

CIH Cymru response to the Local Government and Housing Committee follow up inquiry into housing supply.



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Introduction

CIH Cymru welcomes the opportunity to respond to the committee's follow up inquiry into social housing supply in Wales. This follow up inquiry comes at a time when the housing crisis in Wales is continuing to deepen with the visible impacts being rising homelessness and increasing levels of unaffordability in the private rented sector. It is vital that we ensure that there is an adequate supply of social homes in Wales to not only tackle the housing crisis but to rebalance the market to ensure the people of Wales can access a safe, suitable and affordable home in a tenure of their choosing as part of a vision of an equitable Wales for this and future generations.

Work underway to meet the current 20,000 target and to ensure a pipeline post-2026

Whilst it is unlikely that the 20,000 target will be met in this Senedd term we would like to acknowledge the work our social housing providers have undertaken to deliver 13,399 additional affordable homes between April 2021 and March 2025¹. We are also encouraged by the fact that according to the latest Welsh government data release local authorities delivered 849 additional affordable homes in 2024-25.¹ Visible success of the partnership work being undertaken by the local authority development programme.

The additional homes developed this Senedd term have provided 13,399 households with a safe, secure and affordable home at a time when social housing providers are facing rising costs, ongoing delays to the planning system. high

¹ Affordable housing provision: April 2024 to March 2025. <https://www.gov.wales/affordable-housing-provision-april-2024-march-2025-html#:~:text=In%202024%20to%202025%2C%203%2C643,sector%20during%20this%20government%20term.>



inflation and constraints to the supply chains. Without the dedication of development teams across housing associations and local authorities these homes could not have been delivered. Yet despite this we also need to acknowledge that the 20,000 low carbon homes at social rent target is unlikely to be met by the end of this Senedd term.

Respondents to our series of Sector Snapshots have been clear that they are unsure or have no confidence that the 20,000 low carbon social homes target will be met with 83 per cent of respondents having this level of confidence in the target being met in our 2025 sector snapshot survey. When we consider the seniority of respondents 83 per cent of respondents in a senior level position did not have confidence the target would be met which is concerning considering the strategic oversight these housing professionals would have. The reasons given for this low level of confidence are a lack of funding, ongoing issues with the planning system, skills shortages a lack of land and the ongoing cost of ensuring existing homes are brought up to Welsh Housing Quality Standards².

We welcome the setting up of the affordable housing task force by Welsh government to look collectively at how delays in the planning system, land assembly and skills shortages in the construction sector can be overcome to increase the pace and scale of development. Whilst ensuring that we have an adequate pipeline of development to ensure we can develop the homes we need at pace and scale to end Wales's housing crisis.

Yet this work to ensure that we have a new pipeline of homes must be done alongside a new calculation of housing need in Wales to ensure that the number of planned homes will actually help meet the rising demand for a social or affordable home in Wales. The latest calculation of housing need was published in August 2020 and was based on 2018 household projections³. That assessment

² Sector Snapshot 2025: Survey of housing professionals in Wales. <https://www.cih.org/media/apsh1sir/cih-cymru-2025-sector-snapshot-english.pdf>

³ Estimates of housing need: 2019-based. <https://www.gov.wales/estimates-housing-need-2019-based>



estimated that between 6,200 and 8,300 additional homes would be required annually, and of those figures, between 3,100 and 4,500 would need to be affordable homes made up of intermediate rent and social renting⁴. Whilst we did deliver an additional 3,643 additional affordable housing units in 2024/25, we would question whether this is enough given that in the summer of 2024 there were 94,000 households waiting for a social home in Wales⁵. This is coupled with 13,287 households becoming homeless in 2024-25 and on March 31, 2025, there were 6,285 households living in temporary accommodation⁶. Some research has shown that based on the 2023-24 figures for affordable housing delivery it could take up to 35 years to provide a social home for everyone waiting for a home⁵.

Any calculation of housing need cannot just be about volume, we also need to establish the size and types of homes that need to be delivered to ensure everyone in Wales can access a safe, suitable and affordable home. When speaking to members we often hear that there is a significant shortage of one bed and larger four bed plus homes. We also need to consider how as a sector we meet the needs of households who need an adapted home. Concern has also been raised by our members that the calculation of unmet need is not accurate as the ongoing shortages of social housing may result in people not applying for a social home as they do not think they will be able to secure one. Audit Wales has also expressed concern that the definition of unmet need does not include those households looking for an alternative home as their current home is no longer suitable for their needs.

So, whilst we need to tackle the structural challenges to development from planning delays, the price of land, a lack of skills we also need to ensure that we are also building a sufficient number of homes of the right size and type to end the

⁴ Estimates of housing need: 2019-based. <https://www.gov.wales/estimates-housing-need-2019-based>

⁵ Waiting for a home. An update on social housing waitlists in Wales. <https://sheltercymru.org.uk/wp-content/uploads/2025/04/Waiting-For-a-Home-1.pdf>

⁶ Homelessness: April 2024 to March 2025. <https://www.gov.wales/homelessness-april-2024-march-2025-html>

housing crisis. We need the data to inform this which must come from a recalculation of housing need in Wales.



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Progress towards implementing the recommendations of the Affordable Housing Taskforce

CIH Cymru now sits on the Cabinet Secretary's sector-wide group looking at the implementation of the Affordable Housing Taskforce recommendations.

We also host the Welsh Government's Local Authority Development Programme which has seen local authority completions rise from around 200 per annum at the start of the project in 2019/20 to around 800 per annum in 2024/25. Many strands of that work in the LADP feed directly into the delivery of many of the recommendations outlined by the Taskforce.

We welcomed the taskforce recommendations at the time of the report, and there was nothing in those recommendations that we didn't recognise, support, and are actively working with colleagues and partners to implement.

However, whilst the initial aim of the taskforce was to identify some short-term blockages in reaching the Welsh Government's 20,000 social homes target, in many respects it merely confirmed that many of the barriers to developing social and affordable homes at the pace and scale we need in order to end our housing and homelessness emergency were, and remain, structural and systemic, and that we need a systems reset, accompanied with a significant increase in investment in terms of capital, skills and supply chains if we are to turn things around. This is a much longer-term approach that will take us into the next Senedd term.

That said, the implementation group has focused minds and moved some key short-term elements forward at perhaps a quicker pace than was previously the case.



For example, work is now underway between stakeholders in terms of pulling together a more uniform approach to S.106 through a template approach; the Homes and Places Portal has been developed further making it a more reliable single-source destination for data, agreement was reached to use Transitional Accommodation Capital Programme (TACP) funding to bring voids back into use; the Welsh Government's Empty Homes Guide book providing more guidance on how to use empty properties.

Longer-term projects and approaches continue to be developed and at the time of writing this paper, CIH Cymru awaits a decision by the Cabinet Secretary about whether to continue to fund the Local Authority Development Programme beyond March, 2026. Given the results that the programme has delivered (as outlined in the second paragraph of this section) we would urge her to approve the funding. We also await outcomes of decisions about whether to move forward with the Wales Development Academi Project which aims to support attempts to plug the skills gap in development teams, specifically in developing local authorities but also across RSLs as well.

The extent to which work to increase supply is being undermined by other policy goals

There are a couple of policy goals that are likely to or are currently impacting the work to increase the supply of social homes in Wales. Firstly, some respondents to our 2025⁷ sector snapshot survey outlined that the level of funding allocated to the Welsh Housing Quality Standard and developing new homes is insufficient summed up by this quote from one respondent:

Capital funding is insufficient to meet target, partly due to inflationary pressures in the house building sector but also insufficient to deliver our

⁷ Sector Snapshot 2025: Survey of housing professionals in Wales. <https://www.cih.org/media/apsh1sir/cih-cymru-2025-sector-snapshot-english.pdf>



reserve schemes for another three years due to programme being fully committed. The Council's own development programme is over-committed as it is, and the costs associated with WHQS23 will further stifle development potential."

Welsh government has allocated the housing sector with £96.9 million for decarbonisation in the 2026-27 draft budget⁸. Whilst this investment is welcomed we have outlined in our Housing Strategy for Wales that significantly more investment is needed to decarbonise our existing social homes. research undertaken by the New Economics Foundation outlined that the total investment needed to decarbonise our social housing stock in Wales would be £5.52 billion over 10 years with an estimated funding gap of £2.7 billion at the time the report was published in 2021⁹. Using the Bank of England's inflation calculator¹⁰ the total level of investment, from government and private finance, at today's prices needed to plug the funding gap would likely be closer to £3.28 billion over ten years or around £328 million per annum.

The New Economic Foundation report went on to outline that Welsh Government would need to invest £1.7 billion over that 10-year period, around £170 million per annum⁹. Using the same Bank of England inflation calculator¹¹, the investment from Welsh government would now need to be in the region of £2.1 billion over a ten-year period. Around £210 million per annum in today's prices.

We also need to ensure that our social housing providers in Wales are provided with the right level of investment to decarbonise our existing homes so that they do not have to make decisions around whether to develop more homes or to prioritise decarbonising existing homes. According to research by Savills housing

⁸ Draft Budget 2026 to 2027. <https://www.gov.wales/draft-budget-2026-2027>

⁹ Financing Wales' Housing Decarbonisation. <https://www.greenfinanceinstitute.com/wp-content/uploads/2024/06/Financing-Wales-Housing-Decarbonisation.pdf>

¹⁰ Inflation calculator. <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>

¹¹ Inflation calculator. <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>



providers in England are already making these decisions with 95 per cent of providers prioritising funding for existing homes over developing new homes¹².

Secondly in our oral evidence to the committee as part of the scrutiny of the Building Safety (Wales) Bill we outlined that the implementation of the provisions in the bill need to be planned out to ensure that the bill does not cause delays to developing the homes we need¹³. This was echoed by other participants in the scrutiny process who outlined that whilst the bill would not necessarily impact the supply of new homes it could slow down the pace of development due to a potentially longer pre-contract process¹⁴.

Other respondents outlined that the Bill could impact the level of supply in Wales. Either through landlords selling properties that would be costly to remediate, landlords choosing to leave the market due to the complexity of the regulations or reductions in operating margins impacting their ability to borrow private finance to help develop the homes we need. There were also concerns that implementing the bill could take the attention of senior staff members away from the strategic planning of delivering the new homes we need¹⁴.

Our evidence and evidence from other participants seem to suggest that to ensure that this much needed piece of legislation does not impact the ongoing supply of social homes we need to ensure we have the right size of workforce to implement the Bill. We will return to this later in our response.

Ultimately, we need to ensure that Welsh social housing providers have the right level of funding to meet all policy priorities if we are to develop the homes, we need to end Wales's housing emergency.

¹² The perfect storm. https://www.savills.co.uk/research_articles/229130/346705-0

¹³ <https://record.senedd.wales/Committee/15630#A99503>

¹⁴ Building Safety (Wales) Bill Stage 1 Report. <https://laiddocuments.senedd.wales/cr-ld17594-en.pdf>

How the Welsh Government is developing its strategic role in relation to land



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Whilst the affordable housing taskforce report does contain a recommendation for Welsh government to develop a pipeline of suitable available land with custodians of public land there is scope to go further. The independent review of affordable housing supply, published in 2019 and authored by Lynne Pamment, outlined that there is a need in Wales for the establishment of an arm's length body to act as a hub for public sector land management and professional services. The aim of the body being to provide the capacity and resources to accelerate the development of publicly owned land in Wales and help provide the skills¹⁵ needed to develop that land at the pace and scale needed to end our housing emergency.

The Plaid Cymru and Welsh Labour cooperation agreement also outlined that a national construction agency would be established to improve the supply of social and affordable homes¹⁶. Yet rather than establishing this arm's length agency Welsh government has set up the land division. Whilst the Land division has begun to deliver some parcels of land for development, we don't believe it has happened at the pace and scale envisaged by the Lynne Pamment review.

When speaking to our members it is clear that we need a mechanism/body in Wales to bring together, at a strategic level, all the component parts required to deliver new social and affordable housing at pace and scale. As developing homes is not just reliant on land availability it also depends on planning, finance, supply chains and having the right skills. An arm's length development corporation/agency will include managing the availability of land, enabling the use of vacant land, working to overcome constraints in the planning sector, help overcome skills gaps and establish an effective supply chain for Wales. Most importantly, is take the strategic role of land supply and development beyond the vagaries of political cycles, thus providing more certainty to social landlords and

¹⁵ Independent Review of Affordable Housing Supply. https://www.gov.wales/sites/default/files/publications/2019-04/independent-review-of-affordable-housing-supply-report_0.pdf

¹⁶ The Co-operation Agreement 2021. <https://www.gov.wales/sites/default/files/publications/2021-11/cooperation-agreement-2021.pdf>



developers alike. This is why an arm's length development corporation is a key strategic policy aim in our housing strategy for Wales¹⁷. It should also be key to Welsh government's strategic approach to freeing up land to develop the homes we need.

The availability of finance

Welsh government has over the last Senedd term provided record levels of investment to meet the target of delivering 20,000 homes at social rent by 2026. Yet despite this record level of investment Audit Wales in their report on affordable housing delivery outlined that an additional £580 million to £740 million could be needed in order to deliver all the homes currently in the pipeline and meet the 20,000 low carbon social homes target¹⁸.

Yet grants from Welsh government are not the only funding sources for social housing providers looking to develop homes. Research by Savills and CHC outlines that borrowing makes up 33 per cent of development funding and private capital markets makes up 16 per cent of development funding¹⁹. Yet these sources of funding are subject to shocks to the wider UK markets and changes to interest rates. Interest rates for social landlords have increased from 3.75 per cent in April 2022 to 5.5 per cent in June 2023. For local authorities, the rates rose from 2.5 per cent to 3.87 per cent over the same period²⁰. The inflation rate high of 11.5 per cent is also now baked into the UK economy²¹.

¹⁷ Wales Housing Strategy. <https://www.cih.org/media/udzfdit/0416-wales-housing-strategy-english-web.pdf>

¹⁸ Affordable housing. <https://www.audit.wales/sites/default/files/publications/Affordable%20housing%20-%20Eng.pdf>

¹⁹ Economic Impact of Welsh Housing Associations. https://chcymru.org.uk/cms-assets/documents/Socio-economic-impact-of-Welsh-Housing-Associations_Economic-impact_Dec25.pdf

²⁰ Affordable housing. <https://www.audit.wales/sites/default/files/publications/Affordable%20housing%20-%20Eng.pdf>

²¹ Annual Inflation rates

<https://www.ons.gov.uk/generator?uri=/economy/inflationandpriceindices/bulletins/consumerpriceinflation/june2025/d615b094&format=xls>



In addition, construction costs have risen by 33 per cent since the pandemic²² and the building cost information service (BICS) is predicting that building costs will increase by a further 15 per cent over the next five years²³. These cost pressures combined with new building standards have caused a 75 per cent increase, between 2020/21 and 2023/24, in the grant needed to develop a new general needs property.

If we are to develop the affordable homes we need, our social housing providers need a grant settlement that enables them to mitigate the ongoing cost of development and high interest rates which will impact their ability to borrow the private finance needed to develop social homes. Our social housing providers are committed to developing the homes we need but need an appropriate level of investment to achieve this.

We also need to look at other ways we can finance the development of the homes we need at pace and scale. Options such as the introduction of land value capture or a land value tax of some sort should be considered as a key part of a suite of financial products for further investment into developing the social homes, we need in Wales. Indeed, Land Value Capture and some form of Land Value Tax has been in the Welsh Government's line of sight for a number of years now. It's an option that was initially floated in the form of the proposed Vacant Land Tax from Welsh Government as one of the proposals for new taxes when tax raising powers were devolved to Wales by the 2014 and 2017 Government of Wales Acts. In fact, a Vacant Land Tax was championed by former Forst Minister Mark Drakeford, when Finance Minister in Carwyn Jones's administration. CIH Cymru would welcome a reevaluation of the introduction of such an approach to increase investment into social and affordable housing in Wales.

²² Welsh Housing Market and Supply Update November 2023. https://www.savills.co.uk/research_articles/229130/354555-0

²³ BCIS building forecast. <https://bcis.co.uk/news/bcis-construction-industry-forecast/>



We also need to consider the role the development bank of Wales can play in providing low-cost loans to the housing sector as an alternative borrowing stream to enable development at pace and scale. Consideration should also be given to how we can develop the social homes we need with minimal or no grant intervention.

One example of development of social homes without grant intervention is Tirion homes²⁴ which was set up in 2012 by Welsh Government and the Principality building society to deliver affordable housing across Wales using an innovative finance model that negated the need for grant funding. The sites currently under development are a mix of, market sale, low-cost home ownership, intermediate rent, market rent and social housing. The schemes developed by Tirion homes are low carbon, meet WHQS space standards and seek to promote community cohesion through a tenure blind approach to design and a focus on engagement²⁵.

. CIH Cymru believes that a step-change needs to take place in where housing is placed on the policy priority list in Wales. We believe the mechanism to achieve that is to incorporate the right to adequate housing into Welsh law, which CIH Cymru has been campaigning for along with partners Shelter Cymru and Tai Pawb. We believe it will drive the increased investment needed into the development of safe, sustainable and affordable housing, to end our housing and homelessness crisis. Moreover, it is an invest-to-save model to be progressively realised over a number of years. The campaign's independent cost benefit analysis from Alama Economics found that incorporation of the right, and the supply of an adequate homes for everyone in Wales that would be associated with it, would generate £2.30 in benefits for every £1 spent, derived from savings to the NHS, reduced homelessness together with improved wellbeing for those households moving out of homelessness²⁶. It will also make housing a foundational mission of

²⁴ Tirion Homes. A new way / a new home / a new life. <https://www.tirionhomes.co.uk/>

²⁵ <https://www.tirionhomes.co.uk/our-homes>

²⁶ The right to adequate housing in Wales: cost-benefit analysis. <https://www.cih.org/media/ggbbh1df/cba-alma-economicsback-the-bill-final-phase-2-report-eng.pdf>



government and provide the paradigm shift which would mandate housing to be a key lens through which public policy, legislation and public investment is crafted and delivered in Wales.

The right will also ensure that this generation and future generations can access a safe suitable and affordable home as part of delivering an equitable Wales now and in the future.

Issues relating to planning

We have in this section not considered workforce issues relating to the planning process as we have covered this in detail in the section on developing the workforce. Rather we have in this section considered other issues impacting the planning process in Wales.

Tyfu Tai Cymru in its research report on housing need and desirability outlined that stigma against social housing is often expressed through the planning process which can hinder the speed at which a development can be started or even halt a development from happening completely²⁷. We have also heard from members that planning committees have asked for alterations to schemes following community opposition to developments meaning the development does not fully meet its objectives.

One example of this is where a town centre general needs scheme was only granted planning permission once the scheme was amended to 50 plus only. At a time when we are hearing of a significant shortage of one bed general need properties we need to look at ways we can minimise and remove the impact of stigma towards social housing impacts the current planning process.

²⁷ Housing need and desirability. Ensuring that the social homes we build don't just meet housing need, but are desirable to tenants and the wider community. <https://www.cih.org/media/542debxr/0512-ttc-report-housing-need-and-desirability-eng-v3.pdf>



There is a need to ensure that we involve our communities in our plans for developing homes. As recommended in our Tyfu Tai research communities should be involved in calculations of housing need so that the right homes are built in the right place. We also need to look at ways we can eradicate stigma around social housing both existing homes and planned new homes²⁸.

CIH Cymru sees the right to adequate housing as the key part of changing the narrative around social housing stigma in Wales, helping to promote the positive impact of diverse communities. The right to adequate housing is not just about a right, it is about a wholesale approach to housing, including using it as a building block for improving society. The right will address discrimination and ensure equality. This will include positive measures to ensure access to housing and eliminate housing discrimination.

If we are working towards everyone in Wales having a safe, suitable and affordable home then this can only build equity across housing tenures. The right is the key mechanism to delivering an equitable Wales for this and future generations.

Progress on developing the workforce

Our series of sector snapshots has consistently found that the housing workforce in Wales is facing significant pressures from rising workloads, reducing resources and a shrinking workforce. In 2025²⁹, two thirds of respondents stated that their mental health and wellbeing was being negatively impacted by these pressures.

The RTPI's latest state of the sector report also outlined that the planning sector is also overstretched impacting the sector's ability to meet Welsh government's ambitious policy ambitions³⁰.

²⁸ Housing need and desirability. Ensuring that the social homes we build don't just meet housing need, but are desirable to tenants and the wider community. <https://www.cih.org/media/542debxr/0512-ttc-report-housing-need-and-desirability-eng-v3.pdf>

²⁹ Sector Snapshot 2025: Survey of housing professionals in Wales. <https://www.cih.org/media/apsh1sir/cih-cymru-2025-sector-snapshot-english.pdf>

³⁰ State of the profession 2025: Wales. <https://www.rtpi.org.uk/media/3k0lnpx5/wales-sotp.pdf>



As outlined in our housing strategy³¹ for Wales the construction industry is seen as a ageing workforce. The numbers of individuals over the age of 60 now being the largest age group³². This is coupled with concern from the wider sector that as people retire skills will be lost and there are not enough people joining the industry to replace those that are retiring. The skills gap is also significant with research by CITB outlining that 12,000 additional workers are needed across the housing sector in Wales. An 11 per cent increase³³.

This is now the third consultation we have responded to where we have highlighted the need for an adequately resourced workforce as being key to implementing Welsh government's legislative or policy ambitions. One respondent to our 2025 sector snapshot summarised the impact on the sector:

"The whole housing system is over pressurised and substantial additional funding would be required to address the pressures listed. Forcing additional pressures on the system and on local authorities ultimately, through regulatory and imminent legislative change will only make matters worse³⁴. "

Our members work in housing to make a difference to individuals and the communities they work in, but they need to have the right level of resource to do this to prevent further negative impact on their mental health and ultimately burn out.

³¹ Housing strategy for Wales. <https://www.cih.org/media/udzfdit/0416-wales-housing-strategy-english-web.pdf>

³² Impact of the ageing population on the construction industry. https://www.ciob.org/sites/default/files/CIOB%20research%20-%20The%20Impact%20of%20the%20Ageing%20Population%20on%20the%20Construction%20Industry_0.pdf

³³ Net zero report Wales. https://www.citb.co.uk/media/bdrbdimo/b06414_net_zero_report_wales_v7.pdf

³⁴ Sector Snapshot 2025: Survey of housing professionals in Wales. <https://www.cih.org/media/apsh1sir/cih-cymru-2025-sector-snapshot-english.pdf>



Welsh government is in the very early stages of developing a housing strategy for Wales. A key part of this strategy must be how we ensure we develop a professional, resilient and competent workforce. One where we have the right sized workforce across the whole housing sector so we can work together with Welsh government to meet their ambitions for housing in Wales.

As one respondent to our 2024 sector snapshot said:

“Housing is not an after-thought. This should be one of the top priorities in Wales and in the UK. With the right housing available, the need for social and health services may be lessened. Its time housing is put front and centre³⁵.”

This must include a strategy for our whole housing workforce, for those who develop our homes to those who help people manage their tenancies and everyone in between. Our people are our best resource it is time we invest in them to help deliver the social homes we need to end Wales’ housing emergency.

Conclusion

There has been significant progress made in unblocking the barriers to developing the social homes we need in Wales. Yet despite this there is more that can be done. We see the key mechanism to developing the homes we need at pace and scale in the next Senedd term in order to end Wales’ housing emergency being enshrining the right to adequate housing into Welsh legislation. This will then act as the mechanism for Welsh government to not only have a whole system strategic approach to housing in Wales but will ensure that they commit the maximum level of resources to realising this right. The right will also help develop diverse communities and secure the right level of investment into

³⁵ 2024 Sector Snapshot: Survey of housing professionals in Wales. <https://www.cih.org/media/zqpb5xmw/cih-cymru-sector-snapshot-2024.pdf>

our housing workforce to ensure that they are valued, professional resilient and competent. The right is the paradigm shift needed for the housing system in Wales ensuring that this and future generations can access a safe, suitable and affordable home as part of our wider vision of an equitable Wales.



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