The Reform of Sub-Market Housing in England: The Introduction of For-Profit Providers

A thesis submitted to The University of Manchester

for the degree of

Doctor of Philosophy

in the Faculty of Humanities

2018

Charles E M Jarvis

School of Environment Education and Development

LIST OF CONTENTS

WORD COUNT: 79,685

LIST OF FIGURES

LIST OF ACRONYMS

AHP	Affordable Homes Programme
AIDS	Acquired Immune Deficiency Syndrome
ALMO	Arms Length Management Organisation
CCT	Compulsory Competitive Tendering
CEO	Chief Executive Officer
CHAS	Contractor's Health and Safety Accreditation
CPI	Consumer Price Index
CSHM	Contemporary Social Housing Market
DCLG	Department for Communities and Local Government
DETR	Department of Environment Transport and the Regions
EU	European Union
FP	For-Profit
FPP	For-Profit Provider
G15	Representative Body of Represents London's Largest Housing Associations
GLA	Greater London Authority
HA	Housing Association
HAG	Housing Association Grant
HB	Housing Benefit
HBF	House Builders Federation
HC	Housing Corporation
HCA	Homes and Communities Agency
HIV	Human Immunodeficiency Virus
HM	Her Majesty
HRA	Housing Revenue Account
HRA2008	Housing and Regeneration Act 2008
HS	Housing Society
ISA	Individual Savings Account
JV	Joint Venture
JVC	Joint Venture Company
LA	Local Authorities
LCHO	Low Cost Home Ownership
LHA	Local Housing Allowance
LLP	Limited Liability Partnership
LRP	List of Registered Providers
LSVT	Large Scale Voluntary Stock Transfer
MP	Member of Parliament
NAHP	National Affordable Homes Programme
NAO	National Audit Office
NED	Non-Executive Director
NFP	Not-For-Profit
NHF	National Housing Federation
NPM	New Public Management
NPPF	National Planning Policy Framework
NW	North-West
OBR	Office for Budget Responsibility
OED	Oxford English Dictionary
P-AT	Principal Agency Theory
PFI	Public Finance Initiative
PfP	Places for People Housing Association
PLC	Public Limited Company
PM	Prime Minister
PRP	Private Registered Provider
PWC	Price Waterhouse Cooper
REITs	Real Estate Investment Trusts
RP	Registered Providers
RPI	Retail Price Index
RTB	Right to Buy
S106	Section 106
SAR	Shared Accommodation Rate
SDR	Statistical Data Return

SH	Social Housing
SHG	Social Housing Grant
SHR	Social Housing Regulator
SIC	Standard Industrial Classification
SMPH	Sub-Market Price Housing
SOAHP	Shared Ownership and Affordable Homes Programme
SORP	Statements of Recommended Practice
TSA	Tenants Services Authority
TV	Television
UC	Universal Credit
UK	United Kingdom
USA	United States of America
YHG	Your Housing Group
WWII	World War 2

ABSTRACT

University of Manchester

Charles Jarvis

Doctor of Philosophy

The Reform of Sub-Market Housing in England:

The Introduction of For-Profit Providers.

2018

The thesis examines the introduction of for-profit actors into the contemporary social housing market in England, with particular reference to the management and development of new social and affordable housing. It is an under-researched segment of social housing. The research aims to improve the understanding of how for-profit actors operate through an examination of the institutional and organisational responses in the social housing market. It conceptualises a tripartite theoretical framework, using principal-agent, institutional and organisational theory to assess the impacts that the introduction of these for-profit actors has had on the market.

It will argue that for-profit actors are not new phenomena. There have been three waves of policy intervention used to introduce for-profit actors and modernise the social housing market. The latest wave, which enabled these actors to be licenced landlords, has been available since 2004, but it was only formalised by the Housing and Regeneration Act 2008. The 2008 Act opened the market up to regulated for-profit landlords and enabled them to operate and compete on a level playing field with existing not-for-profit landlords.

The thesis has categorised three types of for-profit providers operating in the social housing market: legitimisers, opportunists and optimisers. It identified hybrid providers that have expanded their operations outside of the housing sector. The research also identified two types of market Disrupter operating in the broader regulated and unregulated sub-market. The first are developers that build housing and the second are subsidiaries of large international financial institutions new to the sector.

During times of austerity and retrenchment of government funding, these findings propose a broader definition 'sub-market price housing' for policymakers to better describe the totality of the market. This new definition includes all the variants of housing provided using government subsidy and also those using market-led solutions.

A formative research methodology was used combining document analysis, interviews with elite actors in the sector, case studies and summative interviews.

Declaration

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning

COPYRIGHT STATEMENT

Dedication

To Susan, without you none of this would have happened.

Acknowledgements

My thanks go first to my supervisors, Iain Deas and Professor Cecilia Wong of the University of Manchester, for their patience and supportive words, and pushing me towards developing a conceptual framework that I am proud of.

A big thanks must also go to Adam Barker at the University of Manchester, for navigating me through the University rules and barriers, so I was able to complete my thesis despite the new disability.

This leads me to thank Dr Syahrul Idris, my General Practitioner, and Dr Anna Richardson and Dr Adam Zermansky, my consultant neurologists, and all the other staff I have come across at Stepping Hill Hospital, Stockport and Salford Royal NHS Foundation Trust. It has been their kindness, patience and guidance, diagnosing, and establishing a treatment plan for cluster headaches that has got me through the last two years of the PhD.

I offer thanks to the Homes and Communities Agency, without the creative destruction of redundancy, I would not have jumped into the fires of a PhD and realised a new potential, so thank you for getting me out of hell.

I am grateful to all those people that have helped and assisted me in this research, especially those I interviewed, they gave up so much of their time. I am indebted to those friends and colleagues who became an informal sounding board and assisted in refining my arguments and conclusions. I would also like to say thank you to Sue and Brian both showed fortitude when helping to format the thesis. Lastly, I would like to say hello to my friends and family, I seem to have ignored you all during the last 12 months, sorry. Most importantly thank you Susan for your indulgence.

Ta!

THE AUTHOR

Qualifications:

Leeds University Leeds	1994 – 1995	MA Economics
De Montford University	1991 – 1994	BA (Hons) Economics (2:1)

Research Experience:

The author has worked within the housing and regeneration sector for over 18 years. Between 2009 and 2012 he was the Assistant Director of Market Intelligence, for the social housing regulator (Homes and Communities Agency, formally the Tenants Service Authority). He was responsible for:

- Providing analytical services to promote the market shaping role of the regulator and to support the regulation of individual housing providers;
- Risk and horizon scanning to understand the issues facing social housing providers in a way that enabled timely regulatory interventions and analysis of government policy and initiatives; and
- Policy development by providing timely, relevant and insightful analysis on the affordable housing market, its economics, characteristics and trends.

Prior to this he worked for Manchester City Council for nine years in strategic, analytical and performance roles in the Chief Executives and Regeneration directorates. This included four years with New East Manchester Urban Regeneration Company (URC) and as a senior manager with the Manchester Salford Pathfinder. Key responsibilities were to:

- Manage the annual development programme (approximately £54 million pa) ensuring schemes were on target and delivered;
- Lead on strategy and policy development aspects of Manchester and Salford's approach to Housing Market Renewal;
- Develop and implement Making Housing Count for the Greater Manchester Housing and Planning Commission; and
- Lead on research, data analysis and evaluation on behalf of the URC and City Council.

CHAPTER ONE INTRODUCTION

Purpose and importance of the study

An imbalance between housing supply and demand, and the resulting instability for some local housing markets, has been a long-term problem for the UK economy (Wilson, 2017). To better understand the causes and consequences and provide informed planning for housing supply, there has been a recent history of both state and privately sponsored studies of the housing market and its geography. These studies have been used to direct and influence national housing and planning policy and include: the Barker Review of housing supply (2004), the subsequent Barker Review (2006) of land use and planning, the Callcutt Review (2007), the Lyons Review (2014), and the Redfern Review (2016).

The consensus arising from these studies is that England continues to face a shortage of affordable housing, and new house building is not meeting needs. In an attempt to bolster supply and curtail a housing crisis, housing targets for new-builds have been set by successive governments since 1997. The targets started at 200,000 new dwellings per annum, and have increased to one million new homes to be built by the end of the 2015-2020 parliament, rising to 300,000 per year in the mid-2020s (HM Treasury, 2017). The Housing White Paper (DCLG, 2017a) states that at least 225,000 to 275,000 new homes are required. However, between 1997 and 2016, housebuilding exceeded the target in only three years (2004, 2005, and 2006). When the target was increased to 240,000 units per annum in 2007, actual supply peaked at 215,860 units in 2007.

Against this backdrop of continuing political controversy around what is typically presented as a housing crisis, there have been attempts to transform the provision of social housing in England. This is rooted in a growing recognition of the potential value of social housing in contributing to the supply of new stock. As reliance on the private sector as the principal driver of increased housing supply has begun to wane, successive governments have attempted in different ways to experiment with new forms of social housing provision. There has been particular interest in diversifying the provision of social housing, and in attracting a broader range of providers, extending beyond conventional social landlords such as local authorities and housing associations. This logic underlies the Housing and Regeneration Act 2008, which introduced a new regulator for the social housing market and tasked it with increasing competition in the market by encouraging for-profit actors to register as social landlords. The regulator is responsible for regulating three types of providers: private registered providers (PRPs), municipal providers and for-profit providers (FPPs).

PRPs are classified as not-for-profit organisations and are more commonly known as housing associations. These are third sector organisations that can make trading surpluses which are used to maintain existing dwellings and help to finance the development of new stock. The municipal sector consists of local authorities (LAs) owning council housing and arm's length management companies (ALMOs). These ALMOs manage LA-owned housing stock under contract; they tend to be (semi) independent companies, usually limited by guarantee. The FPPs are new market entrants, seeking to generate profit for their shareholders by developing and managing social housing.

This study examines the introduction of for-profit actors as landlords in the contemporary social housing market (CSHM). This has been an under-researched area of social housing. Previous research on for-profit actors in social housing has concentrated on three areas: privatisation and the Right to Buy (Forrest and Murie, 1988; Malpass, 2006; van Ham et al., 2012); demunicipalisation of council housing through stock transfers (Malpass and Mullins, 2002; Mullins and Pawson, 2009; Pawson and Smith, 2009); and the modernisation of the sector through new public management reforms (Reid, 1999; Mullins et al., 2001; Walker, 2001; Flint, 2003; Marsh, 2004). The study attempts to extend this existing evidence base by exploring the experiences of for-profit actors and considering the implications of their entry into the social housing market.

Aim and objectives

Before the introduction of FPPs as formally regulated providers of social housing, from 2004 house builders were permitted to become accredited social landlords. This experiment failed, with only one for-profit entity gaining accreditation, even though it did not own or manage any social housing units (Campbell and Tickell, 2006). Mullins and Walker (2009) evaluated the policy and concluded that the new market entrants did not provide competition for existing social landlords, but suggested that this could change with the introduction of regulated competition as part of Housing and Regeneration Act 2008 (HRA 2008). They recommended future research to assess the impact of the Act in increasing competition and promoting improved organisational and market functionality. Future research, it was suggested, should also identify how the Act has changed the nature of interactions between different types of actors over time (Mullins and Walker, 2009). Mullins and Walker (2009: 213) posed four research questions in order to evaluate the impact of liberalising the social housing market by encouraging new social housing provider and encouraging competition:

1. To what extent will the for-profit providers of social housing bring new (more efficient) practices into the sector and will this, combined with an overall increase in competitiveness, affect the behaviour of existing non-profit actors?
2. Depending on the answers to question 1 above, to what extent will there be a gradual blurring of boundaries and convergence of organisational behaviour between non-profit HAs and the for-profit sector?
3. Will there also be changes in the frames of reference of for-profit and traditional not-for-profits participants through organisational learning (across networks, within joint ventures)?
4. Will new proposed regulatory responses provide outcomes anticipated, if differences of motivation between sectors are still manifest in organisational behaviours?

The study builds upon this research agenda and attempts to address these questions. Its aim is:

To identify changes in institutional and organisational relationships and responses in the contemporary social housing market following the introduction of for-profit providers.

The research attempts to fulfil this aim by addressing the following research objectives:

Objective 1

Investigate the role played by the private sector within the CSHM, with particular reference to the activities of for-profit actors in supporting the development and management of social and affordable housing stock.

Objective 2

Review the strategies used by actors in the CSHM to assess whether for-profit and not-for-profit actors have employed different practices, using these results to develop a typology of affordable housing providers.

Objective 3

Identify and analyse the entry barriers, both external and internal, to the successful delivery of actors' business plans and the government's wider objectives of developing new affordable housing in the CSHM.

Objective 4

Consider the extent to which these barriers can be overcome under the current legislative and regulatory structures.

Objective 5

Develop policy propositions for future social and affordable housing provision for central government and its agencies.

Structure of the thesis

Following this introduction, Chapter Two reviews research and policy literature to consider the models that explain the principal ways in which social housing provision has altered over time. It reviews key policy developments that have occurred as part of an attempted modernisation process, arguing that three distinct policy waves have culminated in the introduction of for-profit actors to the social housing market. A discussion of the theoretical application of institutional theories in housing studies follows, in an initial attempt to draw upon previous attempts in the research literature to interpret the significance of social housing market reforms.

Chapter Three discusses the complexities of the CSHM and explores the different actors involved and their interactions in the market. It does so through a theoretical framework based on a tripartite model which uses principal-agent, institutional and organisational theory. The chapter explains the conceptual framework that has been developed to test the introduction of new for-profit actors. It also outlines the qualitative research methodology employed in the study, which uses a formative research strategy. The advantage of such a methodology is that it helps the researcher to define and refine the research tools, through an interactive process of research phases. Each phase builds on the other and assists the researcher to understand the subject area as they progress in the study.

An analysis of the policy framework following the enactment of the HRA 2008 is provided in Chapter Four. It analyses the environment that for-profit providers face when entering the CSHM, focusing on the demand for new supply, welfare reform and the Conservative-led-governments changes in rents policy, since 2010. The chapter also discusses the changing size and shape of the social housing market, different types of provision, the changing nature of regulation and funding arrangements. Critical to this chapter was the first research phase, which involved data collection and document analysis.

Chapter Five analyses findings from a programme of semi-structured interviews with 69 elite market actors. It draws upon these interviews to discuss the opinions of a range of actors in the housing sector in England. Research participants included the leaders of the institutions responsible for the market and different types of actors operating within it. Interviews were held with partners in law and accountancy firms, banks and hedge funds, chief executives, non-executive directors and owners of both PRPs and FPPs. Interviews were also conducted with what are termed the new market disrupters, which seek to provide alternative unregulated solutions to low-cost housing.

Chapter Six provides observations on the framework that shapes the CSHM. It examines how the market has changed, the different providers active in the market, and their roles. This helps to understand the role that profit plays within the market. Interview findings were triangulated with other data to provide a new definition for social housing which places it in a broader context of what is termed ‘sub-market price housing’ (SMPH). Data were also used to develop a typology of for-profit providers. The chapter uses three case studies to examine further how profit-making activities impact on different types of providers and how business practices have evolved as a result.

Chapter Seven synthesises the research findings and explains their relevance in conceptual and empirical terms. The chapter discusses their significance for the study of sub-market price housing in England. It examines the implications of the empirical findings in light of the existing research and policy literature, revisiting the themes explored in Chapter Two. It also considers the implications of the findings in respect of the conceptual framework discussed in Chapter Three. The chapter concludes by discussing the significance of the findings in relation to the policy landscape for housing in England, returning to the themes explored in Chapter Four.

Chapter Eight draws together the conclusions of the research and considers the repercussions for future policy on sub-market price housing. This is followed by discussion of how the findings from this study can be utilised to develop future areas of research on for-profit actors in the social housing market.

CHAPTER TWO LITERATURE AND POLICY REVIEW

Introduction

The study of social housing has been considering and analysing the modernisation of the sector for at least 20 years, and according to commentators there is one common theme across all these studies: the ascent of housing associations (Randolph, 1993: Malpass, 2000, 2009). It is possible to classify previous social housing research into three categories: privatisation and the Right to Buy (RtB) (Forrest and Murie, 1988; Malpass, 2006; van Ham et al., 2012); demunicipalisation of council housing through stock transfers (Malpass and Mullins, 2002; Mullins and Pawson, 2009; Pawson and Smith, 2009); and the modernisation of the sector through new public management reforms (Reid, 1999; Mullins et al., 2001; Walker, 2001; Flint, 2003; Marsh, 2004). The primary motivation for these developments has been to introduce more efficiency and business-oriented practices into public services. In the case of social housing, one of the objectives is to increase the supply of social housing whilst limiting public expenditure (Hodkinson et al., 2013). However, it will be argued in this study that there is a fourth category, the introduction of for-profit landlords; the common theme running through all four categories is the introduction of for-profit actors.

The role of for-profit actors in the social market is an area in which where there remains a significant gap in the knowledge of housing market modernisation. This study will seek to fill this gap and identify the role that for-profit actors play in increasing the supply of social housing. There are four parts to this review. Part One examines the theoretical models of social housing modernisation, it defines the housing market, and considers the historical background of the sector.

Following the discussion of the broad framework in Part One, Part Two reviews the notable policy developments that have occurred as part of the modernisation process. It argues that the introduction of for-profit actors in the social housing market is not a new phenomenon. Instead, there have been three waves of policy intervention used to introduce for-profit actors and modernise the social housing market. These are the demunicipalisation of council housing leading to the introduction of private finance; the contracting out of services; and opening the market to for-profit landlords. Part Three provides an examination of the policy context that has emerged post-2008, and addresses the formal introduction of for-profit providers (FPPs) to the CSHM due to the Housing and Regeneration Act 2008 (HRA2008) as well as the implications of the 2007 financial crisis on the market.

Part Four of the review brings together the policy context with a theoretical discussion of the application of institutional and organisational theories. It provides a critical examination of how these theories have been used in housing studies. It will seek to identify why institutions matter, and how they need to change and adapt to accommodate new types of housing providers. For example, the Regulator has started to raise its game to protect assets within the sector, and providers are becoming increasingly more business orientated as they respond to wider agendas and more complex levels of finance.

The theoretical models of social housing modernisation

This section will establish the platform for the latter part of the literature review by examining the institutional structure of housing providers and laying the foundations for the methods and analysis chapters. It defines the housing market, discusses the conceptual models for understanding how social housing has changed in England, and examines policy development by taking into consideration the historical background of the sector. It will briefly reflect on the development of policies tailored towards the delivery of affordable housing between the 1970s and mid-1980s and highlights that there has been expansion in the number of actors operating in the sector since 1974. At the same time it notes that there has not been a decrease in the number of affordable dwellings (DCLG, 2017b).

Housing systems and markets

> A market exists whenever two or more individuals are prepared to enter into an exchange transaction, regardless of time or place
>
> (Gravelle and Rees, 1992: 3, cited in Rosenbaum, 2000: 459)

As will be demonstrated, it is only since the 1980s that social housing has become marketised and come to be described as a market within the UK context. Before then, it was predominantly provided by the state. From the 1980s successive public sector reforms led to the introduction of market solutions across the broader welfare state, with commentators suggesting that in the United Kingdom it had retrenched (Pierson, 1994; Esping-Andersen, 1996). Before examining the role that social housing plays in the welfare state, it is vital to define the market.

The pure definition of a market is, 'whenever two or more individuals are prepared to enter into an exchange transaction, regardless of time or place' (Gravelle and Rees 1992: 3, cited in Rosenbaum, 2000: 459). In the quote above, Gravelle and Rees describe the prevailing neoclassical view of the market where aggregated supply and demand are coordinating actions and make close communication between market actors irrelevant (Brandsen et al., 2005). As will be demonstrated, failures in the housing market make this simple definition redundant and this in turn leads to the requirement for a new definition of the market to be proffered. New institutional economics define markets as a set of social institutions, in which a large number of commodity exchanges of a specific type regularly take place, and are to some extent facilitated and structured by those institutions (Hodgson, 2000:174). Market transactions like social interactions are subject to devised rules, norms and regulations, and this reflects the dominant powers and interests in that market. These are the same set of constraints that structure political, economic and social interactions (North, 1991; Zhu, 2005). This institutional definition of markets seems more favourable to research that is examining housing because it is a specific type of commodity.

A simple definition of the housing market is one where the provision of ‘market housing’ is determined by market forces, while the state allocates public housing provision (Chen and Nong, 2016). This definition of public housing could easily be applied to the English social housing market, as local authorities act as agents of the state (Hughes, 1994) and are responsible for allocating social housing within their boundaries via choice based lettings lists and different allocation mechanisms. However, the housing market is more complex than the pure market defined by Gravelle and Rees, and Chen and Nong's simple market because both definitions lack the subtleties required to examine housing in England.

Housing markets in western economies tend to be segmented and are usually defined in terms of specific geographic submarkets, ‘where the price per unit of housing quantity (defined using some index of housing characteristics) is constant’ (Goodman and Thibodeau, 1998: 1). The dominant characteristic of the segmented market is one of inelastic demand, which has to account for locations, housing types, and availability of local facilities and services (Schnare and Struyk, 1976). In private housing, it is a consumer’s ability, within a specified budget, to choose location, and house type with appropriate local services that encourages the exchange of homes. The solutions for market failure may consist of public goods and quasi-public goods (Goodman and Thibodeau, 1998; Bramley, 1993), that is, social housing. Quasi-markets and how they relate to social housing are covered in ‘Wave 3 - Opening the market to the direct delivery of affordable homes’. The supply function of the housing market is further complicated by the failings of the private market. Due to issues pertaining to the affordability of housing the provision of subsidised housing is required to redress this failure (Whitehead, 2003). In England, those whose needs are not met by the private market have tended to be provided for by affordable housing by social housing organisations (Cave, 2007).

Models for understanding the modernisation of social housing

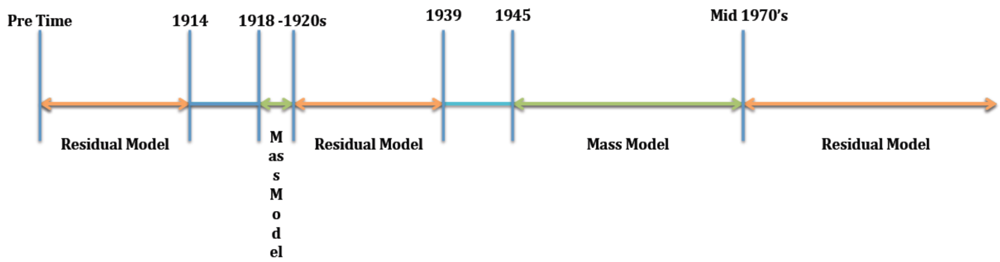
> ‘The social housing sector expanded and then contracted, becoming increasingly fragmented, residualised and commodified.’
>
> (Cole, 2007: 4).

This section examines two models which conceptualise both the establishment and modernisation of the social housing sector. These are Harloe’s historical account of social housing and Malpass and Victory’s modernisation continuum.

Harloe (1995) and Malpass (2000) have both explored the history of the growth of ‘the social housing movement’ to gain an understanding of how the current system has developed in order to provide an indication of possible future advancement. Both authors are in agreement with regard to when the sector started to be modernised. History has, therefore, been written by ‘the victors’, leading to dangers in the interpretation of these historical developments in social housing. Consequently, they warn of the risks involved in viewing historic policy developments whilst wearing current policy spectacles as it may lead to misinterpretation (Harloe, 1995; Malpass, 2000).

Harloe offers a historical account of the development of social housing within his book *The People’s Home* (1995). He employs a political economy framework to provide a general theory for social housing. The theory presents two possible models to explain the need for social housing and he places them within a historic timeframe. The residual housing model is defined as the minimal or ‘safety net’ accommodation for the poorest in society. In contrast, the mass-housing model is where the state subsidises housing for the ‘better off’ skilled working class or key workers. The most commonly used model is the residual and Harloe concludes that the mass model only arises when capitalist systems are under pressure. Figure 1 depicts the different models of social housing from ‘pre-time’, before 1914 to the present day.

Figure 1: Conceptualisation of Harloe's general theory for social housing



Source: Adapted from Harloe (1995)

Social housing has a long history, with Alms Houses being established in the middle ages. The earliest recorded is St Lawrence Trust Hospital established in 1235 (Tickell, 1996) and this was still in existence in 2012, when it managed 22 units for 27 residents (Shepherd, 2013). The voluntary sector Housing Associations (HAs) movement has its origins in 19th century philanthropic and charitable organisations - these received assistance from the state by grant funding and/or subsidised land (Harloe, 1995). Commentators suggest that council housing arose in the 20th century as a consequence of the failure of the early voluntary housing sector in the previous century (Malpass, 2000; Ravetz, 2003). This view chimes with accepted norms in relation to the golden period of the welfare state and social housing, with both being predominantly developed as part of post-war reconstruction (Doling, 1994; Malpass, 2003, Abrahamson, 2005; Cole, 2006, Blessing, 2012a; Murie, 2009a). Figure 1 illustrates a turning point in the mid-1970s that reverted the model back to a residual one whereby such assistance was no longer provided for the ‘key workers’ but instead once focused on the poorest within society.

This change in welfare economics was deemed to be due to pressure from the New Right (Malpass, 2006).

The general theory of social housing described by Harloe is not without its critics. The theory lacks discussion of the private housing market and an individual's ability to accumulate wealth through the ownership of housing assets (Malpass, 2003, 2008a). It is also limited when considering how social housing at the time was perceived as being under attack from a pernicious government (Cole and Furbey, 1994). These attacks included the prevailing privatisation policies such as right-to-buy (Forrest and Murie, 1988; Malpass, 2006; van Ham et al., 2012) and provided transfers of wealth from the state to individual households (Jones and Murie, 2006).

The cost of asset accumulation, such as homeownership, at an early age is high, but for a rational consumer these high costs will be offset as they assume housing costs will reduce over time. It is argued by the New Right that lower housing costs in older age enable the consumer to transfer housing payments to pay for welfare support, and that this can assist the elderly in living more comfortably in old age (Kemeny, 1995). Enabling individuals to take responsibility for their own welfare, and choosing how to finance it, was fundamental to the reforms introduced by the Thatcher and Reagan governments (Saunders, 1984). They also introduced the philosophy of 'financialization of the everyday life' (Doling and Ronald, 2010: 167). Such policy shifts have enabled individuals to realise the equity potential embedded in their long-term home ownership and this has led commentators to suggest that housing has shifted from the wobbly pillar to the cornerstone of the welfare state (Jarvis, 2008; Malpass, 2008a). However, this embedded wealth may cause fractures within society, as many of 'the-haves', (homeowners) are benefiting from a welfare state that the residual or 'the-have-nots', (social housing tenants) are unable to afford. Thus the housing market continues to be a fault line in society (Saunders, 1984: 224)

Harloe's theory connects changes in capitalism to housing policy, using post-war reconstruction and the resulting social contracts as an explanation for the divergence from the normal residual model. He makes limited reference to the economic crises of the 1930s and 1970s (Malpass, 2006). Moreover, his theory is based upon observations from six countries (USA, the UK, France, Germany, Denmark and the Netherlands). The results of these observations were analysed by Kemeney (1995) and he concluded that the theory is only applicable to the UK, since the data indicates that in mainland Europe the mass model is most prominent, whereas the residual model was the norm within the USA during this time.

There is broad support within existing literature regarding residualisation in the UK, even if that support is based upon a divergent set of reasons (Malpass and Murie, 1987; Kemeny, 1995; Fitzpatrick and Pawson, 2007; Malpass, 2008a;). Kemeny (1995) argued that in Anglo-Saxon countries (Great Britain, Australia and New Zealand) where homeownership rates are high there has been a reduction in welfare state expenditure and he suggests that this demonstrates the existence of residualisation, whereas Malpass and Murie (1987) used housing wealth of British owner-occupiers to demonstrate the same point. The argument is summarised by Malpass and Victory (2010:6): ‘in the long term social housing was likely to be predominantly residual, providing for those low income and vulnerable households that the market could not accommodate in homes of a socially acceptable standard at a price they could afford’. Therefore, all arrive at the same conclusion as Harloe with respect to residualisation.

Having explored the predominant forms of social housing during specific times in history, this chapter now considers the impact of housing policy since the mid-1970s and the implications for social housing. It will argue that marketisation has occurred and that the introduction of for-profit providers with the social housing sector was not radical but a small step following incremental changes, which have slowly opened the market to increased competition, leading towards modernisation.

To date, this study has concentrated on the demand side of social housing. The remainder will consider the supply side of social housing and how this has been modernised. Malpass and Victory (2010) proposed a conceptual framework for public housing, which uses two models for comparison: Model 1- the mid-20th Century Housing System (welfare state) and Model 2 - Contemporary Housing System (post welfare state). For each model, the following factors are taken into consideration: the role played by the social housing sector in the wider housing market, the aspects of the supply including the nature of the organisations procuring, owning, and managing social dwellings and the governance and financial arrangements adopted; and the aspects of consumption – the tenure and other terms and conditions offered to tenants. These models sit along a time-line continuum, titled modernisation, starting with social housing as a wholly public sector solution, and ending with a fully privatised market solution. A simplified version of this framework is shown in Figure 2.

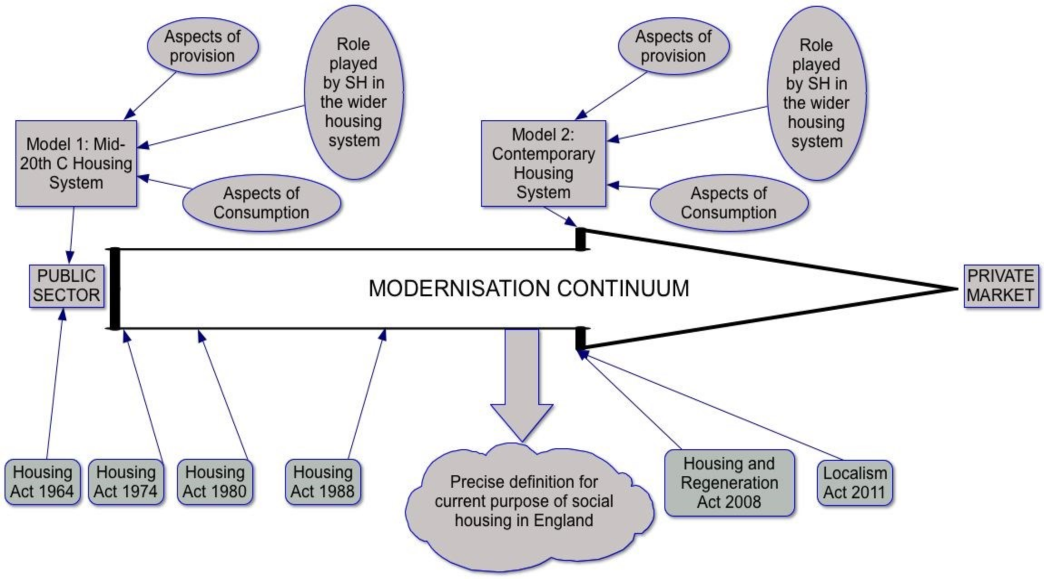
Figure 2: Summary of Malpass and Victory's models of public housing

	Public Housing Model	Contemporary Social Housing Model
Role in the housing system	Accommodating a broad social spectrum	Predominantly residual
Ownership procurement/ development	Overwhelmingly municipal	Mix of local authority and other social housing providers
Governance	Municipal democratic; local autonomy from central control	Managerialist; heavily regulated by the centre
Organisational culture	Bureaucratic/ professional	Customer orientated; focus on asset management
Finance	Public sector loans and subsidies	Mix of public and private loans; use of cross subsidies from private developers

Source: Malpass and Victory (2010: 7)

In the Malpass and Victory (2010) conceptual framework, the housing system sits on the modernisation continuum; the continuum can be perceived as being similar to a factory conveyor belt. It should, therefore, be possible to use the continuum to map developments in public housing policy. It may also be possible to obtain a precise definition of affordable housing at any given time along the continuum by using the current legislative framework and examining both the actors operating in the market and the institutions that are bearing down on it. By examining each policy and the impact it has had on three factors (consumption, supply, and role in the wider housing system), one should be able to assess whether the sector has moved closer towards a full market solution. Figure 3 shows how key social housing (SH) legislation has shifted the sector along the continuum.

Figure 3: Conceptual framework of Malpass and Victory's models of public housing



Source: Adapted from Malpass and Victory (2010)

Within the contemporary social housing model, the market is highly regulated and providers consist of the state and others, including hybrids. Hybrids have developed as government subsidies have been reduced, and Hybrids are dependent on a cocktail of funding and cross subsidies (Mullins and Pawson, 2010). Malpass and Victory (2010) suggest that the modernisation framework is dependent on policy development and is a one-way process that travels along the continuum with no possibility for reverse. Policies are diodes, with each policy innovation leading the social housing sector closer to a full market solution. In presenting a framework with modernisation at its core, Malpass and Victory (2010) define modernisation as a progression from one model to another, based on incremental policy change rather than rapid market innovation. Pawson and Sosenko (2012) viewed this approach as a step forward in sector analysis by viewing the cumulative effect of policies. Previous analysis (Forrest and Murie, 1991; Cole and Furbey, 1994; Ginsburg, 2005) tended to focus on individual policy interventions in isolation, and classifying some of them as privatisation (e.g. Malpass and Victory, 2010;

Pawson and Sosenko, 2012). There are conflicting views on whether privatisation is modernisation, as discussed by Forrest and Murie (1983, 1988), Ginsburg (2005) and Hodkinson et al., (2013).

Malpass and Victory (2010) identify that much social housing policy development was based on providing local solutions to municipal housing management problems. Often if these solutions were successful at a local level, they were quickly rolled out nationally. Examples include stock transfers which were initiated by Conservative-led rural authorities in southern England who sold stock to new or existing housing associations (HA) (Malpass and Mullins, 2002) , and in doing so '[generated] very large proceeds from sales of housing stock' (Hughes and Lowe, 1995: 63).

Rather than claiming that this echoes the steady and timely way in which policies are made and introduced, it may be possible to suggest that this is a local market response to local needs, which provides local solutions. However, these responses may only be implemented if specific freedoms and flexibilities with respect to legislation are granted. An example of this is Ministerial direction. Through this response both central and local areas may have the opportunity to benefit from the knowledge gained by experimentation and the innovation of piloted/trialled policies. In this way piloted schemes, through evaluation, may be improved or disregarded outside of the national spotlight.

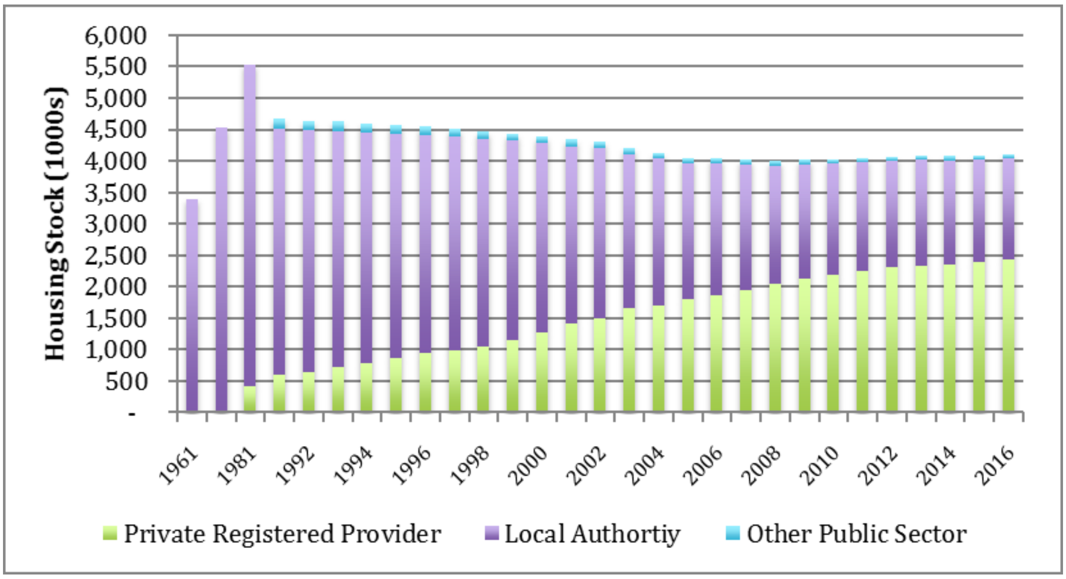
In commenting on the private rented sector in both the USA and Europe Harloe's described the pre-modern housing market as one that was predominantly comprised of privately rented dwellings. In contrast, he described the modern housing market as one where owner-occupation dominates. This change may be described as a form of 'housing system modernisation' (Harloe, 1985). Data shows that Britain moved from the pre-modern model advanced by Harloe to the modern during the latter half of the 20th Century; 53 percent of households were owner-occupiers in 1971 (Malpass and Murie, 1987). Numerous studies focusing on the modernisation of the social housing market have been undertaken to develop this concept (Malpass and Murie, 1994; Mullins et al., 2001; Murie, 2009b; Malpass and Victory, 2010; Pawson and Sosenko, 2012).

Malpass and Victory (2010) discuss the fact that residualisation of the social sector is inevitable due to modernisation and how this leads to the failure of the mass model, as the mass model structure has been compromised by the reduction in privately rented homes and policies employed to increase and popularise owner-occupation. The number of privately rented homes fell in the 1980s. However, by the mid 1990s this sector had started to recover and private landlords owned 2.1 million homes (10 percent of all dwellings). This upward trajectory continued and in 2011 this figure had increased to 4.1 million homes or 18 percent of the stock of housing in England (DCLG, 2013). This rapid growth may be accounted for by the introduction of Buy to Let Mortgages for investor landlords in 1996 (Pawson and Wilcox, 2012), the re-regulation of the private rented sector and the financialisation of housing which, as innovations, have cumulatively enabled individuals to use housing assets to secure long-term financial security via capital gains and rental income (Leyshon and French, 2009). To sustain the policies of owner-occupation requires a flow of households from lower income scales who both want and are able to purchase their homes.

Modernisation: The ascent of the housing association

Figure 4 shows that there is only one clear narrative during this period of modernisation and it is the one that describes the ascent of the housing associations (PRPs) (Randolph, 1993; Malpass, 2000, 2009). Where once municipal housing dominated and accounted for one in three of all housing stock in England, it fell to less than one in five by 2005 (Pawson, 2006; Pawson and Sosenko, 2012). This reduction has, on the whole, been due to the selling of council homes to tenants and the number of demolitions exceeding the number of new builds. In 1981 LAs owned 92 percent of all affordable housing dwellings whereas by 2008 HAs had become the leading actor in the sector (DCLG, 2017c). There are currently 1,506 not-for-profit HAs, owning 2.5 million housing units, 312 of these providers own 1,000 or more units and account for 96.4 percent of all stock (HCA, 2017a). The social housing sector has been transformed through modernising reforms.

Figure 4: Social housing stockholding, England, 1961-2016



Source: DCLG (2017c)

<u>Modernisation: Reforms between 1974 and 1988</u>

The reforms initiated between 1974 and 1988 were characterised by three factors. First, the increased regulation of the HA sector, secondly, the introduction of HAG to support new build schemes, and thirdly the introduction of the right right-to-buy (RtB) scheme for council tenants. This period was closely linked to the rise of the New Right reform programme and paved the way for the introduction of for-profit actors into the sector.

<u>Housing Act 1974: Strengthening regulation</u>

Modernisation began with the Housing Act 1974 which was the turning point for the sector (Kemp, 1999; Malpass and Victory, 2010). It played a critical role in shaping both the regulation and finance of the sector through extending the role and powers of the Housing Corporation (HC) – the previous regulator of housing associations. For the first time, HAs were entitled to government grants rather than loans to fund the building of new social housing. These Housing Association Grants (HAG) were, when compared with today's market, set at a very generous level of 80 percent per housing unit. This enabled HAs to start competing with LAs on a more level playing field, and also encouraged the sector to strengthen governance arrangements within individual organisations.

By choosing the 1974 Act as the starting date of modernisation, Malpass and Victory suggest a regulatory symmetry to their analysis 'Given the fact that the HC was abolished in 2008 as a modernising move, it is appropriate to start by suggesting that the extension of the Corporation's remit in 1974 marked the beginning of the modernisation process' (2010:10). Perhaps a more appropriate choice of date as to when modernisation began would have been the Housing Act 1964 because it introduced regulation into the sector by establishing the HC. The 1964 Act states that the HC should promote, regulate, and facilitate the proper exercise and performance of the functions of HAs and make loans to these organisations to enable them to carry out any part of their business. The legislation helped facilitate the rapid growth in the number of HAs during the mid to late 1960s, and this era has been termed the 'third wave of associations' (Malpass, 2000). Many of the new associations established in the 1960s have become major players in the sector today. For example, London Quadrant was established in 1963 when it bought its first house and converted this into three flats for rent (Robertson, 2013). It is now the country's second largest social landlord with a portfolio of 70,000 affordable homes (HCA, 2012b).

<u>Privatisations: The 1980 Housing Act</u>

The 1980 Housing Act established the RtB policy that provided sitting tenants of LA stock with the statutory right to purchase their council homes. The purchase price was heavily discounted, with individual discounts ranging from between 33 and 50 percent in the early years before increasing to 70 percent under the terms of the 1986 Housing and Planning Act (Hodkinson et al., 2013). Before the introduction of the 1980 Act, both Conservative and Labour led municipalities, using discretionary powers, had disposed of existing council stock at a discount. The number of units disposed of in this way peaked in 1972 when 46,000 units were sold (Forrest and Murie, 1991).

To date over 2.7 million homes have been sold to existing tenants through this programme (van Ham, 2013 et al). Research has shown that the tenants who participated in RtB tend to be older, have held tenancies for 20 years or more, were better off, lived in houses not flats, and lived in more desirable areas (Jones and Murie, 2006). However, following its initial popularity the RtB policy under New Labour became politically less important. Since its election in 2010, the Coalition government has revitalised RtB by extending its franchise to include HA stock (Wilson et al., 2017a), as one means of meeting unmet demand for affordable housing in particular areas.

There is little disagreement among commentators that RtB represented a watershed in the modernisation and de-municipalisation of social housing (Malpass and Victory, 2010). However, all observers agree that this was an act of privatisation, with the tenants being both the delivery instrument and main beneficiary of this policy (Hodkinson et al., 2013). Some critics of the RtB programme have identified poor management of social housing at the local level as the reason for tenants showing little resistance towards this policy (Power, 1987; Cole and Furbey 1994). Others have suggested that high levels of public sector cuts meant that the housing sector suffered during the 1980s and made RtB an attractive proposition to LAs and tenants alike (Hodkinson et al., 2013). It has been contended that RtB was introduced to reinforce capitalistic market economies, which had been undermined by the large-scale construction of municipal housing in the 1950s and 1960s. By the mid 1970s, the loans taken out by local authorities to pay for this earlier construction had been settled. Thus, they created a cash rich municipal housing sector which was ripe for disposal as alternative policies such as rent reductions would have been politically untenable (Kemeny and Lowe 1985).

Three waves of for-profit actors

The last 30 years of neoliberal policy reforms have led some researchers to argue that the social housing sector is under threat (Priemus et al., 1999; Gruis and Nieboer, 2004; Rhodes and Mullins, 2009). A major element of these reforms has been the establishment of the social housing market as an arena that offers a variety of opportunities for for-profit organisations to operate within. This section of the literature review considers how for-profit actors have entered the market and identifies the impacts that this has had. The methods of entry can be broadly classified as comprising three waves: demunicipalisation and the implications of private finance; contracting services to the private sector; and opening the market to the direct delivery of affordable homes.

Wave 1 - Demunicipalisation and the implications of private finance

1989 was a landmark year as two pieces of legislation, the Housing Act 1988 and the Local Government and Housing Act 1989, combined to restructure the social housing sector (Pawson, 2006). This saw three reforms in the social housing market: a shake-up of the roles and responsibilities of municipal and voluntary sector landlords; the reduction of central government grants; and large scale stock transfers. Cumulatively, these reforms have had two long lasting impacts, the demunicipalisation of the market and the introduction of for-profit private finance.

The shake up of roles and responsibilities

The 1988 Housing Act ended the requirement whereby LAs were obligated to meet housing need directly. Instead, the Act introduced private finance as the main method of funding new build social housing and establishing stock transfers as a national programme. Although the Conservative government introduced this Act, the subsequent modernisation programme was continued and built upon by the 1997 New Labour administration (Pawson, 2006; Kemp, 1999; Malpass, 2009; Malpass and Victory, 2010).

The Conservative government, at the time of introducing the 1988 Housing Act, was critical of the management methods of LAs with regard to council housing; they were seen as ineffective, wasteful and protective to tenants. John Patten (Housing Minister) contended, we should 'get rid of these monoliths and transfer council estates to agencies who will be closer in touch with the needs and aspirations of individual tenants' (quoted in Kemp, 1989: 52). For the government, HAs were a closer fit to their new right philosophies and were identified as the alternative to municipal housing (see Back and Hamnett, 1985; Best, 1996, 1991).

Through the 1988 Act, LAs were challenged to become strategic leaders and enablers of social housing. This effectively deregulated the municipal sector (Hughes and Lowe, 1995) and placed it on the road towards being 'demunicipalised' (Kemp, 1988), as LAs sought new providers - such as the private rented sector - to provide housing to develop quasi-markets within the social housing sector (Le Grand, and Bartlett, 1993). In a quasi-market the consumer's purchasing power is not expressed in economic terms and services are not provided to the hopeful consumer prepared to pay the highest price as in a 'normal' market. Instead, in the quasi-market, consumers do not use their own resources, they use a quasi-currency developed for each service area (e.g. vouchers, needs-related priority lists and choice based lettings), and potential consumers are given 'purchasing power' on a needs basis (Pawson and Jacobs, 2010).

Le Grand, and Bartlett (1993) discuss four elements that are required to evaluate the impact of services in the quasi-market: efficiency, responsiveness, equity, and choice. Efficiency is the avoidance of waste with regard to resources and the providing of value for money. Thus services are developed that are responsive and meet consumers' needs rather than being overly bureaucratic. The reforms of a service should also ensure that consumers are provided with choice. The choice could be between the kind of service received by the consumer (e.g. choosing between domiciliary care or residential care), or the choice between several different providers offering the same service (e.g. choosing between a range of providers offering residential care in an area). It is the former that government policy has attempted to deliver when seeking to broaden choice in the social housing sector. It has been argued that the quasi-market in social housing does provide consumers with levels of modest choice, but these should not be overstated (Bramley, 1993).

Since the introduction of the Housing Act 1988, tenants have been able to choose from competing suppliers as their social landlords, although this seemed to have limited success (Bramley, 1993; Cave, 2007). Government policy continued to reform the sector to make ‘choice’ easier for tenants. New Labour used the HRA2008 to introduce regulatory reforms to provide tenants with 'choice'. These reforms followed the recommendations of the Cave review (2007) which argued that tenant choice should be extended to cover local landlords who provide repairs to their home and the ability to pay for additional services.

The reduction of central government grants

The most striking element of the 1988 Act was the reduction of HAG from 80 to 50 percent for new build dwellings. The 1988 Act, combined with the Local Government and Housing Act 1989, also enabled Ministers to reduce subsidies to LAs (Pawson, 2006). This was the beginning of the end of ‘bricks and mortar subsidies’ for social housing and meant that HAs had to become increasingly more reliant on private finance to build units. This led to increased regulation and a more commercial approach for the not-for-profit sector. For example, HAs using asset management strategies to *sweat* previously under worked assets (housing) to maximise returns on those assets, has soon became the norm (Walker, 2001; Ginsburg, 2005; HCA, 2013a). However, lending institutions were initially not interested in this development and were reluctant to lend to the sector due to its perceptions regarding the credit risk profiles of those that the sector housed (Malpass and Victory, 2010). They were eventually brought onside by further reforms and this ended the fair rent system. The consequence of this was that tenants began to pay higher rents and this led to an increase in the number of tenants receiving Housing Benefit. This resulted in a real term doubling of the Housing Benefit bill between 1988-89 and 1995-96 (Hills, 1998; Kemp, 1988). It also went someway to compensating landlords for the loss of capital subsidies.

Following the restrictions placed on LAs with regard to their ability to borrow money (via the 1989 Act), only the HA sector was able to assume debt in order to finance their business plans. However, HAs were expected to borrow directly from the market in contrast to their predecessors, Housing Societies, which had borrowed from the HC - a government agency. The HAs did have one advantage, as they were operating in a regulated sector and were identified by the financial sector as agents of government, the markets lent to them at rates much lower (150-200 base points) than those available to commercial organisations.

From an initial slow start, the market for private finance secured against existing social housing assets has become very large. In 2012, borrowings in the sector increased by £3.4bn to £48.5bn, or £18,372 per social housing dwelling. Much of the new debt is financed through bonds, which accounted for £1.8bn in 2011-12, with private placement and bank borrowings making up the remainder (HCA, 2013a). Debt finance is now the main method for funding the construction of new affordable homes and is expected to continue to rise over time as grant rates continue to fall.

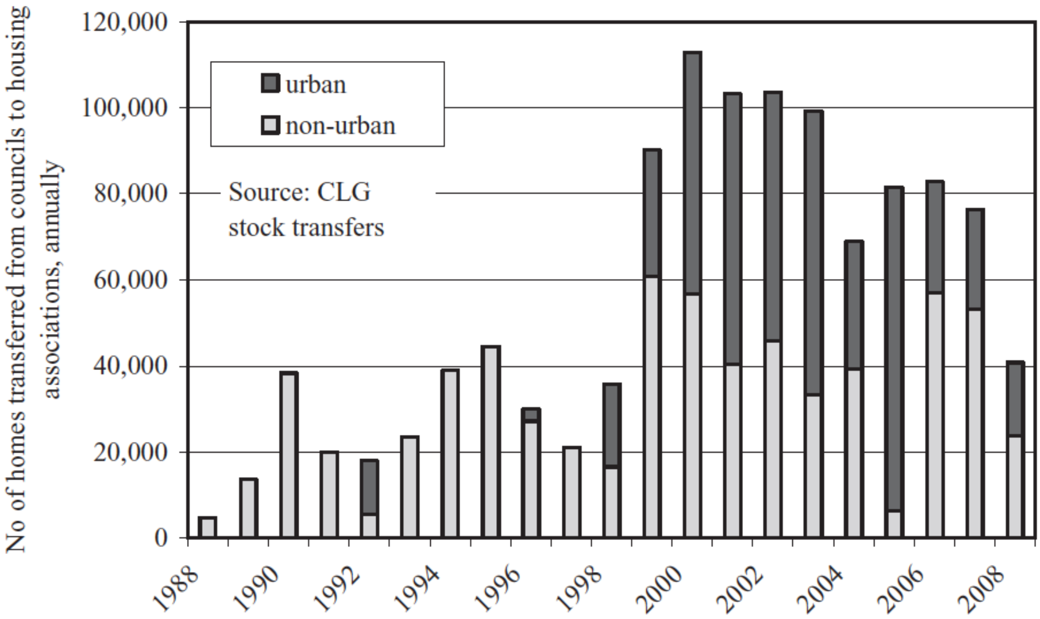
Large-scale stock transfers

The transfer of stock ownership from municipal landlords to the voluntary sector was originally a local initiative. The Housing Act 1986 established the legislative framework for a national programme of stock transfers (Woods, 2000) and since then it has been used to support government policy goals (Malpass and Mullins, 2002). These goals are primarily focused upon facilitating investment in social housing stock, without increasing public sector borrowing requirements (DETR, 2000; NAO, 2003; Malpass, 2005;), but also include the professionalization of the management of landlords in the sector. This has occurred through the introduction of more commercially orientated disciplines associated with corporate and treasury management (Pawson and Smith, 2009).

Discounting initial small-scale transfers, all other transfers were developed to achieve repeated governments' primary objectives (Malpass and Mullins, 2002). Under the Conservative administration, this was to instil 'commercial discipline' to the sector as the new landlords were exposed to 'greater financial risks' that LAs were not (Pawson and Smith, 2009). New Labour added a second objective; addressing underinvestment in local authority stock during the 1980s (Pawson, 2006). New Labour was faced with a conundrum, how to deliver investment in existing council stock and bring it up to a 'decent' standard without breaking its own election pledge of staying within published Conservative government spending plans. The government's own estimate for the cost of this renewal programme was £10bn (Kemp, 1999). This problem was solved initially by accelerating the disposal of council stock to HAs through the introduction of Large Scale Voluntary Transfers (LSVT). The Decent Homes Programme was delivered mainly through the ability of Has to debt finance their investment programmes. However, as the sector is independent from government this borrowing would not show up on the Public Sector Borrowing Requirement (DETR, 2000; NAO, 2003; Malpass, 2005;).

The two policy objectives of the stock transfer programme have been an important driver for modernising the social housing sector, and have enabled the financial services sector to profit from social housing. Between 1988 and 2003, the transfer of stock to the voluntary sector raised £11.6bn of private finance; £6.2bn was available for the long term improvement programmes, and the remaining £5.4bn has been used to fund the purchase of the transferred housing stock (NAO, 2003). This policy has been the main method of growth for the HA sector, with over one million English council houses being transferred, compared to the 500,000 new social rented homes constructed by the sector over the past thirty years. Figure 5 shows how quickly after their election in 1997 the New Labour administration adopted stock transfers and developed the policy from one that was mainly focused on small scale rural housing to one that was a large scale urban programme; ‘what began as a largely rural and suburban phenomenon, generating substantial capital receipts, has also become a vehicle for the regeneration of rundown urban estates’ (Malpass and Mullins, 2002: 683). A key consequence of this change in the programme was that by 2009 almost 50 percent of all councils had stopped being social housing landlords (Pawson and Smith, 2009).

Figure 5: Former local authority stock transferred to housing associations in England: Trend over time by area type



Source: Pawson and Smith, (2009: 412)

The Labour government promoted two alternative delivery methods to achieve its decent homes programme without transfer of ownership: establishing new Arm's Length Management Organisations (ALMOs) and generating resources via Private Finance Initiative (PFI) schemes.

The ALMO model was proposed in the 2000 Green Paper, ‘Quality and Choice a Decent Home for All’ (DETR, 2000). The ownership of the stock remains with the LA, but management is transferred to a ‘semi-autonomous’ body, usually for a 5-10 year period. Like most New Labour public sector reforms, the ALMO status was only open to high performing organisations and future funding was tied to successful inspection reports (2-3 star performance) from the Audit Commission. This funding was ring fenced to invest in stock improvements. By 2005, £2.4bn of funding had been allocated to ALMOs (Perry, 2005). ALMOs were in effect a half way house between municipal housing and LSVT HAs, and therefore did not have any of the financial freedoms confirmed on them that are enjoyed by the fully independent voluntary sector. This limited any borrowing that they might obtain from the markets, as well as their ability as 'independent' organisations to grow (Pawson, 2006).

The PFI schemes used to finance capital programmes such as road building during the recession of the early 1990s soon became a central mechanism through which to modernise the public sector in New Labour's administration as new methods of financing the public sector without increasing personal taxation were sought (Raco, 2012). PFI began to be used as a means of funding the rehabilitation and redevelopment of social housing stock and its management from 1998. Over time the policy progressed, and from 2003 PFI contracts between LA and private consortia included the construction of new council houses. A key advantage of PFI funded programmes was the ability to connect private investment funds with public infrastructure (Raco, 2012). In doing so it enabled new for-profit actors such as pension funds to be members of consortia which invested in, and profited from, the social housing sector.

By 2010, 50 housing PFI schemes had been approved and £4.3bn was allocated to fund these contracts. A National Audit Office review (2010) concluded that PFI was a significant but small contributor to investment schemes in social housing, and that it was an alternative funding route used when other avenues of finance were exhausted. The programme was a flexible funding route by which to deliver stock improvement and secure additional benefits for the community. However, it was difficult for the NAO to conclude whether PFI, when compared to alternative investment routes such as ALMOs, provided value for money due to programme management data being weak (NAO, 2010).

Not all commentators are as positive as the NAO about PFI in council housing. Not only has it been described as difficult to introduce, it is also the case that it is not simply about managing an asset; a council house is also somebody's home, and they have specified legal rights (Hodges and Grubnic, 2005). PFI becomes an 'extreme form of contractualisation, which has proved to be far more complicated and expensive to apply to the social housing sector than its proponents predicted.' (Hodkinson, 2011: 928). In addition, research suggests that PFI in housing does not provide the expected efficiencies from the private sector in managing social housing stock. The high procurement costs have been put forward as a rationale for this position; it has been estimated that fit costs each consortia on average £3 million to bid for a single PFI contract. This has led to many consortia pulling out in the early bidding rounds and this has, in turn, created an 'oligopolistic market' (Hodkinson, 2011). The assorted evidence may help to explain why PFI has been identified as a niche vehicle for funding improvements in social housing.

<u>Wave 1 – Conclusions</u>

It is clear that the first wave of introducing for-profit actors into the sector centred on reducing the role of municipal housing from a delivery function to a strategic one. The role of voluntary sector housing providers has increased as the housing stock has transferred into HA ownership. Indeed, they have become the dominant player within the sector. From a government perspective, these policies have tended to be about prescribing modernisation rather than how to improve investment in stock and develop new social housing (Maclennan and Gibb, 1990).

Within this phase of modernisation, the reduction of public sector subsidies to both municipal and voluntary landlords eased the introduction of for-profit finance actors into the sector. The changes introduced made capital markets a necessity in the financing of both stock improvement and the construction of new social housing. It took several year, before tenants started to protest about stock transfers and for New Labour to adopt other models of municipal housing management which could leverage finance for stock improvements. The subsequent PFI programmes are another example of for-profit actors being responsible for financing both decency programmes and social housing new builds. The partnership element of PFI means that private sector house builders are also able to make profits from stock maintenance, management, and construction.

Wave 2 - Contracting services to the private sector

The second wave of for-profit actors entering the social housing market occurred through the contracting out of services via three methods: the use of private developers as part of the contract chain; government directions to contract housing management services; and HA contracting out of management services.

There has been a long history of social housing providers using the private sector to build new affordable homes - either as part of their supply chain or as direct contractors. For example, the post WWII reconstruction in the 1950s and 1960s used private developers to build council estates. While much of this was straightforward, there were some developments which involved corruption. An example was the scandal in Newcastle involving the Leader of Newcastle City Council, the architect Richard Poulson, and Bovis construction, which ended with the jailing of the main protagonists and a subsequent royal commission on standards in public life (Forte-Wood, 2010).

More recently, LAs have used the planning system as a tool to lever the private sector into delivering new affordable housing. Section 106 of the Town and Country Planning Act 1990 is a provision to offset expected disturbances caused by new development whereby the planning authority negotiates additional infrastructure/affordable housing as a side contract to the planning permission. This is a popular tool to influence the building of new affordable homes on a development site. In 2004-05 it was estimated that 40 percent of planning permissions granted had a S106 agreement attached to them, compared to just 26 percent in 1997-98 (Barker, 2006).

From a housing perspective, S106 has three key objectives: to provide land for affordable development, to deliver government objectives of creating mixed communities whereby social housing is scattered within the wider housing development, and to increase the financial contributions from developers who profit from the development (Stephens et al., 2005). S106 has not been without its detractors, with the lack of development and financial skills within local planning authorities leading to legal uncertainties created by poorly drafted agreements resulting in delays and unexpected costs (Barker, 2006).

Direction to tender housing management services

In 1994 the Conservative government introduced policies on Compulsory Competitive Tendering (CCT). This forced LAs to put out to tender services such as housing management. This was the final piece of the jigsaw and completed the demunicipalisation of council housing. CCT created a commercialisation of public services where LAs and their workforce were expected to adopt commercial practices and consumer orientated approaches, even if the LA won the contract (Cairncross et al., 1997). This was the first example of a government trying to attract private sector companies into the sector and enabling the same to profit from the direct delivery of social housing management (Malpass and Victory, 2010).

From a tenant perspective this was an example of where the management of housing changed. However the decision on who won a contract and delivered the service did not sit with the consumer (the tenant) but the LA (Goodlad, 1994). CCT was popular from a business perspective especially with regard to the provision of services such as refuse collection, but the private sector displayed little interest in the provision of social housing as a business opportunity due to the nature of housing services (Malpass and Victory, 2010).

First, housing has particular consumers rather than general consumers; these consumers tend to be the vulnerable and the poor and they are unable to exercise choice in the manner that, for instance, consumers do with regards to the brands they purchase. Therefore, tenants are not really able to exercise choice even if competition within the market is opened. This is a key rationale for the provision of consumer regulations within the social housing market (Hills, 2007).

Secondly, housing is subject to a complex legislative framework governing the operation of most parts of the business. This includes the allocation of dwellings, tenancy agreements, the collection of rents, and service charges. The role of the landlord is complicated further by the broader duties that are undertaken, including neighbourhood management and dealing with tenant conflicts (Harries and Vincent-Jones, 2001). This makes the business of housing management complex and limits the potential profit maximisation that commercial service providers would require.

CCT was short lived, with the Labour party in its election manifesto of 1997 proposing ‘best value’ as an alternative approach to subjecting services to wider testing to ensure that continuous improvement (Martin, 2000). CCT was finally abolished through the Local Government Act 1999 and replaced by best value. Despite these barriers and the limited buy-in from the private sector for housing management services, CCT and best value provided a clear indication of the direction of travel towards marketisation that central government expected the sector to take (Malpass and Victory, 2010). It was evident that the essence of CCT, challenging the public sector to improve the way services were delivered and find a more market orientated approach to delivery, has lived on through its replacement 'best value' and through future policy developments (Harries and Vincent-Jones, 2001). However, the conundrum for policy makers remained the same, how do you make the management and delivery of social housing services an attractive proposition whereby for-profit actors want to enter the market?

HAs contracting out management services

The second approach is the contracting out of HA blue collar housing services (including rent collection, customer service call centres, repairs and maintenance) to both reduce costs and provide an improved service for tenants (Walker, 2001). Contracting out services represents a neoliberal philosophy being put into practice through the use of new public management models (Flint, 2003; Marsh, 2004; Rhodes and Mullins, 2009). New Labour was closely associated with this modernisation programme and operated a dual model of reforms linked to inspections and monitoring through 'stars and lights' to grade landlord performance. This promoted consumer choice primarily through the introduction of choice based lettings (Marsh 2004) and later by developing competition through the introduction of new landlord actors (see Wave 3). This study will not examine choice based lettings as tenant choice is outside the scope of this thesis.

Although HAs are viewed by government as independent organisations and not directly part of the public sector, this is not the case from a European Union perspective. European procurement rules have impacted on how HAs are able to let large buildings and maintenance contracts (and Mullins, 2009). These modernisations are best described as a 'marketisation' agenda for public reform (Hodkinson, 2011; Mullins et al., 2001). Mullins et al. (2001) argue that for these reforms to be adopted required three components to be in place. Namely, 'the redefinition of social housing organisations core roles and responsibilities', the 'use of broader partnership arrangements' and 'delivery of housing plus initiatives' (Mullins et al. 2001:600-603). We have already identified that the first of these is in place; the other two will be examined in the exploration of institutional analysis.

Assuming that these components are in place, Rhodes and Mullins (2009: 110) describe 'four contributory elements' of marketisation that must be in place to enable reforms in social housing to occur. These are: problematising social housing (a popular stream of thinking in the 1970s), replacing social housing with other tenures, and transforming social housing (e.g. through restructures and mergers).

__Wave 2 – Conclusions__

The key elements of this second wave of for-profit actors entering the social housing market occurred through the existence of three factors. First, through direct government intervention with CCT and best value; both were inevitable consequences of demunicipalisation. Secondly, through indirect government intervention; the HA sector has been required to find greater efficiencies to assist funding of private finance. Thirdly, the HA sector has been challenged to improve its management processes to respond to the more risky environment that private finance has created. We have once more seen that for-profit actors have been reluctant to respond to these new market opportunities. What is currently unknown is whether the barriers to entry are too high or why the sector is not appealing to them.

Wave 3 – Opening the market to the direct delivery of affordable homes

The introduction of for-profit provision in the social housing market is an under researched area. However, it appears to be the natural next policy step following the introduction of private finance, the contracting of services, and the development of supply chains. This section examines two methods that have been used in England to introduce for-profit actors into the direct delivery of social housing: the open up of housing association grant (HAG) to private house builders; and the introduction of for-profit landlords into the regulated sector.

__Opening up of housing association grants to private house builders__

As we have already seen, government provided HAs with social housing grants to assist with the funding of new affordable dwellings and this generally resulted in HAs contracting out the building of such new dwellings to the private sector. The introduction of the 2004 Housing Act changed this position, and represented a step change away from past traditions that dated back to the 1860s (Malpass, 2000). Previously, the social housing grant (SHG) for new housing was only available to not-for-profit organisations regulated by the HC. However, the 2004 Act made provision for private for-profit developers in receipt of SHG to keep and manage housing for social purposes. They were allowed to either manage these new dwellings directly, or contract the management out to a third party. One for-profit organisation was accredited to manage social stock despite owning no properties (Cave 2007: 34). This introduced a new level of complexity to the social housing system where traditional HAs were regulated, new market entrants were not, and this led to the HC establishing an accreditation framework for non-registered bodies (Cave, 2007).

Before this policy was fully rolled out in 2006–08 as the 'National Affordable Housing Programme' (NAHP), with £3.9bn available to bidders from the private sector and HA, a pilot scheme worth £200 million was launched in September 2004. Some for-profit house builders made positive noises in the housing press about this new development (*Inside Housing*, 2004). A second round was launched between 2008 and 2011. At the same time, the number of HAs entitled to bid for support from central government was reduced to around 70. During the later rounds of NAHP, LA, ALMOs and other special venture vehicles were able to apply for SHG to build new houses, meaning that HAs were squeezed and faced competition both exogenously and endogenously to the social housing market (Mullins and Walker, 2009).

The NAHP, 'the pilot attracted 170 expressions of interest and 11 private sector bids, and eight joint bids from HAs with private sector partners were shortlisted' (Campbell Tickell, 2006). Without any evaluation of this pilot, open competition under the second programme resulted in nine private sector partners being selected, although their total provisional allocation was only two percent of the total grant available (Ibid). Nevertheless, the (then) Chief Executive of the funding body responsible, the Housing Corporation, claimed 'we have successfully created a new market in the supply of affordable housing' (cited Mullins and Walker, 2009: 203). For the 2008-11 programme, according to Housing Corporation figures, the private sector delivered 1,055 (4.22 percent of planned outputs) rented homes and 426 (3.42 percent of outputs) Low Cost Home Ownership (LCHO) homes (Campbell Tickell, 2006). One developer in the north west received '£12 million and a further £4.6 million went to a special purpose vehicle with two private partners' (Mullins and Walker, 2009: 203). The private sector's appetite for housing grant increased following the credit crunch when the private sale of regular housing products dried up.

In examining this new development as part of his review of regulation, Cave (2007: 63), concluded that the contracts which replicated the existing regulatory framework were off putting for the private developers and that the contracts and negotiations between developers and the HC were seen as overly bureaucratic. These barriers to entry compounded the limited take up of this initiative by the for-profit sector and led Cave to recommend regulatory changes to reduce these barriers.

There is no doubt that this reform was a major signal as to the future intentions of New Labour and how the government expected to increase consumer choice via competition in the social housing market. Furthermore, it over turned an earlier decision by the Conservative government in 1966 not to allow developers to bid for grant (Mullins and Walker, 2009). What may have been innovative in England, demonstrating the potential of creating a mixed market for social housing 'where there is competition there is rivalry, risk, reward, substitutability and choice' (Oxley et al., 2010:336), has not quite happened with this reform. It is comparable to larger scale reforms elsewhere in Europe, but in countries such as the Netherlands these practices are more entrenched and there is more direct competition between different types of landlords (Czischke et al., 2012).

Enabling for-profit landlords to be registered with the regulator

The passing of the Housing and Regeneration Act 2008 was a major landmark in the history of social housing; the policy developments in this Act were based on various studies and appraisals commissioned over a five-year period (Victory and Malpass, 2011). This included reports commissioned by the Treasury on land and housing supply (Barker, 2006, 2004); and Department of Communities and Local Government commissioned: 'Ends and the Means: the future roles of social housing' (Hills, 2007); and 'Every Tenant Matters' (Cave, 2007). It is the latter report by Cave, which examines the future of regulation that is of most importance to this study and on which this section concentrates.

The 2004 Act had enabled private developers to enter the social housing market, there were now four key actors (HAs, LAs, ALMOs and Accredited private sector developers); but as Figure 6 shows, the market operated on an uneven field (Cave, 2007). A key objective of DCLG when commissioning this review was to establish a modern form of regulation that recognised changes already introduced in to the market (Callcutt, 2007). In doing so, Cave connected housing regulation to 'competition [which] encourages efficiency and high standards and enables choice but significant barriers to competition exist at present' (2007:60). The review outlined the three objectives for social housing regulation as being to enhance consumer power; promote the external benefits of social housing provision; and protect public investment in social housing (Oxley et al., 2010; Victory and Malpass, 2011).

As Victory and Malpass (2011) identify, Cave appears to have advanced a regulatory system based on the axiom that increasing the opportunities for grant funding to the private sector will proliferate competition within the social housing market, even if the evidence in his review identifies the opposite; 'it is likely that substantial private capital could be attracted to the provision of further affordable rented homes if the barriers to entry were reduced' (Cave, 2007: 101).

Figure 6: Uneven playing fields of four main types of provider in social housing

Activity	LA retained stock	Housing Association	ALMO	Accredited private sector
Access to grant for new housing	No social housing grant	Social housing grant	Restricted but possible access	Social housing grant
Access to loan funding	Highly constrained	Largely unrestricted	Highly constrained	Unrestricted
Provision of new homes	Very difficult for most	Strongly encouraged	Difficult but may be possible	Strongly encouraged
Accounting framework	HRA for most	Specific SORP	HRA based	Normal private sector rules
Organisational form/ objectives	Public body	Private but not for profit	Public not for profit company inside	PLC for profit
Public Sector Net Cash Requirement	Inside	Outside	Inside	Outside
Regulation of	Deemed not	Regulated	Contract	Un-regulated

Activity	LA retained stock	Housing Association	ALMO	Accredited private sector
governance	applicable		specified	(but licensed/ accredited by the SHR for grant and landlord activity)
Treatment of surpluses	Clawed back	Manly untaxed. Applied towards objects	Untaxed: Applied as per contract	Taxed: Retained or distributed
Proportion of Ownership/management of social housing stock	32%	20%	48%	0%

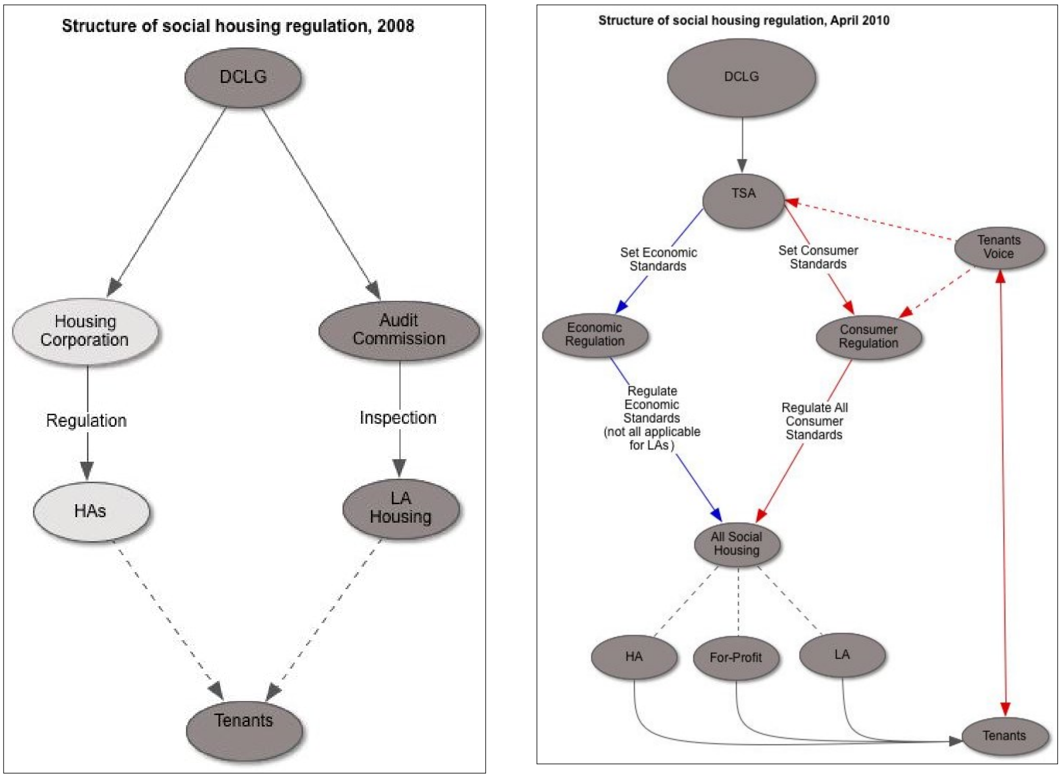
Source: Adapted from Cave, 2007: 58

Cave was clear that the new regulator was responsible for two types of regulation; economic, ensuring that the landlords have viable business plans, and consumer, protecting tenants rights and ensuring that their housing is fit and safe for habitation. The use of both of these powers by the regulator created a unified market for social housing. Furthermore, the title of the report ‘Every Tenant Matters’ demonstrates the emphasis placed on consumer regulation and the role that the regulator was expected to play. Regulation should be used to both empower and protect tenants, ‘it needs to be much more focused on the needs of tenants’ (Cave, 2007: 45). As Figure 7 (overleaf) shows, these proposals represent a radical shift in regulation. Previously the HC was responsible for the HA sector, the Audit Commission undertook inspections of LA/ALMO housing services, and there was no well-defined role for consumer regulation.

New Labour adopted these recommendations via the 2008 Act which restructured the regulation of social housing through the abolition of the Housing Corporation. The HC’s functions associated with grant funding were merged with English Partnerships, to establish the Homes and Communities Agency (HCA) - the national regeneration agency. This simplified the public funding structure for the social housing sector as shown in Figure 7. The regulatory functions of the HC were spun out into a new organisation, the Tenants Services Authority (TSA), which was established in December 2008.

There is no set definition within existing literature for a hybrid social housing provider and it is an ambiguous term to define (Mullins et al., 2012). The dictionary defines the word as ‘having a mixed character; [or] composed of two diverse elements’ (OED, 2017: 89809). Therefore, a hybrid organisation could be construed as an organisation that merges the diverse elements of more than one, public, private or third sector entity and through so doing creates either a more commercially orientated public/third-sector organisation or a commercial organisation with greater social purpose (Anheier and Krlev, 2015). This may also include entities such as a joint venture between a local authority and the private sector, or a not-for-profit provider establishing a subsidiary for-profit development company (Billis, 2010). Studies have shown that the necessary conditions for the emergence of a hybrid organisation are dependent on the public policy scaffolding that surrounds them, rather than the organisational type they evolve from (Osborne, 1998; Osborne et al., 2008).

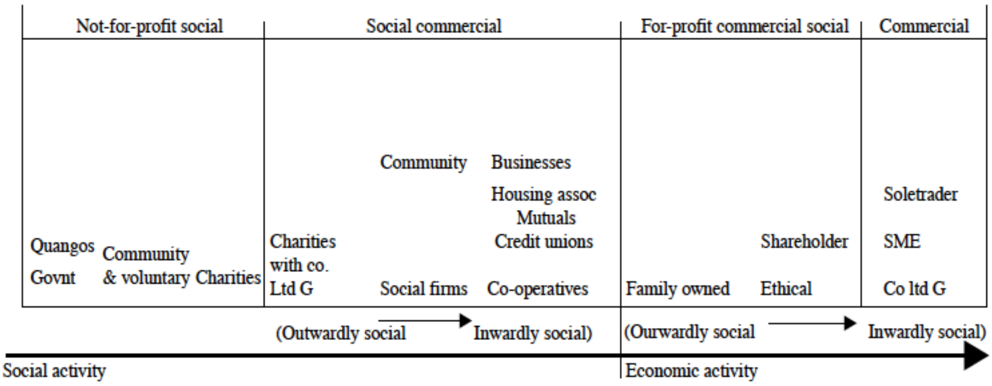
Figure 7: Structure of regulation in social housing pre-2008 and 2010-12



Private registered providers striving for profit

Similarly, the importance of the policy framework has been identified when examining the formation of more formal structures in not-for-profit housing organisations, see Figure 8 (Czischke et al., 2012). Research contrasting social housing in England and the Netherlands has identified that hybrid organisations are dependent on their governance, and are either ‘for profits in disguise or [act] as agents of policy’ (Pawson and Mullins, 2010: 197). Blessing examines the development of hybrid housing organisations in the Netherlands and Australia and describes hybridisation as ‘links between cultures’ or a ‘state of transformation’ (2012: 205). Thus they are, therefore, an organisational method of bridging the gap between the state and market sectors. Other studies have shown that hybrid housing organisations are defined by the mix of finance (private and public), or the separation of charitable function (management of social housing) from commercial activities, or the combining of social housing with broader neighbourhood management (Mullins and Pawson, 2010; Mullins et al., 2012). However, analysis of hybrid organisations in the Netherlands has revealed that there is a potential to create tensions between the organisation's original social purpose and its commercial activities (Gruis, 2008).

Figure 8: The conceptual classification framework: The social economic continuum



Source: Czischke et al. (2012: 425)

Wave 3 – Conclusions

There is no doubt, that the reforms introduced during Wave 3 have had a major impact on modernising the social housing market. They have introduced for-profit actors who have the aspiration to be both directly responsible for constructing new homes and have also opened up the market to profit making entities that want to manage the social assets on completion. However, the initial attempt in 2004 to introduce actors in this way appears to have had very limited success. The institutions were ill equipped to deal with these reforms and there were attempts to shoe horn interested new parties into existing frameworks. However, following the Cave review of regulation and the Housing and Regeneration Act 2008, lessons seem to have been learnt and regulation may have shifted social housing away from not-for-profit provision (Cowan, 2011).

Policy framework of housing provision

There is a long-held consensus amongst commentators and policy makers that the UK housing market is failing due to a crisis in supply (Wilson, 2018). This is one area where the main political parties, civic society, the general public, and those organisations responsible for the delivery, management and funding of housing all agree. That the UK has a housing shortage is not contested. The policy framework built around the CSHM is one that has been designed to increase housing numbers. The major policy programmes that have impacted on the CSHM between 2008 and 2017 are listed in Annex 2.1.

This research suggests that since the election of the Coalition government in 2010, housing as a pillar propping up the welfare state in England has become increasingly wobbly, with the policy framework ever changing. The Coalition government and the 2015 Conservative government introduced austerity-led fiscal programmes which, as will be shown, have undermined housing investment. This has impacted on supply. Although the Conservative government elected in 2017 may have made media claims that it had shifted its stance away from austerity, its ability to invest continues to be constrained by the policy decisions of the previous two administrations (Wilcox et al., 2017).

New supply

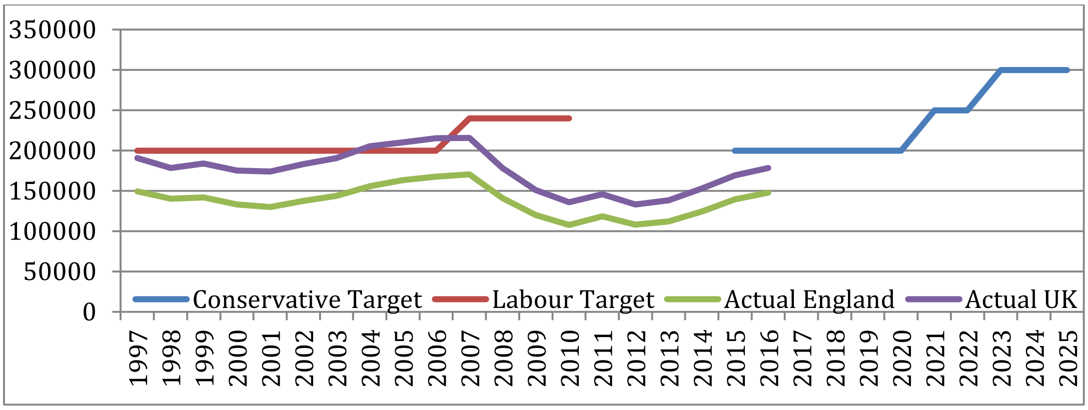
> Since the 1970s, there have been on average 160,000 new homes each year in England. The consensus is that we need from 225,000 to 275,000 or more homes per year to keep up with population growth and start to tackle years of under-supply.
>
> DCLG (2017a: 9)

Following the publication of the Barker Review (2004), there has been a consensus in England that there is a shortage of housing supply and successive governments have set formal house-building targets in an attempt to overcome this shortage. As Chapter 2 discussed, the housing market is not an efficient neoclassical market, supply is inelastic and therefore increasing supply does not reduce house prices significantly. For example, Oxford Economics (2016) has calculated that for a five percent reduction in house prices in the UK occur would require an additional 310,000 new units to be built per annum.

To illustrate how successive governments have fared, Figure 9 charts government house-building targets against actual numbers built from the 1997 Labour government to the 2017 Conservative administration. Prime Minister Blair (1997-2007) set a national house-building target of 200,000 new homes a year. Gordon Brown took office in 2007, just as the credit crunch began to hit, and he increased the annual target to 240,000 homes. As the economic crisis took hold, the annual number of new homes built in the UK fell below the 2007 peak, despite an initial economic stimulus. Overall house building has continued to remain low and has averaged 58,000 a year below target (Lee, 2017). During the five years of the Coalition government there was no house-building target. The practice of target setting ended with the Localism Act 2011 which also abolished the infrastructure surrounding the targets, such as regional planning bodies and regional spatial strategies (Wilson, 2018).

Responding to political pressure, the 2015 Conservative government announced that it wanted 1 million new homes to be built by 2020-21 (Waite, 2015). This is equivalent to building 200,000 homes a year. This position was reinforced in the Housing White Paper (DCLG, 2017a) which called for a more standardised approach to calculating housing requirements within the planning process. The Conservative manifesto (2017) made a further commitment to increase the house-building target by an additional 500,000 homes over a two-year period ending in 2022. More recently, Homes England - a successor to the Homes and Communities Agency - was tasked with delivering an average of 300,000 homes a year by mid-2020 in the 2017 budget announcement (HM Treasury, 2017).

Figure 9: Government house build targets by actual numbers built (all tenures)



Source: DCLG (2017d); Lee (2017)

There was no government target for house building between 2010-15

In an attempt to stimulate the housing market and increase development, the 2015 Conservative government pursued various demand and supply measures to boost home ownership. These included, introducing support for first-time buyers through savings products such as Help-to-Buy ISA, a lifetime ISA, and equity loan schemes, and developing a policy that secured ten percent affordable home ownership on housing sites of ten or more units (Annex 2.1).

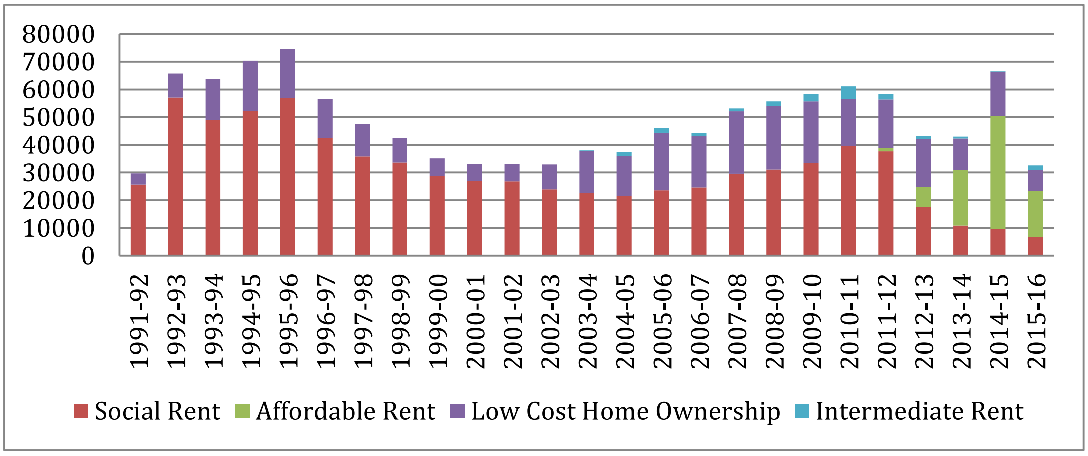
The 2015 government also introduced new planning legislation to make the system quicker and more straightforward, and to make it easier for new homes to be built. The Housing and Planning Act 2016 places a duty on planning authorities to promote the supply of starter homes. The policy was intended to provide 200,000 starter homes for first-time buyers to be sold at a discount of at least 20 percent of market value. It was subsequently amended in the Housing White Paper of 2017 to provide 'a broader range of measures' to enable first time buyers to access the housing market (Gill, 2017). The Housing White Paper (DCLG, 2017a) included a proposal to stimulate house-building, requiring large house-builders to publish information on build-out rates and also proposed a housing delivery test in the National Planning Policy Framework which would show whether the number of new homes being built was on target.

The Conservative-led administrations since 2010, expected that new builds would be predominantly constructed by the private sector and, as a result, introduced various support measures for infrastructure and site assembly. These included a £400 million 'Get Britain Building' Fund for stalled sites, £50 million of Local Growth Fund earmarked for housing infrastructure bids supported by the Local Enterprise Partnerships, and a £2.3bn Housing Infrastructure Fund announced in the Autumn Statement (2016). In 2017 the government made a further commitment of £2.7bn to the Housing Infrastructure Fund, as well as £630 million to accelerate house-building on small, stalled sites for on-site infrastructure and land remediation (HM Treasury, 2017).

Although the Conservative led administrations have concentrated on owner-occupier policies, there have also been radical interventions in the policy programmes to support the construction of social and affordable housing during this period. Figure 10 shows the total number of affordable units built between 1991 and 2016. It demonstrates that social housing was the predominant tenure constructed up to 2011-12 when 37,680 units were built, and the Labour government's house-building commitments had ended (see above). By 2015-16 this had fallen to 6,800, and in that year the aggregate for all types of affordable housing (32,620) was less than the social housing units built in 2011-12.

The 2010 Spending Review reduced the amount of investment available to fund affordable homes from £8.4bn between 2008-2011 to £4.5bn, and some £2bn of this was already committed through the previous government's national affordable homes programme (Bury, 2011). The new affordable rents programme was expected to deliver 150,000 new affordable homes over the period 2011-15. It reduced the subsidy available to providers to build units and in return enabled HAs to offer tenancies at rents of up to 80 percent market levels within their given local areas. With this model, the additional finance raised was available for reinvestment in the development of new social housing, thereby replacing the capital grant subsidy with a revenue subsidy. Figure 10 shows the effects of the introduction of affordable rent in 2011-12 (1,150 units) and how the number of new builds rapidly grew up until 2014-15 reaching 40,830 units, before falling back to 16,550 units in 2015-16. However, the national dataset presents an incomplete picture, as National Housing Federation (NHF) research identifies that the PRP sector completed 40,000 homes and that 17,287 of these were built without grant funding (NHF, 2016).

Figure 10: Additional affordable homes provided by type, England (1991-92 to 2015-16)



Source: DCLG (2017c)

While the data in Figure 10 may be incomplete, the analysis illustrates how the term 'affordable housing' has become more complicated through the different funding streams providing sub-market housing. Further, with the introduction by the Coalition government of the affordable rents programme in 2010, where the rent can be set to a maximum of 80 percent of the prevailing local rent, and rent increases will also be pegged at this local benchmark rent. It divorces rents from tenants' income and over time it may becomes increasingly difficult to judge if these rents are really affordable (Wilcox et al., 2017).

Other policy shifts since 2010 include using repayable loans rather than grant funding to provide financial support to stimulate house-building (Wilson, 2018). Following the 2015 general election a further change was the focus given to developing housing for sale in a bid to increase levels of home ownership. The Spending Review and Autumn Statement (2015), together with the publication of the Housing and Planning Act 2016 reinforced this approach through an extension of the right-to-buy policy to include PRPs. This continued until the Autumn Statement (2016) and the Housing White Paper (2017a), when policies to support renting came back to the fore; including provision in the 2017 Budget to restart building social housing.

Welfare reform

Since 2010 the Coalition and Conservative governments have rolled out programmes of radical welfare reform to help reduce the nation's financial deficit and, specifically, to reduce dependency on social security. The breadth and scale of these multiple reforms, including changes to benefit rates and entitlements, has had a cumulative impact on households claiming benefits each year (Wilson and Foster, 2017). The Welfare Reform Act 2012 has impacted financially on many social housing tenants by reducing the amount of benefit people receive and how it is claimed. This, in turn, has implications for the housing sector's income streams if these risks for tenants are not managed appropriately (HCA, 2015a).

Welfare reform measures introduced in consecutive budget and spending reviews were intended to bring parity between working people and those on benefits. In particular, the reforms were aimed to ensuring that benefit claimants were not living in accommodation that low income working families could not afford, and that benefits did not provide household incomes greater than the median after-tax earnings of working households (*The Guardian*, 2013). These reforms have been contentious. For example, ending the under-occupation rules in social housing has received extensive media attention and political criticism. Tenants of working age who are on benefits are deemed to be under-occupying their home if they have at least one spare bedroom. The rule takes account of children. Those under 16 of the same gender are expected to share one bedroom, as are two children under 10, regardless of gender. The sanctions for having one spare bedroom is to have benefits reduced by 14 percent or by 25 percent for two or more spare bedrooms (Butler and Siddique, 2016). These changes are likely to have placed stress on household incomes and have also impacted on the ability of individual households to pay rent.

In November 2015 the government announced its intention to extend the Local Housing Allowance cap to new claimants of housing benefit in social rented tenancies. It was due to commence from April 2018, and was expected to provide savings to the Treasury of £520 million by 2020 (Wilson et al., 2017b). The implementation of this policy to the social rented sector was subsequently delayed until 2019. Research by the NHF demonstrated that 85 percent of planned new-build supported housing schemes had been put at risk because of the uncertainties surrounding the policy's introduction and its impact on future income (Elgot, 2017). Due to growing political pressure, the policy was abandoned in October 2017 (Williams, 2017).

The above is one example of how changes in national policy directly influence developments in the CSHM. Another is the introduction of the Universal Credit pilot (UC). A component of the UC involves transferring payments of housing benefit directly from PRPs to the tenant, to 'responsibilise' the tenant (Hickman et al., 2017). Findings from research analysing the impact of direct payments have shown that it had significant monetary and behavioural outcomes for both tenants and providers. Tenants on the pilot were far more likely to be in rent arrears, and PRPs had to introduce new business systems to reduce rent arrears. Importantly for this research, these new systems were more commercially focused and were associated with income collection, and proactive housing management. The UC reforms have led some PRPs to become more profit orientated and less altruistic in their overall business philosophy (Hickman et al., 2017).

The challenges to the housing sector from the welfare reforms will continue to unfold as the legislation is rolled out. Reviewing the local impacts of welfare reform, Wilson and Foster (2017) maintain that the impact of housing changes on households and individuals appears low-key. While there is some evidence of downsizing, and of negotiating lower rents, claimants face a range of barriers to moving home and 'for many maintaining housing stability has been the number one priority in responding to reform' (Wilson and Foster, 2017: 36). However, evidence from other studies demonstrates that social housing tenants have been affected by the housing benefit cuts and that the reforms have directly led to rent arrears (Clarke et al., 2015).

Rents

The Coalition and Conservative governments implemented rapid changes in rent policies between 2013, 2015 and 2017. From 2002-15, there was a certainty for actors in the social housing market on rents policy. The Labour government introduced a rent convergence policy; its purpose was to align housing association and local authority rents. Initially, rent increases were set at Retail Price Index +0.5 percent. Following its 2010 election, the Coalition government retained this policy but required a faster convergence to be achieved by 2015; it permitted rent increases for social housing dwellings to be set at RPI + 0.5 percent + £2 per week. In the 2013 Spending Review, the government provided the sector with more long-term confidence by announcing that 'from

2015-16 social rents will rise by CPI plus one percent each year for ten years' (HM Treasury, 2013). However, this was short-lived.

The 2015 budget announced rents in social housing would be reduced by one percent per year for four years, resulting in a 12 percent reduction in average rents by 2020-21 (Cross, 2015a). The resulting rent cuts were predicted to reduce the CSHM income and therefore reduce its capital spending whilst also impacting on its ability to build new housing. There were various predictions as to what effect this would have. The estimates ranged from: the sector not building 14,000 dwellings (OBR, 2015), to the NHF estimating a loss of 27,000 new units (Grove, 2015) and the Local Government Association suggesting that councils would receive a monetary loss of £2.6bn in rent, which is the equivalent of 19,000 new affordable homes being built (Wilson, 2017).

Other impacts of the rents policy were the Office for National Statistics reclassification of PRPs from private organisations to public sector organisations (see Chapter 7). Reclassification is an accounting process for government debt. It arises when government intervention is deemed to be too strong, and to have exerted too much control over private businesses. In this case, the over control arose through it directing a rent cut. The reclassification defines PRP debt to be the same as local authority debt, and accordingly undermines the previous arguments for LSVT and off government balance sheet borrowing (Birch, 2015). There is also a risk that the government could use the reclassification to take the sector under state control with a view to privatising the sector in the future (see Chapter 7). The government response to the reclassification was to announce that it would use the Housing and Planning Bill 2016 to deregulate the sector (OBR, 2015).

Moody's ratings agency also stated that the rent cuts, combined with other measures announced in the 2015 budget (welfare reform and extending right-to-buy to PRP tenants) all without consultation, could have a negative impact on the sector's turnover (seven percent over the four years). It also stated that the strong relationship between the sector and the government, which was something the markets appreciated, might have weakened and that this might impact its future credit strength (Arasaratnam, 2015).

In the 2017 Housing White Paper the government committed itself to reviewing the rents policy on order to provide greater certainty to the sector's forward income for all not-for-profit providers of housing, in return for these actors developing new homes. This statement was reinforced in the Autumn Budget 2017. However, there is no mention in either of these documents as to whether this rent increase will be given to the FPPs even though they too experienced the rent cut. The rent cuts had an immediate impact on organisations that raised finance via index-linked capital markets, and this increased the operational risk for these organisations whilst also prompting them to refresh their business plans (HCA, 2016a). Both traditional providers and FPPs require certainty in the policy landscape to succeed. The austerity measures have created insecurities about income, the ability to raise finance has been reduced, and the levels of support conventionally required to build subsidised housing have also declined. These changes have directly impacted on all types of providers equally and made the market tougher for existing PRPs and FPPs. It has also made the market less attractive to potential entrants.

Grenfell fire

The impact of the 2017 Grenfell fire tragedy on social housing policy is unknown, and it is likely to be several years before the findings from the Inquiry inform future policy. However, as a result of the fire, other social landlords have an increased expectation that they will secure government investment to mitigate against potential fire risks in tower blocks. There is an upward political pressure on the government to make funds available for this, although there is no mention of state investment in existing social housing stock in the 2017 Housing White Paper (Wilcox et al., 2017). The Autumn Budget 2017 confirms the government's continued support of the Housing White Paper; the Budget also confirms there will be no government financial support to assist social landlords in this matter. Instead, restrictions on local authority financial resources will be lifted to ensure such repairs can go ahead (HM Treasury, 2017). This places the onus for reinvestment in social housing onto landlords and is likely to displace funding earmarked for planned stock investment (Wilcox et al., 2017). All told, the government appears to support social housing, but its approach is about increasing supply rather than quality and safety (Maier, 2017).

Institutional capacity of the sector

> 'The welfare state as a whole has been subject to reforms aimed at, opening up provision to competition and encouraging corporate (for profit) and voluntary (not-for-profit) providers.'
>
> (Clarke et al., 2000:3).

This section examines existent literature to help identify whether the opening of the social rented housing market to new for-profit providers will be positive in terms of assisting government to achieve its target of constructing new affordable homes. It will consider what additional capacity the for-profit providers may bring to the market by examining changes to the institutional arrangements within the social housing sector. Currently little is known about for-profits within the sector. Accordingly, this section will reflect on what has happened previously in earlier stages of modernisation to identify trends and issues to be investigated and tested with regards to for-profit actors as part of the original research that is undertaken within this thesis. There are four elements to be examined: identifying the weaknesses in housing studies as a discipline; an examination of why institutions matter; a brief outline of institutional theory; and a summary of housing studies that have used institutional theory.

Housing studies as a discipline

'Housing studies' as a discipline tends to concentrate on government policy and its impact on tenure in isolation. Researchers often ignore the theoretical problems associated with policy and how it impacts on both society as a whole and the agencies responsible for delivering these interventions (Ball, 1986). Further, a key weakness identified in social housing literature is a lack of analysis regarding capacity within institutions. Instead, most studies have concentrated on the relationship between central government policy and the responses of social landlords to the changing strategic environment through principal-agent theory, with local government generally being portrayed as the agent of central government to ensure policy is implemented through the delivery of appropriate services (Hughes, 1994).

Mullins et al., (2001) argue that using principal-agent theory for examining interaction in social housing is inadequate for at least two reasons. First, modernisation has led to the management of social housing becoming more complex, through the requirement on landlords to: be proactive asset managers; contract out services; and competitively bid for state funding. It is no longer sufficient to identify these changes as inducement led agency relationships (Mullins et al., 2001). Instead modernisation has impacted on the managerial, organisational and institutional arrangements in both LAs and other providers of social housing (Lowndes, 1999).

Secondly, the requirement of social housing providers wishing to develop new stock, having to increasingly substitute private finance in the place of reduced public subsidies means that there are more complex financial and treasury management processes. This has led to increased risks and organisations being required to plan and develop scenarios for progressively more uncertain times (Greer and Hoggett, 1999). A simple business plan associated with traditional practices of managing social housing stock and collecting rents is insufficient.

There is possibly a third reason that the reforms to the social housing sector have been asymmetric. When considering the local government reforms introduced since the 1980s, which established strategic commissioning rather than delivery as its primary function, the concept of asymmetric reforms in the sector may at first seem logical and supportive of the principal agent relationship within social housing (Mullins et al., 2001). However, the reforms have not been one sided and have also impacted on both the HAs and the new actors who have entered the market. Data shows that HAs who are developing new housing tend to be the large landlords who operate at a sub-regional or national level (HCA, 2012d).The large landlords, unlike private developers, are still finding it relatively easy to raise finance to fund new housing (HCA, 2013a). This implies that the HA sector is one that is still capable of building new homes during economic downturns. The ability of very large HA organisations, working across many LAs, to continue to develop new housing during times of austerity increases their capacity to influence and may even enable them to wrestle control of the affordable housing strategy from local authorities (Mullins et al., 2001). The implications of this are that some HAs are able to dictate where, when, and who they will work with in the building of new houses.

The examples explored above suggest why it is insufficient to just rely on the principal agent method to understand how the social housing market has modernised and the impact that policy developments have had on the sector. Rather it is necessary to examine how the institutions have developed their strategies to cope and respond to such changes. Problematically, not all of these are visible through examining policy (Mullins et al., 2001). They go on to argue that, research examining the modernisation of social housing requires a refocused theoretical framework that draws on 'institutional economics, strategic management theory and institutional theory' (2001: 602).

Why institutions matter

> 'For many housing related issues it is important to place the analysis in the context of the social relations associated with the delivery and reproduction of housing as a useful physical entity.'
>
> (Ball, 1986: 147)

This section argues that to comprehend the process of modernisation in the social housing sector the use of an institutional method is required. Using institutional analysis should enable the evaluation of government social housing policy on the organisations that are tasked with delivering it. It is anticipated that this approach will help to identify the barriers to entry faced by new market entrants and assist one in gaining an understanding of the inter-relations that exist between the institutions governing the market, existing market actors, and new entrants. This can be achieved by inspecting existing organisations to understand how the current operating processes impact on them and through undertaking an examination of the new market entrants to identify how the institutions are required to adapt to account for these new players. The analysis subsequently enables the research to draw conclusions about the introduction of for-profit providers into the market place by addressing issues such as: the ways the capacity in the sector has changed; the probability of the sector meeting government targets on developing new supply; whether the social market has adopted more efficient practices.

The studies assessed have concentrated on evaluating the latest policy initiatives to identify whether these have been successful. To an extent this is useful as it helps to provide an understanding of the impacts of policies such as RtB or LSVT at the macro level . However, they do not consider how the individual organisations have had to change and adapt their management and business plans to stay viable in light of the policies. Hamilton (1919) argues that the attractiveness of institutional theory is that it can be used as a foundation for policy formulation.

Using RtB as an example, a local LSVT organisation may have to constantly review its asset management strategy as tenants continue to exercise their retained rights to purchase their home post transfer. As a consequence, that which was initially a strong business plan becomes financially weaker. Due to an increasing number of leveraged assets (homes) being sold to tenants. This may result in the organisation requiring greater asset management processes and additional skills to mediate the increased financial risks (Gruis et al., 2004; Gruis and Nieboer, 2004). Alternatively, it may require them to seek alternative methods of delivery; such as partnering or merging with another social landlord to increase scale and resources to meet future borrowing requirements (Pawson and Smith, 2009). To transfer out of LA control the majority of tenants had to vote ‘yes’, and they also had a say in who the original landlord was. However, if a merger or takeover takes place, tenants are unlikely to be consulted on who will be their new landlord, let alone offered a vote. Constitutionally, a post transfer sale only needs to be agreed by the Board, following agreement from those (such as any lenders and the regulator) who have to consent to the change of ownership. In fact, if the LSVT’s financial position is so tenuous, the regulator has powers to intervene and sell the social housing assets to another landlord, even without Board agreement. This happened in 2008 when Ujima was forcibly sold to London Quadrant to ensure that the social housing assets were not lost (Hetherington, 2008).

Without the use of a method grounded in institutional theory it would be difficult to identify the potential implications of the RtB policy combined with large-scale voluntary transfers. Analysis using institutional theory may be better equipped to identifying these sorts of unintended consequences of policy development. Pawson and Smith (2009) undertook such a study to understand what happened to LSVT organisations post transfer and argued for an institutional approach to better explain what has happened. Since 2000 there has been a series of studies examining the impact of housing policy on the organisation with respect to governance, management and capacity (Mullins et al., 2001; McDermont, 2007; Mullins and Walker, 2009; Pawson and Smith, 2009).

Institutional theory and its role in housing studies

Through the development of *The theory of the leisure class* (1899), Veblen has been identified as the founding father of institutional economics (Ekelund and Hébert, 2007). He recognised that today’s actions in the market place will influence the institutions of the future, ‘through a selective, coercive process by acting on men’s habitual view on things, and so altering or fortifying a point of view or a mental attitude handed down from the past’ (Veblen, 1899: 126). However, because institutions are the product of past transactions or trades, they never quite catch-up with current and future contracts, leading to their rules always being at least one-step behind present practice (Veblen, 1899). Previously, in this literature review we have seen evidence of regulation lagging behind the new policy which introduced for-profit actors. The fact that the regulator had to play catch-up may have impinged on the spirit of competition and innovation that policy makers were seeking to introduce.

It was left to Hamilton, 20 years after Veblen published *The leisure class*, to consider the wider implications of the institutional school, in his paper ‘The institutional approach to economic theory’ (1919). This article set the trend for future discussions on this new school; it did not attempt to provide a definition of institutionalism. Instead it outlined the position of institutionalism in economics, claimed that institutional theory would harmonise economic discourse and provide an explanation of why institutions matter. These are:

> The proper subject of economic theory is institutions … Economic theory is concerned with matters of process … Economic theory must be based upon an acceptable theory of human behaviour
>
> (Hamilton 1919: 314-18).

Through studying these statements it becomes clear that Hamilton proposed a set of key features for economics that are grounded within institutions and to theorise and understand economic interactions that required a deeper understanding of human behaviour which economics alone could not provide. Instead it required input from other disciplines such as anthropology, sociology and psychology. This new school of economics was able to demonstrate that individuals and institutions are shaped by the interactions between and within society. These interactions create frictions, which mean that both society and its institutions are constantly evolving (Hodgson, 2000). A further advantage to this approach is that it places constructs such as power and learning at the centre of theory and subsequently any analysis is derived from the said theories (Ball, 1986; Hodgson, 2000). Given that the social housing regulator is slow to respond to new competitive dynamics and also has to contend with innovative financial instruments, it is necessary to explore where the power in the social housing market lies. Does the power rest with those organisations that move first, or does it ultimately rest with the institutions? The sector has already seen a debate played out in the media between the regulator and a new entrant about their ‘for-profit status’ with the regulator having to back down and accept that the Asset Trust was a not-for-profit organisation (Robertson, 2012).

A primary consideration in taking forward a framework based around institutional analysis is to decide what constitutes an institution and how this differs from an organisation (Ball, 1986; Lowndes, 1996). Lowndes identifies three elements which make-up the definition of an institution. These are:

> a) [An] institution is a middle-level (or 'meso') concept. Institutions are devised by individuals, but in turn constrain their action. They are part of the broad social fabric, but also the medium through which day-to-day decisions and actions are taken. Institutions shape human action, imposing constraints whilst also providing opportunities.
>
> b) Institutions have formal and informal aspects. Institutions involve formal rules or laws, but also informal norms and customs. Unlike formal institutions, informal institutions are not consciously designed nor neatly specified, but are part of habitual action. Institutions may be expressed in organizational form, but also relate to processes - the way things are done.

> c) Institutions have a legitimacy and show stability over time. Institutions have a legitimacy beyond the preferences of individual actors. They are valued in themselves and not simply for their immediate purposes and outputs. Institutions may gain their legitimacy because of their relative stability over time, or because of their link with a 'sense of place'.
>
> (Lowndes, 1996: 182).

From this three-part definition it is possible to understand how institutions govern interactions within the market place; they own the rules and set the framework within which individual organisations operate. From a social housing perspective, the institutional framework is derived from the policies and legislation that sets the rules for who can and cannot participate in the market, how they participate, and at what level they participate. This limits the institutions operating in the social housing market to central government and its agencies (civil service, legislature and regulator) and possibly the financial sector. Although the financial sector, acting like individual landlords, are active participants in the social housing market, they respond to the state and its agents including the regulator. In the social housing market, the financial sector consists of a series of organisations that are nested within a broader institutional function, as it sets rules and viability tests which individual landlords must meet if they want to borrow. The nesting fits within Lowndes second element for institutions. It is clear from elements one and two that individual housing providers are not institutions, they are simply organisations responding to rules that have already been set and factors such as their profit status are periphery to this debate.

It is the third of Lowndes elements which is the most challenging within a social housing context. Given the level of change the sector has faced in the name of modernisation in the last twenty years, it is difficult to argue that institutions have benefited from stability. Neither is it possible to claim that an institution such as the regulator is highly valued, particularly by government. Indeed, from a consumer perspective it is possible to argue that the latest review of the regulator and its subsequent reconstitution has made its role less sustainable.

Analysis based on institutions should be able to cope with structural change within markets and the introduction of new actors. In doing so, it makes an analysis which considers the impact of social housing policy more tangible. It is argued that:

> these [modernisation] need[s] to be seen within the broader context of the deconstruction of the post-war unitary state (represented by a strong central apparatus and policy emanating from Whitehall, with a strong vertical transmission of policy to local authorities), with LAs responsible for service delivery, alongside a degree of policy autonomy
>
> (Pawson and Smith, 2009: 415).

However, an analysis of institutions in isolation will only tell part of the story. Furthermore, an institutional framework for analysis is insufficiently flexible to consider both modernisation and the additional capacity that for-profit landlords are able to bring to the market.

To fully understand the influence that new actors have over the wider market place it is necessary to examine organisational changes, changes in governance, financial and treasury management, and the other new skills that are required by the commercial sector to manage the increased risks that modernisation has brought. This builds on the work undertaken by Mullins and Walker (2009) with regard to the responses of management and the types of new skills and training that for-profit actors bring into the social housing market and enable to assess how it has modernised.

Chapter Summary

This chapter has identified that modernisation of the social housing market has taken place and that it is an iterative process. It is unlikely that the sector would have modified if it had not been demunicipalised and the HA sector had not become the dominant player as measured by stock ownership and financial capacity. This mollified the existing duopoly of housing providers to competition, and the introduction of more commercial practices, which prepared the market for the inclusion of for-profit actors.

As part of this modernisation continuum there has been three policy waves, each has attempted to encourage for-profit actors to enter the market. These policies have used a combination of blunt direction that the sector must be opened to competition and more subtle methods including regulation and reducing government grants. It seems that for each wave there has been an initial reluctance from the private sector to become involved in social housing and that this reticence has only be tempered once appropriate amendments to the environment have been made. Examples include ending rent protection and ensuring that the regulatory framework is suitable.

Across all of these waves there is one common denominator; for-profit actors have slowly entered the market. In waves 1 and 2, these actors have been from the financial sector and contracted house builders and maintenance companies. Wave 3 opened the sector to new competition from for-profit house builders bidding for social housing grant and allowed the builders to retain ownership of the units developed. The financial actors have proved to be the most successful market entrant. The reduction of grants was the driver for this change in behaviour and the sector sought replacement finance. There appears to be no evidence of house builders receiving grants then retaining ownership of the dwellings to become social landlords.

The motivation of government for modernisation is shaped by its desire to increase efficiency through increased competition and choice. However, as we have seen the sector rents properties at sub-market levels, and landlords have expectations placed on them by tenants, regulators and government to deliver more than just housing. This impacts on the ability of organisations to make profits and may be off putting to more commercially orientated providers. This is an area that requires further research. Both of these policy drivers have met with limited success and the long-term impact of current legislation and policy is unknown. However, it is clear that the affordable housing market has become more complex and that this has increased levels of risk within the sector.

Chapter Three Conceptualisation of the Contemporary Social Housing Market in England and a Research Strategy

Introduction

The literature review in Chapter Two identified an iterative process in which the provision of social housing has become increasingly market-based. As part of this transformation, for-profit actors have been introduced into what can be termed the contemporary social housing market (CHSM). Chapter Two reviewed existing research on the marketisation of social housing provision, explaining its evolution in terms of successive waves of government policy intervention. These were, first, the demunicipalisation of social housing and the introduction of private finance into the market; secondly, contracting services to the private sector; and thirdly, opening the market to the direct delivery of affordable homes. Each wave has attempted to encourage for-profit actors to enter the market. The policies adopted to entice for-profit actors in the market have used a combination of top-down direction, where the sector is formally opened to competition, and more subtle methods, including regulatory reform and the reduction of government grants. Historically, it seems that for each wave there has been an initial reluctance in the private sector to become involved in the market until the appropriate amendments to the legislative, regulatory and finance environment have been made. These incentives have included ending rent protection and revising the regulatory framework to put private providers on a similar footing to public and voluntary actors.

Across all of these waves, Chapter Two identified one common denominator: for-profit actors have slowly entered the market. This influence has been allowed to grow as government grants were reduced, compelling the sector to prepare for life after grants. The reduction of grants has been most significant in changing behaviour and encouraging private finance to enter the marketplace.

Subsequently, the government has used the regulatory reform process to encourage for-profit entrants into the sector. There is some evidence from the regulator's Sector Risk Profile and Statistical Data Return that this policy lever is working in three ways. First, for-profit entities are registering with the regulator as providers of social housing. Secondly, the voluntary sector is beginning to operate more commercially, as demonstrated through the development of hybrid companies which include non-registered for-profit companies. Finally, new financial institutions are entering the market and lending to the sector using innovative financial instruments. These changes are increasing the risks that the sector faces (HCA, 2012a, 2017c) and until the regulator finalises its regulatory framework to account for them it will be difficult to fully evaluate the impact of these policy developments.

The government's motivation for this modernisation appears to be to increase the efficiency of the social housing market, through increased competition and choice. However, as we have seen, the sector rents properties at a sub-market level and landlords have expectations placed on them by tenants, regulators and government to deliver more than just housing. In light of these conclusions from Chapter Two, this chapter has seven objectives:

1. To develop a conceptual framework that is based on the literature review, which is robust and able to test the introduction of for-profit actors into the CSHM;
2. To identify areas in which existing research evidence is limited;
3. To develop research aims and objectives in order to add to the existing research evidence base;
4. To propose a research methodology through which to fulfil these aims and objectives;
5. To outline the research strategy employed for this study;
6. To reflect on the strengths and limitations of the research strategy; and
7. To consider the role that the expert plays as a researcher.

Conceptual framework

This section presents the conceptual framework that underpins the empirical research and to which the thesis returns in subsequent chapters. It outlines the theoretical framework used; describes the conceptual framework; defines the key terms used therein; and articulates the innovation and research gap the empirical study seeks to address.

Conceptual framework: A description

The conceptual framework consists of two diagrams. Figure 11 demonstrates the theoretical concepts that provide the foundation for the research and is the author's simplified model of the CSHM. Figure 12 provides a hypothesis of what the expected model of the CSHM may resemble after the research findings have been considered.

In both figures, there is a circumscribed circle; this represents the CSHM within which the different types of actors operate. Three exogenous domains provide pressures, which bear down on the market: the state, not-for-profit and for-profit; the points of the large triangle, which circumscribes the circle, represent these. Each side of the large triangle represents one of the three theories (principal-agent theory, institutional theory and organisational theory) that are expected to have some application in assisting the understanding of how the market operates. There are four types of market actors providing social housing: state-driven providers (local authorities), for-profit providers (new market entrants), third sector providers (traditional housing associations or not-for-profit private registered providers) and hybrid providers (not-for-profit registered providers that are commercially orientated to enable them to build with reduced government subsidies). Each type of provider sits in one segment, which is represented by a small enclosed triangle.

Figure 11 conceptualises the simplified CSHM used in this study. In the simplified framework, everything is constant. All the exogenous domains exert equal pressures on the market, and its actors and the theories combine equally to explain the operations and interactions within the market, as shown by the large equilateral triangle. The different types of actors have an equal share of the market, as shown by the division of the large triangle into four congruent equilateral triangles.

Figure 11: Simplified conceptualisation of the contemporary social housing market

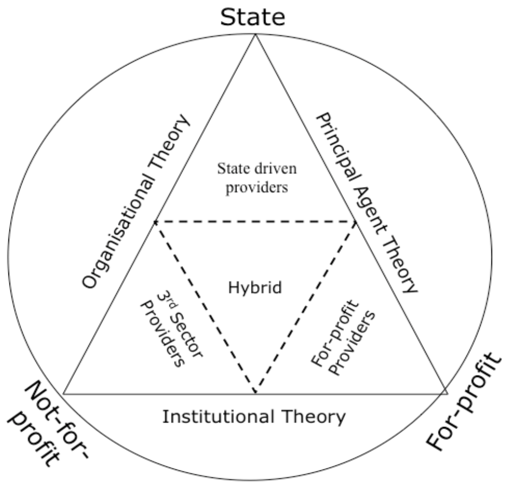


Figure 11 represents the simplified framework for the CSHM. There are four types of actors all having an equal market share. These are:
State-driven providers, offering housing through local authorities;

Third sector providers or not-for-profit private registered providers;
For-profit providers; and
Hybrid providers are inside the dashed triangle, as they may be drawn from any of the three other types of providers.

There are three exogenous domains that influence the market, represented by the corners of the large triangle; these are the state, for-profit activity and not-for-profit activity, and institutional theories bear down on the market equally.

Figure 12 uses the conceptual framework to hypothesise what the contemporary social housing model may closely resemble following the consideration of the research findings. It assumes that the state has a strong exogenous influence over the market, *ceteris paribus*, and it has skewed activity in favour of the third sector and state-driven providers, which both approximately have an equal share of the market. Consequently, the for-profit and hybrid providers both have reduced shares of the market. The position of the triangle showing the hybrid market segment suggests that these providers are more likely to be profit orientated than providers that have a social cause.

Figure 12: Conceptualisation of the contemporary social housing market

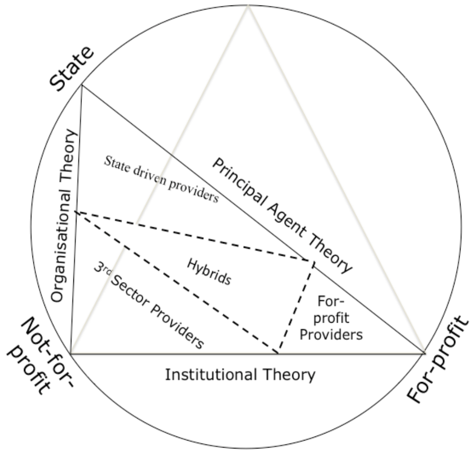


Figure 12 attempts to provide a more realistic conceptualisation of the CSHM, and it builds on Figure 11.

It assumes that only a few providers would be solely for-profit. The provision of housing in the state and third sectors would be approximately equal in size, and there are a smaller number of hybrid providers. It shows that most on the hybrid spectrum are expected to be profit orientated, and fewer will have a wholly social purpose.

The research hypothesises that the influence of exogenous domains exert pressure on the market, and this then influences the size and structure of the provision provided by each type of actor.

The next section provides the definitions of the components that make up the conceptual framework.

The theoretical framework

In Chapter Two, Ball (1986) suggested researchers often ignore the theoretical problems associated with policy and how it impacts on both society as a whole and the agencies responsible for delivering these interventions. An analysis based on an institutional framework is required to capture the dynamic nature of the modernisation of social housing (Ball and Harloe, 1992). This approach has been used successfully in housing studies, both in examining the demunicipalisation of housing (Gibb and Nygaard, 2006; Pawson and Smith, 2009), and in observing the impact of private finance on the sector (Oxley, 1999). The provision of housing is a physical process, and the interaction of agents creates social relations that are involved in the housing process. Social agents are defined through their actions in both creating and sustaining a particular set of housing conditions, costs and benefits (Ball and Harloe, 1992). There is a requirement to consider the blend of social agents, such as for-profit providers, financiers, regulators and lobbyists, and identify what they bring to the market regarding capacity and influence. Therefore it is necessary to examine organisational changes, changes in governance, financial and treasury management and other new skills that have been introduced from the commercial sector to manage the increased risks posed by the modernisation of social housing.

The conceptual framework being considered here is a tripartite theoretical model, which applies principal-agent theory (P-AT), institutional theory and organisational theory to assist in the understanding the CSHM. There is a tradition in housing studies of nesting theories to understand the modernisation agenda (Ball and Harloe, 1992b; Mullins et al., 2001; Mullins and Walker, 2009) (see discussion in Chapter Two).

P-AT has been applied to examine interactions in social housing, particularly to understand contractual relationships between for-profit organisations and the state or not-for-profit organisations, mainly as part of the rise of new public management (Hood, 1991). Chapter Two references new public management (NPM) which has three characteristics. First, it seeks to reduce the role of government and includes privatising state institutions or introducing quasi-markets. Secondly, where possible, it recommends the use of information technology to automate services. Thirdly, it advocates the development of an international approach to administration, by governments learning from each other (Hood, 1991; Kaboolian, 1998; Gruening, 2001; Diefenbach, 2009). New public management has been applied to housing studies by Pawson and Jacobs (2010) and Sprigings (2002), amongst others.

In P-AT, the principal (purchaser) lets the contract to the agent (seller of services) because the agent has demonstrated they have the required expertise to deliver to the contract to the required specification. However, opening a market to the private sector also provides the government with two significant risks: adverse selection and moral hazard (Faure-Grimaud et al., 2002). Adverse selection is where asymmetric information in the market means that the agent has more information about itself than the principal does. Moral hazard occurs where it is assumed the agent is a profit maximiser, so when fulfilling the contract, they may shirk on the service or goods that are supposed to be fulfilled under the contract. The agent may also undertake some action unknown to the principal, or an action which is difficult to verify.

The principal may be able to overcome adverse selection by investing in contract performance and management systems (Salanié, 2005). These may include incentivising the contracts so that the agent opens up its performance to the principal, using measurable performance, applying penalty clauses for non-compliance, requiring the agent to pay sureties that are non-returnable in the event of verifiable non-performance, or the agent providing references for previous performance. The risk of moral hazard is said to be overstated and is minimised through competition and the need of references for future contracts is dependent on the performance of current contracts (Brown et al., 2006).

P-AT has been successfully applied to the study of social housing by Mullins and Walker (2009) as a theoretical tool to help evaluate the rationale of the New Labour government’s first attempt to introduce for-profit providers into the market, when it opened up social housing grants to house builders. This allowed developers to retain any of the social housing units built (see Chapter Two, Wave 3, for a more detailed discussion on the policy). The study concluded that P-AT and organisational theories can contribute to policy that introduces competition in the CSHM (Mullins and Walker, 2009: 219).

However, other studies of social housing have four limitations in relation to the use of P-AT: the onerous nature of the management resources required; the complexity of finance; the risk that findings are taken out of context; and the asymmetry of information (Mullins et al., 2001). Each of these can be considered in turn.

First, modernisation has led the management of social housing to become more complex, through an expectation of landlords to be proactive asset managers, contract-out services, and bid for state funding. It is no longer sufficient to identify these changes as inducement-led agency relationships (Mullins et al., 2001). A simple business plan associated with traditional practices of managing the social housing stock and collecting rents is insufficient for the CSHM; providers of social housing are now expected to adopt more professional and business orientated practices drawn from different sectors. Instead, modernisation has impacted on the managerial, organisational and institutional arrangements in both local authorities and other providers of social housing (Lowndes, 1999). The increasingly complex nature of financing the social housing sector as grant funding reduces, suggests that Lowndes's findings have become even more pertinent.

Secondly, P-AT has also been criticised on the grounds that social housing providers increasingly substitute private finance for reducing public subsidies and in turn adopt more complex financial and treasury management processes. This substitution has led to increased risks and organisations being required to plan and develop scenarios for progressively more uncertain times (Greer and Hoggett, 1999; HCA, 2012a, 2017c).

Thirdly, there are specific dangers in studying actors; it is too easy to take the actors' decisions out of context and assume that the decision made will always lead to specific outcomes, which can be transferred to other places with similar results. However, this does not take account of the unique environment and constraints that the observed actors were operating, or responding to at the time of the research. So it is highly unlikely that the policy assemblage will result in the expected desired outcomes (Ball and Harloe, 1992; Ward, 2006).

Finally, the reforms to the social housing sector have not been asymmetrical. This can be illustrated via the example of local government reforms introduced since the 1980s. These have resulted in a substantially changed role for local government, moving from primarily one of delivering social housing to one that is responsible for the strategic commissioning of services. The concept of asymmetric reforms in the sector may at first seem logical and supportive of the principal-agent relationship within social housing.

Since the privatisation of state-controlled public goods, it is critical to develop research strategies that are able to understand how the market and state mix and therefore develop the institutions to manage these new considerations (Lindblom, 1980). The research has to be able to account for the hybridisation of the two sectors, to understand how they will interact. For example how will the public sector react to the profit motive and the introduction of efficiencies, and how will the private sector respond to public notions such as corporate responsibilities (Perry and Rainey, 1988)?

Perry and Rainey reviewed a selection of research papers covering a thirty-year period, to make clear recommendations about future research strategies based on three dimensions: ownership, finance and the mode of social control within an organisational framework. The first two recommendations are distinguished by the binary decision of private or public (ownership or sources of finance). Perry and Rainey (1988) discuss research strategies based on modes of social control through a “complex continuum” ranging from the two extremes of the outright market and state control, with hybrids sitting between, and the researcher should account for this. With the market, social controls are assumed to be limited to formal government intervention such as the rules of law and regulation, while in organisations under state control (such as the postal service), the allocation and management of the resources are by the state and the customers pay for the service (Perry and Rainey, 1988).

The literature review has shown that the CSHM has shifted along a similar continuum as it has modernised. Within the continuum, there are two poles (state and profit), and each policy shift has reinforced the importance of seeking profit within the context of a functioning market (Malpass and Victory, 2010). Similarly, the hybridisation concept can be applied to the CSHM. This time, rather than plotting where the market lies on the continuum, individual social housing providers are plotted along the x-axis, which has three states: not-for-profit, hybrid and for-profit. The hybrid state acts as the bridge between the two poles. Housing providers in the Netherlands have been identified as a prime example of this type of “financial hybridity”, with social enterprises bridging the gap between private and government funding (Mullins and Pawson, 2010). Czischke et al. (2012) have suggested a framework that could be used to test hybridity, where a housing organisation sits along a spectrum from not-for-profit through to purely commercial enterprise. A special issue of *Housing Studies* (2012) examined social enterprise, hybridity and housing organisations. The broad conclusion was that social housing providers operating across Europe are primarily third sector organisations, with common characteristics and a core mission and values that define them as social enterprises (Blessing, 2012; Czischke et al., 2012; Gilmour and Milligan, 2012; Sacranie, 2012).

The hybrid approach is useful as far as it goes to understand the organisational challenges, and barriers faced internationally for not-for-profit providers of housing. However, it requires adaptation to take account of the introduction of for-profit providers in England and to assess and understand the impact this change has had on organisational behaviour among not-for-profit providers. Concentrating on one type of provider, as the 2012 studies have done, could lead to overgeneralisation when using organisational theory for complex environments such as housing provision (Justesen and Mik-Meyer, 2012).

In his article ‘Institutions in British property research’ Ball (1998: 1502) does not offer a specific definition for an institution, as he claims it is dependent on the theory being applied in the research study. Instead, he applies a “casual approach’, such as the definition provided by Hamilton and Seligman (1932: 84): ‘Institutions are a way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of people.’ A more formal definition of institutions is provided through transaction costs in the analysis of new institutional economics, which is concerned with contracting and monitoring costs and how these impact on both the organisation’s structure through its governance and how it produces its goods and services (Coase, 1937). This approach goes on to argue that it is the ‘organisational frameworks within which the integrity of a contractual relationship is decided’ (Williamson, 1985: 41). Hence those transactions that are frequent and necessitate ‘significant transaction specific investments’ tend to occur in firms that are hierarchically organised, while more straightforward one-off exchanges that require ‘minimal transaction specific investments’ are likely to occur within a market environment (Hughes et al., 1997:260-261). This means the firm's organisational structures are developed to minimise or increase its market transaction costs.

The initial developments in new institutional economics, which categorised a firm as either a market or hierarchical organisation depending on the level of their transaction costs, is limited due to its dualistic approach. This position has been refined and extended to include hybrid organisations to account for activities such as franchising, joint ventures, alliances, and the emergence of privatised public utilities overseen by regulators (Powell, 1987). It is within this revised hybrid framework that it is possible to examine the changing provision of affordable housing. It is also possible using this framework to explore the rules, norms and traditions that govern and affect the economic behaviour of organisations and the role played by policy formulation (Gibb and Nygaard, 2006).

The advantage of this definition of institutions is that it recognises the importance of both endogenous factors (economic efficiencies) on the organisation, but it also begins to explore the exogenous institutional (political, financial and policy) structures (Hughes et al., 1997). This definition brings into the debate the sociological institutionalists, for example, Powell and DiMaggio (2012) and Zucker (1987), and enables a more compelling description of institutions to be used. These use the regulative, normative and cognitive structures that provide stability and meaning to social behaviour and are identified as shaping organisational practices (Scott, 2008). The development of a neo-institutional theory is rooted in cultural and social structures to explain the use of resources, and it allows ideas, interests and identities to be formed to enable customs and practices to be developed (Dobbin, 1994). Further, Lounsbury (2008) argues that the sociological theory of institutions shifts institutional analysis away from that of economic rationality of profit maximisation and reduction of transaction costs, as seen in new institutional economics and mainstream economics, to a Weberian view of rational behaviours. This enables an examination of individual actors’ roles in shaping the organisation and how it interacts to the institution. Institutional logics of the organisation have been taken forward in studies of hybridisation of social housing, to understand how business practices have adapted to government policies of reduced funding. For example, this can be used to understand how providers have undertaken business diversification strategies into the private rented sector (Morrison, 2016), and how providers have started to sell their prime real estate and sweat their assets in order to fund the development of new stock (Morrison, 2017).

The primary consideration in taking forward a framework based on institutional analysis is to decide what constitutes an institution and how this differs from an organisation. According to Lowndes (1996), there are three defining characteristics of institutions. These are, first, that individuals devise institutions, and they are part of societies' broad social framework, by providing the medium through which day-to-day decisions and actions are taken. In turn, these institutions influence the activity of individuals by moulding discrete actions, through constraining and providing opportunities. Secondly, institutions have formal and informal aspects; formal institutions are those consciously designed to provide rules or laws that govern society. While informal institutions are based on society's accepted norms and customs, these are neither deliberately designed nor carefully quantified, but are the way that things are done. Therefore, at some level, informal institutions may be expressed as rituals, or they may also merely relate to etiquettes and practices. Finally, institutions have solidity over time and through this permanency derive their legitimacy. Therefore, institutions sit above the individual actors and their individual preferences; the institutions are valued for what they signify and do not merely exist for the immediate utility that may be derived from them (Lowndes, 1996).

Using Lowndes' definition of institutions, it is apparent that institutions govern the interactions within the marketplace; they own the rules and set the framework within which individual organisations can operate. From a social housing perspective, the formal institutional framework is derived from the policy and legislation that sets the rules for who can and cannot participate in the market, how they participate and at what level. This legislation limits the formal institutions operating in the social housing market to central government and its agencies (civil service, legislature, public sector funders and regulator) and possibly the financial markets.

The financial sector, as with individual landlords, comprises active participants in the social housing market, which respond to the state and its agents including its regulator. The financial sector is nested as both organisations and institutions, as they set rules and viability tests which individual landlords must meet if they want to borrow money. It also invests a level of regulatory monitoring power within these financial organisations over the social housing market (MacLennan and More, 2001) The nesting fits within Lowndes' second element for institutions. It is apparent from elements one and two that individual housing providers are not institutions, but are merely organisations responding to the formal and informal institutional rules and customs that govern the market. They are defined by factors such as their profit status, rendering them peripheral to existing debate on institutional theory and its impacts on the social housing market. This is an important issue to which the thesis will later return when discussing the use of hybrid theory to understand the market.

It is the third of Lowndes's elements – which holds that institutions are stable over time – that is most challenging within a social housing context. Chapter Two discussed the level of change the sector has faced in the name of modernisation since the 1970s. It is difficult to argue that the institutions have benefited from stability. Neither is it possible to claim that an institution such as an independent regulator is highly valued, particularly by government. As Chapter Four will demonstrate, the changes to the regulator's role on consumer regulation introduced through the Localism Act 2011, weakened the regulator from a consumer's perspective.

Markets

Chapter Two discussed the simple neoclassical economic definition of a market: 'whenever two or more individuals are prepared to enter into an exchange transaction, regardless of time or place' (Gravelle and Rees 1992: 3, cited in Rosenbaum, 2000: 459). It argued that this is insufficient when studying housing markets, which are more complex and tend to be segmented and defined as specific geographic submarkets (Goodman and Thibodeau, 1998). Housing markets also suffer from market failure and this is what leads to the state intervention to provide subsidised social housing for the poor (Whitehead, 2003). There is an agreement across commentators that since the 1970s the social housing system in England has been subject to a process of residualisation (Malpass and Murie, 1987; Kemeny and Lowe, 1998; Fitzpatrick and Pawson, 2007; Malpass, 2008; Malpass and Victory, 2010). Government reforms of social housing alongside other areas of the welfare system have further residualised the sector and led to the development of a quasi-market for social housing (Bramley, 1993).

There are four parts to a simple definition of the CSHM. First, the housing must be let at a sub-market price. Secondly, it should be let to those people in need who are not able to afford a market rent. Thirdly, to distinguish it from other philanthropic enterprises which follow conditions one and two, it also needs to have received some form of state subsidy in its development or purchase that brought the dwelling into the social sector. Fourthly, to protect the social asset, the provider of the dwelling needs to be registered with the regulator for social housing as the dwelling's owner or managing agent. However, social housing is not limited to rented accommodation; it also includes various types of low-cost 'shared' home ownership (LCHO) that is provided for those in need. Shared ownership means that the ownership is shared between an individual householder and a registered provider. The householder either pays rent for the share they do not own, or the provider has a second charge against the property with the mortgage provider, ensuring that they receive their share of the original discounted sale price and any equity uplift when the property is resold. So the contemporary social housing is housing rented or sold at a sub-market level to people in need, the dwelling is required to have received a state subsidy, and the provider of the dwelling is registered with the regulator.

Actors

Actors within the CSHM are conceptualised as individuals within the formal institutions, governing the market. These include civil servants who are responsible for government housing policy, regulators, financiers and finance support functions that monitor and regulate the market, and employees and executives of housing providers, who carry out the functions of management, leadership and delivery of affordable housing. It is recognised that many other actors work in the market, including citizens and tenants. These are considered to be external actors in this study, which examines for-profit actors and how they interact with the market's institutions, as well as the existing and emerging organisations that have entered the market due to changes in legislation.

Housing providers

Housing providers are registered with the regulator as landlords, management agencies, owners of contemporary social housing or parent companies that own the social housing provider. There are three types of housing providers registered with the regulator: not-for-profit, for-profit and state landlords (councils). For those registered as a not-for-profit, any surpluses made through their landlord function in the CSHM are reinvested back into the sector through stock improvements or the development of new stock. For-profit landlords can make profits from their landlord functions, and these do not need to stay within the sector. State or council landlords operate council housing, and they too are not permitted to make a profit from the sector, with any surpluses reinvested. Some councils have contracted out the management of their stock through arm's length management organisations (ALMOs); these are only registered with the regulator if they own some affordable housing or intend to develop new affordable housing using government subsidies. ALMOs are also prohibited from making a profit, and any surplus must be reinvested into affordable housing. The fourth provider in the model is hybrid providers, which tend to be not-for-profit profit landlords registered with the regulator but which act as social entrepreneurs.

The innovation and research gap

The literature and policy review has demonstrated that exogenous political and financial pressures have resulted in significant changes to the social housing market, and it is against the changing policy background that housing providers continuously find themselves having to redefine their organisational structures and refine their behaviours to enable the management of their housing business. The introduction of for-profit actors into the market is one feature of this changed environment. In line with the Housing and Regeneration Act 2008, regulated for-profit providers (FPPs) were able to enter the market in 2010. Research on the role of FPPs within a recast social housing market remains in its infancy, and it is this research gap that will be considered in this thesis.

To understand the impact of for-profit landlords on the market, Mullins and Walker (2009) advanced a binary theoretical framework applying principal-agent theory and organisational economics. The paper argued that such a framework ‘can contribute to an understanding of the impact of these reforms [introducing FP actors]’ (Mullins and Walker, 2009: 219). This section has explored the applicability and uses of three theoretical frameworks within housing studies: principal-agent, organisational theory, and institutional theory. On their own, this chapter has illustrated, each of these theories has merits and limitations when used to assess the social housing market and its modernisation. This chapter has also identified research practitioners who have blended institutional theory with either principal-agent theory (Ball and Harloe, 1992) or organisational theory (Mullins et al., 2001). However, this is still insufficient to explain the CSHM, where a more nuanced classification of the types of actors is required or when taking into account the dynamics of a market that has evolved through the changing formal and institutional frameworks.

As Ball and Harloe (1992: 13) argue, ‘Housing researchers are not alone in needing to do this kind of work. Other disciplines are also confronted with research programmes such as these …[as]… problems are solved only via groups or nests of theories.’ When examining the modernisation of the CSHM, ‘[a] tripartite theoretical framework could also be used to unpack the “modernization rhetoric” of the British Labour government’ (Mullins et al., 2001: 620). This discussion leads to the conclusion that the empirical section of this thesis requires a new hybrid theory, which mixes concepts and theories and draws together elements of institutional, principal-agent theory and organisational theory to better understand the impacts for-profit providers will have on the CSHM. However, the key problem for housing studies is how to test housing providers’ activity empirically and organisational structures in practice (Oxley, 1989).

Methodology

The purpose of the methodology section is to describe the research questions, explain the research strategy, and discuss how the research findings were triangulated.

Research questions

This section examines the aim, objectives and research questions that have been used in the thesis. The aim of the study is to:

To identify changes in institutional and organisational relationships and responses in the CSHM following the introduction of for-profit providers.

To realise this aim five objectives have been set, each of which has a series of research questions.

Objective 1

This objective seeks to investigate the role played by the private sector within the CHSM, with particular reference to the activities of for-profit actors in supporting the development and management of social and affordable housing stock. This is to be achieved by answering the following research questions:

a. What is the current theoretical underpinning of the introduction of for-profit actors into the CSHM?
b. What roles do for-profit actors play in the CSHM and how do they differ from those played by the third and state sectors?
c. 'To what extent do new for-profit actors bring new (more efficient) practices into the market?' (Mullins and Walker, 2009: 213);
d. How have the policy formulations enabled the introduction of for-profit actors into the CSHM?
e. What are the government's objectives regarding the CSHM?

Objective 2

Objective 2 reviews the strategies used by actors in the CSHM to assess whether for-profit and not-for-profit actors have employed different practices, using these results to develop a typology of affordable housing providers. It is to be achieved by answering the following research questions:

f. What are the current business models used by actors in the CSHM?
g. How do the business models differ for different types of actors?
h. To what extent will there be a gradual blurring of boundaries and convergence of organisational behaviour between not-for-profit and the for-profit actors?
i. 'Will there also be changes in the frames of reference of for-profit and traditional not-for-profits participants through organisational learning (across networks, within joint ventures)?' (Mullins and Walker, 2009: 213);
j. Are these changes sufficiently robust to meet both corporate and national government objectives (Mullins and Walker, 2009: 213)?
k. How would these changes differ outside of austerity and retrenchment of public finance?
l. Is it possible to develop a typology of actors operating in the CSHM?

Objective 3

This identifies and analyses the entry barriers, both external and internal, to the successful delivery of actors' business plans and the government's wider objectives of developing new affordable housing in the CSHM, and will be achieved by answering the following research questions:

m. What are the barriers of entry for new market entrants?
n. How can these barriers be overcome?
o. What are the policy objectives of introducing the new for-profit actors in the CSHM?

p. To what extent have these policy objectives been achieved?

Objective 4

Objective 4 considers the extent to which these barriers can be overcome under the current legislative and regulatory structures and will be achieved by answering the following research question:

q. How could changes within the legislative and regulatory structures overcome these barriers?

Objective 5

Finally, this objective develops policy propositions for future social and affordable housing provision for central government and its agencies:

r. How can the study of the CSHM be improved?
s. How can national policy on the CSHM be adapted to meet national housing targets?
t. Do the conclusions on the affordable housing market make sense to actors operating in the market?

Research strategy

This section discusses the rationale for using a formative research strategy, and provides a description of the research methods applied within this thesis.

The rationale for a formative research strategy

To achieve the aim and objectives and answer the research questions, a formative research strategy was adopted in this thesis. This is an approach that has been successfully employed in policy evaluation (Gittelsohn et al., 2006). Proponents of this strategy, such as Higgins et al. (1996), argue that it is sufficiently flexible to utilise various qualitative and quantitative methods and assists in the recruitment and retention of research participants. A formative strategy also helps to define initial research tools, and through a process of research phases, redefines these tools to move the research forward, as the researcher’s understanding of the issue being studied increases (Nichter et al., 2002). Finally this kind of research strategy is sufficiently flexible to enable the application and development of theoretical frameworks (Newes-Adeyi et al., 2000), such as the conceptual framework in earlier sections of this chapter.

Formative research has been identified as either action or developmental research (Reigeluth and Frick, 1999). Van den Akker (1999) has suggested this view is a conceptual confusion and that formative research can more accurately be viewed as a subset of development research, which sits alongside other complementary research strategies such as design studies and engineering research. Van den Akker also argues that action research should be excluded from the development research typology because it has had a rapidly evolving definition, resulting in shifting subtexts. Moreover, studies that use the term "action research" tend to concentrate on the action and therefore their contribution to the development of knowledge is limited.

Formative research methods are defined by considering the research questions, the methods, and how the data is applied and analysed. Formative research can be summarised as a qualitative hybrid research methodology, with a propensity to use mixed methods, including: interviews, direct observation, focus groups and case studies. As Gittelsohn et al. (2006) observe, in the formative methology there seems to be no consistent method in weighting experts' opinions against the wider community, or a triangulation of the data and findings from the mixed methods that have been applied. Such limitations in the development of formative methods have to be weighed against the flexibilities discussed, and its strength in developing and improving theory and evaluating policy (Reigeluth and Frick, 1999). This may help to explain why a formative strategy is generally used when researching issues associated with public health and educational and curriculum development, where the outputs from these studies are specific, targeted messages, and is often aimed at hard to reach groups.

The research methods applied in the thesis

A formative research strategy is employed in this research study to understand the interactions within the CSHM following the introduction of new actors to the market. Such an approach can be justified on the following grounds:

- The thesis is an evaluation of public policy and it has been designed to evaluate and recommend changes to these policies.
- The researcher is seeking to use the formative approach to develop a theoretical framework to help understand the implications of introducing a new type of actor into a closed market.
- The researcher has experience of being a policy practitioner in the social housing sector, but does not assume perfect knowledge about how the CSHM operates. Instead the study requires a methodology where the researcher obtains and updates their knowledge regularly (Hayek, 1945). Therefore, the researcher is not able to identify research subjects, or fully define and develop the research tools required to investigate the research gap from the outset. Instead there is a need to recruit participants, and develop and refine the research tools through an iterative process.

The formative approaches shown in Figure 13 use mixed methods that are commonly applied in this study of housing.

Figure 13: Subject areas where formative research methods have been applied

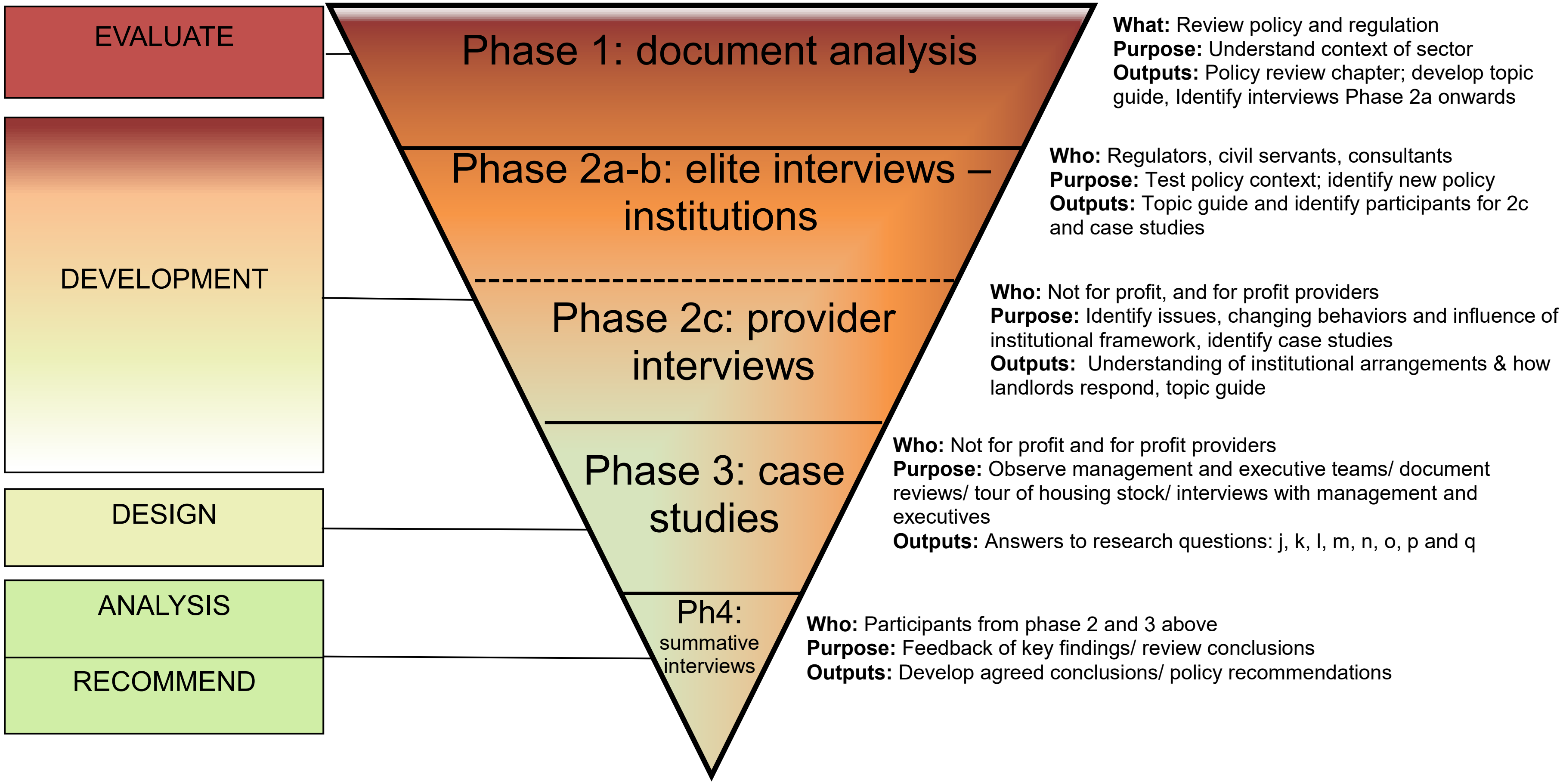
Author	Subject	Methods used	Use of formative research
Van den Akker (1999)	Examines the principles and methods used in formative research for education and training	Systematic document analysis Literature reviews Consultations with experts Case studies	To provide solutions for a variety of design and development problems in education Research is: Timely and evaluative whilst developing content Policy development is based on research that is theoretically

Author	Subject	Methods used	Use of formative research
			underpinned and empirically tested
Fisher et al. (2004)	Understand levels of risk behaviour among HIV positive patients	Focus groups with HIV patients and health professionals Direct observation of patient visits	Designed lead clinician intervention programmes Evaluate this programme from clinician and patient perspectives
Worden et al. (1988)	Smoking cessation media campaigns	Focus groups with young people Diagnostic assessment of 190 students School population survey of 1500 pupils	Select optimal media messages Suggest improvements to messages Producing final messages for media presentation Developing a media Exposure plan
Middlestadt et al. (1996)	Research on HIV prevention programs for under 25-year-olds	Semi-structured, self-completed, open-ended questionnaires Semi-structured, face-to-face surveys Content analysis of open-ended questions to identify the most frequent mentioned responses	Develop theory based on behaviour change Identify and understand underlying behavioural determinants of consistent condom use
Kraft et al. (2000)	Research to understand issues associated with African American gay men	Qualitative interviews	Identify perceptions of community-level interventions Identify who are members of these communities Develop strategies to overcome barriers associated with homophobia and racism Create opportunities for dialogue between communities
Higgins et al. (1996)	AIDS community demonstration models	In-depth interviews Focus groups Direct observation Systematic interrogation of information	Refine target groups, develop role models' stories to contribute to questionnaire development
Palmer (1983)	Formative research methods to develop the educational content of children's TV programmes	Series of seminars to identify behavioural goals Test screening of final product with target audience Analysis of writers' notes Direct observation of viewers	To develop and improve TV programming and content for a new show, the 'Electric Company' Discover principles of programme design to improve audience learning
Gittelsohn et al. (1998)	Produce obesity prevention interventions among school children in six different Native American nations	Paired children interviews Focus groups and interviews with child carers, teachers Direct observation	Identify set of behaviours to focus strategy Identify food types to include in strategy Identify educational approaches

Therefore, a formative research strategy is transferable to housing studies, and this study has shown the potential of introducing a formative research strategy to evaluate policy impacts and changes in legislation within housing studies. However, the housing literature may simply demonstrate that housing studies do not explicitly discuss methods independently of the research findings.

The purpose of this thesis is not to implement change, but to understand and evaluate the impact of alterations to the CSHM that arise from changes in legislation. Therefore, the formative research model being applied aims to analyse, design, develop, evaluate and recommend. Summative evaluation is a discrete element of the model; it was used to review the emerging conclusions and recommendations of the research through each phases of the research, which would help to design the next element of research. Figure 14 summarises the research model and how this links to the thesis research strategy. It shows the thesis starts by examining the broad issues and each subsequent phase funnels the focus of the research, as the understanding of the researcher on the topic area grows deeper. This occurs until the researcher is able to answer all the research questions and arrive at systematic conclusions.

Figure 14: The research model and how it links back to the research strategy



Summary of the four phases of research

A summary of each of the four phases is provided below, followed by a review of the methods employed.

Phase 1: Documentary analysis

The purpose of this phase is to systematically examine research documents (Bowen, 2009), including legislation and policy documents produced by government and associated agencies. This allows the researcher to understand the legislative, regulatory and policy developments associated with the CSHM. The findings have been used to define the forward research strategy, identifying: the areas for investigation in later phases; initial people to include for interview in Phase 2; and the emerging methods for later phases (elite interviews, case studies, direct observation, interviews, visits to housing stock and documentary analysis). The outputs from Phase 1 have also been used to triangulate the findings from Phase 2 and 3, to assist the researcher in interpreting these findings for the discussion chapter. This helps to corroborate findings in later parts of the research (Bowen, 2009). This is the analysis process in the research model.

Phase 2: Elite interviews

A series of three sub-phases was conducted, where actors from the formal, informal institutions and the housing providers were interviewed in turn. The initial phase, 2a, involved interviews with actors from the formal institutions, identified in Phase 1. They were interviewed using a topic guide developed as part of the findings from Phase 1. These interviews were designed to provide a broad understanding of the sector and to identify the next round of interviews with informal institutional actors for Phase 2b. The identification of future participants through snowballing techniques was a vital element of this research method, as was the development and refinement of the research tools for subsequent phases. The final sub-phase (Phase 2c) involved elite interviews with a cross-section of the providers operating in the CSHM. These were drawn from both the for-profit and not-for-profit sectors. This helped to identify participants in the case study element of the research and began to identify the differences between these two types of landlords, which would be studied further in Phase 3. In each sub-phase the interview topic guide was refined and developed as the researcher continued to learn about the sector. This is the design process in the research model.

Phase 3: Case studies

The third phase comprised in-depth studies of three landlords, two of which were with for-profit providers, and one a hybrid private registered provider. The not-for-profit was selected because interviews in Phase 2 and document analysis had identified them as showing increasing entrepreneurial responses to recent policy changes. Each case study landlord was visited. These were arranged around board meetings and these meetings were observed and notes were taken in a field journal (Williams, 1994). Other tools used were: in-depth interviews with board members and senior management teams; tours of housing stock; and detailed analysis of on-site documents (business plans, annual accounts, corporate strategies, financing arrangements, investment strategies and board papers). The purpose of this analysis was to develop an understanding and draw broad conclusions on how the landlords were operating and to test if organisational behaviours were different by landlord type. This is the development process in the research model.

Phase 4: Summative discussion

The final stage comprised summative individual interviews with research participants who had volunteered to be re-contacted at the end of initial interviews. These participants were used as sounding boards, to test the reliability of the research findings and canvass participant views about their significance. Sounding boards in social housing is not a new concept. Tenant participation panels have been used in most housing organisations since the 1990s to test and evaluate services provision and policy changes (Millward, 2005).

Outcomes from the research phases

This section discusses how each research phase fits within the research objectives and research questions (Figure 15). It is followed by a brief report on the research outputs.

Figure 15: Research title, aim, objective and research questions by method

Title: The reform of sub market housing in England: The introduction of for-profit providers		
Aim: To identify changes in institutional and organisational relationships and responses in the contemporary social housing market following the introduction of for-profit providers		
Objective	Research Questions	Method
Objective 1: Investigate the role played by the private sector within the CHSM, with particular reference to the activities of for-profit actors in supporting the development and management of social and affordable housing stock.	What is the current theoretical underpinning of the introduction of for-profit actors into the CSHM?	Literature review
	What roles do for-profit actors play in the CSHM and how does they differ from those played by the third and state sectors?	Literature review Chapter 2 Policy review Elite actor interviews
	To what extent do new for profit actors bring new (more efficient) practices into the market?	Elite actor interviews
	How have the policy formulations enabled the introduction of for-profit actors to enter the CSHM? What are the government's objectives regarding the CSHM?	Policy review Elite actor interviews

Title: The reform of sub market housing in England: The introduction of for-profit providers		
Aim: To identify changes in institutional and organisational relationships and responses in the contemporary social housing market following the introduction of for-profit providers		
Objective	Research Questions	Method
Objective 2: Review the strategies used by actors in the CSHM to assess whether for-profit and not-for-profit actors have employed different practices, using these results to develop a typology of affordable housing providers.	What are the current business models used by actors in the CSHM?	Policy review Elite actor interviews
	How do the business models differ for different types of actors? To what extent will there be a gradual blurring of boundaries and convergence of organisational behaviour between not-for-profit and the for-profit actors? How will for-profit actors change the frames of reference of traditional not-for-profits participants is this through organisational learning (across networks, within joint ventures)?	Elite actor interviews
	Are these changes sufficiently robust to meet both corporate and national government objectives? How would these changes differ outside of austerity and retrenchment of public finance? Is it possible to develop a typology of actors operating in the CSHM?	Elite actor interviews Case studies
Objective 3: Identify and analyse the entry barriers, both external and internal, to the successful delivery of actors' business plans and the government's wider objectives of developing new affordable housing in the CSHM.	What are the barriers of entry for new market entrants? How can these barriers be overcome? What were the policy objectives of introducing the new for-profit actors in the affordable housing market? To what extent have these policy objectives been achieved?	Elite actor interviews Case studies
Objective 4: Consider the extent to which these barriers can be overcome under the current legislative and regulatory structures.	How could changes within the legislative and regulatory structures overcome these barriers?	Elite actor interviews Case studies
Objective 5: Develop policy propositions for future social and affordable housing provision for central government and its agencies.	How can the study of the CSHM be improved? How can national policy on the CSHM be adapted to meet national housing targets?	Elite actor interviews Case studies
	Do the conclusions on the affordable housing market make sense to actors operating in the market?	Summative interviews

Research inputs

The research on which subsequent chapters of the thesis are based comprised a total of 69 interviews; 50 were with elite interviewees and 19 were associated with the case studies. Participants in all three active phases of the research included individuals working for public, voluntary or private sector organisations.

An analysis framework was developed to triangulate findings and develop the final conclusions. The qualitative data collected through semi-structured interviews and observation took the form of field notes, voice recording and interview transcripts. Classification of observations and the development of conceptual structures were coded and interpreted, and triangulated against the documentary analysis and data sets that were developed to understand the CSHM.

Documentary analysis

Documentary analysis has a long history as a primary research methodology within social sciences. It has been used as an object of inquiry and when combined with other methodologies it is a tool that provides a critical analysis of the development of activity (Harvey, 1990). Hence the research strategy began with documentary analysis to provide in-depth scoping of the CSHM to understand policy developments. It was also a primary tool in the case study phase.

It is necessary not to concentrate on one particular source of materials for documentary analysis (such as government publications) in order to minimise the potential for bias; therefore, a wide variety of sources needs to be considered to provide a greater understanding of a research problem (Jupp and Norris, 1993). The documentary analysis undertaken in this research was varied and enabled the development of sector typologies, an analysis of the financial status of individual providers within the sector, and identification of participants in the elite actor interviews. It also enabled the development of the initial topic guide for Phase 2a and proposed the other research methods to be used across the remainder of the research strategy.

In Phase 1, documentary analysis was based on the criteria identified in the literature review, and from the researcher's own professional experience. This phase consisted of an analysis of policy and legislation that has been published by government since 2008. It also included the regulatory framework and consultation documents issued by the Social Housing Regulator since 2010, and used data on the sector to establish its size and how it had changed.

Elite interviews

In Phase 2 of the study there were 50 semi-structured interviews with elite actors. These interviews were completed with those who operate at the most senior levels of the CSHM, for example, HCA regulation board members, government officials, and partners from leading international professional service advisory organisations. Interviews include a senior partner from one of the 'Big Four' accountancy firms, a 'City law firm' and partners of hedge funds and merchant banks. These views were examined alongside those of board members and senior executives from the G15 (a federation of the 15 largest housing associations (HAs) that operate in and around London), executives of smaller HAs and members of the Place Shaping Group (a national network of 100 community-based HAs), as well as partners at intermediate consultants who provide specialist services and advice to the sector.

This phase of the research was subdivided into three sets of interviews with actors from the formal institutions, the informal institutions that provide consultancy advice and finance to the sector, and finally with the providers of social housing, both not-for-profit and for-profit. The purpose of these interviews was to understand the key issues impacting on the sector in line with the research questions connected to research objectives two and three, discussed above. Figure 16, provides a detailed breakdown of interview by actor type and phasing.

Figure 16: Breakdown of number of elite interviews by phasing and type

Phasing	Definition	Number	
		Expected	Actual
2a: Formal Institutions	Senior regulators within the social housing regulator	3	2
	Civil servants from the Department of Communities and Local Government, which is responsible for social housing policy	1	1
	Senior officers from local government	3	5
2b: Informal Institutions finance sector	Consultants who support and advise the social housing sector, including banking and finance, accounting, legal, property development community, sector lobbyists, trade associations	20	21
2c: Providers	Members of the senior management teams and boards of providers of social housing (housing associations and new for profit landlords)	20	21
Total number of elite interviews in phase		47	50

In advance of each interview, participants were sent a short questionnaire to be completed. The purpose of this questionnaire was to collect background information on the organisation they represented and to assist in the future analysis of the interview data. The semi-structured interviews lasted 45-60 minutes. There was sufficient flexibility in the topic guide to allow participants to introduce issues for discussion. The purpose of the interviews was to elicit responses that describe the participants' involvement in affordable housing, their motivations for involvement, and their impression of the impact of their practice. The interviews either took place at the person's place of work or over the phone. There was no noticeable difference between the data collected by either method.

Interviews in this research were integral to the formative strategy and they were used to triangulate findings with documentary analysis. The interview phases were used to identify other interviewees and refine and develop the research tools.

Case studies

The case studies were identified using data collected in the initial phases (1 and 2). A long list of eight potential case studies was later reduced to five, three of which agreed to participate. These three case studies represented a small enough sample to allow research in sufficient depth whilst remaining feasible in the allotted timeframe for the research. Three cases enabled comparison between different landlord types (for-profit and not-for-profit). It also enabled comparison by geography, with the organisations based in London, Staffordshire and North West England.

Data for the case studies was assembled via semi-structured interviews, documentary analysis and direct observations. In each case study members of the senior management team (the chief executive, finance and development directors), and board were interviewed (the chair, the chair of the finance and risk committee, and chairs of any subsidiary companies, or joint ventures). Other staff members were interviewed if it was felt to be appropriate and participants recommended it. Where possible board meetings were directly observed. During the case study the researcher also came into contact with other members of staff, partner organisations and tenants. Research logs and audio diaries were used for the planned observations and the chance meetings. Other research methods used were: documentary analysis of key strategy and business planning materials, and a half-day touring a sample of the housing stock owned by the provider to become acquainted with the type of stock owned and the neighbourhood issues faced by the provider.

Initially it was intended to treat each case study equally, in terms of time spent on location, the number of meetings that were attended and number of interviews undertaken. However, the scale and size of the three organisations differed. For example, Case Study 1 is a large, hybrid, not-for-profit provider that owns approximately 15,000 dwellings, has formal governance structures, and has several subsidiary companies. More time was spent with this case compared to Case Study 3, a small, family-owned, for-profit provider with only seven units, where business meetings are ad hoc. Altogether, 19 interviews were completed, this consisted of, nine interviews in Case Study 1, six interviews in Case Study 2, and four interviews in Case Study 3. There was also two site visits undertaken and one board meeting was observed.

The issues relating to interviews and documentary analysis have already been covered in this chapter. This section examines the methodological issues surrounding direct observation and the data it creates. Within the literature, the views and values placed on ethnographic research, the data collected through direct observations and the scrutiny of the evidence provided to answer specific research questions have not been static. Views on ethnographic research have been intrinsically linked to wider arguments within the philosophy of science, notably those between positivists and naturalists during the 1950s and 1960s, followed by more recent debates about reflexivity and realism in the later part of the twentieth century (Hammersley and Atkinson, 1989). As these debates have progressed, the tools in the ethnographer’s toolbox have changed and modified over time. Observational research of groups and individuals in the natural environment is such a refinement, developed in part as a response to positivist critiques about previous ethnographic methods such as standardised questionnaires. Further modifications drew upon discussion about reflexivity in light of the acknowledgement of researcher subjectivities by both positivists and naturalists that a researcher and the resultant participant need to sensitise the interpretation of research findings (Atkinson and Hammersley, 1994). The response among some researchers has been to employ reflective journals outlining researcher beliefs and feelings while undertaking observation. Reflective diaries were used during the case study phase alongside the field notes, describing the events as they unfolded. To add to these written descriptions, audio field recordings were used.

To understand if a case study is an appropriate methodology, Yin (2014) states that five conditions need to be met at the outset of the research design. These are tested in Figure 17, which shows this research is suitable to a case study approach. The five tests are:

1. A case study's questions;
2. Its propositions, if any;
3. Its unit(s) of analysis;
4. The logic linking the data to the propositions; and
5. The criteria for interpreting findings.

(Yin, 2014: 29).

Figure 17: Test for case study being the appropriate methods

Test[1]	Yin's Definition[1]	Response[2]	Summary[2]
Test 1	The conditions in which to use a case study approach is grounded in the research questions which should mostly ask 'how' and 'why' questions about a contemporary set of events over which the researcher has little control (Yin, 2014).	Yes, the research questions that apply to the case study (Figure 15) meet the how and why test	✓✓
Test 2	The propositions of the research, or put another way, does the research have some purpose?	Yes, Figure 15 shows the purpose of this study is to understand the impact of introducing a new "for-profit" actors into the market for social housing	✓✓
Test 3	Do the studies enable the research to be broken down to a unit of analysis?	Yes, housing providers are individual entities and are managed without interference from other organisations	✓✓✓
Test 4	Linking the data to the proposition	At the design stage the researcher was fully aware of how the data would be linked back to the propositions	✓✓
Test 5	How to interpret the findings	A key element of the formative research method is to lead the design into foreseeing how to complete the case study analysis and therefore interpret the findings	✓✓

Source: [1]Yin (2014), [2]Author

The role an expert plays as a researcher

The researcher is a practitioner in the contemporary social housing market. He has experience of working at a senior level in the sector as a researcher, regeneration officer, regulator, policy advisor, and a board member of a not-for-profit housing association. Within this study, the researcher is the only investigator. During the planning stages of the research, the primacy of the researcher's role when interviewing and observing former colleagues (Social Housing Regulator and in Whitehall) was identified as a risk to the validity of the study. Such risks were based around confidentiality and preformed opinions of the researcher by the subjects of the research (Chew-Graham et al., 2002). A potential risk was participants may not be willing to contribute, or that prior association may impact on the substance of the data collected. To help combat these conceivable problems, the researcher provided the participants with additional reassurance about the confidentiality of the interview and explained further that at any time they were able to opt out of the interview or decline to answer particular questions. Within both sociology and anthropology there is a history of researchers investigating occupations of which they have previously had experience (Hockey, 1993). Whilst undertaking this study, the researcher's experience of interviewing those with whom he had had a prior association appeared to be positive. His experiences seemed to be similar to those discussed by Mercer (2007) and (Platt, 1981), who found that a shared sector experience opened doors, making access to elite interviewees easier, and provided a richer data set.

Chapter summary

This chapter has highlighted the complexities of the CSHM and has defined the actors, and how they interact in the market using a theoretical framework. It has developed a conceptual framework to test the introduction of new for-profit actors into this market, an under-researched area in the social housing market. A qualitative research methodology, using formative research, has been proposed. This method helps to evaluate the impact of the policy that has introduced the for-profit actors. The advantage of such a methodology is that it helps the researcher to define and refine the research tools, through a process of research phases. Each phase builds on the other and assists the researcher to understand the subject area as they progress in the study. As the researcher has extensive experience operating as an actor in the market, this strategy of developing learned knowledge would help to counterbalance any assumed knowledge held by the researcher, which may prejudice the study. In advance of the discussion chapter (Chapter Seven), this chapter has reflected on the success of the methodology employed.

CHAPTER FOUR CONTEMPORARY SOCIAL HOUSING MARKET IN CONTEXT

Introduction

Chapter Two reviewed and examined the modernisation of social housing in England. It identified three waves of for-profit actors entering the market: the demunicipalisation of council housing leading to the introduction of private finance; the contracting out of services; and opening the market to for-profit landlords. It analysed the policy programme that enabled for-profit providers (FPPs) to enter the contemporary social housing market (CSHM) and how this framework had developed since their introduction to the market.

The purpose of Chapter Four is to examine the CSHM in which for-profit actors operate: the size of the market; the different types of provision; the changing nature of regulation; and how the sector finances growth. Housing is a devolved policy area for the constituent countries of the UK; each has developed its own strategy and this chapter concentrates on England.

The contemporary social housing market

This section has three objectives: to examine the contemporary social housing market, in numbers; review the programme of regulatory reform; and examine how the sector finances growth.

Size and type of provision

Since 2010, the regulator has registered and regulates three types of providers of social and affordable housing. These are local authorities (LAs), not-for-profit providers (PRPs) and for-profit providers (FPPs). Figure 18 shows the number of organisations by type and the dwelling numbers owned by each in 2016.

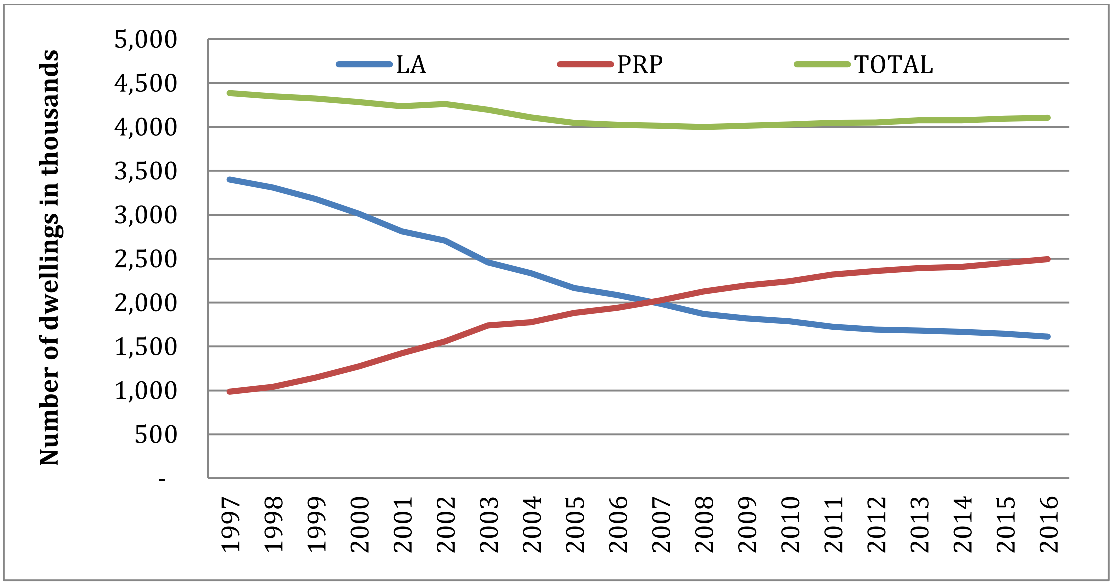
Figure 18: Number of providers and dwellings owned by sector in 2016

	Local authority stock	Not-for-profit	For-profit
Number of providers[1]	198	1,506	38
Number of dwellings[2]	1,612,000	2,762,000	2,2853

Source: [1]HCA (2017a); [2]DCLG (2017c); [3]author

The rise of PRPs as the dominant actor in the CSHM only occurred in 2008, as a consequence of right-to-buy sales and the implementation of the large-scale voluntary stock transfers (LSVTs) programme of council housing stock to housing associations (see Chapter Two, Wave 1 demunicipalisation). From 1997-2016 the number of council housing dwellings more than halved, from 3.4 million to 1.6 million. During the same period, total social housing stock in England fell by 280,000 to 4.1 million units (Figure 19).

Figure 19: Number of social housing dwellings by sector (1997-2016)



Source: DCLG (2017d, 2017e)

Figure 20 uses the statistical data return (SDR) provided by the regulator to examine the PRP sector in more detail. It shows that between 2015 and 2016 total stock owned by PRPs increased by 2 per cent to 2.762 million dwellings. This increase in stock is the most significant annual increase since 2012 (3.3 per cent). The increases in stock between 2015-16 have been across all types of provision, except housing for older people, which decreased by 0.4 per cent. Much of this increase in dwellings owned by PRPs is a reflection of new housing supply built using funding from government initiatives or built via PRPs self-financing the developments (HCA, 2016a; Wilcox et al., 2017). The increase in the number of general needs dwellings (37,000) during 2015-16 is comparable to the annual growth during 2014-15. However, the increase in both time periods is less than the peak growth of 71,000 in 2010-11 and 66,000 in 2011-12.

Figure 20: Number of dwellings owned (in 1,000s) by private registered providers (2009-16)

Year	2009	2010	2011	2012	2013	2014	2015	2016
General needs	1,776	1,826	1,896	1,963	1,988	2,002	2,039	2,076
Supported housing	99	102	103	113	113	114	118	125
Housing for older people	321	316	321	304	305	300	302	300
Social leased	135	140	147	151	159	159	161	166
Non-social rented	45	50	57	48	49	50	50	54
Non-social leased	3	4	3	30	36	41	39	40
Total	2,380	2,437	2,527	2,610	2,650	2,666	2,709	2,762

Source: HCA (2016b)

Figure 21 shows the PRP distribution of dwellings by size of organisation. It identifies that 70 per cent of PRPs are small (owning less than 1,000 units/bed spaces) and these account for a combined total of 4.5 per cent of the stock. Conversely, 47.6 per cent of the stock is owned by 4.7 per cent of providers that are classified as large (owning 10,001-50,000 units). Three providers are very large and own more than 50,000 units and account for 6.6 per cent of the total stock in the sector. There is a significant number of PRPs (9 per cent) that do not own any stock; these are either non-stock holding parent companies or new registrations.

Figure 21: Size of private registered providers and distribution of dwellings

Size of PRP	Number of PRPs	Percentage of all PRPs	Number of stock units	Percentage of total stock
0	141	9.0	-	0.0
1-250	945	60.2	44,697	1.7
251-1,000	152	9.7	74,693	2.8
1,001-2,500	78	5.0	123,517	4.6
2,501-10,000	181	11.5	979,427	36.7
10,001-50,000	70	4.5	1,269,305	47.6
Over 50,000	3	0.2	175,998	6.6
Total	1,570	100	2,667,637	100.0

Source: HCA (2016b)

Data presented on housing stock in this study unless otherwise stated is from two sources, either the live tables on housing published by the DCLG or the SDR published by the regulator. Comparison of Figure 18 and Figure 20 demonstrates there are differences in the total number of PRPs recorded. The discrepancy is due to how the two institutions use the SDR. For example, DCLG does not always adjust for bed-spaces (DCLG, 2017e) while the regulator includes adjustments for bed-spaces, resulting in the regulator publishing higher total stock numbers for the PRP sector.

The regulator has two datasets to measure the size of the CSHM, the list of registered providers (LRP) and the SDR. The first data set provides the number of providers by type (LA, PRP, and FPP). It is a live database of all the providers registered to provide social housing that particular month. It contains the following information about each provider: registered name, registration number, date of registration and legal entity (Figure 22). The register does not include de-registrations of providers; the regulator publishes these separately as monthly press releases. the researcher has used press releases of the regulator and regular downloads of the register to develop a component of change table for the LRP. The table has been used to count the number of providers by designation over time.

The second dataset is the SDR, an annual survey that all providers are expected to complete. It provides details on stock numbers, stock type, areas of operation and rents. There are two questionnaires for this survey, a short survey for small organisations (less than 1,000 units under its control), and a long survey for large organisations (responsible for 1,000 plus units). However, the research has identified coding errors in the SDR for the FPPs, which resulted in not-for-profit beings identified as for-profit providers. These have been adjusted for in this analysis, so data presented for the for-profit providers using SDR is lower than the official data return reports.

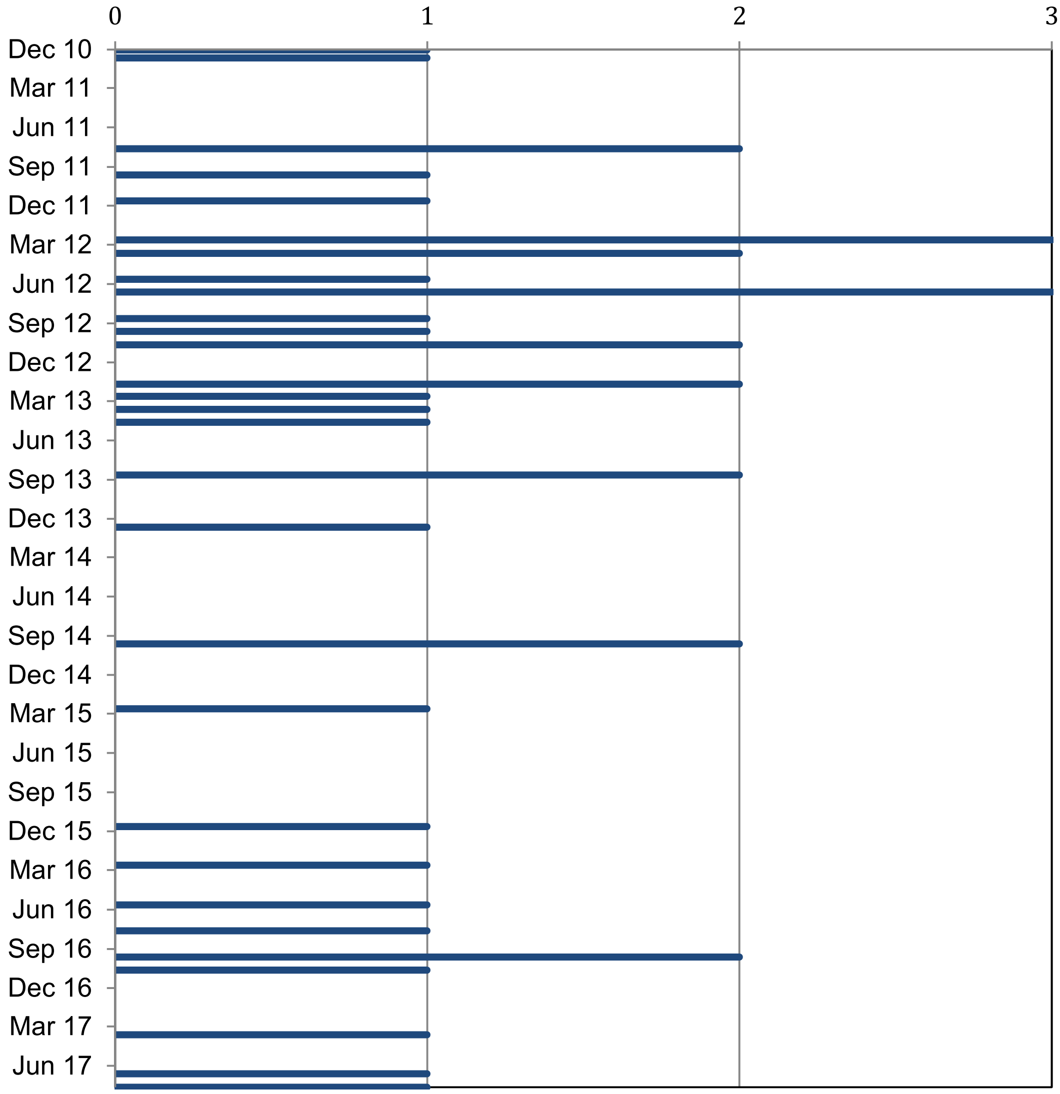
Figure 22: Summary of data included on the monthly list of registered providers

Column	Description
Registered provider	Official registered name of the provider, providers can apply to change name - there is no notification on register that this has occurred
Registration number	Registration code - this does not changed and can be used to track providers over time
Designation	There are three designations: non-profit, local authority and profit
Registration date	Date provider was registered, generally the date of the registrations committee
Legal entity	Identifies where company accounts are sent and charitable designation

Source: HCA and author

As discussed previously, the HRA 2008 only enabled the FPPs to enter the CSHM in 2010, and between December 2010 and September 2017, 40 FPPs successfully registered with the regulator. One FPP (Capital Housing Associates) had registered and then subsequently deregistered. Therefore, in September 2017, there were 39 for-profit actors remaining in the CSHM, 2 per cent of all registered providers. This registration activity has accounted for 16 per cent of all registrations in this period. Figure 23 provides a breakdown of FPP registrations by month. It demonstrates a burst of activities up to December 2013, conceivably when for-profit status was a novelty and organisations had expectations of the privileges that registration would offer, including access to social housing grants from the AHP, and the ability to acquire existing portfolios of social houses (see Chapter Five).

Figure 23: Registration of for-profit providers by month with the Social Housing Regulator (Dec 2010 – Aug 17)



Source: Author (compiled from list of registered providers)

Figure 24 compares the number of FPPs registered with the regulator and the number that make an SDR return. It shows that, each year, fewer than expected providers made the return. For example, the number of providers registered with the regulator in 2013 was 22; 17 of these provided an SDR return, and only eight of these were active in the CHSM as they owned social housing dwellings. This issue of non-returned surveys by FPPs has continued for each of the four years for which data is available and will be picked up below.

In 2016, four FPPs were responsible for 68 per cent of all for-profit social housing in the market. The largest is Ascent Housing LLP with a 25 per cent market share, accounting for 178 owned general needs properties and 10 supported housing units. The other significant actors were Orchard & Shipman Homes Ltd (18 per cent) and

Green Park Property Management Ltd (14 per cent); between them, they accounted for 233 general needs stock, managed on behalf of others. Accommodation Yes Ltd owned 81 supported housing units and had cornered 11 per cent of the market. Figure 24 shows the number of units managed as social or affordable housing on behalf of other organisations by FPPs. This market segment has grown significantly from 19 supported housing units in 2013, to a total of 249 units in 2016, and almost all of these are general needs dwellings. In totality, the managed properties portfolio accounts for a third of all dwellings under the FPPs' control.

The SDR identifies that in 2013, 155 rented dwellings were owned by eight FPPs, and 86 per cent of these were in supported housing (Figure 24). The number of rented units has increased year on year, with the most significant increase (208 units) in 2014-2015. Supported housing has been the most significant tenure in the sub-sector during 2013-2015; in 2016 it decreased by 50 units, to 105 dwellings – during that year the general needs tenure grew by 108 per cent to 335 units. The total number of owned rented units in 2016 was 490; despite rapid growth in the year, this total still only equates to the stock holdings of one small PRP.

Figure 24 shows the FPPs own 113 low-cost home ownership (LCHO) units in 2016. The SDR identified eight FPPs that have been active in the LCHO market, and two of these operate exclusively in this market, Shanly Partnership Homes Ltd and St Arthur Homes Ltd. Four companies, Ascent Housing (39 units), Shanly's (29 units), Grainger Trust Ltd (20 units) and Heyford Regeneration (19 units), own 95 per cent of the leases on the LCHO dwellings. However, the number of units in this tenure has fluctuated year on year. The levels of fluctuations may confirm, once again, poor quality data. Alternatively, it may demonstrate the immaturity of the market and the providers have sold the head-leases of the properties to other PRPs to raise additional capital. Finally, the leaseholders (residents) have stair-cased and bought the lease outright and now own 100 per cent of the dwelling. This study assumes that stair-casing does not explain these changes as the actual market value of the units will be high and, without a windfall, the leaseholder is unlikely to have the financial capacity to buy the additional shares in the dwelling.

Figure 24: Breakdown of active for-profit providers using the Statistical Data Return

	No. Providers			Units Owned[2]				Units Managed[2]			All Units
	Registered[1]	SDR[2] return	SDR[2] active	GN	SH	Total	LCHO	GN	SH	Total	
2013	22	17	8	22	133	155	0	0	19	19	174
2014	27	21	14	36	132	168	60	4	29	22	190
2015	30	24	14	171	205	376	28	127	24	151	587
2016	37	26	16	335	155	490	113	245	4	249	739

Source: [1]Adapted by author [2]HCA (2016b)

To overcome some of the limitations of the SDR and enable a fuller analysis of the for-profit subsector, the research has identified other data sources that measure the number of units owned by FPPs. A metadata set has been compiled based on the individual FPP returns to Companies House, annual reports, press releases and reports and information from individual provider websites. The metadata is presented in Annex 4.1 and Annex 4.2. These sources show marked differences. For example, comparing the SDR return for 2016 (as discussed above), 16 providers were actively operating in the CSHM. Data in Figure 25, summarising Standard Industrial Classification (SIC) registrations at Companies House, identifies that only four FPPs perceive themselves as either dormant or non-trading companies. The analysis of SIC returns are made more complicated, as businesses can list more than one activity they undertake with Companies House, and returns do not show the proportion of total business endeavour that is made up by each SIC. However, data in Figure 25 shows that most (36) SIC returns made by FPPs were for the letting of real estate and housing and 14 of these were for the operation of housing association real estate. Thirteen providers undertook either the management of real estate on a fees basis or operated own leased real estate, suggesting that organisations potentially ran lettings and temporary accommodation agencies alongside social housing concerns.

Figure 25: Summary of declared activities to Companies House of for-profit providers

Summary	Condensed SIC code list	Number
Development and construction	41100 - Development of building projects	5
	41202 - Construction of domestic buildings	2
	Sub-Total Development and Construction	7
Lettings of real estate and housing	55900 - Other accommodation	4
	68100 - Buying and selling of own real estate	3
	68201 - Renting and operating of Housing Association real estate	14
	68209 - Other letting and operating of own or leased real estate	7
	68320 - Management of real estate on a fee or contract basis	6
	98000 - Residents property management	1
	87100 - Residential nursing care facilities	1
	Sub-Total Lettings	36
Admin & support services	82990 - Other business support service activities not elsewhere classified	1
Other	74990 - Non-trading company	2
	99999 - Dormant Company	2
	Limited Liability Partnership	2
	Sub-Total Unknowns	6
TOTAL		50

Source: Author (compiled from Companies House data)

Figure 26 compiles FPP activities identified through company documents and website searches and illustrates that 11 of the 38 FPP are dormant companies. These examples of differing measures of dormancy may help to explain why many in the subsector have failed to make data returns to the regulator.

Figure 26: Landlord and development activities undertaken by for-profit providers and parent companies where relevant

Area of activity	Number
Subsidiary company	22
S106 Capture	13
Dormant company	11
Affordable tenures for sale LCHO	9
Developer either in own right or through parent company	8
Temporary accommodation/ letting agent	8
Adult care including older people	7
Provider of supported housing	3
Parent company provides consultancy services	2
Owned by LA/ JV	2
Charity	1
Other	1
Unknown	1
TOTAL	88

The differences between the official data (SDR) and the imputed metadata are best shown by the number of units the FPPs own. Figure 27 shows that in 2016 the sector owned 2,285 units and 207 bed-spaces, making the for-profit sector almost four times bigger than what the official data suggests. Most of these additional units (1,435) are owned by those organisations that did not make an SDR return, although the organisations that did make an SDR return have been shown to own 247 more units. Total imputed data is higher across all housing types, except for supported housing units owned by those organisations that have made an SDR return, where the research has identified 13 units, which is much less than the official data (155 units).

Most of the units owned by FPPs that did not make an SDR return are LCHO units, followed by supported housing and then the development of bed-spaces (Figure 27). The development of such units in favour of general needs dwellings is likely to be due to the uncertainties generated by the changing rent policies of the coalition and Conservative governments (see above and Chapter Seven). Further, the types of organisation involved with these developments are different from the standard housing provider, as many have parent companies that are financial institutions that are new to the market. Examples are Funding Affordable Homes (owned by a merchant bank), Heylo Housing (owned by a pension fund), and Sage Housing (owned by a private equity fund). For details see Annexes 4.1 and 4.2.

The reasons given for poor data returns from the FPP subsector are varied. Individually the FPPs are very small organisations and are treated as such by the regulator and receive light-touch regulation (HCA, 2015c).

Figure 27: Comparisons between total number of units owned using metadata and the official data sets (2016)

	Type of Accommodation[1, 2]				
	Total units	General Needs	Supported Housing	LCHO	BEDS
PRPs not making SDR return	1,435	187	365	883	207
PRPs making SDR return	850	727	13	110	0
Total Meta Data	2,285	914	378	993	207
Actual SDR return (Figure 24)	603	335	155	113	0

Source: [1]HCA Register of Social Housing Providers; [2]author

Regulatory reform

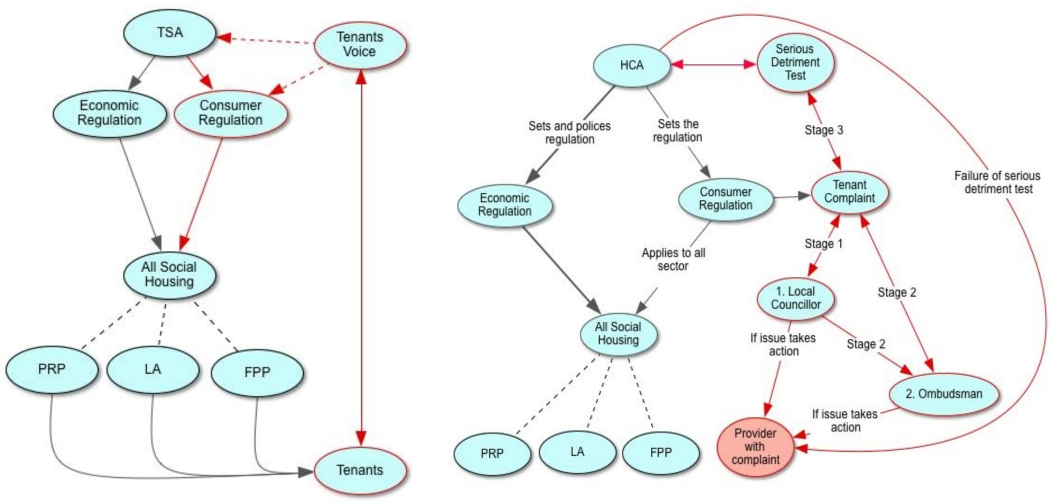
Chapter Two examines regulation before 2008 and identifies that one organisation, the Housing Corporation, was responsible for regulating and funding housing associations between 1964 and 2008. The Cave Review (2007) recommended the establishment of a new independent regulator, separating the functions of funding new provision from those of regulating the market. It brought the entire social housing market under one regulatory roof, bringing together local authorities' council housing and housing associations. The review also recommended increasing competition in the market by formally encouraging for-profit landlords to enter the market and be regulated. Cave's intentions placed the tenant at the centre of regulation. Thus the regulator sets and monitors both economic and consumer regulation using a co-regulatory framework (Figure 28a, overleaf).

The Cave recommendations were implemented through the HRA 2008, and the powers of the Act came into force in April 2010. Shortly afterwards (May 2010), the coalition government was elected and, as with the housing policy framework, the regulation of CSHM underwent a series of radical reforms. To summarise, there have been two further government reviews of regulation in 2010 and 2016, and these have remarried and then divorced the investment and regulatory functions. There have been two major pieces of legislation impacting on regulation, the Localism Act 2011 and the Housing and Planning Act 2016, each of which has refocused the regulator on economic regulation and introduced aspects of deregulation for the PRPs. The greatest impact of all these changes on the sector has been the subsequent shifts in the regulatory frameworks. There have been three new frameworks, 2010, 2012 and 2015, with further tweaks made to the 2015 framework to deal with deregulation commencing in 2017 (Annex 2.2)

The 2010 review of regulation was subsequently implemented through the Localism Act 2011, with the reforms implemented in 2012. These amendments had two significant impacts on the CSHM. First, it brought the regulatory functions and funding of new social and affordable housing back into the one organisation, the Homes and

Communities Agency (HCA). Albeit the regulation is vested in an independent committee of the HCA board (DCLG, 2010), which the chair of the HCA sits on, and therefore it is difficult to identify clear blue water between regulation decisions and investment decisions. Secondly, in line with much of the coalition policy programme, a localist solution (Jones, 2010) was developed for managing and settling tenants' complaints (Figure 28b). The regulator sets the consumer standards against which all providers are expected to deliver services. However, it is not directly responsible for dealing with consumer complaints about an individual provider. The tenant in the first instance makes a complaint to a local politician (councillor or MP), and only after a local review can it be escalated to the ombudsman. Both the politician and ombudsmen may report the provider to the regulator if they have received a number of complaints about that organisation. The regulator may be asked to consider the issue at any time for a breach of serious detriment. However, it must also take account of the views of the other bodies that have been involved (DCLG, 2010). This democratic accountability is shown in Figure 28b, which identifies the complexity of the process. It may provide sufficient space for serious issues raised by tenants to become lost, resulting in serious complaints not being dealt with effectively.

Figure 28: Regulation flow diagram



a. Pre-coalition government **b. Coalition government and onwards**

Neither the 2010 regulatory framework, the regulatory review in 2010, nor the revised 2012 regulatory framework took account of FPPs' ability to enter the CSHM. It was not until 2013, and the publication of the discussion paper 'Protecting Social Housing Assets in a More Diverse Sector' that the regulator began to discuss publicly how to regulate the for-profit sector. The informal consultation document was used to soft market test proposals for changing regulation and to stimulate the debate in the sector (HCA, 2014b). From a for-profit perspective the document demonstrated that the regulator was looking at two options to prevent "asset-stripping" through the acquisition of social housing assets from non-profits and selling them off at market value. Option one would require for-profit providers to recycle the entire receipts from the sales of housing assets outside of the sector for re-use in social housing. A second option would require the public benefit value, calculated as the difference between the purchase price and open market value, to be returned to the sector. The discussion paper was also examining using ring-fencing to protect social housing assets, by proposing that no more than five per cent of a business's activity could be outside of social housing (HCA 2013b).

It received broad support from the existing providers in the sector. There was an agreement that the sector is facing increased risks due to welfare reforms and reduced grant funding which could place stress on provider balance sheets, leading organisations to identify opportunities to diversify into non-regulated activities to generate additional income. There were calls from the sector for a 'more permissive and proportionate approach' (Placeshapers, 2013: 1) from the regulator to enable providers to diversify. It was also made clear by the sector that regulation must not stop FPPs from profiting and taking capital appreciation outside of the market that has been generated through planned investment on its portfolio (Placeshapers, 2013). Similarly a consortium of providers including FPPs commissioned a City law firm to facilitate a response; here there was a general disagreement with the proposal of imposing a cap for non-housing business of 2.5-5 per cent for the social housing organisation, as it was judged to make it difficult for individual organisations to separate out current non-housing business from current activity and thus an interference too far (Davis, 2013).

Following the discussion paper, a formal consultation was published (Annex 2.2). The regulator made broad distinctions between how it would regulate FPPs compared to the rest of the sector. FPPs were expected to minimise non-social housing activity to less than five per cent of the total organisation's activities, while PRPs were encouraged to diversify. The definition of what is outside core social housing activity is relatively tight (see the list of examples in Figure 29). All of the examples provided by the regulator are activities that are closely associated with the provision of housing and are activities that hybrid PRPs undertake to cross-subsidise their development programmes. This regulation appears to be a restriction to FPPs' ability to trade. It could stop existing PRPs from creating economies that would enable them to grow, and act as a barrier to entry for potential market entrants. FPPs were also mandated to have independent board members and ruled against intergroup service contracts that were "sold" services for less than market value (see Chapter Seven). Following the consultation, these proposals became part of the 2015 regulatory framework.

Figure 29: Some activities, which the regulator does not consider to be related to the provision of social housing

Management/maintenance services to other organisations
Management/maintenance services for own non-social housing
Care services
Development and letting of market rent housing and provision of any associated services
Development and sale of outright market sale properties
Development and letting of student housing and provision of any associated services
Development activity (other than affordable/social housing development)
Estate agency services

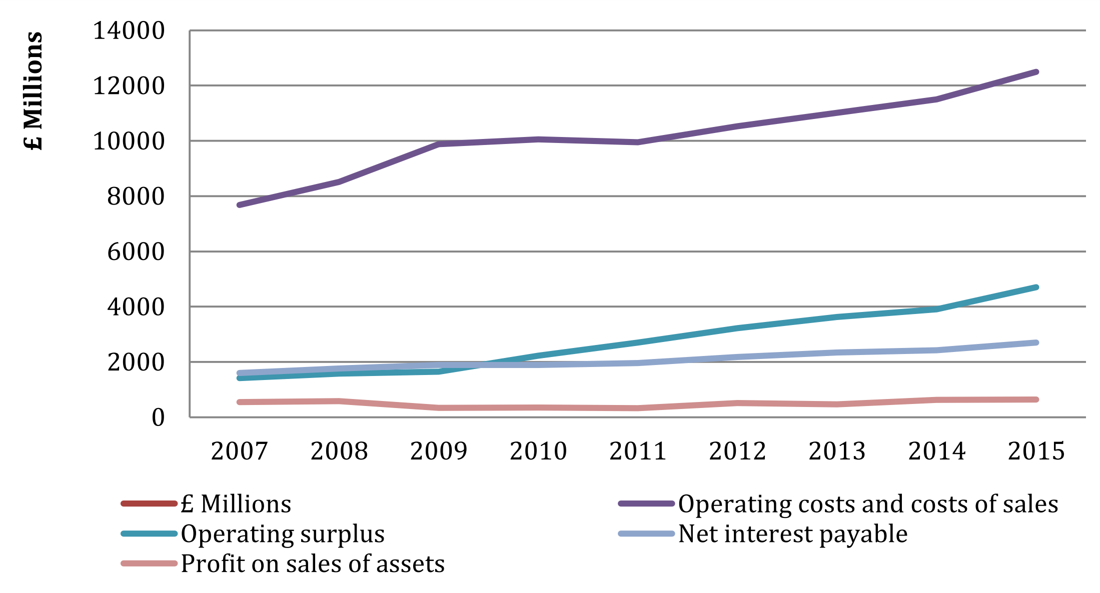
Source: HCA (2015b)

Since 2015, there have been continued regulatory changes and consultations (Annex 2.2). These included deregulating the consent from the regulator to allow PRPs to dispose of assets Housing and Planning Act (2016); consulting and implementing a fees regime to fund regulation of the sector, and a 'tailored review' of the HCA to ensure it is able to meet the government's requirements in leading the provision and construction of new homes. The review recommended both the regulation and funding arm of the HCA should be separated into independent entities. The separation occurred in January 2018, although primary legislation had not been enacted to establish the standalone body and make the divorce formal (RSH, 2018). Until that occurs the chief executive of the HCA will continue to be the accounting officer and the regulatory committee continues to sit beneath the HCA board.

Financing growth

In 2015 when the social housing assets were last valued they were worth £138.1bn, and providers made a surplus of £3.0bn that year (HCA, 2016a). Figure 30 shows that throughout this period of policy and regulatory turmoil (described above), the overall trend in financial performance of the market has remained strong. Between 2008 and 2016 total turnover in the sector had increased by 76 per cent to £16.8bn, and the operating surplus had increased by 217 per cent to £5bn (HCA, 2017b). In 2016, the turnover from social housing lettings accounted for £14.8bn (88 per cent of total turnover) and, during this nine-year period, the sector has made on average a £474 million profit from sales of assets, such as housing for outright sale. This is money that can be recycled back into the organisation as Gift Aid and then used by PRPs to subsidise future development activity.

Figure 30: Financial performance of the CSHM



Source: HCA (2017b, 2014c, 2012d); TSA (2011)

In 2008, the total debt of the CSHM was £34.9bn and it has steadily increased year-on-year, as the sector has sought both to refinance debt and fund new growth activity until it reached £66.7bn in 2016 (Figure 31); this is projected to increase to £77bn by 2021 (Blackman, 2017). Much of the debt is with traditional funders such as banks. For example, in 2013, 83 per cent of the sector's debt was held by banks (HCA, 2014c). However, following the financial crisis, when finance from banks was restricted and borrowing rates were relatively high, the alternative funding from the capital markets became increasingly crucial for the sector (Tang et al., 2017).

Before 2010, bond finance accounted for approximately a fifth of all new debt raised annually; from 2010 this increased to 38 per cent and it has been the source of the majority of new debt-finance since 2012 (Figure 31). The number of organisations that have raised finance from the bond market has increased from 5 in 2010 to peak at 41 in 2015. Individual providers are also seeking bond finance from different markets. For example, Places for People has a bond portfolio of more than £1bn and has raised capital on the secured and unsecured markets in the UK and USA (Hollander, 2011). The ability of the sector to continue to be able to raise finance, despite the shifting policy framework and resulting increased risks, demonstrates that the market is perceived to be strong.

Figure 31: CSHM Total debt and sources of new finance

£billion (unless otherwise stated)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total debt	34.9	40	43.1	45.1	48.5	52	60.3	64.5	66.7
New debt raised in year	4.53	5.1	2.8	2	3.4	5.5	3.3	4.2	2.2
Bond finance	1	0.99	0.99	0.97	1.8	3.2	2.9	4.4	1.6
Proportion of new debt raised from bond finance	22%	19%	35%	48%	53%	58%	88%	105%	73%
Number of bonds issued	d/k	d/k	5	6	14	22	27	41	21

Source: Author's adaptation of HCA global accounts

The increasing reliance of actors in the CSHM on raising finance from alternative capital markets suggests that there are both organisational and institutional implications. From an organisational perspective, a provider is required to develop or acquire the appropriate skills to communicate with the capital markets to ensure it can raise the finance and also to provide assurances that it can manage the contracts once in place. Similarly, the regulator has also signalled through the regulatory framework and supporting documents that it seeks reassurance that providers understand and can manage the risks of new financial instruments.

Institutionally, providers and actors in the CSHM will be required to take note of new exogenous rules outside of their direct experience. This may include external regulators of local and international financial markets. For example, one association that was involved in ongoing merger talks delayed issuing a bond and therefore had insufficient finance to meet its forward development commitments. Subsequently, it faced a credit rating downgrade and its forward cost of debt increased (Barratt, 2017). Shortcomings such as this may be expensive in the long run, as well as lead to further scrutiny from the Regulator.

Chapter summary

This chapter has placed the modernised CSHM into context. It has identified that, since the Cave Review (2007), the sector has gone from a market which had long-term stability in its institutions and how the actors interacted and operated, to a market that has become increasingly unstable due to exogenous pressures from the economy, the state and its institutions. Providers have been expected to increase the supply of new affordable and social housing, and to do this within an austerity scaffold that has required innovation, to cope with income reductions from changing rent regimes, emerging welfare and benefit reforms, and reduced grants. The scaffold surrounding the government's policy foundations has shifted from one built on owner occupation to one that is underpinned by rental housing.

Within the market there has also been a transformation; two new types of actors (local authorities and FPPs) have formally entered the market and are registered with the Regulator. Previously private organisations were licensed to manage social housing and, as shown in Chapter Two, this has had limited success. There have been changes to the organisation that regulates the market and also how the market is regulated. Despite these shifts, the existing PRPs have continued to grow their core markets and also diversify into new business activities. While FPPs have started to surface, officially this new subsector is small. However, this chapter has shown the subsector is more significant than most had anticipated. The contextualisation of the CSHM provides a robust base for the remaining elements of this study.

Chapter Five The Wider Social Housing Market and How the Profit Motive Fits

Introduction

To understand the significance of the wider social housing market, it is insufficient to rely only on the analysis in Chapter Four. This provided a conceptualisation of the contemporary social housing market (CSHM) to help understand how the sector has changed. It quantified the size of the market and the different types of provision, regulation and core finances required to manage, maintain and modify the market. However, the numbers alone do not tell the whole story; nor do they explain how the profit motive fits.

This chapter discusses the opinions of the actors in the CSHM in England and draws from interviews with 65 active market participants. This includes those servicing the market (accountants, lawyers, and consultants), and those responsible for the rules and governance (regulators or government officials). It also includes those who manage and lead not-for-profit registered providers (PRPs). Views were also drawn from those new market entrants who operate in the for-profit sector who provide or intend to provide regulated social and affordable housing. Importantly, the chapter includes interviews with the 'new disrupters' who are seeking alternative market solutions to supply low-cost housing.

The purpose of these interviews is to gauge actors' perceptions and views regarding the real framework that shapes the CSHM, how the market has changed and the different providers active in the market. Allied to this, the interviews also served to clarify the roles of the different actors and understand the changing function that profit plays within the market. The outcome of these objectives is two-fold: to provide a new definition for social housing which places it in a broader context – "sub-market price housing" (SMPH); and to introduce an examination of the different types of for-profit providers that the study has identified.

The real framework that shapes the wider social housing market

This section presents the conventional view of the wider social housing market and attempts to refine and extend it by assessing how social housing providers perceive themselves and how other actors operating within the market view HAs. It provides the foundations for later discussion, especially when considering how the social housing market has changed.

The research shows that social housing is a market that at best seems to be misunderstood or at worst is viewed in anachronistic terms. It has been viewed as a collection of private, independent organisations that have usurped the state in managing existing housing estates and building new subsidised homes for the poor. It has also been viewed as inefficient, ineffective and offering poor value for money (G15 Development Director).

HAs are sometimes disliked by ‘other’ residents and by developers because social housing accommodates the poor and stigmatised. It is also disliked on occasion because the build and redevelopment programmes being taken forward, particularly in London, are identified by some critical interviewees as a form of social cleansing and gentrification:

> On the one hand people hate us because we house social tenants, they don’t like social tenants, and that is a pretty widespread view, all the developers we work with phone up and say have you got a separate doorway - it’s like open-season on social tenants … But the other [view] is exactly the opposite: we’re seen as rapacious developers who get engaged in social cleansing, which is the new word for regeneration, and so they doubly hate us.
>
> (G15 CEO1)

The distrust of HAs transcends political boundaries in some cases. It can be rooted in a view which associates social housing provision with council houses, and which does not appreciate how the sector has changed. As one Chief Executive Officer (CEO) explained:

> The Labour people want to do the development themselves [via council housing] and the Tories just think we’re a blob, we’re like all lefties and making lots of money and having nice housing.
>
> (G15 CEO1)

The consultants interviewed also recognise politicians’ suspicion of the sector:

> Labour politicians, it hasn’t convinced them of the necessity of funding social housing ... The risks are, under a Conservative government, there could be a whole range of things, but I don’t think they’re a big fan of the sector… They’d seek further consolidation done to it or rip the surpluses out and levy a utilities tax on the sector.
>
> (Partner Big4 Accountancy Firm)

The PRPs interviewed unsurprisingly tended to view themselves in more positive terms. Their perception was that the broader market was relatively weak. The PRP sector, they contended, is the only sector that delivers all types of housing, and since the 2008 recession, it was said to have shifted its production model from countercyclical to cyclical (G15 Development Director). The CEO of another G15 provider was clear that their organisation makes profits and these can be recycled back into the company to enable them to undertake further good works:

> People know what profit is, yeah, and there’s no point being embarrassed about it, when we make lots of money. I get really happy because it means we can do more. We’re social entrepreneurs.
>
> (G15 CEO1)

A more entrepreneurial PRP identified itself as developing and pushing the boundaries of current housing legislation over the next ten years. It is clear it wants to shift from being a charitable organisation and become a PLC:

> I'd like to be a PLC. The government needs to, the HCA needs to go. Completely. We need to be all set free and be PLCs, buy out the housing grant, that's it. Free up our balance sheets, enable us to leverage more debt in and let us stand on our own two feet.
>
> (NW-PRP Development Director)

The kind of privatisation described would include identifying who current asset holders are, paying them back the inferred value of the current assets derived from government grant and welfare payments, before being able to extend on current borrowing to receive additional monies for growth and expansion. Even FPPs have difficulty thinking about shareholder value in the charitable sector:

> If you think about who owns most RPs, they are obviously private organisations, they are charities, arguably they are owned by their residents.
>
> (FPP2 CEO)

A consultant to the sector had a more pragmatic view on who owns the assets and how individual organisations could be privatised, through the government taking equity stakes in all PRPs and then selling these stakes in the market:

> I would make them for-profit and I would then sell my equity stake into the market. And then you could take them over.
>
> (Senior Partner Law Firm)

Additionally, there are views on how the sector provides value and whether this should be passed on to shareholders or kept within organisations to enable them to do more social good:

> It is not about servicing shareholders, it is about doing something of social use and then if you can bring in a commercial flair to it so you can do even more for social use and social purpose that is the icing on the cake…
>
> (G15 Development Director)

Collectively these observations illustrate the exogenous pressures that impact on the CSHM from both the state and profit activity. This insight will help spotlight how PRPs respond to changes in the market.

How has the social housing market changed?

This section examines the views of market actors to consider the shifting nature of financing new social housing. It assesses the consequences of changing from a predominately grant-funded regime to one that relies on equity and internal cross-subsidisation of profits and surpluses within a housing provider group. It seeks to understand the hybridisation of social housing providers through the types of diversification that has taken place. It considers a broadening of the role from the core business model of managing and letting social housing units to include other real estate activities.

There are definite perceptions from outside of the providers that change is required, yet the sector itself appears to continue to lobby political parties that subsidy is required:

> What struck me about [the Labour-commissioned] Lyons [review of 2014] is no organisation in the housing association sector came up with something sufficiently constructive, imaginative, creative, about the role they could play in delivering more supply or without the premise that we need more grants.
>
> (Partner Big4 Accountancy Firm)

The sector and its lobbyists through the National Housing Federation (NHF) has argued extensively for additional grant to make the development of subsidised housing work. At the same time, the large providers are establishing non-social housing activity to make profits and recycle them back into the organisation to fill this development gap. The primary question, though, is whether it is possible to make sufficient profit over the long term to enable the continuation of the development gap. One CEO from those providers who are successfully filling the gap stated that subsidy is still required:

> Well, it was recently said, I think it was one of the contributors to the Lyons review said 'without grants, housing associations are impotent' and, I mean I find that [a] chilling statement. We wrote that story, and I think it's true that many of us have been waiting for the return to the glory days of absolute grants under our mantra has been 'subsidised housing needs subsidy'.
>
> (G15 CEO2)

Another CEO is proud of the efficiencies that his organisation can drive into the development programme:

> So the modern housing that we're building now, only 10 per cent of it is new grant. The rest is – there's some recycled grant, there's some money off the rents and there's also internal cross-subsidies from the commercial operations but it is amazing I think, I mean, there are other housing associations which [are] 25 per cent [subsidy] but for us it's 10 per cent of the cost of a new build is fresh government grant. It's pretty efficient.
>
> (G15 CEO1)

Reducing the levels of government grant also reduces the burdens and expectations that government has on the number and type of units that a provider has to deliver. One CEO noted this has enabled them to build more affordable housing:

> It's been a liberating experience for us, we only saw the world through the lens of capital grant before and we've removed that lens and the world is a much bigger place. We are doing much more affordable housing than we ever did before, our service is better than it was before, our staff are more engaged than they were before. And so, as I say, austerity has been liberating.
>
> (G15 CEO2)

Some providers have received advice on how to set up more extensive hybrid organisations that include charitable status for the management of social housing, with diversification strategies in more commercially orientated enterprises to enable the raising of financial capacity. A further consideration is whether to establish additional charitable arms that are Gift Aided profits, so they are more tax efficient:

> There [is] a range of responses emerging, some moving faster than others; we've talked to some about actually being able to treat a listing status in the future and moving away from the sector completely; it doesn't mean they can leave their old … the charitable bit. It's a subsidiary but raising financial capacity to invest in other things.
>
> (Partner Big4 Accountancy Firm)

The role of social housing has broadened from the core business model of managing and letting social housing, to other activities that include both real estate and non-real estate ventures. These are undertaken with the aim of deriving a profit, which is recycled back into the organisation in an attempt to deliver social good. The argument underpinning this model is that this helps to circumvent the funding gap left by reduced subsidies previously discussed. As NHF's Policy Officer summarised:

> Where organisations are involved in commercial activities these are generally carried out through separate organisations which typically gift back their profits to the housing association.
>
> (NHF-Policy Officer)

Places for People (PfP) is a prime example of this. It is one of the most significant hybrid HAs, established in 1965 as the North British Housing Association, a traditional housing association. It merged with Bristol Churches HA in 1999 and changed its name to Places for People Group in 2000. It now identifies itself 'as one of the largest property and leisure management, development and regeneration companies in the UK' (PfP, 2017a).

The organisation is structured to operate across seven divisions: placemaking and regeneration, affordable housing, property management, leisure management, development and construction, retirement and fund management. Figure 32, shows PfP's company structure. Only four of the 29 companies listed are PRPs and able to provide social housing. The growth in its core business of general needs social housing was not without problems from a governance perspective, and the regulator downgraded its performance in 2004.

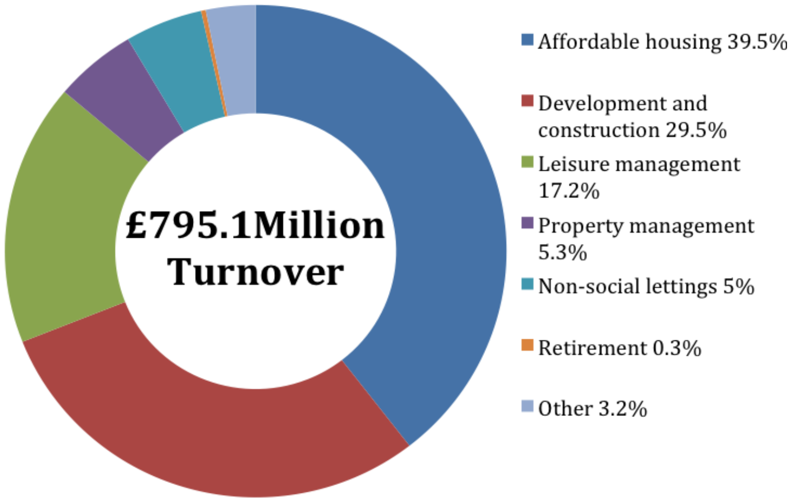
The PfP group owns or manages 182,725 homes and 116 leisure centres, providing services to over 500,000 people, and manages assets of £3.7bn (PfP, 2017b). The business diversification for PfP is relatively new. In 2012 it acquired Touchstone (a private rented property management business) for £15.9 million, and DC Leisure (a company that manages 100 leisure centres) (Blott, 2012). In 2015, it established an energy company (Brown, 2015). As the business has evolved, PfP has become a more complex organisation, although it still owns and manages approximately 38,000 social and affordable homes. This level of hybridisation is beyond that discussed in Chapter Two, and demonstrates a shift away from activity that is limited to "bricks and mortar" and therefore PfP could be termed as a super-hybrid.

Figure 32: Organogram of Places for People company structure

Source: PfP (2016)

The annual accounts of PfP for 2016-17 show a total turnover of £795 million, and almost 40 per cent of this came from the provision of affordable housing (see Figure 33). Development and construction activities accounted for 29 per cent and management of leisure facilities 17 per cent.

Figure 33: Places for People turnover by market 2016-17



Source: PfP (2017b: 4)

Delivering new types of business models is difficult and some interviewees identified internal capacity issues, such as staff skills shortages and a lack of technical know-how, which are holding them back. These skill shortages, combined with attempting to operate across other tenures, have led to shortfalls in local market analysis, where local knowledge of rents and how to make them work against investment is key:

> There [are] organisations with big balance sheets who are finding it difficult; this is not providing social housing in the first instance, but to use their balance sheet, their capacity, to invest in mixed use developments elsewhere and typically be subsidising cross market for sale into other types of tenure.
>
> (Partner Big4 Accountancy Firm)

However, forward-looking providers are becoming more commercially focussed and are looking to deliver projects outside of housing. One provider in the North West has ventured into commercial real estate and is building a hotel. The expected yield from this investment is nine per cent. The development director does not foresee any issues from the regulator, as good governance systems and procedures have helped the board to make informed decisions. The development has the added advantage of providing the local community with employment and training opportunities, and another of the PRP's subsidiary companies provides the training (NW-PRP Development Director). It is a further example of a PRP that has diversified away from providing housing and has developed into a super-hybrid organisation.

It is also important to note that there are clear barriers to diversification, particularly for organisations such as PRPs whose assets and revenue streams are so geographically focussed. As one consultant puts it:

> Any organisation [PRP] is dependent upon a narrow customer base in one city… [It] has not got the ability to respond to a change in social and economic policy environment [and] is very, very limited.
>
> (Senior Partner Law Firm)

Different types of actors operating in the market and the role of profit

The study has already noted that HRA 2008 brought changes in legislation that allowed new entrants into the market either as for-profit providers (FPPs), or as profit-making organisations seeking registration for subsidiary companies with the regulator as not-for-profit entities. The 2008 Act built on earlier Housing Acts that enabled PRPs to borrow and raise alternative finance to fund their activities and enable commercial organisations to bid for social housing grant funding. This section examines two types of new for-profit market entrants. The first comprises the new regulated for-profit providers. The second type includes the new 'disrupters' who are seeking different ways of providing affordable housing at a profit, without direct government granst and outside the Regulator’s remit.

There is a consensus amongst the regulator and consultants interviewed for this study of a continued pipeline of organisations working towards registering as FPPs. As one interviewee put it, ‘there is no shortage of application[s] for FPPs registration’ (Senior Regulator). However, consultants temper the continued flow of FPP registrations with a cautionary note. Potential applicants have the benefit of assessing the experiences of the pioneering organisations post regulation and can examine this alongside the changing policy landscape. This suggests new applicants are more informed about the implications of registration, and have started to question the tangible benefits they may realise by completing an expensive and laborious registration process:

> I wouldn’t say it’s slowed down but people are asking more questions about is it actually worth the effort because there are quite a few hoops they need to go through … it is a reasonably onerous process and it takes them between six and eight months from starting the process off to getting going [and] being approved by the HCA.
>
> (Consultant2)

The FPP sector is small, both in terms of the number of providers registered (38) and the number of dwellings under their control (603 units). Registrations of for-profit entities in seven years do not constitute the revolution MPs contemplated when the Housing and Regeneration 2008 bill was launched. Nor is it a number where it is sufficient for the new actors to force market changes via increased competition, enhanced efficiencies and increased number of dwellings in the sector. The regulator states more enthusiasm was anticipated, but it was unsure who would be interested given the nature of the industry:

> Let’s be honest, this isn’t a .com gold rush boom here, you’re expecting people who want to make a profit to walk into what is ostensibly an uneconomic social enterprise so, you know, the amount of people who are going to be alerted to the opportunity and come in, is going to be less than other markets that have opened up in the regulatory arena.
>
> (Regulator Non-Executive Director)

Following the introduction of the HRA 2008, there was media speculation about which large corporations would enter the regulated affordable market as FPPs. The list of companies included Tesco, Virgin, Santander and Eon. These claims probably looked realistic as Tesco had announced it was looking at developing four settlements in the south east (Bennett-Casserly, 2010), while Ikea had already brought their Boklok homes concept to the UK and built a pilot development in Gateshead (O’Neill, 2009). The regulator viewed these claims as ‘fanciful’, since owning and managing social housing is far removed from the core business of these types of household names. As one interviewee commented:

> … the question is why would they want to? I know you’ve always heard about that kind of thing, Tesco … I don’t know if it was ever a serious proposition. There’s costs involved isn’t there and what are you going to gain from it? Without registering with us, why would they not just do it [build houses] given there is not much grant [around]?
>
> (Senior Regulator)

The regulator may have a short-term view on why large corporations would want to be involved in the social housing market. The subsidy has been reducing significantly since the 1990s, but the standard 30-year business model used by PRPs demonstrates that a dwelling becomes profitable from year 31 onwards:

> Everybody says that the provision of current affordable housing is non-profitable. The reality is that it requires subsidy in the early years but actually if you take a 30-year view, housing is a profitable product. So a Tesco or an IKEA or a corporate institution will be able to see that there is both benefit in terms of asset appreciation and there is benefit in terms of meeting their economic requirements and that, in terms of the risks and profitability, it’s a safe bet.
>
> (G15 Non-Executive Director)

This ‘safe bet’ requires potential new organisations to balance the risks between an unproven market against association with a sector that may bring brand contamination and unfavourable publicity. On this matter, one regulator reflects on their experience of regulating other markets:

> … having worked through liberalisation of other markets, I remember … having a conversation with Virgin, saying, ‘Why don’t you come into this market, it has just been opened up,’ and they said ‘Look, we don’t come in at the start and make loads of mistakes. We’re quite cautious. But what worries us about regulated markets is toxic brand contagion.’
>
> (Regulator Non-Executive Director)

New innovative companies that have become associated with delivering affordable housing since 2008 have not been keen on entering the market. For example, when the disrupters were asked why they did not set up an FPP to deliver their objectives, all stated they were unaware of the legislation. When pressed if it were something they would now examine or pursue, they did not see it as an alternative to their existing business models, which remain predicated on working with policymakers to gain local planning policy changes, unfettered by regulation. As one interviewee stated:

> The short answer is I don't know the first thing about them [FPPs], so I couldn't tell you. I have just always had an aversion to, as much as I can, dealing with compliance in a regulatory environment, particularly when it has to do with, you know, people in housing, which is clearly a highly politicised, very sensitive topic.
>
> (Market Disrupter2)

The discussion to date has demonstrated that actors have had to evolve in order to continue to develop affordable housing in the context of a series of changes to the CSHM. The market has been shaped by the twin externalities of the macro-economy and government policy, and internally through changing regulatory regimes. Since 2010, small numbers of new for-profit actors have sought entry into the emerging market, and FPPs have responded in variable ways to the market pressures.

Operating context

To understand if there are similarities between FPPs and PRPs it was first necessary to consider the impact the market has on all types of providers. The study will show in this section how government policy impacts on both types of actors.

The credit crunch in 2008 was an inflexion point for the sector. Following the introduction of financial controls and austerity measures, it continued to cast a shadow over the introduction of the HRA 2008. Banks sought to tighten the terms of existing loans to HAs, and the capacity for additional borrowing became restricted. All providers faced income reductions in SHG, in reduced rents and from welfare reforms (Chapter Four). In an interview the regulator stated that:

> You've actually got a world where your income statement is at risk because of welfare reform, previously underwritten by housing benefit and your balance sheet is under stress because you need to develop, or you want to develop but there's no grant going in, you're having to leverage up through the affordable rent programme.
>
> (Regulator Non-Executive Director)

Interview data suggests conflicting opinions in the for-profit sector about the value of grant funding, its availability and restrictiveness. Most interviewees believed grant funding was a primary driver for actors considering entering the FPP market:

> I think there may have been with some organisations [FPPs] that thought that they could attract grant funding in and maybe some of them were geared up for doing that, you know, the larger ones.
>
> (FPP1 CEO)

However, as the levels of grant rates fell, then interest to get into the market also fell:

> The idea that being regulated is going to open the flood gates to vast oceans of grants, which is again back in the days of '08; when it first became possible for for-profits to register, grant rates were much higher. The fact that grant rates have been so much reduced also removes the potential attraction.

(NHF-Policy Officer)

One FPP assumed that, with grant rates decreasing, any residual grant available would go to existing PRPs, as these organisations already had the connections with the HCA, the appropriate structures in place for managing and monitoring the funding and a track record of delivery (FPP1 CEO). In contrast, another FPP had excluded grant funding from its business plan at the outset, because it was identified to be too restrictive when seeking additional equity into the company (FPP6 CEO). Another FPP did not want grants due to the additional burdens they perceived were attached to it, particularly in relation to work with its tenants:

> What we don't want do is drift into all those other areas that RPs have gone in to, totally understandably, partly driven by a grant regime over the last twenty or thirty years, where some HA [housing association/PRP] staff will say, 'I feel more like a social worker than I do a housing officer.'
>
> (FPP2 CEO)

As some of the very largest PRPs have started to develop without grants, smaller providers including FPPs have successfully bid for funding. Both FPP3 and FPP4 gained investor status with the Greater London Authority (GLA) enabling them to bid for grant funding. FPP4 developed 44 homes on the back of the grant funding they received from the GLA and acknowledged the development would not have been possible without 'the investor partner status' (FPP4 CEO). In an interview, FPP3 CEO describes their initial reaction when informed their bid for grant funding had been successful:

> I think it was quite amusing at the time because it was 'Damn, we should've bid for more,' and then the second response was 'Oh my God, what the hell are they doing giving £1.8 million to a recently awarded entity such as us?'
>
> (FPP3 CEO)

Securing the grant financing was not the main issue faced by FPP3 when attempting to develop in a flat London housing market, where land and property proved hard to purchase. The potential scheme became unviable due to the time and spending constraints the funding brought with it, and the money was returned to the GLA.

Another FPP operating outside of London established a for-profit as a vehicle primarily to attract grant funding from the HCA to support potential development programmes. The developments were in areas where competition in the marketplace was limited and the private sector was not building. Unlike the London example, this for-profit already held substantial landholdings and employed them in the development, and was more successful in delivering new affordable housing:

> I think it [the FPP] was so that we could draw down grant [funding] into that vehicle and deliver [new homes] through [the] affordable homes programme.
>
> (FPP7 Chairperson)

They too had to work under restrictive time constraints to spend the grant, which proved difficult:

> You know we did have to hit the HCA deadline [for spending the grant] so you know there was a hell of a lot of work done on getting planning applications done on time, getting the land deals done and all the rest of it.
>
> (FPP7 Non-Executive Director)

Financing the market

Chapter Four discusses the turnover of the traditional PRPs. These returns in the PRP sector are underpinned by historical government grant funding, and do not represent returns that could be achieved in a true commercial market. This led some interviewees (for example, Partner Big4 Accountancy Firm) to imply the existing actors are poorly attuned to commercial opportunities. This in turn has meant that the sector's yields are inadequate to appeal to for-profit enterprises.

The study has already identified hybrid PRPs which use surpluses from profit-making areas of activity to cross-subsidise their development programmes. These organisations have a social purpose and benefit from a robust pre-existing balance sheet bolstered by historical grants that they can borrow against to enable development at scale. This is a luxury that is not available to the FPPs and, when combined with the limited opportunities to generate returns on capital, makes the sector unattractive to FP organisations, as is understood by a regulator:

> Generating a profit [from building affordable housing] is much harder now. It's difficult to make a profit to distribute if you are coming at it from a standing start.
>
> (Senior Regulator)

Originally, to fund new build activity, it was expected that FPPs would receive small amounts of grant funding and substitute securitised loans and recycled receipts with equity finance from institutional investors, and therefore introduce these investors to the wider market. These are the same investors that the market had already been opened up to through the Housing Act 1988, and it had since courted with limited success. However, since 2008, the significance of these financial markets and the alternative sources of borrowing they bring, through bonds and private placements, have become increasingly important for the existing providers. As one interviewee stated:

> Post credit-crunch a lot of lenders [high street banks] took steps back and we spent a lot of time in the last six or seven years bringing new lenders into that side of the market but at the same time in tandem we spent a lot of time trying to cultivate investors into the market to say, 'Look, this is something you should be involved with.'
>
> (Financial Consultant1).

The key selling point for potential bond investors in the social housing market was that it was an untapped market, with government support, a social purpose and index-linked income streams to the CPI (Ratings Agency1). This combination ensured long-term stable returns with limited risk used to cover annuity payments:

> So there's no giant market, it's a reasonably small market [the bond market for social housing] but then if you look at the likes of L&G for example, they've spent over £4bn so far. And I'm pretty sure they've got another £5bn to spend in the next few years on exactly this kind of product.
>
> (Director of Bond Aggregator)

Chapter Four discussed the increased interest from non-traditional market actors to lend to the sector, and since the financial crisis the bond market has become the primary source of new borrowing for the sector (HCA, 2016a; TSA, 2011). A leading financial consultant to the sector described how the new lenders have started to hire staff that previously worked for traditional lenders to the sector to bring in the expert knowledge:

> Clearly a demand has grown [to lend to the sector] and it’s no mistake that the organisations … they’ve started to recruit people who used to work at the main high-street banks … into the investment teams at the pension funds, specifically to grow this market because the pension funds have realised that actually there’s profit in it.
>
> (Financial Consultant1)

FPPs have reported that institutional investors are currently unsure if they should become involved with lending to the sub-sector. For example, when one FPP met a major alternative investor operating in the sector to seek financial support on a development scheme already in receipt of SHG, the provider was unprepared for the intensity of the due diligence the lender wanted to undertake. This challenged the provider on why they should be lent the money through this route. From the interviewee, it became apparent that the sums requested were too small for the investor to be sufficiently interested (FPP3 CEO). The impression given was the provider had a naive business plan which did not sufficiently prepare them for such meetings.

The study identifies that FPPs are looked upon sceptically or distrusted by other actors across the market. This includes local authorities (LAs), other providers and the Regulator. LAs, for example, tend to be unaware of these new types of providers and are unsure how to work with them. As one CEO remarked:

> It’s interesting actually, I think from people who don’t necessarily know the details, so for instance when we go to our local authority partners, they are very, very nervous about it [FPP entity].
>
> (FPP3 CEO)

The study also showed PRPs require assurances before they will work with the FPP sector. These include using appropriate legal frameworks to manage risk while new actors build their credibility (see Chapter Six, Case Study 3). Given the small number of FPPs compared to PRPs, it will take time for the for-profit sector to win over PRPs. However, although an individual PRP may not want to work directly with an FPP, there is evidence that actors in the wider PRP community are comfortable with these new entrants to the market. For example:

> When you're talking to another [P]RP the conversation is a little more relaxed, I think, because they just understand it's just another form of [P]RP.
>
> (FPP3 CEO)

Research from the legal firm Trowers & Hamlins (2014) reinforces these findings. It concluded that the wider sector is unperturbed by FPPs entering the market, with comments showing 'for-profit' RPs were not overwhelmingly regarded as alien … and for-profit RPs will play a valuable long-term role in the provision of new social housing'. A participant in the research stated:

> I feel pretty relaxed about saying that it is OK for for-profits to become RPs if they want to. I think we look incredibly protectionist and backward looking and unable to handle competition if we take that line.
>
> (Housing association, cited by Trowers & Hamlins (2014)

The relaxed attitude from PRPs to FPPs entering the market may be due to a series of factors. FPPs are only minor players in the market, whether measured by the number of organisations or units owned (Chapter Four). Therefore the level of investment required for the FPPs to expand and grow to compete with the PRPs is prohibitive. Further, the increasing number of hybrid PRPs with for-profit vehicles suggests that providers have familiarity with profit-seeking activity, and this may be leading to a blurring between the two definitions. As one FPP comments:

> You do of course get the political spin on it about people saying, 'Well you shouldn't be making a profit,' which I just find ridiculous. I mean that's ridiculous whether you're a [P]RP, a local authority or for-profit organisation. For profit is profit and if not you have to make a surplus.
>
> (FPP1 CEO)

The role of regulation

Chapter Four discussed the changes in the regulatory framework at length. To summarise: the HC was responsible for social housing regulation between 1964 and 2008. During this time the waters were relatively calm, before the Cave Review 2007 created a regulatory storm, and the establishment of the HCA as the Regulator. There were three new frameworks in 2010, 2012 and 2015, with tweaks made to the 2015 framework to deal with deregulation commencing in 2017.

It was not until the 2015 framework was published that regulation started to have a set of rules that enabled FPPs to play on a level playing field with PRPs. Critics of the framework and how the regulator operates stated that this was futile as legislation already adequately dealt with these issues:

> I think that the for-profit association as the statute was drawn could work perfectly well. It's never going to work while the HCA is allowed to set the rules under which it operates.
>
> (Senior Partner Law Firm)

This instability in the regulation of FPPs over the first five years caused some to have doubts about actively participating in the market, and it has increased the levels of uncertainty over their future contributions. This was demonstrated by one CEO, who professed an unwillingness to invest in the sector:

> We have not funded any affordable homes up to this point and are waiting on clarification on the regulatory regime. Once the regime is finalised and in place, we have a pipeline of projects with funding commitment.
>
> (FPP6 CEO)

This finding is reinforced by responses from other interviewees, who suggested that overly restrictive regulation is deterring potential FPPs from entering the sector:

> It is quite hard for one to come in [FPP] and I know a few people who've been put off registering on that basis; …It just seems all very complicated and all very difficult and not necessarily worth it.
>
> (FPP2 Non-Executive Director)

This view was echoed by interest groups such as NHF:

> [The Regulator] … has [published] a consultation the package of regulatory changes, some of which apply specifically to for-profit bodies, and which, if implemented, and I suspect they are going to be implemented, make it substantially less attractive to them. So, my guess is that it will remain very, very much a minority element of social housing.
>
> (NHF-Policy Officer)

Some interviewees commented that in 2010 the regulator began registering FPPs before it had sufficient rules in place to manage these providers, and the 2012 regulatory framework did not sufficiently address this issue. These shortcomings curtailed the activities that FPPs could undertake. For example, they restricted the trading of stock between PRPs and FPPs, which is a vital element of any PRP growth strategy. For PRPs to trade housing stock, the regulator has to grant a general consent, but under the 2012 framework there was no provision for FPPs to be granted consent. FPP3 CEO discussed their attempts to acquire 120 units of existing social housing stock, describing how they appeared to achieve little through this activity, other than paying consultancy and legal bills as they tried to progress the deal, adding:

> … the framework which has just been released [2015 regulatory framework] is helpful on one hand because it has been updated to specify that for-profits will be covered under the general consent in the same way, but the unhelpful bit is that it's not coming into effect until April.
>
> (FPP3 CEO)

Following the introduction of the 2015 regulatory framework, purchasing existing social housing portfolios from divesting PRPs would enable one or two FPPs with sufficient financial capacity to grow quickly. However, the message from some interviewees was that PRPs appear to be restricting the ability of FPPs to expand; no PRP wants to be seen as the first organisation to sell stock outside the not-for-profit arena. This was summarised by one consultant who brokers stock sales between providers:

> The only thing I think holding them back [FPPs] from really kicking off, because we, at [REDACTED] trade a massive amount of stock between associations at the moment, as in 1,000s a year, and the only reason for-profits haven't really got involved with that is because the ones selling it are more cautious about not wanting to be seen selling it outside [the PRP].
>
> (Consultant1)

The primary issue for the regulator was how to protect public assets and at the same time allow innovation in the market. It was a new institution and was established shortly before the election of the coalition government, which had different views about who should regulate the sector and how the sector should be regulated (Regan, 2010). Some interviewees questioned the independence of the Regulator, arguing that '[the Regulator] seems to have an eye to Whitehall looking over its shoulder to second-guess political responses and interference' (Consultant3).

Following the publication of the 2014 consultation document on regulation, there appears to be a consensus between the regulator and some of the FPPs regarding "cowboy" landlords and keeping them out of the market:

> You've got a number of for-profits now who have the maturity and the wit and the business plans to actually engage with us effectively, because actually they don't want any cowboys in the market either because it reflects badly on their brand.
>
> (Regulator Non-Executive Director)

Although the FPPs are still cautious about regulation and what it does not allow them to do, as one remarks in an interview, 'we welcome regulation that prevents asset stripping, but the extent [to which] regulation limits what we can do is yet to be seen' (FPP4 CEO). Another CEO has similar views, but tempers these as they surmise the regulator is facing considerable pressure by being asked to do something new:

> The problems we had with the HCA haven't been so much about not liking what we're doing, it has been more a nervousness about other for-profits who may be in it for a very different reason, and also just, 'Oh God, how do you do this?' because they have never done this before. Some of it is trying to understand how they regulate a for-profit provider.
>
> (FPP2 CEO)

All types of providers operating in the market are by statute independent organisations. The difficulty faced by the regulator when developing the regulatory framework is to continue to enable the flexibility of businesses to operate as the boards and management teams see fit. This includes adjustments in their stock and management of their assets, as circumstances require. Therefore regulation must not discriminate between different kinds of providers, nor act as a barrier to entry and balance the protection of the social assets. As one interviewee put it, 'I think this is really difficult and if I'm being honest, we're finding our way' (Regulator Non-Executive Director).

Another regulator reflected on the difficult judgement calls between developing a equitable environment and allowing appropriate independent asset management:

> I think the consultation tries to put them [all] on an equal footing with the non-profit part of the sector where the proceeds get re-invested then and of course if you make money on this you have got to get it through management efficiencies not through, you know, selling the crown jewels and making a fast buck on it.
>
> (Senior Regulator)

The analysis of what is permitted in an FPP entity other than social housing is shown in Chapter Four. It provides a strong argument that, despite the Regulator's attempts to create a level playing field, it has tilted the field in favour of the PRPs. However, some FPPs still identify the exclusion of non-core business from the social housing entity as a positive:

> The vagaries of dealing with the HCA, the new regulatory regime that has come out, talks of a full profit having a limit of five per cent of their activities being considered commercial, so it is very much a vehicle for affordable housing and that suits us.
>
> (FPP2 CEO)

The outcome of the 2015 regulatory framework demonstrates the regulator is attempting to steer and control the FPP business activity via the framework. They also propose limiting other commercial activity outside social housing to no more than five per cent of the business.

> Being a board member from the beginning on FPP2, getting that through registration, it is a very difficult one and I'm sure to what extent the HC [Regulator] have really gotten to grips in understanding … for-profit providers and how you ensure they actually can come in on a level playing field and deliver what was intended, which is more housing.
>
> (FPP2 Non-Executive Director)

The study identifies the wider market's view on the acceptable methods of making a profit as those of managing stock more efficiently than PRPs. These can be paid out as dividends. The problem associated with this is the ability of FPPs to build up sufficient stock holdings to achieve economies and introduce new work methods. This was noted by one of the regulators, who stated, 'attaining the economies of scale will be difficult for FPPs as will the regulations restricting the disposal of assets' (Senior Regulator). As one commentator noted:

> The things that it would be quite profitable to do, like taking over social rented housing occupied by little old ladies with no relatives in Kensington, waiting patiently for them to die, and then flogging off the house on the open market, I mean that would be a very attractive business model but regulation doesn't really support it.
>
> (NHF-Policy Officer)

Regulation as currently written does not offer sufficient incentives for FPPs to enter the market. But without incentivising for-profits entering the market, it may lose out on efficiency gains that were anticipated by legislation through increased competition. As a critic of regulation explained, it is easier to operate in non-regulated areas of social housing, such as Right to Buy or sub-letting of tenanted properties:

> There are no clear incentives in why would you become an FP provider. If you want to exploit social housing then why be regulated and avoid [the] Regulator's involvements?
>
> (Senior Partner Law Firm)

Distinctions between different providers

Analysis of financial returns to the regulator and Companies House helps to explain why the distinction between FPPs and hybrid PRPs may have become blurred. In 2015, three PRPs had an annual operating surplus greater than £100 million. These were London & Quadrant (£193.4m), Affinity Sutton (£142.6m) and Sanctuary Housing Association (£102.2m) (HCA, 2016a). This compares to the largest FPP, Ascent Housing LLP, which reported an operating profit in 2015 of £726,000 (Companies House, 2017a). Only four PRPs had operating surpluses less than Ascent's. When interviewed, the regulator discussed hybrid providers and how they blur the boundaries:

> There is a blurring of the boundaries between for profits and not for profits. Now clearly I don't mean legal boundaries, because they've all got clever company secretaries who can design group structures, so notionally at least, that bit's for charity, that bit's for I&P [industrial and provident societies], that bit's the for for-profit … but in practice what that will mean is it's a challenge for regulatory and other agencies.
>
> (Regulator Non-Executive Director)

The CEO of FPP6 offers a different perspective on blurring; instead it is a means of addressing government policies through the creation of flexible tenancies, rather than a regulative hurdle:

> FP[s] are a small part of the blurring between social and private housing; if the opportunities are taken, this could improve [the] housing offer and deliver on government policies of flexible tenures and mixed communities.
>
> (FPP6 CEO)

The blurring of FPPs and PRPs has some similarities to those found in other research examining the Dutch, Swedish and Swiss social housing markets where for-profit and not-for-profit providers compete in the same market (Kemeny, 1995; Kemeny et al., 2005). However, in these studies regulatory powers were reducing with the exception of Switzerland , which was developing an integrated rental market (Kemeny et al., 2005). Oxley et al. (2010) suggest that competition between social housing and for-profit housing providers depends on a country's institutional perspectives on social housing and its views of competition in the social market.

A significant difference between PRPs and FPPs is that traditional providers tend to be either industrial and provident societies or charitable organisations, established to promote social or public benefit. Therefore, under the rules associated with these types of institutions, they retain most of their surplus profits. Any profit-making subsidiary organisations can also recycle these profits back into the non-profit parent, thereby minimising tax liabilities. This encourages the entity to either maintain, or grow, its social purpose. Many PRPs have for-profit arms and the regulator is relatively comfortable with this as the profits from the subsidiaries are reinvested in groups' wider social objectives.

Organisations that are solely for-profit, however, are entirely different (Bennett-Casserly, 2010).

Reflecting on this wariness of the FPP sector, FPP3 CEO argued that establishing a for-profit entity was better than the conventional path of setting up a PRP. They did not anticipate scepticism and nervousness by potential partner organisations, or how it may inhibit business because of the additional risks others foresaw dealing with a new kind of enterprise. Ultimately, it felt right for them, because it is reconcilable with the profit ethos of their other business ventures.

There are differences between how FPPs and PRPs are constituted, but both types of provider are landlords for the same type of tenants. One FPP suggested that in asking tenants what makes a good landlord there is a consensus over three areas: completing repairs and maintenance on time, managing anti-social behaviour and dealing with estate management. From a landlord's perspective there is a fourth requirement, managing revenue collection to ensure rents are paid on time and arrears are dealt with (FPP2 CEO).

The CEO intimated they [FPPs] are firmer on protecting income streams, while a board member at a PRP is conscious of this requirement but also of needing to think in terms of 'supporting people so they can actually access the housing and pay the rent' (First Ark Chair). Other PRPs discuss the need to proactively manage assets to ensure that these can be used to best effect to maximise income (G15 CEO2).

Cross learning between private registered providers and for-profit providers

The previous section established that FPPs work under identical operating environments as PRPs. It is important to understand if this leads to knowledge transfer or cross learning, as this may lead to an organisation achieving a competitive advantage over others operating in the marketplace (Argote and Ingram 2000). Knowledge transfer has been defined as events through which one organisation can learn from another (Van Wijk et al., 2008). For a successful transfer to occur it requires compatible contexts and the utilisation of common tools or tasks (Argote and Ingram 2000). For this study, the compatible context is the common operating environment (market conditions and regulatory framework) under which all actors work. The common tools include housing stock, finance and business plans that enable the actors to be social housing landlords, and the common tasks are those basic functions of delivering a social landlord service to tenants.

In this study, identifying a sector-wide learning culture was harder than anticipated as membership of the NHF, the largest trade body, is closed to the for-profit sector (NHFSnrPolicyOfficer2). Through its regular contact with the different representative bodies across the market, the regulator argued that there is limited cooperation and learning among the various factions:

> I don't think they learn and discuss as much as they should. For instance, the G15 carry on as the G15, the NHF are very much around the not-for-profit sector, the for-profit sector doesn't have its own representative body yet … So you don't have the mechanisms that you would have in any other industry.
>
> (Regulator Non-Executive Director)

The PRPs also had little to say about knowledge transfer across different provider types. The PRP sector has established peer groups, such as the G15 and Place Shapers, whose members were interviewed for this study. Individually all of these groups meet regularly, have their own training events and produce their own research and campaign materials. These publications tend to support individual lobbying strategies, and when required provide joint responses to government and regulatory consultations. FPPs do not participate in these groups. There are also national conferences and events such as the Charted Institute of Housing (CIH) Annual Conference. Additionally, the CIH offers professional qualifications and membership for individuals working in the sector.

There have been discussions between FPPs about establishing a membership organisation to rival the NHF (Brown, 2012). In an interview, FPP4 CEO confirmed that nothing has yet come of these discussions. Instead, the sector has met to discuss single issues, such as developing the 2014 FPP joint consultation response to proposed changes in regulation. Trowers & Hamlins facilitated the meeting and drafted the response to the regulator based on FPP feedback. Similarly, the firm facilitated a response on behalf of a cross-section of 41 registered providers to the Regulator's proposals 'to protect social housing assets'. Records show that only one provider in attendance was an FPP (Davis, 2013).

The interview with FPP4 CEO demonstrates that the FPP sector is working with a series of large, multi-national, consultancy, audit and legal firms. This provides another channel through which knowledge is disseminated. Interview data suggest that individually and as a group the FPPs are working with social housing consultancies and specialist recruitment consultants, including Campbell and Tickell and Altair Ltd. These are the same consultants with which the wider NFP sector works, and it is through using these intermediary services that an emerging, cross-sector, knowledge transfer is occurring:

> There's still discussions going on, we had a [joint] meeting with Saville's. They're trying to help out here and then we had PWC trying to help … we still attend all the meetings. So it's still there and the organisation, all of us do get together once in a while and I think that as time proceeds and as it just depends on who – which – organisation leads the way, really.
>
> (FPP4 CEO)

New actors have established boards and management structures based on existing PRP structures and due to regulation many of the new board members are coming from the traditional sector as independent board members. This assists the new organisation in its registration. It provides the regulator with additional assurance that the organisations have appropriate governance structures and practices in place, and that the boards understand their responsibilities. This in turn provides another mechanism for learning from the traditional sector, as one consultant outlined:

> We find them [FPPs] a couple of board members that have good housing management experience and that sort of thing, and that way they can keep their control but they have the skills to be able to run it.
>
> (Consultant1)

There is evidence to suggest that staff mobility and transfer between the not-for-profit and the for-profit sector also plays an important part in disseminating knowledge across the two sectors:

> My background was local government [housing], I worked for the Audit Commission in housing inspection for a while and then I worked in a housing association, so I have got quite a broad [range of experience, which is] probably why I ended up working for [FPP].
>
> (FPP2 CEO)

Despite FPPs being outside the mainstream, the study shows there has been cross-learning between the NFP and FP sectors. For example, Ascent Housing (Case Study 2) is a joint venture between Staffordshire Moorlands District Council and Your Housing Group, a PRP. In a 1996 study, Mowery et al. (1996) concluded that joint ventures seem to be more efficient channels for the transfer of complex knowledge than simple (and sometimes isolated) contractual relationships.

Conversely, other findings in this study may challenge this view of knowledge transfer. The experiences of smaller FPPs, without backing from parent organisations, suggest knowledge gaps are filled in different ways to those employed by the larger FPPs with institutional support. Established FPPs are of a size and scale that allows them to buy their learning directly from the marketplace, rather than having to partner with existing PRPs. They have often worked with sector recruitment consultants to enlist board members with traditional sector experience to manage their fledgling enterprises:

> I mean, for Grainger, they recruited a chair, a recently retired chief exec from a very significant association, so they did it quite properly. They've got an ex-FD [financial director] on their board too.
>
> (Consultant1)

In summary, the study has identified a number of forms of evidence of sector knowledge transfer from the PRP to FPP sectors: the use of consultants and experts, partnering arrangements, recruitment practices, and through the regulatory framework. There may also be some other learning from PRPs on how the traditional sector undertakes tenant and customer management. But it has been difficult to substantiate the views of FPP2 CEO that the knowledge transfer is two-way, and FPPs have something to teach the NFP sector:

> I don't think it is a case of everything for-profit[s] have to teach the RP sector, the not-for-profit sector and vice versa. I think it is very much both sides, they have both got things that they do well.
>
> (FPP2 CEO)

Categorising for-profit providers into typologies

Throughout this research, it has become evident from the views and opinions of the sector that there are distinct differences between FPPs. If we are to understand the potential of future FPPs entering the market it is crucial to assess why current FPPs have entered the sector, and classify them into types. This may help to identify the types of FPP that are most likely to increase the supply of sub-priced housing.

All of the interviewees were invited to think about how the sector could best be described, identify where their organisation fitted and the motivations for entering the market. These responses were used to help develop the typology, together with registration data and materials sourced through internet searches. This helped to develop a typology featuring three categories: legitimisers, opportunists and optimisers.

Legitimisers are businesses that already existed before registration with the Regulator, primarily lettings agencies or those providing LAs with temporary accommodation to house homeless people. The business model is predicated on leasing properties for three to five years, providing the landlord with a guaranteed income stream and amassing these properties into a portfolio to fulfil temporary accommodation contracts with LAs and government. The study identified 12 legitimisers owning 525 units (Annex 4.2) and this business model has carried over into the provision of social and affordable housing. All but one (Orchard Shipman Ltd) operate in local or sub-regional housing markets (Annex 4.1).

A consequence of the legitimiser business model is that it brought private sector landlords directly into social housing regulation, even though this was something Parliament wished to avoid when discussing the Bill (Housing and Regeneration Bill Debate, 11 c.14, 2007). However, temporary accommodation agencies have begun registering as FPPs and this is effectively the registration of private landlords through the back door.

Interviews demonstrated that registration is a ‘badge of quality’ (Senior Partner Law Firm), which has differentiated letting agents in the wider marketplace when tendering for business with LAs and other public bodies; this is akin to legitimising their business activity. Consultant1, who discussed his experience of working with FPPs, confirms this approach while identifying three types of FPPs:

> The first [type] are people like Oak who have been providing some sort of housing service, so they’ve had the temporary accommodation and the lettings agency and all that sort of thing and were looking to expand, either working with local authorities or in fact possibly doing the developments bit, [as] they’ve got access to their own development company. So for them it was a little bit of a ‘Hey, look, we’re registered, … we’re probably a best bet for you.’
>
> (Consultant1)

The regulator maintains it is the LAs that insist on working with temporary accommodation agencies that are registered providers. Registration provides the HCA Kitemark, helping to ensure that temporary accommodation contracts go to recognised organisations:

> I think, I mean, a lot of providers, a lot of applicants are doing it because the local authorities want to contract with registered providers. I think legitimisation, that is the reality really.
>
> (Senior Regulator)

Smaller, local letting agents and temporary accommodation providers confirm that their business models have become predicated on being an FPP to differentiate them from competition in a busy marketplace. This offers stability on two fronts. For buy-to-let landlords it provides long-term guaranteed rents; for LAs, it means reassurance that the organisation is credible and able to meet its contractual obligations (FPP4 CEO).

Larger temporary accommodation providers, with a national reach, do not agree that registration with the HCA provides greater legitimisation of business activities. Other accreditations, including those from the Residential Landlords Association, the Ombudsman and ISO and BSI standards, are more suited and more well known.

The second category, opportunists, comprises new businesses that were established with the sole purpose of being an FPP, to capture and retain the affordable housing assets that arise from development. These include dwellings for rent and for lease via LCHO. There are 22 opportunists owning 1,482 dwellings and 207 bed-spaces (Annex 4.2). Two types of opportunist providers were identified: development-based (18) or financial (4).

Development opportunists build housing or are subsidiaries of larger development companies. Their establishment of the FPP is often tactical, in three principal ways. First, it enables the developers to retain full control and management of the entire development site, which is deemed important if there are multiple phases of development. Secondly, by controlling the management of the affordable units it helps retain the overall development value and maintain the reputation of the development. Thirdly, it enables the parent company to build a portfolio of affordable housing assets, which in the short term will provide an income stream, and in the longer term can either be used as collateralisation or sold as a going concern.

One interviewee was insistent that the FPP was established as a backstop if it was not possible to negotiate out the S106 affordable units:

> The only reason that I set that up [an FPP] is because I had a number of developments which had affordable housing elements within the planning permission originally, and if we hadn't have been able to negotiate them out via viability, which indeed we did end up doing, then it would have meant that we could have kept them within our own control, but we did end up negotiating them out and as such I didn't need to use it.
>
> (FPP5 Managing Director)

Financial opportunists were established to create alternative investment opportunities in the CSHM, using equity funds to purchase S106 rights or to build new social dwellings and retain their ownership while leasing the stock to an existing PRP. It is the opportunity cost associated with the long-term investment, with which one interviewee was most concerned: ‘Our funds are not a never-ending stream and therefore it has always made sense to push my cash into other areas rather than this’ (FPP5 Managing Director). However, these assets could either be disposed of at a profit in the future or used to finance further development activity and growth:

> It was certainly one of the potential attractions … We had this thought that we could approach developers and say rather than you put it into a 106 type arrangement you can secure those properties through an RP in perpetuity, but in perpetuity has got a legal lifespan, I think is it 25 years or thereabouts, and afterwards you've got a potential asset value there which would make your commercial models more effective.
>
> (FPP1 CEO)

The interview with FPP1 intimates that substantial providers may fulfil multiple roles which cross-cut the typology. FPP1 is a provider of temporary accommodation, yet its initial motivation for entering the market was to capture other organisations’ S106 units, lease them and create an investment portfolio. Advisors to the sector identify the need to control developments directly and manage assets as the prime motivator for house builders and developers to establish an FPP. This is in contrast to the traditional business model where developers sell S106 obligations on their developments to an existing PRP, and bring in an additional operator to the development. Such an approach may make managing the overall site too complicated and not provide a uniform look to the area. Having a for-profit vehicle within the group allows continued control of all the elements of their schemes – owner occupied, affordable and intermediate:

> This is particularly appealing to developers that own private rented sector homes or for schemes where an institutional investor has taken a long-term stake. The other option would be for these developers and house builders to sell the affordable housing to a housing association through a section 106. … I don’t think developers were going into this purely from a financial perspective; it is about asset management and control over the whole development site.
>
> (Senior Partner Law Firm)

FPP2 CEO explained why it is essential to maintain control of sites to protect income streams:

> The lifeline of the company is going to be the PRS [private rented sector] rental income et cetera ... We felt that the best [way] of protecting that is rather than putting it in the hands of a third party and housing association, we would want to be able to have control … We can act more quickly whether we have got a problem with ASB [anti-social behaviour] or with the look of a property or whatever; we can get involved much more quickly to make sure it doesn’t dampen down the values of the area and so that is really our business model, to keep control.
>
> (FPP2 CEO)

Optimisers constitute the smallest category, with four providers owning 278 units (Annex 4.2). Like development-opportunists, optimisers have a common trait retaining control of their assets by developing and managing the land themselves, and are not intending to sell or lease their land to house builders, developers or PRPs. They have extensive landholdings and are typically motivated to optimise returns on these assets. Currently those active and registered with the regulator are LA subsidiary companies or charities.

For example, Loddon Homes Ltd (registered with the HCA in 2016) is a wholly owned subsidiary company of Wokingham Borough Council, providing supported housing for adults with special needs and older people.

This general characteristic requiring optimisers to maintain control over land and developments is similar to the business motivations demonstrated by the opportunists. However, it is the time factor or speed of return that separates the two. As one market commentator states:

> It's what you want to achieve out of it [that] is different and it's that sort of thing that you will get: those long-term, the long and slow ones and the more opportunistic ones who are probably looking for a speedier return out of things.
>
> (FPP2 Non-Executive Director)

Optimisers are prepared to wait for returns across multiple generations. Consultant1 is working with five organisations to acquire FPP status; all are country landowners with inherited wealth, and have a wide geographical spread. The business model is self-contained, whereby the parent company builds a small number (10-20) of private rental units at market rates and captures any residual S106 properties and places these into an FPP. The provider will be a wholly owned subsidiary of the parent company and leases the land from the parent for the minimum time required to 'keep the HCA happy and planning happy' (Consultant1). The capital required to build the affordable units is loaned to the FPP at market rates by the parent company. To maintain total control of the development, its funding and onward management, the FPP is vertically integrated into the organisation. Moreover, they do not want to hand the management of the affordable units over to a HA, because they do not think it will manage them competently. These landowners are not interested in selling land or stripping assets:

> They don't give up land, these people; you know, they've run land for like 500 years, so they're always in it for the long game.
>
> (Consultant1)

The requirement to transfer multi-generational wealth may in the medium-term provide a barrier that halts optimisers from growing as a sub-sector. As one consultant noted:

> It's not at all clear sometimes who is accountable because boards tend to be the shareholders and to select themselves and I think how is that a positive thing because it's allowed some to grow significantly and deliver lots, [but] with others it has actually stopped them being accountable to their own local area and local organisations or community.
>
> (Consultant2)

Discussions with interviewees have shown that the models as currently envisaged may be disincentives for these types of investors as they may want a broader range of tenures, but with regulation there is currently a tendency for ring-fencing, meaning what works now may not work 15-20 years into the future.

The heterogeneity of FPPs became apparent when they collaborated to develop a joint response to the 2014 consultation on regulation. The variations in organisational capacity, size, business models and activities meant it was difficult for the group to arrive at a consensus. This was confirmed by FPP2 CEO, who suggested the term 'for-profit' is not a useful label for the sub-sector:

> The sector has got very different for-profits in it, when we are all [sitting] round the table to do that response [to the regulator], which we did with Savilles, we suddenly realised how different we all were and it is therefore the for-profit, the RP sector is not a very good label because there are different bits too it.
>
> (FPP2 CEO)

It becomes more difficult for FPPs to develop their own categorisations because they have little interaction with the wider group. However, one provider appeared to dislike any of the terms legitimiser, opportunist, optimiser, or entrepreneurial/for-profit provider. Instead, they were more comfortable with being termed a commercial registered provider:

> I get what you mean about it, I guess from our perspective what we are isn't really a name but it's something you might be able to take from it. I mean, I think of [us] as commercial RPs that are actually trying to add value to their wider business.
>
> (FPP2 CEO)

Another provider did not recognise any of these categories:

> There is a need with any organisation to establish their credentials with their client base so that's a 'legitimising' if you like. So there is a need for that with any business whether they are for-profit or not-for-profit so I don't think that we're in either of those categories because I think at the time – before RPs came out – we were already the largest private sector provider of temporary housing.
>
> (FPP1 CEO)

Yet other providers do seem to seek out those they identify as peers:

> I would say we'd associate ourselves with the other for-profits that are out there that are beginning to do increasing amounts of work, so there is an element of aligning ourselves with those [who] have … similar business models, like [the] Dorchester Group.
>
> (FPP2 CEO)

As with legitimisers, not all commentators on the opportunist sector are impressed by the name of the category: 'I can see why people might be offended by it but if you call it entrepreneurialism, saying this is just people looking for a business opportunity, it's just seeing a gap in the market, a structure that takes the opportunity to do something' (Consultant3).

To summarise, this section illustrates a general consensus across actors in the market that the FPPs are not homogeneous. The next section examines those for-profit organisations providing social housing outside regulation, the disrupters. This enables the study to have a cohesive appraisal of the CSHM before any definitions can be made.

The market disrupters

The study has identified and interviewed disrupters operating in the CSHM, and these can be classified into two distinct types, development-disrupters and financial-disrupters. The development-disrupters provide subsidised housing in the broader housing market, but do not provide social housing and are therefore not regulated. The second type, financial-disrupters, are new entrants to both the regulated and unregulated parts of the market and are providing new finance for the development of social housing, which they then lease to established PRPs. They do not have traditional housing backgrounds but are typically subsidiaries of large international financial institutions that are new to the sector.

The disrupters provide either low-cost housing for rent or outright sale. Annex 5.1 summarises the key characteristics of the seven disrupters interviewed. Collectively they are seeking solutions for a polarised housing market by providing affordable options for those who neither own their own home nor qualify for social housing. When speaking with the disrupters, it becomes clear that the solutions they are developing is intermediate housing (DCLG, 2012a). Therefore, the disrupters' activities lie squarely within the CSHM and this explains the need to examine this new group of providers.

Geography provides a distinction between the financial-disrupters, who tend to work outside London, and the development-disrupters, operating mainly (but not always exclusively) in the capital. In interviews, each disrupter stated their business model requires some form of subsidy or support from the state on land values and a supportive planning system to enable the developments to progress. Of the five development-disrupters interviewed, only one (Development Disrupter 2) was from a traditional real estate company. The remaining four were new, start-up companies founded by people from outside the industry. All were looking to work differently from volume house builders and the PRPs. For example, a policymaker was conscious of the deficiencies of the housing market and continued to identify and promote new market entrants who are prepared to innovate in niche markets around the private rented and outright sale products. The disrupters are small organisations and can take risks to establish themselves in 'a very pioneering market' (London Mayoral Official). Hence, disrupters are viewed as part of the housing solution in London, and policymakers are cultivating their thinking on how best to utilise the disrupters to tackle the city's shortage of affordable stock while also fulfilling the city's supply of particular types of labour:

> We've worked really hard, I think, to try and stimulate new products, new entrants, new ideas. We've set up revolving funds; we've invested money in innovative new producers who have quite interesting housing solutions.
>
> (London Mayoral Official)

All the development-disrupters have identified a common customer group, which is one that neither qualifies for social housing nor identifies as social housing clients, yet is unable to afford home ownership. These customers are labelled by interviewees in London as ‘city-makers’ and by the interviewee in the North West as the ‘squeezed middle’. Both consist of lower-income, private sector workers who enable business to function and include office staff, cleaners, junior professionals and key workers. A disrupter states:

> In an economic sense, the key worker definition has really expanded to include all the people who make London vibrant, and that’s people who work in hotels, in retail, in health care, in mid-office, in administration; basically people who are making £30-40k a year.
>
> (Development Disrupter2)

The broader definition, “city-makers”, is a more descriptive term than key workers, which is associated only with public sector workers delivering essential frontline services (DCLG, 2003). Discussions with policymakers and development-disrupters suggested that if sub-price housing within a reasonable commuting distance to the central employment hubs is not provided, the economies of larger cities like London may start to weaken: ‘without city-makers these towns will fall to pieces’ (Development Disrupter5). The disrupters are seen as part of the solution to London’s shortage of appropriate accommodation, particularly for young people:

> Current London planning policy says almost nothing about young people and housing – it says more about old people. There’s a really interesting kind of policy question about what do we do to find new interventions, new product lines that can help to address some of those needs in that burgeoning kind of generation.
>
> (London Mayoral Official)

The disrupters argue that city-makers have different expectations and are prepared to live in a different way than people did 20 years ago. In particular, they are willing to have a smaller home in exchange for location, quality of amenities, quality of furnishings and communal areas within a development (Development Disrupter6). Developing units with extra shared amenities is expensive, as not all of the space is chargeable. To ensure the developments are affordable to the target market, disrupters have set prices or rents that are sometimes lower than expected in the broader market. The disrupters promote rent at an affordable level as a unique selling point when this is simply bringing the price of its units in line with the London mayor’s existing affordable housing policy, which sets a maximum income cap (GLA, 2015). One development-disrupter states:

> If you make £35,000 a year and as a landlord your reference is normally you don’t want somebody’s rent to be more than three times their gross salary, you need to find rents as roughly £850-1,000 or £1,100 a month. That’s the sweet spot, but you look around London today and say where can I find a clean, well-located, well-appointed building that’s professionally run for £1,000 a month, you almost are not going to find it.
>
> (Development Disrupter2)

The policymakers also recognise the approach development-disrupters are taking to keep costs low by producing small units and adding communal amenities and shared space. Without these additional amenities and extra space, it would be difficult for the policymakers to be seen to support developments that are too small to conform to the London Plan. Instead, these are presented as innovative schemes which sit outside the Plan:

> It's a hybrid between student housing and service apartments; you're talking, 30 square metres or less, with lots of shared amenities … Our planning policy's spent a lot of time having a design guide, which has got minimum space standards and minimum amenities and all the rest of it, but that's designed for self-contained accommodation, traditional markets, and it's a way to stop people just building hobbit homes.
>
> (London Mayoral Official)

However, providing reduced space in this way could be open to a viability challenge from the volume builders.

Similar to the development-disrupters that had built rental units (above), Development Disrupter5 had to compromise standards in order to reduce build costs so that flats were offered for sale at a price 80 per cent below market price compared to a traditional one-bedroom flat. It made the flat 20 per cent smaller than normal and redesigned it to ensure 'standards of design excellence and ergonomics intrinsic to this approach were being met' (Development Disrupter5).

Winning over the policymakers working for the mayor was viewed by disrupters as a crucial challenge. All disrupters mentioned how difficult it was to shift the mind-set of local planning officers, who prioritised the provision of more social housing. By contrast, alternative approaches were said to have caused problems because local planning departments and committees have not understood these proposals are for affordable housing. Development Disrupter2 quoted a number of examples where it had proved difficult to secure planning permission for a new build because it did not meet with the planning officer's definition of "affordable" housing. The difficulty for London is the National Planning Policy Framework (NPPF) defines affordable housing in the same way for London as for areas with much less buoyant housing markets (London Mayoral Official).

Alongside this difficulty in convincing planning officers of their merits, disrupters have also been subject to criticism from the broader development industry. The managing director of FPP5, who is also a director of a development company operating in London and competing with the development-disrupters for land, was critical of the support the disrupters receive from the London mayor. This was said to include being allowed to build under different use classifications, and receiving additional financial aid, which distorts the market. An interviewee argued that the business model is one where disrupters are not seeking normal profits for the sector:

> They want to grow and create market share, they want to perhaps build thousands [of] units so that [REDACTED] becomes incredibly well-known, sought-after and then they'll probably float or sell the business and that's at that point where they take the profit.
>
> (FPP5 Managing Director)

The short-term problem with this business model is that development-disrupters may not provide the expected rates of return that shareholders from development companies demand from London developments.

The study interviewed two equity fund disrupters. Financial Disrupter1 is a subsidiary of a merchant bank and Financial Disrupter3 is owned by an equity fund. The sole difference between the two is that Financial Disrupter1 is registered with the regulator and has established a PRP, while Financial Disrupter3 has not. Both were attracted to the affordable housing market due to the opportunities provided by diminishing grant rates to subsidise development of new stock:

> Here's a sector that historically relied on grant[s] to sustain its business model … It is now what I would call vulnerable or dislocated … Here's an area where responsible capital could actually make a difference and is needed.
>
> (Financial Disrupter3)

There have been two main challenges for the financial-disrupters. First, their goal has been to create an institutional quality product in which investors, pension funds and insurance funds feel comfortable and provides a satisfactory rate of return. Secondly, their challenge has been to convince the affordable housing sector of the value and robustness of their financial model. As one interviewee explained:

> They [PRPs] run such an unlevered balance sheet. Historically they got so much grant [funding] that they're basically gearing up their old properties and using that debt as quote, unquote 'equity' for their new investments. … Eventually you will need equity. And I think that is the biggest kind of challenge that we have when we speak to the finance directors at housing associations.
>
> (Financial Disrupter3)

A new definition for social housing

Chapters Two and Four sought to develop a definition of social and affordable housing through a review of the academic and policy literature, analysing changes in legislation and quantifying the numbers and types of provision available in England. This chapter shows that there are other aspects to sub-priced housing being developed and progressed by the different actors. There are six constituent parts to sub-priced housing: social rented housing (determined by guideline target rents); affordable rent (let to the same eligible people as social rented stock but with rents at no more than 80 per cent of the local prevailing market rate); LCHO (market sales housing, discounted by at least 20 per cent from market value); discounted market sales with restricted covenants; discounted rent with covenants; and serviced apartments provided using *sui generis* planning powers. Categories 1-3 are regulated by the Regulator, while local planning provisions have enabled 5-6 to be introduced.

Using these six broad categories to help to define affordable housing demonstrates how difficult it is to provide an accurate definition of the market. Such an approach does not unpick who affordable housing is for, or what affordable housing should cost. The government definition of affordable housing is provided in the NPPF, which outlines the types of tenures included (social rented, affordable rent and intermediate housing). The NPPF also links affordability to incomes and house prices and states that the units must remain affordable in the future. The tenures considered by the framework for affordable housing all have government grants: ‘Low cost market housing may not be considered as affordable housing for planning purposes’.(DCLG, 2012b: 50).

LAs or HAs in previous years provided affordable housing, comprised in the main of social rented accommodation:

> [In the past] all housing associations charged social rent and we got what that meant and then we agreed to move towards a target rent. The target rent was based on a combination of local property values and local incomes and we understood that we were all migrating to the same place over time.
>
> (G15 CEO2)

This became more complicated in 2010, when the coalition government introduced affordable rents, to help alleviate cuts in development grant funding. The definition for affordable rent as used by the HCA set it apart from social housing and social rented accommodation, but there was never really a debate around what constituted affordability. Reflecting this, PRPs were able to decide whether they wished to charge more or less than 80 per cent of market rent. This means there are now tenants with relatively low incomes living on the same estate in similar “affordable properties” paying different rents. As one CEO explained, these variable rents are not based upon household earning, but on the funding regime that existed when the tenants were first housed:

> On a development in Greenwich in London, for a two-bedroom flat, one of our tenants pays £95 a week. That tenant’s rent never made it to the target rents. Her neighbour with the same property, same two-bed flat, pays £130 a week because their rent did make it to the target rents. Her neighbour pays £140 for a one-bedroom flat, so £10 more and one bedroom less and that was because that flat was let at an affordable rent and we’ve got, pure, full market rents and them paying £350 a week, so….
>
> (G15 CEO2)

Discussions with interviewees revealed that the catch-all terms “social housing” and “affordable housing” are often used interchangeably. This lack of precision is unhelpful and confuses market actors when trying to pin down what exactly they mean.

> It’s like 1984 with using this word “affordable”, which is daft, but I mean, I don’t know what else to call it; as I say, I’ve got my names for it but you can’t just go around calling [it] something different.
>
> (G15 CEO1)

Wilcox et al. (2017) argue that, due to housing market inflation, both social housing and rents set at 80 per cent below market price may no longer be affordable to lower-income households. From a policy perspective the complete separation between prices and incomes within contrasting housing markets raises questions about what is meant by affordable housing. As one commentator states:

> I think there is a much wider definitional political debate. Discussion now [is] about what affordable housing even means in a city [like London] where pricing is now so aggressive. For me, that's probably the single biggest question, actually.
>
> (London Mayoral Official)

This raises the question of geography and whether future policy for sub-market price housing should be locality-specific. Interviewees were in agreement that policies tailored to local circumstances ought to be identified, as one respondent contended, in relation to London:

> I think that there'll be potentially a return to tied accommodation, I think there'll be a challenge for us around key worker accommodation going forward… but it will be accommodation that is related to employment.
>
> (G15 Non-Executive Director)

Finally, the question about how much affordable housing the country requires needs to be considered to identify the minimum and maximum quantity of social housing at a target rent that a civil society maintains, at any cost. A disrupter believes:

> I don't want it [social housing] to all disappear, so if I had a percentage by which I said that is going to be maintained at all costs then it won't disappear. It allows me to realise value and move people into areas of lower value and build more social housing for some of them … When I talk to planning policy people about housing need they immediately think social housing, but I think housing need is intermediate housing as well.
>
> (Development Disrupter5)

Chapter summary

The chapter has demonstrated that the conceptual framework diagrams (Figures 9 and 10) and the dotted lines between hybrids and other types of providers demonstrate the fluidity of private registered providers (PRPs) becoming hybrid providers and also accounts for the emergence of super-hybrids. An example of PRPs becoming hybrid organisations is clearly evidenced in this chapter through the interviews with G15 CEO1 and the response from the NHF-Policy Officer. Further, the development of super-hybrid providers who have diversified away from "bricks and mortar" ventures to other types of non-housing activity is demonstrated by the discussion of Places for People's organisational structure and turnover. This position has been reinforced though interview responses, especially with NW-PRP Development Director, who discusses the organisation's diversification into other areas through developing and managing a hotel and offering employment and training programmes to local residents in the hospitality industry and in construction trades.

The conceptual framework also helps to frame the analysis in this chapter and identify areas of future research. There is potential to use both organisational theory and P-AT to better understand super-hybrid providers and assess whether the diversification ‘makes the boat go faster’ in terms of the delivery of new affordable housing supply. Are the subsidiary companies actually making profits? If so, are these profits recycled back to the parent company and used to subsidise supply, as the interviews suggest? Are there other reasons for the establishment of such companies?

The principal-agency theory (P-AT) used in the conceptual framework helps to explain and demonstrate the behaviours of financial-opportunists and market disrupters bringing in new finance and funding, building, owning and then leasing the new units back to existing providers, as this is all contract management, and asymmetry in decision making on who to contract with may impact on the future and shape of the sector. Similarly P-AT helps to explain operational decisions of development opportunists, as S106 captures are taking away the potential supply of new affordable housing from being owned by existing providers to be managed by subsidiary companies.

In Chapter Two, the literature review examined previous attempts by government to open the market to FP actors and concludes this was limited due to the actions of institutions, such as the regulator being reluctant to lift the barriers to entry and therefore requiring modification of the legal framework by defining who is able to provide social housing (Cave, 2007). The use of institutional theory when examining the comments from FPPs in this chapter when discussing the progress made by the regulator to develop a sufficiently robust regulatory framework to account for the FPPs helps to explain why the sector is smaller than was expected. The institutions (regulator and government) have not lifted the barriers to entry quickly enough, and have not created a level playing field, thus maintaining the status quo and retaining power within the existing providers. However, the conceptual framework did not account for market disrupters entering the market place, and therefore needs to be amended. This will be examined in greater detail in Chapter Seven.

The chapter has demonstrated why a new definition for the broader social housing/affordable housing market is required. The proposed definition of “sub-market price housing” re-conceptualises the contemporary social housing market. It embraces both regulated and non-regulated landlords, including the new market entrants (disrupters). This definition builds on the existing literature and also takes into account interviews with current market actors, to understand how the provision of social housing has changed since the introduction of the Housing and Regeneration Act 2008 and subsequent policy interventions to help alleviate the housing crisis.

Sub-market price housing more accurately describes the market and its actors. This new definition accounts for both regulated and non-regulated providers and is sufficiently flexible to include existing and new market entrants. This definition has built on the existing literature and interviews with a range of market actors to understand how the provision of social housing has changed since 2008.

This chapter has examined the significance of the more comprehensive social housing market, through analysing the discussions of critical market actors and opinion makers. Further, the chapter has discussed the motivations of hybrid PRPs and identified changing government policy which has led to these providers becoming more profit-focussed. It also examined FPP as an emerging sector in the market and demonstrated that there are three typologies – legitimisers, opportunists and optimisers – and considered these alongside disrupters. The next chapter will examine three of these categories (hybrid PRPs, legitimisers, and optimisers) in greater detail, using case studies.

CHAPTER SIX ANALYSIS OF CASE STUDIES

Introduction

Chapters Two, Four and Five concluded that the provision of social housing belongs to a broader market definition, ‘sub-market price housing’ (SMPH). This classification includes housing regulated by the Social Housing Regulator, both the not-for-profit (NFP) and for-profit (FP) organisations, and market disrupters. The study has demonstrated that both registered providers (RPs) and market disrupters have developed their business plans in tandem, and it has argued that the boundaries between the two have gradually blurred. Each type of provider has responded and interacted to the external pressures brought through the HRA 2008, as well as adapting to the post-2007 crisis and multiple shifts in government policy. Further, the private registered providers (PRPs) and market disrupters are either in competition for land and funding, or in partnership with regard to the development or management of dwellings. They also use planning powers, or access new private finance to substitute the limited government funding to deliver SMPH units.

The study has demonstrated that some of the operations of actors regulated by the Regulator sit across both the regulated and unregulated markets. These hybrid PRPs are using income, or profit from unregulated markets, to cross-subsidise their business plans and do so, generally, to meet growth ambitions. The forms that this take are primarily; through the development of new housing stock of mixed tenure, merging with other providers, or further diversifying their business activities into new market opportunities within or outside of the SMPH. The relaxation of regulatory rules in 2010 allowed for-profit providers (FPPs) to enter the regulated market for the first time. The ability to make profits has further facilitated the bridging or blurring of the edges between those providers regulated by the Regulator and those that are not. The study has classified the FPPs into three types: legitimisers, opportunists, and optimisers.

This chapter uses three case studies to illustrate how different types of regulated providers (hybrid, optimiser and legitimiser) have developed their business practices. The hybrid case details the experience of a large and relatively long-established organisation. The two FPP cases report on the experiences of organisations with more recent roots. The intention of the case studies is to develop and broaden our understanding of the drivers of activity undertaken by regulated actors in the SMPH and the motivations and development of profit making across different types of housing provider. Each case examines the rationale for utilising a particular type of organisational structure, how organisations use profits, and why the companies have established themselves as profit-making entities.

The case studies

How the case studies were selected

Phases 1 and 2 of the fieldwork provided a mechanism for the identification of the case studies. An initial long list of eight potential case studies was identified and then slimmed down to five. Providers were selected using the following criteria: size as measured by stock owned or managed, geographical spread, and type of provider. These were either hybrids with a national presence or hybrids with a non-registered parent company, or registered as for-profit (legitimisers, opportunists, and optimisers).

The researcher approached the five potential case studies about participating in the study and three agreed. The national provider was unable to identify any value in the investigation to its organisation (Interview H52). The opportunist providers declined because it would be too time-consuming, and further stated that the confidentiality of its work might be compromised and the subjects addressed in the study might raise sensitive issues, which were not for sharing in an emergent and competitive market. An assumed tacit reason for the decision of the opportunists not to participate was that the non-executive directors and CEOs interviewed were not always the organisation's primary decision makers. Both were answerable to a parent company, and the full board was required to sign off such activities.

The research analysis also assumes that those boards controlling opportunist providers may have limited exposure to academic studies, compared to those supervising PRPs for the latter is a quasi-public sector. For example, the chair of the hybrid provider, which formed the basis for one of the case studies was previously a senior academic at a leading university. The optimiser that engaged in the study is also a quasi-public sector organisation, as it is a joint venture between a district council and a PRP. The organisation classified as a legitimiser had no previous experience of participating in research, but as a small company, its decision-making rested mainly with two brothers who also have day-to-day control of the business. The legitimiser was keen to learn from the research and saw it as a means of further establishing the company’s credentials with larger partner organisations from the PRP sector and local authorities.

The three providers that confirmed their interest all have ‘for-profit activities’ embedded into their respective organisation's operations - as identified by the registration documents held with Regulator. They also viewed themselves to be innovators or pioneers in an incipient sector of the market.

The case study participants agreed to provide access to principal personnel for interviews, access to materials pertinent to individual business plans, site visits and where possible, admission to operational or board meetings for observational purposes. In practice, two were unable to accommodate access to strategic or operational meetings, and one was also unable to offer site visits. All visits and interviews were prearranged in advance by email or phone call, and wherever possible the interviews were face-to-face, although some were completed over the telephone.

An introduction to the three case studies

Standard features of the three case studies include: profit is at the core of the enterprise; all three operate in defined local areas, although one is looking to expand its geographic scope; and the Housing and Regeneration Act 2008 (HRA 2008) enabled the organisations to operationalise its business arrangements. Figure 34 summarises the characteristics of each organisation and its individual operating environment.

The next section examines in detail each of the case studies, explaining the business models adopted by each organisation as well as exploring views on each of their future business plans.

Figure 34: Summary of the three case study characteristics

Features	Case Study 1 First Ark	Case Study 2 Ascent LLP	Case Study 3 Major HA
Category	Hybrid	Optimiser	Legitimiser
Initial organisation[1]	Council housing large scale Voluntary stock transfer	Joint venture	Family owned letting agent Limited company
Type of provider[1]	Unregistered parent company Limited by guarantee	For profit provider	For profit provider
Year established[1]	1974	2010	Letting Agency: 1981 PRP: 2010
Total social housing stock owned/managed by case study[2]	13,527	188	7
Per cent of total housing stock in borough owned by case study	73%	5%	0%
General needs – self-contained - owned or managed low-cost rental accommodation[2]	12,160	115	7
Supported housing - owned or managed low-cost rental accommodation (units/bed-spaces) [2]	447	10	0
Housing for older people - owned or managed low-cost rental accommodation (units/bed-spaces) [2]	888	63	0
Low-cost home ownership[2]	32	0	0
Predominant area of operation[1]	Knowsley MBC, Merseyside	Staffordshire Moorlands DC, Staffordshire	Newham LBC, London
Median gross annual pay £ LAD[4] **Region** **England**	**21,502** (21,622) (23,337)	**21,738** (21,789) (23,337)	**22,501** (28,832) (23,337)
Overall average house price in 2016 £ LAD[5] **Region**	**130,220** (180,074)	**175,725** (205,358)	**319,214** (545,399)
IMD for borough, based on rank of average ranks[3]	5	203	8
Income IMD, based on rank of average ranks[3]	5	241	6
Employment IMD, based on rank of average ranks[3]	1	174	61
Health deprivation and disability IMD, based on rank of average ranks[3]	3	164	87
Education, skills and training IMD, based on rank of average ranks[3]	7	174	98

Features	Case Study 1 First Ark	Case Study 2 Ascent LLP	Case Study 3 Major HA
Living environment IMD, based on rank of average ranks[3]	106	152	21
Crime IMD, based on rank of average ranks[3]	96	233	2
Barriers to housing and services IMD, based on rank of average ranks[3]	260	178	1
Total social rental units in borough[2]	**18,656**	**3,750**	**16,372**
General needs – self-contained - owned or managed low-cost rental accommodation[2]	15,793	2,589	12,271
Supported housing - owned or managed low-cost rental accommodation (units/bed-spaces) [2]	866	123	812
Housing for older people - owned or managed low-cost rental accommodation (units/bed-spaces) [2]	1,378	931	954
Low-cost home ownership[2]	289	107	2,298
No of private registered providers operating in LA[2]	**32**	**20**	**55**
No. of large providers[2]	19	13	39
No. of small providers[2]	13	7	16
Social housing sales to tenants[2]	92	8	4
Affordable general needs rent units[2]	793	181	607
Affordable rent general needs average net rent[2]	£109.04	£93.80	£168.93
Affordable rent supported housing / housing for older people units[2]	41	63	10
Affordable rent supported housing / housing for older people average net rent[2]	111	80.52	149.83
General needs – bed-space (non-self-contained) - owned low-cost rental accommodation[2]	0	0	37

Case Study 1: Hybrid provider (First Ark Ltd)

First Ark Ltd is Case Study 1 (CS1) and primarily operates in the Borough of Knowsley in Merseyside. The organisation is a former council housing department that became a housing trust following a large-scale voluntary stock transfer (LSVT) in 2002. It has a history of continual change and is adept at responding to the possibilities provided by shifting legislative and regulatory environments. The case illustrates how an existing landlord has shifted from a local authority (LA) structure to become an independent hybrid provider. CS1 was one of the first PRPs to take advantage of the HRA 2008 to establish an unregistered parent company (URP). There is a subsidiary company responsible for the provision of social housing registered with the Regulator. Other companies include a developer, a commercial business property management and maintenance company, and a charitable organisation.

The case analyses how the organisation has changed and met legislative challenges, before examining how it utilises profits and why they have re-established themselves with profit making as a core objective.

About Knowsley

Knowsley (Figure 35) comprises several large suburban towns, villages and open areas, with most residents living in the towns of Huyton, Kirkby, Prescot, Whiston and Halewood. The majority of development dates from the 1920s onwards, with much of the growth resulting from overspill council estate developments by the City of Liverpool. The surrounding countryside and urban fringes are designated as Green Belt. The council has proposed releasing a proportion of this Green Belt for development to provide 'a more balanced local housing market and opportunities for economic development' (Knowsley MBC, 2013).

Between 1971-1991, Knowsley's population declined by nearly 40,000. Since 2000, the population has remained relatively stable, with approximately 147,000 residents (Census, 2011). The population is ageing, with the number of persons aged under 65 projected to decrease by 4,600 between 2008-2028 and the number aged 65+ to increase by 8,600 (ONS, 2016).

Figure 35: Knowsley

Source: Google (2017a)

Deprivation levels are among the highest in England, particularly in Kirkby, Huyton and Stockbridge Village. The 2015 English Indices of Deprivation identified Knowsley as a relatively weak performer nationally in terms of its rank for income, employment, health, and education dimensions of deprivation. In contrast, it performs relatively well for indicators measuring crime, housing and quality of environment (see Figure 34).

Knowsley has 62,967 dwellings, a high proportion of which (26.6 per cent) comprise affordable tenures, including social rented housing (2011 Census). Although house prices are low compared to national and regional levels, housing affordability is an issue as average salaries of residents are depressed. The local housing strategy describes the housing market as ‘unbalanced’ in comparison to national averages (Knowsley MBC, 2016). There is a strategic ambition to increase the availability and choice of the borough’s housing offer through partnerships with housing providers, developers, and the community. The provision of future growth from 2010-2028 is being made for the development of 8,100 new dwellings in Knowsley, at an average of 450 dwellings per annum. The Local Plan highlights particular shortages for larger executive homes, one and two bedroom units of affordable housing and accommodation suitable for occupation by older people (Knowsley MBC, 2016: 53). A vital aspect of this growth will involve attracting economically active residents to the borough by improving the range and quality of housing and educational offer (Knowsley MBC, 2016).

In 2016, 32 PRPs were operating in the borough, including CS1. Collectively, they provided 18,356 units, 86 per cent of which were general needs housing. Nineteen of these providers are large; they own or manage more than 1,000 units and account for 98 per cent of all general needs properties in the borough. CS1 is the most significant provider with 13,527 units; representing 73 per cent of all dwellings. Of these, 12,160 units are general needs (HCA, 2016b). Competitor organisations include large national providers such as the Riverside Group – which owns 5 per cent of the total stock in Knowsley- and regional providers such as the Villages Housing Association, which owns 9 per cent of the total stock in the borough, (see Annex 6.1). There are also 1,378 units for older people, 866 supported housing units, and 289 low-cost home ownership dwellings.

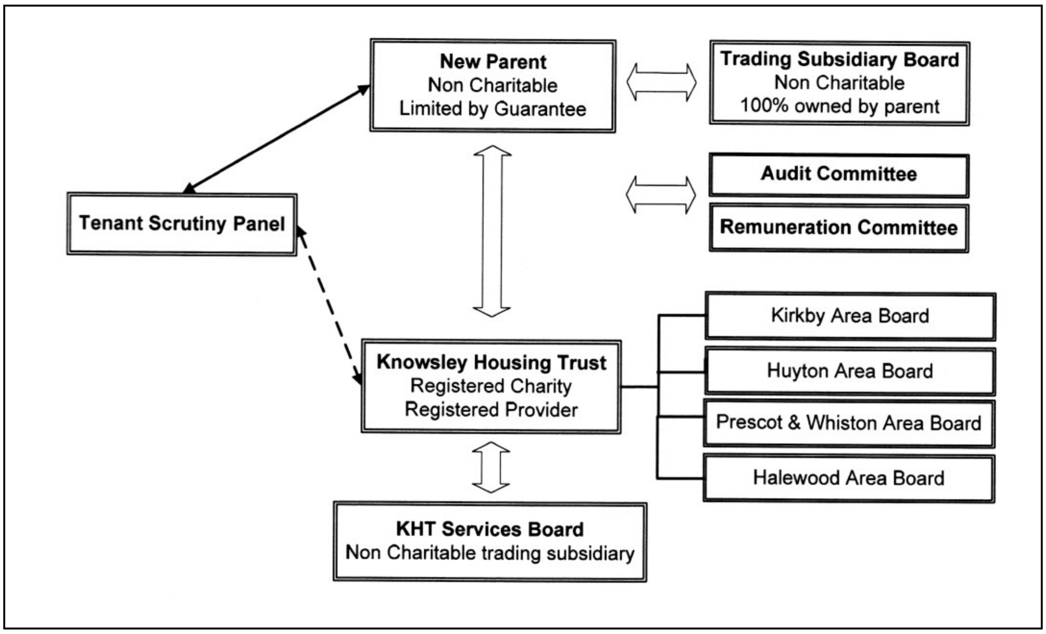
About Case Study 1

This section describes how CS1's business practices have evolved over time in response to the changing policy and legislative environment that has arisen through various governance and organisational change programmes. In written evidence to a Commons Select Committee inquiry it noted that the housing department in Knowsley MBC, which was established in 1974, had a social housing stock of 40,000 units (ODPM Select Committee, 2005). Knowsley Housing Trust (KHT) was established in July 2002, after a yes vote by tenants to allow the council stock to be transferred to the new organisation. This ballot led to investment in the housing stock via the Decent Homes programme. Due to low demand, demolitions, and Right-to-Buy purchases, the stock transferred to KHT involved 17,100 dwellings. The original LSVT business plan had provision to further reduce stock to circa 11,000 by 2012. In 2010 KHT owned or managed 13,500 dwellings and had a programme to build new homes. In 2004, KHT converted to charitable status, and also created a wholly owned commercial subsidiary (KHT Services); by 2010, the latter had a turnover of £5 million (KHT, 2010).

Benefitting from the powers granted under the HRA 2008, in 2010 KHT adopted a new governance model and became the first PRP to have an unregistered parent (URP). The initial governance proposals (Figure 36) involved the creation of a parent company to oversee the strategic direction of the group and a new trading company which, wholly owned by the parent, would undertake all commercial activities without increasing risks to the social housing assets or other group members. The parent company would also provide corporate support services to the group, manage its finance and treasury requirements, and take responsibility for the existing trading company which sits under KHT. The KHT Board would concentrate on landlord functions only. The parent company would have a tenant scrutiny panel reporting to it, and the KHT Board would provide the conduit between four local Area Boards and the group's Resources Committee. A primary feature of the new group structure was to reassure the Regulator that the social housing assets would be ring-fenced. Hubbard,

(2010) notes that the ring-fencing was ground-breaking as it safeguarded social housing assets while still giving the group the flexibility to invest in broader services.

Figure 36: Proposed governance structure following establishment of un-registered parent company



Source: Knowsley Housing Trust, 2010: 8

Prior to the 2010 general election CS1 anticipated the coalition government's austerity programme and had, accordingly, begun to prepare for an environment with substantially reduced resources. It recognised that changes were needed if the organisation was to grow and compete in the future (Senior Officer H8). First, a cost reduction programme was launched, delivering 20 per cent savings across the organisation in one year. This provided a stable platform to grow and change the business (Board Member H46). Secondly, an organisational restructuring ensured that 'everyone was in the right place' (Senior Officer H8). Thirdly, First Ark was established as the unregistered parent company of the group, with the landlord KHT reporting to the Group Board, and a separate for-profit facilities management company (Vivark) and later, in 2013, the introduction of a social investment charity (One Ark). Providing social value along with the ability to maximise local benefit were primary business objectives and led to the establishment of the First Ark Social Investment Company in 2016 (Figure 37).

Figure 37: Timeline of change for Case Study 1

Year	Activity
1974	Knowsley MBC is established and 40,000 council houses transferred into its ownership.
2002	Knowsley Housing Trust is established via LSVT, with 17,100 homes transferred into the new company. (In 2016 KHT provides services to over 25,000 tenants living in 14,000 rental properties in the borough.)
2004	Knowsley Housing Trust becomes a charitable organisation. KHT Services Ltd is established as a wholly owned subsidiary to undertake commercial for-profit business activity.
2009	Vivark Limited is established 1 April 2009 as a wholly owned subsidiary of First Ark Limited. Its purpose is to provide management of real estate on a fee or contract basis and combined facilities support activities.
2010	First Ark is established to provide head office functions and provide strategic oversight and direction for the group and a range of corporate services. It operates a social business model through five companies working together to combine commercial trading, social enterprise and an investment charity. By 2016 it has three subsidiaries, a turnover of £65.5 million and net assets of £13.6 million
2012	Vivark begins trading as a social enterprise in 2012. It generates income from commercial sales through delivering facilities management and refurbishment services, both within the group (with a contract value of £32 million in 2012/13) and externally to a range of business and corporate customers across the North West of England, including schools, health and the commercial sector.
2013	First Ark introduces the Evolve business transformation strategy. One Ark Limited is established in January 2013 and registered with the Charities Commission to provide other social work activities without accommodation. In 2016 it had a turnover of £963,000 and net assets of £1.1 million. Oriel is launched as the housing development brand and a trading subsidiary of KHT. Its objective is to build homes for sale and shared ownership in the North West.
2016	First Ark Social Investment Limited is established to provide other credit granting not elsewhere classified. It is a company used to provide local grants and deliver schemes such as ‘win-a-shop’. In 2016, it has a turnover of £22.3 million, with a post-tax profit of -£774,000.

The group was set up so that its companies could maximise commercial outcomes through a programme of growth and diversification. From the outset there was a recognition that the model needed to be built up responsibly, not least to balance its commercial edge with its social value aims. There was also recognition that the business model of the housing company needed to be adapted to bring down its overheads as they were higher than they would have been within a purely commercial operation.

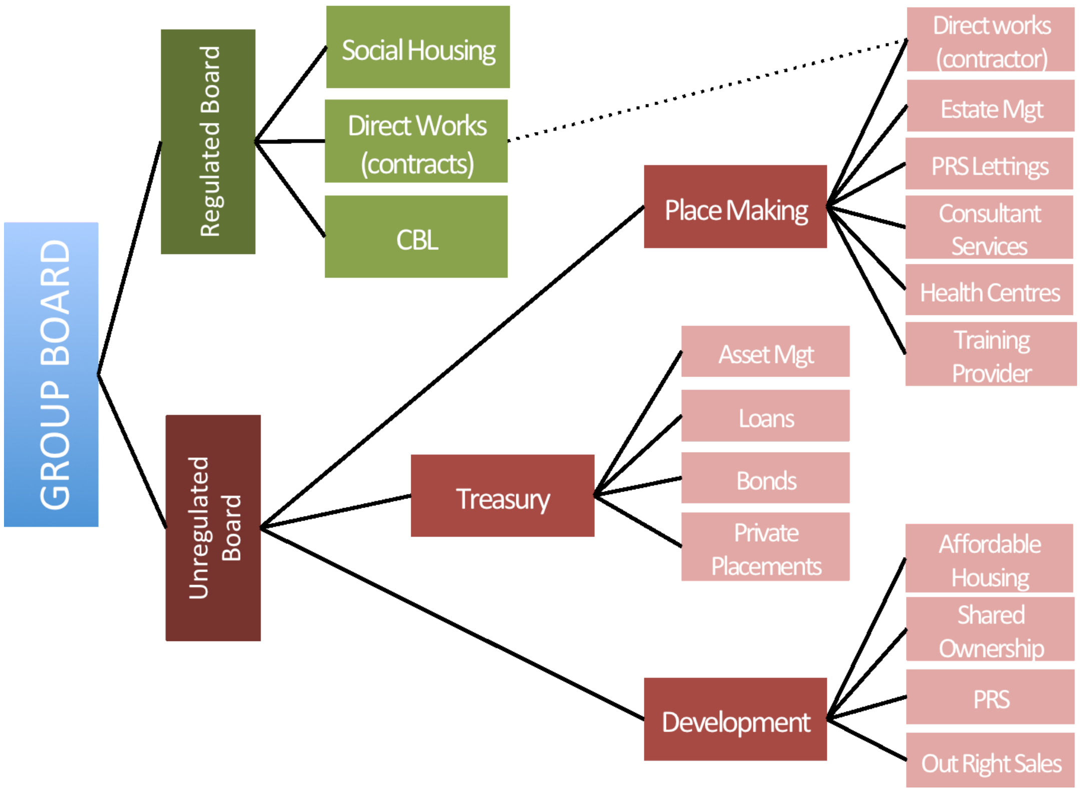
Underpinning First Ark’s approach is a strong commitment to upholding social values and maximising social impact; these commitments run through the work of its subsidiary companies. The operating model enables profit from individual companies to be reinvested within the group to support social value initiatives of benefit to individuals and business. It has led to a number of innovative partnerships with the charity and social enterprise sector and has also supported new ways of working with the public and private sectors. For example, One Ark introduced a ‘win a shop’ competition in 2013 that was targeted at start-up businesses and offered the opportunity to win a shop rent-free for a year, have it re-fitted, and receive business and marketing support from the Knowsley Chamber of Commerce.

The rationale behind this governance model was to ring fence and protect KHT's social housing assets from the commercial aspects of the business and thereby ensure that any new trading activity did not create a risk to the parent company. A senior interviewee explained this:

> What we were trying to get from it, effectively was a way [to] balance regulation … with some freedom to run our business … So, any profit that we were going to generate, any investment that was going to come in, was going to be used both to grow the business, sustain it, and to help change people's lives.
>
> (Senior Officer H7)

The organisational structure enabled the responsibilities of the charitable and non-charitable aspects of the business to be separated out into subsidiary companies of the First Ark Group, with a reconfigured KHT Board being able to focus solely on landlord activities (see Figure 38).

Figure 38: Representative structure of First Ark Group functions



The benefits of this approach were said by interviewees to be increased business efficiency and more effective management of risk so as to protect the social housing assets:

> They [the Board] set about creating a structure that would protect social housing assets. So there is no borrowing between KHT and any of the unregistered subsidiaries in any way and there never has been. We were trying to get the governance in a better shape to provide a wider than housing deal …take a few more risks about the way we did that, but to provide a framework where we understood the risks
>
> (Senior Officer H7)

To establish an URP was not straightforward. In *Inside Housing* the Regulator raised its concerns of the risks, with the chair Ashby quotes as stating that ‘unregistered parents have the potential to threaten the viability of associations’ if the riskier elements of its parent companies’ activities fail and endanger the social housing assets (Robertson, 2012). These concerns were borne out in interactions between the Regulator and CS1. As one interviewee explained, the ‘officers [of the Regulator] were sceptical of the original proposals’ with the effect that a detailed business case had to be made to the Regulator tenants and, crucially, funders to avoid debt re-pricing (Senior Officer H8) .

A number of push-pull factors influenced the timing of KHT’s decision to establish the URP. One was recruitment to the KHT Board as a number of directors were approaching the end of their nine-year terms of appointment specified in the National Housing Federation Code of Governance. At the same time, with the significant growth in KHT’s commercial services, its house building activity and involvement in community activities, it was important that the Board had the right mix and balance of skills. There were also the twin regulatory drivers: to enable greater tenant involvement and scrutiny of KHT operations, and ensuring boards were equipped with the appropriate skills to deal with increased commercialisation and associated risks. As one interviewee explained:

> There was a real need to actually create a space to allow the housing part of the organisation to be excellent in that, but also to create parallel organisations who could actually deal with corporate strategy, corporate finance, overall governance, innovation, etc. and then have various delivery companies who could actually focus on the social housing offer, social enterprise, charity and so on.
>
> (Board Member H46)

From a financial perspective, the organisational restructuring enabled additional funding to be generated for investment in new homes and services. This met the targets of the business plan and this funding came partly from tax savings from the charitable aspects of the business. It was also derived from a refinancing arrangement with banks which increased the group’s borrowing capacity from £161.8 million to £204 million (KHT Business Case Group restructure proposal, 2010). This was reinforced by further debt restructuring of £195 million in April 2015 when First Ark entered the private placement market (First Ark Ltd, 2016). This new source of finance provided the group with advantages over traditional forms of funding through lower interest rates over longer terms. The result was to increase freedom and flexibility around future funding. However, this has to be balanced against significant sector and organisational risks. Additional expertise was brought into the organisation to advise the board on treasury management risks.

The organisation was outward looking in its approach beyond the boundaries of Knowsley. The KHT Board set a business objective of having ‘increased local, regional and national influence and organisational profile’ (KHT 2010: 16). The thinking behind this objective was that raising the organisation’s profile with government and other players in the sector would result in its having more opportunities to influence policy, secure external funding, and benefit the local communities, a logic summarised by one interviewee:

> We felt very much that part of our role would be to try and work with others to try and get a wider influence within the city region and also with some of the work we were doing nationally, and not necessarily housing.
>
> (Senior Officer H7)

Since 2010 the organisation’s structure has continued to transform as it has responded to a range of external and internal opportunities and challenges. The government’s welfare reforms and the introduction of Universal Credit are predicted to impact on the group’s future income and the way it is received. In response, First Ark’s Board introduced a business transformation programme (called Evolve) focused around five principles: improving customer experience; improving process and systems efficiencies; increasing job satisfaction for employees; delivering social value benefits to the wider community; and delivering growth through a diverse range of products and services (First Ark Ltd, 2013).

Supporting this, First Ark identified £4.5 million of investment over three years which would transform the business. It further aimed to recover this investment through generating savings within a three to six year period. The starting point for this programme was a target to deliver £1 million of efficiency savings per annum - these would then be used to invest in accelerating growth and providing the additional capacity needed to enable this.

The group’s strategy was to move away from a generic model of service delivery to one more tailored to customer needs. It was recognised that this would require more joined-up working practices, more effective links between the customer contact centre and community teams, and a targeted approach to building capacity in communities facing the greatest challenges. As one interviewee reflected:

> We’re driving a more enterprising culture, so the business is now readier for growth because it’s had to think about cash flow in the way a business would think about it, it’s had to think about quality of service, it hasn’t got a whack of cash sitting there, say, being supported. So, it’s really had to get that start-up mentality.
>
> (Senior Officer H8)

Support for the transformation programme is reinforced in the following observation:

> I have to say from the point of the Evolve programme that I think what the business is selling in terms of opportunities is quite attractive. It's not selling itself as a public sector business. It's selling itself very much as quite a dynamic, change-driven business, and I think that's attracting a different type of person, which I think's good for the business.
>
> (Board Member H11)

Conversely, when asked about Evolve, another interviewee commented:

> They've always got a change programme, though at some point you have to consolidate. They don't ever have a gap between their change programmes, they're just in a constant stage of flux, so the changes never appear to become embedded.
>
> (Strategic Partner H38)

From an organisational perspective, the board and senior executive demonstrated a good level of self-awareness when deciding to adapt the governance model and board representation in response to the changes in the environment in which the organisation operates. A governance review was instigated following a scenario planning exercise to consider strategic direction and how different relationships between the group companies needed to develop focusing on managing risk and early-warning systems:

> One of the things we identified early on was that to be ready for the future, the shape of the executive team needed to change. So we said 'well, if we're going to change everyone else's roles we need to change our own first.' So in January 2014 we redefined our roles in conjunction with the board.
>
> (Senior Officer H63)

Initially the structure of the First Ark Board was modelled on the KHT Board and thus it remained highly regulated. However, as the organisation's role evolved it was realigned to a more commercial model with limited involvement from tenants and elected members of Knowsley Council. This change in membership was significant given that as a former stock transfer organisation two thirds of KHT Board's membership had come from a combination of elected members and tenants.

The decision to recruit a skills-based board with a range of professional expertise was in keeping with the expectations of the Regulator. The Regulator's position on this helped in the sensitive negotiations with Knowsley Council over the removal of its councillors and loss of political accountability. As one board member noted:

> [Regarding elected members] … Now going forward some of [their] skills may be better placed on our customer assurance panel as opposed to the board, so it may be that could be more of an appropriate place for elected members if they wanted to be part of our governance structure.
>
> (Board Member H28)

Striking the right balance between ensuring that board members have a connection to the local community against commercial, financial and legal skills was a challenge:

Some of our existing tenant board members did apply based on the skills and the competencies that we were looking for, and although, like every other board member they will have some development plans, we do feel that they are, that they have the right skills that we need to help us move forward as a business.

(Board Member H28)

As noted, the drive towards social value has shaped First Ark's business model and the activities of its subsidiary companies; the interconnectedness between the companies is clearly evident in First Ark's social accounts summary 2013-14. For example, Vivark reinvests its profits into supporting local initiatives to secure social impact. Examples of this include working with local communities to reduce digital inclusion, and employment and skills initiatives to support local people into employment. In 2013-14 Vivark gift aided £186,000 to the group's investment charity, One Ark, to support local projects:

The investment strategy is designed to stop throwing away loads of social value for nothing meaning how much are we bringing back in, social and financial return and social value, so they [the board] can plot not what are we doing now but what does that mean for when we think the money's going to be recycled in years to come.

(Senior Officer H8)

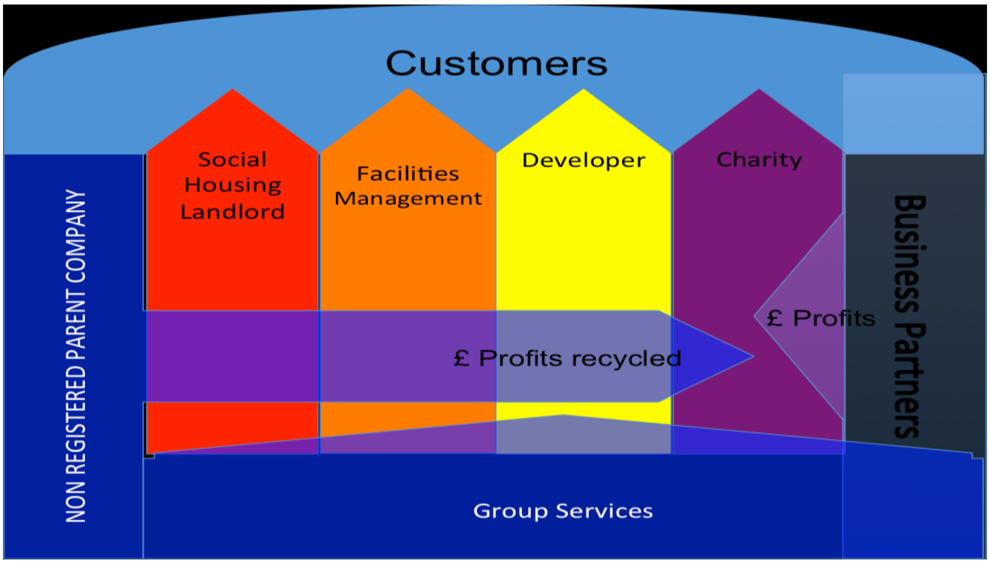
As the senior officer explained:

There is a rationale behind the way these things are done, it's not, we've done a scheme [win a shop] because we want to help Prescot town centre, we've done a scheme that we're trying to think about how do we raise the wealth and the aspiration of individuals to get something and create a wider output.

(Senior Officer H8)

As an organisation, Vivark is a living wage employer and it also ensures that a minimum of 5 per cent of its workforce is employed as apprentices. In addition, it promotes social value through local procurement and wherever possible business partners are encouraged to recycle any profits via gift aid to Vivark (see Figure 39).

Figure 39: First Ark Business Model



This approach of targeting community needs around employment and skills, wellbeing, and financial and digital inclusion to deliver social impact is welcomed by local partners:

> KHT have some good ideas and have worked hard to be embedded within the Local Strategic Partnership to ensure these get delivered. Both the employment and skills strategy and the digital inclusion programme are joint work.
>
> (Strategic Partner H66)

Crucially, the group's drive to generate social value through its business has seen the organisation move from being one that was outright commercial in its outlook and focused on maximising profit, to one that has a more balanced view. The adoption of the living wage for Vivark's employees is an example of this transition. As one interviewee explained, this approach sets the business apart from its competitors:

> Any employer I've been with in the past would never have … [adopted a non-statutory living wage] because they would say why would they because that was going to erode their profit margin.
>
> (Senior Officer H63)

However, after observing a discussion around social values versus profit whilst attending a First Ark board meeting, there was a clear tension between these two agendas. As one interviewee confirmed:

> Tension might not be the right word but there's a challenge there. What you saw [in the meeting] is sometimes driven by the social aspect of it. The default is to housing and sometimes you've got to really make a point to just try and shift the equilibrium back a bit.
>
> (Board Member H11)

Those interviewed acknowledged that First Ark's business model is not yet as fully developed as it needs to be. The perspectives offered have been mixed and sometimes contradictory, as the following examples illustrate. The first interviewee maintains that First Ark is too housing focused, while the second points to the risk of adopting a broader outlook:

> I think one of the concerns I've had about First Ark is it is still too housing focused, and I know that the vast majority of its dynamic is that, but if it's going to get from where it is now to where it needs to be it's going to have to change that.
>
> (Board Member H11)
>
> They want to be all things to all men but forget what their core business is, and if you take your eye off your core business, and if that's the bit that funds everything else, there's a real risk. So your social value, whilst very laudable, if that becomes your main thing but you take your eye off collecting rents, you can't deliver any social value because you haven't got any funds to do it.
>
> (Strategic Partner H38)

Others noted the steep learning curve for the organisation particularly when it comes to expanding its services to deliver contracts with commercial customers:

> What I did in the first two years within the Vivark business was focused on growth internally because there were a lot of services that Vivark didn't deliver to KHT, used external organisations to deliver. And a lot were large national organisations as well, so we've expanded the range of services and it consequently grew from £17 million to £26 million turnover in one year.
>
> (Senior Officer H63)

The risk of trying to do too much too quickly was also raised. A number of interviewees noted concerns about the pace of change. An example of concern focused on the fact that the group had underestimated the time required to develop new roles and responsibilities, embed the new organisational model, and meet individual business plan targets:

> It's a slow process, you know. I think we've got something quite unique to offer [Vivark] but again, being blunt, unless the customer knows you and knows your capability they're always going to judge you first and foremost on price. That's just the nature of the beast.
>
> (Board Member H11)

In the next interviewee quotation, the long lead in time required to operationalise the development company is explained. Oriel was an FP company that remained dormant for a number of years sitting under the KHT brand before First Ark was incorporated. It has taken several years for the group to be in a position to use Oriel for development activity and at the time of the interview HCA and Regulator permission to use the subsidiary FP company as a development company was still awaited:

> If we get the HCA approval, because we're going to seek it from the business plan tonight, then we would be doing homes for sale through a subsidiary company of KHT which KHT would get all that money back, but we've managed the risk because although KHT borrowing is about £200 million now, we're still only proposing to put about £4-5 million as an on-lending risk at any point in time anyway, because you've got to do things and build up a track record of doing them well.
>
> (Senior Officer H8)

Another concern that was raised was that the initial business plan targets were unrealistically ambitious. One interviewee contended that this reflected an institutional culture in which performance management preoccupations were prominent, with less emphasis being placed on the complex task of organising the disparate group of employees and external stakeholders in such a manner as to ensure that the corporate goals could be delivered. The interviewee specifically noted that:

> The biggest single thing is the culture thing. The tools, the companies, the model, they're actually dead easy because you can put those, they take a bit of thinking, but actually it's getting people to, it's the communication and the buy-in.
>
> (Senior Officer H8)

The comment from Senior Officer H8 about getting people to buy-in to the corporate change can be seen as crucial to the success of the programme being initiated. This is because studies have shown that too often management teams concentrate on the reasons for change and the mechanical processes to achieve this change without thinking about the short-term impact on staff. The resistance to change by staff is often one of the reasons for the failure of organisations to successfully implement change (Bovey and Hede, 2001).

The primary reason for introducing the Evolve programme was to attempt to reinforce a 'one group' ethos among all staff. The alternative was that staff identified principally with their employer. The CEO and chair both identified this as a problem in delivering focused customer services and also voiced concerns that this was creating an 'us-and-them' mentality between the centrally-located managers and those operational staff working out in the field. This finding suggests that previous change programmes may have been limited. Todnem By, (2005), proposes that an ad-hoc change programme has a high rate of failure, as it indicates a lack of strategic planning before its implementation.

To conclude, CS1 is a long established operator in the fifth most deprived borough in England. Its tenant base is relatively stable, with historically limited levels of turnover. Though CS1 has been led by one CEO throughout the entirety of its 17 years of operation it has also undertaken regular change programmes to both rationalise its management and overhead costs, as well as develop greater commercial acumen.

The partner organisations of CS1, such as the LA, still see it primarily as a landlord. Indeed, when discussing the organisation by name, they tend to refer to it as 'KHT', not First Ark, Vivark, or any of the other subsidiaries. First Ark has attempted to shift its functions away from being solely a landlord that collects rents to become a more commercial business group. Examples that embody this change of focus include selling maintenance services (to in-house companies and externally), and seeking to build new housing outside of its "home" geographic location (including for sale). Diversification has enabled CS1 to recycle profits and undertake charitable activity, and to assist and support its tenants, as well as the neighbourhoods in which it operates.

Drivers for this business change have included the need to adapt and adjust to the austerity environment introduced by the coalition government in 2010 and the need, given that, to protect income streams. At the same time, however, a tension has developed between different aspects of innovation as evident in the corporate culture adopted by CS1. On the one hand, there is a desire to erode the paternalistic approach to tenants which has, historically, been seen to characterise LA housing management (Cole and Furbey, 1994). On the other hand, there is an obvious pressure for the organisation to operate in a business-like fashion in its relationships with tenants. Financial reforms and the scarcity of grant funding provides a powerful incentive to ensure that occupants pay rents and thus generate income streams that can maintain the solvency of the landlord function.

It may be possible to argue that CS1 has adopted a scattergun approach to its business, expending too much effort in diversifying on an experimental basis, in the hope that something sticks. An alternative interpretation, however, is that First Ark has attempted to ape larger hybrid providers such as PfP so that it is able to cross-subsidise and grow its asset base. This is an issue to which the study returns in Chapter Seven.

Case Study 2: Optimiser for-profit provider (Ascent Housing Association Ltd)

Case Study 2 (CS2), Ascent Housing Association, is an optimiser FPP. It is a Joint Venture Company (JVC) between Staffordshire Moorlands District Council (SMDC) and Your Housing Group (YHG), an existing large PRP. Ascent operates exclusively within the boundaries of SMDC. This case study examines how changes in legislation were used to establish a FPP in a rural area with clearly articulated housing shortages. The study has classified the organisation as an optimiser FPP, as both parties in the Joint Venture (JV) have landholdings they do not want to sell and have used changes in existing legislation as an opportunity to develop a profit making company and build a new SMPH that meets local need. The case study examines the values of partnership, why this delivery vehicle was chosen as the best option, identifies lessons learnt, and assesses if this model is replicable within the borough and across other actors.

About Staffordshire Moorlands DC

Staffordshire Moorlands is a semi-rural district, bordered by Cheshire to the north-west, Derbyshire to the east, and Stoke-on-Trent to the south-west. The eastern half of the borough is part of the Peak District National Park. There are three principal towns: Leek, its administrative centre, Cheadle, and Biddulph (Figure 40). The rural make-up of the districts brings a number of housing challenges; in particular the cost of building new homes is expensive compared to neighbouring urban areas. A further challenge is that local residents on low wages find it difficult to buy homes. This problem is exacerbated by wealthier people moving into the area as a consequence of their being attracted by the countryside and ease of access to Stoke on Trent, which provides significant employment opportunities. Nearly 50 per cent of the working population of Staffordshire Moorlands works outside the district (2011 Census).

Financial services are a significant employer within Staffordshire Moorlands as a consequence of the Co-operative Financial Services offices in Leek. JCB and Alton Towers are other notable large employers. Tourism also plays an essential role in supporting the local economy. The borough has low levels of deprivation, and its overall IMD national average rank is 203. It also performs reasonably well for all sub-rankings (Figure 34).

There are currently 43,585 dwellings in Staffordshire Moorlands, with 80 per cent of households being owner occupiers (2011 Census). The proportion of social-rented households is low (9 per cent). The most significant PRP in the borough is Your Moorlands Housing (2,739 units), which is a subsidiary of the Your Housing Group (see Annex 6.2). Your Moorlands Housing was established to receive the council-owned stock transferred from SMDC following a LSVT in 2001. Its housing stock is principally located in Leek, Cheadle, and Biddulph. Your Housing Group was established in 2011 following the merger of Harvest Housing (the group that originally received the Your Moorlands stock on transfer) and Arena Housing. After the merger, this new housing company became one of the UK's largest housing providers, owning more than 28,000 homes ranging from affordable and social housing through to private and lifestyle rent units.

Figure 40: Staffordshire Moorlands

Source: Google (2017b)

Staffordshire Moorland’s Core Strategy predicts that future housing requirements will see net demand for an additional 5,300 dwelling units between 2006 and 2026 (SMDC, 2014). The district’s population is predicted to rise by 5 per cent over this period, reaching 100,200 in 2026. The most significant change will be in older age groups (65+), with an ageing population impacting on future housing requirements. The 2007 Strategic Housing Market Assessment indicates a requirement for 429 affordable housing units per annum, while the Staffordshire Flexicare Strategy has identified a need for 1,185 flexicare housing places by 2030, mainly for older people. The Core Strategy identifies the provision of affordable housing as a priority due to an ageing population in under-occupied housing. Further, the combination of high house prices, below average wage levels, and continued in-migration means that there are increased pressures on the small rental sector. This will lead to ‘continued difficulties in accessing affordable housing (to buy or rent) in the future’ (SMDC, 2014: 33).

The approach to future housing development is focused on the district's three market towns (which are all very different in terms of its needs) plus an apportionment of net housing requirements for rural villages. In all cases, specific area strategies set out the actions needed to 'achieve the objective of creating sustainable, self-supporting communities in each distinct area of the district' (SMDC, 2014:89). The Core Strategy recognises the need for more affordable and more supported housing. It highlights the Council's enabling role to facilitate partnerships with developers and other housing providers to achieve this. It also notes a need for SMDC to directly intervene to provide sites and funding where required.

About Case Study 2

In December 2011, SMDC established a limited liability partnership with the Your Housing Group to focus on the land and capital resources needed to deliver affordable housing. The Homes and Communities Agency (HCA) was identified as a critical partner in the Local Investment Plan 2011-2015, and it provided circa £8 million in grant funding from its development programme (SMDC, 2011). The objective of the partnership was to bring forward sites to deliver approximately 450 homes between 2011 and 2015 through an investment fund of £50 million. To raise the funding a JV was agreed whereby the Council and YHG would make available land holdings valued at £5 million, and provide up to £5 million in capital finance. The financial model included a return on financial inputs that could be re-invested in the partnership if desired. The eventual JV arrangement was called Ascent Housing Ltd (AHL), a FPP registered with the Regulator. At the time, SMDC also explored additional opportunities for housing investment using public sector land with Staffordshire County Council.

The district has a tradition of working in partnership; for example, it has a shared services agreement with neighbouring High Peak District Council (within Derbyshire) whereby the chief executive, directors and most services are managed across the two districts (Senior Officer H17). However, the shared services do not include housing as High Peak continues to have a housing function and manages its services in-house. The implications of these differing positions on housing management mean that High Peak is carrying 'sixty odd million pound of debt because it's got housing stock' (Senior Officer H17). This reduces its ability to meet housing demand via prudent borrowing, while by making the decision to transfer its stock, SMDC has the ability to borrow and fund new housing developments.

Following the 2007 credit crunch, SMDC had to be imaginative in order to deliver its housing objectives. Outside the normal business cycle, there was limited development activity in the borough, yet the affordable housing problem continued to be acute. The JV provided a solution:

> We have got an affordable housing issue, no it is not as extreme as in High Peak, and within that some significant sub-issues. We have got a significantly growing elderly population, no

extra care facilities in the district so how are we going to provide those? So we basically said by doing this [JV] you are going to kick start all this development at the time when the industry is dormant. So out in the period when we were building, we were the biggest house builder in the area. I suppose in that sense we were counter cyclical.

(SMDC Strategic Officer H31)

By mid-2015, AHL had built one new community centre and constructed 255 dwellings in 17 developments throughout the district, either for SMPH or outright sale, including the Daisy Haye residential home (61 units). In 2016, the developments were shortlisted for the West Midlands Regional Royal Institution of Chartered Surveyors awards for a residential scheme (see Figure 41). The council was also shortlisted in the CIH Housing Awards for the Strategic Local Authority of the Year category, for the partnership work it had undertaken in taking forward AHL.

Figure 41: Developments by Ascent Housing

Haregate Community Centre, Leek[1]

Daisy Hayes Residential Home, Leek[2]

Fairview Rd, Leek[2]

Nightingale Gardens, under construction, Leek[2]

Source:[1]Ascent Housing Ltd [2] Source: Author

From the council's perspective, the JV arrangement was a method for it to procure expertise to develop housing and meet its housing targets (Strategic Officer H17). For YHG, the arrangements enabled them to continue to maintain their development team during a period of recession, using a new tranche of money. This allowed YHG to operate beyond its own business plan without increasing its existing debt gearing. Instead, the developments were financed by the council's ability to borrow prudently from the Public Works Loan Board (JV Partner H58). This arrangement also means that the council can benefit from a reduced interest rate approximately 100 base points below the LIBOR rate; by forward lending the monies as a commercial loan to the JV, the council is able to make a small margin on the loan (CS2 Str3). Therefore, prudent borrowing was an attractive option for both parties.

> One of the things that we were attracted to was the prospect of actually using our prudential borrowing. So for the grant and never seeing the money we get the benefit from the housing, we get the ability to borrow cash and put it into something where we thought there was … [a] chance of a good return so we make a return on the interest rate charge which has to be a commercial loan so we may get a better return on our investment than we would have done if we would have just stuffed it [the money] in the bank.
>
> (Senior Officer H17)

There was a healthy level of scepticism from councillors at the outset. Indeed, they had to be persuaded that the project was worthwhile and that the risks of forward lending to a JV outside of the council's direct control were manageable. 'Convincing the elected members of the benefits to making a £20 million borrowing facility was not easy' (Senior Officer H17). In making the case, it was acknowledged that austerity measures had changed the way that the council needed to think about solving its problems as government grants would no longer fund all of the council's requirements. Post-2010, most of a council's income comes from retained business rates or reward grants such as the New Homes Bonus or planning fees:

> So it was that we were grappling with different ways of generating the proceeds of growth, and it was a way of convincing the members that, look we are on the go, we cannot rely on the rates or the support grant, we cannot rely on the government bailing us out, so how can we make this happen and generate community benefit. We managed to persuade the council that this made good sense.
>
> (Senior Officer H17)

In building much needed new homes, SMDC tried to ensure community benefits by providing additional community facilities. This also meant that there would be additional income streams via contracted services to support residents with special needs and learning difficulties. Through local investment, the JV provided a multiplier effect for the local economy. It meant, in effect, that the investment of public funds would generate local social and economic benefits that would not have materialised had the allocation of funding been left to market forces. The advantages that were forthcoming as a consequence of the approach taken included local trading opportunities, additional employment, enhanced training provision via 40 apprenticeships, and increased work experience opportunities (SMDC Strategic Officer H31). Adding further to the attractiveness of this model was the scope for generating income and direct benefits for the council, as one interviewee explained:

> We get the New Homes Bonus reward for building houses, with a premium for affordable housing. … It also made it easier to draw down the whole communities grant. Convincing the members that there was a range of benefits for this and but they would get their money back was the key thing.
>
> (Senior Officer H17)

These wider benefits were ultimately recognised by local politicians ‘Ascent is delivering on its promises not just for affordable housing but in improving the health and wellbeing of communities’ (SMDC Cabinet Member)

However not everything in the partnership went smoothly. There were expectations in the business plan that the JV would pay back the monies borrowed to all parties within 30 years. The initial plan involved both partners using their landholdings alongside the HCA grant to fund the development of the units. However, there was still a funding gap and this required an additional injection of £5 million from both sides to make the model work (AHL Officer H1). Further, the type and quality of land deposited into the JV by both parties were different, and this could have caused the venture to stop before it had started, as one interviewee argued:

> The idea was that [YHG] would invest equity, [SMDC] would invest equity, we invest our land as well and they invest their land and that’s where this has come off the tracks a bit, we invested our land and they invested no land. They started putting land in as roundabouts and loads of green space and things like that which … quite clearly wouldn’t work.
>
> (JVC Partner H58)

Capital injections and shifts in the proportion of dwellings for rent and sale (from 80:20 to 60:40) were not the only methods employed to cover the funding gaps. Other partners were sought, specifically the county council, to provide additional grant funding for flexi-care and accommodation for special needs residents (AHL Officer H2).

The JV as described could have been quickly established as a local authority housing company; it would have been a non-regulated company with the LA and private developer entering into a similar arrangement. However, as one party was an existing PRP, this over complicated the establishment of the company. This was for a number of reasons. First, if assets from the PRP (a not-for-profit entity) were put into the for-profit company this would create complex tax issues. Secondly, there are two not-for-profit providers involved in transactions for the JV. YHG is the parent company and Your Moorlands the LSVT, which is owned by YHG. For tax purposes, the land was transferred at nil value, first from Your Moorlands to YHG. A problem arises when attempting to transfer the land from YHG (a non-profit) at nil value to Ascent (a for-profit organisation):

> This was new territory for the Regulator, it did not have a full set of procedures, and I don't really think I'm speaking out of turn, but they didn't like it. Because basically we were selling Moorlands and it goes here into a FPP. That could've been Ascent, but it could be Wimpy, it could've been anybody, that's essentially for-profit.
>
> (AHL Officer H2)

All the units and land in Your Moorlands 'portfolio originally came from SMDC via the LSVT, so there is existing social housing grant invested in the assets, which on paper looked to have 'leaked out of the sector'. It seems, therefore, that it a great deal of time was taken to sort out these problems as well as to get the necessary consents from the Regulator:

> It got us right down to the wire, some of the sites weren't transferred. They didn't like the transfer at nil value. If it would've been a consideration, it would've been fine, wouldn't it? An RP selling to a profit-making organisation at nil value, it's transferred at nil value. But that's how the business plan worked. That's kind of how it was structured: free land, top-up grant, grant from HCA.
>
> (AHL Officer H2)

In addition, YHG already had complex business arrangements and a business plan that was highly geared. Furthermore, loan covenants may have been in danger of breach, and this would have led to additional refinance costs. To avoid this, AHL was established as a FPP rather than a non-regulated joint venture:

> No, we tried to do that and … because of our complicated and complex funding structure, because of the make-up of our group, we've got various loans across the different entities and various restrictive covenants preventing us from moving investment outside of the structure into a separate entity, so what we have to do is create a subsidiary under a subsidiary rather than creating a brand new entity.
>
> (JVC Partner H58)

These difficulties aside, YHG had conversations with other LAs about rolling out the model elsewhere (JVC Partner H58). Similarly, SMDC are also clear that this is a model that they would look to replicate because they thought it had worked well. Having a board overseeing the JV meant that problems were sorted out more easily than would have been the case had any other type of arrangement been in place. The finance arrangement also worked well:

> … the thing that worked really well was the ability to shape communities more effectively than we can through S106 agreements.
>
> (Senior Officer H17)

To conclude, CS2 has had a focused programme of delivering new housing to meet the requirements of the residents of SMDC. The FPP is an optimiser and was established to deliver housing and stimulate the local economy during a counter-cyclical phase of the business cycle. It has successfully achieved these aims. The business case for the establishment of the provider was much broader than just delivering housing outcomes; it has generated income for the local authority and demonstrated that a JV could work. Moreover, its structures are based on sound historical local arrangements, and as an optimiser, the pursuit of profit is not a short-term objective. CS2 has been able to overcome some of the significant financial and regulatory obstacles that other types of FPPs face. These will be explored in more detail in Chapter Seven.

Case Study 3: Legitimiser for-profit provider (Major Housing Association Ltd)

Case Study 3 (CS3) is a legitimiser FPP. It has its origins in an existing family-owned letting agent that operates in east London and Essex. It became one of the first FPPs to register with the Regulator. It holds contracts with several London boroughs to provide emergency accommodation (bedsits and bed and breakfast hostels) for homeless families, and thus enables the LAs to comply with their statutory obligations. The family also own properties for rent, a small development company, and a FPP. The initial activity of CS3 was in the London Borough of Newham.

By examining CS3 we will see that the provider deliberately set out to establish itself as a FPP and thereby legitimise its existing business of providing emergency accommodation for LAs. In this way, LAs would be able to see that Major Housing Association is an organisation that is regulated by an independent regulator. This strategy was possible only because of the changes in legislation that were brought about by the HRA 2008. When setting up the FPP, the advice that the owners were initially given was to go down the traditional not-for-profit (PRP) route rather than adopt the FPP model. However, since establishing themselves as a FPP, the company has identified other business benefits, including access to grant funding for the development of affordable rent dwellings, and working in partnership with existing NFP housing associations to improve its working practices.

About Newham

Newham is an inner London borough (Figure 42) with a population of 270,000. Over one third of the population (37%) is aged under 25 years and 70 per cent of the population come from black, Asian, and minority ethnic groups (2011 Census). The area experiences a high level of churn, with over 20 per cent of households having moved within the last 12 months. It also has the highest net outward migration rate in London (LBCN, 2012: 18).

Figure 42: Newham LBC

Source: Google (2017c)

Deprivation levels are among the highest in the country; the 2015 English Indices of Deprivation showed that Newham continues to be a relatively poor performer nationally, with an overall ranking of eighth most deprived borough. The gross annual income for the borough (£22,501) is significantly lower than the London average (£28,832). Social renting, and increasingly private renting supported by housing benefit, account for large proportions of the borough’s housing tenure.

There are approximately 89,500 jobs in the borough, with a high proportion being in the public sector, wholesale, distribution, and transport. This reflects the borough’s strategic connectivity. The 2012 Olympic Games provided a catalyst for economic growth following the significant investment in the Olympic Park infrastructure, the development of Westfield Stratford City, and the Crossrail development.

The Core Strategy sets out the spatial vision for the development of Newham in 2027, with ‘many more people living and working in Newham, in and around a connected and integrated series of distinctive successful places and multi-functional town and local centres’ (LBCN, 2012: 31). The council’s approach is ambitious, with new developments focused within an ‘Arc of Opportunity’ stretching from Stratford and the Olympic Park, down the Lea Valley and east through the Royal Docks to Beckton.

From a housing perspective, the London Plan estimates that 33,000 new homes are required in London each year. Within this, the annual target for Newham has been set at 2,500 dwellings for the period 2011-2021. This includes affordable housing, which is required in all schemes of ten dwellings or more. Yet while there is an overarching target for London, there are no specific targets attributed to individual boroughs. The approach in Newham includes prioritising new family housing over smaller residential units to rebalance the borough’s housing stock, the promotion of mixed-use neighbourhoods that successfully integrate employment, housing and supporting services, the development of a decentralised energy network, and opportunities for retrofitting existing properties:

> We will work with our delivery partners to provide 37,500 homes between 2012–2027. Delivery of these homes relies on a number of factors and must not be at the expense of creating new jobs for our residents, and the creation of mixed balanced communities.
>
> (LBCN, 2012: 35).

About Case Study 3

Major Housing Association (MHA) is a family-owned business with foundations in a lettings agency based in Canning Town. The original agency, established in 1981, provided low cost private rented accommodation to residents of London and also held contracts with London boroughs to provide temporary ‘bedsit’ accommodation for homeless people. The family owns properties to rent, acts as an agent for short-term private lets, and has developed a local market of leasing buy-to-let properties for up to five years whilst guaranteeing rents to the owners for the lease period. In December 2010, the business received consent to be a FPP registered provider, and MHA started officially trading in January 2011.

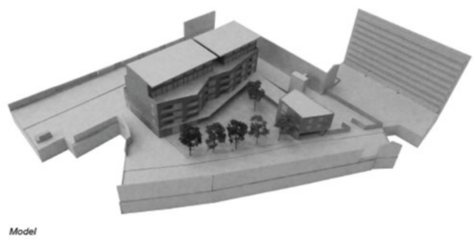
When it was established, MHA set itself the moderate targets of developing at least 50 homes in its first five years, building a business with a £1 million turnover within two years, and securing institutional backing (FPP CEO H56). To this end, in 2014, MHA successfully registered as an investment partner with the Greater London Authority and began building a series of affordable homes under the Mayor’s Building the Pipeline Programme 2015-18. The scale of the initial development is reasonably small, and consists of 44 mixed tenure dwellings; this includes housing for both private individuals as well as 18 units that have been specifically designed as affordable rent properties (Figure 43). To keep development costs low and maximise returns, the principal contractor for the development is Kanhiya Construction Limited, the family’s own building company. Using its own construction company has allowed MHA to project manage the build, while ensuring value for money (FPP CEO H56).

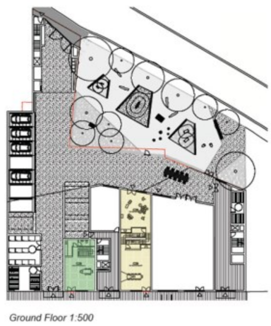
Figure 43: Barking Road development Major Housing Association

A mixed-use scheme with a D1 commercial unit on the ground floor and 44 residential apartments above. The development is located a short distance from the bustling junction with Newham Way (A13), East India Dock Road and Silver Town Way. Canning Town Station (DLR & Jubilee underground services) is in within easy walking distance. The area is benefits from several regeneration projects within the immediate vicinity. The building is well positioned allowing good traffic links to the City, Docklands, A12, A13 and A406 out to the M11 and London City Airport. (HDA, 2014)

The commercial unit is open plan accommodation with several entrance doors to the front and rear. Leasehold £74,000 per annum.

1.


2.


3.


4.


Source: [1,2,3,]HDA (2014); [4]Author

MHA was one of 25 providers that received the full allocation of funds (£150,000) that it had requested from the Mayor's Housing Covenant Building - the Pipeline funding programme. It put MHA alongside LAs and members of the G15 housing association. For the 2015-18 programme, MHA was once more successful in bidding for lead partner status. This was a coup for an unknown provider, but it may have received the funding because, as Chapter Five demonstrated, many of the mainstream organisations had assumed that funding reductions meant that grant fund applications were no longer a viable proposition.

MHA started to develop once it had received SHG on land it already owned in east London. The land was bought at risk, without planning permission for housing, but MHA were confident that the site would yield 55 affordable dwellings. From the outset, the business was 'not comfortable with the numbers on the scheme' (FPP CEO H56). On completion of the development, MHA wanted to retain a small number of units. The strategy deployed was to partner with another PRP. This allowed MHA to spread the development risk and sell the remaining dwellings.

CS3 was clear that it did not want to work with a large organisation, as it perceived them to be too dominant. Its concern was that a large organisation would be too 'set in their ways, and they're hard to work with'. Instead, the decision was taken to enter into partnership with two small local housing associations. The cost of working with the two PRPs and building their trust was greater than the FPP initially anticipated:

> 'We actually had to give … assurances to [redacted] before they entered into any agreement with us, so we gave them a charge over our site, so because our site was unencumbered that obviously gave them all the security they needed and they saw that we were happy to give them the site worth over £1.5 million' (FPP CEO H56)

The development by MHA was deemed successful, and it was shortlisted for a design award. The partnership has been discussing a further development and the FPP CEO H56 has commented that, in future:

> We hope the next deal might be a little bit different, … because now they know, they've worked with us, that we've got the credibility, they know … we're delivering good products, so…we expect not to give a charge over our property (FPP CEO H56)

A partner organisation was clear that CS3 would not be accepted by the GLA as an investment partner without a legitimate NFP provider supporting them. The arrangement between the NFP and FPP was *quid pro quo*, with the traditional provider gaining experience in commercial development in return for providing MHA with the legitimacy it craved:

> I think for my Board the issue was, … what is the motivation of this For Profit provider wanting to work with us? And it became very clear it's about credibility…. It's like a marriage of convenience if you like, where we wanted units at discounted rates, to be able to buy, but without taking the planning risk on the development.
>
> (Partner CEO H22)

To overcome LA wariness of working with such unknown quantities, the chief executive of MHA noted that it was easier to meet with the LA officials with a known PRP sitting alongside. This provided both an introduction and reassurance to the officers at the meeting:

> Because they've [partner PRP] been dealing with local authorities for such a long time it was… easier to work with [LA] when we had a partner sitting next to us.
>
> (FPP CEO H56)

Partner organisations confirmed that MHA used them to 'open doors', particularly around the LA. The NFP, interviewees explained, could increase the comfort level of council officials when dealing with a new type of entity:

> We are leading in terms of liaising with the local authority … [MHA] don't actually get involved with social housing on a regular basis, so you're talking about how his team could get involved in terms of learning from some of our housing officers, stuff that our officers do managing the process of choice based lettings. There's nothing rocket science about it, but they are not used to doing what we do.
>
> (Partner CEO H22)

When CS3 developed a contractual arrangement in partnership with two PRPs, the CEO identified knowledge transfer as a key outcome from these relationships. These included, 'babysitting us' in the accreditation process with the LA for its choice-based lettings scheme, and also providing the start-up with a better appreciation of the required decision-making and governance arrangements:

> Working with the other housing associations gave us a little bit more insight to how larger housing associations and the non-for-profits work in terms of board structures and structures in making management decisions. It just gives us some sort of level to play up to.
>
> (FPP CEO H56)

Working with the NFP sector demonstrated to MHA's directors where they needed to make improvements to ensure that they would meet the Regulator's governance standards. It also underlined the importance to them of the need to continue to learn and through audit processes:

> The due diligence was a lot more in detail than we originally had perceived it to be. Which gives us an idea of how we need to [be] as an organisation, and need to develop, be ISO registered. So it's all those audits that need to be in place and it's an on-going exercise.
>
> (FPP CEO H56)

Throughout the discussions with MHA and its partners, it was clear that a legitimisation of the business plan and organisation was desired by partners so as to demonstrate the credibility of the new organisation in the sector. The registration with the Regulator helped to establish appropriate levels of legitimisation, as it differentiated them from competitors within this busy market. The business model offered the stability of a housing association on two fronts. For buy-to-let landlords it provides long-term guaranteed rents, and for LAs it means assurance that the organisation is credible and able to meet contractual obligations.

However, MHA did acknowledge that choosing the FPP route over NFP might have limited its initial ability to grow and expand, and that the decision might not, therefore, have been the correct one:

> Maybe being a not-for-profit would have advanced us a lot further in terms of stock transfer. But for some reason we decided we're not a non-for-profit so we don't want to go down that route. We are a for-profit organisation and we think we can make this work as a for-profit.
>
> (FPP CEO H56)

To conclude, CS3 has concentrated on legitimising its business plan and has had to work hard to ensure that other organisations are willing to partner with it to provide this necessary legitimisation. There were unexpected costs involved in working in partnership and these increased the financial and reputational risk of a new and emerging FPP in delivering growth. The evolution of the business has been modest compared to that of its partner organisations and the optimiser FPP case study.

Chapter summary

This chapter has explored three very different types of providers with profit at their core. It has shown that there is not a one size fits all approach to providing sub-market price housing. However, each method has similar risks. All providers have been relatively successful in their own way and have done what suits them best whilst also ensuring that the approach that they have adopted fits within their respective operational environment. All are first movers in their markets and each has been radical in trying to challenge perceptions about what they are. All have been forceful in attempting to promote the necessary changes within their own organisations to enable them to progress.

There is a notable difference between the hybrid provider and the two FPPs. Both FPPs appear to operate in a more focused market and have based their operations on partnership working. Locality has constrained each of the two FPPs. In CS3, the cost of expanding was high, and it needs to cultivate a broader partnership base if it is to continue to spread risk and realise its ambitions and grow further. In contrast, CS2 is a function of a local authority and its operational boundaries are limited to the district council area.

CS1 is an examination of a hybrid unregistered parent PRP and it confirms the conclusions in Chapter Five that, in following the contractual relationships between entities within the group structure, principal-agent theory helps to understand hybridisation. It also further demonstrates the need for further research on this topic to understand if profits from hybridisation are recycled back to the parent organisation and enabl additional new-build activity to take place.

CS1 has deliberately experimented with a wide range of activities to establish which is most effective. Adoption of this approach also reflects a lack of certainty about its position within the operating environment, as well as its desire to pursue growth and be identified with more significant organisations. However, there is a perception by staff and partner organisations that it is constantly undergoing organisational restructure. These changes have not shifted partners' perceptions of the organisation. CS1 continues to be identified as the local authority-housing provider. The data reinforces this perception of its being the dominant provider of social housing in the borough – it accounts for some 73 per cent of such housing. These perceptions may hold CS1's expansion plans back if they are not addressed. More effective communication is required to ensure existing partners understand why CS1 wants to grow and expand its operations outside of the local market.

This thesis' examination of CS2 and CS3 confirms the potential for FPPs to shift to hybrid organisations, as illustrated in the conceptual framework, and discussed in the literature review of Chapter Two which defined a hybrid organisation as a local authority entering into a joint venture with another type of entity, be it a third- or private- sector organisation. For example, CS2 is a joint venture between a state organisation (local authority) and an existing hybrid PRP and it has led to the development of a FPP provider. The rationale for the creation of this new venture was to maximise potential returns on assets to both partners and deliver a local housing solution that meets local needs that house builders are unable to provide. Although the formal structure of the new organisation sits within the FPP sector of the conceptual framework, evidence from the interviews show that the partnering PRP is already a hybrid organisation and is unable to fund the new activity on its own. The local authority partner has the capital and a local strategic plan that needs fulfilling but lacks the knowledge of how to build and manage new affordable and social housing. In order to overcome these deficiencies they have developed the joint venture as a FPP. However, due to the organisations that own the joint venture, the nature of its contractual arrangements, and the rationale for its establishment, it cannot be classified as either an opportunist provider, or as a legitimiser, hence the development of the third typology optimiser – the hybrid FPP.

CS3 is an FPP which has partnered with existing PRPs to build new affordable housing. Through the contractual arrangements between the for-profit actor and the third sector organisation it is clear that cross-learning was one of the motivations for the partnering and that both sides also wanted to spread the development risks. This is an example of a new type of hybridisation in the CSHM. Within this model, profit organisations are keen to adopt governance practices used by the third sector, whilst very small third sector organisations want to understand and learn skills from a commercial for- profit organisation. This has shifted the development agreement into a hybrid space.

With regard to both CS2 and CS3 it is necessary to understand the contractual relationships between the partnering organisations to understand how the delivery of new housing is achieved. Principal Agent Theory (P-AT) plays a vital role in developing this understanding. For example, in CS3, the agreement of contracts to enable charges over the FPP's land by the partner PRPs enabled the development to happen. This suggests that asymmetric information explained by P-AT was used to overcome issues of trust between the partner organisations via the implementation of a contract.

These findings are examined further in Chapter Seven where their relevance to the broader market is explored in order to help assess the conceptual framework and test the relevance of the typologies.

Chapter Seven The Implications of for Profit actors Operating in Sub-market Price Housing

Introduction

When examining how the contemporary social housing market (CSHM) in England has modernised, Malpass and Victory (2010: 15) concluded that further research was required '[to] understand how a range of private businesses have seized new opportunities to make profit directly from different aspects of social housing'. This thesis reports on research intended to fill this gap by examining the for-profit opportunities that have arisen since the introduction of the Housing and Regeneration Act 2008 (HRA 2008). It considers the way in which the social housing market has changed, and the shifting role played by both existing and new market actors. The research conducted interviews with 65 active senior market participants, including owners, board members and directors of predominantly for-profit providers (FPPs). It also explored the perspectives of new market disrupters operating outside of the regulated provision but till providing subsidised housing. The research used three case studies, one with a hybrid provider, and two with FPPs (a legitimiser, and an optimiser).

The purpose of this programme of fieldwork was to identify and provide observations on the framework that shapes the broader social housing market; to understand how the market has changed; to identify the different types of providers that are active in the market and clarify their roles; and understand the role that profit plays in shaping the changing social housing market. In combination, meeting these objectives was intended to extend existing attempts to conceptualise and analyse contemporary social housing markets in England. In doing so, the research developed a new definition for the market, sub-market price housing (SMPH). The implications of developing and presenting a new definition are discussed below.

This chapter discusses and synthesises the findings of the research reported in Chapters Four, Five, and Six. It explains the relevance of the research findings in conceptual and empirical terms, and thereafter discusses their significance for the study of SMPH in England. It examines how the empirical relevance of the findings relates to the literature discussed in Chapter Two, and the conceptual framework discussed in Chapter Three. It also takes account of the policy landscape for housing in England as analysed in Chapter Four.

Reviewing the conceptual framework

This section re-examines the conceptual framework that was used to underpin the research. For a conceptual framework to be developed sufficiently, it is required to simplify the complexities of the social housing market, and it needs to account for how all providers interact. The framework also needs to be sufficiently flexible to identify both the drivers of change in the market and account for the dynamics of the market (Mullins et al. 2012). The conceptual framework under consideration in this research aims to meet these challenges. It accounts for how the exogenous domains affect the market; it demonstrates the dynamic aspects of the market and can assess the interplay between market actors and the market.

The framework introduced in Chapter Three consisted of two diagrams (overleaf). Figure 44, demonstrated the theoretical concepts that provided the foundation of the research. It is the author's simplified model of the contemporary social housing market. Figure 45 provided a hypothesis of what the expected model for the contemporary social housing market would resemble after the research findings have been considered. In both Figure 44 and Figure 45, there is a circumscribed circle, which represents the CSHM. Three exogenous domains provide pressures, which bear down on the market, the state, not-for-profit and for-profit; the points of the large triangle, which circumscribes the circle, represent these. Each side of the large triangle represents one of the three theories (principal-agent theory, institutional theory and organisational theory), which are anticipated to have some application in assisting the understanding of how actors providing housing interact and operate in the market.

There are four types of market actors under consideration in the conceptual framework: state providers, for-profit providers, third sector providers, and hybrid providers. All four types of provider sit in the appropriate segment of the large triangle, which is represented in both figures by smaller congruent triangles. The hybrid providers are located in the congruent triangle at the centre of the large triangle, which has boundaries with the other three provider types - represented by the dotted lines. The lines are dotted to demonstrate that all provider types can shift in and out of the hybrid sector (Stull, 2009). This expectation of fluidity between sectors builds on the views of other researchers who argue that there are shifts between the state and not-for-profit sectors into the hybrid sector (Brandsen et al., 2005; Gruis, 2008; Buckingham, 2011).

Figure 44: Simplified conceptualisation of the contemporary social housing market

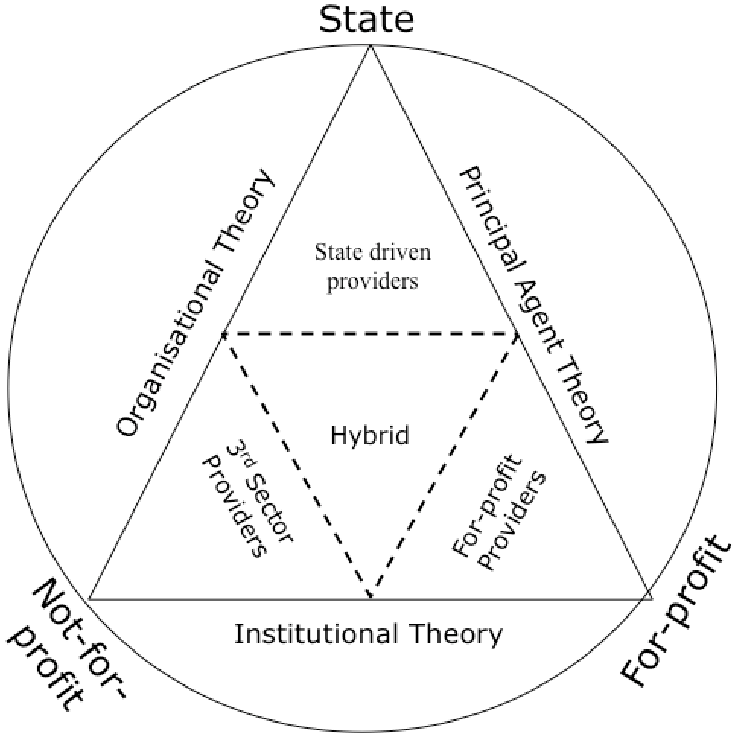
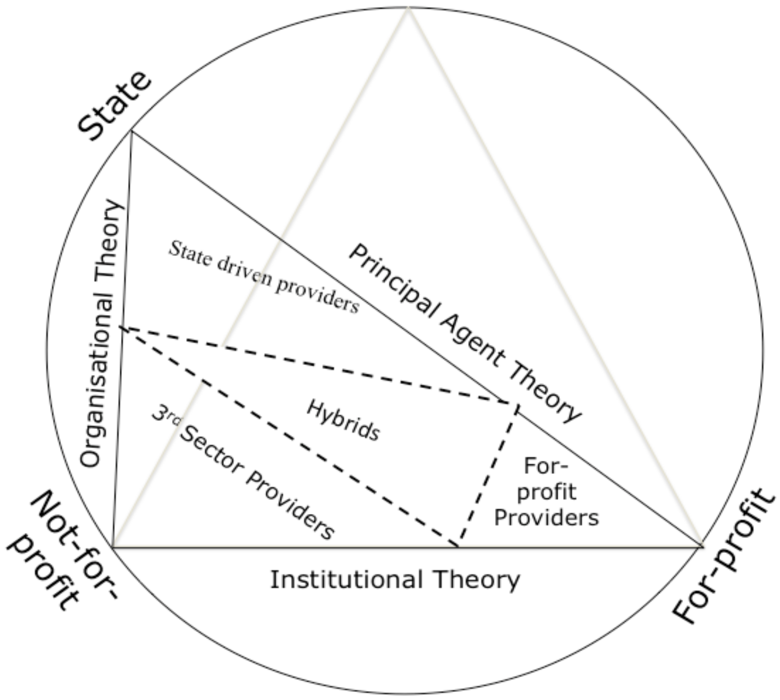


Figure 45: Conceptualisation of the contemporary social housing market



Unlike those other studies, this research also includes the actions of for-profit actors, which it assumes may also shift in and out of the hybrid sector, as and when the institutions and other actors operating in the market influence them. Further, an individual provider's position in the congruent triangle is not expected to be random. Rather, their position relates to how closely they associate with that market segment. For example, if the organisation is purely not-for-profit then it will be positioned at the far left of the third sector segment at the apex of the triangle, i.e. as close to the edge of the market (circles' circumference) as possible. However, if the not-for-profit is characterised by an entrepreneurial approach, then it will sit closer to both the hybrid and the for-profit boundary.

In Figure 44, everything in the CSHM is equal. The exogenous domains bear equal pressure on the market, the theories all have equality when explaining how the market operates, and there are an equal number of providers within each of the four provider groups. Figure 45, provides a hypothesis of what will occur in the CSHM once for-profit actors have been formally introduced. It assumes that the state is the stronger exogenous domain and that it is exercising pressure on the not-for-profit domain. The provision of housing by the state and the third sector would be approximately equal in size. There are only a few providers that would be solely for-profit (shown in the smaller triangle), and there are also a smaller number of hybrid providers. The hybrid segment has also changed shape. This reflects the unique dimension of this study that most of the hybrid providers are on a spectrum where they are expected to be profit orientated.

From a theoretical perspective, Figure 45 shows that the principal-agent theory has increased in importance due to the introduction of for-profit-actors into the market, and by the requirement to understand the relationship between the new actors and the state. In contrast, organisational theory has become less relevant because existing actors have had to respond to new competition, for example by attempting to manage resources (finance, land, tenants) more efficiently. A response to competition from existing actors may include: changing current governance practices, developing a more profit-orientated ethos, or shifting structures to a hybrid organisation. The framework shows that institutional theory continues to be relevant in light of the research findings of this thesis. This is because the formal (regulation and legislation) and informal (financial and tenancy agreements) rules have all remained broadly fixed. Institutional theory has also remained relevant because the empirical findings of this research suggest that norms such as the general interactions within the market (provider interactions, subcontracting relationships with non-housing actors) have remained largely unaltered.

Key research findings

This section explores the major findings of this thesis and considers the repercussions of these for the conceptualisation of SMPH. Chapters Five and Six demonstrated the role that profit plays within the CSHM in England, and how new and existing actors have responded. It confirmed that the for-profit sector was relatively small, with only 38 providers registered with the regulator, compared to 1,704 not-for-profit and council providers of social housing Figure 46. It classified three types of FPP operating in the regulated social housing market: legitimisers, opportunists and optimisers.

Figure 46: Number of providers and stock owned by sector

	Local authority stock	Not-for-profit	For-profit
Number of providers[1]	198	1,506	38
Number of dwellings[2]	1,612,000	2,494,000	2,285[3]

Source: [1]HCA (2017a), [2]DCLG (2017c), [3]author

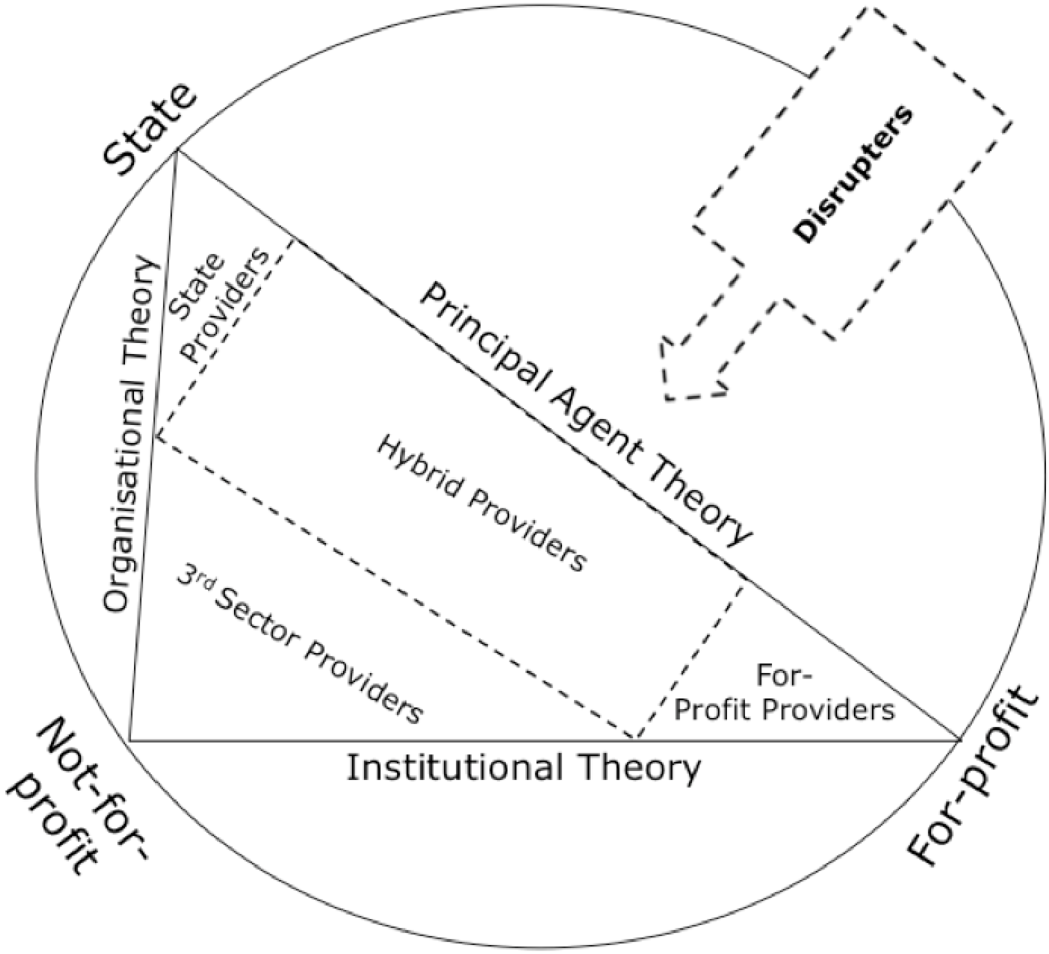
The research also identified a number of market disrupters. These can be broken down into two sub-categories of new market entrants. First, financial 'disrupters' are new entrants to both the regulated and unregulated parts of the market, and are providing new sources of finance for the development of social housing, which they then lease to the sector. These organisations do not have traditional housing backgrounds. Tin addition, they tend to be subsidiaries of large international financial institutions that are new to the sector. The second 'disrupter' sub-category comprises developers offering subsidised housing in the broader housing market. These operators do not provide social housing and are therefore not regulated by the regulator.

In addition, the research found that third sector providers of social housing (PRPs) continue to evolve and respond to changes in their environment. This shows that PRPs are relevant and continue to maintain their position of strength in the market. It also confirms the findings of previous studies (Mullins and Pawson, 2010; Czechski et. al., 2012) that hybrid providers are becoming prevalent and that they are the providers which have adapted most to establish the financial capacity required to develop new housing. Cumulatively, he findings from this research informed the development of a new definition of CSHM captured in the term SMPH.

The research has assumed that hybrid providers are those that have received government grants either through the Homes and Communities Agency (HCA) or the Greater London Authority (GLA) to support the construction of new homes. The research has estimated there are 273 such hybrid organisations operating in the market (see Annex 7.1), and that there are three types of organisations that have received funding: PRPs (157 organisations), local authorities (80), and for-profit organisations including FPPs, commercial developers and market disrupters (35) (GLA, 2014; HCA, 2014a).

From the interviews, the author determined that the majority of hybrid providers recycle profits back into their charitable functions for tax efficiency reasons. This finding suggests that the hybrid organisations tend to be third sector or state focussed organisations rather than profit orientated. As illustrated in Figure 47, the length of the four dash-lined trapezium sides facing each of the other sector domains provides a representation of the number of providers entering the hybrid sector from that domain. Therefore, the number of new entrants to the third sector is the largest and the number from the for-profit provider's domain is the smallest.

Figure 47: Re-conceptualisation of sub-market price housing



Both types of market disrupters have forced their way into the market as successive governments have allowed the affordable housing crisis to fester through their chimera (Dorling, 2014; Jacobs, Manzini, 2017). The financial-disrupters are bringing forward new ways of funding social housing, while the development-disrupters are building new homes aimed at the working poor. This, therefore, broadens the definition of the CSHM. The research has not concentrated on the state sector (council housing) as this has been characterised by other research as 'static' or 'reducing in significance' due to demunicipalisation (Kemp, 1988: 63) (see Wave 1, Chapter Two).

Drawing upon the research findings, it is possible to highlight five key implications of for-profit actors entering the CSHM. Firstly, the impact of introducing for-profit providers to the market, this includes how FPPs work together as a sub-sector, the regulator was not ready for their introduction, and the FPPs identify themselves as different to existing actors. Second, FPPs can be categorised into three typologies, legitimisers, opportunists and optimisers. Third, there has been an evolution of the more complex third sector providers into super-hybrids. Fourth, market disrupters have entered the CSHM and are providing low cost housing without government subsidy. Finally, the research has identified that there is a requirement for a new definition for the contemporary social housing market. Each of these will be considered in turn to explain the significance of the research.

The impact of introducing for-profit providers to the market

This study has shown that the FPP sector has grown slowly. Between December 2010 and September 2017, 39 providers registered with the regulator and one, Capital Housing Associates, deregistered. The sector owns 2,285 units and has received £39.80 million of government subsidies to build 1,439 new dwellings (see Figure 49). However, ‘it's not been a dotcom boom’ (Regulator Non-Executive Director), and those organisations that have entered the market are not the household names - such as Tesco's - that some commentators were anticipating (Bennett-Casserly, 2010). The organisations that have registered have, instead, tended to be already active in the delivery of housing, either through management and lettings, development and construction, or maintenance and facilities management (Chapter Four and Annex 4.1).

The FPPs considered themselves to be a collective whole, and have met several times as an informal group to discuss those issues that impact on them as a sub-sector[1]. Discussions have included the development of joint responses to the Regulator about proposals to change the regulatory framework. The FPPs worked with a City law firm to collate a response to the regulator's ‘Consultation on Changes to the Regulatory Framework, 2014’. The consultation and respective responses from the FPPs and regulator demonstrate the cultural differences between the two. The regulator is used to regulating third sector organisations, and the expectations of commercial organisations, which expect to undertake business activity with minimal intervention, are poles apart. The FPP had four main comments about the proposed regulations that related to profit making activity. These comments and the regulator's final response are summarised in Figure 48. In each case the regulator has introduced regulations which run counter to the case for liberalisation articulated in the comments submitted by the for-profit sub-sector.

[1] At the time of undertaking the research for this study, no organisation had opted out of the informal meetings.

Figure 48: Summary of joint response by for-profit Provider to regulatory consultation 2014, and regulator's final decision

	FPP comment	Regulator's Response
1	The FPP response to the regulation 'activity in the company that is not social housing is no more than 5 per cent' was that this is unfair as it does not apply to not-for-profit PRPs.	It is proposed not to make any changes to this requirement, as the regulator is only able to regulate social housing activity. This ensures that it meets the requirements of the 2008 Act, and the regulator's objective of protecting social housing assets. Therefore, the regulator believes it is necessary to introduce the requirement for a separate legal entity.
2	FPPs argued the five per cent rule is not necessary as many activities in an FPP are really social housing even if they are not registered as social housing, e.g. the provision of care and support services or the provision of rented housing at sub-market (but not affordable or social) rents. This demonstrates legitimiser characteristics.	In line with our co-regulatory approach it is for providers to assure themselves of how the different activities that they undertake fit the classification in relation to the provision of social housing. The regulator is happy to discuss issues with the FPP on a case-by-case basis.
3	Ability to take out profits from social housing by undertaking inter-group transactions that are below 'market value' is a standard business practice and conforms to the law, and tax regulations.	Registered providers should act in good faith advancing their own interests and those of their tenants. Where there are conflicts or perceived conflicts of interest, registered providers should clearly set out how they effectively manage these. They should ensure that, for example, parent companies and others who have control cannot or do not exert influence which would damage the registered provider or its compliance with regulations. This could include charging unfavourable prices for the provision of services.
4	The regulator has the expectation that independent directors will be appointed to the FPPs' boards. This is contrary to UK company law, which states that a board must act in the best interests of the shareholders of the company. So, if a subsidiary company is wholly owned by the parent company, the directors of the parent company are legally obliged to act in the best interest of this subsidiary.	In some businesses, influence is inherent in the corporate structure of the registered provider (for example a profit making registered provider which is a subsidiary of a group). In other cases, influence may not be inherent in the corporate structure but result from the close associations that the registered provider has with other organisations or individuals. Board members should exercise independence of judgment and act at all times in the best interests of the registered provider. Registered providers should not be subject to undue influence from third parties that could reasonably be expected to lead to non-compliance with regulatory standards.

Source: Adapted from: Bailey (2014); HCA (2015b)

The 2015 regulatory framework was the first one to directly address regulating for-profit providers, even though these actors have been part of the market since 2010. Chapter Four showed that between 2010 and 2015 the regulator introduced two other regulatory frameworks (HCA, 2012e; TSA, 2010) neither have anything to say about the FPP sector. Prior to finalising the 2015 framework, the regulator published a discussion paper on regulating a diverse sector in 2013; this was followed by a formal consultation in May 2014 (HCA, 2013b, 2014b, 2015b). There is historical precedent for the regulator being slow to introduce the appropriate regulatory environment to support new FP actors entering the CSHM (Cave, 2007). Chapter Two argued that this dates back to the Housing Act 2004 which allowed the for-profit sector to build, own, and manage housing that had received social housing grants to fund part of a development scheme. However, by 2007, there were still no social housing units owned by the for-profit sector, because they quickly transferred ownership of the units to a traditional provider. The situation was attributed to the different regulatory regimes that are in place for the not-for-profit and for-profit sectors. The latter is subjected to complex negotiations and contractual arrangements with the regulator which were deemed a deterrent to greater private sector involvement (Cave, 2007). Whereas, the regulator used the contractual arrangements to protect the social housing assets and to provide assurance that there was no profiteering by developers that had received the social housing grants (Mullins and Walker, 2009).

The FPPs recognised they had different institutional, business and cultural practices to the current PRPs, particularly when it came to tenant management. The research has shown that FPPs were more likely to be focused on operating as a private rented landlord, and provide narrow landlord functions to tenants. As a result, they will prioritise aspects such as ensuring that rents are paid on time, that anti-social behaviour is tackled quickly, and that tenant breaches of rental agreements are dealt with promptly. In contrast, even if a PRP wanted to act more like a commercial landlord with its tenants this would be difficult due to the different expectations placed on them by stakeholders with regard to how to manage their stock. For example, PRPs are likely to employ housing officers who will work to maintain tenancies by helping to resolve issues and modify tenant behaviour. The difference between cultural values in profit and not-for-profit organisations operating in the sector may help to explain why an organisational theory is required to understand the impact of the new for-profit actors on the market.

The cultural differences in operating approaches tend to extend when comparing FPP and hybrid providers. The comments made by the interviewees who were interviewed as part of this thesis suggested that FPPs are not embarrassed to discuss profit or their requirements to take the money out of the organisation as dividends. In contrast, whilst the hybrid providers are also profit makers, the interview data suggested that there was a less accepting stance within such bodies when it came to talking about how to maximise returns, even if this would then be recycled back into the charitable function and used for social purposes. This may indicate that the FP activity of some hybrids is just an add-on, even if it does enable them to do social good such as the 'win a shop competitions' (see Case Study 1). Such activities are not enabling hybrid providers to maximise profits. This interpretation is further evidenced when examining the accounts of such organisations. The social housing assets tend to be the most valuable assets in the firm, and they also provide the most significant revenue streams.

The research has shown that a series of commonalities exist between the FPP and PRP providers. These commonalities go beyond operating in the same market where there is a common regulator, and the fact that all the operators use the same consultants. For those FPPs that have parent companies, and therefore require independent board members to conform to the regulatory standards, the research indicated that the members have been either chief executives, finance directors or development directors at large hybrid PRPs. Further, FPPs tend to recruit both their executive teams and housing management staff from the not-for-profit sector. Interviews for this study identify a value has been placed on 'having people who understand the sector and the regulator' (Director Financial Disrupter). Similarly, the development teams in the PRPs tend to have a pool of staff in which individual members shift between the commercial developers and the social sector. These transfers across sectors have traditionally been dependent on the business cycle. However, if the PRPs do become cyclical developers, as expected, due to the increasing need to cross-subsidise social housing developments with commercial receipts (see Chapter Five), then the two sectors will be competing for the same skills at the same time, adding a further exogenous pressure to the market.

Within the interviews that were conducted for this research, market commentators discussed how the austerity agenda had ended the golden era of constructing social housing using government grants, and how the removal of the latter may act as a disincentive for new FPPs to enter the market. Data from the GLA and the HCA shows that the sub-sector has been reasonably successful at bidding for funding from the GLA Mayor's Housing Covenant Programme (2015-18) and the HCA 2016-21 Shared Ownership programmes, and that this success is spread across all typologies (Figure 49).

Figure 49: HCA and GLA funding in £millions for affordable homes by programme and outputs

Typology	Organisation	£millions	Number of Units	Fund
Opportunist	French Weir Affordable Homes	0.05	4	HCA Empty Homes 2012-15 programme
Optimiser	Ascent Homes	8.20	419	HCA Affordable Homes Programme 2011-15
Legitimiser	Major HA Ltd	2.87	95	Mayor's Housing Covenant Programme - 2015-18
Legitimiser	Oak Housing Ltd	1.71	57	Mayor's Housing Covenant Programme - 2015-18
Opportunist	Grainger Trust Ltd	5.65	195	Mayor's Housing Covenant Programme - 2015-18

Typology	Organisation	£millions	Number of Units	Fund
Opportunist	Galliford	18.84	530	HCA 2016-21 Shared Ownership and Affordable Homes Programme
Opportunist	Hellens Residential Ltd	0.30	11	HCA 2016-21 Shared Ownership and Affordable Homes Programme
Legitimiser	J & M Residential Lettings Ltd	0.64	16	HCA 2016-21 Shared Ownership and Affordable Homes Programme
Optimiser	Loddon Homes Ltd	1.54	78	HCA 2016-21 Shared Ownership and Affordable Homes Programme
Opportunist	Grainger Trust Ltd	0	34	GLA Affordable Housing 2018
Total		39.80	1,439	

Source: Adapted from HCA (2014a), GLA (2014)

Identification of typologies

A second headline finding from the research concerns the development of a typology of FPPs. The categorisation assists in understanding the structure of the SMHP and how it has changed over time. By investigating the impact of for-profit actors on the SMPH, the research has been able to develop a classification of three types of FPPs, which have registered with the regulator (legitimisers, opportunists and optimisers). The types were identified following one-to-one interviews with those lead actors who provide consultancy support to the market, regulators, and providers (discussed in Chapter Five) and observations from the case studies (in Chapter Six).

In order to develop a richer data set and assist in classifying all providers, the findings were triangulated with data about the organisations taken from filed returns at Companies House, and the providers' own annual reports and websites. See Annex 4.1 and 4.2, for more details on FPP, the typology, the locality in which the individual provider operates, the number of units owned, and whether they are part of a large company group structure and, if so, what the parent company does.

Legitimisers are defined as businesses that existed before registration with the regulator. It was found that these businesses tend to be lettings agencies which provide local authorities with temporary accommodation to house homeless people, except HH Residential Care Ltd, which is a provider of enhanced residential care for the elderly. Chapter Five explained that the legitimiser business model is predicated on leasing properties for three to five years from landlords, providing the landlord with a guaranteed income stream, and amassing such properties into a portfolio to fulfil temporary accommodation contracts with local authorities and central government.

The research identified 12 legitimisers and all but one operate in local or sub-regional housing markets, Orchard Shipman Ltd has a national Presence, (Annex 4.1). Two have parent companies (Orchard Shipman and Oak Housing Ltd), and the remaining legitimisers are relatively small. They often operate as letting agents with single lock up shop fronts on local high streets.

Figure 50 illustrates typical legitimiser premises. In so doing it provides a visual indication of the extent to which they tend to operate at the bottom end of the housing market.

Figure 50: Example of Legitimiser trading shopfronts

Oak Housing Ltd, Head Office[1] Leyton, E10

Finefair Housing Ltd[2], Gants Hill, IG2 6NS

Source: [1]Yell Limited (GB) (2017), [2]Google Maps (2016)

Such organisations have used the registration with the regulator as a method by which to differentiate themselves from conventional letting agents in the broader marketplace when tendering for business with councils and other public bodies. Further, as this has become common, the regulator has commented that local authorities have started to use its registration as a requirement when awarding letting contracts.

Legitimisers have secured contracts with other agencies such as the Home Office to manage properties to house asylum seekers. Examples of legitimators who have obtained such contracts include Orchard Shipman Homes Ltd (Home Affairs Committee, 2017) and Cromwood Housing. The latter were served notice by Hounslow Council as their properties were considered overcrowded and dangerous (Taylor, 2016). Other legitimisers hold licences with local authorities for the management and renting of houses in multiple occupation (HMO). These tend to be used to provide temporary accommodation for the homeless. Examples of legitmisers who perform the latter function include, Finefair Housing Ltd, and Oak Housing Ltd. which, through its parent company, Theori Housing Management Services, has such a license in Redbridge (Redbridge LBC, 2017).

At the outset of the research, it was anticipated that letting agencies that had established an FPP would use provisions under the Housing Act 2004 to avoid local authority licensing for HMOs. The Finefair and Oak Housing examples suggest that this is not the case. The registration of HMOs may reflect a lack of knowledge by the legitimisers, or the local authority, or both, about for-profit providers being exempted (as all other providers of social housing are) from licensing rules. However, legitimisers may have applied for licenses as they wish to differentiate themselves from the broader market of temporary accommodation providers by adopting a ‘belts and braces’ approach and holding dual registrations for properties that are either owned or managed by the company. This approach may build on the firm being required by regulation to separate their longstanding business practices from its social landlord functions when establishing the FPP (HCA, 2015c). Neither the legislation nor the regulatory framework is clear on matters such as licensing.

Whichever is the case, the above examples help to demonstrate how despite new types of organisations being introduced to the market, the impact of the actors on the institutions and the rules that govern the market have not been felt. It may take some time before all actors in the marketplace understand how the new organisations have shifted the rules of the market, and how the roles and responsibilities that arise due to these legislative changes have also been transformed.

Figure 51 identifies the ownership and controlling interest in the legitimiser providers. It is reported that 83 per cent of legitimisers do not have a parent company and four are family firms, including MHA Ltd, which is owned and managed by two brothers (Case Study 3, Chapter Six). The remaining companies each have one person who has overall control, with up to three other directors having some level of ownership. These findings show that in legitimiser firms there are direct owner and management controls over decisions. This enables much shorter governance and decision-making chains to operate than those which are expected to be found in larger corporate institutions. The different governance structures found in small family firms, compared to larger organisations, are likely to either restrain or provide opportunities that are distinctive to those found in larger organisations (Cooper, 1981). This difference is expected to be the case when comparing legitimisers with opportunist providers. The latter tend to be much larger.

Figure 51: Legitimiser providers and nature of ownership

Registered Provider Name[1]	Ownership[2]
Major Housing Association Ltd	Family firm
Castle Housing Limited	Family firm
J & M Residential Lettings Limited	Family firm
HH Residential Care Ltd	Family firm
RY Winning Hand Ltd	One director
Cromwood Housing Ltd	One director owns > 25 per cent > 50 per cent of shares, has right to appoint other directors, and has significant influence and control (three other directors)
Green Park Property Management Ltd	One director owns 75 per cent of shares (two other directors)
Keystage Properties Limited	One director owns 75 per cent of voting shares (one other directors)
Finefair Housing Limited	One director owns 75 per cent of voting shares (three other directors)
AccommodationYes Limited	One director owns 75 per cent of voting shares and ability to appoint other directors (three other directors)

Registered Provider Name[1]	Ownership[2]
Orchard & Shipman Homes Limited	Parent company
Oak Housing Ltd	Parent company owns 75 per cent (one other director)

Source: [1]HCA (2017a); [2]Companies House (2017b)

The concentration of legitimisers in London (five) and surrounding districts (see Annex 4.1 and 4.2) may be explained by the historical use of temporary accommodation agencies by the London boroughs that contracted them to help solve their homeless problems. Between 2009 and 2015, Greater London annually accounted for 75 per cent of all homelessness placements in temporary accommodation within England (Rugg, 2016). During this period, London rents increased, and the coalition government's austerity measures have increasingly impacted on local authority budgets (Neville and Gainsbury, 2015). This has created a domino effect, where the homeless have been gradually displaced first from the central boroughs, then from the outer boroughs to broader markets (Neville, 2015). Such 'out of area' placements in temporary accommodation by London boroughs have increased from 11 per cent of the national total in 2011 to 28 per cent in 2016 (Fitzpatrick et al., 2017).

The introduction of austerity measures by the Coalition government coincided with the enacting of the powers contained in the Housing and Regeneration Act 2008 which enabled FPPs to enter the social housing market. The twin effects of austerity and changes in legislation may have encouraged the letting agencies to diversify and take advantage of the new business opportunities that were available to them through registering as an FPP. Viewed in this way, the diversifications reinforce the findings and help to explain why there is a concentration of legitimisers in London.

The legitimisers have also diversified from managing other landlords' stock of social housing, into developing new social housing using government grants (Figure 49). The entrepreneurial nature of small firms through which they supply temporary accommodation and bid for contracts with local authorities may have increased the risk appetite of individual organisations to develop new social housing. One FPP acknowledged in an interview that they had taken a chance and had placed a bid for a housing grant without expecting to be successful. They had to subsequently return the grant, as they were unable to use it 'as the housing market was against them'. It is their small size and go-getting business nature that could impinge on individual legitimisers being taken seriously. For example, in one interview an FPP chief executive discussed how after holding meetings an equity fund decided not to provide loan-funding partly because of the absence of any track record of performance, and also because of a perceived lack of scale and ambition to satisfy the business goals of the fund. The findings suggest that legitimisers are more likely to operate in an entrepreneurial way. They tend to be small family firms, which are less reliant on equity finance and more likely to take risks. This risk taking is possible as there is limited danger that family control could be sacrificed if investment returns proved not to be forthcoming (Ou and Haynes, 2006; Wu et al., 2007). However, such characteristics may impact on the sub-sector and prevent it from realising its potential in the broader market.

Interviews with Major HA (MHA) demonstrated their entrepreneurialism. This was expressed via their appetite for risk when purchasing land which sometimes occurred on the spur of the moment following a quick discussion between the two company owners. It was their intention to build SMPH, but the land came without the required planning permissions. To move the development forward, MHA established a partnership with two traditional PRPs and used its mayoral funding to construct 44 general needs dwellings. Of these, seven were retained for affordable rent with the rest going to other providers or being rented privately. The initial purpose of the partnership was to spread the development risk. During the discussions with MHA and one of the PRPs, it became clear that MHA was more trusting of its partners than the not-for-profits were of it. The partnering organisations spoke about requiring more formal arrangements before their boards would sign off on the development scheme. The PRPs negotiated charges over the land before their boards were satisfied and signed off on the development agreement; this provided an additional cost to MHA.

Initially, the level of scrutiny applied by the PRP boards to agree the development project surprised MHA. The case study CEO spoke about how this had made them realise that they needed to ‘up-their-game’ and develop the appropriate level of governance expected of a regulated provider to meet regulatory standards. This influence had pushed the FPP to CHAS – contractor’s health and safety accreditation, and MHA were also exploring using the ISO quality framework to improve the documentation of their decision-making. These improvements to the internal business and governance systems of the new organisation will bring its systems more in line with those of its current PRP partners.

The research has shown that the legitimisers are adept at forging partnerships with other organisations to spread operational risk and also widen their knowledge transfer. Knowledge transfer was two-way, with the PRPs working with the case study using the partnering experience to develop construction and project management skills. These relationships have tended to be with other legitimiser FPPs or with small traditional HAs. Case Study 3 found that the knowledge transfer between MHA and the PRPs would not have occurred without partnering arrangements, and it was expected by both sides that these transfers would have a long-lasting impact for all parties.

The development of a joint venture and the FPP beginning to mirror the PRP’s governance arrangements, demonstrate the emergence of hybrid organisations. Hybridisation occurs through both cultural exchange (Blessing, 2012) and governance and partnering arrangements (Mullins and Pawson, 2010).

The research has shown that legitimisers are small independent companies, which have developed from business whose operations are lettings agencies, providing accommodation for the most needy in society. Therefore the operations of such letting agencies could already be considered as ‘traditionally (but not technically) defined as social housing or which are closely aligned to it’ (Bailey, 2014: 3 parentheses are Bailey's) . This compares to opportunist providers, which the interviews have shown were established with one purpose, to retain and own affordable units. There are two types of opportunist providers, those that are development-based providers, and those that are financial providers.

The development opportunists either build housing directly or are subsidiaries of larger companies. The establishment of a development-opportunistic FPP was a tactical move deployed as an alternative to the industry norm of selling the affordable homes to an established PRP. To create alternative investment opportunities in the CSHM, non-housing institutions established financial opportunist providers and used equity funds to either purchase S106 rights, or build new social dwellings and retain their ownership, while leasing the stock to an existing PRP to manage. Therefore, opportunists are defined as firms that were established with the sole purpose of being an FPP, to capture and retain the affordable housing assets that arise from development. These assets include both dwellings for rent and those for lease via an LCHO agreement.

The rationales given by interviewees for the establishment of the development opportunist providers were threefold. First, it enabled the developers to retain full control and management of the entire development site, which was deemed important if there were multiple phases of development. Secondly, by controlling the management of the affordable units it helped the developer to retain the overall development value and maintain the reputation of the development. Thirdly, it enables the parent company to build a portfolio of affordable housing assets, that in the short turn will provide an income stream, and in the longer term can be used either as collateralisation or sold as a going concern.

Interviewees stated that holding a portfolio of SMPH in a FPP company is likely to offer the firm a regular income stream, and may also provide the parent company with long-term capital appreciation that they may borrow against or even sell. However, not all development opportunists identify with this strategy. A number of them believe that the opportunity cost of holding the affordable units is too high. They expect to be able to negotiate away any provision for affordable housing on their schemes by arguing that the affordable homes will make the overall development unviable. In this circumstance, the FPP is held as a dormant company, just in case the developer loses the viability argument, so that it can retain the affordable units as assets.

For other development opportunists the short-term gain of holding assets enables them to retain overall control of a whole development site; this is anticipated to be useful on large multi-phased developments where house building will occur over a five- to ten- year period. The developer is seeking to preserve the look and feel of the total development with the expectation that this will lead to future higher sale prices across the development and avoid the stigmatism of having a PRP operating on the site. This is because the presence of the latter may depress house sales.

Ten of the opportunists are dormant companies. In an interview, one non-exec director explained it was a cost-effective defence mechanism to mothball their FPP company. It could then be brought quickly into use if they were ‘forced’ by planners to build affordable units (FPP5 Non-Executive Director). Until that time, they would continue to make dormant returns to Companies House for their FPP and also continue to win arguments with planners that building affordable units would make their development schemes unviable.

The financial opportunists have been the most successful FPP type and own 1,345 dwellings or 90 per cent of all opportunist stock (see Annex 4.2). Evidence from interviews with the sector (Chapter Five) and from market analysis demonstrates that the capital markets are becoming increasingly interested in investing in the SMPH in England. This new interest is coming from alternative investment managers rather than traditional collateralised lending provided through loans or bond finance. Alternative investments such as equity investment funds and their involvement in the English SMPH is an under-researched area, as it is a relatively new phenomenon. However, research on bond investment confirms that English social housing is a good commercial investment, and is attractive to investors due to its credit quality which is supported by an independent regulator and has provided a track record of index-linked returns (Oxley et al., 2015; Tang et al., 2017).

The research has shown that the opportunist category is the most numerous typology (22 FPPs) and the largest by the number of units owned, 1,482 (Annex 4.2). While the interviews and data show that some opportunists are dormant companies, it still suggests that there is untapped potential within the sub-sector. In addition, some opportunists have significant landholdings, or they are investment funds (Heylo, FHA and Sage) with significant capital to invest in the CSHM, or are subsidiaries of FTSE250 companies, or are part of a larger group of companies. The group is also likely to have sufficient facilities within its organisational infrastructure to afford a fall-back position to resolve any issues; this may include utilising its legal services, financial capacity or market expertise.

All these indicators point to a sub-sector which has the most potential for growth and to expand the FP sector. That said, this growth is subject to the vagaries of the broader housing market and decisions by the group whether to build. The evidence from the interviews suggests that individual opportunist landlords have the potential to proliferate and build at scale quickly:

> [It’s a] very ambitious model of say 1,500 affordable units in five years … we have got [development] sites of 3,500 [housing] units across all tenures, you know [these will yield] 1,200 affordable units.
>
> (FPP CEO2)

Development on such a scale could lead to an individual FPP becoming the same size as a medium sized PRP provider in five to ten years. Moreover, if several of the opportunist providers grew in this way, then combined with the growth from the opportunist investment fund providers, it is anticipated by commentators interviewed for this research that the overall FP sector could become significant within the regulated market within 15 years. In doing so, the regulated market would finally be open to competition from for-profit actors. Moreover, the voice of this sub-sector would be much louder.

However, it may take a while before parent companies tap into this potential. interviews demonstrated that, to date, the FPPs are currently considered by the parent company as being used to prove there is a place for an FPP operating in the CSHM. If the test fails, it is unlikely to have a meaningful impact on the broader group, or the sector as a whole.

Like development opportunists, interviews with consultants and FPPs indicated that optimisers have a common trait of retaining control of their assets by developing and managing the land themselves, and are not intending to sell or lease their land to house builders, developers or PRPs. Optimisers have extensive landholdings and they are typically motivated to optimise returns on these assets. Currently those active and registered with the regulator are local authority subsidiary companies or charities.

The research has shown that the optimisers constitute the smallest type; four providers own 278 units (Annex 4.2). Ascent Homes (the subject of Case Study 2, Chapter Six) has the largest stock holding (82 per cent) and offers general needs, supported housing, and LCHO. However, they are part of an emerging group, which is noteworthy because a common trait is their ownership of extensive landholdings.

Interview data suggest that the pursuit of profit is often not the principal motivator for their establishment or subsequent behaviour. Rather, optimisers are seeking to optimise returns from small parcels of land, adjacent to main roads or near other amenities to meet social needs while maintaining full control of the asset.

From interviews with consultants who work with potential providers, and prepare them for registration with the regulator, the research has identified a significant pipeline of interested institutions that fall into the optimiser typology. This interest is coming from the landowning classes, described by interviewees as the '*landed gentry'* or large charitable trusts with significant landholdings.

Unlike the other two categories, there is no geographic concentration for the optimisers. Nevertheless, given the rural nature of the current optimisers, notably Ascent Housing and Loddon Homes, and the evidence from interviews with those consultants working with pipeline providers regarding the geography of the emerging supply of stock (Chapter Five), it is anticipated that this type will be meeting the housing needs of rural communities.

It may be too early to consider the viability of this category overall as a provider of sub-market social housing because of the small numbers involved. Nevertheless, if the pipeline of providers does not emerge, and the existing optimiser providers want to grow, then they may have to become more profit orientated in their activities to cross subsidise this growth. The implication of this over time would be that the optimisers may come to constitute a hybrid sub-group of the opportunist providers (Mullins and Pawson, 2010). Alternatively, they may become fully integrated into the opportunist category where the pursuit of profit is often not the principal motivator for its establishment or subsequent behaviour, but like opportunists, optimisers are seeking to maximise returns from developments, while maintaining full control of the assets.

Due to its small size and speculation about its future potential, further research may be required to both monitor and evaluate the optimiser typology.

Evolution of third sector and hybrid providers

The third sector is the largest provider of social housing with regard to both the number of providers and the number of units (Figure 46). However, this research has concentrated on the more interesting hybrid sub-category of not-for-profit providers (see Chapter Two for definition). The hybrid providers are limited in number as government policy has pushed the development of new social housing to fewer providers (Cave, 2007), and simultaneously reduced grants for social housing construction (Mullins and Pawson, 2010). Governments have encouraged the revenue diversification of these PRP organisations to maximise profit-making activities and use these profits to fund the development gap occurring due to the lower subsidy rates (Morrison, 2016). Some hybrid providers in London have used the surpluses from diversification to subsidise affordable rents to levels below the government's expected 80 per cent (Wilcox et al., 2017).

Most of the cross subsidy activities are associated with real estate enterprise, including developing new homes for outright sale, or private rent (HCA, 2015a). These kinds of diversification demonstrate hybridisation in the sector similar to those identified elsewhere (Mullins and Pawson, 2010; Mullins et al., 2012). Researchers have classified these types of hybridisation as providing 'blurred services' which increase efficiencies via shared services such as lettings management and facilities and maintenance services, for both their private rented sector and social housing tenants (Morrison, 2016).

The efficiencies from blurred services may have been exaggerated. The research has evidenced that large hybrid organisations have bought established facilities management companies and house builders. This strategy enabled the senior management team to learn the necessary skills to manage these sectors from staff already in place in these companies, and the organisation did not have to develop new internal capacity to deliver these services. It also enabled the hybrid provider to both immediately compete with other providers of private rented housing and house builders (Chapter Five).

The research findings show that some of the more entrepreneurial providers are diversifying further into the construction of and leasing of student accommodation, as well as into hotels. There is also evidence of providers diversifying away from bricks and mortar and entering new sectors such as the management of leisure centres, providing employment and skills training for tenants and local communities in the construction and hospitality industries. Some of these firms have also diversified into selling energy and financial services (Chapter Five). The management of such services is outside a provider’s usual business scope, there may be some latitude for a shared call centre to sell energy and financial services, but the ability to deliver a blurred service offer to customers and therefore increase efficiencies for these non-housing activities appears limited. As discussed above, providers in the research incurred the additional costs of taking-over existing firms to learn how to profit from managing private housing enterprises, an activity that is closely related to the organisation's core business. Therefore, it is logical to deduce that revenue raised through diversification away from the core business is likely to distract managers and shift resources away from the known tasks to the new activity. This diversification carries new anxieties and greater organisational complexity (Froelich, 1999).

There may have been other reasons for the hybrid provider’s broader diversification into the development of non-housing construction. It may have assisted organisations to maintain development teams when house building become more difficult due to the economic climate following the 2007 crisis. Such developments may have provided income and managed impairment risks by utilising existing land banks which were initially earmarked for the construction of new homes (TSA, 2009). Other types of diversification, by contrast, these may link back to the original ethos and cultures of the organisation. For example, the landlord may have provided housing estates with community energy schemes, and may wish to continue with this approach and have become a supplier to the whole energy market. However, as the energy market is regulated and consumers across the UK can purchase from the landlord, it is unlikely that the retail prices offered by PRPs will be significantly discounted.

Similarly, there may be an institutional logic for PRPs offering financial services. The marketing of a PRP’s own retail bonds are another method of broadening a provider’s borrowing base when seeking private finance. This could be considered the next logical step following the issue of wholesale bonds and may relieve reliance on a single alternative market. The landlords concerned may argue that this builds on and maximises the utility of costly corporate functions, including the internal treasury management team, and financial advice caseworkers who provide tenants with financial and benefits advice. The private investment and ownership in social landlords by the general public may also be a significant shift along the profit spectrum. It may also soften policymakers, the public and tenants to the broader arguments for outright privatisation of the sector. However, the evidence does not suggest that these types of non-real estate diversification ‘makes the boat go faster’ when considering the primary purpose of registered providers is to own, manage, and build social housing stock. These types of diversification and hybridisation are areas for future research.

The diversification into softer areas such as employment and skills training also has advantages beyond delivering surpluses. It may provide a workforce for its development activity, and it may also assist tenants to find work and increase the number of tenancies that are held by working households. The latter is especially important as it would build on the third sectors historical role of finding and maintaining employment for disadvantaged groups (Aiken, 2007). This activity also mitigates against income risks associated with the government's welfare reforms and the implementation of universal credit (HCA, 2017c).

Market disrupters

The research identified two types of market disrupters. Financial 'disrupters' are new entrants to both the regulated and unregulated parts of the market. These organisations provide new finance for the development of social housing which they then lease to established PRPs. They do not have traditional housing backgrounds. They are typically subsidiaries of large international financial institutions that are new to the sector. The second type comprises development 'disrupters': developers providing subsidised housing in the broader housing market, but which do not provide social housing and are therefore not regulated by the regulator and often operate outside of planning regulations such as S106.

The financial-disrupters have raised equity funds to invest in the sector and are providing new investment funds to the sector to fund new housing. This is an alternative to the traditional route of lending to the sector and the need to use a provider's housing assets as security for loans. An example of this type of financial disrupter is Cheyne Capital, a hedge fund which has partnered with South Yorkshire Housing Association and funded the development of 225 flats in Sheffield (Apps, 2016; Telegraph Voice, 2017). It has also bought three office-to-residential conversions in Croydon that are leased to the local authority as temporary accommodation (Johnstone, 2017).

Like FHA (an opportunist discussed above), Cheyne Capital has sourced alternative investments to establish a social capital fund. Its fund is valued at £100 million, and it is expected to increase to £300 million when fully funded, which should leverage £900 million to invest in social housing (Agnew, 2014; Shiel, 2015). In 2017 two social housing real estate investment trusts (REITs), were launched: Triple Point Social Housing, which raised £200 million on its offering (Heming, 2017), and Civitas Social Housing, which is aiming for a five per cent yield on investment (Bucak, 2016).

These new financial (disrupter) landlords have the ability to modernise the sector quickly and demonstrate why organisations should become involved in the social housing sector. Further, as the finance is in the form of equity, this brings new funding into the sector; it has not been loaned against existing housing stock but invested wholly in new stock. By September 2017, four organisations had raised equity funds of approximately £1bn, and if leveraged these funds would provide up to £3bn for investment into social housing in England. A further FPP has raised £132 million on the international bond markets (Heylo Housing Limited, 2017). This type of equity finance is also new to the sector. It is not collateralised against existing dwellings, and so its uses are less restricted than the ‘normal’ bank and bond finance found in the sector. Depending on the size of the fund and the appetite of investors, this innovation could have an important impact on the finance, ownership, and provision of new affordable homes.

The discussion above has already shown that these new financial landlords are not passive lenders. Instead they evaluate opportunities and assess the capacity of the partnering landlords they will be working with in terms of development experience and asset management ability. Their aim in doing so is to ensure that their investment is safe. Decisions pertaining to how much to invest, where to build, and how many units of what type sit with the fund, not the partnering landlord. A potential implication is that this type of arrangement will grow in the future. If this happens then it will impact on the relationship between the PRP, who may be limited to being stock managers. While the funders shift from passive lenders to the sector to become strategic decision makers deciding where new housing will be built and which organisations will manage it. These decisions will be based on what should be done to make sure that the fund achieves the best return on capital. To receive investment from such vehicles, the PRPs are required to demonstrate that their management systems are efficient and able to provide the equity fund with the return on investment that the latter demands. This is also important in order to enable the provider to both cover its own management costs and make a potential surplus.

The majority of development-disrupters are developers seeking to provide subsidised housing solutions for key workers. Most of these disrupters are operating in the London housing market. One operates in both London and Manchester and another is working in the north-west of England, utilising former housing market renewal dwellings, repurposing the properties and letting them to working families at a rate equivalent to the level of local affordable rents.

The London disrupters have identified a client base which they describe as ‘city-makers’. Interviews with disrupters and regional policymakers have shown that these are young people (millennials) in London who do not qualify for social housing and do not recognise themselves as social housing clients. They are unable to afford traditional home ownership or private rented accommodation that is within a reasonable commuter time to the central business districts of London. Before the residualisation of social housing in England in the mid-1970s (Fitzpatrick and Pawson, 2007), social housing was available as a mass housing model and subsidised housing for key-workers, such as these young people, would have been available (Harloe, 1995). In this sense, the emergence of disrupters providing accommodation for these ‘city-makers’ represents a market solution to address a market failure:

> The failure to address the causal factors that accentuate inequality explains why housing policy in the UK has, over the last 30 or so years, fallen short in addressing social problems and in particular has failed to tackle the chronic lack of affordable housing'
>
> (Jacobs and Manzi, 2017: 20)

To keep their costs down in order to offer subsidised housing all the disrupters provide dwellings that are small and below the guidance for space standards, as defined by the Parker Morris Committee. They are also below the redefinition of the standards for London, which are ten per cent above the Parker Morris (GLA, 2017; Park, 2017). One provider specialises in low-cost ownership while others are developing offers for rent. To overcome the limited living space and ensure the small units would be attractive to their target cohort, all have employed high-quality design solutions to create a feeling of space. The provider that offers units for sale ensures that there are good storage facilities, high ceilings, and lots of natural light (Kelly, 2013b). In contrast, the providers that are offering units for rent are providing serviced apartments/bedsits, often in buildings with more communal space for working and socialising. These 'communal living' apartments include private dining rooms, cinemas, coffee bars, concierges and foyers similar to those found in boutique hotels (Brignall, 2016; RealStar Group, 2017; Roue, 2017; The Collective, 2015).

Interviewee testimony suggested that it has been difficult to win over local planners to these schemes, because the latter perceive them as not having conformed to national planning guidance with regard to affordable housing or space standards. Developers and sub-regional policymakers have successfully argued that as these units are priced at a sub-market price and are only available to lower income households, they are already affordable units. In return, the disrupters have agreed to restrictive covenants with planners to build these units. This ensures that they remain as sub-market priced housing indefinitely (Kelly, 2013b). The covenants may, however, store up problems for the future. For example, with the owner-occupier units, the covenant may impact on the resale value of the unit in the secondary housing market, as mortgage lenders may be reluctant to lend against the property due to restrictions on resale values. If the serviced apartments, which were granted development via *sui generis* consent for the development of hostels, sold in the future, there is a risk that the management of the schemes may be below current standard, or the units may no longer appeal to the young cohort of buyers/renters.

The development-disrupters operating across London appear to be unique to that locality, and they have had problems gaining acceptance by local planners. However, the schemes have received support from the London mayor, both strategically and through loans. Policymakers have been pressing to increase local freedoms and flexibilities, and to expand these types of local solutions to tackle affordability issues, rather than depending solely on the provisions of the national planning framework. This special pleading fits with the argument that modernisation is local and policy-driven. This policy is developed and refined at the municipal level first and only expanded to the broader market if the experiments are shown to be successful (Malpass and Victory, 2010).

Sub-market price housing: A new definition

In this thesis, the modernisation concept has been used to redefine the definition of CSHM. The definition developed is broad and it breaks down into six constituent parts: social rented housing (determined by guideline target rents); affordable rent (let to the same eligible people as social rented but with rents at no more than 80 per cent of local prevailing market rate); LCHO (market sales housing, discounted by at least 20 per cent from market value); discounted market sales with restricted covenants; discounted rent with covenants; and serviced apartments provided using *sui generis* planning powers. Categories 1-3 are regulated by the regulator, while local planning provisions have enabled 5-6 to be introduced. The planning officers to monitor and regulate the restrictive covenants and enforce the *sui generis* planning powers will use these local provisions.

The new definition of sub-market price housing constitutes a re-conceptualisation of the contemporary social housing market. It embraces both regulated and non-regulated landlords, including the new market entrants (disrupters). This definition has built on existing literature and has also taken into account interviews with current market actors, to understand how the provision of social housing has changed since the introduction of the Housing and Regeneration Act 2008 and the subsequent policy interventions that have sought to help alleviate the housing crisis.

Since the 2007 crash, the national debate on the need for more affordable housing and how to solve the problems associated with it have de-stigmatised social housing (DCLG, 2010; Orr, 2017; HBF, 2014). It has no longer been identified mainly as a residual housing product. There are calls from the cross-party House of Lords Economic Affairs Committee for government to increase its current target by 50 per cent, and for 300,000 homes to be built each year in England to help solve the housing crisis (Fraser, 2016). Others have also taken up this rallying call for more large-scale development of affordable housing (Shelter, 2016; Hetherington, 2017; Leighton, 2017; Pickard and Williams, 2017). These views and the results of this research suggest that the need for social housing has shifted in line with Harloe's mass model of housing, which occurs when capitalism is in crisis (1995). Since 2010, there has been a material restructuring of the welfare state, which has been characterised by former prime minister David Cameron as an attempt to help 'strivers' rather than 'shirkers' (Hennessy, 2012). These views have impacted on housing policy, 'facilitating a redefinition of 'affordable housing' to include near (rather than sub) market rents and subsequently including low-income home ownership' (Jacobs and Manzi, 2017: 28).

Malpass and Victory (2010) argue that the introduction of each new housing policy has ratcheted the contemporary social housing model closer to the private market, and further away from its starting point, the mid-century public housing model. Further, they argue that it is this constant policy flux that redefines modernisation in the social housing market. However, the 2007 crash may have disrupted the linear process of modernisation. It seems that the national debate on the purpose and requirements of social housing has moved from one that stresses the need to provide residual housing back to one that stresses the importance of providing a mass model of 'decent, secure and affordable homes for everyone' (Orr, 2017). At the same time, governments have continued to intervene in the housing market sporadically and hesitantly, without providing any clear strategy or guidance on how to achieve this (Dorling, 2014; Jacobs and Manzi, 2017). It leaves others such as the actors in the reconceptualised sub-market price housing to navigate through the policy mire, as the next section goes on to discuss.

Policy implications

The key study recommending more competition in the CSHM, the Cave Review (2007), and the legislation that enabled it, the HRA 2008, emerged either side of the financial crisis of 2007/08. FPPs began to enter the market in 2010 during a period of political turmoil linked to the demise of the labour government and the election of the coalition.

Historically, PRP developments have been countercyclical, with governments providing grants to fund the construction of social housing and thereby helping to offset recession. This is what the labour government was doing; using housing funds as a post-crash economic stimulus (Goering and Whitehead, 2017). However, as this stimulus ended with the election of a new government in 2010 and its programme of austerity, the construction of affordable housing thereafter peaked at 56,700 in 2010-11, falling to a low of 30,920 in 2015-16. This is the lowest annual build rate since 1991-92, (Wilson, 2018).

The election of the coalition government and the implementation of a range of austerity measures had major implications for social housing, both directly and indirectly. As one interviewee put it, individual providers' 'income streams are at risk because of welfare reform, previously underwritten by housing benefit, and their balance sheets are under stress because of the need to develop, due to landholdings, but there's no grant going in' (Regulator Board Member). These reforms were followed in 2015 by the Conservative government's first budget, which extended the right-to-buy programme to tenants of housing associations, even though the providers were classified as independent private companies. Further, the chancellor in the same speech announced a rent cut of one percentage point per annum for the next four years stating:

> This will be a welcome cut in rent for those tenants who pay it and I'm confident that Housing Associations and other landlords in the social sector will be able to play their part and deliver the efficiency savings needed.
>
> (Hansard, Chancellor George Osborne MP, 2015)

This rent cut represented a policy U-turn from the coalition government, which had agreed a ten-year rent increase based on the consumer price index +1 per cent. The cut accounted for an aggregated reduction in income to the sector of 12 per cent over the period (Cross, 2015a). The implication of this political intervention was to create uncertainty in the sector. Interviews with FPPs and financial-disrupters suggested that the rent cut slowed down initial investments. They also suggested that there had been a marked change in the profile of investments, from general needs housing to supported housing, extra care, older peoples' housing and temporary accommodation for the homeless – each of which received a one-year reprieve from the rent cuts (Annex 4.1).

The message underlying the chancellor's speech was reinforced by interviewees' comments about the unpopularity of the sector with government. The speech embodied the longstanding view within government that the sector is both inefficient and profligate (Manzi and Morrison, 2017). Rather than helping to solve the affordable housing crisis, policymakers and politicians appeared to present social housing as part of the problem (Jacobs and Manzi, 2017).

This lack of popularity may limit the sector's ability to influence policymakers or reveal its real value in assisting with solutions to the housing crisis. Equally, interviewees also noted that the national political consensus had shifted to become more amenable to a central role for local authorities in delivering housing than had been the case in previous decades. Proposals outlined in the 2017 White Paper 'Fixing our Broken Housing Market' provide further evidence of this. It includes an offer of support to local authorities to build new homes through the Housing Revenue Account, an offer of bespoke deals in high demand areas, the introduction of a £2.3bn Housing Infrastructure Fund to support wider growth, and provisions for new local authority and developer accountability in delivering new homes.

However, it can be argued that the 2017 White Paper and subsequent spending review have placed the sector firmly back on the political agenda in so far as the government recognises 'how well [PRPs] housing associations' have done in building new homes and the sector's potential for the future (DCLG, 2017a: 14). The government outlined its expectations that the sector would play an active role in the development of new housing, in return for a rent increase, and a £7.1bn affordable homes programme up to 2020-21. This funding is only 21 per cent of the overall funding the government has earmarked for housing; the remaining 79 per cent is for the construction of private housing (DCLG, 2017a). Further, the additional funding and rent increase is only available for PRPs (housing associations) and state housing (other not-for-profit) developers. Unlike the chancellor's speech, which covered all providers in the CSHM, there is no mention in the White Paper of for-profit social housing landlords or whether they will benefit from the rent increases.

The subsequent reclassification of the sector from private to public and back to private between 2015 and 2017 enables the government to hope the sector borrows further monies to build more affordable homes (Pickard and Williams, 2017). The reclassification to the private sector reflects the government's relaxation of regulations in 2017 (Murphy, 2016). It has also helped to stop it from being nationalised and then privatised (Cross, 2015b). The radical proposal to privatise the sector was discussed in interviews with consultants. Some favoured a far-reaching programme of privatisation, allowing PRPs to convert to publicly quoted limited companies in order to realise their full potential. One interviewee suggested that the government could operationalise this plan by converting all historical social housing grants held in social housing stock into equity stakes in PRPs, and then selling these shares to the market. Some traditional housing providers interviewed also expressed their intention to push for the ability to 'go public' as they considered this to be an approach whereby they could increase future borrowing capacity against assets on their business plan and therefore use this new funding to build additional dwellings. Introducing a policy such as this could shift the sector from one that modernises due to incremental shifts in policy to one that precipitously moves towards the private market. The shock to the market could also rapidly increase the supply of social housing due to the sector's greater capacity to borrow.

For the larger providers, this level of privatisation is perhaps too radical. Most would prefer to keep their current hybrid status, where a group of companies is linked to one regulated ring-fenced charitable function. This regulated charity would oversees the management of the social housing assets, and allow the remaining entities to pursue profit. Resultant profits are recycled, via gift aid back into the charity, and new affordable homes can be built and financed exclusively through the management of the group's business plan. In this case, recycled profits, surpluses from the asset management of the landlord function, and equity loans can be used to fund the construction of new affordable dwellings, with either limited or zero housing grants being received from government.

Chapter summary

The introduction of the HRA 2008 has enabled new for-profit providers to enter the CSHM. However, the number of FPPs in the market to date is minimal (38), and the anticipated 'step change' in social housing has yet to materialise. Nevertheless, the research has highlighted the potential for further growth as part of a longer-term incremental process of modernisation in the contemporary social housing model (Malpass and Victory, 2010). The market disrupters have played an important part in tstarting the shift towards a more profit-orientated model of social housing provision. Together, the providers of the CSHM and the disrupters have carved a new role in delivering what can be conceptualised as SMPH.

This research has been able to develop a typology which uses a finer grain of analysis of the FPP sector compared to THE standard data collected by the regulator on provider types. The regulator has two primary datasets, the Register of Social Housing Providers and the annual Statistical Data Return (SDR). The register is a snapshot and only identifies providers currently registered. The data it collects is provider type, for-profit or not-for-profit, or local authority, and it captures data on an individual organisation's date of registration, its registration number, and the location of its head office. The SDR is an annual survey completed by the providers. To reduce regulatory burdens on small organisations, providers with fewer than 1,000 units only complete the necessary information on stock ownership, parent companies, and local authorities where the stock is owned (see Chapter Four).

Even though providers are required to complete the SDR, returns for FPPs appear patchy, and the dataset does not capture all of the housing stock. For example, in 2016, 29 for-profit providers made a return, and this included three miscoded not-for-profit providers. In addition, analysis of SDR data shows that 739 units t are controlled by the FPPs, which is almost a third of the sector's actual size - as identified in this research. These deficiencies were confirmed in research interviews with the regulator and suggested that there is a limited appreciation by it of the different types of FPPs that are registered, or the value of understanding the sub-sector thoroughly. This may be because the regulator considers the sub-sector to be too small to give it sufficient oversight. However, given the future growth potential of the opportunist providers, this may be an oversight by the regulator. Indeed, it is likely to limit the regulator's ability to undertake a risk-based approach to the regulation of the sector.

It seems that the regulator needs to overcome the asymmetric knowledge problem found in the principal-agent theory. Enforcing existing regulations on data returns, and improving data quality checks, without having to resort to further changes in the regulatory framework, could overcome this. The regulator would have improved data, which would help it to have a greater understanding of the sub-sector, inform market management that encourages new for-profit entrants, and regulate existing providers more effectively.

In contrast, the development of the FPP typology through this research is more sophisticated as it identifies three types of for-profit provider. FPPs are generally small organisations, with unregistered parent companies and the social housing register clearly identifies them as for-profit entities. However, the ability to divide the FPPs into types helps to understand what is happening in this sub-sector. This research has assisted in understanding the primary motivations of these actors for entering the market and has identified significant standard features, and connections, between the different types of providers. It will also assist future research as it has classified those providers and types that are expected to grow.

It would seem that it is not government intervention or policy changes that may provide the most likely potential to accelerate policy shifts to solve the affordable housing crisis in England (Jacobs and Manzi, 2017). Instead, it is two different market responses that have the greatest potential for introducing profit actors into the social housing market and moving it towards a private social market. The first is from financial institutions, and in particular those that are willing to become direct landlords. As these organisations also bring with them their own funding streams and should, therefore, be able to grow unencumbered, this should lower their barriers to entry. The growth of this sector is reliant on the social housing market continuing to be protected by the government. Thi sis important because it ensures that investments will provide low but stable long-term returns, with other competing markets being less attractive propositions. The second stimulus helping to accelerate a shift towards private social housing provision comes from the Market Disrupters; these offer non-regulated housing solutions.

The research suggests that the HRA 2008 has, by opening the market for-profit landlords, accelerated the introduction of for-profit actors into the SMPH (Wave 3, as discussed in Chapter Two). However, this constitutes only a small shift in the nature and form of social housing provision. Conversely, the appearance of the disrupters may have a more profoundly destabilising effect, beginning the emergence of Wave 4 and potentially shifting the market more towards one that is dominated by profit seeking providers.

CHAPTER EIGHT CONCLUSIONS

Introduction

This study identifies the changes in the institutional and organisational relationships and responses in the contemporary social housing market following the introduction of for-profit providers. This was achieved by first investigating the role played by for-profit actors within the contemporary social housing market (CSHM), with particular reference to the management and development of new social and affordable housing (Chapters Two and Four). Chapter Five discussed the business models and management strategies used by actors in the CSHM and assessed whether actors in the market have different management practices. The findings were then used to develop a typology of affordable housing providers. Chapters Five and Six identified and analysed the entry barriers, both external and internal, to successful delivery of actors' business plans and the extent to which these barriers can be overcome through existing legislation and regulation. Chapter Seven revisited the conceptual framework and discussed the implications of for-profit actors operating in the sub-market price housing (SMPH). The chapter also included an analysis of the government's broader objectives of developing new affordable housing.

The findings are discussed in this chapter to demonstrate how the research objectives have been achieved, and the underpinning questions, answered. It summarises the research, as well as the theoretical and conceptual contributions that this study has made to housing studies. It also discusses the potential policy propositions for future social and affordable housing provision. The chapter concludes by examining the international relevance of this research. This is followed by, a critical reflection on the methodology used and by identifying future areas of research that could build upon the findings noted herein. Thus the chapter noted not only this thesis' unique contribution to the furtherance of existing academic knowledge but also how it can help to mould future research endeavours. The study has confirmed that a small group of for-profit pioneers have entered the CSHM. These pioneers can be classified into three types of providers operating in the regulated social housing market: legitimisers, opportunists and optimisers. The research also identified two types of market disrupters: financial-disrupters who are bringing forward new ways of funding social housing, and development-disrupters who are building new homes that are aimed at addressing the needs of the working poor. Since the regulator does not regulate the disrupters, this study's findings broadened the definition of the CSHM from a residual to a mass-market model. The study has also identified that the existing PRPs have developed the hybrid business model further and that these organisations are now undertaking non-housing activities as a means of diversifying their business interests.

Key research findings

This research project had five objectives and twenty research questions (listed from *a* to *t* in Chapter Three). This section examines each objective in turn and highlight how the findings address the research questions that sit beneath the given objective.

Objective 1: The role of the private sector and for-profit actors in the social housing market

The first objective of the study was to investigate the role played by the private sector within the contemporary social housing market (CHSM), with particular reference to how for-profit actors support the development of new social and affordable housing as well as the management of stock. Within this, the research looked at five research questions, each of which is now considered in turn.

The first question posed by the study concerned the theories underpinning the introduction of for-profit actors into the CSHM. The study used the concept of the modernisation of social housing to understand the CSHM. It concluded that the contemporary model provides residual housing, with provision being increasingly provided by organisations motivated by profit. The introduction of profit actors has occurred through the effects of incremental government policy that have slowly ratcheted change along a modernisation continuum (Malpass and Victory 2010). The literature review examined different theoretical models that could be used to explain the relationships between actors operating in the CSHM and concluded that a tripartite model using principal-agent, institutional and organisational theories would provide a robust conceptual framework to examine actors operating in CSHM (Chapters Three and Seven).

Using the analysis, the study has concluded that it is possible to understand the market with this tripartite model. However, some theories may be more applicable to understanding the market and actors' interactions therein than others. For example, the institutional theory may explain why the social housing regulator and its regulatory framework seek to exercise control over the entry of for-profit providers (FPP) to the CSHM. It also explains why the regulator seeks to scrutinise their motivations for entering the market. This proposition is demonstrated by the application of regulation to protect social housing assets and the 5 per cent rule capping non-social housing activity in an FPP entity, while encouraging the PRP sector to diversify. This has happened despite the regulator also being tasked with diversifying the market and lifting barriers to entry (Cave, 2007).

The regulator might become more understanding of FPPs' motivations if it applied principal-agent theory to its framework in the same way that the London policymakers have encouraged market disrupters to enter the CSHM to provide housing for young people that service London's economy. Similarly, the management of joint ventures between the new equity-led financial investors (financial-opportunists and financial-disrupters) and existing PRPs are best explained by the principal-agent theory. In contrast, the organisational theory has less relevance in explaining the market because existing actors have had to respond, for example, to new competition by attempting to manage resources such as finance, land, tenants more efficiently.

The second research question explored the roles played by for-profit actors in the CSHM and how they differ from those played by the third and state sectors. FPPs were introduced to compete with existing not-for-profit organisations and to increase efficiencies into the market (Cave, 2007; Mullins and Walker, 2009). They are operating within the CSHM as PRPs and have the same regulator and operating conditions. The study has identified and discussed four roles that for-profit actors play in the CSHM.

First, for-profit providers play a role in providing additional external finance from that which is available from banks or other capital markets (Wave 1 demunicipalisation in Chapter Two). There have been a number of consequence of this including; increased levels of debt finance in the market, increased regulation, and the emergence of more complex organisational structures. These cumulative factors have, in turn, resulted in the growth of management consultancy services in the sector; the latter's services being required due to the increased degree of complexity that has arisen.

Secondly, for-profit providers have acquired a significant role in providing consulting services, including professional services (legal and accountancy), recruitment, financial and treasury management, governance advice and management consultancy (Wave 2 contracting-out of services in Chapter Two). For example, Places for People has registered a subsidiary company, PFP Capital, with the Financial Conduct Authority so that they can be an investment fund manager on behalf of third parties (Apps, 2016).

Thirdly, FPPs have also become more involved in the provision of what might be termed 'blue collar trades' within the sector. This has included services such as rent collecting, property and estate maintenance and management, and building contracts (Wave 2 contracting-out of services in Chapter Two). This feature became increasingly prevalent through new public management activities during the 1980s and 1990s, first by compulsory competitive tendering and, thereafter, by best value tendering.

Fourthly, part of the diversification of FPP activities has included the direct delivery of landlord functions for social and affordable housing (Wave 3 for-profit actors' direct delivery of housing services in Chapter Two). The introduction of for-profit landlords was originally rooted in a pilot initiative which was intended to enable commercial house builders to bid for social housing grants whilst also retain ownership of the stock built by such grants. Eleven private sector house builders bid for monies from the pilot programme in the second funding round and nine house builders received grant funding from the Housing Corporation (Mullins and Walker, 2009: 203). The Cave Review (2007) examined the programme and recommended changes in regulation to lift barriers to entry. These recommendations were rolled out through the Housing and Regeneration Act 2008 (HRA 2008).

These four roles differ from the third and state sectors in a number of important ways. Third sector organisations do not provide additional finance into the market. They are the primary borrowers. However, there is evidence (Case Study 2 in Chapter Six) that local authorities (state sector) are providing additional finance to fund new affordable housing through borrowing from the Public Works Loan Board. Equally, it is clear that traditional third sector organisations make use of professional services, buying-in specialist advice and capacity when required. The study has shown that increasing pressure to build new housing and therefore diversify business activities has led some hybrid organisations to sell such professional and blue collar services across the sector (Chapter Seven). The profits from such activities are used to cross-subsidise development projects. FPPs are restricted by the 5 per cent rule (HCA, 2015c).

The third question examined the extent to which new for-profit actors bring more efficient practices into the market. This question was based on one of the research questions that Mullins and Walker (2009) used when examining the initial introduction of for-profit actors in 2004 (Chapter Two, Wave 3). The findings of their 2009 study were inconclusive and there is a suggestion that policy might lead to increased efficiencies. The introduction of a series of policy reviews, including Gershon's (2004) public sector review of efficiency and the Planning and Housing Reviews by Barker (2004, 2006), aimed to increase efficiency. Mullins and Walker (2009) did hypothesise on how efficiencies might occur through competition but offered little evidence to quantify or qualify the views of those interviewed.

This study has identified three aspects that provide confidence to tenants in the services provided by social landlords (repairs and maintenance, estate management, and managing anti-social behaviour). It has shown why these three, plus a fourth (revenue collection) are important factors in determining the effectiveness of a landlord. The research recognised that FPPs have different institutional, business, and cultural practices to the current PRPs, and that this is particularly the case when it comes to issues of tenant management.

Some FPPs consider their tenant management practices to be more commercially focused than existing PRPs (Chapter Seven). Indeed, they state that they have a lower tolerance level for antisocial behaviour and rent arrears than those found amongst traditional providers. Their ethos was to deliver services to all residents, not just the few who cause lots of problems. There is an acknowledgement that PRPs are beginning to develop greater commercial business strategies such as managing rent arrears. These changes in organisational practices are in response to institutional pressures from the government via the welfare reform programme. Both the regulator and rating agencies are expecting housing providers to change internal business practices to increase efficiencies to protect income streams and therefore maintain or improve providers overall credit ratings. These increased efficiencies are not anticipated to arsie from increased competition from the new for-profit actors entering the CSHM. Similar to Mullins and Walker (2009), this research has had difficulty demonstrating whether FPPs have brought more efficient practices into the market.

The fourth question explored the policy formulations, which enabled the for-profit actors to enter the CSHM, and has found that these have been incremental (Waves 1-3 in Chapter Two). The introduction of FPPs is an excellent example of this. In 2004 the Department for Communities and Local Government introduced a policy that allowed private developers to bid for social housing grants. Developers were also able to retain ownership of the units they built and these units would be regulated under a licensing agreement by the regulator. The bidding element of the policy was deemed successful by the regulator and developers, but only one organisation applied for a license to retain ownership of the dwellings that had been built. When the policy was evaluated there were no for-profit owned dwellings in the market (Cave Review, 2007).

Following the Cave Review, legislation was put in place to create a new regulator. The new regulator was given the role of market-maker and had to accept any organisation that wanted to be registered and identified either as a not-for-profit or a for-profit provider. The regulator was also charged with developing a regulatory framework that would be conducive to broadening the market to competition. The role and powers of the new regulator were set in in the HRA 2008.

The fifth research question focused on the government's overarching objectives regarding the CSHM; to increase the number of social and affordable housing dwellings and increase the efficiency of the sector. The CSHM operating environment has changed rapidly following the economic crisis in 2007, and the subsequent changes in government (see Chapters Four and Seven). The Labour government used the CSHM to help alleviate the economic crisis by introducing a £8.4bn programme to build new affordable homes between 2008 and 2011. The Conservative administrations have provided mixed messages on supporting the market, with policies that initially suggested that it did not identify the CSHM as part of the solution for delivering new affordable housing. This stance may have subsequently softened with the publication of the Housing White Paper (2017), although the policy programme based on this has yet to be implemented and the market awaits a Social Housing Green Paper to be published in 2018.

Objective 2: Review the business models used by the different actors and develop a typology of affordable housing providers

The second objective reviewed the business models and management strategies used by actors in the CSHM and assessed whether actors have different management practices. The findings were used to develop a typology of affordable housing providers. Within this objective, seven research questions were posed. They are now examined in turn.

The first research question considered the different business models used by actors in the CSHM. The traditional business model for PRPs is predicated on the cost of borrowing being low, receiving high levels of government grants, and a rent policy that provides certainty over future income. Combined, these three factors have been employed by providers to build additional social housing counter cyclical to the economy. Usually, the PRPs have relied on debt financed through collateralised borrowing from banks. Chapter Four identified that, following the financial crisis, the bond markets have played an increasingly important role as a source for new finance and accounted for 73 per cent of all new debt raised in 2016, compared to 22 per cent in 2008 (HCA, 2016a).

This long-standing model is at an impasse, grant funding is reducing, rent policy has become uncertain, and debt held by the sector is projected to increase from £67bn in 2016 to £77bn by 2021 (Blackman, 2017). This level of borrowing is likely to be untenable in the future as the system silts-up as a consequence of there being fewer unencumbered assets to borrow against.

PRPs have tended to make minor adaptations to their standard business model by becoming hybrid organisations (Manzi and Morrison, 2017). Hybrid providers have developed more complex organisational structures (Case Study 1) and have diversified into non-housing activities that have traditionally been undertaken by subsidiary for-profit entities. The emergence of hybrid providers undertaking such activities was identified by Mullins and Walker (2009) as one of the primary convergences between the organisational practices of the third sector and for-profit firms. The profits are recycled into the charitable function to build new housing as gift aid. Such activity is still a minority sport as 88 per cent of turnover in the sector is from income generated by social housing activity (Chapter Four).

There is an emerging PRP business model which is utilising equity finance to part fund the sector's borrowing requirements through joint venture arrangements with either FPPs (financial-opportunists) regulated by the regulator, or with market disrupters (Chapter Four). The financial-opportunists are offering long-term funding over 20-30 years. However, the sector may require shorter terms which may lead PRPs to work with more aggressive venture capitalists. In the post-crisis world, this type of investment may carry reputational risks for organisations such as PRPs that have a social purpose.

For all types of FPPs that have a development programme and are using government funding, they have adopted business models similar to the traditional providers. This includes utilising a mixture of government grants, debt, rental income and other sources of finance to fund new housing.

Chapter Seven discusses the business models of the three FPP typologies. The Legitimiser business model is predicated on leasing properties for 3-5 years from landlords, providing the landlord with a guaranteed income stream and amassing properties into a portfolio. Development opportunists, either directly build housing or being subsidiaries of larger companies, are established to retain affordable homes instead of the industry's norm of selling the affordable homes to an established PRP. Investment opportunists are non-housing institutions established by financial institutions to provide equity funds to either purchase S106 rights, or build new social dwellings and retain their ownership while leasing the stock to an existing PRP to manage.

The second research question examined how the business models differ for different types of actors. This study found that regulation has encouraged the different business models. Those PRPs that develop new affordable homes have diversified their business interests and become hybrid organisations. However, FPPs are restricted from adopting this model within the same group structure due to the 5 per cent rule capping non-social housing businesses in FPPs. If the owners of a FPP want to use external sources of finance to help fund development activity, they have to do this through an independent entity. As a result it may be difficult to take any profits accrued from the development programme out of the FPP entity due to regulation protecting the social housing assets (Chapters Four, Five, and Seven).

The third question addressed whether there will be a gradual blurring of boundaries and a convergence of organisational behaviour between not-for-profit and for-profit actors. The study has identified examples of convergence in operational boundaries and divergence of business models between PRPs and FPPs. Case Study 3 in Chapter Six demonstrated organisational learning occurring between FPPs and PRPs following a commercial arrangement. Case Study 2 was a joint venture between a local authority and a proactive hybrid PRP which brought together third sector and state-led organisations to develop an amalgamated FPP culture. Mullins and Walker (2009) also reported blurrings in organisations that had formed alliances or embarked upon investment partnering.

The establishment of the opportunist provider sector demonstrates a divergence of business behaviours. For example, house builders traditionally sell the affordable housing units that arise from a S106 agreement. However, developers that have established an FPP to retain and manage such units are diverging from the existing market business model. In so doing they have shifted away from being suppliers of affordable housing stock to PRPs and become competitors which manage such stock. Mullins and Walker (2009) suggest that this is likely to change the frames of reference for the organisations over time.

Another example of divergence in the business models is the financial-opportunists who are not passive lenders. Instead, they evaluate opportunities and assess the capacity of the partnering landlords they will be working with and make the decision on how much to invest, where to build, and how many units of what type will be built in the development. These decisions will be based on considerations that will provide the fund with the best return on capital. This innovation changes the relationship between the PRP, which may be limited to being stock managers, and the funders, which may become the strategic decision makers. These investment decisions are based on long-term arrangements and may create organisational convergence over time (Mullins and Walker, 2009).

The fourth question explored how for-profit actors have changed the frames of reference of traditional not-for-profits participants. Once more, this is a question initially asked by Mullins and Walker (2009). This study has found that the for-profit sub-sector is still an emerging sector and that it is too small to make a significant impact on the broader market. It remains uncertain whether, outside the joint ventures and partnering arrangements discussed above, FPPs are changing the frame of reference in the CSHM, as very few traditional providers are aware of FPPs, or willing to become involved in their activities (Chapter Five). To raise awareness of the FPP sector in the market, requires either a ‘household name’ non-housing organisation or more for-profit organisations to enter the market. The regulator will need to provide support and lift some of the entry barriers to encourage growth within a diversified sector. A changes that would need to be considered would be to allow organisations to take a reasonable level of profit outside the sector so that for-profit organisations can be adequately rewarded for the risks they are taking.

Organisational learning is also occurring across the CSHM through staff recruitment and the use of consultants. The study identified evidence of recruitment practices where senior managers had moved from the traditional sector to the FPPs, and this has provided these managers freedom to adopt more business-focused procedures to manage housing assets. The consultancy market for providers in social housing is relatively small and the leading firms of both professional services (accountancy, law and finance) and the specialist management consultants are working cross-sector. It is likely that both these networks cross-pollinate business practices in the market and that this occurs outside of formal organisational and institutional arrangements.

The fifth question discussed whether these changes are sufficiently robust to meet both government and corporate objectives. The government has two objectives for the market: to increase the supply of affordable housing, and to provide value for money through increased efficiencies (Chapter Four). The findings from the study suggest that it is ‘business as usual’ for the PRPs that are working to deliver these government growth objectives and are responsible for the delivering the majority of the new supply. To achieve these objectives, PRPs that want to grow their stock have to diversify their business plans to increase efficiency and cross-subsidise development activity (Chapter Seven).

While the FPP sector is emerging, it has been successful at bidding for government grant and has combined this with other resources to build new units. The financial-opportunists are bringing new funding to the market to develop additional affordable housing. It has also identified market-disrupters that have a similar business model as the financial-opportunists, but the regulator does not regulate them and they too are working with PRPs to develop new dwellings. The FPPs corporate objectives for growth have been hampered by regulation, including the 5 per cent rule and limiting how profits can be taken out of the market. Not all FPPs have been established to grow housing supply; many are dormant companies that are held in reserve in case the developer loses the S106 viability argument. If necessary, the dormant company will be resurrected to retain and manage the affordable units as assets (Chapter Seven).

The sixth question reflected on the changes introduced and asks if these would be different if the programme of austerity and the retrenchment of public finance had not occurred. A long-term policy objective of successive governments has been to reduce the levels of grant funding and to substitute grants with borrowing and increased efficiencies so that the sector can continue to grow supply (Chapter Two). The study has shown that the austerity measures introduced following the financial crisis have accelerated the policy of grant reduction (Chapter Four). However, there is an uncorrelated positive relationship between the grant funding and the new supply of social housing. This has worked against other policy objectives that have sought to grow supply.

The continued reduction of grant funding and other measures introduced as part of austerity policies (welfare reform and rents policies) have impacted on the income streams of all providers operating in the CSHM. It would seem reasonable to suggest that these may have significantly changed the frames of reference that exist in the market and that both limited interactions between new and existing providers. This is because they are all competing against each other for a market share. The austerity measures may have also reduced the flow of potential FPPs entering the market.

The seventh question sought to categorise the different actors in the CSHM into typologies. The study has classified FPPs operating in the CSHM as one of three typologies: legitimisers, opportunists (development–opportunists and financial-opportunists) and optimisers. Legitimisers are businesses that existed before registration with the regulator, and which were contracted by local authorities (LAs) to provide temporary accommodation to house homeless people. Opportunists are defined as firms that were established with the sole purpose of being an FPP, to capture and retain the affordable housing assets that arise from development. Optimisers have extensive landholdings, and they are typically motivated to optimise returns from small parcels of land adjacent to main roads or near other amenities to meet social needs while maintaining full control of the asset.

The study has also identified market-disrupters. This typology can be further sub-categorised into two groups. Finance-disrupters are providing new finance for the development of social housing which can then be leased to established PRPs. The other group involves development-disrupters who provide subsidised housing in the broader housing market but do not provide social housing and are thus not regulated by the Social Housing Regulator.

Objective 3: Identify the entry barriers to the CSHM and assess the impact on actors' business plans and the government's objectives

The third objective of the study was to identify and analyse the entry barriers, both external and internal, to the successful delivery of actors' business plans and the government's wider objectives of developing new affordable housing in the CSHM. Within this, the research addressed four research questions.

The first research question assessed the barriers to entry for new market entrants. The Cave Review (2007) recommended that a new regulator should be established that would be responsible for reducing barriers to entry and ensuring its role included being the market-maker. This study has found that regulatory developments post Cave could be more encouraging to these new market entrants (Chapters Four and Seven). The regulatory framework does not provide sufficient incentives for FPPs to enter the market, the financial costs are too high, and regulation does not provide a level playing field with PRPs. For example, through stock rationalisation, a PRP can have a business plan predicated on purchasing social housing in high-value areas and wait until a tenancy comes to a natural end before the landlord sells the dwelling on the open market. Any monies raised by the PRP through this transaction may then be reinvested back into social housing, or back into the broader group; including non-social housing activities. It may be undesirable, but with the support of regulation, this is something that PRPs can do and FPPs cannot.

The consequence of the regulator protecting the social housing from asset stripping FPPs, is creating a secondary recycled receipt if, or, when the FPP decides to sell this stock. This receipt may impact on any increase in the asset value which has resulted from the FPP investing in the purchased stock and, therefore, may limit the rewards that can be taken out as profits from such an investment. The 5 per cent rule, mentioned above, also severely limits FPPs' potential for reinvestment into non-social housing activities and therefore cross-subsidise the entity. There is no such cap for PRPs who are actively encouraged to diversify. Finally, there are no role models for FPPs to identify with, or to learn from with regard to what can be achieved in the market.

The second research question examined how these barriers can be overcome. To incentivise new market entrants and reduce the costs of acquiring new stock, there is a need to signal to the broader CSHM that it is open to new providers. The HCA investment arm could do this by providing funding opportunities exclusively for new market entrants including FPPs. The government has set such a precedence with the £1.5bn Home Build Fund for SME house builders (HM Treasury, 2017).

The FPPs produced a joint response to the regulator's 2014 consultation, but it seemed to fall on deaf ears (Chapter Four). The sub-sector has a responsibility to overcome the regulatory barriers, and a concerted effort to lobby its case to policymakers should be made. This exercise should demonstrate the added value the FPPs have brought to the market with reference to capital, new supply, and innovations that have assisted the government with its policy programme. The FPPs should use their records in these arenas to develop proposals for the development of new regulation proactively.

The third question explored the policy objectives of the great reforms, which introduced the new for-profit actors into the CSHM. These were based on recommendations in the Cave Review (2007) which sought to open the market to competition, to increase efficiency, to provide higher standards of service, and to enable more consumer choice over who provides landlord services. The expected outcomes of these reforms will increase the supply of social and affordable housing. Each government since 2007 has set increasingly more ambitious targets for new housing; starting with the figure of 200,000 set by Prime Minister Blair, and increasing to 240,000 between 2007 and 2010 by Gordon Brown. There then followed a five-year period without an official house building target, but a target of 200,000 per year was reintroduced subsequently by the conservative government in 2015 and it has been increased twice since then, to 250,000 per year by 2022, and then up to 300,000 per annum by the mid-2020s (Chapter Two).

Question four discussed the extent to which these policy objectives were achieved and Chapter Four demonstrates their limited success. Since the HRA 2008 was implemented, the total number of social and affordable housing in the market has increased slightly from 3.998 million to 4.106 million between 2008 and 2016. Overall house building has only surpassed the target in the four years between 2004 and 2007; data for 2016 shows that the new build rate is 22,000 below target (Chapter Four).

Only a modest number of FPPs have been able to enter the market since 2010 and the 38 who registered with the regulator collectively own 2,285 units. The measurements of improved efficiency have proved difficult for the regulator and in the first few years it allowed individual providers to publish an efficiency statement explaining what they were doing to achieve value-for-money. In 2017 the regulator introduced a matrix to assess individual providers' value for money performance. This will be used in the future to benchmark individual providers' performances and provide a global efficiency statement.

Objective 4: The extent to which the barriers can be overcome under current institutional structures

The fourth objective for the study was to consider the extent to which these barriers can be overcome under the current legislative and regulatory structures. Within this, the research addressed two research questions.

The first research question considered the necessary legislative and regulatory structures required to overcome these barriers. Mullins and Walker (2009) identified that the regulations that were in force in 2004 acted as a significant barrier to for-profit actors fully committing and participating in the regulated social housing market. The registration process was considered to be both too onerous and invasive, and it was designed to stop the private sector from profiteering from social housing grant. They expected the Cave Review (2007) to address such issues.

These complaints are similar to those reported in this study. Unlike Mullins and Walker (2009), this study has concluded that it is not necessary to make changes to existing legislation to ensure that the regulator is more responsive in its role as the regulator for the whole sector. Instead, it requires a refocus of its duties by the government. The Department for Communities and Local Government Select Committee could concentrate on the issue and hold the regulator's chairperson and accounting officer into account for these shortcomings by exerting pressure on the Secretary of State.

The Housing White Paper 2017 did not mention the FPP sector (DCLG, 2017a), but this may be because it has been identified as insignificant in size and with regard to the authority that it exercises across the CSHM. Policymakers may be waiting for the initial FPPs to fizzle out. Therefore, to reinvigorate the sector and place the FPPs back on the political agenda, a lobbying exercise is required. This should demonstrate how the FPP sector has assisted government and its agencies to meet its targets and also explain what it has been unable to do due to the regulations that presently exist. It could also comment on issues pertaining to the level playing field and other barriers to entry that require review.

Objective 5: Develop policy propositions for future social housing provision

The fifth objective of the study was to develop policy propositions for future social and affordable housing provision for central government and its agencies, using summative interviews. Within this, the research answered three research questions.

The first research question asked how to improve the study of the CSHM. The research has discussed how the requirements of the CSHM have shifted since the 2007 economic crisis. It is no longer a market that provides residual housing; instead, there is an expectation that the market provides a mass housing solution for a broader population. Common terms such as social housing market, affordable housing market, and social and affordable housing market were used interchangeably by interviewees and commentators to describe this market. In addition, the impact of government austerity measures and rising market values on sub-market price or rents, against which individual social or affordable dwellings are benchmarked to set the affordable rents, mean an 'affordable' dwelling is becoming unaffordable for families on low incomes (Wilcox et al., 2017). This has led to the supposition that a more precise modern definition for the CSHM is required to ensure professionals, tenants and leaseholders, policymakers, politicians and academics all understand what is included and excluded in the market. The new standard definition of the broader social and affordable market needs to be one that is similar to the sub-market price housing definition developed in this study.

The second research question examined how to adapt the CSHM policy framework to meet national housing targets. The study has concluded that there needs to be some consistency introduced into the policy environment that is supportive to the development of new affordable housing. This policy needs to offer providers, funders and builders of new houses with certainty over future income streams in order to facilitate new investment. Consistency does not mean that there needs to be a continuation of the old business model predicated on grant funding. Instead, there should be a benign environment that is supportive of innovation in business models and allows for a degree of experimentation. At the same time, however, the system must be evaluated efficiently, and lessons learned so as to ensure the future advancement of the business models.

For example, a pilot programme to allow some providers to convert historical grant properties into equity finance would be helpful to market test demand for this type of privatisation and understand what it may achieve. In return, the landlord would have to develop a new ethical business model, where most of the new supply is given over to those who are excluded from the broader housing market.

There are a number of advantages to this type of innovation: it would release historical grants to enable new borrowing; keeps the individual provider's social purpose intact (even though they would no longer be a not-for-profit organisation); and make the provision of affordable housing relevant to the broader community as there would be mass provision. Finally, it would assist the government in providing a solution to funding new affordable housing at no additional cost to the state. The disadvantage of such innovation is that it would effectively be the full privatisation of an existing social housing landlord. Accordingly, existing tenants might challenge such a change.

The third question considered whether the conclusions on the affordable housing market from this research make sense to actors operating in the market. Follow-up summative interviews were held with research participants who had volunteered to be re-contacted to discuss issues that arose on a one-to-one basis. These participants were used as sounding boards to sense test the research findings and the emerging conclusions. There was a consensus that the findings seemed fair and could be used to influence future policy.

There was strong support for the proposal that FPPs should be able to develop a lobbying strategy to build a case to demonstrate both the sub-sectors' relevance and also recommend regulations that required amendment to lower the entry barriers. There was also support for developing a series of pilot projects to examine different methods of utilising historical grants embedded in existing social housing dwellings to increase the providers borrowing capacity to build find new SMPH.

Theoretical and conceptual contributions made by the research

Chapter Three discusses how the theoretical approach developed for the conceptual framework used in this study builds on previous research in housing studies that have applied multiple theories to understand the modernisation of the sector (Ball and Harloe, 1992; Mullins et al., 2001; Mullins and Walker, 2009). The analysis presented in this thesis has made a significant theoretical contribution to housing studies and in particular has progressed the application of principal-agent theory, which has previously been criticised as being unable to deal with the more complex business of managing a contemporary social housing provider (Mullins et al., 2001). In this research it is argued that modern social housing companies are engaged in the management of multiple contracts to account for financing social housing. There has also been the emergence of hybrid and super-hybrid providers. These hybrid entities require their senior management teams to be responsible for the management and oversight of both social housing and non-social housing business (Chapter Five and Chapter Seven). Thus, the increased financialisation and diversification of social housing providers, means that the management of such entities has become increasingly complex. This research disagrees with the traditional thinking that P-AT is not suitable to analyse complex organisations as it has argued that to understand the CSHM it is necessary to understand how these new complexities fit within the new requirements for the management of social housing. It also necessary to understand how managers are able to manage these new contracts within more complex organisations. It is therefore proposed that applying P-AT to analyse the CSHM is the best theoretical solution.

Further, the study has also made a conceptual contribution to housing studies. It has built on the conceptual frameworks developed to understand hybrid housing organisations put forward by the likes of Blessing (2012), Czischke et al. (2012), Gilmore and Milligan (2012) and Sacranie (2012) by bringing for profit actors into the conceptual framework that examines hybridisations. The research established that these FP actors could be classified as hybrid organisations (see Case Studies 2 and 3). It also developed a conceptualisation of the CSHM that accounts for market disrupters developing social/affordable housing without government subsidy and redefined the definition of social and affordable housing to one of sub market price housing.

Areas for future research

Further research is required to refine the theoretical modelling of the CSHM, and this should include a longitudinal study of the FPPs to account for how the sub-sector has matured. It should identify if the typologies are relevant and examine the future influence that FPPs may have over the market, including an assessment of any efficiencies and cross-organisation learning that has occurred. There are data limitations to this proposed research as any components of change analysis is based on the regulator’s registrations and de-registrations. The regulator’s database is a live data system, which contains no historical data. Therefore, de-registrations can only be calculated by monitoring the database regularly to capture each published update and tracking the changes over time. If the proposed research is to build on the findings in this study, the tracking of data would have to be undertaken immediately following this study.

This study has identified that the hybrid providers have diversified into broader areas than ‘bricks and mortar’, which have not been examined by previous research. Therefore, a research programme that explores the variety of non-housing diversification being taken forward by hybrid providers is required. Such research should assess why diversification has taken place, consider its impact on the individual organisations that have diversified, and find out whether such diversification increases the ability of individual organisations to build more social and affordable homes.

It is proposed that future research should also focus on market disrupters, and particularly those financial institutions that have become direct landlords to understand the capacity of this sector and identify whether the operators within this sector wish to exert control over investment decisions in the CSHM in the long-term. The proposed study on financial-disrupters could be expanded to examine existing PRPs and collate the sector’s views of new types of finance. This would enable such a study to assess the future capacity in the CSHM for different funding models and see if the frames of reference between the for-profits and PRPs have changed over time. The research would need to understand the opinions of PRPs on the financial markets, and would also need to identify whether or not there would be a stigma attached to certain types of funders. It would also be useful to ascertain whether the social purpose of the individual providers is aligned with the motivations of the disrupters. It is necessary to understand the capacity and desire of the sector to move forward in this way to assist policymakers in developing further regulations which ensure that social housing assets be protected. Finally, there still needs to be more research and thinking about the potential of how to privatise traditional providers and assess whether this would provide a long-term proposition to fund new social and affordable housing without grants.

A critical reflection on the methodology

The researcher’s background of working in the housing sector at a senior level could be construed as making him an insider to the culture that has been studied in this thesis. It is acknowledged by Hammersley (1993) that the insider has certain qualities that place them in front of an outsider. For example, the researcher will have experience of the settings being studied and therefore already possess a level of first hand history and other information required to understand what is happening in the market. These are aspects of research which might take an outsider a significant time to acquire. Further, the researcher already has long standing relationships with actors within the market and this may have made it easier for him to access these individuals for interview purposes. Similarly, the researcher has experience of being a key actor within the CSHM and, therefore, is in a position to test theoretical and conceptual ideas in a way that an outsider could not (Hammersley, 1993).

Although Hammersley provides counter arguments for these points, on reflection the researcher believes he was best placed to undertake this study as he was conscious that he was speaking with people who were his peers either as colleagues, partners or organisations that had been regulated by him. This, therefore, helps to explain and rationalise the design of the formative research methods that were introduced and discussed in Chapter Three. In essence, a research strategy was successfully established that embedded the researcher in the learning process and removed him from any bias that he might have been carrying when he was undertaking the research and analysis undertaken in the preparation of this thesis.

For example, the researcher's closeness to the topic and organisations being investigated through the research did not stop him from being critical of these organisations where appropriate. Further, there is always a risk that an insider may not receive responses from interviewees that are fully truthful and that this may change the dynamics of the research. However, the researcher believes this was not the case as he was able to triangulate answers to questions between interviewees and also against data sets available in the public domain. These have all been used to draw up and analyse the findings in Chapters Five, Six and Seven.

The international significance of the research

The primary objective of this research was to understand the impact of the HRA2008 on the English CSHM. However, the research findings also have an international significance in three ways. These are, hybridity, competition, and the introduction of international actors operating in the market place.

Chapter Two, Five and Seven in this study discussed hybrid-housing organisations, and in doing so, drew on previous studies of the Netherlands, which have identified financial hybridity within the third sector. This bridges the gap between private and government funding (Mullins and Pawson, 2010). These organisations tend to have their origins in either local government or the third sector, which is broadly similar to existing PRP actors in England (Czischke et al., 2012 and Gilmore and Milligan, 2012). This research has expanded on the area of hybridity as it has shown that for-profit organisations also have a role to play in hybridisation. Further, it has identified the development of super-hybrid housing organisations, where businesses diversification has taken place, and the housing providers are not limited to 'bricks and mortar' activity, this is a key research finding. Both of these findings require further consideration internationally to identify if this practice is specific to the CHSM in England or is occurring more broadly across an international footprint.

The introduction of FPPs into the English CSHM has been low key, and these new actors do not offer significant competition for existing PRPs. This is a contrast with international research, where differing types of providers, third sector, hybrid and profit-making landlords are in direct competition (Chapter Two).

Learning from this research is significant when considering the international financialisation of English social housing funding. For example the fieldwork found that a Luxemburg based merchant bank is the parent company of a new social housing provider operating in the regulated market. Further, existing PRPs have secured bond finance from the international financial markets such as Europe and Japan. This also presents an opportunity for further research, to understand the motivations and reasons for international finance to invest in social housing in England.

For-profit providers and the social housing market

This study has discussed the introduction of for-profit actors into the English CSHM using a tripartite theoretical framework. It has found that the framework was helpful in framing the study questions and that each of the theories had a role to play in understanding the relationships that exist between the broader actors in the market. The study has concluded that it is possible to understand the market using this tripartite model. The institutional theory assists in explaining why the regulator and its regulatory framework show a level of uncertainty about the motivations of FPP entering the CSHM, while the application of principal-agent theory demonstrates the relationships that exist between the London policymakers and how these encouraged market disrupters to enter the CSHM. Similarly, the management of joint ventures between the new equity-led financial investors (financial-opportunists and financial-disrupters) and existing PRPs are explained by the principal-agent theory. The organisational theory was found to be less relevant because existing actors have had to respond to new competition, for example, by attempting to manage resources (finance, land, tenants) more efficiently.

The principal findings of the study have been the classification of the FPPs into three typologies (legitimisers, opportunists and optimisers) and the discovery of the market disrupters who have developed different solutions to providing affordable housing. These findings have led to the development of a broader definition of the sub-market price housing, which shifts the definition away from a residualised model driven by government funding to one that is a mass market model and is designed to describe social and affordable housing during periods of crisis. The other significant finding is how new financial providers have found opportunities to bring equity funding into the market from a sub-market price housing perspective, both in the regulated and non-regulated markets.

References

Abrahamson, P., 2005. The Wobbly Pillar revisited: Theorizing welfare state and housing policy: The case of Denmark. *European Network for Housing Research International Conference,* June 29th - July 3rd, 2005, Reykjavik, Iceland.

Agnew, H., 2014. Cheyne Capital plans £300m impact property fund. *Financial TImes*, 14 April. http://www.ft.com/intl/cms/s/0/73db604e-c3ef-11e3-b2c3-00144feabdc0.html#axzz3h5990S1O (Accessed 27.07.2015).

Aiken, M., 2007. What is the role of social enterprise in finding, creating and maintaining employment for disadvantaged groups. Cabinet Office, London. http://webarchive.nationalarchives.gov.uk/+/http:/www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/social_enterprise_employment.pdf (accessed 08.01.18).

Anheier, H.K., Krlev, G., 2015. Guest editors' introduction: Governance and management of hybrid organizations. *Int. Stud. Manag. Organ*. 45, 193–206.

Apps, P., 2016. Cheyne secures first housing association deal. *Inside Housing*. https://www.insidehousing.co.uk/home/home/cheyne-secures-first-housing-association-deal-47322 (accessed 8.30.17).

Arasaratnam, R., 2015. English housing associations' finances under pressure in tougher operating environment. *Moody's*. https://www.moodys.com/research/Moodys-English-Housing-Associations-finances-under-pressure-in-tougher-operating--PR_330711 (accessed 1.14.18).

Argote, L., Ingram, P., 2000. Knowledge transfer: A basis for competitive advantage in firms. *Organ. Behave. Hum. Decis. Process*, 82, 150–169.

Back, G., Hamnett, C., 1985. State housing policy formation and the changing role of housing associations in Britain. *Policy Polit.* 13, 393–412.

Bailey, R., 2014. Consultation on changes to the regulatory framework – Response relating to for-profit registered providers and new applicants. Trowers & Hamlins LLP. https://www.trowers.com/uploads/Files/Publications/2014/Bulletins/Consultation_on_changes_to_the_Regulatory_Framework_-_Response_relating_to_for-profit_registered_provider_and_new_applicants.pdf (accessed 1.8.18).

Ball, M., 1986. Housing analysis: Time for a theoretical refocus? *Hous. Stud*. 1, 147–166. DOI: 10.1080/02673038608720573.

Ball, M., 1998. Institutions in British property research: A review. *Urban Stud.* 35, 1501–1517.

Ball, M., Harloe, M., 1992. Rhetorical barriers to understanding housing provision: what the 'provision thesis' is and is not. *Hous. Stud*. 7, 3–15.

Barker, K., 2004. Review of housing supply: Final report, recommendations. H.M. Treasury, London.

Barker, K., 2006. Barker review of land use planning: Final report, recommendations. H.M. Treasury, London.

Barnard, H., Pettigrew, N., 2004. *Applicants' perspectives on choice-based lettings*. Office of the Deputy Prime Minister, London.

Barratt, L., 2017. Notting Hill to issue £250m bond delayed by merger. *Inside Housing.* https://www.insidehousing.co.uk/news/news/notting-hill-to-issue-250m-bond-delayed-by-merger-52593 (accessed 1.16.18).

Bennett-Casserly, R., 2010. Making a profit from affordable housing. *The Guardian,* 25 November. http://www.theguardian.com/housing-network/2010/nov/25/making-profit-affordable-housing (accessed 9.8.17).

Best, R., 1991. Housing associations: 1890–1990, in Lowe, S., Hughes, D. (ed.), *A new century of social housing*. Leicester University Press, Leicester.

Best, R., 1996. Housing associations: The sustainable solution, in Williams, P. (ed.), *Directions in housing policy: Towards sustainable housing policies for the UK*. Paul Chapman, London, 103-119.

Billis, D., 2010. Revisiting the key challenges: Hybridity, Ownership and Change, in: Billis, D. (ed.), *Hybrid organizations and the third sector – Challenges for practice, theory and policy*, Palgrave Macmillan, Basingstoke.

Birch, J., 2015. Coming soon: the sequels to housing association reclassification. Jules Birch. https://julesbirch.com/2015/10/30/coming-soon-the-sequels-to-housing-association-reclassification/ (accessed 28.01.2018).

Blackman, D., 2017. Transforming the HA business model*. Social Housing 6 Dec: 3*.

Blessing, A., 2012. Magical or monstrous? Hybridity in social housing governance. *Hous. Stud*. 27, 189–207.

Blott, U., 2012. Places for People buys leisure provider. *Inside Housing*. https://www.insidehousing.co.uk/home/home/places-for-people-buys-leisure-provider-34073 (accessed 1.21.18).

Bovey, W.H., Hede, A., 2001. Resistance to organisational change: the role of defence mechanisms. *Journal of Managerial Psychology* 16, 534–548.

Bowen, G.A., 2009. Document analysis as a qualitative research method. *Qual. Res. J.* 9, 27–40.

Bramley, G., 1993. Quasi-markets and social housing, in J.L. Grand, W. Bartlett (eds), *Quasi-markets and social policy*. Palgrave Macmillan, London, 154–182. DOI: /10.1007/978-1-349-22873-7_7.

Brandsen, T., van de Donk, W., Putters, K., 2005. Griffins or chameleons? Hybridity as a permanent and inevitable characteristic of the third sector. *Int. J. Public Adm*. 28, 749.

Brignall, M., 2016. Tiny and £1,100 a month: Corporate answer to flatsharing in London. *The Guardian*, 27 April. http://www.theguardian.com/money/2016/apr/27/corporate-answer-to-flatsharing-london-collective (Accessed 6.12.2016)

Brown, C., 2012. For-profit providers want ‘level playing field’. *Inside Housing*. https://www.insidehousing.co.uk/home/home/for-profit-providers-want-level-playing-field-33569 (accessed 9.24.17).

Brown, C., 2015. Places for People unveils energy company. *Inside Housing*. https://www.insidehousing.co.uk/home/home/places-for-people-unveils-energy-company-45235 (accessed 1.21.18).

Brown, T.L., Potoski, M., Van Slyke, D.M., 2006. Managing public service contracts: Aligning values, institutions, and markets. *Public Adm. Rev*. 66, 323–331.

Bucak, S., 2016. Civitas targets 5% yield with social housing trust. *Citywire Money*. http://citywire.co.uk/money/civitas-targets-5-yield-with-social-housing-trust/a964695 (accessed 12.4.17).

Buckingham, H., 2011. Hybridity, diversity and the division of labour in the third sector: What can we learn from homelessness organisations in the UK? *Volunt. Sect. Rev*. 2, 157–175.

Bury, R., 2011. “Let us borrow” says minister. *Inside Housing,* 10 July. https://www.insidehousing.co.uk/news/news/let-us-borrow-says-minister-28974 (accessed 1.14.18).

Butler, P., Siddique, H., 2016. The bedroom tax explained. *The Guardian*, 27 January. http://www.theguardian.com/society/2016/jan/27/the-bedroom-tax-explained (accessed, 09.01.2018)

Cairncross, L., Clapham, D., Goodlad, R., 1997. *Housing management, consumers and citizens*. Routledge, London.

Callcutt, J., 2007. The Callcutt Review of housebuilding delivery (Reports and summaries). Department for Communities and Local Government, London, England.

Campbell Tickell (Campbell, G. & Tickell, J.), 2006. *Evaluation of the Developing New Approach to Investment Final Report*. Housing Corporation, London, England. https://www.campbelltickell.com/publications/research-and-analysis/856-the-developing-new-approach-to-investment-an-evaluation (accessed 9.14.17).

Cave, M., 2007. Every tenant matters: A review of social housing regulation (instructional). Communities and Local Government Publications, London.

Census, 2011. 2011 Census: Key Statistics and Quick Statistics for local authorities in the United Kingdom (Part 3). https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/2011censuskeystatisticsandquickstatisticsforlocalauthoritiesintheunitedkingdompart3 (accessed 6.22.18).

Chen, J., Nong, H., 2016. The heterogeneity of market supply effects of public housing provision: Empirical evidence from China. *J. Hous. Econ*. 33, 115–127.

Chew-Graham, C.A., May, C.R., Perry, M.S., 2002. Qualitative research and the problem of judgement: Lessons from interviewing fellow professionals. *Fam. Pract*. 19, 285–289.

Clarke, A, Hill, L., Marshall, B., Oxley, M., Pereira, I., Thompson, E., Williams, P., 2015. *Evaluation of removal of the spare room subsidy: Final report* (Research Summary No. 913). Department for Work and Pensions, London.

Clarke, J., Gewirtz, S., McLaughlin, E., 2000. *New managerialism, new welfare*? SAGE, London, England.

Coase, R.H., 1937. The nature of the firm. *Economica* 4, 386–405.

Cole, I., 2006. Hidden from history? housing studies, the perpetual present and the case of social housing in Britain. Hous. Stud. 21, 283–295.

Cole, I., 2007. What future for social housing in England? People Place Policy Online 1, 3–13.

Cole, I., Furbey, R., 1994. The eclipse of council housing. Routledge London, London, UK.

Companies House, 2017a. Ascent Housing LLP - Filing history (free information from Companies House). Companies House Registrations Search. https://beta.companieshouse.gov.uk/company/OC358082/filing-history (accessed 1.27.18).

Companies House, 2017b. Companies House Registrations Search. https://www.gov.uk/government/organisations/companies-house (accessed 12.2.17).

Cooper, A.C., 1981. Strategic management: New ventures and small business. Long Range Plann. 14, 39–45.

Cowan, D., 2011. Housing Law and Policy, First. ed. Cambridge University Press, Cambridge.

Cross, L., 2015a. HAs ordered to cut social housing rents by 1% per year for four years. *Social Housing* 8 July. https://www.socialhousing.co.uk/news/news/has-ordered-to-cut-social-housing-rents-by-1-per-year-for-four-years-24517 (accessed 04.12.2017)

Cross, L., 2015b. HCA reassures investors over sector reclassification impacts . *Social Housing* https://www.socialhousing.co.uk/news/news/hca-reassures-investors-over-sector-reclassification-impacts-25053 (accessed 01.5.18).

Czischke, D., Gruis, V., Mullins, D., 2012. Conceptualising Social Enterprise in Housing Organisations. Hous. Stud. 27, 418–437.

Davis, I., 2013. HCA discussion paper “Protecting social housing assets in a more diverse sector” - a response arising out of workshops facilitated by Trowers & Hamlins. Trowers & Hamlins, London.

DCLG, 2003. Key worker living. http://webarchive.nationalarchives.gov.uk/20090902185609/http://www.communities.gov.uk/housing/buyingselling/ownershipschemes/homebuy/keyworkerliving/ (accessed 31.08.17).

DCLG, 2007. Delivering Housing and Regeneration: Communities England and the Future of Social Housing Regulation. Department for Communities and Local Government, London, England.

DCLG, 2010. Impact of restricting housing supply on house prices. Department for Communities and Local Government, London, England.

DCLG, 2011. Laying the Foundations: A Housing Strategy for England (No. Ref: 408284 11/11). Department for Communities and Local Government, London, England.

DCLG, 2012a. Definitions of general housing terms - . Department for Communities and Local Government, London, England. https://www.gov.uk/guidance/definitions-of-general-housing-terms (accessed 8.16.17).

DCLG, 2012b. National Planning Policy Framework. Department for Communities and Local Government, London, England.

DCLG, 2013. Live tables on dwelling stock (including vacants) - Statistical data sets. Department for Communities and Local Government, London, England. https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants (accessed 6.1.13).

DCLG, 2015. English indices of deprivation 2015. Department for Communities and Local Government, London, England.

DCLG, 2016. Tailored Review of the Homes and Communities Agency (Review of Regulation). Department for Communities and Local Government, London, England.

DCLG, 2017a. Fixing our broken housing market (White Paper), Housing. Department for Communities and Local Government, London, England.

DCLG, 2017b. Live tables on dwelling stock (including vacants) - Statistical data sets. Department for Communities and Local Government, London, England. https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants (accessed 6.1.17).

DCLG, 2017c. Live tables on affordable housing supply - Statistical data sets. Department for Communities and Local Government, London, England. https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply (accessed 12.5.17).

DCLG, 2017d. Live tables on house building: new build dwellings. - Statistical data sets. Department for Communities and Local Government, London, England. https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building (accessed 1.11.18).

DCLG, 2017e. Dwelling Stock Estimates: 2016, - Statistical data sets. Department for Communities and Local Government, London, England. https://www.gov.uk/government/statistics/dwelling-stock-estimates-in-england-2016 (accessed 30.05.2017).

DETR, 2000. Quality and Choice: A Decent Home for All, The Housing Green Paper. Department of the Environment, Transport and the Regions, London, England.

Diefenbach T, 2009. New public management in public sector organizations: The dark sides of managerialistic ‘enlightenment.’ Public Adm. 87, 892.

Dobbin, F., 1994. Cultural models of organization: The social construction of rational organizing principles, in: Crane, D. (Ed.), *The Sociology of Culture: Emerging Theoretical Perspectives.* Blackwell, Cambridge, pp. 117–42.

Doling, J., 1994. The privatisation of social housing in European welfare states. Environ. Plan. C 12, 243–243.

Doling, J., Ronald, R., 2010. Home ownership and asset-based welfare. J. Hous. Built Environ. 25, 165–173. https://doi.org/10.1007/s10901-009-9177-6

Dorling, D., 2014. All that is solid: How the great housing disaster defines our times, and what we can do about it. Penguin UK.

Ekelund, R.B., Hébert, R.F., 2007. A History of Economic Theory and Method. Waveland Press, Incorporated.

Elgot, J., 2017. Benefit cap blamed for 85% cut in new homes for vulnerable people. *The Guardian*. http://www.theguardian.com/politics/2017/aug/25/benefit-cap-blamed-for-85-cut-in-new-homes-for-vulnerable-people (Accessed 14.01.2018).

Esping-Andersen, G., 1996. Welfare states in transition: National adaptations in global economies, null.

Faure-Grimaud, A., Laffont, J.-J., Martimort, D., 2002. Risk averse supervisors and the efficiency of collusion. Contrib. Theor. Econ. 2.

First Ark Ltd, 2013. Business Transformation Strategy: Continuing our journey for excellence. First Ark, Merseyside, England.

First Ark Ltd, 2016. Annual Report and Financial Statements Year ended 31 March 2015. First Ark, Merseyside, England.

Fisher, J.D., Cornman, D.H., Osborn, C.Y., Amico, K.R., Fisher, W.A., Friedland, G.A., 2004. Clinician-initiated HIV risk reduction intervention for HIV-positive persons: Formative Research, Acceptability, and Fidelity of the Options Project. JAIDS J. Acquir. Immune Defic. Syndr. 37, S78–S87.

Fitzpatrick, S., Pawson, H., 2007. Welfare safety net or tenure of choice? The dilemma facing social housing policy in England. Hous. Stud. 22, 163–182.

Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S., Watts, B., 2017. The homelessness monitor: England 2017, The homelessness monitor. Crisis.

Flint, J., 2003. Housing and ethnopolitics: Constructing identities of active consumption and responsible community. Econ. Soc., 32, 611–629.

Forrest, R., Murie, A., 1983. Residualisation and council housing: aspects of the changing social relations of housing tenure. J. Soc. Policy 12, 453–68.

Forrest, R., Murie, A., 1988. Selling the welfare state: the privatisation of public housing, First. ed. Routledge, Abingdon, Oxon.

Forrest, R., Murie, A., 1991. Transformation through tenure? The early purchasers of council houses 1968-1973. J. Soc. Policy 20, 1–25.

Forte-Wood, C., 2010. T Dan Smith Voice of the North Downfall of a Visionary: The Life of the North-East's Most Charismatic Champion. Northern Writers, Bishop Auckland, County Durham.

Fraser, I., 2016. England needs to build 50pc more homes than Government's target, says critical Lords' report. The Telegraph.

Froelich, K.A., 1999. Diversification of revenue strategies: Evolving resource dependence in nonprofit organizations. Nonprofit Volunt. Sect. Q. 28, 246–268.

Gershon, P., 2004. Releasing resources to the front line: Independent Review of Public Sector Efficiency. HM Treasury, London, England.

Gibb, K., Nygaard, C., 2006. Transfers, contracts and regulation: A new institutional economics perspective on the changing provision of social housing in Britain. Hous. Stud. 21, 825–850.

Gill, M., 2017. Tories Drop Flagship Target To Build 200,000 Starter Homes. *HuffPost UK,* 2 July. http://www.huffingtonpost.co.uk/entry/tories-drop-flagship-target-to-build-200000-starter-homes_uk_5899a5d2e4b0505b1f59add7 (accessed 1.14.18).

Gilmour, T., Milligan, V., 2012. Let a hundred flowers bloom: Innovation and diversity in Australian not-for-profit housing organisations. Housing Studies 27, 476–494.

Ginsburg, N., 2005. The privatization of council housing. Crit. Soc. Policy 25, 115–135.

Gittelsohn, J., Evans, M., Helitzer, D., Anliker, J., Story, M., Metcalfe, L., Davis, S., Cloud, P.I., 1998. Formative research in a school-based obesity prevention program for Native American school children (Pathways). Health Educ. Res. 13, 251–265.

Gittelsohn, J., Steckler, A., Johnson, C.C., Pratt, C., Grieser, M., Pickrel, J., Stone, E.J., Conway, T., Coombs, D., Staten, L.K., 2006. Formative research in school and community-based health programs and studies:“State of the art” and the TAAG approach. Health Educ. Behav. 33, 25–39.

GLA, 2014. The Mayor’s Housing Covenant: 2015-18 Programme. Greater London Authority. https://www.london.gov.uk//what-we-do/housing-and-land/increasing-housing-supply/mayor’s-housing-covenant-2015-18-programme (accessed 1.1.18).

GLA, 2015. London Plan (Strategy). Greater London Authority, London, England.

GLA, 2017. Mayor’s Affordable Housing and Viability Supplementary Planning Guidance (No. 2). Greater London Authority, London, England.

Goering, J., Whitehead, C.M.E., 2017. Fiscal Austerity and Rental Housing Policy in the United States and United Kingdom, 2010–2016. Housing Policy Debate 27, 875–896. https://doi.org/10.1080/10511482.2017.1321568

Goodlad, R., 1994. Conceptualising ‘enabling’: the housing role of local authorities. Local Gov. Stud. 20, 570–587.

Goodman, A.C., Thibodeau, T.G., 1998. Housing market segmentation. J. Hous. Econ. 7, 121–143.

Google Maps, 2016. Finefair Housing Ltd . Google Maps. https://www.google.co.uk/maps/place/552+Ley+St,+Ilford+IG2+7DB/@51.5726451,0.0835565,3a,29.3y,147.13h,91.09t/data=!3m6!1e1!3m4!1sThwisdisTYTin4MWjPGMRA!2e0!7i13312!8i6656!4m5!3m4!1s0x47d8a69a18d0995b:0xc418149bcb7ecfdc!8m2!3d51.5724556!4d0.0836677 (accessed 11.29.17).

Google, 2017a. Knowsley MBC . Google Maps. https://www.google.co.uk/maps/place/Knowsley+District/@53.4390959,-2.9229265,11.02z/data=!4m5!3m4!1s0x487b1edc2ffdf395:0x40cf99eed6d3450!8m2!3d53.4328247!4d-2.8279791 (accessed 1.26.18).

Google, 2017b. Staffordshire Moorlands District BC . Google Maps. https://www.google.co.uk/maps/place/Staffordshire+Moorlands+District/@53.0715249,-2.2743574,10z/data=!3m1!4b1!4m5!3m4!1s0x487a3fa0bd6b3551:0x40cf99eed6d36a0!8m2!3d53.0725787!4d-1.9728995 (accessed 1.26.18).

Google, 2017c. London Borough of Newham . London Borough of Newham. https://www.google.co.uk/maps/place/London+Borough+of+Newham/@51.5300821,-0.0309453,12z/data=!3m1!4b1!4m5!3m4!1s0x47d8a7ceba82117d:0x40eae2da2ec6760!8m2!3d51.5255162!4d0.0352163 (accessed 1.26.18).

Greer, A., Hoggett, P., 1999. Public Policies, Private Strategies and Local Public Spending Bodies. Public Adm. 77, 235–256. https://doi.org/10.1111/1467-9299.00152

Grove, L., 2015. Summer Budget 2015 briefing. National Housing Federation, London, England.

Gruening, G., 2001. Origin and theoretical basis of New Public Management. Int. Public Manag. J. 4, 1–25.

Gruis, V., 2008. Organisational archetypes for Dutch housing associations. Environ. Plan. C Gov. Policy 26, 1077–1092.

Gruis, V., Nieboer, N., 2004. Strategic housing management: an asset management model for social landlords. Prop. Manag. 22, 201–213.

Gruis, V., Nieboer, N., Thomas, A., 2004. Strategic asset management in the social rented sector: Approaches of Dutch and English housing associations. Urban Stud. 41, 1229–1248.

H.M. Treasury, 2017. Autumn Budget 2017. H.M. Treasury, London, England.

Hamilton, W.H., 1919. The institutional approach to economic theory. Am. Econ. Rev. 9, 309–318.

Hamilton, W.H., Seligman, E.R., 1932. Encyclopedia of the Social Sciences. Vol YIII.

Hammersley, M., 1993. On the teacher as researcher. Educational Action Research 1, 425–445.

Hammersley, M., Atkinson, P., 1989. Ethnography: Principles in practice, First. ed. Routledge, London.

Hansard, 2015. Chancellor George Osborne MP, Summer Budget 2015. 6 Series, vol. 598, col. 334.

Harloe, M., 1985. Private Rented Housing in the United States and Europe, 1st ed. Croom Helm Ltd, London.

Harloe, M., 1995. The People’s Home? social rented housing in Europe and America, 1st ed, Studies in Urban Change and Social Change. Blackwell Publishers Ltd, 1995.

Harries, A., Vincent-Jones, P., 2001. Housing management in three metropolitan local authorities: the impact of CCT and implications for Best Value. Local Gov. Stud. 27, 69–92.

Harvey, L., 1990. Critical social research. Unwin Hyman London.

Hayek, F.A., 1945. The use of knowledge in society. Am. Econ. Rev. 519–530.

HBF, 2014. Barker Review a decade on. Home Builders Federation Ltd, London, England.

HCA, 2012a. Sector Risk Profile. Homes and Communities Agency, London, England.

HCA, 2012b. Statistical Release: Statistical Data Return 2011-12. Homes and Communities Agency, London, England.

HCA, 2012c. Understanding unit costs of housing providers – regression analysis: summary report. Homes and Communities Agency, London, England.

HCA, 2012d. Global Accounts of Housing Providers (2011). Homes and Communities Agency, London, England, London, England.

HCA, 2012e. The regulatory framework for social housing in England from April 2012. Homes and Communities Agency, London, England.

HCA, 2013a. Global Accounts of Housing Providers (2012). Homes and Communities Agency, London, England.

HCA, 2013b. Protecting Social Housing Assets In A More Diverse Sector: A discussion paper on the principles for amending the Regulatory Framework for social housing in England. Homes and Communities Agency, London, England.

HCA, 2014a. Affordable Homes Programme 2011 to 2015: successful bidders. Homes and Communities Agency, London, England. https://www.gov.uk/government/publications/affordable-homes-programme-2011-to-2015-successful-bidders (accessed 12.1.17).

HCA, 2014b. Consultation on the Regulatory Framework (Consultation). Homes and Communities Agency, London, England.

HCA, 2014c. Global Accounts of housing providers (2013). Homes and Communities Agency, London, England.

HCA, 2015a. Sector Risk Profile (2015). Homes and Communities Agency, London, England.

HCA, 2015b. Consultation on Changes to the Regulatory Framework, Decision Statement. Homes and Communities Agency, London, England.

HCA, 2015c. Regulatory Framework 2015 - Governance and Financial Viability Standard. Homes and Communities Agency, London, England.

HCA, 2015d. Build to Rent: prospectus. Homes and Communities Agency, London, England.

HCA, 2016a. Global accounts of housing providers (2015). Homes and Communities Agency, London, England.

HCA, 2016b. Statistical Data Return 2015 to 2016. Homes and Communities Agency, London, England.

HCA, 2017a. Current registered providers of social housing. Homes and Communities Agency, London, England.

HCA, 2017b. 2016 Global Accounts of private registered providers. Homes and Communities Agency, London, England.

HCA, 2017c. Sector Risk Profile (2017). Homes and Communities Agency, London, England.

HDA, 2014. 2014 Shortlisted schemes the housing design awards. Housing Design Awards. http://www.hdawards.org/archive/2014/shortlisted_schemes/project.php (accessed 1.26.18).

Heming, L., 2017. Triple point social housing REIT raises GBP200 million in IPO *Morningstar UK*, 4 August .http://www.morningstar.co.uk/uk/news/AN_1501841844826480000/triple-point-social-housing-reit-raises-gbp200-million-in-ipo-(allipo).aspx (accessed 12.4.17).

Hennessy, P., 2012. David Cameron: we'll help the strivers, not welfare claimants. *The Telegraph, 30 December*. https://www.telegraph.co.uk/news/politics/david-cameron/9770922/David-Cameron-well-help-the-strivers-not-welfare-claimants.html

Hetherington, P., 2008. In ruins. *The Guardian*, 16 January. http://www.guardian.co.uk/society/2008/jan/16/housing.communities (Accessed 23.05.2013).

Hetherington, P., 2017. What England needs is more affordable houses, not universal credit | Peter Hetherington. *The Guardian*, 22 November. http://www.theguardian.com/society/2017/nov/22/england-housing-crisis-botched-universal-credit. (Accessed 05.01.2018).

heylo Housing Limited, 2017. HHT PLC Bond Investor Report March 2017 Period 5. http://heylohousing.com/new-blog/2017/9/25/ywf1aay4atpmq28ovtskhri6sh49vn (accessed 30.09.2017).

Hickman, P., Kemp, P.A., Reeve, K., Wilson, I., 2017. The impact of the direct payment of housing benefit: evidence from Great Britain. Hous. Stud. 32, 1105–1126. DOI 10.1080/02673037

Higgins, D.L., O'Reilly, K., Tashima, N., Crain, C., Beeker, C., Goldbaum, G., Elifson, C.S., Galavotti, C., Guenther-Grey, C., 1996. Using formative research to lay the foundation for community level HIV prevention efforts: an example from the AIDS Community Demonstration Projects. Public Health Rep. 111, 28.

Hilber, C.A., Vermeulen, W., 2016. The impact of supply constraints on house prices in England. Econ. J. 126, 358–405.

Hills, J., 1998. Thatcherism, New Labour and the welfare state (CASEpaper No. CASE/13). Centre for Analysis of Social Exclusion London School of Economics, London.

Hills, J., 2007. Ends and means: the future roles of social housing in England, CASEreport 34. The London School of Economics and Political Science, London, England.

HM Land Regsitry, 2016. HM Land Registry house price data. Price Paid Data – Standard Reports. http://landregistry.data.gov.uk/app/standard-reports (accessed 1.23.18).

HM Treasury, 2013. Spending Round 2013. HM Treasury. https://www.gov.uk/government/publications/spending-round-2013-documents (accessed 1.14.18).

HM Treasury, 2015. Spending review and autumn statement 2015. H M Treasury, London, England.

HM Treasury, 2015. Spending review and autumn statement 2015. H M Treasury, London, England.

HM Treasury, 2016. Autumn statement, 2016. HM Treasury, London, England.

HM Treasury, 2017. Autumn Budget 2017 HM Treasury, London, England.

Hockey, J., 1993. Research methods–researching peers and familiar settings. Res. Pap. Educ. 8, 199–225.

Hodges, R., Grubnic, S., 2005. Public policy transfer: the case of PFI in housing. Int. J. Public Policy 1, 58–77.

Hodgson, G.M., 2000. What is the essence of institutional economics? J. Econ. Issues 34, 317–329.

Hodkinson, S., 2011. The Private Finance Initiative in English Council Housing Regeneration: A Privatisation too Far? Hous. Stud. 26, 911–932.

Hodkinson, S., Watt, P., Mooney, G., 2013. Introduction: Neoliberal housing policy–time for a critical re-appraisal. Crit. Soc. Policy 33, 3–16.

Hollander, G., 2011. Unsecured bonds the future for PfP. *Inside Housing*, 7 October. https://www.insidehousing.co.uk/news/news/unsecured-bonds-the-future-for-pfp-28975 (Accessed 16.01.2018).

Home Affairs Committee, 2017. Asylum Accommodation (Home Affairs Committee The Home Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Home Office and its associated public bodies. No. HC 637). House of Commons.

Hood, C., 1991. A public management for all seasons? Public Adm. 69, 3–19.

Housing Act 1964. Available at: http://www.legislation.gov.uk/ukpga/1964/56 (accessed 5.2.13).

Housing Act 2004. Available at: https://www.legislation.gov.uk/ukpga/2004/34/schedule/14 (accessed 30.11.17).

Housing and Planning Act, 2016. Available at: https://www.legislation.gov.uk/ukpga/2016/22/contents (accessed 30.11.17)

Housing and Regeneration Act 2008. Available at: https://www.legislation.gov.uk/ukpga/2008/17/contents (Accessed 01.08.2014)

Housing and Regeneration Bill Deb, 11 c1. Available at: https://publications.parliament.uk/pa/cm200708/cmpublic/housing/071211/am/71211s01.htm#0712124000146 (accessed 9.6.17).

Hubbard, P. (2010) 'Comment'. article by Kate Allen, K., 2010. Knowsley HT launches sector's first unregistered for-profit parent structure. Social Housing 28.

Hughes, D., Griffiths, L., McHale, J.V., 1997. Do quasi-markets evolve? Institutional analysis and the NHS. Camb. J. Econ. 21, 259–276.

Hughes, D., Lowe, S., 1995. Social Housing Law and Policy. Butterworths, London, England.

Hughes, O.E., 1994. Public management and administration: an introduction, Third Edition. ed. Macmillan Press, Basingstoke, Hampshire.

Inside Housing, 2004. Housebuilders prepare to grab their share of social housing grant. *Inside Housing*, 3 September. http://www.insidehousing.co.uk/housebuilders-prepare-to-grab-their-share-of-social-housing-grant/446505.article (accessed 13.11.2017).

Jacobs, K., Manzi, T., 2017. ‘The party’s over’: critical junctures, crises and the politics of housing policy. Hous. Stud. 32, 17–34. https://doi.org/10.1080/02673037.2016.1171829

Jarvis, H., 2008. ‘Doing deals on the house’in a ‘post-welfare’society: evidence of micro-market practices from Britain and the USA. Hous. Stud. 23, 213–231.

Johnstone, N., 2017. A match made in heaven?. *Inside Housing* 16 March. https://www.insidehousing.co.uk/insight/insight/a-match-made-in-heaven1-50063 (accessed on 05.12.17).

Jones, C, and Murie, A, 2006. The right to buy: analysis & evaluation of a housing policy (real estate issues). Wiley-Blackwell, Oxford, England.

Jones, G., 2010. The coalition government’s ‘new localism’ decentralisation agenda may well undermine local government. A new agreement is needed. Br. Polit. Policy LSE.

Jowit, J., 2013. Strivers v shirkers: the language of the welfare debate. *The Guardian*, 8 January. http://www.theguardian.com/politics/2013/jan/08/strivers-shirkers-language-welfare (accessed on 05.01.18).

Jupp, V, Norris, C, 1993. Traditions in documentary analysis, in: Hammersley, M (Ed.), Social Research: Philosophy, Politics, and Practice. Sage, London, pp. 37–51.

Justesen, L., Mik-Meyer, N., 2012. Qualitative Research Methods in Organizational Studies. Independent Publishing Group, Denmark.

Kaboolian, L., 1998. The new public management: Challenging the boundaries of the management vs. administration debate. Public Adm. Rev. 58, 189–193.

Kelly, L., 2013a. Live discussion: the role of for-profit housing providers. *The Guardian*, 8 February. https://www.theguardian.com/housing-network/2013/feb/08/for-profit-housing-providers-discussion (accessed on 25.07.2015).

Kelly, L., 2013b. Pocket-sized flats provide a start for the young first-time buyer. *The Guardian*, 19 December. http://www.theguardian.com/housing-network/2013/dec/19/pocket-size-flats-young-first-time-buyer (accessed on 24.06.2015).

Kemeny, J., 1995. From public housing to the social market: rental policy strategies in comparative perspective. Routledge, London, England.

Kemeny, J., Kersloot, J., Thalmann, P., 2005. Non-profit housing influencing, leading and dominating the unitary rental market: Three case studies. Housing Studies 20, 855–872.

Kemeny, J., Lowe, S., 1998. Schools of comparative housing research: From convergence to divergence. Hous. Stud. 13, 161–176.

Kemp, P., 1988. The demunicipalisation of rented housing. Soc. Policy Rev. 89, 46–66.

Kemp, P., 1999. Housing policy under New Labour, in: Powel, Martin (Ed.), *New Labour, New Welfare State? The “third Way” in British Social Policy*. The Policy Press, Bristol, UK, pp. 123–148.

Knowsley MBC, 2013. Knowsley Local Plan Core Strategy Technical Paper Green Belt. Knowsley MBC, Knowsley, England.

Knowsley MBC, 2016. Knowsley Local Plan: Core Strategy A Development Plan Document Adopted by resolution of the Council, 6 January 2016. Knowsley MBC, Knowsley, England.

Kraft, J.M., Beeker, C., Stokes, J.P., Peterson, J.L., 2000. Finding the “community” in community-level HIV/AIDS interventions: Formative research with young African American men who have sex with men. Health Educ. Behav. 27, 430–441.

LBCN, 2012. Newham 2027 - Newham’s Local Plan - The Core Strategy (Core Strategy Development Plan Document). London Borough of Newham, London, England.

Le Grand, Julian, Bartlett, William, 1993. Chapter 2 The theory of quasi-markets, in: Le Grand, Julian, Bartlett, William (Eds.), *Quasi-Markets and Social Policy*. Macmillan Press Ltd, London.

Lee, G., 2017. FactCheck: Governments since 1997 have failed to build 600,000 houses. *Channel 4 News*. https://www.channel4.com/news/factcheck/governments-since-1997-have-failed-to-build-600000-houses (accessed 1.11.18).

Leighton, T., 2017. Adjournment debate on social homes for rent House of Commons, Briefing. Local Government Association, London, England.

Leyshon, A., French, S., 2009. ‘We all live in a Robbie Fowler house’: The geographies of the buy to let market in the UK. Br. J. Polit. Int. Relat. 11, 438–460.

Lindblom, C., 1980. Politics and Markets, 2nd ed. Basic Books, New York.

Localism Act, 2011. Part 7, Ch 5. Available at: http://www.legislation.gov.uk/ukpga/2011/20/part/7/chapter/5/enacted (accessed 2.3.2013) .

Lounsbury, M., 2008. Institutional rationality and practice variation: New directions in the institutional analysis of practice. Account. Organ. Soc. 33, 349–361.

Lowndes, V., 1996. Varieties of new institutionalism: a critical appraisal. Public Adm. 74, 181–197.

Lowndes, V., 1999. Management change in local governance, in: G. Stoker (Ed.) The New Management of British Local Governance,. Macmillan Press Ltd, London, England, pp. 22–39.

Lyons, M., 2014. The Lyons Housing Review: Mobilising across the nation to build the homes our children need. The Labour Party, London.

Maclennan, D., Gibb, K., 1990. Housing finance and subsidies in Britain after a decade of’Thatcherism’. Urban Stud. 27, 905–918.

MacLennan, D., More, A., 2001. Changing social housing in Great Britain: a comparative perspective. Eur. J. Hous. Policy 1, 105–134.

Maier, E., 2017. Comment: We need to go further. *Inside Housing.* https://www.insidehousing.co.uk/comment/comment/we-need-to-go-much-sacfurther-on-fire-safety-53595

Malpass, P., 2000. The discontinuous history of housing associations in England. Hous. Stud. 15, 195–212.

Malpass, P., 2003. The wobbly pillar? Housing and the British postwar welfare state. J. Soc. Policy 32, 589–606.

Malpass, P., 2005. Housing policy analysis: British housing in cultural and comparative context. Hous. Stud. 20, 160–161.

Malpass, P., 2006. The Right to Buy: Analysis and evaluation of a housing policy. Hous. Stud. 21, 795–797.

Malpass, P., 2008a. Housing and the new welfare state: Wobbly pillar or cornerstone? Hous. Stud. 23, 1–19.

Malpass, P., 2008b. 2. Histories of social housing: a comparative approach. Soc. Hous. Eur. II 15.

Malpass, P., 2009. The rise (and rise?) of housing associations, in: Malpass, P., Rowlands, R. (Eds.), Housing, Markets and Policy. Routledge, London, England, Ch 6.

Malpass, P., Mullins, D., 2002. Local authority housing stock transfer in the UK: From local initiative to national policy. Hous. Stud. 17, 673–686.

Malpass, P., Murie, A., 1987. Housing Policy and Practice, 4th ed. Macmillan Publishers Limited, Basingstoke.

Malpass, P., Victory, C., 2010. The Modernisation of Social Housing in England. Int. J. Hous. Policy 10, 15.

Manley, D., Van Ham, M., 2011. Choice-based letting, ethnicity and segregation in England. Urban Stud. 48, 3125–3143.

Manzi, T., Morrison, N., 2017. Risk, commercialism and social purpose: Repositioning the English housing association sector. Urban Stud. 0042098017700792.

Marsh, A., 2004. The inexorable rise of the rational consumer? The Blair government and the reshaping of social housing. Eur. J. Hous. Policy 4, 185–207.

Martin, S., 2000. Implementing ‘best value’: local public services in transition. Public Adm. 78, 209–227.

McDermont, M., 2007. Mixed messages: housing associations and corporate governance. Soc. Leg. Stud. 16, 71–94.

Mercer, J., 2007. The challenges of insider research in educational institutions: Wielding a double-edged sword and resolving delicate dilemmas. Oxf. Rev. Educ. 33, 1–17.

Microsoft Word - 1420209_1.DOC - HCA_discussion_paper_final_response_document.pdf, n.d.

Middlestadt, S.E., Bhattacharyya, K., Rosenbaum, J., Fishbein, M., Shepherd, M., 1996. The use of theory based semistructured elicitation questionnaires: formative research for CDC’s Prevention Marketing Initiative. Public Health Rep. 111, 18.

Millward, L., 2005. ‘Just because we are amateurs doesn’t mean we aren’t professional’: the importance of expert activists in tenant participation. Public Adm. 83, 735–751.

Moody’s, 2013. Moody’s downgrades 29 English housing associations; outlook stable . Moodys.com. http://www.moodys.com/research/Moodys-downgrades-29-English-housing-associations-outlook-stable--PR_272724 (accessed 6.2.13).

Morrison, N., 2016. Institutional logics and organisational hybridity: English housing associations’ diversification into the private rented sector. Hous. Stud. 31, 897–915. https://doi.org/10.1080/02673037.2016.1150428

Morrison, N., 2017. Selling the family silver? Institutional entrepreneurship and asset disposal in the English housing association sector. Urban Stud. 18.

Mowery, D.C., Oxley, J.E., Silverman, B.S., 1996. Strategic alliances and interfirm knowledge transfer. Strategic management journal 17, 77–91.

Mullins, D., Czischke, D., van Bortel, G., 2012. Exploring the Meaning of Hybridity and Social Enterprise in Housing Organisations. Hous. Stud. 27, 405–417.

Mullins, D., Murie, A., Leather, P., 2006. Housing Policy in the UK. Palgrave Macmillan.

Mullins, D., Pawson, H., 2009. The evolution of stock transfer, in: Malpass, P., Rowlands, R. (Eds.), Housing, Markets and Policy. Routledge, London, England, Ch 5.

Mullins, D., Pawson, H., 2010. 10 Housing associations: Agents of policy or profits in disguise? Hybrid Organ. Third Sect. Chall. Pract. Theory Policy.

Mullins, D., Pawson, H., 2010. Social Housing: Agents of policy or profits in disguise?, in: Billis, D. (Ed.), Hybrid Organizations and the Third Secotr: Challenges Fro Practice, Theory and Policy. Palgrave Macmillan, Hampshire, pp. 197–218.

Mullins, D., Reid, B., Walker, R.M., 2001. Modernization and change in social housing: The case for an organizational perspective. Public Adm. 79, 599–623.

Mullins, D., Walker, B., 2009. The impact of direct public funding for private developers on non-profit housing networks in England: Exploring a research agenda. Eur. J. Hous. Policy 9, 201–222.

Munro, Moira. Pawson, H.M.S., 2005. Theme 4: Widening Choice. ODPM Publications.

Murie, A., 2009a. Rediscovering housing policy, in: Malpass, P., Rowlands, R (Eds.), Housing, Markets and Policy. Routledge, London, England. Ch 12.

Murie, A., 2009b. The modernisation of housing in England. Tijdschr. Voor Econ. En Soc. Geogr (J. Econ. and Soc. Geog.). 100, 535–548.

Murphy, E., 2016. The re-classification of Housing Associations in England – implications for Northern Ireland (Briefing Paper No. Paper 56 /16 NIAR 303-16), Research and Information Service. Norther Ireland Assembly.

NAO, 2003. Improving Social Housing Through Transfer. National Audit Office, London, England. http://www.nao.org.uk/press-releases/improving-social-housing-through-transfer-2/ (accessed 6.3.13).

NAO, 2010. PFI in Housing (No. HC 71). National Audit Office, London, England.

Neville, S., 2015. Homeless family: falling through 'sieve' with nothing to cling to . *Financial. Times*, 19 July. https://www.ft.com/content/442275d8-2c9c-11e5-acfb-cbd2e1c81cca (accessed 12.1.17).

Neville, S., Gainsbury, S., 2015. Austerity's £18bn impact on local services . Financ. Times. https://www.ft.com/content/5fcbd0c4-2948-11e5-8db8-c033edba8a6e (accessed 12.1.17).

Newes-Adeyi, G., Helitzer, D.L., Caulfield, L.E., Bronner, Y., 2000. Theory and practice: applying the ecological model to formative research for a WIC training program in New York State. Health Educ. Res. 15, 283–291.

NHF, 2016. How many homes did housing associations build in 2015/16? (Key statistics briefing). National Housing Federation, London, England.

Nichter, M., Nichter, M., Thompson, P.J., Shiffman, S., Moscicki, A.-B., 2002. Using qualitative research to inform survey development on nicotine dependence among adolescents. Drug Alcohol Depend. 68, 41–56.

North, D.C., 1991. Institutions. J. Econ. Perspect. 5, 97–112. https://doi.org/10.1257/jep.5.1.97

O'Neill, C., 2009. Ikea homes development falls flat . The Independent. http://www.independent.co.uk/property/house-and-home/ikea-homes-development-falls-flat-1501231.html (accessed 9.8.17).

OBR, 2015. Economic and fiscal outlook (Cm 9153). Office for Budget Responsibility, London, England.

ODPM Select Committee:, 2005. Memorandum by the Knowsley Housing Partnership (EMP 41) - Written Evidence . https://www.publications.parliament.uk/pa/cm200405/cmselect/cmodpm/295/295iwe02.htm (accessed 3.23.17).

OED, 2017. "hybrid, n. and adj.". . Oxford English Dictionary. http://www.oed.com/view/Entry/89809 (accessed 18.12.2017)

ONS, 2016. Population projections incorporating births, deaths and migration for regions and local authorities. Table 5. https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/componentsofchangebirthsdeathsandmigrationforregionsandlocalauthoritiesinenglandtable5 (accessed 22.4.2017).

ONS, 2017. Annual Survey of Hours and Earnings - Office for National Statistics (Statistical Bulletin and Data sets). Office of National Statistics, London, England.

Orr, D., 2017. Let's make sure we're having the right debate about social housing. National Housing Federation. https://www.housing.org.uk/blog/lets-make-sure-were-having-the-right-debate-about-social-housing (accessed 05.01.2018)

Osborne, S.P., 1998. The innovative capacity of voluntary organisations: managerial challenges for local government. Local Gov. Stud. 24, 19–40.

Osborne, S.P., Chew, C., McLaughlin, K., 2008. The once and future pioneers? The innovative capacity of voluntary organisations and the provision of public services: A longitudinal approach. Public Manag. Rev. 10, 51–70.

Ou, C., Haynes, G.W., 2006. Acquisition of Additional Equity Capital by Small Firms – Findings from the National Survey of Small Business Finances. Small Bus. Econ. 27, 157–168. https://doi.org/10.1007/s11187-006-0009-8

Oxford Economics, 2016. Forecasting UK House Prices and Home Ownership: a report for the Redfern review into the decline of home ownership. *Oxford Economics*, Oxford, England.

Oxley, M., 1989. Housing policy: Comparing international comparisons. Hous. Stud. 4, 128–132. https://doi.org/10.1080/02673038908720651

Oxley, M., 1999. Institutional structure of social housing finance in the UK: recent developments. Urban Stud. 36, 673–682.

Oxley, M., Elsinga, M., Haffner, M., Van der Heijden, H., 2010. Competition and social rented housing. Housing, Theory and Society 27, 332–350.

Oxley, M., Tang, C., Lizieri, C., Mansley, N., Mekic, D., Haffner, M.E.A., Hoekstra, J., 2015. Prospects for institutional investment in social housing. IPF Lond.

Palmer, E.L., 1983. Formative Research in the Production of Television for Children., in: Meyer, M. (Ed.), Children and the FOrmal Features of Television. K.G. Saur, Munchen, pp. 253–78.

Park, J., 2017. One hundred years of housing space standards: What now?. http://housingspacestandards.co.uk/ (accessed 02.01.2018)

Pawson, H., 2006. Restructuring England's social housing sector since 1989: Undermining or underpinning the fundamentals of public housing? Hous. Stud. 21, 767–783.

Pawson, H., Jacobs, K., 2010. Policy Intervention and its Impact: Analysing New Labour's Public Service Reform Model as applied to Local Authority Housing in England. Hous. Theory Soc. 27, 76–94. https://doi.org/10.1080/14036090902764604

Pawson, H., Mullins, D., 2010. After Council Housing: Britain's New Social Landlords. Palgrave Macmillan, Basingstoke, Hampshire.

Pawson, H., Smith, R., 2009. Second generation stock transfers in Britain: impacts on social housing governance and organisational culture. Eur. J. Hous. Policy 9, 411–433.

Pawson, H., Sosenko, F., 2012. The supply-side modernisation of social housing in England: Analysing mechanics, trends and consequences. Hous. Stud. 27, 783.

Pawson, H., Wilcox, S., 2012. UK Housing Review 2011/2012, 20th Revised edition. ed. Chartered Institute of Housing.

Pawson, Hal. Munro, M., 2010. Explaining Tenancy Sustainment Rates in British Social Rented Housing: The Roles of Management, Vulnerability and Choice. Urban Stud. 47, 24.

Perry, J., (2005), The end of council housing: a premature obituary?, in: S. Wilcox (Ed.) UK Housing Review 2005/06 (Coventry and London: Chartered Institute of Housing and Council of Mortgage Lenders).

Perry, J.L., Rainey, H.G., 1988. The public-private distinction in organization theory: A critique and research strategy. Acad. Manage. Rev. 13, 182–201.

PfP, 2016. Places for People Group Structure Chart . Structure Chart. http://www.placesforpeople.co.uk/media/637686/structure_chart.pdf (accessed 3.1.18).

PfP, 2017a. Places for People | About us | Who we are . http://www.placesforpeople.co.uk/about_us/who_we_are.aspx (accessed 1.21.18).

PfP, 2017b. Annual Report 2017: creating aspirational homes and inspirational places (Annual Report). Places for People, London, England.

Pickard, J., Williams, A., 2017. Housing associations reclassified as private to encourage building . *Financial TImes,* 15 November. https://www.ft.com/content/b326ad5a-ca24-11e7-ab18-7a9fb7d6163e (accessed 1.5.18).

Pierson, P., 1994. Dismantling the welfare state? Reagan, Thatcher and the politics of retrenchment (Cambridge Studies in Comparative Politics), First. ed. Cambridge University Press, Cambridge.

Placeshapers, 2013. PlaceShapers response to HCA discussion paper: 'Protecting social housing assets in a more diverse sector.' Placeshapers, Sheffield, England..

Platt, J., 1981. On interviewing one's peers. Br. J. Sociol. 75–91.

Powell, W.W., 1987. Hybrid organizational arrangements: new form or transitional development? Calif. Manage. Rev. 30, 67–87.

Powell, W.W., DiMaggio, P.J., 1991. The new institutionalism in organizational analysis, 1st ed. University of Chicago Press, Chicargo, Illinois.

Power, A., 1987. Property Before People: The Management of Twentieth Century Council Housing. Allen & Unwin, London.

Priemus, H., Dieleman, F., Clapham, D., 1999. Current developments in social housing management. Neth. J. Hous. Built Environ. 14, 211–223.

Raco, M., 2012. The New Contractualism, the Privatization of the Welfare State, and the Barriers to Open Source Planning.

Randolph, B., 1993. The re-privatisation of housing associations, in: Malpass, P., Means, R (Eds.), Implementing Housing Policy. Open University Press, England, pp. 39–58.

Ravetz, A., 2003. Council housing and culture: the history of a social experiment, Second. ed. Routledge, London, England.

RealStar Group, 2017. UNCLE Amenities Stockwell, and Manchester . http://www.uncle.co.uk (accessed 12.6.17).

Redbridge LBC, 2017. Redbridge - Licensed property register . https://www.redbridge.gov.uk/housing/private-rentals/licensed-property-register/ (accessed 11.30.17).

Redfern, P., 2016. The Redfern Review: into the decline of home ownership. Britain Thinks, London.

Regan, D., 2010. AT HOME WITH... Grant Shapps MP | Housing Excellence . http://www.housingexcellence.co.uk/features/home-grant-shapps-mp (accessed 9.25.17).

Reid, B., 1999. Reframing the delivery of local housing services: Networks and the new competition, in: In G. Stoker (ed.), The New Management of British Local Governance. Macmillan, Basingstoke.

Reigeluth, C.M., Frick, T.W., 1999. Formative research: A methodology for creating and improving design theories. Instr.-Des. Theor. Models 2, 633–651.

Rhodes, M.L., Mullins, D., 2009. Market concepts, coordination mechanisms and new actors in social housing.

Robertson, G., 2012. Protect your assets . *Inside Housing,* 9 November. https://www.insidehousing.co.uk/insight/insight/protect-your-assets-33638 (accessed 11.22.17).

Robertson, G., 2013. The History Boys. *Inside Housing,* 3 January. https://www.insidehousing.co.uk/home/home/the-history-boys-34808 (accessed 1.3.13).

Rosenbaum, E.F., 2000. What is a market? On the methodology of a contested concept. Rev. Soc. Econ. 58, 455–482.

Roue, L., 2017. Realstar invests £30m into new Manchester residential brand UNCLE. Manchester Evening News, 29 March. http://www.manchestereveningnews.co.uk/business/business-news/realstar-invests-30m-new-manchester-12813533 (accessed 6.12.2017)

RSH, 2018. Letter to providers about the Regulator of Social Housing. Regulator of Social Housing, London, England. https://www.gov.uk/government/publications/letter-about-the-change-of-operating-name-to-regulator-of-social-housing-11-january-2018 (accessed 11.01.2018).

Rugg, J., 2016. Temporary Accommodation in London: Local Authorities under Pressure. London Councils, London, England.

Sacranie, H., 2012. Hybridity enacted in a large English housing association: A tale of strategy, culture and community investment. Housing Studies 27, 533–552.

Salanié, B., 2005. The economics of contracts: a primer, Second Revised. ed. MIT press, Cambridge, Massachusetts.

Saunders, P., 1984. Beyond housing classes: the sociological significance of private property rights in means of consumption. Int. J. Urban Reg. Res. 8, 202–227.

Schnare, A.B., Struyk, R.J., 1976. Segmentation in urban housing markets. J. Urban Econ. 3, 146–166.

Scott, W.R., 2008. Institutions and Organizations: Ideas and Interests, 3rd ed. Sage Publications, Los Angeles, CA.

Shelter, 2016. Building more homes - Shelter England. http://england.shelter.org.uk/campaigns_/why_we_campaign/the_housing_crisis/building_more_homes/building_more_homes (accessed 1.5.18).

Shepherd, C., 2013. Almshouses in the Cotswolds providing a vital service. Wilts Glos. Stand.

Shiel, A., 2015. Cheyne Social Property Impact Fund . http://www.bigsocietycapital.com/how-we-invest/cheyne-social-property-impact-fund (accessed 7.27.15).

SMDC, 2011. Staffordshire Moorlands District Council: Local Investment Plan (2011-2015). Staffordshire Moorlands District Council, Leek, Staffordshire.

SMDC, 2014. A Local Plan for the future of Staffordshire Moorlands (Core Strategy Development Plan Document). Staffordshire Moorlands District Council, Leek, Staffordshire.

Sprigings, N., 2002. Delivering Public Services—Mechanisms and Consequences: Delivering Public Services Under the New Public Management: The Case of Public Housing. Public Money Manag. 22, 11–17.

Standard and Poor, 2012. U.K. Social Housing Sector: Credit Ratings Stable Despite Fundamental Changes In Funding Regime. Standard and Poor.

Stephens, M., Whitehead, C., Munro, M., 2005. Lessons from the past, challenges for the future for housing policy. Communities and Local Government.

Stull, M., 2009. Balancing market and mission: A nonprofit case study. Bus. Renaiss. Q. 4, 129.

Tang, C.P.Y., Oxley, M., Mekic, D., 2017. Meeting commercial and social goals: institutional investment in the housing association sector. Hous. Stud. 32, 411–427. https://doi.org/10.1080/02673037.2016.1210098

Taylor, D., 2016. Squalid property used to house asylum seekers receives second inspection. *The Guardian*, 4 August. http://www.theguardian.com/uk-news/2016/aug/04/squalid-property-used-to-house-asylum-seekers-receives-second-inspection (accessed 30.11.2017).

Telegraph Voice, 2017. Solving the challenges facing property market in next decade. Sheffield Telegraph, 26 September. https://www.sheffieldtelegraph.co.uk/news/business/telegraph-voices-solving-the-challenges-facing-property-market-in-next-decade-1-8773344 (accessed 4.12.2017)

The Collective, 2015. What is Co-living FAQ . The Collective. https://www.thecollective.co.uk/coliving/faq (accessed 12.6.17).

The Conservative Party, 2017. The Conservative Party Manifesto 2017. The Conservative Party, England.

The Guardian, 2013. Benefits in Britain: separating the facts from the fiction. *The Guardian*, 6 April. http://www.theguardian.com/politics/2013/apr/06/welfare-britain-facts-myths (accessed 15.01.2018)

Tickell, J., 1996. Turning Hope Into Homes: A History of Social Housing 1235-1996. National Housing Federation, London.

Todnem By, R., 2005. Organisational change management: A critical review. Journal of change management 5, 369–380.

Trowers & Hamlins, 2014. The future of affordable housing Common ground or turf war. http://publications.trowers.com/The_future_of_affordable_housing_-_Common_ground_or_turf_war.pdf (accessed 9.6.17).

TSA, 2009. Quarterly survey of housing associations July 2009. Tenant Services Authority, London, England.

TSA, 2010. The regulatory framework for social housing in England from April 2010. Tenant Services Authority, London, England.

TSA, 2011. 2010 global accounts of housing providers Landlords' financial health. Tenant Services Authority, London, England.

Van den Akker, J., 1999. Principles and methods of development research, in: Design Approaches and Tools in Education and Training. Springer, pp. 1–14.

van Ham, M., Williamson, L., Feijten, P., Boyle, P., 2012. Right to Buy… time to move? Investigating the moving behaviour of Right to Buy owners in the UK. J. Hous. Built Environ. 1–18.

Van Wijk, R., Jansen, J.J., Lyles, M.A., 2008. Inter-and intra-organizational knowledge transfer: a meta-analytic review and assessment of its antecedents and consequences. Journal of management studies 45, 830–853.

Veblen, T., 1899. Theory of the Leisure Class, Oxford World's Classics paperback 2007. ed. Oxford University Press, Oxford, UK.

Victory, C., Malpass, P., 2011. 'Every Tenant Matters'? The New Governance of Social Housing in England. Hous. Stud. 26, 449–458.

Waite, R., 2015. Housing minister targets 1 million new homes by 2020. Architects Journal, 21 September. https://www.architectsjournal.co.uk/news/housing-minister-targets-1-million-new-homes-by-2020/8689157.article (accessed 15.01.2018).

Walker, R.M., 2001. How to abolish public housing: Implications and lessons from public management reform. Hous. Stud. 16, 675–696.

Ward, K., 2006. ‘Policies in Motion’, Urban Management and State Restructuring: The Trans-Local Expansion of Business Improvement Districts. Int. J. Urban Reg. Res. 30, 54–75.

Whitehead, C.M., 2003. The economics of social housing, in: O’Sullivan, Tony, Gibb, Ken (Eds.), Housing Economics and Public Policy. Wiley, Oxford, England, pp. 135–152

Wilcox, S., Perry, J., Stephens, M., Williams, P., 2017. UK Housing Review 2017. Charted Institute of Housing, London.

Williams, A., 2017. Theresa May scraps proposals to cap housing benefits. *Financial TImes*, 25 October.. https://www.ft.com/content/7ac5e46c-b99e-11e7-8c12-5661783e5589 (accessed 14.01.2018)

Williams, C.L., 1994. Observing and recording meetings, in: Bennett, N., Glatter, R., R. Levacicˇ (Eds.), Improving Educational Management through Research and Consultancy. Paul Chapman Publishing, London, England. 312–324.

Williamson, O.E., 1985. Reflections on the New Institutional Economics. Z. Für Gesamte Staatswiss. J. Institutional Theor. Econ. 141, 187–195. https://doi.org/10.2307/40750794

Wilson, T., Foster, S., 2017. The local impacts of welfare reform: A review of the impacts of welfare changes on people, communities and services. The Learning and Work Institute.

Wilson, W., 1994. Compulsory Competitive Tendering of Council Housing Management: Research Paper 94/40 (Research Paper No. 94/40). House of Commons Library, London, England.

Wilson, W., 2008a. Housing and Regeneration Bill: Committee Stage Report (Commons Briefing Papers No. RP08-28). House of Commons Library, London, England.

Wilson, W., 2008b. 2008 Housing and Regeneration Act - key amendments (Standard Note No. SN/SP/4820). House of Commons Library, London, England.

Wilson, W., 2017. Rent setting: social housing (England) (Briefing Paper No. 01090,). House of Commons Library, London, England.

Wilson, W., 2018. Stimulating housing supply – Government initiatives (England) (Briefing Paper No. 06416). House of Commons Library, London, England.

Wilson, W., Barton, C., Cracknell, R., Bate, A., 2017a. Introducing a voluntary Right to Buy for housing association tenants in England (Briefing Paper No. 07224). House of Commons Library, London, England.

Wilson, W., Barton, C., Keen, R., 2017b. Local Housing Allowance and the social rented sector (Briefing Paper No. 07833). House of Commons Library, London, England.

Woods, R., 2000. Social Housing Managing Multiple Pressures, in: Clarke, J., Gewirtz, S., McLaughlin, E. (Eds.), New Managerialism, New Welfare? SAGE Publications Ltd, London, UK, pp. 139–151.

Worden, J.K., Flynn, B.S., Geller, B.M., Chen, M., Shelton, L.G., Secker-Walker, R.H., Solomon, D.S., Solomon, L.J., Couchey, S., Costanza, M.C., 1988. Development of a smoking prevention mass media program using diagnostic and formative research. Prev. Med. 17, 531–558.

Wu, Z., Chua, J.H., Chrisma, J.J., 2007. Effects of family ownership and management on small business equity financing. J. Bus. Ventur. 22, 875–895. https://doi.org/10.1016/j.jbusvent.2006.07.002

Yell Limited (GB), 2017. Theori Investments Ltd, London | Letting Agents - Photo Of Office 3 Reviews on Yell . Yell Ltd. GB. //www.yell.com/biz/theori-investments-ltd-london-3451057/ (accessed 11.29.17).

Yin, R.K., 2014. Case study research: design and methods. Sage, Los Angeles.

Zhu, H., 2005. The importance of property markets for monetary policy and financial stability. Real Estate Indic. Financ. Stab. 21, 9–29.

Zucker, L.G., 1987. Institutional Theories of Organization. Annu. Rev. Sociol. 13, 443–464. https://doi.org/10.1146/annurev.so.13.080187.002303.

Annexes

Annex 2.1: Summary of government policy interventions in the contemporary social housing market 2008-2017

<table>
<tr><th>Elections</th><th>Policy Framework</th></tr>
<tr><td rowspan="2">2001 election (Tony Blair) new-Labour government
2005 -10 election (Tony Blair) new-Labour government
2007 Gordon Brown was Labour prime minister</td><td>Barker Review (2004)
Housing price crisis for 30 years, real house price increases in the UK faster (2.4 percent pa) than EU average (1.1 percent). Housing affordability impacts on the national economy. It recommends:
Construction of 70,000 new private houses pa to push down house prices inflation to 1.8 percent or build 120,000 pa to meet EU average house price inflation
17,000 new social housing units to meet current needs, or 23,000 social dwellings to meet demand from waiting lists
Total investment £1.2bn and £1.6bn
To achieve this additional development:
Government and planning authorities need to be more responsive to house prices and levels of affordability when setting targets for housing and allocating land
Establish regional planning executive to bring together regional planning and housing boards
Ensure allocation of land for development in line with needs of the local area
Community Infrastructure Fund of £100m-200m required to unblock infrastructure issues
Reforms to the planning system, so communities benefit from land value uplift due to change of use from agricultural to housing
The construction industry is made more responsive; invest in skills and modern techniques
Key issue - Barker review does not balance its recommendations based on market demand for housing with the democratic accountability of the UK planning system

Housing Targets (1997-07): 200,000 new homes per annum</td></tr>
<tr><td>DCLG (2010): Impact of restricting housing supply on house prices

Independent review of housing supply and house prices (Hilber and Vermeulen, 2016). Economic modelling of UK housing market to understand underlying causes of English housing affordability crisis. Findings similar to Barker Review - housing crisis, particularly in London and the south east, has been on-going for 40+ years, and more severe than in Europe and USA. The report concludes there is a causal relationship between planning constraints and housing affordability, leading to volatility in real house prices. It proposes an alternative solution of incentivising local planning authorities to encourage housing development, through fiscal methods.

Housing Target (2007-10): 240,000 new homes per annum</td></tr>
</table>

<table>
<tr><th>Elections</th><th>Policy Framework</th></tr>
<tr><td rowspan="2">May 2010 – May 2015 coalition government</td><td>Coalition Government announcements
• Abolish housing targets
• Close the TSA as the Regulator and review regulation

June Budget
Welfare Reform
• Private Rented Sector - changes to how Local Housing Allowance (LHA) rates are calculated for housing benefit in private rented sector (PRS)
• Social Housing - removal of spare bedroom allowance for under occupation (bedroom tax) of dwellings by people of working age

October Spending Review 2010
Affordable homes Programme
£4.5 billion to fund affordable homes. Initial target of 150,000 new dwellings extended to 170,000 (with 80,000 for rent)

Welfare reform
• Housing benefit cap
• Extension of Shared Accommodation Rate (SAR) to most single HB claimants in PRS under age of 35 (previously it covered under 25)</td></tr>
<tr><td>DCLG (2011): Laying the foundations: a housing strategy for England
Strategy aims to tackle the housing shortage, boost the economy, create jobs and give people the opportunity to get onto the housing ladder. It was a combination of new announcements and repackaged policies:

New announcements
• New build indemnity scheme to provide 95 percent loan to value mortgages for up to 100,000 households
• Allow developers to require local authorities to reconsider section 106 agreements for stalled sites prior to April 2010
• Get Britain Building Fund - £400m development finance for stalled sites
• Support for new locally planned large-scale developments
• Stronger support for customhouse building (self-build)
• Grant funding confirmed for community-led affordable housing
• Design support services for communities in neighbourhood planning

Re-announcements
• Infrastructure funding to deliver growth sites via Growing Places Fund
• Releasing public land for 100,000 more homes

Localism Act 2011
• Abolished nationally set housing targets and regional planning bodies
• Abolished TSA and shifted regulation into HCA</td></tr>
</table>

Elections	Policy Framework
	Welfare Reform Act 2012 • Universal Credit • Spare bedroom allowance • Switch from direct payment of HB to landlords to the tenant **Infrastructure (financial assistance) Act 2012** Affordable Homes Guarantee Programme - government to underwrite housing association and developers debt to allow for cheaper borrowing, allocating £1.4 billion for 13,500 homes and 45 borrowers **Direct Investment** Self-financing of local authorities £3.3billion expenditure on exiting stock increased to £6.5 billion in 2015/16 **Autumn Statement 2012** £200 million Build to rent scheme **Budget 2013** £5.4 billion package of financial support to tackle long-term problems in housing market: • Help to Buy – two schemes aimed at helping those who want to get on, or move up, the housing ladder • £1bn to support development of more homes in England – using equity or loan finance to support the finance stage of building new homes for private rent • Affordable housing plays an important part in the overall drive to boost housing supply and stimulate economic growth. Government has recently issued a prospectus to support affordable homes delivered through the guarantee programme and now wants to go further – it will double the existing affordable homes guarantee programme, with an additional £225 million investment **Spending Review 2013** • £3.3bn extension of Affordable Homes Programme to deliver 165,000 new homes between 2015-18 • £2bn affordable housing capital investment for years 2018-19 and 2019-20 **Autumns Statement 2014** • DCLG (2014) Increasing borrowing capacity of stock transfers • Consultation document on how to increase borrowing capacity. The results have not been published. **Elphicke Review (2015)** • Examined role council's play in delivering supply of affordable housing. Concluded they could do more in supporting new provision and take the lead to ensure development happens • Government response lifted Housing Revenue Cap so councils could borrow more

Elections	Policy Framework
May 2015 election of Conservative majority government	**July 2015 Budget** Measures to assist in welfare spending to be reduced by £12bn by 2019/20, by: • Additional HB changes • Freezing LHA rates from April 2016 for four years • Removal of HB for people aged 18-21 from April 2017 • Reduction of household benefit cap from £26,000 to £23,000 in London and £20,000 elsewhere • Annual reduction of social housing rents by 1 percent pa for four years until 2019
	November 2015 Autumn Statement and Spending Review ***Welfare Reform*** Introduction of Local Housing Allowance for new claimants of HB for social rented tenancies from April 2018 – delayed until 2019

	Housing
	• All unallocated AHP from 2015-18 programme redirected to support home ownership initiatives creating Shared Ownership and Affordable Homes Programme (SOAHP) of £4.7 billion
	• Five point plan for housing focussed on low cost home ownership:
	  o Delivering 400,000 affordable housing starts by 2020-21 including 200,000 Starter Homes, 135,000 help-to-buy, 10,000 rent-to-buy and 8000 homes for older people with disabilities
	  o Reforms to the planning system to free up land for homes
	  o Supports families buying their own home through a 3 percentage point surcharge on rates of Stamp Duty and Land Tax on purchases of additional properties like buy to lets and second homes
	  o Starter Homes Land Fund prospectus, inviting councils to access £1.2bn to remediate brownfield land for housing, to deliver at least 30,000 Starter Homes
	  o Bringing forward £250 million of capital spending to 2017-18 and 2018-19 to deliver 13,000 affordable homes two years early

	House Building Target One million new homes by the end 2020-21of parliament
June 2016 EU Referendum Teresa May becomes PM	**Housing and Planning Act 2016** • Extends right-to-buy policy to Private Registered Providers and enables the government to compensate PRPs for the cost of the discount offered to tenants • Requires councils to sell its high value stock as they become vacant, so the receipts can be used to fund the extension of RTB to PRP tenants • All high value homes sold must be replaced with another affordable home, in London this is two new homes for each sold • Local authority tenancies to be fixed terms of between 2-10 years and tenancy successions limited to secured tenancy
	2016 Budget • Reiterates commitment to delivering 400,000 affordable housing starts by 2020-21 • Support for home ownership and first time buyers through the Lifetime ISA and Help-to-Buy
	Autumn Statement 2016 • Emphasis on rental homes • Announced £1.4bn to deliver 40000 homes of 'flexible tenure'

Elections	Policy Framework
	Neighbourhood Planning Act 2017 Provision about planning and compulsory purchase and ensuring that planning decision-makers take account of well-advanced neighbourhood development plans and by giving these plans full legal effect at an earlier stage. It introduces a process for modifying neighbourhood development orders and plans that the Government intends to be more proportionate. Measures in the Act require all local authorities in England to identify the strategic priorities for development in their areas in an up-to-date plan **DCLG (2017): White Paper 'Fixing our broken housing market'** Commitment to review rent policy for not-for-profit housing associations and other NFP developers in return for development of more capacity Provided government views of local authorities developing new housing outside of HRA, and without subsidy – wants to ensure that tenants in these units have same rights as council tenants especially on right–to-buy
	Conservative Manifesto Meet the 2015 commitment to deliver 1 million homes by the end of 2020 and to 'deliver half a million more by the end of 2022. Deliver on the reforms proposed in the Housing White Paper
June 2017 election hung parliament – election of minority conservative government led by Teresa May	**2017 June 12 Grenfell Fire disaster** • **Grenfell Recovery Taskforce:** Provide government assurance that Royal Borough of Kensington & Chelsea have the capacity and a sufficient recovery plan in place • **Grenfell Tower Inquiry:** Examine the circumstances surrounding the fire, the cause, the design of the building, adequacy of building regulation, how the local authority responded to resident concerns, fire safety measure in place, response of the fire brigade and local and central government after the fire • **Hickett Review:** Independent review of building regulations and fire safety, compliance and enforcement issues, with a focus on multi occupancy high rise residential buildings **Autumn 2017 Budget – the housing budget** 'Fix the dysfunctional housing market, and restore the dream of home ownership for a new generation' The Budget announces a comprehensive package intended to raise housing supply by the end of the Parliament to its highest level since 1970s, on track to reach 300,000 per year, through: • Making available £15.3bn for housing over the next five years, bringing total support for housing to at least £44bn over this period • Planning reforms to ensure more land is available for housing, and to maximise the potential in cities and towns for new homes while protecting the Green Belt

Annex 2.2: Time line of regulation 1964-2017

Regulation changes
Housing Corporation is founded in 1964 to both fund and regulate English housing associations. It closed on the 1 Dec 2008, when responsibilities transferred to Tenants Services Authority (TSA) Two independent government reports were published: , the first, the second examined **Hills (2007): Ends and means: the future roles of social housing in England** Reviewed the role of social housing for the 21st century **Cave (2007): Every Tenant Matters, reviewed regulation in social housing** The regulation of social housing, recommendations: • Splitting the funding and regulation functions to different organisations • To establish a single regulatory system (to regulate both Housing Associations and Local Authorities) to be managed by a standalone Regulator. • To empower and protect tenants, and to put the tenant at the heart of regulation, and through co-regulation making social housing providers responsible to their tenants. • To expand the availability of choice of provider at all levels of the provision of social housing **Housing and Regeneration Act 2008** • It abolished the Housing Corporation • It established the Tenants Services Authority (TSA), as the new Regulator for social housing, with the remit to develop a new Regulatory Framework to start in 2010 • It transferred the investment functions to the Homes and Communities Agency (HCA) TSA continued regulating, using Housing Corporation powers, while it developed the new regulatory framework. It launched the National Conversation a yearlong consultation and road shows with tenants and other stakeholders to define co-regulation and how to incorporate it into regulation. **TSA (2010) The regulatory framework for social housing in: England from April 2010 (Regulation Framework 1)** The TSA's remit is expanded to cover local authorities, arm's length management organisations and housing co-operatives, it s also responsible for granting providers with consent for disposal of all assets Comes into effect. It introduces six standards against which the Regulator regulates: **Tenant involvement and empowerment** • Customer service, choice and complaints • Involvement and empowerment • Understanding and responding to diverse needs of tenants **Home** • Quality of accommodation • Repairs and maintenance **Tenancy** • Allocations • Rents (except local authorities) • Tenure **Neighbourhood and community** • Neighbourhood management • Local area co-operation • Anti-social behaviour **Value for money**

Regulation changes
• Value for money **Governance and financial viability (except local authorities)** • Governance • Financial Viability **DCLG (2010) Review of social housing regulation:** It concludes the Regulator is to set the both the economic and consumer standards. However, adherence to the consumer standards will be monitored through co-regulation and tenants should raise matters such as the quality of their home, with their landlord. The Housing Ombudsman used as the arbiter. The Regulator will only become involved if the complaint appears to meet the serious detriment test –there is no definition provided for this test. The nine recommendations are: • Abolishing the TSA • Merging the economic regulation functions with HCA • Establishing a statutory Regulatory Committee within the HCA • Regulator to be more proactive in regulating value for money in the sector • Regulator best practice work will cease • Regulator actively promoting Tenant Empowerment will be scaled back • Regulator data collection systems significantly reduced and streamlined • Regulator's power to issue Codes of Practice relating to its consumer protection standards should be repealed **Localism Act (2011):** Section 178 enacts the 2010 review of regulation in full: • Abolishes the TSA – transfer economic regulation to a Regulation committee in the HCA • Places consumer regulation with local authorities, overseen by the Ombudsman DCLG Consults about directions Housing Minister is providing the Regulator on regulating the sector on Consumer Standards **The HCA takes over regulation, with a reduced consumer role.** Regulatory Committee is established, membership includes the Chair of the HCA; making the proposed Ethical Walls to separate investment and regulation functions more difficult. **HCA (2012) The regulatory framework for social housing in England from April 2012 Economic Regulatory Framework 2 is published**. This takes account of the Localism Act 2011. It introduces new economic standard Value For Money, previously a consumer standard. The Regulator will take a risk-based approach to assessing compliance with the economic standards. **Economic Standards**: • Governance and Financial Viability • Value for Money • Rent Standard **Consumer Standards**: • Tenant Involvement and Empowerment • Home • Tenancy • Neighbourhood and Community **HCA (2013) Protecting the social housing asset** Discussion paper on how to regulate a more diverse sector while continuing to attract private finance and new providers. The Regulator issued the paper as it felt the 2012 Regulatory Framework provided insufficient protection to the social housing assets from for-profit

Regulation changes
providers and non-registered parent companies. It, therefore, proposed the following changes for for-profit organisations: • Boards would need to sign off financial forecast returns to the Regulator, and provide additional information to the Regulator on exposures from non-social housing activity • Use of intragroup agreements where the parent is unregistered and measures to ensure the board is strong enough to enforce them • Presumption that social housing activity is undertaken in a discrete corporate entity, with its non-social housing activity limited to a percentage of turnover (2.5 to 5 percent given as example in other sectors) • Providers carrying out unregulated activity should do it off the balance sheet of the social asset-holding business, and lenders should not have recourse to the social assets • For-profit providers and organisations with unregistered parents will have to meet new rules in full, whereas non-profits with registered parents can 'comply or explain.' • The Regulator is looking at two options to prevent for-profit providers 'asset-stripping' by acquiring social housing assets from non-profits and selling them off at market value by either: • Require for-profit providers to devote the entire proceeds of sales outside the sector for re-use in social housing; or • Require the public benefit value, calculated as the difference between sale price and open market value, to be returned **HCA (2014) Changes to the regulatory framework** Statutory Consultation about updating the Regulatory Framework to account for for-profit providers so that it continues to meet its statutory objectives and the regulation committee's aim of protecting social housing assets. Key elements were: • Profit making registered providers must undertake any activities that relate to the provision of social housing separately from those that don't. This requirement ensures that there is greater protection of the social housing assets from the non-social housing parts of the business and will assist the Regulator in being able to effectively regulate the part of the business it is required to regulate. A small amount of non-social housing will be permitted within the entity of no more than 5 percent of capital or turnover. • the parent company will assist the registered provider to comply with regulatory requirements and that the parent company does not do anything that compromises the registered provider's ability to meet regulatory requirements. **HCA (2015) Consultation on the regulatory framework: the decision statement** This is based on the discussions arising from the discussion paper. HCA published a Decision Statement based on the Consultation January 2015, providing notice of what regulation would look like from 1 April 2015 Many businesses seek new opportunities through diversification. In the context of a non-profit sector, these opportunities can be an important way in which registered providers cross subsdise their main social housing purposes to encourage new supply. In addition, diversification may be a way of mitigating some of the risks facing the sector. It may also be a way for a registered provider to deliver its core objectives in areas such as regeneration or the provision of care services. **HCA (2015) The regulatory standards** Introduced regulation for For-Profit Providers are the requirements to: **Profit making registered providers** • Profit making registered providers shall ensure that they undertake their social housing activities in an entity which is legally and operationally separated from any other activities they may undertake, except as set out below. • Profit making registered providers should ensure that activities they undertake which do

Regulation changes
not relate to the provision of social housing: • Form only a very small part of the activities they undertake • Are not such as to mean that registered providers place social housing assets, activities relating to the provision of social housing or their own financial viability at undue risk **HCA (2016) Consultation on introducing fees for social housing regulation** Consultation on charging providers fees to regulate the sector. This was agreed in in 2017 **Housing and Planning Act 2016** Deregulates element of social housing provision for all providers except local authorities and it includes: • Removal of the constitutional consents regime - non-profit registered providers • Removal of the disposals consent regime - registered providers no longer need to seek the Regulator's consent to sell social housing or charge it for security • Notify the Regulator of disposals of social housing dwellings, and for some providers to notify the Regulator of disposals of other land **DCLG (2016) Tailored Review of the Homes and Communities Agency** • A review of the Homes and Communities Agency carried out between February and April 2016. It recommends that the Agency continues as a Non Departmental Public Body, with a renewed and revitalised purpose, but the Social Housing Regulator becomes a separate independent public body. **2018 Homes England and the Regulator for social housing launched** • In line with the Tailored review two independent organisations (HCA and the Regulator) are launched. • Until legislation is put in place it is still one legal entity with a single accounting officer.

Annex 3.1: Participant invitation, information and consent form

MANCHESTER
1824

The University
of Manchester

School of Environment and Development
Manchester M13 9PL
United Kingdom

Tel: +44 (0)161 306 1228
Fax: +44 (0)161 275 0968
www.manchester.ac.uk/seed

21 August 2014

Dear XXXX,

Re: Research on the impacts of for-profit housing providers entering the social housing market

My name is Charles Jarvis; I am a Research Associate at the University of Manchester, working towards a PhD, where I am currently examining the impact of innovations of financing social housing in England. The purpose of the research is to identify both the opportunities and challenges that are emerging in the market due to legislative changes introduced by the Housing and Regeneration Act 2008. I am already hearing of a range of innovative approaches from within the sector, plus some of the barriers that organisations have had to face when adapting to the legislation and subsequent revised regulation. Through this initial research, you have been identified as a key figure in these debates and I would very much welcome the opportunity to interview you. In total, I hope to interview around 40-50 people from a range of backgrounds, including senior policy figures, advisors to the sector and landlords.

If you do decide to participate, I will arrange to interview you at a place and time of your convenience, the interview is expected to take between 40-60 minutes. At all times participation in the research is voluntary, meaning you may decide to opt out of the study at any time, and you are free to decline to answer questions. All interviews will be audio-recorded; the data produced will be anonymised and will be kept in a secure location at the University of Manchester. It will only be available to the researcher, who will be responsible for its safety, transcription and analysis. Once the research has been concluded these files will then be destroyed.

For further information about your rights as a participant in the research, I have attached a short participant's information sheet. This sheet explains: the aims of the research; why you have been chosen; what to expect through participation; and how to find out more information on the University of Manchester's research policies. I will be happy to answer any questions you have about the study, you may contact me on 07530 297 392 or through email at charles.jarvis@manchester.ac.uk.

Prior to your participation, I also thought it would be useful to let you know a little bit more about myself, and my experiences of the affordable and social housing market. Currently, I am a non-executive director at a small housing association operating across Greater Manchester; between 2009 and 2012 I was the Assistant Director of Market Intelligence, for the social housing regulator (Homes and Communities Agency, formally the Tenants Service Authority). Prior to this I worked for Manchester City Council where I was the Deputy Director of the Manchester Salford Housing Market Renewal Pathfinder.

Thank you for your consideration, and I look forward to hearing from you shortly. If I have not heard anything by the 5th September, I will follow up this letter to see if you are interested in participating in this study and agree the next steps.

Yours sincerely,

Charles Jarvis

Research Associate
Enc

The University of Manchester

MANCHESTER 1824

Participants Information Sheet

Understanding the Implications of Introducing For-Profit Providers into the English Social Housing Market

You are being invited to take part in a research study. Before you decide, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Please ask if there is anything that is not clear or if you would like more information. Thank you for reading this.

Who will lead on this research?

Charles Jarvis School of Environment, Education and Development University of Manchester Oxford Road Manchester, M13 9PL 07530 297 392 charles.jarvis@manchester.ac.uk	**Research Supervisors:** **Iain Deas** **Professor Cecilia Wong**

Title of the Research:

The implications of introducing for-profit actors into a regulated quasi-market, using the English social housing market as an example.

What is the aim of the research?

The aim of this research is to identify the changes in institutional and organisational relationship within the social housing market and understand the individual responses that housing providers have put in place following the introduction of for-profit providers.

Why have I been chosen?

You have been chosen because you have been involved in some way in the design, development, delivery and implementation of the social housing market following the Housing and Regeneration Act 2008, which enabled for-profit providers to enter the social housing market. You may:

- Have developed and delivered the government policy and the regulatory rules that govern the market;
- Have responded to the changes through lobbying or providing advice and guidance to the sector and organisations operating in the market;
- Have provided or facilitated finance to the sector or provided financial advice;
- Lead or manage a housing providers that are responding innovatively to the opportunities that have arisen due to the 2008 Act;
- Lead or manage a for-profit housing provider that has entered the market since 2010; or
- Have written about aspects of this area in some sort of public media (blog, newspaper articles, press release etc.).

What to expect through participating in this research?

You would be asked to meet me for between 40-60 minutes at a time of your convenience to talk to about your experiences with, and views on, the recent changes in the social housing market and the introduction of for-profit activity into the sector.

What happens to the data collected?

All data will be collected in accordance to the University of Manchester's code of good research conduct, more details are available at this link: http://www.staffnet.manchester.ac.uk/services/rbess/governance/conduct/. The data you provide – in the form of the words you use – will be recorded and transcribed. Meaning, a document will be produced consisting of a transcription of our interview. Quotes from this interview will be rendered anonymous. You will be given a number and any quotes that are used from our interview will be attributed to a number. Quotes will only be used in academic outputs such as: journal articles, book chapters and books, published by academic publishers.

The University of Manchester

MANCHESTER 1824

PARTICIPANTS CONSENT FORM

Understanding the Implications of Introducing For-Profit Providers into the English Social Housing Market

1. **I confirm that I have read the attached information sheet on the above project and have had the opportunity to consider the information and ask questions and had these answered satisfactorily;** ☐

2. **I understand that my participation in the study is voluntary and that I am free to withdraw at any time without giving a reason and without detriment to any treatment/service;** ☐

3. **I understand that the interviews will be audio recorded; and** ☐

4. **I agree to the use of anonymous quotes** ☐

I agree to take part in the above project:

Name of Participant	Date	Signature
Name of Person Taking Consent	Date	Signature

Annex 3.2: Exemplar Interview Topic Guide

RESEARCH ON THE CONTEMPORARY SOCIAL HOUSING MARKET: Topic Guide semi structured elite interviews

TOPIC 1 INTRODUCTION/ NATIONAL AND LOCAL DIMENSIONS
Can you briefly explain your role in the organisation xxxx?

- What does this role involve when considering the affordable housing market?
- From your perspective what is included in the affordable housing market?

National framework
What has been the biggest impact associated with social/ affordable housing that have come down from the national level?

- 2008 Act
- Localism Act
- Early legislation

What specific changes have recently impacted on your role?

- Has this changed your organisations risk profile?
- In what way?

What do you see as the key policy objectives that the Coalition Government has regarding the affordable housing market?

TOPIC 2 ABOUT NEW ENTRANTS TO THE AFFORDABLE HOUSING MARKET
Who do you see to be the new entrants in the affordable housing market?

- May need to probe – Finance, new financial models (insurance co, infrastructure funds, sovereign wealth, venture capitalists)
- For-profit providers
- Unregistered parents?

What do you identify as the main impacts these new entrants have had on the sector?
To what extent do you believe for-profit providers will bring new (more efficient) practices into the sector?
How likely is this to increase competitiveness within the market?

- Affect the behaviour if existing not-for-profit providers?
- Do you see this leading to a gradual blurring of boundaries between for-profit and not-for-profit providers?
- **Do you believe there will be a convergence of organisational behaviours between not-for-profit and for-profit providers?**

Will there be changes in the frames of reference between for-profit and traditional not-for-profit providers through organisational learning driven by:

- Networks
- Joint ventures
- Finance
- Regulation
- Other ?

Do you believe these changes are sufficiently robust to meet government and corporate objectives?
How would these changes differ outside of austerity and the retrenchment of public finance?
What do you think of previous attempts to increase competition in the affordable/ social housing market?

- Wave 1 demunicipalisation and he introduction of private finance
    - **Rise of HAs**

- **Reduction of grants**
- **Large scale stock transfers**
- Wave 2 Contracting service to the private sector
  - Introducing private developers as part of the contract chain
  - Direction to LAs to tender housing management services
  - HA's contracting out management services
- Wave 3 Opening the market to the direct delivery of affordable homes
  - Opening HAG to private developers

TOPIC 3 REGULATORY RESPONSES TO MANAGE THE FOR-PROFIT PROVIDERS?
Initial reports suggested that large corporation such as Tesco's were ready to enter the market, why do you think this appears to be so wide of the mark?

- Are you surprised by the limited take up registrations as for-profit providers?
- How would you characterise the current for-profit registrants?
- Do you think for-profit will make a difference to the market
- What do you perceive to be the barriers to entry for new entrants?
  - How can these be overcome?
  - Changes to regulatory frameworks?

Do you think the proposed changes to the regulatory framework will provide the outcomes that the Regulator is expecting?

- What do you see to be these outcomes?
- Will these have required impact if most of the for-profit providers are not profit motivated?
- Will we see these regulations manifest in changes in organisational behaviours?

TOPIC 4 THINKING ABOUT THE PREVIUOS COMPETITIVE INTERVENTIONS IN THE AFFORDABLE HOUSING MARKET
This new for-profit provision of social housing is the third phase of opening the social housing do you think this will be successful?

TOPIC 5 ALL - LOCAL STUDY AREAS:
As part of the study we are interested in developing four case studies of providers who are either traditional landlords but becoming more commercial or newly registered for-profit providers

- Are there any particular affordable housing providers you would recommend that we studied?
- People within your part of the affordable housing market sector we should speak to?
- Are there other people in across the wider sector that you recommend we should approach?

TOPIC 6 WHAT HAVE YOU LEARNT TO DATE ABOUT THE NEW WAYS OF WORKING?
What advice would you give to policy makers and commentators about the impact of competition within the market?
What is the one good piece of practice you have identified from the reforms of the affordable housing market?
How can the study of affordable housing market be improved?

Annex 3.3: Interview Participants

Role	Type of Organisation	Interview Code
Assistant Director	DCLG	Strategy 6
Assistant Fund Manager	Insurance Company	Financial Consultant3
Board Member	For Profit Provider	FPP2 Non-Executive Director
CEO	For Profit Provider	FPP6 CEO
Chair	Commercial Subsidiary Company	Board Member H11
Chair	For Profit Provider	FPP7 Chairperson
Chair	For Profit Provider/	JV Partner H58
Chair	G15 Private Registered Provider	G15 Non-Executive Director
Chair	Hybrid Provider	Board Member H46
Chair	Private Registered Provider	Board Member H28
Chief Executive	ALMO	Provider1
Chief Executive	For Profit Provider	FPP CEO H56
Chief Executive	For Profit Provider	FPP1 CEO
Chief Executive	For Profit Provider	FPP2 CEO
Chief Executive	For Profit Provider	FPP3 CEO
Chief Executive	For Profit Provider	FPP4 CEO
Chief Executive	G15 Private Registered Provider	G15 CEO1
Chief Executive	G15 Private Registered Provider	G15 CEO2
Chief Executive	Housing Consultant	Consultant5
Chief Executive	Hybrid Provider	PRP CS1 Del2ii
Chief Executive	Hybrid Provider	PRP5 CEO
Chief Executive	Hybrid Provider	Senior Officer H7
Chief Executive	Local Authority	LA1
Chief Executive	Private Registered Provider	Partner CEO H22
Chief Executive	Private Registered Provider	PRP6 CEO
Chief Executive	Private Registered Provider	PRP9 CEO
Chief Executive/ Chair	Development Disrupter	Development Disrupter3
Chief Executive/ Chair	Development Disrupter	Development Disrupter5
Chief Operating Officer	Financial Opportunist	Financial Disrupter1
Consultant	Financial and Treasury Management Company	Financial Consultant1
Consultant	Financial and Treasury Management Company	Financial Consultant2
Consultant	Housing Consultant	Consultant3
Development Director	Hybrid Provider	PRP10 Development Director
Development Director	Private Registered Provider	PRP7 Development Director

Role	Type of Organisation	Interview Code
Director	G15 Private Registered Provider	G15 Development Director
Director	Hybrid Provider	PRP8 Director 3
Director	Hybrid Provider	PRP8 Director Director2
Director	Local Authority	SMDC Strategic Officer H31
Director	Local Authority	Strategic Partner H38
Director	Local Authority	Strategic Partner H66
Director	Property Consultancy	Consultant1
Director	Regulator	Senior Regulator
Executive Director	Greater London Authority	London Mayoral Official
Executive Director	Hybrid Provider	NW-PRP Development Director
Executive Director	Hybrid Provider	Senior Officer H63
Executive Director	Local Authority	Senior Officer H17
Head of Policy	Charity	Strategy 5
Head of Service	For Profit Provider	AHL Officer H1
Head of Service	For Profit Provider	CS2 Str3
Managing Director	Bonds Aggregator	Director of Bond Aggregator
Managing Director	Development Disrupter	Development Disrupter4
Managing Director	For Profit Provider	FPP5 Managing Director
Managing Director	Ratings Agency	RatingsAgency2
Non-Executive Director	For Profit Provider	FPP7 Non-Executive Director
Non-Executive Director	Regulator	Regulator Non-Executive Director
Partner	Accountancy Firm	Consultant6
Partner	Accountancy Firm	Partner Big4 Accountancy Firm)
Partner	Financial-Opportunist	Financial Disrupter3
Partner	Housing Consultant	Consultant2
Partner	Housing Consultant	Consultant4
Partner	Law Firm	Senior Partner Law Firm)
Policy Lead	Trade Body	NHF-Policy Officer
Policy Lead	Trade Body	NHF-PolicyOfficer2
Senior Manager	Hybrid Provider	Senior Officer H8
Senior Manager	Private Registered Provider	AHL Officer H2
Senior Manager	Ratings Agency	RatingsAgency3
SPAD Housing	Labour Party	LA2
Vice Chair	Hybrid Provider	PRP CS1 Str2
Vice Chairman	Development Disrupter	Development Disrupter 2
Vice President	Ratings Agency	Ratings Agency1

Annex 4.1: For-Profit Provider's metadata

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Major HA Ltd	**Total Assets Net Liabilities**[5]: £23,018 **The website states:** In 2010 we set up Major Housing Association Limited as a for-profit Registered Provider. Our team of professionals provide a niche brokerage service, consultancy and management services to property owners, investors and developers. Our integrated approach allows us to create real value for our clients and their property assets in one of the most dynamic property markets in the world. We also offer a rent protection and legal expenses warranty scheme to help safeguard your interests. It offers a cost-effective way to guarantee any loss of rent for up to 4 to 5 months and cover any legal costs incurred. In 2014 we successfully registered as an Investment Partner with the Greater London Authority and are delivering a programme of affordable homes under the Mayor's Building the Pipeline Programme and the Affordable Homes Programme. In 2016 we built over 150,000 square feet in the space in just over two years. In 2016/2021 we are working with associated companies and Property Developers to assist in the delivery of good quality affordable homes whilst creating innovative opportunities. (Major HA, 2017)	Y	68201 - Renting and operating of Housing Association real estate	**Legitimiser** Temporary Accommodatio n Letting Agent Developer	None	Newham

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Orchard & Shipman Homes Limited	**Total Assets Net Liabilities**[5]: -£133,234 **The website states:** Orchard & Shipman s a leading residential property management company with nearly 30 years' experience managing the assets of private landlords, residential portfolio owners and large corporate and institutional investors. It is a national provider of temporary accommodation (Orchard Shipman, 2017)	Y	68209 - Other letting and operating of own or leased real estate 68320 - Management of real estate on a fee or contract basis	**Legitimiser** **Subsidiary Company** Temporary Accommodation Letting Agent	Orchard Shipman Group Ltd (National Provider of Temporary Accommodation)	National Provider
Castle Housing Limited	**Total Assets Net Liabilities**[5]: £3,152,397 **There is an old company website for:** CHL (http://www.castlehousing.co.uk) and also lots of details on the organisation at Companies House Companies House Identified that Castle Housing was previously registered as Clover Care Group Ltd in 2009, and then became MIB Housing Ltd, and in 2016 Started trading as My Place Ltd All have the same two Directors (Companies House, 2017)	Y	64209 - Activities of other holding companies not elsewhere classified	**Legitimiser** Letting Agent/ Temporary Accommodation	Unknown	Morecombe, Lancaster, Lancashire
Green Park Property Management Limited	**Total Assets Net Liabilities**[5]: £198 **The website states:** Green Park Housing is a sales, lettings management maintenance and development company. It is a private organisation established in 2012 and focused on providing affordable and supportive accommodation across the South East of England Presently Green Park operates in the following boroughs; Barnet, Bexley, Brent, Ealing, Haringey, Havering, Hounslow, Lewisham Hackney and Enfield.	Y	68201 - Renting and operating of Housing Association real estate; 68320 - Management	**Legitimiser** Letting Agent/ Temporary Accommodation	None	North West and East London

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	Is to provide affordable and supportive accommodation to those that need it most and to help people live better lives. We are focused on delivering this by working with our private, public and charitable stakeholders to deliver our vision with sustainable solutions. (GPPM Ltd, 2017)		of real estate on a fee or contract basis			
Oak Housing Limited	**Total Assets Net Liabilities**[5]: £59,683 **The website states:** Oak Housing Limited is a Registered Provider a subsidiary of Theori Investments Limited which provides a comprehensive property management service within both the public and private sectors. Established in 2000 the company has grown steadily and has built a strong reputation within the sector for delivering quality homes for use as both settled and temporary accommodation. We are able to utilise our track record of successful delivery and extensive experience within the field of Temporary / Settled Accommodation to provide Local Authorities and tenants alike with a greater choice of much needed affordable accommodation, predominantly for Homeless households. We are one of the largest private sector providers of TA in the country and are framework partners to over 20 Local Authorities in London and the South East. We are an investment partners with the GLA and HCA and are able to lever in Grant funding to assist with development viability and are keen to explore opportunities to work with partners to increase affordable housing supply. We are acutely aware that the financial viability of Oak Housing is paramount within the Companies structure and have worked with the regulator in our establishment to ensure that our financial standing is secure (Oak	Y	68201 - Renting and operating of Housing Association real estate	**Legitimiser** Letting Agent/ Temporary Accommodatio n Developer	Theori Housing Management Services Ltd (Management of real estate on a fee or contract basis)	Sutton, East London & Essex

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	Housing, 2017)					
Keystage Properties Limited	**Total Assets Net Liabilities**[5]: £35,028 **There is no company website for:** KSPL other than Companies House	Y	68320 - Management of real estate on a fee or contract basis	**Legitimiser** Lettings Agency/ Property Management	None	Luton
J & M Residential Lettings Limited	**Total Assets Net Liabilities**[5]: £42,748 **The website states:** JMHA is a registered housing association with a vast number of homes throughout the Northwest, and West Midlands. JMHA has over twenty years of experience delivering services to both the public and private sectors. We are currently working with various local councils to prevent homelessness and address the problem of finding appropriate and affordable housing for families and individuals in receipt of social housing benefit. If your property is empty and in need of repair then we can help, as business partners with local council we are able to access funding and get your property into use under our lease and repair scheme (JMHA, 2017)	Y	68201 - Renting and operating of Housing Association real estate; 68209 - Other letting and operating of own or leased real estate	**Legitimiser** Temporary Accommodation Letting Agency Maintenance	None	Rochdale, Greater Manchester & Wolverhampton, West Midlands
Cromwood Housing Ltd	**Total Assets Net Liabilities**[5]: £34,411 **The website states:** Cromwood Group comprises of Cromwood Housing, Cromwood Development and Cromwood Social.	Y	55900 - Other accommodation	**Legitimiser** Letting Agent, Temporary	None	Greater Manchester & London

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	Cromwood Housing was the company through which Cromwood started back in 2002 by the founding directors. It has grown to be one of the leading providers of social housing with local authorities in London and Greater Manchester. Today we manage a large portfolio of landlords' properties that have been placed with local authorities to provide social housing solutions for temporary accommodation, nightly accommodation, bed and breakfast accommodation and private sector leasing arrangements. As Cromwood Social we recognise that tackling empty properties and bringing them back into use requires a lot of funding, a lot of expertise and is time consuming. Therefore we have designed a scheme that will help both local authorities and owners of empty properties bring back into use empty properties for social housing. At Cromwood Development we concentrate on projects that will produce multiple units of social housing through new build opportunities including land developments, commercial property conversions and development of old derelict buildings. (Cromer Group, 2017)			Accommodation Developer		

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
RY Winning Hand Ltd	**Total Assets Net Liabilities**[5]: £48,780 **There is no company website:** RLA member • Collection of rent and rent arrears • Inventory check in/check out service • Management of rent accounting • Legal advice • Holding of deposits • Professional tenant referencing • Payment of all outgoings and financial issues • Three-monthly property inspections • Redecoration and refurbishment service • Repairs - both routine and emergency (D. S. S. Move, 2017)	N	68209 - Other letting and operating of own or leased real estate	**Legitimiser** Letting Agent Temporary Accommodation	None	Gravesend, Kent
HH Residential Care Ltd	**Total Assets Net Liabilities**[5]: -£4622 **There is no company website:** Retirement properties and retirement homes for older people, managed by HH Residential Care Ltd (Housing Care Org, 2017) Helping Hands Homecare Services provides personal care to people who live in their own homes in the community. At the time of our inspection the service was supporting 11 people as live in carers. (Care Quality Commission, 2017)	N	68201 - Renting and operating of Housing Association real estate	**Legitimiser** Providing Elderly Care	None	Leicester

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Finefair Housing Limited	**Total Assets Net Liabilities**[5]: £101,686 **The website states:** Finefair Ltd has been established for over a decade, throughout which time we have experienced consistent growth by working with our long-standing clients and with new clients joining the firm almost every month. Our various services include guaranteed rent schemes, which give you peace of mind knowing you will always receive an income from your property; helping you to expand and improve your property portfolio; and helping investors to transform their properties into hostels and HMOs. These are just a few of the many different property matters we specialise in. As one of our valued clients, whether you are a single property owner, a portfolio landlord, corporate company, Local Authority or a Housing Association you can be assured that your needs will be met by our professional and experienced staff. Since the inception of Finefair we have developed a management portfolio of over two thousand properties valued at hundreds of millions of pounds. (Finefair Housing Ltd, 2017)	N	68320 - Management of real estate on a fee or contract basis	**Legitimiser** Letting Agent Temporary Accommodation	None	East London/ Essex
Accommodation Yes Limited	**Total Assets Net Liabilities**[5]: £247,416 **The website states:** Accommodation YES (Your. Empowering. Service) is a supported housing company based in Maidstone. A small, family run business. Working closely with the local council and other agencies, we can offer you bespoke accommodation to suit your needs alongside a personally tailored support package from our partner company Phoenix Support. Our accommodation is aimed at vulnerable adults, with learning	Y	55900 - Other accommodation	**Legitimiser** Provider of housing for vulnerable adults, Supported Housing	None	Maidstone, Kent

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	disabilities and/or mental health issues. As part of our supported housing service we help our Tenants gain the confidence and life skills they need to reach a level of independence they have not previously experienced and to ultimately empower them to become 'their own boss'. We do this by providing safe, secure and comfortable accommodation with the added bonus of an individually adapted and bespoke package of support. Our accommodation ranges from: • Shared houses – each Tenant has an individual ensuite room (shared facilities include lounge, kitchen, garden) • One / two bedroom self-contained apartments • Residential Care Home • Hostel style accommodation • "Move-on" accommodation services (Accomodation YES, 2017)					
Heylo Housing Registered Provider Limited	**Total Assets Net Liabilities**[5]: -£3557 **The website states:** In partnership with a leading Local Authority and backed by Lancashire County Council Pension Fund It has a wholly owned subsidiary which has issued two bonds on the markets valued at £132m. Mainly operates in the shared ownership market and has also bought significant number of units from members of the big six developers Investment vehicle Affordable Tenures for Sale LCHO Fully bond financed £132m, Value of acquired properties £142m	N	68201 - Renting and operating of Housing Association real estate	**Opportunist** (Financial) Investment vehicle Affordable Tenures for Sale LCHO	Heylo Housing Limited Lancashire CC and other individual (Investors operating as a housing association)	National

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	Mar- Aug 2017 acquired 128 properties 98% via bond 1.8% via rental income stream (Heylo Housing Registered Provider Limited, 2017)					
Sage Housing Association Limited	**Total Assets Net Liabilities**[5]: £130,105 **The website states:** Sage is a housing association dedicated to increasing the provision of modern, affordable homes across England. With a wealth of experience across both the public and private sectors, Sage provides a new approach to affordable housing that enhances traditional models while putting residents at the centre of our business. Strict ethical standards for the sector are upheld and maintained while offering a flexible, dynamic and efficient service experience to residents. The Sage team has provided homes for over 100,000 families across the public and private sectors. It brings together senior executives from housing associations, the public sector, and institutional residential management to tackle the challenges affecting housing in England. Using a long term approach and significant new institutional investment, Sage provides quality affordable homes at scale. Sage partners with developers and managers from across the residential market, both public and private, to increase the supply of quality affordable housing. (Sage HA, 2017)	N	68201 - Renting and operating of Housing Association real estate	**Opportunist** (Financial) S106 capture	Blackstones Private Equity	National

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Woodlands Housing Limited	**Total Assets Net Liabilities**[5]: £6925 **There is no company website for:** Woodlands Housing Limited – other than Companies House, which shows Woodlands Housing Limited is controlled by RANC Care Homes Group, (Companies House, 2017a). This is confirmed by the CQC That lists Woodlands Care Centre as one of the RANC's facilities And there are Directors with the same name controlling both organisations, and this matches with Companies House. (CQC, 2016).	N	68209 - Other letting and operating of own or leased real estate 87100 - Providing sheltered accommodation for disabled residents.	**Opportunist** (Development) **Subsidiary:** of a care home Dormant Company	RANC Care Home Group (Residential nursing care facilities)	South East, Essex and Cambridgeshire
Shanly Partnership Homes Limited	**Total Assets Net Liabilities**[5]: £2,933,254 **The website states:** Shanly Partnership Homes was established in 2012, as a subsidiary of the Shanly Group, to offer shared ownership, Shanly quality homes to the shared ownership market. (Shanly Group, 2017)	Y	41100 - Development of building projects 68201 - Renting and operating of Housing Association real estate	**Opportunist** (Development) **Subsidiary Company** of small developer Affordable Tenures for Sale LCHO	Shanly Group (Developer)	Home Counties and Greater London
Pinnacle Spaces Limited	**Total Assets Net Liabilities**[5]: -£7000 **The website states:** Part of the Pinnacle Group, PSL is the dormant Registered Provider. The core elements of our strategy for developing a sizeable portfolio of regulated housing is to: • self-deliver Affordable Housing under Section 106 requirements from our own development pipeline;	N	68320 - Management of real estate on a fee or contract basis	**Opportunist** (Development) **Subsidiary Company**: Dormant Company	Pinnacle Group Ltd (Management of Real Estate)	Unknown

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	• deliver Affordable Housing s106 requirement on behalf of 3rd Party developers; • explore the prospect of small-scale TMO stock transfers under the recently passed Right To Transfer legislation (Pinnacle Group, 2017)			Parent Company Developer and provides consultancy services to PRP sector		
French Weir Affordable Homes	**Total Assets Net Liabilities**[5]: £430,615 **The website states:** FWAH is a new partnership established to provide good quality, affordable, accessible, sustainable homes for rent. Completion on renovating the Grade 2 listed Coach Look forward to being able to offer a 3 bed home to a family from the social housing list in the new year. (FWAH, 2017)	Y	LLP	**Opportunist** (Development) Owner Occupier who used FPP status to receive grant to renovate their property and develop the outbuildings to for social rent.	None	Taunton Somerset

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Grainger Trust Limited	**Total Assets Net Liabilities**[5]: £14,902,723 **The website states:** Grainger Trust Ltd is a subsidiary of Grainger PLC a FTSE250 Company it is the largest quoted private residential landlord and property manager in Britain. Our new social housing arm, Grainger Trust, is a reflection of our commitment to do our part for the British housing sector. Grainger Trust has the benefit of being able to call upon Grainger plc's existing skill set and operational assets. This coordinated approach to our business allows us to manage all tenure types from a single, integral management platform. Over the next 10 to 15 years, Grainger plans to develop more than 7,000 new homes – but not just homes. We are trying to create and support communities and places for these homes and those who live in them. As a first step, Grainger Trust will acquire 77 affordable homes as part of our Berewood development of 2,550 new homes in Waterlooville, Hampshire. Our aim with the trust is provide a holistic approach to managing the communities and homes we create. We aren't looking to build and then disappear. (Grainger PLC, 2017)	Y	74990 - Non-trading company	**Opportunist** (Development) **Subsidiary Company:** of FTSE250 Company Develop and S106 Capture Affordable Tenures for Sale LCHO	Grainger PLC FTSE250 (Developer)	Havant, Winchester

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Hellens Residential Limited	**Total Assets Net Liabilities**[5]: £2,817,777 **The website states:** John Hellens (Contracts) Ltd was founded in 1973 in the North East of England. Focusing at that time on the regeneration of brownfield sites, the company became leading experts in this field throughout the North of England. In 2013 Hellens Residential, a Registered Provider of Social Housing was established, a privately owned company. Hellens Residential delivers new affordable homes for rent and for sale across the North of England. The company develop and build own new build houses, flats and bungalows which are made available for affordable rent, shared ownership lease and shared equity sale. Hellens Residential are also very active in the market at present purchasing Section 106 affordable homes throughout the North East as well as looking further South into Yorkshire. (Hellens Residential, 2017)	Y	68201 - Renting and operating of Housing Association real estate	**Opportunist** (Development) **Subsidiary Company:** of small developer S106 Capture Affordable Tenures for rent and sale LCHO	Hellens Developments Ltd (Developer)	County Durham, Sunderland
Linden First Limited	**Companies House**[5]: 2 ordinary shares £2 **The website states:** IS the affordable homes division of Galliford Try PLC – FTSE 250 company national house builder Galliford Try has substantial experience in working with individuals and organisations representing all interests in the affordable housing sector. We enjoy lead partner status with the Homes and Communities Agency and work with over 60 housing associations across the country. A quarter of the homes created by Galliford Try are affordable, and, as a developer we are able to	Y	41202 - Construction of domestic buildings	**Opportunist** (Development) **Subsidiary Company:** FTSE 250 Developer S106 Capture Affordable	Galliford Try PLC (FTSE250 Developer)	Luton National

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	offer a range of shared ownership and intermediate rent arrangements through our partnered Registered Social Landlords. Linden First is a for-profit provider. Established to give the Group the additional flexibility to respond to funding opportunities in the affordable housing sector. (Galliford Try PLC, 2013, p. 25)			Tenures for Sale LCHO		
St. Arthur Homes Limited	**Total Assets Net Liabilities**[5]: -£35235 **The website states:** St Arthur Homes Ltd respond speedily to any opportunities, with streamlined acquisition procedures minimising needless red tape. We have the ability to get deals done quickly and efficiently. Based from our Head Office in Central London and a regional office in South Hampshire we acquire, own and manage affordable housing with a focus on shared ownership housing. We acquire affordable housing stock anywhere in London, the Home Counties and the South East of England, down to the South Coast. We will consider any size affordable housing requirement from single units upwards. St. Arthur has a focus on shared ownership housing and always strives to offer homes with a high level of specification, so there is no distinction between a shared ownership and an open market sale property. We aim to provide our customers with a personal service helping them through all stages of the house buying process and beyond. (St. Arthur Homes, 2017)	Y	41100 - Development of building projects	**Opportunist** (Development) Subsidiary Company Developer Affordable Tenures for Sale LCHO	None	London & South East

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Auxesia Homes Limited	**Total Assets Net Liabilities**[5]: £1 **There is no company website** for Auxesia**, Companies House** identifies it as a: subsidiary of Guildhouse UK, a holding company for, Development, facilities management, environmental services, catering, project management and consultancy and strategic advice. Our investment status with the Homes & Communities Agency enables us to apply for social housing grants and sell completed units to Registered Social Landlords (Guildhouse UK, 2017)	N	68209 - Other letting and operating of own or leased real estate	**Opportunist** (Development) **Subsidiary Company:** of a holding company Dormant S106 Capture	Guildhouse Holdings Limited (Real Estate Activites)	Unknown Expect to operate nationally
Malins Affordable Homes Limited	**Companies House**[5]: 100 ordinary shares £100 **The website states:** The Malins Group, an award winning aggregate of private property companies and trusts, is owned and controlled by the Atkins family. The Group has established itself as a dynamic and entrepreneurial property investment and development company with a proven track record of success. Founded in 1972 the Group has 2 core divisions, investment and development. The investment division is yield driven in all sectors of the property market and currently owns and controls a portfolio in excess of 600 units across the UK. The development division has demonstrable strengths in acquisition, design and disposal of real estate and has concluded over £650 Million of transactions. Our award winning development portfolio includes luxury residential properties in Belgravia, Chelsea, Marylebone, Knightsbridge, Mayfair and Westminster. (Malins Group, 2017)	N	68201 - Renting and operating of Housing Association real estate	**Opportunist** (Development) **Subsidiary Company:** of Family owned development company Dormant S106 Capture	Malins Group Ltd (Developer)	London

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Heyford Regeneration Limited	**Total Assets Net Liabilities**[5]: £9320 **The website states:** Heyford Regeneration Limited is a Subsidiary Company of the Dorchester Group, who are re-developing a disused airfield Heyford Regeneration are the registered provider of social housing for the development and will be managing the new affordable housing at Heyford Park. We will offer two products; affordable homes to rent and shared ownership homes to buy. Please browse our website for information and contact us if you have any questions. Due to the complex nature of the regeneration project at Heyford Park, Heyford Regeneration and Cherwell District Council have created a Local Lettings Plan that is bespoke to Heyford Park, and that will work alongside the Housing Authority's Allocations Policy in order to determine priority for the Affordable Rental and Shared Ownership properties that are being built on the site. Please follow the below link to view a copy of our Local Lettings Plan, which contains the details of the Allocations Policy.	Y	55900 - Other accommodation ; 68100 - Buying and selling of own real estate ; 68201 - Renting and operating of Housing Association real estate	**Opportunist** (Development) **Subsidiary Company:** Large European Developer S106 Capture Affordable Tenures for Sale LCHO	Dorchester Group (Developer)	Cherwell Heyford Park Bicester, OX25 5HD

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Kentish Homes Limited	**Total Assets Net Liabilities**[5]: £-17,612 Companies House: Identifies Kentish Homes has links with Kentish Projects Ltd through the Director Daren Ellis, who has a significant controlling interest in both firms. There is no Company Website	N	99999 - Dormant Company	**Opportunist** (Development) **Subsidiary Company:** of small developer Dormant S106 Capture	None	Kent
Rex Housing Limited	**Companies House**[5]: £1 share **The website states:** Wholly owned by Oldman Homes Ltd Oldman Homes have exciting news regarding their move to social housing in the region. We are currently working with Burkett's of Norwich to register as a Social Housing Provider. Once OH have completed the application process we will be working closely with Waveney District Council to help house local families. The first houses will be available on our Woods Meadow development in the next few months. Further updates will be posted in due course (REX Housing, 2017)	N	41100 - Development of building projects	**Opportunist** (Development) **Subsidiary Company** of small developer Dormant S106 Capture	Oldman Homes Limited (Developer)	Norfolk, East Coast
Funding Affordable Homes Housing Association Limited	**Total Assets Net Liabilities**[5]: -£151,191 **The website states:** Funding Affordable Homes is a Luxembourg specialised investment fund authorised and regulated by the Commission de Surveillance du Secteur Financier. An alternative investment in UK affordable housing Funding Affordable Homes is a social impact company which builds and acquires affordable housing to deliver financial and	N	68201 - Renting and operating of Housing Association real estate	**Opportunist** (Development) **Subsidiary Company:** Owned by Merchant Bank Funding and	Investment Fund	National

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	social returns for both communities and investors. Our Strategy: Working with local partners we use our capital to promote the delivery of additional homes under long-term occupancy agreements and aim to provide a balanced return to our shareholders. Our Portfolio: A diverse portfolio of freehold residential properties across the UK generating a stable and attractive yield. FAH seeks to increase the supply of affordable homes by providing the forward funding to enable new properties to be built and managed by established housing associations. (Funding Affordable Homes, 2017)			Owner of Affordable Homes, as investments, leases these back to the PRPs .		
Chater Community Housing Limited	**Companies House**[5]: Share holdings of £1000, and in 2016 £157,936 was paid out to Directors as dividends **The website states:** Parent company is Chater Land Holdings Chater Homes was founded by John Chater, in 1976, with the aim of building beautifully designed homes and continues to be family-owned. The company is located in East Anglia with a strong ethos based firmly around the principle of developing homes and communities with the people who will live in, or near them. Chater Homes has a strong record of working with local authorities and communities, to ensure that developments are locally-led. (Charter Homes, 2017)	N	74990 - Non-trading company	**Opportunist** (Development) **Subsidiary Company** of small developer Dormant S106 capture	Chater Land Holdings Limited (Developer)	Ipswich

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
First Affordable Limited	**Companies House**[5]: £100 of ordinary shares, identifies that FIRST AFFORDABLE LIMITED is owned by First Base Ltd **The website states:** Parent company is First Base Ltd First Base's best-known projects are: Silvertown, where First Base is leading a consortium developing a 62-acre mixed use development in London's Royal Dock. With a GDV of £3.5bn, Silvertown includes 5 million square feet of commercial and brand space and 3,000 new homes. KX Nido, a £200m mixed use development at London's Kings Cross including student accommodation, offices, retail and affordable housing. East Village, Stratford, where First Base is managing a £300 million portfolio of homes that is a key element of the 2012 Olympic Legacy. First Base is owned by its directors, based in Central London and was founded in 2002. (First Base, 2017)	N	41100 - Development of building projects	**Opportunist** (Financial) **Subsidiary Company** of privately owned developer Dormant S106 Capture Affordable Tenures for Sale LCHO	First Base Limited (Developer)	London and South East
Platinum Skies Living Limited	**Total Assets Net Liabilities**[5]: -£27,839 **The website states:** Platinum Skies Living Limited is part of the Quantum Group, providing elderly living and extra-care residential and dementia homes. Quantum Group is working with high net worth individuals to build a better future for the UK's ageing population – one which has created a housing solution that benefits our ageing population, while providing a long-term property asset base, income stream and capital growth for investors. It's a lucrative way of transforming land into annuity through the development of best-in-class retirement living communities.	N	98000 - Residents property management	**Opportunist** (Financial) **Subsidiary Company** of care home owner, property developer Development of Older People Housing Supported	Quantum Group Holdings Ltd (Care Home Operator/ Developer/ Investment Funds)	Devon

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	Land acquisition, design, planning and construction is funded exclusively by investment from high net worth individuals (certified sophisticated investors only). Platinum Skies is underpinned by both the rapidly growing market demand from last time buyers and by the global shortage of inflation linked annuity investments. Together this provides levels of security and certainty that make Platinum Skies a highly interesting and valuable investment opportunity. The Quantum Group is a freethinking development investment group leading the way in a number of specialist property sectors. Our highly successful business is based on creating wonderful environments, understanding local needs and markets and empowering our teams of skilled, determined and creative people. (Quantum Group, 2017)			Housing		
Seymour Street Homes Limited	**Total Assets Net Liabilities**[5]: £ non – no accounts **Press reports:** British Land PLC a FTSE100 company, is the parent company of Seymour Street Homes Ltd an affordable housing company established to manage homes in BLs London schemes. It started by owning and managing 11 social and intermediate units at the company's £130m Claridges Estate scheme, a 'super prime' residential development in London's Mayfair area. This could then be extended to encompass affordable units in other schemes – for example at its 5.5 million sq ft development in Canada Water. (Jones, 2017)	N	41100 - Development of building projects	**Opportunist** (Development) **Subsidiary Company:** of British Land PLC S106 Capture	BL Intermediate Holding Company Limited (PLC FTSE100 Developer)	Mayfair, London

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Dovepark Properties Limited	**Total Assets Net Liabilities**[5]: -£2,198 **The website states:** Dovepark Properties is to function as a registered housing provider within the Comer Group; The company will provide affordable rent and shared ownership homes in order to assist in creating inclusive and sustainable communities alongside Comer Group developments whilst independent in function and with ring fenced assets, Dovepark Properties will be able to benefit from the access to stock and the financial support available from the Group at large. The housing provided will be aimed toward affordable rent and shared ownership and assist in ensuring that fully inclusive and sustainable communities are created within the Comer Group developments. Part of the Cromer Group who won best Luxury Homes Developer south England (Cromer Group, 2017)	N	68100 - Buying and selling of own real estate; 68201 - Renting and operating of Housing Association real estate 68209 - Other letting and operating of own or leased real estate ; 68320 - Management of real estate on a fee or contract basis	**Opportunist** (Development) **Subsidiary Company** of Private Owned Developer Dormant S106 capture	The Comer Group (Development)	South East
Asett Homes Ltd	**Companies House**[5]: £100 ordinary shares **No website: Company registrations details show:** Parent Company Badger Building (E. Anglia) Limited (BizDB, 2017) **Companies House**[5] identifies a linkage to Rex Homes Ltd by one of the Directors Martin James Richard Aust	N	99999 - Dormant Company	**Opportunist** (Development) **Subsidiary Company** of SME builder Expect it to be S106 capture	Badger Building (E. Anglia) Limited (Developer)	East Anglia

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Hamelin Trust Services Limited	**Total Assets Net Liabilities**[5]: £534 **The website states:** Hamelin Trust Services Ltd (HTS Ltd) is a wholly owned trading subsidiary of Hamelin Trust charity, and was established in 1990 HTS Ltd cost effectively undertakes, where appropriate, the management of Hamelin Trust's charity shops, building maintenance and repairs. HTS Ltd donates all profits to Hamelin Trust through Gift Aid to support the work of the charity . HTS Ltd will attempt to develop social housing for disabled adults (particularly those with profound and multiple impairments), building on the support provided by Hamelin Trust (the parent charity) over many years. (Hamelin Trust, 2017)	Y	55900 - Other accommodation 82990 - Other business support service activities not elsewhere classified	**Optimisers** **Subsidiary of** a Charity Provider of housing for vulnerable adults, Supported Housing	Hamelin Trust (Charity)	Billericay, Essex
Anchor Property Holdings Limited	**Total Assets Net Liabilities**[5]: £2,331,185 **The website states:** Anchor Properties is a family run business and our focus is to deliver housing and housing related services in ways our tenants want them delivered. When did it all start? The company director Marian Parkinson opened the company's first house in January 1989 and became a for-profit registered provider in 2012 (Anchor Property, 2017)	N	64209 - Activities of other holding companies not elsewhere classified	**Optimisers** Provider of housing for vulnerable adults, Supported Housing	None (Charity)	Medway, Kent

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
Ascent Housing LLP	**Total Assets Net Liabilities**[5]: £25030 **The website states:** Ascent Housing LLP – It is a Joint Venture partnership between Staffordshire Moorelands District Council and Your Housing Group. It was established to meet the affordable housing needs of the North Staffordshire residents, when no developers were building housing in the borough. Housing is owned by Ascent Housing Ltd, but is managed through a subsidiary of Your Housing Group	Y	LLP	**Optimisers** Developer Renting General Needs and Supported Housing – managed through Your Housing Group Affordable Tenures for Sale LCHO	Staffordshire Moorlands DC & Your Housing Group (JVC)	Staffordshire Moorelands District Council boundary, including Leek
Loddon Homes Limited	**Total Assets Net Liabilities**[5]: -£1,548,499 **The website states:** Loddon Homes Limited (LHL) is a new provider of social and affordable housing in Wokingham, accredited with the Homes and Communities Agency in 2016 as a For-Profit Registered Provider. Loddon Homes will purchase high quality housing from its parent company Wokingham Housing Limited, and by doing this we can be confident that the homes provided to LHL residents are of a high standard, fit for purpose and built by partners that share our vision and values. LHL forms part of a group of companies that are wholly owned by Wokingham Borough Council Three Schemes: • Fosters - 34 high quality apartments are due for completion in	N	68100 - Buying and selling of own real estate ; 68201 - Renting and operating of Housing Association real estate	**Optimiser** **Subsidiary Company** Wholly Owned by Local Authority To build general needs and supported housing Units will be managed by	Wokingham Bourogh Council via WBC (Holdings Ltd)	Wokingham

Registered Provider Name[1]	Provider Website Narrative/ Description[2]	SDR[3]	Nature of business (SIC)[4]	Type of Provider[6]	Parent Company[4]	Geography of operation[7]
	October 2017.. • HILLSIDE PARK 9 apartments for adults with some support needs Launched in 2015, • Vauxhall Drive 4 bedrooms for adults with supported housing Loddon Homes took responsibility of this scheme in April 2015, leasing it from Wokingham MBC (Loddon Homes, 2017)			the Council Housing Team		

Source: [1]HCA Register of Social Housing Providers; [2] Providers own website and publications or research otherwise identified; [3] HCA Statistical Data Return (2016) [4]Comapnies House Registrations; [5] Annual Financial Accounts- profit and loss tables, Companies House for each provider, Companies House; [6]Authors own work; [7]Authors own research/ web searches

Annex 4.2: For-Profit Providers by typology, parent company, geography of operation and number of dwellings

Registered Provider Name[1]	Typology[2]	Parent Company[3]	Geography[4]	Type of Accommodation[1,2]				
				Total	GN	SH	LCHO	BEDS
Major Housing Association Ltd	Legitimiser	None	Newham	**7**	7			
Orchard & Shipman Homes Limited	Legitimiser	Orchard Shipman Group Ltd (National Provider of Temporary Accommodation)	National	**131**	131			
Castle Housing Limited	Legitimiser	None	Morecombe, Lancaster	**44**	44			
Green Park Property Management Ltd	Legitimiser	None	North West London	**102**	102			
Oak Housing Ltd	Legitimiser	Theori Investments Ltd (Management of real estate on a fee or contract basis)	Sutton, East London & Essex	**43**	40	3		
Keystage Properties Limited	Legitimiser	None	Luton	**20**	20			
J & M Residential Lettings Limited	Legitimiser	None	Rochdale, Greater Manchester & Wolverhampton West Midlands	**57**	57			
Cromwood Housing Ltd	Legitimiser	None	Greater Manchester & London	**12**	12			
RY Winning Hand Ltd	Legitimiser	None	Gravesend, Kent	**0**				
HH Residential Care Ltd	Legitimiser	None Residential Care for elderly	Leicester	**28**		28		
Finefair Housing Limited	Legitimiser	None	East London	**0**				
AccommodationYes Limited	Legitimisers	None	Maidstone	**81**	81			
Legitimiser Total	**12**			**525**	**494**	**31**	**0**	**0**
Heylo Housing Registered Provider Limited	Opportunist (Financial)	Heylo Housing Limited, Lancashire CC and other individual investors Investment Fund	National	**817**			817	
Sage Housing Association	Opportunist	Blackstones Private Equity	National	**D/K**	D/K	D/K	D/K	D/K

Registered Provider Name[1]	Typology[2]	Parent Company[3]	Geography[4]	Type of Accommodation[1,2]				
				Total	GN	SH	LCHO	BEDS
Limited	(Financial)							
Woodlands Housing Limited	Opportunist (Development)	RANC Care Home Group (Residential nursing care facilities)	South East: Essex & Cambridgeshire	**0**	0		0	
Shanly Partnership Homes Limited	Opportunist (Development)	Shanly Group (Developer)	London & Home Counties	**29**			29	
Pinnacle Spaces Limited	Opportunist (Development)	Pinnacle Group Ltd (Management of Real Estate)	Unknown					
French Weir Affordable Homes	Opportunist (Development)	None	Taunton Deane, Somerset	**4**	4			
Grainger Trust Limited	Opportunist (Development)	Grainger PLC FTSE250 (Developer)	Havant, Winchester	**44**	24		20	
Hellens Residential Limited	Opportunist (Development)	Hellens Developments Ltd (Developer)	County Durham, Sunderland	**19**	17		2	
Linden First Limited	Opportunist (Development)	Galliford Try PLC (FTSE250 Developer)	Luton	**0**				
St. Arthur Homes Limited	Opportunist (Development)	None	London & South East	**1**			1	
Auxesia Homes Limited	Opportunist (Development)	Guildhouse Holdings Limited (Real Estate Activities)	Unknown/ Dormant	**0**				
Malins Affordable Homes Limited	Opportunist (Development)	Medium Developer	Dormant	**0**				
Heyford Regeneration Limited	Opportunist (Development)	Dorchester Group (Developer)	Cherwell	**29**	10		19	
Kentish Homes Limited	Opportunist (Development)	None	Dormant, Kent	**0**				
Rex Housing Limited	Opportunist (Development)	Oldman Homes Limited (Developer)	Norfolk, East Coast	**0**				
Funding Affordable Homes Housing Association Limited	Opportunist (Financial)	Salamanca Group (Private Equity Investment Fund)	National	**528**	142	320	66	207
Chater Community Housing Limited	Opportunist (Development)	Chater Land Holdings Limited (Developer)	Ipswich	**0**				
FIRST AFFORDABLE LIMITED	Opportunist (Development)	First Base Limited (Developer)	London & South East	**0**				

Registered Provider Name[1]	Typology[2]	Parent Company[3]	Geography[4]	Type of Accommodation[1,2]				
				Total	GN	SH	LCHO	BEDS
Platinum Skies Living Limited	Opportunist (Financial)	Quantum Group Holdings Ltd (Care Home Operator/ Developer/ Investment Funds)	Devon	**0**				
Seymour Street Homes Limited	Opportunist (Development)	British Land Holding Company Limited (PLC FTSE100 Developer)	(Mayfair) London	**11**	11			
Dovepark Properties Limited	Opportunist (Development)	The Comer Group (Development)	South East	**0**				
Asett Homes Ltd	Opportunist (Development)	Badger Building (E. Anglia) Limited (Developer)	East Anglia	**0**				
Opportunist Total	**22**			**1482**	**208**	**320**	**954**	**207**
Ascent Housing LLP	Optimiser (Joint Venture)	Staffordshire Moorlands DC & Your Housing Group (JVC)	Staffordshire Moorlands	**227**	178	10	39	
Hamelin Trust Services Limited	Optimiser (Charitable Organisation)	Hamelin Trust (Charity)	Essex	**4**		4		
Anchor Property Holdings Limited	Optimiser (Charitable Organisation)	None (Charity)	Kent	**D/K**	D/K	D/K	D/K	D/K
Loddon Homes Limited	Optimisers (Local Authority)	Wokingham Borough Council via WBC (Holdings Ltd)	Wokingham	**47**	34	13		
Legitimiser Total	**4**			**278**	**212**	**27**	**39**	**0**
TOTAL				**2,285**	**914**	**378**	**993**	**207**

Source: [1]HCA Register of Social Housing Providers; [2]Authors Own; [3]Companies House, 2017c; [4]Authors own research/ web searches

Annex 5.1: Summary of Market Disrupters

	Disrupter 1	Disrupter 2	Disrupter 3	Disrupter 4	Disrupter 5	Disrupter 6	Disrupter 7
Organisation Background	Merchant Bank established Investment Fund and PRP Recruited PRP Housing Expertise	North American Real Estate Company	Specialist Equity fund owned by a London based Hedge fund the company states it is an international alternative investment fund	Consultancy established Development Company	Development Company established by former banker Recruited PRP Housing Expertise	Established by the owner when he was a student studying in London and he started to buy houses in London and let rooms in them to other students - this has led to establishing Development Company	Development Company wholly owned by a London Borough, which inputs land and uses Public Works Loan Board loans to lend Company at a slight mark-up from base rates Development Co builds and manage stock
Synopsis	Funds: • General Needs • Special Needs • Extra Care • Low cost home ownership and • Shared ownership Does not include PRS unless scheme is large and S016 requires it	Based on North American model with live in buildings supervisor Converted existing hostel and extended it to include more public space aimed at city makers Received significant support from the London Mayor	Owns developments but leases them to existing Housing Associations No intention of developing using grant funding hence not registered with HCA	This is nearest disrupter to a traditional PRP Buys up distressed housing stock from Local Authorities, at a peppercorn value. Mainly stock which was CPO'd via the Housing Market Renewal programme. Invests in the stock and brings it up to standard to rent to the squeezed middle.	Developed extensive covenants built into the leases and deeds to avoid profiteering and market leakage Received significant support from the London Mayor via interest free loans and planning policy inputs	Sub Market Price PRS aimed at city makers made possible by small units – but has wider attached shared spaces to provide a student halls of residence appeal/vibe Received significant support from the London Mayor Would like sui generis youth class	Subsidised PRS aimed at local residents squeezed middle May contract with PRPs for management.

	Disrupter 1	Disrupter 2	Disrupter 3	Disrupter 4	Disrupter 5	Disrupter 6	Disrupter 7
		Would like sui generis youth class, Does not think covenant arrangements work.		Intention is to have a portfolio of 1000 units and then float or sell.		Developing student accommodation at risk and hoping to be granted change of use. Others see him as young and so is able to pursue/ take the risks required to make the projects work.	
Geography	National Outside of London	London Zone 1	National Outside of London	North England	London Zone 1-3 Looking to expand model internationally	Across London Zones 1-4	London Borough Zone 4-5
Tenure	Rental	Rental	Rental	Rental	Outright sale	Rental	Rental
Niche	Lease to PRP	Sui Generis Hostels	Lease to PRP	Conversions and development	New Build	Sui Generis Hostels	New Build
Regulated	Fund: Regulated in Luxembourg by the Commission de Surveillance du Secteur Financier. And as PRP regulated by the Homes and Communities Agency	Planning Regulations only	Financial Conduct Authority	Planning Regulations only Covenants built into developments to keep management tight	Planning Regulations only Covenants built into developments to stop leakages from affordable housing to private housing sector	Planning Regulations only	Planning Regulations Local Authority Licencing of Private Landlords

Annex 6.1: Private Registered Providers operating in Knowsley

Provider	Total No. Units	Per cent
Anchor Trust	134	1
Arena Housing Group Limited	587	3
Bespoke Supportive Tenancies Limited	3	0
Cherryfield Co-operative Limited	19	0
Cobalt Housing Limited	7	0
Contour Homes Limited	39	0
Golden Lane Housing Ltd	1	0
Halo Housing Association Limited	3	0
Harbour Light Assisted Living CIC	3	0
Helena Partnerships Limited	36	0
Knowsley Housing Trust	13,527	73
Knowsley Residents Housing Co-operative Limited	24	0
Liverpool Housing Trust Limited	579	3
Muir Group Housing Association Limited	40	0
Pierhead Housing Association Limited	2	0
Places for People Homes Limited	1	0
Plus Dane (Merseyside) Housing Association Limited	423	2
Progress Care Housing Association Limited	14	0
Redwing Living Limited	15	0
Regenda Limited	2	0
Reside Housing Association Limited	10	0
Rusland Road Housing Co-operative Limited	37	0
Sanctuary (North West) Housing Association Limited	202	1
Sanctuary Housing Association	4	0
Southdene Housing Co-operative Limited	23	0
Springwood Housing Co-operative Limited	24	0
The Huyton Community Co-op for the Elderly Ltd	59	0
The Riverside Group Limited	1,010	5
The Villages Housing Association Limited	1,632	9
Trinity Housing Association Limited	5	0
Villages Community Housing Association Limited	156	1
Westvale Housing Co-operative Limited	35	0
TOTAL	**18,326**	**100**

Source: HCA (2016b)

Annex 6.2: Private Registered Providers operating in Staffordshire Moorlands

Provider	Total No. Units	Per cent
Accord Housing Association Limited	3	0
Anchor Trust	30	1
Ascent Housing LLP	188	5
Bespoke Supportive Tenancies Limited	3	0
Brighter Futures Housing Association Limited	8	0
Bromford Housing Association Limited	59	2
Choices Housing Association Limited	4	0
Condlyffe Charity	9	0
East Midlands Housing and Regeneration Limited	37	1
Frontis Homes Limited	5	0
Midland Heart Limited	64	2
Your Moorlands Housing	2,739	73
Peak District Rural Housing Association Limited	48	1
Places for People Homes Limited	0	0
Plus Dane (Cheshire) Housing Association Limited	15	0
Rooftop Housing Association Limited	0	0
Sanctuary Housing Association	167	4
Staffordshire Housing Association	347	9
The Ash Homes	14	0
The Riverside Group Limited	10	0
Total	**3,750**	**100**

Source: HCA (2016b)

Annex 6.3: Private Registered Providers operating in Newham

Provider	Total No. Units	Per cent
A2Dominion Homes Limited	172	1
Affinity Sutton Homes Limited	65	0
AmicusHorizon Limited	1	0
Anchor Trust	133	1
Arhag Housing Association Limited	311	2
ASRA Housing Association Limited	256	2
Aston-Mansfield Charitable Trust	26	0
Bahay Kubo Housing Association Limited	2	0
Catalyst Housing Limited	1	0
Centrepoint	6	0
Circle Thirty Three Housing Trust Limited	250	2
East Homes Limited	4,942	30
Family Mosaic Housing	721	4
Gallions Housing Association Limited	327	2
Gateway Housing Association	40	0
Genesis Housing Association Limited	1,040	6
Habinteg Housing Association Limited	25	0
Hanover Housing Association	81	0
Home from Home Housing Association Limited	39	0
Home Group Limited	20	0
Local Space Limited	1,145	7
London & Quadrant Housing Trust	2,400	15
London Strategic Housing Limited	13	0
Longlife Housing Co-operative Limited	64	0
Look Ahead Care and Support Ltd	189	1
Major Housing Association Limited	7	0
Metropolitan Housing Trust Limited	9	0
Mission Housing Association Limited	1	0
Moat Homes Limited	1	0
Network Stadium Housing Association Limited	344	2
Newlon Housing Trust	1	0
North London Muslim Housing Association Limited	54	0
Notting Hill Home Ownership Limited	130	1
Notting Hill Housing Trust	130	1
Omega Housing Limited	318	2
One Housing Group Limited	1,656	10
Peabody Trust	321	2
Phoenix Community Housing Co-operative Limited	3	0
Places for People Individual Support Limited	38	0
Sanctuary Affordable Housing Limited	46	0
Sanctuary Housing Association	142	1

Provider	Total No. Units	Per cent
Southern Home Ownership Limited	20	0
Southern Housing Group Limited	542	3
Spitalfields Housing Association Limited	5	0
Swan Housing Association Limited	7	0
Tamil Community Housing Association Limited	36	0
The Guinness Partnership Limited	27	0
The Pathways Jubilee Charity	8	0
The Riverside Group Limited	208	1
TPHA Limited	7	0
West Ham Non-Ecclesiastical Charity	18	0
Winsor Housing Co-operative Limited	24	0
Total	**16,372**	**100**

Source: HCA (2016b)

Annex 7.1: Hybrid providers by type

Provider	Type	Provider	Type
Pocket Living Limited	For Profit Business (Mkt Disrupter)	Centrepoint	Not-for-profit
BDW Trading Ltd	For-Profit Business	Cestria Community Housing Association Limited	Not-for-profit
Bellway Homes Ltd	For-Profit Business	Chapter 1 Charity Limited	Not-for-profit
Berkeley Homes Plc	For-Profit Business	Chester and District Housing Trust	Not-for-profit
Bovis Homes	For-Profit Business	Circle Anglia Limited	Not-for-profit
BPHA	Not-for-Profit	City West Homes (SPV)	Not-for-profit
Cambridge Partnerships Ltd	For-Profit Business	City West Housing Trust Limited	Not-for-profit
Chelmer Housing Partnership Limited	For-Profit Business	City YMCA, London	Not-for-profit
Curo Places Limited	For-Profit Business	CM Yuill Limited	Not-for-profit
Dunelm Property Services Ltd	For-Profit Business	Colne Housing Society Limited	Not-for-profit
Galliford Try Homes Ltd	For-Profit Business	Connect Housing Association Limited	Not-for-profit
Golding Homes	For-Profit Business	Contour Homes Limited	Not-for-profit
H&F Housing Development limited	For-Profit Business	Cross Keys Homes Ltd	Not-for-profit
Ignite Homes Ltd	For-Profit Business	Devon & Cornwall Housing Association Limited	Not-for-profit
Isos Housing Limited	For-Profit Business	Devon and Cornwall Housing Ltd (as lead partner for Partnership South West)	Not-for-profit
Jessup	For-Profit Business	East Midlands Housing Association	Not-for-profit
Keelman Homes	For-Profit Business	East Thames Group	Not-for-profit
Keepmoat Ltd	For-Profit Business	Eldon Housing Association	Not-for-profit
Keepmoat Plc	For-Profit Business	Empowering People Inspiring Communities Limited	Not-for-profit

Provider	Type	Provider	Type
Kier Partnership Homes Ltd	For-Profit Business	English Rural Housing Association Limited	Not-for-profit
Leazes Homes	For-Profit Business	Esh Acorn Homes	Not-for-profit
Local Space Ltd	For-Profit Business	Estuary Housing Association Limited	Not-for-profit
Logic Homes Ltd	For-Profit Business	Falcon Rural Housing Ltd	Not-for-profit
Longhurst Group Limited	For-Profit Business	Family Mosaic Housing	Not-for-profit
Lovell	For-Profit Business	First Choice Homes Oldham	Not-for-profit
Moat Homes Limited	For-Profit Business	Flagship Housing Group Limited	Not-for-profit
Orbit Group Limited	For-Profit Business	Forest YMCA of East London	Not-for-profit
Persimmon	For-Profit Business	Gallions Housing Association	Not-for-profit
Taylor Wimpey UK Ltd	For-Profit Business	Genesis Housing Association	Not-for-profit
TCUK Homes Limited	For-Profit Business	Gentoo Group Limited	Not-for-profit
Telford Homes Plc	For-Profit Business	Glendale Gateway Trust	Not-for-profit
Telford Homes Plc	For-Profit Business	Grand Union Housing Group	Not-for-profit
Westleigh Developments Ltd	For-Profit Business	Great Places Housing Association	Not-for-profit
Grainger Trust Ltd	For-Profit Business (FPP)	GreenSquare Group Limited	Not-for-profit
Major Housing Association Ltd	For-Profit Business (FPP)	Greensquare Group Ltd	Not-for-profit
Oak Housing Limited	For-Profit Business (FPP)	Guildhouse UK Ltd	Not-for-profit
Barnsley Metropolitan Borough Council	Local Authority	Habinteg Housing Association Limited	Not-for-profit
Barratt	Local Authority	Halton Housing Trust Limited	Not-for-profit
Bassetlaw District Council	Local Authority	Hanover Housing Association	Not-for-profit
Birmingham City Council	Local Authority	Harvest Housing Group	Not-for-profit
Blackpool Council	Local Authority	Hastoe Housing Association Limited	Not-for-profit
Bournemouth Borough Council	Local Authority	Heart of Medway Housing Association Ltd	Not-for-profit

Provider	Type	Provider	Type
Cambridge City Council	Local Authority	Hexagon Housing Association Limited	Not-for-profit
Cannock Chase District Council	Local Authority	Hightown Praetorian and Churches Housing Association Limited	Not-for-profit
Central Bedfordshire Council	Local Authority	Hollinwood Homes Ltd (inc Community Gateway Association)	Not-for-profit
Cherwell District Council	Local Authority	Home Group Limited	Not-for-profit
City of Bradford Metropolitan District Council	Local Authority	Housing 21	Not-for-profit
City of Westminster Council	Local Authority	Hyde Housing Association	Not-for-profit
Colchester Borough Council	Local Authority	Incommunities Group Limited	Not-for-profit
Corby Borough Council	Local Authority	Islington and Shoreditch HA Ltd	Not-for-profit
Crawley Borough Council	Local Authority	Jephson Homes Housing Association Limited	Not-for-profit
Dacorum Borough Council	Local Authority	Keniston Housing Association	Not-for-profit
Darlington Borough Council	Local Authority	Knightstone Housing Association Limited	Not-for-profit
Derby City Council	Local Authority	Knowsley Housing Trust	Not-for-profit
Doncaster Metropolitan Borough Council	Local Authority	Leicester Housing Association Limited	Not-for-profit
Dudley Metropolitan Borough Council	Local Authority	LHA-ASRA Group Ltd	Not-for-profit
East Riding Of Yorkshire Council	Local Authority	London & Quadrant Housing	Not-for-profit
Eastbourne Borough Council	Local Authority	Manningham Housing Association Ltd	Not-for-profit
Epping Forest District Council	Local Authority	Merlin Housing Society Limited	Not-for-profit
Fareham Borough Council	Local Authority	Metropolitan Housing Trust Ltd	Not-for-profit
Gateshead Metropolitan Borough Council	Local Authority	Midland Heart	Not-for-profit
Haringey London Borough Council	Local Authority	Mill Asset Management Group	Not-for-profit
Hartlepool BC	Local Authority	National Association of Almshouses	Not-for-profit
Kingston upon Hull City Council	Local Authority	Network Housing Group Limited	Not-for-profit

Provider	Type	Provider	Type
L B Southwark	Local Authority	New Charter Homes Limited	Not-for-profit
LB Bexley	Local Authority	Newlon Housing Trust	Not-for-profit
Leeds City Council	Local Authority	North Lincolnshire Homes Limited	Not-for-profit
London Borough of Barking and Dagenham	Local Authority	Notting Hill Housing Trust	Not-for-profit
London Borough of Barking and Dagenham	Local Authority	Octavia Housing	Not-for-profit
London Borough of Brent	Local Authority	One Housing Group Limited	Not-for-profit
London Borough of Camden	Local Authority	Orwell Housing Association Limited	Not-for-profit
London Borough of Croydon	Local Authority	Paddington Churches HA Ltd	Not-for-profit
London Borough of Ealing	Local Authority	Paradigm Housing Group Limited	Not-for-profit
London Borough of Enfield	Local Authority	Paragon Community Housing Group	Not-for-profit
London Borough of Greenwich	Local Authority	Paragon Community Housing Group Limited	Not-for-profit
London Borough of Hackney	Local Authority	Peabody Trust	Not-for-profit
London Borough of Harrow	Local Authority	Phoenix Community HA Ltd	Not-for-profit
London Borough of Havering Council	Local Authority	Places for People Group Limited	Not-for-profit
London Borough of Hillingdon	Local Authority	Plus Dane Housing Group	Not-for-profit
London Borough of Hounslow	Local Authority	Poplar Harca	Not-for-profit
London Borough of Islington	Local Authority	Radian	Not-for-profit
London Borough of Lambeth	Local Authority	Raglan Housing Association Limited	Not-for-profit
London Borough of Lewisham	Local Authority	Richmond Housing Partnership	Not-for-profit
London Borough of Newham	Local Authority	Riverside Housing Association Limited	Not-for-profit
London Borough of Redbridge	Local Authority	Rochdale Boroughwide Housing	Not-for-profit
London Borough of Tower Hamlets	Local Authority	Salvation Army Housing Association	Not-for-profit
London Borough of Waltham Forest	Local Authority	Sanctuary Housing Association	Not-for-profit

Provider	Type	Provider	Type
London Borough of Wandsworth	Local Authority	Sandwell Metropolitan Borough Council	Not-for-profit
Manchester City Council	Local Authority	Saxon Weald Homes Limited	Not-for-profit
Mansfield District Council	Local Authority	Sentinel Housing Association Ltd	Not-for-profit
Mid Devon District Council	Local Authority	Shoreline Housing Partnership Ltd	Not-for-profit
Middlesbrough Council	Local Authority	Six Town Housing Limited	Not-for-profit
Newark and Sherwood District Council	Local Authority	Soha Housing Limited	Not-for-profit
Newcastle City Council	Local Authority	Solon South West Housing Association Limited	Not-for-profit
Newham Council	Local Authority	Somer Community Housing Trust	Not-for-profit
North Kesteven District Council	Local Authority	Source Development Partnership (led by Spectrum Housing Group)	Not-for-profit
Northumberland County Council	Local Authority	South Staffordshire Housing Association Limited	Not-for-profit
Nottingham City Council	Local Authority	South Tyneside Housing Ventures Trust Limited	Not-for-profit
Oxford City Council	Local Authority	South Yorkshire Housing Association Limited	Not-for-profit
Rossendale Borough Council	Local Authority	Southern Housing Group Ltd	Not-for-profit
Rotherham MBC (URB)	Local Authority	Southway Housing Trust	Not-for-profit
Royal Borough of Kingston	Local Authority	Sovereign Housing Association Limited	Not-for-profit
Sheffield City Council	Local Authority	Spectrum Housing Group Limited	Not-for-profit
Shropshire Council	Local Authority	St Mungo Community HA Ltd	Not-for-profit
South Derbyshire District Council	Local Authority	Staffordshire Housing Association	Not-for-profit
Stroud District Council	Local Authority	Sussex Central YMCA	Not-for-profit
Swindon Borough Council	Local Authority	Swan Housing Association Limited	Not-for-profit
SWLHP (London Borough of Croydon)	Local Authority	Symphony Housing Group	Not-for-profit
Thanet District Council	Local Authority	Synergy Housing Group	Not-for-profit

Provider	Type	Provider	Type
Three Rivers DC	Local Authority	Tees Valley Housing Ltd	Not-for-profit
Thurrock Council	Local Authority	Thames Valley Housing Association Limited	Not-for-profit
Waverley Borough Council	Local Authority	The Abbeyfield Kent Society	Not-for-profit
Wealden District Council	Local Authority	The Abbeyfield Society	Not-for-profit
Wigan Council	Local Authority	The Guinness Trust	Not-for-profit
Wiltshire Council	Local Authority	The Havebury Housing Partnership	Not-for-profit
A2 Dominion Housing Group Ltd	Not-for-profit	The Places for People Group Ltd	Not-for-profit
Lambeth & Southwark HA Ltd	Not-for-profit	The Riverside Group	Not-for-profit
Accent Corporate Services Limited	Not-for-profit	The Swaythling Housing Society Limited	Not-for-profit
Accord Housing Association Limited	Not-for-profit	The Wrekin Housing Trust Limited	Not-for-profit
Adactus Housing Association Ltd	Not-for-profit	Together Group	Not-for-profit
Affinity Sutton Group Limited	Not-for-profit	Town and Country Housing Group	Not-for-profit
Agudas Israel Housing Association	Not-for-profit	Viridian Housing	Not-for-profit
AKSA Housing Association Limited	Not-for-profit	Wakefield and District Housing Ltd	Not-for-profit
Aldwyck Housing Group Limited	Not-for-profit	Walsall Housing Group Limited	Not-for-profit
Almshouse Consortium Ltd	Not-for-profit	Wandle Housing Association Limited	Not-for-profit
AmicusHorizon Limited	Not-for-profit	Waterloo Housing Group Limited	Not-for-profit
Anchor House	Not-for-profit	West London YMCA	Not-for-profit
Arches Housing Limited	Not-for-profit	Westfield Housing Association	Not-for-profit
Arena Housing Group Ltd	Not-for-profit	Wigan & Leigh	Not-for-profit
Ashford Borough Council	Not-for-profit	Wirral Partnership Homes Limited	Not-for-profit
Aster Group Limited	Not-for-profit	WM Housing Group	Not-for-profit
B3 Living Limited	Not-for-profit	Worthing Homes Limited	Not-for-profit

Provider	Type	Provider	Type
Barnet Homes	Not-for-profit	Wulvern Housing Ltd	Not-for-profit
Brighter Horizons Ltd	Not-for-profit	YMCA London South West	Not-for-profit
Broadacres Housing Association Limited	Not-for-profit	Yorkshire Housing	Not-for-profit
Bromford Carinthia Housing Association	Not-for-profit	Yorkshire Housing Limited	Not-for-profit
Catalyst Housing Group Ltd	Not-for-profit		

Source: GLA (2014); HCA (2014a)