



UK referendum on Brexit adds uncertainty to the problems of housing policy

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JONATHAN BRADSHAW AND REBECCA TUNSTALL – EUROPEAN SOCIAL POLICY NETWORK

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In this Flash Report, the authors explain why Brexit is likely to have profound consequences for UK social policy. Housing issues, among other social policy issues, both influenced the referendum result and will be influenced by it.

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Description

The Resolution Foundation (Clarke, Corlett and Judge 2016: 7) argued that housing costs have “been an important element ... of the living standards squeeze that appears to have been an important determinant of the Brexit decision”. Analysis of the variations in pro-Brexit vote between local authority areas has tended to focus on demographic factors such as the proportion of adults with a degree, in higher occupational groups, UK-born, and with a passport, and an income (Murdoch-Brown 2016). However, the level of house prices in an area was more strongly correlated to the area Brexit vote (with higher prices associated with a lower proportion voting to leave) than any of the other variables reported in public to date. House prices reflect the absolute stake which the local population (who in most cases were mostly home owners) have in the existing housing system.

The referendum vote has already had some effects on the UK housing system, with a short-term drop in market indicators (Rhodes and Wilson 2016). There appears to have been a lasting change in the value of the pound, and after the UK’s sovereign credit rating was reduced in 2016, many UK housing associations were

downgraded from AAA to AA, affecting their ability to borrow and build.

Outlook & Commentary

Government capacity on housing and other social policy issues has already been dramatically affected by several years of budget and personnel cuts. Brexit-related activity is likely to absorb a large proportion of government time and energy for the foreseeable future, which will limit the potential for new policy development and for the management and oversight of existing policies on non-Brexit issues. Brexit may lead to a temporary or permanent reduction in European Union (EU) migration into the UK, although there might be a temporary increase in order to beat any deadline for residence rights and it could also lead to a return to the UK by some of its own emigrants. Both of these changes would affect the accuracy of past household projections which are used to predict housing need, although in opposite directions. There have also been concerns that reduced immigration from the EU might reduce capacity in the UK building industry. Access to UK social housing by EU citizens and citizens from the European Economic Area (EEA) has already become a political issue, and is likely to feature in EU/UK negotiations on

Brexit. An additional potential impact of Brexit may be increased homelessness amongst EU citizens who are living in the UK but who might lose rights to employment, housing and/or benefits in future. Restrictions on the housing benefit entitlements of EEA migrants in 2014 (Wilson 2016) were followed

by increased rough sleeping in London by people of Central and Eastern European nationality (Fitzpatrick et al 2016). Overall, Brexit is likely to add uncertainty to the problems of housing policy and may act as a distraction from addressing structural issues.

Further reading

Clarke, S., Corlett, A. and Judge, L. (2016), *The housing headwind: The impact of rising housing costs on UK living standards*, London: Resolution Foundation

Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. and Watts, B. (2016), *Homelessness monitor England 2016*, London: Crisis 2016

Murdoch-Brown, J. (2016), "The demographics that drove Brexit", *Financial Times online*, 24 June, FT Data

Rhodes, C. and Wilson, W. (2016), "Brexit: implications for the housing market and the construction industry", *House of Commons Library briefing Number 07666*, 11th October

Wilson, W. (2016), "EEA Migrants: access to social housing (England)", *House of Commons Library briefing Number 04737*, 29th March.

Authors

[Jonathan Bradshaw](#) and [Rebecca Tunstall](#), University of York