

CREDIT OPINION

12 November 2025



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RATINGS

Hastoe Housing Association

Domicile	United Kingdom
Long Term Rating	A3
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Hastoe Housing Association (UK)

Update to credit analysis

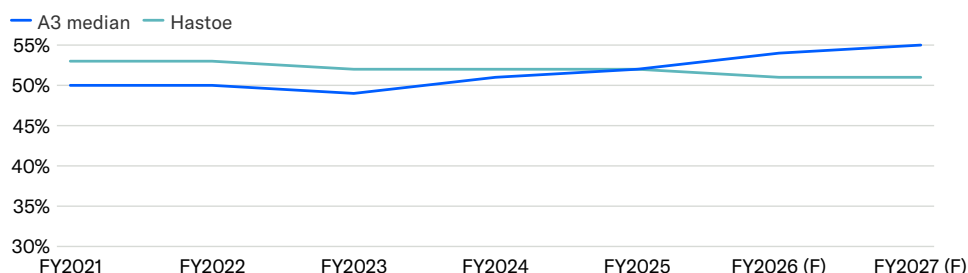
Summary

The credit profile of [Hastoe Housing Association](#) (Hastoe, A3 stable) reflects its very high operating margins, focus on social housing lettings and its small development ambitions. It also reflects its weaker debt metrics compared to peers, which result in modest interest cover metrics despite its very high margins. In addition, it benefits from the strong regulatory framework governing English housing associations and our assessment that there is a strong likelihood that the government of the [UK](#) (Aa3 stable) would intervene in a timely manner to prevent a default.

Exhibit 1

Hastoe's gearing will decrease below the median of rating peers

Debt to assets (%)



Source: Hastoe and Moody's Ratings

Credit strengths

- » Rural housing specialist with a strong focus on social housing lettings
- » Very strong operating performance
- » Supportive institutional framework in England

Credit challenges

- » High debt levels and modest interest cover metrics

Rating outlook

The stable outlook reflects broadly balanced risks. Margins may recover more slowly than forecast as a result of sustained higher repairs demand. On the other hand, debt may reduce by more than we expect as a result of development slippages and lower spend on fire safety remediation.

Factors that could lead to an upgrade

Upward pressure on the ratings could result from an improvement in debt metrics closer to the median of peers or a significant increase in government support for the sector, especially significantly higher levels of capital grants. An upgrade of the UK government's rating could also exert positive pressure on the ratings.

Factors that could lead to a downgrade

Downward pressure on the ratings could result from a prolonged weakening in operating performance, debt growing more quickly than forecasts or weaker liquidity. Lower government support for the sector or a dilution of the regulatory framework could also lead to downward pressure on the ratings. A downgrade of the UK government's rating would also be negative for the ratings.

Key Indicators

Exhibit 2

	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26 (F)	31-Mar-27 (F)
Units under management (no.)	7,681	7,737	7,769	7,808	7,871	7,638	7,710
Operating margin, before interest (%)	41.9	37.5	40.5	33.5	34.1	33.6	37.8
Net capital expenditure as % turnover	-5.0	20.5	12.3	18.5	30.6	21.4	54.2
Social housing letting interest coverage (x times)	1.1	1.1	1.2	1.0	1.1	1.2	1.2
Cash flow volatility interest coverage (x times)	1.3	1.4	1.4	1.4	1.2	1.4	1.3
Debt to revenues (x times)	7.3	6.7	6.3	6.0	5.8	5.4	5.7
Debt to assets at cost (%)	53.2	52.7	51.9	51.7	51.8	50.6	50.8

Source: Hastoe and Moody's Ratings

Profile

Hastoe is a small housing association operating in rural areas covering almost 70 local authorities across London, the south and east of England. It manages approximately 7,900 units. It focuses predominantly on low-risk social housing lettings with a low exposure to market sales.

Detailed Credit Considerations

Hastoe's A3 rating combines (1) its baseline credit assessment (BCA) of baa2, and (2) a strong likelihood that the UK government would intervene in a timely manner to prevent a default.

Baseline Credit Assessment

Very strong operating performance

Hastoe has one of the highest operating margins among rated housing associations. In fiscal 2025, it stood at 34%, well above the median for A3-rated peers of 19% and showcasing an improvement from the previous year. Its strong margins are a reflection of its young stock with around half of its units built after 2000, resulting in lower maintenance requirements. Most of its stock is rural and comprises houses and low-rise flats, thereby limiting fire safety expenditures and retrofitting needs relative to peers. As of fiscal 2025, 80% of its stock was at EPC-C and Hastoe plans to increase this share to 83% by fiscal 2026.

Hastoe was able to preserve very strong margins after the pandemic despite government interventions on rents, cost inflation and higher tenant demand for repairs and maintenance. Over the last two years though, its margins were affected by a significant rise in demand for damp and mould repairs. Management has taken strong action to manage repairs volumes and bring them back to historical levels. As a result, we expect margins to recover back to 40% by fiscal 2028 and remain well above peers.

Rural housing specialist with a strong focus on social housing lettings

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Hastoe's focus on low-risk social housing lettings, which accounted for 92% of turnover in fiscal 2025, provides stable and reliable cash flows. Hastoe maintain some exposure to market sales with around a quarter of its development programme planned for shared ownership in the next five years. Risks are partially mitigated by its track record of development delivery and experience in rural areas where competition from private developers is limited. Small scale development also limits concentration risks.

Its focus on rural social housing is associated with strong demand from local authorities looking to increase social housing supply but also for its shared ownership sales. Hastoe's stock is mostly rural and very dispersed relative to its size, covering almost 70 local authorities across London, the south and east of England.

Hastoe also owns some older stock in urban areas including four high-rise blocks that require fire safety remediation and one that requires concrete remedial works. Hastoe has provisioned £3.3 million over the next two years for the works though the final cost may be lower if it can access newly available grant funding from the Building Safety Fund. Hastoe will also dispose of some of those units, increasing its focus on rural stock.

Supportive institutional framework in England

The sector's credit quality benefits from the strong institutional framework governing English housing associations (HAs) reflected in an Operating Environment score of a2 and a Regulatory Framework score of a1. These scores are assigned at a national level and reflect the following credit considerations:

The regulator maintains strong oversight through quarterly returns, long-term business plans, annual reviews, and regular programmed inspections for HAs with more than 1,000 units. The regulator has a strong track record of intervention in cases of mismanagement or financial stress.

The operating environment for English housing associations is supportive. Demand for social housing is very high and English housing associations retain some expenditure flexibility, with a track record of controlling costs to mitigate lower income. We recently upgraded the score to a2, reflecting recent credit-positive policy announcements that will provide greater revenue certainty and expenditure flexibility to the sector, including a 10-year rent settlement at CPI+1% and more generous funding for new and existing assets.

High debt levels and modest interest cover metrics

Hastoe has higher debt relative to revenue than peers at 5.8x in fiscal 2025 (A3 peer median: 4.6x). Gearing was in at 52%, in line with the median for A3 peers. Hastoe's debt structure is simple with limited refinancing and interest rate risk. As of fiscal 2025, 5% of its debt was at variable rates after swaps and 10% is due within the next five years.

Debt has come down significantly from over 7.0x revenue in fiscal 2021. We forecast debt metrics will continue to slowly decline over the next five years, supported by Hastoe's small development targets with plans to build around 400 units in the next five years (5% of its current stock). Debt to revenue will fluctuate with receipts from first-tranche shared ownership sales and fixed asset disposals. Current slippages in its development programme will likely result in lower debt increase than forecast, allowing instead for a continued gradual deleveraging.

Despite its very strong margins, Hastoe's interest cover metrics are broadly in line with peers due to its elevated debt burden. As of fiscal 2025, its social housing letting interest coverage (SHLIC) stood at 1.1x, in line with the median of A3-rated peers. We expect SHLIC to average 1.2x over the next three years and remain broadly in line with peers. Hastoe forecasts sufficient headroom of 0.6x over its tightest interest coverage covenant of 1.2x in fiscal 2026.

Extraordinary support considerations

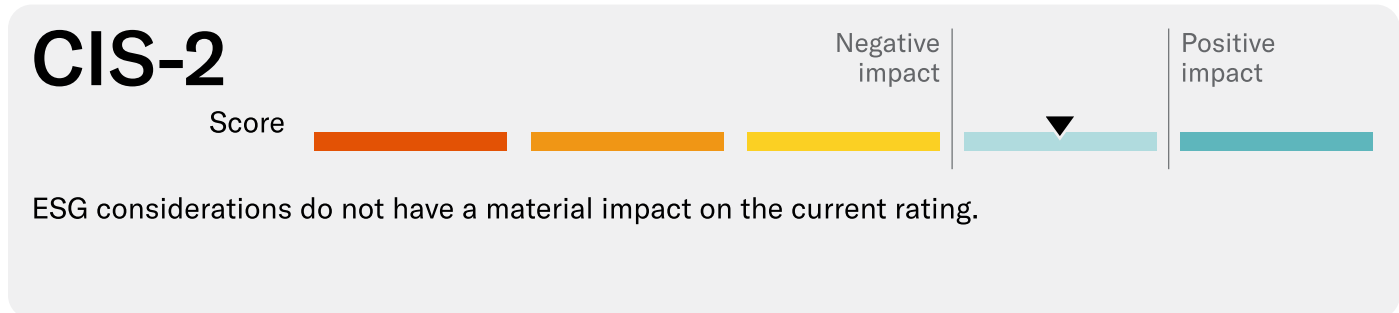
The strong level of extraordinary support factored into the rating reflects our view of the UK government's support for the housing association sector due to its political, economic and social importance. Extraordinary support for the sector is predominantly exercised through sector regulators whose wide-ranging powers in cases of financial distress include facilitating mergers. However, this process can be protracted and is reliant on HAs agreeing to merge, which is more challenging in a weakened operating environment, with high expenditure pressures and high borrowing costs. In addition, our assessment that there is a very high default dependence between Hastoe and the UK government reflects their strong financial and operational linkages.

ESG considerations

Hastoe Housing Association's ESG credit impact score is CIS-2

Exhibit 3

ESG credit impact score

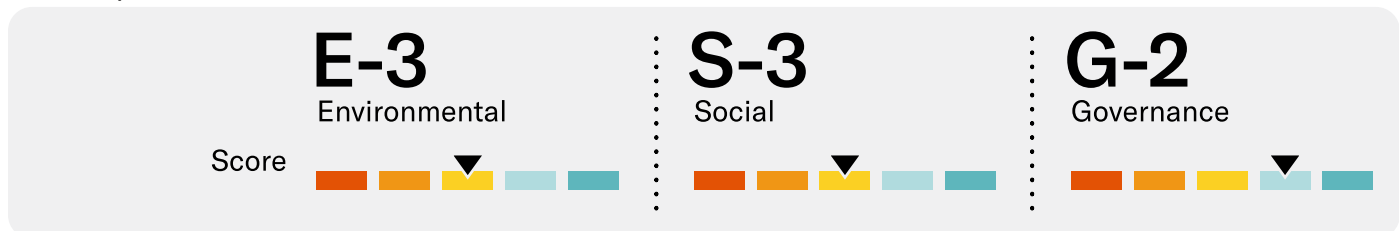


Source: Moody's Ratings

Hastoe's **CIS-2** indicates that ESG risks have a limited impact on its rating. Although social risks and carbon transition risks are prevalent, we consider that Hastoe has the ability to effectively mitigate them through its strong governance and management practices. We also consider that the supportive regulatory framework for the sector offsets some ESG risks.

Exhibit 4

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Hastoe has a material exposure to environmental risks (**E-3**) related to retrofitting needs to meet the government's requirement to bring social housing stock to EPC-C by 2035. Hastoe still needs to retrofit 20% of its housing stock to meet the required energy efficiency standards.

Social

Hastoe has a material exposure to social risks (**S-3**) through sector-wide legislative requirements to improve the safety and quality of existing stock (responsible production risks) and the vulnerability of the sector to tenant affordability considerations through the government's social rent policy. Those risks can materialise in the form of reduced operating margin and interest cover metrics.

Governance

Hastoe has limited governance risks (**G-2**) given its sound and prudent risk management framework and practices in line with sector best practices including detailed reporting and a simple organisational structure. The regulatory framework also supports good governance in the sector.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating Methodology and Scorecard Factors

The assigned BCA of baa2 is in line with the scorecard-indicated BCA.

The methodologies used in this rating were [European Social Housing Providers](#), published in July 2024 and [Government Related Issuers](#), published in May 2025.

Exhibit 5

Hastoe Housing Association

Fiscal 2025

Hastoe Housing Association			
Baseline Credit Assessment	Sub-factor Weighting	Value	Score
Factor 1: Institutional Framework			
Operating Environment	10%	a	a
Regulatory Framework	10%	a	a
Factor 2: Market Position			
Units Under Management	10%	7,871	baa
Factor 3: Financial Performance			
Operating Margin	5%	34.1%	a
Social Housing Letting Interest Coverage	10%	1.1x	baa
Cash-Flow Volatility Interest Coverage	10%	1.2x	baa
Factor 4: Debt and Liquidity			
Debt to Revenue	5%	5.8x	b
Debt to Assets	10%	51.8%	b
Liquidity Coverage	10%	1.1x	a
Factor 5: Management and Governance			
Financial Management	10%	baa	baa
Investment and Debt Management	10%	baa	baa
Scorecard - Indicated BCA Outcome			baa2
Assigned BCA			baa2

Source: Hastoe and Moody's Ratings

Ratings

Exhibit 6

Category	Moody's Rating
HASTOE HOUSING ASSOCIATION	
Outlook	Stable
Baseline Credit Assessment	baa2
Issuer Rating	A3
HASTOE CAPITAL PLC	
Outlook	Stable
Senior Secured -Dom Curr	A3

Source: Moody's Ratings

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