



# What you need to know an update on Brexit and the housing sector

## Background

On the 23rd of June 2016, the UK voted by 51.9% to leave the European Union (EU). Article 50 (the process that the UK has to invoke to leave the EU) was triggered in March 2017, and as things currently stand, the UK is scheduled to leave the EU on 29 March 2019.

However, after months of negotiation and several attempts to reach a deal being voted down by the UK Parliament, it is still unclear at this stage how Brexit is likely to proceed, but some possible scenarios are as follows:

- the UK will leave the EU on 29 March with or without a deal;
- the UK's exit from the EU will be delayed;
- the UK's exit from the EU will be cancelled; or
- the UK will hold a second referendum to agree a deal or vote to remain in the EU.

Due to the ongoing uncertainty over Brexit and due to its potential to impact the housing sector in Scotland, Cabinet Secretary for Communities and Local Government Aileen Campbell MSP has written to the sector to outline the importance of preparing for Brexit and of preparing for a possible 'no deal' scenario.

## What might the impact on housing be?

Scottish Government analysis suggests that Brexit has the potential to impact the sector in the following ways:

- investor confidence in residential assets and build to rent market;
- the impact of inflation and economic uncertainty on interest rates, rents, the financial health of RSLs and the availability and cost of finance for new build, renovation and energy efficiency;
- the availability and cost of materials for house building from non-tariff and tariff barriers – some 60% of the UK's building material imports come from the EU; and
- the availability of EU national workforce in the construction and housebuilding sector, as well as housing support

services.

## What is the Scottish Government doing?

The Scottish Government has outlined its commitment to provide stability and certainty in Scotland's housing sector throughout the Brexit process.

The Scottish Government will continue to engage with the housing sector on Brexit-related risks directly and through the Joint Housing Policy and Delivery Group and will be considering the recommendations of the Housing Construction Skills Working Group to ensure the long-term supply of a skilled construction workforce in Scotland.

## How should the sector prepare?

Whilst the Scottish Government is working to prepare for Brexit, it has made clear that it will be unable to mitigate all of the impacts of a 'no deal' exit from the EU. It is therefore calling on the housing sector to put in place the necessary preparations to ensure that it remains resilient in the case of a 'no deal' scenario and is encouraging the sector to share this information and any concerns with the Government to ensure that risks are mitigated collaboratively wherever possible.

## Further information

In February 2019, the Scottish Government launched a public information website to provide advice around issues such as transport, food, medicines and citizens' rights. This can be found here:

[www.mygov.scot/euexit](http://www.mygov.scot/euexit)

As part of its support for business, the multi-agency 'Prepare for Brexit' website offers practical advice which can help businesses to safeguard their own growth and that of the Scottish economy. Businesses can access advice and self-assessment toolkits and can apply for a £4,000 readiness preparation grant. The website can be accessed here:

[www.prepareforbrexit.scot](http://www.prepareforbrexit.scot)

The Scottish Government is advising the housing sector to use these resources as much as possible to help prepare for the challenges ahead.