

Research Update:

U.K.-Based Housing Solutions 'A+' Rating Affirmed; Outlook Stable

March 5, 2026

Overview

- We expect Housing Solutions will increase investment in existing homes, partly reflecting additional units from a recent stock acquisition, as the group undertakes a significant component replacement cycle, invests in fire safety measures, and spends to meet energy efficiency targets.
- This will result in slightly weaker financial metrics than our previous base case, with adjusted EBITDA margins falling toward 30%.
- At the same time, we expect management to maintain its conservative risk appetite, supported by a contained development pipeline and financial policies that limit further funding needs
- We therefore affirmed our 'A+' long-term issuer credit rating on Housing Solutions and maintained our stable outlook.

Rating Action

On March 5, 2026, S&P Global Ratings affirmed its 'A+' long-term issuer rating credit rating on U.K.-based social housing provider Housing Solutions. The outlook remains stable.

Outlook

The stable outlook reflects our expectation that Housing Solutions will carry out its relatively significant investment program in existing homes with limited additional debt. This also assumes the group will maintain its low risk appetite and strong operational performance.

Downside scenario

We could lower our ratings if management adopts a more aggressive strategy, which could include further debt-funded acquisitions, increased development, or higher-than-expected investments in existing homes. This could weaken debt metrics.

Primary Contact

Aaron O'Neill
London
44-20-7176-0951
aaron.oneill
@spglobal.com

Secondary Contact

Noa Fux
London
44-20-7176-0730
noa.fux
@spglobal.com

Upside scenario

An upgrade would depend on the group's ability to demonstrate a significant and sustained strengthening of its debt metrics, while maintaining its currently strong financial performance levels.

Rationale

The affirmation reflects our view that Housing Solutions will maintain relatively strong credit metrics, underpinned by a consistently low risk appetite and limited development, resulting in moderate debt-funding needs. While investment in existing homes will weaken the entity's EBITDA margin and--temporarily--interest coverage, we believe the spending, which is focused on component replacements, energy efficiency, and fire safety, will be balanced by a modest development program.

Enterprise profile: Housing Solutions' credit quality benefits from the group's focus on nonrisky social housing activities, strong demand for its properties, and a conservative risk appetite

We expect the group to continue benefiting from strong demand for its relatively small portfolio of around 6,700 properties, located primarily in Maidenhead and the surrounding areas, which offer excellent transportation links to London. Demand is further supported by Housing Solutions' social and affordable rents being below 50% of prevailing market rents, a substantial gap. This is further evidenced by the group's low and declining vacancy rates over the past three years, which now average just 1%.

Housing Solutions benefits from generating a large part of its earnings from the predictable and countercyclical social housing sector. The group has a conservative approach to sales market exposure, and we expect that through our forecast horizon, sales activities will be limited to first tranche shared-ownership sales. We estimate that revenue from this sales activity will average below 5% of the entity's adjusted operating revenue through the forecast period.

Over the past three years, the group has delivered two significant acquisitions: 542 units from One Housing Group (OHG) in 2023 (now merged with Riverside Housing Group) and, more recently, 267 units from L&Q in January 2026. While acquisitions can sometimes diminish the predictability of financial metrics, we believe Housing Solutions' management engages in relatively low-risk acquisitions. This is reflected in the successful integration of the OHG units that were previously managed by Housing Solutions, and the limited financial impact following the L&Q acquisition, which together support stability. Our strong view of management is further supported by high tenant satisfaction scores, favorable regulatory gradings, and consistency in the corporate strategy. We also see evidence of flexibility in development plans, which were scaled back following the January stock acquisition.

Housing Solutions is increasingly focused on investing in existing properties, with the program expected to reach significantly higher investment levels than in the past. The group has a policy of maintaining comprehensive stock quality data on 100% of its properties. We believe the entity's cost estimates and delivery targets are reliable. This is because Housing Solutions has signed pre-procured contracts, limiting potential cost slippages, while also increasing its in-house labor force, which gives the entity greater ability to predict and manage labor costs. About 80% of Housing Solutions' properties currently comply with Energy Performance Certificate (EPC) C targets, and we expect full compliance across the portfolio by 2030. This will be achieved

through a combination of grant funding and a targeted disposal program for properties for which an upgrade to meet targets would be uneconomical.

We assess the regulatory framework, under which registered social housing providers in England operate, as strong (for more information see "[Regulatory Framework Assessment: Strong For Social Housing Providers In The U.K.](#)," April 17, 2025).

Financial profile: A contained debt level and a strong liquidity position, despite high investments

We expect Housing Solutions' adjusted EBITDA margins to remain above 30% throughout our forecast period, extending through the fiscal year ending March 31, 2027. However, margins will likely be lower than we previously anticipated, primarily due to a significant increase in investments in existing properties. These investments are driven by the cyclical replacement of components, the need to upgrade the housing portfolio to meet EPC C standards by 2030, and increased fire safety expenditure, all of which are higher than in previous years. Part of this expenditure will be covered through grant funding, which will reduce the pressure on margins. Our base-case scenario is underpinned by our assumptions that rental income will increase faster than costs, supported by the 10-year rent settlement announced by the U.K. government.

Given the high level of investment in existing homes, we forecast a small weakening of Housing Solutions' historically robust debt metrics. The group's limited development program will be supported by internal cash generation and a moderate disposal program, both of which will limit the need for external debt funding. We estimate that the group's debt to non-sales-adjusted EBITDA will remain contained below 20x, with interest coverage temporarily falling to 1.2x in fiscal 2027, before recovering to 1.3x in fiscal 2028.

We forecast Housing Solutions' liquidity position will remain strong over the next 12 months. Additionally, we believe Housing Solutions has proven to have satisfactory access to external funding when needed.

We estimate the group's sources of liquidity will cover uses of liquidity by approximately 3.0x in the next 12 months. This is based on our forecast of liquidity sources of about £90 million, comprising of cash, undrawn and available revolving credit facilities, asset sales, and cash from operations (adding back the noncash cost of sales) that will cover liquidity uses of about £30 million (mainly capital expenditure and debt service payments).

Government-related entity analysis

We believe there is a moderately high likelihood that Housing Solutions would receive timely extraordinary government-related support in case of financial distress. This is currently neutral to the rating on Housing Solutions. As one of the key goals of the Regulator of Social Housing (RSH) is to maintain lender confidence and low funding costs across the sector, we believe it is likely that the RSH would step in to try and prevent a default in the sector. We base this view on RHS' previous track record of mediating mergers or arranging liquidity support from other registered providers in cases of financial distress, and we think this would also apply to Housing Solutions.

Key Statistics

Housing Solutions--Key statistics

(Mil. £)	--Year ended March 31--				
	2024a	2025a	2026bc	2027bc	2028bc
Number of units owned or managed	6,446	6,483	6,750	6,763	6,763
Adjusted operating revenue	56.1	60.4	61.2	65.0	67.2
Adjusted EBITDA	22.4	23.4	22.8	21.2	22.3
Non-sales adjusted EBITDA	22.3	22.9	22.5	21.0	22.0
Capital expense	6.2	5.2	35.9	8.7	7.1
Debt	330.4	325.0	341.7	340.2	337.7
Interest expense	17.6	17.5	16.8	17.4	17.0
Adjusted EBITDA/adjusted operating revenue (%)	40.0	38.7	37.2	32.6	33.1
Debt/nonsales-adjusted EBITDA (x)	14.8	14.2	15.2	16.2	15.3
Nonsales-adjusted EBITDA/interest coverage(x)	1.3	1.3	1.3	1.2	1.3

a--Actual. e--Estimate. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario.

Rating Component Scores

Housing Solutions--Ratings score snapshot

	Assessment
Enterprise risk profile	2
Industry risk	2
Regulatory framework	3
Market dependencies	2
Management and governance	2
Financial risk profile	3
Financial performance	3
Debt profile	4
Liquidity	2
Stand-alone credit profile	a+
Issuer credit rating	A+

S&P Global Ratings bases its ratings on nonprofit social housing providers on the seven main rating factors listed in the table above. Our "Methodology For Rating Public And Nonprofit Social Housing Providers," published on June 1, 2021, summarizes how the seven factors are combined to derive each social housing provider's stand-alone credit profile and issuer credit rating.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | General: Methodology For Rating Public And Nonprofit Social Housing Providers](#), June 1, 2021

- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Non-U.S. Social Housing Sector Outlook 2026: Headwinds Ease](#), Feb. 2, 2026
- [U.K. Autumn Budget Isn't Too Bad For Public Finance Sector](#), Dec. 1, 2025
- [Economic Outlook Europe Q1 2026, Nov. 24, 2025: Germany's Fiscal Reawakening](#), Nov. 24, 2025
- [Non-U.S. Social Housing Providers Ratings Risk Indicators: Largely Stable, Nov. 17, 2025](#), Nov. 17, 2025
- [Non-U.S. Social Housing Providers Ratings History: October 2025](#), Nov. 17, 2025
- [United Kingdom](#), Oct. 13, 2025
- [Regulatory Framework And Systemic Support Assessments For Nonprofit Social Housing Providers](#), Sept. 10, 2025
- [European Housing Markets: Strong Demand And Weak Supply Will Keep Prices High](#), July 10, 2025
- [U.K. Social Housing Providers: Extra Development Grants Won't Improve Financial Headroom](#), June 26, 2025
- [U.K. Social Housing Borrowing 2025: Focused On Containing Debt](#), April 24, 2025
- [Regulatory Framework Assessment: Strong For Social Housing Providers In The U.K.](#), April 17, 2025

Ratings List

Ratings List

Ratings Affirmed

Housing Solutions

Issuer Credit Rating	A+/Stable/--
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

U.K.-Based Housing Solutions 'A+' Rating Affirmed; Outlook Stable

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