

Research Update:

U.K.-Based Social Housing Provider Notting Hill Genesis Downgraded To 'BBB+'; Outlook Negative

September 24, 2026

Overview

- In our view, large English social housing provider Notting Hill Genesis's (NHG's) credit metrics will be structurally weaker than previously projected due to much higher operating spending.
- We expect the material costs associated with the decanting of a large residential complex (Stratford Halo) and investment in existing stock--such as those required to address structural building and fire safety issues--to pressure the group's financial performance.
- While we expect that NHG would use the proceeds from its asset disposal program to repay debt, we anticipate that lower S&P Global Ratings-adjusted EBITDA will materially hamper the recovery in interest coverage.
- We therefore lowered our rating on NHG to 'BBB+' from 'A-'. The outlook is negative.

Rating Action

On Sept. 24, 2026, S&P Global Ratings lowered its long-term issuer credit rating on U.K. social housing provider Notting Hill Genesis to 'BBB+' from 'A-'. We also lowered our long-term issuer credit rating on NHG's core subsidiary, Notting Hill Home Ownership (NHHO), to 'BBB+' from 'A-'. The outlook on both entities is negative.

In addition, we lowered our issue ratings on all seven bonds and the £2 billion senior unsecured medium-term note program issued by NHG, and the issue rating on the £250 million bond due 2039 issued by the treasury vehicle GenFinance II PLC, considered a core subsidiary of the group, to 'BBB+' from 'A-'.

Outlook

The negative outlook reflects execution risk related to NHG's asset disposal program and uncertainty around the scale, value, and timing of building safety and remediation works.

Downside scenario

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U.K.-Based Social Housing Provider Notting Hill Genesis Downgraded To 'BBB+'; Outlook Negative

We could lower the rating if, over the next two years, NHG management is unable to deliver its planned asset disposals and constrain maintenance spending, including due to lower-than-expected recoupment of remediation costs. This could materially delay the projected recovery in interest coverage and lead to a weaker liquidity position.

We could also lower the ratings if we observed a material change in the likelihood of extraordinary support from the U.K. government.

Upside scenario

We could revise the outlook to stable if, over the next two years, NHG navigates its operational challenges and demonstrates a clear path to support the financial metrics recovery projected in our base-case scenario.

Rationale

The downgrade reflects our view that NHG's credit metrics will be weaker than previously projected, reducing the group's financial headroom and capacity to absorb additional pressure. NHG is exposed to greater cost pressures, particularly from the scale of required building safety and remediation works. These include material decanting expense at the Stratford Halo estate--close to 380 households (representing just over half of the estate) had to be relocated--along with investment requirements across its portfolio that the group continues to identify. While we understand that NHG expects to recover some remediation costs through grants or third-party contractors, uncertainty regarding the full extent of the required work adds risk to its financial plans, in our view.

Furthermore, we think the high turnover within the executive team has increased execution risk, thereby diminishing the predictability of its business and financial strategy.

We expect NHG to proceed with its deleveraging plan, but also anticipate that pressure on financial performance will keep interest coverage structurally below 1x through fiscal 2029 (year ending March 31).

Supporting our view of the group's creditworthiness are operations in the anticyclical social housing sector under a supportive framework. NHG also maintains a solid intrinsic liquidity position, in our view. We now assess the group's access to external liquidity as satisfactory.

Enterprise profile: A large asset base, operations in London, and contained exposure to sales support the rating, but the group is exposed to higher complex operational and execution challenges

NHG is one of the largest housing associations in the U.K. It owns and manages more than 66,000 homes, primarily across London. The group benefits from a strong demand for its services with social and affordable rents 60% below the market rents. Moreover, its average vacancy rate has been about 1.4% over the past three years, slightly below the sector average in England.

In our view, NHG's strategy carries operational and financial risks. The reliance on the asset disposal program to service upcoming debt maturities along with elevated remediation works for which the scope is still not fully known, all amidst large management turnover, heightens execution risks.

We project its exposure to sales activities, including those from its joint ventures, will remain contained at about 10% of the group's total adjusted revenues.

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

Financial profile: Higher spending would weigh on the group's performance and interest coverage, despite decreasing debt levels

We project the costs associated with the Stratford Halo decanting and elevated investments in existing stock, along with the planned sale of NHG's high margin business, will materially weigh on the group's adjusted EBITDA. We expect margins to weaken to just under 10% before only modestly recovering by the end of our forecast horizon, which is below the sector average. We continue to factor into our analysis costs related to the large fire safety provisions NHG has booked in the past few years, which still weigh on the group's financial performance.

We assume that rent growth, supported by rent convergence, will eventually outpace costs. This, combined with expected increase in grant receipts for investments in existing stock, would support the projected recovery in financial performance by the end of our base-case forecast.

We project debt will decrease on the back of NHG's asset disposal program and contained development program. However, we think that the lower nonsales EBITDA would result in structurally weaker interest coverage than anticipated. Consequently, we expect debt burden ratios to recover only modestly through fiscal 2029.

We forecast NHG's liquidity position will remain very strong, with liquidity sources covering uses by about 2.4x in the next 12 months. We base this on our forecast of liquidity sources of just under £1.6 billion, comprising cash, undrawn and available revolving credit facilities, large fixed-asset sale proceeds, grant receipts, and cash from operations (adding back the noncash cost of sales). These sources will cover liquidity uses of just over £650 million, primarily for capital expenditure and debt service payments.

Government-related entity analysis

In our view, there is a moderately high likelihood that NHG would receive timely and extraordinary government-related support in case of financial distress. This leads us to apply a two-notch uplift to the stand-alone credit profile to derive the issuer credit rating. Since one of the key goals of the Regulator for Social Housing (RSH) is to maintain lender confidence and low funding costs across the sector, we think it is likely that the RSH would try to prevent a default in the sector. We base this view on previous records of the RSH mediating mergers or arranging liquidity support from other registered providers in cases of financial distress, and we think this would also apply to NHG.

Key Statistics

Notting Hill Genesis--Key Statistics

(Mil. £)	--Year ended March 31--				
	2025a	2026e	2027bc	2028bc	2029bc
Number of units owned or managed	68,032	66,803	64,630	62,446	61,301
Adjusted operating revenue	708.5	747.6	775.3	759.6	724.0
Adjusted EBITDA	127.5	92.7	69.6	82.0	94.5
Non-sales adjusted EBITDA	122.9	89.2	64.5	74.9	90.8

Notting Hill Genesis--Key Statistics

(Mil. £)	--Year ended March 31--				
	2025a	2026e	2027bc	2028bc	2029bc
Capital expense	354.3	355.2	232.4	133.0	122.1
Debt	3,647.2	3,556.0	3,500.2	2,803.2	2,434.2
Interest expense	166.5	163.0	148.6	134.4	116.4
Adjusted EBITDA/Adjusted operating revenue (%)	18.0	12.4	9.0	10.8	13.1
Debt/Non-sales adjusted EBITDA (x)	29.7	39.9	54.2	37.4	26.8
Non-sales adjusted EBITDA/interest coverage(x)	0.7	0.5	0.4	0.6	0.8

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

Rating Component Scores

Notting Hill Genesis--Ratings Score Snapshot

	Assessment
Enterprise risk profile	3
Industry risk	2
Regulatory framework	3
Market dependencies	2
Management and Governance	4
Financial risk profile	4
Financial performance	5
Debt profile	6
Liquidity	2
Stand-alone credit profile	bbb-
Issuer credit rating	BBB+

S&P Global Ratings bases its ratings on non-profit social housing providers on the seven main rating factors listed in the table above. S&P Global Ratings' "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.

Environmental, social, and governance (ESG) credit factors for this change in credit rating/outlook and/or CreditWatch status:

- Risk management, culture, and oversight

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: Group Rating Methodology](#), July 1, 2019

- [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

- [Economic Outlook Europe Q3 2026: Energy Shock Rekindles Stagflation Risks](#), June 24, 2026
- [Non-U.S. Social Housing Providers Ratings Risk Indicators: Ratings Hold Steady Despite Negative Bias](#), April 27, 2026
- [Non-U.S. Social Housing Providers Ratings History: March 2026](#), April 27, 2026
- [United Kingdom 'AA/A-1+' Ratings Affirmed: Outlook Stable](#), April 10, 2026
- [U.K. Social Housing Brief: The Middle East War Weighs Only Modestly On Financial Recovery](#), April 2, 2026
- [European Housing Markets: Structural Pressures Persist, Forecasts Barely Shift](#), Feb. 3, 2026
- [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
- [Regulatory Framework And Systemic Support Assessments For Nonprofit Social Housing Providers](#), Sept. 10, 2025
- [U.K. Social Housing Providers: Extra Development Grants Won't Improve Financial Headroom](#), June 26, 2025
- [Regulatory Framework Assessment: Strong For Social Housing Providers In The U.K.](#), April 17, 2025
- [Cyber Risk Brief: U.K. Public Sector Is Increasingly Under Threat](#), Oct. 24, 2024

Ratings List

Ratings List

Downgraded

	To	From
Notting Hill Genesis		
Notting Hill Home Ownership Ltd.		
Issuer Credit Rating	BBB+/Negative/--	A-/Negative/--
Notting Hill Genesis		
GenFinance II PLC		
Senior Secured	BBB+	A-

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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.

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