






Weighed down:
Freeing Welsh housing associations to deliver

Headline Report November 2026







Cartrefi Cymunedol Cymru | Community Housing Cymru

Foreword

I write this foreword at a time when the unprecedented seems commonplace. Record rates of inflation, a global pandemic, conflicts in the Middle East and Europe, the ever increasing costs of the absolute fundamentals for life: food, shelter, warmth. These are just some events in recent years, each beyond our control, which underline how uncertain and challenging day to day life has become for many.

These global events not only affect individuals and families, but **directly impact the operation of essential infrastructure providers** such as housing associations - the largest providers of affordable homes in Wales.

Local regulatory changes and pressures in the housing system are compounding the substantial impact of these events on our member organisations. Housing associations work tremendously hard to build homes that our communities genuinely need - warm, affordable and safe places to live - but the collective impact of individual policy and regulatory reforms, implemented within a relatively short timeframe, cannot be taken for granted.

In essence, we are being asked to do more than our balance sheets allow, with housing associations being pulled in multiple directions at once and the previous financial headroom is being eroded. This not only impacts housing providers but has a knock on effect on the tens of thousands people waiting for a social home.

The sector remains strong. We have continued to deliver for existing and new residents, going beyond bricks and mortar to support tenants with the cost of living, deliver high-quality services and bring communities together at times of hardship.

But we can only be stretched so far. Without action, we will miss out on the significant socio-economic benefits and opportunities a national housing recovery can bring - more homes, jobs, and security.

In using private borrowing to stretch government grants further, the housing association model is proven to work well. With political commitment to end the housing emergency in both Wales and the UK , now is the time to capitalise on the momentum of the last few years and unlock the sector's full potential.

The new 20,000 social homes target is more challenging and ambitious than ever before. The scale of the housing emergency demands this kind of ambition. Housing associations want to play their part, but meeting this ambition requires barriers and brakes on capacity and confidence to be removed so we can deliver at pace and scale.

Put simply, **a long-term plan and multi-year funding certainty would give the sector greater confidence to plan new developments and invest in existing homes.** By moving away from managing short term pressures to delivering long term change, we can put homes at the heart of Wales' future.

Stuart Rooke

Chief Executive
Community Housing Cymru



An overview of housing associations and their operating environment: 2020 - 2025

As not-for-profit organisations rooted in communities across Wales, housing associations do more than provide homes and high quality services. They create good local jobs, support Welsh supply chains, invest in neighbourhoods and employ people who understand the places they serve. Together, associations own over 170,000 homes, housing 1 in 8 households across Wales.

However, concurrent financial, social and economic shifts have created a perfect storm since 2020, pushing organisations into 'resilience' mode.

"We are stretched. Leadership capacity is at its limit even though we have invested in it, and colleague wellbeing remains a significant concern...We remain committed to housing people and delivering services, but the cumulative pressure is affecting the capacity available to do more."

Global Shifts



The Covid-19 pandemic and associated restrictions meant **non-urgent repairs, maintenance and new development were delayed.** This caused backlogs once the country came out of lockdown, whilst delayed cyclical works also led to increased need for responsive repairs instead.



In the immediate post-pandemic period, backlogs across sectors meant **labour shortages,** further compounding the issue.



At the same time, conflict in Ukraine and, currently, in the Gulf has put upward pressure on prices throughout the period. For residents in social homes, this has created significant **cost-of-living pressures.** For housing associations, this has meant higher staffing costs, impacts on supply chains, and increased borrowing costs over time as new financing is sought.

Funding Landcape



Since 2016, there has been a **significant step change in government funding** for building more social homes, resulting in record delivery. However, **costs have increased dramatically** too, reducing the impact of this.

At the same time, **budgets for support services continued to be stretched**, struggling to cover the costs of a real living wage and additional costs such as National Insurance.

This has been compounded by the intense pressures on wider public services, pushing people towards crisis rather than intervening early to prevent worse outcomes

Policy and Regulatory Landscape



The regulatory landscape has become increasingly complex, with the Renting Homes (Wales) Act 2016 at the forefront, completely changing how renting a home works.

Alongside this, we've seen the introduction of a new Welsh Housing Quality Standard (WHQS 2023), new legislation on building safety and homelessness, and a new regulatory framework.

Despite the pace of change in some areas, the planning and consenting system remains sluggish.[1] Workforce shortages across a range of sectors, including planning, compound all of these pressures.

Despite this - Housing Associations continue to deliver

In a time of intense flux, the sector's core purpose has shone through. Housing Associations have delivered 74% of all new affordable homes in the last Senedd term, with the highest delivery last year since records began in 2007. They continue to invest in their communities, providing more than £1m in hardship funding this financial year and supporting tenants in accessing £6.8m of financial support between April and June 2026. They have stepped up investment in their existing homes, and work closely with their residents to deliver on what matters most to them. The sector remains steadfast and resilient.

But housing recovery requires more than resilience.

At the start of this government term, we have a real moment for change. With the right long-term plan for housing now, we can move from housing emergency to housing recovery. To make that a reality, we need to understand how pressures are cumulatively impacting the ability of housing associations to deliver on government's priorities.

Wider socio-economic pressures

Cost of living pressures are hitting households across the country:

CPIH[2] **increased 28%** between 2019 and 2025

Over 56% rise in electricity, gas and other fuels between 2019-2025

80% of housing associations report **increased demand** from social housing tenants **for financial support** compared to last year, with over half noting a significant increase.[3]

90% of housing associations identify **food and energy costs** as key financial challenges facing tenants.

95% of housing associations are **concerned about tenant financial resilience** ahead of the winter months.

Cost-of-living pressures are increasingly extending to working families whose **narrow margins of financial resilience are eroding.**

"I would prefer us to be able to put more resource into helping people keep the roof over their heads than doing all the admin and bureaucracy."

Price increases have increased costs for HAs too:

34% increase in construction costs between 2020 and 2025[4]
Increased staff costs over the period.[5]

"From an internal perspective things like our own organisational commitment around addressing poverty means that we're a real living wage provider. That's created some real challenges for us around pay compression because we've got so many of our staff working in either care or in supported living. So, we've had a whole load of internal pressures to address around that too."

Financial

The sector is resilient, but there is less financial headroom:

- Cost growth outstripped that of income with **5.9% turnover** vs **7.6% costs** between 2021/22 and 2024/25.
- **Reduced operating margin**,16% in 2024/25 compared to six-year average of approximately 17.6%
- The sector's average **interest cover is down from 233%** in 2019/20 to 109% in 2024/25.
- Average interest rates of sector's loan portfolio ranged between 3.9 - 4.4 per cent, but this is likely to edge up as associations access new financing in a **significantly higher interest environment**

"Rising costs and interest rates have affected how much we can invest and when we can invest it. They have placed pressure on our free cash position. At the same time, we have taken opportunities to maximise the use of available grant and capital programmes. Those programmes require a contribution from us, so taking up the available funding has also consumed free cash alongside the other cost increases we have faced"



Clywd Alyn

Demand and need

There are not enough social homes for everyone who needs one.

"Demand is off the charts for social rent homes. I would say even if we quadrupled our development programme in the right places, they'd all be gone almost instantly."

Proportion of social homes nearly halved since the 1980s: The mix of homes in Wales has changed over time, catalysed by Right to Buy. Whilst social homes used to make up nearly a third of homes in Wales in the 1980s, now they make up just over half of that at 16%.[6]

10,000 people in temporary accommodation, 2,500-3,400 social homes needed a year:[7] so we know the need and demand for social housing are high.

"It is true to say housing officers can feel like the last person in the community able to try and help somebody to keep the roof over their head."

Tenant needs are changing: Members are reporting increasing needs amongst their tenants as cost-of-living pressures and stretched public services push more people into crisis. The result is tenant facing staff facing more volatile environments day to day, requiring more support to manage the sometimes challenging or distressing situations they find themselves in.

1 in 5 people in Wales are of pensionable age.[8] This puts increasing pressure on all homes to meet changing needs as we get older.

"My teams often feel that we are the last service standing. People live in our properties when mental-health and social-care support is insufficient. The police have also drawn clearer boundaries around matters that are primarily health-related. All of this falls back on the housing association"

Existing homes and services

- **Wales has the oldest homes in the UK and Western Europe.** This creates distinct challenges, especially around energy efficiency.
- **Social homes are the warmest in Wales:** on average EPC C, SAP 72, compared to EPC D, SAP 65 / 63 for PRS and homeowners.[9]
- **Per home, 50% increase in average maintenance spend and 97% increase in average major repairs spend since 2019:** This represents sustained investment over the longer-term.
- **£130,000 per home over 30 years to meet Welsh Government standards:** standards introduced in 2023 are ambitious and unfunded, with estimates suggesting £59,000 needed to reach energy efficiency requirements alone.
- **Higher void times are slowing down allocations:** housing associations work hard to keep long term voids at a low level. However our members report higher void turnaround times due to time needed to meet new standards at tenancy change. Cost-of-living pressures and inadequate access to services such as mental health and substance misuse support can also impact on the complexity of the work required to bring homes back up to standard once empty. These higher void times are impacting on associations' ability to house people in need more quickly, whilst also reducing their income for the period a property is empty.

"I think there is a piece around the extensiveness of those new standards - albeit in principle I agree that the standard should be high, I think there's a level of sensibleness that is perhaps missing. I think at a board level the more complicated the standards are and the guidance it is, the harder it is to monitor as well."

- **83% of all support providers are running at a deficit:** [10] pressures on support services across the board, not just housing associations, have been increasing, with a real existential risk to provision if funding is not sustained. Stretched public services often mean that support provision is being asked to do more with less.

- **Compliance costs are rising:** Intensive legislative and regulatory change such as new Welsh language requirements, emerging building safety and homelessness legislation, and data reporting all add costs to HA businesses. For example, one association forecast £2.2m in compliance costs over the next 5 years. 10 HAs estimated compliance and reporting activities exceeded 3 FTEs devoted time, and respondents all forecast rising costs

"Another impact is new legislation because it feels like we've just been layered with it recently with new legislation coming in. And it is a distraction because, you know, it consumes the resources"



Adra

New Homes

- **74% of all homes delivered last term were by HAs:** including a 12% increase in 2024/25, the highest year since records began in 2007.

- **Funding certainty is crucial:** As government grants ramped up, so did delivery of new homes.

- **Over 1,800 social homes lost as per home costs increased by 78%:** between 21/22 and 25/26, £270m or 14.4% of government grants for new social homes were lost due to construction cost inflation alone, equivalent to the grant needed to deliver over 1,800 homes.

"If we've got the right land opportunities available to us and the right contract pipeline at the right prices, with the right level of grant support, we will build the new affordable homes because it's better for the residents of both today and tomorrow. It's absolutely core to our purpose and it provides a sustainable stream of revenue in future years."

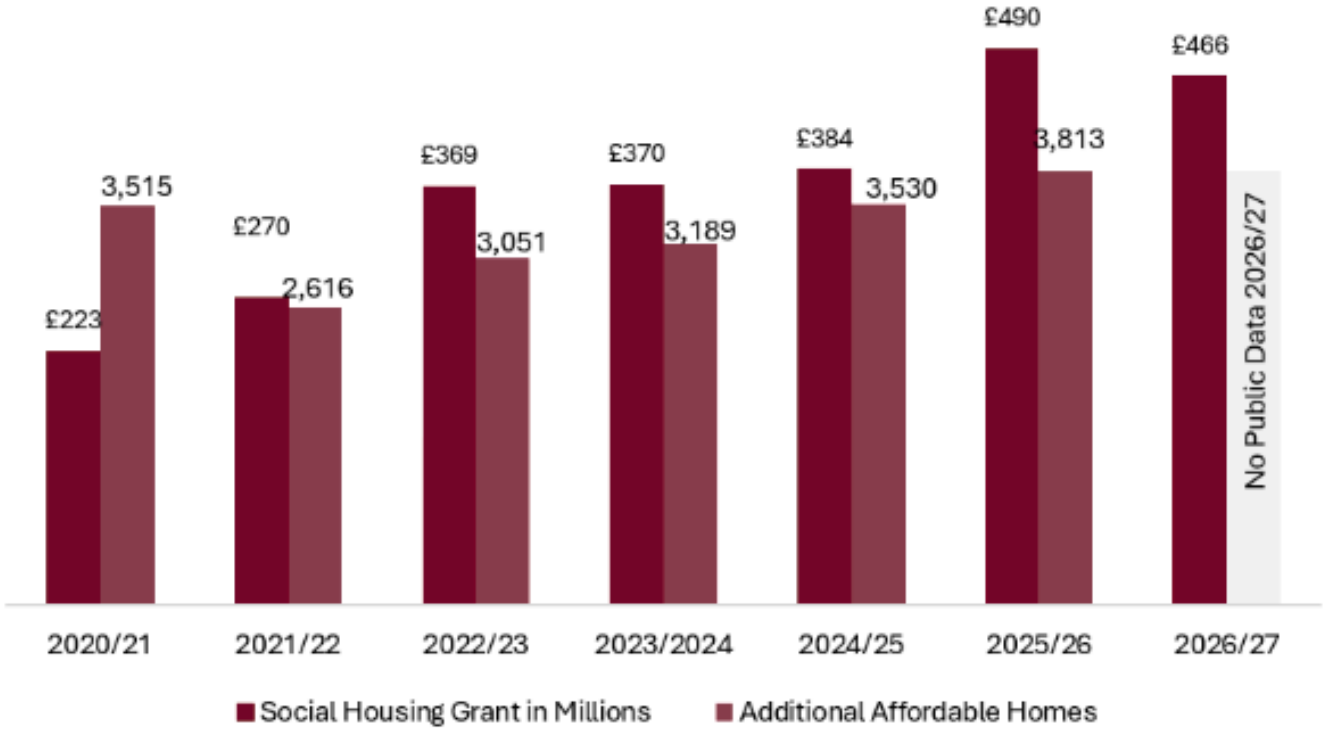
- **A slowing private market reduces the opportunity for cross-subsidising social homes:** Wider market changes, including the slowing down of the private housing market, mean diversifications in this space may look less attractive than they previously did, reducing the potential for cross-subsidisation.

- **New supported housing cannot be delivered without revenue funding:** whilst capital grant funding has been available, insufficient revenue funding constrains new supply of supported housing.

- **The system is under strain:** well known issues around planning, consenting, and workforce continue to put pressure on the system.[11]

"Construction-cost inflation has changed the way contractors price risk. We now see more fluctuation clauses, and some contractors have entered liquidation. The failure of a contractor can delay a scheme and create substantial additional work and cost."

Social Housing Grant (millions) and Additional Affordable Homes



Housing associations want to do more - but are being held back.



Hedyn Homes

"The cumulative effect is not always reflected adequately. Each legislative change, cost increase, cyber risk, resident need or operational requirement can be discussed in isolation, but the organisation must manage them at the same time. The combined effect creates a much more difficult operating environment than any single pressure suggests."

- Taken together, the data and feedback from members is clear - **they are operating in a significantly more constrained environment.** That is beginning to eat into capacity to deliver more homes and continue investing in existing homes and services at the same levels. That is evident in higher operating costs and reduced margins.

- To manage this challenging environment, by:
  - Improving efficiency and focusing more on **value for money,** including reducing overheads, rationalising activities, strengthening procurement, and scrutinising resource use.

- Strengthening liquidity, treasury controls, covenant monitoring, and more frequent stress testing

- Greater use of financial planning, appraisal, prioritisation and risk management

- Reviewing development assumptions more often

- Safer, more certain investment decisions and increased scrutiny of these, for example reduced exposure to increased costs from blocks of flats or more complex regeneration schemes.

- For some organisations, despite their ambition to do more, they have had no choice but to rephase homes into later years or scale back schemes as they face mounting costs that they must meet within lender covenants and government regulatory requirements on financial health.

- In short, cumulative pressures are creating a chilling effect on many organisations , creating an environment where it is harder to act quickly and take calculated risks.

- Looking ahead, many of these pressures look set to intensify over the short to medium term, with rising inflation, upwards pressure on energy costs, and a swathe of new regulations and potential new legislation on the horizon.

"We are having to be much more agile in the way we set budgets and programmes. A plan agreed at the beginning of the year can be overtaken by a new regulatory requirement, a safety issue, an unexpected empty-home cost or a change in customer demand. The organisation continues to invest, but the cumulative effect is that capital, revenue, people and management attention must be repeatedly reallocated between competing priorities."

Yet we know what investment in social homes can do when the conditions are right. Savills analysis for CHC found that housing associations spend £1.49bn in Wales in 24/25, supporting over 37,000 jobs. They found that delivering 20,000 social homes in this Senedd term would benefit people and communities by £3.6bn, saving public services £2.1bn and supporting a workforce of over 14,000 a year.[12]

As we look ahead to the next Senedd term, we need to harness and catalyse this.



Adra

Unlocking the enormous social and economic potential of social housing requires a partnership which builds confidence and capacity.



A long-term plan for housing: a cross-government, cross-sector plan for housing sets the strategic context for the regulatory, funding and wider environment that housing associations operate in. Whilst complexities and trade-offs will always be a reality, a long-term plan can ensure that government priorities are joined up and reflected in decisions made across the system. With the right plan, we can move from housing emergency to housing recovery – delivering more homes, reducing costs for households, improving health and building a stronger, more resilient Wales.

"Locking significant funding in for a multi-year period, so organisations can spend it on a more uniform basis, rather than having to sprint against deadlines would be really beneficial in terms of driving the right dynamics in the market and making sure that we're efficiently realising the benefit rather than it driving up pricing."



Multi-year funding certainty: A long-term plan for housing requires a multi-year funding settlement, allowing housing associations to plan repairs, retrofit programmes, support services and new developments with greater confidence. It improves long-term financial planning, supports efficient procurement and borrowing decisions and reduces the disruption and additional costs that can arise from short-term or uncertain funding arrangements. This funding must reflect the costs of new and emerging requirements.



Pragmatic approach to existing homes: By refocusing the standard on what matters to their residents, our members tell us that they would be able to better prioritise their investment, enabling them to go further and faster across all of their homes rather than 'gold plating' a small proportion. This has the potential to accelerate investment to ensure residents across Wales have warm homes. It would significantly reduce the chilling effect on associations, creating more certainty to invest in new homes and other services alongside existing homes.



Quick action to tackle the known barriers to developing new homes - wider barriers have been identified by the Affordable Housing Taskforce and the sixth Senedd's housing committee, including constraints in the planning and consenting systems, the need for a greater role for public sector land, and the potential for Unnos, a national development corporation, to catalyse new home delivery over time. Action to drive these forward now, alongside the other areas outlined, will help to unlock capacity that is currently constrained.

Methodology

This research draws on official statistics, housing associations' global accounts and published annual reports, and primary data collected through qualitative interviews and survey questionnaires. In total, 22 housing associations took part in interviews or surveys for this research.

The full report, including more detail on methodology, can be found here.



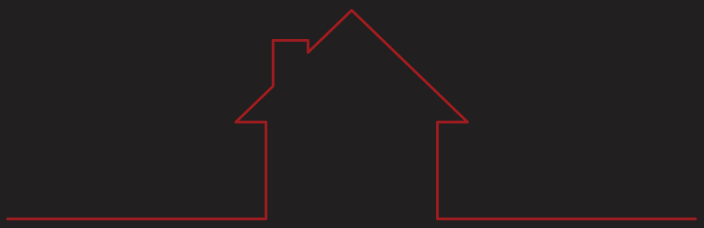
Shah Farahi
Research & Policy Advisor
shah-farahi@chcymru.org.uk



Elly Lock
Head of Policy & Research
elly-lock@chcymru.org.uk

Notes

1 Affordable Housing Taskforce: report and recommendations
2 Consumer price index including owner-occupiers' housing costs
3 Bridging the gap: How housing associations are supporting tenants through the continued cost of living crisis, Community Housing Cymru
4 UK Construction Output Price Index, Office of National Statistics Data
5 Office of National Statistics Data of labour compensation per hour worked shows an increasing trend ranging between 3.1% to 7%.
6 Government estimates, annual amount per year over 5 years.
7 Social and Public Housing in the EU and UK - UK (Wales), 2026
8 State of Older People's housing in Wales
9 Office for National Statistics, 2024
10 Home Matters: Protecting Homelessness and Housing Support Services, Community Housing Cymru and Cymorth Cymru, 2026
11 Affordable Housing Taskforce: report and recommendations
12 Socio-economic impact of Welsh housing associations, 2025



Weighed down:
Freeing Welsh housing associations to deliver

Headline Report November 2026

Cartrefi Cymunedol Cymru | Community Housing Cymru