to bring forward schemes with affordable housing components. In that sense, the pace of rent convergence is intrinsically linked to the delivery of housing targets across all tenures. For these reasons, the LPDF strongly supports a higher rate of permitted convergence as a means to unlock investment, increase supply, and enhance the quality of social and affordable housing.

Question 3: How would the impacts on households differ depending on whether convergence was permitted at £1 or £2?

The LPDF recognises the importance of balancing rent convergence with tenant affordability. While any increase must be approached carefully, we believe a £2 per week limit is reasonable and proportionate.

For those not in receipt of housing support, the difference between £1 and £2 per week is modest, especially when considered alongside the long-term benefits: better investment in existing homes, improved services, and increased delivery of affordable housing.



A slower convergence rate, such as £1 per week, would delay this investment and could extend convergence beyond the 10-year rent settlement period in areas with larger gaps between actual and formula rents. This would limit the ability of RPs to invest in quality and supply, ultimately impacting tenants.

The LPDF refers to research prepared by The Housing Forum² which looks at recent trends in social rents and affordability. This highlights that social rents increased much less than wages, inflation or private rents over the last ten years. This means that social rents fell, in real terms, by 13% over this ten-year period. Average rents in 2014 were £92.30 a week. If they had kept up with inflation, they would be £123.73, or if they'd kept up with earnings, they'd be £129.70. Instead, they're £109.44.

We therefore believe a £2 per week limit provides the right balance between short-term affordability and long-term benefit to residents.

Question 4: Should convergence be implemented from 1 April 2026 or from a later date, and what would be the implications of implementing it from a later date?

The LPDF supports the implementation of social rent convergence from 1 April 2026. We believe the sooner convergence begins, the sooner RPs will receive the additional funding necessary to improve financial stability and invest in new and existing homes.

Delaying implementation would postpone these benefits, requiring RPs to play “catch-up” later, which risks prolonging underinvestment in the sector. Early implementation not only accelerates rent alignment but also enhances the sector’s ability to contribute effectively to meeting the Government’s ambitious housing delivery targets.

A start date of 1 April 2026 offers the greatest opportunity to realise the positive impacts of rent convergence at the earliest possible stage.

Question 5: How long should convergence be in place for, and what would be the implications of different durations of convergence?

The LPDF believes that social rent convergence should be maintained for at least the duration of the current rent settlement period (10 years). This timeframe provides the necessary stability and predictability for RPs to plan and manage their finances effectively, supporting sustained investment in both new and existing affordable homes.

However, our preference is for rent convergence to remain a standing feature beyond this initial period. Maintaining convergence as an ongoing policy would ensure continued alignment of rents across the sector, helping to preserve financial resilience among RPs and avoid the re-emergence of significant rent disparities over time.

Conclusions

The LPDF welcomes the Government’s continued focus on supporting the long-term stability and financial resilience of the social housing sector. The 10-year rent settlement outlined in the Spring Spending Review is a critical step

² [Recent Trends in Social Rents and Affordability](#)



forward, providing the certainty that RPs need to plan, invest, and deliver. The move toward implementing rent convergence is a vital next phase in this strategy.

We believe that allowing convergence at a level of at least £2 per week, and ideally £3 per week as proposed by the NHF, will accelerate financial recovery in the sector following years of constrained rent levels. This will enable RPs to borrow with greater confidence, invest in improving the quality of existing homes, and deliver new affordable housing at the scale required to meet national need.

It is also important to recognise that the benefits of a strong and stable RP sector extend beyond affordable housing. The ability of our members to bring forward mixed-tenure developments depends heavily on RP partners being financially capable of taking on Section 106 units. The current financial pressures on RPs, driven in part by historic rent reductions and below-inflation increases, have reduced their capacity to participate in these schemes. If not addressed, this will constrain wider housing delivery and undermine the Government's broader ambition to deliver 1.5 million new homes this Parliament.

We therefore support the implementation of social rent convergence from 1 April 2026, for at least the full duration of the 10-year settlement, with a view to establishing it as a standing feature of future rent policy. This approach will ensure stability, promote investment, and deliver positive outcomes not just for tenants and RPs, but for the housing market as a whole.

