

# **Network Power: An International Study of Strengthening Housing Association Capacity**

by

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# DECLARATION

This thesis represents the result of my own research. No other person's previously published or written work has been used without due acknowledgement in the text.

No material has been used in this thesis which has been accepted for the award of a degree or diploma in any tertiary institution.

Procedures used in this research have followed the proposals agreed by the University of Sydney's Human Research Ethics Committee on the 24<sup>th</sup> April 2007.

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# ABSTRACT

Operating in the space between state, market and society, nonprofit housing associations are part of a new generation of hybrid organisations. Unlike traditional organisations delivering publicly subsidised affordable rental accommodation, governance is networked not hierarchical. The state can influence - through subsidy, regulation and direct intervention - though seldom chooses to directly control. Housing associations regularly partner with public sector agencies, private developers and other nonprofit or hybrid organisations. Networking is used to share resources, build local coalitions and increase institutional learning.

This thesis uses a cross-national case study approach to develop frameworks leading to a deeper understanding of what housing associations are becoming. The topic is addressed through the research focus on how to strengthen housing association capacity, taken to be ‘the capability of an organisation to achieve goals’. Nine associations of three organisation types, selected from the city regions of San Francisco, Melbourne and Manchester, provided rich documentary and interview information. This was supplemented by interviews with senior staff at networked organisations identified through snowballing techniques.

Organisational capacity is often seen as a set of attributes that housing associations possess, such as a mission statement and governance procedures. This has led to a narrow focus on capacity building through professionalisation, introducing management approaches from the private sector. The research findings suggest the importance of broader approaches to strengthening organisational capacity, for example through collaboration between associations by merger, group structure, or procurement partnerships. Capacity can also be built with assistance from both traditional and emerging networked support organisations. Trade and professional bodies, together with consultants, lobby organisations, researchers and community groups form part of a broader web. The success of contemporary housing associations depends not only on the skills of individuals working for the organisation, but their ability to make connections across the wider environment - organisational capacity strengthened through network power.

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The four years research for this thesis has taken me on a series of enjoyable and often exciting journeys. Career-wise, the project has helped my transition from twenty years working in investment banking to becoming a commentator on - and supporter of - social housing. This has brought me back to my roots. Both my father Bernard Gilmour and late step-mother Rita Gilmour were directors of housing associations, and I spent a couple of happy years in the 1980s as a tenant of Manchester & District. The project has also been a physical journey, taking me to Australia, California, England, the Netherlands, Ireland and the Czech Republic. I have been fortunate to collect so many fond memories and frequent flier points at the same time.

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This thesis is dedicated to my late mother, Enid Gilmour. Her love of life, determination and sense of humour have been sadly missed over the last three years.

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# CHAPTER 1

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# CHAPTER 1: INTRODUCTION

The tectonic plates defining the role of state, market and civil society continually shift. In two generations the post-war modernist dream of a rational, controlling state has given way to a complex web of mixed provision. It is now not uncommon for nonprofit organisations to provide core social services, private companies to manage prisons and help fight wars and, in 2009, governments to run failed banks. Seismic activity has not escaped the social housing sector. Nonprofit housing associations, once the Cinderella of housing provision, have finally come to the ball. Their contemporary role, partnering with devolved government agencies, private developers and a wide variety of service providers, results in a complex set of relationships to manage. The story of what housing associations are becoming, and how they use network power to build capacity, is interesting in its own right. However, as one example of the new generation of hybrid organisations operating in the space between state, market and civil society, this research sheds light on broader issues of twenty first century governance.

## *Purpose & Importance*

According to the research literature, there are continuing housing affordability problems in the US, England and Australia for lower income groups. Since the start of the 1990s, property prices have increased faster than wages, entry to home ownership is challenging for certain groups and there are shortages of affordably priced rental accommodation. With more households living in unaffordable accommodation, housing affordability has become a major policy issue.

Subsidised low cost rental accommodation can be provided by the public, private or nonprofit sectors. Through the middle of the twentieth century and into the 1980s, public housing was the favoured approach in the three countries in this study. This approach was supplemented by a number of nonprofit organisations, often catering for tenants with high or special needs, and in the US a scheme to support private landlords. The position is very different in 2009. New construction of housing by public authorities is rare. Most initiatives involve re-developing troubled housing estates through cross-sectoral partnerships and, in England especially, relinquishing public sector control through stock transfers. Increasingly nonprofit organisations are the new guardians of publicly subsidised housing, charged with developing, owning and managing low cost rental homes. For convenience, in this thesis these organisations are termed *housing associations*, although alternative names include community development

corporations (US), community housing organisations (Australia) and registered social landlords (England). The emerging sector operates at different scales and capabilities and covers a wide range of organisational types, from traditional charitable organisations and co-operatives, to commercialised social enterprises and semi-autonomous branches of government.

This study uses cross-national research to better understand the role of housing associations in their expanded role. This wide topic is narrowed in two ways. First, the research is anchored at organisational level, applying concepts from the management literature and the new institutional branch of network theory. An organisational approach leads to the chosen method, a case study analysis of nine housing associations in the three city regions of San Francisco, Melbourne and Manchester. Second, the research question relates to strengthening ‘capacity’, a term defined in the thesis as the *capability of an organisation to achieve goals*. The key argument made in the thesis is that these capabilities are best viewed not in isolation, but in the context of a networked milieu. For housing associations, network power holds the key to success.

The wider importance of this thesis is that moves which improve the supply of lower cost rental accommodation bring societal benefits. The limited availability of affordable housing poses economic, social, spatial and environmental problems for a country beyond the difficulties faced by individual households. High housing costs lead to more personal borrowing and the economy becomes more sensitive to rising interest rates. Labour mobility diminishes and cities become spatially polarised between the rich and the poor. For some families the diminution of disposable income and over-crowding can affect personal relationships, health and potentially lead to crime. Excessive moves between temporary accommodation can harm the education of children. Environmentally sustainable design may be avoided in an effort to keep building costs.

The realisation by governments that affordable housing supply is an important policy issue has led to higher capital funding, particularly in Australia and England. However, dollars do not build homes. This is why strengthening housing association capacity is so important. Robust associations, employing skilled staff and operating in a supportive networked environment should deliver more homes per unit of subsidy. In addition they have the potential to build community capacity by empowering tenants and working with partners towards neighbourhood renewal. The thesis deepens understanding of capacity building, categorising some familiar and some unexpected approaches, and identifying important network actors. Public officials in Australia and the US, and to a lesser extent England have identified housing association capacity as a concern and, with few existing studies, this research aims to fill a gap in the literature.

## ***Research Questions***

The principal research question addressed by the thesis evolved through a grounded theory approach: *how can housing association capacity be strengthened to increase the supply of affordable rental homes for low and moderate income households?* The thesis builds a conceptual framework through the presentation of case study organisations in three city regions in the US, Australia and England. Although the research is anchored in these regions and countries, the framework provides pointers to building housing association capacity in other countries using similar delivery models.

In order to address the principal research question, the thesis first investigates *how do housing associations operate in each of the selected city regions, and are there common threads to approaches in San Francisco, Melbourne and Manchester?* This requires an understanding of the social housing context of the city regions, together with their national and regional regulatory, financial and administrative frameworks. These issues are addressed in the first half of the thesis, using background primary and secondary research material supplemented by stakeholder interviews across three countries. The research method does not enable a direct comparison of city regions, instead these regions are used as windows to observe the local housing association environment. At this level of spatial analysis, inter-organisational networks can be better observed.

Having established this context, the second half of the thesis explores *what is capacity, where are the capacity constraints in the three city regions, and what approaches are being used to strengthen capacity?* Empirical evidence is used to investigate the capacity of individual housing associations, and that of the wider affordable housing sector. Previous research and policy initiatives have mainly conceptualised capacity at an organisational level. By using network theory to investigate a broader range of actors, this research demonstrates that the capacity of the housing association sector is more than the sum of the capabilities of individual housing providers. In the highly interconnected environment in which associations operate, the range and quality of capacity support organisations are important. Hence capacity relies both on organisational competence and the ability to ‘plug into’ network power.

## ***Overview & Methods***

The thesis is structured in three parts after this chapter, which has been kept concise as each main chapter has its own introduction and conclusion. To provide a detailed *background* to an under-researched topic, Chapter 2 discusses housing association origins and market-orientated expansion, and Chapter 3 describes social housing provision in the three city regions. This

background leads logically to the discussion of *methods* in Chapter 4, as selection of case study organisations requires prior knowledge of the three city regions. However, as the methods chapter is relatively late in the thesis, a brief overview is given below. Finally, key *research findings* are given in Chapter 5 which considers capacity at organisational level, and in Chapter 6 which evaluates capacity within the broader affordable housing sector. The concluding section of Chapter 6 uses network theory to assess how the affordable housing sector is constructed in the three city regions. This analysis is at the end of the thesis as it is first necessary to identify the organisations and individuals performing capacity building roles. The technical term for these is *actants*, encompassing both conscious beings (actors) and other entities endowed with the ability to act, such as organisations. In the thesis ‘actors’ is used throughout in preference to ‘actants’.

The method chosen for this study combines background data collection with detailed case study research. Three housing associations were selected in each of three city regions using a typology described in more detail in Chapter 4. Organisations were not chosen randomly, but on the basis they had characteristics more related to the market, to the state or to society (Table 1). The short name of the organisation should be familiar to local scholars, with two exceptions. For clarity, East Bay Asian Local Development Corporation is referred to as East Bay Housing, and Community Housing Limited as Community Housing Victoria. To avoid lengthy narratives on each association, details are included in a series of text boxes. These are associated with particular themes, and included in the thesis where the theme is discussed (Table 1). The text boxes allow for thick description (Geertz, 1973), placing the organisation’s approaches and network behaviour within a deeper historical, spatial, cultural and personal context. By design, the thesis can be read in a number of ways: as a linear text, via particular sections or through text boxes.

**Table 1: Case study organisations**

Country	Organisation (short name)	Type	Theme	Box	Page
US	Bridge Housing	Market	Commercial ventures	9	169
	Burbank Housing	State	Financial control	5	143
	East Bay Housing	Society	Community power	12	224
Australia	Community Housing Victoria	Market	Geographical expansion	15	254
	Port Phillip Housing	State	Council parenting	6	156
	Melbourne Affordable Housing	Society	Merging capacity	10	180
England	Irwell Valley Housing	Market	Innovative management	8	161
	Trafford Housing Trust	State	Stock transfer politics	1	27
	Mosscares Housing	Society	Council network	3	74



Semi-structured interviews took place across the three countries including 76 with staff and directors of the selected housing associations, and 87 with other stakeholders such as public officials, financiers and trade associations. Many of the stakeholders were identified using snowball sampling, asking interviewees who else they would recommend the researcher contacts. The full list of interviewees is given in Appendix 2. Each interviewee was assigned a random number between 001 and 163, which is used when a quotation is included in the text, together with brief details of their organisation. To protect interviewee anonymity and to comply with university ethics regulations some of these details have been truncated or not disclosed.

Fieldwork took place between October 2007 and December 2008 in the US, Australia and England (Figure 1, p.19). The researcher was based for four months in San Francisco as a visiting scholar at the University of California, Berkeley, and in England worked closely with academics from the universities of Manchester, Salford and Birmingham. A total of 163 interviews were electronically recorded, and summarised in 788 pages of meeting notes which include selected transcriptions of interviewee comments considered by the researcher to be relevant. To test initial findings, the researcher presented seminars at Berkeley and Birmingham University. Later in the research, four national and international housing conferences were attended in Brisbane, Melbourne, Rotterdam and Dublin (Table 19, p.108). Five research papers were presented at these conferences, three of which have been or will shortly be published, together with two refereed book chapters and a contribution to a publication on English social housing (Mullins & Pawson, 2009, forthcoming). To maintain links with the housing profession, the researcher has presented at a National Housing Federation Conference in England, writes regularly for *In House*, the magazine of Shelter New South Wales (NSW) and has advised the Community Housing Federation of Australia and Housing NSW on sector capacity building.

The thesis uses standard terminology that can be understood across the three countries. For example, 'public housing' is used rather than projects (US), housing commission (Australia) or council housing (England). A glossary is provided in Appendix 1 to assist cross-national understanding. Reference is normally to England rather than the UK as, since 1999, housing policy has been devolved. The housing sector is awash with acronyms, however these have been avoided where possible as most are not widely known outside their country of origin. Financial information has been stated in the original currency, then converted to Australian Dollars (A\$) at April 2009 exchange rates of A\$1 to 1.41 US Dollars (US\$) and 2.07 British Pounds (£).

## ***Literature Review & Contribution***

The literature has been extensively reviewed, although this has been included in the relevant sections of the document not as a separate chapter. Topics that are covered include: housing association context and national frameworks (Sections 2.1, 2.2); the third sector and hybrid organisations (Section 2.3); city region surveys and regional policy (Chapter 3); organisational capacity (Section 5.1) and network theory (Section 6.3). The literature gaps in empirical housing association research, and cross-national studies, are discussed in Section 4.1.

The strength of this research rests on the quality of the interviews and the approach taken to their subsequent analysis. In most cases, as will become apparent from the quotations in the text, interviewees were forthright and lucid in their opinions. Between 7 and 10 interviews were held with each housing association, which provides consistency across the sample. However, access was not possible to a desired interviewee at Bridge Housing, East Bay Housing and Community Housing Victoria. In each case this was a functional specialist, and their omission is unlikely to invalidate findings. There was a good balance between hand-picked, enthusiastic interviewees who ‘sang from the company hymn sheet’, and others who described their organisation, warts and all. With 163 interviews the researcher has been exposed to a wide variety of viewpoints. Data triangulation through a study of organisational information, regulatory returns and media comments provided balance to allow judgements to be made.

Although the interviews provided rich information, one of the methodological research limitations is the difficulty of making generalisations from a limited number of non-random case studies. This point is discussed further in the conclusion, Chapter 7. The intent of using a grounded theory approach has been to build new theory, in particular to develop analytical frameworks for future deductive research and help inform policy making. San Francisco, Melbourne and Manchester are not ‘typical’ city regions, even in their own countries, and the thesis findings cannot be used to make national (or universally applicable) policy recommendations. Nevertheless, the common patterns identified across the cases and the ideas generated can assist both practitioners and researchers. By providing the first cross-national study of housing association capacity in city regions, and developing frameworks such as ‘network power’ through which it can be understood, this thesis fills a gap in the literature. The detailed understanding of how housing associations and their support organisations operate brings hybrid organisations and network power to the centre of the affordable housing debate.



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# CHAPTER 2

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## CHAPTER 2: CONTEXT

The growing use of private sector management techniques has started an important debate about what housing associations have become. Are they a new form of uncaring private landlord, re-branded public housing agencies or independent third sector organisations? Philanthropy, volunteerism, faith-based activism and neighbourhood empowerment have not entirely disappeared under the weight of financial engineering and performance indicators. The legacy of earlier periods before market-based initiatives survives not just through mission statements, but by the continuing employment, often at senior levels, of key staff from the 1970s and 1980s.

Over the last four decades US, British and to a lesser extent Australian governments have been making increasing use of housing associations to develop, own and manage social housing. These are roles which, for much of the twentieth century, would have been undertaken by the public sector. Policy approaches, timing and degree of change vary in each of the three countries. However, there are a number of common themes which this chapter brings together, to act as a background to the more detailed analysis of the city regions and case study organisations.

Housing association origins, and their early development to the 1980s, are described in Section 2.1. Seven of the nine case study housing associations were established during this period and many, but by no means all, of the organisational values and geographic connections of this time continue. Although this earlier background is important, the main focus of the thesis is the development of housing associations following the introduction of market based initiatives from the mid 1980s onwards. Section 2.2 describes the impact on associations of innovative forms of finance, resource competition, contracting-out and risk-based regulation. Government approaches were not always the same, but in an era of rapid communication and ideas sharing, policy commonalities are becoming more apparent.

Moving beyond the familiar yet problematic concept of the third sector, Section 2.3 conceptualises housing associations as organisations operating in the space between the state, the market and civil society. This becomes a key theme of the thesis, tested by case study research. Understanding the role of housing associations as hybrid organisations not only illuminates important issues surrounding the effective delivery of affordable homes. It provides an insight into twenty first century governance, and the role of non-government organisations in providing publicly subsidised services across a range of sectors.

## 2.1 Housing Association Origins

The emergence and growth of organisations fitting the broad ‘housing association’ definition given in Chapter One is complex and contested. Some researchers see the story as one of continuity, with associations tracing their lineage back over several decades, and occasionally over centuries. Others note discontinuous growth, with organisations formed in successive waves, or transforming how they operate to fit with changing times. Unfortunately, the housing association sector has been under-researched, and the extent of the research gap differs between the three countries in the thesis. Broadly, the literature follows the current relative importance of housing associations in each country with detailed research on England, a modest US literature and only a few Australian studies. This makes it difficult to maintain an equal balance in the narrative across the three countries.

The traditional viewpoint is to see modern housing associations as the culmination of a logical, linear development that anchors them in the (part re-constructed) past. For example, Tickell (1996) dates the start of the sector to the foundation of the St. Lawrence’s Hospital Charity in 1235. This organisation still manages 22 almshouses in Cirencester in the west of England. As Malpass (2000a) notes, housing association history has long been viewed through the values and vocabulary of the present. During the current rapid rate of sector change, there is a heightened emphasis on continuity. The earlier, altruistic and voluntary origins of associations are perhaps more comforting than the practical realities of achieving economies of scale through mergers and, in some cases, attracting professionally skilled directors by offering payment.

Peter Malpass (2000a) contradicted this traditional approach by writing a ‘discontinuous history’ of English housing associations. This highlighted the importance of sector change, often prompted by economic transformations such as the industrial revolution or by modifications in how governments intervene in public life. Despite the long lineage sometimes claimed by traditionalists, most associations have been formed since the early 1960s. In Britain, two thirds of the largest 500 National Housing Federation members in 1996 were established after 1963 (Mullins, 2000a). With the high rate of formation of new stock transfer associations since 1996, the balance continues to shift in favour of newer organisations. Similarly in the US, all 45 housing associations in the San Francisco Bay area that responded to a Bay Area LISC (2004-5) survey had been formed after 1961. As Malpass notes:

The most striking feature of the sector has been the way that existing organisations have been supplanted by waves of new formations. This has been an important source of strength and innovation: change has been achieved by bypassing existing organisations and setting up new ones (Malpass, 2000a: p.210).

This picture of successive waves of new housing associations provides an important backdrop to this research. It highlights how the current organisational diversity in the three countries can be traced in part to the housing policy and broader environment in which they were formed. However, it is only part of the story. Malpass' 'waves' of new housing association formation in reaction to new policies, downplays the extent of change that can take place within particular housing associations, what Mullins (2000a) terms 'transformation'. This is evident from case study organisation Irwell Valley Housing. Founded in Manchester as the Family Housing Association by a Catholic church group in 1975, their aim was to provide housing for single mothers. By the late 1990s the organisation had changed its name, lost its church connection and become a nationally prominent market-orientated association rewarding 'customers' who paid their rent on time (Box 8, p.161). Irwell Valley is an example of a housing association, chameleon like, transforming its way of working to suit the policies and values of a new era.

### ***Early Organisations***

The genesis of housing associations can be grouped around inter-connected strands: philanthropy, ethical investment, self-help, workforce housing and government assistance. All five strands continue to play a part in contemporary affordable housing debates, although their relative importance has changed over time. By the mid twentieth century these different factors had led to the formation of a diverse, eclectic selection of housing associations, but these organisations did not form a cohesive social movement or constitute a recognised area of public life. Government policy from the 1960s onwards in the US, Australia and England has brought the strands closer together, yet organisational diversity remains the norm (Malpass, 2000b).

Philanthropy has a long tradition in the three countries of this study and became more important during the industrial revolution as social conditions worsened when governments made little provision for social welfare. In England, traditional rural almshouses were supplemented from the 1830s onwards by trusts and charitable societies funded by donations from wealthy businessmen and the growing middle class (Birch & Gardner, 1981). Philanthropic endeavour was often, although not exclusively, linked to the faith groups. Churches seem likely to have played an important role in both providing land for affordable housing and supplying capacity through the skills and networks of ministers. Some church controlled housing

associations have expanded over the last three decades, taking advantage of new financing tools. Denver based Mercy Housing, established in 1981 by the Catholic Church to manage their existing affordable housing, has used tax credits to expand their portfolio to 34,000 properties across 40 US states (Mercy Housing, 2008). This makes them one of the largest housing associations in the country. By comparison, Australian church-based housing associations other than those providing residential aged care have remained small, manage on average only 46 tenancies or 6.5 per cent of the sector stock (CHFA, 2007: p.91). The only faith-linked growth provider in Australia, Ecumenical Housing, merged with a secular organisation in 2003 to form Melbourne Affordable Housing. The combined group now has no direct church links.

In a distant echo of contemporary policy trends, model housing companies mixing business and philanthropy emerged during the nineteenth century in English and US cities. These companies financed affordable housing development by paying below-market dividends or loan interest to socially-minded investors. From the 1860s, the patrons behind the Peabody and Guinness Trusts accepted lower dividends of three and three and half percent respectively on their 'investment' in affordable housing. These entrepreneurial companies continued to play a modest role in English housing association development through to 1974, when organisations receiving public funding from the Housing Corporation were prevented from rewarding investors (Malpass, 2000b). In an early example of cross-national transfer of housing ideas, model housing companies similar to those in England were established in the US from the 1870s. In both countries the company financial structure affected tenant selection, with housing targeted at artisans and workers in regular employment. For example, in Boston the indigent, elderly and sick were banned as tenants (Birch & Gardner, 1981: p.418).

Self-help organisations and cooperatives allowed the working classes to improve their housing conditions, often without the need for external investors. They developed in England during the nineteenth century but, because of their need to raise capital from tenants, were often geared to higher income households. The cooperative model has been important in England in terms of number of organisations, although their stock holding is low. In 2008 there were 243 English cooperatives, 13 per cent of total Housing Corporation registered associations (2008a: p.39). However, the median stockholding was 44 properties per cooperative and the sector accounted for only 0.1 per cent of total housing association stock (Housing Corporation, 2008e). In the US, cooperatives providing shelter for lower income residents did not develop until the early twentieth century and were particularly strong in New York and New Jersey. They became

important again during the 1960s and 1970s, partly funded by the Department of Housing and Urban Development (HUD). Some 1.2 million properties are managed by US cooperatives as at 2003, around one per cent of national housing stock (Stone, 2006).

Workforce housing originated during the industrial revolution and was normally owned by employers. Some schemes were considered enlightened. In the 1820s cotton manufacturer Robert Owen balanced his philanthropic social radicalism with the practical need to house workers in New Lanark, an isolated Scottish village. Later Owen took these ideas to the US where further communities were formed (Kostof, 1991). An early example of housing associations building workforce housing is the limited dividend public utility companies promoted by the British Government to house armament workers during the First World War. In 1947 the British Overseas Airways Corporation established a housing association subsidiary for workers at the recently opened Heathrow airport (Malpass, 2000a). Workforce housing has re-emerged as a policy issue as a result of reduced housing affordability for lower-paid city workers. For example, Bridge Housing was promoted in the early 1980s by a business lobby group, the Bay Area Council, concerned about the erosion of their competitive position if workers could not afford to live in San Francisco. In England during the last decade, housing associations have innovated with affordable rental and house purchase options for public sector 'key workers' such as nurses and teachers (ODPM, 2005a).

Government support for housing associations is not recent. One longstanding provision is the exemption from income tax for associations classed as charities. Direct assistance started first in England, then in the US and last in Australia, as discussed below. England's Labouring Classes Dwelling Houses Act of 1866 allowed limited dividend companies to borrow cheaply from the government. From 1919 they could borrow from the Public Works Loan Board on the same terms as local authorities. However, it was as Malpass (2000c: p.93) termed an 'unequal struggle'. Local authorities were seen as more able to deliver higher volumes of housing to cope with slum clearance and reconstruction after World War Two.

### ***Community Initiatives***

The social and political transformations of the 1960s had their impact on housing associations, injecting new life and energy. One of the best examples of a wave of new housing organisations is the emergence of Community Development Corporations (CDCs) in the US. Normally established by activists, these nonprofit organisations serve poor and predominantly urban



neighbourhoods. The first wave of around 100 CDCs in the 1960s concentrated on job creation and social services but by the 1970s a second wave of up to 1,000 organisations had a firmer focus on urban renewal (Stoecker, 1997). Reacting to changes in federal funding for affordable housing during the Regan presidency, around 90 per cent of the 3,600 CDCs concentrated partly or exclusively on housing initiatives by 1995 (Bratt, 2006). Between 1960 and 1990 they produced 14 per cent of all federally subsidised housing, with greatest activity in Boston, New York, San Francisco and Chicago. House production is normally small-scale with only 10 per cent of CDCs in the mid 1990s producing more than 50 new homes per year (Vidal, 1996).

In England, many activists in the 1960s saw the Guinness and Peabody Trusts as old fashioned and unable to cope with inner-city problems, particularly homelessness. This became defined as a major social problem through campaigning by groups such as Shelter, formed by organisations mostly with a church connection at the time of the television drama-documentary on homelessness, *Cathy come home* (1966). Over the next seven years Shelter raised over £5 million, mostly used to supplement housing associations' income thereby allowing them to build capacity (Malpass, 2000c). Church groups were prominent in housing debates during England in the 1960s, often in support of particular groups such as single mothers.

Inner city re-development, much criticised by Jane Jacobs in *The death and life of great American cities* (1961), led to a new and distinctive approach by housing associations to protect and rehabilitate stock slated for demolition. For example, Mossclare Housing was formed in 1967 to oppose Manchester City Council's plans to demolish terraced housing in Moss Side and relocate residents to 'overspill' public housing estates on the edge of the city. Established by clergyman from a number of Manchester churches, Mossclare's management was 'locally-based, locally orientated and tenant focused', with the board still dominated by ministers of religion in the late 1980s (Earnshaw, 1989: p.157). Similar to Mossclare in Manchester, East Bay Housing was founded in Oakland, California, in 1975 to preserve a dilapidated heritage warehouse and turn it into an anchor for the Asian community (East Bay Housing, 2007a). East Bay Housing, a CDC, continue to support their affordable housing activities with neighbourhood development. They coordinate child care facilities, skills training, small business support and cultural facilities.

Although the public sector was still the preferred producer of volume affordable housing in the 1960s, housing associations in the US, Australia and England built and deepened their role in provision of facilities for higher needs groups. In a process described earlier in this Chapter, Malpass (2000a) notes how changes in government policies and new sources of funding lead to

successive waves of new housing association formation. Many organisations from this period continue to exist, some remaining small and specialised, others expanding through new forms of financing or merging into more general affordable housing groups.

US Federal housing supply subsidies for housing associations started with the 1959 'Section 202' housing program, providing funding exclusively to nonprofit organisations to build low cost housing for the elderly and disabled. The scheme had produced over a quarter of a million properties by 2004, 85 per cent for the elderly (Schwartz, 2006: p.207). Australia funded eligible nonprofit organisations and local government between 1954 and 1986 to build over 30,000 independent living units for the elderly and people with disabilities. The national government financed capital construction costs but provided no ongoing subsidy (McNelis, 2004). In England, housing associations received higher subsidies for providing accommodation for the elderly under the Housing Act 1961. Cities such as Manchester promoted public housing for families and housing associations for the elderly and single people. Even as late as 1988, Mosscares Housing, who had been major recipients of Manchester council funding to 1974, provided 37 per cent of their homes for the elderly (Earnshaw, 1989: p.185).

### ***State Funding & Coordination***

The final phase of housing association development prior to the large-scale introduction of market forces can be characterised by governments increasing sector funding, and playing a greater role in sector coordination in return. The background to this change was growing dissatisfaction with public housing which became characterised in the media as an incubator of various social ills. However, only a small minority of estates faced problems in practice (Dunleavy, 1981; Schwartz, 2006). In the US some federal funding was channelled through local jurisdictions to assist housing associations, rather than to HUD for public housing. In Australia, state housing authorities were obliged to start funding housing associations after 1984 under federal policy. In England, councils were increasingly by-passed, with funds delivered direct from the Housing Corporation in London. Although different branches of government were involved in the three countries (local, regional, national respectively), there was a common trend to increased funding accompanied by greater controls being placed over housing associations.

From the 1970s public housing was becoming residualised, accommodating higher proportions of low income tenants with high needs. In England, the Thatcher Government's policy of increasing public housing rents faster than inflation after 1979 led to an increasing

proportion of tenants claiming means-tested benefits, increasing from half in 1976 to two thirds by 1985 (Malpass, 1990: p.145). Housing policy shifted towards demand-side interventions, supporting tenant income, thereby allowing a wider choice of landlords beyond the public sector. The US launched housing vouchers in 1974 and Australia's Commonwealth Rent Assistance was significantly expanded during the 1980s. One outcome of expanding housing subsidies for individuals has been an increasingly complex array of affordable housing providers spanning the public, private and nonprofit sectors. However, in the US, Australia and England in the 1970s and 1980s, public housing agencies continued to manage large property portfolios. Even with the move to market based housing policies from the 1980s, US public housing stock reached its peak as late as 1994 (Schwartz, 2006). The main transformation of public housing policy since the 1970s has been the move from large new building programs towards redeveloping existing stock.

Malpass (2000a: p.208) characterises England's 1974 Housing Act as a 'major discontinuity in the history of housing associations'. It 'transformed associations into agents of state housing policy' (ibid, p.209). Housing associations were given 80 per cent grant funding and 20 per cent government loans for new affordable housing development provided they registered with the Housing Corporation. Generous funding led to a wave of association formation during the mid-1970s (Cope, 1999). English housing associations became the dominant organisations building new social rental housing, overtaking public housing. Their share of new construction rose from one tenth in 1975 to two thirds by 1990 (Harloe, 1995: p.431).

The 1974 Housing Act also led to important changes in England's housing association sector. Registration with the Corporation prevented management of a housing association by people with a financial interest in the association. This had been common practice. For example, Alderman Fieldhouse, who established and controlled Manchester and District Housing Association during the 1960s, awarded building contracts to family members. He used his role as leader of Manchester Corporation to channel 75 per cent of council funding to his own association (Earnshaw, 1989: p.120). From 1974, the Housing Corporation - a devolved branch of central government - expanded beyond its more limited original role to become a powerful funder and regulator. The sector became increasingly coordinated as all but the smallest associations registered with the Housing Corporation. It was the Corporation that provided the funding and professionalisation frameworks that built sector capacity building.

The turning point for US housing associations was also in 1974, marked by the launch of the Community Development Block Grant (CDBG) program. This Federal subsidy gave states

and local government more discretion on how the funds were spent than the schemes it replaced, provided they prepared a Consolidated Plan and consulted with local communities. A minimum of 70 per cent of CDBG spending was intended to benefit lower income groups with the remainder to help re-build blighted inner city neighbourhoods. Funding of new housing was only permitted through housing associations, which led to new wave of CDC formation. Most of the first wave from the 1960s had failed to survive: only 27 per cent of CDCs operating in 1990 were founded before 1973 (Erickson, 2005: p.79). The new organisations were more focused on affordable housing than on other community issues, increasingly commercially minded and through the Consolidated Plan more closely tied to the housing policy of the jurisdiction where they were based. It was a time when capacity was built, supported by CDBG funds and a major donation from the Ford Foundation in 1981 to establish the Local Initiatives Support Corporation (LISC). In the period to 1987, LISC grants and loans to housing associations for capacity and home building totalled US\$72 million (A\$102 million: Keating et al., 1990).

The increased capacity and proven track record of the US housing association sector started a virtuous circle, and it became more common for a portion of federal support to be earmarked for the sector. When nationally funded tax credits were introduced in 1986, states had to allocate a minimum 10 per cent to nonprofit developers. Tax credits did not just fund affordable housing development, they brought conformity and market-based regulation to the US housing association sector. A further earmarked program to support low rental affordable housing, the 1990 HOME block grant, stipulated that 15 per cent of funds should be allocated to Community Housing Development Organisations (CHDO). These are housing associations that operate in local neighbourhoods supporting people with low incomes and facing a variety of challenges. A good example is the Tenderloin Neighborhood Development Corporation in San Francisco. Three quarters of their tenants have annual incomes below US\$13,000 (A\$19,000), and 40 per cent have special needs or were formerly homeless (TNDC, 2008). CHDOs normally work closely with the cities in which they operate, becoming involved in wider community regeneration and coordination of social service provision.

The move to increased public funding and capacity building came later in Australia than England and the US, and was less coordinated as housing regulation differs by jurisdiction. Starting with the 1984 Commonwealth State Housing Agreement, the Local Government and Community Housing Program provided specific funds to the states to acquire affordable housing to be managed by housing associations. This was an important turning point, although

funding was modest compared to funding for public housing (Paris, 1990). Properties were often owned by the associations in Queensland, South Australia and Victoria, but rarely in New South Wales. Tenant cooperatives became the model of choice in South Australia and Victoria (Fowkes, 2001). The Community Housing Program (CHP) from 1992 reinforced the role played by housing associations in affordable housing provision, especially stock ownership. The CHP significantly increased funding, earmarking specific technical and management assistance to build organisational capacity as well as to house (Paris, 1997). As a result of these policy and financing changes, the period after 1984 saw a new wave of housing association formation, an increase in properties managed in the sector and rising levels of professionalisation (Bisset & Milligan, 2004). Sector coordination improved during the 1990s by state promoted and funded trade associations, for example in New South Wales in 1993 and Victoria in 1997.

The majority of housing associations in the US, Australia and England were formed by individuals in response to social need. Often this was stimulated by the availability of public grants, with new funding programs leading to waves of organisational formation. However, there are examples of associations directly established by government. This might be to provide new organisations in geographical areas where none exist, such as the promotion of regional housing associations by New South Wales in the 1980s. In some situations local government established a housing association to attract subsidies that it would not be eligible to receive directly, such as Port Phillip Housing in Melbourne in 1986 (Box 6, p.156). In California, Burbank Housing was established by Sonoma County in 1985 to access federal funds for affordable housing as an alternative to forming a public housing authority (Box 5, p.143)

## **2.2 Market-Orientated Expansion**

The introduction of market forces to the housing association sector from the 1980s remains controversial, among opinion formers, sector participants and academics. This section uses Pollitt and Bouckaerts' (2004) 'New Public Management' framework to provide an analytical tool to interpret the broad public sector reforms that have been described variously as managerialism, neo-liberalism and privatisation. Although the term is used in this study, there is no consensus about what New Public Management means, when change took place and whether housing associations have been transformed into a new type of hybrid or third sector organisation (see Section 2.3). As Ferlie et al. (1996: p.10) noted, 'new public management seems like a blank canvas: you can paint on it whatever you like'.

In this section, the impact of market-orientated changes are discussed on housing association finances, sector structure and regulation. There have been significant changes in all three countries in these areas, and the pace of transformation continue with Australia launching a tax credit scheme and England changing its regulatory and funding approaches in 2008. These new initiatives provide a challenge to interpreting results from the case study research. Interviews and documentation provided information on how the ‘old’ system worked, although many interviewees discussed the forthcoming changes. The other development affecting all three countries has been the global financial crisis from 2007 which has made debt and equity harder to obtain, and restricted opportunities to cross-subsidise from market-rate property sales. Figure 1 plots the timing of these developments against city region data gathering (blue shaded boxes).

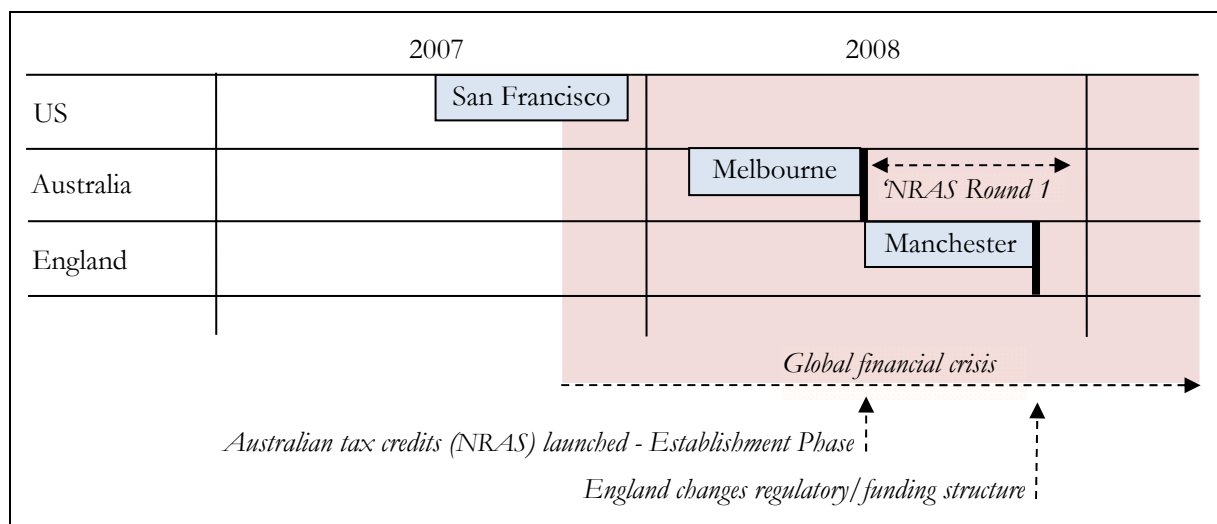


Figure 1: Research timeline and policy changes

### **Public Sector Reform**

According to Pollitt and Bouckaert (2004: p.1), new approaches to public sector management have swept like a ‘pandemic’ through most developed countries from the early 1980s. These have had an impact not just on working practices in the traditional public sector, but on their relationship with nominally independent organisations receiving public funding such as housing associations (Walker, 1998). Although some features of what has been termed New Public Management are unique to individual countries, many techniques and practices are similar. Pollitt and Bouckaert developed a typology of public sector approaches, shown in Figure 2. Governments will tend to follow one of the four broad approaches at any particular time, as they cannot easily be pursued simultaneously. However, over time, policy and political changes may

lead to the switch to a different approach. The US, Australia and England have all used *marketisation* since the mid 1980s with some use of *modernisation* (in the US, and England after 1999) and *minimisation* (Australia, and England to 1999). Pollitt and Bouckaert (2004: p.187), see marketisation as the ‘dominant influence’ within New Public Management.

Approach	Description	Housing association examples
Maintain	Tighten up traditional controls, reduce waste and corruption, restrict expenditure	Public housing stock restricted to those with high and/or special needs; Restrict grants to most cost-efficient associations
Modernise	Professionalise the public sector, often using private sector management techniques	Risk based regulation; Use of key performance indicators Housing association mergers for scale economies
Marketise	Introduce market forces to public sector to increase efficiency through competition	Public-private-nonprofit (i.e. hybrid) partnerships; Use of private finance - debt or equity Private and nonprofit competition for tax credits
Minimise	Privatise or contract-out services to private or nonprofit organisations - ‘hollowing out’ the state	Public housing stock transfers; Arms length management of social housing
Sources: Approaches from Pollitt and Bouckaert (2004: pp.183-194). Examples by Tony Gilmour.		

**Figure 2: Public sector reform approaches**

Pollitt and Bouckaerts’ research on New Public Management in 12 counties provides two helpful pointers for the thesis. First, the changing relationship between the state and housing associations is part of a much broader transformation in the way that the state provides services. For example, the use of contracting out (*minimisation*) and growth of hybrid organisations (*marketisation*) can be seen in transport, education and health policies as well as housing. Second, the public sector has become increasingly commercialised, prepared to use private sector management and control techniques. This affects the ‘rules of the game’ in the relationship between the state and housing associations. Through the use of performance targets and contractual agreements, the state can encourage housing associations to adopt many of the techniques of New Public Management. Walker (2001) went further, hypothesising that English stock transfer housing associations had stronger New Public Management characteristics than the public sector local authorities that used to own the stock. This was partly due to their greater use of private sector management practices (Mullins, 2000b; Walker, 2000).

## *Innovative Financing*

Probably the best example of New Public Management through *marketisation* (Figure 2) has been the introduction of private finance for housing associations. Tax credits have been used in the US since 1986, and are currently under development in Australia, as a way of encouraging institutional investment in affordable housing. In contrast, the dominant approach in England from 1988 has been bank borrowing. Funding through equity, debt or both forms of finance, exposes housing associations to market forces. Financial institutions look to minimise risk by carrying out due diligence before investing and by carefully monitoring the association's performance through management accounts and meetings with executives. At an organisational level, private finance promotes greater professionalisation and capacity building. On a network level it introduces new types of actors: banks, investors, finance syndicators and consultants.

Governments do not only introduce private finance to bring in market forces, but also to minimise public expenditure (the *maintain* approach in Figure 2). Instruments such as tax credits have become popular as, unlike direct grants, they do not count as government expenditure. Tax credits enter the national accounts as a reduction in tax revenue. Similarly favourable to government is the use of the planning system to encourage affordable housing supply, imposing costs on development but not requiring grants. This is a popular approach in England and some US jurisdictions including the City of San Francisco, although rare in Australia (Berry et al., 2004; SF Planning Department, 2006). Until the late 1980s in the US and England, and the late 1990s in Australia, grants were the main form of housing association finance. The move to private finance has allowed a reduction in grants, reducing government spending on social housing.

US tax credits, known as the Low-Income Housing Tax Credit, were introduced by the Tax Reform Act of 1986. This legislation eliminated a range of tax incentives that had assisted individual investors to build rental housing for both high and low income tenants. In future tax credits would have to be bid for competitively, not allocated by right, with allocations decided by the states. Restrictions on claiming depreciation allowances together with onerous application procedures shifted the investment market from individuals to institutions. Given that private finance was already being used to help build US rental housing, the aim of the 1986 legislation was to shift benefits to low income tenants (*minimisation*) and make the process more competitive (*marketisation*). Between 1986 and 2005 tax credits helped towards funding 1.5 million units of affordable housing in 27,410 schemes. The current annual cost is US\$5 billion (A\$7.1 billion), making it the main subsidy for low income rental housing ahead of public housing (HUD, 2008).



In the last two decades, numbers of tax credit funded homes have overtaken the 1.2 million public housing units, despite the latter scheme operating since 1937 (HUD, 2009).

Tax credits were declared ‘permanent’ by Congress in 1993, enjoy bi-partisan support and are backed by a broad coalition of for-profit and nonprofit developers, banks, investors and consultants (Dreier, 2006). A typical US tax credit scheme is a multiple occupancy building containing 50 homes, located in a lower income ethnically diverse central city neighbourhood (Schwartz, 2006). Figure 3 summarises how US tax credits work. Once a developer has identified a scheme and been allocated tax credits, capital is raised by ‘selling’ the credits to investors. Normally the sale is to a syndicator who acts on behalf of institutional investors. Ernst & Young (2003) estimated the investor mix in 2002 was banks (43 per cent), ‘Government Sponsored Enterprises’ such as Fannie Mae (30 per cent), insurance and other finance companies (19 per cent) and non-financial companies (8 per cent). Many banks invest to satisfy their obligations under the Community Reinvestment Act 1977, which obliges them to support community development in the locations where they operate. Tax benefits only flow to investors if the scheme remains compliant for 15 years with rules set when the tax credits were allocated.

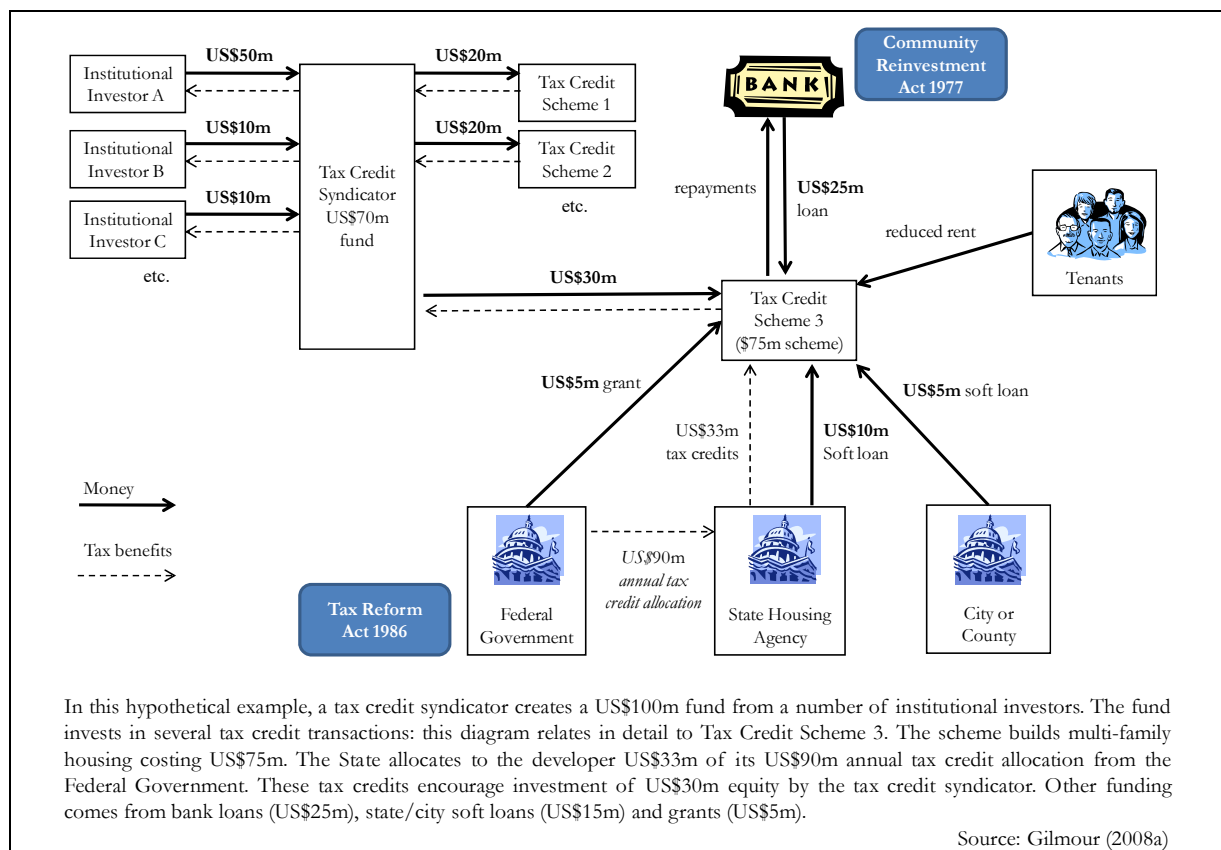


Figure 3: US tax credits example

US tax credits do not fund, and were never intended to fund, the total cost of affordable housing. Tax credits are calculated at only 70 per cent of the present value of eligible expenses (which exclude land purchase) and investors will pay less than the face value for tax benefits due to compliance risks. Ernst & Young (2003) estimated that tax credits in 2002 contributed on average 42 per cent of project cost, followed by conventional bank debt at 36 per cent. Beyond tax credits and bank debt, the additional funding is known as 'gap finance' of which two-thirds is likely to be 'soft loans' from state and local governments. Normally these loans are accompanied by extra conditions on the developer, but are eventually written-off if all terms have been met (Cummings & DiPasquale, 1999). The final slice of funding comes from donations (if the developer is nonprofit), retained earnings, tax exempt local government bonds and various grants (NPH, 2006). Bay Area Economics (2004) found that San Francisco tax credit schemes needed nine finance sources compared to only three for market-rate schemes. This increases the costs of complexity as transaction and compliance expenses are multiplied for each finance type.

The most important marketisation feature in US tax credits is the competition between housing associations and for-profit developers for funding. Each state is allotted national tax credit funding based on headcount, originally US\$1.25 (A\$1.76) per resident, rising to US\$1.75 (A\$2.47) in 2002 then indexed by inflation. States develop an annual Qualified Allocation Plan outlining how they will distribute credits and which type of schemes will get priority. Organisations compete for credits in one or two 'allocation rounds' each year and the top rated bids meeting the application criteria receive funding. The Tax Reform Act requires a minimum 10 per cent of credits to be set-aside for housing associations, although they always receive more than this. In 2005 associations received 26 per cent of US tax credits (ABT Associates, 2007: Table 2). Over time the transparent bidding procedure has raised the quality of schemes, and increased housing association professionalisation. Critics argue that the process is complex and expensive (Cummings & DiPasquale, 1999). Three quarters of the public subsidy is awarded to commercial companies who distribute part of this subsidy to shareholders.

Australia is in the process of introducing a national tax credit scheme. This will supplement the existing state-administered funding models which, although varying by jurisdiction, often involve a mix of public grants and modest leverage through bank loans (Milligan et al., 2004). Launched in 2008, the National Rental Affordability Scheme (NRAS) aims to increase the supply of affordable rental housing by 50,000 units over five years, with a further 50,000 units proposed if the scheme is successful. Incentives are offered to institutional investors

to fund the development of housing rented at below 80 per cent of market rents to tenants on low to moderate incomes (Australian Government, 2008c). Financial support is through a tax credit (or grant for housing associations) paid annually, valued at A\$6,000 (index linked) per dwelling for ten years. Additionally, state governments make a minimum annual financial contribution of A\$2,000 per dwelling for ten years (Australian Government, 2008a). Funding will be subject to annual compliance with the rules of the scheme. No affordability requirements apply to scheme participants after ten years, who may choose to sell the property and retain any capital gain. This is in contrast to US tax credits where affordability is preserved for 30 years and the details of the scheme make it very unlikely that investors would make a capital gain.

The NRAS establishment phase is from July 2008 to June 2010. Organisations compete for tax credits which are awarded to successful bidders, rather than assigned to specific projects as in the US. Housing associations have been favoured in the establishment phase to allow them to build capacity, with greater private sector involvement envisaged in later rounds. The first allocations announced late in 2008 awarded 3,899 tax credits. Victoria received 696 credits to assist five organisations, second only to New South Wales (Australian Housing Minister, 2009). Case study organisation Community Housing Victoria received the largest allocation in Australia for 507 credits across four states. Port Phillip Housing received the second largest number in Victoria, with 113. Although it is too early to assess final outcomes, and to make direct comparisons with the US tax credit scheme that has operated for 23 years, NRAS has introduced a degree of marketisation not seen before in Australia.

In contrast to the US and Australia, England brought market forces to the housing association sector through debt finance. According to Malpass (2000c: p.183) the Housing Act 1988 'marked the beginning of the contemporary period' for English housing associations. For Randolph (1993: p.39) it led to a 'partial re-privatising' of associations, moving away from reliance on public funding for development with subsidies covering any management overspend. Grants were pared back to 75 per cent of construction cost, through New Public Management *maintenance*. They became increasingly targeted towards associations who could develop new homes, and manage tenancies, at the lowest unit cost (Walker, 1998). By leaving associations little choice but to borrow from banks, the Act leveraged significant private sector funding for associations to build new housing and to start clearing the considerable backlog in social housing repairs using a mix of public and private funds (Barbato et al., 2003). This scheme became attractive to government when Treasury ruled in 1987 that loans to associations would not be

counted as part of national debt. As at March 2007 the aggregate bank borrowing of housing associations managing more than 1,000 properties was £30.9 billion (A\$64 billion). This is slightly ahead of government funding of associations in the form of loans through the Social Housing Grant. The sector's gearing, i.e. the (adjusted) ratio of bank loans to property values, is now just under 40 per cent (Housing Corporation, 2008b: p.14).

The introduction of private finance in 1988 had important consequences for the way that associations are run. Housing management became more geared to collecting rents and good financial management was needed to ensure sufficient funds to repay loans. English housing associations started a period of rationalisation, through mergers or joint working agreements (Walker, 1998). Raising bank loans and managing development and market risk require increased professionalisation from the finance director, the management team and the board. Commercial loans need new skills in negotiation, documentation and on-going monitoring through financial covenants. The Housing Corporation expanded its role in capacity building, joined by a growing industry of private sector consultants, trainers, conference organisers and technical service providers. In part to protect the sector and in part to make banks more comfortable lending to housing associations, the Corporation introduced further layers of regulation and monitoring. Paradoxically, 'beneath the rhetoric of independence, flexibility and efficiency contained in the 1988 Act lay the sub-text of greater control' by the state (Randolph, 1993: p.56).

The global financial crisis, affecting financial and property markets from late 2007, has highlighted the new risks faced by housing associations as a result of marketisation. Four English news reports show the new realities. In December 2007 Ujima became the first English housing association to be declared insolvent, its 'fate in hands of lenders' (Cooper, 2007). Developing housing associations who rely on market-rate sales to part fund affordable housing were said in June 2008 to be falling short of the Housing Corporation's target for new building (Inside Housing, 2008). In November, the UK's largest lender revealed margins charged to housing associations had risen from 0.3 per cent above the cost of funds before the global financial crisis to 1.5 per cent late in 2008 (Dowler, 2008a). Finally, in December 2008, turmoil in the interest rate swap market forced several associations to provide security for financial instruments (Dowler, 2008b). US housing associations funded by tax credits should be more resilient than English associations as investors are locked into government guaranteed incentives. Australian tax credits might be more affected by macroeconomic changes, with investors cautious to fund affordable housing with falling capital values (Gilmour & Milligan, 2009, forthcoming).

## ***Sector Restructuring***

The most visible market-orientated initiative, *minimisation* (Figure 2) through privatising or contracting-out public housing ownership/management, has been rigorously pursued in England. There have been modest recent transfers in Australia (see Section 3.2), but no direct US examples apart from through public-private-nonprofit partnerships described in this section.

From 1980 England's *Right to Buy* scheme promoted the discounted sale of public housing to sitting tenants. Two million homes were sold in the period to 2005 (Mullins & Murie, 2006). Although an example of New Public Management, the scheme is not directly related to housing associations as properties pass to private ownership. However, with large scale voluntary stock transfers (LSVTs) from public housing to housing associations, tenants maintain a Preserved Right to Buy if they stay in the same property. Pawson et al. (2009: p.7) consider England's LSVT program to be 'the most fundamental restructuring of social housing in the post-war period'. In the two decades to 2008 over 1.3 million homes were transferred from councils to housing associations, making them the largest managers of social housing.

'First generation' transfers gained momentum in 1993 when the government issued guidelines and nominated housing associations as the favoured transferees. Stock transfer moved from being a local option available to councils to a key instrument of government housing policy (Malpass & Mullins, 2002). However, most transfers in this first phase were of modest housing portfolios in rural and suburban areas where the capital value of assets repaid government debt, leaving a surplus for the local authority. Later transfers would be less financially attractive. The Blair Labour Government, elected in 1997, initiated a 'second generation' of transfers of mainly large, urban public housing estates often with a complex mix of social and design problems. Three quarters of the homes transferred through LSVTs were in this second phase. Virtually all second generation housing associations share the same governance structure with their boards having equal representation of independent directors, tenants and council nominees (Pawson et al., 2009). As described in Box 1, stock transfers reflect local politics and housing conditions.

For English local authorities whose councillors or tenants oppose stock transfer, contracting-out is an option. The impetus came when the 2000 Housing Green Paper acknowledged it would cost £19 billion (A\$39 billion) to bring English social housing to a 'decent standard' by 2010 (DETR, 2000). Transfer to housing association control was one of the three pathways unlocking national funding for renovations, along with the Private Finance Initiative, PFI (see Chapter 3), and arms length management companies, ALMOs (Box 4, p.78).

### Box 1: Trafford Housing Trust - stock transfer politics

The borough of Trafford, with a population of 220,000, packs considerable diversity into a small area south west of Manchester's city centre. In areas surrounding the iconic football and cricket grounds of Old Trafford, and the world's first industrial estate at Trafford Park, are high concentrations of social housing and run-down terraced housing. Here the boundaries with the more deprived areas of Manchester are but lines on the map. This northerly part of Trafford contains 9 of England's 10 per cent most deprived local government wards, and is home to a large ethnic community. The race riots of 1981 in Moss Side took place within a few metres of Trafford's border with the City of Manchester. Further south, Trafford is characterised by the leafy commuter suburbs of Sale and Altrincham. Here the wine bars and boutiques of Hale villages are frequented by Manchester's sporting and business elite.

'Tory' Trafford fell to Labour party control in 1996, and it was the left - fearing defeat in a forthcoming local election - that promoted an end to council housing. However, as a Trafford executive observed, the idea of a stock transfer to a housing association 'was definitely conceived by the Labour group and by key staff here as re-creating council housing in exile ... It's not turned out exactly like that' (Interviewee 069). The transfer proved relatively uncontroversial. Lobby group Defend Council Housing played no part in opposing transfer and the powerful staff union, Unison, adopted a practical approach. Some tenants wanted a beauty parade of existing housing associations, although the ruling Labour group pushed for a single-authority transfer to a new established association. In April 2004, 73 per cent of tenants voted in favour of the transfer of 9,600 properties. The following month the Conservatives regained control of the council. Trafford Housing Trust, who started operations in March 2005, had no intention of running 'council housing in exile'. Their clean break with the local authority led to acrimonious relations in the early years. As one executive commented, '[perhaps we pulled] away from the council too fast and left a bloody gaping hole'. Of the council staff who transferred in 2005, only 62 per cent were still employed by the Trust in September 2008.

A driving force behind the stock transfer was the need to meet the government's Decent Homes standard by 2010. Only 47 per cent of stock was 'decent' at the time of transfer. The high cost of housing stock improvements, judged by the Trust's management as due to years of council parsimony, led to a very modest 'windfall' of £4.35 million (A\$9 million) for Trafford council. This barely covered their transaction costs, and was considerably less than they expected. Sale proceeds equated to only £454 (A\$940) per property. The Trust's 5 year investment plan of £138.8 million (A\$287 million) was funded 42 per cent from cashflows and 58 per cent by a 30 year Barclays Bank loan. With Trafford Housing Trust now a major business, with turnover of £32.8 million (A\$68 million) to March 2008, it can afford to reward its dynamic chief executive with a remuneration package of £147,000 (A\$304,000), up from £120,000 (A\$248,000) in the year to March 2006.

The Audit Commission rated the council's housing service delivery as 'one star' in 2002, ranking it as one of the worst in the country for carrying out urgent repairs. Its three departments managing housing were said to be 'disjointed', there were 'weak administrative quality controls' and 'only a limited development of a partnership approach in the procurement of services'. The Trust's 2007 Audit Commission review also awarded 'one star' but considered they had 'excellent prospects for improvement'. Criticisms, such as a poor website, were relatively minor. Overall, the Trust 'has significantly improved customer services with clear customer benefits since the organisation was formed'. This improvement has been noticed by tenants: customer satisfaction levels increased from 73 per cent in 2007 to 82 per cent in March 2008. In a major turnaround, 99 per cent of urgent repairs are now completed on time and 83 per cent of properties now meet Decent Homes standards.

The Trust are currently re-engineering their business to move away from the 5 area offices structure inherited from the council. They are considering new approaches to how to engage, interact with and support the communities in which they operate, and would be prepared to consider new-build opportunities in surrounding areas. This will involve residents (not just tenants) helping prepare neighbourhood plans. The Trust's vision is 'to be at the heart of creating neighbourhoods in Trafford that are safe, clean, with strong communities'. No longer are they 'council housing in exile'.

Sources: Audit Commission (2002c; 2007b); Greenhalgh (2004); Housing Corporation (2005a; 2006b); Interviews; Social Housing (2005); Trafford Housing Trust (2006; 2007b; c; d; e; 2008a; b; c; 2009; Undated)

Over one million properties have been transferred to ALMOs which have become an important component of the English social housing landscape (Gilmour, 2009, forthcoming-b). ALMOs operate with a significant degree of autonomy from council control, normally under five year renewable contracts. While not generally considered to be part of the housing association sector, ALMOs have many similar characteristics including nonprofit status, social purpose and independent governance. New Public Management has been introduced by restricting funding to ALMOs that achieve a '2 star' (good) Audit Commission assessment. The Commission gives credit to an organisation that 'manages its stock well, treats its tenants well and delivers value for money' (Audit Commission, 2003a: p.7). This is a classic *modernisation* approach to public sector management. The single minded goal of ALMO management is to secure and retain a favourable Audit Commission rating, and this has been driving up performance (McIntosh & Bright, 2007). Between 2002 and 2008 the Audit Commission awarded 30 per cent of ALMOs '3 stars' (excellent) for service quality. By comparison, no council and only three housing associations achieved this standard over the same period (NFA, 2008d).

### ***Regulatory Controls***

Regulation is a powerful way of bringing market-orientated changes to housing associations. The US, Australia and England have *modernised* (Table 2) their regulatory systems to encourage more market-orientated behaviours by associations. This has important impacts on organisational outcomes. It affects the professionalisation of housing associations, their governance structures and their relationship with public authorities. Regulation can define the range of players within the social housing sector and influence the operation of networks.

Why regulate housing associations? England's Cave review (2007b: p.36) set out four reasons. First, the supply of rental accommodation at below market rates has not kept up with demand. Consequently tenants have few choices when entering social housing or moving between providers, and have limited bargaining power. This market imperfection needs to be addressed through housing provider regulation. Second, some of the work of social housing providers is a 'public good' in economic terms. Well run housing associations can create positive impacts on the individuals they house and the wider communities in which they operate. These benefits could not be achieved through competitive markets, which drive down costs at the expense of less tangible benefits. Third, taxpayers have made - and continue to make - a considerable investment in social housing. Fourth, in England stock transfers to housing

associations and raising bank loans were agreed on the basis that the sector would continue to be regulated to protect tenants and banks. Regulation has therefore become ‘institutionalised’.

Table 2 shows eight types of regulatory instrument available to governments. These include prescriptive rules and regulations that bring strong control, but may limit the independence of housing associations. Comprehensive regulation imposes high compliance costs that reduce the amount of subsidy reaching people in housing need. At the other extreme are self regulation approaches which are cheaper although less effective at encouraging change. Governments adopt a variety of instruments, although the balance between them varies.

**Table 2: Regulatory instruments**

Mechanism	Examples	Cave Review comments
Rules and regulations	Regulator or public sector agency sets specific regulations. Implementation checked through inspection	‘Not consumer responsive ... incompatible with independent status of housing associations (if taken to extremes)’
Self regulation	Trade body sets standards and guidelines for its members	‘Good for ‘buy-in’, flexibility and adaptability. Can be unchallenging and too producer friendly’
Contract regulation	Government awards a contract for provision of product or service over a fixed period	‘Good for predictable situations. Complex and rigid for the long term ... Encourages problem resolution by the Courts’
Licensing	Regulator or public sector agency grants licence to operate as a housing provider for a fixed period	‘Good for flexibility and periodic review. Good for enforcement & trouble shooting ... Poor for investment protection’
Constitutional regulation	Control by regulator or public sector agency of legal formation, and changes to constitutional documents	‘Good for flexibility and the long term ... Can drift into ‘command and control’. Can be over-expensive’
Enforced self-regulation	Trade body standards and guidelines externally validated by a regulator or public sector agency	‘Stops self regulation being producer dominated. Good at coping with non-compliance’
Information	Inspection reports, customer surveys etc made publicly available to bring pressure to improve performance	‘Good for consumer empowerment [and] ... peer pressure ... Hard to obtain on a consistent basis across the domain’
Competition	More housing producers allowed into the sector. Tenants can choose lowest cost or best service provider	‘Encourages efficiency and high standards. Enable choice. Significant barriers exist at present’
Source: Categories and comments adapted from Cave review (2007b) p.60, examples by Tony Gilmour.		

The mechanisms in Table 2 have been used to map a comparison of regulatory instruments used in the US, Australia and England in Table 3. The most important difference is between the emphasis on contract regulation in the US through market mechanisms built into tax credits, and



the regulation of organisations, which is the core approach in Victoria and England. The Victorian system, still in development, overlays several of the contract controls inherent in tax credits over a system of rules similar to how the Housing Corporation operated before abolition on the 30<sup>th</sup> November 2008 (Box 1). However, the Victorian Government is much less willing to publicly disclose housing association information. None of the countries use self regulation as a core approach. Licensing has been used to a limited extent in all three countries for redeveloping public housing estates, and more radically was proposed by the Chartered Institute of Housing for a new English regulatory system in their Cave Review submission (2007a: p.171). The three countries maintain controls over the constitution of housing providers. In the US this is through the tax authorities whereas Victoria and England have registration specifically for housing associations. Regulation through competition has been used in all three countries for housing production, although only England has attempted to broaden tenant choice between providers.

**Table 3: Regulatory instruments in three countries**

Mechanism	US	Australia (Victoria)	England (from Dec 2008)
Rules & regulations	- No regulations set for housing providers	■■■■ Closely regulated system based on England to 2008	■■■ Relaxation of some rules but many remain
Self regulation	- Not used. Trade bodies are fragmented	- Not used. Trade bodies are fragmented	■ National Housing Federation plays small role
Contract regulation	■■■■ Main control is through tax credit contracts	■■■ Some controls will exist via tax credit contracts	■ Minor use where private sector grant funded
Licensing	■■ Some use through HOPE VI schemes	■ Minor use of PPPs for public housing renewal	■ Minor use for occasional PFI schemes
Constitutional regulation	■■ Strong control of charitable organisations	■■■ Registration of housing associations	■■■ Registration of social housing providers
Enforced self-regulation	- Not used	- Not used	- Not used
Information	■■ Disclosure of charity not housing information	■ Limited information on housing providers	■■■■ Extremely detailed disclosure system
Competition	■■■ Private sector can bid for tax credits	■■ Competition just starting for tax credits	■■■ Attempts made to give tenants more choice
Source: Categories from Cave Review (2007b) p.60			
Notes: ■ indicates assessment by author of relative importance of regulatory instrument in each country.			

US tax credits are an example of privatised regulation through contracts. External investors only receive tax and depreciation benefits if the project complies with contract terms over a 15 year period, evidenced by syndicators producing financial information for the tax authorities, backed by periodic state inspections. Therefore tax investors and syndicators, debt providers, city officials and housing association management all have an interest in making sure that the contract terms are maintained. In effect regulation has been out-sourced to the private sector. Unfortunately, the US approach is not as cheap or streamlined as first appears. Tax credit optimists point to improving syndicating efficiencies, reduced fees and lower investor returns increasing the net amount received for construction. Funds available for developers per tax credit dollar, before deduction of syndication fees, remained within the 50 to 60 cent band until 1995. Since then there has been a steady increase and by 2005 developers received around 90 cents for each tax dollar (Schwartz, 2006). This improved transaction efficiency has helped overcome Stegman's (1990) criticisms that tax credits delivered excessive investor profits. Yet, despite improvements, US tax credits are less efficient than grants because public funds for affordable housing are lost on professional fees and investor returns (Freeman, 2006).

US housing associations are not regulated and there are no registration procedures. The logic of this approach is that it allows open market competition for tax credits between for-profit affordable housing developers and housing associations. England's Housing Corporation found that their rule-based regulatory system inhibited substantial involvement of private sector firms when they were allowed to bid for grant funding after 2004 (Cave, 2007b). US associations must manage their business at project level as each is under separate contract. Individual project cashflows are important and cross-subsidisation between cash positive and cash negative developments is not possible. As will be discussed in Chapter 5, this can leave the central departments of US housing associations with uncertain funding (see Box 5, p.143). Unlike England or Victoria, there is no formal US mechanism to restructure failing associations.

The only regulations on US housing associations as organisations, other than through tax credit contracts, is as tax-exempt entities under section 501(c)(3) of the US Internal Revenue Code. This determines rules for tax-exempt status, monitored through annual submission of Form 990, a publicly available document. These procedures apply to all tax-exempt nonprofits, not just housing associations, and Form 990s do not provide housing information. Form 990s can be misleading as various group companies are not consolidated as the parent company is only a limited partner (0.01 per cent) shareholder in each housing development company. This

position has recently changed, not through pressure from housing policy makers but as a result of the collapse of energy conglomerate, Enron. US Generally Accepted Accounting Principle EITF 04/05, which takes effect for accounts published after June 30<sup>th</sup> 2007, insists on the consolidation of limited partnerships if the parent exercises effective control. The first accounts obtained to date for a case study organisation are for Bridge Housing (2008), which shows a consolidated asset value of US\$1 billion (A\$1.41 billion) at the end of December 2007.

England's housing association regulatory system is more driven by rules and regulations than is the US. The Housing Corporation was established by the Housing Act 1964 and acted as the omnipresent registrar, funder, regulator and rescuer of associations until abolition in November 2008. The Corporation also inspected associations until 2003 when it lost this role to the Audit Commission (2005c). As a non-departmental public body acting at arm's length from the Department for Communities and Local Government (CLG), the Corporation provided financial reports direct to Parliament allowing it a degree of operational independence from the Minister. The Housing Act 1974 established its funding role for housing associations through Social Housing Grant and although the Housing Act 2004 allowed grants to be made to other organisations, very few were made. Therefore, using the terms of the Cave Review (2007) the Corporation's work was restricted to the housing association *sector* rather than to the wider social housing *domain* which includes all publicly subsidised affordable housing providers.

The driving force behind recent regulatory changes in England was Treasury's push to modernise the public sector following the 2005 Hampton Report. This highlighted the UK's 'immensely complex' regulatory sector, employing 60,000 staff who carried out three million annual inspections (Hampton, 2005: p.11). In response, the 2006 Elton Report proposed 'to rationalise the burdens which have accumulated over time - to free [housing] associations from unnecessary or overlapping regulation and minimise the administrative burdens they face' (Elton, 2006: p.6). The report's de-regulation proposals were conservative. It suggested the Housing Corporation (which commissioned the report) should continue as regulator with little change to the relationship between associations and other social housing providers or inspectors.

The problem with the Elton Report, presumably familiar to the Minister who appointed a further inquiry, was it did not reflect the more integrated (and complex) reality of English social housing. Professor Martin Cave was asked to review the regulation of the entire social housing domain: housing associations, ALMOs, local government controlled public housing and private sector providers (Cave, 2007b). De-regulation continued as a core objective, but was joined by

three more: greater tenant responsiveness, delivery of sustainable communities and increased affordable housing supply. From the 1<sup>st</sup> December 2008 the Housing Corporation's role was split, with their investment role transferred to the Homes and Communities Agency (HCA). The HCA will integrate this with the regeneration organisation, English Partnerships, and certain CLG roles. With an annual budget of £16.8 billion (A\$35 billion), the HCA is charged with a range of activities from promoting mixed-tenure communities to encouraging low-cost house building. The HCA does not replicate the umbilical cord that once linked the Corporation with housing associations. Instead, there will be a 'single conversation' between the HCA, local authorities and 'partners' from the public, private and nonprofit sectors (Hughes, 2008).

The Housing Corporation's regulatory activities have been transferred to the Tenant Services Authority (TSA) which will, within the next two years, also regulate public housing and ALMOs. Although the TSA are similar in its relationship to the Minister as the Corporation had been, they have a primary duty to protect the interests of tenants. Two of their eight board members are tenants, and if sufficient tenants complain about housing provider performance, the TSA can order a change of manager. A publicly funded 'National Tenant Voice' will be established during 2009 so that tenant views can be 'heard not just by their landlord but at a local authority, sub-regional and national level' (Cave, 2007b: p.55). This is seen as a major shift:

For the thirty years or so, the focus on social housing regulation has been on regulating providers. The [Cave] review concludes that now is the time to set a long term strategic direction for the regulation of social housing. The focus for the future should be on regulating social housing for the benefit of consumers ... and that it will, over time, improve the performance of providers and reduce the need for more intrusive regulation (Cave, 2007b: p.45).

The 2008 changes to English regulation might lead to a re-ordering of the social housing domain, although it is too early at the time of writing to be certain of outcomes. However, there does not appear to have been a fundamental shift in regulatory approach. Rules and regulations remain central, supported by registration and transparency through disclosure. Described by the Housing Corporation (2005d: p.4) as 'risk based regulation', the New Public Management inspired system imposes lighter reporting and looser controls for smaller associations (below 1,000 properties, originally 250) or those judged after inspection to be less risky. This structure is known as 'regulatory tiering', characteristic of sectors where there are large differences in organisational size and sophistication (Robyn Kennedy & Co, 2001b). The Cave Review adopted recommendations from the Elton Report (2006), streamlining reporting and control procedures, although retaining the same basic framework. Tenants are said to be 'empowered' by further

involvement in housing provider decision making, and given more choice on minor details such as access to tradesmen. This is a step towards marketisation of regulation, giving tenants more rights as consumers of housing services. However, long housing waiting lists in most parts of England give tenants little opportunity to choose between housing providers.

One defining characteristic of English housing regulation compared to the US or Australia is the collection and disclosure of a wealth of housing association information. This is an example of New Public Management *modernisation* (Table 2), applying similar principles to disclosure of company information through the annual report. Housing associations complete annual Regulatory and Statistical Returns (RSRs), conduct tenant surveys and publish accounts in accordance with a specific accounting rules (Housing Corporation, 2006a). These documents, together with periodic Audit Commission inspection reports and Housing Corporation Assessments of risk, are available on official websites. There is a considerable level of detail. For example, as at 31<sup>st</sup> March 2008, Mosscafe Housing provided 28 three bedroom properties in Trafford local government area, had 4 properties that had been vacant for between 3 and 6 weeks, accommodated 58 women at risk from domestic violence and employed 2 staff who identified as having Irish ancestry (Housing Corporation, 2008c).

In comparison to England, Australian housing association regulation differs between jurisdictions - often quite significantly (Milligan et al., 2009, forthcoming). With the exception of South Australia, which passed comprehensive legislation in the early 1990s, state law has traditionally not defined broader housing associations' objectives. Regulation has been by contract with associations often managing tenancies on behalf of the state. Housing association registration started in New South Wales in 1987, and South Australia in 1991 (Robyn Kennedy & Co, 2001a). In Victoria, regulation continued to be through contract until a 2002 election pledge to increase funding of housing associations to improve affordable housing supply. The Minister stated registration would 'provide the necessary protections for investment of taxpayer funds, social housing tenant conditions and confidence for investment by the private sector' (Victorian Hansard, 2004). This was consistent with Australian housing research, which positioned more detailed regulation as a necessary precursor to building capacity and leveraging external finance against existing assets (National Community Housing Forum, 2003; Bisset, 2005). Victoria's new regulatory system is detailed in Box 2. The transfer of ideas from England is explicit, as is the aim to re-order the housing association sector. Regulation has been used not just to raise the professionalisation of associations, but to provide higher performance thresholds.

## Box 2: Victorian regulation - control and consolidate

The Victorian Housing Registrar was established in 2005 to regulate the state's housing associations. Unlike in England, the regulator does not operate at arms length from government, as s.80 of the Housing Act 1983 (amended 2005) makes clear: 'the Registrar is subject to the direction and control of the Minister in carrying out any function' (Victorian Government, 2005: p.54). The Registrar of Housing, Kenneth Downie, is a senior officer within the Victorian Office of Housing (OOH), the state department responsible for public housing and housing association grant allocation. This close coordination between association regulation and funding is similar to the operation of England's Housing Corporation between 1974 and 2008. As an OOH employee noted 'our model was focused, very much focused on the UK model. We don't apologise for that' (Interviewee 132). However, Victoria copied a model that was heavily criticised in the 2007 Cave Review, and recently abolished.

The transmission of regulatory ideas from England to Australia was both policy-driven and personal. Victoria's first Director of the Office of the Registrar, Anthony Hardy, worked for the Housing Corporation in London until 2006 where he helped introduce risk-based regulation. His task in England was to modernise regulation by making it more business orientated rather than the 'tick boxes' approach of the past. Anthony won a Housing Corporation prize in 2005 - a chance to visit Australia and talk about regulation. Liking the country, he applied for his current job in Victoria later in the year.

Victoria has adopted 'constitutional regulation' procedures with associations first having to register by passing rigorous assessment tests. The process can take up to six months and, is sufficiently complicated that several associations decided not to register, preferring to hand their leased properties back to the state or partner with another association. This was part of the strategy behind regulation, to re-order the Victorian housing association sector. As an OOH official admitted: 'Actually getting agencies to merge in with registered agencies - or agencies that are going to be registered - is part of our strategy. There is some rationalisation going here as well. It's not just about the introduction of a regulatory framework, it was inevitable that there had to be some rationalisation'.

Victorian nonprofit housing organisations can register as *housing associations* to develop and manage affordable housing, or *housing providers* if they just intend to manage. Registration is obligatory for associations managing properties owned by the state or receiving state funding, and must be completed by December 2008. As in England, organisations that do not receive any public assistance can continue to exist outside the regulatory system, although the number of properties they own or develop are likely to be modest. Although Victoria does not have Choice Based Lettings, there is a degree of coordination between the public and nonprofit sectors. Since July 2008 clients on public housing waiting lists have been referred to housing associations. In return for state funding, associations are expected to take approximately half their new tenants from this list.

The Victorian Registrar monitors association performance through New Public Management approaches by assessing Key Performance Measures collected through an Annual Statistical Return. In addition there are two annual self-assessment submissions comparing performance against business plan. Victoria insists on an Annual Regulatory Review for *all* housing associations where matters are discussed between the Registrar and management. In England these reviews are not every year and there are waivers for small associations. Victoria also differs in that tenants can refer unresolved complaints about associations to the Registrar, and the Registrar has more sweeping intervention powers if problems occur. Intervention can lead to assets being transferred to another Victorian association, a factor likely to inhibit growth of cross-border groups.

One of the most important differences to England is the level of disclosure as the Victorian Registrar's website provides only basic information about each organisation. For example, the data available about the case study Melbourne Affordable Housing as at January 2009, was that its 2006-2007 Compliance Status was 'yes' (other option 'no') based on performance standards and audited accounts submitted to the Registrar. The original documents are not made available.

Sources: Personal interviews; Victorian Government (2004a; 2005; 2006a); Victorian Housing Registrar (2007a; b; c; d; e; 2008a; b; c; 2009).

Australia's move to tax credit financing has the potential to overlay US-style contract regulation on top of English-style organisational regulation. This could impose particular burdens for Victorian housing associations as the state's regulations are the most prescriptive in the country (Milligan et al., 2009, forthcoming). There is insufficient detail so far about the National Rental Affordability Scheme to understand reporting burdens. December 2008 guidelines suggest that on-going reporting 'may include' development details, market rental rates, certification of tenant eligibility, demographic information and more' (Australian Government, 2008b: p.39). An annual Statement of Compliance will be required by the national government as at the 30<sup>th</sup> April. While this will be self-certified, periodic inspections will probably take place. Australian housing association record keeping will need to be enhanced to differentiate between tax credit funded and other properties, and to keep information on local market rental prices and tenant income.

This section has discussed the impact of market initiatives on housing associations since the 1980s. The most noticeable approach has been through *marketisation*, by introducing private finance and encouraging partnerships with the private sector. This finding accords with Pollitt and Bouckaerts' (2004) analysis that this is the most important approach in the three counties to reforming public sector management. There has been evidence of *modernisation*, through the move to risk based regulation monitored by performance indicators, and of *maintenance* in the rationing of public subsidy to the most efficient associations. England has moved further with the *minimisation* agenda, transferring a large portion of public housing ownership and/or management to nonprofit organisations. The magnitude of these changes should not be underestimated. A senior executive in England's Housing Corporation, vividly captured the mood when describing the potential impact of new regulation introduced at the end of 2008:

I don't think many board members in housing associations realise that the continental plates of the sector are shifting ... Believe you and me, this is a tectonic shift in the way housing and regeneration is delivered and regulated ... Those organisations that don't recognise that and adapt to it are - by definition - walking dead (Interviewee 110: Executive, Housing Corporation).

### **2.3 Categorising Housing Associations**

Mullins and Riseborough (2000) titled a research report 'what are housing associations becoming?'. This is valid question, but hard to answer. Since their publication there has been continued seismic activity in the sector, particularly in England and Australia. New organisational forms have emerged, partnership working has expanded and housing association goals have become more closely aligned with broad policy objectives such as building community cohesion.

Market-driven initiatives have continued to transform how associations operate as organisations, how they relate to other agencies and their customers. This section briefly reviews the literature on the third sector and, not finding it particularly helpful, explores other explanatory models.

### ***The Third Sector***

The most detailed research on the nonprofit sector has been undertaken by Lester Salamon's team at the Johns Hopkins Comparative Nonprofit Sector Project in the US. Launched in 1990, the Project researches the sector's size in several countries, to allow international comparison and search for global trends. Salamon and Anheier (1997) identify the 'third sector', as the activity in the economy that is not governed by the market or the state. Organisations in the third sector should meet five criteria: have a formal structure and rule; be self governing; be private, be independent of government control; not distribute profits; and involve a meaningful amount of assistance from volunteers. By 2003, when the Project's research had encompassed a larger number of countries, the term 'civil society organisation' was used although the definition remained unchanged from 'third sector organisation' (Salamon et al., 2003).

The Johns Hopkins research raises a number of important, although unanswered, questions. By definition the third sector is positioned as being distinct from business and government. With market-driven changes since the 1980s it is not clear that this is valid, with boundaries between the three sectors starting to blur. Deciding which organisations should be within the third sector remains challenging and contested. The requirement that third sector organisations should involve volunteers would exclude many English housing associations, although they were incorporated in a UK survey by Kendall and Knapp (1997). Despite these definitional problems, in 2006 Britain acknowledged the important contribution by nonprofit organisations when the Office of the Third Sector was established within government. At the time of writing, Kevin Brennan MP is the Minister of the Third Sector, with a three year budget of £515 million (A\$1.1 billion). The department's aim is to act 'in partnership with the sector, working towards four common goals for the future - enabling greater voice and campaigning, strengthening communities, transforming public services and encouraging social enterprise' (OTS, 2008: p.2). Third sector definitions are wider than used by the Johns Hopkins project:

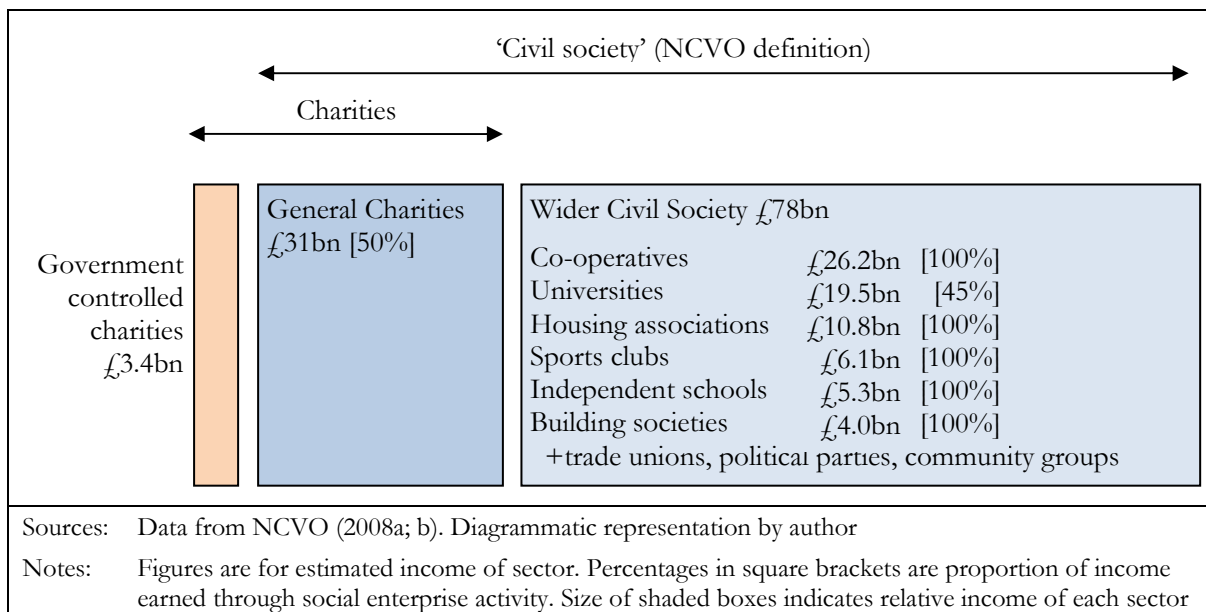
The [British] Government defines the third sector as non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals (OTS, 2007: p.5).



Comparing definitions, the British Government require third sector organisations to be ‘value-driven’, without specifying in any detail what these values are. Perhaps tellingly, third sector organisations only need to ‘principally reinvest’ their profits into good causes. This allows the inclusion of ‘social enterprises’, which are at the more businesslike end of the third sector spectrum. These organisations are not necessarily nonprofits, so could pay limited shareholder dividends, and derive their income from business trading rather than donations or subsidy. The Furniture Resource Centre are a Liverpool-based social enterprise supplying furniture for social landlords, through training unemployed locals (Table 45, p.215). The UK has introduced a new legal entity available to social enterprises called Community Interest Companies (CIC), with dividends capped at 35 per cent of profits. Although only modest numbers of CICs have been formed, they are promoted by government as a way of bringing social and economic regeneration (OTS, 2007). Funding from the OTS for capacity building is also available to housing associations which are considered important network actors in the third sector:

The [British] Government considers the housing association sector an integral part of the third sector ... and they are the fastest growing voluntary organisations in the country. Housing associations are well placed to assist in the development of participation strategies and community empowerment, to assist and facilitate third sector partnerships with private and public sectors or act as delivery agents for new social policy initiatives ... (OTS, 2007: p.60).

From this policy statement, housing associations are not just within the third sector, they are at the centre of it. They act as conduits through which other partnerships can be built, and provide a focus for empowering individuals and communities. Whether or not this is a valid assessment, there is a real economic impact as the British Government is providing financial support. However, issues of weak definition and uncertainty over the size of the third sector remain. The National Council for Voluntary Organisations, part funded by government, estimated the size of ‘UK civil society’ (NCVO, 2008a). This is summarised in Figure 4. Excluded are 460 charities that the government controls, such as the British Council and most hospitals. At the core of civil society are traditional charities with an annual income of £31 billion (A\$64 billion). However, 72 per cent of civil society comprises a diverse range of organisations from housing associations to the Labour Party, Nationwide Building Society and Cambridge University. Using NCVO definitions, housing associations account for 10 per cent of British civil society. To date the NCVO’s *Civil Society Almanac* has excluded ALMOs, although they will be mentioned, but not including in calculations, in the 2009 edition (Gilmour, 2009, forthcoming-a)



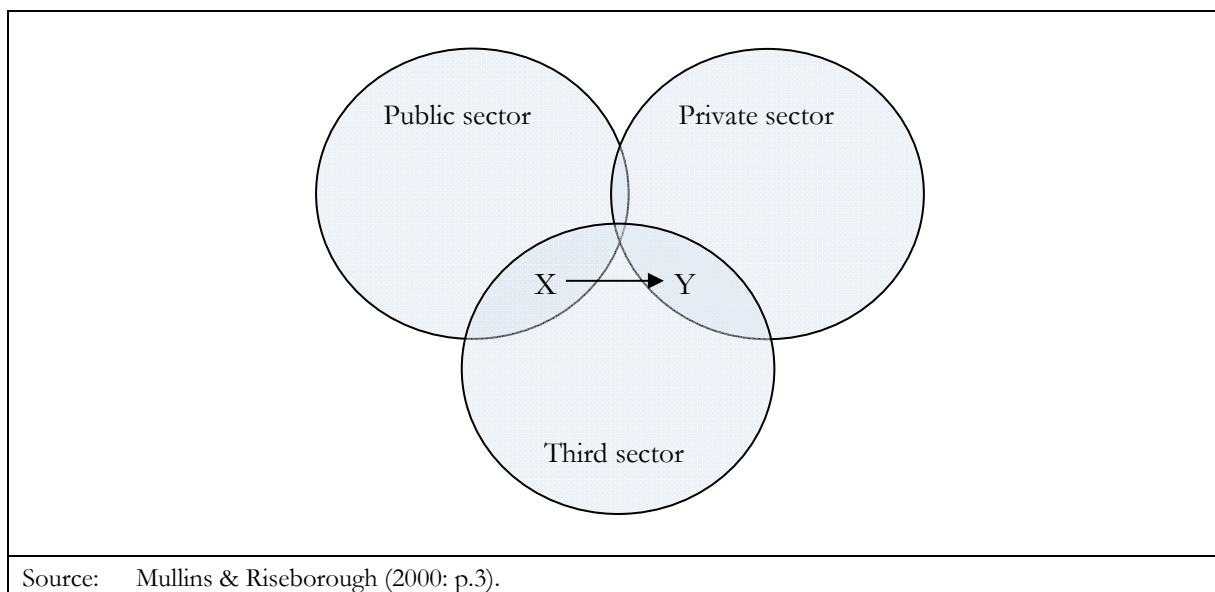
**Figure 4: UK civil society, 2008**

The NCVO consider *social enterprise* to be commercial activity undertaken by civil society organisations, rather than a separate organisational category. Their definition includes income generated by charging fees for products or services, or received under government contracts. In Figure 4, the proportion of social enterprise income is shown in square brackets. It covers half the income of general charities, and 100 per cent of the income of many of the largest organisation categories in ‘wider civil society’, including housing associations. The NCVO consider that £77 billion (A\$160 billion) or 72 per cent of civil society organisations’ income is generated through social enterprise activities.

Research by the NCVO faces the same challenges as earlier work by the Johns Hopkins Project and the formation of Britain’s Office of the Third Sector. There is still an assumption that organisations in the third sector/civil society form a distinct category of public life. The diversity of organisations captured by the NCVO in their analysis makes this proposition hard to sustain. The use of the term ‘civil society’ is unhelpful, a concept that has been described as ‘very old and very slippery’ (van Til, 2000: p.14). The NCVO report measures the income of civil society *organisations* - really just another term for third sector organisations - rather than quantifying civil society. This broader notion, although equally hard to define, carries normative view on citizen involvement, civic values and social cohesion (Carnegie UK Trust, 2007). Problems with third sector/civil society models have led to a search for alternatives.

### *Hybrid Models*

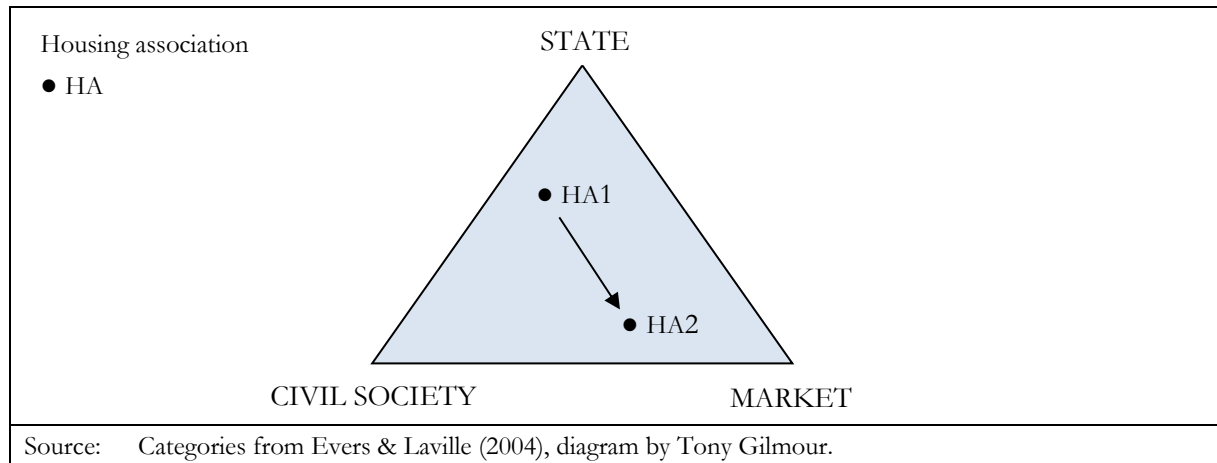
Recent European scholarship has emphasised a more dynamic inter-relationship between the public, private and nonprofit sectors. Boundaries are seen as permeable, and the three sectors interacting with each other (van Til, 2000). In housing research, an example of this approach is Mullins and Riseboroughs' positioning of English housing associations shown in Figure 5. From 1974, when they operated on the border of the public and third sectors (marked X), associations moved following the introduction of private finance in 1988 to the border of the private and third sectors (marked Y). The strengths of this model are two-fold: it moves beyond positioning organisations in just one of three categories, allowing them to sit on the boundary, and it shows organisations can change categories over time. Unfortunately, from the relative areas on the Venn diagram, it suggests that most organisations will be wholly in one of the three categories (for example being 'only third sector'). There is little space in the centre of the diagram for organisations that may be on the boundary of all three categories. With housing associations, Mullins and Riseboroughs' chart suggest that the public sector has no influence after 1988. Through continued funding and regulation it could be argued that this is not the case.



**Figure 5: Housing Associations as boundary organisations, after Mullins & Riseborough**

Challenges with the Mullins and Riseborough model (Figure 5) can be minimised by thinking of housing associations as hybrid organisations that operate between 'the respective components of the state, markets and the social capital of civil society' (Evers & Laville, 2004: p.245). Following earlier research by Pestoff (1992), triangular models similar to that shown in Figure 6 have

become popular. This approach has been used across a variety of sectors including housing associations (Priemus, 2004), universities (Mouwen, 2000), charities (Chew, 2008) and heritage organisations (Gilmour, 2007b). More recent research by Brandsen et al. (2005: p.758) views ‘hybridity as an inevitable and permanent characteristic’ of third sector organisations. There is increasing focus on the importance of hybrid organisations where the third sector and state are co-producing and delivering public services (Evers, 2005; Pestoff & Brandsen, 2008).



**Figure 6: Housing associations as hybrid organisations, after Evers & Laville**

Figure 6 is used in Chapter 4 to assist with case study housing association selection. Associations occupy a ‘space’ between state, market and civil society. Depending on funding techniques, regulatory systems and the values of the organisation’s board and staff, a housing association could occupy any position within the triangle (for example HA1). The association may change over time, eventually adopting a new position on the chart (HA2). Probably the main weakness is that the ‘civil society’ corner of the triangle remains hard to define.

The model in Figure 6 can be used to position a variety of emerging forms of housing organisations, for example arms-length management organisations (ALMOs). It accommodates social enterprises, which have been described as being at ‘the crossroads of market, public policy and civil society’ (Defourny & Nyssens, 2007: p.3). Avoiding problems with the Johns Hopkins third sector approach, organisations are categorised independently of their legal status. Therefore, in this thesis, the hybrid view of housing associations is adopted for further testing through case study research. When Mullins and Riseborough asked ‘what are housing associations becoming?’, one of their answers was ‘social entrepreneurial businesses’ (Mullins & Riseborough, 2000: p.92). In other words, associations are becoming hybrid organisations.

## 2.4 Conclusions

The development of housing associations has followed what Malpass (2000a) describes as a ‘discontinuous history’, characterised by successive waves of new organisational formation. This has been accompanied by the ‘transformation’ of existing associations (Mullins, 2000a). In the current market-orientated expansion of housing associations, seen in the US, Australia and England from the late 1980s, both trends are evident. New organisations such as Community Housing Victoria and Trafford Housing Trust have been formed; at the same time older associations such as Burbank Housing and Irwell Valley changed with the times. Although there are common threads with earlier periods, such as workforce housing provision, church involvement and community activism, the current ‘wave’ appears to mark a new discontinuity. This is not just a reflection of the reform of public sector reform, through what some commentators have termed ‘New Public Management’. Contemporary housing associations now operate in a connected environment, characterised more by networked than hierarchical governance. Partnerships with public, private and nonprofit organisations are common.

Market-orientated changes to the environment in which housing associations operate have been neatly categorised by researchers such as Pollitt and Bouckaerts (2004). However, their approach is best used as a framework for analysis rather than a predictive model. New Public Management techniques have been used in different ways, and with different results across the three countries in this thesis. Although there have been some common trends with the use of ‘maintenance’ and ‘modernisation’ approaches, there is a clear divide on ‘marketisation’ between the use of tax credits in the US and debt finance in England (Figure 2). Australia has adopted something of a middle path, mixing a modified form of tax credits with debt. Tax credits use regulation through contract; debt approaches favour regulation. Therefore although there are some similar organisational characteristics across the nine case studies, the financial and control environment in which they operate differs according to country. Similarly with ‘minimisation’ approaches to public sector reform, England has adopted more radical and varied policies for public housing transformation than the US or Australia. This is in part due to their much larger public housing stock, particularly in regional cities such as Manchester. The next chapter examines housing conditions in detail in each city regions, as local factors such as this are important in understanding the effect of the ‘wave’ of market-orientated changes.



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# CHAPTER 3

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## CHAPTER 3: CITY REGIONS

With few exceptions, housing research has concentrated on national policies and institutions and their impact on broad policy issues such as housing need, tenure and affordability. This is also true of the more limited literature on housing associations. However, recent government initiatives in the UK such as elected assemblies for London, Scotland and Wales (1999), the pursuit of ‘sustainable communities’ and the ‘single conversation’ between England’s HCA and local authorities (from 2009) suggest that more spatially-attuned approaches are both possible and desirable. As Cole (2006: p.290) notes, ‘frameworks of analysis need to be developed that are more attentive to contrasts and changes in local, sub-regional and regional housing markets’. The thesis contributes to this research agenda, by placing an analysis of the development of case study housing associations within specific geographical contexts. This chapter highlights some of the ‘contrasts and changes’ of housing markets within the three city regions. Each region acts, using Lavorel’s (2004) term, as a ‘window’, shedding light on specific place-based issues, although not able, in isolation, to give a conclusive view of the national housing landscape.

Two economic principles underpin a regional approach. First, housing is a *geographically fixed* asset. When the cotton industry declined in the Lancashire mill town of Oldham, jobs disappeared but the housing stock remained. When part of the population migrated to new service-sector jobs in Manchester, the Oldham housing market suffered from low demand, prices fell and communities fractured. In contrast, the economically prosperous south of Manchester suffered from low housing supply as people moved from areas such as Oldham to find work. Therefore, within the Greater Manchester city region there are both areas of low demand (Oldham) and excess demand (south Manchester). Second, new housing construction forms a small proportion of the total housing stock. Local housing markets are therefore strongly influenced by properties inherited from previous generations, often built when jobs were located elsewhere or families larger. The highest concentrations of social housing remain in areas where most public housing was built up to the 1970s. Transfers of public housing stock to housing associations change management structures but not locations.

The literature that looks regionally at social housing, although largely relating to England, has produced interesting pointers for the thesis. Cole and Furbey (1994) studied English public housing, grounding part of their research on the lived experience of tenants within particular housing estates, which varied in terms of their construction quality, location relative to jobs, and

perceived desirability as a place to live. Nevin et al. (2001) in a survey of housing in 18 local authorities in the Manchester-Liverpool conurbation found both extremes of poverty and affluence, noting that contemporary government data collection failed to identify neighbourhoods 'at risk'. Cole et al. (2003) used demographic data, surveys and stakeholder interviews to discover a picture of surprising diversity in local housing markets in Leeds. Lavorel (2004) carried out round-table discussions in four US cities: Charlotte, Columbus, Houston and Portland, Maine to contrast approaches to affordable housing, identifying city region differences such as the strengths and weaknesses of the existing housing stock. Cole and Nevin (2004) identified local drivers of market change when looking at England's Housing Market Renewal program such as community cohesion (for example the arrival of refugees), quality of private and public housing stock, imbalances in the mix of social and market housing and pockets of metropolitan abandonment.

The window chosen to frame the study of housing associations is the *city region*. This concept has been popular with urban planners for many years, and is going through something of a revival (Harding, 2007). It can be defined as 'the areas upon which a city's economic pull is felt', although this provides little guide as to where to draw the boundaries (Price Waterhouse Coopers, 2007: p.9). Many forms of connection extend across city region boundaries, city regions can overlap or form a continuous megalopolis, and peripheral towns may operate as their own micro city regions. The thesis adopts a flexible approach to defining city region boundaries, taking them as a broad frame of spatial reference within which to deepen understanding:

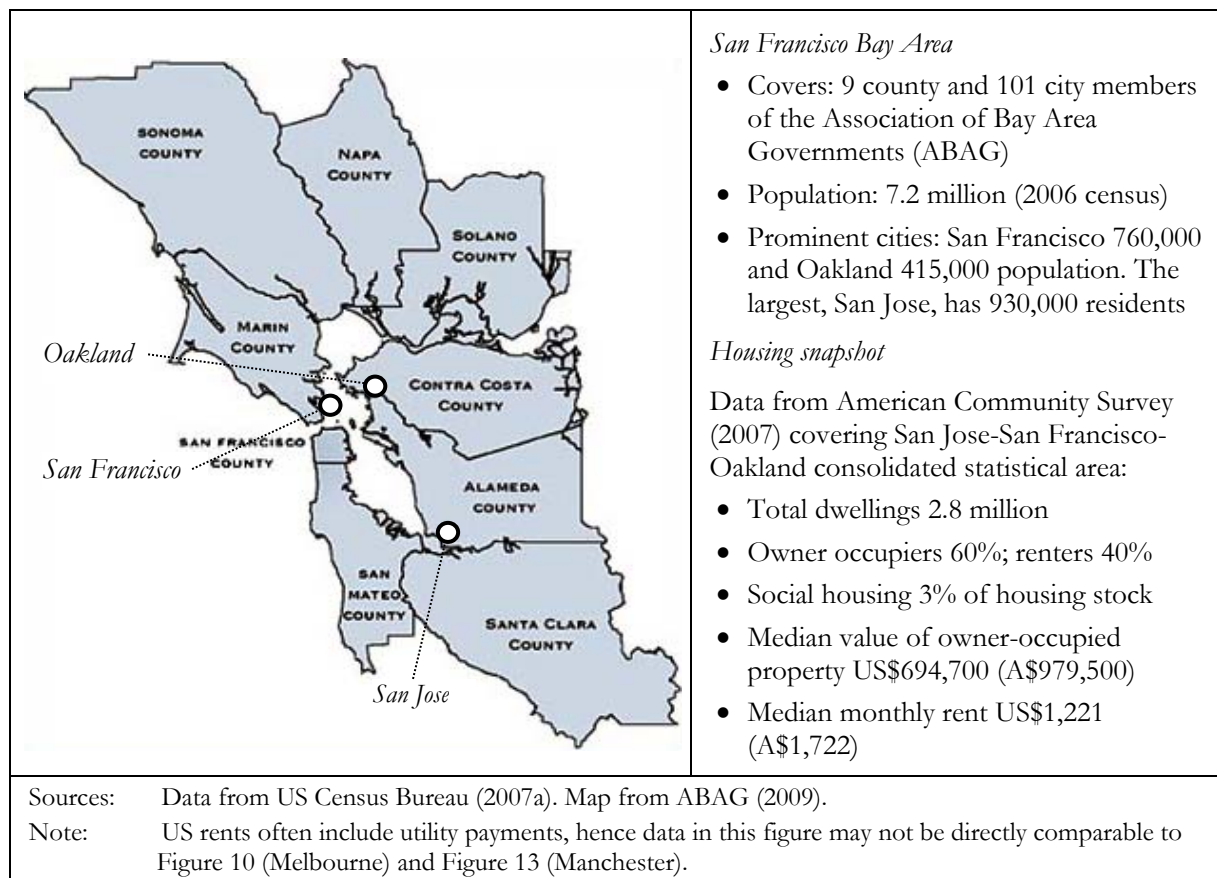
The utility of the notion of the city-region ... is not that it avoids ambiguity, fuzziness and overlapping 'boundaries' but that it encourages relational understandings of the internal and external dynamics of territories that have some degree of functional integrity but are very rarely defined administratively. It generates intelligent questions about the interaction between, for example, employment locations, the geography of land and property values, the operation of labour and housing markets and transportation systems and patterns of social segregation (Harding, 2007: p.451).

Harding's analysis of why city regions are a useful frame of analysis reinforces the need to think beyond traditional local authority boundaries. Although boundaries are redrawn from time to time, they rarely keep pace with economic and social changes. The complex spatial overlay in cities provides the framework within which housing associations operate.



### 3.1 San Francisco Bay Area

The city was memorably described by Berkeley academic Larry Rosenthal (2003) as ‘priced high, on a hill’. What is now one of the least affordable cities in the US was home to many of the counter-cultural movements of the later twentieth century. From the summer of love to civil rights, San Francisco has a mythical status amongst friends and foes alike. Some of the 1960s radicals now run housing associations, fusing their social vision with business dynamism. The Bay Area gave birth to both flower power and Silicon Valley, to Berkeley as well as Stanford.



**Figure 7: San Francisco city region**

San Francisco’s city region is taken to be the Bay Area, shown in Figure 7. The Bay Area covers 1.8 million hectares and, with 7.2 million residents, is the fifth most populous metropolis in the US (ABAG, 2008). The nine county Bay Area is widely known and understood, but unlike Melbourne and Manchester does not form a distinct region around a single core city. This is in part because the region is multi-centric, with the three large and distinct economic nodes of San Francisco, San Jose and Oakland. It also contains a number of dispersed regional cities such as

Santa Rosa and Richmond, which are not strongly tied to the core cities. Whilst the central Bay Area in San Francisco and Oakland has European-style mass rapid transit, most of the region developed along freeways. Therefore the Bay Area is characterised by a communities that are highly dependent on the car, with long commutes to work being the norm (ABAG, 2008: p.2). Urbanisation varies, from 82 per cent of land in San Francisco to 4 per cent in Napa.

With 110 jurisdictions, the Bay Area is an 'administrative nightmare'. At the cultural and financial heart is San Francisco, a combined city and county giving the Mayor greater powers than neighbouring cities. From the remaining 8 Bay Area counties are carved 101 cities, each with their own elected officials and tax raising powers. The areas within counties that that have not become cities are known as *unincorporated* and run by the county, although counties lack the broad self government powers of cities. To help streamline planning, the Bay Area became the first Californian region to form a council of governments, the Association of Bay Area Governments (ABAG) in 1961. ABAG have limited statutory powers although have long acted as the main coordinating body for Bay Area transport, economic development, housing and the environment. Each jurisdiction sends a delegate to ABAG's annual General Assembly with a simple majority sufficient to set policy frameworks for the forthcoming year (ABAG, 2009).

ABAG do not implement housing policy, although they negotiate a Regional Housing Needs Plan with the state which indicates how much new housing should be built in each jurisdiction (ABAG, 2008). Housing numbers from the Plan are incorporated into the Housing Element, a policy document that all jurisdictions must produce and submit to California's Department of Housing and Community Development (HCD) for approval (ABAG, 2001). The Element must show that each jurisdiction has made plans to take a 'fair share' of California's housing growth and is planning for new properties suitable for residents of all income levels (Higgins, 2005). The planning cycle is slow with the next Housing Elements due by the 30<sup>th</sup> June 2009, eight years after the last update. Unfortunately not all jurisdictions follow these procedures. In September 2002 one third of cities and one fifth of counties in California were judged by HCD to have a non-compliant Housing Element (Lewis, 2003: p.3). Furthermore, jurisdictions with compliant Housing Elements often fail to meet ABAG's targets for new housing supply. Only one of the nine Bay Area counties - Contra Costa - met its housing production target each year between 1999 to 2003 (Bay Area LISC, 2005: p.3).

### ***Affordability Challenges***

The Bay Area has an acute problem with housing affordability. In 2006 the top three US unaffordable counties measured by the hourly wage needed to rent a two bedroom unit were in the Bay Area: Marin, San Mateo and San Francisco counties respectively (NLIHC, 2007). Rental prices for non-rent controlled properties are not just high but volatile. The monthly payment for a two bedroom unit in San Francisco increased from US\$1,100 (A\$1,550) in 1995 to a high of US\$2,750 (A\$3,880) in 2000, then down to US\$2,020 (A\$2,850) in 2003. Since then rents have been rising again (San Francisco Planning Department, 2006: p.24). Property purchase is equally expensive. In 2007 only 15 per cent of Bay Area households (or 10 per cent of San Franciscan residents) could afford to purchase a median priced property (ABAG, 2008).

Bay Area prices have been driven up because new housing supply has not kept pace with a growing population, and the situation will continue to be a problem with a predicted 1.6 million new Bay Area residents over the next 25 years (ABAG, 2008). There is longstanding limited availability of developable land near to employment centres and strong neighbourhood opposition to urban-infill and higher density schemes (Hird et al., 1991). Median salaries are higher in San Francisco than California or the US, although there is a skewed wealth distribution with a higher proportion of households earning under US\$15,000 (A\$21,000) (Bay Area Economics, 2004). The Bay Area poverty rate is well above the state and national average, at 9.5 per cent, using Census Bureau (2007b) definitions based on national income thresholds varied by family size and composition. Homelessness is a major problem with one per cent of San Francisco's population sleeping on the streets or in shelters in 2002 (Rosenthal et al., 2003).

There are major differences between Bay Area housing markets. Contra Costa and Solano counties have been hardest hit by sub-prime mortgage foreclosures and price falls (McCormick, 2007). San Francisco remains expensive and although there are visible pockets of intense deprivation such as the Tenderloin, the main issue is gentrification, which has significantly reduced the stock of affordable accommodation. This was particularly noticeable in the Mission district during the high technology boom of the late 1990s (Bay Area LISC, 2005). Locations with high living costs do not always contain high paying jobs. In Santa Clara county, home to Silicon Valley, 39 per cent of employees in 2005 earned under US\$30,000 (A\$42,000) a year (Mathur & Parker, 2007). Rent controls must have had an effect in San Francisco as 'only' 41 per cent of the city's renters are paying more than 30 per cent of the gross income on rent compared to nearly 47 per cent in the Bay Area (US Census Bureau, 2007a).

### ***Public housing & HOPE VI***

Census statistics do not separate social from market-rate rental housing. US public housing is managed by 3,300 Public Housing Authorities (PHAs), and a search of the HUD (2009) website identified 21 located in the Bay Area. The three largest are San Francisco Housing Authority (6,656 units), Oakland Housing Authority (3,646 units) and the Housing Authority of the County of Contra Costa (1,185 units). Of the remaining 18 PHAs, 6 are dormant and the remaining 12 provide a total of 2,571 units. Using Census Bureau (2007) data for household numbers, the total 14,058 public housing units in the Bay Area represent 0.50 per cent of housing stock and the city of San Francisco's 6,656 units are 1.86 per cent of housing stock. The Bay Area has lower public housing provision than the US (0.93 per cent), although San Francisco county is twice the national level. Despite the regional variations, these are low numbers by international standards.

In the Bay Area a number of problematic public housing estates have been transformed under the HOPE VI program. The region's flagship scheme was North Beach Place near the tourist precinct of Fisherman's Wharf, San Francisco. This public-private-nonprofit partnership raised US\$55 million (A\$78 million) in tax credits, the largest single allocation since the scheme started in 1986. Total finance was US\$108 million (A\$152 million) which included US\$23 million (A\$32 million) from HOPE VI grants and loans from Citibank. Completed in 2004, the new urbanist designed, transit-orientated project replaced 229 badly designed public housing units with 341 mixed income apartments. The development includes a community hub, childcare centre, computer room and small business support unit together with a 1,900 square metre commercial space to integrate the development with the neighbourhood. Bridge Housing association was the lead developer, in partnership with for-profit John Stewart Company, the City of San Francisco Mayor's Office and the San Francisco Housing Authority (Bridge Housing, 2009). A similar partnership in Oakland, involving East Bay Housing, is completing the redevelopment of 178 public housing units at Coliseum Gardens, a troubled neighbourhood, into a mixed income transit-orientated development of 435 units.

San Francisco has revitalised five public housing estates since 1993, but that still leaves 50 developments where housing quality is poor following two decades of restricted national funding. San Francisco's repair backlog was estimated at US\$195 million (A\$275 million) in 2002 (Task Force, 2007). With the ending of national HOPE VI funding, Mayor Newsom launched 'HOPE SF' in 2007 to continue the partnership approach to public housing redevelopment. Tenants are guaranteed accommodation on the same site in a mixed-income and mixed-tenure

development. High San Franciscan land values and low dwelling densities on existing sites allow money to be raised from private developers. The first HOPE SF contract was awarded in 2007 to redevelop 267 units at Hunters View (Overland Pacific & Cutler, 2008). The winning team includes the John Stewart Company (for-profit developer), Devine & Gong (for-profit tax credit consultants) and Ridgepoint (a local housing association, based in Hunters Point since 1968). In March 2008, after tenant consultation, three further schemes were announced and contracts awarded to two nonprofit developers (Mercy Housing and Bridge Housing) and one for-profit firm (Mayor's Office of Housing, 2008).

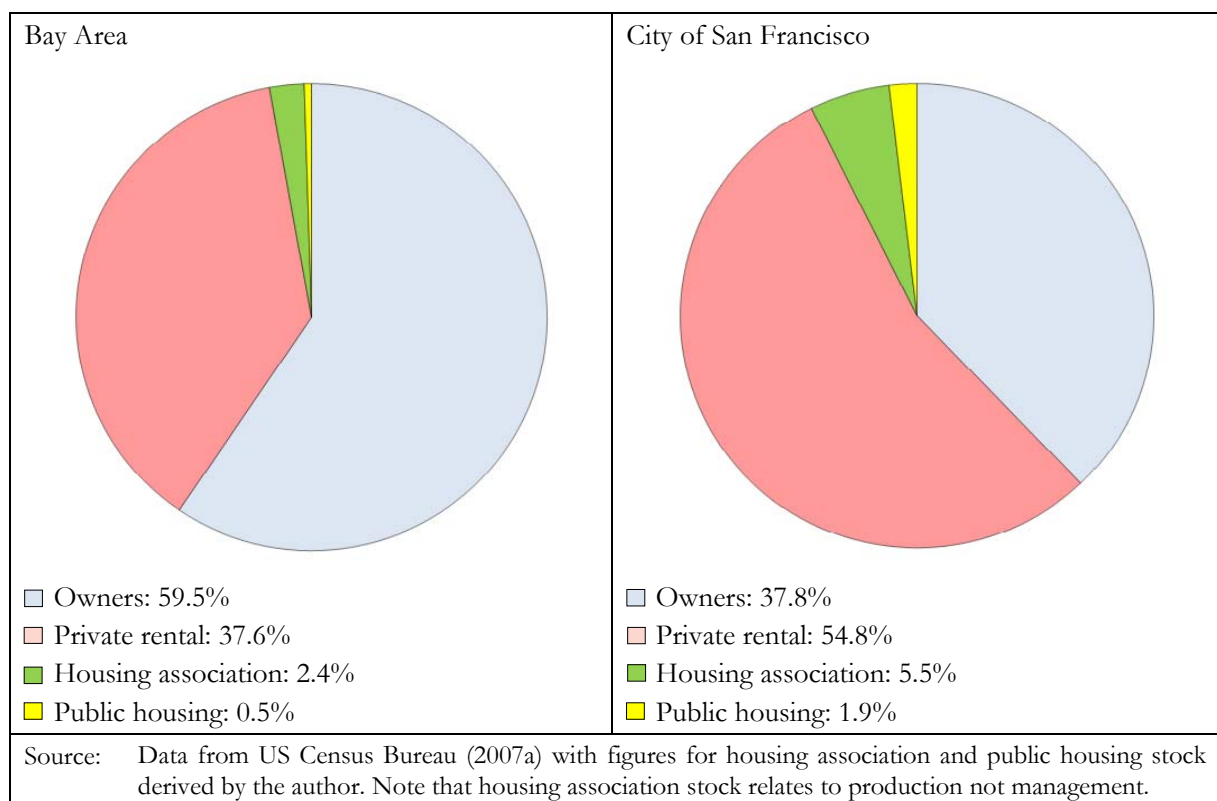
HOPE VI and HOPE SF are good examples of a partnership approach to social housing and moves to new forms of governance. Partnerships are used in part due to the over-lapping urban governance in the US. For example, although the San Francisco Housing Authority is an independent agency funded from Washington, the city's Mayor appoints its Board of Commissioners. San Francisco's redevelopment schemes have both relied on, and strengthened, complex local housing networks of public sector, nonprofit and for-profit actors. HOPE SF shows that innovative cities such as San Francisco can set their own housing agenda, and do not always have to work within state or national policy frameworks. The future for San Franciscan public housing, if further HOPE SF schemes are viable, looks set to use public-private-nonprofit partnerships. Housing associations will play an important role, as developers or tenancy managers, but are just one partner in a consortium. In England this type of scheme would be known as PFI and has only been used for a handful of problematic public housing estates.

### ***Tenure Mix***

Bay Area housing associations, although benefiting from recent public housing renewal, have been long established and important affordable housing providers since the 1960s. However, obtaining data on the size of the sector to calculate tenure mix is challenging. Bay Area LISC (2005) estimated total production to date by housing associations in the city region to be 61,300, and annual production 2000-2005 to be 2,800. This suggests Bay Area stock at the end of 2007 to be approximately 67,000 units. The raw data used for Bay Area LISC's 2005 report has been made available to the author and analysed in further detail. Although caution is needed as only 45 of 69 organisations responded, and not all questions were answered, the resource is important as no other information is available. To determine the housing association stock in the city of San Francisco, the Bay Area production of 61,300 needs to be adjusted down by 31,500 units produced by associations operating entirely outside the city. The remaining stock of c.30,000

includes units produced by organisations such as Bridge Housing who operate both in San Francisco and the wider area. Assuming 60 per cent of these are in San Francisco, the city's stock in 2005 would be 18,000 units, or around 19,700 by the end of 2007.

Figure 8 shows the significant differences in tenure mix between the wider Bay Area and its core city. The social housing stock is small in the Bay Area (2.9 per cent) and only modest in San Francisco (7.4 per cent). In both areas, housing associations are the largest providers of social housing. There is a large difference in the proportion of owner occupiers in San Francisco, at two-thirds the level in the wider metropolitan area. Low salaries for many workers, coupled with scarcity of affordable homes for purchase, help explain the city's tenure mix. Owner occupation levels are similar in the Bay Area at 59.5 per cent to California at 58 per cent although both are lower than the average for the US of 67.2 per cent (US Census Bureau, 2007a).



**Figure 8: Bay Area and San Francisco housing tenure estimates, 2007**

### ***Housing Associations***

While housing associations have only built a modest 2.4 per cent of Bay Area housing, they are stronger in the region than in most parts of the US. It has been estimated that 8 per cent of total homes ever produced by housing associations in the US are in the Bay Area. Of the 15

associations in the country that have built more than 5,000 units, 4 are based in the Bay Area (Bay Area LISC, 2005: p.10). The growth of Bay Area housing associations has been helped by a devolved housing policy which dates from the 1973 Housing and Community Development Act which allowed states and local government to decide how to spend federally funded block grants (Schwartz, 2006). When tax credits were introduced, Congress set broad criteria for tenant eligibility and affordability periods, but their allocation was left to states who can apply additional rules (Cummings & DiPasquale, 1999). For example, California awards extra points to energy efficient buildings and properties must remain affordable for 55 years.

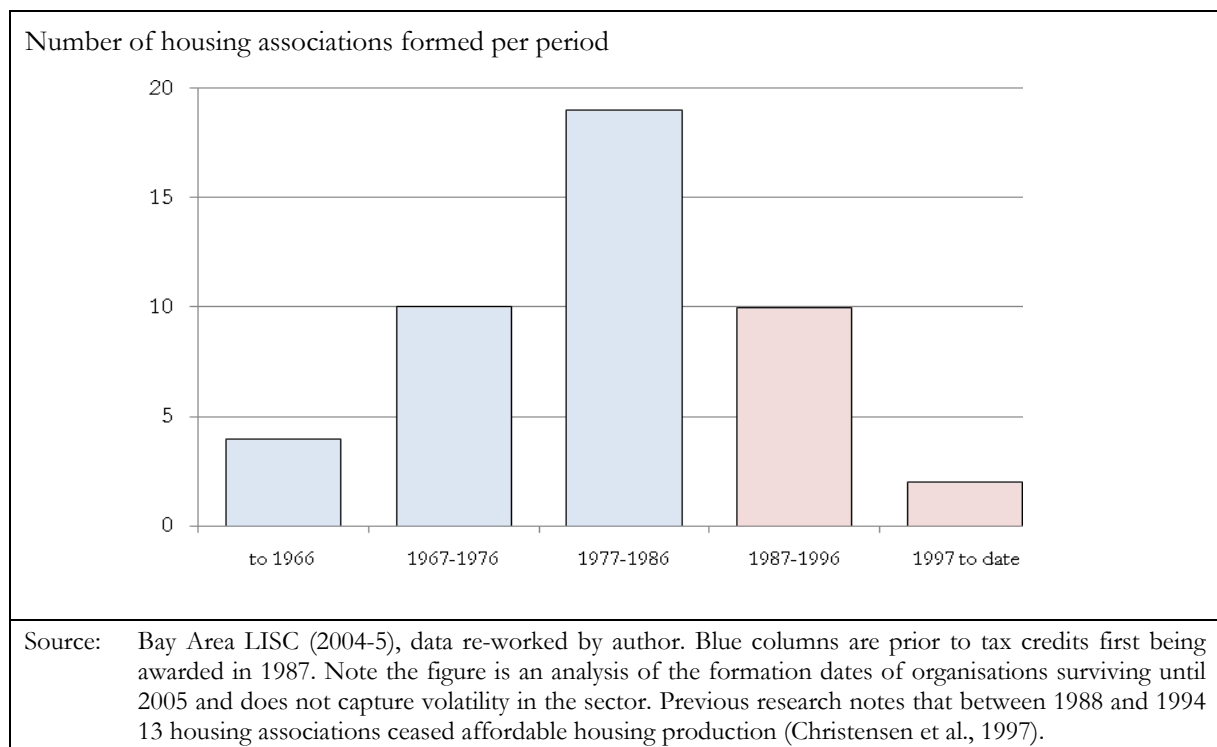
**Table 4: Bay Area tax credit allocations, 2007**

Tax credit region counties and % of total in California	Development	City	Non profit?	Total cost US\$m	Low rent units	Tax credits US\$m
Alameda, Contra Costa, Marin, Napa, Solano and Sonoma (10%)	Brookfield Place	Oakland	No	12.4	60	8.2
	Jack London Gateway	Oakland	Yes	20.4	60	13.0
	Oak Grove Terrace	Oakley	Yes	10.9	53	8.5
	Oak Place Senior Villas	Oakley	Yes	11.0	53	8.2
	Petaluma Avenue Houses	Sebastopol	Yes	16.8	44	10.4
	MacDonald Seniors	Richmond	No	17.3	65	12.6
San Francisco (5%)	Civic Center Residence	San Francisco	Yes	27.2	211	25.0
	Turk/Eddy Preservation	San Francisco	Yes	18.2	80	13.1
San Mateo and Santa Clara (6%)	Monterey Family Village	San Jose	Yes	24.7	71	16.2
	The Fairways, San Antonio	San Jose	No	31.0	84	16.8
Source: CTCAC (2008a) Table A5 with data extracted for 9% tax credits in Bay Area counties.						

California's Tax Credit Allocation Committee allocates funding in two rounds, in March and July (CTCAC, 2008b). The value of funding in 2007 was US\$759 million (A\$1,070 million), measured over a ten year term, and assisted 70 housing schemes to build 4,424 units at an average subsidy per unit of US\$188,000 (A\$265,000). Since 1986, 1,730 schemes have been supported at a total cost of US\$9.6 billion (A\$13.5 billion) (CTCAC, 2008a). While this level of funding is impressive, demand for tax credits consistently exceeds supply, by a factor of three to one in 2007. California switched to distributing tax credits on a regional basis in 1997, in part a reaction to much early funding going to the professionally run Bay Area nonprofits. Targets for the ten regions are based on a formula incorporating population, cost of housing, wealth and urbanisation. The three Bay Area regions are shown in Table 4. San Francisco, which is a single administrative city, county and tax credit region, has a 'queuing system' for city-funded gap

finance through a managed list of predominant housing associations. Across the Bay in Oakland, organisations have to bid for tax credits against competition in 6 counties and over 100 cities.

Federal legislation sets-aside a minimum 10 per cent of tax credits for housing associations although they always receive more than this, for example 26 per cent of national allocations in 2005 (ABT Associates, 2007: Table 2). However, in some cities such as Boston, Chicago, Cleveland, Minneapolis, New York and San Francisco there are strong concentrations of housing associations (Vidal, 1996; Davis, 2006). Between 2000 and 2005 over 70 per cent of the very low and low income units in the Bay Area were developed by nonprofits (Bay Area LISC, 2005). From Table 4, seven of the ten 2007 Bay Area tax credit allocations - and 71 per cent by value - were to housing associations. The dominance of Bay Area housing associations in competing with for-profit developers for tax credits is not typical of the rest of California: in the south of the state, for-profit developers win most tax credits.



**Figure 9: Bay Area housing association formation**

Although Bay Area housing associations have taken particular advantage of tax credits, as shown in Figure 9, three quarters of Bay Area associations were formed before tax credits were first allocated in 1987. This suggests that they had already built a degree of capacity before this new source of funding became available. The radical movements of the 1960s, coupled with active



assistance from the University of California at Berkeley (discussed in Chapter 6) led to a strong Community Development Corporation (CDC) movement in the Bay Area. Religious groups also played a part: the Bay Area's first housing association was Christian Church Homes founded in 1961. CDCs had initially concentrated on community development through business and workforce development, but with the decline in federal funding during the 1970s and 1980s, switched toward building affordable homes (Bay Area LISC, 2005). They were assisted from 1981 by Bay Area LISC which helped raise US\$390 million (A\$550 million) towards 8,000 units of affordable accommodation (Bay Area LISC, 2006). CDCs in the Bay Area were established in a similar episodic pattern to that described by Peter Malpass (2000a) for English housing associations. Bay Area LISC, in their 2005 survey, also note the strong housing association network which will be discussed in more detail in Chapter 6:

Succeeding waves of CDC formation have resulted in a layered community development industry, consisting of groups with different specializations and geographic scopes that work cooperatively, and sometimes competitively, to take on community development challenges. Here perhaps as in no other region of the United States, nonprofit housing developers and community development corporations form a dynamic and interconnected network of entrepreneurial and innovative organizations (Bay Area LISC, 2005: p.5).

The structure of the Bay Area housing association sector is shown in Table 5 based on the Bay Area LISC survey. Although the response rate was only 65 per cent, the author has checked the non-respondents and none is large enough to appear in the 'top 20' in Table 5. The sector is relatively concentrated with the top 5 (of 69) organisations having developed 56 per cent of affordable housing (see Section 5.4). With the exception of Mid-Peninsula, all of the 'top 5' operate across California, and none have been recently formed Even the most recent - Mercy Homes in 1988 - has earlier ancestry through Catholic church activities in California. Two thirds of the 15 medium and smaller housing associations are Community Development Housing Organisations (CHDOs), which entitles them to greater access to federal HOME program funding and often additional grants from city authorities. CHDOs often assist high needs tenants, often as with the Tenderloin Neighborhood Development Corporation and Chinatown Community Development Corporation serving distinct neighbourhoods or ethnic groups. Similar to large scale voluntary transfer housing associations in England, one third of the board of CHDOs should be representatives of the low income communities they serve (although not necessarily tenants) and not more than one third should be public sector representatives.

**Table 5: Ranking of housing associations in San Francisco Bay Area, 2005**

Name, ranked by housing stock development 2005			Est.	Scope	Staff	CDHO?
1	Bridge Housing ■	10,009	1983	State	268	No
2	Mercy Housing California	7,520	1988	State	61	No
3	EAH	5,969	1968	Multi-state	332	No
4	Mid-Peninsula Housing Coalition	5,418	1970	Regional	250	No
5	Eden Housing	4,488	1968	State	130	No
6	Burbank Housing ■	2,318	1980	Metro area	62	No
7	Community Housing Developers	2,135	1979	Region	ND	Yes
8	South County Housing Corporation	1,980	1979	Region	80	Yes
9	Tenderloin Neighborhood DC	1,666	1981	Neighbourhood	185	Yes
10	Citizens Housing Corporation	1,549	1993	State	60	No
11	Christian Church Homes	1,503	1961	State	385	No
12	Chinatown Community DC	1,357	1977	Neighbourhood	132	Yes
13	Housing Conservation and DC	1,270	1974	Metro area	ND	Yes
14	Satellite Housing	1,161	1966	Region	108	No
15	Community Housing Opportunities	1,152	1984	Region	53	Yes
16	Oakland Community Housing	1,102	1974	Region	82	Yes
17	TODCO	965	1971	Neighbourhood	ND	Yes
18	Housing for Independent People	921	1980	Region	11	No
19	Napa Valley Community Housing	883	1977	Metro area	25	Yes
20	East Bay Housing ■	876	1975	Metro area	81	Yes

Source: Bay Area LISC (2004-5).

Notes: Note this data does not always precisely match numbers obtained from other sources. Excludes non-respondents, for example Mission Housing Development Corporation. *DC* - Development Corporation. *CDHO* - Community Development Housing Organisation. *Scope* - the region in which the housing association stated in the survey that they operated. *ND* - not disclosed. ■ case study.

Housing conditions in the Bay Area are probably not typical of most US cities. Neither is the role of San Franciscan housing associations, which are well established, efficient and the centrepiece of a powerful affordable housing coalition that will be described in Chapter 6. However, lack of representativeness is not a problem. San Francisco has been chosen as a window through which to observe three case study organisations, not as an example of a ‘typical’ US city. The next window is on Melbourne, Australia.

### 3.2 Metropolitan Melbourne

Like San Francisco, Melbourne’s growth followed a mid-nineteenth century gold rush. Frenzied speculation soon gave way to civic pride, establishing ‘Marvellous’ Melbourne as one of the classic Victorian cities of the British Empire (Briggs, 1968). Built on the shores of Port Phillip Bay, Australia’s second largest city maintains a European-style compact and genteel city centre, complete with trams and ubiquitous coffee shops. The sprawling, car dependent outer suburbs present a very different urban form of American style strip-malls and McMansions.

In contrast to the San Francisco Bay Area, the 760,000 hectare metropolitan Melbourne region is mono-centric with many inner and middle ring suburbs acting as city dormitories. This urban hierarchy breaks down heading south to Frankston and the Mornington Peninsula, and the outer areas are predominantly small town and rural in character. Metropolitan Melbourne is home to 3.6 million people, 72 per cent of the state’s population (ABS, 2009). Within 150 kilometres of the city, but beyond the conurbation are the distant satellite towns of Geelong with a population of 156,000, Ballarat with 78,000 and Bendigo 76,000 (ABS, 2008a).

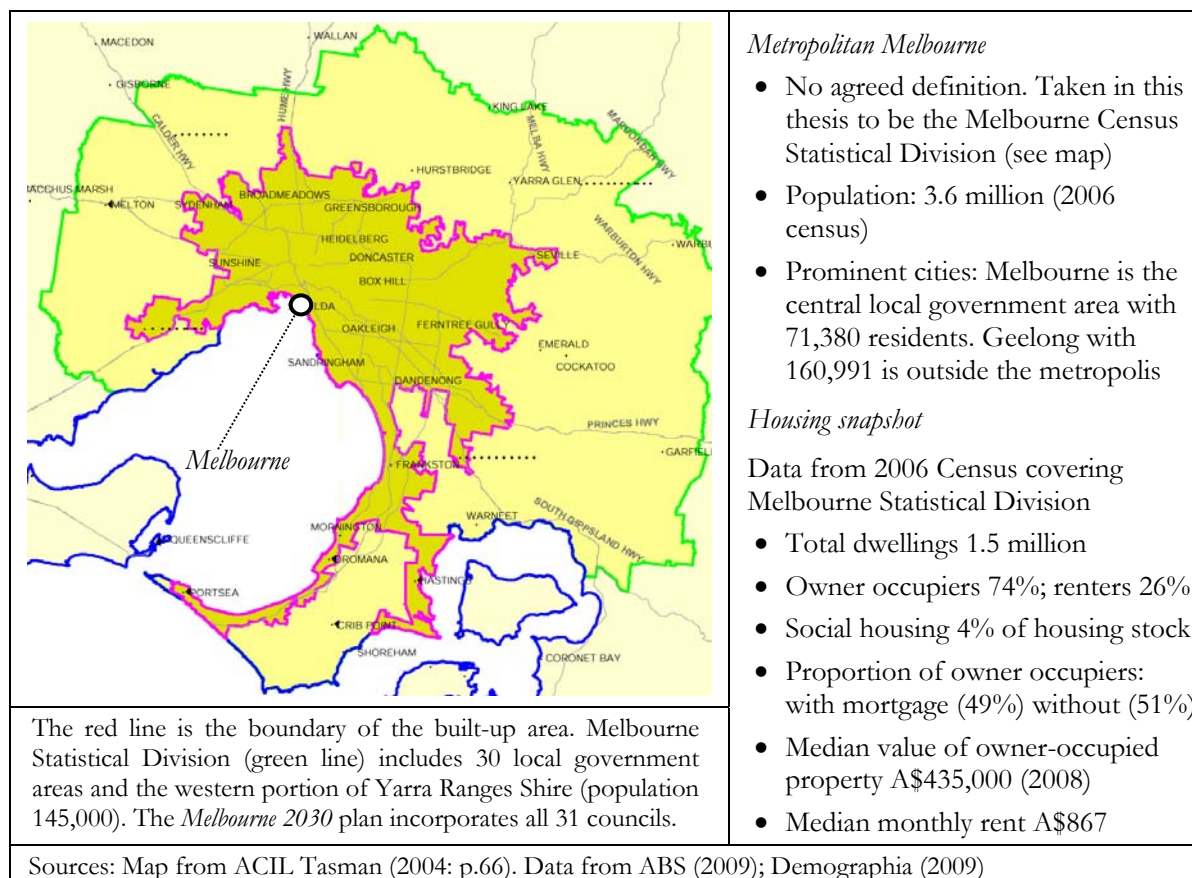


Figure 10: Melbourne city region

There is no single public authority coordinating responses to metropolitan Melbourne's affordability problems. Local councils have a more limited role than in San Francisco or Manchester. Victorian councils powers, duties and functions are specified by the Local Government Act 1989 which is state not national legislation. In Australia 'state governments have the power to change local government boundaries or amalgamate existing councils, as well as to dismiss democratically elected local councils' (Mercer & Jotkowitz, 2000: p.176). Melbourne City Council was dismissed in 1980 (Logan, 1985). Premier Jeff Kennett dismissed all Victoria's councillors in 1994, replacing them with public commissioners for three years to force an amalgamation of metropolitan councils from 56 to 31 (Forster, 1999: pp.156-7).

Victorian councils have limited ability to set distinct housing policies. The City of Port Phillip in Melbourne has proactively used planning tools and investment strategies to leverage national and state funding for social housing, but they are the exception not the rule. Their 1997 Housing Strategy focused on minimising the impact of gentrification. With no specific mandatory provisions to enforce developer contributions, such as Britain's s.106 of the Town and Country Planning Act 1990, Port Phillip have relied on a creative interpretation of Victoria's Planning and Environment Act 1987 (Gurran et al., 2008: p.57). Port Phillip and Melbourne City Council established and supported housing associations, using them as joint venture partners in affordable housing schemes (Milligan et al., 2004). These organisations, which have now moved further from council control, are both case studies in this study: Port Phillip Housing (Box 6, p.156) and Melbourne Affordable Housing (Box 10, p.180).

There is only modest coordination between the 31 local councils in metropolitan Melbourne, and no equivalent planning body to San Francisco Bay Area's ABAG or Greater Manchester's AGMA. Melbourne, like other Australian capital cities, has over the last 50 years produced a succession of metropolitan plans. The latest, *Melbourne 2030* (Victorian Government, 2002), commits to increasing the affordable housing supply for low and moderate earners. New homes are to be located close to public transport and employment, within a city region edged by growth boundaries. Supply will be increased 'through joint programs with the Urban and Regional Land Corporation [VicUrban], the Office of Housing, local councils and the not-for-profit sector' (*ibid*, p.117). Mention is also made of a de-concentration of public housing by mixing private, affordable and social housing within neighbourhoods. Melbourne 2030 is strong on vision but weaker on implementation, which the plan states will need 'ongoing discussion between State and local government, with sustained cooperation and coordination' (*ibid*, p.172).

There are five Regional Housing Working Groups of local councils, though in practice much of the delivery of *Melbourne 2030* is through direct action by state agencies and departments (such as VicUrban and the Department of Human Services). Victoria's budget is also being used to encourage partnership working and influence actors such as councils and housing associations.

### ***Housing Affordability***

Melbourne claims to be one of the world's most liveable cities, but it is also one of the most expensive. This was confirmed by Demographia's (2009) annual survey housing affordability in major urban areas in Australia, Canada, Ireland, New Zealand, the UK and US. From data for the third quarter 2008, 'Melbourne' (the chosen area was not defined) ranked 12<sup>th</sup> out of 265 regions, with a ratio of median house prices to median household income of 7.1 times. Three of the top five least affordable urban regions were in the Australia, followed in 6<sup>th</sup> place by San Francisco-Oakland (8.0 times) and 7<sup>th</sup> by San Jose 7<sup>th</sup> (7.4 times). No separate data was given for Manchester as it was amalgamated in the 2009 survey with north west England. The Demographia survey, although not using the most sophisticated statistical approach, highlights Melbourne's unwelcome arrival in the unaffordability super-league. The housing market has experienced high levels of demand, driven by an increasing population and a booming economy. Victorian house prices doubled in real terms between 1996 and 2004, and the state's annual economic growth in the four years to 2006 averaged 3.6 per cent, higher than the national average of 3.3 per cent (Victorian Government, 2006c).

Pressures in Melbourne's property market have hit those on low incomes hardest. Taking a tenure-neutral approach, Yates (2007) found that although there was relative stability in the proportion of Australians in housing stress (where more than 30 per cent of gross income is spent on housing costs) between 1995-6 and 2002-3, a greater proportion of those facing problems were in the lowest 40 per cent income band (Yates et al., 2004). Of these low income groups in Melbourne, 33 per cent paid more than 30 per cent of their income on housing and 16 per cent paid over 50 per cent in 2002-3 (Yates & Gabriel, 2006). Three times as many renters were in housing stress as purchasers in this survey. Low-rent housing stock has steadily declined in Melbourne, and more of it is occupied by people on moderate incomes who cannot afford to purchase. New rental properties in Melbourne's city centre and Docklands aim for the upper end of the market, the segment of the market in least stress. Rising rent costs and lines of potential renters viewing properties have featured prominently in the Australian media. Vacancies within 10 kilometres of central Melbourne were only 1 per cent in December 2008 (REIV, 2009).

### ***Partnership Working at VicUrban***

VicUrban are a good example of the transformation of a traditional government department into a commercialised, arms-length state agency. Founded by state government as the Victorian Urban and Regional Land Corporation in 1975, to stabilise land prices by establishing land banks, the Corporation soon moved beyond residential land release into a developer role. The organisation was corporatised in 1997, with the Minister appointing directors and setting broad strategy but no longer involved in the organisation's day-to-day running. In the last decade, the organisation was given broader social planning and environmental obligations, and re-branded as VicUrban in 2003 after merging with the Docklands Authority. Their remit has moved beyond land release in the 1970s to urban renewal, place-making, improved design quality and promoting affordable housing. VicUrban (2008a: p.6) 'as a participant in the market ... act to raise the standard of urban living, delivering communities in metropolitan and provincial Victoria that are resilient to social, economic and environmental challenges'. A similar transformation took place with New South Wales's land agency, Landcom (Gilmour, 2006).

Housing affordability is one of VicUrban's five core objectives. This relates in part to properties for sale. For example 'Aurora', their largest residential scheme to date, for 8,000 homes on Melbourne's urban fringe, aims to deliver more than 30 per cent of properties affordable for the lowest household income quartile (VicUrban, 2007a). For more centrally located schemes and higher density developments, there is a target of 5 per cent of units to be 'offered to an accredited not-for-profit housing provider for affordable rental housing' (VicUrban, 2006: p.16). In Melbourne Docklands, Australia's largest development scheme, VicUrban are using their coordinating role to promote affordable units for rent. In partnership with the Office of Housing, private developer Land Lease and housing association Melbourne Affordable Housing, a mixed use retail and residential scheme 'the Merchant' will offer 76 market rate and 57 social dwellings. Due to be completed late in 2009, the scheme aims to accommodate lower paid workers employed in retail and catering outlets in Docklands. Built by a private developer, the units will be sold at a reduced price to a housing association for long term tenancy management (Melbourne Affordable Housing, 2008a; 2009). VicUrban are Australia's only land agency that partners with housing associations and promotes rental properties.

Understanding the role of actors such as VicUrban is important in appreciating new affordable housing networks. Like England's Homes and Communities Agencies, VicUrban is weaving together the threads of affordable housing and urban regeneration. This helps support

the state's planning objectives, making VicUrban a key player in meeting targets set by the state government's Melbourne 2030 Strategy (Gleeson & Coiacetto, 2005). Some 23 of 27 VicUrban's current projects are located in metropolitan Melbourne not regional Victoria (VicUrban, 2008b). VicUrban leverages monies raised from commercial schemes to cross-subsidise affordable housing and sustainable design, although this is a model that will become challenging following the recent downturn in financial and property markets. Their income of A\$251 million in the year to June 2008 mainly came from property profits, with only a modest state grant of A\$50 million (VicUrban, 2008a). VicUrban partnerships with housing associations is a powerful way to build sector capacity, transferring property development and planning skills. In addition to the Docklands scheme, VicUrban are partnering with Supported Housing Limited, a housing association assisting people with disabilities, and a private developer to construct accessible housing at Dandenong. They are also working with Community Housing Victoria on three sites.

### ***Public Housing Renewal***

Whilst VicUrban's work is important and innovative, in terms of scale it is completely overshadowed by Victoria's public housing department, the Office of Housing (OOH). As Lawson and Milligan (2007: p.154) noted, this is a national characteristic: 'the social housing system in Australia is still dominated by large public landlords with exclusive domain'. As at 30<sup>th</sup> June 2007 the OOH managed 63,277 units of public housing and employed 1,140 staff (Victorian Government, 2007b). This makes it by far the largest housing provider included in this research on three city regions. To put this in perspective, Victoria's OOH is twice as large as Wigan and Leigh Housing (Greater Manchester's largest social housing provider) and six times the size Bridge Housing (San Francisco Bay Area's largest). There is a close integration between public housing and housing associations in Victoria, not evident in San Francisco or Manchester. Housing associations are directly funded and regulated by the public sector, not through arms-length agencies as in the US and England. Many properties remain owned by the OOH and leased under management contracts to housing associations. From the OOH website, public and nonprofit housing are so closely integrated that a casual observer may think them the same:

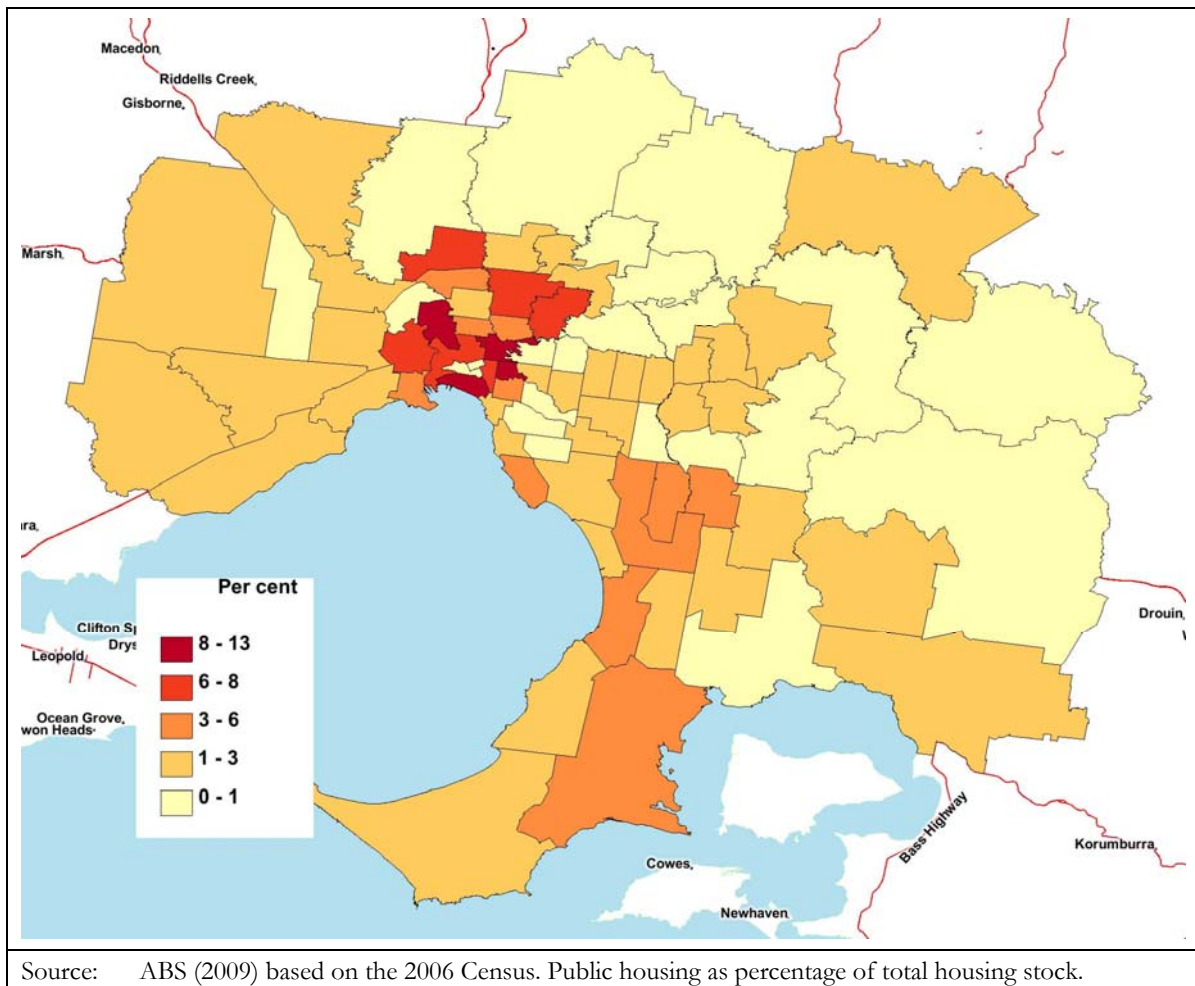
The Office [of Housing] owns and manages or provides funds to agencies for over 77,000 properties, including long term public housing, community housing and Aboriginal housing; short to medium-term crisis and transitional housing (Victorian Government, 2009).

Victoria's public housing dates from the establishment of the Victorian Housing Commission in 1938, following a public campaign by a Methodist lay-preacher Oswald Barnett concerned about

the state of inner-Melbourne slums. By the 1940s the focus had shifted to building in the northern and western suburbs where post-war industry was locating (Howe, 1988). Unlike England (before 1981) or the US, Australian state housing authorities sold many of the early properties they built to tenants at a discount. Victoria sold 31 per cent of public housing built between 1955 and 1969, mainly on suburban estates (Hayward, 1996: p.17). By the 1960s the focus shifted to inner-city slum clearance and the Victorian Housing Commission was the most enthusiastic in Australia for replacing traditional housing with high-rise blocks. Approximately 10 per cent of Victorian public housing is in 44 high rise towers, located in 9 inner city municipalities. (McNelis, 2001: pp.7-8). From the 1970s public housing was targeted to low income groups, especially those at risk of homelessness or unable to access the private rental market (Australian Parliament, 2005). Targeting high needs groups accelerated after the 1996 Commonwealth State Housing Agreement (CSHA), leading to a fall in rental income and financial problems for state housing authorities (Hall & Berry, 2007). By 2003 only 4 per cent of Victorian public housing tenants relied solely on earned income (Victorian Government, 2003).

The location of Melbourne's public housing reflects historic development rather than current needs. As well as having significant high rise dwellings in the inner city, there is a relatively good supply of public housing in the outer metropolitan areas and regional centres, although these tend not to be the location of employment opportunities (Victorian Government, 2002). Across the private and public sectors, three quarters of low cost rental properties are in the outer suburbs and the Mornington Peninsula (Victorian Government, 2004b). Figure 11 shows higher concentrations of public housing not just in the centre but in outlying areas. Inner city public housing now forms a relatively high proportion of the affordable housing stock, and has a number of locational advantages (Foard et al., 1994). The main problem is the quality of the stock. The Bracks Labor government, elected in 1999, faced a major backlog in public housing repairs following the cut-back in CSHA funding after 1996. The 'Growing Victoria Together' policy started renewal of 13 public housing estates in 2000 (Victorian Government, 2001). The aim of the OOH is to 'make public housing a more desirable place to live, with improved amenities and access to social networks' (Victorian Government, 2006b: p.2). State finances permit little net increase in public housing stock, although there is continuing re-development. In 2006-7 net housing stock increased by 133 units comprising 385 new properties constructed and 252 demolitions (Victorian Government, 2007b).





**Figure 11: Public housing distribution, metropolitan Melbourne, 2006**

Public housing demand continues to out-strip supply, with 34,150 people on the waiting list (equivalent to 50 per cent of total stock) and 7,850 existing tenants awaiting transfer (Victorian Government, 2007b). The OOH have started a small number of partnership arrangements with private developers, detailed below, leveraging income from more intensive land use. However, Victoria shows little enthusiasm for stock transfer to housing associations, unlike England and New South Wales in Australia. They continue to hold public housing assets valued at A\$12.7 billion in June 2007 (Victorian Government, 2007b). The only transfers have been of a small number of units in May 2008. These were to housing associations who already manage the tenancies, including Melbourne Affordable Housing who received ownership of 32 units.

Victoria's first major redevelopment of an inner city public housing estate, pioneering a move from mono-tenure public housing to mixed-tenure public and private is at Kensington. Between 2002 and 2013, a public-private partnership involving developer Becton Property Group is re-developing a 1960s public housing estate (Victorian Government, 2006b). This A\$77

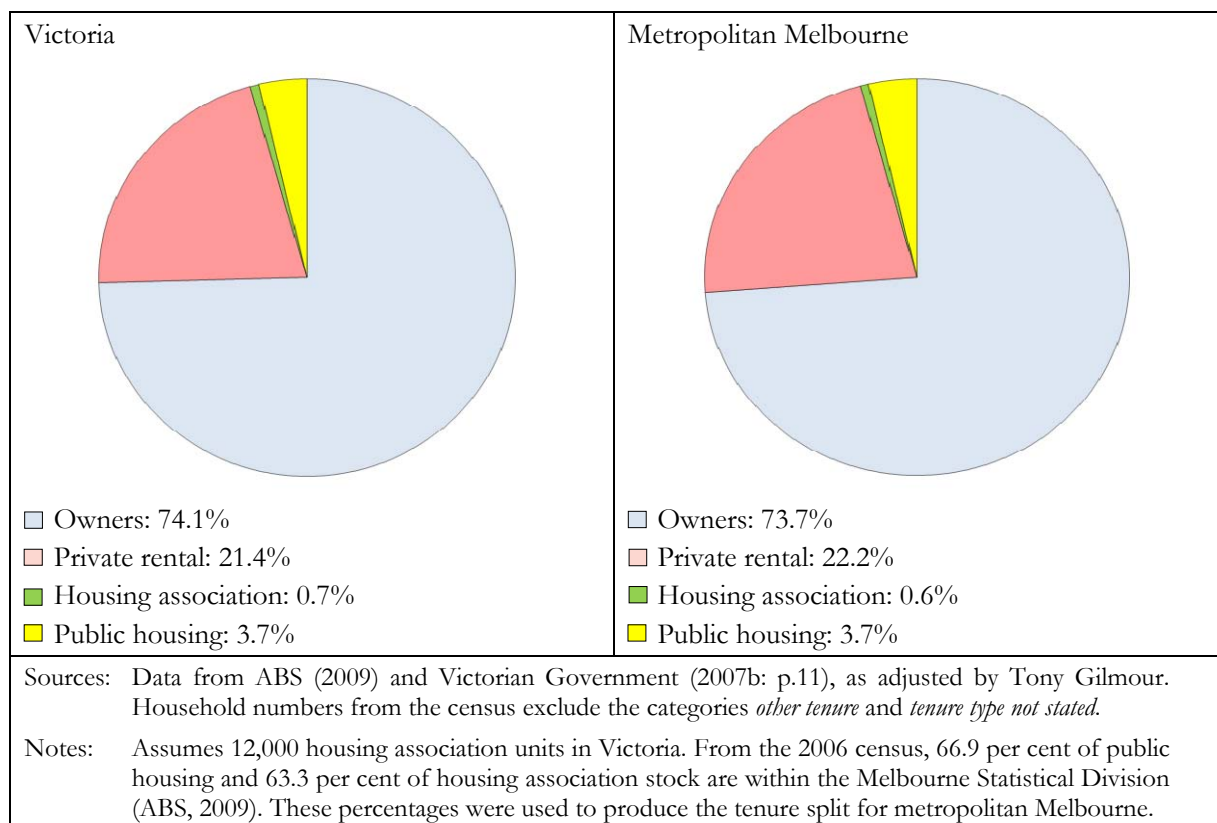
million scheme involves one of three tower blocks and 15 blocks of walk-up flats being demolished. Kensington will eventually provide 436 public and 421 private dwellings although it will be public tenants who live in the two towers, not private purchasers. Place management of the entire site, and services for public housing tenants, will be provided by Urban Communities Limited, an independent nonprofit organisation established by the state in 2008. Urban Communities plan to develop affordable housing in Victoria in their own right, and are currently registering as a housing association (Milligan et al., 2009, forthcoming). The Kensington scheme has similarities to Hunters View in San Francisco: the use of partnerships, leveraging developer funding by using surplus public land, partnership with a housing association, and the move to mixed-tenure. The difference is that at Kensington, on-site public housing will reduce by 145 units (25 per cent) whereas Hunters Hills promised 1 for 1 on-site replacement. The intention at Kensington is for an off-setting increase in public housing in nearby areas (Hulse et al., 2004).

The Kensington project is one of the few schemes transforming Victorian public housing to involve a housing associations as partner. No housing associations are mentioned in the 23 schemes in 'Social housing in Victoria, major projects 1999-2006' (Victorian Government, 2006b). The OOH engages private developers (and increasingly high profile architects) for public housing redevelopment, but plans to remain as tenancy manager for most schemes. Following Kensington, the next major inner city redevelopment will be at Carlton where 192 public housing units will be transformed into 245 public and 550 private homes. Although most of the A\$250 million can be financed through land agreements with developers, A\$50 million will be contributed by state government (Victorian Government, 2006b). Contracts have not yet been announced for Carlton, with tenders under consideration from three private developers and two consortia. Promisingly for the housing association sector, the news release mentions 'a mix of public, community managed and private apartments' (Victorian Government, 2007a).

### ***Tenure Mix***

In calculating Melbourne's housing tenure mix, care is needed to interpret the data supplied by the Australian Bureau of Statistics (ABS). Census data on landlord type is based on respondent selection where there can be confusion between public housing and housing association providers. More reliance must therefore be placed on the Victorian Government's (2007b) figures for social housing that is financially supported by the state. These numbers exclude housing managed by small scale and local housing associations, typically serving aged and disabled tenants or providing crisis accommodation but not funded through the CSHA. Gilmour

and Bourkes' (2009, forthcoming: p.6) research indicated that for Australia in 2007, CSHA funded housing associations provided 34,672 units compared to 21,215 from non-CSHA funded organisations. Victorian Government (2007b: p.11) figures show that at June 2007 there were 63,277 units of public housing and 7,131 units of housing association stock that were funded under various programs. These figure for housing association stock will understate the total number. In 'Shaping the future of social housing' it is stated that 'the Victorian community housing sector manages more than 12,000 affordable homes' (Victorian Government, 2006a: p.1). Although there is no explanation of how this number is calculated, it appears to be in the right order of magnitude compared to OOH numbers adjusted using the Gilmour and Bourke multiplier (11,494 homes). Therefore in Figure 12 the Victorian housing association stock is taken to be 12,000 of which 7,600 are in metropolitan Melbourne.



**Figure 12: Victoria and Melbourne housing tenure estimates, 2007**

From Figure 12, social housing comprises 4.3 per cent of Victoria's housing stock. This compares to 2.9 per cent in the San Francisco Bay Area, although both are low by international standards. However, there are important differences between the cities. Comparing Figure 12 to Figure 8, Melbourne is much more similar in housing tenure to its wider area than San Francisco.

In part this may be due the city's dominance in the region as Melbourne has 72 per cent of Victoria's housing stock. However, the remainder of Victoria is small town and rural rather than a largely metropolitan conurbation like the Bay Area. Housing associations in Victoria are the junior partner to public housing in the social housing mix, as is common in Australia. However, Victoria has only 0.5 per cent of stock managed by housing associations compared to an estimated 0.9 per cent for Australia as a whole (Gilmour & Bourke, 2009, forthcoming). Victoria contrasts to the Bay Area (Figure 8) and Greater Manchester (Figure 15) as there is a higher proportion of housing association tenure in the wider area than the urban core.

### ***Housing Associations***

The influence of state government on Victorian housing associations through new regulatory procedures has been described in Chapter 2 and mention has been made in this Chapter of the activities of VicUrban, and the OOH as lessor of social housing assets to the sector. If regulation has been the stick, greater public funding of housing associations has been the carrot. In the US housing association funding is through tax credits, which are beyond the control of local politicians. The same is true in England, through the national arms-length Homes and Communities Agency, and its predecessor the Housing Corporation. In Victoria, provision of funding is yet another intervention tool controlled by the Housing Minister through the OOH. The state organisation not only pays for building new affordable housing, it funds professional staff training at Swinburne University and employs a dedicated housing association Sector Capacity Building Manager with a three year budget of A\$250,000. The OOH also provides 91 per cent of the funding for the sector's trade association, the Community Housing Federation of Victoria (CHFA, 2008a: p.6). The close involvement of the OOH in Victorian housing associations is a theme that will be returned to in Chapter 6.

Finance for Victorian housing associations has become more generous this decade, starting with the 'Social Housing Innovations Project' providing A\$94.5 million for 800 additional units over 2001-3. This scheme expanded both public and housing association stock. It was followed in December 2003 by the 'Strategy for Growth in Housing for Low Income Victorians' of A\$70 million over 2003-7 aiming for 430 new properties. This funding was for housing associations, partnering with local government or the private sector (Victorian Government, 2006a). Finally, the May 2007 budget awarded a record A\$510 million for social housing with housing associations allocated \$300 million to build 1,550 affordable homes (Government of Victoria, 2007). This was of symbolic importance as it was the first time

housing associations received more money than public housing. The Victorian Government's financing of associations has been on the basis of providing 75 per cent of construction costs with no on-going subsidy. The missing slice of funding is through land donation, bank loans or cross-subsidisation from market profits. Details have not yet been announced of how Victoria will contribute towards construction costs for housing associations using tax credits, although indications are that there will still be a gap in funding (Gilmour & Milligan, 2009, forthcoming).

**Table 6: Ranking of Victorian housing associations, 2009**

Name, ranked by housing stock			Est.	Scope	Registration and date	
1	● Community Housing Victoria ■	2,000	1993	National	Association	Sep 2005
2	Common Equity Housing	1,700	1987	State	Association	Nov 2007
3	● Yarra Community Housing	600	1980s	Metropolitan	Association	Sep 2005
4	● Supported Housing	574	1993	Metropolitan	Association	Jun 2005
5	● Port Phillip Housing ■	538	1985	Metropolitan	Association	Sep 2005
6	● Melbourne Affordable Housing ■	425	1986	Metropolitan	Association	Sep 2005
7	WAYSS	360	1970s	Metropolitan	Provider	Jun 2008
8	North East Housing	255	-	Metropolitan	Provider	Dec 2008
9	● Loddon Mallee Housing	254	1978	Regional	Association	May 2005
10	Hanover Welfare Services	250	1964	Metropolitan	Provider	Dec 2008
11	Wintringham Housing	235	1985	Metropolitan	Provider	Aug 2008
12	South Port Community Housing	175	-	Metropolitan	Provider	Dec 2008
13	Active Property Services	160	1997	Metropolitan	Provider	Oct 2008
14	Rural Housing Network	113	-	Regional	Association	Jul 2007
15	Women's Housing	110	-	Metropolitan	Provider	Jul 2007
16	Servants in Hawthorne	37	1988	Metropolitan	Provider	Nov 2007
17	Eastcoast Housing Association	-	-	Regional	Provider	Dec 2008
18	Footscray Rental Housing	-	-	Metropolitan	Provider	Oct 2008
19	Homeground Services	-	1991	Metropolitan	Provider	Jun 2008
20	Northcote Rental Cooperative	-	-	Metropolitan	Provider	Oct 2008
21	South East Housing Cooperative	-	-	Metropolitan	Provider	Nov 2008
22	Sunshine/St Albans Coop	-	-	Metropolitan	Provider	Dec 2008
23	Victorian Women's Housing	-	1996	Metropolitan	Provider	Aug 2008

Source: Search of all Victorian registered agencies as at January 2009: Victorian Housing Registrar (2009).

Notes: ■ case study organisation; ● registration pilot; '-' not disclosed; *Est* - established, normally date of earliest member if group structure such as Melbourne Affordable Housing; *Scope* refers to existing coverage, with some associations looking to start operate in a wider area.

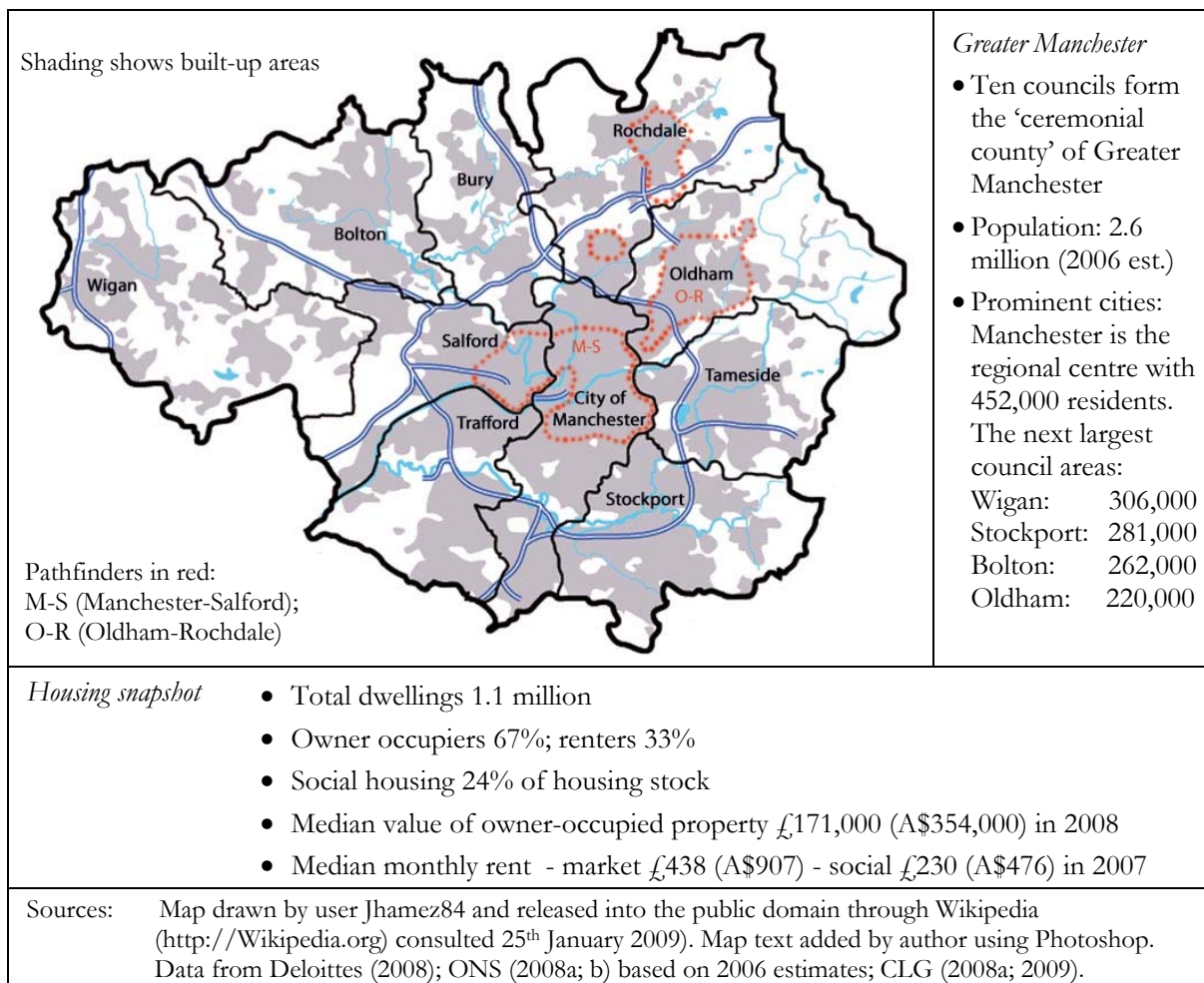
Stock numbers, establishment dates and geographic scope are taken from individual websites and annual reports. Community Housing Victoria figures are after their merger with Mid North Coast in NSW. Melbourne Affordable Housing has not been adjusted for potential merger with Housing Choices Australia. Numbers in this table are tentative as there is no consistency in recording data.

Victorian housing associations had to register by the end of 2008 to be eligible for funding (Box 2, p.35), and Table 6 is an analysis of the 23 organisations that have completed the process. The Registrar's website allows easy identification of associations but provides little detailed information. Most organisations have registered as *housing providers*, with 8 classified as *housing associations* and allowed to develop as well as manage housing. The latter are predominantly, although not exclusively, the largest existing groups in terms of properties managed. Many housing providers deliver specialised services (for elderly or disabled people) or for distinct groups (the homeless, women etc). They have less organisational capacity, and a number do not have a website which makes them hard to research as data is not made public by the regulator or the trade association. One organisation, Community Housing Victoria, has ambitions to provide affordable housing across Australian states and overseas (Box 14, p.254). The other organisations, except Common Equity Housing, tend to focus on either metropolitan Melbourne, or regional Victoria. For those in the metropolitan area, most of the smaller housing providers have a focus on a particular suburb. The growing housing associations have started to become more flexible in their geography and provide housing in a number of suburbs.

### **3.3 Greater Manchester**

From the 'shock city' of the industrial age (Briggs, 1968: p.96), to more recently 'city of revolution' (Peck & Ward, 2002a), Manchester is not a city that lives in the past. Nor is it one that stands in the shadows. Manchester City Council's (2009a) website proudly lists 37 'Manchester firsts', from the industrial revolution and the world's first railway to splitting the atom and the first computer. The city of revolution demolished its dark, satanic cotton mills in the early 1990s to make way for what it hoped would be Manchester's Olympic stadium.

In terms of the transformation of its social housing, Manchester has made revolutionary changes. It has not just used, but often pioneered the use of, every approach to public housing renewal devised by the New Labour government since 1997. The *City of Manchester* is a geographically small council sitting, like San Francisco and the City of Melbourne, at the heart of a larger metropolis. There is no agreement about the size of the city region, although the thesis takes the county of *Greater Manchester* with a population of just under 2.6 million as its boundary.



**Figure 13: Manchester city region**

As shown in Figure 13, the built-up area extends over much of the central area of the county, little respecting council boundaries. Satellite towns such as Wigan, Bolton and Rochdale, although proudly asserting their independence from Manchester, are within the city’s economic force field. Outside the county many areas such as High Peak, Warrington, Macclesfield, Vale Royal and Congleton act as dormitories for the city’s professional workforce. The Audit Commission’s (2006: p.6) definition of the *Manchester City Region* includes these areas, which has a population of 3.2 million, and ‘the largest economy of a regional centre outside London’.

Greater Manchester's social, economic and housing landscape is polarised (ECOTEC, 2007). ‘The Manchester city region features geographical areas of very high economic performance and affluence alongside areas with lower levels of economic activity/output and high levels of deprivation’ (Manchester Enterprises Research Team, 2007: p.4). The areas of prosperity and poverty are often very close as Greater Manchester is a geographically compact area of 128,000 hectares (17 per cent the size of metropolitan Melbourne, or 7 per cent of the

San Francisco Bay Area). Migration from the older towns, particularly parts of central Manchester, Salford, Rochdale and Oldham, has left pockets of low housing demand. During the 1990s these problem neighbourhoods faced challenges of property abandonment, declining sales prices for owner-occupiers, anti-social behaviour and community breakdown. Other areas, including much of the borough of Trafford, city centre Manchester and districts on the edge of the southern urban fringe have experienced large property price rises. Here the problems are lack of affordability for first time buyers and shortage of housing to rent (ECOTEC, 2007).

Affordability problems are particularly concentrated in the low income market, to rent or buy, with vacancies having reduced across all tenures. Between 2002 and 2007, social housing waiting lists increased by 97 per cent. The Right to Buy and selected demolition of low-demand stock have reduced the size of Greater Manchester's social housing stock by 70,000 units between 2001 to 2007 (Deloitte, 2008). Between 2001 and 2006 new housing supply of all tenures was 28 per cent below household growth in Greater Manchester (ECOTEC, 2007: p.10). In the owner-occupied sector the highest price rises have been in areas that once supplied cheaper properties. Oldham prices increased by 147 per cent from 2000 to 2007, compared to a more modest price rise of 105 per cent in wealthy Trafford (*ibid.* p.113). Therefore, in Greater Manchester 'affordability remains a major issue, and given the underlying drivers is likely to remain so, whatever the ramifications of the credit crunch' (Deloitte, 2008: p.10).

### ***Regional Administration & Partnerships***

England does not have strong regional government, with no administrative units similar to states in the US or Australia. Regional assemblies of appointed local politicians were established in 1998. The North West Regional Assembly (NWRA), based in Wigan, had responsibility for the Regional Development Agency and modest influence over planning through the Regional Spatial Strategy (GONW, 2008). A committee of the NWRA, the NW Regional Housing Board produced a Regional Housing Strategy which can influence the housing policy of individual councils (NWRHB, 2005). However, unlike California's Housing Element, the document does not have targets per local authority, and there is no power of enforcement. Proposals for regionally elected assemblies were considered after the successful establishment of the Greater London Authority in 2000, those these were halted when north east England voted decisively against devolution in 2004. The national government decided to abolish the regional assemblies and the NWRA was replaced in July 2008 by '4NW', a regional leaders forum of local politicians, business and third sector leaders. It is not yet clear how the new structure will work in practice.



With weak regional coordination between local authorities in England, more work is undertaken at sub-regional level. When local government was reorganised in 1974, metropolitan regions such as Manchester moved to a two-tier structure. Ten new councils were formed through a process of amalgamation, and a new directly elected Greater Manchester council was given powers over county-wide services such as the police and transport. When the county council was abolished in 1986, and powers devolved back to councils, the Association of Greater Manchester Authorities (AGMA) was established. AGMA coordinate activities between the 10 councils in what is now the 'ceremonial county' of Greater Manchester and has 'alliances' with neighbouring Blackburn and Warrington councils, and distant Blackpool (AGMA, 2009). In terms of housing, AGMA provide input to the regional spatial and housing strategies based on high quality commissioned research (for example: ECOTEC, 2007; Deloitte, 2008). Their recently agreed new governance arrangements established a new commission for Planning and Housing which, it is hoped, will provide more focus in these areas (AGMA, 2008a). AGMA are therefore in a good position to influence and lobby, although not directly, local housing strategies.

As with ABAG in the San Francisco Bay Area, most of AGMA's activities are undertaken on a voluntary basis, although they have a few minor statutory responsibilities such as for the county records office. AGMA are not a separate legal entity and the few staff who work for them are contractually employed by the local councils. Despite the informal nature of their activities, and their inability to reach consensus over a (failed) 2008 plan for a county-wide congestion charge, AGMA are seen as one of the most successful post-1986 metropolitan bodies. An interviewee who is involved in regional coordination in Greater Manchester, judged them to be 'pretty solid in terms of political strategy making, and very dynamic attempts to create a city-region. So that's leading-edge in terms of England at the moment' (Interviewee 026). AGMA's role looks set to expand in line with recent government policy to promote the use of Multiple Area Agreements (MAAs) between different local authorities, businesses and the third sector. AGMA and the Minister of Communities and Local Government signed one of the first such agreements in July 2008. This should further improve joint working between the 10 Greater Manchester councils at sub-regional level (AGMA, 2008b; CLG, 2008b).

Two earlier Multiple Area Agreements in Greater Manchester, of more significance for affordable housing delivery than the July 2008 AGMA agreement, were formed under the Housing Market Renewal Pathfinder initiative. Prompted by academic research reports and lobbying by northern Labour MPs from the late 1990s, the government's Pathfinder program

was significant in that it acknowledged regional housing market differences. Problem neighbourhoods in the midlands and north of England with low demand for private and social housing were seen to need new and innovative solutions. Two of the nine Pathfinders were established in Greater Manchester, Manchester-Salford in 2002 and Oldham-Rochdale in 2004 (see Figure 13). Their boundaries were drawn based on statistical indicators of 'at risk' local markets, not local government or ward boundaries (Cole & Nevin, 2004). As a result they have required a greater degree of partnership working between councils, housing associations and private sector developers. Housing policy makers now need greater flexibility, moving at different spatial levels from neighbourhood to local, sub-regional and regional level (Cole, 2006).

The most heavily funded Pathfinder scheme in England has been Manchester-Salford, in the heart of Greater Manchester, with a population of 240,000. In this, area 23 of the 27 local government wards are in the top 10 per cent of deprived wards nationally. The property vacancy rate among the predominantly older terraced houses and walk-up flats that characterise the area was 10 per cent in 2002. Property prices were around one third of those for similar properties in more popular neighbourhoods (Cole & Nevin, 2004: p.78). The Pathfinder plans to invest £361,000 (A\$747,000) between 2002 and 2011. Manchester housing associations have been closely involved in Greater Manchester's Pathfinders due to their stock holdings in the areas affected by low demand, and their ability to help build community cohesion. One of the eleven board members of the Manchester-Salford Pathfinder (2008) board is a Housing Corporation representative. However, unlike other local regeneration consortia (such as the Trafford Partnership), and the Oldham-Rochdale Pathfinder (where Great Places provide a director), housing association senior executives do not sit on the Manchester-Salford Pathfinder boards.

Pathfinder consortia select housing association 'partners', and both Irwell Valley Housing and Mosscaire Housing have worked with Manchester-Salford. The process of partnering affects the structure of the local housing association sector. Manchester council are aiming to 'develop a more rational approach to partnership working, and in particular reduce the number of RSLs [housing associations] active within both cities ... the Pathfinder will be seeking the views of those with very small amounts of stock as to their future within Manchester and Salford' (Manchester City Council, 2005). Rationalisation of stock holdings has already started, with Mosscaire Housing recently swapping 27 of their properties in Salford to Great Places in exchange for 47 of their properties in Manchester. New consortia have emerged to bid for contracts from the Manchester-Salford Pathfinder, such as joint venture company Reviva Urban

Renewal Limited, owned in equal thirds by Irwell Valley Housing, Mosscares Housing and Great Places housing association (Audit Commission, 2007a). Therefore Pathfinders, in addition to bringing extra regional funding, are helping re-shape Manchester's housing association network.

### ***City of Manchester Public Housing***

The housing structure of Greater Manchester has been strongly influenced by the policies of the City of Manchester, both in terms of innovation and spatial expansion beyond the city's boundaries. In the post-war period, Manchester City council's focus was on a massive program of re-building war damaged homes and replacing slum dwellings. Between 1954 and 1976, some 90,000 unfit properties were demolished, replaced by 71,000 new council owned and managed homes (Kidd, 1993: p.22). Land shortages in the area under direct council control led to a policy of building housing estates in neighbouring local authority areas. Manchester embraced the concept of 'overspill estates' more than any other city, and built 21,000 homes in Lancashire and Cheshire (Shapely, 2006). Although these were normally constructed as low-rise garden suburbs, most lacked local employment or social facilities (Williams, 1996). By the 1990s they had become notorious pockets of social and economic deprivation dotted around Greater Manchester.

In contrast to Manchester, neighbouring Salford moved early to building high-rise tower blocks within its boundaries - a policy it would later regret. Therefore, in contrast to Liverpool and Birmingham where over 20 per cent of council housing was high-rise, Manchester only reached 11 per cent (Shapely et al., 2004: p.422). However, the city was not without its notorious inner-city housing projects, among them deck-access Hulme V flats (completed 1971) and 'Fort' Ardwick (1972). By the 1970s the Corporation had become out of touch with tenants, unable to treat them as consumers. Tenant groups demanded efficient repairs not grand building projects. Coupled with a decline in central government funding '[Manchester] Labour Party's unity - and its housing policy - collapsed in disarray' (Shapely et al., 2004: p.433).

The City of Manchester's transformation of public housing and adoption of new approaches to governance over the last 20 years have been dramatic. Following Margaret Thatcher's third election victory in 1987, the city council moved from its traditional Labour roots and reinvented itself politically as an entrepreneurial partner of central government. Northern pragmatism replaced dogmatic ideology: the council's slogan 'defending jobs; improving services' gave way to 'making it happen'. Manchester's audacious bids for the 1996 and 2000 Olympics in the early 1990s established a new way of local working with the city council a central player, but

exercising different forms of influence and power (Cochrane et al., 2002). As Peck and Ward (2002b: p.13) note, 'the *process* of networking for the Olympic Games united cultural, economic and political elites behind the single, overarching objective of securing Manchester's future'. The new elite continued to work together, winning regeneration funds for Hulme and East Manchester, attracting the Commonwealth Games to the city and government grants for the large-scale rebuilding of the city centre after the 1996 IRA bomb (Holden, 2002). When New Labour won the 1997 general election it was a seamless transition for Manchester who continued to be the beneficiary of virtually all other competitively bid-for schemes, from a Health Action Zone to the New Deal for Communities (Robson, 2002).

Given the attitude change by Manchester council from the late 1980s, it is surprising that housing was one of the last municipal activities to be transformed. The first transfer, in 1996, was of 1,423 units on a troubled overspill council estate at Partington, to Manchester and District Housing Association. Following generous government grants, a further transfer took place in 1999 of 6,679 homes in Wythenshawe, south Manchester. Here Willow Park, a new local housing association was formed. Small transfers of overspill estates continued, but at the 2001 census, Manchester still owned and managed 47,889 council houses (excluding overspill estates) within city boundaries, and had no long term housing strategy (ONS, 2003: p.316). However, by this period the council's relationship with local housing associations began to change. For example Mosscares Housing, whose growth during the 1970s and 1980s had been closely tied to council funding and support, started to be treated more as a regeneration partner (Box 3).

Needing to meet the Decent Homes standards, but unable to fund the repairs from its own resources, there was no option but to relinquish direct control of public housing. From March 2004 Manchester City Council's policy was to progressively disaggregate council housing into manageable blocks, which could be run with local resident involvement. *Inside Housing* reported 'many in the sector suggest that this hybrid solution is the government's favoured approach for large urban authorities' (Singleton, 2004: p.17). However, it has been claimed that the approach was chosen to avoid large-scale tenant opposition from groups such as Defend Council Housing (Interviewee 038). Birmingham had lost a whole-authority stock transfer vote in 2001, and Camden an ALMO vote in 2004. As a chief executive of a Greater Manchester social housing organisation described, 'Manchester did what it did as a way to get round its politicians and community groups. I suppose it's like that cliché - how do you eat an elephant - in small bits, and that's what Manchester decided to do' (Interviewee 085).

### Box 3: Mosscares Housing - council network

Mosscares was founded in 1967 as a community based, voluntary group. Behind the organisation was a group of clergy concerned about the poor quality of local housing, particularly for families with children. Many campaigned against Manchester City Council's policy of slum clearance and the demolition of traditional terraced houses in inner-city areas such as Moss Side. The relocation of tenants to remote overspill estates was seen as a cause of the breakdown of traditional communities. During this early period, when 40 units were acquired and refurbished, the group operated from the homes of committee members. In 1973 Mosscares appointed their first staff member and established an office in the Pastoral Centre of St James Church in Moss Side. At the time of Earnshaw's (1988) doctoral thesis on Manchester housing associations, Mosscares continued to be church led.

Mosscares's first phase of growth (1967-1988) was through a succession of council financed individual spot purchases of substandard traditional housing. From the late 1970s Manchester City Council promoted small, locally accountable housing associations such as Mosscares. The council saw housing associations as complementary to their high-volume public housing for families, filling a gap by accommodating the single and elderly. After 1980 a portfolio of 700 properties acquired by the council over a number of years from private landlords was moved to local housing associations, an example of a small-scale voluntary transfer. Mosscares expanded from 108 units in 1974 to 1,400 in 1988, making them the fourth largest association in Manchester with 13 per cent market share of association stock. By 1988, 21 per cent of Mosscares's homes were new build, 79 per cent rehabilitation of older properties.

One consequence of accepting funding from Manchester City Council was that Mosscares became tied to council's housing policies, with council exercising nomination rights over half their properties. However, the Thatcher Government's policy after 1979 of restricting local authority funding effectively ended spot purchases and council links with Mosscares declined. The proportion of new social housing in the city built by housing associations with Housing Corporation funded from London increased from 35 per cent in 1981 to 79 per cent by 1986. During Mosscares's second growth phase (1988-2003), when local links to the city council were low, properties under management doubled, from 1,400 to 2,800.

During the last five years, Mosscares have partnered with the city again - although on a more equal footing. With the town hall only 2 kilometres from Mosscares's head office, the links are close:

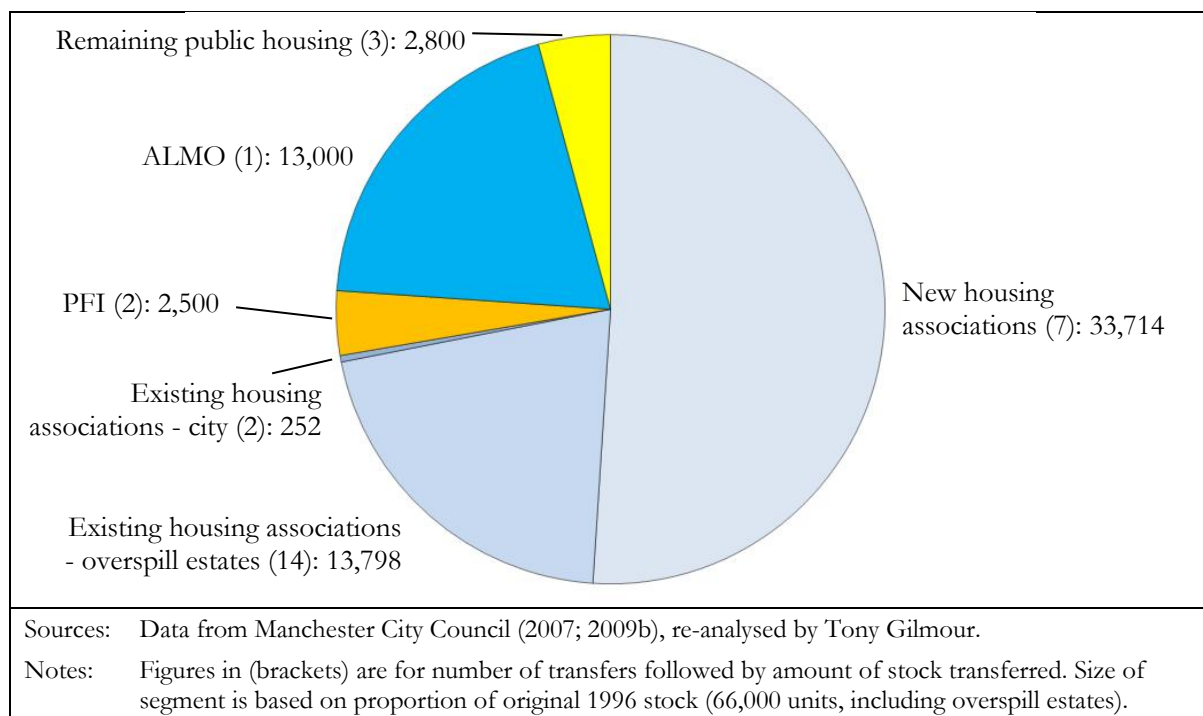
I know people there personally. We put a great deal of energy into making sure the partnership with Manchester is strong and good, and I think that pays dividends. Until Stockport [stock transfer] 90 per cent of our stock was in Manchester. Although we won't always agree with them, you've got to have an approach that's willing to work in partnership ... Partnership is about working with a common aim to solve a common problem Interviewee 119: Executive, Mosscares Housing)

The council's policy of withdrawing from public housing, splitting their large portfolio among local nonprofit providers, is described in this Chapter. Mosscares benefited from their strong community links, the council's desire to transfer properties to locally managed organisations and the association's savvy approach: 'we've done out politicking so well that we're pretty swift on our feet in seeing what's happening and where things are going' (Interviewee 061). Four transfers between 2003 and 2008 increased Mosscares's portfolio by 1,700 units, mainly of overspill estates outside the city boundaries that the organisation's founders opposed being built in the 1960s.

The drive for growth was strategic, to protect Mosscares's independence. After acquiring 1,100 units in Stockport in 2008, a neighbouring association's chief executive told them 'you're fire proof now. If you hadn't got this you'd be vulnerable to takeover' (Interviewee 061: Executive, Mosscares Housing). One member of staff (Interviewee 119) did not believe this expansion would change their community base values 'what we've done is try to definitely make sure we grew, but keep very much loyal to our ethos and beliefs and way of working'. To achieve this, Mosscares have sometimes adopted a group structure rather than complete merger approach to integrating new housing estates. The stock transfer properties in Carrbrook are managed by a tenant cooperative, and the Stockport estate run through a separate legal entity with its own board, allowing direct involvement by local people.

Sources: Audit Commission (2007a); Brandon (2007); Davies (2005); Earnshaw (1989); Housing Corporation (2004b; 2008c); Mosscares Housing (2005; 2007; 2008a; b; c; e; f; g; 2009); Personal interviews; Singleton (2004); Thorpe (2005).

The City of Manchester’s strategy for transforming public housing ownership is unique in England in terms of the number of transactions and diversity of recipient organisations. From 1996 until completion in 2010, 29 transactions will use every type of government supported vehicle: stock transfers, private finance initiatives (PFIs) and an ALMO. The transfer of the 66,000 public housing units held by the council in 1996 is analysed in Figure 14. Most popular has been forming new, medium-sized, housing associations (7 transfers to 5 organisations), each with an average 6,700 homes. Next most popular was stock transfer to existing associations (16 transfers), mostly of overspill estates. These have been smaller transactions, with an average 880 units. As these numbers can be more manageably integrated within an existing organisation than whole-authority large scale transfers, they have particularly assisted the growth of modest-sized local housing associations such as Irwell Valley (Box 8, p.160) and Mosscaire Housing (Box 3). Manchester has also formed an ALMO, Northwards Housing, and two PFIs in Ardwick and Miles Platting. The council’s final three estates with 2,800 units will probably transfer as PFIs.



**Figure 14: City of Manchester public housing transfers, 1996-2008**

Manchester council’s use of the PFIs has been significant. This is the third (although least used) pathway available to raise Decent Homes funding, the more popular options being stock transfers to housing associations and establishing arms length management companies (ALMOs). Of the 12 English housing PFI schemes signed by the end of 2008, three have been in Greater Manchester: two in the City of Manchester and one in Oldham. Of ten schemes still

under discussion, two are in Manchester, one for Oldham and one for Salford (CLG, 2009). If all projects proceed, nearly one third of England's housing PFIs will be in Greater Manchester. Low take-up of the PFI alternative is due to their contractual complexity, long delays before building work commences and uncertainly over risk/reward sharing. They are also expensive: a CLG (2008c: p.3) report found PFI costs 'significantly higher' than grant funded schemes. Therefore PFIs tend to be used for regeneration of highly problematic, relatively small housing estates.

England's first PFI, at Ardwick, is described by Manchester City Council (2009b) as a partnership between a house builder, a housing association and a financial institution. The 1970s low-rise public housing estate at Ardwick, although close to the city centre, 'was a notoriously crime-ridden sink estate blighted by graffiti, litter and high unemployment' (Allen, 2006: p.17). These problems led to low housing demand, with 200 homes vacant prior to redevelopment, and the neighbourhoods blighted by boarded-up shops. Some 88 per cent of properties did not meet Decent Homes standards in 2002, compared to 31 per cent of national social housing. Burglary and crime in Ardwick were 30 per cent higher than the City of Manchester average. The council chose a PFI rather than stock transfer due to the 'scale of investment [needed] to carry out the wider infrastructure and amenity works and 'pump prime' the whole area' (CLG, 2008d: p.28).

In 2003 Manchester City council transferred 1,000 units to a new management company, Grove Village Limited. This for-profit company is owned 49 per cent by developers, and 25.5 per cent each by Harvest Housing Association and the Nationwide Building Society (Grove Village, 2009). Harvest's involvement is through a 30 year tenancy management and estate maintenance contract, similar to Melbourne's Kensington project. The housing remains owned by Manchester council and residents retain their existing public housing tenancy rights. Grove Park's 30 year, £100 million (A\$207 million) masterplan involves demolishing 436 council houses, refurbishing 663 and building 650 new homes for private sale. The council pays an annual management fee to Grove Park but this is partly reimbursed by additional national government funding of £37 million (A\$77 million)(Housing Corporation, 2005b). Ardwick PFI is similar to schemes in San Francisco and Melbourne, particularly the move from problematic public housing (located in areas with high land values) to mixed-tenure developments. However in Ardwick the number of social housing units will fall by half to make way for private development. This is part of Manchester city council's policy of increasing owner-occupation from under 50 per cent in 2008 to 60 per cent by 2015 (Manchester City Council, 2008: p.56).

### ***Greater Manchester ALMOs***

Reinforcing the importance of local factors influencing housing outcomes, the approach of the other nine councils in Greater Manchester has been different to the City of Manchester's complex, 'hybrid' solution. Two councils, Tameside and Trafford (Box 1, p.27), chose a whole-authority stock transfer to new housing associations. Tameside's transfer of 16,400 properties in 2000 was the largest at that time in England. Government requirements that transfer associations should have less than 12,000 units led to New Charter Trust being split into two operating companies each with their own board but within a group structure (Audit Commission, 2004a). Stockport attempted a stock transfer in 2003 but faced defeat in a tenant ballot, therefore proceeded with an ALMO in 2005 after 'extensive consultation' (Stockport Council, 2006). One difference between ALMO and stock transfer is there is no Ministerial expectation of a tenant ballot with the former, although under section 105 of the Housing Act 1985 tenants need to be 'consulted' (House of Commons, 2003). Of those councils testing tenant opinion on establishing an ALMO to 2006, 21 held a ballot and 33 'used other methods to test opinion' (Hansard, 2006). Bolton Council, for example, established an ALMO in 2002 after neither ballot nor survey: a tenants conference was held where all present voted in favour (Audit Commission, 2003b). ALMOs became the preferred pathway to Decent Homes funding in Greater Manchester, with only London, Leeds and Newcastle showing this level of enthusiasm.

Usually constituted as a company limited by guarantee, an ALMO is a nonprofit organisation founded by a council to manage and improve all or part of its housing stock. While the council remains property owner, landlord and normally sole shareholder, the housing management functions are contracted to a new 'arms length' body. As the name implies, ALMOs are intended to operate with a significant degree of autonomy from council control. For local authorities, the most important feature is that 'high performing' ALMOs receive public funding not available to councils who own and manage stock.. This is on the condition that they improve customer service sufficient to be awarded 'two stars' or above from the Audit Commission. Below two stars, no cash. In the period 2002-2010 an estimated £5.7 billion (A\$11.8 billion) will be channelled to ALMOs for property improvements to bring properties to Decent Homes standards, typically installing new kitchens and bathrooms (CLG, 2009). Single-authority ALMOs were the option for public housing in Bolton, Oldham, Rochdale, Salford and Wigan in 2002 and Bury and Stockport in 2005. Unfortunately not all ALMOs enjoy the same level of success. Bolton's highly rated ALMO continues to efficiently manage stock that had previously been efficiently managed by the council. Salford tells a story of what can go wrong (Box 4).



#### Box 4: Contrasting fortunes of two Greater Manchester ALMOs

##### **Bolton: top marks for a well run ‘council in exile’**

Although England’s 50<sup>th</sup> most deprived local authority, Bolton has avoided neighbourhood abandonment present in some other northern towns. The Audit Commission’s inspection of the council’s management of 21,000 homes in April 2002 assessed repairs and maintenance as 2-star (‘good’) with excellent prospects. Bolton set up a combined housing management and regeneration ALMO, ‘Bolton at Home’, in December 2002 after successfully bidding for Decent Homes funding. As one officer commented, an ALMO was seen as the least-worst option: ‘it would be wrong to say that people were clamouring for it, they were clamouring for investment in housing’. ALMO staff moved out of their former Housing Department offices and a 15 member board was set established with equal representation for tenants, council nominees and independents. Founding chairman, Noel Spencer MBE, remains a Labour party councillor and was previously chair of housing at Bolton council. Chief executive George Caswell, a regeneration consultant, draws an annual salary of £110,000 (A\$228,000).

The initial Audit Commission inspection in October 2003 rated the organisation as 2-star with excellent prospects, sufficient to unlock Decent Homes funding. A subsequent inspection in September 2005 demonstrated further improvements, making Bolton at Home the first landlord in the north-west to achieve the coveted 3-star rating. Bolton at Home achieved the Decent Homes standard for all its properties two years ahead of schedule in 2008 after investing £250 million (A\$518 million) on housing and environmental improvements. Yet, despite this success, the ALMO’s long term future remained in doubt. The five year management contract that expired in November 2007 has been rolled forward for only two more years when it will be reviewed again by the council.

##### **Salford: zero star rating causes ALMO to implode**

Although bordering Bolton to the south, Salford’s ALMO experience has been far less straightforward. The city is the 15<sup>th</sup> most deprived in England and its population contains a high proportion of elderly and disabled residents. The council owned 26 per cent of the local housing stock, much of it high rise and low demand. Salford was an earlier adopter of the ALMO concept, and ‘New Prospect’ was duly established in September 2002 as an ALMO for Salford’s 29,000 council properties. However, the Audit Commission report published the same month awarded a ‘poor’ (zero star) rating, and Salford’s application for Decent Homes funding was withdrawn. A proposed second application in 2004 also failed to proceed as a further Audit Commission inspection rated housing services as only ‘fair’ (one star). The Audit Commission noted ‘the relatively low base from which the ALMO and the council is starting to improve its service in comparison to other ALMOs in metropolitan areas’.

Alongside these developments it was recognised that the initial funding estimate to achieve Decent Homes standards had been unrealistic. Instead of £53 million (A\$110 million), the capital expenditure would be £315 million (A\$652 million). Combined with the failure of New Prospect to achieve the ALMO funding performance threshold the council found itself forced to completely change its approach. New Prospect ALMO was progressively dismembered. First, management responsibilities for 10,500 properties was transferred to Salix Homes, a new regeneration ALMO. Second, following a 73 per cent ‘yes’ vote by tenants, the remainder of New Prospect’s 14,800 homes were transferred to City West Housing Trust in October 2008, a new housing association. Third, it is planned in 2009 or 2010 that 2,000 of the most challenging properties managed by Salix Homes will be transferred to a PFI.

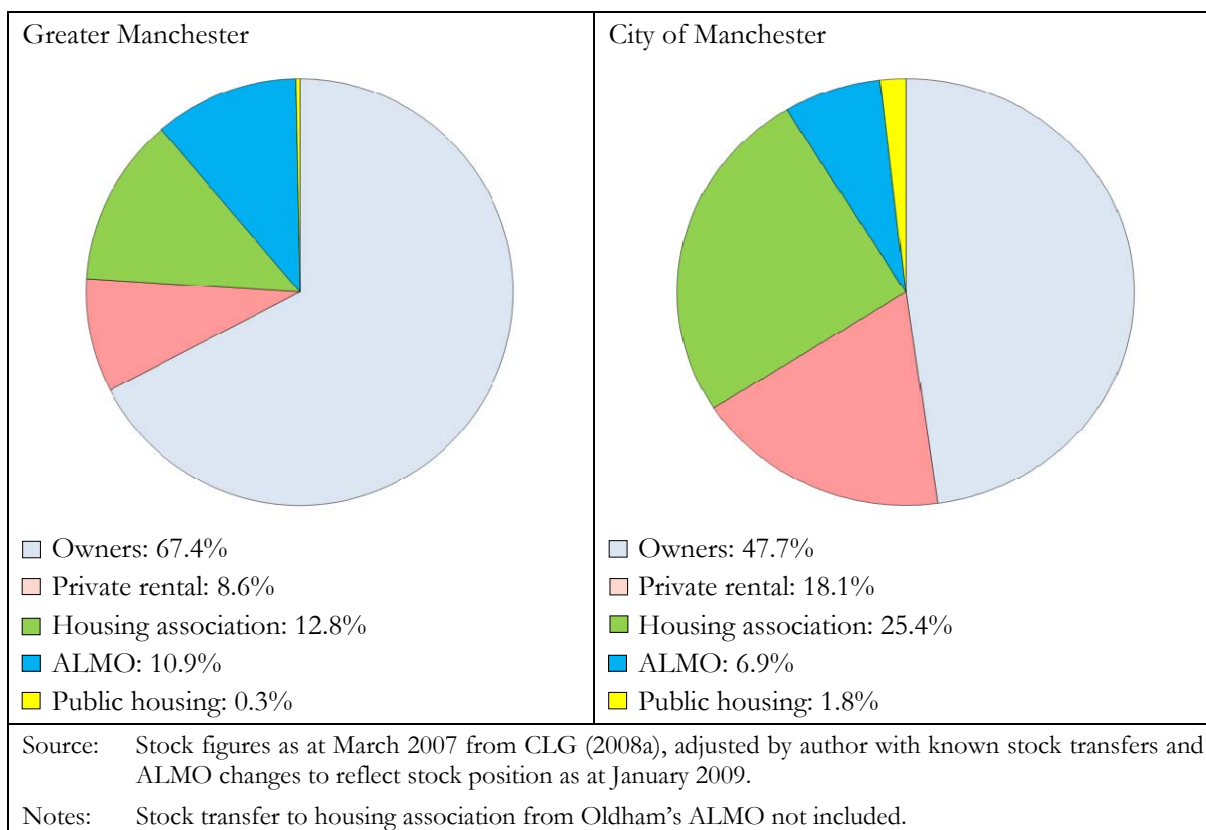
Salford will fail to meet Decent Homes standards by 2010, probably by many years: City West Trust expect to complete by 2014, followed later by Salix Homes and the PFI entity. It is difficult to know whether their troubled history resulted from intractable housing conditions, poor management, or a combination of both. New Prospect’s chief executive John Townsend who had previously worked for the council’s housing department, was removed from office in July 2003 after the disappointing Audit Commission inspection. Their Chair, tenant Hilary Peat, resigned in 2006 and was subsequently cleared of damaging allegations that she had over-claimed disability benefits.

Sources: Audit Commission (2002a; b; 2003c; 2004b; 2005a; 2008); Bolton at Home (2008); City West Housing Trust (2008); Gilmour (2008b; 2009, forthcoming-b); Greening (2004); Inside Housing (2002b; 2003a; c; d; 2007); New Prospect (2008); Reid et al. (2007); Salix Homes (2008); personal interviews.

The most common view on ALMOs when they were first introduced was that they were a political compromise, not a long term way of managing social housing. The description of ALMOs as a 'half way' house was used by both supporters and opponents. Yet, after six years, regular tenant surveys reveal high satisfaction with service quality and the Audit Commission consistently rate ALMOs as better managers of social housing than housing associations. Unlike in 2002 there are no reports of serious debate about, or even support from councillors for, reversion to council stock management. ALMOs have developed an institutional life of their own and are backed by a broad support coalition of senior managers, staff, an effective trade body, consultants and tenant board members (Gilmour, 2009, forthcoming-b). However, Greater Manchester may again be setting new trends, fulfilling its self-proclaimed role as 'city of revolution'. Salford's transfer of 14,800 properties from their ALMO to a new housing association in October 2008 (see Box 4) was England's first, although forced by the ALMO failing to meet Audit Commission requirements. In November 2008 Oldham Council agreed, subject to tenant ballot, to transfer 12,000 homes from its 'good' (two-star with promising prospects for improvement) ALMO to a housing association (Audit Commission, 2005b). The council believes stock transfer could unlock greater funding than an ALMO (Oldham Council, 2008). This was groundbreaking news: the first proposed transfer from a successful ALMO.

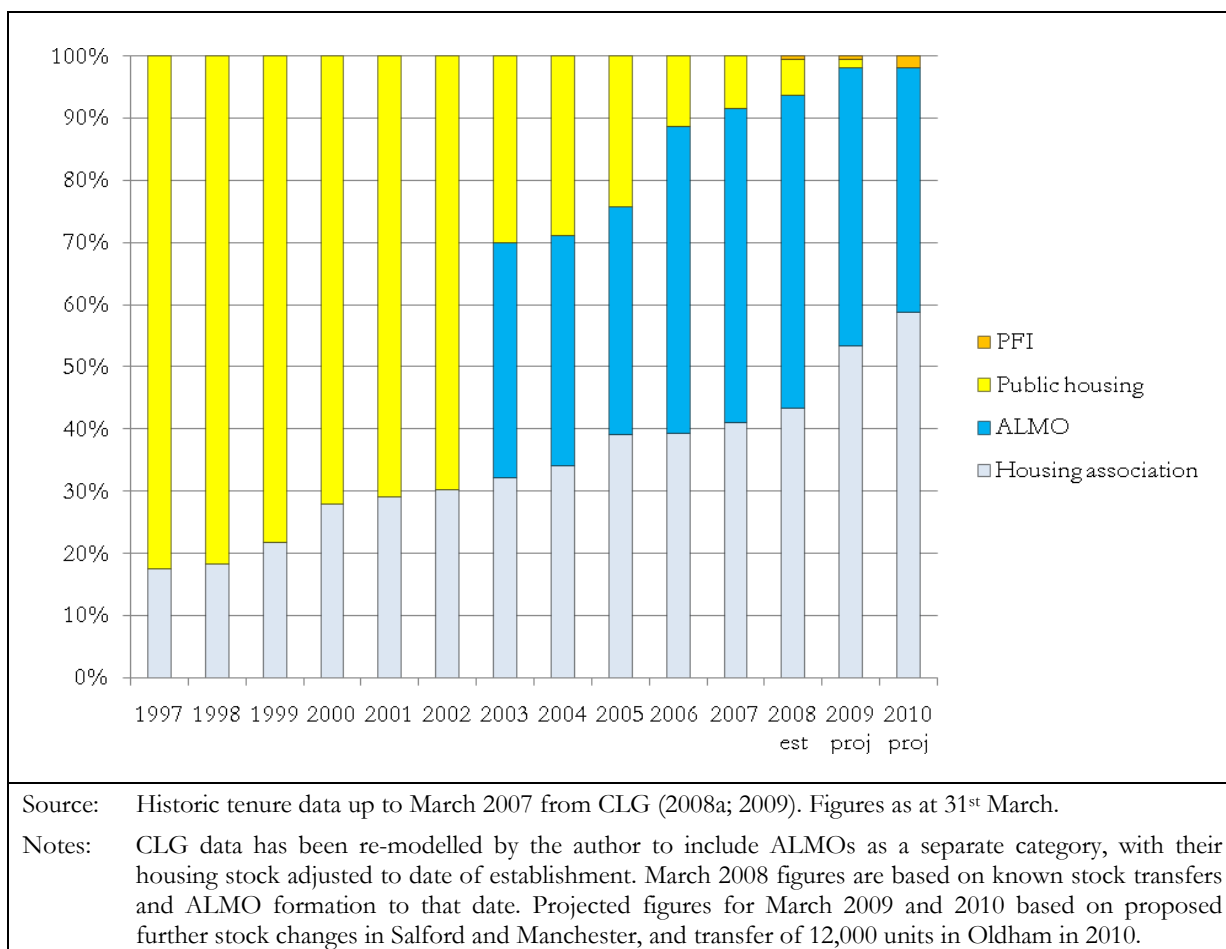
### ***Tenure Mix***

Figure 15 shows the tenure mix in Greater Manchester, confirming the important role played by ALMOs who manage 45 per cent of the county's social housing stock. Owner occupation levels, at 67.4 per cent, are similar to the average for England (69.6 per cent). There is noticeably higher proportion of social housing in Greater Manchester, at 24 per cent, than 17.5 per cent for England as a whole (CLG, 2008a). The City of Manchester is far less similar to Greater Manchester or England with a lower proportion of owner occupiers and a significant private rental sector. Private landlords cater for young professionals, who have not yet brought property, and for the significant student population. There are three centrally located universities and the University of Manchester (2008) is Britain's largest single campus university with 34,000 students. Social housing forms just over one third of housing stock in the City of Manchester, and housing associations are the dominant providers, providing three quarters of the total.



**Figure 15: Greater Manchester and City of Manchester housing tenure estimates, 2009**

The most important difference between housing stock data in Manchester compared to England is the proportion of *traditional* public housing still owned and managed by local councils. In March 2007, traditional public housing accounted for 8.9 per cent of England's stock, down from a peak of 28.2 per cent in 1971 (CLG, 2008a). Greater Manchester's proportion in January 2009 is estimated by the author to be 0.3 per cent. This has been a recent, sudden and largely un-noticed transformation. In March 1997 there were 251,797 traditional public housing units in Greater Manchester (CLG, 2008a). In January 2009 only 3,710. The City of Manchester, where the remaining properties are located, has proposed the transfer of this stock within the next three years to new PFIs and local housing associations. The changes in Greater Manchester tenure are shown in Figure 16. During the first six years of the New Labour government there were no significant changes, other than the transfer of small overspill estates from the City of Manchester and a large scale voluntary transfer in Tameside. In 2003 the pattern shifted as a wave of ALMO formation swept the county, splitting social housing nearly equally between traditional council housing, housing associations and ALMOs. From 2005 to 2008 both ALMO and association stock expanded at the expense of public housing. Then, from 2008, housing association tenure increases with transfers from ALMOs in Salford and as proposed in Oldham.



**Figure 16: Greater Manchester social housing mix, 1997-2010**

### *Housing Associations*

The projections used in Figure 16 suggest that housing associations will manage approaching 60 per cent of Greater Manchester’s social housing in March 2010 compared to around 17 per cent in March 1997. Absolute stock numbers will have tripled from 53,193 to 151,684. However, as shown in Table 7, individual housing associations are not the largest social housing organisations in Greater Manchester. In January 2009, seven of the ten organisations in the county managing the largest social housing stock are ALMOs. Two of the housing associations in the top ten were formed as large scale voluntary transfers of most or all of a local authority’s stock. Only one ‘traditional’ housing association, Guinness Partnership (through stock inherited from Northern Counties), is in the top ten. Three quarters of the organisations in Table 7 were formed since 1999 and each has had to establish a board, negotiate finance, recruit senior staff and develop operating procedures. This was a considerable challenge for capacity building, requiring an influx of new directors and chief executives into social housing. There will also have been an increase in risk, evidenced by the failure of the Salford ALMO described in Box 4.

**Table 7: Ranking of social housing organisations in Greater Manchester, 2009**

Name, ranked by stock [N1]	Stock	Est.	New	Type	Based/operates
1 Wigan & Leigh Housing	23,000	2002	Yes	ALMO	Wigan/Wigan
2 Bolton at Home	18,500	2002	Yes	ALMO	Bolton/Bolton
3 New Charter Trust	15,100	2000	Yes	HA whole [N2]	Tameside/Greater Man.
4 City West Housing Trust	14,500	2002	Yes	HA part [N3]	Salford/Salford
5 Rochdale Boroughwide	14,500	2002	Yes	ALMO	Rochdale/Rochdale
6 First Choice Homes	12,800	2002	Yes	ALMO	Oldham/Oldham
7 Northwards Housing	12,800	2005	Yes	ALMO	Manchester/Manchester
8 Stockport Homes	12,100	2005	Yes	ALMO	Stockport/Stockport
9 Guinness Partnership [N5]	11,400	1890	No	HA [N4]	London/national
10 SALIX Homes	10,500	2007	Yes	ALMO	Salford/Salford
11 Contour Housing [N6]	10,300	1975	No	HA [N4]	Salford/north west
12 Trafford Housing ■	9,300	2005	Yes	HA whole [N2]	Trafford/Trafford
13 Six Town Housing	8,400	2005	Yes	ALMO	Bury/Bury
14 Great Places [N7]	8,100	1976	No	HA [N4]	Manchester/north
15 Willow Park	7,700	1999	Yes	HA part [N3]	Manchester/Manchester
16 Irwell Valley ■	7,300	1973	No	HA [N4]	Trafford/north west
17 Southway Housing	5,900	2007	Yes	HA part [N3]	Manchester/Manchester
18 Parkway Green	5,800	2006	Yes	HA part [N3]	Manchester/Manchester
19 Harvest Housing [N8]	5,760	1976	No	HA [N4]	Manchester/north west
20 City South Manchester	4,500	2008	Yes	HA part [N3]	Manchester/Manchester
21 Mosscares Housing ■	4,400	1967	No	HA [N4]	Manchester/ Greater Man.
Sources: Housing associations identified from search of Housing Corporation (2008e) website. Data from RSRs as at 31 <sup>st</sup> March 2007, adjusted for subsequent ownership changes. ALMOs identified from personal interviews, with stock numbers from website searches in October 2008. All other information from website searches, Housing Corporation HCAs, annual accounts and Audit Commission inspections.					
Notes [N1] Stock in Greater Manchester only. For housing associations the RSRs only analyse general needs stock by council area. Association stock has been grossed-up based on the ratio between general needs and total stock [N2] whole authority stock transfer [N3] part authority stock transfer [N4] traditional association [N5] incorporates Northern Counties [N6] formed 2004 when existing associations Portico and Collingwood merged [N7] formerly Manchester Methodists [N8] formerly Manchester & District. HA - housing association; ■ case study organisation.					

Debates during the mid 2000s in England highlighted the growth of housing association mergers, and the loss of local decision making that may result from the formation of large, often London-based groups. Evidence from Manchester, shown in Table 7, highlights the importance of understanding regional market conditions. The only ‘outside’ group that operates in Greater Manchester is Guinness who merged with Northern Counties in 2006. Northern Counties, with a longstanding Manchester presence, retained a regional board. According to an interviewee, the merger took place because ‘Guinness thought they could rid of all their stock [in Manchester] for

Northern Counties to sort out within the partnership' (Interviewee 162: Consultant, Greater Manchester). Therefore the top 20 social housing organisations in Greater Manchester have locally appointed boards of Manchester people who make decisions relating to places close to where they live. In part this is a consequence of all ALMOs and most stock transfer associations operating in the same local authority area as their inherited stock. Those that have been more flexible geographically, such as New Charter Trust, have only spread to adjacent areas.

A search of Housing Corporation returns revealed 35 housing associations operating in Greater Manchester in March 2007. Only six operate solely in the county. The most geographically diverse association is English Churches Housing Group, which own properties in 146 council areas. There is considerable disparity in the scale of stockholding in the county with 10 associations owning fewer than 100 properties in Greater Manchester. In contrast, the 10 largest associations (which appear in Table 7) control three quarters of the total stock. There is some evidence of non-Greater Manchester associations entering the county, with 15,488 general needs homes owned by associations that do not have their head office in the county. However, most of these are northern, with 89 per cent of Greater Manchester stock controlled by organisations based in the Housing Corporation's northern region. Several re-badged Greater Manchester housing association such as Contour Housing (ex-Collingwood), Great Places (ex-Manchester Methodists) and Harvest Housing (ex-Manchester & District) have expanded across north-west England. Hence Greater Manchester housing associations own 14,461 homes outside the county, nearly matching the incursion from outside groups. Therefore the position is roughly neutral, with little net challenge to the strong position of Manchester housing associations.

### **3.4 Conclusions**

This Chapter has not compared the city regions of San Francisco, Melbourne and Manchester. Instead, it has used them as windows to frame a more detailed, consistent observation of local issues affecting housing associations. The city regions differ not just from each other, but also from metropolitan regions in the same country. San Francisco has stronger housing associations than most US cities; Melbourne associations have found it hard to achieve critical distance from the public housing authority; Manchester social housing has become more fragmented, with housing associations under-resourced compared to new organisational structures such as ALMOs and PFIs. Complexity is perhaps the best characteristic of each city region, in terms of both the range of housing organisations and the task facing housing associations managers.

As noted by Harding (2007), city regions although hard to define, usefully take the observer beyond traditional administrative boundaries which may have little relevance to realities of labour and housing markets. None of the three cities have statutory metropolitan governance, although they have all drawn city region plans and tried to improve co-ordination between existing jurisdictions. By relying on consensus based, partnership working bodies, such as ABAG in the San Francisco Bay Area and AGMA in Greater Manchester use new forms of governance described in Chapter 2. These sub-regional partnerships overlap with, and work in conjunction with, other partnerships at various scales from neighbourhood to national. Within San Francisco, Melbourne and Manchester city regions the partnership approach has become the dominant institutional arrangement to tackle pockets of deep social and economic problems. Projects often, although not exclusively, involve the transformation of failed public housing estates through public-private-nonprofit consortia. The balance of power varies in these partnerships, although it is rare for a housing association not to be involved as a builder or tenancy manager. There remains a belief, unproven although powerful, that third sector organisations can deliver 'housing plus', by building community cohesion as well as new homes. Of the three cities, Melbourne has retained a stronger role for their public housing authority, although this seems set to change as housing associations develop their capacity from a low base.

In each of the three city regions new actors have emerged, and older ones changed their ways of working. Public agencies have shifted to entrepreneurial mode, working with the private sector or any other organisation that can help achieve what needs to be done for their city. Most clearly in the City of Manchester, but evident in San Francisco and Melbourne, pragmatism has replaced dogmatic ideology. Although local politicians have chosen to work more collaboratively and flexibly, they have not given up their power. The dominant local actors continue to be public sector, and their agencies controlled at arms-length: HOPE SF, VicUrban and the Manchester-Salford Pathfinder. Local jurisdictions retain planning controls and, particularly noticeable with the state of Victoria, large budgets. Several important housing associations have been directly established by governments in England and Australia, and to a lesser extent in the US. Therefore in partnership working through New Public Management, public sector bodies tend to act as 'first amongst equals'. By comparison housing associations are fragmented, even in the City of Manchester where they manage one quarter of all homes. As will be discussed in Chapter 6, only by working together, through organisations such as the Nonprofit Housing Association of Northern California, can associations exert a more strategic role in the city region.



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# CHAPTER 4

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## CHAPTER 4: METHODS

Complex organisational analysis in this research project across several countries requires a sophisticated analytical approach. This Chapter shows how the case study method of inquiry was selected and implemented to derive much of the empirical data, and discusses its strengths and limitations. It places this research in the context of previous academic studies in the same genre and raises the issue of how valid and widely applicable the conclusions from this study might be.

The first task in multi-organisational and cross-national research is to find the right sample. This is a difficult challenge. Housing associations were identified that were similar in mission across the three countries but different enough in approach to provide a perspective on the successful delivery of affordable housing. To do this, an understanding of housing associations was built from a review of existing research and talking with experts in the field. Faculty supervisors and professional colleagues in Australia, as well as a visiting scholar from the US, provided the initial framework. Knowledge was deepened by the researcher travelling extensively and engaging with leading scholars and practitioners in North America and Europe.

Interviews took place with a wide range of people, from charismatic chief executives and empowered tenant board members, through to staff struggling to cope with the rapid pace of change. Interviewees included the Director of San Francisco Mayor's Office of Housing, a retired Lord Mayor of Manchester and the former Deputy Prime Minister of Australia. Perhaps most inspiring, however, were the front line housing association staff, trying to make life better for ordinary people in the challenged communities in which they live.

### 4.1 Background

The main general literature review on housing associations is in Chapter 2. This section provides an overview of more detailed research projects to assist selection of an appropriate method.

#### *Previous Research*

There is a modest but growing empirical literature on housing associations in England, often funded by the Housing Corporation or National Housing Federation, although considerably less has been written on housing associations in the US or Australia. In these two countries the sector is much smaller than England and research funding constrained. Traditional studies have

approached the topic from a housing policy not an organisational perspective, although this is changing (see Walker (2000), Mullins & Riseborough (2000), Pawson & Fancy (2003) and Milligan et al. (2004) for example). Much of this new thinking has a European perspective followed the participation by these authors in a series of workshops on institutional change in social housing coordinated by the European Network for Housing Research (Mullins & Rhodes, 2007). Further examples in Europe are comparative research on social housing management models undertaken by CECODHAS (Heino et al, 2007; Czischke, 2009), and Brandsen et al's (2006) study on diversification by European housing companies. These last two studies address strategic and management issues related to capacity building through collaboration models.

Housing association research built from an analysis of primary data is relatively uncommon. Researchers have used regulatory returns, for example England's Housing Corporation (2008b, and in previous years) consolidated the financial statements of the 400 housing associations managing over 1,000 properties. This survey did not include the 1,500 small associations with under 1,000 homes, six per cent of the sector's housing stock. It also excluded arms-length management organisations, which share some characteristics with housing associations but are not regulated by the Housing Corporation. General problems using regulatory returns are the focus on what can be measured (number of properties, income etc.). They aggregate data from organisations that may operate very differently, and are unhelpful for international comparisons as countries use different metrics. English returns are comprehensive, allowing organisational characteristics to be tracked over time (Mullins, 2006). Unfortunately US returns focus mainly on nonprofit tax accounting and in Australia there are regulatory differences between states and regulatory information is not disclosed publicly.

The most common alternative to using regulatory returns is questionnaire surveys. For example the Bay Area LISC (2005) study of San Francisco housing associations, the National Housing Federation (NHF, 2008f) analysis of non-housing outcomes achieved by English associations and the Community Housing Federation of Australia's research (CHFA, 2007). These surveys normally suffer from low response rates. Only 35 per cent of organisations (who managed 44 per cent of Australia's housing association stock) responded to CHFA's (2007) survey. The English survey response rate was said to be 'impressive' (NHF, 2008f: p.42) at 64 per cent of total housing association stock, although the percentage of organisations responding was not disclosed. Given the largest 20 of England's 1,800 housing associations manage 28 per cent of stock (Housing Corporation, 2008b: p.9), the response rate amongst small organisations

was probably very low. The National Housing Federation research purports to cover English housing associations as a whole, yet they only surveyed their 1,268 members. Their questionnaire results were grossed-up on a weighted basis to provide an estimate for the entire sector.

These questionnaire examples demonstrate the problems of bias generated from surveys with low response rates. Information from smaller housing associations, with less capacity to fill in forms, can easily be missed. This approach, therefore, gives more information about larger organisations who manage a high proportion of stock in the sector, although are numerically the minority of housing association in the sector. There can be regional distortions: the Australian survey under-represented the most populous state New South Wales - response rate 25 per cent - compared to Tasmania with only one fourteenth of the population but a response rate of 72 per cent (CHFA, 2007: p.ii; ABS, 2008b). However, despite these potential problems with questionnaires, their strength over regulatory returns is that researchers not governments set the topics on which data is gathered. They also allow collection of more qualitative data, although the classic approach to find this type of information is to use case studies. A selection of previous housing association case study research surveys is shown in Table 8.

**Table 8: Case study research**

Report - <i>type of research</i>	Organisations	Method
Earnshaw (1989) <i>PhD</i>	4 housing associations in the City of Manchester	Interviews of staff, stakeholders (number not stated), data collection
Harris (1991) <i>PhD</i>	Various housing associations in Boston, Chicago, San Francisco	Interviews of staff, stakeholders (27), focus groups (3), data collection
Mullins et al. (2003) <i>research report</i>	21 housing associations in Northern Ireland and Republic of Ireland	Interviews of staff (number not stated), 'Delphi panel', data collection
Milligan et al. (2004) <i>research report</i>	7 Australian housing associations	Interviews of directors, staff, stakeholders (41), data collection
Lavorel (2004) <i>lobby group report</i>	Affordable housing in Charlotte, Columbus, Houston, Portland	'Executive roundtable' structured discussions (4) involving 358 people
Kemeny et al. (2005) <i>academic article</i>	Housing association sector in the Netherlands, Sweden, Switzerland	National data collection and policy analysis
Brandsen et al. (2006) <i>research report</i>	8 housing associations in Ireland, Italy, England and the Netherlands	Interviews of staff, stakeholders (number not stated), data collection
McKee (2007) <i>published PhD research</i>	3 Glasgow housing associations (2 stock transfer local companies)	Interviews of staff, stakeholders, tenant focus groups: 80 people
Manzi (2007) <i>academic article</i>	London housing associations	Longitudinal interviews of directors, staff, tenants (49), focus groups (4)
Gruis (2008) <i>academic article</i>	4 housing associations in the Netherlands	Limited interviews with senior staff (number not stated), data collection

The geographical focus in Table 8 is either within a single country (sometimes a single or multiple cities) or cross-national comparison (of up to four countries). All featured authors summarise trends at regional, national or international levels although only Earnshaw (1989) and Milligan et al. (2004) provide rich information on particular housing association. Earnshaw, although not using network theory, touches in detail on the relationship between housing associations and the principal local actor - Manchester City Council. Interviews are the most common data gathering tool, although they may be with some or all of the following: housing association chief executives, staff, directors, tenants and local officials. Most researchers interviewed chief executives but only Manzi (2007) and McKee (2007) spoke to tenants. Often only a small number of interviews take place per organisation which could result in maverick responses. Harris (1991), for example only spoke to five housing association staff in total.

The use of groups and panels can be seen in Table 8. Harris used focus groups, although it proved hard, and in two of the three cities impossible, to obtain what he considered a suitably broad range of participants (Harris, 1991: pp.66-7). Lavorel's 'executive roundtable' was a variant on a focus group, although unwieldy with over 100 participants per event. Mullins et al. used a 'Delphi panel', a technique developed during the Cold War based on the views of a panel of experts. It combines quantitative (scaled questions) and qualitative (open ended questions) techniques, which are refined by rounds of discussions between the researcher and individual experts (Mullins, 2006). Although Delphi panels were used by Mullins et al. (2003) for cross-national research, this was between countries with close historical and geographical links.

Empirically researched literature on housing associations is in short supply. International comparative work is particularly under-represented although there have been sufficient surveys in Europe to provide insights into which research methods work best. With the move to networked forms of governance, an understanding is needed of how housing associations act within their local environment. This was Earnshaw's (1989) approach for Manchester followed, in less detail, by Harris (1991) for three US cities. The contribution of this study, which contributes to the literature, is to build understanding across three countries of housing associations, their organisational capacity, and the local milieu in which they operate.

### ***Selected Approach***

This study collects primary information from nine housing associations grouped into three organisational types in three city regions in different countries. Following the approach of

Milligan et al. (2004) and Brandsen et al. (2006), data was obtained from two sources: internal documents and by holding between seven and eleven semi-structured interviews with a range of employees and board members from each organisation. Interview and documentary information was compared with independent research reports and information extracted from regulatory, accounting and taxation returns. Stakeholder interviews took place with senior employees of government regulators, funding organisations, trade associations and academics. The research material was systematically compared across countries and organisational types to determine patterns and develop insights (Eisenhardt, 1989a).

Three possible methods used in previous housing association research were rejected. First, self-administered questionnaires to a wider number of organisations would be problematic due to low response rates. The research topic is exploratory and therefore a questionnaire would work best after, not as a part of, the thesis. Second, it was decided not to use focus groups. Harris (1991), in previous PhD research, had found these to be hard to arrange. When investigating a small and cohesive sector, especially in single cities, interviewees may feel inhibited in speaking openly in a group meeting. Within organisations, junior staff and directors may not express their views if the chief executive is present. The third method not adopted was the Delphi panel. A panel of experts from the US, Australia and England would be hard to arrange, and challenging to negotiate agreement on common wording.

The research method uses a grounded theory approach (Glaser & Strauss, 1967), particularly the systematic collection of qualitative data leading to the development of hypotheses. Theory is therefore built from the ground upwards. However, as is common, the method diverges from some aspects of the 'canonical texts' on grounded theory (Becker & Byman, 2004: p.303). Some controversial recommendations such as avoiding a pre-research literature review have not been followed. As Barbour (2008: p.197) notes 'our approaches to qualitative research and even the questions we ask are inextricably embedded in our own disciplinary and cultural assumptions'. What is important is for the researcher to acknowledge their relationship with the work they are undertaking, and to allow new ideas to develop based on data collected. In the thesis the importance of housing networks and network theory was not understood at the start; it developed based on the initial case study interviews in San Francisco.

Case studies were the base for generating the grounded data as they are useful for increasing understanding of topics where previous research has been limited, contemporary developments are moving quickly or where it is important to understand an organisation in the

context of wider societal changes such as the move to new forms of governance (Yin, 2003). Researchers who carry out detailed case studies often report that some of their initial views were wrong, as happened with Flyvbjerg's (1998) single case study of rationality and power in a local planning decision in Denmark. Flyvbjerg (2006: p.237) later concluded 'experience indicates that the case study contains a greater bias towards falsification of preconceived notions than towards verification'. In keeping with the chosen method, the aim of this study is to build *analytical* generalisations about housing association capacity that will be of wider applicability. These are different from *statistical* generalisations, which come from an accumulation of many observations that allow inferences regarding the subject population (Yin, 2003). The method allows a much stronger dialogue between ideas and evidence, a classic feature of a case studies (Ragin, 1987).

A multiple rather than single case study approach was adopted to capture the diversity of approaches by housing associations and to increase the possibilities of finding consistent patterns of organisational characteristics (Yin, 2003). For example it would be a powerful conclusion if the governance of several housing organisations looked similar in different countries, across different typologies and with dissimilar ownership structures. Limiting the study to nine case studies was based on a belief that it is better to have a deeper knowledge of fewer organisations rather than vice versa. This is supported by Eisenhardt (1989a) who suggested that whilst there is no strict ideal number of case studies, between four and ten should work well. Multiple case study research at organisation level is popular in the management literature, for example Eisenhardt's (1989b) survey of strategic decision making in eight microcomputer firms involved interviews at three levels of management and a review of internal company documents.

### ***Countries & City Regions***

The nine case study organisations were chosen from three countries: the US, Australia and England (not the UK as housing policy, regulation and funding are different in Wales, Scotland and Northern Ireland since devolution in 1999). These are countries using nonprofit housing association models to deliver affordable housing. However, the country selection has necessarily been pragmatic - based on accessibility to the researcher, use of the English language and having broadly similar housing systems. The research explores organisational issues facing housing associations, understanding their experiences within a particular city region. It carefully places these issues and organisational responses within the context of the particular regulatory, local housing market, subsidy and financial environment in which the housing associations operate. The chosen method therefore avoids many of Oxley's criticisms of comparative research as it

does not make direct country comparisons, instead aiming for a 'better understanding of complex phenomena by having a wide and differentiated basis of evidence' (Oxley, 2001: p.104).

As shown in Figure 1 (p.19), research was carried out sequentially: in San Francisco in late 2007, Melbourne mid 2008 and Manchester late 2008. It was not possible to employ three teams of researchers gathering data at the same time in different cities. With housing associations operating in a fast-changing policy and financial environment, comparisons with information collected at different dates is challenging. This was a particular issue with the impact of the global financial crisis which had limited impact on the US case studies at the time of survey, compared to later research findings from Australia and England. Other developments are more localised. The replacement of England's Housing Corporation with new regulatory and funding bodies on the 1<sup>st</sup> December 2008 makes comparisons before and after this date problematic. Timing issues for data collection reinforces why housing associations have been studied in their specific local setting, cognisant of the housing policy and economic conditions when the research took place.

Within the three countries, case study organisations were selected from city regions centred on San Francisco, Melbourne and Manchester. Housing conditions in these regions are described in Chapter 3 where some of the boundary definitions are discussed. Metropolitan rather than rural areas were chosen as they reflect the focus of the contemporary housing affordability debates. Choosing organisations from within regions rather than across the nation follows Deng's (2005) research method and makes it easier to investigate local inter-organisational networks and the spatial working of capacity support organisations. The three city regions are not representative of their respective countries and were not chosen randomly. In many ways all three are 'extreme' in their national context. San Francisco has one of the most dynamic housing association networks in the US, very different to most cities. Melbourne is the test bed for Victoria's new affordable housing regulation model, more developed and proscriptive than in other Australian jurisdictions. Manchester has arguably pushed New Labour's market and consumer driven housing policies further than any other English city

## **4.2 Case Study Organisations**

The choice of organisations as case studies was carefully considered in conjunction with housing researchers in the three countries. In a rapidly changing sector characterised by organisational innovation it is best to capture the diversity and richness of housing associations rather than impose parameters that may be country specific. As noted by Stake (1995: p.6), 'even for

collective case studies, selection by sampling of attributes should not be the highest priority. Balance and variety are important; opportunity to learn is of primary importance'. Attempting to select representative cases within each country or type would have missed out on the rich information available from atypical organisations, knowledge more likely to deepen understanding of broad changes in the sector (Flyvbjerg, 2006). Innovative housing associations such as Bridge Housing and Irwell Valley Housing help move the sector in new directions by developing new organisational structures, support networks and funding mechanisms. More practically it would have been difficult to agree on the characteristics of a 'typical' housing association given the sector's considerable diversity in the three countries.

The main parameter used to identify case study affordable housing providers was that they are 'nonprofits', that is they do not pay dividends to external shareholders but reinvest surpluses in affordable housing or other social goals. They do not necessarily need be classified as charities under national legislation or taxation regulations. Ownership of the organisation and the housing stock may differ but housing associations closely controlled by the public sector must operate at 'arms length' as a separate legal entity with a board having a majority of independent (i.e. non-appointed) directors. They may or may not seek philanthropic donations or use volunteer staff, but they should operate with clearly stated social goals. Another selection criterion has been that the organisation develops new affordable homes as this is a driving force behind recent housing policies in the three chosen countries. Finally, the organisations must be of sufficient size, complexity and track record to provide rich material for analysis. As will be discussed below, these criteria need to be applied country-by-country.

Several safeguards were introduced in the research design to minimise problems that might flow from choosing inappropriate case study organisations. First, local housing academics from the three countries assisted the researcher to decide which organisations might best fit the chosen typology and research questions. This was especially useful in those environments less familiar to the researcher. These academics had detailed knowledge not only of broad national housing issues, but specific factors within the city regions. Consulting people knowledgeable about potential case studies is particularly useful where there are a small number of organisations from which to choose. Second, the process of case study selection has been described in detail to provide what Yin (2003: p.63) described as a 'chain of evidence'. Third, the researcher's supervisor is a professor of urban planning, not housing, and has provide an independent perspective. This critical distance proved valuable on a number of occasions.



### *Housing Association Typologies*

The selection of case studies for this research used a conceptual framework that placed housing associations in one of three descriptive typological categories. Typologies can be useful tools for classifying related items, particularly those existing in complex and fast changing environments. They can help correct misconceptions and organise knowledge by defining organisational field and sub-field boundaries (Tiryakian, 1968; Allmendinger, 2002). Typologies are popular in the social sciences, used particularly by organisational and management theorists (for example Mintzberg, 1979; Porter, 1980). Rather than acting as passive classification systems, typologies assist inductive theory building (Doty & Glick, 1994).

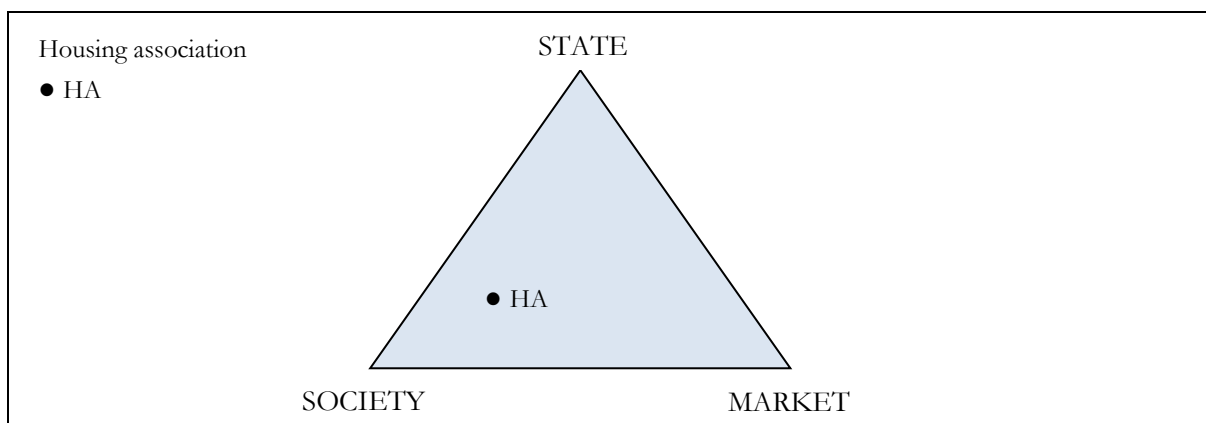
Given the strengths of a typological approach, it has been used surprisingly few times to map the housing association sector and studies attempting classification have tended to concentrate on a single or occasionally a pair of countries. The most comprehensive research to date has suggested size, location, origins and service provision as 'key dimensions for understanding the different sub-groups' in the Irish Republic and Northern Ireland (Mullins et al., 2003: p.87). This study used typologies as descriptive models for explaining connections between organisations in two countries but did not place specific organisations within categories. More similar to the approach of this thesis is work by Gruis (2008) which developed four 'organisational archetypes', then selected a 'typical example' housing associations for each category. This explorative research moved knowledge forward despite parts of the initial typology not working quite as expected.

Table 9 describes six possible typological categories considered for this study. The categories based on location, origins and service provision appear less promising to apply to international comparative research as they were derived from particular local factors relating to Ireland. The urban/rural approach, although useful in bringing a spatial dimension to research, does not fit the choice of city regions. The size category is a powerful and straightforward tool to group organisations but there are major national variations: a 'large' housing association in England might manage over 10,000 properties - in Australia or the US 1,000 properties would be seen as 'large'. Organisational form is a traditional and popular category, but hard to compare across different legal systems, and less useful with the introduction of market-driven initiatives to the public and nonprofit sectors, and growth of social enterprises described in Chapter 2. Therefore the category of ethos and values was adopted for further consideration.

**Table 9: Possible typologies**

Category	Basis	Strengths	Weaknesses
Location	Based on urban or rural location	Worked in survey of Irish housing associations	Hard to define urban and rural. Does urban include suburban? Fast growth, innovative organisations often urban based
Origins and foundation	Date of formation, possibly grouped by decade	Worked in survey of Irish housing non-profits Data easy to obtain	Difficult to compare across countries as timing different Only meaningful if linked to other attribute, eg ethos
Service provision	Differentiate between housing and mixed service providers	Worked in survey of Irish housing associations Captures moves towards diversification	Country specific eg would work for Ireland and US but less so for England or Australia Hard to quantify the degree and type of diversification
Size	Rank organisations by properties held, eg up to 250 units; 250-5,000; over 5,000	Straightforward approach with data easy to obtain Used before in studies by Housing Corporation in England and familiar to researchers/policy makers	Typical organisation size varies markedly between countries Size not a good descriptor of how organisations function Could measure 'size' by new properties built, income etc.
Organisation form	Co-operative, housing association, ALMOs etc.	Straightforward approach based on legal form Often used by regulators and researchers	Too much based on national legislation/regulation Legal structure gives no clues about values, functioning etc
Ethos and values	State, society or market values: see Figure 17	Designed to work on trans-national case studies Better at capturing growth sector of market	Based on qualitative ideas so hard to classify organisations Not yet tested by research thus still a conceptual model
Sources: First four categories from Mullins et al (2003); final two from Gilmour (2008c). Notes: Strengths and weaknesses by Tony Gilmour.			

A typology based more on ethos than organisational characteristics was proposed by Gruis and Nieboer (2004) for a categorisation of social housing systems. The authors proposed a spectrum from strategic/market-orientated to operational/task-orientated. Later this was developed into a market-orientated versus government-regulation split for the management of social housing assets (Gruis & Nieboer, 2007). These are examples of qualitative, flexible approaches using typologies. However, the typology used in this thesis is based on the concept of housing associations as hybrid organisations acting in the space between state, civil society and market. This approach, based on research by Evers and Laville (2004), is described in Section 2.3. Because the meaning of 'civil society' is contested, the more general term 'society' is used in Figure 17 and refers to both individuals and their interaction within communities.



**Figure 17: Housing associations as hybrid organisations**

The descriptions in Table 10 elaborate on the three tips of the triangle in Figure 17. However, the rationale of the model is that housing associations as hybrid organisations are unlikely to be located at the tip of the triangle with only one attribute. They combine a mixture of state, societal and market attributes. For the purposes of this research an assumption has been made that one of these three attributes will be the dominant one. Therefore a case study housing association can be placed in a specific category. This is only a tentative hypothesis to help design the research method, with its validity tested by subsequent interview research and practitioner discussions. It has been used as a framework for debate rather than as a definitive solution, thereby avoiding the problem where ‘the very success and acceptance of a typological classification may ... freeze the level of explanation’ (Tiryakian, 1968: p.179).

**Table 10: Typological category descriptions**

	Market-centric	State-centric	Society-centric
Values	Entrepreneurial, thrives in a dynamic environment, strategic thinking, flexible	Equitable, bureaucratic or with formal rules, consults with tenants	Neighbourhood grounded, flexible, participatory, encourages volunteering
History	Often more recently set up or with new management team; clear mission/goals	Set up by the state or with state involvement: probably now a nonprofit body	Often longer-established, social needs-driven. May have had a church link
Finances	Often cross-subsidy of market/social activities, finances ‘cutting edge’	Often set up with public funding then potentially self-financing	More reliant on the state for recurrent funding, uses supply and demand levers
Scale	Varies, sometimes starts as a demonstration project. Normally fast growing	Can be large if based on stock transfers or arms length management	Can be small and local, sometimes part of larger group. Slower growth
Example organisation	Housing association using cross subsidy of market and social housing	Stock transfer of public housing from state or local authority control	Longer established housing association from 1960s, 1970s or earlier

## Case Study Selection - US

The Inland Revenue Service (IRS) provide a search facility for nonprofit organisations exempt from paying Federal Income Tax under Section 501(c)(3) of the Inland Revenue Code. However, as this does not allow identification of nonprofits by activity or size, the search engine of Guidestar.org was used. Guidestar, a charity, take information from the IRS annual returns (Form 990s) filed by nonprofits together with information supplied directly to Guidestar such as commentary on business activities and names of key staff.

The Guidestar database was searched in March 2007 and 226 nonprofits identified as categorised under the National Taxonomy of Exempt Entities class L20 (Housing Development, Construction, Management) and located within 25 miles of a central San Francisco postal code (ZIP code 94102). This area covers the central region of the Bay Area whole of the city/county of San Francisco together with several neighbouring cities in the counties of Alameda, Contra Costa, Marin and San Mateo. Form 990s are filed by all US nonprofit organisations and, apart from the names of directors, only include financial information. Table 11 shows the 14 organisations that fit the Guidestar search criteria and had an annual income of over US\$2 million (A\$2.8 million) at the date of their most recently submitted Form 990 returns in 2005.

**Table 11: Bay Area case studies - screening**

Organisation (short name)	City	Income (US\$m)	Included <input checked="" type="checkbox"/> /excluded <input checked="" type="checkbox"/> from selection, and reason
Affordable Housing Assistance	Walnut Creek	4.0	<input checked="" type="checkbox"/> mainly property sales
Affordable Housing Associates	Berkeley	3.5	<input checked="" type="checkbox"/>
Bridge Housing	San Francisco	14.0	<input checked="" type="checkbox"/>
Chinatown CDC	San Francisco	7.7	<input checked="" type="checkbox"/>
Citizens Housing Corporation	San Francisco	3.3	<input checked="" type="checkbox"/>
Community Housing Partnership	San Francisco	6.4	<input checked="" type="checkbox"/> homeless charity, no new build
EAH Housing	San Rafael	7.2	<input checked="" type="checkbox"/>
East Bay Housing	Oakland	4.9	<input checked="" type="checkbox"/>
El Bethel Arms	San Francisco	2.9	<input checked="" type="checkbox"/> mainly property holding
M C Homes	Foster City	7.0	<input checked="" type="checkbox"/> limited information available
Mid-Peninsula Housing	Foster City	11.1	<input checked="" type="checkbox"/>
Peninsula Habitat for Humanity	Redwood City	3.1	<input checked="" type="checkbox"/> self-build
Resources Community Develop.	Berkeley	5.2	<input checked="" type="checkbox"/>
Rubicon Programs	Richmond	8.1	<input checked="" type="checkbox"/> very low income and homeless
Source: Website of Guidestar.com: <a href="http://www.guidestar.org">www.guidestar.org</a> (consulted 29 <sup>th</sup> March 2007).			
Notes: Income is for the year to June 2005, except Citizens Housing Corporation to December 2005.			

When this screening was carried out, the researcher was not fully familiar with accounting for tax credit affordable housing projects in the US. The income included in Form 990s is not the total for the organisation as information is not consolidated from each of the separate companies required for each project and in which the holding company only has a minority interest. The income figures in Table 11 represent mainly developer fees, so is a general indication of organisational size but skewed in favour of developing over tenancy-managing organisations. The next stage was to narrow down the 14 organisations by a more detailed reading of their Form 990s, and a website check to determine their range of activities and locations in which they operate. Organisations that did not develop new properties, only used self-build approaches or catered to tenants with specialised and complex were excluded. Table 12 shows the housing associations retained for final screening and those chosen as case studies.

**Table 12: United States case studies - final screening**

Type	Organisation (short name)	Included <input checked="" type="checkbox"/> /excluded <input checked="" type="checkbox"/> from selection, and reason
Market-centric	Bridge Housing	<input checked="" type="checkbox"/> highest profile housing association in California. Researcher had good introduction to the President, Carol Galante [N1]
	Citizens Housing Corporation	<input checked="" type="checkbox"/> would have been a suitable case study in terms of location and innovative market approaches
	EAH Housing	<input checked="" type="checkbox"/> would have been a suitable case study. Interesting work in a number of areas of California and Hawaii
	Mid-Peninsula Housing	<input checked="" type="checkbox"/> would have been a suitable case study although not as conveniently located for the researcher as Bridge Housing
State-centric	Burbank Housing	<input checked="" type="checkbox"/> not identified through initial screening [N2]
Society-centric	Affordable Housing Associates	<input checked="" type="checkbox"/> good entrepreneurial profile but less track record than other possible choices
	Chinatown CDC	<input checked="" type="checkbox"/> would have been a suitable case study. Less development work than East Bay Housing and some management issues
	East Bay Housing	<input checked="" type="checkbox"/> good mix of community goals and new development work. East Bay location offers balance to focus on San Francisco [N3]
	Resources Community Development	<input checked="" type="checkbox"/> more focus on residents with high needs, less on mainstream affordable housing. Tenancy management out-sourced
Notes:	Full names: [N1] BRIDGE Housing Corporation [N2] Burbank Housing Development Corporation and its wholly owned subsidiary Burbank Housing Management Corporation [N3] East Bay Asian Local Development Corporation.	

There were a number of possible market-centric case study organisations with Bridge Housing chosen because it is seen widely as the market leader in California. East Bay Housing, although

much smaller than the market-centric organisations, has a solid reputation as developer and tenancy manager specialising on housing Asian and Hispanic communities in Oakland. No state-centric housing association was identified with the screening, therefore stakeholder interviewees were asked whether they knew of a suitable organisation. One of the respondents proposed Burbank Housing based in Santa Rosa, 75 kilometres north of San Francisco. Burbank Housing was established by Sonoma County and later became an independent nonprofit organisation. The screening of US case studies was undertaken in consultation with Dr Larry Rosenthal and Associate Professor Karen Christensen at the University of California, Berkeley, where the researcher was a visiting scholar between August and December 2007.

### ***Case Study Selection - Australia***

The housing association sector in Australia is small, fragmented across state boundaries and most organisations manage tenancies but do not develop new housing (Milligan et al., 2004). Hence there are few suitable case study organisations for this study. The starting point for Australia was to take the ten organisations in the Milligan report on the basis that it identified all the larger growth providers and was relatively recent. Table 13 lists the organisations that are located in five jurisdictions, each of which has their own housing policies and legal systems. It was decided that to reduce policy complexities and to follow the city-region approach, organisations should be in the same state. This left only one option, Victoria.

**Table 13: Australian case studies - initial screening**

Organisation (short name)	State	Stock (Jun 06)	Included <input checked="" type="checkbox"/> /excluded <input checked="" type="checkbox"/> from selection, and reason
Brisbane Housing Company	Queensland	430	<input checked="" type="checkbox"/> different policy environment
City West Housing	New South Wales	381	<input checked="" type="checkbox"/> different policy environment
Common Equity Housing	Victoria	1,603	<input checked="" type="checkbox"/>
Community Housing Canberra	ACT	229	<input checked="" type="checkbox"/> different policy environment
Community Housing Victoria	Victoria	781	<input checked="" type="checkbox"/>
Melbourne Affordable Housing	Victoria	230	<input checked="" type="checkbox"/>
Metro Housing	New South Wales	0	<input checked="" type="checkbox"/> did not start trading
Perth Inner City Housing	Western Australia	531	<input checked="" type="checkbox"/> different policy environment
Port Phillip Housing	Victoria	329	<input checked="" type="checkbox"/>
Supported Housing	Victoria	548	<input checked="" type="checkbox"/>
Source:	Milligan et al. (2004): Table 4.1 (7 organisations) and Appendix C (3 associations in less detail).		
Notes:	Table includes number of properties managed, which may or may not be owned, taken from most recent annual account available when this table was compiled in March 2007.		

Background information on the five Victorian housing associations was obtained to allow them to be placed within the state/market/society typology, which is shown in Table 14. Case study selection was discussed with Dr Vivienne Milligan at the University of Sydney who, as lead author of the 2004 report, has unparalleled knowledge of the sector. The three housing associations chosen, operate within the central core of the Melbourne city region and fit the typology reasonably well. However, in Australia compared to the US and England, there was little ability to make a real choice between a number of potential case study organisations.

**Table 14: Australian case studies - final screening**

Type	Organisation	Included <input checked="" type="checkbox"/> /excluded <input checked="" type="checkbox"/> from selection, and reason
State-centric	Port Phillip Housing	<input checked="" type="checkbox"/> whilst the only suitable case study in this category, the organisation fulfils the criteria having been council founded [N1]
Market-centric	Community Housing Victoria	<input checked="" type="checkbox"/> ambitious, fast expanding housing association with ambitions to spread Australia-wide and internationally [N2]
Society-centric	Common Equity Housing	<input checked="" type="checkbox"/> interesting model of a consortium of cooperatives, although less comparable with other case studies in US and England
	Melbourne Affordable Housing	<input checked="" type="checkbox"/> solid community genesis through church links - Ecumenical Housing - now moving to mainstream housing association
	Supported Housing	<input checked="" type="checkbox"/> specialist provider concentrating mainly on tenants with high needs. Subsequently absorbed into Housing Choices Australia
Notes:	Full names: [N1] Port Phillip Housing Association; [N2] Community Housing Limited and its wholly owned subsidiary for developments in Victoria: Community Housing (VIC) Limited.	

### ***Case Study Selection - England***

Potential case study organisations were identified by searching the database of the Housing Corporation which contained details of stock holdings categorised by local authority area as at March 2005. Only ‘general needs’ stock is analysed at council level, therefore numbers in this section exclude special needs or shared ownership properties. If a housing association managed more than 300 general needs rental properties in any one of the ten local authority areas in Greater Manchester, a further web search was carried out to determine group structure and property holdings in other parts of the county. This produced 105 organisations in Greater Manchester. This list was reduced to 30 by eliminating housing associations managing fewer than 300 properties. Table 15 shows the 16 organisations that remained after excluding those with under half their general needs properties located in the county, or where their head office was outside Greater Manchester. Unlike in Australia, England provides a rich seam of potential housing associations and the problem faced was too much, not too little, choice.

**Table 15: English case studies - screening**

Organisation (short name)	Head office	Stock [N1]	% local [N2]	Included <input checked="" type="checkbox"/> /excluded <input checked="" type="checkbox"/> from selection, and reason
Arawak Walton	Manchester	994	89	<input checked="" type="checkbox"/> small organisation
Ashton Pioneer	Tameside	911	100	<input checked="" type="checkbox"/> small stock transfer organisation
Contour Homes	Salford	10,437	74	<input checked="" type="checkbox"/>
Eastlands Homes	Manchester	2,807	100	<input checked="" type="checkbox"/> local stock transfer organisation
Humphrey Booth	Stockport	821	100	<input checked="" type="checkbox"/> small organisation
Irwell Valley Housing	Trafford	6,423	96	<input checked="" type="checkbox"/>
Manchester & District	Manchester	10,085	51	<input checked="" type="checkbox"/>
Manchester Methodists	Manchester	5,569	68	<input checked="" type="checkbox"/>
Mosscares Housing	Manchester	2,983	100	<input checked="" type="checkbox"/>
New Charter Housing	Tameside	14,631	100	<input checked="" type="checkbox"/> very large stock transfer organisation
St. Vincent's	Manchester	2,846	66	<input checked="" type="checkbox"/>
Trafford Housing Trust	Trafford	9,683	100	<input checked="" type="checkbox"/>
Tung Sing	Manchester	517	82	<input checked="" type="checkbox"/> small organisation
West Pennine	Oldham	3,321	95	<input checked="" type="checkbox"/>
Willow Park	Manchester	8,216	100	<input checked="" type="checkbox"/>
Source: Website of the Housing Corporation: <a href="http://www.housingcorp.gov.uk">www.housingcorp.gov.uk</a> (consulted 29 <sup>th</sup> March 2007).				
Notes: Housing Corporation data based on Regulatory and Statistical Returns (RSR) as at 31 <sup>st</sup> March 2005. Since this date housing association names, group structures and stock numbers may have changed, and new organisations been formed in Greater Manchester. [N1] 'Stock' figures are general needs only. [N2] Refers to percentage of general needs rental properties which are located in Greater Manchester.				

Nine organisations have been carried forward from Table 15 to Table 16 below on the basis that they are medium size, not part of complex group structures and operate mainly within Greater Manchester. This selection of case study associations which have a clear city region focus produces a risk of over-emphasising spatial connectivity and networks, a fact taken into account during data analysis. Several associations would have been suitable, particularly in the market-centric category. Irwell Valley Housing was chosen as, although of modest size by English standards, it has a national reputation for pioneering schemes treating tenants as customers. It was also known to the researcher whose father and step-mother served on the board in the late 1990s (suitable time has elapsed to minimise bias/conflicts of interest). The inclusion of Trafford Housing Trust came as a result of the researcher participating in a joint project between Birmingham University and TU Delft in the Netherlands (van Bortel et al., 2007). Trafford Housing Trust was one of the eight organisations taking part in this research. The preferred English housing associations were chosen with independent advice from Professor David Mullins at Birmingham University and Professor Brian Robson of Manchester University.



**Table 16: English case studies - final screening**

Type	Organisation	Included <input checked="" type="checkbox"/> /excluded <input checked="" type="checkbox"/> from selection, and reason
Market-centric	Contour Housing	<input checked="" type="checkbox"/> Innovatively led, but relatively diverse geographic base with noticeable presence outside Greater Manchester
	Irwell Valley Housing	<input checked="" type="checkbox"/> Entrepreneurial and innovative organisation with majority of stock holdings in Greater Manchester [N1]
	Manchester & District	<input checked="" type="checkbox"/> By time of selecting case studies, organisation part of Harvest Housing Group - a more complex group structure
State-centric	Trafford Housing Trust	<input checked="" type="checkbox"/> Whole authority stock transfer covering interesting range of mixed areas from inner city to prosperous suburbs [N2]
	Willow Park	<input checked="" type="checkbox"/> Single housing estate stock transfer in an area where Willow Park is the dominant housing provider
Society-centric	Manchester Methodists	<input checked="" type="checkbox"/> By time of selecting case studies, organisation part of Great Places - a more complex group structure
	Mossclare Housing	<input checked="" type="checkbox"/> Locally based, mainly in City of Manchester, working closely with communities of diverse ethnic origin [N3]
	St Vincent's	<input checked="" type="checkbox"/> Good social approach, although has less clear links to specific neighbourhoods as operates across north west England
	West Pennine	<input checked="" type="checkbox"/> Moving towards new business models so less clearly within the community-centric category
Notes:	Full names: [N1] Irwell Valley Housing Association [N2] Trafford Housing Trust Limited [N3] Mossclare Housing Limited, parent company of Mossbank Homes Limited.	

### ***Organisation Summary***

The nine case studies were chosen using a similar three-stage screening procedure and applying consistent typological categories. Due to different regulatory environments, the data that were used to include or exclude housing associations varied. In some city regions there were plenty of possible choices, in others there were virtually none. Every organisation that was approached agreed to participate although some took several months to make a decision. The degree of access to staff and directors differed between organisations, but for each housing association was sufficient to gather the required information.

This survey is not, and was not designed to be, random. Moreover, the case studies cannot claim to be representative of their type, even within a particular city region. Table 17 provides summarises the nine organisations chosen to fit the market/state/society typology. This typology was easiest to apply in the market category where Bridge Housing, Community Housing Victoria and Irwell Valley Housing share an entrepreneurial reputation, charismatic leadership and a high profile both within their city region and nationally. With the state and society categories, more value judgements were required. This was where the involvement of

local academics proved particularly helpful. All organisations except Trafford Housing Trust have a sufficient corporate history to provide rich research material, and Trafford’s ancestry can be traced back through its background as a local authority housing provider.

**Table 17: Case study final list**

Country	Organisation (short name)	Type	Est.	Housing stock		Details
US	Bridge Housing	Market-centric	1983	11,713	Dec 07	Box 9, p.169
	Burbank Housing	State-centric	1980	2,179	Jan 08	Box 5, p.143
	East Bay Housing	Society-centric	1975	921	Dec 08	Box 12, p.224
Australia	Community Housing Victoria	Market-centric	1993	963	Jun 08	Box 14, p.254
	Port Phillip Housing	State-centric	1985	535	Jun 08	Box 6, p.156
	Melbourne Affordable Housing	Society-centric	1986	289	Jun 08	Box 10, p.180
England	Irwell Valley Housing	Market- centric	1975	7,212	Mar 08	Box 8, p.161
	Trafford Housing Trust	State-centric	2005	9,220	Mar 08	Box 1, p.27
	Mosscares Housing	Society-centric	1967	3,471	Mar 08	Box 3, p.74
Sources: <i>United States</i> : Latest audited accounts. Stock numbers are for units developed and still owned. <i>Australia</i> : Latest audited accounts. Foundation date of Melbourne Affordable Housing is given as date of establishing oldest constituent organisation, Ecumenical Housing. <i>England</i> : Stock and staff numbers taken from RSRs as at 31 <sup>st</sup> March 2008. Stock includes housing in any local government area - supported, general needs and shared ownership.						

Comparing organisational size is challenging as metrics such as balance sheet strength and staff numbers will be affected by the extent to which the housing association is vertically integrated (development and/or management and/or ownership) and tasks carried out by staff or outsourced (routine repairs, for example). Table 17 shows that, based on housing stock, there is some similarity in size between the US and English case studies, but not Australia. The current small size of Australian housing associations has implications for both the degree of functional role separation discussed in Chapter 5 and the scale of capacity support organisations considered in Chapter 6. There are, however, plans for a significant increase in portfolio size with, for example, a target 3,000 units by 2011 for Melbourne Affordable Housing (2007a: p.2).

Australia is at the early stages of forming a housing association sector compared to the US and many European Union countries. Comparing established US and English organisations with those that are newer in Australia allows a reflection on global trends in the sector and how knowledge is transferred. Strengthening links between housing research and policy is an objective of the Australian Housing and Urban Research Institute (Jones & Seelig, 2004), an organisation who provided funding towards the thesis.

### 4.3 Data Collection

Before research interviews took place, Internet searches were used to locate background information on the nine organisations. Websites often allowed the download of annual accounts, tenancy policies and brochures. Further information was requested from employees during and after interviews leading to the supply of items such as organisation charts, not normally publicly available. Documents were collected based around the ‘research themes’ shown in Table 18.

**Table 18: Primary documents requested from organisations**

Research theme	Typical documents sought
Background	Historic and current information about the organisation Annual report and accounts Details of housing markets served, by type of tenant and by region Tenant eligibility criteria and waiting list procedures
Governance	Charter document Governance rules and procedures manuals List of board members, sub-committees and board procedures Risk management, conflict of interest and other policies
Accountability	Details of performance measurement data, both internal and external Newsletters and other communications with tenants or staff Details of service level agreements with public agencies Returns submitted to regulators or public sector bodies
Networking	Details of group structure if more than one legal entity Documents on capacity building grants or projects Membership of trade bodies, procurement partnerships or lobby groups Agreements with outside consultants or advisors
Business outlook	Strategic plans and documentation of alliances, partnerships or joint ventures Details of external funding arrangement with public sector or banks Property development guidelines

The use of research themes helped to manage large volumes of paperwork and provided the structure for questions asked during the case study interviews. Standard information, such as employee numbers, group structure and legal status was gathered across all nine organisations and tabulated in this report. The approach, as recommended by Yin (2003), gives a clear chain of evidence. Employing consistent categories helped the subsequent search for patterns in the data (Stake, 1995). Housing association documents were checked carefully for accuracy and points of clarification raised during interviews. Care was taken to critically analyse documents: why was the item produced, for which audience and what could be interpreted from the choice of words? Are the people who pay rent described as tenants, residents or customers? Do publicity statements resemble the reality observed during interviews, or are they propagating organisational myths?

### ***Pilot Study, Pre-testing & Interviews***

The pilot study was a small scale trial-run of procedures carried out before starting the main project to give advance warning of problems with the chosen method. In particular it checked whether the requested information would be easily available and willingly disclosed, if the interview questions covered relevant issues and whether the process was unduly time-consuming or complicated for participants. Holloway (1997) has argued that with qualitative research there is less of a problem in using the pilot organisation as one of the main case studies, and for this study the pilot was the first step in an evolving process whereby topics and questions were adapted throughout the data gathering period. Bridge Housing in the US was chosen for the pilot study during October 2007. There were a number of useful learning experiences from the pilot study: the difficulty of arranging meetings with senior staff; sensitivity over releasing certain documents; and reluctance to allow too many interviews due capacity constraints. As a result, the target number of interviews per organisation was reduced from fifteen to ten.

Yin (2003: p.79) differentiates between a pilot study and a pre-test with the latter more of a 'dress rehearsal'. Because case studies were spread across three countries each with different housing policies it was decided to hold pre-tests. In the US, Bridge Housing served as both a pilot study and a pre-test. Port Phillip Housing was used as the Australian pre-test and in Irwell Valley Housing in England. There was some truth in the cliché that England, the US and Australia are three countries separated by a common language. Words often needed to be 'translated' into local usage, for example for description of the types of organisations being studied as housing associations, community housing providers or housing nonprofits. The glossary in Appendix 1 is largely a result of understanding gained from pre-testing.

Following a review of background documents, semi-structured interviews were held with a range of housing association employees and board members. The names of people interviewed, and procedures followed for signing-up organisations and complying with university Ethics Committee guidelines are given in Appendix 2. This includes a list of possible questions, although in qualitative research it is unlikely that exactly the same questions will be asked to each respondent and it is often better to listen to unique experiences and insights (Stake, 1995). Interviews mixed closed questions to collect missing data with open-ended inquiries seeking rich descriptions and vivid vignettes of how the organisation operates in its city region (Denzin & Lincoln, 2005). Interviewees were encouraged to be candid about the strengths or limitations of their organisation's capacity, and to suggest ways of improvement. As the research progressed,

new themes and issues emerged and, in some cases, a follow-up phone call or email was needed. Meetings were sought with the following types of stakeholders:

- *Executives and managers.* Where possible the chief executive was interviewed, and occasionally their deputy. This was in addition to several middle managers.
- *Financial specialist.* In general the finance director was interviewed, although sometimes the role would be best described as financial controller or bookkeeper.
- *Property specialist.* Most organisations differentiated functions such that a separate meeting was needed with both a property developer and a property manager.
- *Tenancy specialist.* Efforts were made to speak to both a 'head office' tenancy senior manager and a member of front-line staff. Information was sought not only on rent setting and evictions but how the association communicated with tenants.
- *Human resource specialist.* While not part of initial project design, interviewing someone in this role yielded useful information on staff numbers, remuneration and skills shortages.
- *Directors.* To gain an insight into governance, the aim was to interview two directors, with a preference for one serving as chair or deputy-chair of the board.

To discover more about network relationships in the housing association sector, a further series of semi-structured interviews took place with employees of connected stakeholder organisations: trade and professional associations, consultants, support organisations, financiers, government officials, lobbyists and academics. Because not all network actors were known at the start of the research, a snowballing technique was used, with interviewees from housing associations and universities asked to supply names of organisations and individuals who support the sector. These individuals were then interviewed, and asked to suggest further names. While normally used to discover 'hidden' populations of individuals such as injecting drug users, the method can also be used to identify informal organisational networks (Salganik & Heckathorn, 2004).

### ***Data Triangulation & Network Participation***

In case study research, as with other empirical methods, it is important that inferences are tested by using multiple sources, known as triangulation (Yin, 2003). For example, positive comments in publicity brochures and supportive statements from executives may mask poor customer

service. Likewise, risk controls may be well documented but the manuals gather dust on the shelf. The following steps were taken to try and overcome some of these types of problems:

- *Deep questioning at interviews.* Questions were chosen that do not just ask whether policies and procedures exist but whether they work in practice. Have there been breaches of procedure, qualified audit reports or lack of awareness by staff of their responsibilities?
- *Multiple interviews at the same organisation.* The researcher noted varying responses to the same questions by different interviewees, but respected confidentiality and did not disclose what other respondents had said. For example, directors could have a positive view about the organisation's mission but staff on the ground feel differently.
- *Independent information on the organisation.* Electronic databases were searched to find press articles which highlighted tenant complaints or allegations of malpractice (although few were found). More useful were independent reports from regulators, funders and auditors. Annual 501(c)3 tax returns were used in the US, and the Housing Corporation Assessments, Regulatory and Statistical Returns and Audit Commission Inspection reports were used in England. In Australia there are fewer reports of this type.
- *Investigator triangulation.* This is a different check to those above that all triangulate data. Several meetings in the US and Australia were attended by both the researcher and his associate supervisor. This promoted discussion of differences of interpretation.

The research method used in this study led to the researcher discovering that networks are important for understanding the way housing associations operate within their city regions. Therefore a number of conferences, meetings and events were attended in the three countries to observe the relationship between actors, to see networks in action. As with McKee's (2006) work with housing associations in Glasgow, the researcher built understanding by observing non-verbal forms of communication, and occasionally fulfilling the role of actor/participant. During the course of research 14 housing events were attended in 5 countries (Table 19). These varied in their contribution to the research. Some events provided opportunities to increase knowledge of local housing conditions, others were more important in observing networks in action. Often new capacity building organisations were identified for further investigation. Five papers (of which three have been refereed) were presented by the researcher at international academic conferences, providing an opportunity to test initial findings. These conferences, particularly in the US and Australia, themselves acted as arenas attended by academics and practitioners.

**Table 19: Housing events attended**

Date	Event	Event type	Role
Jun-07	Australasian Housing Researchers' Conference, Brisbane	Conference	Presenter
Jun-07	ENHR Conference, Rotterdam	Conference	Presenter
Oct-07	Visiting Scholars Presentation, University California Berkeley	Seminar	Presenter
Oct-07	NPH Conference: San Francisco	Conference	Observer
Oct-07	National Inclusionary Housing Conference: San Francisco	Conference	Observer
May-08	Launch of Housing Choices Australia, Melbourne	Event	Observer
Jun-08	Australasian Housing Researchers' Conference, Melbourne	Conference	Presenter
Jul-08	ENHR Conference, Dublin	Conference	Presenter
Sep-08	University of Birmingham Seminar, Birmingham	Seminar	Presenter
Sep-08	NHF Conference and social housing exhibition, Birmingham	Conference	Observer
Sep-08	NWHF Executive Committee meeting, Manchester	Meeting	Observer
Oct-08	NHF North West Board Member Conference, Liverpool	Event	Presenter
Feb-09	CHFA Capacity Building Workshop, Melbourne	Workshop	Presenter
Mar-09	Community Housing Industry Development, Sydney	Workshop	Participant
Notes: ENHR - European Network of Housing Researchers; NPH - Nonprofit Housing Association of Northern California; NHF - National Housing Federation; NWHF - North West Housing Forum; NHF - National Housing Federation; CHFA - Community Housing Federation of Australia.			

### ***Interview Outcomes***

Between October 2007 and December 2008, 163 interviews took place. Appendix 2 provides details of the interviewees' organisational affiliations, including where an individual acts in different roles. Insights from people spanning organisations added depth to the research and built understanding of how networks function. The interviews are summarised in Table 20.

**Table 20: Interview summary**

Interview category		US	Australia	England	Total
Case study directors and staff (see Table 21)		27	22	27	76
Stakeholder interviews	Consultants	4	2	4	10
	Financiers	2	2	1	5
	Capacity building, support, lobby and networking	11	15	16	42
	Other housing association chief executives	2	3	4	9
	Academics	3	2	6	11
	Public officials	3	3	4	10
Total		52	49	62	163

The initial target had been for around 50 meetings per country, and this was achieved for all three countries. A broad and balanced range of stakeholder interviews took place. Academics were included as part of regional housing networks and to act as sounding boards for the researcher developing his understanding of regional networks. In three cases they facilitated contact with housing associations that subsequently agreed to take part in the survey. Capacity building, support, lobbying and network organisations became a key focus for the research, although this was not envisaged when the project was being designed. Their role and importance became clear through the use of snowballing techniques. Some, such as the Chartered Institute of Housing in England, were already known to the researcher. Others such as the Airport Group, an informal peer support network between in the north of England, were discovered through snowballing techniques. The role of these groups are discussed in detail in Chapter 6.

**Table 21: Case study interviews**

Country	Organisation (short name)	Chair/Vice	Director	Chief exec	Finance	Other	Total
United States	Burbank Housing	0	2	1	1	6	10
	Bridge Housing	1	1	1	1	3	7
	East Bay Housing	0	1	1	1	7	10
Australia	Port Phillip Housing	1	1	1	1	4	8
	Community Housing Victoria	0	1	1	1	4	7
	Melbourne Affordable Housing	1	1	1	1	3	7
England	Trafford Housing Trust	0	3	1	1	4	9
	Irwell Valley Housing	1	1	1	1	6	10
	Mosscares Housing	0	2	1	1	4	8

The profile of case study interviewees are presented in Table 21, which shows that in general the research method was implemented successfully with access being gained to the vast majority of target individuals. Two or more directors were interviewed in seven of the nine organisations, and the board chair took part in the research in at least one organisation in each country. Chief executives and senior finance managers were interviewed for all case studies but coverage of staff working in human resources, property and tenancy management was not comprehensive. Fewer interviews took place in Australian housing associations, a reflection of the organisations being much smaller. Bridge Housing restricted the research to seven interviews that, fortunately, included their senior executives and directors.



## 4.4 Conclusions

The chosen method of collecting data through documentary research and interviews on nine housing association case studies grouped by type is broadly supported by the research literature. There are no other obvious approaches for an exploratory, in-depth investigation of organisation dynamics, capacity building and network support. This is an area that is under-researched, where similar trends appear to be taking place in different countries and there are practical problems in using quantitative techniques based on questionnaire surveys. Difficulties with carrying out qualitative research were minimised by careful project design, the involvement of independent academics assisting case study selection and using established methods of data triangulation. The thesis has endeavoured to protect interviewee anonymity, although this is challenging as the organisations are relatively small scale, often run by high profile individuals.

The case study organisations were selected carefully and fit within the typology developed from the approach of Evers and Laville (2004). They appear broadly suitable for comparison, taking into account the important caveat about the size of the Australian organisations (see Table 17). However, this may be less of an issue because one of the background purposes of the research is to explore ways in which the Australian housing association sector can grow. All nine organisations were of sufficient size to allow functional differentiation of management tasks, thereby allowing a wide range of interviews.

With digitally recorded and carefully completed meeting notes from 163 interviews, and having procured a wealth of primary documentation, there is no lack of information to help analyse capacity within organisations (Chapter 5) and of the affordable housing network (Chapter 6). For the researcher the problem has been how to cope with feast, not famine. Reflecting on the research design, fewer case studies or interviews would have made the project more manageable. However, there remains a strong logic to mapping three organisational types across three city regions. With Australia consciously borrowing housing policies from both the US and England, and all three countries favouring housing associations over public housing providers, this is a project right at the heart of contemporary housing debate.



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# CHAPTER 5

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## CHAPTER 5: ORGANISATIONAL CAPACITY

During the last decade programs were launched, staff sent on training courses and glossy brochures produced in an effort to build housing association capacity. Australia and England overhauled their regulatory system, in part to strengthen the sector to protect private investment. California passed propositions to help fund core association activities, and Australia introduced tax credits to expand a core group of growth nonprofit providers. England, and more recently Australia, saw merger mania with associations amalgamating to achieve critical mass. This unprecedented level of activity in the housing association sector was launched without a serious questioning of what capacity is, where the shortfalls exist and how best to address the problem. Instead, policy appears to be based on a set of normative assumptions about the way associations work, and how bringing further market disciplines and corporate governance structures could improve the effectiveness of individual organisations.

The next two chapters help address the research shortfall on capacity, contrasting concerns and initiatives across the three city regions. The approach is not just to look at broad policies, but to investigate what is happening in particular organisations. How do front-line housing staff understand capacity? Which solutions have management attempted and have they been successful? Chapter 5 investigates capacity at the organisational level, the traditional analytical lens. Here, housing associations are viewed as relatively discrete actors. Much of the existing capacity literature (Section 5.1), and understanding of capacity constraints (Section 5.2), follows this traditional approach. As such the solutions are commonly aimed at the organisation level, such as staff training and the introduction of new business practices (Section 5.3). Moves to reorganise the housing association sector through vertical integration and mergers (Section 5.4), although less often referred to as capacity building, also follow the traditional approach.

What emerges, even from a focus in this Chapter at organisation level issues, is the extent to which housing associations are networked institutions - discussed further in Chapter 6. Through the connections built by staff transfers, the use of partnership working, to the rich links directors build with professional firms, network power is key. Their relative lack of in-house capabilities ties them more closely to the broader network than if they had the option of buying-in services. Housing associations are just one of many actors in the affordable housing sector, and their capacity can only be understood within this broader context.

## 5.1 Understanding Capacity

The increased visibility of nonprofit organisations through their role in service delivery has raised questions about whether they are capable of taking on these new responsibilities, and if so, are they delivering value for money. Salamon (Harvard Business Review, May 2003: 2001: p.74) describes this as a ‘crisis of effectiveness’. The potential gains from building capacity and improving the efficiency of nonprofit organisations can be seen from an impassioned debate in the Harvard Business Review in 2003:

Imagine what an extra [US]\$100 billion [A\$141 billion] a year could do for philanthropic and other nonprofit institutions. That’s more than three times the annual giving of every charitable foundation in the United States combined ... according to a study we recently completed with our McKinsey and Company colleagues, the nonprofit sector could free up that amount - maybe even more - by challenging the operating practices and notions of stewardship that currently govern the sector (Harvard Business Review, May 2003: Bradley et al., 2003: p.94).

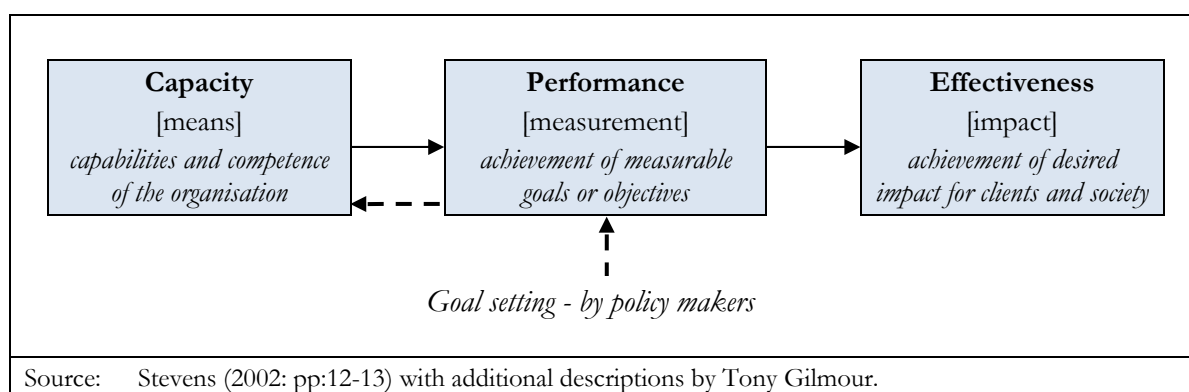
[Bradley’s] analysis exemplifies the hazards of drawing facile analogies between the practices of major corporations and those of nonprofits ... the authors suggest that [US]\$62 billion [A\$87 billion] could be saved by increasing ‘effectiveness’. But it is exactly in the failure to define effectiveness that the analysis breaks down. Profit is profit, and return on capital is the same by any other name. Philanthropic effectiveness, however, is not so easily defined (Harvard Business Review, September 2003 Kramer, 2003: pp.126-7).

Currently, many nonprofits suffer from frequent changes in leadership, high turnover, precarious finances, as well as insufficient administrative staff and technology ... While nonprofit leaders should look for opportunities to cut costs wherever possible, the sector should resist investing in the short term by directing all available funding to programs. Failing to invest in effective organizations as well would be terribly inefficient (Harvard Business Review, September 2003 Blumenthal, 2003: p.128).

The discussion highlights a number of important themes. By taking place in the Harvard Business Review, it shows the integration of nonprofit organisations within mainstream management research. Business practices and language have become normalised, and it is not considered unusual for management consultants to provide advice on running nonprofit organisations. Kramer, who wrote the second piece, co-founded a nonprofit consultancy with Harvard Business School Professor Michael Porter in 1999 (FSG, 2009). The difference of opinion between Bradley and Kramer is over nonprofit effectiveness, how it can be measured, and how it differs between for-profit and nonprofit organisations. Blumenthal links effectiveness to capacity, stressing the need to invest in building robust and sustainable nonprofit organisations. These are all topics discussed further in this Chapter.

### ***What is Capacity?***

Despite discussion amongst practitioners, and various policy initiatives in the US, Australia and England on housing association capacity, there is no agreement on what capacity is. Terms such as capacity, performance and effectiveness have been used either synonymously, or with a lack of clarity. Stevens (2002) provides a model, shown in Figure 18, positioning capacity as the capability of an organisation to achieve goals. This is close to the dictionary definition of capacity as ‘the ability to produce’ (OED, 2009). Performance is viewed by Stevens as the achievement of measurable goals, and effectiveness is the organisation’s broader impact on society. Stevens places these three concepts in a linear continuum with capacity and performance necessary preconditions for effectiveness. The model’s logic is that capacity is not an outcome in its own right, rather an activity leading to performance. It also shows the measurement of organisational performance as being one step away from achieving social impact.



**Figure 18: Capacity, performance and effectiveness**

The model in Figure 18 is best illustrated by an example. A housing association wishing to build social housing will need to have development, financial and project management capacity. This can result in building new houses, a measurable output of the association. The effectiveness of the overall process, however, will depend upon the appropriateness of the housing, the tenants assisted and the broader impact on neighbourhood cohesion. Governments and housing association managers are more likely to focus on performance (numbers of new houses in this example), as these are easy targets to monitor. In comparison, as Kramer notes in the Harvard Business Review article, effectiveness is harder to measure. Housing association goals are set by a variety of actors, often reflecting the association’s historic specialisation in aged care, or alleviating homelessness in particular neighbourhoods for example. However, governments

remain the dominant actor in setting the broad goals of the housing association sector through grant finance and regulation. They influence the income/needs groups assisted, and whether or not associations should build new properties in addition to managing existing housing stock.

The impact of policy makers through goal setting is shown in Figure 18. As capacity is understood in relation to organisational goals, policy makers are also influential in defining the meaning of capacity. For example, if housing associations are tasked with increasing the supply of affordable homes, their capacity will be judged by policy makers based on their development capabilities. If policy makers want to achieve higher levels of tenant satisfaction, they will judge housing association capacity based on their ability to carry out repairs on time or keep neighbourhood offices open for longer hours. Policy makers, housing association managers and researchers may all see the capacity of a particular association differently, depending on their own world view. Therefore capacity does not sit in isolation, as an objective fact, but is socially constructed by the observer. The different constructions of capacity by are all important, and they are interconnected. Policy makers, although highly influential in setting goals monitored through performance indicators, work within societal norms and values (Jacobs & Manzi, 2000). As a constructed term, how capacity is interpreted will both change over time and be different across countries. National differences may reflect deeply embedded power relationships or stem from the historical development of housing systems (Haworth et al., 2004).

This more nuanced approach to capacity, interpreting it as a social construct, reinforces the benefit of the research method. It allows an understanding of capacity to be built from the ground upwards, based on the views expressed by a variety of actors - housing association staff, support organisations, regulators and policy makers. Social constructivists argue that language and discourse are important in mediating policy debate, framing the way that issues are problematised (Burr, 2003; Jacobs et al., 2004). Furthermore, constructivism pushes for the debate on capacity to be interpreted within particular national and regional contexts, to try and avoid ethnocentric bias. As Haworth et al. (2004: p.173) note 'the value of a social constructivist approach lies in the questioning of assumptions implicit in much housing discourse'. Unfortunately most research on housing association capacity has taken a positivistic approach, relying on taken for granted assumptions which are seldom stated, contextualised or challenged (Glickman & Servon, 1998). As Kemeny (2004: pp.50-51) observed, 'until very recently housing research has remained a bastion of traditional positivism, heavily influenced by structuralist explanations and strongly orientated toward the use of quantitative methods'.

One of the many taken for granted assumptions in research on nonprofit capacity is the frame through which it is viewed. Most writers have conceptualised capacity as relating solely to the internal workings of an organisation, what is termed in this thesis *organisational capacity*. Researchers using this frame normally relate capacity to traditional management tasks that would have been familiar to Frederick Taylor, who developed his principles of ‘scientific management’ nearly a century ago (Taylor, 1911). For example, Fredericksen and London (2000: p.233) identify ‘four elements of organisational capacity - leadership and vision; management and planning; fiscal planning and practice; and operational support’. This positivistic approach normally builds a detailed checklist of capacity *attributes* against which a nonprofit organisation can be judged (see example shown in Table 22). The more attributes that can be checked off the list, the higher the presumed capacity of the organisation.

**Table 22: Capacity attributes**

Aspirations	Organisational skills	Systems & infrastructure
<i>Mission</i>	<i>Performance measurement</i>	<i>Planning/ decision making</i>
<i>Clarity and boldness of vision</i>	<i>Planning</i>	<i>Human resource management</i>
<i>Overarching goals</i>	<i>Revenue and fundraising</i>	<i>Adequate premises</i>
Strategy	<i>Local relationship building</i> ■	<i>Use of information technology</i>
<i>Overall strategy</i>	<i>Marketing, PR, legal issues</i>	Organisational structure
<i>Goals/performance targets</i>	Human Resources	<i>Board governance</i>
<i>Program relevance/growth</i> ■	<i>Staff levels</i>	<i>Organisation and job design</i>
<i>Funding model</i>	<i>Board composition/ support</i>	Culture
	<i>Strength of chief executive</i>	<i>Performance as shared value</i>
	<i>Management team</i>	<i>Other shared values</i>
	<i>Mix of staff and volunteers</i> ■	
Source: McKinsey & Co (2001). Certain attributes have been re-worded from the original research.		
Notes: ■ indicates an attribute suitable for a nonprofit organisation, but less for a commercial company.		

Most of the attributes in Table 22 apply to a wide range of commercial and non-commercial organisations, with only a few attributes (shown ■) relating more to the nonprofit sector. This suggests either capacity issues are very similar in the commercial and nonprofit sectors or, more likely, there has been an undiscerning transfer of business school ideas to nonprofit organisations (Kramer, 2003). Despite the discourse of visions, leadership and governance sounding increasingly similar between nonprofit and for-profit organisations, there are important differences. Commercial companies measure performance using relatively uncontested metrics such as profit, or profit relative to capital. Nonprofits have a broader range of community objectives, many of which are qualitative. Businesses operate in competitive markets and have to

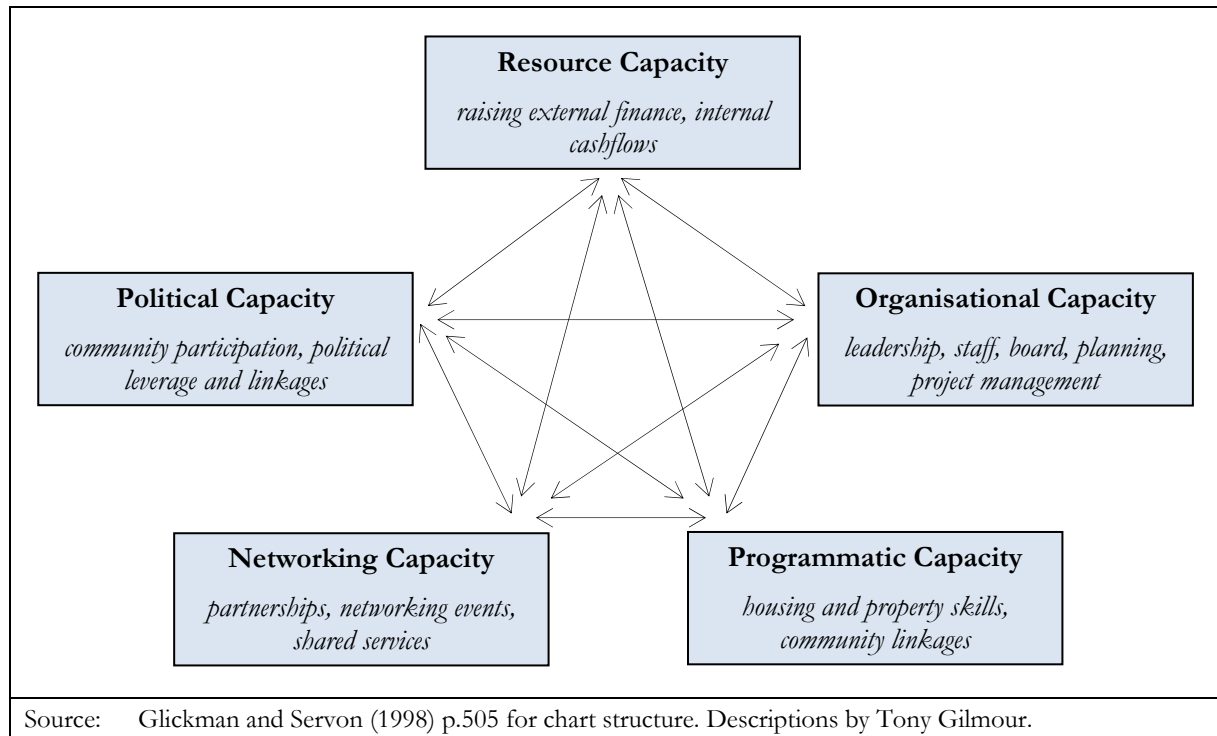
remain efficient, with badly run firms taken-over or forced out of business (Paton, 2003). Nonprofit organisations operate in a more supportive environment of modest competition, generally favourable press coverage and legal support for continuity (Hansmann, 1980; Brody, 2006). Fewer nonprofits grow large, or are allowed to fail, and loose collaboration between organisations is common. These differences between market and nonprofit sectors reinforce the need for a more discerning, situation-specific approach to understanding capacity. Otherwise it can only exist only at a high level of abstraction (Wing, 2004).

A further problem with McKinsey & Co's (2001) method in Table 22 is that the frame of observation is determined by the boundaries of an organisation. This is not a particularly helpful approach to organisational analysis, whether for nonprofit organisations or commercial companies. Researching the capacity of US community development corporations (CDCs), many of which fall within the definition of housing association, Glickman and Servon (1998) built a more broadly framed capacity model (Figure 19) based on their observation that 'capacity is built from within and without ... most CDCs try to build capacity from the inside while at the same time getting as much from outside sources as they can' (*ibid*, p.502). Therefore, although one of the 'components of capacity' in their model is organisational capacity, there are four others that capture the relationship between an organisation and its wider environment. Effective, high capacity housing associations need to build good relationships with finance providers, politicians, other housing associations, nonprofit organisations and the wider community.

The Glickman and Servon model was used by La More et al. (2001) to analyse the capacity of Michigan housing associations using attributes derived from their five capacity components. This research is discussed below, and results displayed in Figure 19. Although a more nuanced analysis than the McKinsey & Co (2001) focus on organisational capacity, the approach does not capture the full extent of housing association partnerships and networking which will be discussed in Chapter 6. Returning to Stevens's model in Figure 18, in sectors where networking is important the relationship between capacity, performance and effectiveness may not be evident from studying a single organisation. For example, development capacity may exist within a housing association, or be outsourced from consultants or contractors. Smaller housing associations may work in partnership with larger groups to develop new properties on their behalf, therefore do not need in-house development skills. The roles of developer and tenancy manager may be split between two organisations, a more common arrangement in the US than Australia or England (see Section 5.4). Similarly, full achievement of social and community



benefits will rarely be achieved by a housing association acting in isolation. It will be through associations working with other housing providers, community and other nonprofit groups, law enforcement agencies and branches of government.



**Figure 19: Capacity components**

For the networked environment in which housing associations operate, one approach would be to consider the capacity of the affordable housing sector as a whole rather than that of individual associations. In this thesis this is termed *network capacity*. Depending on how the sector is conceptualised, different actors could be identified as relevant such as consultants, banks, trade associations and nonprofit community service providers. The rationale for a more inclusive list is that each actor contributes towards the sector's capacity. For example, if housing associations need to borrow from banks to contribute towards funding new housing, banks need to have capacity (funds to lend, confidence in the sector etc.). If there are few facilities for staff training in a region, housing associations must train in-house, which may be less effective and interrupt program delivery. This broader definition of capacity, moving beyond the capacity of individual organisations, has become accepted by many non-government organisations. The UN moved in the late 1980s from a focus on improving the functioning of individual institutions in poor countries as they were 'not seen as independent and isolated actors any longer but part of larger

systems or networks. Capacity-building needed to become a much broader concept' (UNESCO, 2002: p.4). The OECD (2003) have adopted a similar approach to climate change.

The network capacity of the housing association sector is discussed in Chapter 6, and consideration given to whether it is helpful to study it at city region level. Although the approach in the thesis is one of qualitative case study research, consideration was given to adopting a more traditional positivist method and developing metrics to measure organisational capacity. The next section describes prior research on measuring capacity, highlighting several problems. Although these methods were not adopted, the surveys provide useful information on both the housing association sector and how researchers have constructed the meaning of capacity.

### ***Capacity Measurement***

Performance measurement has become a familiar activity in the public and nonprofit sectors over the last two decades, in part due to New Public Management approaches spreading 'measurement culture' from the commercial sector (Jacobs & Manzi, 2000; Kennerley & Neely, 2002). Concerns about the limitations of setting quantitative, normally financial targets has prompted growing interest in measuring judgemental attributes such as customer satisfaction, service quality and organisational capacity. These are seen as important, but hard to measure and the validity of techniques used in these fields is uncertain. Paton (2003), studying quality measurement tools used by nonprofit organisations, found mixed messages as to whether the information collected was meaningful. However, use of these tools improved internal debate on quality issues, and increased the organisation's legitimacy in the eyes of external stakeholders. This highlights the symbolic as well as the substantive role that measurement can have.

Measuring housing association capacity is uncommon compared to quantification of other performance indicators. Table 23 shows a capacity measurement typology, moving from discursive through to quantitative approaches, with examples of organisational research on housing associations and other nonprofit organisations for each type. Most research has used an attribute approach, selecting various characteristics of how an organisations operates, such as their strategy, systems and leadership (see attribute examples in Table 22). In Table 23 the apparent precision of measurement increases lower down in the table, with the last two approaches capable of producing numeric scores for organisational capacity.

**Table 23: Capacity measurement typology**

Approach	Description	Examples
Discursive	General discussion of organisational capacity, not based on specific attributes	Light (2002)(2004) <i>survey of capacity of 'effective' nonprofit organisations</i>
Scaled attributes	Selection of capacity attributes then value judgement against categories on an ordinal scale (such as 'high' or 'low')	Lessik & Michener (2000) <i>self assessment of nonprofit organisations in developing countries, grouped under 6 main headings</i> Fredericksen & London (2000) <i>18 case study US housing associations against 13 attributes</i> McKinsey & Co (2001) <i>self assessment grid for nonprofit organisations with 7 headings and 58 capacity attributes</i> Housing Corporation (2005) <i>traffic light (red, amber, green) assessment of risk characteristics, including aspects of capacity</i> Better Business Bureau (2007) <i>web accreditation of US nonprofit organisations based on whether they meet 20 criteria on governance, etc.</i> Eringa et al. (2008) <i>22 Australian Indigenous housing associations assessed using 4 viability factors and 16 capacity attributes</i>
Scaled & scored attributes	Selection of capacity attributes then a value allocated against each attribute and a weighted total calculated	LaMore (2001) <i>37 case study US housing associations tested against 5 capacity criteria to give a percentage capacity score</i>
Quantitative	Ratios or scores calculated based on attributes or other values which can be quantified	Charity Navigator (2007) <i>web search engine of 5,000 US nonprofits across all sectors with star rating for capacity and effectiveness</i>

The pitfalls in capacity measurement are best described by examples from each approach in Table 23. Light (2002) followed the *discursive* approach, using a postal questionnaire of 250 randomly selected nonprofit 'opinion leaders' who were members of US nonprofit trade associations. These individuals identified 250 nonprofit organisations they considered to be 'high performing', and the chief executives of these organisations took part in a further telephone questionnaire survey. Reinforcing the importance of external as well as internal capacity (see Figure 19), Light found several common characteristics of 'successful' nonprofits, such as actively engaging with their local community, collaborating with other nonprofit organisations and trying to influence opinion through social and political advocacy. High capacity organisations had efficient internal structures with delegated responsibilities, made good use of new technology and a leadership style encouraging open communication. Light's results are not surprising, but his research method has limitations. Organisational effectiveness was taken to be

*perceived* effectiveness, with no attempt made to measure performance, or the organisations' wider impact on their community. The only perceptions surveyed were those of senior executives, an unrepresentative reference group. Organisational capacity was discussed in general terms but there was no analytical framework for capacity, or how it might link to performance.

The *scaled attribute* approach involves assessing organisational capacity against selected standard criteria which are scored on an ordinal scale. Fredericksen and London (2000) used a binary pass/fail score. England's Housing Corporation (to 2008) employed a tripartite traffic light system ranging from green for a housing association 'supported by appropriate governance and executive arrangements' to red if 'the governing body does not demonstrate effective control of the organisation' (Housing Corporation, 2005e: p.7). As shown in Table 24, McKinsey & Co (2001) used four possible rankings. In the example, on the attribute 'local community presence and involvement' the organisation scored 'moderate level of capacity in place'.

**Table 24: McKinsey's scaled attribute capacity measurement**

Capacity attribute example: Local community presence and involvement		
Level	Description	Grade
Clear need for increased capacity	Organisation's presence either not recognised or generally not regarded as positive; few members of local community (e.g. academics, other non-profit leaders) constructively involved in the organisation	
Basic level of capacity in place	Organisation's presence somewhat recognised, and generally regarded as positive within the community; some members of larger community constructively engaged with organisation	
Moderate level of capacity in place	Organisation reasonably well known within community and perceived as open and responsive to community needs; members of larger community (including a few prominent ones) constructively involved in the organisation	☑
High level of capacity in place	Organisation widely known within larger community, and perceived as actively engaged with and extremely responsive to it; many members of the larger community actively and constructively involved in the organisation	
Source: McKinsey & Co (2001): p.94, summarised. Other attributes are given in Table 22.		

The McKinsey assessment approach is straightforward, designed for self-completion by nonprofit organisations. It is therefore a participatory learning process rather than a tool imposed by outside consultants. McKinsey list 59 capacity attributes and although each attribute is graded, there is no overall capacity score for the organisation. However, as with all attribute-based methods, its usefulness depends on a judicious selection of attributes. Normative assumptions are built-in, and not just in the choice of attributes. The McKinsey descriptions in Table 24 suggest 'high level of capacity' to be superior to 'basic level of capacity' in local

community presence. This may not be true for all nonprofits as certain organisations must maintain critical distance from their community, for example those assisting offenders released from jail. Lower levels of capacity might also be explained by the organisation being small, or at an early stage its lifecycle, rather than being badly managed (Stevens, 2002). The McKinsey model highlights the more general problem with nonprofit capacity measurement that, despite considerable diversity in the sector, one model is presumed valid for all organisations.

The *scaled and scored* attribute approach is similar to the McKinsey model, although a weighting is given to each attribute allowing calculation of a total score for an organisation. LaMore et al. (2001) analysed 37 Michigan housing associations to investigate relationships between organisational capacity, efficiency and housing production. Their method and summary results are shown in Table 25. Housing production is taken to be the average number of properties built or refurbished each year, and efficiency measures whether the projects were mostly completed on time and within budget. Organisational capacity is quantified by identifying five broad categories, each weighted 20 per cent, then selecting and scoring attributes within each category. For example the attribute ‘number of volunteers’ in the category ‘organisational capacity’ was scored from 0 (no volunteers) to 4 (over 25 volunteers).

LaMore et al. (2001) do not disclose capacity scores for individual housing associations, although they give averages by region. For example, the average capacity rating for Detroit housing associations is 71 per cent, higher than 52 per cent in northern Michigan (LaMore et al., 2001: p.20). Correlations in the lower part of Table 25 are based on categorising organisations as ‘high’ or ‘low’ performing relative to the median for housing production and efficiency across the sample. Organisations with above average productivity, delivering 9.5 properties each year, have a capacity score of 71 per cent compared to 57 per cent for those with low productivity who only produce 1.2 properties each year. A counter-intuitive outcome from the research is that inefficient housing associations, defined as those more likely to miss delivery deadlines and overspend budgets, have slightly higher capacity (67 per cent) than those with high efficiency (63 per cent). This was explained by regional differences with housing associations ‘in the Detroit and Flint regions, where inner city real estate development is more difficult, have high capacity but low efficiency scores, while groups in rural north Michigan have low capacity but high efficiency scores. (LaMore et al., 2001: p.26). This point was not developed further by the researchers, although is important for the thesis. High capacity housing associations will not be able to deliver affordable housing unless input resources, such as land and finance, are available.

Similarly, organisational capacity and housing production need to be understood on a regional or sub-regional scale, varying between rural Michigan and urban Detroit.

**Table 25: LaMore's scaled and scored attributes capacity measurement**

Measure & weighting		Metric	Range of scores		
Productivity (100%)		New properties built, or old properties refurbished p.a.	Higher than median for sample = 'high' Lower than median for sample = 'low'		
Efficiency (100%)		Within 10% of time and cost budget for new construction	Higher than median for sample = 'high' Lower than median for sample = 'low'		
Capacity	Political (20%)	Working with public agencies Impact on housing policy Relationship with officials	0 - 3 points 0 - 4 points 0 - 8 points		
	Networking (20%)	Community involvement Relationship private sector Work with other organisations Member of a trade association	0 - 18 points 0 - 14 points 0 - 10 points 0 - 10 points		
	Resource (20%)	Number of paid employees Loans and grants raised Sources of financial support	0 - 15 points 0 - 8 points 0 - 7 points		
	Programmatic (20%)	Housing activities Community assessment Construction activities Project management Program evaluation	0 - 14 points 0 - 8 points 0 - 32 points 0 - 32 points 0 - 5 points		
	Organisational (20%)	Age of organisation Number of volunteers Use of information technology Use of outside consultants	1 - 5 points 0 - 4 points 0 - 6 points 0 - 5 points		
Capacity compared to productivity			Capacity compared to efficiency		
	Annual housing production	Capacity score		Annual housing production	Capacity score
High productivity	9.5	71%	High efficiency	7.4	63%
Low productivity	1.2	57%	Low efficiency	2.9	67%
Source: LaMore et al. (2001).					

The problems with the Michigan survey in Table 25 are with design as well as outcomes. Housing production is taken as a proxy for organisational efficiency, without consideration of property size, design quality or appropriateness for the neighbourhood or types of tenants. Meeting budgets is used to measure efficiency, therefore an organisation setting an undemanding budget which allows for cost and time over-runs will be assessed as efficient. It is an example of a positivist approach being taken too far, with crude metrics devised to quantify complex constructs such as capacity and efficiency. Behind the precise scores lie a series of normative,

taken for granted assumptions. Should networking ability be given equal weight to political management? How valid a capacity attribute is the age of an organisation, with old organisations automatically judged to have more capacity than new ones? Therefore the authors' conclusion that 'organisations with higher levels of organisational capacity had higher levels of unit productivity' (LaMore et al., 2001: p.1), whilst intuitive, is difficult to support from their research.

The *quantitative* approach to measuring capacity is shown in Table 26. Founded in 2001, Charity Navigator claims to be the largest evaluator of US nonprofit organisations, aiming to 'guide intelligent giving. Our goal is to help people give to charity with confidence. At the same time we aim to help charities by shining lights on truly effective organisations' (Charity Navigator, 2007). Their rationale is that charity rankings help consumers choose wisely, assisting efficient donations. Charity Navigator follows the Michigan method of calculating a capacity score for nonprofit organisations but avoids the value judgement required when using ordinal scales. Behind a simple star-rating is a set of formulae calculating ratios from publicly available Form 990s submitted to the Inland Revenue Service by all US nonprofit organisations. Table 26 analyses the eight nonprofit organisations identified searching the Charity Navigator website for Californian affordable housing developers in 2007. Their efficiency is assessed based on finances, with top-rated organisations devoting most of their spending to program activities, incurring low administrative and fundraising costs. High capacity organisations are judged to be those with an upward trend in donations and philanthropic spending, and a healthy working capital ratio.

There are a several embedded problems in Charity Navigator's approach. It reports on only 5,000 US nonprofits, identifying just eight Californian housing associations. By comparison GuideStar (2007), who also extract information from Form 990s, have 1.7 million organisations in their database including 226 housing associations within 25 miles of central San Francisco. Many of the organisations excluded from Charity Navigator are important, such as Bridge Housing. The Habitat for Humanity nonprofits that are included are specialised, using a self-build approach to assist low income families own their own property. However, even if housing associations funded through tax credits were included, Charity Navigator's methodology remains open to question. Using accounting information from Form 990s gives precise scores but no adjustments are made to reflect the characteristics of particular sectors. Charity Navigator defines organisational capacity as 'how well a charity can sustain its efforts over time'. Using their logic described in Table 26, capacity is partly measured based on how fast an organisation has grown in the past. This provides no guidance as to whether it can grow in the future.

**Table 26: Charity Navigator's quantitative capacity measurement**

	<i>Maximum score or unit of measurement</i>	Habitat for Humanity Bay East	Habitat for Humanity Los Angeles	Habitat for Humanity Orange County	HomeAid America	Peninsula Habitat for Humanity	San Diego Habitat for Humanity	Silicon Valley Habitat for Humanity	Skid Row Housing Trust
<b>Overall assessment</b>									
Score	70.00	49.32	57.63	55.57	66.16	35.46	59.45	46.90	43.69
Star rating	*****	**	***	***	*****	*	***	**	**
<b>Organisational efficiency</b>									
Program expenses	%	43.2	76.3	80.7	86.6	63.9	94.5	44.0	69.8
Administrative expenses	%	38.7	8.9	11.3	7.1	13.3	1.0	36.6	28.4
Fundraising expenses	%	18.1	14.8	7.9	6.3	22.8	4.5	19.3	1.8
Fundraising efficiency	<i>per US\$</i>	\$0.08	\$0.09	\$0.06	\$0.06	\$0.16	\$0.23	\$0.12	\$0.05
Efficiency score	40.00	19.32	35.13	38.07	38.66	24.14	34.45	16.90	28.69
Efficiency star rating	*****	-	***	*****	*****	*	***	-	**
<b>Organisational capacity</b>									
Primary revenue growth	%	37.4	21.8	10.5	28.0	-2.4	35.7	19.4	12.0
Program expenses growth	%	47.9	35.1	-0.4	50.3	-53.7	68.4	41.2	-1.3
Working capital ratio	<i>years</i>	1.51	0.17	0.81	0.68	1.05	0.34	1.09	0.42
Capacity score	30.00	30.00	22.50	17.50	27.50	11.33	25.00	30.00	15.00
Capacity star rating	*****	*****	*****	***	*****	***	*****	*****	**
					<p><b>Organisational Efficiency</b></p> <p><i>Program expenses:</i> % of total expenses spent on programs/services</p> <p><i>Administrative expenses:</i> % of total expenses spent on overheads, admin</p> <p><i>Fundraising expenses:</i> % of total expenses spent on fundraising</p> <p><i>Fundraising efficiency:</i> amount spent to raise US\$1 of charitable contributions</p> <p><b>Organisational capacity</b></p> <p><i>Primary revenue growth:</i> annual growth in income during previous 4 years</p> <p><i>Program expenses growth:</i> average growth spending p.a. on good causes</p> <p><i>Working capital ratio:</i> in years, the ratio of net liquid assets to total liabilities</p>				
Source: Californian housing associations from: www.charitynavigator.org searched on 2 <sup>nd</sup> April 2007.									



This literature review of capacity measurement has highlighted several difficulties from previous approaches. As methods shift from qualitative towards quantitative, their meaning becomes more contested. However, the main problem with capacity measurement is less the mathematics, more the lack of clarity about what capacity is and how our understanding is bounded by normative thinking. The numbers appear precise, yet value judgements are required to decide whether capacity attributes are important, selecting which attributes to observe, scoring attributes and, in some cases, deciding the relative attribute weighting to calculate a 'capacity score'. These judgements are exercised within particular approaches to nonprofit organisations that are bounded by the attitudes of the observer, and the time and location of the observation. For example, most US approaches to nonprofit capacity measurement start from the perspective of the consumer-donor, providing information to create a healthy market in philanthropy. This has limited relevance to housing associations where donations are less important.

### ***Discourse Comparisons***

The research method of semi-structured interviews with housing association staff and local stakeholders provides rich information on interpretations of capacity. Interview meeting notes were copied into an Endnote database, allowing a word search on the mention of the word *capacity* or near proxies such as *effectiveness*. This allowed analysis of the context in which capacity was referred to, differentiated by type of interviewee and location.

The term capacity is most frequently used where there are constraints or challenges. People have concerns about a *lack of capacity*, and rarely discuss issues of sufficient or excess capacity. The focus for debate is normally individual housing associations or, if reference is made to lack of sector capacity, the implication is that this is a lack of capacity of a number of associations in the sector. Seldom is comment made about the lack of capacity of other actors in the wider housing association field such as finance providers, regulators, consultants or training providers. Therefore, using the defined terms of the thesis, the dominant discourse is about *organisational capacity* not *network capacity*. A typical response from the interviews was that capacity was 'developing the organisation, reporting systems, identifying housing need, decision making, housing standards, accreditation. This is our organisational capacity, which is only very fledgling' (Interviewee 140: Executive, Community Housing Victoria).

From the interviews, housing association capacity is a greater concern in Australia than the US or England. This probably reflects both the smaller size of the sector, and the recent

impetus to expand nonprofit housing production by increasing public investment. Building Australian housing association capacity is seen by many associations, by state housing departments and by trade associations as being a government responsibility. By contrast to these state-based approaches, a handful of larger Australian housing associations are using their own endeavours to build capacity. For example, Community Housing Victoria's strategy is to gain economies of scale by expanding nationally and internationally, allowing recruitment of greater numbers of professional staff (Box 14, p.254). They are also strengthening capacity by partnering with Westpac (a bank) and Lend Lease (private property developers). PowerHousing Australia, a recently formed trade body of larger associations, promote procurement partnerships and knowledge sharing. Housing Choices Australia and Melbourne Affordable Housing are growing through merger, increasing capacity by achieving scale economies (Box 10). Their approach is to find new ways of building capacity while still accepting state funding for courses run by the Community Housing Federation of Victoria or Swinburne University. The contrast in capacity discourse between larger and smaller Australian housing associations mirrors the more general divergence between network capacity building organisations detailed in Chapter 6.

In the US, housing association capacity is discussed less often, and in a more narrow way, than Australia. Funding affordable housing projects through ring-fenced tax credit schemes (see Chapter 2) leaves the 'head office' dependent on a steady flow of project developer fees:

There's a certain minimum amount of development that needs to go on before an organisation can support itself ... it's a little hard to say, but a minimum rule of thumb would be at least three active tax credit projects going on at any time with a reasonable likelihood of finishing sometime soon ... Even some of the medium size organisations struggle (Interviewee 112: Bay Area Capacity Building Executive).

Delays in receiving developer fees, a decrease in transaction numbers or cash-negative projects can leave shortfalls in funding for senior staff salaries, training and organisation development. Community Housing Development Organisations (CHDOs) serving higher need tenants often receive grants from local jurisdictions, but most housing nonprofits do not. Therefore US capacity building and support depends on support from foundations, or intermediaries supported by foundations such as the LISC and Enterprise (see Chapter 6). These foundations play a similar funding role for US housing associations as state housing authorities in Australia. Few organisations have independent income: in the Bay Area, Mercy Housing are supported by the Catholic church, and Bridge Housing generate regular developer fees and commercial income (Box 9). For Bridge, capacity has only reached critical mass recently: 'I think that one of the things we've done in the last ten years is to create that income, to shore-up that institutional

capacity' (Interviewee 099: Executive, Bridge Housing). The same interviewee noted that despite Bridge having sufficient development capacity, this was not true for property management.

During English case study interviews, mention of capacity constraints was uncommon. This was particularly true with the narrower definition of organisational capacity, relating to a housing association's skills, staffing and procedures. One explanation is that since 1974 most English associations have been well funded, professionally managed and achieved critical mass. However, several English interviewees mentioned improving the capacity (skills) of tenant board members, and the need for housing associations to be proactive in building community capacity. This discourse originates from recent New Labour government policies promoting social cohesion. For example a 2005 plan stated 'effective community engagement depends on opportunities for, and capacity within, local communities to become involved in decisions that affect them' (ODPM, 2005b: p.20). As the term 'capacity' is socially constructed, capacity discourse is influenced by important network actors, for example national governments in England, philanthropic foundations in the US and state housing authorities in Australia.

There was a specific example from the English research where *organisational capacity* was mentioned as a problem. From Table 7 (p.82), 15 of the 20 largest social housing organisations in Greater Manchester were established after 2000. These ALMOs and stock transfer housing associations took tenancy management and administrative staff from the local authority, but normally not finance, IT and human specialists. With ALMOs, the head of housing often transferred to run the new organisation, for example at Bolton, but there are exceptions such as Stockport where senior level recruitment was required. The 15 new social housing organisations in Greater Manchester recruited and trained over 130 directors. With existing regional housing associations continuing to grow, this capacity could not be fully met by transferring from existing organisations, although there are several examples of directors serving on multiple boards. Therefore in Greater Manchester, despite the stock of social housing declining slightly between 2000 and 2009 due to Right to Buy sales, the increasing number of social housing *organisations* required a wave of new capacity in the form of senior managers and directors.

There are few sources available to triangulate the views on capacity expressed during the case study interviews. For England, one option is to search the website of the magazine *Inside Housing*, an influential social housing trading publication coordinated by the Chartered Institute of Housing. From Table 27, the word 'capacity' was been mentioned in just under 5 per cent of the 11,113 articles published between 2000 and February 2009. This indicates that 'capacity' is

not a particularly popular and familiar term, appearing less frequently than topics such as ‘development’, ‘tenant’ and ‘risk’. On the right hand side of Table 27 is an analysis of *how* the word ‘capacity’ has been used during articles published in 2008. This requires subjective assessment, and the numbers in the table give only a broad indication. Of the capacity constraints discussed by *Inside Housing*, few were of the type commonly discussed in Australia, such as needing more skilled staff, better training and a stronger board. The most frequently concern was financial capacity, for example the availability of bank finance. This, and the second most popular category - development capacity constraint - were important issues in 2008 due to the impact of the global financial crisis. One third of the uses of the word ‘capacity’ were to capacity problems beyond the direct control of housing associations. For example, bank lending constraints, loss of building trade capacity and shortages of developable land.

**Table 27: *Inside Housing* capacity discourse**

Numbers of articles mentioning keyword in any article 2000-2009 [N=11,113]	Context of use of word ‘capacity’ in articles mentioning capacity during 2008 [N=100]		
Management	4,532	Word used in a general sense only	54
Development	4,481	Capacity within housing association sector	
Community	4,277	Finance and borrowing capacity constraint	12
Tenant	3,925	Development capacity constraint	6
Finance	2,766	Tenant capacity constraint	3
Risk	1,388	Board skills, staffing, internal constraints	3
Regulation	1,206	‘Over capacity’ - could develop more	4
Competition	602	Capacity in broader sector	
Capacity	531	Banks lending and land supply constraints	8
Merger	386	Community capacity constraints	5
		Builders’ capacity constraints	5
Source: Search of <i>Inside Housing</i> (2009) articles published from 2000-2009.			
Note: Use of ‘capacity’ in a general sense could be where an author writes an article in a ‘personal capacity’.			

The *Inside Housing* survey in Table 27 has supported the case study research, which indicated that capacity constraints is not a major issue of concern for English housing associations. However, there are two differences. First, the case study interviews raised fewer concerns about financing constraints than the *Inside Housing* survey, perhaps due to Greater Manchester property prices being more stable in 2008 than the south of England, and local associations less involved in new construction. This reinforces that, as a constructed term, capacity needs to be understood with reference to the environment - including the regional context - in which it is observed. Second,

the articles were more likely to refer to problems in the broader sector such as finance or development capacity. Possibly interviewees were more bounded by what was happening in their own organisation whereas journalists were in a position to comment on network capacity.

## 5.2 Capacity Constraints

When interviewees discussed organisational capacity issues for housing associations, the examples most commonly raised related to people. Associations need to build their capacity ‘step by step, procedure by procedure. Training, attracting, retaining, supporting good employees, orientating them, keeping them to stay ... building an organisation where people want to work’ (Interviewee 029: Housing Association Executive, Bay Area). If lack of finance was a concern, it was often the constraints that this placed on funding non-program activities such as head office staff costs. In part these concerns reflect that associations are service not manufacturing entities:

What we do is a service profession here as developers, we don’t nail anything, we put it all together. It’s all dependent on human capital. We don’t have any fixed assets, well we do but not in the way that GM [General Motors] does. We don’t have our own supply of financial capital like Citibank does. It’s like being an accounting firm or a law firm or a consulting firm where we’re all about the people. So when the people leave, the capacity leaves (Interviewee 048: Executive, East Bay Housing).

This section discusses the types of staff issues faced by the case study organisations. It covers general employee matters affecting all workforce groups, then gives more detailed consideration of specialised property and finance executives. Recruitment of board directors and the way they interface with the senior management team are considered in a separate sub-section.

### ***Staff Supply, Retention & Remuneration***

Human resource issues vary depending on the seniority of the employee and degree of role specialisation. None of the case study organisations faced problems recruiting junior and mid-ranking staff general staff, although concerns were expressed about the level and cost of staff turnover. These staff join from the public, private and nonprofit sectors. In the US, trusted tenants can become on-site property managers, and then progress within the organisation to regional managers and beyond. One quarter of East Bay Housing’s staff were initially tenants (Interviewee 007: Executive, East Bay Housing). For higher ranking staff recruitment is more difficult, especially for technical specialists in property, finance and IT. Senior staff are often recruited internally. Burbank Housing’s John Lowry is a good example of rising through the ranks, joining the organisation in 1984 with carpentry skills and now Executive Director. Other

senior staff join from private sector firms or other housing associations, although predominantly organisations within the same city region. In the San Francisco Bay area nearly all senior appointees have working experience in that area, or at least California. Burbank Housing's Finance Director is a rare exception, having joined from an accountancy firm in Arizona. In contrast to senior staff, chief executives tend to stay in the same position for longer periods of time, and new recruits either rise within the ranks or switch from local associations. It is rare for chief executives to be appointed if they have not had direct housing association experience.

The case study organisations recruit staff within their city regions, and are likely to face competition from other associations within that area for the same individuals. Staff turnover was perceived by interviewees to be relatively high, and where information was provided most associations were in the range 10 to 15 per cent. Although comparative survey data is not available for the US and Australia, the average annual staff turnover in England is estimated at 15 per cent (Inside Housing, 2005). Irwell Valley Housing, with an innovative staff rewards systems described below, have the lowest turnover of the case studies, at 8 per cent (Saleem, 2004). Another association with low turnover is Burbank Housing, located 100 kilometres from San Francisco, who face little competition for professional staff as they are the only affordable housing provider of scale within easy travelling distance (Interviewee 144). Staff turnover was considered very high at stock transfer organisation Trafford Housing Trust, with one interviewee commenting 'we inherited a lot of bad practice, and the first year we seemed to spend a lot of time sacking people' (Interviewee 068: Executive, Trafford Housing Trust). However, of the total 384 staff in September 2008, 202 transferred from the council and 182 were appointed since March 2005. This represents an annual staff turnover of 14 per cent, just under the national average. Hence the level of staff turnover may not be as bad as interviewees believe.

Losses of staff by housing associations may not result in a net decrease in sector capacity as there is evidence of inter-organisational movement within the wider affordable housing sector from the case study research. Specifically, staff move between housing associations and finance providers, consultancies, regulators, trade and professional associations. For example, 'Eden Housing's development director moved to work for Wells Fargo [Bank]. He was replaced by a senior project manager from Mid Peninsular Housing' (Interviewee 054: Housing Executive, Bay Area). Tenderloin Neighborhood Development Corporation's former Director of Development is now employed by Bank of America's Community Development Division which specialises in Community Reinvestment Act transactions. Cathy Craig, Bay Area LISC's Senior Program

Officer, was previously an asset manager at Oakland Community Housing and had worked as a planner for Tenderloin Neighborhood Development Corporation. Examples of Australian inter-organisational movement are Hal Bisset moving from Ecumenical Housing (now part of Melbourne Affordable Housing) to form Ward Bisset Consulting, and Joseph Connellan from Supported Housing (now part of Housing Choices Australia) to act as an independent consultant. Neil Youren moved from National Australia Bank to form the consultancy Affordable Housing Solutions, working in partnership with Hal Bisset.

Similarly in England, Rodney Dykes built up a consultancy business, which he sold in 2006 to the Chartered Institute of Housing, having worked in the past for associations which are now part of Riverside Housing Association and Places for People group. Richard Capie, the Chartered Institute of Housing's Director of Policy and Research, previously worked for the YMCA England Housing Association. Derek Long left the Housing Corporation to act as Head of North Region for the National Housing Federation. These inter-organisational transfers retain staff within the sector, give opportunities for career progression, encourage knowledge transfer and deepen network connections. As a US interviewee commented about staff moving from associations to community lending sections of banks: 'although the job isn't at the social level it is still in the affordable housing world and you're still furthering that cause' (Interviewee 054).

Organisations that are important for building sector capacity, such as consultancies, trade and professional bodies normally recruit staff from housing associations. In England where there is less of a divide between public and nonprofit housing, staff sometimes transfer from public housing to these support organisations. This happens rarely in the US or Australia. Two-way staff transfers between finance and housing associations are common in the Bay Area. In the US, many banks use tax credit financing to meet Community Reinvestment obligations. By contrast in England and Australia, the main connection is through bankers serving on associations' boards. For example, Frank Jones, a NatWest Bank retiree, is a director of Mosscafe Housing and Bernard Gilmour, the researcher's father and former Royal Bank of Scotland manager, served on Irwell Valley Housing's board. In Australia, Simon Moore is both Group General Manager for National Australia Bank and director of Melbourne Affordable Housing.

The role of remuneration in attracting and retaining staff was a lively topic of discussion during interviews, although it is difficult to draw firm conclusions and independent research was not available. Housing associations rarely benchmark salaries, and if surveys are undertaken they will normally compare pay with the other associations. Knowledge of comparative salaries in the

public and private sectors was anecdotal, there was confusion between figures for basic and total remuneration, levels of responsibility are hard to compare and some respondents' comments might be tempered by envy. A commonly held belief was that US and Australian housing association staff were paid less than public housing workers (Interviewees 036 and 138). This gap was estimated to be 10 per cent in the US. This salary differential makes it harder for associations in the US and Australia to recruit state housing workers on pay alone:

I dream of the day when people jump from the public sector to the nonprofit sector, rather than they cherry-pick the best ... The public sector fund us and in a way keep the funding down so that we get paid less than they get paid, and that they can recruit from us (Interviewee 029: Housing Association Executive, Bay Area).

English housing associations were thought to offer both higher salaries and greater job autonomy than the public sector (Interviewee 133: Executive, Irwell Valley Housing). By contrast, there was unanimity across the three countries that the private sector paid more than housing associations, although comments were normally made in reference to property development staff rather junior clerks and property managers. Housing associations were thought to be paying only 60 per cent of private sector salaries in Australia (Interviewees 036 and 158). This salary gap might be one of the reasons why recruitment is difficult: 'I think there's probably a shortage of people with the skills we require, and at the salaries that we're able to offer' (Interviewee 036: Executive, Port Phillip Housing).

In recompense for modest salaries, associations offer staff a wide range of employee perks. These were described as 'awesome' at East Bay Housing, for example (Interview 007). Bridge Housing are said to have flexible and probably shorter working hours, better benefits and more continuity of employment than private developers (Interviewee 019). Private health care cover is a major benefit provided to US housing association employees, and often covers not just the employee but their spouse and children. Burbank Housing estimate that health cover is typically worth US\$800 (A\$1,130) a month for a couple, and sometimes as much as US\$1,400 (A\$1,970) for a larger family. This is a significant benefit for employees on low and moderate incomes, and for US associations the gap between basic pay and total remuneration is large:

Our benefits package is so rich that people can afford to leave positions where they are making more money and go and work for us for a lower base wage (Interviewee 144: Human Resources Executive, Bay Area).

In Australia and England, associations normally follow standard guidelines for benefits required by legislation or custom, which are generous by US standards and include paid maternity leave



and long holidays. The state also provides a free or low-cost health care system. Interviewees perceived the benefits of working for Melbourne and Manchester housing associations less in terms of benefits, more for their supportive, less competitive working environment. Irwell Valley Housing is an exception in that it significantly exceeds state-minimum guidelines for benefits. The association more closely resembles a private-sector professional firm with performance related pay and premium perks such as free gym membership, birthday cakes, career breaks and twice-monthly massages - known as 'life alignment' (Box 8, p.160): 'you don't get a housing association offering so many benefits' (Interviewee 133: Executive, Irwell valley Housing).

There was some evidence from the interviews that staff turnover was more of a problem for junior than higher ranking employees. An Irwell Valley Housing executive (Interviewee 033) commented that 'we can't get rid of the senior staff', and that even the most recently appointed member of the management team had been there for four years. It is not clear whether this is due to lower salary differentials with the private sector, an older demographic of employees less willing to risk moving move, or the fact that the senior staff have become mission-driven:

The people that are here in management and specifically in executive management, we're here because we want to be here ... you walk into this environment where the core feeling is about how much can we do for people. It's such an incredible refreshing feeling. We all feel very good about what we're doing, we know we're making a quality contribution. For these individuals there's virtually no turnover' (Interviewee 144: Executive, Burbank Housing).

For myself and my controllers there is more of a realised concession that you are working for a nonprofit, that you're not going to be making what you would be making outside. Therefore the emotional side is important' (Interviewee 019: Executive, Bridge Housing).

With very senior executive staff the salary gap with the private sector might be non-existent. Table 28 compares the chief executive's remuneration, stated in Australian Dollars, for the US and English case studies. Australian housing associations do not disclose, reinforcing their lower transparency than in the other countries, discussed in Chapter 2. In England, a former Housing Corporation director criticised the 'level of grotesquely inflated salaries being paid to the directors of bigger associations' (Hilditch, 2008). The UK's highest paid chief executive's remuneration is £360,880 (A\$747,000), for managing aged-care provider Anchor Trust (Story, 2008). National and particularly international salary comparisons are difficult as associations have different business models, risk, complexities and numbers of staff, properties and development projects. The 'ratio' in Table 28 of chief executives' remuneration per property managed shows wide variability in the US, and a trend of lower remuneration per property for the larger, market-

centric organisation. This trend is not apparent in the English case studies, which show lower variability by organisational type. Remuneration figures are broadly similar for Bridge Housing and Irwell Valley Housing, both high profile medium-sized market-centric regional organisations. Respective chief executives Carol Galante and Tom Manion receive commercial income in addition to their salary. Galante’s is from profits generated by a for-profit subsidiary, shown in the ‘other’ column of Table 28, and Manion’s from his lecture fees (discussed in Section 5.3).

**Table 28: Executive remuneration comparisons, US and English case studies**

Country & Organisation		Type	Salary	Benefits	Other	Total	Ratio
US	Bridge Housing	Market	359,000	26,000	90,000	475,000	41
	Burbank Housing	State	138,000	43,000	-	181,000	86
	East Bay Housing	Community	124,000	21,000	-	145,000	162
EN	Irwell Valley Housing	Market	338,000	NS	NS	<i>410,000</i>	<i>60</i>
	Trafford Housing Trust	State	217,000	46,000	-	263,000	30
	Mosscares Housing	Community	175,000	NS	-	<i>212,000</i>	<i>50</i>
Sources: Latest audited accounts.							
Notes: Figures are for the remuneration package in Australian Dollars of the chief executive (or equivalent) at the date of the most recent audited accounts. Figures in italics in the table are estimates. <i>NS</i> not stated. <i>Benefits</i> includes company cars, car allowance and pension contribution <i>Other</i> includes earnings from commercial ventures. <i>Ratio</i> is the chief executives’ total remuneration divided by the housing stock.							

Chief executives in the US and England are often externally appointed rather than internally promoted, although normally selected from within the city region’s housing association network. In the San Francisco Bay Area, Figure 24 (p.218) shows the progression of Carole Galante from Eden Housing to chief executive at Bridge Housing, and Jim Buckley from Bridge Housing to president of Citizens Housing. In Greater Manchester, when Mosscares Housing’s deputy chief executive Rob Ferguson left Irwell Valley Housing, his position was taken by Mike Creamer who later moved to become Contour Housing’s chief executive. Mosscares, Irwell Valley and Contour are located within five kilometres of each other. There are fewer examples of Victoria’s chief executives moving between associations, perhaps due to the limited number of opportunities. Michael Lennon, chief executive of Housing Choices Australia, is an exception as he previously held senior executive roles in Scotland and New Zealand. Lennon is the only example discovered in this research of a non-Victorian moving into Melbourne’s housing association sector.

Despite these general sector trends in the movement of chief executives, the nine case study organisations have experienced long periods of leadership continuity. None have changed

leaders in the last decade, with the exception of a management restructure at Melbourne Affordable Housing when formed by merger in 2003, and Trafford Housing Trust's separation from council in 2005. Leadership stability is thought by a director of Bridge (Interviewee 093) to be the main reason for the organisation's success: 'I would say we have, arguably, the best management team in the United States in affordable housing. You can argue about it, and I'm sure there are other great operations, but we've had continuity - the same team built up' (Interviewee 093: Director, Bridge Housing). Stability can bring benefits, although it may concentrate power in a small number of hands - a governance problem which occurred at Bridge Housing, described below. Several interviewees expressed concern about senior executives approaching retirement age, and the need to improve succession planning:

- *Lynette Lee*, East Bay Housing. Lynette joined in 1976, one year after the organisation was established, as Assistant Director of Program Development and Volunteer Coordinator. She has served as Executive Director for 26 years, from 1983 to date. In October 2007 at the time of the research interviews, Catherine Merschel, former Executive Director at Tenderloin Neighborhood Development Corporation was appointed Deputy Executive Director. This was to provide reassurance to funders about management succession when Lynette retires (East Bay Housing, 2008; Personal interviews).
- *Pam Schwarz*, Mosscafe Housing. Pam has been with Mosscafe over 35 years, joining in 1973. Her deputy chief executive and natural successor, Rob Ferguson, has a similar longstanding connection to the association, joining in 1981.

These chief executives are from the 'baby boomer' generation, defined by the US Census Bureau (2009) as the population cohort born between 1946 and 1964. They joined their organisations before the introduction of new financing tools in the late 1980s. The leaders of two community-centric associations, Lynette Lee and Pam Schwarz, are closely identified with the housing activist movement of the 1960s and 1970s described in Chapter 3. This raises the question of whether their association's community-centric values will survive a generational change of leader. The leadership gap may not be easy to fill as, according to an interview many of the next generation to Baby Boomers took higher paying jobs in the private sector: 'where are the people in their early 40s?' (Interviewee 054: Housing Association Executive, Bay Area).

### ***Development & Finance Skills***

Capacity shortages are more pronounced in the specialised roles required to run a housing association than for general staff described in the previous sub-section. During interviews, the most frequently mentioned problems occur with recruiting, rewarding and retaining property development staff. These were seen as harder roles to fill than property management:

We want to get the capacity so that more organisations can move into the development phase. But at the same token there is some capacity that needs to be done so that people can take on greater [tenancy] management. That's not as expensive ... they know how to do it, it's a question of expanding it, and coming to scale. With development it's more skill based and that's the more difficult part (Interviewee 154: Capacity Support Executive, Australia).

Housing association development staff cover a similar range of activities to their private sector equivalents, needing detailed knowledge of land assembly, planning, design, working with building subcontractors and cost control. Overlaid are a series of skills specific to affordable housing: accessible and damage-resistant design, overcoming 'NIMBY' opposition to social housing in middle class neighbourhoods, assembling complex finance packages (especially with US tax credits) and producing homes requiring minimum longer-term maintenance. One interviewee thought that it was more important for new recruits to know how to manage a project: 'you certainly have to gain an understanding of how it all works, but it's really that skill-set of tracking, monitoring, watching over and orchestrating. That's really what's needed. You can learn the rest of it' (Interviewee 122: Executive, Burbank Housing). High quality staff are needed as property development is a risky business: 'a lot of the groups are very fragile, inherently ... on one project you could lose US\$10 million (A\$14.1 million), it's not that unrealistic' (Interviewee 029: Executive, Bay Area housing association).

Table 29 provides an overview of development activity by the case study organisations. The numerical analysis should be taken as a general indication of trends rather than precise data as timing of new developments can vary. Figures relate to late 2007 (US), early 2008 (England) and later 2008 (Australia) and will be distorted by turbulence in the property and financial markets. English and US associations are unlikely to achieve the stated rate of new build, Australian case studies may exceed targets due to increased public funding. Despite these caveats, Table 29 shows that the English case studies associations have sizeable development capacity, although their output is a low proportion of current stock. In the US - and particularly Australia - new-build is significant compared to current stock. Therefore with the Australian case studies development is a relatively more important part of their business than property

management, less so in the US and England management dominates over development. Within organisational types, market-centric associations produce the largest volumes of new properties, although when adjusted for differences in organisational size, there are no clear trends.

**Table 29: Case study organisations - development capacity**

Country & Organisation		Type	Current new-build p.a.	New-build as % stock	Development staff	Development types					
						Affordable rental	Affordable sales	Market rate sales	Market rate rental	Commercial	Self-build
US	Bridge Housing	Market	1,000	9%	26	☑	☑	☑	☑	☑	-
	Burbank Housing	State	250	11%	10	☑	-	-	-	-	☑
	East Bay Housing	Community	75	8%	7	☑	☑	-	-	☑	-
AU	Community Housing Victoria	Market	250	25%	27	☑	-	-	-	-	-
	Port Phillip Housing	State	80	15%	NA	☑	-	-	-	-	-
	Melbourne Affordable Housing	Community	75	26%	3	☑	-	-	-	-	-
EN	Irwell Valley Housing	Market	200	3%	15	☑	☑	☑	-	☑	-
	Trafford Housing Trust	State	150	2%	24	☑	☑	-	-	☑	-
	Mosscares Housing	Community	100	3%	10	☑	☑	-	-	☑	-

Source: Personal interviews; websites; latest annual report; Regulatory and Statistical Returns (England).

Notes: Numbers of new build properties are estimates obtained from interviews. Annual volumes can vary significantly depending on completion timings and market conditions. Development staff numbers depend on how associations designate job titles, and Community Housing Victoria numbers include construction coordination staff. '-' indicates nil return (also in other tables). *Self build* is where purchasers contribute their labour towards building a home (Box 5,p.143). *NA* - not available.

All case study organisations in Table 29 develop affordable homes for rent. However, market-centric associations take on a significantly wider range of other construction types. Bridge Housing develop low-cost ownership properties together with market rate schemes such as luxury retirement apartments which cross-subsidise social housing (Box 9, p.169). Community Housing Victoria promote housing projects in Timor-Leste (Box 14, p.254). Irwell Valley are the first English housing association to pioneer micro-compact homes, tiny yet affordable market rate dwellings (Box 8, p.160). The English case studies' development patterns fit both within national frameworks, providing low-cost and shared equity homes for purchase, and also specific regional needs. With high concentrations of social housing, Manchester City Council and others are actively encouraging tenure diversification. This affects the plans of local housing

associations. For example, over the next five years Irwell Valley are proposing a new-build mix of 48 per cent shared ownership, 35 per cent low-cost sales and only 17 per cent affordable rental (Interviewee 117). From Table 29, the commercial schemes are where associations build retail units as part of neighbourhood regeneration, or provide space for small businesses. East Bay Housing, a community-centric association, has the most commercial projects, designed generate local employment rather than profits for the association (Box 12, p.224).

The capacity shortages in finding development staff differ between the three countries. Competition for staff is most intense in the San Francisco Bay Area due to rivalry from other housing associations and from the private sector, both developers of up-scale suburban villas and for-profit tax credit developers (Interviewee 054). As one development executive admitted, ‘we get called all the time by head-hunters’ (Interviewee 052 Bay Area project manager). Project managers are key-staff, typically controlling between three and five live projects, with the support of one or two assistants. Where there are more than a couple of project teams, associations will normally appoint a project director to coordinate workflows. Housing associations may employ specialists responsible for a single part of the development process such as financial packaging, documentation or planning. Burbank Housing appointed a ‘transactions manager’ and a ‘director of acquisitions’ to improve workflows as ‘everybody was getting too bogged down ... It was to take some of the burden off the desk so that the process itself could keep moving along’ (Interviewee 122: Executive, Burbank Housing). In comparison, Bridge Housing, expect their project managers to carry out all steps of the development process.

In the Bay Area, development assistants are normally recruited as graduate entrants, or move from other divisions of the organisation. UC Berkeley’s Master of Urban and Regional Planning (MURP) program at UC Berkeley produces a steady stream of new recruits. Most assistants receive on-the-job training, progressing to the project manager role. The ‘top 5’ high capacity regional housing associations (see Section 5.4) are training grounds for development staff who may then move within the city region’s affordable housing sector. With larger organisations, such as Bridge Housing with 26 development staff (Table 29), development staff are often ‘wooded by other nonprofits who are wanting to take the project managers and turn them into directors. Maybe it’s a small organisation. Someone with a few years experience here at Bridge can become a director at a small organisation’ (Interviewee 049: Executive, Bridge Housing). Staff transfers not only re-distribute capacity, they pass knowledge within the sector. For example, Jim Buckley joined Citizens Housing Corporation after learning property

development skills from Don Turner at Bridge Housing (Figure 24, p.218). His experience of delivering 2,000 new units at Bridge was replicated at Citizens, which moved from a local association to become a state-wide nonprofit specialising in workforce housing. Buckley, a Berkeley MURP graduate, regularly employs students as assistant project managers.

Successful Berkeley graduates who have gained property development experience can expect above-average salaries working for Bay Area housing associations. Bridge Housing estimate project managers' basic salaries are converging with the private sector, although they pay a maximum 10 per cent bonus compared to between 50 and 100 per cent for commercial developers. However, housing association staff enjoy generous and flexible benefits packages, and are less exposed to the property cycle (Interviewee 049: Executive, Bridge Housing). Bay Area associations pay their development directors some of the highest salaries in their organisation, with basic pay in the year to December 2007 at Burbank Housing US\$86,000 (A\$121,000) for the most senior property expert compared to US\$92,000 (A\$130,000) for the finance director and US\$98,000 (A\$138,000) for the chief executive (Bridge Housing, 2008c).

Salaries are also a challenge in Australia, where housing associations often compete directly with the private sector for staff. Community Housing Victoria faced problems in early 2008 recruiting development and design personnel: 'these people are like gold dust now. We had a very senior member of staff who was poached by a developer in Queensland and immediately given double the salary - and he had a significant salary here' (Interviewee 078: Executive, Community Housing Victoria). Australia's focus on expanding affordable housing supply under the National Rental Affordability Scheme, described in Chapter 2, requires a rapid building of housing association sector's capacity. Government 'want to see the capacity of the sector grow as quick as possible. By capacity I'm talking the capacity to do the development' (Interviewee 154: Capacity Building Executive, Australia). If capacity is to be built by recruiting private sector staff, some commentators believe association boards will need agree to pay top salaries:

It's hard to persuade a board to take on a development project manager at say A\$200,000 to A\$250,000 a year when you're paying your CEO an awful lot less than that. If you're going to play in this space, that's what you're going to have to pay to get some of the people in who you really need (Interviewee 031: Office of Housing Executive, Melbourne).

However, in contradiction to this view, case study research did not discover examples of senior staff moving from private firms. Under current funding arrangements, few organisations would be able to afford such a high sum. Several senior property staff had been employed by Victorian

associations for a number of years, at salaries well below the private sector (Interviewee 096). For example, Melbourne Affordable Housing's project developer previously worked at Ecumenical Housing - a predecessor organisation - from the mid 1990s. Skills were built on-the-job, with project management outsourced to architects in the early years, only recently being taken in-house once capacity was built. Similarly, much development work for Port Phillip Housing was carried out by the council although the arrangement has recently changed and a staff member will transfer from council to the association (Box 6, p.156). Community Housing Victoria have developed a strategic partnership with commercial developers Lend Lease to enable them to undertake larger developments than their internal capacity will allow. Therefore, the Victorian case study associations overcame the problem of development capacity shortages more by strategic partnering, with the private and public sector, than by high profile private sector recruitment. As will be discussed in Section 5.4, capacity has also been pooled by creating larger organisations with critical-mass development capability through merger.

By contrast to the US and Australia, the English case study interviews did not reveal concerns about recruiting development staff. From Table 29, new-build construction is only 2 to 3 per cent of total stock and more staff time is taken with maintaining relatively large portfolios of social housing. Irwell Valley's 15 person development team is relatively modest in size compared to the total staff of 190 (Irwell Valley Housing, 2008d); Trafford Housing have 24 development staff out of 350 (Trafford Housing Trust, 2008c). Many staff join the development division by internal transfer, then gain skills through external training courses and on-the-job experience. Others transfer within the sector, normally from associations in the Manchester city region: 'development [staff] are very incestuous ... generally development staff move between housing associations. Very rarely do you get development staff going out of the sector' (Interviewee 117: Executive, Irwell Valley Housing). Of the senior development staff interviewed, Mosscaire Housing's head of development built skills within that organisation, whilst the senior developers at Trafford Housing and Irwell Valley transferred, once skilled, from regional housing associations (North British and Contour Housing respectively). Although described as 'incestuous', these inter-association transfers are an important way of building the city region's network, and transferring learning. As described with the Bay Area case study examples, the transferring associations (North British and Contour Housing) are larger, regional associations passing knowledge to smaller, more local organisations (Trafford and Irwell Valley).



Beyond property development, the other task that might require special skills where recruitment issues might be a problem is financial control. However, the majority of interviewees did not believe associations required a set of skills that could not be met by a person with a professional accountancy or business qualification such as an MBA. Prior experience with housing associations, or even nonprofit organisations, was not thought necessary:

Running a for-profit and nonprofit finance operation is not that much different. In the same way that you go from one company to another they're a few accounting standards that are very specific to that industry that you need to bone-up on (Interviewee 019: Bay Area Finance Director).

No standard career pathway emerged from interviews with case study finance directors. For example, Bridge Housing's finance director previously worked at Lehman Brothers bank, has an MBA (but no accountancy qualification), and no prior experience of nonprofit accounting. Irwell Trafford Housing's finance director joined from the public sector, with Chartered Institute of Public Finance and Accountancy qualifications, but had not worked for a nonprofit. Melbourne Affordable Housing's finance manager qualified with KPMG, working for several nonprofits (not in the housing sector) before joining the association. The diverse background of senior finance personnel in the case study organisations suggests that housing associations can select staff from a much larger labour pool, not limited to housing associations. Therefore recruitment and remuneration should be of less concern than with property development staff.

However, there are differences between the finance role in the US, and in Australia and England. The tax credit funding model makes American finance staff responsible for compliance. As discussed in Chapter 2, each building project is separately financed, run through dedicated bank accounts and established as a separate legal entity. These requirements increase both the complexity and administrative burdens faced by the finance team. Bridge Housing, for example, employ 25 finance staff out of a total of 200. With this level of paperwork, the challenge for US housing association finance directors is to see the bigger picture:

The job is really not about debits and credits, it has to with an understanding of debits and credits ... Burbank Housing has people who could do debits and credits. It needed systems, structure to it ... my perspective was use of that information, and to me the most important thing was financial reporting. Turning accounting information into useful information for decision makers (Interviewee 131: Executive, Burbank Housing).

These strategic skills are hard to acquire, easy to lose. When Burbank Housing's finance director left unexpectedly in 2003, his highly-qualified successor did not understand the importance of cash rather than accrual accounting. The resulting crisis nearly broke the association (Box 5).

### Box 5: Burbank Housing - financial control

Burbank Housing are a rare example of a US housing association established by local government. Founded in 1980 by Sonoma County to promote low-cost housing, a nonprofit organisation was chosen as a more popular alternative with voters to setting up a Public Housing Authority. Rick Holliday, co-founder of Bridge Housing, advised the County on best practice. In the early years ratepayers financed Burbank's day-to-day costs, allowing it to build capacity and employ staff before properties were built. Three Burbank directors were appointed by county housing officials with the Housing Authority Director acting as chair, and a further five directors nominated by the Board of Supervisors, representing Sonoma's five electoral districts. These eight nominees then appointed three outside directors. Burbank separated from local government in 1994 after their new Executive Officer pushed for greater freedom now that they had sufficient capacity to function independently: 'like a teenager, they grew up' (Interviewee 128: Housing Association Executive, Bay Area). The split was amicable as Sonoma County wanted to reduce their development risks, and end conflicts of interest in allocating funds. Several appointed directors agreed to stay on the board after 1994, and a close working relationship with the county, which continue to be an important source of grants, remains.

Santa Rosa, home to Burbank Housing, is 90 kilometres or about an hour's drive north of San Francisco. Affordability issues are a problem, principally the high cost of property purchase compared to median salaries. In 2005, only seven per cent of Sonoma County households could afford the median-priced home. With no public housing in the county, and commercial developers concentrating on luxury developments, Burbank Housing is the largest organisation addressing the shortfall of affordable properties to buy or rent. By August 2007 Burbank had developed 2,835 homes, with 156 under construction and 334 in pre-development.

One quarter of Burbank's properties have been sold to low-income buyers. From the mid 1990s their preferred approach has been *mutual self-help*, where purchasers provide *sweat equity* by working on the building site. Family groups typically work 30 hours each week for a year, generating value of US\$30,000 (A\$42,000) which is taken in lieu of a mortgage deposit. Couples with full-time jobs contribute their hours at the weekend. Burbank have taken self-help to scale, completing up to 40 homes each year. Families work together as organised groups, fostering a sense of community, with Burbank managing the project and employing contractors for technical work such as plumbing and electrics. Purchasers receive discounted mortgages from the US Department of Agriculture supported by further city and county funded incentives. There are controls on property re-sales for up to 7 years, and re-sold units are discounted for purchase by lower-income first time buyers.

Burbank Housing's reputation as a well-run and prudent housing association faced an unexpected challenge in 2003. Their finance director's mid-life crisis led to him to spend a contemplative year relaxing on an Australian beach. Unfortunately Burbank's temporary financial controller, a CPA with a Masters in Accounting, did not understand the business. He stopped producing several key board reports, and switched from cash to accrual accounting. Several developer fees were postponed by planning delays, with three schemes facing problems following federal protection of the endangered California tiger salamander. None of the directors, two of whom were CPA qualified, detected problems. This could suggest broader governance problems with housing associations:

Our audit is not going to show very clearly whether we are going to be able to stay in business from a cash perspective. There was really a lack of understanding of this amongst people who were reading the information ... They rely ultimately on whether the guy standing in front of them says everything is ok, rather than saying that 'I understand this report' (Undisclosed Executive, Burbank Housing).

The cashflow problem was uncovered when the finance director returned. Burbank approached their local bank consortium for a temporary US\$1.3 million (A\$1.9 million) overdraft. As a director noted, 'we were on a very short leash in terms of our reporting requirements ... during that six month period' (Interviewee 040). Restored to financial health, Burbank Housing produced their first business plan in 2004, and now supply quarterly management information to the banks. A financial controller has been appointed to reduce the finance director's workload, hopefully reducing his stress levels.

Sources: Burbank Housing (1981; 1993; 1997; 2000; 2001a; b; 2004; 2005; 2006a; b; 2007a; b; c; d; 2008a; b; c; d; 2009); Coit (2005); Fricker (2003); Lowry (2007); McCoy (2006; 2008); Personal interviews; Rose (2005).

With the level of business risk evidenced by Burbank Housing's 2003 cash crisis (Box 5), US housing associations must employ highly skilled finance executives. With organisations growing, 'sometimes a person is very effective and successful at one stage may not be effective and successful at the next stage' (Interviewee 019: Executive, Bridge Housing). This change from financial controller to finance director occurred at East Bay Housing in 2006. The controller had been with East Bay for 26 years but had to be replaced:

'because of the new complexity of the organisation and the accounting ... They should have employed a Finance Director a long time ago. We are a well run organisation but I think the controller had a lack of financial understanding. They looked at the financial statements but did not understand (Interviewee 013: Executive, East Bay Housing).

Therefore, although the accounting skills required to work at a housing association are generic, the strategic aspects of the role are important. Bay Area finance directors need a detailed understanding of tax credit compliance and cashflow management. In England, strategic knowledge is desirable but not essential, while in Australia the case study associations employ middle-ranking finance managers rather than finance directors.

### ***Governance Capacity***

Although the notion of governance is a contested topic, Stone and Ostrower (2007: p.418) have noted there is a 'widely held belief that governance in nonprofit organizations is the province of their boards of directors and has to do with organisation-level control'. This is the definition used in the thesis. During case study interviews, while mention of problems in recruiting, retaining and training executive staff was common, governance capacity was not seen to be a major problem. Directors could be recruited easily, with many associations having a waiting list. However, the interviews revealed there had been recent governance problems:

- *Burbank Housing's* finance director was absent in 2003, leading to certain board reports not being produced, and within six months a cashflow crisis threatened the organisation's survival. Although several directors were financially qualified, they had relied on the word of the finance director rather than fully understanding the association's reliance on the timing of developer fees (Box 5, p.143). With Burbank Housing, it was the board who coordinate the rescue package with a consortia of local banks: 'we all went to work. Everybody had a role and in that case I think the board took a lot of lead, knowing full-well what we had to do ... we spent a lot more time as board members during that period' (Interviewee 040: Director, Burbank Housing). The problems at Burbank were not due

to a lack of qualified directors, more that they are not giving enough commitment as they lead busy lives: ‘there has to be a structural system here to ensure that those at the higher levels do what they’re supposed to do’ (Interviewee 131: Executive, Burbank Housing).

- *Bridge Housing* became dominated by the long-standing executive team of Carol Galante (President) and Susan Johnson (Executive Vice President, Property Management) the initial employees in 1983, and Lydia Tan (Executive Vice President, Property Development) who joined in 1991. ‘No decision got made without these three ladies sitting down and talking’ (Interviewee 093: Director, Bridge Housing). The board recognised this as a problem in 2004, employed a management consultant, and subsequently introduced new governance policies. These included term limits for directors, a tiered board structure and more structured decision making process. ‘Now they’re more people involved in the management than there were’ (Interviewee 093).

England’s Housing Corporation (1998; 2003c; 2006d) researched the causes of housing associations failure. Their most recent report found that for all 19 case study organisations ‘the presenting symptoms vary, although behind them all lie failures of governance’ (Housing Corporation, 2006d: p.6). The most common problem was lack of board control due to inexperience, complacency and a lack of understanding of the issues facing their association. The rapport between the board chair and chief executive, described in the Harvard Business Review as an ‘extraordinarily important and sensitive relationship’ (McFarlan, 1999: p.70), had often broken-down. With longer established housing associations, most problems were because the board had not maintained their own good governance and changed in line with the growth of the association. The Burbank and Bridge Housing examples quoted above fit this category. By contrast, smaller associations often grow too quickly and take on tasks beyond their capabilities, and stock transfer associations often fail to identify and manage unfamiliar commercial risks.

Similar to the English Housing Corporation research, the method used for the thesis allows a review of housing association governance. Although all nine case study organisations are legally constituted as companies, and operate under the same national company legislation, their governance practice often differs from for-profit businesses. Committee structures are different, directors are more connected in the wider network and the divide between strategic and operational roles are blurred. Therefore, despite using common terms such as director, chair and board committee, and often sending directors on training courses designed for publicly listed companies, there is only limited convergence in governance. To use terms explained in more

detail in Chapter 6, associations and business may be using the same words (*isonymism*) rather genuinely becoming more similar (*isomorphing*) in practice (Erlingsdóttir & Lindberg, 2005). Steane and Christie (2001) have detected differences between shareholder approaches to governance by for-profit organisations compared to stakeholder approaches for nonprofits. Table 30 shows how these differences may affect organisation and governance structures:

**Table 30: For-profit and nonprofit governance**

Characteristic	For-profit sector	Nonprofit sector
Mission	Grow market capitalisation through products/services	Deliver services to key constituents
Leadership	Chief executive is sole boss	Chief executive reports to non-executive chair
Board size	Smaller: 8-14 directors	Larger: up to 40 directors
Board committees	Limited in scope	Important, often able to make decisions (but can get out of control)
Director profile	Predictable profile, normally business professionals or specialists	Diverse profile, representative of constituencies having a stake in the organisation
	Executives and non-executives	Non-executives (occasionally executives)
Source: Based on McFarlan (1999: p.74) article in Harvard Business Review, adjusted by Tony Gilmour.		

McFarlan's (1999) analysis in Table 30 was based on an understanding of the broad nonprofit sector. With board size and director profile, the housing association case study appear to be a hybrid between his two organisational types as they have modest sized boards yet mix nominated/stakeholder directors with professionals. Several board practices from the case study associations reinforce the interpretation of housing associations as hybrid organisations, operating in the space between market, state and community (Chapter 2). For example, seven of the nine case housing associations have non-executive boards, whereas Irwell Valley Housing and Community Housing Victoria fit their market-centric type by following the practice of commercial companies and allowing senior executives to serve as directors (Table 31). This is relatively uncommon practice in England, with research by the Housing Corporation (2003d) finding only two per cent of housing association directors held an executive role.

The relatively clear differentiation in commercial companies between a strategic board and an operational executive management team is harder for nonprofits. Although their written policies encourage clear role differentiation, housing associations' practice is more blurred. In part this is because housing associations are often short of executive staff, with so many day-to-day management issues that they do not have chance to sit back and consider strategy: 'things

that are more strategic really get very little play. They kinda come out of the wash in little bits, but you never really have time to discuss it' (Interviewee 046: Executive, East Bay Housing). As noted in Table 30, in most housing associations the board chair is the most senior person in the executive management team. Therefore, for one of the Manchester case study organisations: 'in effect, Mosscares Housing's chair is the chief executive's line manager. The chair and chief executive aim to develop a good - but not cosy - working relationship, providing a check and balance on each other's authority' (Mosscares Housing, 2008b: p.6-2). The balance can be lost where directors start micromanaging the business, as seen at Irwell Valley Housing:

We've had to reel-in board members on occasion where they've wanted to get too much involved in operational issues. One in particular, who's not on the board now, would just drop into the association unannounced and walk round and talk to people and want to know what's going on. That is not what I see the role of a board member as being. We need to set the strategy then we have highly paid people who then implement that strategy and answer to the board (Interviewee 042: Director, Irwell Valley Housing).

The same situation was apparent in October 2008 at Trafford Housing Trust when the researcher observed a director visiting the association's main office and discussed operational matters with staff. Also, at Burbank Housing, 'there are a few board members who make it their business to come to headquarters here and chat with staff now and then, just unofficially, as I do' (Interviewee 079: Director, Burbank Housing). The blurring of strategic and operational roles will be greater in smaller housing associations where the small executive team will often lack specific professional skills held by a board members:

It's always a bit of a tension. I think corporate governance is great for large organisations. When you get down to smaller organisations, it's very hard to see how you have that complete separation. When [chief executive] came on board there was stuff I could help them out with. I didn't really regard that as being in my role as a director, that was just me as a lawyer being able to tell them what the law said so that they could do their job properly (Housing association Director, identity withheld).

The positive features of directors assisting executive management are the saving in consultants fees, and the transfer of expertise to employees which helps building organisational capacity. Directors' business connections strongly embed housing associations with a broader network of professional firms. However, the negative feature is the potential for conflicts of interest. For example, at the time of data gathering, Joe Dietzen was both a director of Burbank Housing and Senior Vice President of Westamerica Bank, one of their main lenders. It was considered there was no conflict as the director did not make lending decisions. John Benson, Director and Treasurer of East Bay Housing is First Vice President of Washington Mutual Bank, a major

lender to the association. Similarly Simon Moore, Group General Manager of National Australia Bank is board chair of Melbourne Affordable Housing. While the case study organisations have conflict of interest policies, and there was no evidence of problems, the situation would be tested if a housing association faced financial problems and was unable to repay its lending.

The board structures of the nine case study organisations are shown in Table 31. Few trends are discernable between organisational types, with the boards of market-centric associations no more dominated by professionals than others. Bridge Housing has both an unusually large board, and a higher proportion of senior property and professional directors. The community-centric associations, especially East Bay Housing, have a number of social service professionals, although they continue to have a majority of directors from finance and property. National differences are important, for example fewer board meetings in England and smaller boards in Australia. However, the latter may be explained by the modest size of the Victorian organisations. Also with a small and non-representative data set, broader conclusions can only be tentative. The English associations involvement of tenants and local councillors reflects the preferred structure of second generation stock transfer associations, a structure becoming more common for traditional housing associations such as Irwell Valley and Mosscares Housing.

**Table 31: Case study organisations - board structure**

Country & Organisation		Type	Board meetings pa	Directors' background						
				Finance	Property	Professionals	Politicians	Tenants	Executives	Total
US	Bridge Housing	Market	4	3	7	8	-	-	-	18
	Burbank Housing	State	12	2	5	4	-	-	-	11
	East Bay Housing	Community	12	2	2	10	-	2	-	16
AU	Community Housing Victoria	Market	11	2	1	3	-	-	1	7
	Port Phillip Housing	State	8	1	2	3	*2	1	-	8
	Melbourne Affordable Housing	Community	10	1	2	5	1	-	-	9
EN	Irwell Valley Housing	Market	6	2	2	4	-	3	2	13
	Trafford Housing Trust	State	9	1	1	3	*5	5	-	15
	Mosscares Housing	Community	4	2	2	6	1	3	-	14
Sources: Personal interviews; websites; latest annual reports (this is the date taken for the above analysis).										
Notes: Categorisations of directors' background based on judgement of the researcher: note individuals are hard to place in a single category. <i>Politicians</i> includes council nominees; <i>Executives</i> refers to senior employees who serve on the board; * nominated by council.										

Board structures need to be understood by reference to the case study organisations' structure of board committees, and the amount of responsibility delegated. Four approaches to housing have been identified, summarised in Table 32. The most common is *corporate*, where associations follow the general approach of businesses by keeping committee numbers modest. Typically commercial companies will have audit, compensation and nominations committees of non-executive directors, with other decisions made by the full board (Kaen, 2003: p.173). With this structure boards meet frequently and meetings will be lengthy. In contrast the *delegated* structure, used by Bridge Housing, allows the main board to meet less often and focus on strategy. The projects committee review new building proposals, making recommendations to the executive committee. The powerful executive committee is a quasi-board, with 10 (of 18) full board directors, who approve recommendations of the compensation and audit committees, and 'acts on behalf of the corporation on an emergency basis' (Bridge Housing, 2007a: p.1). The structure was put in place to address the concentration of power by the 'three ladies' described in Box 9.

**Table 32: Board committee typology**

Type	Example committees	Membership	Organisations
Corporate	Remuneration Audit Housing delivery	Between 4 and 8 members: directors plus occasional co-opted member	Mosscares Housing Irwell Valley Housing Port Phillip Housing East Bay Housing
Delegated	Executive Projects Governance & recruitment Audit Compensation Strategic planning	Between 3 and 10 directors per committee (10 on Executive committee)	Bridge Housing
Mixed	Project Audit Governance	3 directors per committee	Community Housing Victoria Burbank Housing Melbourne Affordable Hsg.
Participatory	Neighbourhoods Investment & regeneration Finance Human resources & governance Audit	7 people per committee to include up to 3 community panel members	Trafford Housing Trust
Sources:	Typology by Tony Gilmour. Examples from latest annual reports; websites as cited elsewhere.		
Notes:	The first association listed in the 'organisations' column is the 'example committee' structure given.		

In Table 32, *mixed* committee structures used by three housing associations share features of *corporate* and *delegated* committee approaches. They have a separate project committees to consider new building proposals, providing recommendations to the board who make the final decision.



*Participatory* structures, of which the only example is Trafford Housing Trust, use board committees both to delegate authority and integrate stakeholders. Several committee members are nominated by the five area community panels which comprise elected residents (not just tenants) and local agency nominees (police, health providers etc.). The panels' roles include 'monitoring local performance of the Trust, providing input on local policies and local improvements and development programs and improving the sustainability of the area' (Trafford Housing Trust, 2007a: p.21). Each panel is awarded £120,000 (A\$248,000) annually to spend at their discretion on local initiatives and neighbourhood improvements.

Board committees act as arenas, bringing together key actors. Technical specialists, members of minority groups, tenants and community leaders are often co-opted, further depending the network. Line managers advised during interviews they regularly attend both the board, and board committees. For example finance managers the finance and audit committees, human resource executives the remuneration committee, development managers the project committee. Although the researcher did not attend these meetings, the impression is that there is greater blurring of strategic and operational roles than at the full board level. There is also networking between management and directors, allowing technical knowledge transfer. Trafford Housing Trust's committee structure is the most embedded of the nine case studies in the broader network of community stakeholders and residents. It offers a model for first-step tenant governance participation for the organisations in Table 31 that do not have tenant directors.

The director categories in Table 31 can be further differentiated as to whether directors are chosen as representatives of a particular group, for their specific professional skills or invited to join for their network connections. Representative directors include council nominees, elected tenants (see Chapter 6), members of religious denominations (see Ecumenical Housing: Box 10, p.180) and members of ethnic groups. In the last category, East Bay Housing aims for a board reflecting Oakland's diverse communities with directors of Chinese, Japanese, Pacific Island, Vietnamese, Hispanic and African-American heritage. Council representatives are most common in the state-centric case studies. When Burbank Housing separated from Sonoma county in 1994, nomination rights ended although a number of the directors continued of their own volition (Box 5, p.143). With Trafford Housing Trust, a third of directors are council nominated. Trafford's five council nominees, all elected councillors, represent five geographical sub-divisions and, as party nominees, reflect the council's political balance (Box 1, p.27). Port Phillip council

continue to nominate two directors, to protect the council's earlier investment in the affordable housing stock. Nominees can be councillors or employees, and are chosen by the ruling party.

Representative directors represent only six per cent of board members in Table 31. The remainder of directors have a combination of professional skills and network connections. Research in Australia has shown a move by growth housing associations towards 'skills based boards', although which skills are sought varies (Gilmour & Bourke, 2009, forthcoming). This has been reinforced from the nine case study organisations. All have financially qualified directors, although they range from chartered and management accountants to holders of MBAs and investment bankers. Property skills are highly sought and at least one director of each organisation has skills in design, construction, development or valuation. Bridge and Burbank Housing, both major building associations, have the highest number of directors from a property background. However, directors have a network role and this may affect their selection along with their professional background. As will be discussed in Section 5.3, philanthropy is an important funding source for US capacity building, with directors and their firms often major donors. Links with planning authorities and local funders are important, with both Mosscafe Housing and Melbourne Affordable Housing choosing (rather than being forced) to have a local councillor on their boards. A director of the latter organisation (Interviewee 126) noted that while the board was 'pretty much skills based', they benefited from individuals being networked with the council, property developers and church organisations.

### **5.3 Traditional Capacity Building**

The capacity constraints identified above limit housing associations' ability to efficiently deliver quality affordable housing. A variety of approaches are possible to build capacity. The most common techniques mentioned during research interviews involve improving how organisations are run, for example sending staff on training courses and professionalising management. These are ways of building *organisational capacity*, and Section 5.3 describes traditional approaches such as state assistance and management innovation. With funding for core housing delivery programs tightly controlled and earmarked for specific property and tenancy tasks, financial support for capacity building must often be raised separately. Hence the need for capacity building grants from the state or philanthropic donors, or generating extra income through commercial ventures. Section 5.4 examines how organisational capacity can be strengthened by re-ordering the sector to achieve scale economies through vertical integration, mergers and strategic

partnerships. These types of initiatives have often been used to build capacity, although are seldom discussed in this context by practitioners or researchers. Chapter 6, with a focus on building the capability of the broader affordable housing sector (*network capacity*), examines in detail network actors such as trade and professional associations, consultants and universities.

### ***State Initiatives***

Governments intervene in the housing association sector and help build organisational capacity both to protect public investment and ensure funds are used as effectively as possible (More, Pawson & Scott, 2005). Organisational inefficiencies may reduce the volume of housing that can be provided for the same dollar of taxpayer funding. Therefore for governments:

The reason we're into capacity building and wanting to work with the housing associations is because they're our investment partners and we want to know that they've got the capability of taking our investment dollars, and turning them into developments, delivery of targets and hopefully some profits that can be reinvested (Interviewee 132: Executive, Victorian Office of Housing).

Although attempts to measure organisational capacity, described in Section 5.1 are problematic, there is research evidence that problems exist in some organisations. In a qualitative study, Fredericksen and London (2000) concluded that just one of their eighteen case study housing associations, the largest, had adequate capacity. Only 28 per cent produced a strategic plan, 44 per cent a budget, 22 per cent kept volunteer details and 44 per cent sought community involvement: 'in their haste to contract with not-for-profits to create affordable housing, government officials may not be considering the serious possibility ... [they] do not have the capacity to deliver services or effectively administer projects over time' (Fredericksen & London, 2000: p.230). Of the associations in the thesis, problems have been discovered at Burbank Housing, where a lapse of financial control led to the association being rescued by a consortium of banks (Box 5, p.143). England's Housing Corporation (1998; 2003c; 2006d) analysed reasons for associations failures, citing capacity as an issue particularly for smaller providers: 'these are organisations with eyes bigger than their plates. With the best of intentions, they take on projects and activities that are beyond their capacity (Housing Corporation, 2006d: p.8).

Problems with nonprofit organisations have started to be discussed in the general media in recent years. Examples in the US are the United Way and New Era scandals in the 1990s, and controversy over charity payouts following the World Trade Centre attacks in 2001 (Walden, 2006). In 2008 the collapse of Ujima Housing Association, a prominent English black and

minority ethnic (BME) association which had received £300 million (A\$620 million) of public funding, was widely reported. An independent inquiry was established ‘due to the severity of the issues raised for the sector as a whole - associations, regulators, lenders, tenants and government’ (Housing Corporation, 2008d: p.2). One result of the governance and capacity of nonprofit organisations being defined in public discourse as a problem is that ‘the key issue today is not *what* the sector delivers, but *how* it operates’ (Light, 2002: p.1, author's emphasis). This has led to discussions on what role the state should play, with possible initiatives summarised in Table 33.

**Table 33: State initiatives typology**

Type	Category	Example
Finance	Grants	<i>US</i> - Community Development Block Grant used to build capacity
	Funded intermediaries	<i>Australia</i> - trade and professional associations given state funding to build capacity (approached used historically in England)
	Strategic funding	<i>Australia &amp; England</i> - funds for new affordable housing development concentrated on growth providers, to re-order sector
Regulation	Rules	<i>Victoria &amp; England</i> - regulator imposes certain requirements, such as governance procedures, record keeping and return of submissions
		<i>US</i> - regulation of associations as 501(c)(3) tax-exempt organisations regulates philanthropic activity. Fund raising department established
	Constitutional	<i>Victoria &amp; England</i> - compulsory registration of housing associations. In Victoria used to exclude smaller providers and consolidate sector
		<i>Victoria</i> - housing associations must be companies whereas housing providers can be companies, associations or cooperative
Intervention	Formation	<i>Burbank Housing &amp; Port Phillip Housing</i> - established as housing associations by local government, normally controlled through board
		<i>Melbourne Affordable Housing</i> - state and city authorities involved in discussions on merger to form and further grow the organisation
	Resource transfer	<i>Trafford Housing Trust</i> - stock transfer of social housing assets and staff. Also transfers of stock ownership to Australian case study associations
		Transfer of land to associations at zero or reduced cost to for affordable housing development. Usually local government
	Management	<i>Manchester</i> - councillors (and former head of housing at Manchester City Council) acting as housing association directors
	Sector coordination	<i>Victoria</i> - Housing association Sector Capacity Building unit
		<i>England</i> - third sector capacity building organisations
Sources: Typology by Tony Gilmour. See also Table 2, p.29 for further analysis of regulatory instruments.		

The most apparent intervention in Table 33 is through direct provision of finance. For example, as described in Chapter 2, from 1974 public funding through the Community Development Block Grant (CDBG) was awarded by US state and local governments to assist low income

groups. Many housing associations benefited from these grants. When Burbank Housing was established by Sonoma County in 1980, CDBG was used to pay staff salaries and office costs. This helped build capacity before the organisation developed its first properties and generated rental income (Interviewee 054: Executive, Burbank Housing). CDBG continued after the introduction of tax credits in 1986, although its value has fallen in real terms since the 1990s, and by 2004 three quarters of grants were allocated to housing rehabilitation (Schwartz, 2006: p.181). The move to tax credits changed the dynamics of capacity building, as the main source of federal support for this purpose was income generated through tax credit projects. As each project is awarded competitively to the best value-for-money application, cashflows are tight. Limited funds may be made available from local government for associations such as Tenderloin Neighborhood Development Corporation (TNDC) who serve high-needs clients. TNDC received \$250,000 (A\$352,000) annual administrative grant money from the City of San Francisco. However, since 1986 most US housing associations rely more on philanthropy, foundations and commercial income rather than public grants to build capacity.

Direct public grants for housing association capacity are rare in England, where cashflow surpluses from rental income generally allow associations to pay for advice and services from consultants, trade and professional associations. In Victoria, there are occasional examples of direct grants, mainly where a local council promoting the association's formation, for example Port Phillip Housing (Box 6) and Inner City Social Housing, a predecessor of Melbourne Affordable Housing (Box 10, p.180). However, most Australian grant funding for organisational development is distributed indirectly, via trade associations. As will be discussed in Chapter 6, the Community Housing Federation of Victoria (CHFV) is largely publicly funded, using their resources to build capacity. Although there is a close relationship between the OOH and Victorian housing associations, it does not always work smoothly. An executive who recently joined the OOH commented that there is a lack of openness and trust in the relationship 'there's a real us and them mentality. We are the government and you will do what you're told ... this is just not the way that I'm used to doing business' (Interviewee 031). This was experience was confirmed by the Finance Manager of a Victorian housing association who noted the OOH are 'very focused on the control aspects of the relationship' (Interviewee 076).

State finance is not only important for practical ways it funds training and professionalisation, but for the way that it shapes the housing association sector. Section 5.4 provides examples of how capacity can be built through mergers, groups and partnerships.

Different program funding options will produce different sector structures. For example, the English Housing Corporation's decision to limit development funding to a smaller number of larger associations led to growth of development consortia amongst small and medium sized associations. Similarly in Victoria the decision to concentrate development funding on housing associations not providers was intended to encourage sector consolidation and the formation of a smaller number of higher capacity housing associations (Box 2, p.35).

The second type of state approach to capacity building in Table 33 is through regulation. Although discussed in more detail in Chapter 2, it is worth highlighting the dimensions of regulation impacting capacity as well as risk reduction. For example, English and Victorian regulation requires associations to meet (before registration), then maintain, certain standards of organisational behaviour. In Victoria housing associations must be limited companies, following the detailed requirements of the Corporations Act. Victorian regulation requires that:

- (1) The agency [housing association] has an appropriate organisational structure;
- (2) Staff of the agency are selected on the basis of skills and experience required to effectively carry out the functions of the agency, and in compliance with principles of merit and equity;
- (3) The agency has policies with respect to staff development and training and regularly reviews the staffing of the agency to ensure that the operational needs of the agency can be met
- (4) Remuneration of staff is commensurate with skills and experience and the scale and complexity of the agency's operations (Victorian Housing Registrar, 2007f: p.6).

Although most of these requirements are quite general, they pressure Victorian associations to professionalise their ways of working. An executive from the OOH thought the biggest up-skilling resulting from registration had been at board level, although they noted improvements in financial and business planning skills (Interviewee 031). During the process of registration 2005-2008, the OOH provided grants to the CHFV for a contractor to assist associations to meet the requirements. Therefore Victorian housing association professionalisation and capacity building have been driven by the process of registration and regulation.

The third approach to capacity building in Table 33 is through direct state intervention. Burbank Housing (Box 5), Port Phillip Housing (Box 6) and one association forming Melbourne Affordable Housing (Box 10, p.180) were founded by local government. The public sector was also responsible for transferring stock and management to Trafford Housing Trust (Box 1, p.27), and several partial stock transfers to Irwell Valley Housing (Box 8, p.160) and Mossclare Housing (Box 3, p.74). Council nominees sit on the boards of Trafford Housing and Port Phillip Housing, and voluntarily as directors for Melbourne Affordable Housing and Mossclare Housing.

## Box 6: Port Phillip Housing - council parenting

In 1986 the beachside inner-city Kilda council formed a housing association to manage properties acquired to mitigate the effects of gentrification. Similar to the foundation of Burbank Housing in California (Box 5, p.143), the council became involved due to the lack of public housing in the neighbourhood. Following local government reorganisation in 1994, St Kilda merged with two neighbouring municipalities and the organisation was renamed Port Phillip Housing Association in 2001. It is now one of Australia's largest council-initiated affordable housing provider with 535 properties (March 2009) and a further 302 properties valued at A\$93 million in the pipeline to 2012.

Initially the council set the local housing policy and acted as planning authority, funder, property owner and development project manager. The association, whose capacity was built with council financial support, became responsible for property and tenancy management. Similar to an English ALMO, management responsibilities were set out in an agreement between council and the nonprofit housing organisation. Council controlled the association by appointing four directors out of twelve, approving changes to the association's rules of incorporation and monitoring performance through management accounts. Port Phillip Housing started developing its own properties from 1998 using its own resources and Victorian Government funds, with 74 units completed by 2004. This was part of the council's carefully phased policy of nurturing their offspring housing association:

You see the role going from being the all attentive all present parent in the early days, towards the more comfortable parent letting the adolescent stretch its wings but still being slightly watchful to now being almost the absent parent allowing the adult to really stretch its wings. We mapped that relationship quite deliberately ... In order to let the adult flower we need to step back and play a supportive role rather than keeping them under the thumbs (Interviewee 021: Council nominated director, Port Phillip Housing).

The complex relationship between council and association became less appropriate with Victoria's 2005 regulatory framework where the Registrar, not the council, monitors the association's performance. Also there had been criticisms of the role of council as both planning authority and developer. Finally, some councillors feared growing affluence in the area would cause a swing to the right on council, precipitating a possible sale of the affordable housing stock. Therefore in 2005 Port Phillip council transferred affordable housing assets valued at A\$36 million to the Port Phillip Housing Trust, of which the association is sole trustee. This is similar in overall effect, although not legal form, to an English stock transfer from council to housing association. The trust was seen as 'the best way of protecting council's interest in the long term. You can document the rights and responsibilities, have an independent trustee' (Interviewee 092: Council nominated director, Port Phillip Housing).

The trust arrangement allows flexibility for the association to serve new communities. All housing was provided within the Port Phillip council area until 2007, when development started of the former Commonwealth Games athletes' village in the north of the city. The association's website now declares, enigmatically, that they provide 'housing for the locals' and their mission statement specifies their coverage to be 'Metropolitan Melbourne'. Some 85 per cent of current stock and 76 per cent of proposed new developments are within the City of Port Phillip. By 2012 the association expects to manage housing in just four local government areas. This may still require a change in board structure:

The theory of having council representation in the long term will be more and more questioned when the association increasingly becomes more regional ... other councils will be saying 'can we have representation?' You need to set up other means of doing that (Interviewee 092: Council nominated director, Port Phillip Housing).

Currently two of eight directors are council nominated, although they are said not to stand-out from other board members and the council maintain an 'arms length' relationship (Interviewee 056). Association director Gary Spivak has been employed by Port Phillip council since the 1980s to coordinate building development for affordable properties managed by the association. Spivak will soon move from council to association, transferring development capacity from parent to offspring.

Sources: Buxton & Tieman (2005); Gurrán (2007); IRH Working Group (2005); Milligan et al. (2004; Milligan et al., 2009, forthcoming); Personal interviews; Port Phillip Housing (2006a; b; 2007a; b; c; d; e; 2008a; b; c; d; e; f; 2009; undated); Port Phillip Housing Trust (2008); Ward Bisset Consulting (2004).

Executive staff from councils can also support housing associations by being board members. For example, Manchester City Council's former head of housing Deborah McLaughlin was a council nominated director of Southway Housing Trust, a stock transfer association from the council, and took a leadership role when the association faced strong opposition from Defend Council Housing (Interviewees 038 and 139). Gary Spivak is both Housing Development Officer for Port Phillip Council and director of Port Phillip Housing Association (Box 6).

Both England and Victoria have capacity building units within government. In England, policy since 1997 has been to expand the nonprofit sector, enabling it to play 'a crucial role in delivering public services and in building strong, cohesive and self-determining communities' (Home Office, 2004: p.7). The government and nonprofit sector are seen to have a 'mutual interest in building the capacity of voluntary and community organisations' (HM Treasury, 2002). In 2004 the government launched *ChangeUp*, a generously funded ten year capacity building program with initial annual grants of £80 million (A\$166 million). Responsibility for implementation transferred in 2006 to 'Capacitybuilders', an arms-length agency tasked with 'improving the capacity and capability of [nonprofit] organisations that offer services to the front line' (Capacitybuilders, 2006: p.3). The same year a new 'Ministry of the Third Sector' was formed, combining charity regulation with capacity building and greater levels of volunteering.

In a separate English initiative, in 2003 a nonprofit consortium won a competitive tender to run *Futurebuilders*. Resourced with £125 million (A\$260 million), Futurebuilders builds nonprofit organisational capacity through a combination of loans, grants and promotion of best practice. Between 2004 and 2007 some 185 organisations were assisted (Futurebuilders, 2008). It is too early to judge the success of the English government's nonprofit capacity program, and from evidence of grants awarded few if any are allocated to housing associations. However, ChangeUp and Futurebuilders can potentially build the capacity of other third sector organisations and community groups who are, or might become, actors in the social housing field. The initiatives are also examples that Australia may wish to consider in the future.

Unlike these examples of arms-length organisation that assist the entire nonprofit sector, the Victorian Office of Housing has a more focused in-house *Sector Capacity Building* unit to assist housing associations, homelessness agencies and youth support nonprofit agencies. Established in 2000, the unit's approach is to build capacity through improving workforce skills and attracting new staff to the broader nonprofit housing sector. Funded with A\$2.1 million over four years, the unit has a A\$250,000 budget for training housing association staff. In 2008 they



paid for 21 places for middle and senior management, but not chief executives, to attend a Housing Congress in Brisbane. The unit's specific concern is organisational capacity:

We need to build the capacity, focus really heavily on how we build the capacity at the management and board level, the governance. But it's also about practical and project management construction skills (Interviewee 143: Executive, Victorian OOH).

The Sector Capacity Building unit was not mentioned by the Victorian interviewees, who may have not have appreciated its role in the housing bureaucracy. By being culturally and administratively embedded within the OOH, the unit has a low external profile. An OOH interviewee expressed lack of confidence in the associations trade organisation with relations appearing strained. Therefore, although the Sector Capacity Building unit provides welcome funding for training, it is poorly integrated into Victoria's broader affordable housing network.

### ***Management Innovation***

Housing association professionalisation through the introduction of new management techniques was a common theme emerging from interviews. The last decade has seen the promotion among nonprofit organisations of management tools such as, benchmarking, quality improvement, downsizing, outsourcing, and process re-engineering (Paton, 2003). Originating from business schools and management gurus, these *management fashions* have a pervasive effect on the way managers address complex business challenges (Abrahamson, 1996). For nonprofit organisations these ideas have washed like 'tides' over the sector, often welcomed uncritically as proven solutions when their success or otherwise in the commercial sector remains contested' (Light, 2000). Box 3 gives examples of self-help books specifically aimed at the nonprofit sector.

#### **Box 7: Self-help books for nonprofit organisations**

Block, S. R. (2003) *Why nonprofits fail: Overcoming founder's syndrome, fund phobia and other obstacles*  
Brimson, J. A. & Antos, J. (1998) *Activity-based management for service industries, government entities and nonprofit organizations*  
Donohoe, M. E. (2002) *The executive director's survival guide: Thriving as a nonprofit leader*  
Jackson, P. M. (2006) *Nonprofit risk management and contingency planning: Done in a day strategies*  
Plas, J. M. (2000) *Person-centered leadership for nonprofit organizations: Management that works in high pressure systems*  
Ross, B. & Segal, C. (2002) *Breakthrough thinking for nonprofit organizations: Creating strategies for extraordinary results*

Source: Selection of the 48 books on [www.amazon.com](http://www.amazon.com), searching 'nonprofit management' (15<sup>th</sup> April 2007). Complete details of these publications appear in the reference list.

The impact of management gurus on housing associations might be thought limited. However, research on Manchester’s Irwell Valley Housing revealed the influence of a retailer on developing the association’s influential ‘Gold Service’ customer and staff incentive scheme (Box 8). The point was brought to the researcher’s attention when, after interviewing Irwell Valley’s chief executive, he was presented with a copy of Julian Richer’s (1995) book. Most of Richer’s suggestions are uncontroversial, relating to better management. However, there can be problems with business inspired approaches, evident from articles in the Harvard Business Review in 2003 (see p.113). In the debate an investment banker claimed that applying commercial business practices to US nonprofit organisations would increase their effectiveness, liberating US\$100 billion (A\$141 billion) for good causes (Bradley et al., 2003). However, compared to businesses, nonprofit organisations vary considerably. As Paul Light noted, ‘there is no one best way to design or lead a high-performing nonprofit organisation. Rather, there are different pathways to high performance, each with its own strengths and weaknesses’ (Light, 2002: p.130).

The research interviews indicated case study housing associations had made significant changes to management practices over the last five years, particularly in Australia (Interviewee 120: Capacity Building Executive, Melbourne). For example, Melbourne Affordable Housing (2008a: p.2) saw their key challenge in 2008 as ‘making the step from cottage industry into an organisation of commercial sophistication’. The pace and scale of management innovation across the case studies was unexpected since, on average, the organisations had operated for 25 years (Table 17, p.103). Table 34 shows examples of management innovation, grouped by type.

**Table 34: Management innovation typology**

Type	Example organisation and management change
Stepped professionalisation	<i>Burbank Housing</i> - asset manager role started for long term property investment
	<i>East Bay Housing</i> - recruited higher calibre senior management team members
	<i>Irwell Valley Housing, Mosscares Housing, Community Housing Victoria</i> - paid directors
	<i>Melbourne Affordable Housing</i> - board skills re-evaluated, some new recruits
Strategy reactive	<i>Bridge Housing</i> - new management structure for move into southern California
	<i>Community Housing Victoria</i> - new management structure for move out of state
	<i>Melbourne Affordable Housing</i> - integration of two merged organisations
	<i>Mosscares Housing</i> - new junior board for Stockport stock transfer in 2008
Management innovation	<i>Irwell Valley Housing</i> - Gold Standard incentive package updated: staff/customers
	<i>Trafford Housing Trust</i> - new neighbourhood participation structures considered
Sources: Typology by Tony Gilmour. Examples from personal interviews.	

*Stepped professionalisation* is where housing associations have grown steadily over a number of years, then make relatively large changes to working practice to reflect current responsibilities:

We find ourselves in that awkward phase that companies find themselves when they've started out as a small garage-style company but they have grown and grown. They're at that threshold where they need to change from everybody does it the way they want to do it, and it's always worked that way because everyone knows each other ... It was easier for me coming in fresh to introduce those kind of things than I think it would have been for my predecessor who had just kinda grown up with the company (Interviewee 144: Executive, East Bay Housing).

Further examples of professionalisation increasing staff seniority by moving from a bookkeeper to finance director, introducing new layers of management to reduce the chief executive's span of control, and seeking higher calibre directors. Sometimes stepped professionalisation is undertaken to meet higher regulatory or finance provider expectations:

Post '88 [Housing Act 1988] and the introduction of private finance there have been particularly strong incentives and pressures to professionalise. To become able to work with accountants and financiers and the regulator (Interviewee 129: Academic, England).

Management changes can be symbolic as well as substantive, to reinforce a housing association's business-like approach. In the mid-1980s Bridge Housing's co-founder, Don Turner, caused an emblematic shift to professionalisation that was mentioned by several Bay Area interviewees:

[Don Turner's] tone was very business orientated, he came in pin-striped suits every day ... The University of California at Santa Cruz was where I went. A very hippy school. I came to work and he told me I had to wear a dress. I didn't own a dress [laughs]. It was a culture shock for me (Interviewee 080: Executive, Bridge Housing).

In Table 34, *Strategy reactive* changes are where management structures or working practices are transformed to meet the practical consequences of mergers, geographical expansion or change in activities. The large number of examples in this category indicate the housing association sector's pace of change. Finally, *Management innovation* is where new tools and approaches are used in an attempt to adopt 'best practice'. This is the main category where business management thinking may transfer ideas from for-profit to nonprofit organisations. However, some of the changes may be driven by internal necessity as well as management fashion. Irwell Valley's Gold Service was introduced to change the organisation's culture in the late 1990s (Box 8). Trafford Housing Trust had a practical need to change from a hierarchical administrative structure, based on area offices. This had been inherited from the local control at stock transfer in 2005.

## Box 8: Irwell Valley Housing - innovative management

Irwell Valley was founded in Manchester by a Catholic church group in 1975 as the Family Housing Association. Two decades later the organisation had lost its church allegiance, changed its name and grown to become a leading housing association in Greater Manchester. However, by the time Tom Manion was appointed as chief executive in 1997, it was seen as a:

rather weary organisation. His predecessor had been ill for some time and she'd not kept up. It was a real classic jeans and sweater organisation. I think frankly you only turned up if you wanted to. No discipline within the staff. Tom picked it up and with a lot of his wacky consumer based ideas immediately started to turn it around (Interviewee 155: Housing Consultant, Greater Manchester).

Dr Tom Manion received a PhD from Liverpool University researching British housing policy. Son of Birkenhead crane driver, he has worked as 'bin man, ice cream seller, bouncer, turf accountant, head sacristan and ... qualified roofer and lifeguard' (CIH website). His strong personality is a trademark:

Irwell Valley is an interesting housing association primarily because of the style of leadership .... Tom is a Bill Clinton figure, you either love him or hate him ... The difficulty with a charismatic leadership or an entrepreneurial style is the degree to which there is a process of training and implementation afterwards, and embedding that groundbreaking stance. Because Tom's quite a polarising character that tends to undermine the proselytising (Interviewee 026: Capacity Building Executive, Manchester).

The plan to transform Irwell Valley through 'Gold Service' came from controversial US housing pioneer Bob Armstrong, who developed a tenant incentive scheme to turn around a failing public housing authority with high rent arrears in Omaha, Nebraska. Manion's plans were also influenced by entrepreneur Julian Richer, a self-made millionaire who owns the UK's largest retailer of music systems. According to the Guinness Book of Records, Richer's stores have the highest sales per square metre of any retailer in the world. Both Armstrong and Richer remain 'patrons' of Irwell Valley.

Gold Service was introduced in 1998 to tackle problems with difficult to let housing and falling tenant satisfaction. Unlike most approaches which penalise 'problem tenants', the scheme rewards those who comply with their tenancy agreement. Over 90 per cent of tenants are members, receiving £1 (A\$2.07) cash bonus per week, faster repairs service and discounts with local retailers. After two years members can upgrade to 'Solid Gold' for extra benefits. External reviews have found mixed patterns on rent arrear reductions, although incentive methods are popular and well received by tenants and staff.

The scheme has been widely copied. Irwell Valley established AU79 Ltd and AU(Europe) Ltd as commercial subsidiaries promoting the use of Gold Service by other organisations. Newham council in London launched 'NewGold' in 2003, and Irwell Valley worked with Edinburgh City Council and three Glasgow housing associations. Internationally, Irwell Valley co-founded the European Rewards Network. However, Gold Service has proven difficult to franchise as it is not a unique idea and most organisations copy Irwell Valley's approach without paying royalties. By 2008, all Australian state housing authorities, except Victoria, had established small tenant incentive schemes.

Irwell Valley extended Gold Service from 'customers' (tenants) to 'colleagues' (staff). The four tier remuneration system, market-tested against local salaries, replaced across-the-board pay rises with performance related pay. The top five per cent of staff are 'Platinum colleagues', receiving 10 per cent salary bonuses. Additional benefits include flexible working hours and free gym membership, health care, DVD rental and in-house massage. A senior executive (Interviewee 033) noted 'in some ways we've become a bit more like the private sector in the way we look at rewarding staff ... Sometimes it doesn't have to be the big benefits, just small things staff can brag about to their friends'.

Despite radically re-structuring relationships with customers and colleagues, Irwell Valley's corporate strategy is more conservative. The association absorbed public housing overspill estates from Manchester City Council, gaining 1,648 units in Sale (2000) and 1,600 in Haughton Green (2005). These nearly doubled the size of the organisation, which now manages 7,300 homes. One interviewee (162) suggested Irwell Valley had avoided mergers to allow Tom Manion to keep in close control.

Sources: Allen (2005); Housing Corporation (2003a; 2004a; 2005c; 2006c; 2007); Inside Housing (2002a; 2003b); Irwell Valley Housing (2001; 2006; 2007a; b; c; d; e; f; 2008a; b; c; d; e; 2009); Jacobs (2008); ODS (2005); ODPM (2003); Personal interviews; Richer (1995; 1999); Saleem (2004).

## Volunteers & Philanthropy

Most housing associations up until the 1980s relied partly or exclusively on volunteers. For example, from 1967 Mosscafe Housing was run by unpaid local activists meeting at each others' homes. Their first paid employee was not recruited until 1973 (Box 3, p.74). Similarly, Eden Housing in the San Francisco Bay Area was run by volunteers from 1968 to the employment of its first staff member, Rick Holliday, in 1979. Holliday is now Bridge Housing's board chair. Bridge, founded in 1983, is typical of more recently formed housing associations run by professional staff from the start. However, despite the move to more formalised organisational structures and income sources, voluntary and philanthropic assistance remain important - especially in the US (Table 35). In part this is due to the independence of voluntary work from program goals, allowing focus on non-housing tasks such as capacity building and tenant welfare. Volunteers and donors are useful both for their practical assistance and also as actors in the social housing network, deepening institutional links within the sector.

**Table 35: Case study organisations - volunteers & philanthropy**

Country & Organisation		Type	Student interns	Unpaid directors	Philanthropy				
					Fundraising staff	Fundraising events	Corporate donors	Workforce schemes	Individual donors
US	Bridge Housing	Market	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	<input checked="" type="checkbox"/>	-	<input checked="" type="checkbox"/>
	Burbank Housing	State	-	<input checked="" type="checkbox"/>	-	-	-	-	-
	East Bay Housing	Community	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
AU	Community Housing Victoria	Market	-	-	-	-	-	-	-
	Port Phillip Housing	State	-	<input checked="" type="checkbox"/>	-	-	<input checked="" type="checkbox"/>	-	-
	Melbourne Affordable Housing	Community	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-
EN	Irwell Valley Housing	Market	-	-	-	-	-	-	-
	Trafford Housing Trust	State	-	<input checked="" type="checkbox"/>	-	-	-	-	-
	Mosscafe Housing	Community	-	-	-	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-
Sources: Personal interviews; websites; latest annual reports									
Notes: <i>Volunteers</i> includes office work, organising fundraising events etc. <i>Workforce schemes</i> are where employees donate part of their income or volunteer collectively. <i>Corporate donations</i> include foundation grants.									

The nine case study organisations all employ paid staff to carry out their main housing tasks, and if volunteers are used it will be to provide additional support. In the US internships are common, with Berkeley planning masters degree students working at Bridge and East Bay Housing:

We get grad students doing projects with us as part of their studio work. It's like 30 per cent or 50 per cent useful work because it's not formed by experience. But it's like a good first patch to get you thinking, and provide a framework where otherwise you might not have the time (Interviewee 048: Executive, East Bay Housing).

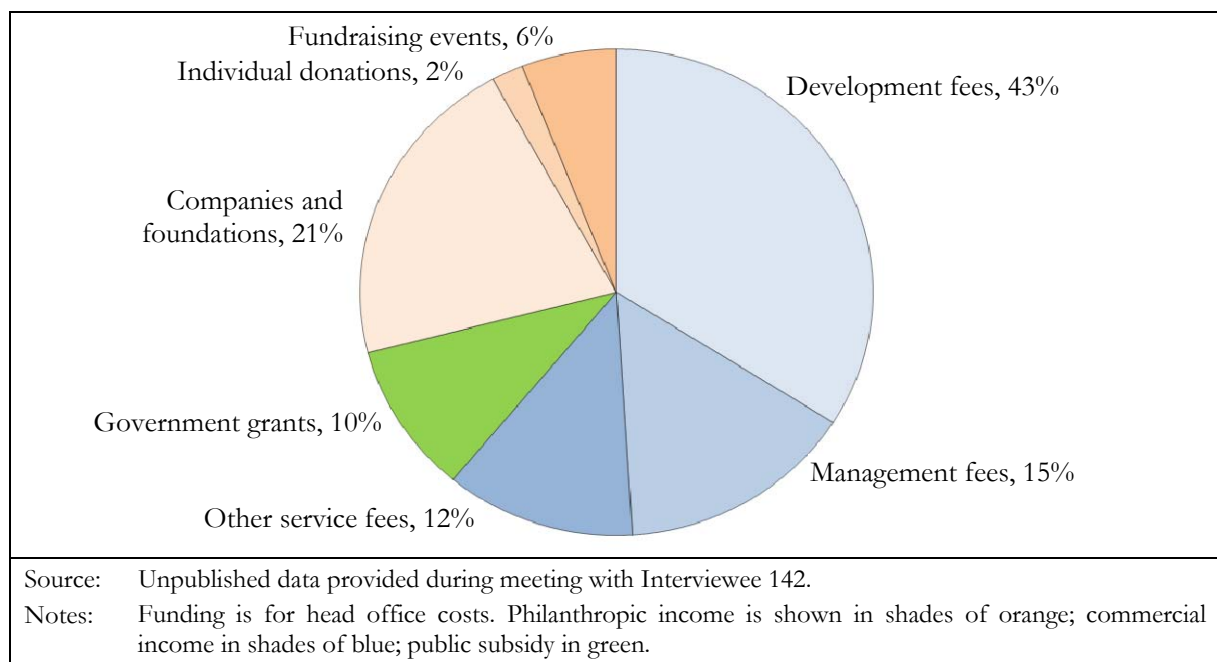
Interns provide short-term administrative assistance for housing associations and become, in the longer term, a valuable source of project managers. The only other example of employing interns was at Melbourne Affordable Housing, although this was not part of a regular scheme. Links between housing associations and universities are discussed further in Section 6.2.

Non-student volunteers typically provide social and community benefits for tenants. For example, East Bay Housing encourage volunteers to attend a tax training course to allow them to assist tenants claim low income tax credits. Burbank Housing's 'Friends of Community Services' coordinate neighbourhood events such as after-school homework clubs. Although reliant on volunteers for service delivery, funding for these clubs comes from a US\$25,000 (A\$35,250) donation from the charitable foundation of one of Burbank's major finance providers, Bank of America (Burbank Housing, 2009). Similar examples of volunteering did not emerge from the English case studies, although tenants and local residents are sometimes encouraged to help run neighbourhood events. Mossclare Housing and Salisbury Street Residents Association coordinated a multicultural fun-day in Moss Side in March 2008, complete with 'bingo, bouncy castles, face painting and a variety of traditional food ... to celebrate their success in creating a cohesive community to live in' (Mossclare Housing, 2009).

From Table 35, all case study organisations except Irwell Valley, Mossclare Housing and Community Housing Victoria have unpaid board members. For Irwell Valley, paying directors was part of a planned professionalisation from their 2004 strategic review which included enhanced director selection and appraisal techniques, succession planning and risk management (Housing Corporation, 2004a; 2007). When remuneration was introduced in 2006 it was set relatively low, at £4,000 (A\$8,300) for directors and £7,500 (A\$15,500) for the board chair:

We didn't want to attract board members for the wrong reasons ... We want people to join because they have an interest in housing, and share our values ... We decided that the amount on offer was not so great that people would apply for that reason (Interviewee 042: Director, Irwell Valley Housing).

Community Housing Victoria, who started paying from January 2008, set lower rates than Irwell Valley: A\$4,000 for directors and A\$10,000 for the board chair. These are modest amounts compared to chief executive salaries (Table 28, p.135). Most small and medium, and several larger English housing associations, do not pay board members. The latest survey, although based on a small sample, showed 27 per cent of English housing associations remunerated board members (Insight, 2008: p.3). Across all case study organisations, directors report spending between 15 and 25 hours per month on housing association business including board meetings, committees, reading and attending events. Directors therefore represent a significant free or low-cost capacity resource for associations. For the majority of associations that continue not to pay directors: ‘this kind of work is philanthropic for a board member. You get exactly a lunch and a dinner. But a great deal of satisfaction’ (Interviewee 079: Director, Burbank Housing).



**Figure 20: East Bay Housing - funding sources**

Donations by individuals, companies and foundations are a more important funding source for US and Australian housing associations than their counterparts in England. However, data is limited and hard to compare within or between countries. East Bay Housing, receive 29 per cent of their income to cover head office costs from philanthropy (Figure 20). The figure at Bridge Housing is said to be 10 per cent of head office costs or 1 per cent of total revenue (Interviewee 019), and 4.4 per cent of head office costs at Burbank Housing (2008c). In Australia, donations are important for Melbourne Affordable Housing who received A\$81,000 in the year to June

2008, equivalent to 2.6 per cent of total revenue. Much of this was through the professional firms of two directors: A\$50,000 *pro bono* legal advice from Mallesons Stephen Jacques and A\$14,779 from their lenders National Australia Bank (Melbourne Affordable Housing, 2008a). In addition, the St Kilda Baptist Benevolent Society donated land valued at A\$2.7 million, a large sum compared to Melbourne Affordable Housing's rent income that year of A\$3.1 million. Of the English case study organisations, Mosscafe Housing (2008d) received donations in 2007 of £40,000 (A\$83,000), or 0.3 per cent of total revenue, with Trafford Housing Trust and Irwell Valley Housing either not receiving donations or not disclosing.

There are differences between the US case study organisations as to the type of donations as well as the relative importance of philanthropy to total income. Bridge Housing, established through the Bay Area Council employers organisation, have strong links with large businesses, and banks. From Bridge Housing's (2008b: p.6) December 2007 accounts, of their 39 'significant' supporters, 10 are financial institutions (including all their lending banks) and 16 companies or their charitable foundations. Individual benefactors are in a minority and normally connected to the association. Donors include Bridge Housing's board chair and co-founder, Rick Holliday, their previous chair Alan Stein, the estate of the late co-founder Don Turner and three current directors Ernie Vasquez, Brad Inman and Douglas Abbey (Bridge Housing, 2008c).

Mostly Bridge Housing's business links are uncontroversial. Alan Stein and his wife, for example, fund scholarships for the children of low-income tenants. Others could be open to question, a point suggested by an interviewee (015: Bay Area consultant). For example, chairman and donor Rick Holliday's property company, Holliday Developments, are joint venture partners with Bridge Housing (Box 9, p.169). Similarly corporate donor Wermers Multifamily Group were Bridge Housing's second highest paid professional contractors in the year to June 2004, receiving US\$471,408 (A\$664,685) in fees (Bridge Housing, 2004). Although these business links are publicly disclosed, they highlight that in networked governance it can be hard to establish conflicts of interest. This is a particular problem in small networks such as affordable housing development where there are few actors with the required specialised sector knowledge.

Although East Bay Housing is classified as community-centric and Bridge Housing market-centric, their donor profiles are similar. East Bay's head office income is sourced 21 per cent from companies and foundations, and only 2 per cent from individuals (Figure 20). Most donor organisations have a relationship with East Bay as bankers, builders or suppliers. Often their marketing departments initiate the donation, or in the case of banks their compliance



section in order to meet Community Reinvestment Act obligations (Interviewee 142: Executive, East Bay Housing). Despite East Bay Housing being strongly linked to local communities in Oakland, they only established a fund-raising team in 1998 and appointed their first full-time professional fund-raiser in 2004. Part of the role is to cultivate relationships with individual donors through newsletters, phone calls and personal invitations to view housing projects. East Bay's golf tournament in June and annual dinner in October are major fund-raisers, contributing 6 per cent to head office costs (Figure 20). As with the use of volunteers, individual donations are targeted at improving tenant quality of life and building community cohesion. Employees can donate part of their income to East Bay Housing, in a scheme coordinated by the United Way charity. Toys are collected and distributed to families around Christmas and goods collected as prizes for the annual raffle which funds the twice-yearly tenant newsletter.

The contribution of East Bay Housing's philanthropic income to covering central costs, and their drive to involve personal benefactors, are untypical of the case study organisations. In the US, where tax credit funding leaves little extra for covering the organisation's general overheads, donations are important contributors to capacity building. However, there is little evidence from the case studies of individual philanthropy from members of the public unconnected to the association. Most donations are through their existing network of directors, finance providers, lawyers and builders. Directors contribute not only their time, but often their businesses make donations and employees take part in fundraising events or workplace giving. This might help explain the larger size of US housing association boards (see Table 31, p.148).

Similar networked philanthropy takes place at Melbourne Affordable Housing, the only Australian association providing detailed disclosure. In contrast, Community Housing Victoria themselves undertake philanthropic work in East Timor, providing employment and building demonstration affordable housing projects (Box 14, p.254). English housing associations have moved away from the historic roots of the sector, and are now seldom recipients of philanthropy. Volunteering traditions remain, although narrowly focused on unpaid board membership. English associations, after two decades of generous state funding and entrepreneurial activity, have less need for philanthropy to fund capacity building.

## Commercial Income

There is pressure from funders and regulators for a high portion of housing association income to be devoted to program expenses. To fund capacity building and other non-program activities, associations often seek commercial income. For example, an Australian housing association took the initiative in partnering with private developers on mixed-income estate developments ‘to build the organisation and the financial strength of the organisation - without the government really having a policy framework within which we could operate’ (Interviewee 105: Australian Housing Association Executive). As noted in Chapter 2 ‘social enterprise’ is a common feature of the nonprofit sector, and housing associations are no exception.

Different types of commercial activities identified through case study research are detailed in Table 36. The typology is based on two dimensions. First, activities can be differentiated by whether they involve the associations core mission of providing below-market properties for sale or rental, and community building in the areas in which they operate. Second, they can be split between whether or not the activity involves property risk. Typical examples of *non-mission property* activities are using the association’s in-house development team to build market-rate properties for sale or rental. These are high risk strategies requiring design, management and marketing skills that may be beyond an association’s core competence.

**Table 36: Commercial income typology**

Type	Category	Example
Non-mission property	Diversification	<i>Bridge Housing</i> run the Peninsula Regent (2009), San Mateo, a 207 unit ‘luxury’ market rate owner-occupied retirement village
	Market-rate house sales	<i>Irwell Valley Housing</i> developed and sold a block of fashionable market-rate apartments in central Manchester
Mission-related property	Land value leverage	<i>Port Phillip Housing</i> leveraged land value in ‘Inkerman Oasis’ joint venture with a private developer in exchange for low rent units
	Master-planning & subdivision	<i>Bridge Housing</i> receive funding from a pension fund to master-plan new communities, keeping land for low cost housing (see Box 9)
	Commercial leasing	<i>East Bay Housing</i> rent commercial space in 4 buildings for community nonprofits and small businesses
Mission-related non-property	Franchising	<i>Irwell Valley Housing</i> provide advice to associations considering introducing Gold Service tenant/staff incentive schemes
	Consultancy	<i>Bridge Housing</i> through ‘HomeBricks’ advises for-profit builders and educates purchasers on sales of below-market priced homes
	Lecturing	<i>Irwell Valley Housing</i> receive 50 per cent of lecture fees from ‘guest appearances’ by their chief executive, Tom Manion
Sources: Typology by Tony Gilmour. Examples from personal interviews.		

Most case study organisations engage in *mission-related property* activities such as master-planning, sub-dividing, up-zoning, land-banking, selective sales/purchases and cross-subsidising market to affordable housing. These are popular with public funders, as lower subsidy is required, and often with planners when they create mixed income, mixed-tenure communities. However, the global financial crisis from 2007 has highlighted property risks faced by associations: land prices can fall, properties remain unsold or sell for less than production costs, and finance costs for holding unsold properties and undeveloped land drain cashflow. Lower income from market-rate schemes may restrict building new affordable housing. For example, in England:

Some associations may have to declare the drops in value of these sites in their accounts as impairments. In the worst cases, this could push their income and expenditure into the red, potentially triggering a breach of their loan covenants and opening the door for their lender to re-price deals ... The slowdown in the housing market has inevitably hit associations with properties for outright sale and shared ownership (Stothart, 2009).

The final category in Table 36 is *mission-related non-property* activities. These do not expose housing associations to property risk, although potentially reputational risk, and opportunity costs by diverting management from core affordable housing activity. Irwell Valley have generated modest income from their branded ‘Gold Service’ tenant incentive scheme, although most organisations introducing a similar package imitated rather than paid royalties (Box 8). Chief executive Tom Manion ‘for a number of years had quite a lucrative sideline in going along and presenting to various organisations to tell them about Gold Service’ (Interviewee 042: Director, Irwell Valley Housing). It was subsequently agreed by the board that these fees, and others earned as a ‘motivational speaker’ would be split 50/50 between Manion and Irwell Valley.

The degree to which associations seek sources of commercial income supports a distinction between market-centric and community-centric associations (Chapter 4). Audited accounts do not analyse housing association income in sufficient detail, therefore case-study interviews are helpful. Community-centric associations have a clear focus on their mission and are prepared to limit their rate of expansion: ‘what we’ve done is try to yes definitely make sure we grew, but maintain very much loyal to our ethos and beliefs and way of working’ (Interviewee 119: Executive, Mosscafe Housing). In contrast, market-centric Irwell Valley are prepared for commercial income to be up to 20 per cent of total (Interviewee 107). The corresponding figure for Community Housing Victoria is 5-10 per cent, although these funds support humanitarian work in Timor-Leste rather than affordable housing projects in Australia (Interviewee 078).

### Box 9: Bridge Housing - commercial ventures

Back in 1982 an anonymous US\$600,000 (A\$846,000) gift allowed Bridge Housing founders Don Turner and Rick Holliday to travel the US, looking for best practice in affordable housing. The project was coordinated by the Bay Area Council whose business members were concerned that the region's economy was being undermined by the high cost of workforce housing. The terms of the gift were to:

do something about the affordable housing crisis, but it wasn't specific. But it was specific about who should be conferred with to come up with the solution ... get people from banking, get people from real estate, private sector development, the universities, the political sector (Interviewee 111: Director, Bridge Housing).

This business-like approach has led to Bridge Housing becoming California's largest and highest profile housing association, developing 13,000 units since 1983. Just over a quarter have been sold to low income purchasers. The remaining 9,500 have an estimated value of US\$3 billion (A\$4.2 billion), and 84 per cent are directly managed by Bridge. In 2008 Affordable Housing Finance magazine ranked Bridge the US's ninth largest affordable housing developer - and number three *nonprofit* developer, just 67 properties short of the leader. Bridge's portfolio is 83 per cent in the Bay Area (Table 58, p.255). This was the only area they operated in until 2000 when invited by both Orange County and for-profit developers into an inclusionary zoning scheme. The move to state-wide operation was 'driven by opportunity, and then took a lot of soul searching' (Interviewee 099: Executive, Bridge Housing).

Bridge's CEO Carol Galante, 'NPH Inspirational Nonprofit Leader of 2007', is well connected politically. She co-chaired California's 2007 Proposition 1C campaign which raised US\$2.85 billion (A\$4.02 billion) bond funding for lower income housing and transit oriented development. The first recipient of funding was Bridge Housing, receiving US\$100 million (A\$141 million) in June 2008. Local as well as state political connections are important: Bridge's 'main source of capital is political capital ... that helps you get the approvals, the key first ingredient' (Interviewee 111: Director, Bridge Housing)

Bridge Housing's most entrepreneurial venture is with the Californian state pension fund. CalPERS, the US's largest pension fund with 1.6 million members and net assets of US\$238 billion (A\$335 billion) as at June 2008, was looking to promote affordable housing to give a 'double bottom line' of investment returns and social benefits. The fund provide a tax-paying subsidiary of Bridge Housing with up to US\$175 million (A\$247 million) equity for land purchase. Bridge produce a masterplan, decide on the scheme's affordable component, obtain planning consent then sell the majority of the site to commercial developers for market rate units. This leaves Bridge Housing land for new tax credit funded schemes. After repaying investors, the profit on the uplift between land purchase and sale prices can be re-invested in affordable housing. Seven schemes are in progress in California, typically mixed commercial/residential urban re-development close to public transport. One controversial scheme is 'Central Station' in West Oakland in partnership with Holliday Developments, the commercial property company owned by Bridge Housing's chairman, Rick Holliday.

The CalPERS venture gives Bridge Housing 'a true large equity pool that nobody else in this industry in the US, that I know of, has' (Interviewee 019: Executive, Bridge Housing). However, CalPERS require investment returns of 15 per cent, limiting the community benefits achievable on particular projects. Partnerships with large commercial developers allow Bridge to build their capacity to manage large and complex projects, although it strained existing resources. New development staff were recruited to the for-profit subsidiary and paid higher salaries than regular project managers. These wage costs may be a high overhead to cover with the property market in recession. The scheme 'causes a lot of concern, about what it is we're doing, about how risky it is. CalPERS want a profit' (Interviewee 093: Director, Bridge Housing). There is also the danger, acknowledged by an interviewee, that commercial projects may shift focus from the core mission:

If you force me to answer the question I'd say it's hugely beneficial to us ...but it's been incredibly challenging to our culture ... We have to wonder whether it'll distract us too much from our purpose. Am I spending enough time looking for regular deals? (Interviewee 099: Executive, Bridge Housing).

Sources: Bay Area LISC (2004-5; 2005); Bridge Housing (2007a; b; c; d; e; 2008a; b; c; 2009; Undated-a; b; c; d); Kimura (2008); Palm (2005); Personal interviews; Rosenthal (2003); Ross (2008).

Of the case study organisations, Bridge Housing has the most commercial approach (Box 9). Their accounts to December 2007 include ‘other’ revenue - probably from commercial ventures - of US\$23.3 million (A\$32.9 million), or 20 per cent of total income (Bridge Housing, 2008b). Box 9 details their arrangement with the CalPERS pension fund. This has been such a successful source of new capital that Bridge face problems identifying suitable development projects: ‘for us it’s been more of an organisational capacity constraint in being able to go out and use the money that we’ve got from CalPERS’ (Interviewee 019: Executive, Bridge Housing). One of their other commercial ventures is the 207 unit Peninsula Regent private retirement village in San Mateo county offering ‘a gracious environment ... of understated elegance’ (Peninsula Regent, 2009). Here many apartments cost US\$1 million (A\$1.41 million). Before entering into this activity ‘we sat around and debated why would we do this. The answer was the money we thought we could make off this would help Bridge continue to build affordable housing’ (Interviewee 093: Director, Bridge Housing).

#### **5.4 Capacity & Sector Structure**

Discussions concerning housing association capacity often involve normative assumptions about ideal organisational size, degree of vertical integration and benefits of economies of scale. Cross-national research can bring clarity, by contrasting different approaches. For example, US housing associations develop affordable housing but often outsource property management. In England and Australia tenancy management is considered a core competence. The majority of new development undertaken by larger ‘growth’ associations. National differences in industry structure will be shaped by the legacy of existing affordable housing stock, the boundary definition between public housing and housing associations, and the regulatory and financial environment. Because of the importance of regulation and public subsidy, governments have power to mould the structure of the housing association sector. Capacity can be built both by strengthening the capabilities of individual organisations, and by changing the way they work together. For example, Victoria’s 2005 regulatory regime, described in Box 2 (p.35), was explicitly designed to build capacity by encouraging smaller associations to merge to form larger organisations. As a new contribution to the housing association literature, this section considers the potential of changing industry structure as a tool to build capacity.

### Vertical Integration & Outsourcing

Vertical integration is where an enterprise integrates within a single corporate structure most steps in the value chain, from production to consumption (Porter, 1980). Oil companies are considered classic examples, with businesses such as Royal Dutch Shell and ExxonMobil locating and extracting crude oil, which they transport, refine into petrol/gasoline and retail to customers. For most of the twentieth century, vertical integration was considered by management theorists to be the best way to structure industries, primarily to achieve economies of scale. From the early 1980s the management literature shifted towards promoting the benefits of specialisation, building expertise in core competencies. Non-core activities could be outsourced to firms that themselves had specialised skills in that area (Peter & Waterman, 1982; Domberger, 1998).

This section considers whether the case study housing organisations are characterised by vertical integration, or by specialisation and outsourcing. Although the affordable sector differs from traditional industries that manufacture and sell products, the concept of vertical integration can be a useful lens to understand industry structure. It is also an approach that has not, to the researcher’s knowledge, been applied to housing associations in either a single country, or cross-nationally. Figure 21 shows five steps involved in producing and managing rental housing.

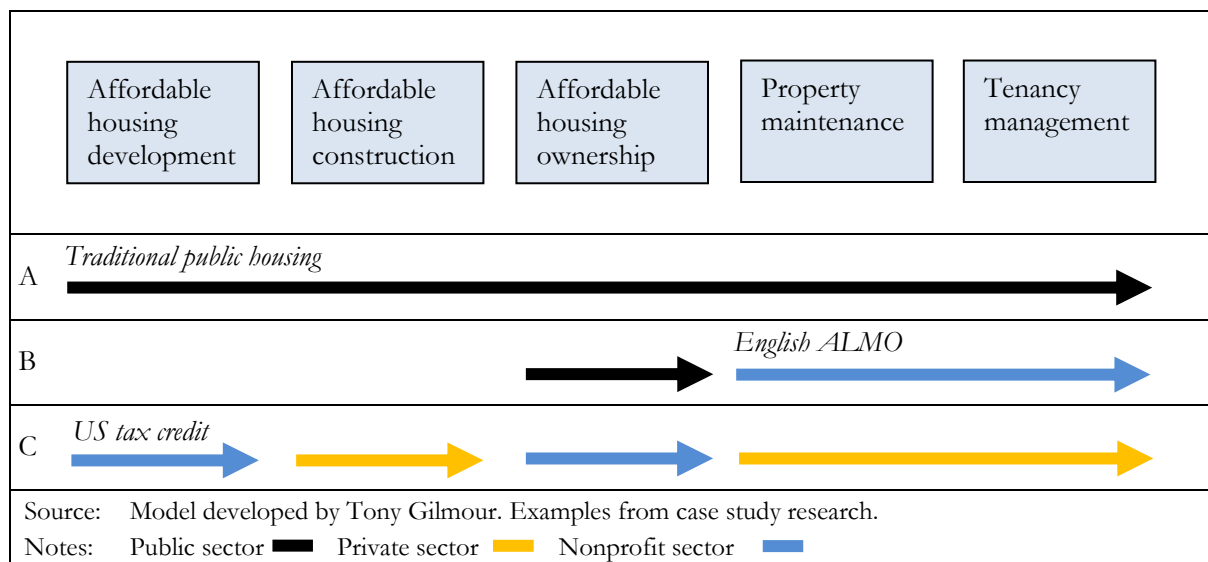


Figure 21: Vertical integration model

In example A in Figure 21, all steps are carried out by a public housing authority, the continuous line representing a vertical integration of tasks within a single entity. A similar integrated approach was used in section 221 and 236 schemes in the US to 1986, although housing delivery

and management was in the private sector, through subsidising private investors (Schwartz, 2006). Example B is the approach of English ALMOs (Box 4, p.78) with councils continuing to own public housing, but property and tenancy management outsourced under contract to nonprofit arms-length organisations. In Example C, a US tax credit scheme, a nonprofit organisation develops affordable properties but outsources building construction to a private sector company. The association continues to own the property (as a limited tax credit partner), although outsources property and tenancy management to a private sector organisation.

An implication from Figure 21 is that there is no single or definitive approach to how responsibilities should be divided in the affordable housing sector. Several approaches may be followed at the same time, as in contemporary England where public housing co-exists with ALMOs and housing associations. The same steps could be carried out by different types of organisations. For example, the US, Australia and England all have examples of tenancy management being carried out by the public, private and nonprofit sectors. As a consequence of market-driven approaches, described in Chapter 2, fewer of the steps in Figure 21 are carried out by the public sector. Governments in the three countries are much less likely to develop and construct social housing, with responsibility passed to the private and nonprofit sectors. The public sector still owns much social housing, especially in Australia and the US, although will not necessarily always manage it. England and Australia have models where public housing is managed by nonprofit organisations. Contemporary social housing shows more complicated patterns of involvement by the public, private and nonprofits sectors in different stages of the value chain. From Figure 21, specialisation approaches (B and C) have become more common than a vertically integrated approach (A). Therefore the social housing sector has followed the paradigm shift in the for-profit orientated management literature.

In Table 37 the value chain in Figure 21 is broken down into 12 smaller tasks to identify specific activities relating to affordable housing development, construction and management. Property ownership is excluded as it is not strictly part of the value chain. In general the case study housing associations show more commonalities within countries, rather than by organisational type. This suggests that national factors such as regulation and finance may be significant. Australian and English case study associations undertake somewhat more work in-house, particularly property and tenancy management and raising finance. US case studies are more likely to outsource fund raising, due to tax credit complexity, and tenancy management.

**Table 37: Case study organisations - vertical integration**

Country & Organisation		Type	New development						Management				
			Project management	Land acquisition	Finance raising	Design	Build Contracting	Building trades	Legal work	Tenant selection	Rent collection	Routine repairs	Regulatory returns
US	Bridge Housing	Market	■	■	■	■	■	■	■	■	■	■	■
	Burbank Housing	State	■	■	■	■	■	■	■	■	■	■	■
	East Bay Housing	Community	■	■	■	■	■	■	■	■	■	■	■
AU	Community Housing Victoria	Market	■	■	■	■	■	■	■	■	■	■	■
	Port Phillip Housing	State	■	■	■	■	■	■	■	■	■	■	■
	Melbourne Affordable Housing	Community	■	■	■	■	■	■	■	■	■	■	■
EN	Irwell Valley Housing	Market	■	■	■	■	■	■	■	■	■	■	■
	Trafford Housing Trust	State	■	■	■	■	■	■	■	■	■	■	■
	Mosscares Housing	Community	■	■	■	■	■	■	■	■	■	■	■

Source: Personal interviews.  
Notes: ■ In-house; ■ Varies, in-house or outsourced; ■ Outsourced.

The one exception to the differentiation of organisations by country is that two of the market-centric associations, Bridge Housing and Community Housing Victoria, are more vertically integrated than the other case studies. Despite the fact that both organisations take pride in their vertical integration, and publicise the fact in their marketing material, from Table 37 it is apparent that neither is *fully* vertically integrated. Bridge outsource building contracting and some design work and tenancy management of high-needs clients. Community Housing Victoria have an in-house building contracting capability but use sub-contractors for much of the physical building work. For Bridge Housing, vertical integration is evidence of their scale and capacity, providing reassurance to their partners that they can control all stages of the process:

Bridge has grown into a multifaceted organization with a staff of more than 200 people and the capabilities to handle every aspect of project financing, planning, development and maintenance. This vertical integration translates into capacity, letting us manage a steady stream of diverse projects (Bridge Housing, Undated-c: p.6).

Community Housing Victoria’s vertical integration specifically relates to their in-house construction capacity, unique amongst the case study organisations. This was driven by their desire to build properties that are low maintenance over a 40 year lifecycle, environmentally



sustainable and accessible for the mobility impaired. Future tenants are involved in a ‘consultative architectural process’. These skills and approaches were not seen to be available from Australia’s private sector developer/contractors (Interviewee 078). However, as with Bridge Housing, vertical integration has become part of the association’s unique selling feature:

Community Housing Ltd’s project development capability is a crucial part of the organisation’s vertically-integrated approach in which Community Housing Ltd manages an entire project from sourcing funding and land to long term management of tenants in the new property (Community Housing Victoria, 2009b).

The rationale for integrating property development and management within a single housing association was seldom questioned during interviews with association staff. Currently Australian housing associations are increasing their development capacity, transforming a sector previously characterised by tenancy management through backward vertical integration. Housing associations’ public rationale for developing is normally that they can control the quality of housing product. Interviewees described a further financial benefit in that developing associations receive the *developer’s margin* - the value added through project managing the development process. This would not be obtained if housing was bought in the open market from for-profit developers, or transferred from local authorities. The less flattering reason, discussed by several interviewees, is that building ‘award winning’ homes is a more attractive option to chief executives than property management which is ‘not a sexy business, there is very limited upside’ (Interviewee 089: Capacity Building Executive, Bay Area):

Development people are quite powerful because they deliver something to the chief executive that they can go and talk about. The problem is that the services that are provided for new homes are quite disproportionate because the other tenants don’t get that pleasure ... They’ve forgotten the existing tenants because they’ve focused on new build (Interviewee 090: Regulator, England).

Sector interviewees were more willing to question the loose vertical integration of housing associations shown in Table 37. An English academic (Interviewee 073) noted ‘there is no illogicality in saying that management should be separate for development and services’. Such separation may lead to greater focus on tenant service, both in housing and social support. For example, England’s Audit Commission consistently rate ALMOs, which only manage tenancies, more highly than housing associations that combine property development and management (Gilmour, 2009, forthcoming-b). The potential for separation was also noted by a US academic:

To me the management versus development issue is useful ... If we divide the world among the developers and builders on one hand the operators and service providers on the other hand we at least have some logic to start with. To think that there's any cultural connection between those two activities or any logic that links them is pushing it (Interviewee 118, UC Berkeley academic).

Following this logic, many US housing associations part outsource their tenancy management to organisations such as The John Stewart Company (see Table 45, p.215). This may be because they do not have management capacity within their organisation. Burbank Housing outsourced tenancy management until the end of county control in 1994 as they lacked in-house skills. When the organisation grew in size it made more sense to in-source, although John Stewart still manage two projects (JSC, 2009). The management role is specialised, encompassing not just property repairs and rent collection, but maintaining client records and submitting tax credit compliance returns. Outsourced organisations specialise in high-needs tenants, particularly on transformed public housing estates: 'with problematic properties you have to do things that nonprofits sometimes don't feel they can stomach. Kicking people out' (Interviewee 137: Capacity Building Executive, Bay Area). Bridge Housing outsourced management on their HOPE VI project at West Oakland where tenants were a very different demographic to their normal working families:

The level of intensity, the level of service requirements, weren't there. So I felt really that we didn't have the expertise to do the day-to-day management and John Stewart Company had a lot of experience with that population' (Interviewee 049: Executive, Bridge Housing).

Bridge currently manage between 70 and 80 per cent of their properties, are looking to manage 90 per cent of future projects (Interviewee 049). In part this is a quality issue as they need to convince people that schemes are not like public housing, cheaply built and poorly maintained: 'we want to maintain those units so they look just like they've been built' (Interviewee 093: Director, Bridge Housing). The other reason is that Bridge management believe managing more tenancies will give scale economies: 'we have all the software and all the capacity - we need more units to justify the investment ... [Carol Galante] wants the management company to grow bigger and grow into its capacity' (Interviewee 111: Director, Bridge Housing). Bridge have adopted a business-like approach to in-sourcing/outsourcing decisions, in contrast to East Bay Housing. As an archetypal community-centric organisation, East Bay undertake tenancy management themselves to keep closer to their tenants. This enables them to identify tenants whose financial position has changed, and provide social service support where needed (Interviewee 098).

Provision of social and neighbourhood services is an activity that has seldom been seen as the responsibility of housing associations. In England, and to a lesser extent Australia, associations usually refer special needs tenants to state agencies. US associations traditionally outsource to nonprofit service providers, although often make space available at reduced or no cost within their housing developments for childcare or literacy classes. All three Bay Area case study organisations have recently expanded their provision for higher-needs clients as these are groups increasingly targeted by city money. Also, since 2002 the California Tax Credit Allocation Committee requires new tax credit funded properties to have basic on-site services, provided by the applicant or outsourced (Interviewee 043: Executive, East Bay Housing). For example, Bridge Housing's development at One Church Street, San Francisco is different to their normal projects in that one third of tenants needed supportive services and rental subsidy. Occupants are drawn from the city's public housing waiting list and 10 per cent of units reserved for people with HIV/AIDS. The three full time social service staff working on youth, health and job issues are employed by Bridge Housing, not outsourced like normal, although the bill is paid by a three year city grant. However, One Church Street is not a typical Bridge scheme:

Bridge are huge but they don't have a resident services department and do not have resident services coordinators. They do some resident services work but it's definitely on a smaller scale and their approach is different. Apart from Bridge, most of the other affordable housing providers have some sort of resident services department. (Interviewee 043: Executive, East Bay Housing).

Community-centric association East Bay Housing have greater in-house social service resources, with their Neighborhood Economic Development Department employing nine staff to help low income families, local businesses and community organisations. However, over 80 per cent of funding is external - from foundations and city council grants (Interviewee 043: Executive, East Bay Housing). Unlike case study housing associations in England and Australia - whether market, state or community centric - US tax-credit associations do not normally provide supportive housing for special needs clients. This includes community-centric East Bay Housing whose tenants are typically the working poor, earning 30 to 50 per cent of median local income. The board is considering serving higher need clients 'because our buildings cannot afford to repair themselves, and we have been pushing the city' (Interviewee 091: Executive, East Bay Housing).

These outsourcing examples at Bridge and East Bay Housing are unusual in that both the funding for, and the provision of, social service support have been partly outsourced. More traditional outsourcing examples from Table 37 are in property construction and maintenance trades (bricklayers, plumbers, electricians), and professional services (architects, lawyers). These

activities may be outsourced for operational reasons, because the housing association is too small to keep an in-house architect or plumber occupied, or for strategic reasons to save money as the service provider is an efficient producer. In the former category, Bridge Housing decided to employ in-house architects and a legal counsel when they had grown to a sufficient size:

You get to that point where now it is more economical to bring them in. We pay a ton to these folks outside ... we're probably paying three quarters of a million dollars in annual fees and questionably I should bring more of that type of business inside (Interviewee 019: Executive, Bridge Housing).

However, Bridge Housing act strategically and continue to outsource specialised architectural work or where peak volumes are too great for the in-house staff. For specialised work such as tax accounting and preparing form 990 regulatory returns, Bridge Housing find it more efficient to outsource to a professional firm who concentrate in this area:

The tax company that we use specialises in affordable housing, it's one of their specialities, so they not only know the nonprofit but they know all the tax credits, they know all the tax compliance work. So by doing that we've hired a group that really has that expertise (Interviewee 019: Executive, Bridge Housing).

Similarly accountants Lindquist, von Husen & Joyce have developed a niche in providing tax services and auditing to housing associations in the San Francisco Bay Area. Lindquist have audited Bridge Housing and East Bay Housing for a number of years. Although auditing needs to be undertaken externally, Lindquist are an example of specialisation in their client base leading to common practices being conformed between associations. For their 2007 audit, Burbank Housing moved to Lindquist from a local accounting firm, resulting in major changes to the presentation of their numbers and a US\$6.5 million (A\$9.2 million) equity write-down:

This year's audit was prepared by Lindquist, von Husen & Joyce, a San Francisco-based firm specializing in the affordable housing industry. Though Burbank prepares its own financial statements, it has been reorganized somewhat differently based on suggestions from the new auditors (Burbank Housing, 2008a).

Outsourcing to specialised firms serving many organisations in the housing association sector is an important contributor to associations starting to act in similar ways. This concept of isomorphism is discussed further in Chapter 6. The structure of the housing association sector in a city region has implications for how the affordable housing network will operate. Low levels of vertical integration and high reliance on outsourcing will increase the number of actors, making the management of networked relationships a more important task for housing associations.

## ***Mergers, Groups & Partnerships***

One of the benefits claimed by supporters of vertical integration is that it promotes economies of scale. Fewer general managers, IT technicians, bookkeepers and human resource staff will be needed in a large, integrated organisation. The alternative way of achieving scale economies is through *horizontal integration*, acquiring or sharing services with similar organisations operating at the same level of the value chain. To continue earlier quoted oil industry analogy, vertical integration would be for an oil refinery to acquire an oil exploration or petrol/gasoline station business; horizontal integration would be for the refinery to acquire an additional refinery. Housing associations could merge, enter a group structure or work in partnership to achieve horizontal integration. These collaborative working alternatives are shown in Table 38.

**Table 38: Collaboration typology**

Approach/ <i>Risk</i>	Description	Benefits	Drawbacks
Merger  <i>Higher risk and return</i>	Full integration of associations into one legal entity with common brand and single head office	Cheaper and simpler than a group structure; Finance can be better integrated/cheaper; Works well if serve similar area or client groups	Cultural changes and full integration maybe slow; Possibly perceived as a hostile take-over; Existing directors/CEOs may lose their roles
Group  <i>Medium risk and return</i>	Common ownership by parent company of various associations which may retain brands and/or local boards. Probably some central shared services	Preserves local links and organisation names; Can act as gentle step towards future merger; Easier to attract new members to group	Conflict potential between parent and members; Problems if members have opt-out clause; May be bureaucratic and costs not reduced
Partnership  <i>Lower risk and return</i>	Joint goods/services procurement, partnering for new development, shared back office services, collective provision of community services	Benefits of cost savings through scale; Retention of operational autonomy and brand; Can test the water for closer collaboration	Can create complexity in managing relationships; Tensions develop from unequal partnerships; Harder to encourage more strategic directions
Source: The three collaboration approaches have been adapted from Davies et al. (2006b), with their term 'non-constitutional partnership' abbreviated to 'partnership'. Descriptions and risks by Tony Gilmour.			

The three approaches in Table 38 can be considered on a spectrum of risk/return, and are not mutually exclusive. Mergers involve a high degree of integration, potentially delivering large savings but with a greater risk of dissatisfaction from existing directors, senior executives and tenants. In contrast, partnerships may deliver lower cost savings but are low risk as existing power and control systems remain in place. Research by Davies et al. (2006b) highlighted that

English housing associations do not strategically choose the collaboration option that best suit their requirements. Arrangements tend to be entered into on an *ad hoc* basis, rather than as part of a carefully considered policy. The main driver for collaboration is business growth, which increases the prestige of chief executives and directors, rather than improved efficiency or better quality service. Davies et al. (2006b) found that efficiency gains from mergers are more modest than expected by the supporters due to lack of geographical overlap, unwillingness to reduce staff numbers to the full extent possible and failure to set clear target savings.

Table 39 maps the case study organisations against the three collaboration types in Table 38. Collaboration of all types is most common with the English case studies, although recently certain Victorian housing associations have merged in response to regulatory and financial changes. Mergers and group structures increase capacity, by allowing employment of more professional or specialist staff than would be possible by a single association with few building projects or modest numbers of tenancies to manage (van Bortel et al., 2008).

**Table 39: Case study organisations - collaboration**

Country & Organisation		Type	Merger	Group	Partnership
US	Bridge Housing	Market	-	-	<input checked="" type="checkbox"/> <i>Develop</i>
	Burbank Housing	State	-	-	<input checked="" type="checkbox"/> <i>Develop</i>
	East Bay Housing	Community	-	-	<input checked="" type="checkbox"/> <i>Develop</i>
AU	Community Housing Victoria	Market	-	<input checked="" type="checkbox"/> <i>MNCCH</i>	-
	Port Phillip Housing	State	-	-	<input checked="" type="checkbox"/> <i>Procure</i>
	Melbourne Affordable Housing	Community	<input checked="" type="checkbox"/> <i>MAH merger</i>	<input checked="" type="checkbox"/> <i>HCA group</i>	<input checked="" type="checkbox"/> <i>Develop</i>
EN	Irwell Valley Housing	Market	<input checked="" type="checkbox"/> <i>LSVT</i>	-	<input checked="" type="checkbox"/> <i>Develop/procure</i>
	Trafford Housing Trust	State	-	-	<input checked="" type="checkbox"/> <i>Develop/procure</i>
	Mosscares Housing	Community	<input checked="" type="checkbox"/> <i>LSVT</i>	<input checked="" type="checkbox"/> <i>LSVT</i>	<input checked="" type="checkbox"/> <i>Develop/procure</i>
Source: Personal interviews and data gathering. Collaboration definitions from Table 38.					
Notes: <i>MNCCH</i> - Mid North Coast Community Housing; <i>MAH</i> - Melbourne Affordable Housing; <i>HCA</i> - Housing Choices Australia; <i>LSVT</i> - large scale voluntary transfer of public housing to an association. These have been classified in this table as mergers or groups, although are not in the traditional sense.					

Cost savings from forming a group structure, for example reducing the numbers of chief executives, can be important. Housing Choices Australia (2008: p.6) cited reducing costs as the second reason for their recent mergers behind building capacity. Acquired business may have complementary expertise. The organisations merging in 2003 to form Melbourne Affordable Housing brought together tenancy management and project development skills (Box 10).

### Box 10: Melbourne Affordable Housing - merging capacity

The growth of Melbourne Affordable Housing (MAH) has involved four strands seen in other Victorian associations: church involvement through advocacy and land donation, promotion by local government, growing professionalisation and building capacity through merger.

In the mid 1980s, housing research and advocacy group Ecumenical Housing was founded by the Victorian Council of Churches, a non-denominational Christian faith organisation. By the 1990s Ecumenical coordinated joint ventures between the state of Victoria, and local churches who normally donated land/buildings for low-cost housing or homeless shelters. Property title was held centrally through Ecumenical Housing Trust, who had in addition developed a portfolio of 118 units by 2003. Ecumenical's board comprised representatives of seven religious denominations until 2001, when a skills-based board was selected. One of Ecumenical's contributions was to building sector capacity through their affordable housing research, their joint ventures and by creating a network of individuals. Hal Bisset, founder and former chief executive of Ecumenical Housing, helped shape Victorian affordable housing policy. He now runs a consultancy, Affordable Housing Solutions.

Inner City Social Housing was established in 2000 by the City of Melbourne to protect low cost housing in gentrifying central city areas. The council provided A\$1 million funding over four years and appointed the board's nine directors on the basis of their professional skills. Inner City's experience in tenancy and property management proved complementary to Ecumenical Housing's project development skills when they amalgamated in 2003 to become MAH. The merger was driven by both the strategic need to achieve economies of scale to compete for Victorian Government funding which was being restricted to growth providers, and the operational problem of persistent trading deficits at Ecumenical. The merged organisation brought together two different organisational cultures:

Inner City were a little bit more pragmatic [than Ecumenical] in terms of making sure that there was going to be some money there, rather than committing to projects that were good projects with social outcomes but not such good projects for the organisation ... there's a certain difference in psychological approach I guess (Interviewee 126: Director, Melbourne Affordable Housing).

The 2003 merger increased scale, but was not straightforward. Most MAH directors came from Inner City not Ecumenical, and were chosen for their skills not church allegiance. This was a signifier of a more commercial approach to affordable housing provision. MAH's website confirms 'while funding sources are still sought through partnering with church, local government and community groups, the company is also increasingly seeking the private, commercial sector to participate in housing provision'. The goal of achieving a streamlined organisation through merger was partly frustrated by the need to maintain two separate trusts for properties inherited from the predecessor organisations. New building projects can be undertaken by either of these trusts (if funded by Melbourne City Council, or the churches), or direct through MAH. Additionally MAH are trustee for a separate charitable fund. As an executive from MAH commented, 'a complex structure for a little organisation' (Interviewee 018).

Yet a further amalgamation has been proposed with MAH joining the Housing Choices Australia (HCA) group, although details have yet to be announced (as at April 2009). HCA was itself formed by a merger in 2007 of three disability housing associations as 'in order to grow and make a material contribution to the under-supply of housing, especially for people with a disability - capacity and capability could only be achieved through joining together and operating at scale' (Housing Choices Australia, 2008: p.6). The group has influential leaders: chief executive Michael Lennon was formerly head of Glasgow Housing Association, the UK's stock transfer largest association with 82,000 properties; board chair Brian Howe served as Australia's Deputy Prime Minister from 1991-5 (and was previously Chair of MAH). In mid-2008 HCA managed 575 properties (345 owned) which, when merged with MAH, would bring the total to just under 1,000 properties managed (550 owned). HCA currently operate as a group 'shared services management model' with common directors across three separate operating entities. The enlarged group incorporating a further four operating units from MAH will not necessarily be a simple structure, and the costs of complexity may outweigh economies of scale.

Sources: Ecumenical Housing Trust (2008); Housing Choices Australia (2008); ICSH Fund (2008); ICSH Trust (2008); Melbourne Affordable Housing (2006; 2007b; c; d; e; f; g; 2008a; b; c; 2009); Milligan et al. (2004; 2009, forthcoming); Personal interviews; VicUrban (2007b; 2008a).

Despite the potential benefits, housing association mergers are uncommon in the San Francisco Bay Area. In 1995 Bridge Housing considered merging with McCormack Baron, a for-profit tenancy management group based in St Louis, although the transaction did not proceed. The main Bay Area example is San Francisco-based Mercy Housing a former church organisation that became independent of the Catholic Archdiocese in 1987. In 2000, Mercy merged with Sacramento-based Rural California Housing Corporation to acquire their knowledge of self-build housing projects. This more than doubled the size of the Mercy group, although it led also to control problems and spiralling costs: 'they've had their challenges and they've had to pull back in some markets. They got over-extended' (Interviewee 099: Executive, Bay Area Housing Association). Action was taken through redundancies, and by centralising head office functions in Colorado: 'each company has its autonomy and can do the projects it wants to do, but [Denver is] a nice base for fund raising or technical expertise' (Interviewee 138: Executive, Bay Area Housing Association). Collaborative working has given Mercy Housing scale economies, allowing it to undertake larger projects, and to increase development and finance capacity in San Francisco and Denver. It gained knowledge of a new business segment, becoming the US's largest self-build affordable developer. However, the example highlights the risks with mergers and group structures if the process is not carefully managed.

Mergers and group structures have been a significant factor in the consolidation of England's housing association sector over the last decade. In 2006, 18 associations managed more than 20,000 properties each, with the largest, Places for People, owning 58,625 (Future Shape of the Sector Commission, 2006: p.31). However in Greater Manchester, merger has been less significant than stock transfer (Chapter 3). Of the case studies, Trafford was a whole-authority stock transfer, and both Irwell Valley and Mosscaire Housing doubled in size through partial stock transfers. None of the three organisations merged in the traditional sense, although in Table 39 transfer has been classed as a form of consolidation, with the recipient organisation receiving houses and tenancy management staff, but seldom senior management or directors. Most stock transfers to existing housing associations result in full merger, an exception being Mosscaire Housing's acquisition of six Manchester City Council overspill estates in the borough of Stockport in 2008. The acquisition was driven by a need to become larger to make them less vulnerable to a hostile takeover: 'It was a neat-grow as we could get economies of scale .... There was an imperative to grow, and there wasn't much growing left' (Interviewee 061: Executive, Mosscaire Housing). Here a group structure with shared central services was adopted, in part to placate opposition to the transfer from certain Stockport tenants (Box 3, p.74).



The case study interviews provide an interesting insight into the relatively low number of mergers in Greater Manchester. One respondent explained this as due to the more difficult property market in the region acting as a barrier to entry to southern housing associations:

The trouble with all of the north-west agencies is that they're very vulnerable to weak asset bases. They desperately need footholds in the south. I can't think for one obvious reason at all - apart from egos - why anyone in the south would want a foothold in the north (Interviewee 055: Housing Association Executive, England).

The more frequently mentioned reason for mergers (or lack of mergers) was personalities. The departure of a senior executive would reduce disputes as to who ran the merged group: 'you know how to tell when two associations are going to merge. When is the chief exec. or chairman of either of them going to retire (Interviewee 162: Consultant, Greater Manchester). Neither Mossclare Housing nor Irwell Valley have chief executives wishing to retire. An Irwell Valley Director (Interviewee 042) considered Tom Manion's strong personality may limit their appeal and in any amalgamation 'we would want to see ourselves as the dominant partner'. A consultant suggested that with both organisations their leaders preferred to be in control:

Pam [Schwarz, chief executive, Mossclare Housing] and Tom [Manion, chief executive, Irwell Valley] are both very strong personalities, and they create the culture they're in. Both of them are quite controlling. The irony is they've got organisations here they can do it in (Interviewee 162: Consultant, Greater Manchester).

One way to avoid the personality evidenced from the Greater Manchester interviews issues is to choose partnership working rather than a merger or group structure. The pace of mergers in England is slowing, possibly due to disenchantment with lack of clear benefits and the cost of complexity. With the new approach of the Homes and Communities Agency in having a 'single conversation' with local authorities, partnership working may increase in England:

There is a view that mergers are passé, yesterday's issue. Many of these groups are now reworking themselves. They found they're too big, too cumbersome, can't actually provide proper governance and accountability structures, and actually have gone too far. They're now breaking up the groups ... or arriving at different structures ... and the move going forward, recognising that grants are going to go to local authorities, builders, housing associations is about partnership working with a variety of other bodies (Interviewee 055: Housing Association Executive, England).

Development partnerships are significant in all three countries, whereas procurement partnerships are more common in England (Table 38). These forms of networked arrangements, are discussed further in Chapter 6. Joint working on project development is an important way of building capacity through transferring knowledge from a more experienced to a less experienced

housing association. For example, in the 1980s East Bay Housing partnered with Bridge Housing on their first major residential scheme. The US\$17 million (A\$24 million) Frank G Mar project with 119 units and 1,200 square metres of shops and community facilities in Oakland's Chinatown, would have been too large a project for a fledgling community development corporation. In 1984, when the project was planned, East Bay had only 11 staff and developed just 151 units in 9 years. By comparison, Bridge had built 2,792 homes since 1982. Citibank, the secured lender, insisted on outsourcing tenancy management as they considered East Bay Housing lacked capacity. However, during the first year of operation the rentals proceeded slowly, there were local racial tensions, and East Bay negotiated with the bank to assume full control of property and tenancy management. Bridge Housing's view on East Bay Housing was 'they were trying to learn the business. They'd ask questions *ad nauseum*. I'd think God - can't we move on? They built up a good capacity' (Interviewee 111: Director, Bridge Housing). However, the partnership brings benefits for both the established and newer organisation:

It becomes very much based around relationships so often one of the smaller ones will partner with one of the bigger ones that brings all the expertise and the financial skills and all the permits that has become so complex. But often it is the smaller local organisation that knows the town council and can get the land deal over than for-profit competitor going after the real estate (Interviewee 065: Consultant, Bay Area).

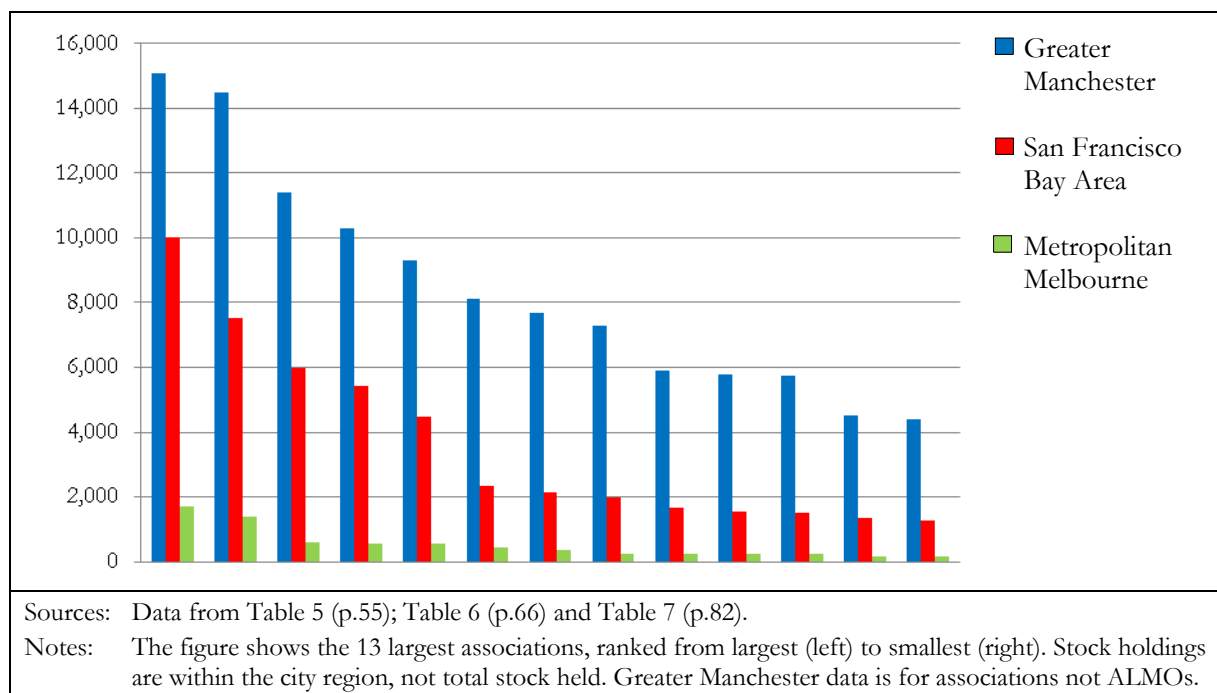
For Bridge Housing, working with East Bay Housing on the Frank G Mar project gave access to a tax credit project they might not have won through competitive bidding. The scheme received US\$1.25 million (A\$1.76 million) from Oakland's Redevelopment Agency and US\$3.40 million (A\$4.79 million) from the City of Oakland Parking Authority. As providers of one quarter of the funding, the city were important influencers, perhaps favouring a community based association with strong local links. Bridge Housing received part of the development fee, while East Bay gained experience of managing large-scale developments.

Joint development working is not restricted to occurring between nonprofit organisations. Chapter 3 gave examples of public-private-nonprofit partnerships used to transform public housing estates. For example, East Bay Housing's HOPE VI re-development of a stigmatised public housing estate at Coliseum Gardens in Oakland, is structured as a joint venture with a private developer. The scheme for 435 rental units is considerably larger than any venture undertaken to date. East Bay share the risk and developer fee 50/50 with Related (2009), a national developer based in New York with a US\$8 billion (A\$11.3 billion) property portfolio. The Coliseum Gardens project is jointly managed, with East Bay Housing scheduled to take full control in 2010. Building work is coordinated by Cahill Contractors (2009), a San Francisco

based for-profit developer founded in 1911. Cahill undertake four times as many affordable as market-rate housing schemes, and currently work on projects with Bridge Housing, Mercy Housing, Community Housing Developers, Tenderloin Neighborhood Development Corporation and Citizens respectively the Bay Area’s first, second, seventh, ninth and tenth largest housing associations, see Table 5, p.55). East Bay Housing’s involvement with the Coliseum Gardens project therefore not only brings a developer and significantly increases their housing stock - it allows further capacity building through organisational learning.

### ***Sector Concentration & Scale Economies***

The previous two sections presented ways to achieve economies of scale through vertical and horizontal integration respectively. Case study and sector interviewees made frequent reference to ideal organisational size, benefits of scale economies and concentration of the sector into a small number of growth housing associations. Figure 22 charts the distribution of affordable housing stock held by the top 13 housing associations in the three city regions.

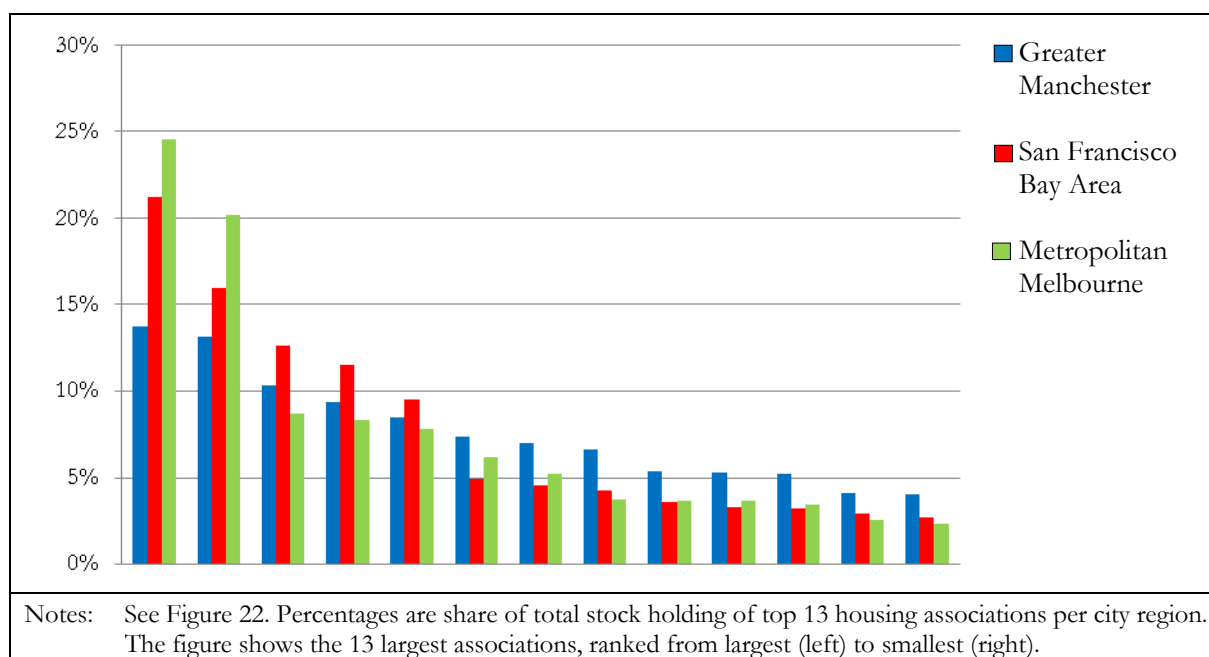


**Figure 22: Distribution of stock holding by top 13 city region housing associations**

Figure 22 chart only includes stock holding within the city regions, rather than total stock held by associations, the Greater Manchester data compresses size differences. This makes a difference for two associations: the Guinness Partnership which manages 50,000 units nationally (11,400 in

the city region) and Contour Housing with 20,000 units in the north (10,300 in the city region). However, the data remain comparable for stock concentrations within regions. Associations are considerably smaller in Melbourne than San Francisco or Manchester, not unexpected given they manage only 0.6 per cent of regional housing stock (Figure 12, p.64). Of note is the less marked difference in size between the Bay Area (associations manage 2.4 per cent of stock, Figure 8, p.51) and Greater Manchester (associations manage 12.8 per cent of stock, Figure 15, p.80). The top five Bay Area associations are all of comparable size to the largest Manchester associations.

The size distribution of the top 13 associations is shown in Figure 23, based on the proportion of total stock held by these organisations in the city region rather than absolute stock numbers. This better enables comparison between the three city regions. The San Francisco Bay Area and metropolitan Melbourne both have a skewed size distribution, with a small number of larger associations ‘ahead of the pack’. In San Francisco the ‘top 5’ regional associations are Bridge Housing, Mercy Housing, EAH, Mid-Peninsula and Eden; in Melbourne the ‘top 2’ are Community Housing Victoria and Common Equity Housing. Greater Manchester shows no significant break in the distribution between large and medium-sized associations.



**Figure 23: Concentration of top 13 city region housing associations**

Sector concentration is shown by the proportion of stock held by the four largest associations: 61 per cent in the Bay Area and metropolitan Melbourne but only 47 per cent in Greater

Manchester. In economic terms this may suggest that the housing association sector in all three city regions is structured as an oligopoly, as the four largest organisations have over 40 per cent market share (ONS, 2006). However, a more realistic measure is the concentration of *all* social housing providers in each region, including public housing and ALMOs along with housing associations. On this basis, the top four social housing providers in the San Francisco Bay Area have 36 per cent market share of social housing, compared to 27 per cent in Greater Manchester. Therefore they operate in monopolistic competition rather than forming an oligopoly. Metropolitan Melbourne is a clear oligopoly, with social housing dominated by the Office of Housing's 63,000 public housing stock and two large housing associations.

Figure 22 indicates that the housing association sector has a different economic structure in the San Francisco Bay Area than in Greater Manchester. One city region has a break between the 'top 5' regional providers and smaller organisations, the other a more gentle gradation from large to medium-sized organisations. This is a trend worth investigating further through data gathered during interviews, and by considering the specific impact of local factors. With the current re-structuring of Victoria's housing association sector, through regulation, extra funding, mergers and capacity building, data on metropolitan Melbourne's sector structure is harder to interpret. The environment is changing too fast to draw firm conclusions. State policy has been to provide most funding to a smaller number of growth providers (see Table 6, p.66) which suggests the region might develop a sector shaped more like San Francisco than Manchester.

In the San Francisco Bay Area, the existence of a 'top 5' group of larger associations was mentioned by several interviewees. They were described as 'regional', operating across the Bay Area or beyond, rather than building deeper links within a small number of local jurisdictions (Interviewee 147: Capacity Building Executive, Bay Area). Of the case study organisations, Bridge Housing are regional, East Bay and Burbank Housing local (see operating geographies in Table 58, p.255). Two of the top 5 Bay Area associations, Mercy and Eden, have followed Bridge Housing in establishing operations in southern California. Interviewees described regional associations as achieving critical mass when they established an in-house team with strong development capability and the ability to regularly bid for and win tax credit project funding. Development is a core activity for US housing associations, both as a source of fee income and the main way to acquire affordable properties to rent. Unlike England and Australia, public housing stock transfers and spot-purchase from the private sector have not been used to build housing association stock. In the US, property development teams are costly as nonprofits must

compete with for-profit organisations for staff. Funding for these salaries is mainly from developer fees, therefore only an association that has completed several successful projects can employ higher calibre development teams with an ability to win yet larger tax credit allocations.

Once critical mass is achieved, the larger associations can expand at a faster pace, with ‘most of the big five having grown big just by scaling, getting better at what they do and learning how to really tap the government’ (Interviewee 065: Housing Consultant, Bay Area). Bridge Housing can be more selective about the projects they undertake, and more patient. They completed a project in 2006 that took 10 years: ‘small companies would have gone belly-up three years into it’ (Interviewee 019: Executive, Bridge Housing). Medium-sized organisations are in a less favourable position. Often they must be more flexible which projects they undertake: ‘I’d say we’re very opportunistic and not necessarily only waiting around for those kinds of properties that will best fit our portfolio’ (Interviewee 138: Housing Association Executive, Bay Area). Lack of scale inhibits organisations such as this building a strong development team:

Sustainability is a huge issue. Our balance sheets are not commensurate with our risks ... [We face] diseconomies of scale. There are a certain number of projects that one needs to do to support an organisation, and in particular to pay the salaries to attract people with the skills to manage the development projects (Interviewee 029: Housing Association Executive, Bay Area).

The point was reinforced by an interviewee, again from an organisation smaller than the ‘top 5’ whose view is that there is a break point in terms of organisation size (Interviewee 138: Housing Association Executive, Bay Area). Once housing associations reach break-point, with steadier income flows, they professionalise their organisational structure, employ higher calibre general managers and introducing control systems:

Being a very small company all of a sudden it was just like ‘boom’ and we were trying to catch up ... We’re trying to work much more efficiently, so really getting the workflow actually documented - who does what. Looking at job descriptions to make sure that they accurately reflect what the person is doing ... It’s getting a little bit more tightly managed (Interviewee 101: Housing Association Executive, Bay Area).

Complexities in applying for tax credit funding creates barriers to entry to new organisations. Three quarters of the Bay Area’s current housing associations were formed before the introduction of tax credits. From Table 5 (p.55), only one of the twenty largest housing associations (Citizens Housing Corporation) was formed after 1986. Tax credit complexities have encouraged all three US case study associations to move to larger projects, a clear example of

scale economies: 'if it's small, it still takes the same number of staff. You may as well do a bigger one and have a bigger fee (Interviewee 122: Executive, Burbank Housing). State-centric Burbank Housing's minimum project size is 30 units (Interviewee 160) and Market-centric Bridge Housing's minimum is 80 units, although their average project is 100 units (Interviewee 049). Community-centric East Bay Housing's aim for a minimum of 60 units, although they are more flexible. For example, they are negotiating for a 26 unit development where:

There's a social, mission reason. We'll try this. It'll be more headaches to manage, but it's service-enriched housing for homeless folks so we're willing to do that. It doesn't meet our threshold criteria for size but there are other reasons why we'll do it (Interviewee 048: Executive, East Bay Housing).

The economics of Bay Area property management follows similar patterns to development as tenancy management and property repair staff are normally based on-site. Therefore a 70 unit block is more efficient to manage than one with 30 units. There tend to be fewer tenant issues, make larger developments popular with managers: 'I prefer larger complexes, they seem to run a little smoother. Generally financially they're more stable ... It seems like it's a larger machine but it's much more well oiled' (Interviewee 101: Housing Association Executive, Bay Area). As noted in Chapter 2, tax credit funding does not provide mixed-tenure or mixed-income developments.

In contrast to the San Francisco Bay Area, Greater Manchester housing associations are more focused on management than development (see Table 29, p.138). Northern England has pockets of unaffordability, where new construction is required, although compared to the south of the country the main housing challenges are bringing social housing to Decent Homes Standard and market renewal of areas with low housing demand. Social housing is 24 per cent of stock in Greater Manchester, compared to just under 3 per cent in the Bay Area. Chapter 3 describes the transfer of public housing in Greater Manchester to housing associations and ALMOs during the last decade, creating a range of medium sized organisations (by English standards) shown in Table 7 (p.82). As 'council housing' was controlled by individual local authorities, Greater Manchester's public housing stock was already split into 10 blocks. For example, Stockport Homes (ALMO) inherited 12,100 units from Stockport council; Trafford Housing Trust (housing association) 9,300 units from Trafford council. The two councils with most public housing stock, Salford and Manchester, split homes between a number of successor organisations. For Salford, this was by necessity after their ALMO failed (Box 4, p.78), although for Manchester it was said to be a strategic decision and in line with national government policy

in the early 2000s of capping stock transfers at 12,000 units. Following ballot defeats in Birmingham and Camden, Manchester's approach was tailored to gain tenant support:

With 80,000 properties it's a huge business and you do miss some of the local context. Our strategy was driven by the added value that we could bring for residents, not only the extra investment, but actually some local ownership and management of a housing organisation ... The model that we picked was much harder, very very hard and challenging to deliver ... But we were really very concerned to get an offer that tenants would vote for, basically (Interviewee 139: Manchester City council employee).

It is unclear whether Manchester City Council's approach was a genuine attempt to increase local accountability, or as argued by Defend Council Housing, a tactic to divide opposition to 'privatisation' (DCH, 2007b; Interviewee 038). The net effect was to fragment the Manchester City Council's 80,000 public housing units across multiple organisations rather than create a dominant local social housing manager. The structure of Greater Manchester's social housing sector has, therefore, been shaped as much by local politicians as by micro-economic theory. Interviews with employees at case study organisations Trafford Housing, Mosscares and Irwell Valley confirmed that they had no desire to grow through merger, nor did they fear hostile takeover. With 375, 105 and 200 staff respectively (Regulatory and Statistical Returns, March 2008), the associations are of sufficient size and capacity to manage tenancies and undertake limited development. They can also afford good salaries for their chief executives (Table 28, p.135). Although several English housing associations have grown large through merger, most medium-sized Manchester associations (with the exception of Northern Counties) have remained independent and locally managed. This is not a problem for management:

We're probably one of the larger organisations that isn't part of a group, but in terms of scale of operation I don't want to grow larger. The large landlords are the ones that start at 20,000 upwards (Interviewee 069: Executive, Trafford Housing Trust).

A tentative conclusion, requiring further research, is that scale economies may be less apparent for social housing organisations that mainly manage rather than develop affordable housing. It might help explain the different shape of the housing association sector in San Francisco, where associations focus on development, compared to Manchester where management is the key task. In Chapter 6, the procurement and joint development partnerships will be highlighted as a distinctive feature of the Greater Manchester housing association sector. If mergers have become passé, then 'It's not about size, it's more about strategic partnerships that will bring long terms advantage' (Interviewee 055: Housing Association Executive, England).



## 5.5 Conclusions

The investment in capacity building programs in recent years in the three countries of this study has not been matched by an increased understanding of what capacity is, where capacity shortfalls exist or how these can best be addressed. Much of the limited literature has originated in the US, where several unconvincing attempts have been made to quantify capacity. Driven by enthusiasm for public and nonprofit sector performance measurement, the surveys in Table 23 (p.120) overlook that capacity is socially constructed and therefore near-impossible to measure. Sector 5.1 illustrates how the debate over capacity constraints has been constructed differently in the three countries, often reflecting different government policy priorities. In the US, the key capacity issue is the viability of Community Development Corporations which lack core funding for 'head office' costs. Foundation grants and philanthropy are seen to be the solution. By contrast, in Australia the entire housing association sector is seen to lack capacity and governments expected to provide the solution. In England, capacity is less of a critical issue and the debate relates more to building social capital in troubled neighbourhoods.

In the surveyed countries, capacity is most often considered within the confines of individual housing organisations. More particularly, capacity shortages are seen to relate to the ability of housing associations to recruit and train professional staff, and to pay sufficient salaries to retain individuals within the organisation. Although interviewees often referred to staff shortages in general, the principal area of difficulty is with property development specialists. Problems appear greatest in the US where staff are expected to combine real estate expertise with the complex, layered funding required in tax credit projects. As in Australia, there is competition for top staff between housing associations and private developers who are able to pay much higher salaries. English associations face fewer problems sourcing development staff as there is a larger labour pool reflecting the greater size of the sector. Project managers are becoming increasingly in demand in Australia and the US, where associations are expanding their portfolios by new-build. This is less of an issue in England where new construction is modest compared with bringing the condition of existing housing stock to 'decent standards' (Table 29).

Organisational capacity can be built through government initiatives, often to protect public investments and promote the most efficient use of taxpayer funds. The state shapes the housing association sector through both direct and indirect funding of capacity building programs, and by using a variety of non-financial tools such as regulation and intervention (Table 33). Many of the case study organisations were founded by the state, either as new ventures

(Burbank Housing, Melbourne Affordable Housing and Port Phillip Housing) or by transfers of housing stock and staff from the public sector (Trafford Housing Trust). Management innovation and professionalisation can also be promoted using funds raised through donations, particularly in the US. In England, both philanthropy and volunteering are uncommon and Australia is moving in this direction, evidenced by a declining role played by church groups and cooperatives. The final source of external funding for non-program activities is income generated through commercial activities. These are mostly linked to associations' property skills, for example land trading and estate sub-division, or involve charging fees to other associations for advice on best practice (Table 36). Bridge Housing and Irwell Valley Housing are the most entrepreneurial case study organisations, generating income from market-rate housing schemes.

The debate on building organisational capacity building through raising external funds from the state, donations or commercial schemes has obscured the important role of housing associations working together. This strategic approach allows capacity to be built through sharing knowledge and by releasing funds generated through achieving economies of scale. For example, Melbourne Affordable Housing was formed through the merger of two associations that had complimentary skills in tenancy management and property development. Combined organisations require only one chief executive, finance manager and IT department, and funds are available to employ higher ranking executives. Approaches to collaboration range from full mergers, to group structures and partnership working (Table 38). Mergers have been popular in England, though recently criticised for creating large national housing associations which are remote from the communities they serve. Australia has also experienced a wave of mergers (Box 10), unlike the US where Community Development Corporations most often continue to serve distinct neighbourhoods. Group structures where 'head office' functions are centralised have been used in all three countries, as have partnership arrangements.

The use of partnerships is an example of the move towards networked capacity building described in the next chapter. Development partnerships are more common in England, normally involving a consortium of housing associations, and in the US and Australia where they are more likely to involve both associations and commercial developers. Procurement partnerships in England often bring together a number of housing associations with local councils and ALMOs. Partnership working achieves financial savings without formal changes to ownership structures, thereby retaining local connectivity with tenants. However, there is a hidden cost in the greater complexity of managing social housing through network approaches.



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# CHAPTER 6

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## CHAPTER 6: NETWORK CAPACITY

Housing associations exist in a networked environment, cooperating through formal and informal partnerships with a variety of public, private and nonprofit sector actors. They have, at least in the US and England, broken free from the ‘iron cage’ bureaucratic controls familiar to Max Weber that characterise hierarchical public housing authorities (DiMaggio & Powell, 1983). Just as their way of working is networked, so is capacity building. Viewing capacity solely within the boundaries of an organisation, as in Chapter 5, misses the richer picture of network capacity.

There are many actors in the affordable housing sector that help build capacity. Their approach may be to directly strengthen the capabilities of individual housing associations by providing a particular service such as a training course or providing contract staff. Alternatively, actors may deepen network connections between associations and other service providers, creating arenas where knowledge can be shared. The actors may or may not be aware of their role in capacity building, and often will not use such terms. They may themselves be hierarchical organisations with impressive head offices and layers of senior management, or be virtual networkers needing no more resource than a personal computer and Internet connection.

This research project used snowballing techniques with housing association staff to identify networked capacity builders to interview, where possible. Chapter 6 builds theory by structuring a complex list of actors into connected types. The Chapter begins by examining *traditional networkers* in Section 6.1. These are familiar organisations within their respective city regions, such as England’s Chartered Institute of Housing or Australia’s community housing federations. The organisations analysed in this Section were normally the first where interviews were conducted by the researcher, in part due to their strong connections with associations in their city region. Although ‘traditional’, some of these organisations have started using more contemporary approaches through cross-subsidised service provision and virtual networks.

In Section 6.2 a further group of *emerging networkers* are analysed. These are a diverse group of organisations or individual actors, from universities and tenant groups to rival trade associations and social enterprise businesses. They are termed ‘emerging’ to describe both their recent formation, and also that their role in the social housing network is only just starting to be appreciated. The tensions and dynamics between the traditional and emerging networkers, and different ways they build networks, lead to some of the main findings of this research.

Together with the housing associations, the capacity support organisations help build network power. Having established network patterns and relationships in the three city regions, Section 6.3 uses a branch of complex network theory - institutional theory - as a lens through which to search for common threads in network power across the regions. This approach raises questions as to how the social housing sector is constructed, the extent to which associations work together with other affordable housing providers and, ultimately, whether a city region is a helpful spatial unit through which to study networks between housing associations.

## **6.1 Traditional Networkers**

A distinction has been made in the thesis between the types of membership organisations: trade associations whose members encompass a broad range of housing associations; professional associations for individual housing practitioners (Section 6.1); and more narrowly constituted trade associations where membership is limited to housing associations of particular types or locations (Section 6.2). However, these characteristics are becoming blurred. Some support organisations contain both institutional and individual members, others assist a broad range of social housing providers, not just housing associations. Increasingly, there are a growing number of different types of support organisations, with many associations being members of several.

### ***Trade Associations***

The organisations most closely resembling trade associations in the three city regions are shown in Table 40. In the Bay Area, the Nonprofit Housing Association of Northern California (NPH) is a regional organisation without formal links to a national infrastructure. However, NPH work with a sister organisation in Los Angeles, the Southern California Association of Nonprofit Housing, when campaigning on state-wide initiatives. By contrast, the main trade association for metropolitan Melbourne, the Community Housing Federation of Victoria (CHFV), is linked to other state organisations through a central node - the Community Housing Federation of Australia (CHFA). Australia's state-based organisations are larger and better resourced than their national body. This is the opposite of England where there is a strong national body, the National Housing Federation (NHF), with small regional branches. The trade associations' capacity in England and Australia are based in locations where most housing policy is determined, respectively in London and in the state capitals. NPH is different in that it is located in San Francisco, not the state capital. California's dual trade association structure reflects the dominance in the state of two major cities, and the relatively minor size of the state capital.

**Table 40: Trade associations in the US, Australia and England**

Category	Nonprofit Housing Association of Northern California (NPH)	Community Housing Federation of Victoria (CHFV); Australia (CHFA)	National Housing Federation (NHF). Based in England
Income (year to):	A\$1.27 million (Dec 2007) <ul style="list-style-type: none"> <li>■ Commercial 55%</li> <li>■ State grants 0%</li> <li>■ Membership fees 9%</li> <li>■ Philanthropy 36%</li> </ul>	A\$0.63 million (Jun 2008) (CHFV) <ul style="list-style-type: none"> <li>■ Commercial 18%</li> <li>■ State grants 78%</li> <li>■ Membership fees 4%</li> <li>■ Philanthropy 0%</li> </ul>	A\$31.8 million (Mar 2008) <ul style="list-style-type: none"> <li>■ Commercial 44%</li> <li>■ State grants 3%</li> <li>■ Membership fees 53%</li> <li>■ Philanthropy 0%</li> </ul>
Founded:	1979	1997	1935
Members:	700 associations and individual members	78 associations and 3 individual members (CHFV)	1,200 associations
Staff:	8	4 Melbourne (CHFV)	107 (6 in Manchester)
Fees:	A\$35-A\$296 p.a.	A\$47-A\$849 p.a.	A\$104,000 p.a. (see p.201)
Sectors:	Housing associations, banks, professional staff, for-profit developers etc.	Housing associations only (CHFA has state trade associations as members)	Housing associations. ALMOs can join as associate members
Regions:	Northern California. Local associate: East Bay Housing Organizations, in Oakland	Office and staff in Melbourne (CHFV) - also CHFA in Canberra	NHF London based. NHF North West has staff and office in Manchester.
Activities:	Awards, conferences, lobbying, networking, publications, research, training	Awards, lobbying, networking, policy, publications, research, tenancy software, training	Awards, conferences, consultancy, lobbying, networking, publications, research, training
Networks:	Brown bag workshops, annual conference, building coalitions through lobbying	Occasional membership meetings with external speakers	Major annual conference in Birmingham. Workshops and events in each region
Business:	Commercial income is from member events such as conferences and training	Training and seminar fees are main source of commercial income	Conferences, training, publications & consultancy generate income
Strategy:	Majority of voting members must be from housing associations	Loose coordination & idea sharing between state bodies through CHFA	Focus on membership services, although strong lobbying in last year
Training:	Few courses offered - NPH more of a lobbying & networking organisation	Influential 'introduction to community housing' course plus others	Wide variety of courses in London and main cities, including Manchester
Sources:	CHFA (1997; 2004; 2005; 2006; 2007; 2008a; b; c; d; 2009); CHFV (2006; 2007a; b; 2008a; b; 2009); EBHO (2007; 2009); NHF (2008a; b; c; d; e; f; g; 2009); NHF North West (2008a; b; 2009) NPH (1997; 2002; 2006; 2007; 2008; 2009a; b); NSWFA (2006; 2007; 2008; 2009a; b); Personal interviews.		
Notes:	In charts, <i>commercial income</i> includes fees for events, consulting, training and other income.		

The three trade associations in Table 40 undertake similar activities but are financed differently. Each has a dominant form of revenue: commercial income for NPH in San Francisco (55 per cent), state grants for CHFV in Melbourne (78 per cent) and membership fees for NHF in London (53 per cent). Commercial income is higher in the Bay Area and England due to the larger number of better financed associations that are both able and willing to pay fees for conferences and training. Only England's NHF receive income from non-core activities such as consultancy, and this is below 7 per cent of revenue. NPH in San Francisco receive 36 per cent of their income from philanthropy, mainly from corporations and their philanthropic foundations rather than individuals. Of the 19 corporate donors, 8 are banks (NPH, 2008: p.28).

San Francisco based NPH is the Bay Area's closest equivalent to a trade association, although it has aspects of being both a professional association and an affordable housing coalition. Established in 1979, NPH was originally staffed by volunteers from the Association for Bay Area Governments (ABAG) and funded through foundation grants. This organisation predated the formation of all but three of the top ten associations in the region (Table 5, p.55). By publishing a definitive handbook in 1981, the association 'wrote the book on nonprofit development' (NPH, 2009b), encouraging the entry of new nonprofits to the sector. As a result, Bay Area housing associations had already built capacity prior to the introduction of tax credits in 1986. NPH membership includes not only all Bay Area housing associations but banks, for-profit affordable housing developers, individual activists, local governments, environmental nonprofits and church organisations. This reflects NPH's strategy of building broadly based support for affordable housing. Membership fees are tiered according to type of organisation, although kept low. Individuals pay US\$25 (A\$35), small housing associations US\$75 (A\$106) and large commercial companies US\$210 (A\$296) annually.

NPH moved from a San Francisco focus towards providing member services for organisations across northern California in the early 1990s with the appointment of executive director Dianne Spaulding. Charismatic Spaulding is the face of the Bay Area's housing association sector, presenting at several conferences attended by the researcher in 2007 (Table 19, p.108). In the opinion of a Berkeley academic (Interviewee 118) 'we have the benefit and curse of a strong and extremely efficient organisation, the NPH. Diane Spaulding is a wonderful organising resource' (Interviewee 118: Berkeley Academic). Their main role is stated explicitly: 'we are networkers, connecting practitioners in this incredibly diverse field' (NPH, 2008: p.5):

In 2007, we helped our members become even stronger by bringing them together for a wide range of activities and providing helpful information on a regular basis. NPH offered forums on pressing legislative issues, nuts-and-bolts training for practitioners in the field, and celebrations of the leadership, innovation and victories that propel us forward in the affordable housing movement (NPH, 2008: p.17).

Spaulding is well connected within the regional affordable housing network, serving as representative on the National Housing Conference, chairing the California Housing Consortium and previously director of Housing California for ten years. Staff members are also networked. NPH development associate Peggy Lee formerly worked for Chinatown Community Development Corporation and research director Paul Peninger joined NPH from Bay Area LISC, the leading regional capacity support organisation. Peninger received a Master in Urban and Regional Planning degree from UC Berkeley, as did policy director Geeta Rao (see p.240 for Berkeley connections). Board membership is dominated by senior staff from leading Bay Area housing associations, with four of the 'top 5' associations represented. Bridge Housing supply NPH's current president, and Mercy Housing their vice-president. Previous directors have included Bridge Housing's two senior executives, Carol Galante and Lydia Tan. Prior to moving to 369 Pine Street, NPH leased premises from Bridge.

The most successful NPH networking events are the annual conference, attended by over 500 delegates, awards ceremonies for leading regional affordable housing developers, and 'brown bag' lunches. These monthly low-cost events (US\$30, A\$44) encourage local housing staff to bring their lunch and listen to leading experts provide advice on topics such tax credit finance, planning law and sustainable design. For example, on 22<sup>nd</sup> July 2009 Lindquist, Von Husen & Joyce - auditors of the three Bay Area case study associations - present on 'consolidation standards for affordable housing developers - one year later' (NPH, 2009a). These lunches provide network opportunities between housing association staff, and building links with other network actors. However, as noted by a Bridge Housing executive (Interviewee 049), 'beyond the conferences and the brown bag lunches, NPH has really turned into an advocacy and policy organisation' (Interviewee 049: Executive, Bridge Housing). Lobbying is important as Californian state law allows binding legislation to be passed by referenda, known as 'initiatives' (Hird et al., 1991). Affordable housing ballot initiatives bring together actors in the Bay Area network, coordinated by broadly-based groups such as NPH. Proposition 46, passed in 2002, raised US\$2.1 billion (A\$3 billion) through bonds for various housing initiatives (NPH, 2006). As this was not a permanent source of finance, when funds were expended a further initiative, Proposition 1C, was passed in November 2006 raising US\$2.85 billion (A\$4 billion).



NPH's lobbying activities are consistent with its role as a grass-roots membership organisation. By contrast in Australia, the trade associations are 'top-down', having been promoted by government. As a result their lobbying role is more limited. The Community Housing Federation of Victoria (CHFV) is known in Australia as a 'peak body', an organisation established and funded by state or national governments to represent a sector of social service providers, providing governments with a single point of industry contact. Peaks vary in their date of formation, functions, funding and autonomy. The Community Portal (2009) lists a complex patchwork of 66 different peaks, including the Alcohol and other Drugs Council of Australia, Anglicare Australia and the Ethnic Communities' Council of New South Wales (NSW).

Melbourne based CHFV rely on state funding, both through on-going grants to support core capacity, and specific funding for projects such as employing a contractor to assist Victorian nonprofits register as housing associations. CHFV received 78 per cent of their A\$633,000 income from state government in the year to June 2008 (Table 40), more than the 54 per cent of A\$1,110,000 for the Sydney-based peak body, the NSW Federation of Housing Associations (NSWFHA, 2008). The NSW peak is a major training providers across a number of states, giving them a more diverse income mix. Greater income has allowed NSWFHA to build their own capacity, employing 11 full time staff equivalents compared to 4 at CHFV (Interviewee 120). NSWFHA (2009b) also have the resources to coordinate six groups 'for regular networking and peer support', including those for executive officer, middle managers, directors and tenants. The national 'peak of peaks', the Community Housing Federation of Australia (CHFA), are a smaller organisation than most of the state peak bodies. CHFA employ three staff, and are dependent on a modest annual income of A\$262,000 entirely funded by government (CHFA, 2008a). CHFA do not charge state peak bodies a membership fee, or invoice for services provided.

Financial dependence on governments leads peaks to adopt a less aggressive stance with government: 'we're part of the club, we're funded so you're part of the game' (Interviewee 009: Executive, Australian peak organisation). This can bring advantages, for example invitations to participate in senior government committees where they can influence policy and identify flaws in new legislation before announced in public. The disadvantage is that their independence may be compromised: 'we know that the peaks are captive to government, we know that in many cases they have to run their press releases past government officials' (Interviewee 158: PowerHousing member). However, the relationship between governments and peaks depends

on political persuasion, and changes over time. Controls were said by one interviewee to be greatest at national level until the loss of power by a right-wing government in 2007:

We were told pretty point blank, in the last years of the Howard Government, that our job was to promote the Government's policy positions ... We had clauses in our contracts that require us to turn in press releases one day ahead of time ... It had gotten to the point where we started looking like an arm of Government, because they got so close into the way we operate (Interviewee 154: Executive, Australian peak organisation).

As evidence of sensitivity to negative publicity, the researcher's meeting with CHFV representatives was the only one out of 163 interviews that he was asked not to record. Peak organisations stepping too far away from official policy can be de-funded by government, thereby closed-down. Shelter NSW have been de-funded twice, first when a new conservative state government came to power and second following a personality clash between the housing minister and Shelter's executive officer. Housing association peak bodies in Queensland and the Australian Capital Territory were de-funded in 2007, therefore housing providers in these jurisdictions have no housing association trade body to help build their capacity.

Although established by the state of Victoria, CHFV are independently constituted with board members drawn from the spectrum of Victorian housing associations. The chief executives of the three large and growing case study organisations in this research are currently all board members. However, CHFV's policy is driven by the wider membership of 78 predominantly small organisations. The 1,023 housing associations in an Australian Government (2008d) survey manage on average only 34 tenancies. Therefore CHFV operate as a 'broad church' (Interviewee 036: Executive, Port Phillip Housing) and, during the Victorian housing association registration process, their focus has been on the smaller groups. An executive from Community Housing Victoria, an association with 2,000 properties, considered CHFV had become 'a professional association representing established interests' (Interviewee 103) rather than a lobby group to increase affordable housing supply. The growth of a rival organisation PowerHousing Australia, which claims to represent the larger, growing housing associations, will be discussed in the next section. A supporter of PowerHousing criticised peak bodies:

These organisations purport to represent all their members. That's fine, I love democracy, but it's the oppression of the minority. If the vast majority of community sector organisations are very small, and they have a very narrow view of the world, peopled by non-professional housing workers who sadly are very concerned about their own futures, then the pressure for representation will be where the majority concern is ... The very large providers don't have a voice. It's a flawed system (Interviewee 158: PowerHousing member).

From Table 40, CHFV is the least resourced of the three trade associations, and with fewer staff. Most activities involve capacity building through providing practical services to member organisations, rather than lobbying and networking. Three times a year CHFV run their one and half day ‘introduction to community housing’ course which was considered by interviewees to be useful, although lacking depth. Training courses are run on financial skills and tenancy law, probably aimed at smaller tenancy managers not growth associations. CHFV provide kits with standard documentation for the sector, recently launching an emergency response manual. They also provide training for a tenancy and asset management software, Community Housing Operations Data Administration (CODA), developed in 2000 by the Victorian Office of Housing. CODA is installed at 30 sites in Victoria and is modestly priced, with associations paying an annual support fee of A\$1,200 (Interview 044 Executive, Australian peak organisation). Melbourne Affordable Housing use the product, as do Port Phillip Housing which paid for additional customisation. Community Housing Victoria are developing software in-house as they do not consider CODA meets their requirements. This software project is over budget and implementation delayed (Interviewee 095: Executive, Community Housing Victoria).

CHFV’s networking involves general meetings, which are intended to be quarterly although recently only held three times a year. Up to 60 housing association staff attend (Interviewee 030: Executive, Australian peak organisation). A quarterly newsletter is distributed to associations, and in October 2008 CHFV hosted a ‘CEO’s lunch’ with a presentation by the Victorian Government’s Director of Housing. CHFV’s network can be characterised as traditional and hierarchical. Regular meetings are held between heads of the state peak bodies and the national CHFA. As a recent initiative, CHFV now have a quarterly meeting with the state housing minister. Unlike with NPH in San Francisco, fewer links are maintained either directly with individual association staff members, or with other actors in the affordable housing network such as finance provider, professional firms and universities. CHFV’s role may need to change in the future as registration and financing reform are thought likely to halve the number of associations from 78 to between 30 and 40 (Interviewee 030).

The third trade association in Table 40, England’s National Housing Federation (NHF), is considerably larger and better resourced than NPH and CHFV. In part the size disparity is due to the NHF serving a greater population across England, and working in a country where housing associations have a greater tenure share. When formed in the 1930s the NHF, like the Australian peak housing bodies, received government grants. By the 1970s and 1980s

membership fees were the principal income source, although their share has fallen over the last decade to 53 per cent with the growth of commercial income from courses, conferences and consultancy (Table 40). Independence from public funding is considered a strength:

We were set up in 1935 because the government wanted to have a voice for the sector, and it wanted to pay for it as well. It wouldn't happen anymore [laughs]. Now I would say to any sector - if you want a voice, reach into your back pocket and pay for it yourself (Interviewee 123: Executive, NHF).

NHF fees are calculated using a complicated formula, and kept a closely guarded secret. *Inside Housing* (2004) reported Sanctuary, a large association managing 70,000 properties, paid £50,000 (A\$104,000) annually. The NHF have 1,300 members out of a sector of 1,800 housing associations, with only the Abbeyfields - small organisations building on church land - and alms houses not members. Irwell Valley was the first high profile housing association to leave the NHF in 2001. According to one of their directors (Interviewee 042) 'it was not a monetary consideration really, it was to more make a point'. This may have been due to Irwell Valley feeling marginalised: 'there is an elite group that is heard and listened to. If you're not part of that elite group then the NHF really struggles to work with you' (Interviewee 055: Housing Association Executive, London). The threat of associations leaving was taken seriously and 'a lot of effort was made to make sure that Tom [Manion] came back into the fold' (Interviewee 026: Executive, NHF). After assiduous courting, including visits to their Manchester head office by the NHF's chief executive, Irwell Valley re-joined in 2003 (*Inside Housing*, 2004).

The NHF's governance structure is a hybrid between the grass roots decision making of Melbourne's CHFV and the elite board structure of San Francisco's NPH. The Federation have a National Council, which acts as a 'parliament' (Interviewee 123) for the housing association sector. Its 57 members include 12 board members and 45 elected representatives of different sized organisations (in 5 bands), special interests (including minority groups) and regional representatives (from 9 areas). While the Council provides input, strategic decisions are made by the board of directors who tend to be drawn from medium-sized associations (NHF, 2009). Therefore regional organisations the size of Mosscares Housing feel the NHF serves them well, but the organisation may not cater for large groups: 'I think it covers us, but I think some of the ones at the other end, size wise, seem to want to move off and work in their own grouping' (Interviewee 063: Executive, Mosscares Housing). This potential fracture within the housing association movement between smaller and larger organisations was confirmed by a Trafford Housing Trust executive commenting on attendees at the annual NHF Birmingham conference:

It was noticeable to me this time there were far fewer of the chief execs of the major associations. That reflects that the bigger associations are pulling away from the Fed because they believe - I'm not too sure they're right - they can get everything that they want individually rather than dilute their strength by dealing with these minnows as well (Interviewee 069: Executive, Trafford Housing Trust).

While a potential fracture is emerging among housing association members, the NHF have not included ALMOs fully within their ranks, despite these organisations that now provide one million homes in England being constituted as independent nonprofit organisations. In Greater Manchester ALMOs provide nearly as many low cost rental units as housing associations (Figure 15 p.80). ALMOs are permitted to join the NHF as associates to gain member benefits, although without voting or representation rights. This two-tier structure is considered unlikely to change in the current NHF governance review as ALMOs are seen, in the words of an interviewee, as 'a creature of local government ... they're not social landlords' (Interviewee 123: Executive, NHF).

Although the NHF have not changed the primary constituency they represent, there has been a change of emphasis from member services to lobbying. Under the leadership of their current chief executive David Orr, appointed 2005, the NHF 'has been much clearer about the need for the organisation to speak outwards rather than inwards to its members' (Interviewee 069: Executive, Trafford Housing Trust). During debates over new housing legislation in 2007 and 2008, the NHF mounted a strong campaign against proposals they considered compromised the independence of housing associations. Unlike the behind-the-scenes approach of Australian peak bodies, there was no prior consultation between the English trade association and government. The NHF lobbied politicians and ran a high profile media campaign criticising government policy, an approach 'different in character to normal because we were quite oppositional, but that wasn't accidental, that was a deliberate choice. It was a badly drafted piece of legislation' (Interviewee 123: Executive, NHF). Although the NHF's campaign was successful, it divided opinion. A Trafford Housing Trust executive thought the approach 'too brutal' (Interviewee 069); an Irwell Valley Housing director criticised the campaign's 'negativity' (Interviewee 084). However controversial, the approach is not changing. The NHF are running four national campaigns in 2008/09, including calls for reducing the carbon footprint of new homes and ending premiums charged to tenants for pre-payment gas and electricity meters.

National campaigns require a coordinated, centralised approach. The NHF, unlike England's Chartered Institute of Housing, maintain regional offices. Nine staff are employed in the north: six in Manchester for the north-west region, two in Leeds covering Yorkshire-Humberside and a home-based worker in Gateshead for the north-east. In 2005 these were

brought closer together into a northern ‘super-region’ based in Manchester, and it was announced in April 2009 that the Leeds office was to close (NHF North West, 2009). Although there will be local benefits from greater NHF capacity in Manchester, the organisation is moving from how it operated in the past as ‘a confederation of regions’ (Interviewee 026: Executive, NHF). Now ‘the centre determines policy, and a bit like European law has precedent over national law, the regions have to squeeze themselves in. It wasn’t like that before’ (Interviewee 057: Housing Consultant, Manchester). Despite policy becoming more centralised, the NHF’s regional offices still provide networking resources through newsletters (‘Northern Voice: the latest news in the north’), workshops and events (‘What we are proud of awards conference - north west, Manchester, 11<sup>th</sup> July 2009’). These activities ‘are useful, even if it’s not what’s being said. It’s just meeting people, and speaking and networking, and asking what they’ve done recently. So you learn a lot from that’ (Interviewee 117: Executive, Irwell Valley Housing). However, the NHF are just one of a number of organisations helping build networks:

Thirty years ago [the NHF] provided an umbrella under which organisations collaborated to support each other. And that was really the only collaboration there was between associations, everything got done under the umbrella of the Fed [NHF]. Now the collaboration happens in a myriad of different ways - some of it touches the Fed, most doesn’t (Interviewee 069: Executive, Trafford Housing Trust).

England’s NHF, like the trade associations in the US and Australia, are operating in a dynamic environment. Table 41 summarises trends discussed in this section, differentiating between three core tasks that build institutional capacity: lobbying, member services and city region networking. These activities are closely related, for example the role played by NPH’s lobbying campaign for Proposition 1C in strengthening the Bay Area affordable housing network.

**Table 41: Trade associations summary**

Country and organisation		Financing	Capacity building activity		
			Lobbying	Member services	City region networking
US	Nonprofit Housing Association of Northern California (NPH)	Independent	■■■■■ Increasing	■■	■■■■■
AU	Community Housing Federation of Victoria (CHFV)	Dependent	■	■■	■■■ Decreasing
EN	National Housing Federation (NHF)	Independent	■■■ Increasing	■■■■■ Decreasing	■■■■■ Decreasing

Notes: ■ represents the relative importance of the three trade association activities, with an indication below in words where the trend is increasing or decreasing over the last 5 years.

Due to dependence on public funding, CHFV are following a different trend than NPH and NHF in not increasing their emphasis on high-profile lobbying. CHFV lobby, although use more discreet approaches by negotiating directly with state authorities. The approach in the US and England has been through the media, and more confrontational. Member services are thought by several interviewees to be a decreasing role for England's NHF, and the organisation is facing competition from a wide range of alternative providers. Competition is also a factor for both CHFV and NHF, who are becoming less dominant in their city regions as new housing association network organisations emerge such as PowerHousing Australia and the Northern Housing Consortium respectively. By contrast, NPH retain a firm hold on the loyalty of San Francisco Bay Area associations. As will be discussed in the next section, US professional associations who might have competed with the NPH for member services are in decline.

### ***Professional Associations***

Careers such as law and accountancy are closely controlled by professional associations who require their members to pass examinations, comply with codes of conduct and pay membership fees to practise their trade. Some service industries, for example finance and insurance, have associations similar in ethos to these. The difference is that membership is not compulsory, more taken as evidence of commitment and professional competence. Both types of professional association can be important in building capacity, creating networking arenas and helping define sector boundaries. Housing is in the second, looser category: 'it's not like being a social worker where you actually have to be qualified' (Interviewee 161: Executive, CIH). Although skills are required to work in housing, the wide variety of tasks performed across public, private and nonprofit sectors makes it difficult to distil core skills which can be expected of all employees.

The US has followed a different pathway to England and Australia in that professional associations play only a minor and decreasing role for social housing employees. Countrywide organisations such as the National Low Income Housing Coalition (NLIHC), founded in 1974 to lobby for affordable housing and educate its members, are said to have less influence in recent years (Interviewee 048: Executive, East Bay Housing). They has only 171 members and two members of staff in California (NLIHC, 2008; 2009). The National Congress for Community Economic Development (NCCED), formed in 1970 as a national professional association and support group for housing associations, reached its zenith in 2000 with 800 members and a staff of 26. In 2006 the organisation closed due to financial problems (NCCED, 2009). The National Housing Conference (NHC), an affordable housing lobby and policy research membership

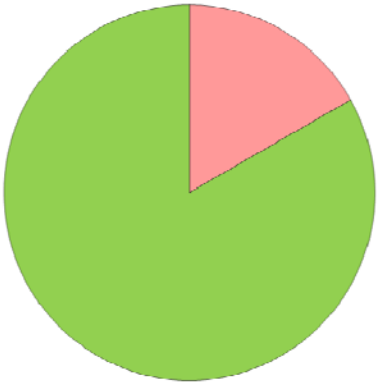
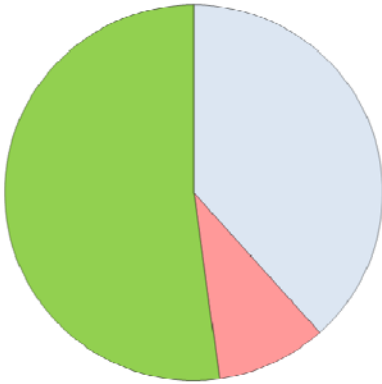
organisation founded 1934, claim ‘a membership drawn from every industry segment’ (NHC-US, 2009). However, according to an interviewee ‘folks aren’t too sure about them with ... their core membership being private sector tax credit developers, many of whom are not in urban areas’ (Interviewee 048: Executive, East Bay Housing). Similarly removed from the needs of housing associations are the National Association of Housing and Redevelopment Officials (NAHRO), with 19,150 members, mainly public housing employees (NAHRO, 2009).

These four national US professional housing associations are based in Washington DC, suggesting their main role is lobbying federal government. Fewer resources are devoted to member education, consultancy and training, although the organisations arrange conferences and meetings which are useful for networking. NAHRO, NCCED (before closure) and NHC largely split along producer lines: for-profits, nonprofits and public sector. It is not clear whether the national professional organisations are weak across many US regions, suggesting that devolution of housing policy has reduced the role for country-wide organisations, or whether the Bay Area is an exception. With the closure of the NCCED, US housing associations staff lack an obvious national professional organisation to join. This is perhaps another reason for the continued strength of San Francisco’s NPH, which admits both institutions and individuals as members. In contrast to fragmentation in the US, England and Australia each has a single national housing employees professional association covering the majority of the affordable housing sector, both public and nonprofit. Details of these two organisations are given in Table 42.

The best starting point to compare organisations in Table 42 is a description of the Chartered Institute of Housing (CIH) as they provided the model on which the Australasian Housing Institute (AHI) was based. CIH’s long lineage dates from the Association of Women Housing Workers, established 1916, which merged in 1965 with the Institute of Housing, founded in 1931 by a group of council officers. Unlike the NHF, the CIH have evolved their membership in line with the fragmentation of England’s social housing providers and currently have as members housing professionals in local authorities, housing associations and ALMOs together with a small number of academics and private sector workers. This should place the CIH in a good position when English housing regulation moves to trans-sector later in 2009: ‘one of the strengths we have as an organisation is that we operate across the domain’ (Interviewee 152: Executive, CIH).



**Table 42: Professional associations in England and Australia**

Category	Chartered Institute of Housing (CIH)	Australasian Housing Institute (AHI)
Income (year to):	<p>A\$21 million (December 2007)</p>  <p> <span style="color: green;">■</span> Commercial income: 83 %  <span style="color: lightblue;">■</span> State grants: 0 %  <span style="color: pink;">■</span> Membership fees: 17 %         </p>	<p>A\$507,665 (June 2008)</p>  <p> <span style="color: green;">■</span> Commercial income: 52 %  <span style="color: lightblue;">■</span> State grants: 39 %  <span style="color: pink;">■</span> Membership fees: 9 %         </p>
Founded:	1916-1931	2001
Members:	20,494 (up 3% in 2007) c.15-18% of social housing workers	621 (down 4% in 2007-2008) c.6-10% of social housing workers
Staff:	c.100 in England	5 in total (3 full time equivalents)
Fees:	A\$97-A\$550 pa	A\$20-A\$300 pa
Sectors:	Housing associations (41%), public housing (27%), retired (11%), private sector (6%), ALMOs (5%), other (10%) + tenants	Public housing (c.60%), remainder: housing associations, indigenous housing, homelessness services, academics
Scope:	England (73%); rest UK (18%); Hong Kong and rest of Asia/Pacific (9%)	Australia (89%); New Zealand (11%)
Regions:	National business units with offices in England, Wales, Scotland, Northern Ireland, Hong Kong. Branches in regions	Branch committees in most Australian states and territories, and New Zealand. Events arranged regionally
Activities:	Awards, consultancy, conferences, discounts, education, events, lobbying, professional development, research, training	Awards, discounts, events, magazine, workshops
Networks:	Harrogate conference is largest in Europe 2007: 11,000 attended CIH England events	2007-08, 70 events in Australia and New Zealand attended by 1,001 participants
Business:	Established consultancy arm ConsultCIH in 2007 which generated income of £1.1 million (A\$2.3 million)	Growing commercial income: fees from seminars and conferences up 30% in 2007-2008
Strategy:	Now permits Housing Associations to join 'strategic partnerships' with CIH: Wakefield and District Housing Association, 2007	State housing authorities provide all of the grant income as 'seed funding'. Grants are approved annually
Education:	4,087 currently studying for CIH qualifications. Courses provided at 13 UK universities (including Salford)	No professional qualifications. AHI certify Australasia's only graduate housing courses at Swinburne University.
Sources:	AHI (2006b; 2007; 2008a; b; 2009b); CIH (2005; 2008a; b; c; d; e; 2009); CIH North West (2008a; b); Consult CIH (2008); Evans (2003); Personal interviews.	
Notes:	In charts, <i>commercial income</i> includes fees for events, consulting, training and other income.	

Membership of the CIH encompasses 26 countries, with most (73 per cent) from England, followed by the devolved countries in the UK, then Hong Kong and South Africa. The organisation has an estimated 15-18 per cent share of English housing professionals (Interviewee 152: Executive, CIH). This is twice as high as the AHI's equivalent share in Australasia, although still represents only a modest level of sector professionalisation. From Table 42, membership fees provide only 17 per cent of total income, compared to 53 per cent for the NHF. There is a decreasing trend for housing providers to pay fees on behalf of their staff, therefore costs need to be kept affordable for individual members of staff, from £47 (A\$97) for student membership to £266 (A\$550) for a fellow (CIH, 2009). Commercial income is high, with the *Inside Housing* publication and annual conference important sources of revenue. The CIH Harrogate conference is Europe's largest housing event, attended by 6,500 delegates and exhibitors. Such is the power of the event that 'Harrogate' has become something of an annual pilgrimage for English social housing workers, a classic arena for professional and personal networking. Income is also received from their consultancy business ConsultCIH, acquired in 2007. This was a controversial move as it competes with activities undertaken by certain CIH members.

CIH members are organised into regional branches, with each electing one representative to sit, along with directly elected national representatives, on a 32 member council. The council meets four times a year to oversee the work of full time executive staff. The CIH north west branch, with 2,000 members, is three times as large as the AHI in Australia and New Zealand. Similar to other English regions, the branch has no full time staff or office, relying on volunteer committee members. A CIH executive advised that they were unlikely to further strengthen their regional presence unless government decision-making was devolved in England, as happened in Wales and Scotland in 1999 (Interviewee 152). Although the north west branch covers a wide geographic area, from the Scottish borders to Cheshire, it tends to be 'dominated by the big cities. Most of the people come from Liverpool and Manchester. We've made a massive effort to connect with the north beyond Preston and Lancaster but we have found that quite difficult' (Interviewee 161: Executive, CIH). Local activities include a newsletter, workshops, an awards ceremony in November and the one day combined annual conference and AGM in March. There was agreement among interviewees that the CIH's main regional role was 'networking' (Interviewee 084: Director, Irwell Valley Housing). As stated on the CIH website:

Getting involved in branch activities is an excellent way to find out more about national and regional policy issues, to network with key housing professionals in the region and access the wealth of knowledge and information that is available (CIH, 2009).

Although professional education continues as a core CIH activity, the view was expressed that this was becoming less important than in the past (Interviewee 053: Irwell Valley Housing). Enrolled student numbers have remained steady in the last year, against a backdrop of increasing CIH general membership (CIH, 2008a). None of the Manchester case study organisations insist on staff having the CIH qualification, provide day-release for study or pay extra for qualified staff. Irwell Valley Housing require professional qualifications for building surveyors and accountants, although ‘we’d never specify any for housing jobs’ (Interview 033). With associations and ALMOs responsible for a wide range of non-housing tasks, such as community building, the range of professional skills required by providers is widening:

Increasingly these days if you think about housing it tends to bring in all sorts of professionals. People who are working in management, regeneration, people who are working in social care. The traditional boundaries about what a housing professional is are blurring quite significantly (Interviewee 152: Executive, CIH).

This transformation has led CIH to expand beyond the provision of housing courses, towards ‘delivering a range of respected professional practice products and services that reflect the needs of the sector’ (CIH, 2008b: p.5). The CIH appear to be embracing a universal stance, with membership encouraged by a wide range of staff. From 2007 housing providers have been able to enter ‘strategic partnerships’ with the CIH where all employees become CIH members unless they opt out. Starting with Wakefield and District Housing Association, these partnerships involve the CIH working with management to design tailored training programs to help build organisational capacity. However, this move potentially brings the CIH into competition with the NHF: ‘they’ve blurred completely as to whether they’re professional bodies or trade bodies. CIH is a professional body and NHF a trade body. Neither of them seem capable to understand the difference’ (Interviewee 055: Housing Association Executive, London). The contradictory view is that role differentiation will remain, with the CIH’s focus more on member services, training and accreditation contrasting with the NHF’s policy work, lobbying and influencing. A NHF executive view is that ‘we’re absolutely not trying to do the same things’ (Interviewee 123).

The CIH model of a professional association was used when forming the Australasian Housing Institute (AHI) in 2001. The AHI (2006a: p.10) see the English body as ‘a significant mentor and partner to our organisation’. Table 42 compares the two organisations which are comparable in their cross-domain scope and range of activities, although not scale and finance mix. From 16 founding members in October 2001, the AHI have grown to a membership of 621 which represents between 6 and 10 per cent of the housing workers in Australia and New

Zealand. To achieve a membership density of half the CIH in a short period is impressive, although the AHI saw a 4 per cent decline in member numbers during their most recent financial year compared to the CIH's 3 per cent increase. There is a memorandum of understanding between the two organisations, and three free places provided for the annual CIH Harrogate conference. Attending the conference provides useful international learning for Australasian housing practitioners. An interviewee who attended Harrogate commented 'that's just light years away from what we're doing ... [although] I can't see why a lot of these things on a smaller scale can't be achieved in Australia' (Interviewee 103: Executive, Community Housing Victoria).

The AHI have a regional structure in each Australian state, and New Zealand, with branch committees appointing the majority of board directors. This mirrors in part the grass-roots governance of England's CIH. However, few branch or national events take place. During 2008 there were only 4 activities such as awards ceremonies, workshops (which may be repeated at several locations) and lunches with state housing ministers. This was down from 10 events in 2007, and 9 in 2006 (AHI, 2009b). While in-house training can be arranged, there are no training courses where housing professionals can meet practitioners from other organisations. Therefore the AHI is weaker than the CIH or the state peak bodies at creating arenas where social housing actors meet. Networking is mainly through the dissemination of information from the centre, via an e-bulletin, circulation of policy documents and publication of *HousingWORKS* three times a year. The AHI have recently accredited professional housing courses at Swinburne University, Melbourne, although their education role is more limited than the CIH.

Most AHI members work for state housing authorities, reflecting the balance of Australasian social housing employment. In 2001 the main AHI promoter was the director general of the NSW State Housing Authority, who saw the Institute as the best way of professionalising public housing workers. All state housing director generals are said to be AHI members, with state funding representing 39 per cent of income. There is no fixed formula for state contributions, and budgets are approved annually. In the financial year 2007-2008 the largest supporters were NSW (A\$80,000), Queensland (A\$35,000), Western Australia (A\$25,000) and New Zealand (NZ\$25,000), with a modest contribution from South Australia (A\$10,000) and nothing from Victoria (AHI, 2008a). Therefore 'depending on who's running the [state housing authority] you'll get money the one year but not the next. There's no certainty. It's all very whimsical' (Interviewee 027: Capacity Building Executive). Like the state peak trade associations, AHI depend on public funding, although the spread of funding sources makes

political interference less likely. Membership fees are modest, and banded by salary: from A\$20 for those earning less than A\$20,000 pa, to A\$300 for incomes over A\$100,000. Members self-certify their salary band, and several senior executives are said to be understating their income to save money on fees. This reflects a reluctance to contribute towards professionalisation:

The AHI has 700 (sic) members who object to paying their membership fee. A sector that won't pay for training and conferences! They'll come along for free ... there's not a culture in housing of paying for your own professional development ... You either intuitively get it, or you don't. You either get that it's about belonging and recognition of what you do, with a few member benefits thrown in, but they're not the reason that you join' (Interviewee 027: Capacity Building Executive).

During the last eight years the AHI has faced a number of challenges. The previous chief executive, who had run a professional body but had no housing experience, was encouraged to leave following dissatisfaction with slow progress launching the organisation. There remains rivalry between the states, with one third of members and the organisation itself based in NSW. Victorians and South Australians are said to be unwilling to join as it is considered too focused on Sydney. Only 70 members are from New Zealand, which may be below viable levels. The AHI shares with England's CIH a real or perceived rivalry with their trade associations. The Australian housing association peak bodies were said to 'react very badly to the AHI because they felt they'd take their place' (Interviewee 027: Capacity Building Executive). More recently, during the first three months of 2009, three AHI staff resigned out of a total of five (AHI, 2009a). The AHI has been described as 'still a painful organisation ... It's not rock solid as I'd like it to be' (Interviewee: identity withheld). Another interviewee commented 'I think it's important, but it is going to struggle. There's not enough housing professionals as yet to support it through membership fees' (Interviewee 060: Academic, Australia).

The professional associations described in this Chapter all face challenges. Although there are specific circumstances in each country, the unifying theme is the difficulty in member organisations controlling labour supply and quality across an increasingly diverse social housing sector. Diversity is in the form of both a wider range of housing providers, and a broadening sphere of activities such as neighbourhood regeneration and partnering with private sector firms. Staff professionalisation is increasing, although often more specific qualifications are required in finance, business (MBA), surveying, planning or social work. More general housing qualification might become less relevant in the future. Table 43 compares professional association in the US, England and Australia using a consistent typology to Table 41 which analysed trade associations. Comparing these tables, trade associations feature most strongly for lobbying and networking,

with professional associations focused on member services. City region connectivity is assisted although the trade bodies having local offices, whereas professional associations run more activities from head office. The AHI is shown in Table 43 as decreasing their networking as fewer member activities are being arranged across Australia and New Zealand.

**Table 43: Professional associations summary**

Country and organisation		Financing	Capacity building activity		
			Lobbying	Member services	City region networking
US	National Congress for Community Economic Development (NCCED)	Independent	<i>Closed in 2006 due to financial problems</i>		
AU	Australasian Housing Institute (AHI)	Dependent	-	■■	■■ Decreasing
EN	Chartered Institute of Housing (CIH)	Independent	■	■■■■ Increasing	■■■
Notes: ■ represents the relative importance of the three trade association activities, with an indication below in words where the trend is increasing or decreasing over the last 5 years.					

To address a changing marketplace, the well-resourced CIH has started to reinvent itself by moving towards member services, networking and lobbying. It has diversified into consultancy, and partnered with social housing providers. Although pursuing a risky strategy, the CIH are well aligned with England’s new regulatory and financing structures. By contrast, US professional housing bodies are either in decline, or like the NCCED, have folded. The Bay Area’s NPH has, through combining trade and professional association approaches, established a niche. In Australasia, the AHI is struggling to find a role with the current expansion of affordable housing supply and re-structuring of public housing offering both opportunities and threats.

## 6.2 Emerging Networkers

The trade and professional associations described in Section 6.1 are familiar organisations supporting the housing association sector. One of their main roles is in building organisational capacity, although they do not always describe their function as such. Capacity building can occur either directly, for example training staff or indirectly, by building networks that allow organisations to cooperate and learn. Research for the thesis used snowballing techniques to discover other organisations and individuals who are directly or indirectly performing capacity building roles. The technical network term for these is *actants*, encompassing both conscious

beings (actors) and other entities endowed with the ability to act, such as organisations. Section 6.2 identifies relevant actants discovered during fieldwork, and discusses their role in housing association networks. The term ‘emerging’ is used to signify that this is a relatively new research area, rather than actants necessarily having been recently established. Tenants, consultants and nonprofit organisations have been involved in the sector for a considerable period, although their role has changed over time. However, some actants have emerged recently, such as growth provider trade associations that compete with the traditional trade associations. These networked capacity building organisations are discussed in the final part of Section 6.2.

### ***Consultants & Contract Staff***

The increasing use of consultants and specialised contract staff has been driven by the growing complexity of housing association regulation and finance, and the benefits that can be achieved through service outsourcing. Behind both these drivers is the use of market-based approaches in the nonprofit sector, described in Chapter 2. These processes have been carried further since the late 1980s in the US and England than in Australia, and these two countries are where there has been the biggest growth in the use of specialists. According to an executive at Bridge Housing, following the introduction of tax credits: ‘there’s a whole industry that’s developed, a whole host of consultants’ (Interviewee 080). In England, the restructuring of public housing has been significant: ‘a lot of consultancy has fed off the stock transfer process. It’s very consultancy intensive’ (Interviewee 055: Housing Association Executive, London).

Consultants and contractors have three roles in building networks. First, they expand the number of skilled actants available to help individual associations build capacity. For smaller associations lacking basic expertise and information, the consultants role can be wide-ranging (Mullins & Craig, 2005). For larger associations, specialised advice is of more use: ‘employing a consultant you get that higher level of expertise without having the overhead in your office day in and day out’ (Interviewee 099: Executive, Bridge Housing). Second, consultancy is a useful source of income for networking organisations such as England’s NHF and CIH. Further examples are provided later in this Section. Third, contractors and consultants transfer knowledge between organisations. This can happen through mimicry of examples held to be ‘best practice’ (Mullins, 2002: p.12). Many consultants are well connected internationally, further standardising approaches to affordable housing (Mullins et al., 2001a: p.618). In Table 44, Neil Youren of Affordable Housing Solutions in Australia developed skills in lending to housing associations based on the experiences with the UK subsidiaries of National Australia Bank.

**Table 44: Consultant examples**

Organisation		Business model and details	Network
US	CSG Advisors  <i>San Francisco</i>	From 1978, financial advisors to state and local government, specialising in affordable housing bond issues. 10 staff in San Francisco (out of 17 nationally). Provide consultancy to associations on financial planning	Close links with both governments and public housing authorities. Involved in HOPE VI schemes. Worked with Bridge and John Stewart Co on North Beach Place. Interviewee previously worked for Mid Peninsula Housing
	Tom Lauderbach  <i>Oakland</i>	Both a consultant, and contract project manager for up to 3 days a week with smaller regional housing associations who lack internal capacity. Worked with San Francisco Redevelopment Agency on property development	Founder of Tenderloin Neighborhood Development Corporation. Clients have included Burbank Housing and Affordable Housing Associates. Panel member for Bank of America Low Income Housing Challenge
AU	Affordable Housing Solutions  <i>Melbourne</i>	Partnership between a developer (Moeller), housing association expert (Bisset) and financier (Youren). Now two staff, a planner and developer. The business brokers affordable housing deals plus regular consultancy	Moeller is Chair of Port Phillip Housing. Bisset was founder and CEO of Ecumenical Housing, former chair of CHFA. Youren ex-National Australia Bank, gained housing association knowledge from England
EN	Bee Housing/ Rodney Dykes  <i>Southport</i>	Original consultancy established 1980, which also undertook property development & facilities management. Sold to CIH in 2006 (relaunched in 2007 as ConsultCIH). Dykes set up new consultancy 'Bee Housing' in 2007	Dykes a former CEO of two regional housing associations. Continues to act as consultant to ConsultCIH after sale. Dykes with Housing Corporation to rescue failed associations, including New Urban with Rita Gilmour
	Nevin Leather Associates  <i>Manchester</i>	Consultancy, regeneration and policy research experts. Influential in devising NW regional housing policy and Housing Market Renewal Program. Just two partners who work from home to save on office overheads	Nevin's background with councils, working on regeneration. Both Nevin and Leather have strong university links (visiting professors at Salford). Some work with larger associations but most with regional government
Sources: AHS (2009); Bee Housing (2009); ConsultCIH (2008); CSG (2009); Leather (2007); Nevin et al. (2001); Nevin Leather Associates (2008; 2009); Personal interviews.			
Notes: All examples based on personal interviews with employees/principal of the consultancy firms.			

Brief profiles of several consultants interviewed for this research are shown in Table 44. There are many possible business models, from sole trader to larger organisation, although most consultants used by the case study associations are of modest size and built around the skills of individual practitioners. Small consultancy practices were described memorably by an housing association executive, who has in the past acted as a consultant, as 'under every rock you can find, and there are more every minute: they're spawning' (Interviewee 055). In England there are said to be ten major national firms, the largest being London based Tribal Group. Tribal employ 2,200 staff, providing public and nonprofit organisations with 'consultancy, support and delivery of services focused on improving the delivery of public services' (Tribal, 2009). Another London



firm, Campbell Tickell, are said to be increasing their role nationally after previously leaving northern housing associations to the services of locally based Rodney Dykes (Interview 155: Consultant, Manchester). The large international consulting businesses PricewaterhouseCoopers, Ernst & Young and KPMG provide housing advice, often building on their auditing relationship with local authorities and housing associations. This broadens the background of consultants:

The stock transfer process has brought in lots of lawyers and accountants and finance people who've had no exposure to social housing. There are, however, obviously quite a lot of people who've gone from local authority and housing associations into consultancy (Interviewee 055: Housing Association Executive, London).

Sole trader consultants normally gain solid housing sector experience before starting in their role, often late in their careers: 'people who have had a lifetime in the industry and then take early redundancy, and recreate themselves as very very small niche providers of information' (Interviewee 086: Housing Consultant, Manchester). Once established as a consultant, most sole traders and small firms maintain close links with associations and other providers in their city regions, working with clients in easy travelling distance. Some firms such as Affordable Housing Solutions focus on housing associations, although most serve a range of clients enabling them to act as key bridges between the public, private, nonprofit and academic sectors.

The use of contract professional staff emerged from US case study research, where they are sometimes employed for specialised, medium term projects. Fewer examples were found in England, where contractors tend to be used for short term clerical work ('temping'). Temping is common in the US, for example in the year to December 2007, Bridge Housing (2008c: p.11) paid US\$64,063 (A\$90,328) for temporary office staff. Fieldwork for this research did not uncover contract staff used by Australian associations. In the Bay Area two contractors were interviewed, both with long careers in the sector but taking advantage of flexible working. The first, a former Burbank Housing executive director, spends 30 per cent of their time with the organisation preparing tax credit applications and project managing (Interviewee 160). The individual, who has worked as a contractor since 1989, also assists an association whose project manager is on maternity leave. Burbank employ three contractors out of a development team of ten (Table 29, p.138). The second interviewee divides their time between activism, lecturing at Berkeley and project managing at Mercy Housing, for 15 hours a week (Interviewee 015). Contractors provide a valuable resource, particularly for small and medium sized associations, allowing them to transfer knowledge from experts to full-time staff. They are a cost-effective resource, contracted when required which is useful with an unpredictable flow of new projects.

## Hybrid Organisations & Universities

In Chapter 2, housing associations were positioned as hybrid organisations operating in the space between state, market and civil society. During field research, further hybrids were identified, with a selection shown in Table 45. VicUrban, an Australian example that would loosely fit the category, has been described in Chapter 3. Universities also exhibit certain hybrid characteristics. The organisations in Table 45 differ in legal status, with FRC a nonprofit organisation, A F Evans and John Stewart commercial businesses; and CHPC, Community Network (and VicUrban) semi-independent branches of government. However, they all mix community and commercial approaches, and are deeply embedded in their regional affordable housing network.

**Table 45: Hybrid organisation examples**

Organisation		Business model and details	Network
US	A F Evans <i>Oakland</i>	For-profit developer and tenancy management company, founded 1977. Staff of 650 based in downtown Oakland. Manage 74 low and middle income properties in 36 cities, mainly California and Washington state	Evans work closely with local housing associations such as Chinese Community Housing Corporation in the Tenderloin. Website lists 21 nonprofit ‘partners’ including Citizens Housing who they established in 1992
	California Housing Partnership Corp. (CHPC) <i>San Francisco</i>	Established by the state of California in 1988 as a private nonprofit public benefit corporation to help acquire and preserve low cost housing (11,000 units to date). Run with a separate board, although state-appointed directors	Assists nonprofits and public housing agencies, including consultancy on tax credit finance. Works with LISC on training. Director of Consulting previously at Mid Peninsula Housing and received MURP from Berkeley
	The John Stewart Company <i>San Francisco</i>	Third largest manager of multi-family housing in California. Founded 1978 now with 1,000 staff in 5 offices. Total of 300 housing projects, 24,000 homes and 65,000 residents. Often manages most complex, high-needs tenancies	Work closely with Bridge Housing on HOPE VI schemes. Also Burbank, East Bay and Mercy Housing. Senior Vice President Michael Smith-Heimer lectures at UC Berkeley. John Stewart, founder, on board of NPH
EN	Community Network for Manchester <i>Manchester</i>	Independent organisation but with £0.7 million (A\$1.4 million) public funding to support nonprofits in City of Manchester. Coordinates 28 local networks, finances training and supports neighbourhood renewal	Training funds provided for small and medium sized association, but not larger ones and ALMOs. However, works with a range of associations and ALMOs in Local Strategic Partnerships which cross local government areas
	Furniture Resource Centre (FRC) <i>Liverpool</i>	Founded 1988 as a nonprofit social enterprise in an impoverished area of central Liverpool. Employ and train long term unemployed. The supply of furniture enables disadvantaged groups to access accommodation more easily	Supplies local authorities (65%), housing associations (23%) and others in the north of England. Clients include Mosscares Housing, Arena, Helena Housing. A director is chair of Mercian Housing Association
Sources: A F Evans (2009); Community Network (2009); CHPC (2009); Dineen (2006); FRC (2004; 2009); JSC (2009); Personal interviews			
Notes: All examples based on personal interviews with representatives of the organisations, except A F Evans.			

The most recognisable hybrid from Table 45 is the Furniture Resource Centre (FRC) in Liverpool, an organisation discovered through research on Mosscafe Housing. FRC are one of an estimated 55,000 *social enterprises* in the UK, defined as ‘businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders’ (OTS, 2009). In 2002, the UK government established a Social Enterprise Unit, which became part of the newly created Office of the Third Sector from 2006. According to one interviewee, there is ‘massive enthusiasm’ for this type of organisation, ‘but who exactly are they? ... It’s such a woolly definition’ (Interviewee 051: Capacity Support Executive, England). FRC supply low cost furniture to social landlords, employing the long-term unemployed who live in areas of social deprivation. According to their latest accounts, in 2003-2004 they employed 78 staff and generated income of £4.76 million (A\$9.85 million). Their mission is:

Through social, environmental and financial accounting we aim to prove the added value of what we achieve through the daily activities of our seven social businesses ... We believe that triple bottom line accounting is a discipline of integrity, an essential element of a social business. How can we define ourselves as such if we are not able to prove the social value we add? (FRC, 2004: p.3).

An example of adding social value is provided by Mosscafe Housing. In the early 1990s, in Manchester’s deprived inner-city neighbourhood of Moss Side, there were problems of low housing demand. Local housing association Mosscafe ‘remained loyal to the area although others were pulling out of the area’ (Interviewee 119: Executive, Mosscafe Housing). Mosscafe worked with FRC in 1994 to develop an innovative scheme providing furnished accommodation, with furniture paid for by state welfare benefits. This transformed Mosscafe’s ability to let properties in the area, allowing people with few possessions to move in quickly. In turn this helped stabilise local neighbourhoods, and built capacity for FRC in Liverpool who could employ more disadvantaged unemployed, particularly from minority ethnic groups. Many of Mosscafe’s furnished houses were used to accommodate Somalian asylum seekers in Manchester.

This ‘triple bottom line approach’ is also evident from the two US for-profit property companies A F Evans and The John Stewart Company. Evans are private developers, with part of their business using tax credit funding to build affordable housing projects. However, they have been described as a ‘sort of a nonprofit operating as a for-profit ... the owners of the organisation must be satisfied with whatever the return is’ (Interviewee 138: Executive, Bay Area housing association). Their mission is to ‘create homes for all kinds of people out of a deeply felt belief that it’s simply the right thing to do’ (A F Evans, 2009). In 1992 Evans established

nonprofit Citizens Housing Corporation, building its capacity until it became independent in 1997. Strong links with nonprofits remain including staff transfers. A project manager left Bridge Housing to join Evans, and a senior Evans executive is now executive director of the California Housing Corporation. The way they add social value is by tackling complex neighbourhood projects. Jane Graff, executive director of Citizens Housing, said of Evans:

They have been willing to take on some of the public dollars a lot of for-profits don't go near because they come with so many bells and whistles. Most for-profits would run screaming from the room (quoted in: Dineen, 2006).

This is a similar approach to The John Stewart Company. The organisation has benefited from housing associations partially outsourcing tenancy management, described in Chapter 5. While a fully commercial company might cherry-pick easily managed tenancies, 'their probably unique niche is developing the capacity to deal with problem projects' (Interviewee 137: Berkeley academic). John Stewart Company manage many HOPE VI projects which house very low income public housing tenants. With a strong balance sheet, the organisation brings welcome negotiating power when partnering with smaller housing associations. It also assists knowledge transfer, building organisational capacity. Principals John Stewart and Michael Smith-Heimer are strongly connected within the local housing association and university network.

The remaining two hybrid organisations in Table 45 are public agencies tasked with finding entrepreneurial solutions to social and community challenges. CHPC charge fees for their advice on financially packaging schemes that preserve affordable housing. However, the fees are kept low for smaller nonprofit organisations. The US\$50,000 (A\$70,000) fixed fee is based on covering costs not generating surpluses. CHPC work in partnership with their housing association clients, developing the capacity of project managers and working with LISC when training is required (see Table 45). In contrast, the Community Network for Manchester do not charge for their capacity building work, although they too concentrate resources on the smaller housing associations. The Network is part of the (City of) Manchester Partnership, one of 88 national government-designated Local Strategic Partnerships for areas of multiple deprivation. Housing associations are considered important partners in local regeneration schemes. The Community Network ensures that associations are brought into these partnerships, and provides assistance for smaller associations such as Mosscafe Housing.

The final group of organisations identified during fieldwork as having hybrid characteristics are universities. Funding restrictions, particularly for public universities, has led

institutions to become entrepreneurial in fund raising and more willing to establish industry links. The universities offering housing courses act as a source of new recruits for the sector, a resource for professional development and housing research, and an arena for networking. This became clear during the researcher's time as a visiting scholar at the University of California (UC) Berkeley from August to December 2007. Box 11 describes the role of the Master in Urban Planning (MURP) degree in training a generation of project managers that are now in senior positions in the Bay Area's housing association sector. The career pathways of selected individuals are shown in Figure 24, although this probably under-represents the extent of linkages between UC Berkeley and regional housing associations. The six interviews through which information was gathered were not held specifically to identify actors and arenas, as the importance of affordable housing networks emerged through grounded theory as the research progressed. Six of the ten largest Bay Area housing associations are linked through personal connections, mainly contacts made on the MURP course at UC Berkeley in the late 1970s.

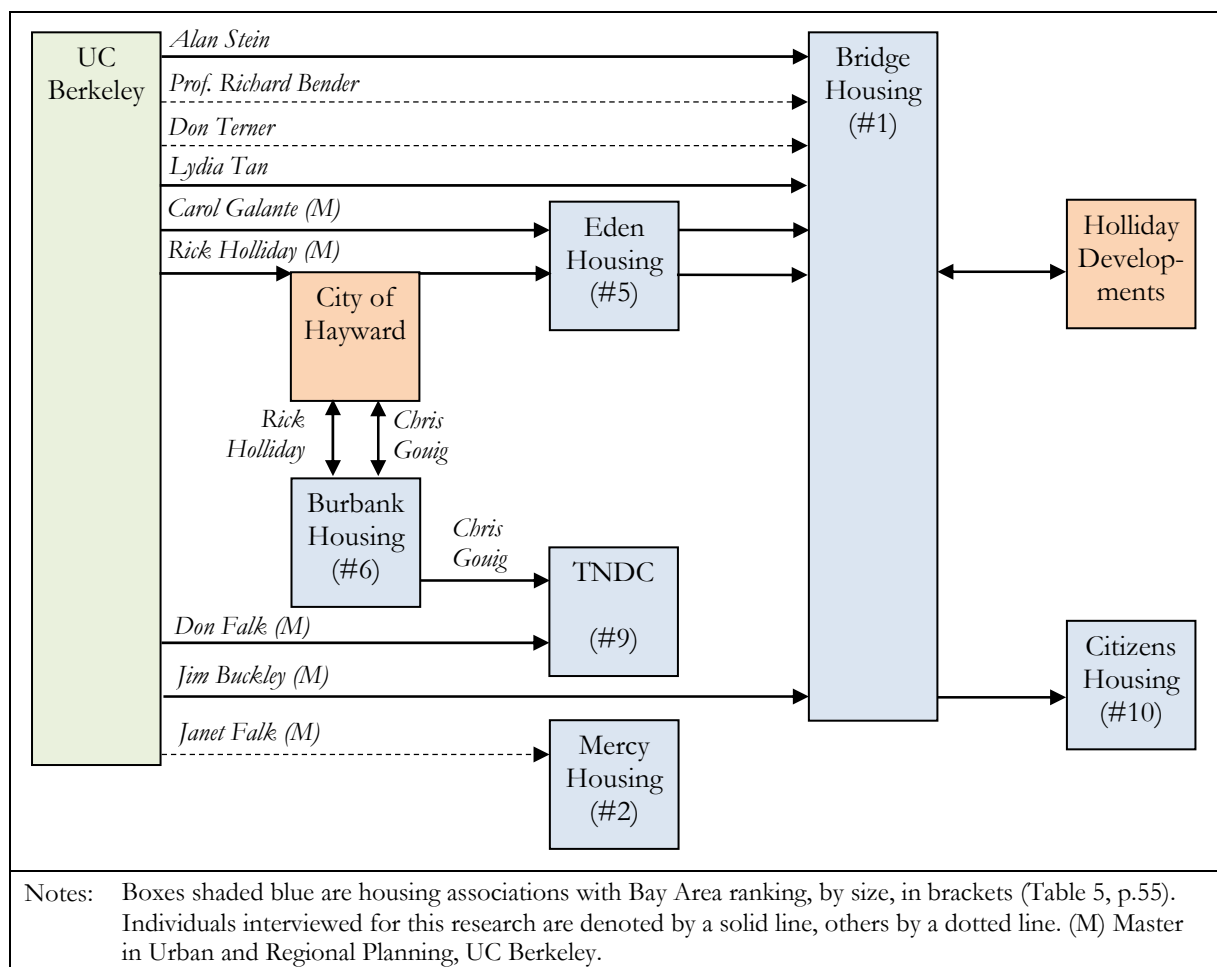


Figure 24: Bay Area networks - Berkeley & Bridge Housing

### Box 11: Berkeley's university network

As the founding institution of the University of California, Berkeley is perhaps better known as a centre of radical thinking than a crucial arena for building Bay Area's affordable housing capacity. From the 1964 Free Speech Movement onwards, Berkeley has acted as a crucible of anti-war, feminist and human rights thinking in the US. This open environment, coupled with a supportive Dean at the school of Architecture and Planning with a background in social housing at the Department of Housing and Urban Development (HUD), led a group of academics to introduce new courses:

We consciously as a department sought to create not merely a network but a management development capacity in the nonprofit sector on housing, because in the '70s we looked and said that government wasn't going to continue doing this. We had to find an alternative player. It seemed like the nonprofits were the most likely player ... We sought to create a generation of nonprofit housing developers, and I think we succeeded' (Interviewee 062: Berkeley Academic).

Berkeley is now considered one of the top US programs for those interested in nonprofit housing, along with the J F Kennedy School of Government at Harvard and the MIT School of Architecture and planning: 'it's a product of them having classes with one or two of the small handful of professors that do affordable housing development' (Interviewee 048: Executive, East Bay Housing). Selected career pathways for senior staff at Bay Area housing associations are shown in Figure 24. Bridge Housing, East Bay Housing and others regularly employ Berkeley graduates, mainly from the Master of Urban and Regional Planning (MURP) course, rather than the business school as 'the MBA graduates are usually shooting for bigger things' (Interviewee 093). Many students serve internships with local housing associations and, in 1975, students worked on a project leading to the formation of case study organisation East Bay Housing (Box 12, p.224). The planning course trains graduates through live case studies in many of the practical skills required for tax credit financed affordable housing schemes:

It's an interesting thing from a capacity viewpoint as it definitely provides us with a pool of human resource capital that we wouldn't otherwise have. It pays dividends over and over again because we keep recruiting from there and we keep getting a good quality of personnel who are interested in affordable housing and have some grounding in it (Interviewee 048: Executive, East Bay Housing).

One highlight for students is the Bank of America Low Income Challenge. Established in 1992, this is a competition between interdisciplinary teams from local universities, particularly Berkeley and Stanford. Lydia Tan, second in command at Bridge Housing, received an MBA from Stanford, a leading university in the South Bay area. Stanford is said to be a better source of graduates for nearby Mid-Peninsula Housing than Berkeley (Interviewee 082: Capacity building executive, Bay Area). Bridge Housing normally supply the project details for the Bank of America Low Income Challenge, with presentations by their President (and former Berkeley graduate) Carol Galante. Proposals are judged by local professionals in the regional housing association sector including project managers from the 'big 5' regional associations, finance providers, tax credit investors, architects and representatives trade and advocacy organisations. The competition is a good way of building networks:

Just forming these teams, forcing people who come to the table with different lenses of action ... gives them a chance to think how the career track goes from here. It allows them to think how nonprofits think, across a wide range of topics and challenges (Interviewee 118: Berkeley academic).

Berkeley's network role extends beyond training professional staff for Bay Area housing associations. Many of the regional capacity support organisations have university links. Michael Smith-Heimer, director of The John Stewart Company (tenancy managers), received MURP, MBA and PhD qualifications from Berkeley, and is currently an adjunct professor lecturing in affordable housing finance and development. Joel Rubenzahl, director of Community Economics (tax credit consultancy), also qualified with an MURP at Berkeley. Rubenzahl is on the board of Housing California, and was previously director of the Nonprofit Housing Association of Northern California and the National Low Income Housing Coalition. As a housing association executive (Interviewee 029) commented about Berkeley: 'we're lucky to have such a good source of people, and they're everywhere. Not just in nonprofit housing, but in all sorts of community development stuff in the Bay Area'.

Sources: Christensen et al. (1997; 2001); Personal interviews; Personal experience - the researcher was a visiting scholar at UC Berkeley's Department of City and Regional Planning in late 2007.

In Figure 24, UC Berkeley and Bridge Housing play central roles as both actors and arenas. Don Turner, Associate Dean at Berkeley, supervised Rick Holliday's MURP studies in 1976. When Holliday graduated he joined the City of Hayward housing department, working with Chris Gouig. Gouig moved to Sonoma County, and in 1982 Gouig and Turner selected Burbank Housing's first Executive Officer. Gouig was President of Tenderloin Neighborhood Development Corporation (TNDC) at the time of interview (2007), working with Berkeley MURP graduate Don Falk, Executive Officer. Holliday moved from the City of Heywood, joining Eden Housing in 1979 as their first paid staff member. Later Holliday employed Carol Galante, a recent Berkeley MURP graduate, as project manager. In 1982 the Bay Area Council appointed Rick Holliday and Don Turner (who was working for the state housing authority) to research affordable housing models, leading to them establishing Bridge Housing in 1983. Galante joined Bridge Housing in 1987, becoming President and CEO in 1996 on Don Turner's death. Rick Holliday founded Holliday Developments in 1988, although remains on the board of Bridge and was last year appointed chairman. He is joined on the board by Alan Stein, former Associate Dean, and Professor Richard Bender, Emeritus Professor of Architecture at Berkeley.

Berkeley's approach to housing education is to allow selection of a variety of modules across faculties (planning, business, public policy), leading to a planning degree. A Berkeley academic described this as a 'balkanised' approach, although appropriate for the range of skills required by associations: 'we take the multi-disciplinarian approach of nonprofit development housing skills seriously' (Interviewee 118: Berkeley academic). By contrast, the Australian and English approach is through a suite of professional qualifications and degrees in housing offered by a limited number of institutions. Swinburne University in Melbourne is Australia's sole provider: 'I guess we've got a monopoly. But there are good reasons for that. There's insufficient threshold number of students in any one state to warrant a stand-alone course' (Interviewee 060: Swinburne academic). The courses allow networking across the social housing sector:

It actually brings public housing employees and community housing employees into the same space and talking, often for the first time. That helps break down the stereotypical barriers. Public housing employees often have the view that the community sector just doesn't have the skills and capacity to professionally manage. And the community sector just sees this insensitive, bureaucratic monolith. Then they get together and they find they've got lots more in common than they have differences between them (Interviewee 060: Swinburne University academic).

Swinburne offer a tiered range of part-time, distance-learning qualifications for social housing employees, although 70 per cent progress no further than the two year Graduate Certificate. The

next level is a three year Graduate Diploma, followed by the option of a 4 year masters Degree attempted by only 4 or 5 students each year. Currently 180 students are enrolled, 60 per cent from state housing authorities and 40 per cent housing associations. As with other housing institutions in Australia, the state plays a significant role and funds 170 scholarships. Without public funding it is unlikely that Australia's sole housing education resource would survive. However, Swinburne play a similar role to Berkeley, having trained many senior housing association executives including Jan Berriman (Melbourne Affordable Housing), Joan Ferguson (Australasian Housing Institute), Ken Marchingo (PowerHousing Australia), and Gary Spivak (Port Phillip Housing). Australia's other universities play little role in housing education, with prestigious institutions such as Melbourne University said not 'to get their hands dirty through industry liaisons' (Interviewee 060: Swinburne academic). Many Australian university researchers receive grants from the Australian Housing and Urban Research Institute, a well-funded networked organisation with income of A\$3.5 million in 2007, 64 per cent from government (AHURI, 2008). AHURI are one of the few organisations to study Australia's housing association sector, and their researchers are deeply embedded with the social housing network.

Field research in Greater Manchester suggests a role for Salford University similar to Berkeley for the San Francisco Bay Area, or Swinburne for metropolitan Melbourne. Salford's heritage is closer to Swinburne's, with a traditional focus on vocational skills. The university is said to be the largest in the country for housing, in terms of students, although most are part time. The public sector, housing associations and ALMOs often pay for courses and allow employees study leave. Salford's products include a BA, MA and PhD in housing, and professional courses approved by the Chartered Institute of Housing (CIH). Salford are one of thirteen UK centres accredited by the CIH, and the only one in north west England (CIH, 2008c). Most students live in the Manchester-Liverpool conurbation, therefore 'the development of networks is seen as quite an added advantage' (Interviewee 004: Greater Manchester academic). The Salford Housing and Urban Studies Unit is a hybrid organisation, raising commercial income through consultancy and research for government agencies and housing providers. This further connects Salford within the regional housing network. In contrast, neighbouring Manchester University, the UK's largest, offers neither housing courses nor a housing component in their planning degrees (Interviewee 041: Greater Manchester academic).



## *Tenants & Community Groups*

Tenants can be conceptualised by housing associations in a variety of roles, from passive consumers of housing services to active partners in the social housing network. Table 46 shows how the relationship between associations and their tenants, either individually or via organised community groups, varies significantly between the organisations in this study. The main differentiating factor between the case studies is country of location. The English associations more consistently involve tenants in decision making, and have a wider range of communication mechanisms, than the US or Australian case studies. However, there is little differentiation in Table 46 between the approach of associations in the three organisational types. For example, there is no evidence from the case studies that tenants are more involved in community-centric than market-centric organisations across the three countries. The organisation with the greatest tenant involvement is Trafford Housing Trust, a state-centric association.

**Table 46: Case study organisations - tenant participation**

Country & Organisation		Type	Tenants on board	Tenant committees	Area offices	Site based meetings	Tenant newsletter	Tenant surveys	Tenant events	Tenant web access
US	Bridge Housing	Market	-	-	☑	☑	-	☑	-	-
	Burbank Housing	State	-	-	-	☑	-	☑	-	-
	East Bay Housing	Community	☑	-	-	☑	☑	-	-	-
AU	Community Housing Victoria	Market	-	-	☑	-	☑	☑	-	-
	Port Phillip Housing	State	☑	-	-	-	-	☑	-	-
	Melbourne Affordable Housing	Community	-	-	-	☑	☑	☑	-	-
EN	Irwell Valley Housing	Market	☑	☑	☑	-	☑	☑	-	☑
	Trafford Housing Trust	State	☑	☑	☑	☑	☑	☑	☑	☑
	Mosscares Housing	Community	☑	☑	☑	-	☑	☑	☑	☑
Source: Personal interviews; websites; annual accounts.										
Notes: Tenant surveys are annual in England. Port Phillip Housing survey every 2 years, Bridge every 5 years.										

The US case study research reveals a divergence in tenants' roles in decision making. Bridge Housing and Burbank Housing do not appoint tenants directors. When investigating tenant involvement, the researcher observed that several US interviewees thought this to be a strange line of questioning. A typical response was given by a Bridge Housing executive:

We're not really motivated by empowering the residents through any kind of ownership or control. You know it's rental housing - they don't own it. We own it ... We need to be doing right by our customers, not by our owners. They're not our owners (Interviewee 099: Executive, Bridge Housing).

For another respondent at Bridge, limited resources were the problem: 'it isn't philosophically that we don't want to [involve tenants], it's really just trying to find the time ... in the priority it's not as high as leasing the properties or making sure we've got enough capacity' (Interviewee 080: Executive, Bridge Housing). Bay Area associations devolve tenant matters to individual multi-family buildings, which typically have on-site communal facilities, newsletters and resident meetings. As tenancies are managed on-site, regional offices are unnecessary and tenants unlikely to visit head office. Bridge Housing have regional offices in Los Angeles and San Diego, although for managing their business in southern California rather than as tenant access points.

In contrast to Bridge and Burbank, East Bay Housing have two tenants on the board. East Bay also produce a newsletter serving all tenants, although do not undertake tenant surveys. Bridge Housing have introduced customer surveys: 'this is standard fare in Europe, but it was shocking for me that nobody does that here. We were one of the first to do it' (Interviewee 099: Executive, Bridge Housing). However, the surveys are infrequent and their main purpose is gathering tenant profiles to check tax credit compliance, rather than monitoring satisfaction with service quality. East Bay's fit their typological designation as community-centric, grounded in the needs of the diverse communities they serve (Box 12). Tenants both serve on the board, and are often appointed on-site property managers. One quarter of East Bay's staff were initially tenants (Interviewee 007: Executive, East Bay Housing). Flexibility is given to tenants facing short term problems paying their rent, although the tax credit financing system restricts how far this can be extended: 'we understand tenants circumstances, but at the end of the day we have an obligation to deliver to the investors' (Interviewee 151: Executive, East Bay Housing). It was suggested that tax credit market disciplines limited housing associations' ability to engage in a wider community building role: 'I think there are enormous pressures on CDCs [Community Development Corporations]. The constant pressure to stop moving away from doing anything other than housing production' (Interviewee 005: Executive, Bay Area capacity building organisation).

The other example discovered during fieldwork of East Bay's participative approach to tenant involvement was at Mission Housing. Based in the gentrifying Mission district in south central San Francisco, the association preserves and develops affordable homes. An interviewee described how in the late 1990s a radicalised workforce supported a wider tenant role (p.225):

## Box 12: East Bay Housing - community power

In 1975 a group of local activists and Asian American students from UC Berkeley began restoring a dilapidated historic warehouse in Oakland's Chinatown. They created a community development corporation, East Bay Housing, employing two full-time staff. One of these early employees was Lynette Lee, who has been with East Bay Housing for over 30 years, serving as Executive Director since 1982. The organisation continues to be 'dedicated to the betterment of the East Bay community, particularly the low-income and Asian and Pacific Islander populations, through development of physical, human and economic assets for individuals and community organisations'. Today the restored Asian Resource Centre is headquarters of East Bay Housing, and home to a variety of nonprofit organisations, small businesses and an art space aiming to 'creatively build cultural bridges between communities, and to support the arts to enrich people's lives' (website).

East Bay Housing started developing affordable housing in 1983, first partnering with Bridge Housing on the Frank G. Mar project. The organisation has produced over 900 low-rent units and 100 single-family affordable homes for purchase. Half the apartments are new-build, half renovation or conversion of at-danger heritage buildings. Working in partnership is East Bay's preferred approach, with regional housing associations, for-profit developers (such as the Related Companies from New York) and community groups. Oakland is a racially diverse city with a large population of African Americans, Asians and Latinos. Caucasians comprise 31 per cent of the 400,000 population. In West Oakland, a neighbourhood with strong African-American traditions, East Bay partnered with local nonprofit Jubilee West. This was partly, as their Executive Director noted, not to be 'seen as an outside agency moving into other organisations' territory' (Lee, 2004: p.166). In multicultural East Oakland they worked with San Antonio Community Development Corporation, who had strong local connections but no development experience. The finished schemes honoured, respectively, a local Black activist Marcus Garvey and a Native American tribe by naming Hismen Hin-nu Terrace.

East Bay's community work extends beyond housing. Their Neighborhood Economic Development Department 'empowers diverse low-income individuals, businesses and community organisations by mobilising resources and facilitating collaborations' (East Bay Housing, 2008). Their portfolio includes 18,600 square metres of small business, retail and community facilities. East Bay provide subsidised premises for nonprofit organisations and technical assistance through workshops and consulting. The local housing association trade body (East Bay Housing Organizations), a major tax credit advisor to nonprofits (Community Economics) and a community architect's office are tenants of East Bay Housing at Swan's Market, Oakland. This development of a pre-war downtown landmark building includes 20 market rate co-housing apartments, 18 affordable rental homes, a Museum of Children's Art, fresh produce market and shops rented to local traders.

Tenant support is based in the individual housing projects, each of which provide 50-200 homes. Californian state law requires employment of an on-site property manager where more than 15 units are co-located. Each East Bay project employs several administrative, key-holding and maintenance staff. Trusted tenants often become property managers, with one quarter of all East Bay staff having joined the organisation this way. Employing tenants taps a good source of local labour and provides a pathway of advancement for disadvantaged residents. Property managers collect rent payments, update accounting records and maintain waiting lists. Half of East Bay Housing's staff work on site, half at head office. Each building has space for community activities with events geared towards resident demographics, differing for single people, families and seniors. All provide individual tenant counselling and service referral, normally to nonprofit social service agencies. On-site activities may include after-school programs, childcare, computer training, English lessons, health screening, hobby groups, nutrition classes, resident meetings, translation services and youth literacy classes.

East Bay Housing are one of six US organisations promoting Individual Development Accounts. Over 500 households have received financial literacy training and accumulated over US\$1.1 million (A\$1.55 million) in a matched savings program. Typically participants receive two dollars for every dollar they save, with funds used towards buying a house, starting a business or obtaining qualifications.

Sources: Dang (Undated); EBHO (2007); East Bay Alliance (2007); East Bay Housing (2005a; b; c; 2006a; b; 2007a; b; c; d; e; f; g; 2008; Undated-a; b); Lee (2004); Personal interviews; US Newswire (2007).

We, the staff, saw our residents as our primary resource. We were organising with our tenants and creating tenant board members. It was a major constituency for us to tap and it provided us with a lot of power and opportunities for empowerment and leadership. We were on the front lines around that stuff (Interviewee: identity withheld).

Mission Housing's grass-roots approach led to conflict between the directors, and the staff and community. Despite successfully developing 1,700 properties valued at US\$250 million (A\$352 million) since 1971, the organisation 'imploded' in 2004 (Fishman, 2006). After lengthy restructuring, Mission Housing survived, although with only 1,000 properties. Advising the board, but without decision making authority, is a committee 'composed of community leaders and other professionals with expertise in the housing, business, and non-profit sectors' (Mission Housing, 2009). Following restructuring no tenants sit on Mission Housing's board, with the organisation reverting to the more common US model of tenants as consumers of housing services rather than actors in the affordable housing network. Even in a community-centric organisation such as East Bay Housing, tenant empowerment is limited and localised.

Although field work evidence is limited, the initial impression is that Australian housing associations are following the US approach of viewing tenants as consumers not stakeholders. The three case studies organisations undertake tenant surveys and publish results in their annual reports, although with Melbourne Affordable Housing this is only an exit survey. Brief discourse analysis of their most recent annual report indicates the predominant use of the word 'tenant', but rarely 'customer' or 'resident'. Tenant input is sought on property upgrade projects, particularly with spot purchases where housing needs to be brought up to an acceptable standard. In 2007 Melbourne Affordable Housing introduced a tenant newsletter, and established 'house/site meetings' where staff and tenants discuss issues. These changes were said to be evidence that 'commitment to tenant involvement has extended to all aspects of our work' (Melbourne Affordable Housing, 2007b). This commitment did not extend to tenant board members, and only Port Phillip Housing have a tenant director. However, an interviewee at Port Phillip voiced a common concern about the ability of tenants to contribute:

We're not over concerned about having more tenants, as that can be counter-productive. Where I worked before we had I think three tenant representatives, and that was a waste of time to a large extent. They weren't really contributing, they were out of their depth. So we have one tenant rep and we're trying to build up her capacity, by sending her along to the company directors course for example (Interviewee 092: Director, Port Phillip Housing).

The position of tenants in England is different to field work examples from the US and Australia. Through a combination of 'bottom-up' approaches through activism, and 'top-down'

initiatives by legislation and regulation, English tenants have increased their input into social housing management over the last decade (Mullins & Murie, 2006: p.224). The 1980 Housing Act imposed a statutory duty for councils to consult tenants, stock transfers to housing associations have required tenant involvement and ballot (Box 13), and ALMOs are structured with a third tenant directors (Box 4, p.78). The Housing Corporation (2003b) encouraged housing associations to involve tenants, but left how to achieve this to their discretion. As discussed in Chapter 2, the replacement of the Housing Corporation as regulator by the *Tenant Services Authority* in December 2008 is significant both in name and policy shift:

The tenants will articulate the services they want and they will also make sure that the housing association doesn't go spending their money - because its their rent - on sexy projects for the benefit of the chief executives marketing campaign ... They'll actually spend it on services which is what the rentals have always deemed to be for (Interviewee 090: Regulator, England).

The English case study organisations involve tenants both as stakeholders - by involvement in governance - and as customers. The use of language is interesting. At Irwell Valley the people renting accommodation are 'customers' not 'tenants' (and employees are 'colleagues' not 'staff'). Trafford Housing Trust mix their discourse, with both 'customer service standards' and 'tenant surgeries'. Mosscares Housing are more traditional, with a 'tenants' satisfaction survey'. The use of words differs more than practical tenant involvement, which is relatively standard between the three organisations (Table 46). Trafford Housing have one third tenant directors, following the 'three thirds' approach (tenants, councillors, independents) common with second generation large scale voluntary transfers (Box 1, p.27). Traditional housing associations Mosscares and Irwell Valley Housing have 22 per cent tenant board membership, slightly higher than the 18 per cent reported in a 2003 national survey of England (Housing Corporation, 2003d: p.7).

From a network perspective, the role of tenants' committees is important. The three English case studies have an infrastructure of committees which help select tenant directors and are involved in other neighbourhood projects. Box 13 shows the pathway of a tenant who built their participative capacity when involved in a stock transfer, then continued to contribute to a variety of local area committees. Irwell Valley involve tenants through community committees, a central Residents' Committee, as board members and as Resident Inspectors - a type of tenant led internal audit. The association is able to build strong community links with local stakeholders including the community groups, the council, and the police and health authorities. There are good links with neighbouring associations such as Trafford Housing Trust in formulating Trafford's Local Area Agreement and implementing the sustainable communities strategy.

### Box 13: Connected tenants - Irwell Valley's Ralph Rudden

Long-time local resident of the Racecourse public housing estate in Manchester, Ralph Rudden led the *Stock Transfer Team* when properties moved from Manchester City Council in 2000. Appointed by Irwell Valley director Rita Gilmour MBE, the researcher's step-mother, Ralph coordinated the team of 12 tenants and 12 councillors. The transfer proved controversial, with strong opposition from Defend Council Housing who claimed residents were selling-out. This did not deter Ralph - a former Marine, and Falklands Island War veteran. His goal was to maximise investment on the troubled estate, an overspill development of 1,600 homes outside Manchester's boundary. The area had been plagued by such high levels of antisocial behaviour and crime that buses and taxis refused to visit at night:

'It was a quite desperate place to live. We had people running about with guns' said Ralph Rudden, a 48-year-old father of three who was raised at The Racecourse and who is now chairman of the estate's committee. 'My family has been here for 35 years. I have always considered this to be my home. I moved here when I was 15. I left to join the Army and came back again. It got to the point where people were giving up hope. A lot of people were vacating their properties, but now we have a waiting list. People want to buy their properties' (Scheerhout, 2003).

Ralph has continued as head of the *Sale West Community Association* and, since 2001, chair's Irwell Valley's *Residents Committee* which meets every two months. The Committee reviews and amends all the association's policies, except those relating to staff. This used to be a box-ticking process, but the tenants pushed for more power two years ago, and now provide detailed input. For example, the Residents Committee wrote most of the association's domestic violence policy. In 2006 Irwell Valley appointed 9 *Resident Inspectors* who check the quality of services such as reception areas, voids management and the call centre. The Inspectors - who report direct to the board - often find useful points. Ralph gave the example of the head office reception area not having proper disabled access.

Irwell Valley have three residents (tenants/leaseholders) on the board, and Ralph has been *Director* since 2003. Residents are elected from grass roots level, although in many housing associations they are just selected by the existing board. New resident board members are mentored by one of the existing board, and provided with training. Ralph attended an 18 month course at Salford University. He visits head office two or three times a week, consulting with members of staff if there are items in the board papers that he does not understand. Irwell Valley's directors are paid £7,000 (A\$14,500) remuneration, although this is of no benefit to Ralph as his state incapacity benefit is reduced by an equal amount.

Ralph must rank as Greater Manchester's best connected tenant. He is a director of *Voluntary and Community Action Trafford*, a group promoting community development and volunteering. Chairmanship of the *Trafford Neighbourhood Partnership*, secures him a place on the *Trafford Partnership*. The Partnership includes representatives from public, private and community sectors and sets priorities for the council's Local Area Agreement. Trafford Partnership is chaired by the chief executive of Greater Manchester Chamber of Commerce, with Ralph as vice chair. His board members include the chief executives of both Trafford Housing Trust and Trafford council. Ralph is also a member of the 10 member *Trafford Partnership Executive* which coordinates the council's sustainable communities strategy. This high-powered group includes the leader of Trafford Council and the head of Greater Manchester Police.

In 2003, Ralph successfully bid for £250,000 (A\$518,000) funding from the British National Lottery to establish the *Sunshine Café* in Sale. This hybrid social enterprise, of which Ralph is director, aims to build community cohesion, provide local employment and encourage healthy eating. Nearby residents can volunteer, receiving training and work experience, or attend cookery courses. The café is used by local community groups, and provides outside catering for Irwell Valley housing association.

Ralph has visited the Northern Ireland Housing Executive, a Dutch housing association and was invited to Germany to speak at the International Tenants Union. He has presented at the Chartered Institute of Housing and TPAS conferences. Ralph is often asked to provide information for visiting housing association executives - and the occasional Australian doctoral student.

Sources: Irwell Valley (Irwell Valley Housing, 2008a); Personal interviews; Scheerhout (2003).

The complex web of local partnerships and committees in Box 13 appears more important in strengthening city region capacity than traditional tenant organisations. Examples of these from Australia and England are given in Table 47. The Tenants Union of Victoria (TUV), like Australia’s housing association trade and professional bodies, is locked into state funding. As a result: ‘If you’re cynical about that you’d say they’d become part of the apparatus of the state ... In the past they’ve got into trouble when they’ve gone too far in criticism of government’ (Interviewee 064: Capacity building executive, Melbourne). TUV do not act as a network player, with no links to CHFV and an antagonistic attitude to housing associations. One association interviewee found them unresponsive in a case involving eviction following domestic violence: ‘even when we got to the Tribunal weren’t prepared to talk, which I found quite disturbing as I’m a believer in the Tenants Union’ (Interviewee 045: Executive, Melbourne Affordable Housing). TUV’s chief executive disclosed during interview that he did not support tenants acting as directors, either of housing providers or on the board of his own (tenants) organisation.

**Table 47: Tenant organisation examples**

Organisation		Business model and details	Network
AU	Tenants Union of Victoria  <i>Melbourne</i>	Established 1974 by activists to inform tenants of their rights and campaign for changes to Victorian tenancy law. State funded since 1983, currently A\$1.8 million pa. The Union have 30 staff, helped 14,787 tenants 2007-08	Majority of board are tenants, although little involvement of tenants as Union members (except when they use their services). Contact with social housing providers often in court when tenants evicted. No links with CHFV
EN	TPAS England  <i>Manchester</i>	Nonprofit membership organisation - members are tenants groups and social landlords. Founded 1988, originally public funded but this income cut back in 2007 therefore more commercial consultancy and training courses	Regional Manager previously an Irwell Valley director and National Housing Federation (NHF) Head of the North. Most clients are stock transfer housing associations, few ALMOs. TPAS are 100m from NHF in Manchester
	NW Tenants & Residents Assembly  <i>Wigan</i>	Represents social housing residents in north west England. Public funding ended in 2005, therefore services now provided by Partners in Change - this organisation part grant funded, but also commercial consultancy	Organisation moved from tenant empowerment towards TPAS model of advising social housing clients (mainly local councils) on how to develop tenant inclusion policies. Provides training for tenants and boards
Sources: Personal interviews; TPAS England (2008; 2009); TUV (2006; 2008; 2009).			
Notes: All examples based on personal interviews with representatives of the organisations.			

The two English tenants’ organisations in Table 47 have both been forced to move away from state funding as grants have been reduced. Neither directly represents tenants, more work towards assisting social housing providers better encourage tenant participation. England’s push,

through legislation and regulation, towards greater tenant involvement has led to capacity shortages in providers. Both TPAS and the Tenants & Residents Assembly generate consultancy income for advising providers on how to restructure their tenant involvement policies, as well as providing training courses. As with the consultants described at the start of this section, these two tenants' organisations have expanded their role in response to change and complexity in the social housing sector. The TPAS interviewee described how housing association management teams often have conflicting views of tenant roles, and their role is often to mediate. TPAS's standard templates, for example a model Resident Advisory Panel structure, is a further example of how consultants bring housing organisations towards similar ways of working. This concept of isomorphing is discussed at the end of this Chapter, in Section 6.3.

### ***Networked Capacity Builders***

During the city region fieldwork, snowballing techniques identified a variety of organisations which strengthen the capacity of housing associations. This is either because of the direct services they provide - such as training, consultancy or research - or through their role in building networks. Traditional trade and professional associations, described in Section 6.1, fit this description of networked capacity builders. This Section brings together information on the remaining organisations, reporting findings from research interviews with many (but not all) actors. First, the organisations are described within city regions, to capture the dynamics and competition between the newer actors and the traditional trade and professional associations. Second, a typology is built that places both traditional and networked capacity builders within a consistent framework. This allows common threads to emerge across the three city regions.

Bay Area networked capacity building organisations are shown in Table 48. Keyes et al. (1996) described LISC and Enterprise Community Partners as the principal supporters of housing associations, raising equity by syndicating tax credits and acting as a bridge to philanthropists and equity investors. LISC's affiliate, the National Equity Fund (2009), manages one of the largest US tax credit funds, valued at US\$6.9 billion (A\$9.7 billion). At LISC, commercial income from syndication fees, together with foundation donations, cross-subsidise training, capacity building and networking for various nonprofits, especially housing associations:

While we bring capital, we also provide the network for organisations. Most of the housing developers that are in the Bay Area ... are excellent developers, but I think there's still a need for some level of capacity building and also the ability to bring people together and share and learn from each other as they have not developed their own systems and one of the things that our office promotes is their learning and sharing of information' (Interviewee 063: Executive, Bay Area LISC).



**Table 48: US networked capacity building organisations assisting Bay Area associations**

Organisation	Business model and details	Network
Bay Area LISC <i>San Francisco</i>	Local Initiatives Support Corporation (LISC) seed funded by Ford Foundation from 1980 to build community capacity. Of the 30 regional offices, Bay Area LISC (1981) is one of the largest, employing 10 staff. Important role providing training	Co-located with NPH (Table 40, p.195), CHC (below) and CHPC (Table 45, p.215). Close links with Bay Area housing associations, banks and councils. LISC's local advisory committee has cross-membership with many local actors
California Housing Consortium (CHC) <i>San Francisco</i>	Housing advocacy group promoting building and preservation of affordable housing. Formed in 1997, has 2 staff and a diverse range of 27 governors. Mainly policy research, advocacy and coalition building. Funded by fees and donations	Co-located as above. Functions as a 'big tent' organisation of businesses, for-profit developers, associations, banks and city housing authorities. Carol Galante from Bridge Housing and Linda Mandolini from Eden Housing are directors
Enterprise Community Partners <i>San Francisco</i>	National provider of capital and advice for tax credit financed affordable housing. Founded 1982, with a corporate donation. San Francisco office opened in last couple of years, only 3 staff compared to 11 in Los Angeles. Similar activities to LISC	San Francisco office mainly works with housing associations, some links to HOPE VI/SF projects. No local board therefore fewer links through individuals. Located within three blocks of the cluster of organisations in above two boxes
Housing Partnership Network (HPN) <i>Boston</i>	Peer network of 97 US growth housing associations founded 1990. Chief execs meet twice a year to exchange ideas. HPN members receive discounted insurance through shared self-insurance. Access to private finance through pooled funds	Nine members in California, including Bridge (#1 in Bay Area: Galante a HPN director), Mid Peninsula (#4) and Eden (#5). Mercy Housing (#2) a member in Colorado. HPN are a closed network with no information shared with non members
San Francisco Housing Action Coalition (SFHAC) <i>San Francisco</i>	Established 1999 to advocate for low cost housing in City of San Francisco. One member of staff endorses projects that meet sustainability targets, then lobbies in support to city officials. Help argue against NIMBY oppositions to housing	Active membership group with monthly workshops and awards ceremonies. Mix of smaller private developers and range of housing associations. Also neighbourhood associations, architects as members. Other HACs exist in neighbouring cities
Sources: Bay Area LISC (2005; 2006; 2009); CHC (2009); Enterprise (2009); HPN (2009); LISC (2008; 2009); Personal interviews; SFHAC (2009).		
Notes: All examples based on personal interviews with representatives of the organisations. The organisations listed in this table are all constituted as nonprofits, and membership organisations (except LISC).		

LISC training is subsidised, not free, with organisations paying 15 per cent of the cost: 'we find with free training people come or they don't come ... the fee gets buy-in from the organisation' (Interviewee 063: Executive, Bay Area LISC). LISC's Bay Area office is one of their largest in the US and coordinates both conventional training, and three peer networks for project, asset and finance managers. Training is provided in specialised areas where other courses are not available, such as tax credit financed property development. This is useful for small and medium sized organisations as 'training is hard to find in the marketplace ... it's the kind we wouldn't be able to do in-house, or pay for' (Interviewee 048: Executive, East Bay Housing). Peer networks are also

aimed at a practical level, allowing colleagues to email each other seeking immediate answers, then actors meet for focused presentations of topics directly relevant to the particular group. Each peer group has an annual conference. LISC also provide funding for selected executive directors, such as Lynette Lee of East Bay Housing, to attend courses at Harvard University. For the next tier down in associations, LISC's Leadership Institute' provides a three and half day capacity building retreat which addresses issues of leadership succession. The event had recently been attended by an executive from Burbank Housing: 'you go to this training and then you have peer support, and that's where you get your professional support from' (Interviewee 122).

LISC's cross-subsidised business model is the same as Enterprise's, who recently opened a small San Francisco office. Traditionally LISC and Enterprise worked in different Californian locations, but this was only under a 'gentleman's agreement' (Interviewee 063). Most associations are aligned with one or other, for example East Bay Housing are traditionally closer to LISC (Interviewee 114: Capacity building executive). With a smaller regional office than LISC, Enterprise usually provide funds for training, rather than run courses (Enterprise, 2009). The two organisations are structured as national organisations, with LISC based in New York and Enterprise in Washington DC. This allows affordable housing knowledge to be disseminated inter-state, and for certain specialised functions such as tax credit syndication to be centralised. Knowledge transfer and insurance risk-pooling work similarly for the Boston based Housing Partnership Network, HPN (Table 48), a closed-network peer group of US growth providers.

In the Bay Area the lack of consistent state funding forces organisations such as LISC and Enterprise to find complementary roles: 'there's plenty for both of us to do. I'm not going to do something that they're already doing. It just makes no sense' (Interviewee: identity withheld). LISC, Enterprise and NPH (Table 40) co-exist with each other, together with lobbying and support groups CHC, CHPC (Table 45) and SFHAC (Table 48). The organisations are either service providers requiring no subscription (LISC, Enterprise, CHPC) or membership groups with low or nominal fees (NPH, CHC, SFHAC). The case study housing associations are members of several of these organisations, with exclusivity not expected. As discussed in Section 6.1, the Bay Area's affordable housing network functions best at times of external stress, for example when broad coalitions need to be built for supporting Propositions 46 (2002) and 1C (2006). This is where 'big tent' organisations such as the CHC, where housing associations are members along with for-profit developers, banks, public officials and construction companies are effective. LISC, NPH, CHC and CHPC share adjoining office space at 369 Pine Street San

San Francisco, and have extensive shared board membership. The co-location of these organisations was not driven by public policy, city subsidy or by favourable terms from a nonprofit landlord. Nor was it planned from the start, as the organisations moved in at different times. Interviews with all four organisations revealed that their choice of location was based on a desire to strengthen affordable housing networks by sharing ideas through networking:

It's great to be able to go down the hall to talk to folks. [Person A] serves on our board and we use his organisation to deliver the housing development training. We work with NPH on policy issues: [Person B], a co-director there, used to be at [Organisation C]. There's interchange! (Capacity building executive at 369 Pine Street, identity withheld).

This level of networking through capacity building organisations was not evident from case study research in metropolitan Melbourne. Traditional Australian support organisations such as trade associations CHFV and CHFA (Table 40), and the AHI professional association (Table 42) rely on public funding, similarly the National Community Housing Forum, NCHF (Table 49), until it was de-funded in 2006. It is not clear whether the modest number of networked capacity building organisations in Australia is a reflection of the small size and early stage development of the sector, or public funding crowding-out private or philanthropic initiatives. However, there is evidence from emerging organisations in Table 49 of challenges to the state-funded paradigm. The Tenant Support Network (TSN) and Affordable Housing Network (AHN) both use web technology to build low-cost, independent networks. TSN started in 1998 when the NSW Government de-funded a tenant network which had been closely controlled by the state. Subsequent refusal of state grants 'gave a level of independence that nobody else had ... [beyond] the tentacles of control' (Interviewee 028). Run by a retired public housing tenant, part-funded from their disability pension, the TSN is a rich resource linking 4,000 housing professionals and tenants across several countries. The network's strength is its flexibility:

There's no formality around the organisation, it's not incorporated. There's nothing that would normally be called 'legitimate' about it. It doesn't have a formal front. It's simply a group of people who have found a resource useful and a resource that is supportive. It is fundamentally organic (Interviewee 028: Capacity support executive, Australia).

Sharing TSN's desire to remain independent of state funding, although adopting a very different business model, is PowerHousing Australia (Table 49). The organisation was established due to a belief by certain housing association chief executives that trade associations such as CHFV and CHFA were too closely controlled by the state (see Section 6.1). They were also thought to mainly represent smaller associations rather than those developing new properties: 'what we need is for those organisations that have the capacity, the desire and the demonstrated ability to be

able to grow the sector to have a voice. We haven't had one' Interviewee 158: PowerHousing member). Relations between PowerHousing and the community housing trade associations are at times difficult: 'they've been launching some pretty substantial personal attacks, which is upsetting' (Interviewee 154: Executive, Australian peak organisation). The view of a PowerHousing's member is that their role is complementary to the community housing federations: 'we're not looking to replace you. We're not a threat to you. We're just a different market niche that's not being well represented' (Interviewee 158).

**Table 49: Australian networked capacity building organisations**

Organisation	Business model and details	Network
Affordable Housing Network (AHN) <i>Sydney, NSW</i>	Affordable housing egroup (web based network) moderated by Shelter NSW, a group advocating housing for low income and disadvantaged groups. Holds 4 face to face meetings pa. Some members just receive emails rather than use the egroup	90 members include local government workers (main component), housing association staff and researchers. The NSWFHA (trade association) and Community Housing Victoria have attended previous quarterly meetings
PowerHousing Australia <i>Bendigo, Victoria</i>	Trade association of growth housing associations in various Australian states. Founded 2006, main focus is bringing together chief executives and sharing ideas. Prospect of joint venture projects and shared procurement in future	An exclusive membership, although including many large associations: Port Phillip & Melbourne Affordable Housing but not Community Housing Victoria. Contact with national government, but seen to be in conflict with CHFA, CHFV
National Community Housing Forum (NCHF) <i>Sydney, NSW</i>	Established 1996, but closed in 2006 when de-funded by state and national government. Through research, advocacy and coalition building, NCHF's goal was to develop strategic vision of future of Australian housing associations.	Formerly 24 full members: housing association & local government trade associations etc. More of a 'peak of peaks' like CHFA rather than direct membership by associations. Events and workshops brought housing providers together
Tenant Support Network (TSN) <i>Bega, NSW</i>	Replace previous state funded network in 1998 with an independent email group supplying housing information to tenants and others. Run by a volunteer from home, relying on donations. Originally items sent by post - email used since 1999	4,000 members in Australia, also some emails sent to UK, US and New Zealand. Members are housing provider workers, trade associations and academics (67%); tenants (33%). Tenant Garry Mallard who runs TSN is an AHI director
Sources: AHN (2004; 2009); NCHF (2002; 2004; 2006a; b); Personal interviews; PowerHousing Australia (2009). Notes: All examples based on personal interviews with representatives of the organisations.		

PowerHousing are selective about which organisations can join, and are said to have refused entry to a housing association not considered suitably entrepreneurial. Case study associations Port Phillip Housing and Melbourne Affordable Housing are members of both PowerHousing and CHFV, Community Housing Victoria just of CHFV. The view of an executive whose organisation is a member of both is that PowerHousing 'works stronger at supporting its

members like us than CHFV ... CHFV is more akin to an industry lobby whereas PowerHousing is more member based (Interviewee 105). Annual membership fees of A\$7,700 are substantial, in comparison to CHFV's maximum of A\$849, although said to be worthwhile as they 'provide so much more' (Interviewee 018: Executive, Melbourne Affordable Housing). PowerHousing have links with HPN in the US, and followed their business model by combining peer networking among growth providers with member services. They have explored forming a members consortium for joint property development and fund-raising, and procurement partnerships for IT, insurance and vehicles. These ventures are intended to generate core funding for PowerHousing although at the time of fieldwork (mid 2008), no products had been launched. Therefore PowerHousing's principal, and important role, remains peer networking:

Getting the CEOs of these organisations who effectively have to drive these various initiatives, getting them into one room just for a conversation is incredibly valuable. Because we all pick up what is happening in different jurisdictions (Interviewee 158: PowerHousing member).

If PowerHousing represents the start of a fragmentation of networked capacity builders in Australia, the process has been carried further in England. Table 50 summarises four organisations in the north of England, the Northern Housing Consortium (NHC) being the most distant at 170 kilometres of Manchester. The NHC, together with the Housing Quality Network (HQN), most resemble the US cross-subsidisation models of LISC and Enterprise. For example, the NHC 'the voice of housing in the north' (NHC, 2009) had income to March 2008 of £2.5 million (A\$5.2 million). They receive no public funding, with 13 per cent of income from membership fees and 27 per cent commission on procurement transactions for gas and household insurance. The remaining 60 per cent is commercial income from consultancy, training, conferences and other services (NHC, 2008e). When the organisation was founded in 1964 it was fully funded and served the needs of local government. From 2002 its membership extended to housing associations and ALMOs, mirroring the changes in housing management organisations in the region. However, a clear focus on northern housing providers remains:

We are only interested in the north. We will do for the north whatever is required to do. That focus sets us apart from anyone else. We don't believe that those other organisations don't have a role to play. We do not believe that at all. We believe they have a complementary role to play ... At times it is actually worth going with the northern flow, the northern voice and the northern perspective and the northern impact on policy. A lot of people actually think it is different in the north (Interviewee 017).

Despite their regional focus, the popularity of their services is such that NHC allow non-northern organisations to join as associates. There are 47 members in this category, including 8

London boroughs and organisations at a considerable distance to the north of England in the Isle of Wight, Bournemouth and Southend on Sea. With modest annual fees compared to the NHF of £700-£4,000 (A\$1,450-A\$8,300), northern housing associations such as Mosscares Housing, Trafford Housing Trust and Irwell Valley Housing are members of both organisations. One reason suggested for NHC's growth is that northern NHF members 'are quite disappointed at the poor service that they receive from the Nat Fed ... You asked about the north - I think they pay lip service to it' (Interviewee 017). This was confirmed by an executive from Mosscares Housing who was previously a regional NHF chair: 'I really have very little to do with the Nat Fed' (Interviewee 061). An executive at Trafford Housing Trust thought the NHF had shifted from member services to lobbying (Interviewee 069). York based HQN have joined NHC in providing membership services, though their focus is on advising housing organisations improve their Audit Commission ratings. They also provide general consultancy, policy guidance, training and recruitment services with 'The Pool' supplying interim and permanent project managers.

**Table 50: Northern England networked capacity building organisations**

Organisation	Business model and details	Network
Housing Quality Network (HQN) <i>York</i>	Formed in 1997 as a national information exchange and service organisation for social housing providers. Unlike NHF and CIH does not lobby government. Has high capacity with 40 full staff. Advises providers on scoring higher at inspections	680 members including associations, ALMOs and councils. Wide range of seminars, conferences and training events which cover full range of housing providers. Won government franchise to run National Federation of ALMOs
North West Housing Forum (NWHF) <i>Manchester</i>	Lobbying and networking group, founded 1999. Income £90,000 (A\$186,000) funds one staff member, outsourced research and sponsor an MP at Westminster. Executive Committee meets quarterly and annual conference attracts 200 delegates	Membership of NW England councils. Executive Committees has local council representatives, two housing associations, an ALMO, the CIH and NHF. Good contacts with politicians. Emailing list includes most NW housing associations
North West Regional Housing Board (NWRHB) <i>Warrington</i>	Established 2003 to help coordinate delivery of government's regional housing strategy. In 2008 NW Regional Assembly abolished, replaced by 4NW, therefore uncertainty over future structure. Input to NWRHB received from NWHF	The NWRHB develops the Regional Housing Strategy (latest in 2005) in conjunction with NW England councils and government departments. Main input from housing associations is through the NWHF. Not a networking organisation
Northern Housing Consortium (NHC) <i>Sunderland</i>	Nonprofit membership organisation for social housing providers in the north of England (86% coverage). Originally founded in 1964, adopted current form in 2002. More service provision (consultancy research and procurement) than lobbying	Members include councils (30%), housing associations and ALMOs. Various courses and workshops plus annual 'Northern Summit' between chief executives of main housing providers, civil servants and housing minister. 300 attend over 2 days
Sources: HQN (2008; 2009); NHC (2008a; b; c; d; e; f; 2009); NWHF (2007; 2008a; b; c; d); NWRHB (2005; 2009); Personal interviews.		
Notes: All examples based on personal interviews with representatives of the organisations.		

The networked capacity building organisations in Table 50, specifically HQN, NHC and North West Housing Forum (NWHF), work across the social housing domain by not differentiating between public housing, housing associations and ALMOs. The NWHF, although financed by contributions from local councils, resembles several Bay Area organisations such as CHC in that its principal rationale is to lobby government. It aims to influence the policies of North West Regional Housing Board (NWRHB), and incorporate a north-western housing dimension in English housing legislation: ‘we’re not about party politics, we’re about local politics influencing the national agenda’ (Interviewee 116: Executive, NWHF). This is achieved through lobbying local Members of Parliament: ‘there’s 147 MPs in the north-west of England ... put the frighteners on them, and say we need their help, we need their support’ (Interviewee 032: Executive, NWHF). The NWHF is considered by a London housing association executive to be the most effective English regional forum, developing innovative approaches to neighbourhoods with low housing demand and anti-social behaviour. ‘It’s very much a product of the housing organisations in that region creating a focus, housing association and local authorities saying ‘we need more voice’ and the only way we’re going to get that is collectively’ (Interviewee 055).

**Table 51: Northern England procurement and development partnerships**

Type	Name	Description
Development partnership	BLOC	Development consortium between Irwell Valley, Great Places and 5 other associations to bid from Homes and Communities Agency. From 2009 Irwell Valley have partnership status and can bid directly
	Reviva Urban Renewal	Joint venture company between Mosscafe Housing, Irwell Valley and Great Places housing associations to bid for regeneration contracts from Manchester City Council. Coordinated by Irwell Valley
Procurement partnership	Fusion 21	Partnership of 7 Merseyside housing associations and Knowsley council for joint procurement of construction materials and sub-contractors. Founded in 2003 as a social business, employing local unemployed people. Said to achieve 30% saving for members
	Golden Gates	Warrington council’s ALMO, Golden Gates Housing, has pioneered cost reduction through shared IT procurement. Partnership with the council, ALMO and South Liverpool Housing (association)
Sources: Personal interviews.		

The growth of new networking organisations in England is evident at sub-regional level, in addition to the regional organisations shown in Table 50. Housing associations in the same locality often cooperate to reduce costs by forming development or procurement agreements (Table 51). Partnerships were shown in Table 38 (p.178) to be a popular way to achieve scale economies without the dislocation of more formal inter-organisational links. Research suggests

67 per cent of English associations who have not merged or formed group structures have established partnerships (Davies et al., 2006a: p.18). The most common areas for collaboration are investment and development partnering, followed by procurement, alarm services, shared asset management and IT. The Housing Corporation's policy of reducing the number of associations bidding for social housing funds, concentrating development into a smaller number of higher-capacity associations, led to the growth of development partnerships. These entities, coordinated by a lead association, are part of the Corporation's Partnering Programme Approach (Housing Corporation, 2005f). The BLOC partnership in Table 51 is an example, strengthening the network between Greater Manchester housing associations. Partnerships such as Reviva Urban Renewal have also been formed for specific renewal projects. For Mosscafe Housing, the BLOC partnership 'felt like a shot-gun marriage really. We would like to have been a leader on that' (Interviewee 061: Executive, Mosscafe Housing). The interviewee considered most inter-organisational links were between development staff, not senior management.

Table 51 details two procurement partnerships. Types of agreement vary, although they normally involve bulk provision of goods and services at discounted rates. The concept is not new, having been used in the past by neighbouring councils reducing costs in running public housing. However, it has become more common after the government's 2004 drive to increase the efficiency of public service delivery, implemented through Housing Corporation (2005g) guidelines. Local partnerships often supplement services provided by the NHC (2008b), which has niche skills in gas appliance maintenance and security alarms. Multi-member partnerships of this type are more common in Greater Manchester than the other two city regions. PowerHousing Australia have proposed but not implemented a procurement scheme, and BlueCHP in New South Wales is a recently formed development consortium between five housing associations. In the US, Bridge Housing joined Buyers Access, a group that bulk-buys products for mainly private-sector multi-family developments, after attempts to form a nonprofit purchasing partnership failed (Interviewee 080: Executive, Bridge Housing). Similar to Buyers Direct, English procurement partnerships often span the housing domain, although only between different social housing providers: ALMOs, housing associations and councils.

The final group of English networked capacity building organisations, described as 'emerging', are detailed in Table 52. Although different in location and membership, they share a common feature of fragmenting the social housing sector. Both the Association of Retained Council Housing (ARCH) and the National Federation of ALMOs (NFA) are single-sector trade



associations, structured traditionally like the NHF. The majority of their funding is from membership fees, and the role combines networking and lobbying government. In contrast, the G15 and G320 are specialised housing association trade associations catering for particular segments of the housing association sector, similar to the HPN in the US and PowerHousing in Australia. The G320 is part of the NFA, while the G15 is more in direct competition. ARCH, G15, G320 and NFA share a similar organisation form as membership organisations, in contrast to the Airport Group, which is informal and unstructured. This latter peer networking organisation is said to ‘have captured that wave of urban, northern, quite meaty, maybe in some cases negative value, stock transfers’ (Interviewee 069: Executive, Trafford Housing Trust).

**Table 52: English emerging networked capacity builders**

Name	Membership	Description
Airport Group	10 mainly stock transfer housing associations in NW England	No formal membership procedures or staff. Acts as forum for chief executives to share ideas. Trafford Housing Trust, Willow Park and New Charter members
Association of Retained Council Housing (ARCH)	36 (out of 100) councils who still own/manage public housing	Formed 2006 to lobby for new funding arrangement so councils can build more stock. Members pay £2,000 (A\$4,100) annual fee. No permanent staff or offices
G15 Group	15 large London housing associations	Networking, research and lobbying group of associations managing 353,000 social homes in London. Perform similar regional lobbying role to NWHF (Table 50)
G320 Group	58 small London housing associations with under 1,000 homes	Unlike the G15, the G320 is affiliated to the London branch of the NHF. The group arranges meetings, conferences and shares good practice between members
National Federation of ALMOs (NFA)	Trade association for c.60 English ALMOs, managed by HQN	Established 2003 at the request of government with administration put out to tender. The NFA network, and lobby for longer-term funding for the sector
Sources: Association of Retained Council Housing (2009); G15 Group (2004; 2007a; b; 2008a; b; 2009); G320 Group (2009); NFA (2007; 2008a; b; c; d; 2009); Personal interviews.		

The Airport Group is similar to London’s G15 Group, but without resources or procedures. Membership follows individuals, with Trafford Housing Trust ‘joining’ when their new chief executive was appointed - at the same time his predecessor association South Liverpool Housing ‘left’. Peer grouping takes place between chief executives, and among functional specialists such as finance directors who meet quarterly, although communicate regularly by e-mail. A Trafford Housing Trust executive noted the Group’s contribution to building their personal contacts: ‘I think the importance of it is the human factor in this. Through that network I’ve developed some friendships whereby you may find you’ll do all you need to do with this particular friendship’ (Interviewee 157). New organisations would only be admitted to the Airport Group if

they are similar, and the senior management team considered like-minded individuals. Chief executive peer group meetings are ‘very open sessions ... it only works because everybody feels comfortable with everybody else. There’s no posturing, there’s no significant amounts of ‘look at what we’ve done’ there’s much more ‘look, I’m struggling with this, has anyone got any ideas about what we can do?’ (Interviewee 069: Executive, Trafford Housing Trust). The Airport Group started as a support network for newly established stock transfer organisations:

There were a group of 3 or 4 first time Chief Execs running stock transfer organisations that had all transferred at about the same time - and we didn’t have anybody to talk to. You couldn’t talk to your staff about things because you were supposed to know all the answers. You certainly couldn’t talk to your board ‘cos they might be part of the problem. So where the hell do you go? We started as a self-help group really, as therapy (Interviewee 069: Executive, Trafford Housing Trust).

This Section has described a complex variety of networked capacity building organisations, from traditional trade and professional associations through to local peer group ‘therapy’ networks. Although their diversity precludes a rigid typology that can precisely categorise all organisations, developing a model is the best approach to determining meta-trends. Table 53 proposes four organisational types. *Conventional hierarchical* organisations traditionally rely on state funding, and disseminate information from the centre to the periphery. *Conventional networkers* are less hierarchical, although often have membership exclusivity restricting the network to certain actors in the sector. *Diversified networkers* are less concerned with membership, more with service provision. They are more likely to include a wider range of actors in the nonprofit, public and sometimes for-profit sector. Finally, *virtual networkers* are less likely to have a fixed organisation infrastructure, often using web based technology to connect with actors at low cost.

**Table 53: Typology of capacity building organisations**

Type	Description	Business model	Networking
Conventional hierarchical	Formal, fixed, top-down organisation	Predictable income, often state funded	Narrowly defined role, centralised
Conventional networker	Relatively formal, moving towards network model	Mixed funding, becoming entrepreneurial	More freely networking but often sector specific
Diversified networker	Hybrid service provider and network actor	Highly entrepreneurial, cross-subsidising	Broad networking, less often sector specific
Virtual networker	Informal, non-hierarchical network actor	Low cost, low infrastructure	Unstructured connectivity, often using web tools
Source: Typology by Tony Gilmour.			

Table 54 maps the capacity building organisations described in Section 6.1 and 6.2 against the categories in Table 53. There are some important general patterns. Although the sample of organisations is incomplete, a housing association operating in Greater Manchester will have a greater range of support organisations to choose from than in the Bay Area or metropolitan Melbourne. In part this reflects the greater size of the social housing sector, with a larger number of providers able to support a larger number of service providers. Similar to the Bay Area, the growth of new capacity builders has not - as yet - undermined the position of the traditional trade associations (NPH, CIH, NHF). Housing providers become members of, or use services provided by, a number of different organisations. For example, an association will select training courses and conferences from a variety of sources, depending on which offers the best specialisation, most convenient location or lowest cost. The CIH and NHF have been shown in Table 54 moving towards becoming conventional networkers, the same category as NPH. They are operating in a more entrepreneurial mode, mixing services with member support, and becoming more networked than hierarchical. Therefore the CIH and NHF are adopting the approach of housing provision in England, with a shift towards networked governance.

**Table 54: Example capacity building organisations by type**

Type	US - San Francisco	Australia - Melbourne	England - Manchester
Conventional hierarchical	CHPC ( <i>Table 45</i> )	AHI ( <i>Table 42</i> ) CHFA, CHFV ( <i>Table 40</i> ) NCHF ( <i>Table 49</i> ) TUV ( <i>Table 47</i> )	NWRHB ( <i>Table 50</i> ) ARCH, NFA ( <i>Table 52</i> ) CIH ( <i>Table 42</i> ) NHF ( <i>Table 40</i> )
Conventional networker	HPN ( <i>Table 48</i> ) NPH ( <i>Table 40</i> )	PowerHousing ( <i>Table 49</i> )	NWHF ( <i>Table 50</i> ) G15, G320 ( <i>Table 52</i> )
Diversified networker	LISC, Enterprise ( <i>Table 48</i> ) SFHAC ( <i>Table 48</i> )		HQN, NHC ( <i>Table 50</i> ) TPAS, NWTa ( <i>Table 47</i> )
Virtual networker	CHC ( <i>Table 48</i> )	TSN, AHN ( <i>Table 49</i> )	Airport Group ( <i>Table 52</i> ) DCH
Source: Typology from Table 53.			
Notes: Abbreviations given in other tables, except DCH - Defend Council Housing, an informal coalition of English activists opposed to stock transfer, PFI or arms length management of public housing (DCH, 2004; 2007a; b; 2009). Their campaign against stock transfer from the City of Manchester: 'the battle of Burnage' (DCH, 2007c), was run on a £500 (A\$1,100) budget (Interviewee 038).			

By contrast to the US and England where most capacity support organisations are in, or moving to, the three 'networker' categories in Table 54, Australian organisations remain hierarchical. In part this reflects their reliance on state funding, in part it is a reflection of the hierarchical way they work. The community housing federations are an example of a hierarchical structure, with

the central node CHFA remote from individual housing associations which join state associations. PowerHousing have started to challenge Australia's status quo by establishing a service-orientated, networked organisation similar to NPH and NHF. Although not yet fully operational, the PowerHousing model may become dominant with the increasing importance of tax credits which are nationally coordinated and require housing associations to network.

The most dynamic, fastest growing organisations in Table 54 are those in the diversified and virtual networker categories. Organisations such as LISC, Enterprise, HQN and NHC have a business model which harnesses income from the market based affordable housing delivery policies used in the US and England over the last two decades. This has been through tax credits syndication fees in the US, and the greater use of consultants in both countries as housing associations face the challenge of greater complexity and risk. In England the CIH and NHF have expanded into consultancy, although remain relatively small market players. By contrast, the virtual networking organisations do not provide services, although they have also become more influential over the last decade. As low or zero cost organisations, they are able to cater to niche requirements of client group or location. With the increasing familiarity of web technology by housing staff, virtual networking is likely to increase, although some services are starting to be delivered by more diversified organisations such as CIH and HQN. The question of whether there is increasing networking at local level, as with the Airport Group, or greater international idea sharing, as with TSN, is a theme returned to at the end of Section 6.3.

### **6.3 Network Power**

The market based reforms of social housing delivery over the last two decades, described in Chapter 2, have transformed institutional structures. US tax credits (from 1986) and English private finance (from 1988) encouraged 'self-organising, inter-organisational networks characterised by inter-dependence, resource exchange, rules of the game and significant autonomy from the state' (Rhodes, 1997: p.15). Networked forms of governance are now common in social housing, unlike the traditional hierarchical relationships between governments and public housing providers based on a principal/agent relationship with an active/passive power balance (Reid, 1995; Kickert & Koppenjan, 1997). This transformation of both social housing delivery and the operation of capacity support organisations (Table 54) through the use of these more nuanced, inter-connected approaches is characterised in this thesis as the rise of 'network power'. Drawing on the conceptual framework set out in the special issue of *Housing*,

*Theory and Society* in March 2007 (Mullins & Rhodes, 2007), this section uses selected network analysis tools to bring together and assess findings from case study research.

Governance through networks raises a number of issues, both practical and theoretical. Complexity and risk are apparent in the delivery of core social services through networks where actors have different levels of information, and often conflicting goals (Kickert & Koppenjan, 1997; Koppenjan & Klijn, 2004). Public sector organisations, such as local and state governments, need to adopt new ‘steering techniques’ to manage policy networks to prevent the failure of social housing organisations and to maximise the effectiveness of public investment. In these networks, governments are one of a number of actors though, due to their control of various financial and planning levers, often the most influential. Networks are not necessarily ‘flat’, and may mask the continuation of government power (van Bortel et al., 2009). From case study research this is most apparent in Melbourne with the continuing strong role of state government exercised through the Office of Housing (OOH) and VicUrban (Chapter 3). The latter organisation, a corporatised branch of government, has less clear democratic controls than the OOH, which reports directly to an elected Minister. In Section 5.2 governance problems were identified in the case study housing associations, including unclear accountability between boards and executive management. Hence uncertainties remain concerning the democratic anchorage of networked forms of governance (Sørensen & Torfing, 2007).

Network theories are used in many academic disciplines, although it is the strand developed by social scientists over the last 50 years that is of most relevance. Initially applied to the study of individuals within communities, during the 1980s and 1990s network theory started to be applied to organisational behaviour. The concepts of New Public Management, described in Section 2.2, are an example of applying this approach. Mullins and Rhodes (2007: p.3) identify five distinct ‘strands’ of network theory in organisational behaviour: policy networks, network governance, supply chains, organisational fields and complex systems. These strands have influenced a working group of the European Network of Housing Researchers, of which the researcher has been a member and presented conference papers at Rotterdam and Dublin (Gilmour, 2007a; 2008a). Although the strands are inter-related and overlapping, for clarity only one has been selected as a conceptual framework in the thesis. The concept of ‘organisational fields’ is considered a useful structure to contrast social housing systems in different countries. It allows discussion of both housing providers and support organisations, and provides a framework for understanding organisational adaptation to changes in field environments.

Organisational fields have been applied to England (Mullins et al., 2001a) and a comparison of Ireland, north and south (Mullins et al., 2001b), although not to the US or Australia.

### ***Organisational fields***

The way researchers see housing associations is shaped by broader trends in the social sciences, particularly the development of new approaches to analysing the role and meaning of organisations. In the early days of sociology, exemplified by Max Weber's writing on bureaucracy translated into English in the 1920s, political institutions and major corporations were seen as an 'iron cage' imposing rational controls on society (Weber, 1947). By the 1960s behavioural science was in vogue and the analytical focus had shifted from formally constituted organisations to the power of individual choice. The most recent development in organisational thinking is 'new institutionalism' which brings back the importance of institutions but places them within a broader, complex and connected milieu (DiMaggio & Powell, 1983; Powell & DiMaggio, 1991).

New institutional theorists use the term *organisational field*, to describe 'organisations that, in the aggregate, constitute a recognisable area of institutional life' (DiMaggio & Powell, 1983: p.148). Unlike *sectors*, which are defined by economic or social outputs, organisational fields are understood by network strength and forces of institutionalisation. Fields can be more or less institutionalised depending on the extent of interaction and information flow between actors, and the awareness of organisations and the media that they are involved in a common set of activities. Common regulation, funding, legal structures and professional accreditation help build organisational fields in housing (Mullins, 2002). Boundaries between organisational fields can be either firm or permeable, and the identity of a field might be strongly defined or weak (Mullins & Rhodes, 2007). These boundary and field definitions may change over time, often in reaction to new forms of regulation and finance. Understanding field boundaries in social housing is helpful in comparative mapping of different jurisdictions (regions or countries), for example are public housing and housing associations forming a 'social housing field'. For institutional theorists, field definition is only the first step, providing a framework for analysing whether organisations in the same field are becoming more similar (isomorphing). This is described in the next sub-section.

Table 55 applies organisational field concepts to the three city regions. Unlike earlier research by Mullins, Rhodes and others, the table is city rather than country specific. Particularly with San Francisco, where housing associations are stronger than most US cities, and in Manchester where ALMOs are major institutions, the field boundaries of the city may differ to

the country. The actors providing publicly subsidised affordable housing have been ranked by size of housing stock, with housing associations the main providers in San Francisco and Manchester, and public housing in Melbourne. For-profit affordable housing providers are important in San Francisco, where they receive 30 per cent of tax credits (compared with 74 per cent nationally), and may become important in later National Rental Affordability Scheme bids in Australia. The actors marked ■ in each region are the most important categories within their city regions, and are those that might come together to form a 'social housing field'.

In the San Francisco Bay Area a strict demarcation between the public housing authorities (PHA) and housing associations remains. Staff transfers are limited, and the PHAs are not integrated into the city region's capacity support network. Funding, regulation, tenant eligibility and waiting lists are different and there is no common professional staff institute. HOPE VI, and locally HOPE SF (Section 3.1), are gradually reducing public housing stock, transferring to partnerships involving the private and nonprofit sectors. As a result, Bay Area PHAs are becoming less important social housing providers. In terms of connectivity with the private sector, US tax credits allow bids by both for-profit and nonprofit developers. Therefore these two types of developers operate in the same institutional environment. Fieldwork discovered some movement of property development staff between the two types of providers, although little interchange of senior managers. Crowe's (1996) view of fundamental differences between for-profit and nonprofit affordable housing developers was supported by interviewees:

There's tensions that play out, the private sector folk are really focussed on - let's get the project done, done, done, done, done - and keep the costs down, and go onto the next project. The nonprofits are I think a bit more sensitive to the softer side of stuff in terms of what are the services going to look like, what type of organising can we do in the neighbourhood. That kind of community development side of things (Interviewee 048: Executive, East Bay Housing).

Most Bay Area capacity building organisations, trade associations and consultants assist either housing associations, or private affordable housing developers, but seldom both. During interviews, housing association staff could often not name any for-profit affordable housing developers in California and the sector was often referred to with disdain. The Bay Area therefore shows little evidence of developing a broad social housing field, although the housing association sector is strongly defined. A feeling of shared identity among participants, and the coordinating role of networked organisations such as the NPH, assists the sub-field definition.

**Table 55: Affordable housing provider field boundaries**

	San Francisco Bay Area	Metropolitan Melbourne	Greater Manchester
Actor types, ranked (■ main)	<ul style="list-style-type: none"> <li>■ Housing associations</li> <li>■ Private developers</li> <li>■ Public housing</li> </ul>	<ul style="list-style-type: none"> <li>■ Public housing</li> <li>■ Housing associations</li> </ul> Private developers [future]	<ul style="list-style-type: none"> <li>■ Housing associations</li> <li>■ ALMOs</li> </ul> Public housing Private developers [minor]
Regulation	Via tax credits, common to housing associations and private developers	Separate registration for housing associations. Tax credits procedures similar for associations and private developers	Moving from separate regulation of associations by Housing Corporation to cross-domain regulation under TSA by 2010
Financing	Via tax credits, common to housing associations and private developers. Public housing separate	Moving to via tax credits, common to associations and private developers. Public housing separate	Moving from separate financing of associations by Housing Corporation to cross-domain under HCA
Traditional networkers	Inclusive and cross-domain except for public housing	CHFV, CHFA housing association exclusive. AHI cross-domain	CIH cross domain. NHF mainly associations with ALMOs as associates
Emerging networkers	Inclusive and cross-domain except for public housing	PowerHousing only for housing associations. TSI housing associations and public sector	HQN, NHC, NWHF cross-domain. Airport Group, G15, G320 only housing associations
Case study reflections	Few association employees mentioned public housing. Negligible staff movement	Public housing identified as 'the other'. Low levels of staff movement	Main issue is between ALMOs and associations. Some convergence
Fields	Strongly defined housing association field	Social housing field fracturing, association sub-field strengthening	Social field of associations and ALMOs emerging but weakly defined
Permeability	Low	Moderate	Moderate
Source: Framework by Tony Gilmour.			

In metropolitan Melbourne the two main types of actors in the social housing field are the Office of Housing (OOH) which manages public housing, and housing associations. However, there is a complex, layered relationship between the two. Financing and regulating Victorian housing associations is also the responsibility of the OOH, with no arms-length arrangement such as with England's former Housing Corporation. The OOH financially supports the housing association trade body (CHFV), and in most years contributes to the professional body (AHI), which serves both public and housing association staff. Similarly, the OOH pay for public and association staff to attend Swinburne University, and have sent mixed teams on overseas study visits (Interviewee 036: Executive, Port Phillip Housing). During the recent registration process, the OOH seconded a member of staff to CHFV to provide capacity. The Victorian housing association software was funded by the OOH, and many associations continue to manage



property portfolios on behalf of the OOH. Therefore, there are many institutional factors suggesting that Victorian public housing and housing associations form an organisational field.

However, from case study interviews, the field is less cohesive than it may first appear. Only one Victorian housing association employee in the case study organisations had transferred from the public to the housing association sector. The change of working environment was said to be ‘quite a culture shock’ (Interviewee 023: Executive, Port Phillip Housing). Melbourne housing associations recruit new staff from the private sector, with private real estate agencies a typical source of property managers. Housing association executives have been critical of the OOH’s registration procedures, calling for a less prescriptive approach. One executive believes the regulator is ‘confused about his role’ between funding and regulating housing associations (Interviewee 018: Executive, Melbourne Affordable Housing). Another is pushing so that housing associations will not become a ‘client sector of the public housing bureaucracy’ (Interviewee 078: Executive, Community Housing Victoria). Therefore the social housing field in Victoria is starting to become less strongly defined, as housing associations establish a clearer identity and push for more autonomy from their traditional patron, the OOH. This could result in housing associations becoming a more defined institutional sub-field.

By contrast in England, Mullins et al. (2001a: pp.609-610) observed an *emerging* social housing field encompassing public and nonprofit housing providers but considered it relatively weak, whereas the housing association sub-field has traditionally been strong with shared values and career paths. With the fast pace of change in English housing over the last eight years, seen particularly in the Greater Manchester case study (Chapter 3), the 2001 survey might need revisiting. Unfortunately the Manchester case studies can provide only partial guidance. With virtually no remaining public housing, and a social housing stock split between ALMOs and housing associations, the city region is atypical of England. Also, the only organisations surveyed in detail were housing associations, although one interview took place at an ALMO and the researcher has undertaken a separate study on this sector (Gilmour, 2009, forthcoming-b).

Greater Manchester ALMOs and housing associations work together through procurement partnerships, choice-based lettings (Bolton Community Homes, and evolving in other council areas), regeneration projects and the Manchester Salford Housing Market Renewal Partnership. Several key capacity building bodies involve both organisational types: CIH, HQN, NHC and NWHF. Only the NHC maintain a degree of separation, by restricting ALMOs to associate membership. Many of the larger Greater Manchester housing associations have similar

organisational structures to ALMOs, particularly the single-authority stock transfers housing associations in Tameside and Trafford. The Audit Commission inspect both organisational types, and cross-domain regulation is proposed by the TSA by 2010. The only significant difference between associations and ALMOs is financing, as the latter are restricted in undertaking new developments, although this is currently under review. From case study interviews with housing association staff in Greater Manchester, ALMOs were viewed positively; and seen as connected through the business and personal networks. An interviewee noted of Six Town Housing in Bury, 'one of my colleagues works with them and they're meant to be a really good ALMO, and they're trying to compete with the top housing associations' (Interviewee 133: Executive, Irwell Valley Housing). Irwell Valley also work with the Bolton at Home ALMO, through a council-initiated Forum for housing providers in the borough:

I think a lot of the ALMOs are getting more like the housing associations. We're building up relations, working together and doing partnership work with ALMOs ... They're certainly more open to discussions - you don't get the impression they've got a gun to their head. I think they'll move more away from the local authority ... They are turning that corner where they work very similar to us. I can't see them going back. They've had a taste of freedom (Interviewee 053: Executive, Irwell Valley Housing).

Therefore in Greater Manchester, where 7 of the 10 largest social housing providers are ALMOs (Table 7, p.82), and stock holdings overlap, close working between the organisation types is strong. Although the situation might be different in other parts of England, housing associations and ALMOs in Greater Manchester form a moderately strong social housing field. This is likely to strengthen further with the move to cross-domain regulation by the TSA, and the emphasis on a 'single conversation' between the HCA and local authorities.

### ***Isomorphism***

An important hypothesis of new institutional theory is *isomorphism*, the tendency of organisations operating in the same organisational field to become more similar. Isomorphism happens for a variety of reasons, sociological and economic: 'organisations compete not just for resources and customers, but for political power and institutional legitimacy' (DiMaggio & Powell, 1983: p.150). Isomorphism only takes place once an organisational field has become sufficiently established and distinct. Therefore the field definitions discussed in the previous section are important in understanding which organisations might become more similar, and when. The three mechanisms contributing to isomorphism identified by DiMaggio and Powell (1983) are shown in Table 56, illustrated with housing association examples. Coercive isomorphism is the

most familiar in the housing literature, normally exercised through shared regulation and financing. It can act both through direct rules, and the normative pressure to ‘professionalise’ by adopting business practices. By contrast ‘professionalism’, or the power of professional associations such as the CIH, is relatively ‘questionable’ (Mullins et al., 2001a: p.614).

**Table 56: Types and examples of isomorphism**

Type	Description	Examples
Coercive	Resource dependency (especially funding) from a small number of actors prompts organisations to behave in a way seen as appropriate by the resource provider. Organisations act in similar ways to be seen as legitimate. Coercive isomorphism can be both by force (such as legal sanction through regulation) and by persuasion	In England and Australia, a requirement of state funding is that organisations have skilled directors, submit regulatory returns etc. Bank lenders will require management accounts, a financial controller, outside auditors. In US, tax credit allocation is competitive so organisations must have high management and development skills
Mimetic	Some organisations become seen as leaders in their field, which others seek to emulate by copying their approach. Role model organisations are particularly valued at times of uncertainty and change (Jefferson & Meyer, 1991). Knowledge transmitted through staff movements, consultants, the Internet, articles and conferences	Bridge, Community Housing Victoria and Irwell Valley seen as ‘leaders’ in their city regions. Their executives are asked to present at conferences. Other organisations mimic their mission statements, board structures and tenant incentive policies. For example, copying Irwell Valley’s Gold Service by other housing providers
Normative	Similar approaches adopted due to a common set of assumptions established through professional training, career structure and networking. Normative isomorphism depends on how complete the ‘professionalism process’ is within an institutional field (for example, the sector’s proportion of professional staff)	Professional and trade associations, housing researchers, university courses (such as UC Berkeley) conferences and trade magazines are important normative forces. Ideas can transfer through staff secondment, changing jobs and the use of consultants and contractors. Trade associations may issue standard guidelines and procedures manuals
Source: Typology from DiMaggio & Powell (1983): pp.150-154. Text by Tony Gilmour.		

DiMaggio & Powells’ writing on isomorphism has been challenged, and subsequent academic literature presents a more nuanced approach. For example, with coercive isomorphism, organisations are not simply passive actors unquestioningly absorbing change from the wider environment. Greer & Hoggett (1999) described a housing association that manipulated their regulatory returns to avoid Housing Corporation demands to extend geographical coverage from its core inner-city base. Similarly, in a study on introducing private sector management techniques to US nonprofit organisations, Lindenberg (2001) found Porter’s ‘five forces’ business model was thought useful by senior managers, although ignored by staff who considered it inappropriate as they worked in a social environment. Coercive isomorphism may

lead to similar organisational practice but on a superficial level, much weaker than Weber’s ‘iron cage’ of bureaucratic control (Paton, 2003). Hence organisations may appear to isomorph, but appearances may be deceptive. Erlingsdóttir & Lindberg (2005) coined the term *isonymism* when organisations use the same names but practices remain different. An example of this was found during the case study research, with the contrasting role of board directors in commercial companies and housing associations, discussed in Section 5.2.

The three isomorphing mechanisms in Table 56 have been mapped across the case study city regions in Table 57, with reference to local social housing field definition. For example, in the San Francisco Bay Area the field definition is thought to include only housing associations, therefore the rating of coercive, mimetic and normative isomorphing mechanisms relates to this specific field definition (which is different to the field definitions used in Melbourne and Manchester). The most consistent isomorphing mechanism is coercive, important in all three city regions. Mimetic and normative mechanisms are less important, and vary more between cities. Overall, isomorphing forces are shown in Table 57 to be powerful in Manchester, but decreasing in Melbourne where housing association identity is becoming differentiated from the OOH.

**Table 57: City region isomorphing trends**

City region	Field definitions ( <i>strength</i> )	Isomorphing mechanism within defined field			
		Coercive	Mimetic	Normative	Overall
San Francisco Bay Area	Housing associations ( <i>strong</i> )	■■■■ -	■■■■■ -	■■ -	■■■ -
Metropolitan Melbourne	Housing associations and public housing ( <i>weakening</i> )	■■■ Decreasing	■ -	■ -	■■ Decreasing
Greater Manchester	Housing associations and ALMOs ( <i>strengthening</i> )	■■■■■ Decreasing	■■ -	■■■■■ Decreasing	■■■■■ Decreasing

Notes: ■ represents the relative importance of each isomorphing force in the three city regions.

In the Bay Area, coercive forces are mainly through tax credits and the professional standards required for negotiating with banks and investors. Mimetic mechanisms operate through the presence in San Francisco’s of California’s highest profile association, Bridge Housing. In the early 1980s Bridge brought a radical new approach to running a nonprofit ‘our philosophy has always been we need to run like a business, we need to be efficient like a business’ (Interviewee 099: Executive, Bridge Housing). However, this was not well received and when the previous interviewee moved to Bridge their former colleagues ‘thought I’d crossed to the dark side’:

When we started as a regional organisation it was blasphemy ... the idea that we had a President not an Executive Director, that Don [Terner] made everybody wear suits, be clean cut and try to be understandable to the financial institutions as opposed to the community advocates. We were a really odd duck in the nonprofit world (Interviewee 049: Executive, Bridge Housing).

This changed with other organisations mimicking Bridge's level of professionalism, their regional focus, and often their symbolic adoption of business attire. According to the same interviewee: 'I think the other regional developers have gotten over who we are just because in many ways they're more like us than not like us'. Practices were transferred through normative isomorphism, particularly with shared networks developed at UC Berkeley, and with Bridge Housing acting as a training school for project managers and senior executives of several medium-sized housing associations (Figure 24). As detailed in Chapter 5, Jim Buckley acquired skills at Bridge Housing before moving to Citizens Housing Corporation which he transformed from a local to a state-wide organisation, mimicking Bridge. Capacity building organisations, particularly NPH, brought Bay Area housing associations into coalitions, particularly in support of affordable housing Propositions. Here, Bridge and smaller organisations were united in a common cause: 'there are lots of situations when we're acting together, against a city or a state policy. We're advocating together for a permanent source of financing' (Interviewee 099: Executive, Bridge Housing).

The mimetic isomorphism exemplified by Bridge Housing in the Bay Area is not as significant in metropolitan Melbourne, as Community Housing Victoria has emerged only recently as a leader. It is too early to know whether their business approach of operating across states, and internationally, will be followed. However, the emerging model of a growth housing association, relying on commercial as well as state funding, is contributing to the weakening of the Victorian organisational field of public housing and housing associations in Table 57. With larger housing associations seeking bank finance, their shared grant-funded status with public housing is ending. Normative isomorphing through the growth of PowerHousing Australia is a factor helping to contribute to the emergence of a more distinct housing association sub-field.

The formation of PowerHousing, to represent entrepreneurial housing associations in Australia, raises the issue of whether the housing association sub-field is fracturing. This discourse is shared across the three countries. In the Bay Area the 'big 5' are seen to represent a regional 'super-league' of associations, linked to the 95 national growth developers through HPN (Table 48). In England housing associations have grown through merger to form very large organisations with over 10,000 properties: 'driven by development ambitions ... funding drifts to large scale organisations' (Rogers, 2005: p.11). London's G15, like PowerHousing and HPN,

cater for this new elite. Research on England (Mullins & Riseborough, 2000) and Ireland (Mullins et al., 2001b) confirms a split between entrepreneurial and community associations.

Case study research in the thesis can add a new perspective, particularly at city region level. Sector structure follows the broad pattern suggested by Malpass (2000a: p.210) of successive waves of new organisational formation, with many of the earlier organisations surviving. Malpass notes that disparities in size have long been a feature of England's housing association sector, with organisations such as the Peabody and Guinness Trusts significantly larger than fellow associations in the early part of the twentieth century. The industry concentration chart in Chapter 5 (Figure 22, p.184) shows a long tail of medium-sized housing associations in the three city regions. In the Bay Area, the growth associations have expanded by increasing the size of the sector, rarely by merging. Similar business models are adopted by both the larger ('top 5', including Bridge) and medium sized associations (including East Bay and Burbank Housing). In Melbourne, several growth organisations have enlarged through merger, mainly between medium sized organisations (Box 10, p.180). Greater Manchester's associations have, unlike many regions of England, been relatively unaffected by 'merger mania'. Their growth has been through progressive waves of public housing stock transfers. Hence the three city regions do not show the degree of polarisation between entrepreneurial and community associations that might be anticipated from national discourse in the US, Australia and England.

Care is needed analysing responses from this research project as all nine case study organisations have a development capability and are by definition in the entrepreneurial category. Growth through developing more than one or two properties requires market-based private finance, through tax credits and/or bank debt. Therefore whether an association considers itself to be entrepreneurial or traditional, if it develops new property it will act in a certain way: 'we're all fee-driven organisations, even the ones that might be more soft and squishy and huggable' (Interviewee 048: Executive, East Bay Housing). This suggests that a developing/non-developing housing association categorisation might be better than an entrepreneurial/community one, although this will require further research. Developing associations accessing private finance will tend to isomorph through coercive and normative mechanisms. Many associations undertaking development, such as Mosscafe Housing in Manchester and East Bay Housing in the Bay Area, remain modest in size and retain core community values. They would not, however, be seen as being in their city region's 'super league'. Therefore, from this study of three city regions, the fracture of the housing association sub-field might not be as deep as previously thought.

### *Capacity's Spatial Dimension*

The focus of this research has been on city regions. This final section in Chapter 6 considers whether this might be a useful frame of analysis for network capacity, acknowledging that conclusions will be tentative as other potential frames were not investigated. The spatial dimension of capacity has seldom been addressed in the housing literature. Only one study, of Ireland north and south (Mullins et al., 2003), has introduced a geographic framework although most organisational differentiation was based on the island's political boundaries. Given that networks function through inter-personal connection, and these are grounded within the areas where people progress their housing careers, the lack of local research is surprising. Each city region has a variety of special characteristics, that will result in subtly different outcomes:

I've talked to somebody in housing in Boston, somebody in housing in New York and each of their nonprofit sectors are completely unique and so it seems like there's a kind of organic culture of how the affordable housing segment has developed within each of those very different political, sociological and economic environments (Interviewee 065: Consultant, Bay Area).

Figure 24 showed how the movement of several key Bay Area housing executives has continued within the same city. Linked through connections made at UC Berkeley, or while working for Bridge Housing, a few individuals have acted as normative mechanisms of isomorphism (Table 56), transferring ideas and practices within the region. Similar examples of individuals remaining within a particular region, but progressing their career by moving between housing associations in a similar locale have been found in Melbourne and Manchester. Individuals build a strong personal network in the region, maintaining links with past and present colleagues:

Development staff always get together on a social basis. So I have people I still keep in touch with at Contour [housing association] and people that I keep in touch with at Harvest [housing association]... When people move around you do all keep in touch (Interviewee 117: Executive, Irwell Valley Housing).

There were few examples of individuals moving between regions within a country to progress their careers in the research interviews, although in Australia there had been several arrivals from England. Joan Ferguson, AHI chief executive, previously worked for a London housing association. Steve Bevington's background was running public housing for the London Borough of Camden before becoming, managing director of Community Housing Victoria. Prior to appointment as director, of Victoria's Housing Registrar in 2006 Anthony Hardy was business manager for England's Housing Corporation. Finally Michael Lennon, chief executive of Melbourne-based Housing Choices Australia, gained experience as chief executive of Glasgow

housing association and in New Zealand. Such staff transfers have the potential implicitly, or explicitly in the case of Victorian housing association regulation, to transfer ideas to Australia.

International knowledge sharing networks, other than through staff transfer, remain limited. One connection is through housing researchers who share ideas and build networks. The three invited key-note speakers at the 2005 Australian National Affordable Housing Conference were Professor Christine Whitehead from England, Dr Michael Stegman formerly of the US Department of Housing and Urban Development (HUD) and Carol Galante of Bridge Housing. Network connectivity is strongest where countries are close together, for example the European Network of Housing Researchers and CECODHAS, a European social housing liaison committee (Czischke, 2007). Direct international connections between housing associations are uncommon. Community Housing Victoria have operations in Timor-Leste and Chile, although they have fewer connections with nonprofit housing providers in developed countries (Box 14). Irwell Valley Housing are an exception, with their Gold Service product developed with US learning (Box 8, p.160). Their chief executive attends the National Association of Housing and Redevelopment Officials (NAHRO) conference and was awarded the John D. Lange International Award 'for his outstanding contribution to international understanding in housing and community development' in 2007 (Irwell Valley Housing, 2009). Irwell Valley have worked with Dutch housing associations Enschede and Beter Wonen on Gold Service, and are considering an Anglo-Dutch shared services partnership (Evans, 2005).

The spatial scope of the nine case study organisations is shown in Table 58. While some of the numbers and distances are rough approximations, general trends on location can be seen from the degree of shading in the centre of the Table. Only three organisations have reasonable coverage across their city regions: Bridge Housing, Community Housing Victoria and Melbourne Affordable Housing. However, the other associations with the exception of Trafford Housing Trust, have some presence across their city regions, although often quite modest. Two market-centric associations, Bridge Housing and Community Housing Victoria have significantly extended beyond their city regions. Bridge operate across California, although 83 per cent of properties are in the Bay Area. Community Housing Victoria recently acquired a medium-sized housing association in New South Wales, have development projects under discussion in other Australian states, and run overseas operations in Timor-Leste and Chile (Box 14).



#### Box 14: Community Housing Victoria - geographical expansion

Community Housing Victoria (CHV) has grown rapidly since founded in 1993 to become Australia's largest housing association, and the only one operating in different states, and internationally. CHV have broadened from their initial focus on housing disabled people to serve a wide range of low income tenants. Their current portfolio of just over 2,000 properties is forecast to grow by an extra 500 each year, helped with funding from Australia's National Rental Affordability Scheme. This is from a base of just 302 properties and 14.6 equivalent full time staff in June 2000. Their goal is to develop 1,000 new properties a year, the same scale of business as Bridge Housing, the US's second largest association. Such rapid growth is occurring in partnership with Lend Lease (developers), Westpac (bank) and MECU - Victoria's largest credit union, a members-owned cooperative promoting 'sustainable banking'.

From the late 1990s the association employed in-house design and construction staff, developing properties for the Victorian Office of Housing, local government, the private sector and other housing associations. This makes it the most vertically integrated case study association in this research, although many trade tasks such as plumbing and building work continue to be sub-contracted. CHV's rationale has been that vertical integration enables building properties specifically suited to the needs of people with disabilities, the elderly and Indigenous groups. Potential tenants are involved in the design process, and care is taken to produce properties that are environmentally and socially sustainable.

The decision for the association to provide affordable housing beyond CHV's home state of Victoria was in part due to the managing director's entrepreneurial approach. An employee (Interviewee 150) commented that the organisation 'needs innovation, it thrives on innovation. That's been a driver to enter new territory, and to do that well'. CHV's appointment of a manager based in New South Wales in 2007 was followed by the acquisition in 2008 of Mid North Coast Community Housing, an association with four local offices managing 700 tenancies. In other states, CHV is developing affordable units in Tasmania and South Australia, has applied for registration in Western Australia and the Australian Capital Territory. This growth is partially due to a perceived over-regulation in Victoria:

The Victorian Government had made decisions about how it was going to distribute funds, and these were restrictive ... so basically it was a reaction to the Victorian Government closing in and saying what we could or could not do. We've got capacity, we can create more capacity, we can operate on a bigger scale (Interviewee 150: Executive, CHV).

In a move to international growth, CHV have operated in Dili, Timor-Leste since 2004, employing 40 staff to build demonstration affordable homes, community facilities and refurbish police stations. Providing training and employment are key objectives, with a plan to employ as many as 600 people by 2011. CHV have invested A\$600,000 in Timor-Leste, cash generated from commercial income in Australia. In 2008 a further overseas operation started in Chile, employing 4 staff. The Valparaiso based team will both work on local affordable housing, and provide offshore design and drafting services for Australian projects to reduce costs. The operation is scheduled to expand globally:

Our strategy is to find countries that have housing need, which have extreme poverty, but are stable and have reasonable transparency and have prospects. And then move into those continents on a progressive basis each three years ... So the first continent after South East Asia is to move into South America, three years later to go into sub-Saharan Africa, then to confront South Asia (Interview 078: Executive, CHV).

The group's international expansion has not always been supported: 'the things around Australia one can understand, I think the thing in Venezuela and Dili take a stretch of the imagination' (Interviewee 150). The same individual questioned risk management in East Timor 'how do you maintain your controls and your probity issues in a country that's undergoing extreme volatility, and where the government itself doesn't know whether it's coming or going'. The latest analysis of failed housing associations by England's Housing Corporation (2006d: p.64), reported that one cause was when an association became 'involved in ambitious charitable work overseas, and neglected the financial management of its own core business'. Have CHV the capacity and controls to prevent this happening?

Sources: Chandler (2009); Community Housing Victoria (2006; 2007a; b; c; d; e; 2008a; b; c; 2009a; b; undated); MECU (2008); Milligan et al. (2004); Personal interviews; Phillips (2007; 2008); Werden (2008).

Although the case studies were not chosen to be a representative sample of housing associations in their city region, the cohesive geographies of the US and Australian case study organisations are probably not dissimilar to the wider sectors. The clear exception is Community Housing Victoria, who have a unique international business model. In England the situation is more complex as several larger associations operate nationally, for example in March 2008 the Places for People Group managed properties in 174 local government areas (Housing Corporation, 2008e). This type of group has not been selected as a case study in Greater Manchester. From Table 7 (p.82), of the 13 housing associations with most stock in Greater Manchester only one, Guinness Partnership, is a national group. Of the remainder, three operate across the north west, one in the north of England, and eight solely in Greater Manchester. Therefore, although the Manchester city region has been chosen as a ‘window’ to frame this research, no definitive conclusion can be drawn as to whether the city region or a wider area (such as north west England) is the most helpful spatial level to understand the social housing network.

**Table 58: Case study organisations - geographical scope**

Country & Organisation		Type	Local	City region	State/region	National	International	Areas	Km	LAs
US	Bridge Housing	Market	■	■	■			16 counties; 55 cities: 83% in Bay Area	900	71
	Burbank Housing	State		■				99.6% in Sonoma County; 0.4% Solano	100	11
	East Bay Housing	Community		■				83% in City of Oakland, rest in nearby counties	24	3
AU	Community Housing Victoria	Market	■	■	■	■		c.65% Victoria; 35% NSW; <1% Timor Leste	11,800 Chile	30 Est
	Port Phillip Housing	State		■				85% in City of Port Phillip; 15% Melbourne	10	2
	Melbourne Affordable Housing	Community	■	■				Most properties in central and inner Melbourne	40 Est	10 Est
EN	Irwell Valley Housing	Market	■	■	■			31% Trafford; rest in Gtr Manchester, except 0.5%	30	12
	Trafford Housing Trust	State						100% Trafford	12	1
	Mosscares Housing	Community	■	■				68% Manchester; 25% Stockport; rest in county	25	5

Source: Websites and latest annual report (where available) of the various housing associations.  
Notes: ■ operates in this area □ recently expanded to this area, or only has small presence. *Km* estimated distance, in kilometres, of the region served (for example, from the most northerly to the most southerly tip of the region). *LAs* number of local government areas served. *Est* estimate by researcher.

The expansion of Bay Area housing associations to new cities and counties is driven by a search for suitable development sites and financial support from local authorities. However, as shown by the example of two organisations, there are also reasons to stay local. East Bay Housing started schemes outside their core Oakland base as the city council was short of cash (Interviewee 098: Executive, East Bay Housing). The organisation is looking to expand in nearby Richmond and San Pablo, which have high levels of ethnic diversity and poverty, more closely resembling their home base. However, this is not always popular with local stakeholders: ‘it’s an on-going conversation with our board, getting them to think more regionally’ (Interviewee 048: Executive, East Bay Housing). Burbank Housing, based in Santa Rosa on the outer edge of the San Francisco Bay Area, have had similar debates about their spatial bounds. In the past Burbank tried working regionally, but faced problems in a scheme in the City of Hayward where their joint venture partner reneged on a contract. Their current strategy is just to work in Sonoma County: ‘it’s a whole lot easier, and better we think, to deal with things locally (Interviewee 040: Director, Burbank Housing). Here the organisation is well connected into the network:

‘We have more staff resources, more community level resources in terms of knowing the players. By that I mean at the political level ... Sometimes the personal connections can really be the things that creates opportunities (Interviewee 160: Executive, Burbank Housing).

Burbank, with 2,318 properties (Table 5, p.55) ‘are probably the largest of the nonprofits that have tried to stay within a community. Our community is the whole county’ (Interviewee 077: Executive, Burbank Housing). As shown in their rescue by local banks following a financial crisis in 2003 (Box 5, p. 143): ‘staying local means that we stay within the realm that we understand and know, and if we get into trouble we have means of working it out both politically and financially’ (Interviewee 040: Director, Burbank Housing). Being one hour’s drive from San Francisco is said to have created barriers to entry for other associations becoming major players in Sonoma County. The ‘big 5’ Bay Area associations have criteria about project size, and are said to be seldom interested in multifamily units with under 70 units involved. These are not characteristic of Sonoma County where few developments are more than three stories, even in the cities (Interviewee 077: Executive, Burbank Housing). Therefore although the discourse in the Bay Area makes frequent reference to the dominance of the ‘big 5’ regional associations, organisations such as Burbank Housing have successfully followed a different, more local approach. Similarly in Greater Manchester, the large national housing association groups have made minimal impact. All but one of the top 20 social housing providers in the county - the Guinness Partnership - have their head office in Greater Manchester.

Burbank Housing's position away from the centre of the Bay Area raises the issue of the relative advantage of housing organisations locating close to each other and to service providers. Porter (1998: p.197) describes clusters as 'geographical concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries and associated institutions'. While co-location of similar firms has long been casually observed, more recent research suggests how business clustering and the availability of support services might strengthen regional competitiveness (Porter, 2000). There has been little research on clustering by nonprofit organisations (Bielefeld & Murdoch, 2004). Joassart-Marcelli and Wolch (2003) used tax returns to map the location of southern Californian nonprofit social service providers against poverty indices, finding nonprofits serving poor families concentrated in locations with middle to high income levels. This reinforced earlier research by Wolpert (1993a) that nonprofits tend to locate in central city rather than peripheral areas due to the availability of wealthier donors and volunteers who wish to make an impact close where they live (Wolpert, 1993b), and to functional links that can be set up with other similar organisations (Lee et al., 1999). More recent research by Bielefeld and Murdoch (2004) found less consistency on location, with patterns of nonprofit clustering varying between US city regions due to local factors.

Research by Gilmour (2008a) identified a cluster of housing associations and capacity building organisations in central San Francisco. Most support organisations are in or close to the financial district (Figure 25). In part this may be due to their provision of hard-to-evaluate services, making a prestigious location important in enhancing legitimacy in the eyes of funders and supporters (Bielefeld & Murdoch, 2004). However, a more likely explanation is that location is determined by the sector's reliance on banks for loans and tax credit investment driven by the Community Reinvestment Act. As has been discussed, four support organisations (LISC, NPH, CHC, CHPC) co-locate at 368 Pine Street, with Enterprise nearby. There are similar co-locations at 995 Market Street (SFHAC, Habitat for Humanity) and in one of East Bay Housing's buildings in Oakland (Community Economics, EBHO). Co-location encourages networking: 'it's important to us that we're part of this housing sector fold ... It's good for us too as a small organisation to have a lot of resources at our fingertips (Interviewee 072: Executive based at 369 Pine Street). Housing associations are slightly more dispersed, with two of the Bay Area's 'big 5' outside the city. Bridge and Mercy Housing centrally located, and Chinatown CDC, TNDC and Mission Housing located in the communities they target in challenged inner-city areas.

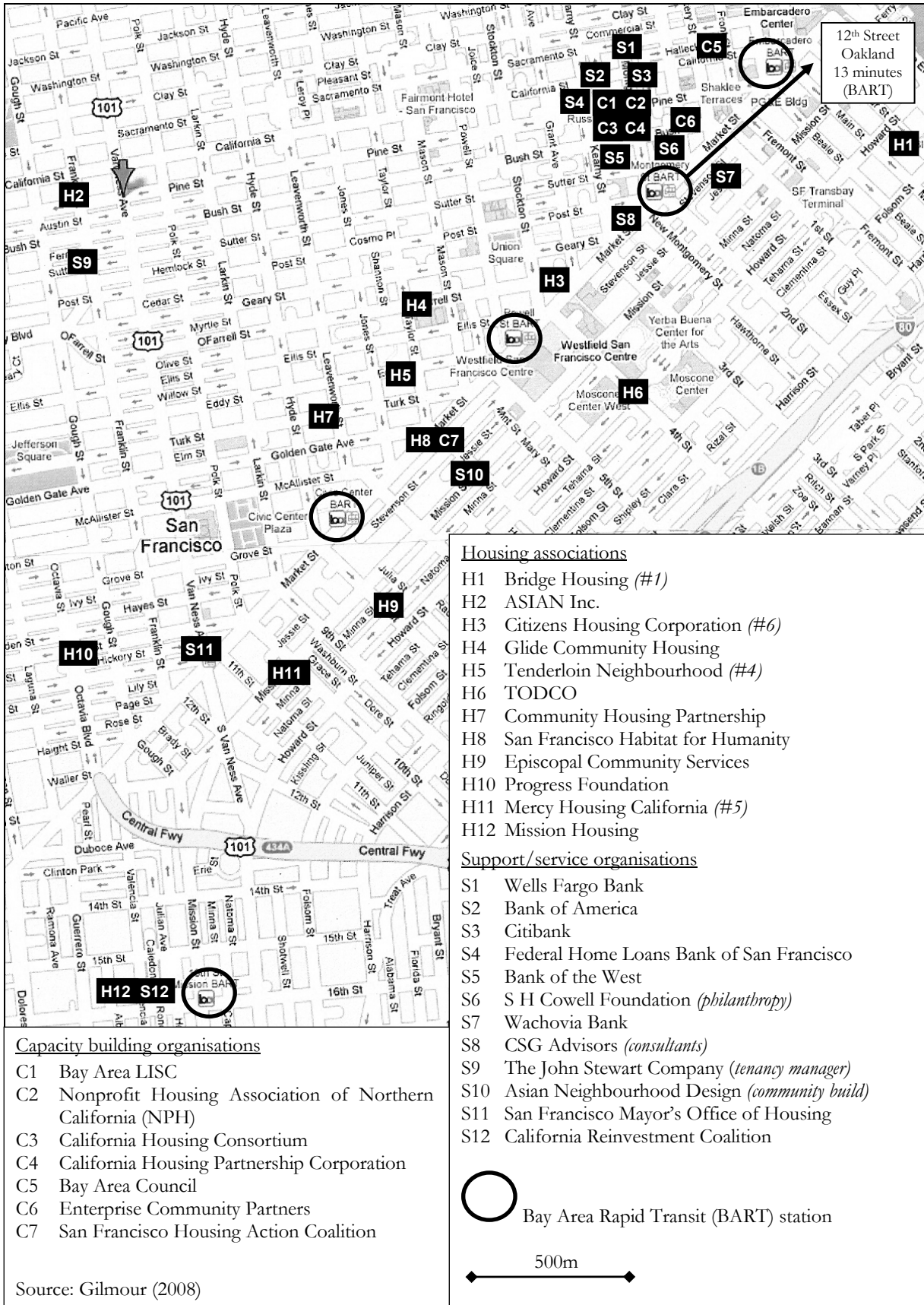


Figure 25: San Francisco capacity cluster

The high degree of clustering in San Francisco was not replicated in Melbourne and Manchester, and there was no evidence of co-location of support organisations. Housing associations in Victoria continued to be based in the location of their historical origin. The most dynamic organisation - Community Housing Victoria - is at Box Hill on the edge of the city, not convenient to the business district or the airport. In Manchester, the NHF and TPAS are also on the edge of the city, and other support organisations are some distance away in the north of England: HQN in York (90 kilometres) and NHC in Sunderland (170 kilometres). This research therefore supports Bielefeld and Murdochs' (2004) suggestion that nonprofit clustering will vary between cities. Therefore although capacity support has a spatial dimension, there is not necessarily a clear pattern emerging from the three city regions. Local factors such as the historic location of organisations, costs of office space and transport remain important.

## **6.4 Conclusions**

Network capacity is an important resource through which individual housing associations obtain support. The various actors such as trade and professional associations supply outsourced services ranging from consultancy and contractors to training and staff development. These are specialisations that small and medium sized, program-focused housing associations are probably unable to provide. Beyond meeting a specific need, these service organisations provide arenas where staff can exchange ideas and develop a shared understanding that their activities constitute 'a recognisable area of institutional life' (DiMaggio & Powell, 1983: p.148). Other actors identified in the network, by using snowballing techniques, include tenant and community groups, universities and hybrid organisations such as the Furniture Resource Centre in Liverpool or The John Stewart Company in San Francisco. Universities in each city region, though most evident at the University of California at Berkeley (Box 11, p.219), act as nodes in the city region network. These institutions train existing professional housing staff, encourage new students to enter the sector, provide research and consultancy and act as arenas where employees build their social network. In the San Francisco Bay Area, many of the key figures in housing associations and support organisations have links with UC Berkeley (Figure 24, p.218).

The dynamism and change in the role of housing associations described in Chapter 2 is reflected in the organisations that support them. In each of the three city regions there has been a growth in both the number, and type, of support organisations in line with the growing number and stockholding of housing associations. Traditional networkers such as trade

associations have adapted their role, with the San Francisco based Nonprofit Housing Association of Northern California and England's National Housing Federation (NHF) increasing their lobbying role. This has not been an option for Australia's Community Housing Federations who rely on government funding, unlike their counterparts in England and the US who generate significant commercial income from member service provision (Table 40, p.195). In Australia and England, and to a lesser extent the US, the 'broad church' professional associations face competition from organisations catering to niche groups of associations based on size or geography. For example PowerHousing Australia, the London G15 Group and US based Housing Partnership Network only cater for large, growth housing associations.

The diversity of traditional and networked capacity support organisations across the three city regions can be understood through the typology developed in Table 53 (p.239). *Conventional hierarchical* organisations such as Australia's Community Housing Federations rely on public funding and have a 'top-down' relationship to their members. England's NHF and Chartered Institute of Housing (CIH) have largely abandoned this model, becoming *conventional networkers* with diversified income sources and more of a partnership approach to their members. *Diversified networkers* such as LISC in the US and the Housing Quality Network in England focus more on service provision and network support. The fourth category of *virtual networkers* are informal groupings, often using web technology to keep their costs low. Australia's influential Tenant Support Network is based on an e-mail listing, and England's Airport Group is based on peer support between senior staff without the need for a constitution, officers or premises. The fastest growing and most innovative capacity support organisations are those adopting more networked, less hierarchical approaches. Hence the transition to network governance in social housing provision is neatly mirrored in the organisations that support organisations in the sector.

Using new institutional theory to build a conceptual framework of sector ('field') definition and boundaries, and considering if and why organisations within this field are becoming more similar ('isomorphing'), provides useful comparative insights. In the San Francisco Bay Area there remains a sharp divide between housing associations, public housing authorities and for-profit tax credit developers. This has led to a strongly defined housing association field. By contrast, Greater Manchester housing associations and ALMOs cooperate through procurement partnerships, choice based lettings and limited staff movement. This supports a strengthening social housing field in the Manchester city region, though this may not be true in many other English regions where ALMOs are less common. In Metropolitan

Melbourne there is a hierarchical relationship, with housing associations controlled by the state's public housing authority. There is evidence that the growing strength of Victorian housing associations, in part achieved through merger, is leading to a break down of the social housing field between public and nonprofit providers. In all three countries there is evidence to support a fracturing of the housing association field between growth and traditional providers.

Network capacity described in this chapter, and organisational capacity discussed in Chapter 5, are symbiotic. External networked organisations provide capacity through service provision and up-skilling for housing associations, enabling associations to focus on mission-driven activities. Associations provide support and assistance to their local peer group, with mimetic isomorphism encouraged through staff transfer and the use of consultants and contractors. Trade and professional associations arrange events which act as arenas where housing knowledge is shared, and career pathways built through inter-organisational transfers.





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# CHAPTER 7

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# CHAPTER 7: CONCLUSIONS

## 7.1 Key Findings

The extensive case study research across three countries provides a wide range of findings. In this section answers are provided first to the three research questions, followed by a brief exploration of the meaning of the term ‘network power’. Section 7.2 places the research more broadly into context, considering what frameworks could be used for further empirical investigation. Cross-national housing association research studies from an organisational perspective are uncommon, as is the application of network theory outside the European Union. These are both approaches where this thesis can assist future researchers.

### *Strengthening Capacity*

In Chapter 1 the principal research question was asked: *how can housing association capacity be strengthened to increase the supply of affordable rental homes for low and moderate income households?*

There are a wide variety of approaches to capacity building and one of the main contributions of this thesis is to provide an interpretative framework. A distinction has been made between the capacity of individual housing associations (organisational capacity) and the capacity of the wider affordable housing environment (network capacity). Most traditional approaches to discussing, strengthening and measuring capacity concentrate on organisational capacity (Section 5.1). This has limitations, particularly with the growth of networked forms of governance. Housing associations operate in a complex, connected environment, forming partnerships and exchanging information with a wide range of actors. Although organisational and network capacity are discussed separately in this thesis, in practice they are closely inter-related. Associations learn from each other, building strength through mimicking good practice, transferring staff and forming coalitions to lobby governments.

Organisational capacity is often seen as a set of attributes that housing associations possess, such as a mission statement, strategic plan, competent staff and clear governance policies (Table 22, p.116). From this perspective, capacity could be built by professionalisation, staff training and regulation. Light (2000) observed commercial management practices washing like ‘tides’ over the nonprofit sector, often accepted uncritically. While it is true that good management is important, there is a need for tools and techniques suitable for hybrid

organisations which balance commercial approaches and a social mission. Chapter 5 gives examples of terms such as ‘director’, ‘chair’ and ‘board committee’ having subtly different meanings in commercial businesses than in housing associations. Therefore, even the ‘traditional’ narrow approaches to building organisational capacity through professionalisation can be problematic when applied to the housing association sector.

Broader approaches to strengthening organisational capacity, for example through collaboration between housing associations, are important though rarely discussed in these terms (Table 38, p.178). Groups structures, mergers and procurement partnerships allow cost savings through economies of scale. In theory two associations could merge, replacing two bookkeepers with a more highly qualified finance director. This has been a major approach to capacity building for two of the Australian case studies, and asset transfers (of physical and human resources) from the public sector enabled Irwell Valley Housing and Mosscaire Housing in Manchester to reach critical mass. Recent innovations, from public-private-nonprofit partnerships re-developing troubled public housing estates through to arms length management organisations (ALMOs) running public housing in England, are taking a more strategic approach to role specialisation and vertical integration. These new approaches emphasise the role that sector structure plays in building an understanding of the capacity of individual organisations.

Collaboration and joint venture partnerships are examples of the inter-related business environment for the housing association case study organisations sectors in San Francisco, Melbourne and Manchester. Mirroring this is the ability of associations to strengthen capacity using support organisations that are themselves networked. This is not new. Professional and trade associations have a long pedigree, particularly in England. However, snowballing research techniques revealed a wider and more diverse range of network actors than envisaged. The emergence of a new generation of trade groupings, serving housing association differentiated by location or scale of operation, has placed pressure on existing support organisations. Many of these traditional organisations, such as the Chartered Institute of Housing (CIH) and National Housing Federation (NHF) in England, have partially transitioned from a membership model to one where lobbying and service provision are important (Table 54, p.240). The innovation of these capacity support organisations, and the formation of new groupings (both real, and virtual Internet groups) has not been researched previously. However, this study finds that these organisations are one key to strengthening housing association capacity through networks

The other component to networked capacity building is the emergence of new, or identification of existing, network actors in the affordable housing sector. In England, but less so in the US and Australia, tenants and community groups are part of the network (Table 46, p.222). In all three countries housing associations form strong bond with other nonprofits organisations, and with hybrid social enterprises such as the Furniture Resource Centre in Liverpool (Table 45, p.215). The University of California at Berkeley, and to a lesser extent the Universities of Salford (in Greater Manchester) and Swinburne (in Melbourne), are important in training, knowledge transfer and deepening local networks (Box 11, p.219). Similarly, consultants and contractors provide both practical resources for associations and help transmit knowledge.

Organisational learning is important. For example, recently formed housing associations can acquire property development expertise by employing a member of staff who has worked at a larger association, by using a trained contractor, or by joint venturing with a more experienced partner. Professional and trade associations will often arrange workshops and conferences where personal contacts are made. These ‘arenas’, to use a network theory term, are important and work best when relatively local to housing association staff. Few examples emerged from the case study interviews of employees moving beyond their immediate city region during their careers. Therefore a spatial dimension is important in understanding housing association capacity support, most clearly evident with the example of a ‘capacity cluster’ of related affordable housing organisations in central San Francisco (Figure 25, p.258).

### ***City Region Focus***

To help answer the main research question: *how do housing associations operate in each of the selected city regions, and are there common threads to approaches in San Francisco, Melbourne and Manchester?*

Chapter 3 provides the first detailed housing analysis of the three cities, using a consistent approach to identify tenure mix and to list the top 20 housing associations. City region profiles are rare, yet they provide a useful window to understand how the local networked environment in which housing providers operate. All three regions have a degree of administrative coordination, although generally weak. The Association of Bay Area Government (ABAG) and the Association of Greater Manchester Authorities (AGMA) are planning agencies spanning the most of the city region, although AGMA does not cover part of Manchester’s travel-to-work region. Their powers over housing policy are limited. Melbourne does not have a metropolitan authority, although is the seat of the Victorian Government and the dominant city

in the state. Administrative complexity is evident in the three cities, with different council areas, statutory authorities, public housing agencies and redevelopment bodies. This leads to a layering of partnerships and networks in which housing associations operate.

Possibly this administrative complexity is a reason for the case study organisations generally operating at sub-regional level (Table 58, p.255). With the exception of Bridge Housing and Community Housing Victoria, the researched associations operate across fewer than 12 council areas in a core area on average 35 kilometres end-to-end. Although the cases were not selected randomly, those in San Francisco stick to more cohesive regions while those in Melbourne are more willing to expand their geographic scope. In the wider housing association sector, national organisations are uncommon in England (although have large stock holdings), rare in the US (Mercy Housing is an example) and only one exists in Australia - Community Housing Victoria. From Figure 22 (p.184), the three city regions have a relatively large number of housing associations and are not dominated by a 'super league' which operate as an oligopoly. Statistical analysis and case study interviews show that San Francisco has a 'top 5' set of organisations although they are only a small step ahead of the middle tier. Manchester's housing providers are generally medium-sized and, with one exception, run locally (Table 7, p.82). This has been shaped by the public housing stock patters of individual councils, and the policies of the Cities of Manchester and Salford which have fragmented large housing portfolios.

The study of Greater Manchester provides an example of the importance of undertaking local studies, as the distribution of the city region's social landlords does not match the national discourse of housing association 'merger mania'. The city's social housing is dominated, in equal measure by locally run ALMOs and (again with one exception) locally run housing associations. These organisations network together, through procurement partnership, council coordination, regeneration initiatives and staff transfer (Section 6.3). Similarly there was support from Bay Area interviewees for the idea that San Francisco had a strong housing and support network, unlike Los Angeles where for-profit affordable developers dominate. San Francisco's 'capacity cluster' (Figure 25, p.258) was not replicated in the other two city regions. However, an area where there were similarities is the use of public-private-nonprofit partnerships to redevelop troubled public housing estates, into mixed tenure neighbourhoods. Examples are given in Chapter 2 of HOPE VI funds used at North Beach Place, San Francisco; public housing renewal at Kensington, Melbourne; and the Ardwick Private Finance Initiative (PFI) in Manchester. These schemes are examples of partnership working, with housing associations as one of the actors.

This study has demonstrated that city region analysis is valuable in defining a ‘window’ (Lavorel, 2004) through which to study the networked environment in which housing associations and support organisations operate. This is not the same as claiming that a city region is *the* key spatial unit through which to understand housing association capacity. Evidence from the three city regions is complex, and occasionally contradictory. San Francisco provides the clearest example of a cluster based on a city, though a more distantly located housing association such as Burbank Housing appears more weakly connected to support organisation in the city’s financial district. Melbourne, as the dominant city in its state, is a central focus for Victorian housing associations. However, it is not clear whether the network operates across the city region alone, or throughout the state. Finally Manchester is the most complex case study, perhaps reflecting the greater number, size and diversity of English housing associations. Some associations remain relatively local, others have moved well outside the city region. Manchester is the regional economic powerhouse, influencing activity not only in the city region, but in the north west and more widely the north of England. Similarly, Manchester is a node of housing association capacity support, but with unclear boundaries as to how far its influence extends.

Housing associations operate across several interconnected network layers, working with a variety of actors on different projects at neighbourhood through to regional level. As a result their spatial relationships are layered and complex. Beyond the city region, knowledge can be shared through partnerships which span greater distances. Bridge Housing is linked to national developments across the US through its membership of the Housing Partnership Network (Table 48, p.230), Irwell Valley Housing has forged links with Dutch housing associations (Box 8, p.161) and members of PowerHousing Australia share knowledge nationally although most operate in only one state (Table 49, p.233). For locally grounded associations that do not have direct access to these national or international links, such as East Bay, Port Phillip and Mosscares Housing, local connections with other housing associations allow institutional learning. Often this is through the process of mimetic isomorphism (Table 56, p.248).

### ***Capacity Approaches***

The final question posed in Chapter 1 is: *what is capacity, where are the capacity constraints in the three city regions, and what approaches are being used to strengthen capacity?*

In this thesis the working definition of capacity is taken to be ‘the capability of an organisation to achieve goals’ (Figure 18, p.114). These goals are influenced by a number of

actors, although policy makers are important, as discussed in Section 5.1. Capacity is a social construct rather than an objective fact. Therefore it depends on the perspective of the observer and it will vary over time and place. This is one of the reasons why research that has attempted to measure capacity is problematic (Table 23, p.122). Too often researchers have viewed the boundaries of the housing association as the confines within which to study capacity when, as networked organisations, associations 'build capacity from the inside while at the same time getting as much from outside sources as they can' (Glickman & Servon, 1998: p.502).

There are differences in the way that the discourse of capacity is constructed in the three countries. From research interviews and background reading, capacity constraints are of greatest concern in Australia. Here, capacity is thought by most small and medium-sized associations, public sector agencies and trade associations to be largely a problem that government should solve through increased funding. Some large organisations view capacity as an issue that can be addressed through entrepreneurial management and growth through mergers and developing new homes. In the US, capacity discourse is concerned about lack of funding for running core housing association tasks. Solutions vary, from raising state taxes (Proposition 1C), cross-subsidisation (Bridge Housing) to foundation philanthropy (Ford Foundation supporting Bay Area LISC). In England, capacity is less of a concern and thought of in a more networked way - community capacity, tenant capacity, lack of finance capacity in the banking sector.

Most capacity constraints that emerged during case study interviews related to shortages of organisational capacity, as this is the level at which capacity is most often constructed. Across the three city regions general staff were not in short supply, although turnover was thought to be high. More senior staff are more mission-driven, and turnover is lower. Where figures are available, chief executives are well remunerated (Table 28, p.135) and there have been no leadership changes in the case study associations over the last decade. With few exceptions, if staff move between associations it is within their city region. For specialised staff, finance directors do not require specialised sector knowledge, although need strategic business knowledge, particularly working on US tax credit transactions (Box 5, p.143). Most staff constraints relate to development specialists in the US and Australia where there is fierce competition with private sector employers and rising salaries. None of the case studies identified capacity constraints with finding board members, although there was a variety of approaches to types of director selected (Table 31, p.148) and board committee structure (Table 32, p. 149).

Capacity building approaches vary between organisations, although national differences have been found to be important also. For example, in the Bay Area direct grants are uncommon following the move to tax credits in 1986, except for small community organisations such as Tenderloin Neighborhood Development Corporation which receives support from the City of San Francisco. Philanthropy, particularly through corporate foundations, is important both directly and via intermediaries such as Bay Area LISC. Donors are usually linked with the housing association through directorships, or connected by undertaking joint ventures or providing professional services. These links build networks, allow organisational learning but, if not managed carefully, have potential for conflicts of interest. East Bay Housing are the only Bay Area case study to encourage individual donors, and this has been a recent initiative. Many US housing associations use 'self help' to strengthen capacity, by generating developer fees and, particularly with Bridge Housing, innovating with new sources of commercial income (Box 9, p.169). Mergers and procurement partnerships between associations are rare in the Bay Area.

The Australian case study organisations rely more on state funding for capacity building than their equivalents in the US or England. Most support is received indirectly. CHFV, Victoria's housing association trade body, receives 78 per cent of its income from the state (Table 40, p.195). In comparison, England's NHF receive only 3 per cent of income from public sources, and in San Francisco the equivalent body, NPH, are not state funded. Australia's national professional association for housing workers is 39 per cent state funded, compared to no public funding for the CIH (Table 42, p.206). Similarly, Swinburne University's graduate housing courses are 94 per cent funded by state housing authorities. The role of the Victorian state in capacity building is best exemplified by their employment of a Sector Capacity Building Manager, complete with a three year training budget of A\$250,000. However, associations have innovatively discovered ways to strengthen capacity without recourse to state dollars. Community Housing Victoria, Melbourne Affordable Housing and Housing Choices Australia have grown in scale and strength through merger and group structure initiatives (Table 39, p.179). PowerHousing Australia have plans for procurement partnerships, and Melbourne Affordable Housing receive philanthropic contributions from businesses and church groups

The Greater Manchester case study organisations increased capacity through state assistance, but less obviously than in Victoria. Robust support of tenant income through the social benefits system, together with stock transfers have allowed English associations to build strong balance sheets and cashflows. With a nurturing regulatory environment under the



Housing Corporation, with only one association (Ujima) ever permitted to fail, raising bank finance at low rates of interest has been possible. Though capacity has built steadily, from the Housing Act 1974 onwards, the future is less certain. The new funding and regulation regime introduced in December 2008 brings greater competition for grants, and the global financial crisis has raised borrowing costs and reduced opportunities for cross-subsidisation from market rate projects. English housing associations are professionalised, shown by an increasing trend to pay board members (Table 35, p.162), and entrepreneurial flair (Box 8, p.161). Although 'merger mania' was less of a feature for Greater Manchester's associations (Table 7, p.82), procurement and development partnerships have been used to reduce costs (Table 39, p.179).

### ***Network Power***

The research has reinforced the importance of housing association networks. However, with a focus solely on three city regions it is only possible to make tentative suggestions as to how the wider network operates and knowledge is transferred. The city regions proved useful windows through which to observe organisational activity. Localised staff movement, and relatively cohesive geographies of the case studies suggest a degree of city region cohesiveness (Table 58, p.255). However, the pattern is not always consistent - particular with the market-orientated organisations. Several capacity support organisations such as CIH and the Community Housing Federation of Australia have a national focus, supplemented by local connectivity. Important regional organisations such as Bay Area LISC tap into a national infrastructure, as do the larger Bay Area through the Housing Partnership Network. Some housing associations such as Irwell Valley have international links, though these are the exception. Network power is not just scaled at city region level. Successful housing associations, whether they operate in a single council area or over a wider district, connect to the network at multiple levels. Or, to paraphrase the title of an article written by East Bay Housing's executive director 'being global locally' (Lee, 2004).

Australia's approach to building its housing association sector has been influenced recently by the concept (if not always the fine detail) of US tax credits, and Victoria has mimicked many aspects of England's Housing Corporation's regulatory structure and funding approach. Mimicry is one of the three forces that can, according to network theory, lead organisations in the same sector to become more similar (isomorphism). Patterns of sector definition and isomorphism varied between the city regions (Table 57, p.249), with greater connectivity between housing associations and public housing in England, and to a lesser extent in Victoria. However, these broad social housing fields were generally weak. Commentators in all

three countries considered the possibility of a divergence between growth and traditional providers, though this is not clearly supported by the research findings, such as the degree of regional industry concentration (Figure 23, p.185).

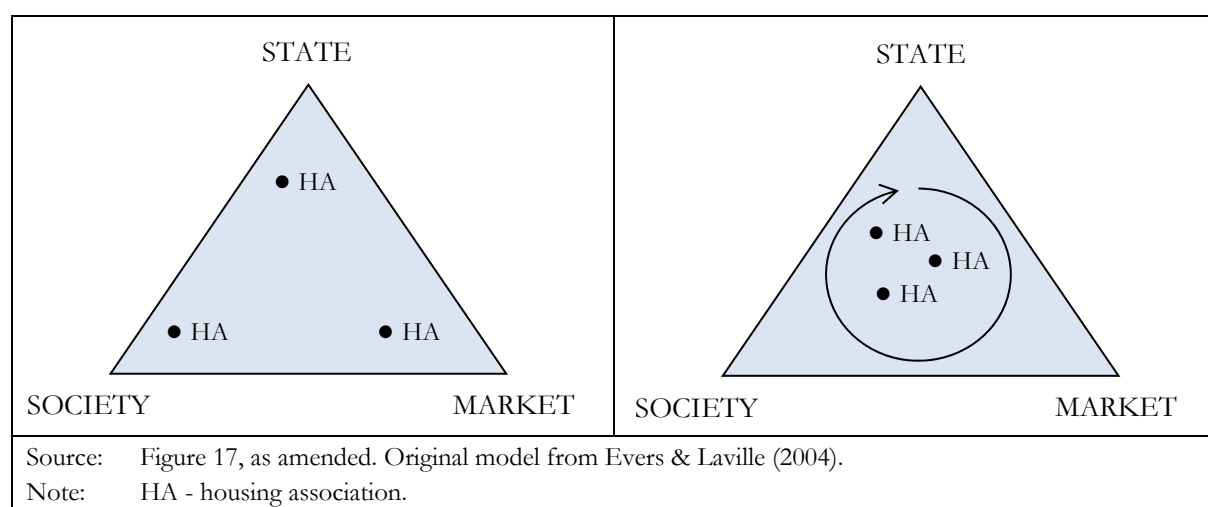
The move from hierarchical to networked forms of governance has been described as the rise of ‘network power’ where the state becomes one of a number of actors in social housing delivery. This has been evident in the fragmentation of housing providers in England with stock transfer to mainly new housing associations, and the expansion of provision of social housing by associations in the US and Australia. While in metropolitan Melbourne the public sector Office of Housing remains by far the largest social housing provider, public housing will soon be eliminated from Greater Manchester, and is fragmented and declining in the San Francisco Bay Area. In all three city regions governments have worked in partnership with the private sector to renew larger-scale troubled public housing estates. From the case study research, this move towards network governance does not suggest an abrogation of government power, more its exercise through other forms to ‘steer’ the network. The city councils of San Francisco and Manchester, and the Victorian state government, remain the most influential actors in their city regions. This supports the hypothesis of van Bortel et al. (2009) that the discourse of partnerships and networks may mask continuing state power. Networks are not necessarily flat structures, but may contain hierarchies with one or more dominant actors.

## **7.2 Building Theory**

The grounded theory approach was selected for this research project to enable new frameworks to be developed to better understand what housing associations are becoming and how capacity can be strengthened. This is inductive research, moving from specific observation to broad frameworks and ultimately theory. Following this logic, the findings of the thesis do not - and could not - result in specific recommendations on how to strengthen the housing association sector in a specific city region. Not even in a city region in the studied countries: US, Australia and England. Neither does the thesis allow direct comparison between city regions and organisations, for example to claim that the San Francisco housing association sector has higher capacity than Melbourne’s or that Irwell Valley Housing is better run than Trafford Housing Trust. These are normative judgements not research findings. However, what the thesis does achieve is to build theory and suggest frameworks for future deductive research.

## Organisational Models

Developing a series of tables and frameworks to present data and concepts has been a core analytical approach of the thesis. The original model used to select case study organisations is shown in the left diagram in Figure 26. One housing association was selected in each city region that had state, society or market characteristics (Table 10, p.96). Once selected, the organisations were investigated to determine patterns. The expectation was the model might be useful not just to identify cases, but to map trends across organisations of the same type in different cities. This did not prove to be true consistently. Two of the three market-centric associations engage in a broader range of development activity, but one does not (Table 29, p.138). The market-centric associations operated over a wider geographic area, although that probably reflects their size relative to other organisations (Table 58, p.255). However, board structures (Table 31, p.148), the use of volunteers and philanthropy (Table 35, p.162), vertical integration (Table 37, p.173), organisational collaboration and mergers (Table 39, p.179) and tenant participation (Table 46, p.222) were differentiated between case studies more by national influences than typology.



**Figure 26: Original and revised hybrid organisation model**

The mismatch of the information emerging through interviews with the original case study selection model could be due to the inappropriateness of the model, the selection of unrepresentative case studies, or to some mix of both. There has been open disclosure in Chapter 4 of the selection process (which included verification by locally based housing academics), and each organisation has been described in a text box. This allows the reader to

form an independent view of whether the cases are true to type. The researcher's view is that the selected organisations are appropriate, but that a revision is required to the framework.

While the Evers and Laville (2004) description of housing associations operating in the space between state, market and society can be represented graphically, it is near-impossible to place organisations in a particular space. The case study housing associations exhibited a complex layering of motives, depending on the task undertaken, and the viewpoint of the organisation varied depending on the person interviewed. For example, Bridge Housing is one of the most commercial associations in the survey, adopting market approaches to raise equity from the CalPERS pension fund, and cross-subsidising affordable housing with rental income from luxury retirement apartments (Box 9, p.169). However, it also provides accommodation at One Church Street for people with HIV/AIDS, and works closely with the City of San Francisco on both tax credit schemes and the HOPE VI/HOPE SF redevelopments of public housing (Section 3.1). During interviews, two Bridge Housing executives emphasised the continuing need to balance social mission with economic performance (Interviewees 049, 099).

These examples from Bridge Housing were replicated in other case study organisations, evidence of a complex mix of motives. Therefore a revised model is shown to the right in Figure 26. Housing associations are shown in the centre of the figure, less likely to have dominant characteristics of state, society or market. The arrow indicates movement. Associations may work in different ways on different projects, as with the Bridge Housing examples quoted above. Other approaches, such as Irwell Valley's Gold Service scheme, mix societal motives by improving tenant service, and market motives of incentives and penalties (Box 8, p.161). A housing association's stance may change over time, for example the transformation since 2005 of Trafford Housing Trust towards a neighbourhood focus (Box 1, p.27), or the involvement of the three Victorian associations in bidding for tax credits from 2008. This more nuanced interpretation of the Evers and Laville (2004) model is a useful outcome of the research.

The observation that national characteristics as well organisational type are common features connecting the case studies is significant. For example, in Table 46, (p.222) the English case studies show greater tenant involvement across all types than the US and Australian case studies. Hence, although there is a degree of convergence in housing association structures across countries as illustrated by similar legal and board structures, associations remain strongly influenced by state legislation and regulation. Tenant empowerment in England, although not without historic precedent, has been an important agenda item of the New Labour government

since 1997, driven by a social inclusion agenda and a need to gain support for the stock transfer and ALMO transformation of public housing. Similarly in the US, and more recently Australia, the encouragement of institutional investment in affordable housing through tax credits creates particular pressures on associations - whatever their organisational type. In the US, tax credits pressure both 'market' and 'society' type associations to continually seek new development projects to fund their central administrative costs.

Although the state remains influential in setting the context in which hybrid organisations such as housing associations operate, their regulatory tools are changing. Pollitt and Bouckaerts' (2004) New Public Management framework (Figure 2, p.20) suggests four categories for public sector reform: maintenance, modernisation, marketisation and minimisation. The three countries have all used *marketisation*, for example private finance and public-private-partnerships since the mid 1980s, and have *modernised* by professionalising the public and nonprofit sectors. In England *minimisation* through stock transfer has been important. Therefore, although all three countries have introduced changes, the public sector has been reformed in different ways. This is evident from diverse approaches to coordinating housing association activity. From the regulatory instruments listed in Table 3 (p.30), direct rules and regulations are becoming less important (although Victoria, if not necessarily other Australian jurisdictions, is an exception). Market orientated approaches are evidenced through the rise of regulation through contract (tax credits in the US and Australia), information disclosure (England, and the US) and housing provider competition. Hence the market-orientated expansion of housing associations, while containing common threads, has played out differently in three countries.

### ***New Frameworks & Further Research***

The conceptual framework in Figure 26 provided a useful starting point for the thesis. During the information gathering and data analysis stage, the researcher used or developed new frameworks to determine patterns and trends across the case studies. These should prove useful for housing scholars as a basis for further empirical research. The frameworks, tables and typologies within the main body of the text are brought together and briefly summarised below.

- *Regulatory instruments* (Table 3, p.30). Based on the Cave Review (2007b), the differentiation of intervention tools into eight categories, and presentation in a tabular format, enabled a readily accessible visual cross-national comparison.

- *Housing provider ranking by city region* (e.g. Table 7, p.82). Determining the top social housing providers in each city region proved one of the most useful tools to understand organisational dynamics. Ranking organisations is a far less common approach in the housing literature than analysing housing tenure. In Greater Manchester it provided for the first time an understanding of the strengths of ALMOs in the region, the recent formation of most of the large organisations and highlighted that 19 out of 20 have local head offices. Housing provider rankings allow assessment of the degree of regional industry concentration (Figure 23, p.185).
- *Case study analysis by type* (e.g. Table 29, p.138). Listing case study information in tabular format, differentiating between organisational type, was the principal method used for comparing and contrasting complex data-sets. The use of simple graphics such as tick symbols aids visual interpretation, enabling determination of trends and patterns.
- *Board committee typology* (Table 32, p.149). This new typology differentiates between governance approaches, which have been categorised as: corporate, delegated, mixed and participatory. Use of this typology helped highlight the innovative model used by Bridge Housing with authority delegated from board to board committees, and Trafford Housing which involve tenants as both board, and board committee, members.
- *State initiatives typology* (Table 33, p.153). This framework provides a new approach to understanding how the public sector influence housing association operations. With three types (finance, regulation and intervention) and nine categories, the typology emphasises the breadth of state involvement. It alerts researchers to a broader range of intervention mechanisms, for example association formation, management and coordination by local state agencies. This balances the housing literature which concentrates more on finance and regulation.
- *Management innovation typology* (Table 34, p.159). To understand in more detail the driving force behind the professionalisation of housing associations, this framework proposes three categories: stepped initiatives, reaction to strategic change and management innovation. This differentiation is important as it allows management to be more proactive in capacity building, potentially less reliant on public or philanthropic funding.

- *Commercial income typology* (Table 36, p.167). Based on two strategic dimensions (mission/non-mission and property/non-property), this typology allows classification of different approaches to generating commercial income. It helps to identify the extent to which diversification is moving housing associations away from their core activities.
- *Vertical integration* (Figure 21, p.171 and Table 37, p.173). The analysis of production components, disaggregating between property development, tenancy management and ancillary services, is believed to be the first application of value-chain theory to housing associations. It provides a framework to assesses the extent to which organisations are vertically integrated, and which services have been selected to be outsourced.
- *Collaboration typology* (Table 38, p.178). Developed by Davies et al. (2006b), this typology was used in Table 39 (p.179) to categorise the nine case study organisations' use of mergers, group structures and partnerships to achieve economies of scale. The increasing use of looser forms of collaboration is an example of the importance of networks.
- *Typology of capacity building organisations* (Table 53, p.239). This thesis provides the first comprehensive overview and cross-national study of housing associations' support organisations. They have been categorised into four types: conventional hierarchical organisations, conventional networkers, diversified networkers and virtual networkers. Used in Table 54 (p.240) this typology acts as a powerful analytical tool to find patterns among seemingly diverse networked organisations.
- *Field definition and isomorphism matrix* (Table 57, p.249). This approach compares the three city regions using a framework devised by DiMaggio & Powell (1983) to understand ways that organisations operating in the same sector ('field') can start to operate in similar ways ('isomorph'). This allows an understanding of how the affordable housing sector is structured in different cities, and which organisations are cooperating with each other.
- *Geographical scope comparison* (Table 58, p.255). The table uses simple metrics and graphical representation to compare and contrast the size of area in which housing associations operate. The majority of the case study organisations provide housing services at sub-regional level, though most are looking to expand their geographic base.

- *Capacity cluster map* (Figure 25, p.258). Charting the location of housing associations and support organisations on a city map provides clues as to how they network with each other. The approach allowed the identification of a ‘capacity cluster’ in San Francisco.

The above list offers a potential toolkit for future researchers. Options include using the same general approach as this thesis but selecting different cities and case study organisations, or selecting one or more typologies and using them for a larger number of cases. In England and possibly the US across a wider region than the Bay Area (but not Australia) organisations could be randomly selected. However, perhaps the most interesting research would be to replicate the methods of this study, but investigate organisations within city regions in the same country to try and control for national differences. In California, a study of San Francisco, Los Angeles and San Diego would contrast different approaches in the same state and include cities where there are fewer nonprofit providers. In England, organisations in medium sized regional cities such as Birmingham, Manchester, Liverpool and Leeds could be contrasted. Australia’s rapid pace of change and different state-based approaches is a continuing challenge, although a longitudinal survey of the three cases in this thesis would show the impact of changes at organisational level.

An alternative approach for researchers would be to use the techniques of the thesis but broaden the type of organisation investigated. This would provide a more informed perspective on the wider social housing field, allowing greater understanding of field boundaries. In the US, for-profit affordable housing developers could be included, together with ALMOs in England and consortia of cooperatives such as Common Equity Housing in Australia. Across the three countries the organisation structures created to manage public housing renewal would be of interest as many are classic hybrids, operating between state, market and society.

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On the basis of the extensive cross-national empirical research presented in this thesis, important insights have been gained on the shifting tectonic plates of contemporary governance. Operating in the space between market, state and society, housing associations are becoming important new guardians of publicly subsidised housing. This is being achieved not only through the skills of individuals working within organisations, but through partnering with traditional and emerging actors - their capacity strengthened through network power.





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# APPENDICES

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## APPENDIX 1: GLOSSARY

Housing terminology varies between the three countries in this study. The following is a brief summary of commonly used terms, abbreviations, housing institutions and administrative units in the United States (US), Australia and England.

Term	Country	Explanation
Affordable housing	all	In this study: publicly subsidised housing to rent or buy for people on moderate, low or very low incomes
Affordable Housing Network (AHN)	Australia	Web based network sharing information on low cost housing. Moderated by Shelter NSW
Airport Group	England	Informal trade association of 10 stock transfer housing associations in North West England
Arms length management organisation (ALMO)	England	Independent company managing but not owning council housing stock in England
Association of Bay Area Governments (ABAG)	US	Voluntary planning agency for the Bay Area, comprising 9 counties and 101 cities
Association of Greater Manchester Authorities (AGMA)	England	Non-statutory coordination body for the 10 local authorities of Greater Manchester
Association of Retained Council Housing (ARCH)	England	Trade association of English councils who retain ownership and management of council housing
Association to Resource Cooperative Housing	Australia	Trade association of housing cooperatives in New South Wales
Audit Commission	England	Government agency which inspects English councils and social housing organisations
Australasian Housing Institute (AHI)	Australia	Professional association for social housing workers in Australia and New Zealand
Australian Capital Territory (ACT)	Australia	Small administrative region based around Canberra, the national capital of Australia
Australian Housing and Urban Research Institute (AHURI)	Australia	Housing research organisation funded jointly by national and state governments and universities
Bay Area	US	Nine county metropolitan area including the cities of San Francisco, Oakland and San Jose
Bay Area Council	US	Trade association of 275 large employers based in the Bay Area
Bay Area Local Initiatives Support Corporation (LISC)	US	Bay Area operation of the nationally coordinated Local Initiatives Support Corporation
Black, Minority and Ethnic (BME)	England	Residents in the UK who are of a non-Caucasian ethnic ancestry
Bloc Partnership	England	Consortium in Greater Manchester to bid for Housing Corporation development funding
BlueCHP Consortium	Australia	Company formed by 5 New South Wales housing associations to undertake development

Term	Country	Explanation
California Housing Consortium (CHC)	US	Lobby organisation of builders, banks, nonprofits and others supporting affordable housing initiatives
California Housing Partnership Corporation (CHPC)	US	State established organisation helping public and nonprofit agencies retain affordable housing stock
California Tax Credit Allocations Committee (CTCAC)	US	State body that decides on allocation of tax credits across 10 sub-regions in California
Chartered Institute of Housing (CIH)	England	Professional association for employees in all sectors of housing in the UK and some overseas countries
City and County of San Francisco	US	Combined city and county local authority at the core of the wider metropolitan San Francisco area
City of Manchester	England	City council at the core of the wider Manchester metropolitan area
City of Melbourne	Australia	City council at the core of the wider Melbourne metropolitan area
City of Oakland	US	Local authority in one of the Bay Area counties, home to East Bay Housing
Commonwealth	Australia	In Australian politics, the term often used for the national government based in Canberra
Commonwealth Rent Assistance (CRA)	Australia	Nationally funded income supplement paid to eligible low income private tenants
Commonwealth-State Housing Agreement (CSHA)	Australia	Agreement between national and state governments on housing funds and priorities from 1945 to 2008
Community Development Block Grant (CDBG)	US	National grant funding to local authorities for affordable housing and anti-poverty campaigns
Community development corporation (CDC)	US	Nonprofit organisation providing affordable housing and other support services in a local area
Community Economics	US	For-profit consultancy providing advice on funding nonprofit affordable housing schemes
Community housing organisation	Australia	Nonprofit organisation providing affordable housing: similar term to housing association
Community Housing Federation of Australia (CHFA)	Australia	National trade association of state-based affordable housing trade associations
Community Housing Federation of Victoria (CHFV)	Australia	State trade association of housing associations operating in Victoria
Community Reinvestment Act (CRA)	US	1977 National legislation requiring banks to meet needs of all borrowers in communities they work in
ConsultCIH	England	Consultancy subsidiary of the Chartered Institute of Housing, established in 2006
Co-operative housing	all	Housing owned by a legal entity where shareholders or members granted the right to occupy a housing unit
Council housing	England	Affordable rental housing owned and managed by local authorities
CSG Advisors	US	For-profit affordable housing consultants, mainly on bond financing, with a San Francisco office

Term	Country	Explanation
Decent Homes Standard	England	Government commitment to bring social housing to a 'decent' standard by 2010
Defend Council Housing (DCH)	England	Lobby group opposing transfer of council housing from public ownership and/or management
Department for Communities and Local Government (CLG)	England	English government department responsible for social housing and other issues from 2006
Department of Housing and Urban Development (HUD)	US	National government department responsible for Public Housing Authorities and other issues
Department of Human Services (DHS)	Australia	Government department in Victoria responsible for social housing and other issues
English Partnerships	England	Regeneration organisation, merged into the Homes and Communities Agency on 1 <sup>st</sup> December 2008
Enterprise Community Partners	US	National nonprofit organisation providing finance and assistance, mainly for affordable housing
Executive Officer	US	Usually an equivalent role to a chief executive: the most senior full time employee
Fusion 21	England	Procurement partnership for housing associations and a local authority in Merseyside
G15	England	Trade association of 15 large London based housing associations
G320	England	Trade association of around London based housing associations with fewer than 1,000 properties
Gap financing	US	Grants and bank loans required in addition to tax credit finance to build new affordable housing
Geographical county	England	A geographical area, shown on maps, but without having an elected council or administrative powers
Government Office for the North West	England	Branch of central government based in Manchester, covering North West England, established 1994
Greater Manchester	England	Geographic county containing 10 local authorities, the most populous being the City of Manchester
HOME grant	US	National grant funding to local authorities towards expanding supply of affordable housing
Homes and Communities Agency (HCA)	England	English social housing and regeneration funder from 1 <sup>st</sup> December 2008
HOPE SF	US	Initiative of the Mayor's Office of Housing to redevelop public housing using HOPE VI principles
HOPE VI	US	National government initiative to re-develop problematic public housing projects
HouseMark	England	Performance improvement organisation of Chartered Institute of Housing & National Housing Federation
Housing association	Australia England	Nonprofit affordable housing provider, the generic term used in this study
Housing benefit	England	Financial support towards rental costs for low income tenants, paid direct to landlords

Term	Country	Explanation
Housing Corporation	England	Funder and regulator of English housing associations to 30 <sup>th</sup> November 2008
Housing Industry Association (HIA)	Australia	Trade organisation of mainly small organisations in the building and development sector
Housing Market Renewal Pathfinder	England	Nine government agencies created in 2002 in areas requiring regeneration, most in North England
Housing Partnership Network (HPN)	US	Trade association of 85 of the largest and fastest growing housing associations in the US
Housing Provider	Australia	A regulated housing association in Victoria allowed to manage but not develop new affordable housing
Housing Quality Network (HQN)	England	Consultants and member network of social housing providers located in North England
J V North	England	Consortium in Greater Manchester to bid for Housing Corporation development funding
Key worker housing	England	Affordable housing for lower income employees usually in the service sector - nurses, fire fighters etc
Large Scale Voluntary Transfer (LSVT)	England	Stock transfer of council housing to a housing association, normally for whole local authority area
Local authority	all	In this study: elected city, borough, county or shire administrative authority
Local Initiatives Support Corporation (LISC)	US	National nonprofit body providing support for community and affordable housing organisations
Low Income Housing Tax Credit (LIHTC)	US	Tax credit created by Tax Reform Act of 1986 to help fund development of affordable rental housing
Metropolitan Melbourne	Australia	Urban area around Melbourne, taken to be the Melbourne Census Statistical Division (Figure 10)
National Affordable Housing Agreement	Australia	Agreement between national and state governments on housing funds and priorities from 2009
National Association of Housing and Redevelopment Officials	US	Professional association and lobby group for affordable housing and strong communities
National Community Housing Forum (NCHF)	Australia	Partnership between governments and the nonprofit sector to promote housing associations (to 2006)
National Federation of ALMOs (NFA)	England	Trade association of Arms Length Management Organisations in England
National Housing Federation (NHF)	England	Trade association for English housing associations but not other social housing providers
National Rental Affordability Scheme (NRAS)	Australia	National tax credit incentive started in 2007 to boost the supply of affordable housing to rent
National Summit on Housing Affordability	Australia	Coordination and lobby group for affordable housing, influential in recent NRAS policy
New South Wales (NSW)	Australia	Oldest and most populous state in Australia, capital city Sydney
New South Wales Federation of Housing Associations	Australia	State trade association of housing associations operating in New South Wales

Term	Country	Explanation
Nonprofit Housing Association of Northern California (NPH)	US	Trade association and lobby group of housing associations, most based in the Bay Area
Nonprofit organisation	all	Third sector organisation not able to distribute surpluses to stakeholders, often with tax benefits
North England	England	Area comprising the North West, North East and Yorkshire/Humber regions of England
North West England	England	One of 9 administrative regions of England: includes Greater Manchester and Merseyside
North West Housing Forum (NWHF)	England	Lobbying group of councils and social housing providers in North West England
North West Regional Assembly (NWRA)	England	Forum of councillors coordinating policy in North West England - to be disbanded in 2010
Northern Housing Consortium (NHC)	England	Trade association and lobby group of social housing providers in North England
Office of Housing	Australia	Coordinator of social housing in Victoria, part of the Department of Human Services
Office of the Deputy Prime Minister (ODPM)	England	English government department responsible for social housing and other issues to 2006
Peak body	Australia	A trade association, usually part government funded and established to speak on behalf of a sector
Port Phillip	Australia	Local authority in metropolitan Melbourne, original home to Port Phillip Housing
PowerHousing Australia	Australia	Trade association of many of the Australian housing associations looking to develop new units
Private Finance Initiative (PFI)	England	A grant-aided joint venture between a council and private developers to renew social housing
Procurement partnership	all	In this study: an arrangement between social housing providers to jointly source supplies
Professional association	all	In this study: an organisation providing member services for people working in the same sector
Project	US	A spatially concentrated public housing scheme, often of high-rise construction
Proposition	US	Referendum at city, county or state level that is binding on the jurisdiction to which it relates
Proposition 1C	US	California referendum in 2006 permitting US\$2.9 billion (A\$4 billion) bond for affordable housing
Proposition 46	US	California referendum in 2002 permitting US\$2.1 billion (A\$3 billion) bond for affordable housing
Public housing	all	Affordable housing for rent, owned and managed by local or state authorities
Public Housing Authority (PHA)	US	Local public housing organisations and distributors of Section 8 vouchers, funded by HUD
Queensland (Qld.)	Australia	Third most populous state in Australia, capital city Brisbane

Term	Country	Explanation
Registered Social Landlord (RSL)	England	Nonprofit housing organisation, normally a housing association, register by the HCA
Registrar of Housing Agencies	Australia	Social housing regulator for the state of Victoria, part of the Office of Housing
San Francisco Housing Action Coalition (SFHAC)	US	Lobby group with diverse membership supporting increased housing supply at all price levels
San Francisco Housing Authority	US	Public housing authority covering the City and County of San Francisco
Section 8 vouchers	US	Financial support towards rental costs allowing tenants to choose and move between landlords
Social housing	Australia England	Publicly subsidised affordable rental housing owned and managed in the public or nonprofit sectors
Sonoma County	US	Local authority, one of the Bay Area counties, and home to Burbank Housing
Stock transfer	Australia England	Transfer of public housing, normally to a nonprofit or Private Finance Initiative organisation
Tax credit	Australia US	A financial incentive for investors to fund an activity with community benefits
Tenancy Management Organisation (TMO)	England	Arms Length Management Organisation where, typically, the majority of directors are tenants
Tenant Participation Advisory Service (TPAS)	England	Nonprofit consultancy aiming to improve tenants participation in social housing organisations
Tenant Services Authority (TSA)	England	English social housing regulator from 1 <sup>st</sup> December 2008
Tenant Support Network (TSN)	Australia	Informal network disseminating information on social housing issues to tenants and others
Tenants Union of Victoria (TUV)	Australia	Publicly funded organisation acting on behalf of social housing tenants in the state of Victoria
Tenderloin Neighbourhood Development Corporation	US	Housing association catering for extremely low income people in a poor area of San Francisco
Territory	Australia	Local authority, usually with elected members, having slightly fewer powers than a state
The John Stewart Company	US	For-profit organisation specialising in tenancy management of affordable housing schemes
Third Sector	all	Broadly understood as organisations and activities not part of the public or private sectors
Trade association	all	In this study: an body coordinating various organisations operating in the same sector
Trafford	England	Local authority in Greater Manchester, home to Irwell Valley Housing and Trafford Housing Trust
Victoria	Australia	Second most populous state in Australia, capital city Melbourne
VicUrban	Australia	State government land development and redevelopment agency for Victoria

## APPENDIX 2: RESEARCH INTERVIEWS

This appendix first provides details of people interviewed, their organisational affiliations when the interview took place and the location and date of the meeting(s). Comments in italics give a brief indication of the type of organisation where this is not apparent from its name. Former employment details are only given where they relate to case study and other directly relevant organisations. The designation 'Dr.' indicates that the interviewee holds a PhD.

### 2.1 United States

#### *Market-centric case study: Bridge Housing*

**Carol Galante**, President and Chief Executive Officer  
Director, Housing Partnership Network (*trade association*)  
Director, California Housing Consortium (*lobby group*)  
San Francisco, California. 15<sup>th</sup> and 19<sup>th</sup> October 2007

**Kevin Griffith**, Senior Project Manager  
San Francisco, California. 12<sup>th</sup> November 2007

**Rick Holliday**, Board Director and Co-founder  
President and Founder, Holliday Developments (*for-profit developer*)  
Emeryville, California. 13<sup>th</sup> December 2007

**Susan Johnson**, Executive Vice President - Property Management  
San Francisco, California. 12<sup>th</sup> November 2007

**Alan Stein**, Chair of Board and Co-founder  
Senior Managing Director, JMP Securities (*investment bank*)  
San Francisco, California. 14<sup>th</sup> December 2007

**Lydia Tan**, Executive Vice President  
San Francisco, California. 7<sup>th</sup> November 2007

**D Valentine**, Executive Senior Vice President and Chief Financial Officer  
San Francisco, California. 12<sup>th</sup> November 2007

#### *State-centric case study: Burbank Housing*

**Paula Ash**, Human Resources Manager  
Santa Rosa, California. 10<sup>th</sup> December 2007



**Dr. Bill Bowman**, Board Director  
Real Estate consultant  
Santa Rosa, California. 10<sup>th</sup> December 2007

**Martin Buchner**, Founding Director  
Santa Rosa, California. 10<sup>th</sup> December 2007

**Chuck Cornell**, Chief Financial Officer  
Santa Rosa. 11<sup>th</sup> December 2007

**Chaney Delaire**, Director of Housing Development  
Santa Rosa, California. 10<sup>th</sup> December 2007

**John Lowry**, Executive Director  
Santa Rosa, California. 12<sup>th</sup> November and 14<sup>th</sup> December 2007

**Annie McNeany**, Assistant Director of Property Management  
Santa Rosa, California. 10<sup>th</sup> December 2007

**Craig Meltzner**, Project Manager  
Santa Rosa, California. 10<sup>th</sup> December 2007

**Craig Saxon**, Asset Manager  
Santa Rosa, California. 11<sup>th</sup> December 2007

**Sandra Vargas**, Property Manager  
Santa Rosa, California. 10<sup>th</sup> December 2007

***Society-centric case study: East Bay Housing***

**John Benson**, Board Director  
First Vice President and Area Director, Washington Mutual (*bank*)  
Oakland, California. 6<sup>th</sup> December 2007

**David Dologite**, Director of Real Estate Development  
Director, East Bay Housing Organizations (*trade association*)  
Oakland, California. 4<sup>th</sup> December 2007

**Marcia Emerson**, Property Manager  
Oakland, California. 7<sup>th</sup> December 2007

**Charise Fong**, Director Neighborhood Economic Development  
Oakland, California. 11<sup>th</sup> December 2007

**Ed Isana**, Director of Property Management  
Oakland, California. 8<sup>th</sup> November 2007

**Lynette Lee**, Executive Director  
Oakland, California. 10<sup>th</sup> October 2007

**Mary Lucero-Dorst**, Director of Asset Management  
Oakland, California. 8<sup>th</sup> November 2007

**La’Netha Oliver**, Human Resources Manager  
Oakland, California. 7<sup>th</sup> December 2007

**Don Piyathaisere**, Director of Finance  
Oakland, California. 31<sup>st</sup> October 2007

**Deborah Taylor**, Director of Fund Development  
Oakland, California. 7<sup>th</sup> December 2007

### ***Stakeholders***

**Natalie Bonnewit**  
Contract Project Manager, Mercy Housing (*housing association*)  
Oakland, California. 16<sup>th</sup> October and 4<sup>th</sup> December 2007

**Dr. Jim Buckley**  
President, Citizens Housing Corporation (*housing association*)  
Former Project Manager, Bridge Housing  
San Francisco, California. 9<sup>th</sup> November 2007

**Tim Colen**  
Executive Director, San Francisco Housing Action Coalition (*lobby group*)  
San Francisco, California. 5<sup>th</sup> December 2007

**Dr. Fred Collignon**  
Associate Professor, City and Regional Planning, University of California at Berkeley  
Berkeley, California. 12<sup>th</sup> December 2007

**Cathy Craig**  
Senior Program Officer - Organizational Development, Bay Area Local Initiatives  
Support Corporation (*capacity building organisation*)  
Treasurer, East Bay Housing Organizations (*trade association*)  
San Francisco, California. 7<sup>th</sup> December 2007

**Joe Dietzen**  
Senior Vice President, Westamerica Bank  
Santa Rosa, California. 14<sup>th</sup> December 2007

**Don Falk**  
Executive Director, Tenderloin Neighborhood Development Corporation (*housing association*)  
Advisory Board Director, Enterprise Community Partners (*capacity building organisation*)  
San Francisco, California. 17<sup>th</sup> December 2007

**Amie Fishman**  
Executive Director, East Bay Housing Organizations (*trade association*)  
Oakland, California, 17<sup>th</sup> December 2007

**Matt Franklin**

Director, San Francisco Mayor's Office of Housing  
Berkeley, California. 6<sup>th</sup> December 2007

**Dr. Denise Gammal**

Director of Research and Evaluation, United Way of the Bay Area (*charity*)  
Managing Director, Stanford Project on the Evolution of Nonprofits  
San Francisco, California. 8<sup>th</sup> November 2007

**Chris Gouig,**

Former Director and Founder, Burbank Housing  
Executive Director, Housing Authority of Alameda County (*public housing*)  
President, Tenderloin Neighborhood Development Corporation (*housing association*)  
Hayward, California. 24<sup>th</sup> October 2007

**Rich Gross**

Vice President - California Acquisitions, Enterprise Community Partners (*capacity building organisation*)  
San Francisco, California. 5<sup>th</sup> December 2007

**Peggy Jen**

Senior Program Officer - Housing, Bay Area Local Initiatives Support Corporation  
(*capacity building organisation*)  
San Francisco, California. 28<sup>th</sup> November 2007

**Kathleen Kane**

Executive Director, Sonoma Community Development Corporation (*affordable housing and redevelopment agency, the main partner of Burbank Housing*)  
Santa Rosa, California. 14<sup>th</sup> December 2007

**Tom Lauderbach**

Housing consultant.  
Founder of Tenderloin Neighborhood Development Corporation (*housing association*)  
Oakland, California. 22<sup>nd</sup> October 2007

**Jeff Loustau**

Executive Director, California Housing Consortium (*lobbying organisation*)  
Former Director of Special Projects, Bridge Housing  
San Francisco, California. 29<sup>th</sup> November 2007

**Eric Olsen**

Consultant, CSG Advisors (*for-profit affordable housing finance consultants*)  
San Francisco, California. 5<sup>th</sup> December 2007

**Matt Regan**

Housing Director, Bay Area Council (*employers lobby organisation*)  
San Francisco, California. 31<sup>st</sup> October 2007

**Dr. Larry Rosenthal**

Executive Director, Berkeley Program on Housing, University of California at Berkeley  
Berkeley, California. 5<sup>th</sup> September and 7<sup>th</sup> November 2007

**Joel Rubenzahl**

Consultant and Founder, Community Economics Inc.  
Oakland, California. 17<sup>th</sup> December 2007

**Margaret Schrand**

Senior Vice President - Community Lending, Wells Fargo Bank  
Local Advisory Committee Member, Area Local Initiatives Support Corporation (*capacity building organisation*)  
Director, California Housing Consortium (*lobby organisation*)  
San Francisco, California. 17<sup>th</sup> December 2007

**Matt Schwartz**

President, California Housing Partnership Corporation (*lobby organisation*)  
Director, Housing California (*lobby organisation*)  
Director, California Housing Consortium (*lobby organisation*)  
San Francisco, California. 14<sup>th</sup> December 2007

**Dr. Michael Smith-Heimer**

Senior Vice President, The John Stewart Company (*for-profit tenancy manager*)  
San Francisco, California. 19<sup>th</sup> October 2007

**Diane Spaulding**

Executive Director, Nonprofit Housing Association of Northern California (*trade association*)  
Chair, California Housing Consortium (*lobby organisation*)  
San Francisco, California. 7<sup>th</sup> December 2007

**Peg Stone**

Affordable housing consultant  
Formerly with CSG Advisors (*for-profit affordable housing finance consultants*)  
Oakland, California. 15<sup>th</sup> October 2007

## 2.2 Australia

### *Market-centric case study: Community Housing Victoria*

**Steve Bevington**, Managing Director

Treasurer, Community Housing Federation of Victoria (*trade association*)  
Committee Member, Community Housing Federation of Australia (*trade association*)  
Box Hill, Victoria. 16<sup>th</sup> May 2008

**Kieran Larkins**, Coordinator Housing Services

Box Hill, Victoria. 13<sup>th</sup> June 2008

**Grant McNeill**, Manager - Homelessness Services  
Box Hill, Victoria. 10<sup>th</sup> June 2008

**Karine Shellshear**, Board Director  
Executive Director, Association to Resource Cooperative Housing (*trade association*)  
Sydney, New South Wales. 19<sup>th</sup> December 2008

**Vlad Steinberg**, Company Secretary and Finance Director  
Box Hill, Victoria. 13<sup>th</sup> June 2008

**Brett Wake**, Housing Services Manager  
Former Executive Officer, Community Housing Federation of Victoria (*trade association*)  
Box Hill, Victoria. 10<sup>th</sup> June 2008

**Patrick Yeung**, Manager NSW  
Liverpool, New South Wales. 18<sup>th</sup> December 2008

***State-centric case study: Port Phillip Housing***

**Tanya Armstrong**, Operations Manager  
St Kilda, Victoria. 14<sup>th</sup> May 2008

**Karen Barnett**, Chief Executive Officer  
Director, Community Housing Federation of Victoria (*trade association*)  
St Kilda, Victoria. 12<sup>th</sup> June 2008

**David Moeller**, Chair of Board  
Director and Co-founder, Affordable Housing Solutions (*consultants*)  
St Kilda, Victoria. 14<sup>th</sup> May 2008

**Steve Morris**, Finance Manager  
St Kilda, Victoria. 12<sup>th</sup> June 2008

**Darren Ray**, Director  
Councillor and former Mayor of the City of Port Phillip Council  
Melbourne, Victoria. 13<sup>th</sup> June 2008

**Kerry Riches**, Tenancy Management Officer  
St Kilda, Victoria. 12<sup>th</sup> June 2008

**Gary Spivak**, Board Director  
Housing Development Officer, City of Port Phillip Council  
St Kilda, Victoria. 14<sup>th</sup> May 2008

**Joy Tansey**, Tenancy Manager  
St Kilda, Victoria. 12<sup>th</sup> June 2008

### ***Society-centric case study: Melbourne Affordable Housing***

**Jan Berriman**, Chief Executive Officer  
Director, Community Housing Federation of Victoria (*trade association*)  
Melbourne, Victoria. 13<sup>th</sup> May and 12<sup>th</sup> June 2008

**Jacalyn Bodycoat**, Property Services Officer  
Melbourne, Victoria. 11<sup>th</sup> June 2008

**Beverley Dyer**, Finance Manager  
Melbourne, Victoria. 11<sup>th</sup> June 2008

**Dr. Kath Hulse**, Vice Chair of Board  
Associate Professor, Institute of Social Research, Swinburne University of Technology  
Director, Swinburne-Monash Research Centre of the Australian Housing and Urban  
Research Institute (*research organisation*)  
Carlton, Victoria. 19<sup>th</sup> June 2008

**Vicki Psaropoulos**, Community Housing Officer  
Melbourne, Victoria. 11<sup>th</sup> June 2008

**John Timmer**, Director of Property Development  
Melbourne, Victoria. 11<sup>th</sup> June 2008

**John Wardlow**, Board Director  
Principal, Lewis Holdway (*lawyers*)  
Melbourne, Victoria. 11<sup>th</sup> June 2008

### ***Stakeholders***

**Grant Belchamber**  
Senior Research Officer, Australian Council of Trade Unions  
Melbourne, Victoria. 20<sup>th</sup> June 2008

**Hal Bisset**  
Director and Co-founder, Affordable Housing Solutions (*consultants*)  
Former Chief Executive of Ecumenical Housing Limited, predecessor organisation to  
Melbourne Affordable Housing  
Melbourne, Victoria. 16<sup>th</sup> May 2008

**Dr. Terry Burke**  
Professor, Swinburne Institute for Social Research, Swinburne University of Technology  
Carlton, Victoria. 17<sup>th</sup> June 2008

**Joseph Connellan**  
Director, MC Two Pty (*consultants*)  
Former Executive Officer, Supported Housing Limited (*housing association*)  
Melbourne, Victoria. 15<sup>th</sup> May 2008

**Carol Croce**

Executive Director, Community Housing Federation of Australia (*trade association*)  
Research Panel, Australian Housing and Urban Research Institute (*research organisation*)  
Canberra, Australian Capital Territory. 14<sup>th</sup> April 2008

**Jim Davison**

Assistant Director, Australian Housing and Urban Research Institute (*research organisation*)  
Melbourne, Victoria. 10<sup>th</sup> June 2008

**Julian Disney**

Professor, and Director of Social Justice Project, University of New South Wales  
Chair, National Summit on Housing Affordability  
Sydney, New South Wales. 25<sup>th</sup> June 2008

**Heidi Dixon**

Project Director - Community and Affordability, VicUrban (*state land agency*)  
Founding Chair, Community Housing Federation of Victoria (*trade association*)  
Former Director, predecessor of Melbourne Affordable Housing (*housing association*)  
Docklands, Victoria. 12<sup>th</sup> May 2008

**Adam Farrar**

Executive Officer, New South Wales Federation Housing Associations (*trade association*)  
Committee Member, Community Housing Federation of Australia (*trade association*)  
Former Executive Officer, National Community Housing Forum (*capacity building*)  
Sydney, New South Wales. 6<sup>th</sup> June 2008

**Joan Ferguson**

Chief Executive, Australasian Housing Institute (*professional association*)  
Waterloo, New South Wales. 4<sup>th</sup> December 2008

**Carrie Hamilton**

Associate Director, Macquarie Bank  
Former Consultant, CSG Advisors, San Francisco (*affordable housing finance consultants*)  
Melbourne, Victoria. 11<sup>th</sup> June 2008

**Anthony Hardy**

Director, Office of the Registrar of Housing Agencies (*regulator*)  
Former Head of Regulation Unit, Housing Corporation, London (*regulator*)  
Melbourne, Victoria. 13<sup>th</sup> May 2008

**Sunny Haynes**

Senior Development Manager - Affordability, VicUrban (*state land agency*)  
Former Community Housing Officer, Irwell Valley Housing  
Docklands, Victoria. 12<sup>th</sup> May 2008

**Ken Horsham**

Acting Chief Executive and former Chairman and Director, Community Housing  
Canberra (*housing association*)  
Canberra, Australian Capital Territory. 14<sup>th</sup> April 2008

**Brian Howe**

Chairman, Housing Choices Australia (*housing association*)  
Professorial Associate, Centre for Public Policy, Melbourne University  
Former Housing Minister 1991-96 and Deputy Prime Minister of Australia 1991-95  
Former Chairman, Melbourne Affordable Housing  
Melbourne, Victoria. 12<sup>th</sup> May 2008

**Craig Johnston**

Principal Policy Officer, Shelter New South Wales (*trade association*)  
Coordinator, Affordable Housing Network New South Wales  
Sydney, New South Wales. 25<sup>th</sup> June 2008

**Chris Lamont**

Chief Executive - Policy, Housing Industry Association (*employers trade association*)  
Canberra, Australian Capital Territory. 27<sup>th</sup> June 2008

**Michael Lennon**

Chief Executive Officer, Disability Housing Trust (*housing association*)  
Former Executive Director, Australian Housing and Urban Research Institute  
Former Founding Chief Executive, Glasgow Housing Association, Scotland  
Former Chief Executive, Housing New Zealand Corporation (*state housing agency*)  
Melbourne, Victoria. 13<sup>th</sup> May 2008

**Robert Macbeth**

Manager - Social Housing Sector, Victorian Office of Housing (*state housing agency*)  
Melbourne, Victoria. 13<sup>th</sup> June 2008

**Garry Mallard**

Coordinator, National Tenant Support Network (*housing information network*)  
Director, Shelter New South Wales (*trade association*)  
Director, Australasian Housing Institute (*professional association*)  
Sydney, New South Wales. 26<sup>th</sup> June 2008

**Ken Marchingo**

Chief Executive Officer, Loddon Mallee Housing Services (*housing association*)  
Chairman, PowerHousing Australia (*trade association*)  
Melbourne, Victoria. 12<sup>th</sup> June 2008

**Mary Marshall**

Manager - Sector Capacity Building, Victorian Office of Housing (*state housing agency*)  
Melbourne, Victoria. 13<sup>th</sup> June 2008

**Mark O'Brien**

Chief Executive Officer, Tenants Union of Victoria  
Fitzroy, Victoria. 15<sup>th</sup> May 2008

**Brian Pound**

Executive Officer, Community Housing Federation of Victoria (*trade association*)  
Committee Member, Community Housing Federation of Australia (*trade association*)  
Melbourne, Victoria. 15<sup>th</sup> May 2008



**Ross Pritchard**

Director - Specialised Capital Group, Westpac (*bank*)  
Sydney, New South Wales. 25<sup>th</sup> June 2008

**Karen Sherry**

Project and Policy Officer, Community Housing Federation of Victoria (*trade association*)  
Melbourne, Victoria. 15<sup>th</sup> May 2008

**Pia van de Zandt**

Housing Advisor to Tanya Plibersek MP, Australian Housing Minister  
Canberra, Australian Capital Territory. 14<sup>th</sup> April 2008

## 2.3 England

### *Market-centric case study: Irwell Valley Housing*

**Liz Atkinson**, Assistant Director - Colleague Development  
Old Trafford, Greater Manchester. 29<sup>th</sup> September 2008

**Dan Doherty**, Managing Director - Property Investment  
Old Trafford, Greater Manchester. 12<sup>th</sup> August 2008

**Julie Fadden**, Board Director

Chief Executive, South Liverpool Housing (*housing association*)  
National Council Member, Chartered Institute of Housing (*professional association*)  
Speke, Merseyside. 1<sup>st</sup> September 2008

**Cath Kemmar**, Deputy Managing Director - Neighbourhoods  
Old Trafford, Greater Manchester. 13<sup>th</sup> August 2008

**Dr. Tom Manion**, Chief Executive  
Old Trafford, Greater Manchester. 29<sup>th</sup> July 2008

**Nigel Neary**, Chair of Board  
Partner, SAS Daniels (*lawyers*)  
Stockport, Greater Manchester. 14<sup>th</sup> August 2008

**Abid Riaz**, Neighbourhood Officer  
Old Trafford, Greater Manchester. 13<sup>th</sup> August 2008

**Ralph Rudden**, Director and Chair of Residents Committee  
Vice Chair Trafford Strategic Partnership (*housing and regeneration coordinators*)  
Old Trafford, Greater Manchester. 13<sup>th</sup> August 2008

**Anjam Shahazard**, Project Manager  
Old Trafford, Greater Manchester. 13<sup>th</sup> August 2008

**Sara Sharrock**, Managing Director of Finance  
Old Trafford, Greater Manchester. 13<sup>th</sup> August 2008

***State-centric case study: Trafford Housing Trust***

**Jacque Allen**, Head of Housing  
Sale, Greater Manchester. 30<sup>th</sup> September 2008

**Ian Belnavis**, Co-opted Board Director - independent  
Housing Performance Manager, Manchester City Council  
Manchester. 14<sup>th</sup> October 2008

**Joanne Bennett**, Board Director - council appointed  
Councillor, Sale Moor ward, Trafford Council  
Sale Moor, Greater Manchester. 17<sup>th</sup> October 2008

**Mathew Gardiner**, Chief Executive  
Director, National Housing Federation (*trade association*)  
Former Chief Executive, South Liverpool Housing (*housing association*)  
Sale, Greater Manchester. 30<sup>th</sup> September 2008

**Larry Gold**, Director of Resources  
Sale, Greater Manchester. 1<sup>st</sup> October 2008

**Elaine Johnson**, Head of Organisational Development  
Sale, Greater Manchester. 30<sup>th</sup> September 2008

**Steve Leathwaite**, Board Director - tenant  
Sale, Greater Manchester. 16<sup>th</sup> October 2008

**Jane McCall**, Director of Investment and Regeneration  
Sale, Greater Manchester. 30<sup>th</sup> September 2008

**Adrian Smith**, Neighbourhood Manager  
Sale, Greater Manchester. 1<sup>st</sup> October 2008

***Society-centric case study: Mosscafe Housing***

**Sefa Amesu**, Head of Development  
Moss Side, Greater Manchester. 14<sup>th</sup> October 2008

**Dave Bevan**, Head of Asset Management  
Moss Side, Greater Manchester. 15<sup>th</sup> October 2008

**Sue Corcoran**, Income Generation Officer  
Moss Side, Greater Manchester. 14<sup>th</sup> October 2008

**Rob Ferguson**, Housing Services Director and Deputy Chief Executive  
Moss Side, Greater Manchester. 14<sup>th</sup> October 2008

**Frank Jones**, Board Director  
Moss Side, Greater Manchester. 15<sup>th</sup> October 2008

**Sian Leighton**, Human Resources and Office Manager  
Moss Side, Greater Manchester. 15<sup>th</sup> October 2008

**Pam Schwarz**, Chief Executive  
Moss Side, Greater Manchester. 19<sup>th</sup> September and 15<sup>th</sup> October 2008

**Roy Walters**, Board Director and Chair of Audit Committee  
Councillor, Moss Side ward, Manchester City Council  
Director, City South Manchester Housing Trust (*housing association*)  
Former Lord Mayor of Manchester  
Moss Side, Greater Manchester. 15<sup>th</sup> October 2008

### ***Stakeholders***

**Gaynor Asquith**  
Director and Founder, Arc4 (*consultants*)  
Former Group Director North, Guinness Northern Counties (*housing association*)  
Manchester. 16<sup>th</sup> October 2008

**Richard Capie**  
Director of Policy and Practice, Chartered Institute of Housing (*professional association*)  
London. 19<sup>th</sup> September 2008

**John Carleton**  
Field Director North, Housing Corporation (*funder and regulator*)  
Head of Private Finance - Designate, Homes and Communities Agency (*funder*)  
Manchester. 19<sup>th</sup> September 2008

**George Caswell**  
Chief Executive, Bolton at Home (*arms length housing management organisation*)  
Executive Committee Member, North West Housing Forum (*lobby group*)  
Bolton, Greater Manchester. 30<sup>th</sup> September 2008

**Mike Creamer**  
Chief Executive, Contour Housing Association  
Salford Quays, Greater Manchester. 10<sup>th</sup> September 2008

**Tom Dacey**  
Chief Executive, Southern Housing Group (*housing association*)  
Chair, G15 Group (*trade association*)  
London. 20<sup>th</sup> October 2008

**George Davies**  
Head of Housing, Wirral Metropolitan Borough Council  
Chair, North West Housing Forum (*lobby group*)  
Birkenhead, Merseyside. 29<sup>th</sup> August 2008

**Yvonne Davies**  
Head of Housing - North, Audit Commission (*housing organisation inspectors*)  
Bolton, Greater Manchester. 15<sup>th</sup> October 2008

**Rodney Dykes**

Consultant and Founder, Bee Housing  
Manchester. 5<sup>th</sup> August 2008

**Ken Gibb**

Professor of Urban Studies, University of Glasgow  
Chair, Sanctuary Scotland Housing Association  
Glasgow, Scotland. 15<sup>th</sup> August 2008

**Fred Goymour**

Senior Director Housing Finance, The Royal Bank of Scotland  
London. 30<sup>th</sup> October 2008

**Tricia Grierson,**

Head of Retirement and Supported Housing, 'Johnny' Johnson Housing Association  
Chair, Chartered Institute of Housing North West Region (*professional association*)  
Poynton, Cheshire. 2<sup>nd</sup> October 2008

**Annie Hopley**

North West Regional Manager, Tenant Participation Advisory Service (*consultancy*)  
Former Head of North Region, National Housing Federation (*trade association*)  
Former Board Director, Irwell Valley Housing  
Manchester, 1<sup>st</sup> October 2008

**Derek Long**

Head of North Region, National Housing Federation (*trade association*)  
Old Trafford, Greater Manchester. 14<sup>th</sup> August 2008

**Jon Lord**

Head of Community Housing, Bolton Council  
Chief Officer, Bolton at Home (*arms length housing management organisation*)  
Bolton, Greater Manchester. 30<sup>th</sup> September 2008

**Julie Marsh**

Head of Service Development, South Liverpool Housing (*housing association*)  
Speke, Merseyside. 1<sup>st</sup> September 2008

**Alistair McIntosh**

Chief Executive and Founder, Housing Quality Network (*trade association and consultants*)  
London. 21<sup>st</sup> October 2008

**Deborah McLaughlin**

Director of Housing, Manchester City Council  
Executive Member, North West Housing Forum (*lobby group*)  
Regional Director North West - Designate, Homes and Communities Agency (*funder*)  
Director, Southway Housing Trust (*housing association*)  
Manchester. 1<sup>st</sup> October 2008

**Clare Miller**

Director of Regulation, Housing Corporation (*funder and regulator*)  
London. 22<sup>nd</sup> September 2008

**John Moralee**

Chief Executive, Northern Housing Consortium (*trade association*)  
Sunderland, Tyne and Wear. 3<sup>rd</sup> October 2008

**Alan Murie**

Professor of Urban and Regional Studies, University of Birmingham  
Edgbaston, West Midlands. 25<sup>th</sup> September 2008

**Brendan Nevin**

Consultant and Founder, Nevin Leather Associates  
Visiting Professor, Housing and Urban Studies Unit, Salford University  
Manchester. 29<sup>th</sup> September 2008

**Hal Pawson**

Professor, School of the Built Environment, Heriot-Watt University  
Edinburgh, Scotland. 17<sup>th</sup> August 2008

**Heather Petch**

Director, Housing Associations Charitable Trust (*voluntary sector organisation*)  
London. 23<sup>rd</sup> September 2008

**Sue Powell**

Secretary and Coordinator, North West Housing Forum (*lobby group*)  
Manchester. 10<sup>th</sup> September 2008

**Dr. Brian Robson**

Professor, and Director of the Centre for Urban Policy Studies, University of Manchester  
Manchester. 22<sup>nd</sup> August 2008

**Gavin Smart**

Assistant Director - Research & Futures, National Housing Federation (*trade association*)  
London. 6<sup>th</sup> October 2008

**Charlotte Smith**

Local coordinator, Defend Council Housing (*action group against housing privatisation*)  
Manchester. 2<sup>nd</sup> September 2008

**Andy Steele**

Professor of Housing and Urban Studies, University of Salford  
Salford, Greater Manchester. 1<sup>st</sup> September 2008

**Gwyneth Taylor**

Policy Director, National Federation of ALMOs (*trade association*)  
London. 6<sup>th</sup> October 2008

**John Wareham**

Chief Executive, Community Network for Manchester (*voluntary sector coordination*)  
Manchester. 29<sup>th</sup> August 2008

**Des White**

Vice Chair, North West Tenants and Residents Assembly  
Chair, Federation of Tenants and Residents Associations  
Bolton, Greater Manchester. 15<sup>th</sup> October 2008

**Dr. Christine Whitehead**

Professor of Housing Economics, London School of Economics  
Part time Director, Cambridge Centre for Housing and Planning Research  
London. 23<sup>rd</sup> October 2008

**Karl Wilding**

Head of Research, National Council for Voluntary Organisations  
London. 24<sup>th</sup> October 2008

**Dr. Peter Williams**

Director, National Housing and Planning Advice Unit (*government agency*)  
Director, CIHConsult (*consultancy arm of professional association*)  
Chairman, Thames Valley Housing Association  
Formerly Deputy Director General, Council of Mortgage Lenders  
London. 3<sup>rd</sup> September 2008

## 2.4 Interview Procedures

The interview procedures were carried out in line with the University of Sydney's Human Resource Ethics Committee dated 24<sup>th</sup> April 2007. For the nine case study organisations the first step was for the researcher to approach the housing association's chief executive or a senior manager by telephone or e-mail. If they agreed that their organisation would participate in the survey they were sent a letter and asked to sign and return. A meeting was then arranged at which the selection of people to be interviewed was discussed between researcher and the chief executive. Interview times and dates were normally arranged by a secretary at the organisation.

It was explained at the start of all interviews, whether with housing association staff or stakeholders, that participation in the research was optional. Interviewees were handed a Participant Information Sheet which clearly states that they were under no obligation to take part. Interviewees gave written consent at the start of the interview by signing the Participant Consent Form. They were then asked if they were prepared for the interview to be recorded. Discussions during the interviews have been treated in strict confidence, documentation and

recordings have been stored securely and matters arising have not been disclosed to other survey participants - particularly work colleagues.

The interviews were semi-structured with the researcher having a number of areas of interest that he wanted to explore. Questions varied according to the interviewee's current role in an organisation and their affiliations with other affordable housing institutions. The interview purpose was not to gather factual information that would be available from other primary and secondary sources, rather to fill gaps in knowledge and obtain value judgements. Open ended questions were asked where possible to elicit opinions on the workings of organisations and of the wider affordable housing sector. Sample questions are given in Section 2.5. It was a condition of the research that no information be published that might reveal the identity of interviewees. Accordingly each interview has been given a random number between 001 and 163. It is these numbers and a generic description of the type of organisation the interviewee works for that are included in the main body of the thesis. Where details are given about specific named individual, the information is available in the public domain not privately disclosed during the interview.

## **2.5 Sample Questions**

### ***Interviewee information - all***

- 01 Please describe your job.
- 02 How many years have you worked for your organisation?
- 03 Who else works in your team and how is it structured?
- 04 Have the activities and outlook of your team changed over the last five years, and if so could you let me know what the differences are?
- 05 Where did you work before joining the organisation?
- 06 Could you let me know where you have studied and whether you have a degree or a professional qualification?

### ***Strategy - case study organisation senior staff and board directors***

- 07 Are you aware of the organisation's mission and values statement? Do you think they are worded appropriately and does it help your organisation achieve its goals?
- 08 Has your organisation merged or been taken over by another organisation in the last five years? Please describe how and why this happened.

- 09 Is your organisation the right size, or do you think that it needs to grow? If so, what are the driving forces behind the increase in size?
- 10 Has the organisation changed the geographic area in which it does business over the last five years, and is it likely to change over the next five? Does the change in areas you serve make it easier or harder to run the organisation?
- 11 Do you think the organisation has the right balance between commercial and community based activities? Has the balance changed over recent years?
- 12 Do you think your organisation is good at strategic planning?
- 13 What capacity building programmes have been launched over the last five years? How would you rate their effectiveness and what were their strengths and weaknesses?

***Governance - case study organisation senior staff and board directors***

- 14 Do you think the organisation's board works effectively? Are there any changes you would recommend to make it work better?
- 15 Is your board skills based, and if so what are the skills you are looking to have represented? Are there certain fixed groups represented on the board - tenants, councillors, ethnic minorities or others?
- 16 Is the board the right size to function effectively?
- 17 Could you let me know the sub-committees of the board? How is information conveyed back to the board and who makes the final decision, particularly on new projects?
- 18 What is the relationship like between the board chairman and the chief executive? Have there been any issues or tensions over the last five years?
- 19 How do you recruit new board members, and is it difficult to find the right people?
- 20 Do you pay board members? If this is permitted in your country but you do not currently pay directors, might you consider this in the future?
- 21 Have there been any breaches of governance over last five years such as fraud, employee theft, forced resignations or dismissals of staff or directors?
- 22 Has the organisation received any bad publicity over the last five years?

***Accountability - case study organisation senior staff and board directors***

- 23 Who do you consider the organisation is accountable to? Is there a good relationship between the organisations and the groups it is accountable to?
- 24 Has there been an increase in the use of performance measures over recent years? Do you think that this has helped the organisation? Which performance measures do you find most useful?



- 25 Do you receive copies of management accounts, newsletters or other regular reports and are they helpful in letting you follow the progress of your organisation?
- 26 Do you think the organisation maintains a good relationship with its tenants? How is information conveyed to them? How are they able to take part in the running of the organisation, as directors or on tenant panels? Are there any changes you would recommend to make the relationship with tenants work better?
- 27 Do you think the organisation maintains a good relationship with donors and charitable foundations? Are there any changes you would recommend?

***Human resources - questions for relevant staff***

- 28 Could you show me your organisation chart and describe how it is structured? Has the organisation structure changed over the last five years, and if so - how?
- 29 If your organisation grew as a result of housing stock being transferred from the public sector, how many staff came across and on what terms and conditions? What proportion of these transferred staff are still with your organisation?
- 30 Is there difficulty recruiting and retaining staff, and in which part of the organisation?
- 31 For people joining the organisation, typically what is their background - public sector, private sector or other housing associations?
- 32 For people leaving the organisation, where do they normally go to - public sector, private sector or other housing associations?
- 33 Are the salaries you pay higher or lower than for equivalent roles in the public housing or private sectors? Do you formally benchmark salaries?
- 34 What other benefits do you offer staff, such as pension schemes, healthcare cover? How would these benefits compare with those offered by other housing associations?
- 35 Are there jobs in the organisation where you require formal qualifications? Do people benefit from having professional housing qualifications?
- 36 Is there a formal training program, and are courses run internally or externally? Who are your main external training providers, and how do you rate their service?

***Property management - questions for relevant staff***

- 37 How does your organisation structure its property management, particularly the different tasks involved in day-to-day maintenance and longer term asset management?
- 38 In general what is the quality of your housing stock? If relevant, does the stock meet 'decent homes' type standards set by the government?
- 39 Is the housing stock concentrated in particular areas or widely dispersed? How does this affect your ability to keep the properties properly maintained?

- 40 Who undertakes routine property maintenance - is it in-house or outsourced? If you use external contractors, how many and how are they selected?
- 41 What procedures are in place for ensuring that maintenance is carried out on time and to the satisfaction of tenant?
- 42 Is your organisation part of a procurement network for sourcing products or services at lower cost? Which other organisations are part the network?
- 43 What is the background of staff in your team, have they generally worked in the public sector, private sector or other housing associations?

***Property development - questions for relevant staff***

- 44 Could you provide a list of the current developments that your team is working on, showing location, size and type of property?
- 45 How many developments would typically be managed by a project manager?
- 46 How long would a typical project take from site identification to completion?
- 47 Are there particular problems in the areas in which you operate in sourcing new land for development? Is there spare land within the organisation's existing portfolio?
- 48 How does the relationship work between property development and longer term management? Is there are formal transfer process when a property is completed?
- 49 Who undertakes building design - is it in-house or outsourced? For external architects, how many are used and how are they selected?
- 50 Who undertakes property construction - is it in-house or outsourced? For external contractors, how many are used and how are they selected?
- 51 What is the background of staff in your team, have they generally worked in the public sector, private sector or other housing associations?

***Tenancy management - questions for relevant staff***

- 52 How many tenancies are managed by your organisation, and how many would be the responsibility of a single tenancy officer?
- 53 Are responsibilities for tenancy management allocated on a regional basis, and if so how are these regions determined?
- 54 Is the housing stock concentrated in particular areas or widely dispersed? How does this affect your ability to manage tenancies?
- 55 Are there neighbourhood offices or is all tenancy management centralised in your head office? What other services are provided through neighbourhood offices?

- 56 How are rent arrears detected? Could you talk me through the process from rent arrears to eventual court action, detailing timescales involved?
- 57 How many tenants are evicted each year, and what is the main reason for evictions?
- 58 What are the main ways in which tenants communicate with your tenancy managers - telephone, email, through neighbourhood offices, on estate walkabouts?
- 59 Which tenancy management software do you use, and is it effective?
- 60 What is the background of staff in your team, have they generally worked in the public sector, private sector or other housing associations?

***Finance - questions for relevant staff***

- 61 Could you describe your bank facilities? Are they provided through a number of banks, are they project specific, how long are the loans for and what interest rates do you pay?
- 62 Have your bank facilities become easier or harder to negotiate over the last five years?
- 63 Can you receive the banking advice you need from a nearby city or do you have to negotiate with a centralised lending unit at a distant location?
- 64 How does your organisation manage its financial and operational risks?
- 65 Are for-profit activities undertaken through a separate subsidiary? Could you explain the requirements in your country to maintain nonprofit tax status?
- 66 Which accounting software do you use, and how effectively does it interface with your tenancy management and management accounting packages?
- 67 Do you consider that the finance skills required in your team are relatively generic, or are there special features unique to the housing association sector?
- 68 Who prepares your regulatory returns? Could we discuss the various reports that are required and where they are sent to?

***Organisational networking - all***

- 69 If your organisation is part of a larger group? If so, how effectively do the various parts of the group work together and could you suggest possible improvements?
- 70 Are good links maintained with other housing associations, at home or overseas? How are these links maintained and does your organisation benefit?
- 71 Have staff joined from other housing associations or the private sector and brought useful knowledge and approaches with them over the last five years?
- 72 Are good links maintained with public sector housing providers? How are these maintained? How does your organisation benefit?

- 73 Does the organisation employ external consultants/contractors? Can you let me know the organisations involved and whether they are used for short or long term projects?

***Personal networking - all***

- 74 Have you attended any technical or professional courses relevant to your job over the last two years? How useful have these been and do you keep in touch with other people who attended?
- 75 Are you a personal member of any housing industry or non-profit association? How much useful information do you receive through your membership? Do these organisations arrange events close to where you work?
- 76 Have you attended any housing conferences over the last two years? Were the conferences useful and do you keep in touch with other people who attended?
- 77 Do you keep in touch with people that you worked with in the organisation prior to the one that you now work for?
- 78 Do you read any housing, nonprofit or business magazines? How useful are they in your work and in discovering best practice within the housing association sector?

***Stakeholders - non case study interviewees***

- 79 In the metropolitan area that I am researching, which housing associations do you think are most admired, and why?
- 80 How would you summarise the changes in activities and outlook of the housing association sector over the last five years? What have been the main drivers for change?
- 81 How effective do you consider the regulation of housing associations to be in your country? Are there examples of overseas practice working better?
- 82 How many housing associations do you have personal contact with in your country, and overseas?
- 83 Do you see mergers and joint ventures in the housing association sector starting to make a difference, and do you expect they will be a big factor in the future?
- 84 Can you recommend two changes the government should make that would best expand the housing association sector in your country?
- 85 Some commentators have said that there is a lack of 'capacity' in the housing association sector. What do you understand by capacity, and do you agree that it is a problem? If so, what two steps would you take to increase capacity?

***Closing Question - all***

- 86 Could you give me some names of other people who you think it might be useful to talk to for my research while I am the area?

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