



Chartered
Institute of
Housing
Cymru

Wales Housing Strategy

2025 - 2030



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Foreword

The Senedd election in 2026 comes against the backdrop of a deepening housing emergency in Wales. The visible consequence of this is the rising levels of homelessness with one in every hundred households in Wales becoming homeless in 2023/24. There are also 6,495 households living in temporary accommodation including 1,698 households with children. The number of rough sleepers is remaining stubbornly high with 131 individuals sleeping on the streets in May 2025. The increasing levels of homelessness can be attributed to a chronic lack of affordable accommodation in Wales.

The housing sector is committed to developing the homes we need in order to end the housing emergency. Yet, increased borrowing costs and the ongoing impact of inflation is impacting the pace and scale of development. These financial headwinds are also impacting housing organisations’ ability to ensure our existing homes are retrofitted to meet WHQS as part of our collective journey to net zero. Housing organisations are committed to the joint ambitions of increasing the supply of affordable homes and retrofitting our existing homes but need the right level of funding in order to meet these ambitions.

We have spoken to our members, and they are clear about some of the practical ideas that, if adopted, can be transformative for the housing sector and help deliver a more equitable Wales, which we share in our manifesto. Our members are also clear that now is the time to make housing the priority. As one participant to our 2024 sector snapshot survey said:

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

Housing should be a foundation mission of government, and the starting point must be legislation for the right to adequate housing in Wales. The sixth Senedd showed party-wide support for this right, which will drive the paradigm shift we need in order to deliver a Wales where everyone can access a safe, suitable and affordable home. It is the right to adequate housing that will help end poverty and help to deliver an equitable Wales for this and future generations.

1. The right to adequate housing

There is a need for a fundamental reset of the housing system in Wales. Since 2006 an average of [2.3 per cent of total government spend](#) in Wales has been on housing. This is not reflective of the deepening housing emergency we are facing now and the level of investment that would be needed in order to effectively tackle it. We believe the starting point of ensuring housing is a foundational mission of government, coupled with the level of investment needed to ensure this is met, is legislating to incorporate the right to adequate housing into Welsh law.

The right has the support of the people of Wales with over [three-quarters of the population showing support for the right](#). Our housing sector also supports the right. More than two-thirds of housing association chief executives have now [signed the #BacktheBill pledge](#) to legislate for the right to adequate housing in Wales. The right has also garnered support in the Senedd, with representatives from several political parties speaking positively in the plenary debate on the right to adequate housing held on 8 January 2025.

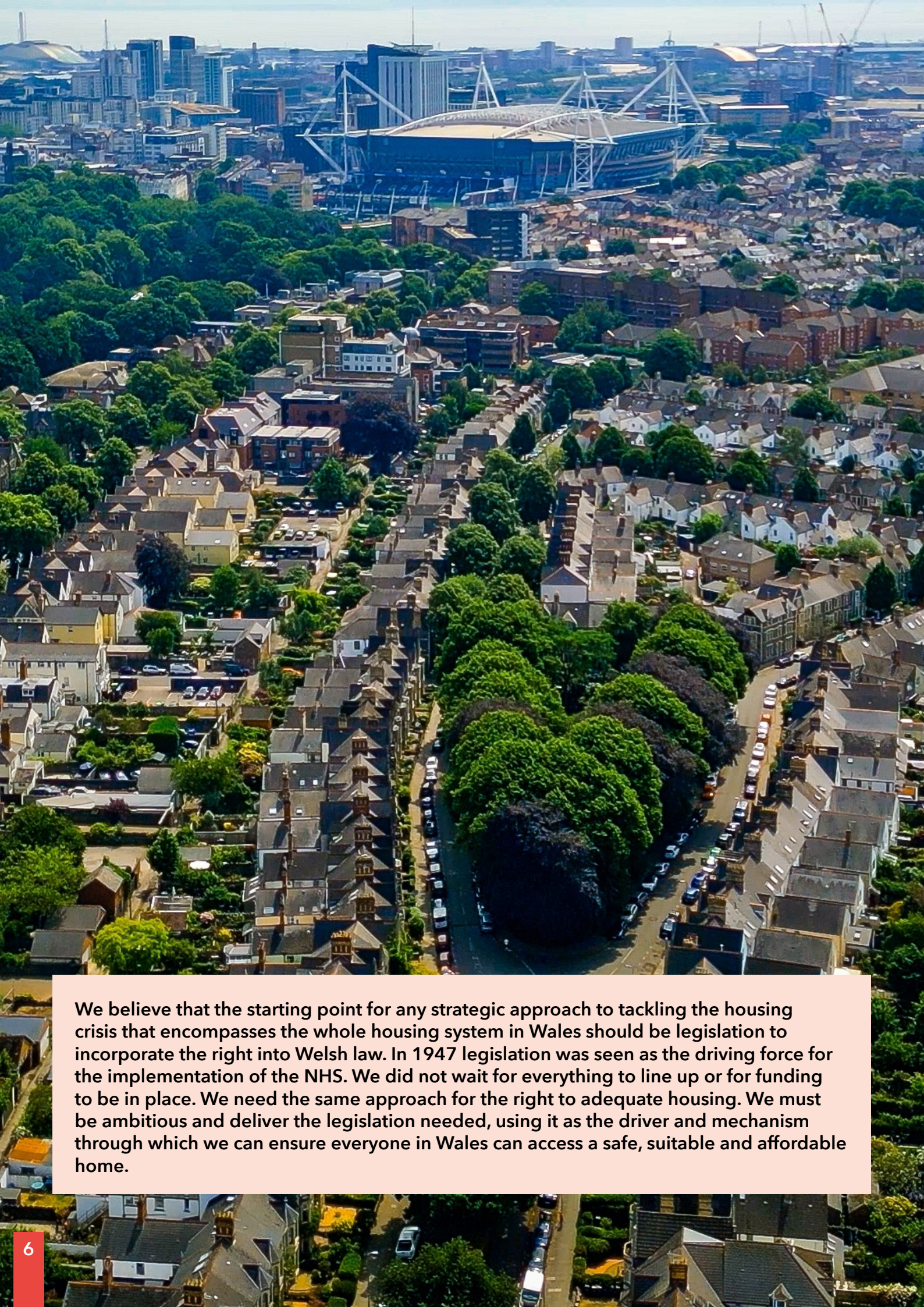
The right to adequate housing means that everyone has the right to live somewhere in security, peace and dignity. The right is part of the broader human right to an adequate standard of living through the United Nations International Covenant on Economic, Social and Cultural Rights. The right sets out seven factors that make up housing adequacy:

- Legal security of tenure
- Affordability
- Habitability
- Availability of services, materials, facilities and infrastructure
- Accessibility
- Location
- Cultural adequacy.

CIH Cymru believes that incorporation of the right to adequate housing is the starting point on the journey to ensuring the seven factors of housing adequacy can be met. This will then be followed by the progressive realisation of the right to adequate housing over time.

The right to adequate housing is about a system wide change to how we approach housing in Wales, using it as the foundation to provide an equitable Wales for this and future generations. [The #BacktheBill alternative white paper](#) outlined how the right to adequate housing could be introduced in Wales and what this would look like. In summary the right would:

- **Help boost housing supply:** The right will put a legal duty on government across political cycles to build more homes and do everything in its power to boost supply of the right homes in the right places.
- **Provide a cost benefit saving:** The right will realise [£11.5 billion in benefits](#) across the public purse and society, against estimated costs of £5 billion over a 30-year period.
- **Help address the effects of the climate crisis:** The right will enable the construction and retrofitting of homes to ensure our homes are climate resilient and reduce carbon emissions from the build environment.
- **Help end homelessness:** Experiences of homelessness should be rare, brief and unrepeated. The right provides opportunities to do this whilst supporting existing commitments around housing first and rapid rehousing.
- **Help promote an equitable Wales:** Progressive realisation of the right will ensure everyone, no matter their protected characteristic, can access a safe, suitable and affordable home in the right place, with the right support at the right time as we work towards a more equitable Wales for this and future generations.



We believe that the starting point for any strategic approach to tackling the housing crisis that encompasses the whole housing system in Wales should be legislation to incorporate the right into Welsh law. In 1947 legislation was seen as the driving force for the implementation of the NHS. We did not wait for everything to line up or for funding to be in place. We need the same approach for the right to adequate housing. We must be ambitious and deliver the legislation needed, using it as the driver and mechanism through which we can ensure everyone in Wales can access a safe, suitable and affordable home.

2. More social and affordable homes

Structural changes to housing in Wales

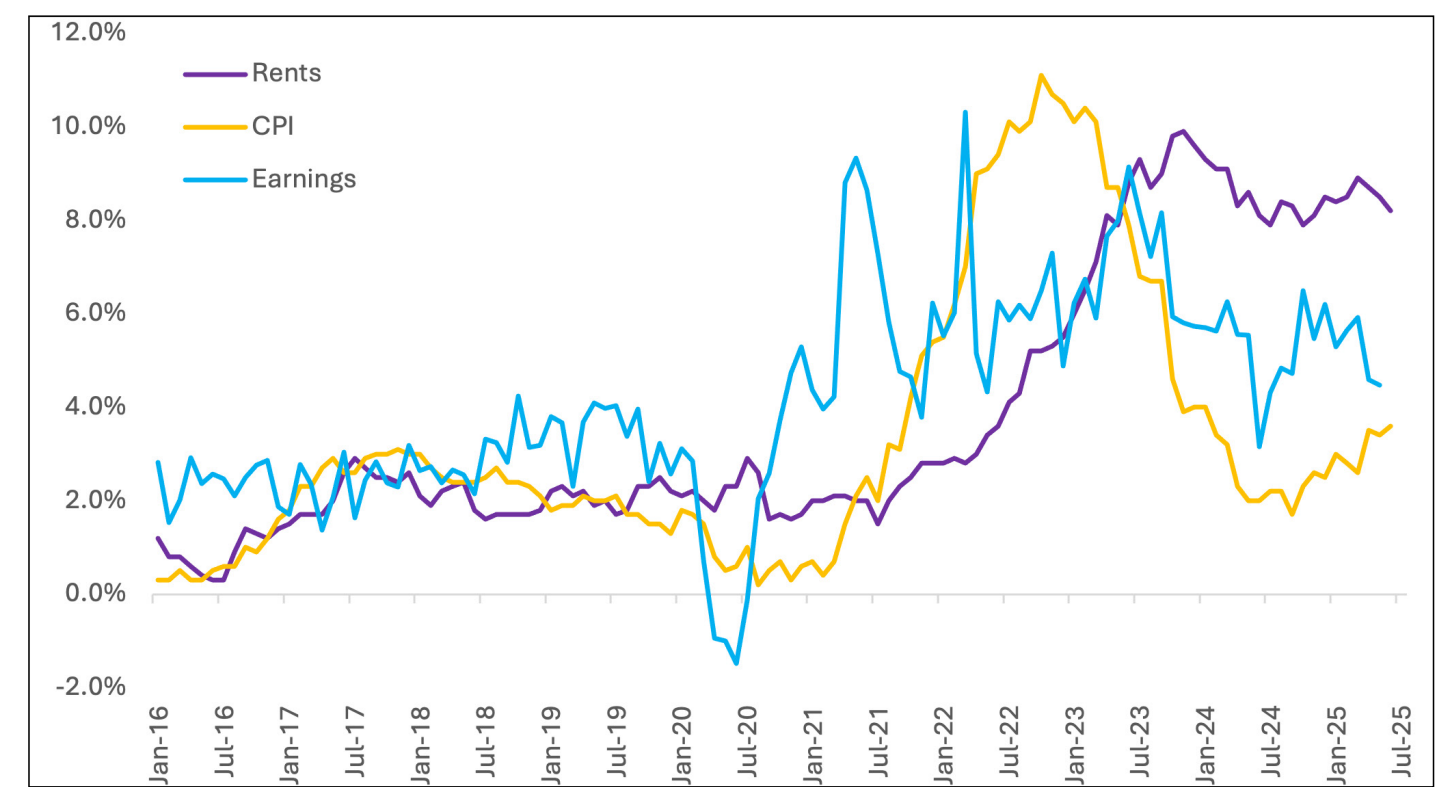
Wales is in the midst of a housing emergency evidenced by rising homelessness, increased use of temporary accommodation, a shortage of social housing coupled with growing levels of unaffordability of private renting and home ownership. In 2023/24 there were [13,539 households made homeless](#), equivalent to one in every 100 households in Wales. This is the highest level since the Housing (Wales) Act 2014 came into force in 2015. It began in 2015. In September 2024 there were [6,495 households placed in temporary accommodation](#) including 1,698 households with dependent children. The most recent waiting list data shows that [in Summer 2024](#) there were 94,000 households representing an estimated 170,000 people waiting for

a social home in Wales. This includes 34,000 children. Currently one in every 14 households in Wales is waiting for a social home.

At current delivery rates it would take more than 35 years to provide every household with the home they need, including at least 34,000 children. These rising levels of homelessness and high numbers of individuals waiting for a social home are a visible sign of a housing system in crisis.

The cost to rent a home privately has increased significantly since the end of the Covid-19 pandemic. [Rents in Wales have increased by 8.2 per cent between July 2024 and July 2025. This is higher than CPI in July 2026 which was 3.6 per cent.](#) This is illustrated in figure 1.

Figure 1: Welsh rental inflation compared to CPI and earnings

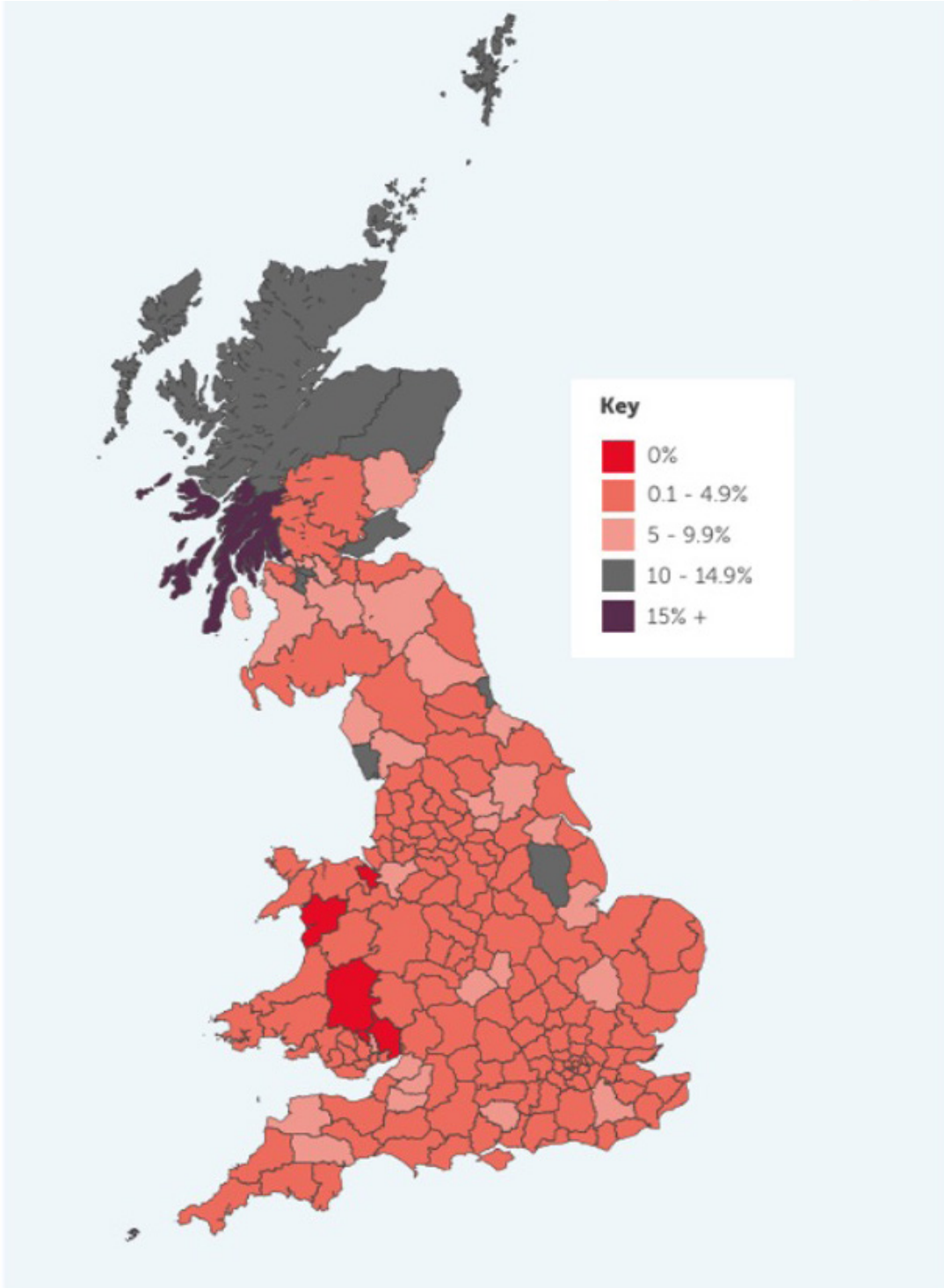


¹ Index of Private Housing Rental Prices, Great Britain: October to December 2015. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/octobertodecember2015>
<https://www.ons.gov.uk/ons/rel/hpi/index-of-private-housing-rental-prices/july-to-september-2015-results/rft-table-1.xls>
EARN01: Average weekly earnings. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/averageweeklyearningsearn01>
Consumer price inflation, UK: June 2025. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/june2025>

Access to the private rented market is especially difficult for individuals who are on low incomes and reliant on local housing allowance (LHA) to cover their rental costs. The LHA is once again subject to a freeze, impacting the ability for a household reliant on LHA to secure a private rental property they can afford. Research has shown that in [February 2023](#) there were just 32 properties in Wales fully covered by LHA. Of these,

just 12 were family-sized properties putting families at a disadvantage in their ability to secure an affordable private rented property. [Further research by Crisis published in April 2025](#) shows that based on the 2024 LHA rates, there are now local authority areas in Wales where there are no properties classed as affordable for a household in receipt of LHA. As shown in Figure 2:

Figure 2: Affordable 1-3 bed listings across Great Britain based on the LHA rate



High rents in the private rented sector, coupled with high interest rates, are also impacting the supply of private rented homes and the likelihood of first-time buyers being able to enter the home ownership market. The fourth annual tenant survey report published by [TPAS Cymru in December 2024](#) provides some insight into this. The survey found that 23 per cent of private renters are staying in private renting until they can afford to buy. Respondents outlined that affordability was a concern rents are too high to enable them to save for a deposit coupled with other cost of living factors impacting their ability to save. The following quote from the [2023 survey](#) sums up the issues:

"We have been saving to buy for several years but it feels like the goalposts always move and it's becoming harder for people in their 20s and early 30s to get on the property ladder. The major rise in interest rates has made us delay our plans to buy. We have had to significantly alter our plans and it's soul destroying because we have spent 13 years renting and desperately want our own home."

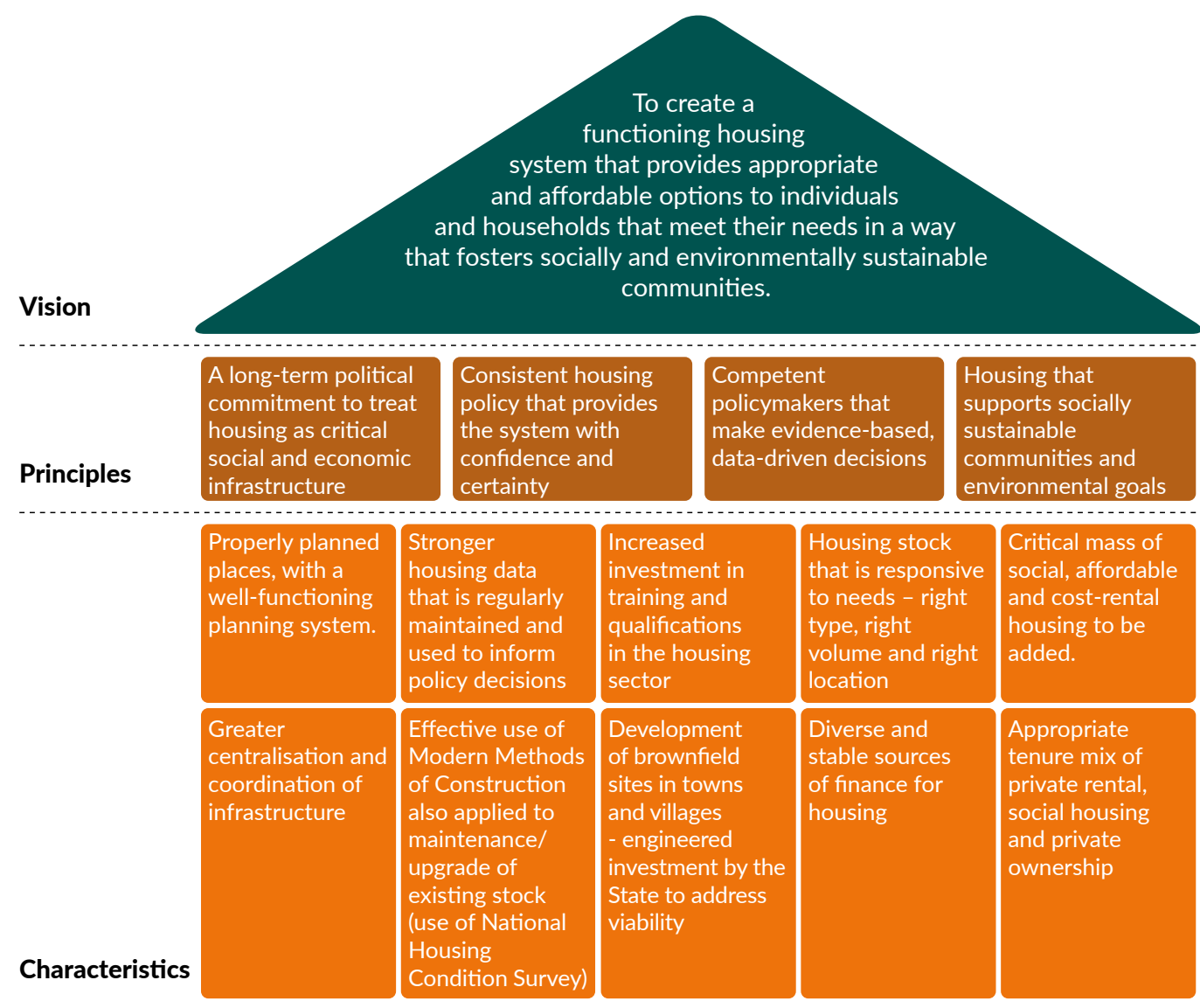
As people renting until they can afford to buy remain in their private rental properties for longer, it further reduces the supply which could further increase rents.

What is needed is essentially a reset of the housing market in Wales. One proposed approach outlined by the Senedd's local government and housing committee is to ensure that social housing in Wales makes up at least 20 per cent of the housing stock as a way to rebalance housing tenures across Wales. This will ensure that there are more housing options for households and help balance out prices within the private market.

The Housing Commission's report published by the Irish government outlined how a critical mass of social housing is key to a well-functioning housing system. This critical mass should be at least 20 per cent. As shown in Figure 3, this critical mass is linked to other key factors that make up a well-functioning housing system.

²<https://www.crisis.org.uk/media/mowld0pp/crisis-he-policy-report-now-i-have-my-flat-my-health-is-much-more-stable-april-2025.pdf>

Figure 3: A vision of a well-functioning housing system



³Report of The Housing Commission. <https://assets.gov.ie/294018/e1aae1ed-07c4-473d-811e-3426756321ee.pdf>

What is clear is that we need to increase the supply of affordable homes in Wales. Yet this will depend on tackling the barriers to increasing supply of social housing. We also need to maximise the existing opportunities to increase the supply of social homes in Wales.

Recalculate housing need

Welsh government has a target of 20,000 low carbon homes at social rent by 2026. Yet concerns have been raised as to whether this target will provide enough homes to help solve Wales’ housing emergency. The target was based on 2019 estimates of housing need, using 2018 household projections. These calculation showed that between [3,095 and 3,407 affordable homes should be built per annum](#) to meet existing housing need. So, the 20,000 target would more than meet the estimated housing need. Whilst we fully understand that the current target for social homes was set at the start of this Senedd term and reflected housing need at that time, we do need to recalculate the level of housing need in Wales to fully reflect the wider structural changes to the housing system.

The #BacktheBill campaign’s [cost benefit analysis of the right to adequate housing](#) carried out by Alma economics outlined that an additional 20,000 new social homes would need to be built, on top of the existing 20,000 target, if we were to meet housing adequacy for everyone in Wales. Since the Alma economics calculation of an additional 20,000 homes being needed, on top of the 20,000 Welsh government target, in order to meet housing adequacy the wider housing context has changed. Levels of homelessness are at the highest level since 2015 when the Housing (Wales) Act 2014 was enacted. Market housing is becoming increasingly unaffordable and [temporary accommodation use has seen a 189 per cent increase since 2020](#).

We need to recalculate housing need, ensuring that all forms of unmet need are included to ensure that we are building the right number of homes to end our housing emergency.

In addition, [Audit Wales in its report on affordable housing](#) outlined concerns that the calculations of unmet housing need had underestimated the actual level of unmet need in Wales. The report also raised concerns that the definition of ‘unmet need’ did not include those households waiting for alternative types of accommodation or those who are in unsuitable accommodation.

The Senedd’s local government and housing committee in outlining that social housing should make up 20 per cent of housing in Wales quantified this as an additional 60,000 social homes to rent in Wales. The committee also outlined that over the longer-term, social housing should make up to a third of total housing stock in Wales. Whilst these ambitious proposals should meet housing need in Wales there is still a need to recalculate the estimates of housing need in Wales to ensure that the aim of social homes making up 20 per cent of our total housing stock does also meet the estimated housing need.

The recalculations of housing need should also consider qualitative evidence as well as quantitative evidence. Our [Tyfu Tai research into housing need and desirability](#) included a recommendation that communities should be involved in the calculations of housing need to ensure that the right homes are built in the right place. We have heard from the sector that there is an acute shortage of one-bed homes and four-bed plus homes. By including qualitative data, we can ensure that we are not only developing the right number of homes but that they are of the right type, right size and in the right location for those households who currently have an unmet housing need.

Funding

Increased investment for developing social homes

Welsh government has over the last Senedd term provided record levels of investment in order to meet the target of delivering 20,000 homes at social rent by 2026. Yet by [March 2024 just 8,074 homes had been delivered](#), less than half of the 20,000 target, with two years left in the programme. [Audit Wales has estimated that an additional £580 million to £740 million](#) could be needed on top of existing budget assumptions to deliver all the homes currently in the development pipeline. Without this additional investment, just 15,860 to 16,670 homes could be delivered by March 2026, well short of the target at a time of rising homelessness and increasing unaffordability in the private sector.

The budget for 2025/26 has seen an increase of £81 million in capital investment for the development of social homes across the social housing grant and transitional accommodation capital programme. This additional investment is welcomed by the sector but falls short of the likely total investment needed as outlined in the Auditor General's report.

[The inflation high of 11.5 per cent](#) is now baked into the economy, and coupled with high interest rates this is impacting the number of homes the grants provided for development are actually delivering. Construction costs have increased by [33 per cent](#) since the pandemic and the [building cost information service \(BICS\)](#) is predicting that building costs will increase by a further 15 per cent over the next five years. [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 period. 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.

Our [2025 sector snapshot](#) showed that 83 per cent of respondents were not confident or unsure that the 20,000 homes target

would be met. The main reason for this was insufficient levels of funding, with 30 per cent of respondents citing this reason. Planning delays, the skills shortage and the time it takes to develop were also cited as reasons for the low level of confidence in the 20,000 homes target being met.

As previously outlined, the [#BacktheBill campaign's cost benefit analysis](#) carried out by Alma economics, said that an additional 20,000 homes on top of the existing 20,000 homes target would be needed to meet housing adequacy for everyone in Wales. The cost benefit analysis also set out that the average cost of a building a new house in Wales in 2022 is £200,000. Adjusting for inflation this cost would be £222,884. Assuming that the 20,000 homes target will be met, we have used this average cost to estimate the total social housing grant intervention (assuming a grant intervention rate of 58 per cent) needed to provide the additional 20,000 homes as £2.56 billion. This equates to at least £646 million per annum if we committed to this level of development over the next Senedd term or £256 million per annum for the next decade.

The total level of social housing grant provided this Senedd term is £1.7 billion, an average of £347 million per annum, 40 per cent lower than the £646 million we have calculated will be needed to meet housing adequacy in the next Senedd term.

Furthermore, the Senedd's Local Government and Housing Committee has stated we will need to develop 60,000 homes to rebalance housing tenure and affordability of our homes in Wales. Our level of investment into developing the homes we need is likely to be much higher.

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. Our social housing providers are committed to developing the homes we need but need an appropriate level of investment to achieve this.

Flexibility in grant programmes

Alongside increased investment in supply, there is a need for increased flexibility in the grant programmes provided to fund development. TACP is a welcome grant income stream that enables empty homes to be brought back into use. Yet this funding is allocated on a year-by-year basis and, as such, impacts the level of long-term planning that can be achieved for utilising TACP funds. Any grant provided for developments should also be given with a multi-year indication of funding levels to enable long-term planning of developments. This will ensure that social housing providers can develop a pipeline of costed projects as they seek to increase the number of affordable homes we have in Wales.

Provide a long-term rent settlement

[The current rent settlement](#) has provided a CPI, plus one per cent uplift in rents. Yet during the high levels of inflation the rent increase was capped at a below inflation increase to provide some protection to tenants at a time of increasing cost of living. Yet this below inflation price rise has impacted the levels of income social housing providers received, essentially imposing a real-terms cut on budgets. This will have impacted the sector's ability to invest in developing new homes and in the existing stock.

Any rent settlement should also include a convergence mechanism to enable providers to invest in new and existing homes with confidence, where income lost through the imposition of a rent cap could be recovered over multiple years upon inflation returning to normal levels.

The current view of the housing sector in Wales is that we implement a rent policy that is CPI plus one per cent for a period of five years, as Wales' financial sectors are intrinsically linked to England's where this policy is already in place. Yet we also need to use the next five years to undertake a wider piece of work to link the rent settlement to affordability for tenants and landlords.

We need a new rent settlement that balances affordability and transparency for tenants and supports social landlords to develop and maintain sustainable business plans. Long-term certainty about rent levels would enable social housing providers to develop more homes for social rent.

Land and planning reforms

The cost of land to develop

The cost of land has increased significantly, with some putting it at a [fivefold increase since 1995](#). This increased price of land makes building social homes more expensive. Though the increase in land prices may be the consequence of a lack of availability of land, simple market economics dictates that the more in-demand a product is, the more it costs.

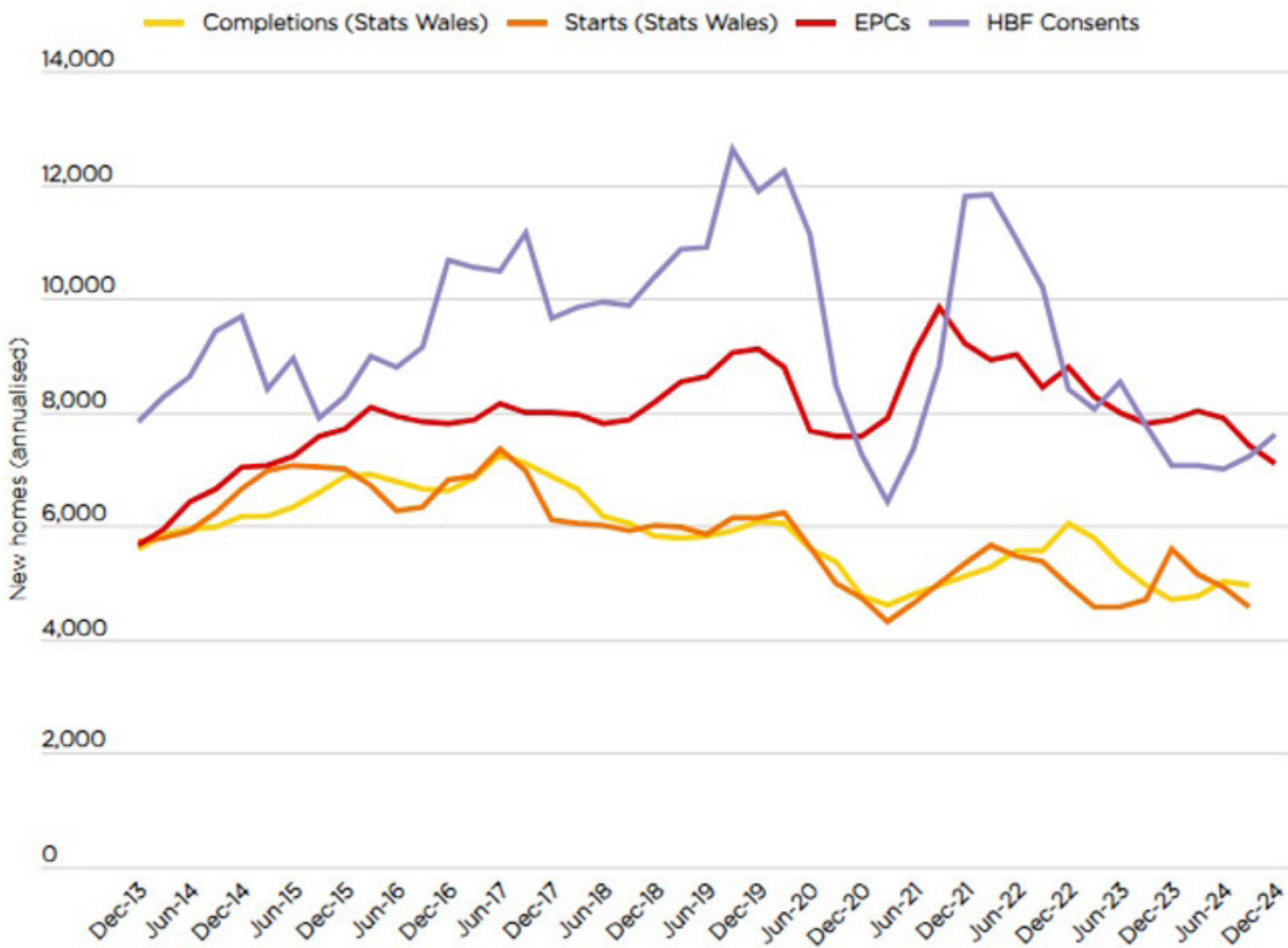
This increased cost of land not only affects financial viability assessments for registered social landlords, impacting the mix of homes or even if a development can take place, it also affects s.106 negotiations and the ability of local authorities to ensure that private developments also provide affordable housing. Without land being at a

price landlords can afford, we run the risk of developments of social homes slowing down or not even starting.

Increase the capacity of local planning authorities

The housing sector has repeatedly raised the issue of delays that exist in obtaining planning permission and the impact of delays on the number of homes that can be developed. [Research by Savills](#) shows that planning consents are at historic low levels, as seen in figure 4. Completions are at their lowest level since March 2015. With a 10 per cent decrease in completions between December 2023 and 2025. The number of starts is now below the level of completions. This means that there is a poor outlook for future delivery of the homes we need in Wales.

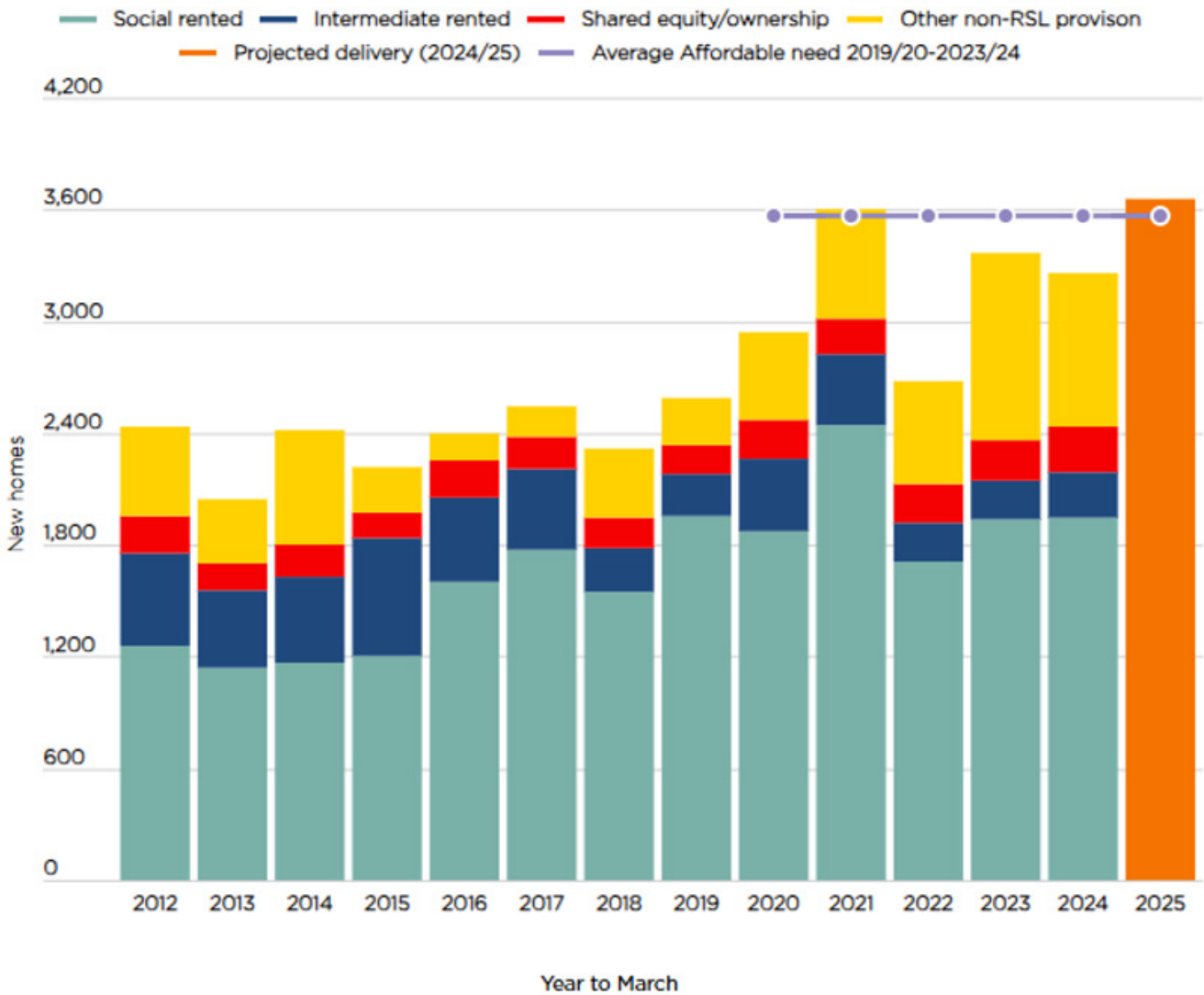
Figure 4: Consents vs building starts



⁴Welsh Housing Market and Supply Update – April 2025. https://www.savills.co.uk/research_articles/229130/374601-0

As shown in figure 5 affordable homes delivery has risen slightly. Yet as previous years have been below target the rate of delivery needs to increase further to ensure the 20,000 homes target is met by March 2026.

Figure 5: Affordable homes delivery



⁵Welsh housing market and supply update April 2025: https://www.savills.co.uk/research_articles/229130/374601-0

Reasons for the below target delivery of affordable homes shown in figure five include a lack of funding, increased cost of borrowing, coupled with constraints on the availability of land to develop. There is also a lack of capacity within planning departments which we are hearing from members is impacting the number of consents being given. This reduced level of consents is impacting the pace and scale of housing development across the housing market in Wales.

In Wales, net expenditure on planning has halved in real terms between 2008 and 2021. A survey undertaken by [the Royal](#)

[Town Planning Institute \(RTPI\)](#) showed that 25 per cent of planners have left the sector between 2013 and 2020. In addition, 82 per cent of local authority respondents had difficulties recruiting planners in the last two years. The key reason for this was not being able to offer a competitive salary, and young graduates preferring to work for the private sector where higher wages are offered. Workloads have also increased, with 60 per cent of respondents stating their workload had increased over the last two years. This increased workload was attributed to a lack of staff within the department.

Welsh government has announced a new town planning bursaries scheme via the pathways th planning programme in order to increase the pipeline of planners across Wales, with Welsh government meeting to costs for graduates to obtain a post-graduate planning qualification. A total of £9 million will be invested into planning services. It has not been announced how much will be provided for the new bursaries scheme. Whilst this new investment is welcome we need to ensure that the bursaries are funded to a level that will enable planning departments to be appropriately resourced to increase capacity resulting in increased consents for developing the homes we need in Wales. Reasons for the below target delivery of affordable homes include.

Furthermore, our own work with Welsh Government in relation to scoping a Wales Development Academi has identified a significant skills gap in local authority development teams which is substantially affecting the pace and scale of the development of social homes.

There is a need for additional monies for planning teams in Wales to recruit more planners, increasing the capacity of existing planning teams together with monies to assist in training future planners to further build resilience within local authority planning teams. This will help increase the number of consents for developments and start to rebuild the pipeline of development projects needed to plan for the homes we need to end the housing emergency.

An arm’s length development corporation/ agency

In 2019, the [independent review into affordable housing supply](#) recommended that the Welsh Government should establish an arms-length body to function as a hub for public sector land management and professional services. This body should work alongside national and local government to provide capacity and resources to accelerate development of public land assets and to support greater consistency and efficiency in manging those assets.

Despite this recommendation from the Affordable Housing Review, little progress has been made in establishing this arm’s length body, instead Welsh Government created the Land Division within Welsh Government. What is clear is 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. This will need to include managing the availability of land, enabling the use of vacant land, working to overcome constraints in the planning sector, and delivering an effective supply chain for Wales.

By ensuring one body/mechanism to work at overcoming the common barriers to development working in partnership with developers in the social and private sectors, it can act as the catalyst we need to increase the pace and scale of developing the much-needed additional homes we need in Wales.

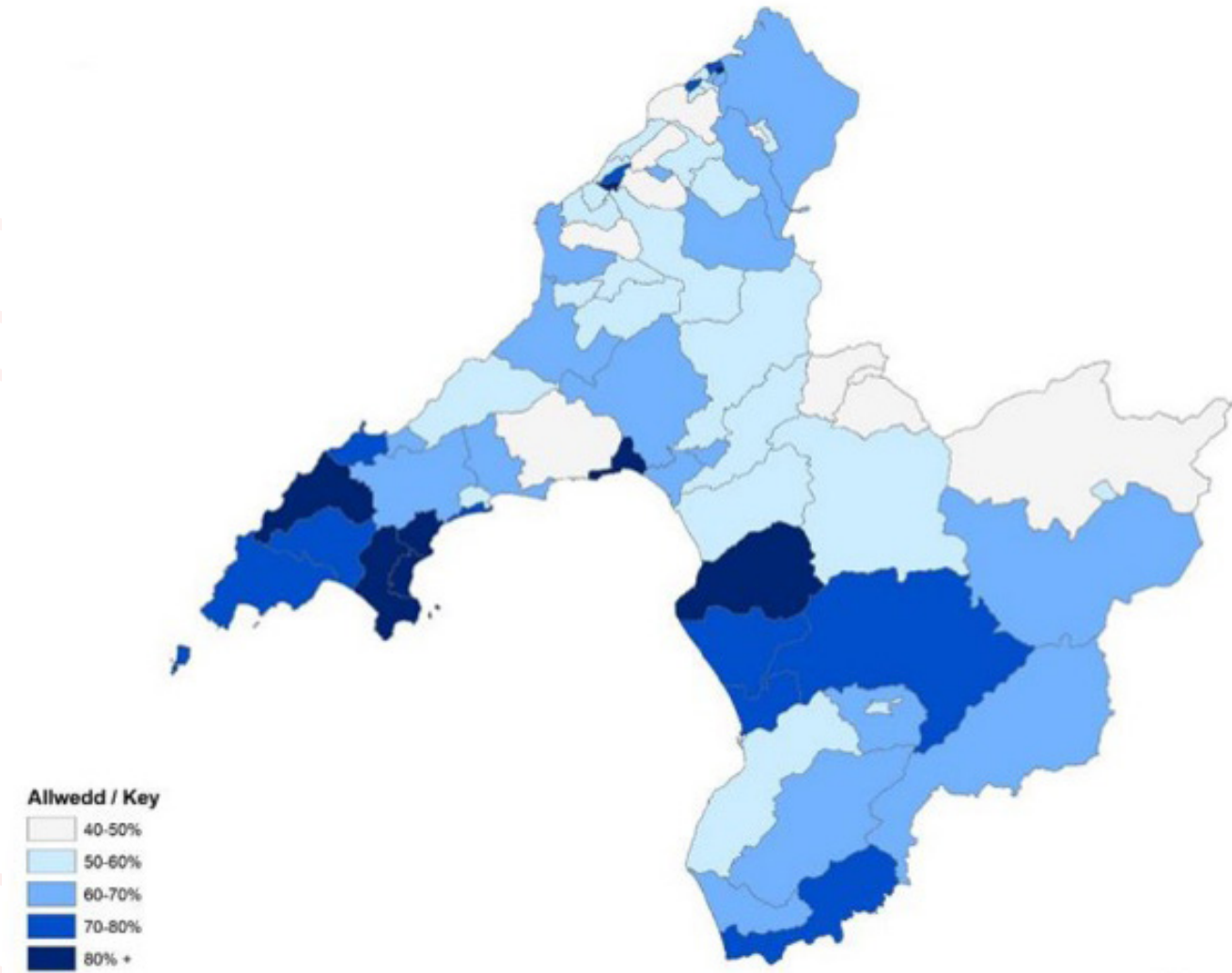
Addressing other factors undermining supply

Supply pressures from second homes

There are specific housing-related issues facing Welsh-speaking communities in Wales around affordability and second homes. The data from the 2021 Census puts second home use across Wales as 5.2 per cent. Ceredigion has the highest proportion of

second homes at 10.2 per cent and 45.3 per cent of the population speak Welsh. Gwynedd has the highest proportion of Welsh speakers at 64.4 per cent and second homes make up 7.5 per cent of homes in the county. If we just consider Gwynedd on average, 59.6 per cent of local people are currently priced out of the market. Yet as shown in Figure 6, in some areas of Gwynedd, over 80 per cent of local people are priced out of the housing market.

Figure 6: Proportion of households priced out of the housing market in Gwynedd



⁶Managing the use of dwellings as holiday homes December 2020. <https://democracy.gwynedd.llyw.cymru/documents/s27926/Appendix%202.pdf>

Some measures have already been introduced by Welsh government to tackle second home use. Local authorities have been given the power to introduce [discretionary council tax premiums](#) on second homes of up to 300 per cent. In addition, Gwynedd Council as part of the [Dwyfor pilot](#) can now require planning permission to be obtained before changing

the use of a residential home to a second home or holiday home. The latest [house price data](#) for Gwynedd shows that after a decrease in the house prices between August 2024 and March 2025, house prices have once again started to increase. Between May 2024 and May 2025 they have increased 7 per cent.

Replace with: As the data shows house prices are still increasing in rural Wales we need to look at a whole system approach to housing affordability in rural Wales. This includes developing affordable homes at pace and scale ensuring that social homes make up at least 20 per cent of the homes in rural Wales, as part of the wider minimum core targets. This will help rebalance tenure and will also form part of the solution to making homes in rural Wales affordable for local communities.

Addressing rising private rents

According to the latest data from the [ONS](#) rents in Wales have increased by 8.2 per cent between July 2024 and July 2025. This is higher than CPI in July 2025 which was 3.6 per cent. The supply of available rental listings in February 2025 was 31 per cent lower than the 2018-19 average, according to [Savills](#). Further rental growth is limited by affordability, so growth within the private rented market is likely to be moderate looking forward.

It has been suggested that to stabilise rents in the private rented market, there is a need for a rent cap. Yet [CIH research in Northern Ireland](#) established that around a third of private landlords would leave the market if rent controls were imposed. This would further reduce supply and could result in an unintended consequence of further price rises in the private rented market.

What is needed to address price rises in the private rented sector is to increase the supply of affordable homes. As previously outlined, the [2024 Housing Commission report](#) published by the Irish government outlined that a critical mass of social housing is a key part of a well-functioning housing system. The critical mass should be at least 20 per cent of the total housing stock which will help stabilise the prices seen within the private sector.

Right to adequate housing and affordable housing

Many of the barriers to developing the affordable homes we need can be addressed by having a radical whole housing strategic approach to housing supply. One where the overall aim is an appropriate tenure mix, coupled with ensuring the most vulnerable in society are assisted to access a safe, suitable and affordable home. This can be achieved by making housing a foundation mission of government by incorporating the right to adequate housing into Welsh legislation. We have outlined below some of the practical measures a right to adequate housing could introduce to help overcome those barriers to affordable housing supply:

- **Increased investment:** Progressive realisation of the right to adequate housing means the Welsh government would be required to commit the maximum available money for housing over a period of time. Accompanying this investment would be the requirement for a detailed strategy, which would outline key goals, and build in accountability frameworks to evaluate progress being made.
- **Lack of land to develop on:** Incorporation of the right to adequate housing would commit Welsh government to invest the maximum level of available resources into freeing land up for development and enable it to work with the public sector to free up land they own for development.

Ultimately, if we are to increase the supply of affordable homes in order to reset the tenure balance in Wales, we need to be ambitious and legislate for the right to adequate housing. The right will then be the driver and mechanism to increase investment, overcome barriers and ensure everyone in Wales can access a safe, secure and affordable home.

3. Improving our existing homes and tackling fuel poverty

Financing decarbonisation in the social housing sector

Wales has a legally binding target to meet [net zero by 2050](#). In addition, social housing providers as part of [Welsh Housing Quality Standards 2023](#) need to ensure existing homes meet EPC C by 31 March 2030. Social landlords are also required to develop a targeted energy pathway which will set the compliance date for bringing their existing homes up to EPC A.

Welsh government has provided [£95 million in the 2025/26](#) budget to decarbonise existing social homes. In the previous two years of the spending review period, £92 million was allocated per annum. Yet 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.

This research was published in 2021 and using the [Bank of England's inflation calculator](#) 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. So, there would need to be a significant increase in levels of investment from Welsh Government from current levels, in order to meet its share of the total investment needed.

The New Economic Foundation report outlined that Welsh Government would need to invest £1.7 billion over that 10-year period, around £170 million per annum. Using the same Bank of England inflation calculator, 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.

The percentage difference in the level of investment needed and the investment provide by Welsh government is 75 per cent.

As one respondent for our 2024 sector snapshot highlighted:

"Housing associations are stretched with decarbonisation and Welsh Housing Quality Standards 2023. Costs have increased significantly. There is a skills shortage due to a lack of historical investment in the workforce and a lack of funding to explore modern methods of construction."

We need to ensure that our social landlords have the right level of capital investment needed to guarantee that we can decarbonise our existing social homes.

Decarbonising the private sector

Decarbonising our social homes is only part of the solution in ensuring our existing homes can contribute to the net zero target. According to the [2025 UK Housing Review](#), social homes in Wales made up just 18 per cent of the total homes in Wales. Private rented homes accounted for 14 per cent of the total number of homes and owner occupiers 68 per cent. Our [Tyfu Tai](#) research on decarbonising the private rent sector outlined that 32 per cent of Welsh homes were built before 1919, with just 6 per cent of all homes built in the last 35 years. Homes in Wales have an average EPC of D and will require the highest investment to reach EPC C. The total level of investment to bring private rented homes up to EPC C by 2030 was estimated at £846 million.

The [New Economics Foundation](#) in its report on financing Wales' decarbonisation indicated the total level of investment needed to bring every home in Wales to EPC A by 2050 utilising the target for net zero. This found that using 2020 costs the total level of investment over thirty years would be

£55.96 billion. The level of investment would likely reduce to £36.17 billion over thirty years when planned renovation and improvement (RMI) costs were factored in. Accounting for inflation, the costs today would be £67.63 billion reducing to £43.9 billion over thirty years when factoring in RMI costs.

As echoed in the Senedd's climate change committee's report on [decarbonising the private sector](#) we do not expect Welsh government to meet the full cost of retrofitting private homes as we transition to net zero. Rather we need a range of financial options to enable property owners, which includes private landlords and owner occupiers, to meet the cost of retrofitting their homes. It is essential that we incentivise and support private landlords and owner occupiers to embark on the decarbonisation journey. Assisting them to move to green heating solutions will help drive the pace and scale of change we need in order to meet low carbon heating aims.

We need to develop a suite of financial options that owner occupiers and private landlords can access to enable them to decarbonise their homes as part of a tenure neutral whole system approach to decarbonising our existing homes.

Yet retrofitting our existing homes is only part of the solution. We also need to look at our current building regulations so that developments of new private homes mirror the decarbonisation requirements of social homes. If we can get improved investment for existing owner-occupied homes, our private sector landlords together with amending building standards for new private homes, it will help drive the market costs of decarbonisation solutions down. It is vital we see adequate levels of investment and financial incentives as part of the solution to ensure there are sufficient levels of skills in the housing sector to meet the ambitious targets for becoming a net zero carbon Wales.

Decarbonisation contributes to tackling fuel poverty

[WHQS 2023](#) frames improving the EPC of social homes to EPC A as ensuring tenants can access affordable warmth. Currently [in Wales up to 45 per cent of all households are in fuel poverty](#) with 8 per cent in severe fuel poverty. This does not consider recent price cap rises and Welsh government has not updated these figures since April 2022. In addition, [research from the Bevan Foundation](#) showed that 22 percent of households were going without heating in the three months to September 2024.

Any improvements made to our homes through decarbonisation and increasing the EPC rating of the property as a result will have a positive impact on the number of households in fuel poverty. The [average cost to heat a two bed home](#) that has an EPC D rating, the [current Welsh average](#), is £1313 a year. For an EPC C two bed home it is £1092 and for an EPC A two bed home it is £404. Improving the EPC rating of our homes would garner a significant saving for residents and will help lift people out of fuel poverty.

Addressing the skills gap

The [construction industry is seen as an ageing workforce](#), with the number of workers over 60 increasing more than any other age group. Yet there is also a reduction in the number of workers under the age of 30. There is concern within the housing sector that as people retire, skills will be lost with not enough people joining the industry to replace those that retire. The skills gap is also significant with research by [CITB](#) outlining that 12,000 additional workers are needed across the housing sector in Wales. This equates to an 11 per cent increase in the workforce needed primarily to deliver the improvements needed as part of the decarbonisation agenda. There is a need to increase the pace and scale of recruiting and training into the sector so we can ensure we have the skills required to meet the skills gap.

Yet the training sector is largely demanded. If we are to see a rapid increase in the need for low carbon skills, we need to create the demand for those skills. We need the construction industry and Welsh government to work together and for there to be a clear outline of future work. This will enable robust future planning for training requirements and the level of investment needed so we can plug the skills gap as part of decarbonising our homes.

There are examples of this happening in Wales already. [Adra in North Wales](#) has opened a decarbonisation hub at Penygroes in partnership with Travis Perkins, Grŵp Llandrillo Menai and Welcome Furniture. The hub is in a redeveloped empty factory unit and has brought skills and jobs to the area. The hub is a training facility to develop skills to install and maintain small solar photovoltaic, domestic heat pumps and solar thermal hot water systems. The hub has received £230,000 of funding from Welsh Government to support further growth.

By replicating this model across Wales, we can not only provide investment into local economies but work towards ensuring we have the right level of skills needed to ensure homes in Wales meet net zero across all tenures, at pace and scale.

We need the construction industry and Welsh government to work together and for there to be a clear outline of future work to enable robust future planning for training requirements and the level of investment needed so we can plug the skills gap as part of decarbonising our homes.

Developing local supply chains

Our [Tyfu Tai Cymru report on supply chains](#) highlighted that costs for materials have increased by 30-40 per cent. This will not only have an impact on developing new homes but will impact how many homes can be

retrofitted using the decarbonisation monies provided by Welsh Government. The Building Cost Information Service (BICS) is projecting that building costs will increase by 15 per cent over the next five years.

There is a need to look at ways we can build assurance into the cost of building materials. Part of this is to develop local supply chains. [Local supply chains](#) can enhance resilience to external disruptions, they also contribute to local economies and by sourcing locally we reduce the carbon emissions from travel. Local supply chains are also a key part of developing the circular economy in Wales, reducing waste and increasing efficiency. A local supply chain will help reinvest into Welsh communities, help mitigate the rising cost of materials and help reduce carbon emissions from transporting materials to site.

We need to develop local supply chains across Wales to embed circular economy principles as part of investment into our communities improving the economy and providing job opportunities for this and future generations.

Right to adequate housing and our existing homes

Research carried out by [Savills](#) in England showed that many social housing providers are having to make difficult choices between developing new homes and retrofitting existing homes. When the housing sector was surveyed, 95 per cent of respondents stated that investment into existing homes and communities was more important than the development of new homes. The right to adequate housing can provide the whole housing system approach that will ensure that adequate funding is allocated to developing homes and retrofitting our existing homes. The right would be the underpinning driver that will ensure government provides the maximum available resources to both policy areas so we can ensure that everyone in Wales can access a safe, suitable and affordable home.

The right to adequate housing can also help provide a solution and be the mechanism for overcoming some of the other barriers to retrofitting our homes in the following ways:

- **Wider skills shortage:** Incorporation of the right to adequate housing will require Welsh government to invest in skills across the whole housing sector. This will help meet our net zero ambitions by providing the right levels of skills needed to retrofit our homes.
- **Ongoing supply chain issues:** Incorporation of the right will provide the mechanism through which we can prioritise our local supply chains.

The right to adequate housing will help deliver the requisite funding, long-term planning and prioritisation needed to ensure all homes in Wales are safe, suitable and affordable.



4. Address stigma associated with social housing and promote the positive impact of diverse communities

Many people living in social housing experience stigma because of where they live. The causes of this stigma are varied. They include how the media represents those living in social housing which can create and reinforce unfair stereotypes. [A report published by CIH Cymru](#) outlined that whilst there is significant public recognition of the need for social housing, there are also negative perceptions around social housing. Social housing is generally not seen as desirable, with 43 per cent of research participants stating they would not want to live in social housing, compared to 63 per cent who stated home ownership should be aspired to.

The survey that informed the research also asked people about who they thought currently resided in social housing. The general perception was that social housing occupancy was concentrated among those on low incomes, single mothers and asylum seekers. Yet those individuals currently living in social housing were more likely to think that working families, retired individuals, and young professionals resided in social housing..

This stigma towards social housing often extends into the planning process. We have heard our members that there is often opposition to them building new social housing in an established community. There have also been examples of a scheme of one-bed properties in a town centre for all ages being amended at the planning consent stage to 50 plus following pressure from the community. This comes at a time where there is an acute shortage of one-bed properties at social rent.

[Tyfu Tai's report on housing need and desirability](#) recommended the following actions to help eradicate stigma around existing and proposed social housing developments:

- Registered social landlords and local authorities should work collaboratively to raise awareness of different housing tenures and their role in our housing market
- A myth-busting education programme is needed which focuses on "who" in the community could be in housing need and the importance of social housing provision to form part of a national campaign to end the stigma around social housing
- Ensure consistent language is used around social housing when interacting with communities where new social homes are to be developed.
- Utilise different communication methods as part of a jargon busting process around the language used when looking at developing new homes.
- Develop a commonly used terminology guide as part of standardising the language used around social homes.
- Improve the community understanding of what social housing is and the positive impact it can have as part of building communities.

We would also like to see greater visibility of social housing and social housing providers as a key component of economic recovery in Wales and how it features as a key part of Wales' circular economy approach. We should be celebrating social housing and the benefits it brings to individuals, their families and the wider community. This must include celebrating and highlighting the work our registered social landlords and stock holding local authorities do in supporting communities. Yet we must be proactive ensuring that we tackle stigma whenever it arises as part of developing diverse communities in Wales.

Right to adequate housing and tackling stigma.

The right to adequate housing is a key part of changing the narrative around social housing in Wales and 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 – including 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.



5. A professional and competent workforce

CIH Cymru has over the past three years published a regular report outlining the experiences of our housing workforce. The responses that feed into the report have been clear. People work in housing as they want to make a difference to individuals and communities. Yet a recurring theme is that the sector is under huge pressures with insufficient resources, both monetary and in terms of the number of individuals employed. This is having a significant negative impact on individuals' mental health and wellbeing. Our 2025 sector snapshot showed that current pressures were having a negative impact on mental health and wellbeing for 66 per cent of respondents. This negative impact is more likely for those working in a housing association.

A key action in the Homelessness Action Plan is to build a resilient and valued workforce. Yet despite this good aim, very little has changed in the day-to-day experience for working in housing in Wales. CIH Cymru believes that housing, in line with other key professions, should be seen as a key pillar to support the delivery of a public service.

Now is the time to develop, in partnership with CIH Cymru, a workforce strategy for housing professionals aimed at meeting the needs of the communities we serve whilst supporting the delivery of the Welsh Government's net zero ambitions, producing a workforce that demonstrates:

- **Integrity:** A workforce that does the right thing for the right reasons, based on robust evidence and without partiality.
- **Inclusivity:** A collaborative workforce that works with partners, customers, and communities to achieve better outcomes.
- **Ethics:** A workforce that understands the impact that poor decisions can have on people's lives and the reputation of their organisation. Challenging unethical practice fairly.

- **Knowledge and skills:** Making sure knowledge is a shared commodity and looks ahead at skills needed for a modern housing sector to work effectively.
- **Leadership:** A workforce that is forward thinking and adaptable to change.

This will need funding and support for the whole housing sector. This will not only ensure that housing organisations have a workforce of the right size to ease some of the pressures on mental health and wellbeing but also to provide capacity in teams for individuals to explore qualifications as part of the wider professionalism agenda. [Our report into qualifications in Wales](#) found that there is support for qualifications in Wales. Yet there are barriers to obtaining qualifications due to a lack of capacity within organisations and a lack of learning centres pan Wales.

If we are to ensure that we have a valued workforce and meet the ambition of the homelessness action plan we need a workforce strategy that:

- Provides career routes
- Reflects the wider diversity of Wales
- Nurtures expertise
- Increases capacity
- Helps develop resilience
- Supports mental health and wellbeing.

Our housing workforce is a valued and essential part of the work to ending Wales' housing emergency. We need to ensure they are fully supported and have the right level of resources in place to ensure that they can continue to work with and support individuals and their communities.





**Chartered
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