

Jayne Bryant MS

Cabinet Secretary for Housing and Local Government

4 March 2026

Dear Jayne

Social housing supply: follow up inquiry

As you are aware, the Local Government and Housing Committee conducted an inquiry into social housing supply during 2024, publishing our report *Social Housing Supply* in November of that year. The report made 17 recommendations to the Welsh Government and all but three were accepted either in full or in principle. Whilst social housing was the main focus of our inquiry, we are also interested in affordable housing and this is reflected in that work.

The impact of the shortage of social housing on people and families remains a priority for the committee. As such we have undertaken a follow up inquiry to evaluate progress in implementing our recommendations and those of the Affordable Housing Taskforce. To inform our work we took evidence from key stakeholders on 21 January 2026 and 5 February 2026. Lee Waters MS excused himself from this inquiry due to his involvement in the Affordable Housing Taskforce.

Whilst we welcome that progress has been made, it is clear from our evidence that delivery of social housing remains in crisis. Witnesses told us that a good momentum has been achieved over the last year with the sector working collaboratively to reach the 20,000 homes target. However, we also heard that progress has been slow in implementing the Taskforce and Committee recommendations. As such, Members agreed that I should write to you to highlight the key issues that emerged from our evidence sessions and the written submissions we received. This letter outlines areas of concern and asks for clarification and/or further information on certain matters to which we would welcome a response.



In our evidence sessions, witnesses highlighted the need for stronger leadership from the Welsh Government to ensure the housing emergency is understood as a shared, cross-cutting priority. They highlighted the need for greater clarity on the Welsh Government's expectations across different policy areas, such as the environment, net zero, and health, and how they interact with/conflict each other. For example, we heard that Natural Resources Wales's phosphates and more recently, [marine nitrates guidance](#) have significantly stalled social and affordable housing developments already in the planning system; and the long term target to achieve EPC A across all social housing was also raised as a barrier.

Codi Group said the sector was looking for "a more strategic approach to delivery"¹ moving forward. The Chartered Institute of Housing (CIH) and Shelter Cymru told us that in their view recognising the right to adequate housing would be the most effective means of addressing and resolving the housing emergency, whilst the WLGA said:

"If we continue to dilute our delivery in terms of trying to meet other objectives, we are not going to hit the targets for new build that we need... So, I don't disagree with the ambitions of the policies, but what I'd like to see is a timeline in terms of delivery so that we can focus at this point on the emergency and the housing crisis...²"

We believe the Welsh Government needs to show stronger leadership and develop a comprehensive strategy across its departments to ensure the housing emergency is fully recognised and addressed. Clear and consistent communication is also needed to make social housing supply a top priority throughout all areas of government. We believe that bringing the right to adequate housing into Welsh law would help establish this as an essential priority across the whole of the Welsh Government.

We would welcome an update on how the Welsh Government is ensuring that people's housing needs are being met.

We would also be grateful for clarity about how the Welsh Government will ensure that social housing supply is recognised and acted on as a cross-cutting priority across all departments so that policies in areas such as health, education, the environment and decarbonisation are aligned with, rather than competing against, the urgent need to deliver more social and affordable homes.

¹ Local Government and Housing Committee, 21 January 2026 – [ROF](#), paragraph 176

² Local Government and Housing Committee, 21 January 2026 – [ROF](#), paragraph 186

Most witnesses felt the Welsh Government was making some progress in implementing the Affordable Homes Taskforce recommendations. Both CIH and Codi Group said the recommendations were an opportunity to address systemic challenges in supply moving into the next Senedd term. Community Housing Cymru said that *"moving from recommendation to delivery has proved complex"*³, noting the large number of recommendations (41) and suggesting the Welsh Government should prioritise these. Similarly, the WLGA emphasised the need to *"move from a taskforce recommendation phase to a monitoring and implementation phase as quickly as possible."*⁴

However, third sector organisations said it was difficult to see progress from the outside, highlighting a lack of transparency around the Taskforce's progress. Shelter Cymru stated that *"on some of the recommendations that we believe are being taken forward, there's not yet the kind of public transparency about where things are in progress with those."*⁵ Whilst the Bevan Foundation noted in their [written evidence](#) that *"the implementation group should publish a progress report before the end of the Senedd term."*

We welcome your [commitment](#)⁶ to provide a progress update following the next meeting of the Affordable Housing Taskforce Implementation Group and would be grateful to receive this as soon as possible, and before the end of this Senedd term.

We would be grateful for a comprehensive and detailed breakdown of each Taskforce recommendation, setting out where measurable and identifiable progress has been made, as well as areas where progress has been slower than anticipated or absent.

Given the lack of transparency highlighted by some witnesses around the Taskforce's work, we would also welcome details of how the Welsh Government plans to communicate with the sector going forward.

Looking beyond the 20,000 target

We are pleased with the progress made toward the 20,000 homes target, especially in the last year, and all witnesses expressed confidence that this goal will be met by the end of 2026. However, they also highlighted the importance of being more transparent about the barriers that have been overcome so far, to ensure a sustainable pipeline for the future. Shelter Cymru questioned whether this increase in delivery was as a result of *"potentially unsustainable level of resource having been put*

³ Community Housing Cymru, [written evidence](#), January 2026

⁴ Local Government and Housing Committee, 5 February 2026 – [ROF](#), paragraph 14

⁵ Local Government and Housing Committee, 21 January 2026 – [ROF](#), paragraph 22

⁶ Oral statement, More Homes, 3 February 2026 – [ROF](#), paragraph 172

*in that will not continue*⁷, or if it was due to removing systemic barriers that could ensure a sustainable pipeline of social and affordable homes in the future.

Although not part of our formal evidence gathering, we note the Audit Wales [article](#) from 18 February on meeting the social and affordable homes target. In their view, data published by the Welsh Government is unclear about the true number of homes that meet the full target definition of new build, low carbon, social homes for rent. We share this concern and call for greater transparency as to how the homes included in the figures are defined. Audit Wales also express concern about the sustainability of the housing pipeline beyond the 20,000 target for this Senedd term, highlighting data which shows that between the final year of the previous target and the first year of the current target period, the number of social and affordable homes delivered fell by 26 per cent. Given the evidence we heard from stakeholders, we are concerned that a similar pattern could emerge after the current target period.

We would be grateful for clarification on which systemic barriers have been identified and how these have been addressed (or how the Welsh Government plans to address them) to ensure a sustainable pipeline of social and affordable housing post-2026.

We would also welcome an explanation for the 26 per cent drop in delivery of social and affordable homes at the start of this term along with projections for any anticipated drop for the coming term.

Social housing stock – 20 per cent target

The Welsh Government previously accepted in principle our recommendation that social housing should make up at least 20 per cent of Wales's total housing stock, and this was welcomed by stakeholders. In your [response](#)⁸ you stated that an *"analysis to understand the steps needed to secure a higher percentage (of housing stock) and to inform timescales"* would be undertaken.

We would welcome further details on this analysis and the timescales you are working towards for its completion.

We note the [new estimates](#) of additional housing need in Wales that were published on 12 February 2026. These estimate newly arising need of between 7,800 and 9,300 additional homes per year between July 2025 and June 2030, with a central estimate of around 8,700. We note that approximately 35 per cent of this need is estimated to be for affordable housing. However, this 35 per cent does not include the estimated existing unmet need of 9,400 homes, all of which is assumed to be for affordable housing but is counted separately. This is a change to the previous methodology, which combined existing and newly arising housing need over a five-year period and as such concluded that a higher percentage of that need – 48 per cent – was for affordable housing. Our

⁷ Local Government and Housing Committee, 21 January 2026 – [ROF](#), paragraph 76

⁸ [Welsh Government response](#) to the Committee's report on Social Housing Supply, January 2025, page 6

previous inquiry also heard some concerns that the methodology undercounts true existing housing need.

In our view the estimates are underpinned by an imperfect methodology with a lack of focus on social housing need as opposed to affordable housing need. We would urge caution that these figures should not be taken as an indicator of how much additional social housing Wales needs as they exclude certain important aspects such as rough sleeping, hidden homelessness and people living in unsuitable accommodation.

We would like to understand how the Welsh Government intends to ensure that this revised lower percentage does not lead to any reduction in the percentage of social and affordable housing that local authorities aim to achieve via their Local Development Plans.

We would welcome a view from the Welsh Government on what the new estimates suggest about true social housing need.

We would also welcome a view on the practicality of adopting a fuller estimate of social housing need that takes into account categories such as rough sleeping, hidden homelessness and people living in unsuitable accommodation.

National Development Corporation

We heard continued calls in our evidence sessions for the establishment of an arm's-length National Development Corporation (NDC) to prioritise and give focus to the Welsh Government's social and affordable housing programme. This was a recommendation we made in our initial inquiry and many stakeholders expressed disappointment that it was rejected by the Welsh Government. The Chartered Institute of Housing told us that they believe a NDC was *"fundamental to taking our response to the housing emergency beyond the political cycles and beyond the political targets that we set ourselves."*⁹

We acknowledge the establishment of the WG's Place Division, as set out in your response to our report, which has brought together land and regeneration functions. However, we are concerned about whether it has the capacity and cross-government strategic focus required, particularly beyond short-term political and funding cycles, to effectively support local authorities and housing associations in delivering social and affordable housing at the scale and pace needed to meet demand.

We also note developments elsewhere in the UK - the new [five year strategic plan](#) of [Homes England](#) which includes a new National Housing Bank, and the recent [announcement](#) of a national housing agency for Scotland – both national delivery bodies with long term remits to accelerate the pace of house building and regeneration. Homes England's corporate plan includes specific support for SME

⁹ Local Government and Housing Committee, 21 January 2026 - [ROF](#), paragraph 18

housebuilders. SMEs are vitally important for delivering social and affordable housing, a point emphasised by Castell Group in our evidence session, *"the SME contractors are really the core, once you move past the land and the permission. Without SME contractors, you won't build to target, especially on value for money."*¹⁰ We therefore believe it essential that any Wales arm's-length body should include explicit mechanisms to support SMEs.

We reiterate our previous recommendation that the Welsh Government establish a National Development Corporation (or equivalent arm's-length body) to provide long-term strategic leadership and delivery capacity for social and affordable housing in Wales. We remain of the view that the absence of a dedicated national enabling body limits Wales's ability to respond effectively to the housing emergency.

We would like the Welsh Government to reconsider setting up a National Development Corporation. In the absence of such a body, we would like you to set out what mechanisms are in place to ensure long term continuity and strategic focus on social housing delivery that go beyond electoral cycles and short-term targets.

We would also welcome information on whether the Welsh Government has considered if any elements of Homes England, and the proposed national housing agency for Scotland, could be applied here in Wales, including consideration of a funding model similar to the Homes England National Housing Bank.

Development Bank of Wales

Both the Committee and the Taskforce called for the Development Bank of Wales (DBW) to play a bigger role in funding social and affordable housing developments. However, we were concerned to hear from Castell Group that the DBW considers some investments "too risky"¹¹ and it does not support social housing. We were pleased that the Welsh Government accepted in principle our recommendation that the DBW should become a direct funder of social and affordable housing developments. We note the restrictions outlined in your [response](#) on DBW's ability to directly fund social housing in Wales, and welcome the *"exploratory work"* being undertaken on the possibility of a greater role for the DBW *"in managing existing and potential future Registered Social Housing Development Loans."*¹²

¹⁰ Local Government and Housing Committee, 5 February – [R.O.P.](#), paragraph 50

¹¹ Local Government and Housing Committee, 5 February – [R.O.P.](#), paragraph 109

¹² [Welsh Government response](#) to the Committee's report on Social Housing Supply, January 2025 – page 8

We would welcome an update on this work and details on how you are engaging with the Development Bank of Wales to increase their role in supporting the social and affordable housing sector.

Land value capture

The Welsh Government previously accepted in principle our recommendation to explore how more land value could be captured for the public benefit. We understand that since then, the Welsh Government has mainly sought to improve land value capture by streamlining section 106 processes. While this is welcome, we believe the Welsh Government should be looking to innovate in this area by exploring other forms of land value capture, such as strategic acquisition of land in areas where values are expected to rise, for example due to public infrastructure investment. This could form another valuable source of income for investment in affordable housing, learning from examples in other European nations.

We would appreciate an update on the Welsh Government's exploration of the potential of land value capture including via land acquisition, taxation, and developer obligations.

We welcome the recent [announcement](#) by the Cabinet Secretary for Finance and Welsh Language that the Welsh Government and UK Government will be holding a joint consultation on devolving powers to introduce a Vacant Land Tax (VLT) to the Senedd. We believe this could have an impact on increasing the number of social and affordable homes, and we look forward to further details as soon as possible.

Housing Standards

We were disappointed that the Welsh Government rejected our recommendation to develop a separate quality standard for acquisitions of permanent social homes. Evidence to both our initial and follow up inquiries highlighted that, while high "gold standard" requirements for new build homes are appropriate to avoid the need for retrofit, achieving all aspects of the WHQS 23 for existing homes may be cost-prohibitive and a barrier to bringing social homes into use at pace.

Shelter Cymru, Codi Group and the WLGA all said it was important to understand tenants' needs and expectations and be pragmatic about what can be achieved in existing properties. The WLGA told us:

"I think it really would help to soften those targets a bit. For example, when you talk about acquisitions, there are a lot of properties that we simply wouldn't acquire because no amount of investment will let those reach the standard, and, surely, a home is a home. And when we're talking about slightly smaller rooms, is that really something that we should be focusing on?"¹³

¹³ Local Government and Housing Committee, 21 January 2026 – [ROP](#), paragraph 193

We also note the UK Climate Change Committee's concerns about the EPC A target within the WHQS, stating in 2023 that "*retrofitting houses to achieve an EPC 'A' rating is costly and unlikely to be a cost-optimal approach to decarbonising homes.*"¹⁴

The evidence we've heard re-affirms our view that the Welsh Government should develop a separate quality standard for the acquisition of permanent social homes in consultation with social tenants. This should be distinct from the requirements applied to new build social housing.

We would like the Welsh Government to reconsider its position and commit to developing a separate acquisitions standard, distinct from new-build requirements, and developed in consultation with social tenants. In the absence of a separate standard, we would be grateful for details of how you intend to address the barriers to acquisitions so that more existing homes can be brought into the social sector.

Impact of NRW marine nitrates guidance

Stakeholders raised significant concerns about Natural Resources Wales's (NRW) new guidance on managing marine nitrate pollution and its impact on the delivery of social and affordable housing in parts of Wales.

We were concerned to hear that the NRW requirements were introduced with immediate effect, with no lead in period, stalling developments already in the planning system. According to the WLGA the halt on development due to new advice on marine nitrates was "*extremely worrying.*"¹⁵

We were concerned to hear that 11,800 homes are stalled in the south west Wales region, of which 2,300 are social and affordable homes. It was also concerning to hear that this is having a direct impact on 10,000 jobs and that local businesses are struggling due to the disruption to their pipeline of work. Similarly, Community Housing Cymru told us that 2,000 social and affordable homes are on hold in west Wales with "*900 of those almost there, in terms of where they were in the pipeline.*"¹⁶ They raised concerns that:

*"this is the second time in five years, actually, we've been in this situation—in a situation where important environmental considerations and protections are falling the heaviest on the housing sector."*¹⁷

They welcomed the Marine Nitrates Development Taskforce set up by the Welsh Government last October with the aim of restarting development as quickly as possible. However, they stressed the

¹⁴ UK CCC Progress report: Reducing emissions in Wales, June 2023 – page 60

¹⁵ Local Government and Housing Committee, 21 January 2026 – ROP, paragraph 217

¹⁶ Local Government and Housing Committee, 21 January 2026 – ROP, paragraph 218

¹⁷ Local Government and Housing Committee, 21 January 2026 – ROP, paragraph 218

need for quicker action and suggested that a temporary exemption for affordable housing should be considered.

While the Welsh Government is still dealing with phosphates issues which began in January 2021, evidence we heard suggests that this experience did not lead to a more strategic approach to the issuing of marine nitrates guidance. However, Audit Wales has a different perspective, and in their [article](#), state they believe the Welsh Government was more prepared this time.

In our evidence session, witnesses told us that they believed early warnings or steps to mitigate the risks for social housing developments were lacking, leading to considerable disruption of the pipeline and threats to people's livelihoods.

We would be grateful for a detailed outline of the steps the Marine Nitrates Development Taskforce is taking to urgently restart stalled housing developments, particularly for social and affordable housing schemes already in the planning pipeline.

Planning

We heard that there has been some welcome progress on streamlining planning processes and prioritising applications for social and affordable housing. However, we also heard that planning matters continue to be complex, increasing risks for developers. We heard that 11 out of Wales's 25 Local Development Plans are either expired or not in place and that this is making it harder to identify suitable sites.

The Affordable Housing Taskforce made detailed recommendations to streamline and expedite planning processes, and we look forward to hearing an update on implementation of these.

Many witnesses welcomed that the Welsh Government has increased planning fees, but some were uncertain about the extent to which the increased income is being allocated to planning departments. We note the Welsh Government's response to the consultation on '[Promoting a resilient and high performing planning service](#)' (June 2025) which states that a decision has been made not to ring-fence at this time.

We would like to understand the Welsh Government's rationale for not ring-fencing the income from increased planning fees to local authority planning departments. We would also like to know what the Welsh Government's monitoring on planning fees is revealing in terms of local authorities' income generation and the extent to which income is being allocated to planning.

Section 106 renegotiations

The Welsh Government [previously](#) accepted our recommendation to explore how to ensure that section 106 policy compliance is fully reflected in land values. We believe there is still a need to strengthen the arm of local authorities to hold firm on viability, to send a clear message to developers

and the land market. We note the recent report by Edward Shepherd and Sahiti Bhalla of Cardiff University which called for increased clarity and transparency in the system, including clear and comprehensive national viability guidance to be published as a Technical Advice Note. The Welsh Government previously told this Committee that it would consider whether further guidance would be helpful following the completion of work undertaken by Planning Officers Society Wales.

We would be grateful for an update from the Welsh Government on this work and a view as to what more may be needed to support local authorities to hold firm on viability.

Rent levels and rent convergence

Social rent affordability, and the prospect of rent convergence, was raised by several witnesses in written and oral evidence. While neither the Committee's report nor the Taskforce recommendations addressed social rent policy in detail, we have previously¹⁸ called for greater multi-year certainty in relation to social rent policy. We consider this to be an important area, particularly as the consequences of unaffordable social rents are likely to fall back on local authorities through increased pressure on homelessness services and temporary accommodation. Witnesses broadly welcomed the Welsh Government's 10-year rent and service charge policy (2026–36), published in September 2025, particularly for the long-term certainty it provides to social landlords.

Evidence we heard highlighted the need to balance affordability for current and future tenants with the financial sustainability of social landlords and their capacity to deliver new homes. The Chartered Institute of Housing (CIH) emphasised the need to consider rent policy within the broader funding framework for social housing delivery, whilst the Bevan Foundation suggested that relying on social rent income to fund new social housing is increasingly impractical and called for a comprehensive review of the financing of social housing.

Community Housing Cymru and the Welsh Local Government Association highlighted significant variation in social rent levels across Wales and argued that convergence could improve fairness between tenants and generate additional income for reinvestment in new homes. However, the WLGA emphasised that any move towards convergence would need to be phased and gradual to avoid sudden rent increases and protect affordability.

We would welcome details of how the Welsh Government will ensure that its 10-year rent policy balances tenant affordability with the financial sustainability of social landlords; and an update on the Welsh Government's review of rent convergence including any associated timescales.

¹⁸ Local Government and Housing Committee Report: Social Housing Supply, November 2024 – Recommendation 8

The Committee's recommendation for a workforce development strategy to attract more people into the construction industry was rejected by the Welsh Government. However, it is clear from the evidence we received both in our initial and follow up inquiries that workforce capacity is one of the biggest challenges facing the sector.

Stakeholders from across the sector emphasised that workforce shortages are already constraining delivery. Castell Group described the lack of skilled labour as a "*fundamental requirement*"¹⁹ requiring investment, highlighting rising salary costs and stated there are more jobs than people to fill them.

We heard several examples of good practice. For example, CIH told us that they are working with the Welsh Government to scope a Wales Development Academy intended to address core development skills gaps within local authority development teams. RSLs described their own training pathways including initiatives that place greater emphasis on engaging tenants in training and employment opportunities within the sector. The WLGA highlighted the success of local government in "*growing our own talent*"²⁰ through apprenticeship schemes for high-skilled roles, such as architects. They told us that retention rates of 80 per cent had been achieved for participants completing these programmes. This suggests that such approaches can contribute to workforce stability as well as skills development.

While we recognise these examples of good practice, witnesses highlighted the need for national oversight and coordination to support sustainable construction apprenticeships and placements. We heard that training opportunities need to be better aligned with an overarching housing strategy to ensure enough skilled workers for current and future social and affordable housing needs. The Home Builders Federation reinforced this view stating that although there is much already happening, "*it's very fragmented.*"²¹ They suggested that a national strategy could add value by providing leadership, coherence and better alignment of existing activity and resources.

We remain concerned that while individual organisations are taking action, the absence of national oversight limits their ability to collectively address workforce shortages. In our view workforce planning cannot be considered in isolation - training and skills development need to be aligned with wider housing policies to ensure a sustainable pipeline of skilled workers capable of meeting both current and future demand for social and affordable housing delivery. We believe that stronger leadership and coordination from the Welsh Government are needed to maximise the impact of existing initiatives and match skills provision to housing delivery priorities.

¹⁹ Local Government and Housing Committee, 5 February 2026 – [R.O.P.](#), paragraph 146

²⁰ Local Government and Housing Committee, 21 January 2026 – [R.O.P.](#), paragraph 249

²¹ Local Government and Housing Committee, 5 February 2026 – [R.O.P.](#), paragraph 148

We would like the Welsh Government to reconsider our recommendation to develop a workforce development strategy for the construction sector.

We would also be grateful for a detailed update on any progress that has been made to date in growing the workforce across the built environment.

The Affordable Housing Taskforce made detailed recommendations on skills. This included addressing workforce shortages across the built environment by strengthening training pathways, scaling good practice, and ensuring coordinated action across the Welsh Government, RSLs and skills bodies to build a sustainable pipeline of qualified workers. **We look forward to hearing an update on implementation of these.**

I would be grateful for a response as soon as possible, and by **19 March 2026** at the latest to enable it to be considered by the Committee and shared with stakeholders before the end of the Senedd term.

Yours sincerely



John Griffiths MS
Chair, Local Government and Housing Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.