

ADRIAN WAITE

2nd March 2019

Mr. Colin Maughan,
Editor,
Cumberland & Westmorland Herald,
14 King Street,
Penrith,
Cumbria.
CA11 7AH.

Sent by email to: colinm@cwherald.com

Dear Mr Maughan,

Brexit and Housing Associations

There is a housing crisis in Britain including in Cumbria. A cross party review has concluded that Britain needs three million more social homes by 2040. Housing associations such as Eden Housing Association are expected to deliver most of the new homes that are required and to do this, they need to be able to borrow money on favourable terms and generate surpluses.

The European Union has never involved itself in housing policy and there are NO European regulations affecting housing in Britain. However, the impact that Brexit will have on housing associations and their ability to provide affordable homes will be negative and significant.

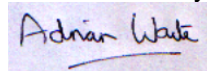
The Regulator of Social Housing (a government body that regulates housing associations) is advising housing associations to 'stress test' their business plans for the negative effects of Brexit. These include:

- Increased interest rates and lower credit ratings making loans more difficult to obtain and more expensive. Credit rating agencies have warned that a no-deal Brexit would lead to the downgrading of the credit ratings of about half the housing associations in Britain. Many housing associations are borrowing extensively in advance of Brexit to mitigate the risk of not being able to borrow afterwards.
- Increased prices especially for construction, repairs and maintenance, squeezing profit margins and making development more expensive. The construction industry depends on imported components and labour. The UK imports £10billion of construction materials a year and 20% of construction workers are from outside the UK. A falling pound, tariff and other barriers and the ending of Free Movement will create shortages and increase prices.
- Reduced property values that will squeeze profit margins but will not make buying houses more affordable because of higher interest rates. Optivo Housing Association, for example, has told the 'Inside Housing' magazine that they have tested a scenario where property values fell by 35% resulting in a 25% reduction in the number of new homes developed.

Even though Britain has not yet left the European Union, these problems are already becoming apparent. London & Quadrant Housing Association, the largest in London, told its staff in an email in January that its financial performance during 2018/19 has been disappointing with surpluses that are needed to fund building new homes halved.

Many people voted for Brexit because they wanted to protest about poorer communities being marginalised – including not having enough affordable homes. However, Brexit will make it more difficult for housing associations to provide the affordable homes that are needed.

Yours sincerely,



Adrian Waite