AUSTERITY, STATE HOUSING AND PUBLIC LAND:

THE SHIFTING POLITICS OF

LOCAL HOUSING COMPANIES IN LONDON

By

ARETOUSA BLOOM

A dissertation submitted to the

School of Graduate Studies

Rutgers, The State University of New Jersey

In partial fulfillment of the requirements

For the degree of

Doctor of Philosophy

Graduate Program in Planning and Public Policy

Written under the direction of

Kathe Newman

And approved by

____

____

____

____

____

New Brunswick, New Jersey

JANUARY 2020

ABSTRACT OF THE DISSERTATION

Austerity, State Housing and Public Land:

The Shifting Politics of Local Housing Companies in London

by ARETOUSA BLOOM

Dissertation Director:

Kathe Newman

Set against a background of enduring austerity and an accelerating housing crisis, local authorities in London have started assuming a greater role in the land development process. Since 2012, a growing number of local authorities have established council-owned private companies to provide homes at a wide range of price points. The problem is that in the absence of subsides, few of the homes are at the lowest, social rents. Local authorities' revived role in housing production has in turn raised a series of questions about recent transformations in urban governance under neoliberalism and about the role of real estate therein.

Drawing on a historical and relational approach to urban political economy, this study documents the revived role of local government in housing production through an in-depth analysis of four local authorities in London, each illustrating the different drivers and motivations underpinning the use of housing companies in the capital. I investigate why, how, and to what end local authorities in London have started building and acquiring homes through local housing companies, and with what effects. In the process, I explore how the relations of risk and power associated with the ownership, financing and development of public land are

re-organized along the blurry line between the state and the market. The findings of this research are based on 24 in-depth interviews with key actors conducted between 2017 and 2019 and on the study of publicly available policy documents.

I find that housing companies have emerged out of a complex interaction of forces including deep cuts to local government, the defunding of social housing, the restructuring of the welfare system, the post-crisis boom in house and land prices, the deepening housing affordability crisis, and local authorities' access to historically low interest rates on their borrowing from the Treasury. At the local level, the extent to which local authorities commodify their property is contingent on several factors including their fiscal capacities, their access to land, the conditions of their local housing markets, their relationship to the development industry, and their political orientations. Some councils like Newham have monetized their land assets to generate a revenue stream for municipal purposes. Others like Croydon and Ealing are building homes for market sale or rent to cross-subsidize homes for households on their waiting lists for social housing. Enfield and Croydon have also acquired homes from the open market to let them to homeless residents.

Local authorities revived role as housing producers and land developers both supports and diverges from emerging theorizations of urban governance after the crisis. The marketization and commercialization of state-led housing provision have indeed heightened local authorities' potential exposure to market risks, such as an increase in interest rates or a downturn in rental markets. However, contrary to prevailing conceptualizations of the role of private finance capital in urban policy, local authorities in London have for the most part circumvented financial markets by borrowing directly from the central state. There are some exceptions. As seen in Croydon's partnership with an institutional investor, continuing austerity may push more local authorities to borrow from capital markets in the future.

Acknowledgment

First, I would like to thank my PhD advisor Kathe Newman for her incredible support, for her insightful contributions to the dissertation, and for her patience. She is an exceptional advisor and it has been an absolute pleasure working with her. I would also like to extend my deepest gratitude to all the other members of my committee, to Robert Lake, James DeFilippis, Brett Christophers and Phillip Ashton, for their invaluable comments and suggestions and for their thought-provoking questions. I am also extremely grateful to Sahil Dutta and Bjørn Sletto and again to Phil Ashton for taking the time out of their busy schedules to review the dissertation.

Thank you to my PhD writing colleagues Lee Polonsky, Amy Rosenthal, and Katie Nelson, who I had the pleasure of working with during the last two years of the dissertation, to Bloustein faculty members Robert Noland, Marc Weiner and Henry Cole for their support throughout the program, and to my colleagues and friends Nicolas Vergara, Gayatri Gadag, Sujee Jung, Da Fe, Sana Ahmad, Himadri Kundu and Lorena Guadiana.

I am most grateful to all the research participants who took the time to speak with me. Thank you also to Joe Beswick, Janice Morphet, Martha Mingay and Callum Ward for the helpful and stimulating conversations on local housing companies and London's housing and land politics.

And last but not least, a big thank you to my family and friends, to Amanda Rashid, Ioanna Tsoulou, Daphne Lundi, Heather Frambach, Christina Wirsching, Nazia Moner, Sophia Brenner and Phil Murray. Thank you for the laughs and support.

Table of contents

List of tables

List of illustrations

CHAPTER ONE

Introduction

Set against a backdrop of enduring austerity and an accelerating housing crisis, local authorities[1] in England have started building homes again after a period of 30 years. Instead of building homes directly, however, local authorities are establishing wholly-owned companies or 'local housing companies' in order to circumvent limits on their housing debt and in order to protect new homes from the 're-invigorated' Right to Buy scheme, the policy that enables the discounted sale of local authority homes to their tenants. The problem is that few of the homes built through local housing companies are state-subsidized, affordable homes for social rent. Most, instead, are homes for market or sub-market rent (Morphet & Clifford, 2017; Hackett, 2017). In the absence of subsidies for social housing and in the context of unprecedented cuts to local authority budgets since 2010, local authorities are building more expensive homes in order to cross-subsidize a smaller level of affordable units and in order to generate a long-term revenue stream for municipal purposes.

The state has then emerged as a housebuilder, but it has done so in a relatively convoluted and ambiguous manner. In addition to being a significant phenomenon for obvious historical reasons, the rise of local authority housing companies since 2014 has also given rise to a number of bigger questions, such as 'what is this'? How do we meaningfully make sense of the state's heightened engagement in land and housing markets at this moment in time? Is this for example, a form of 'roll-out' neoliberalism in the realm of affordable housing

[1]Local authorities are the primary administrative units of local government in the UK. Councils are the actual institutions of local government. I use the two interchangeably throughout this dissertation.

provision? Is austerity all that is at work here? Importantly, how do we make sense of the case in relation to larger transformations in urban governance and in urban political economy?

Scholars have started working through these questions. Critical accounts of municipal housing companies in England suggest that their use represents a new form of 'financialized' urban entrepreneurialism (Beswick & Penny, 2018; Harvey, 1989). Scholars are concerned for example that local authorities are increasingly treating their own land and housing as financial assets, enabling in the process the reproduction of an un-democratic form of urban politics (Beswick and Penny, 2018; Ormerod & McLeod, 2018; Harvey, 1982, 1989; Coakley, 199). A growing and diverse body of literature has grappled with similar issues in the context of broader shifts in urban governance in the lead up to and in the aftermath of the global financial crisis of 2007-2008. One concern is that cities are becoming increasingly reliant on financial markets, logics, and actors in the design and implementation of their policies (Lake, 2015; Ashton, Weber & Doussard, 2016; Peck & Whiteside, 2016; Peck, 2017). A final concern is that monetary policy is coming to play a growing and often unacknowledged role in the reproduction of uneven geographies after the crisis (Green & Lavery, 2017; Christophers, 2019b).

In this dissertation, I engage with and build on these insights and debates through an investigation of municipal experiments in public landownership and housing development in four local authorities in London. By drawing on a historically informed and relational approach to the study of urban policy, politics and governance (Jessop, 2016), I examine why, how, and to what end local authorities in London have started building and acquiring homes through council-owned companies. In the process, I explore how the social relations associated with the ownership, financing and development of public land and housing are re-organized along the uncertain boundary between the state and the market (Mitchell, 1991).

I argue that local authorities' revived role in housing and land markets cannot simply be analyzed as static instances of commodification or rent-maximization. Instead, I suggest that the extent to which local authorities privilege the monetary value of their land and housing is necessarily contingent on the shifting relations of power between state and market actors and between various institutional arms of the state itself. In developing this critique, I pay particular attention to how the content and form of urban governance in London has continuously evolved in relation to a rapidly changing and relatively tumultuous political and economic landscape in the UK.

In this introductory chapter, I provide a brief overview of local housing companies (LHCs) and the context for their emergence. I then outline my approach to the study of local housing companies and present my central findings and arguments before outlining the structure of this dissertation.

The rise of local housing companies

The historical context for housing companies

The rise of local housing companies in London and England more generally represents an important shift in the role of the state in housing and land development. From the interwar period until the 1970s, local authorities were the primary providers of social[2] housing in the UK. Breaking with the post welfare settlement, the 1970s and 1980s marked a turning point in the politics of housing and welfare. Private rents were de-controlled, council homes were sold-off[3] through the Right to Buy scheme, and local authorities lost their power to build and invest

[2]Social housing in the UK is subsidized affordable housing provided by housing associations or local authorities. Rents range from 40 percent to 65 perecent of local market rents (Hackett, 2017). Social homes are allocated on the basis of need to residents eligible for social housing. Priority for example is given to residents living in overcrowded homes or in unsafe conditions. Eligibility is primarily based on nationality and immigration status.
[3]Around two and half million council homes have been sold through the Right to Buy since the 1980s.

in housing. From there on, housing associations—until now a peripheral group of philanthropic societies and voluntary organizations—began replacing local authorities as the primary providers of housing. Government grants were diverted to housing associations and they were allowed to borrow from financial institutions without their debt classified as ‘public’. Under Tony Blair’s administration in the 2000s, local authorities were pressured to sell their stock to housing associations to access national subsidies for the refurbishment of social homes.

This privatization of council housing was always partial, however (Hodkinson & Robins, 2013). By 2010 local authorities still owned 1.7 million council homes and just under half of the total social housing stock in England (Ministry of Housing, Communities & Local Government [MHCLG], 2019b). In 2012, after years of lobbying central government, local authorities were finally given the power to retain the rental income from their existing stock and to borrow against it to start building homes again. But these new freedoms did not come without constraints. The Conservative-led coalition government, known for their opposition to council housing, imposed strict debt limits on local authorities and re-instated the contentious Right to Buy policy. Throughout the next five years, a growing number of local authorities across England began setting up municipal companies. In the context of a relatively turbulent political and economic environment, the content and form of local authorities’ engagement with housing and land markets has changed over time. Below I briefly explain the key turning points in the evolution of the phenomenon.

The rapid evolution of local housing companies since 2014

In 2014, when local authorities first started establishing municipal companies to provide housing there was a feeling that austerity had perhaps revived an oppositional form of local politics in the UK. By circumventing the strict limits on their borrowing for housing and by shielding new properties from the Right to Buy policy, local authorities had found a way to provide a form of ‘public’ or ‘council’ housing by disguising it in the market.

Writing for *The Guardian* in 2014, journalist Aditya Chakrabortty described how the London Borough of Enfield had set up a company to buy properties from the open market and lease them directly to homeless residents living in emergency accommodation in the private sector. Rather than paying “profiteering landlords” for nightly accommodation, the council had taken the provision of emergency housing into its own hands and had started providing homes again for the first time in 30 years (Chakrabortty, 2014). The council had also defied central government policy, by making sure that any new properties would not be sold off through the Right to Buy policy. For Chakrabortty, Enfield had responded to a housing and economic crisis not by outsourcing services like its neighboring borough Barnet, but by “trying to compete in the market to secure things the market isn’t delivering for its residents,” something that nevertheless came with significant “political and economic risk” (Chakrabortty, 2014).

By 2016, architectural and housing journalists were enthusiastically writing about the way in which councils were building housing again through a range of methods. Architecture critic Olly Wainwright wrote in The Guardian that contrary to “endless stories of councils in bed with developers” and of local authorities “flogging off land to the private sector,” London boroughs like Hackney and Camden were starting to provide council housing using a cross-subsidy system “‘without a single developer in sight,” while others like Croydon and Newham had set up housing companies to build homes for market and affordable rents. Despite a reliance on demolition and ‘densification’ strategies, for Wainwright councils building again was ultimately a good thing, because it marked an apparent shift in the locus of power from the development industry to local government (Wainwright, 2016, 2017).

By the end of 2016, nearly a third or about 150 local authorities in England had set up a housing company or were in the process of doing so (Barnes, 2016). As independent organizations, journalists and researchers started tracking councils' motivations, what began to emerge was that local authorities were not just building homes to meet local need. They were also developing their land to generate a financial return to help pay for public services in the context of austerity (Hackett, 2017). A study conducted by the center-left *Smith Institute* revealed that over 70 percent of councils surveyed[4] had set up a company in order to generate a financial return to the council, followed by 64 percent who wanted to provide more affordable housing (Hackett, 2017).

It is important to note here that local authorities faced one principal advantage. They were able to borrow at historically low interest rates from the Public Works Loan Board, the arm of the Treasury responsible for lending to local authorities. Because of the low cost of credit from a public source, housing commentators among others raised concerns about whether local authorities should be borrowing to build homes at market rents rather than social housing, and indeed, whether this was the best use of public land (Perry, 2015).

Media scrutiny also started to fall on a parallel, related phenomenon, which is councils' acquisition of commercial properties: drawing on the same cheap borrowing powers that had driven the rise of local housing companies, councils were acquiring commercial properties like shopping malls and office blocks purely for investment purposes. Writing for the *Financial Times*, John Plender (2017a) described the way in which the rise of local authorities' commercial property investments represented "an absurd circularity": central government had with "one hand" imposed austerity on local government, and with the other facilitated a borrowing binge fueled by historically low interest rates, helping local authorities "mitigate that same austerity" (Plender, 2017a).

---

[4]74 councils responded to the survey conducted by the Town and Country Planning Association. Multiple answers were provided for the question on local authorities' motivations for setting up housing companies (Hackett, 2017).

Finally, in 2018 the climate started to shift as social housing was brought back to the fore of public debate. A number of events had contributed to this altered climate. They include the turn to the left in the Labour party under Jeremy Corbyn's leadership, the devastating Grenfell fire which took the lives of 72 people in 2017, the ongoing battles over the demolition of public housing estates in London, and the growing homelessness crisis in the capital. Set against this background, the local elections in May 2018 pushed local authorities to pledge that they would build more housing affordable to low-income Londoners. In 2018, the new Mayor of London Sadiq Khan also introduced some subsidies for local authorities to build homes at the lowest social rents. Large local authorities with active housing programs and large landholdings were the prime recipients of this funding.

Then, in October 2018, Theresa May declared that austerity was "over" and that the borrowing cap for housing—the same cap that had pushed local authorities to set up companies—would be lifted (BBC News, 2018). The borrowing cap was holding councils back, May had argued. It did not "make sense to stop councils from playing their part" in solving the housing crisis, "the biggest domestic policy challenge in our generation" (BBC News, 2018). Housing commentators were quick to note, however, that without significant subsidies and with the Right to Buy policy still in place, local authorities were likely to continue building through municipal companies (Perry, 2018). More importantly, local authorities still faced a major constraint: they lacked land. Writing about the lifting of the cap for *Inside Housing*, Brett Christophers argued that "four decades of Whitehall[5]-driven land privatization" had left local authorities with little land to actually build on (Christophers, 2018b).

In sum, local authority housing companies occupy an ambiguous position in the politics of land and housing. Clearly, they do not represent the unequivocal return of local authorities

[5]Central government.

as providers of social housing. Yet, neither can they be reduced to a tool for revenue generation. As explained above, local housing companies have evolved very quickly. In part, this evolution has been remarkable in the way in which it has intersected with so many facets of England's and London changing political economy. Indeed, local housing companies have a 'prismatic' quality (Hall, 2007; Jessop, 2016). They reflect and refract the continuous processes through which urban policy and politics are mediated across various institutional arms of the state, and across the always uncertain line separating the state from the market (Mitchell, 1991). It is in this capacity that I seek to study their rise over the last five years.

Drawing on the insights of state theory and urban political economy, I examine the contextual drivers for the emergence of local housing companies in London, the motivations of state actors, and the processes involved in the design and implementation of this particular form of urban policy. More generally, I explore how the social relations underpinning the ownership, financing, and development of public land and housing are re-organized.

This dissertation is simultaneously about the rise and evolution of a particular form of urban policy and about the constant transformation of its context (Newman, 2018; Rosenthal & Newman, 2018). In attempting to tell these two stories at once, I contribute to the emerging literature on local authorities' revived role as housebuilders in England, to recent debates on the shifting role of the state in housing and land markets, and to explorations of the changing nature of urban governance under neoliberalism. Below I outline my approach to the study of the rise of housing companies in London.

Conceptual framework & methods

In thinking about the rise of local authority housing companies in historical and relational terms, I combine insights from a number of theorists. It is useful to elaborate on some of the key concepts at this stage, as this will help frame my approach throughout the dissertation.

The first idea, advanced by Bob Jessop, is that the state is not a monolithic entity, but a historically specific set of social relations organized around capital as social relation (Jessop, 2016; Poulantzas, 1978; Gramsci, 1971; Offe, 1992). Building on the work of Poulantzas among others, Jessop thinks about the state in terms of having certain predispositions and interests built within it. The extent to which these interests are accorded a higher value or position is always contingent on the "changing balance of forces that seek to advance their respective interests inside, through, and against the state system" (Jessop, 2016, p.54).

Following Jessop, I also assume that the state as a social relation has a degree of autonomy from capital. Jessop refers to this as the 'operational' or institutional autonomy of the state. In other words, despite the structural pressures that the state faces from capital, capital does not explain everything that the state does. This idea of autonomy stands in contrast to instrumentalist and structuralist readings of the state which presuppose that the interests of capital are internalized by the state. That the state has this 'polymorphous' quality that is not simply reducible to the logic of capital (Jessop, 2016) becomes an important assumption particularly when we think about what local government does with its land, the degree to which it commodifies it, to what end it commodifies it, what its relationship to the private development industry is, and so on.

This assumption that the state is by definition complex is also what underpins historical readings of the state, or of urban policy in this case, in terms of how these 'actually exist'. Jessop discusses this in terms of the distinction between ideal-type analyses of the capitalist state versus analyses of the historical constitution of the state in capitalist societies. A similar distinction is advanced by scholars of urban neoliberalism such as Jason Hackworth, who delineate between ideal-type and contingent neoliberalism (Hackworth & Moriah, 2006). In short, here I assume that local housing companies are an informal policy that emerges *in* neoliberalism but that is not necessarily neoliberal by *design*.

If we come back to the idea of studying the state and state-market relations in terms of how they are historically constituted then the idea of 'path-dependent' and 'path-shaping' dynamics becomes central. The idea of path-dependency fundamentally challenges the idea that the outcomes of policies can be easily attributed to individuals or indeed to particular political administrations. This becomes salient when we consider the actions of individual local authorities. It is tempting to attribute the success or spectacular failures of urban policies to specific administrations. Bob Lake provides an excellent word of caution in his analysis of urban policy under Obama's administration:

> Assigning ownership of policy to the president in office at the moment of its enactment presumes that each chief executive starts with a clean slate, unaffected by the flywheel of history. The Obama administration's urban policies, no less than those of prior administrations, owe much of their character and methods to decisions and events that predated his ascendance to office. (Lake, 2015, p.75)

Conversely, the future trajectory of policies can never be over-determined. Path-shaping 'conjunctural' opportunities, as Jessop (2016) argues, are always there and evolve in dialectic relationship with path-dependent constraints. In challenging the economic determinism of orthodox Marxism, Stuart Hall also underscored the necessity of thinking about the future in an open way. As Hall (2017) argues, contingency is the key concept that mediates the present limits and future possibilities of the moment under study:

> …I do believe that all the forces at work in a particular historical conjuncture or a situation one is trying to analyse, or a phase of history or development one is trying to unravel, are determinate. They do not arise out of nowhere. They have their own specific conditions of existence. So, the conceptual issue is, is there a way of thinking determinateness which is not a closed determinacy? And contingency is the sign of this effort to think determinacy without a closed form of determination. (Hall, 2007, p.280)

My final assumption concerns the definition of 'politics'. Here I draw from the work of Timothy Mitchell (1991, 2002) who adopts a Foucauldian and materialist reading of politics as the mundane practices, discourses, and technologies that work to make and re-make the necessarily unstable boundary between the state and the market, between the public and the private, and between the political and the economic. The idea of politics as process becomes relevant when we think about how different land, housing, fiscal, and monetary strategies of various arms of the state are institutionalized and codified. Drawing on this historical and relational approach to the study of urban politics and policies and to state-market relations, I ask the following questions:

1. *What are the underlying causes for the rapid rise of state-owned housing companies at this particular historical conjuncture?* What explains their timing? How have different factors fused to create the conditions for this shift in policy in varied geographic contexts?
2. *What are the motivations for the creation of housing companies from the perspective of local state actors?* What are the contextual drivers from their perspective and what is their rationale for action? How have the motivations and rationales of state actors changed over time?
3. *What rationales inform the design and implementation of this policy?* How do state actors decide who the housing is for, where it is built, and how it is funded and financed? What contradictions and challenges have emerged as this strategy of land development is brought into practice?
4. *What are some of the political economic effects of this shift in policy?* How is the use of local housing companies shaping or altering relations between the local and central state, and between state and market actors? How does power circulate through these changing relations? Who benefits from the financing and development of land and housing and who shoulders the cost and the risk? What politics underpin all this?

In order to explore more fully the issues that are most relevant to the shifting relations between state and market actors and between different parts of the state, I opted for a multiple case and multi-scalar qualitative research design. Such an approach has allowed me to draw connections between the data collected at the micro scale of the local authorities and the broader historical and political context within which the phenomenon has unfolded. The findings of the research are based on 24 in-depth interviews that I conducted between 2017 and 2019 and on the study of policy and media documents. I briefly review the details of this process below.

My research process consisted of two stages. During the initial stage of research, I explored the rise of local authority housing companies across London as whole. My purpose was to understand the broad contextual drivers for the phenomenon, how local authority housing companies work, and the key issues and patterns that their use had given rise to. As part of this stage, I reviewed policy documents, news reports, and local government financial data, and conducted 13 in-depth interviews with actors with knowledge of local authority housing companies between 2017 and 2018. Actors included including consultants, lawyers, council leaders and officers, policy analysts from key interest groups representing housing, local government and local government finance, and architects and developers.

During the second stage of the research I examined in more depth the themes that were elicited from the first stage of the research through an analysis of four local housing authorities in London, each illustrating the different drivers and motivations for using housing companies. My main objective when selecting case studies was making sure that I was adequately capturing the multifaced ways in which the phenomenon of local housing companies had unfolded across London. In other words, it was important to understand cases where the financial motivations of local authorities were prominent as well as those where questions of housing affordability had come to the fore. My final case selection includes Newham in East

London, Croydon in South London, Ealing in West London and Enfield in North London. I explain how these cases diverged and converged in the section below.

During 2018 and 2019, I interviewed a total of 11 key informants from the four case study local authorities. Interviewees were primarily with council leaders, senior council officers, and company directors. While the public rationale for setting up housing companies is articulated in council documents and media reports, in-person interviews allowed for a deeper investigation into the motivations of state actors, the meaning they attached to particular land and housing development strategies, and the range of problems and contradictions that the use of housing companies has given rise to. Below I turn to my key findings and arguments before outlining the content and structure of the dissertation.

Central arguments

In thinking about local authorities' revived role in land and housing markets in theoretically relevant terms, I advance three sets of arguments. The first concerns the structural causes of the phenomenon and the way in which these have unfolded at the local level. Building on the insights of Hackett (2017), Morphet & Clifford (2017), Beswick and Penny (2018) and Christophers (2019), I argue that in the case of London the following conditions fused to accelerate the creation of local authority housing companies from 2014 onwards: (1) the introduction of council housing 'self-finance' in 2012 which gave local authorities the power to invest in housing by borrowing against their rents; (2) the parallel imposition of policies detrimental to councils' house building programs including the Right to Buy scheme and the cap on local authority housing debt; (3) the introduction of unprecedented cuts to central governments grants to local authorities, their main source revenue until 2010; (4) the concurrent defunding of housing associations, leading to their effective withdrawal from social housing provision; (5) the continued collapse of UK bond yields, enabling local authorities to borrow very cheaply from central government; (5) the resurgence of the Buy to Let mortgage market and the subsequent escalation of private rents in London; (6) the imposition of deep cuts to household welfare, leaving low-income households unprotected from steep rises in rent; and (7) a resulting rise in evictions and homelessness across the capital.

The local manifestation of these political and economic forces has in turn produced divergent outcomes on the ground. The approaches adopted by the four case study local authorities were contingent on several factors including the severity of the homelessness crisis, the fiscal capacities of local authorities, the conditions of their local housing and land markets, their approach to private-sector development, and their political and ideological orientations. Some councils like Newham built more expensive housing to generate a revenue stream to fund other services in the context of austerity. Others like Croydon and Ealing built homes for sale and rent in the open market to cross-subsidize social and affordable housing for households in need. And some like Enfield and Croydon are acquiring homes from the open market to let them to homeless families and households. The strategies of local authorities have not remained static, however. Instead, they have evolved in constitutive relation with shifting political and economic conditions. Notably, political pressure and the introduction of London-wide subsidies for local authority housebuilding in 2018 led Newham and Ealing to shift their approach to housing provision. Now, both are providing more homes available to households on their waiting lists for social housing.

The second argument builds on the first and concerns the nature of local authorities' land and housing strategies. I argue that the extent to which local authorities have privileged the exchange or use value of their land and housing (Harvey, 1982) is something that needs to be understood historically in terms of the constantly evolving constraints and opportunities facing local government actors (Jessop, 2016). If understood in such a way, the instability observed in the local and national struggles over the commodity form of public land and housing, should not come as a surprise.

To the extent that local authorities are monetizing their land not for private profit but in order to fund public services, their actions require careful contextualization as stressed by Christophers (2019). As explained by interviewees themselves, local authorities have been largely encouraged to act commercially (in a profit-making capacity) by central government. Tracing the genealogy of these elements of the state apparatus is important because it avoids a potentially deterministic reading of the role of market logics and forces in local government (Jessop, 2016; Peck, 2017). Conversely, I argue that such commercialization should not preclude questions of housing affordability and therefore of the use value of housing coming back to the foreground of local authorities' housing strategies (Harvey, 2014).

The third argument that I advance relates to the re-organization of risk relations under austerity. If austerity involves the transfer of costs and risks from the central state to localities (Peck, 2013b; Davidson & Ward, 2014), the use of municipal housing companies has indeed heightened local authorities' potential exposure to risks, such as a downturn in rental markets or an increase in interest rates. However, this transfer of risks is not without its contradictions. By borrowing from central government, local authorities are also able to circumvent financial markets, something also observed by Heather Whiteside (2017) in the case of Canada's public land disposal company. Here, I build on the work of Christophers (2019) and Green and Lavery (2017) in engaging more explicitly with the monetary and macroeconomic conditions under which local authorities have been operating. That local authorities have relied so heavily on historically cheap central government loans to finance the development of their land or the acquisition of property from the markets, is largely an unintended consequence of the combination of fiscal austerity and advantageous monetary conditions. Critically, the presence of 'public' debt also complicates prevailing assumptions in the urban political economy literature that the role of the state is to enable the flow of surplus (private) profits into the built environment (Harvey, 1985).

Finally, I bring the above discussions together and explore in more systematic terms the way in which the actions and strategies of local authorities have evolved in relation to path-dependent constraints and path-shaping opportunities (Jessop, 2016; Hall, 2007). Over time, some of the major constraints include deepening austerity in the form of significant funding reductions to local authorities as well as enduring constraints related to local authorities' access to land. Some of the important enabling conditions include a highly favorable monetary environment characterized by the ongoing collapse of bond yields, the presence of a weak minority government in the aftermath of the Brexit referendum and its limited ability and willingness to discipline local authorities, and the introduction of housing subsidies in 2018 by the Mayor of London.

Structure of dissertation

The rest of this dissertation is structured as follows. In Chapter Two, I set out my conceptual framework for making sense of the emergence of Local Housing Companies in the present conjuncture based on the insights of critical urban studies, urban geography and state theory. In Chapter Three I explain in detail my methodological approach to the study of local housing companies and reflect on the multiple aspects of the research process. Chapter Four turns to the major contextual forces that have led to the emergence of local housing companies.

In the next four chapters, I explore how the LHC phenomenon has unfolded at the local government scale through the cases of Enfield, Newham, Ealing and Croydon. For each case, my focus is on understanding the contextual drivers and motivations for the setting up of housing companies as well as the processes that underpin this strategy, particularly in relation to rent-setting and affordability and to the funding and financing arrangements involved.

In Chapter Nine I provide an in-depth analysis and discussion of the emergence of local housing companies in London. This chapter is broadly organized according to my research questions of why and how local authorities are turning to this strategy for the development of their land and with what political economic implications. Finally, in Chapter Ten I outline the key contributions of the study and some its limitations before offering some concluding remarks.

CHAPTER TWO

Theoretical Framework

In this chapter, I draw on the insights from the literatures on public land, neoliberal urban governance, and state theory to develop a working conceptual framework for thinking about local authority housing companies in their broader political economic context. First, I review key debates related to the role of the state in processes of land privatization and financialization. A central theme is whether and the extent to which the state is increasingly treating its own land as a 'financial asset' and the contradictory ways in which this process has unfolded in different regulatory contexts. Second, I look at how scholars have situated such processes of commodification in relation to recent transformations in urban political economy. Of particular importance is how relations of power and risk have been re-distributed in the aftermath of the global financial crisis of 2007-2008. Finally, I combine the insights from these two bodies of literature with a strategic relational approach (Jessop, 2016) to the study of urban policy and politics.

Public land as a financial asset?

Before exploring recent debates on public land under neoliberalism, a working definition of public land is important. A central assumption shared throughout the political economic literature on public landownership is that the state does not necessarily use public land for the benefit of the 'public' (Eidelman, 2016; Haila, 2016; Whiteside, 2017). As Macpherson (1978) argues, while public land may be a public good, the state still holds exclusive rights over it use in contrast to common property. For Eidelman (2016) this is an important distinction, and one that is useful for this study because it enables us to move away from normative conceptions of public land to a more practical definition of public land as "real property in which any arm of government… or parastatal authority holds full or partial ownership rights, in title or material interest" (Eidelman, 2016, p.123).

In the case of local authority housing companies, local authorities sell or sub-lease their land to their wholly-owned subsidiary companies. This represents, in technical terms, a kind of privatization, particularly where outright sale is involved. While I address aspects of this partial privatization throughout this dissertation, for the purposes of this chapter I think of local housing companies as extensions of the state, and of the land transferred to them as public land that the state has a material interest in. This interest, I assume, can also be a private one related to the interests or needs of the state itself.

What do we then know about the way in which the state advances its own interests in its ownership of land? One way in which scholars have explored the public sector's role in public landownership and development is through an assessment of whether and the extent to which the state enhances the monetary or 'exchange' value of its landholdings, and indeed, the extent to which the state does so purely for financial reasons. Whether the state can treat its own land as a financial asset and the conditions under which it does so is the focus of this first section.

If there is general agreement that the use value of land is increasingly subjugated to its exchange value in political economic readings of land as a commodity, then the question of whether land is increasingly treated as a financial asset, as claimed by Harvey in *The Limits to Capital*, remains a point of some contention (Harvey, 1982; Ward and Aalbers, 2016; Christophers, 2017).

David Harvey (1982) argues that while landowners (including state institutions such as the Crown and Church) do not exist as an undifferentiated group with particular class interests (Massey and Catalano, 1978), they generally treat land in a similar way. If there is a common theme he writes, it is that there is an "increasing tendency to treat land as a financial asset"

(Harvey, 1982, p.347). By this, Harvey means that since land has no intrinsic value the rent accrued to landlords can be thought of as interest-bearing capital. In this way, land rent for the buyer of land is not dissimilar to other forms of investments. A land market in this context is a "particular branch...of the circulation of interest-bearing capital" (Harvey, 1982, p.347). When land is exchanged for this one and only reason, then Harvey argues that "landownership has assumed its truly capitalistic form" (p.347).

However, Harvey stresses the need to see this transformation as "historical process" since for most of capitalism's history "land has not been freely traded according to such a simple principle" (Harvey, 1982, p.348). Notably, the historical conditions that have enabled the growing tendency to treat land as a financial asset include the emergence of credit and banking systems, the growth of commodity and mortgage markets, and the monetization and financialization of land by the state during the process of taxation (Harvey, 1982, p.348).

In his analysis of the integration of financial and property markets, Jerry Coakley (1994) also views property as a commodity that has a use and exchange value and agrees with Harvey's conceptualization of rent but resists the notion that property is a 'pure' financial asset (Harvey, 1982; Haila, 1988). Though there are similarities between financial and property assets, for example in the way in which their price is based on an assessment of income streams, the two assets are also different: in contrast to securities, property is anchored in place and social and administrative relations; at times, it can be very illiquid and it is not easily divisible compared to debt or equity that can be sliced into tranches. This is why Coakley argues for a conception of property as a 'quasi-financial asset'. In this way, privatization, as exemplified in the sale of council housing, can be thought of as the conversion of state property into a kind of tradeable asset through the process of financialization or the "unleashing" of state-owned property's exchange-value (Coakley, 1994, p.709; see also Christophers, 2017). One of the indirect effects of the privatization of council housing in the 1980s, Coakley adds, was a massive increase in mortgage lending as banks were attracted to the "the seemingly inexorable increase in the exchange value of property" and its possibility to act as a collateral for the banking system (Coakley, 1994, p.709).

Brett Christophers (2017) contends that Coakley (1994), among others, falls short in considering whether the state actually treats land as a financial asset. In "The State and Financialization of Public Land in the United Kingdom," Christophers explores Harvey's (1982) claim through an analysis of the treatment of land in the system of 'surplus' land disposal in the UK (Christophers, 2017).

Christophers' first argument is that the state in the UK has enabled the financialization of land by private actors by effectively forcing public sector bodies to sell-off their land, either directly through legislation such as the Right to Buy scheme and the Public Request to Order Disposal, or through statutory pressure. Despite this pressure, the default privatization of public land was not the state's official policy. Indeed, until the late 2000s, public landowners were encouraged and then formally required to make their surplus land available first to other public sector bodies, before opening the disposal process to the market. Christophers (2017) notes that this important safeguard has effectively disappeared since 2011 following the government's emphasis on releasing land directly to the private sector. The justification for this is that public land is needed for the construction of much needed housing. The privatization of land, in other words, has been framed as a 'public benefit'. Predictably, little housing has been built on surplus public sector land as landowners and developers have benefited from the trading of land and from 'land banking' – the practice of sitting on plots of land whose value has increased following the granting of planning permission by local authorities (Christophers, 2017).

The second argument advanced by Christophers (2017) is that the process of land disposal has been organized in such as a way as to make the land disposed "maximally attractive” to the private sector (p.76). Since the 1980s, the process of surplus land disposal has been privatized through the hiring of private sector experts to help state institutions identify land for sale, and through the activation of a series of “private-sector knowledges” such as the claim that land disposals stimulate economic growth (Christophers, 2017, p.76). Public bodies have also been encouraged to ‘de-risk’ sites sold to the private sector through a series of ways – for example, through granting planning permission before sale or allowing developers to pay for land following construction (Christophers, 2017).

But whether the state financializes its own land is still not clear. Christophers (2017) argues that yes, in theory a case could be made that the holding of land for its exchange value (rental income and capital gain) could be thought of as treating public land as a financial asset. But he notes that in the UK, holding on to land purely for investment purposes represents only five percent of total local authority ownership of land, while public sector bodies are not allowed to use land for speculative purposes. Finally, to answer the question of whether the state financializes its own land in the UK, Christophers looks at the criteria used for the disposal of surplus land. He finds that land is classified as surplus only if a public body no longer needs it for operational or other purposes. In other words, it is the use value of land that formally justifies its disposal. Exchange value considerations do play a role but again only after the decision to dispose land has been made. For Christophers then, while the exchange value of land may very well be an implicit motivation for its disposal, the state “plainly, is not treating land as a financial asset” (Christophers, 2017, p.80).

In contrast to the UK case, Heather Whiteside (2017) argues that in Canada the state actively treats public land as a financial asset through processes of devaluation and revaluation. Set against a backdrop of roll-back neoliberalization, the process of public land disposal in Canada began in the 1980s and was institutionalized in the mid-1990s with the revival of the

Canada Lands Company (CLC), a Crown corporation and not-for-profit arm of the state set up in the postwar period to manage the properties of government departments (Whiteside, 2017).

Through the commercial activities of the CLC, Whiteside (2017) argues that the state in Canada treats land as financial asset in two ways: first through conceptual and concrete methods of depreciation, and then by enhancing its exchange value for the purpose of maximizing the extraction of financial returns for government. Critically, it is the presence of a 'strategic' route for disposal in addition to a 'routine' one, that gives the state this quality. In the case of strategic land disposals, a 'highest and best use' market-based appraisal is used to determine whether the land will generate interest in the private sector. Once this is decided, then processes of pre-sale remediation and redevelopment are undertaken by the CLC to make the land more attractive or profitable (Whiteside, 2017).

Importantly, Whiteside argues that the CLC treats its land as financial asset[6] only insofar as it enhances its exchange value in order to extract more revenue. Its actions as a company are not part of bigger processes of financialization, defined here as a reliance on financial instruments, exposure to financial markets, and the accumulation of profits primarily through financial means. However, she notes that 'indirect financialization' occurs where the CLC enters into joint ventures with private developers (Whiteside, 2017, p.13). In fact, the state's actions can be thought of as protected from certain aspects of finance capitalism as the CLC can do things that for-profit corporations cannot. For instance, the quasi-public corporation can borrow from the Treasury in a way that allows it to operate outside the "regular circuits of accumulation and valorization available to capital" (p.18). In addition, the CLC can

[6]For Whiteside, the process of exchange is not what sets the limit for the treatment of land as a financial asset. Rather the CLC treats land as a financial asset whether "sold for revenue or retained as 'public' land by CLC for rental income" (Whiteside, 2017, p.4).

protect public land against market devaluation by "tak[ing] its time" in the remediation and disposal process (Whiteside, 2017, p.18).

In her work on the Finish state's real estate activities, Anne Haila (2008) situates the re-organization of the state's management of its land assets in the context of Finland's prolonged recession in the early 1990s. If austerity was the ensuing policy response, in Finland this did not result in the immediate shedding of assets or the shrinking of the state's estate as seen in the UK and Canada (Christophers, 2016; Whiteside, 2017). Instead, the state effectively enlarged its real estate portfolio by 'confiscating' property in the process of rescuing insolvents banks, firms, and households (Haila, 2008). This is the context in which the state begins to assume to role of developer through the creation of commercial real estate companies becoming in the process "just one real estate-agent among others" (Haila, 2008, p.807). Finland's three real estate companies (Kapiteeli, Senaatti and Sponda) all sit under the Finance Ministry and serve the purpose of holding and managing the government's real estate assets; some like Sponda are entirely commercially oriented and are used to hold and invest in urban real estate.

For Haila (2008), this entrepreneurial turn embedded a new logic and discourse of 'saving' and 'efficiency' in the management of state-owned land and property. By assuming the role of private developer, Finland's state real estate companies have encountered problems of legitimation. The behavior of rent-seeking, is, after all, "not the type of policy one expects from the welfare state" according to Haila (2008a, p. 808). If rent maximization allows the state to generate revenue for the treasury, this also leads to conflicts over the use and exchange value of real estate with other arms of the state including cities and universities calling its authority into question (Haila, 2008a)

Mika Hyötyläinen and Anne Haila (2018) revisit the rent-maximizing strategies of the Finnish state in their work on public land sales in Helsinki. They look at why and how municipalities in Finland moved from a system of land allocation based on the free or submarket leasing of land[7] to one in which land is sold or leased at market rents, cast in the process as a "strategic means to compete with other cities and to reap revenue" (Hyötyläinen and Anne Haila, 2018, p.143). Three changes to national policy have facilitated this neoliberal turn to urban policy according to Hyötyläinen and Haila (2018). First, as explained above, the national state had already set up its own real estate companies during the recession of the 1990s, setting a policy precedent for municipalities. This was compounded by cuts to intergovernmental transfers, and the allocation of remaining funds to cities on a competitive basis. Land use decisions were also devolved to the local level so that plans no longer had to be approved by the central government. Again, ideas of 'saving' worked to legitimize much of these changes. Although austerity is not named here, it is suggested in practice; municipalities are encouraged to save as the responsibilities of the welfare state are transferred to cities. At the local level, the shift to land sales and market rents is justified through discourses of putting assets to 'work' (maximizing the value of assets), using or selling assets more 'efficiently' (selling at market rates), and ensuring 'transparency' (or making the state's real estate assets less 'opaque').

Drawing on the case of Eiranranta, a waterfront residential neighborhood in Helsinki, Hyötyläinen and Haila (2018) show how the city sold publicly owned sites to an investment company for the development of luxury housing. The need to compete with other Finnish and European cities for high-income residents was a central rationale behind the deal; the land sale was designed to bring the city revenue through sale proceeds and future tax revenues. In sum, Hyötyläinen and Haila (2018) argue that in the Finish case, unlike the UK (Christophers, 2017), the state treats land as a financial asset to the extent that it seeks to maximize its land rent

---

[7]They explain how land was allocated either free of charge to other public sector bodies like schools or leased at below market rates to developers (Hyötyläinen & Haila, 2018).

(Harvey, 1982). The state's real estate companies exemplify this. However, they further argue that cities are increasingly enabling the treatment of land as a financial asset particularly in a context in which more investment companies and Real Estate Investment Trusts (REITs) are entering land markets (Hyötyläinen and Haila, 2018).

If Christophers (2017), Whiteside (2017) and Hyötyläinen and Haila (2018) pay particular attention to the institutional contexts and material and conceptual techniques through which the state directly or indirectly financializes public land, then a second strand of literature focuses on how the state itself is transformed during this process (Ashton, Doussard & Weber, 2016; Adisson, 2017). This is the focus of the next section below.

Urban politics and policy under austerity

A central claim in theories of the state and of neoliberalization is the notion that various institutional arms of the state play a more or less important role in absorbing and internalizing crises that are both political and economic in origin through a series of 'fixes' and 'displacements' (Harvey, 1985; Offe & Keane, 1993; Hay, 1996; Jessop, 2002; Peck and Tickell, 2002; Peck, 2013b). Since the global financial cries of 2007-2008, renewed attention has been placed on understanding processes of crisis displacement as scholars attempt to make sense of the different ways in which the urban has once again become the primary scale through which the crises of neoliberalism are managed (Peck, 2012; Theodore, 2019).

The emerging consensus is that neither is post-crisis austerity something new nor has it resulted in fundamentally different strategies on the part of cash-strapped local governments (Ward, 2017). There is a recognition however that the conditions under which cities operate have over time become a lot more difficult. Cities are often working with even fewer resources than before, long-standing housing crises have reached new extremes, and household debt continues to rise amid several decades of wage stagnation (Newman, 2018; Theodore, 2019).

In this context, scholars have explored the historically and geographically specific ways in which cities have responded to austerity. For example, Davidson and Ward (2013) examine the rise of post-crisis municipal bankruptcies in Californian cities that emerged as a consequence of cities' reliance on speculative forms of income. Kathe Newman (2018) periodizes New York's mandatary inclusionary housing program in the context of the city's long-standing experience with austerity starting in the 1970s. In thinking about how the city's new housing program complicates ideas of neoliberal governance, Newman (2018) emphasizes the need to situate New York's shifting public/private governance arrangements in their historical context, in other words, in relation to changing housing needs and to changing markets and policies. In sum, there is a consensus that the post-crisis policies and politics of austerity more accurately represent the re-enforcing or 'doubling-down' of processes of neoliberalization in ways that are historically and geographically specific (Peck, 2013b; Theodore, 2019).

A related body of literature has focused on the way in municipal governments and associated public institutions have been transformed under conditions of heightened fiscal stress. Although much of this literature has emerged after the financial crisis, its focus is on the period of economic expansion preceding the crisis and its aftermath. A central theme uniting this diverse body of work is the increased role of financial logics, actors, and markets in public policy and urban governance (Epstein, 2005; Weber, 2010; Pacewicz, 2013; Ashton et al., 2016; Peck and Whiteside, 2017; Wainwright & Manville, 2017; Smyth, Cole & Fields, 2019; Launius and Kear, 2019; Wijburg, 2019). My purpose here is not to review this expansive body of literature but rather to focus on a couple of key texts and ideas that are particularly relevant for thinking about the emergence of local authority housing companies in London.

Philip Ashton's, Marc Doussard's and Rachel Weber's work on Chicago, the 'sell-off city,' provides an engaging example of such processes of state transformation using the case of long-term infrastructure leases (Ashton, Doussard & Weber, 2016). Drawing on theories of state power and the methods of legal anthropology, the authors conceptualize leasing transactions as a process of 'governance-in-motion' that implicates different actors (the local state and investors) in a long-term partnership (Jessop, 2008; Riles, 2011). This transformation of the local state is underpinned by processes of 'local financialization' as the state becomes an active participant in the creation of new markets, in this case, the market for public infrastructure leases. Financialization in this sense describes both the "disembedding" of publicly-owned assets and a growing reliance on "governing urban problems through finance" (Ashton et al., 2016, p.1396).

In their findings, Ashton et al. show how public assets were transformed into financial assets through the assistance of lawyers and financial advisors, the creation of new ordinances, and the use of accelerated policy tactics to circumvent procedural constraints. Municipalities also had to create new laws to enforce property rights for the infrastructure leases. Finally, the City of Chicago used a number of 'fast' policy tactics that allowed for the speeding up of negotiations and for the removal of procedural constraints, echoing Peck and Theodore's (2010) thesis on fast policy and Jessop's claim that state power is used to "render capital's temporal horizons and rhythms compatible with their statal and/or political routines, temporalities and crisis-tendencies" (Jessop, 2008, p.191, as cited in Ashton et al., 2016, p.1387). Ultimately, the financialization of the local state for Ashton and colleagues is a "recursive policy project" as successive rounds of privatization expose the city to new fiscal risks and to an increased likelihood of future privatizations (Ashton et al., 2016, p.1387). This happens as the state attempts to fix structural budgetary problems through experiments in short-term revenue generation (Ashton et a., 2016).

In “Financializing Detroit” Peck and Whiteside (2016) build on these early explorations of urban and public policy financialization (Weber, 2010; Pacewicz, 2012; Lake, 2015; Ashton et al., 2016) and link them to a more generalized analysis of contemporary shifts in urban politics and governance. Peck and Whiteside’s (2016) central argument is that the entrepreneurial strategies of US cities have been increasingly financialized. As famously argued by Harvey in 1989, the shift from managerialism to a growth-led form of entrepreneurialism in the 1970s occurred largely as a response to the crisis of Fordist-Keynesian urbanism, and to de-industrialization, globalization and the ‘roll-back’ of the welfare state. For Peck and Whiteside (2016), financialized urban governance is the latest iteration of entrepreneurialism, one that has emerged out of the policy failures and contradictions associated with its predecessor (Peck and Whiteside, 2016, p.262). They stress that under financialization, entrepreneurial urbanism has not necessarily changed in its ‘logic’: inter-urban competition and economic development remain central. The difference, Peck and Whiteside (2017) suggest, is in the particular strategies employed by cities and the structural conditions under which they have been enacted. This form of financialized urban governance has a number of defining characteristics in the US.

First, Peck and Whiteside (2016) identify a shift in the macroeconomic context from one of uneven growth and weakened central city property markets in the 1980s to the present period of low-growth, speculative finance, and real estate inflation. Second, austerity has been generalized as the primary mode of intergovernmental fiscal relations. Under austerity fiscal transfers and grants are replaced with cuts and the devolution of costs and responsibilities to localities. One effect of this defunding is the rise of local government debt as municipalities attempt to make up for shortfalls in their budgets by turning to the municipal bond market. At the same time local governments continue to search for ways to circumvent legal and political debt limits by borrowing through special purpose or semi-public authorities (see for example Hackworth, 2007, as cited in Peck and Whiteside, 2016).

The ‘techniques’ associated with financialized governance include the monetization of revenue streams and infrastructure (Tax Increment Financing being the primary example), the sale of public assets, the use of market-based forms of public financing including tax liens and interest-rate swaps, and the proliferation of Public Private Partnerships (P3s). Peck and Whiteside (2016) argue that local state power becomes increasingly ‘post-democratic’ as constituents find it difficult to challenge and oppose local decisions, either because these are now technocratic in nature or because they are managed by financial intermediaries such as credit rating agencies.

In “Transatlantic City Part 1,” Peck (2017) takes this analysis of the present moment of urban neoliberalization further. Peck defines the concept of ‘austerity urbanism’ in two ways. Austerity urbanism is both a constitutive dimension of financialized urban governance as asserted with Whiteside above (Peck and Whiteside, 2016). And it is also a more flexible, analytical concept that emerged in the aftermath of the global financial crisis of 2007-2008 as a way of making sense of the varied responses to austerity, both in Europe and in North America.

Drawing on the work of Stuart Hall (2011) to foreground the importance of the ‘conjuncture’ and of ‘contextual complexity’ in analyses of neoliberalism, Peck (2017) sees austerity urbanism as a kind of “bridge, or hinge” that helps link material phenomena to broader, theoretical claims (p.19). However, he stresses the need for austerity urbanism and financialized urban governance—both examples of a kind of ‘conjunctural urbanism’—to remain malleable and not foreclose explanations. Put differently, the conjuncture should not become an “explanatory edifice, like a deterministic reading of financialised capitalism” (Peck, 2017, p.9). After all, Peck notes, the model of US-style ‘financialized urban governance’ is only one variant of this emerging form of neoliberalization and it should remain subject to constant revision.

This is one of the tasks taken on by Beswick and Penny (2018) in their study of local authority housing companies in London. Building on the literature of the financialization of housing (Aalbers, 2017; Fields & Uffer, 2016; Wainwright & Manville, 2017) and of urban governance (Ashton et al., 2016, Peck and Whiteside, 2016), Beswick and Penny (2018) explore the rise of local authority 'Special Purpose Vehicles' in London (another name for local housing companies) and assess why, how, and the extent to which this method has resulted in the financialization of council housing and of the state itself. They do so through a detailed analysis of one such case, *Homes for Lambeth*, the wholly-owned housing company set up by the South London borough of Lambeth.

Recognizing that local authorities are taking slightly different approaches in their use of wholly-owned companies, Beswick and Penny (2018) suggest that the Lambeth case is emblematic of an interventionist form of financialized governance unfolding across London. They argue that this form of governance has developed as a response to the perceived failures of existing forms of market-led, affordable housing provision. Notably, these include the system of planning gain in which developers are expected to deliver a certain level of affordable housing, and the delivery of social housing through non-profit, housing associations (Beswick & Penny, 2018). Below I briefly outline the details of the case as elaborated by the authors as they pertain directly to the empirical focus of this research.

In 2015, Lambeth approved a proposal to create a wholly-owned company which would allow the council to build homes for market sale and rent and to cross-subsidize some new sub-market homes for residents with low-incomes. The use of a council-owned company overlaps with the council's broader 'estate regeneration' objectives which involve demolishing and rebuilding existing public housing estates, in this case in 'high-value' areas of Lambeth, through the provision of new ‘mixed-tenure’ housing. At the time of writing, the idea was that the new affordable homes would be held in a joint venture between the council’s company and an anticipated Pension Fund. Although it is not clear at this point whether Lambeth has successfully partnered with an institutional investor, Beswick and Penny (2018) emphasize that this is the component of the council’s intervention that entangles it with financial markets. However, they do not elaborate on what the other sources of debt finance are neither do they mention the Public Works Board (the central government body responsible for lending to local authorities) – the main source of funding used by most wholly-owned companies in London.

According to Beswick and Penny (2018), the general characteristics of an emergent form of financialized entrepreneurialism in London can be summarized as follow. First, the authors argue that despite a discourse centered on ideas of public ‘control’ and a revived public sector ethos, the logics at work are very much those of the private sector. These include practices of cross-subsidization, risk-taking, and real estate speculation. Second, cross-subsidy is transforming the process of affordable housing provision—what “once may have been seen as a primarily social and political issue”—into a profit-making activity; this profit provides the council with what Haila (2015) calls a ‘fiscal rent’ (Beswick & Penny, 2018, p.14).

The third point advanced by Beswick ad Penny (2018) is that local authority housing vehicles represent a form of urbanism based on the treatment of land as a quasi-financial asset (Coakley, 1994). Public land under this form of urbanism is seen primarily as a “financial resource to be put to ‘highest and best (economic) use’” by state actors (Beswick & Penny, 2018, pp.14-15). The state is no longer simply enabling the financialization of land by private actors as argued by Christophers (2017); instead the local state in London is the active “executor of financialization” (Beswick & Penny, 2018, p.15). Accordingly, the new affordable housing delivered by wholly-owned companies works in two ways: as a quasi-privatized home for its users, and as an asset that can be traded on global financial markets (Beswick & Penny, 2018).

Finally, Beswick and Penny suggest that the transfer of land into a private, wholly-owned companies (technically private bodies) renders the process undemocratic: the objectives of the council-owned company may go against those of the local authority, while the quasi-privatization of public assets means that these sit outside the structures of local democracy. Compounding this is the risk that public assets will have to be sold if the company fails to secure a long-term rental stream (Beswick & Penny, 2018; see also Ormerod & MacLeod, 2018).

In his exploration of the residential and commercial property strategies of English local authorities in the period after the financial crisis of 2008, Christophers (2019) contends that scholars researching the financialization of urban development have largely failed to discuss in any substantial manner the actual financial conditions driving state-led financialization. Here Christophers adopts a two-fold definition of financialization: if the financialization of urban development as argued by Weber (2010) among others describes the growing influence of financial logics, actors, and methods in the process of development, then the search for a 'financial return' in the English local authority context exemplifies one such logic (local authorities are turning to property development as a source of commercial income). This logic is then enacted through the treatment of land as a quasi-financial asset (Harvey, 1982; Coakley, 1994).

Taking up Peck's (2017) call for a 'conjunctural urban analysis' that is sensitive to context, Christophers (2019) examines in depth the financial conditions within which local authorities have been operating since 2010 and assesses the way in which these have structured local responses to intersecting housing and fiscal crises. He does so through an analysis of local authorities' commercial property investments (local authorities' acquisitions of commercial property such as shopping malls and office parks purely for investment purposes) and their development of homes through the creation of local authority housing companies. Christophers (2019) identifies three principal drivers that explain the financialization of urban development by local government in England: a) drastic cuts to local authority grants coupled with rising demand for services; b) the reform to the system of council housing finance which saw local authorities regain their power to invest in council housing in 2012 only to have strict borrowing limits imposed on them under austerity; and c) the use of unconventional monetary policy after the crisis and its role in driving down local authorities' borrowing costs.

Christophers (2019b) concludes that the environment within which local authorities are currently operating is "highly constraining" leaving local authorities with few options other than turn to investing in property as a source of revenue (p.13). The commercial development of land and housing may very well end up having adverse effects on local government budgets and on people. Yet, Christophers emphasizes that the financial methods employed by the state are a "a means to an end" to the extent that that any profits generated are re-invested in the provision of affordable housing or other public services (Christophers, 2019b, p.19). Not discounting the possibility that local authorities have a degree of agency and can pursue other options, Christophers nevertheless questions the extent to which this critique of financialization should be waged primarily on local government. Here he comes back to Doreen Massey's (1980) work on landownership in England where she observed a similar pattern of local authority commercial investments in property markets following the introduction of the 1975 Community Land Act which provided local authorities with compulsory acquisition powers. Like Massey, Christophers (2019) suggests that rather than condemning local authorities for acting like private developers, the primary focus of attention should be on the actions of central government "for not *enabling* them to behave differently" (Christophers, 2019b, p.13, author's emphasis).

Overview: public land, austerity & neoliberal governance

In this dissertation, I build on and contribute to the emerging literature on local housing companies in England (Beswick & Penny, 2018; Christophers, 2019b) and to broader debates on the commodification of public assets and the transformation of urban governance. In thinking about local authorities' revived role in land and housing development, I draw insights from the historically informed (Christophers, 2017) and state-theoretical (Ashton et al., 2016; Whiteside, 2017) approaches to the transformation of public assets, and from context-sensitive accounts of shifts in urban governance after the crisis and under austerity (Peck, 2013, 2017; Newman, 2018; Christophers, 2019b). In doing so, I think about how we can understand shifts in urban governance and state-market relations by looking at how the local state is responding to the constantly evolving context in which it finds itself in.

In this regard, the work of Bob Jessop has been particularly helpful for thinking systematically through the relationship between the state and the market and through questions of structure and agency. In this next section, I elaborate on some of the key dimensions of Bob Jessop's strategic relational approach and explain how it might be a useful framework—from both a theoretical and methodological perspective—for situating local authorities' revived role as owners and developers of public land in their broader political and economic context.

The strategic relational approach to structure and agency

As a non-reductionist framework for theorizing the state and structure and agency issues more generally, Bob Jessop's strategic relational approach (SRA) provides an important basis for thinking about transformations in urban policy, politics, and governance. Below I provide a brief overview of some of the key assumptions of this approach.

First, the strategic relational approach studies the state and politics more generally as relations. For Jessop (2016), the state is not a 'thing', but a historically specific set of social relations, institutions, and forces organized around capital as a social relation. Accordingly, the state as a social relation has a set of predispositions built within it which privilege some interests and actors over others (Poulantzas, 1978; Gramsci, 1971; Offe, 1993). The extent to which these interests or 'strategic selectivities' are actually privileged is contingent on a 'constantly changing balance of forces' (Jessop, 2016). These forces Jessop adds, attempt to "advance their respective interests inside, through, and against the state system" (Jessop, 2016, p.54).

Second, the strategic relational approach identifies some scope for local agency. At any given conjuncture, the privileging of some interests over others is determined by the 'structural constraints' and 'conjunctural opportunities' available to different agents at different points in time (Jessop, 2016). Structural constraints are those that cannot be changed by actors. Importantly, these constraints do not impact all agents in the same way. The capacities of agents depends on *where* in a given system they are located. In general, structural constraints are associated with path-shaping dynamics.

In contrast, conjunctural opportunities open up spaces for action and for the potential adjustment of a structure. In this way, structural constraints are never totalizing for Jessop. This is what Jessop refers to as path-shaping moments. The future remains "more or less open" in these situations (Jessop, 2012, p.13). Jessop notes however that the presence of conjunctural opportunities does not mean agents have the full knowledge to successfully realize particular strategies or goals to challenge a particular structure (Jessop, 2016).

Moreover, Jessop stresses that power as a kind of effect is something that needs to be explained. Power by itself is not the explanation to a phenomenon. In other words, the agent exercising power is not typically the cause of power. State power needs to be explained through the 'correct' specification of a conjuncture. Once the conditions for the potential or actual capacity to exercise power are identified, then power by itself becomes almost superfluous as a concept:

> the more detailed the specification of the context of a given action is, the less scope there is to attribute effects to the actions that occur in that context. Thus, when conjunctures are well specified, 'power' tends to become a residual category, good to explain only what is left unexplained by contextual factors, including chance or accident. (Jessop, 2016, p.92)

At its core then, the strategic relational approach involves an analysis of causal connections rather than simply the description of contextual factors. As Colin Hay observes, the SRA is about "identifying mechanisms of causation and about isolating, in a way, the necessary and sufficient conditions of a specific outcome rather than another" (Hay, 2014, n.p.). Drawing on the insights of critical realism, Jessop (2014) adds that this conjunctural specification is what characterizes the process of theorizing. Any given explanation of a particular phenomenon can always be destabilized by making it more 'complex' and 'more concrete' – in other words by specifying it even more, by adding missing dimensions. Importantly Jessop stresses that collecting more data is not necessarily the answer to complexifying an explanation. Instead, looking at a phenomenon from a different angle, or changing the kinds of questions asked are ways through which an analysis can evolve from the 'simple' to the 'complex' (Jessop, 2014).

Finally, Jessop refers to this process of studying actually existing state relations in their complexity as the 'historical constitution' approach to state transformation. As noted in Chapter One, the idea of studying the state in terms of the actual historical trajectories of different institutions relates to the distinction between the 'capitalist state' and the 'state in capitalist society'. In the 'capitalist state', the interests of capital are by definition inscribed in the state apparatus. In the latter, the state exists in a society in which social relations are dominated by capitalism but the state itself is not necessarily a 'capitalist type of state'. The first tends to be useful in form-analytical, 'ideal-type' approaches analyses of the state that assume it exists in a pure capitalist formation. Examples include the Keynesian welfare state, and the Schumpeterian Workfare state in Atlantic Fordism (Jessop, 2002). The state in capitalist societies in contrast is a framework for thinking about ‘actually existing’ states in societies dominated by capitalism. A historical analysis centered around the changing balance of forces at a given conjuncture is more appropriate for the latter kind (Jessop, 2016).

Jessop’s work on policy and crisis construals is also helpful here for thinking about how conditions of crisis produce certain responses and how these are in turn institutionalized or repoliticized. Jessop demonstrates this approach to the study of policy and policy responses in a series of essays on the North Atlantic Financial Crisis (NAFC). His central claim is that crises are never purely ‘extra-semiotic’ or objective in nature and neither do they produce definite and predictable responses. This relates back to the idea of path-shaping constraints explained above. If an objective crisis is produced at moment when established social relations can no longer go on in the same way, then they are also “potentially path-shaping moments” Jessop argues (2015a, p.97). In other words, crises initially open up a space where different interpretations of the problem are put forward, contesting existing meanings. But only some of these are selected, retained, and institutionalized so that they come to produce particular ‘truth-effects’ (Jessop, 2015a, p.97). Dominant interpretations of particular crises are selected and translated into crisis-management policies along pre-existing relations of power, what Jessop calls the “interests of dominant social forces” (Jessop, 2015a, p.109; Gramsci, 1971).

In this way, the NAFC can be thought of as an objective crisis that has its origins in the US subprime lending crisis and the associated crisis of liquidity in financial markets. Following the recapitalization of banks and a reliance on quantitative easing and virtually zero interest rate policies, Jessop (2015b) argues that a private crisis of finance was translated by the state into a crisis of public finance, which is being managed and resolved through the politics of austerity.

While Jessop applies these ideas to the national level, they are also helpful for thinking through the different ways in which local authorities respond to intersecting crises. The framework in this sense helps account for both discursive and material shifts in the actions of various agents within the state system. It is about understanding why some policy responses—for example deciding to 'maximize' the value of local assets, or at the national level, deciding to re-instate the Right to Buy policy or to lift the borrowing cap—get selected, retained, and institutionalized while others are not.

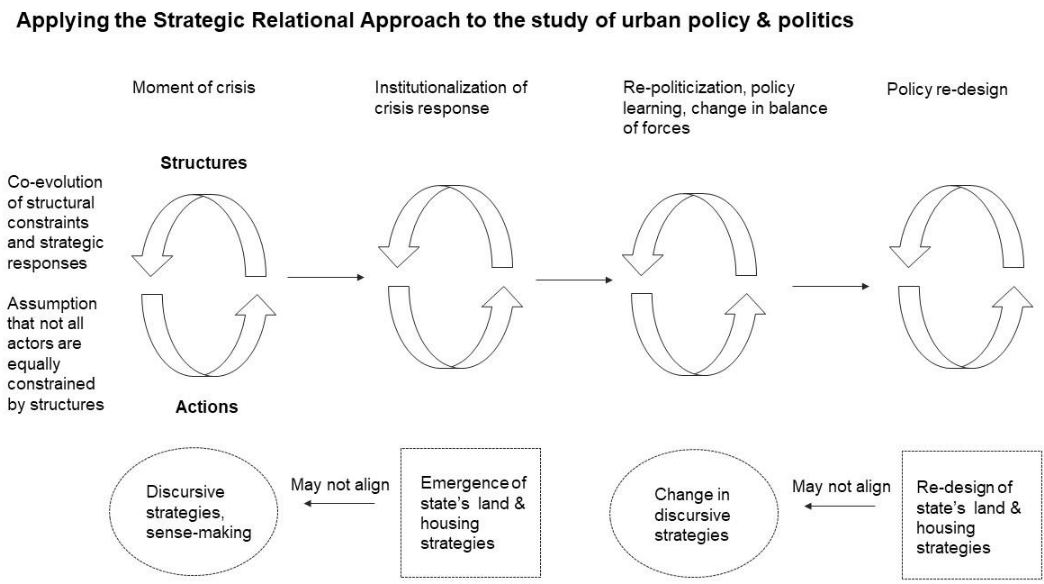

Figure 1: Conceptual framework for analyzing urban policy and politics. Adapted from Jessop (2016, 2015a).

This framework is also dynamic. There is an assumption that some of the policy responses that do get institutionalized may be re-politicized. At that point, the discursive or semiotic elements of crisis-interpretation are brought back to fore of the policy-making process. This becomes a useful concept when we think about why some local authorities changed direction with their housing companies. Echoing Foucault, Jessop (2015a) cautions that any analysis of the discursive construction of a crisis moment needs to be followed by an engagement with the policy implementation process, as crisis construals typically get transformed in practice through particular 'techniques' and 'technologies.' An obvious example in the case of state-led housing provision is the extent to which pledges or policy announcements are carried through in practice, although the idea can operate on a more subtle level too.

Theoretical framework summary

In sum, if local authority housing companies constitute a form of experimental urban policy and politics, then I want to suggest that their emergence can be understood through the synthesis of the above literatures. I argue that an analysis of local housing companies needs to be sensitive both to transformations in the commodity form of public land and housing, and to the way in which state actors are implementing and re-adjusting their strategies in dialectic relation to a constantly changing context. In combining these insights, I stress the need to analyse the land and housing strategies of the state in terms of how they 'actually exist', in other words, in terms of how they are historically constituted. In the next Chapter I explain how I approached the research process in practice.

CHAPTER THREE

Methods

Overview

To gain an in-depth understanding of why and how local authorities in London have established housing companies and with what effects, I adopted a qualitative, multiple case study approach. The findings of the research are primarily based on 24 in-depth interviews with key actors and on the study of publicly available documents. I provide a brief overview of the research design before I outline in more detail my rationale for case selection and the data collection and analysis processes.

During the first stage of my research, I conducted exploratory interviews with key actors across London to gain a better understanding of the general drivers for the creation of local housing companies, the processes involved, and the key issues that had emerged. Following the approval of my research protocol from the Internal Review Board of Rutgers University (Protocol #E17-660), I conducted 13 semi-structured, in-depth interviews with a range of informants between July 2017 and July 2018. These included consultants and lawyers advising local authorities, local authority officers and local housing company directors, council leaders, architects, a developer, policy analysts, and representatives from major professional bodies related to local government, housing, and local public finance. Some of the people I interviewed had multiple roles; for example, they worked as local authority employees and as consultants. During this stage, I also reviewed policy documents, news reports and local government financial data, and observed public meetings at the Greater London Authority and the London boroughs of Haringey, Enfield, and Croydon. After searching for themes and patterns, I used the resulting preliminary findings to refine my research proposal and to select case studies.

The purpose of the second stage was to explore the themes that were elicited from the first stage in more depth through an analysis of four local housing authorities in London, each illustrating the different drivers and motivations underpinning the use of housing companies in the capital. My empirical focus was in understanding why some local authorities prioritized revenue-generation over housing affordability objectives, and vice versa. I explain my rationale for my case selection in more detail in the section below. During 2018 and 2019, I interviewed 11 key informants from Ealing, Enfield, Newham, and Croydon. Actors included lead officers (local government employees), elected politicians and housing company directors. As in the first stage of the research, a number of actors had a dual role as lead officers and as company directors. I also studied council reports on council companies, council meeting minutes, as well as councils' financial and housing strategies to understand the formal rationale for the creation of housing companies, before triangulating this information with findings from interviews. Throughout both stages of the research, I monitored the national political and policy landscape and the evolution of the LHC phenomenon more broadly by exploring social media platforms, setting up google alerts, and reviewing relevant policy documents.

Finally, I structured my description and analysis of each case in a way that helped me answer my main research questions. For each case, I focused on understanding the initial drivers and rationales for the creation of a housing company, the processes involved particularly in relation to land development, affordability and rent setting, funding and finance, as well as any case-specific challenges and issues that the use of local authority companies had given rise to.

Case selection strategy

I selected a multiple case study strategy in order to explore the multifaced dimension of local authorities' revived role in land and housing development. Below I explain why I chose to focus on local authority housing companies in London. I also explain my decision to conduct a multiple case study research design and review the criteria that informed my choice of local authorities.

Stage 1: Setting the boundaries of the case

London

The first reason for limiting the study to London is that most local authority housing companies are concentrated in London and the South East (Barnes; 2016; Morphet & Clifford, 2017; Hackett; 2017). Existing studies suggest that this is primarily because land and house prices are the highest in those areas (Barnes, 2016; Morphet & Clifford, 2017; Hackett; 2017). This makes sense given that wholly-owned companies are largely based on a development model of land-value uplift. Subsidies have for the most part been absent.

The second reason has to do with the severity of both the housing crisis and the local government financial crisis in London, two important driving forces behind the rise of local housing companies. London boroughs consistently rank among the local authorities that have been impacted the most severely by spending reductions, by cuts to welfare benefits in particular Housing Benefit, and by spiraling rents (Innes and Tetlow, 2015; National Audit Office, 2017; Savage, 2018; Tonutti, 2018). As a result, and in conjunction with England's uneven regional geography, London is also the place where homelessness has soared and where local governments have had to spend a growing share of their revenue to rehouse families and households in emergency, temporary accommodation (Perraudin & McIntyre, 2019a).

A third reason for limiting the study to London, and one which became clearer during the exploratory stage of my research, is that London boroughs have commonalities that are political in nature. Some of these commonalities are formal or organizational, with London boroughs having to deliver both national policy objectives and London-wide spatial policy set by the Greater London Authority (GLA). With respect to housing, this means implementing targets negotiated between a local authority and the GLA.

Other similarities are informal. Government employees (or officers) tend to move from borough to borough throughout their careers, while many professionals also work across fields and go back and forth working between local government, housing associations, and increasingly 'regeneration' and development industries. As explained to me by an interviewee, there is "group thing" happening in London as officers move between them "in a very much revolving door way" while cuts to housing and planning departments have resulted in many officers now working as consultants (Interview, 2017; for a discussion on the rise of consultants in London see Raco, Street and Freire-Trigo, 2015). This was reflected in the local authority actors I interviewed. Many actors interviewed in one of the case study local authorities had in the past worked in at least one of the other three. Once I had decided to limit my research to London, a couple of criteria became important in my case selection strategy. I explain these below.

Wholly-owned companies

Given the overlap between various methods of council-led housing delivery, it is necessary to briefly explain the range of organizational forms included under the 'local housing companies' umbrella, and what my inclusion criteria were when selecting case studies. Over the last six years or so, local authorities in London have started assuming greater ownership over the housing development and acquisition process. Some have been delivering housing directly, without a company, through their Housing Revenue Accounts. Hackney is a notable example. A couple of councils have also experimented in setting up profit-sharing, large-scale joint ventures with private developers, as seen in the case of Haringey's now failed partnership with Lendlease.

One of the most common methods through which councils have started delivering housing is through the creation of arms' length, 'local housing companies' (LHCs). Most of the time, these are wholly-owned companies limited by shares where the council is the 100 percent shareholder. A number of local authorities are using wholly-owned companies in conjunction with other types of not-for-profit, or community-orientated corporate entities such as 'charities' or 'community benefit societies.' The reason for this is that local authorities are not allowed to use their Right to Buy receipts (the cash from their housing sales) in an entity in which they have a controlling interest, such as a wholly-owned company. To overcome this constraint, local authorities have started complimenting their use of wholly-owned companies with charities (charitable bodies limited by guarantee), or community benefit societies (companies limited by shares of a nominal amount, like £1). The legal details for this will become clearer in Chapter Seven.

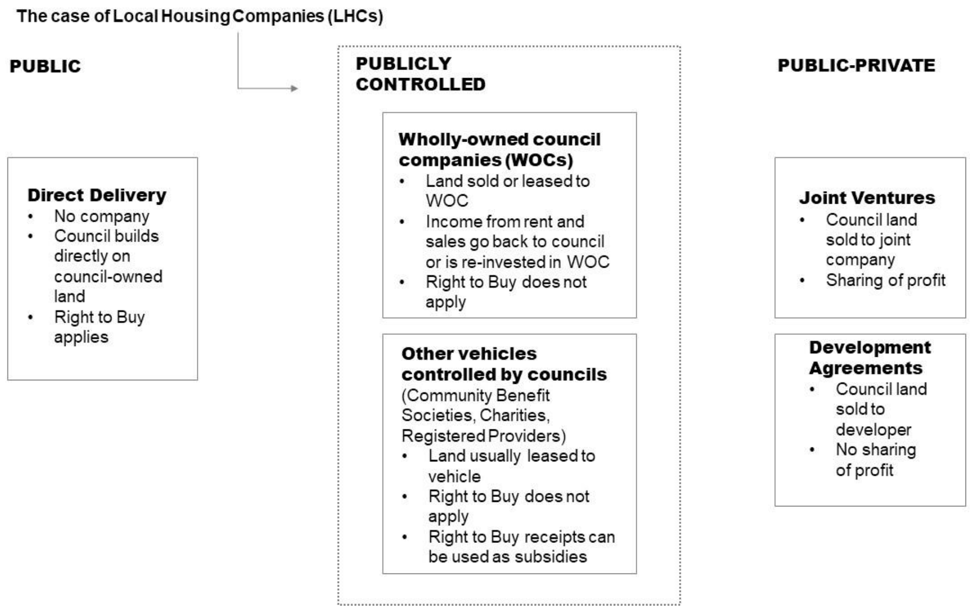

Figure 2: The legal boundaries of the case.

For this dissertation, I included both wholly-owned companies and associated council-controlled corporate bodies for affordable provision under the 'local housing companies' umbrella. Although joint ventures with private developers are included in some surveys of local housing companies, for the purposes of this study I excluded them from the definition. There are a couple of reasons for this. First, as mentioned earlier, surveys suggest that the vast majority of LHCs are of the wholly-owned variety (Barnes, 2016; Hackett, 2017; Morphet and Clifford, 2017). Second, my starting point of analysis is that these represent state-initiated and state-controlled forms of land development that stand in contrast to more familiar development models such as joint ventures and development agreements. In other words, a large part of the significance of the case is that the state assumes the role of developer and retains control (albeit in a quasi-privatized form) of the land and housing. It is worth noting here that there are cases where partnerships have been initiated between a council's wholly-owned company and a developer for the development of individual sites. Moreover, in some cases like Ealing (one of the case study local authorities), a wholly-owned company is used to cross-subsidize the development of council homes delivered directly, without a company.

In sum, the overall case is the 'use of local housing companies in London,' with local housing companies defined as wholly-owned council companies and council-created corporate bodies with a charitable or community purpose. Individual cases are those local authorities that have set up wholly-owned companies and associated corporate bodies to develop the land that they own and/or to acquire properties from the open market. The unit of analysis then is the local authority itself; the focus within that (or the unit of observation) is a council's housing company or companies.

Stage 2: Selecting cases within London - empirical and theoretical concerns

Following the decision to focus my research on local authorities that had set up wholly-owned or associated companies in London, the next challenge was figuring out which local authorities I was going to focus on. In this section, I explain why I decided to use a multiple case study design, and the different inclusion criteria I used to select my cases within London.

An instrumental, multiple case study design

Although 'local housing companies in London' became the focus of my case study analysis, my broader empirical and theoretical concerns extended beyond the use of a particular policy tool. Instead, I was interested in using local housing companies as a prism through which to analyze local authorities' broader role in land and housing markets, as well as aspects of London's changing political economy. In this way, it was important to devise a case selection study strategy that would help me keep a relatively wide focus on the topic at hand, while still allowing me to capture the complexity of the case at the scale of particular authorities, and at the London-wide and national levels.

Robert Stake's (2006) and Bent Flyvbjerg's (2016) work on case study methodologies provided me with a useful framework for working through these methodological tensions. In particular, their work was helpful for thinking about how I would prioritize the bigger context for LHCs, where the boundaries of the case were and how I could go beyond them, and the different levels at which I would be observing the phenomenon.

For Stake (2006), an instrumental, multiple case study design is well suited to instances where the purpose of research is to understand the broad arena within which multiple instances of a phenomenon are manifested. This for example could be a policy arena. He refers to this conceptual-empirical space within which the topic under study exists as 'the quintain' (Stake, 2006). Importantly, for Stake the quintain is bigger than the totality of the cases. For the purposes of my research, I interpreted this to be the historical, and political-economic environment within which the phenomenon of LHCs has emerged. Stake (2006) continues by noting that where this bigger arena is what is of interest, then the kinds of questions asked shift accordingly from 'what helps us understand this particular case' (here, the case of local housing companies), to 'what helps us understand the quintain' (or the broad environment within which LHCs have emerged).

Moreover, Stake (2006) suggests that an instrumental multiple case study design is appropriate when the "purpose of case study is to go beyond the case" (p.8). In this way, multiple case studies tend to be instrumental rather than intrinsic (where the focus is on the unique characteristic of a case), although not necessarily. Furthermore, to the extent that a focus on the broader arena within which smaller cases are embedded is the ultimate focus of the research, then it is possible to organize the case study design in such a way as to pay particular attention to a specific number of themes, or variables (Stake, 2006). Following Stake (2006), my approach to multiple case study analysis is instrumental as I am interested in understanding the larger conjuncture within which the phenomenon of local housing companies has unfolded.

Once I had clarified that I would be looking at local authority housing companies from this broad perspective, a couple of selection criteria emerged as important. A central theme that came up during the exploratory stage of the research was the different reasons why local authorities had set up arm's length companies to develop land or acquire property. Some like the London Borough of Newham were primarily focused on generating a financial return for the council in light of austerity, while others like Croydon and Ealing were combining revenue-generating objectives with housing affordability ones. In some cases, like Enfield, the focus was on addressing the homelessness crisis and the pressure this was putting on local budgets. This central line of difference became the organizing selection criterion.

A helpful way to think about cases that vary along one principal axis is Bent Flyvbjerg's (2006) typology of 'maximum variation cases.' In the maximum variation selection strategy, the purpose of the research is to understand the "significance of various circumstances for case process and outcome," using three to four case studies that are different along one dimension (Flyvbjerg, 2006, p.230). In the section below I elaborate on this critical dimension related to the different motivations and objectives of local authorities using housing companies. I then briefly explain why I decided to focus on large local authorities of strategic importance in London.

Diversity of drivers and objectives

The different ways in which local authorities have responded to a set of common, but contextually specific pressures, emerged as a central theme in exploratory interviews. While local housing companies do not have a single or clear typology in large part because they have emerged as a kind of experiment from the ground up, they do share some important features. At their most basic level, LHCs represent a commercialized or corporatized method of housing delivery. Some profit has to be secured which is then returned to the council in the form of a dividend or re-invested in the company for cross-subsidy purposes. Local authorities setting up LHCs also face similar funding and housing pressures, while most companies combine housing affordability and revenue generation as their primary objectives.

Yet, despite this general characterization of LHCs, I observed a multitude of drivers and objectives at work that required attention. First, LHCs were not just about one thing. They were not simply about revenue generation or profit maximization, about meeting local housing need, or about generating savings on local authorities' homelessness budgets. Depending on the optic, some of these objectives received more attention than others at different points of time. If bypassing the Right to Buy and housing affordability issues came to characterize the early creation of housing companies, by 2017 the idea that local authorities were building housing for market rent had moved to the foreground.

This diversity of motivations and the relative weight afforded to these at different points in time had important implications for how I selected my case studies. Given that the LHC phenomenon as a whole was my interest, rather than a particular, extreme manifestation of it, it was important for me to cover these different dimensions. While revenue-generation may have dominated aspects of the critical narrative around LHCs, housing affordability was clearly a part of the story. So was homelessness. There was also significant diversity in the way in which housing and revenue objectives had been combined. I wanted to study the phenomenon in a way that captured this collectivity of drivers and motivations, and the way in which different aspects of the LHC phenomenon moved in and out of focus in different cases. To this extent, the final number of case studies had to do with making sure that I had covered the key dimensions of local housing companies.

Because my focus was on capturing the multiple dimensions of LHCs rather than their manifestation in one or two paradigmatic cases, it was important for me to try to de-alienate the rise of LHCs from adjacent or pre-existing phenomena. For example, in some cases LHCs are used by local authorities to carry out 'estate regeneration' projects; in other words, to redevelop public housing estates, usually through a combination of demolition and land intensification. Here there is an intersection of two things happening: the state assuming the role of developer or housebuilder through the setting up of a municipal company, and the practices, logics and ideologies of public housing redevelopment which precede or operate somewhat autonomously from the broader phenomenon of LHCs. Another example is the way in which the use of LHCs has intersected with different pre-existing local political contexts. Some Labour local authorities in London are more centrist in their politics than others, while others have a strong executive branch which at times exhibit undemocratic features. While there is of course an interaction between LHCs and the local development and political contexts of particular local authorities, I was keen on focusing first and foremost on the phenomenon on LHCs, and then on understanding its manifestation at the local level. This decision will become apparent in the cases of Newham (Chapter Six) and Ealing (Chapter Seven).

Covering the multifaceted aspects of the phenomenon was important from theoretical and epistemological standpoints too. When I started researching LHCs, I was not looking to 'test' a particular thesis. Instead I was driven by the empirical and historical aspect of the case itself. The very idea of the state returning as a housebuilder after a thirty year period, but doing so in this complicated an ambiguous way, was what I was interested in understanding. I had theoretical concerns, but these were, and still remain relatively exploratory in nature. I had questions such as 'what is this', in broad state-theoretical terms? Where does this fit in discussions of neoliberal governance? What are the inter-governmental power relations at work? Parallel to these questions, I was also following and engaging with the emerging literature on public land privatization and financialization, and on financialized governance and urban policy, but I was not necessarily trying to make the case match these. In large part I ended up returning to these theoretical discussions for analytical purposes. The LHC case did not appear from the start as either a clear case of privatization, financialization, financialized governance, austerity urbanism, or even re-municipalization. It had elements of all these things, but it did not appear as a paradigmatic case of either. Yet I was nevertheless still thinking through and against these theoretical claims, and effectively putting the case in conversation with these literatures.

Local Authorities of Strategic Significance

The other dimension that emerged as important during the exploratory stage of the research was the idea that some local authorities had played an especially important role in determining the trajectory of the LHC phenomenon. Interviewees for example talked about the different approaches ‘pioneered’ by the ‘early adopters’ of the local authority housing model. What became clear later on is that the early adopters of the LHC model were also the local authorities with the largest populations in London (Ealing, Enfield, Newham and Croydon are all in the top five most populated boroughs in the capital), and with a high demand for both housing and other services. Newham also has an unusually large landholding compared to other boroughs in London. This combination of factors meant that not only were these local authorities already ahead of the curve in terms of setting up and running their housing companies, but their housing plans were much larger in scope. Rather than developing 50 or a hundred homes, these local authorities were looking to deliver between 500 and 1,500 homes over a period of four or five years. The obvious advantage of studying these local authorities was that they were effectively ‘researchable’: all four had moved past the initial phase of setting up the company, and most had started delivering homes. Some of the outcomes and processes associated with the use of housing companies could be assessed in relation to initial drivers and objectives for example.

The other reason why these local authorities allowed for a potentially productive look into the LHC phenomenon, is that they all occupied a more or less strategic position in the politics of housing delivery in London. Again, this is due to their size, their status as early adopters, as well as their relationship to other levels of government, namely the Greater London Authority, and sometimes national government. How these local authorities were delivering housing on the land that they owned mattered, in other words. For example, local authorities across London and elsewhere were looking at Newham and Enfield for inspiration on how to set up their own housing companies. It later turned out that some of these local authorities, namely Newham and Ealing, also played a role in defining the potential future trajectory of this model of land and housing development. Both received the highest level of grant from the Greater London Authority in 2018, and, as a result, both adapted their initial plans to try and provide more house at lower rents.

I recognize here that these are not necessarily ‘typical’ or representative cases of the local authority housing phenomenon in London. Newham for one, has more land than any other local authority in London, while Ealing already had a relatively successful housebuilding program prior to setting up a wholly-owned housing company. Enfield meanwhile had successfully acquired properties from the open market to let them to formerly homeless people but had done so at a critical time when properties were still relatively affordable.

However, my purpose is not to interpret the LHC phenomenon through a representative case. Indeed, this is arguably impossible given the variety of organizational forms used in the delivery of housing, and the varied contexts of local authorities in London. Instead the purpose, as stated earlier, is to understand how individual cases illustrate aspects of a bigger phenomenon—local authorities' revived role in housing and land development—and the way in which this phenomenon has emerged at the intersection of social forces, or a particular historical and political-economic conjuncture.

In this sense, it may be helpful to think about this last selection criterion of ‘strategic significance’ as enabling a kind of generalization. Indeed, it captures elements of what Flyvbjerg's (2006) categorizes as ‘extreme cases.’ For Flyvbjerg (2006), extreme cases are useful for generalizing a phenomenon because “they activate more actors and more basic mechanisms in the situation studied”; this is unlike typical or average cases that are often “not the richest in information” (Flyvbjerg, 2006, p.229). Extreme or atypical cases in this sense help identify the “deeper causes behind a given problem and its consequences,” rather than just describe its characteristics and their frequency (Flyvbjerg, 2006, p.229). Here, the cases are not necessarily extreme or deviant in the familiar sense of the word (they are neither exceptionally ‘bad’ nor ‘good’ in Flyvbjerg words) , but that they are rich in information, and in this way they do help us understand the intersecting causes that have led to the emergence of housing companies, and the evolving factors that may lead this phenomenon to take a different shape in the future.

Data collection & analysis

Semi-structured interviews

To answer my questions of why, how, to what end, and with what effects local authorities are setting up council-owned housing companies in London, I used a purposive sampling to identify key actors with knowledge of local housing companies across London, as well as actors who had played a key role in establishing and implementing this strategy of land development. As noted earlier, for the London-wide exploratory stage of the research key actors included consultants and lawyers advising local authorities, architects and developers, leaders in housing, public finance and local government, council leaders and officers, and policy analysts. State actors that played a key role in setting up and running housing companies were primarily elected politicians and senior officers (permanent council employees). Typically, the senior officers that I interviewed had dual roles. For example, they were senior officers in housing and regeneration or finance departments and had acquired a new role as directors or leaders of a council-owned housing company. For each local authority I interviewed two to four key actors. In the case of Ealing, I also interviewed a resident campaigner with in-depth knowledge of the initial drivers for the creation of a wholly-owned company. Overall I conducted 24 in-depth interviews across both stages of the research.

For my case studies I decided to focus on the perspective of state actors first and foremost because I was essentially concerned with questions of causality. I wanted to understand, in other words, why state actors were acting in the way that they were, and under what structural conditions. Of course, the perspective of state actors only offers partial access to the phenomenon. In critical realist terms (Jessop, 2016), the experiences and perspectives of state actors are part of the ‘empirical’ rather than the ‘real’ (structures) and the ‘actual’ (the activation of those structures). Put differently, from a critical realist perspective, there are larger forces at work that are neither accessible by actors enacting the change, or by me as the researcher. It was nevertheless important to get as close as possible to the rationale of the actors enacting the phenomenon (local authorities’ revived role in land and housing markets).

Within the category of ‘state actors,’ I decided to interview primarily people who had played a key role in the establishment and direction of local housing companies as their knowledge of the processes would help me best answer my research questions. These were directors or head of departments, as well as lead politicians such as cabinet members or council leaders. One advantage of interviewing this group of people is that they acted effectively as their own gatekeepers with respect to the kind of information they were willing and able to share. Because of their level of seniority, they were able for example to talk about what they were doing and why in a relatively unconstrained and reflexive capacity. In most cases they also had significant operational knowledge about the policies they were designing or directing. Critically, because of their strategic positions within local authorities, they were also able to discuss in depth how relations between local authorities and developers have changed over time, as well as how relations with the central state and housing associations have evolved in recent years.

Institutional memory was also an important part of senior state actors' knowledge. In a number of cases, interviewees had worked in a council for 20 or 30 years, so they were able to talk about changes in local government from a much broader perspective. But more typically the actors I interviewed had an institutional memory of developments that occurred in the 2000s under the New Labour and Blairite policy environment. Indeed, many were still working to a large extent with, and through the institutional logics of that period. Access to this knowledge was particularly useful for situating the actions and rationalities of local actors in their broader policy and historical context. As I mentioned earlier, a number of interviewees had also moved around local authorities in London. In this way they had knowledge about a number of the case studies I was looking at and were able to help me get a fuller understanding of the differences and similarities between them.

The drawback of interviewing primarily senior actors is that they operated at a greater distance from various aspects of service provision or policy design, including for example the consultation process with residents, the managing of tenancies, and the housing allocation process. This does not mean that they necessarily had less knowledge about these processes, but simply that their focus was on different issues and on different levels of policy-making. This difference became apparent when I interviewed several actors working primarily on the implementation side of local housing companies. Nevertheless, to the extent that my main concern was understanding why local authorities were setting up housing companies, and how social relations had changed between state and market actors, and between different parts of the state apparatus, access to senior state actors was crucial.

If I were to continue researching the case, there are a number of other actors whose perspective would provide me with a fuller understanding of the phenomenon. In short, this is everyone on the other side of the ‘social relations’ that I am referring to. This would include for example representatives from central government and the Greater London authority, tenants, housing associations leaders, developers and investors.

In terms of how I actually went about selecting who I was going to interview, I relied on three strategies. During the early exploratory stages of the research, I contacted actors with key knowledge of local authority housing companies. This included actors who had authored reports or who had already given public interviews. For most of the case study interviews, I conducted online searches to identify the actors that played a key role in the establishment and direction of particular housing companies. Typically, that meant reading over council reports and minutes from meetings to identify the officers and politicians who were leading the policy-making and implementation process.

Talking to the lead authors of policy proposals was particularly helpful as I was able to understand both the public rationale for intervention and how actors talked about it in more informal and reflexive terms. Interviews for this reason were crucial in helping me interpret the formal rationalities of actors and in helping me interpret the underlying meaning and assumptions associated with particular buzzwords or concepts used in local government. I also relied on a snowball strategy for a few interviews.

The actual interviews were in-depth, semi-scripted interviews that were on average about an hour long. For every script, I had a number of central questions that I repeated throughout all interviews. These addressed the central themes of the research. They concerned for example the drivers for the creation of housing companies, the aims and objectives of state actors, the processes involved, and the shifting relations between state and market actors. For every script I also had a number of general, open-ended questions which took interviews in different directions. An example of such as question is “What kind of challenges have you encountered?”. Interviewees were generally very receptive to discuss this, and a typical answer to that question was “Where do I start?”.

Overall, the interviewing process was iterative in nature. Findings from each interview would typically influence how I approached the next one. I would add or rescript questions based on what I had just found out. Following the media coverage of the case of local housing companies as a whole was also important in helping me refine the kinds of questions I was asking, particularly towards the end of the research where a number of events significantly altered the context in which local authorities were working.

This iterative research process combined with my necessarily uneven access to individual cases inevitably means that the nature of my findings is not uniform. For some local authorities, I was able to get an in-depth understanding of the financial processes and risks involved. Other issues emerged as more important in other cases, such as changes in local markets, or the process of setting affordable rents. In this way, some cases have exposed causal mechanisms and processes that the other cases did not. Partly that has to do with the nature of the case. For example, questions of finance were particularly prominent in Newham because for a long time, that was what the council’s housing company was doing, it was generating income. But this unevenness in information also has to do with who I was able to talk to.

The cases in this sense should be seen in their totality. The fact that I was not able to gain access to a particular process or causal mechanism does not mean that it is absent in the other cases. However, we cannot assume these causes and processes operate in exactly the same way. This is where I draw on Doreen Massey and Richard Meegan’s (1985) work on *Politics and Methods*. While concrete, contingent processes are not generalizable to other contexts, the underlying relations and characteristics of particular events or objects *can* exist in multiple contexts. For example, if creditor-debtor relations played an important role in influencing the setting of affordable rents in one case, a similar process might be at work in another local authority *if* similar conditions are in place. These are ultimately questions that need to be verified empirically. The point is that the cases largely complement one another with each case illuminating different aspects of a broader phenomenon. Each of course, has also its own internal coherence and contradictions.

Analysis

The analysis of the case study findings took several stages. I started to organize the findings into themes and chapters in the Fall of 2018. First, I did a quick round of coding to identify major themes across all cases, organizing them into categories. This was to ensure that I was thinking of the case of local housing companies in its totality. Then I turned to individual case studies and started working through the motivations and processes involved, following a chronological style. I started with the origins story, then outlined the moment of intervention and then looked at the processes in more detail. Piecing the different stories of different local authorities together involved triangulating findings from interviews, council documents, and media clippings. I also triangulated figures used in council documents with publicly available statistics, for example on homelessness and on house prices.

In working through the case study data, it was important for me not to rush to abstraction and theorization (Hischman, 1970). When presenting the findings, I tried to stay true to what was presented to me during interviews, and through publicly available documents. I tried not to change the meaning of what actors were telling me or put it in theoretical categories that might distort it.

Moving between the empirical and theoretical necessitated working iteratively across all chapters to clarify the themes that I wanted to foreground, and then making sure that these were weaved into the empirical chapters. Conversely, working through the case study data was really what allowed me to see the more unexpected aspects of the phenomenon emerge. For example, it was obvious from the start that the case of housing companies was moving fast, but it only became clear how important that was in substantive terms when I starting working through the cases of Ealing and Newham. I was then able to relate the movement observed in these cases back to ideas around the path-dependent and path-shaping dynamics of policies. The same is true for the market context of each local authority. That house prices had increased dramatically in the period after the crisis was a given. But again, it was only when I started working through the interview transcripts from Enfield that the link between low interest rates, a credit boom, rising evictions and a council's attempt to respond to the homelessness crisis by acquiring properties, became apparent. In the next Chapter I turn to the historical and policy context for the rise of local housing companies.

CHAPTER FOUR

Historical and Policy Context

To understand the rise of local housing companies (LHCs) in England and London, they need to be placed at the intersection of a number of recent and historic developments in housing, fiscal, monetary, and urban policy. In what follows, I outline the key historic and legislative turning points that have set the context for the rise of LHCs, with particular emphasis on changes to council housing finance, on shifts in housing and urban policy at the national and London levels, and on the impact of austerity on local government. I then describe the scope, magnitude, and key characteristics of local housing companies through a detailed review of two major reports on the topic (Hackett, 2017; Morphett & Clifford, 2017).

Some preliminary background and definitions

First, some background on the system of local government and state-owned housing in England is necessary. One of the defining features of government in the UK is that it is unusually centralized. Political authority lies primarily with the executive branch, which in the UK is the Prime Minister's office. Local authorities, which are organized in a variety of ways, have little power to raise revenues and make spending decisions. In this section, I explain the basic structure of local government in England[8] and London. I also outline the key services that local authorities are responsible for providing and briefly explain how these were funded until 2010 before the start of the government's austerity program. A detailed explanation of the impact of austerity on local government finance is presented later in this chapter.

---

[8]Local government is devolved in Scotland, Ireland and Wales.

First, the way in which services are delivered depends on the structure of local government. This varies across England. In some places, all services are provided by a single, unitary authority. In others, local government is structured as a two-tier system, with service delivery split between a county and a district council. There are 353 local authorities in England. Of these, 125 are single-tier authorities, 27 are county councils and 201 are district councils (Sandford, 2018b). London is made up of 32 district councils (or 'boroughs'), all of which are unitary authorities, plus the City of London Corporation, a unique form of local authority which precedes the current system of local government.

London is the only region of England that also has its own devolved authority, the Greater London Authority or the GLA. The Mayor of London, who is elected very four years, leads the executive arm of the GLA. The GLA is made up of elected assembly members, who represent different parts of London and whose purpose is to scrutinize the Mayor's office, and permanent employees who are responsible for implementing policy. The GLA has relatively limited powers compared to other city governments, such as New York City. While London's 33 local authorities are responsible for providing public services, the nature of which is explained in more detail below, the GLA is responsible for coordinating 'strategic' areas of policy between various public bodies and levels of government. These areas include transportation, spatial planning, housing and economic development, and fire, rescue and police.

Local authorities in England including London's 32 boroughs and the City of London Corporation are responsible for delivering a wide range of services. Some of these are mandatory (or 'statutory') and include services for children, young people and the elderly, as well as care for the disabled. Other mandatory services include waste collection, education, public health, highway and road maintenance, the provision of public libraries, and planning and housing services. Local authorities also provide discretionary services; these are the services that they are not legally required to provide, and again range widely. Health care and welfare services are for the most part are provided directly by central government (Local Government Association, 2018).

With respect to housing, local authorities are responsible for allocating accommodation to households in need, either in state-owned subsidized housing owned by local authorities (council housing) or in subsidized housing owned and managed by housing associations (charitable, not for profit organizations regulated by central government). Both forms of housing come under the umbrella of 'social housing'. Local authorities are also responsible for securing accommodation for homeless residents or those at risk of homelessness, and they are responsible for distributing Housing Benefit, the central government subsidy that helps households with low incomes pay the cost of rent.

The English system of local government finance has historically been highly centralized, with local authorities depending on government grants for most of their funding. Until 2010, grants from central government were the primary source of funding for local authorities. The 'Revenue Support Grant' paid for the vast majority of services that local authorities had to provide, with the exception of Education, whose payment was administered separately through a ring-fenced grant that can only be used for that purpose. Other sources of local government funding included council tax (the tax on residential properties), and fees, and charges. Since 2010, national grant support to local authorities has been cut by nearly 60 percent (National Audit Office, 2018).

In contrast to the US where property taxes are a significant source of local government revenue, local authorities in England have a limited ability to raise revenue this way. To raise council tax more than three percent a year, local authorities have to call a referendum, something most local authorities avoid. Council tax has also not been updated for the last 30 years, meaning that the tax is based on the residential values of 1991. The tax is also regressive, with poor households paying a larger proportion of their income on council tax compared to those with higher incomes (Bourquin & Waters, 2019). In the following section, I turn to the history of council housing finance and show how recent policy changes triggered the rise of local authority housing companies from 2012 onwards.

Changes to council housing policy and finance

To understand why local authorities started using wholly-owned private companies to deliver housing on the land that they own, we need to look at the history of social housing finance in England. In many ways, this is a history about the defunding, marketization and privatization of council housing. Or at least, it is a history about its partial privatization (Hodkison & Robbins, 2013). Indeed, in England, local authorities still own a significant portion of council homes. Collectively, local authorities[9] owned nearly 1.6 million council homes in 2018 or nearly 40 percent of the social housing stock and 17 percent of England's total housing stock (Ministry of Housing, Communities and Local Government [MHCLG], 2019b). The remaining stock of social housing is owned by not-for-profit housing associations, bringing the total number of social homes (council houses included) to nearly four million. In 2012, after many years of pressuring central government to change the restrictive rules governing council housing finance, local authorities gained back the power to borrow for and invest in new council homes. However, since then, they have faced a series of new constraints on their ability to deliver sub-market housing, let alone housing at the lowest council rents. This section details the key turning points that led to the rise of local housing companies in the post-2010 period.

[9]Out of England's 325 'Local Housing Authorities' (the local authorities in charge of meeting housing need in their area), 165 are 'stock-retaining' councils (Perry, Smith & Pitt, 2016). Housing associations own the remaining social housing stock in England.

From the end of the First World War to the 1980s, local authorities were the primary providers of state-owned subsidized housing. Council housing in England grew from less than one percent of all homes in 1919 when subsidies to local authorities were first introduced, peaking to 31 percent of all homes in 1981 (Office of National Statistics [ONS], 2015). Successive legislation saw the alternate increase and decrease in subsidies for housing provision, with a movement over time from both parties, although more forcefully from the Conservatives, towards homeownership and market rents[10].

Prior to the 1980s, local authorities had a degree of autonomy in their ability to set rents and transfer money in and out of their 'Housing Revenue Account' – the part of local authority budgets that accounts for all income and expenditures related to council housing. The HRA was introduced through the Housing Act of 1935 as a way of both 'rationalizing' accounting procedures and socializing the cost of rent (Ambrose, 1994). Before the introduction of the HRA, council rents were set on a case-by-case basis as the historic cost of a house minus the subsidy provided by central government (Clarke and Ginsburg, 1975; Community Development Project [CDP], 1976). Under the new system, local authorities could 'pool' their combined income from their rents and from government subsidies and other sources to pay for the total expenditure of a local authority's housing stock (Malpass & Murie, 2001).

This process of pooling rents meant that the price of rent was no longer determined by whether a building was built on an expensive piece of land, or at a time when inflation was high (Clarke & Ginsburg, 1975). Rather, rents were based on the use value of housing (use value here referring to qualities such as the location or size of the housing) and "collectivized" across a local authority's entire housing stock (Ambrose, 1994, p.110). As Clarke and Ginsburg (1975) argue, the HRA allowed any capital gains accumulated by a local authority as landowner—had rents been set according to the market—to be socialized across local authority tenants. In other words, while the local authority still had to pay for the cost of land, construction, and finance, any extra gains accrued were distributed across tenants. Importantly, until the 1980s, local authorities could transfer any rent surpluses from their HRA to subsidize other public services. Conversely, they could also use local taxes to fund their housing construction programs. This financial autonomy would not last for a long time, however.

The crisis conditions of the late 1960s and 1970s marked a turning point in council housing finance. In 1974, England's growing sterling crisis had led the Labour government at the time to curb its spending on housing. The 'party was over' as Anthony Crosland, the then Secretary of the Environment, famously declared to local government leaders in Manchester in 1975. A year later, Britain's financial crisis had reached its breaking point. No longer able to borrow from the capital markets to fund its budget deficit, the Labour government was forced to request a £2.3 billion loan from the International Monetary Fund (Roberts, 2017). In exchange, the IMF required deep cuts in public expenditure to lower the Public Sector Borrowing Requirement[11] (Latham and Prowle, 2012). Public expenditure cuts hit local authority housing departments particularly hard: capital investment subsidies were cut, and local authorities could no longer borrow from central government without permission (Stephens and Whitehead, 2014). As result local authority housing production declined by nearly half over the next four years (Lund, 2018).

The mid-1970s were important for several other reasons. For one, they signaled the start of a shift in policy in which housing associations were to overtake councils as the primary providers of social housing. This change in policy was not intentional, however. Instead, it emerged out a series of intersecting factors. For most of the twentieth century, housing

[11]This is the old name for the budget deficit in the UK. It is now called the Public Sector Net Cash Requirement.

associations were a loose collection of not-for-profit and 'voluntary' organizations that built or refurbished housing to meet the needs of a wide range of groups. In the late 1960s and early 1970s, housing associations had started assuming a more 'radical' and philanthropic character as they campaigned for housing for the poor and worked to refurbish homes in disinvested central city areas (Lund, 2018). During this period, there was growing cross-party consensus that housing associations should play a bigger role in housing provision, although it was not imagined that they would come to replace local authorities (Lund, 2018).

In 1974, the Labour government introduced significant levels of grant funding to housing associations to refurbish and build homes. For Labour, housing associations were seen as a potential way "to 'socialise' private landlordism" and to provide social housing in Conservative-controlled areas (Lund, 2018, p.179). Importantly, the funding to housing associations did not impact public sector spending[12] (Lund, 2018). Set against the backdrop of struggles over the cost of rent[13], the 1970s also saw the graduate introduction of means-tested subsides to tenants of public and private housing, designed to protect them from rent increases. These rent allowances were later consolidated under the current Housing Benefit system.

Following the start of Margaret Thatcher's administration in 1979, state funding for council housing was withdrawn and homeownership was expanded. The national Right to Buy scheme (or simply, 'the Right to Buy') was introduced in 1980, giving council tenants the ability to buy their houses at discounts ranging from 33 to 50 percent. By 1986, financial

[12]The government had set up a private company, the Housing Corporation Finance Company Limited, to borrow from banks. Funds were then directed to housing associations through the Housing Corporation. This is the national body set up in 1964 to regulate the funding of housing associations.

[13]The Housing Finance Act of 1972 replaced the regulated rents of the social sector with 'Fair Rents' pinned to market rents and introduced a national rebate scheme for council tenants. The underlying rationale was that the cost of housing could be pushed on to tenants with rental subsidies protecting the poorest (Millins et al., 2006). The spike in rents that followed led to a series of protests and rent strikes across England. Labour later repealed the policy of market rents through the Housing Rents and Subsidies Act of 1975, giving local authorities the power to set their own rents again, but it kept the system of rent rebates (Stephens & Whitehead, 2014). These two systems of rental assistance would later be consolidated under the current Housing Benefit system in 1982.

liberalization[14] and the introduction of mortgage interest relief led to an explosion of residential mortgage lending, increasing the integration of financial and property markets (Coakley, 1994). Together, these factors facilitated the rapid expansion of homeownership, which rose from 58 percent of households in 1981 to 68 percent in 1991, peaking at 69 percent in 2001 (ONS, 2015).

The impact of the Right to Buy on the UK's political economy was far-reaching. The Right to Buy, and privatization more generally, were central tenets of Thatcherism as an economic and ideological project (Hall, 1988). Thatcher famously talked about the idea of a 'popular capitalism' and of enrolling people in a 'share-holding' and 'property-owning democracy' by giving them the ability to buy shares in state-owned enterprises or to buy their home from the state. In this context, the Right to Buy was both a Conservative electoral strategy to win-over swing voters, and as Stuart Hall argued, a part of broader project of securing political and economic hegemony through the construction of a new 'common sense' (Hall & Massey, 2011). The ongoing impact of Right to Buy sales on housing markets have been no less important. Many of the homes sold through the Right to Buy have been re-sold to private landlords. By 2017, out of the 2.5 million homes lost through the Right to Buy, one in four were being let by private landlords at rents more than double those charged by local authorities (Collinson, 2017).

The late 1980s marked a watershed moment in the history of housing finance and in the history of tenant-landlord relations. First, the Housing Act of 1988 introduced a new funding regime for housing associations. Instead of having the full cost of their developments

[14]The Financial Services Act of 1986 had opened up the mortgage market to a range of financial institutions such as retail banks. Building societies, that until now were the only institutions allowed to originate mortgages, were 'demutualized' or privatized, and were able to operate as banks following the Building Societies Act of 1986 (Leyshon & Thrift, 1997; Wainwright, 2012).

covered by the state, housing associations were given a fixed amount of grant[15] which had to be supplemented with private borrowing (Davis, 2013). This system was designed to progressively reduce government grants to housing associations. The debt of housing associations was also reclassified from public to private[16]. This reclassification gave housing association a significant advantage over local authorities. They were not subject to strict borrowing restrictions in the same way that local authorities were[17], and crucially, they could borrow from private lenders[18] to fund the development of homes (Lund, 2018).

Strapped for cash and faced with a multitude of accounting constraints as well the prospect of losing their stock through the Right to Buy, local authorities began selling their stock to housing associations through what came to be known as a program of Large Scale Voluntary Transfer (LSVT). The introduction of private finance was of course crucial to this privatization. The use of private finance in the provision of social housing also resulted in an increase in rents. Housing associations had to raise social rents in order to be able to build adequate capital reserves and borrow more cheaply (Stephens & Whitehead, 2014; Chaplin et al., 1995).

Through the deregulation of tenant protection laws, the Housing Act of 1988 facilitated the parallel expansion of the private rental sector (in the UK known as the 'Private Rented

---

[15]In 1988, capital grants constituted 75 percent of development and managing costs of housing associations, decreasing to around 50 percent in 1996, 30 percent in 2000s, and 5 percent under the Conservative-Liberal Democrat coalition government in the period between 2010-2014 (Whitehead, 1999; Roberston, 2014).

[16]Housing association debt was briefly accounted for as private in the late 1970s, as explained earlier. However, the company that borrowed on behalf of housing association from banks had run into difficulties and was brought back under public ownership (Lund, 2018).

[17]Prior to these public borrowing constraints, local authorities were able to take out 50-year fixed-rate loans from the government's Public Works Loan Board, the arm of the Treasury responsible for lending to the public sector (Benjamin, 2014).

[18]The private finance lenders for housing associations included building societies, British and foreign banks, and more recently capital markets. Housing association debt was then repaid through the stream of social rents, which were effectively funded and guaranteed by the means-tested Housing Benefit (Malpass, 2011; Williams, 2003).

Sector', or PRS). Some background is important here. If by 1914 most households (90 percent) lived in the PRS in the UK, this number had dropped to 13 percent by 1977 following the postwar expansion of council housing, the introduction of rent controls and a gradual increase in homeownership. Corporate and institutional investors had left the PRS by this time, having "switched" their investments to the commercial property sector (Leyshon & French, 2009, p.8). However, the 1988 Act had effectively reregulated the sector: rents were decontrolled, it became easier for landlords to repossess property, and the minimum notice of eviction was reduced from one year to six months (Leyshon & French, 2009). These regulations, which are still in place today, have made the private rental sector in the UK highly insecure and unprotected.

The deregulation of the private rental sector through the Housing Act of 1988 also set the context for the expansion of the 'Buy to Let' mortgage market in the 1990s and 2000s, as the rise in private rents and a partially guaranteed income stream from Housing Benefit payments from central government to private renters made the sector more appealing to investors (Leyshon & French, 2009). Buy to Let mortgages are typically interest-only mortgages, issued by banks[19] to individual private landlords specifically for the purpose of renting. In conjunction with the long-term decline of council and social housing, the expansion of Buy to Let mortgage lending had a profound impact on urban political economies across the UK. As explained by Leyshon and French (2009) in their seminal work on the subject, the market formally took off in 1996, expanded during the 'NICE' (non-inflationary continuous

[19]Though the market was initially conceived as a way for mid-sized retail banks to compete with global financial services firms, Leyshon and French note how large banks had entered the market and ended up issuing the majority of Buy to Let mortgages. In addition to an increasing demand for renting which reflected broader demographic shifts including an increase in the student, immigrant, and single/divorcee population in the 2000s, the cheap supply of credit through securitization played a key role. By bundling up loans and selling those on the secondary market, mortgage lenders such as Paragon and Mortgage Express that didn't have a retail branch presence, were able to grow fast during this period (Leyshon and French, 2009)

expansion) period of low interest rates and a growing demand for rental properties, and peaked in 2007 when Buy to Let mortgages made up 12 percent of the total mortgage market (Leyshon & French, 2009). The lowering of interest rates by the Bank of England in the period after the global financial crisis of 2007-2008 is understood to have then fueled the surge in Buy to Let lending after 2013 (Green & Lavery, 2017).

Finally, in 1989, local authorities lost most of their remaining financial autonomy. Presented as the "solution to Labour councils' defiance on spending limits," the Local Government and Housing Act of 1989 'ring-fenced' the Housing Revenue Account[20] of local authorities, preventing councils from transferring revenue from their General Funds into their landlord accounts and vice versa (Davis, 2013, p.123). In addition to contributing towards the deterioration of council hosing conditions, the ring-fencing of the HRA had the effect of pushing higher-earning tenants to homeownership and encouraged further stock transfer to housing associations (Davis, 2013). Councils also lost autonomy over the rent-setting process with council rents now calculated at levels closer to their market value rather than their pooled historic costs. As reasoned by Nicholas Ridley, the Secretary of State for the Environment at the time, local authorities had to become "enablers and regulators" of public services provided by others. The 1989 act, according to Ridley, would take "political manipulation out of rent policy" and "[give] back to councils their original role of regulating the market" (as cited in Rao, 1990, p.14).

Finally, a new system of managing the rental surpluses of local authorities was also instituted in 1989. Under this new HRA subsidy system, the Treasury started collecting the rental surpluses of local authorities, redistributing them to local authorities with rental

[20]In addition to leading the deterioration of housing conditions, the ring-fencing of the HRA also had the effect of pushing higher-earning tenants to homeownership and encouraged stock transfer to housing associations (Davis, 2013). Part of the rationale for transferring stock to housing associations was that this would protect council homes from the Right to Buy (Davis, 2013).

shortfalls (in other words those local authorities with a deficit between their income and expenditures on their Housing Revenue Accounts). Described as a system of 'cross-subsidy', it was largely understood to penalize local authorities, preventing them from investing on their local stock. This will become important again in a moment.

Housing policy under New Labour marked a new period in the history of the privatization of council housing. This privatization was facilitated through a refurbishment program initiated under Tony Blair's administration in the late 1990s. Launched in 1997, the "Decent Homes Standard" aimed to improve the conditions of all council and housing association homes by 2010. Among other things, the program required local authorities to bring their homes to a "reasonable state of repair" and provide a "reasonable degree of thermal comfort" (Wilson, 2009, p.3). In characteristically 'third way' fashion[21], local authorities were given three options to access subsidies for the program. They could either transfer (sell) their homes to a housing association who would then undertake the refurbishment; they could create an Arms' Length Management Organization (ALMO), a not-for-profit company that would refurbish the housing on the council's behalf[22]; or they could pursue a Private Finance Initiative (a kind of public private partnership) with a consortium of private funders and developers. Local authorities who kept their housing under direct management would not receive extra funds to fund repairs.

By 2008, nearly half (or 170) of local authorities had transferred their stock to housing associations and about a fifth (or 66) had set up an ALMO to manage their homes at arm's length. Nearly a third or 112 local authorities had decided to keep direct ownership and

[21]The proliferation of public-private partnerships was characteristic of this period of housing policy under Tony Blair, who had famously called an end to "the days of the all-purpose local authority that planned and delivered everything" (Lund, 2018).
[22]Usually ownership remains with the council under such an arrangement. ALMOS are run by an unpaid board including tenants, local authority representatives and independent members.

management of their homes (Wilson, 2009). By 2010, once renovation and refurbishment works had been completed, many local authorities who had used ALMOS ended up bringing the management of their housing back under council control.

Housing policy under Tony Blair's administration had therefore worked to accelerate the privatization of council housing through stock transfers to housing associations. At the same time, as reflected in the numbers above, many local authorities were keen on keeping full control of the ownership and management of their homes.

Nearly a decade after the Decent Homes Programme was launched, the policies and politics of council housing had started to shift again. By 2006, a process of reforming the system of council housing finance was set into motion based on the premise that local authorities should be able to control their housing revenue and borrow against it to invest in housing (Interview, 2017). As explained to me by an interviewee, and as reflected in the numbers above, many local authorities were not interested in transferring their stock to housing associations. Rather they wanted to keep it and they wanted more freedom to invest in housing directly (Interview, 2017). For the next six years, a group of public sector interest groups, including the Chartered Institute of Housing and the Chartered Institute for Public Finance and Accountancy, worked with central government to create the new policy that would allow councils to 'self-finance' using surpluses from their rental income (Interview, 2017).

A 'self-financing' debt settlement would allow participating stock-holding local authorities to opt out of the HRA subsidy system and to effectively 'buy back' some of this pooled debt. In return, councils would be able to keep their rental income and start refurbishing and building new homes by borrowing against the value of their rental cash flow (Perry, Smith & Pitt, 2016). As part of their bigger asset management strategy, local authorities would have to show that they could manage their own housing finances through the creation of 30-year business plans for their Housing Revenue Accounts (see Murie, 1993 for an analysis of HRA business planning as a precursor to privatization). From 2006 to 2012, self-financing "was like the cavalry charging on the hill" according to an interviewee who participated in the making of the policy (Interviewee, 2017).

If the move towards the self-financing of council housing emerged primarily out of local authorities' desire for greater autonomy and control over their housing, by the mid-2000s central government had become more open to the idea that local authorities should play a greater role in housing provision. The context for this is important. House prices had doubled over the last decade and were rising much faster than earnings and there was a growing demand for council and social homes (DCLG, 2007). The move to self-finance was therefore part of a bigger policy shift from refurbishment of existing homes to the production of new housing.

While the details of the self-financing deal between local authorities and central government were being developed, plans to give local authorities a greater role in land and housing development were put forward in the national government's Housing Green Paper in 2007 which among other things introduced the idea of Local Housing Companies (LHCs)[23]. At the time, LHCs were envisioned as joint ventures between local authorities and *English Partnerships*, the national public body responsible for the acquisition and assembly of land for major redevelopment projects (now *Homes England*). Accordingly, the aim of LHCs was to help local authorities "unlock land for new housing and affordable homes and establish the quality and mix of development in their areas" (DCLG, 2007, p.38). Particular emphasis was placed on the idea of using council-owned land to create 'mixed-income communities' and to provide low-cost homes for shared ownership to people who could not afford to buy. In the process of developing their land through LHCs, local authorities, would be able to "keep a stake in their land and enjoy the benefit of rising land values over time" (DLCG, 2007, p.38).

---

[23]Local authority housing companies were also used briefly in the 1990s as an alternative to stock-transfer to housing associations.

As part of this effort, the London Borough of Barking and Dagenham piloted one of the first housing companies in 2008[24] (London Borough of Barking and Dagenham, 2008).

By 2009, with the financial crisis and the recession now in full swing, and with a General Election only a year away, Gordon Brown's administration pushed for local authorities to assume a greater role in housing during the market downturn. The tightening of lending by financial institutions to non-profit housing associations[25] and a construction slowdown meant that it would be difficult to secure affordable housing either through housing associations or through the private sector (Schwartz, 2011). Local authorities were seen as playing an important counter-cyclical role in this context. By July 2009, the self-financing of council housing had also been announced to Town Halls across the country, although the policy would not be implemented until 2012. In anticipation of the change in housing finance rules however, local authorities were invited to apply for £350 million of direct subsidies to kickstart their historic return as housebuilders. As the Guardian reported at the time, the return of council house building was on its course to reverse the "dramatic decline in council house building that began in the 1950s" (Booth, 2009).

It is worth noting that some political motivations were also at work behind this injection of subsidies to local authorities. An interview by The Guardian with a senior government official suggests that Gordon Brown's administration was motivated not just by a need to intervene in affordable housing delivery during a market downturn, but also by a desire to satisfy the policy priorities of his party, and by a desire to spend as it was expected that the

[24]Barking and Dagenham had set up a local housing company in 2008 as a pilot project in line with the Green Paper. The focus was to allow the council to assume the role of "master developer" and it was envisioned that it would be jointly owned with a private sector partner, and provide 8,000 new units in the borough, 50% of which would be affordable (LB Barking and Dagenham, 2008).

[25]By this point, housing associations had already become reliant on the market to fund social housing. They depended both on financial markets as a source of debt finance, and on open market sales to cross-subsidize social homes in the context a long-term reduction to their grants (Schwartz, 2011).

Labour party would lose in the national elections (Booth, 2009). The politics of council housing and housing policy had indeed changed over the last few years not least because of the pressure put on government to give local authorities greater borrowing and investment powers. Housing was in many ways Labour's "biggest domestic policy failing" over the last decade according to an interviewee, and the government in its dying years had sought to "remedy that, or at least seek another, a different way forward" (Interview, 2019).

The self-financing of council housing finally took effect in 2012. Under the settlement, which was implemented in 2012, with some changes under the now Conservative-Liberal Democrat Coalition, most stock-owning councils took on an extra £13 billion of debt while a smaller number had their debt reduced by £6 billion so that they no longer were in need of a subsidy (Perry et al., 2016). However, the implementation of this debt settlement between local authorities and central government came with two major constraints. On the same day that council housing became self-financing, central government re-launched the Right to Buy scheme, increasing the discounts available to council housing tenants who wanted to buy their property[26] (Interview, 2017). Strict borrowing caps were also imposed on local authorities' Housing Revenue Accounts. These two policies effectively undermined the 30-year financial plans that local authorities had put in place to start building new homes.

The rationale for a 're-invigorated' Right to Buy was that it would help 'rejuvenate' the housing market and post-recessionary economy by offering council tenants their "homeownership aspirations" (Wilson, 2014). The Right to Buy was also framed as an opportunity for councils to build new homes by using the receipts from their housing sales to replace the lost units on a one-to-one basis (David Cameron, as cited in Wilson, 2014). A

[26]The discount off the value of council properties was raised to 35% for houses, and 50% for flats. In addition, maximum discounts in London were increased to £104,900, up from the previous £16,000 under the previous New Labour administration (Murie, 2015).

portion of the receipts from sales would also be transferred to the Treasury as “part of addressing the deficit in the nation’s finances” (Barwell, 2017).

Caps on borrowing for housing were also imposed on all stock-owning authorities in 2012. Again, the justification was related to the government’s austerity program and the need to bring public borrowing down[27]. The borrowing limits, calculated using the Treasury’s old methodologies for the HRA subsidy system, were widely opposed by local authorities and described as arbitrary, as councils with high borrowing needs were given little headroom to borrow against their rental income (Perry, 2014).

Local authorities were faced with a dilemma, then. They could either build new council (social) homes through their Housing Revenue Account but face the prospect of losing new stock through Right to Buy sales, or they could build homes across a mixture of rents and tenures outside of their HRA through arm’s length council companies (Interview, 2017). In the context of an intersecting number of constraints, including importantly steep reductions in government grants to local authorities, many local authorities opted for the second option (Interview, 2017).

To understand why this was a dilemma, a brief explanation of the legal framework for council housing is necessary here. Council homes are social homes owned and managed directly by local authorities. They are the least expensive form of housing in England: rents are low and affordable to households with low to very low incomes, and they are secure to tenants in perpetuity. An official housing register or waiting list allows local authorities to determine eligibility and allocate homes on the basis of need. Legally, councils have to account for their

[27]Housing debt, like local government debt, is accounted for in the Public Sector Net Debt (PSND) which covers government and public corporations debt (which in this case includes council housing and ALMOs), rather than General Government Gross Debt (GGGD), which only measures central and local government debt, and is the measure of public debt used in the European Union.

council homes in their Housing Revenue Accounts. If they provide council homes that meet the above criteria through companies, they risk a legal challenge from central government (Interview, 2018).

Technically, local authorities can use companies to provide homes that resemble traditional council homes. However, there needs to be something that differentiates them from traditional council housing, as explained to me by a lawyer advising local authorities on how to set up companies. For example, a distinguishing feature could be the creation of a different system for housing allocation that is separate to a council's housing waiting list (Interview, 2018). Put differently, to provide sub-market affordable housing through any way other than through their HRA, local authorities have to "dress it up" (Interview, 2017).

Of course, for many local authorities, housing companies represented an opportunity too. By charging higher rents on their stock, they could cross-subsidize homes at lower rents, they could provide homes to households not eligible for council homes, and importantly, they could pull in a revenue stream to fund other public services (Interviews, 2017 & 2018).

Indeed, the other big driver for the creation of wholly-owned housing companies was, and continues to be, the government's austerity program. Since 2010, local authorities have faced steep cuts to their grants from central government. Between 2009/10 and 2014/15, grants from central government to local authorities were cut by 36.3 percent overall in real terms (Innes & Tetlow, 2015). If grant funding constituted local authorities' primary source of funding until 2010, by 2020 councils were expected to become 'self-sufficient' through their local tax base and through fees and charges. Of course, the irony is that local authorities have limited abilities to generate local tax revenue in England. As I will show later in this chapter, the financial pressures placed on local authorities have only worsened over the last five years.

In this context of heightened fiscal stress, housing companies were seen as offering local authorities a number of financial benefits. By borrowing from central government against their General Fund revenue (their non-housing revenue) they could on-lend to their housing subsidiary companies and generate a return through interest payments. They found in other words a way to act like a bank (Interview, 2019). In the aftermath of the financial crisis, some local authorities had also started on-lending to housing associations that were struggling to access finance from the capital markets. While local authorities have limited ability to raise council tax (the tax on residential property), they can grow their tax base by increasing the number of high-valued residential units in their areas. Again, I will explain some of these issues in more detail later in this chapter, but for now what is important to note is that the prospect of generating revenue through companies was an important issue from the start (Interviews, 2017 & 2018).

In sum, the two immediate, structural drivers for the creation of housing companies from 2012 onwards were the constraints placed on local authorities' ability to invest and preserve their housing, and fiscal austerity. As noted by an interviewee, for local authorities "there's always a motivation to provide housing, and to make a return on the General Fund" (Interview, 2017). Exactly how these two motivations are balanced varies across the country, across different local housing markets, and with respect to the different needs and priorities of local authorities. Understanding how these structural forces interacted and intersected with local drivers in the case of London is the focus of the next four Chapters. In this next section, I explore some of the issues that have structured the local development context within which local authorities have been operating since 2010, with a focus on London.

Shifting relations between local authorities, housing associations and developers

In addition to the changes related to council housing finance, a series of policies have significantly altered the housing and land development context within which local authorities in London have been operating since 2010. Three issues have emerged as central: (1) the withdrawal of housing associations from the provision of social housing following cuts to their grants, and the parallel weakening of relations between local authorities and housing associations; (2) the increasing difficulty of securing affordable housing from developers; and (3) the accelerated loss of existing social homes through ‘estate regeneration’ projects. Overall, these developments have contributed to the significant reduction in the number of council and social homes in London. They have also worked to re-calibrate state-market relations in the capital. Local authorities’ revived role in land and housing development needs to be understood in this context too.

The defunding of housing associations

In 2010, the Conservative-led Coalition government significantly reduced the level of subsidies to housing associations, encouraging them in the process to increase their rents to 80 percent of local market rents. As part of the government’s austerity drive, spending on social housing was reduced by 60 percent in 2010. Over the next four years, housing associations would only receive £4.4 billion in subsidies to help them build new social homes, down from £8.4 billion over the previous three-year period.

To enable housing associations to increase their borrowing capacity in light of these funding reductions, the government introduced a new form of social rent called ‘Affordable Rent’ set at up to 80 percent of local market rents. All national subsidies from 2010 onwards were directed towards building new homes at Affordable Rent. Affordable housing was therefore redefined by the national state to describe homes that were effectively unaffordable to most households with low and middle incomes, particularly in places like London where rents are high. This reduction in social housing subsidies and their re-direction towards the construction of homes at 80 percent of market rents had a profound impact on the politics of affordable housing provision over the next decade or so. The irony of the term ‘Affordable Rent’ was not missed by anyone: “It was Orwellian in terms of its use of language. We have to say that something which is unaffordable is affordable. And we’ll just go on saying it.” (Interview, 2017)

As part of this new funding regime, housing associations were also encouraged to convert existing social housing units, typically set at 40 to 60 percent of market rents, to Affordable Rent units. In London, this led to many housing associations with the support of the Mayor at the time, Boris Johnson[28], to “quietly switch” 19,000 thousand tenancies from social rent to Affordable Rent (Booth, 2015). At the national level, more than half of the 170,000 Affordable Rent units delivered through housing associations were conversions of existing social rented units (Ross, Perry & Duggan, 2017).

If the introduction of Affordable Rents contributed to the sharp decline of social housing, it also severely undermined local authorities’ ability to meet their statutory duty of allocating social housing to those in need (Ross et al., 2017). Local authorities were also dissuaded by government to restrict housing associations’ conversions of social rents to Affordable Rents at up to 80 percent of local market rents. Local authorities were warned that should they attempt to put restrictions on housing associations in their areas—including “setting onerous conditions on undertaking conversions or disposals”—fewer housing schemes would be funded within their jurisdictions (Homes and Communities Agency, 2014).

[28]Sadiq Khan later called for an end to Affordable Rent conversions in 2016.

A policy that further destabilized the relationship between local authorities and housing associations was the 2016 Housing and Planning Act's proposed extension of large Right to Buy discounts to 1.3 million housing association tenants (Fraser et al., 2017). The extension of the Right to Buy discounts to housing associations would have been funded through the forced sale of high-value local authority homes once these became empty. The policy, which was delayed and later revoked, received scathing critiques from parliamentary scrutiny groups, housing policy analysts, and journalists (Wright, 2016). It also contributed to undermining the working relations between local authorities and housing associations (Fraser et al., 2017). Overall, local authorities are now less keen on lending their remaining land to housing associations since there is no guarantee that social homes will be delivered through this method (Fraser et al., 2017).

Governing by numbers: financial viability, developers' profit, and housing targets

Meanwhile, local authorities' ability to secure affordable housing contributions from developers has been significantly weakened since 2012. In England, developers are not legally required to provide a set percentage of sub-market, affordable housing units. If they can show during their negotiation with local authorities that the provision of affordable housing undermines the 'financial viability' of their schemes, they can choose to provide no affordable housing at all. The idea of financial viability has been a feature of the system of development contributions (or planning gain) since 1991. However, its use in the negotiation process between local authorities and developers has only been recently institutionalized (Christophers, 2013).

The notion of viability was formalized in the government's National Planning Policy Framework (NPPF) in 2012 which was designed to reduce the perceived complexity of existing planning policies and guiding documents. The underlying reasoning was that the planning system presented an obstacle to development and that minimizing the size and regulatory scope of planning policy would help increase housing supply. In an effort to do so, national planning policy gave precedence to commercial viability assessments in the calculation of planning obligations secured through 'Section 106 agreements' (contractual agreements with developers).

The use of viability tests effectively encouraged developers and landowners to secure a 'competitive return' when calculating the cost of a development. Their use has led to notoriously little or no contributions as developers use calculations that put upwards pressure on the price of land acquisition to squeeze out the cost of affordable housing. More broadly, the impact of a deregulated planning framework is that the balance of power has been tilted squarely in favor of developers and landowners (Christophers, 2013; Crosby, Mcallister & Wyatt, 2013; Sayce et al., 2017).

Since 2012, national planning policy has also required local authorities to plan for residential development through a system of target-housing monitoring. Regardless of whether individual local authorities are 'pro-development' or not, they are effectively pressured to grant planning permissions for new homes and to release their own land to developers for the same purpose in order to meet required housing targets.

Under the former Labour government, house-building targets were determined at the national level and allocated to regional planning authorities. Targets would then be split between local authorities within a particular region. This effective 'zoning' of land for housing meant that planning applications would be approved more easily (Smith, 2017). With the passing of the Localism Act in 2011, regional strategies were abolished and the responsibility to calculate housing targets was devolved to local planning authorities. As part of the government's drive to increase housing supply, the National Planning Policy Framework stipulated that local planning authorities should calculate their own need for market and affordable housing and set aside a five-year supply of land with additional buffers to "provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land" (DCLGb, 2012, p.12). Where a five year plan has not been set aside, central government (through the Planning Inspectorate) can override the powers of local authorities and grant planning permission to a development that may otherwise have been rejected.

In London, local authorities also need to meet minimum housing targets as set out in the London Plan, the statutory spatial development strategy prepared by the Mayor of London. Until 2008 and under Ken Livingstone's administration, the target for affordable housing was 50 percent, city-wide. Boris Johnson later scrapped affordable housing targets altogether and rescinded boroughs from their responsibility of meeting housing need. In 2016, the new Mayor Sadiq Khan set a target to build 65,000 new homes annually, 50 percent of which should be affordable. For individual private sector schemes, the threshold for affordable housing provision is now set to 35 percent, while for housing schemes on public land, at least 50 percent should be affordable (GLA, 2018c).

To increase the number of homes built across the capital, density restrictions have also been removed under the Mayor of London's new housing supply strategy, while in-fill and small site development is now encouraged (Mayor of London, 2018). As part of this strategy, outer London boroughs have been allocated high housing targets in an effort to shift London's development outwards. The development of outer London remains a contentious subject, however. Suburban outer London boroughs, most of which swing between Labour and Conservative, have historically been more resistant to development. Indeed, concerns that Khan is "waging a war on the suburbs" were raised in a report by Andrew Boff, a Conservative member of the London Assembly housing committee (Simpson, 2018). On the other hand, there is also concern that Mayor's housing supply strategy will contribute to rising land prices in outer London and make the areas less affordable.

Struggles over the preservation and construction of council homes

A recent, important development in the politics of affordable housing in London is the introduction of grant funding for local authority housebuilding. In May 2018, Sadiq Khan announced that local authorities would be able to bid for £4.8 billion of grant funding as part of the GLA's new *Building Council Homes for Londoners* program. The program is the first time that the GLA is providing funding for councils to build homes. Its aim is to help councils deliver more housing particularly at social rents, to counteract the effects of stock loss through the Right to Buy, and to help local authorities "regain the confidence and ambition they demonstrated during the zenith of council homebuilding in the 1960s and 1970s" (GLA, 2018b, p.7).

Although housing decisions have been devolved to the Greater London Authority since 2011[29], the level of funding still needs to be negotiated with central government. Importantly, as part of these negotiations, the Mayor of London and central government reached an agreement to divert money from the Affordable Rent program which subsidizes units up to 80 percent of market rent to fund a new form of tenure, London Affordable Rent. This is a form of rent based on social rents provided by housing associations: it is capped at social rents but in practice is a little higher, as social rents are reduced by one percent annually until 2020[30]. As noted by housing commentator Jules Birch (2019), a complete return to social rent subsidies

[29]The Localism Act 2011 devolved land acquisition and social housing powers from the Homes and Communities Agency to the Greater London Authority. However, the Mayor of London does not have separate powers to raise finance for housing.

[30]In 2017, the government announced that social housing providers including local authorities will be able to increase social rents by the Current Price Index plus one percent every year. Local authorities and housing associations were previously allowed to increase their rents by one percent more than inflation, but this changed in the July 2015 national budget. The rent decreases were designed to save the Treasury £1.45 billion in Housing Benefit (Kelly, 2015).

was seen as out of the question by central government. Depending on the political perspective, Khan’s settlement for the London Affordable Rent tenure represents either a “clever solution that preserves the principles of social rent,” or a “sell out” (Birch, 2019). As will be shown in the next chapters, the Mayor of London’s new funding program is helping a handful of large local authorities with housing companies provide some more homes at lower rents.

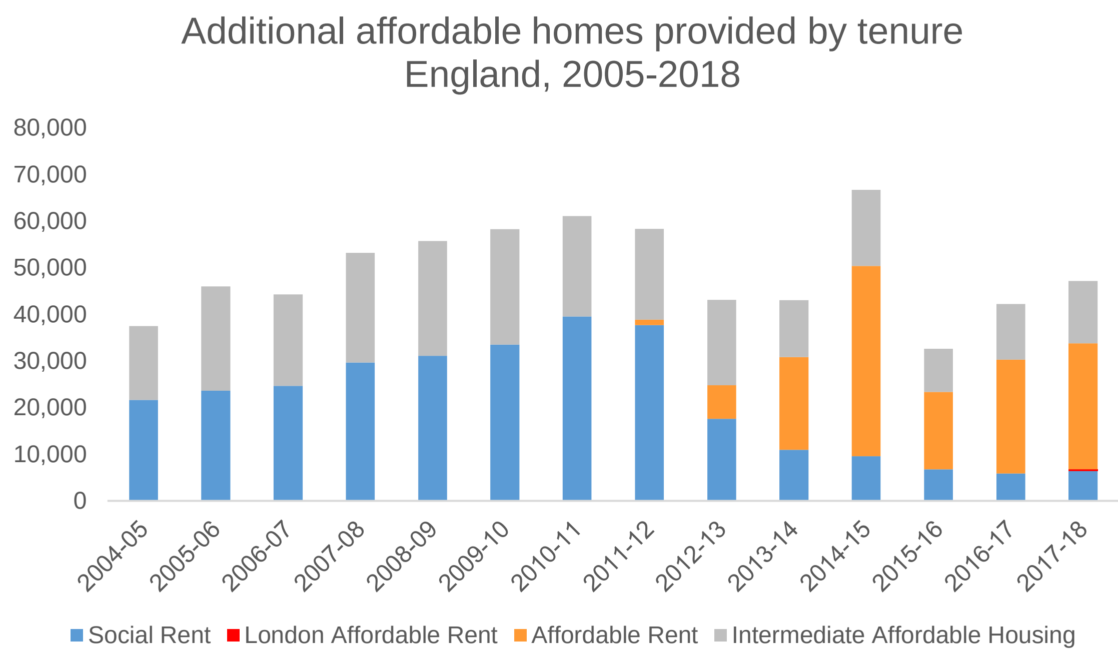

Figure 3: Additional affordable homes provided by tenure England, 2005-2018. Data from Ministry of Housing, Communities & Local Government (2019d).
Note: Social Rent, London Affordable Rent and Affordable Rent are all allocated to households eligible for social housing on the basis of need. Intermediate Affordable Housing includes various forms of low-cost homeownership and intermediate rent. Homes at intermediate rent are allocated to households using a system of income thresholds; this operates outside the system of social housing provision.

However, despite the Mayor’s effort to provide more social housing in London, there are still concerns that significant levels of social housing are being lost through ‘estate regeneration’ projects. Estate regeneration is the name given to the practice of refurbishing and/or demolishing and rebuilding housing estates owned by councils or housing associations. Until recently, these were mostly private-led projects, where councils were concerned. The council would sell the land and housing to developers; the developer would then sell any new social housing units to a housing association. Now some councils are directly redeveloping their housing estates, often through the use of wholly-owned housing companies.

Because of the widespread use of demolition, the redevelopment of council housing estates has emerged as one of the most contentious issues in the politics of land development in London. While estate regeneration pre-dates the 2010 moment, there has been a marked focus since then on adopting a ‘wholesale’ approach to housing refurbishment based on demolition and densification. This has been encouraged directly and indirectly at different levels of government and throughout the private sector (see GLA, 2014 for a discussion on the rise of demolition, and Lord Andonis’ report *City of Villages*). The policy of estate regeneration has therefore contributed to displacement pressures and to gentrification, and to the overall loss of homes at council or social rents.

Drawing on an analysis of all planning permissions in the London Development Database, London Assembly Member Sian Berry estimates that since 2003 a total of 4,142 council homes have been lost through redevelopment schemes, with a further 7,612 set to be lost in estate regeneration schemes that have planning permission (Berry, 2018). This excludes council homes lost through Right to Buy or council sales.

Following the Grenfell tower fire which killed 72 people in 2017 and which was caused by the installation of combustible cladding on the building, estate regeneration strategies have been subjected to increased scrutiny. In response to Grenfell and to growing opposition against the demolition of public housing estates across London, Jeremy Corbyn called for the use of resident ballots in estate regeneration projects in his speech to the Labour Party Conference in 2017. The move to ballots, which was originally opposed by Sadiq Khan in earlier guidance to local authorities, was eventually incorporated in *The Mayor’s Good Practice Guide to Estate Regeneration* (Mayor of London, February 2018). To receive grant funding from the GLA, local authorities and housing associations undertaking estate regeneration projects that involve the demolition of social homes, must now have the support of residents in a ballot.

In sum, the ‘re-invigoration’ of the Right to Buy, the withdrawal of housing associations from social housing provision, and the loss of homes through estate regeneration schemes have all worked to significantly reduce the amount of available social housing in London. In addition, the use of viability tests in the negotiation of affordable housing contributions has undermined local authorities’ ability to secure affordable housing from developers, while sharp cuts to social housing grants have led to increased commercialization as housing providers (including housing associations and councils) have had to rely on cross-subsidy to fund a much smaller number of homes at the lowest, social rents. The politics of housing and land development in London are slowly changing, however, although for now it is too early to tell what the new ballot policy and what the new council housebuilding program will mean for the provision and preservation of social rented homes. In this next section, I provide a detailed account of the impact of austerity-led funding reductions on local government.

Enduring austerity, cheap credit & resurgent housing markets

The 2007-2008 global financial crisis legitimized a new round of public sector and welfare retrenchment in the UK, as it did in the rest of Europe and much of the US. As a number of scholars have argued, austerity enabled a crisis originating in the sub-prime mortgage market in the US and in the financial markets more generally, to be recounted as a crisis of sovereign debt and public spending. To be sure, what this latter story masked was that public debt had spiked during the crisis in large part because governments had borrowed to bail out and recapitalize banks (Blythe, 2013; Jessop, 2015a).

In a speech to parliament in 2010, George Osborne, the Chancellor of the Exchequer at the time, outlined a package of emergency measures designed to reduce the public deficit to zero by 2014-2015. The country under the previous Labour administration had "overspent" according to Osborne, and this called to question not simply the liquidity and solvency of banks, but also that of government itself (Onanuga, 2010). Austerity was presented not as a choice but an inevitability that would prevent the UK from turning into 'another Greece': "[t]he crisis in the Eurozone shows that unless we deal with our debts there will be no growth" proclaimed Osborne before announcing a fiscal consolidation strategy based on nearly 80 percent in spending reductions.

At the level of the macroeconomy, the government responded to the financial crisis through a series of 'unconventional' monetary policies including the use quantitative easing and near-zero interest rates designed to encourage investment and lending. To a large degree, such measures facilitated the return of a pre-crisis mode of economic growth based on the expansion of the financial and real-estate sectors and the rise of personal debt to compensate for wage stagnation (Jessop, 2015a; Crouch, 2009; Hay, 2013; Lavery, 2017; Hofman & Aalbers, 2019).

Among other things, the lowering of interest rates enabled the resurgence of the Buy to Let mortgage market in 2014 (Green & Lavery, 2017). As will become apparent in later chapters, this period of time is also when median house prices in London went from increasing by an annual average of six percent in 2013 between 2014, to 13 percent in the following year (GLA, 2018a). It is also when evictions and homelessness began to escalate rapidly. Record low interest rates have also contributed to the ongoing collapse of UK bond yields (or gilts). Gilt yields reflect the British government's borrowing costs, and conversely, the rate at which government then on-lends to local authorities. More details on this will be provided further on in this chapter.

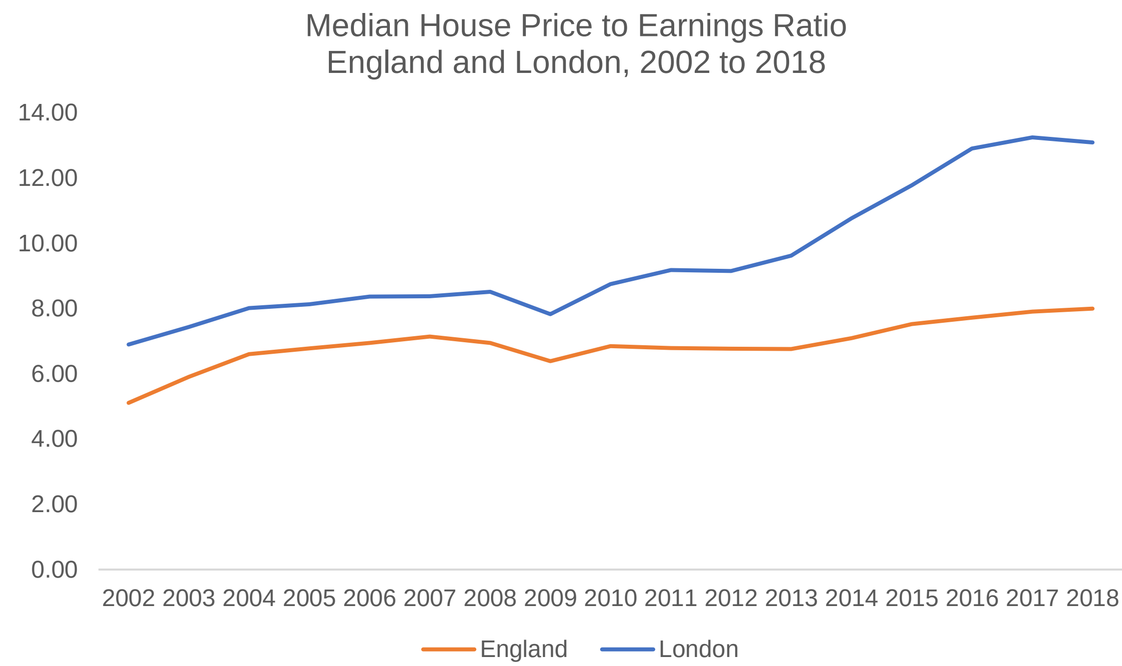

Figure 4: Median house price to median gross annual residence-based earnings, England and London, 2002 to 2018. Data from the Office for National Statistics (2019a).

Local authorities have been at the forefront of the government's austerity drive, with revenue grants to local authorities reduced by nearly half since 2010 (National Audit Office [NAO], 2018). Facing a growing demand for services, and with limited fiscal autonomy or ability to raise revenue through taxation, local authorities are finding themselves at a breaking point. Below I outline the impacts of austerity on local government. I also review the different ways in which local authorities have tried to mitigate the impact of cuts and explain how local housing companies have emerged in part as a response to austerity.

Impact of austerity on local government

For local government, the effects of spending cuts have been stark. The Department of Communities and Local government (now the Ministry for Housing, Communities & Local Government) experienced by far the largest change in departmental spending between 2009/10 and 2015/16 (Centre for Cities, 2019; HM Treasury, 2014). Funding to local authorities has been reduced by half (49 percent) in real terms between 2010/11 and 2017/18, with a projected reduction to 56 percent by 2019/10 (NAO, 2018). When council tax is taken into account, this represents over a quarter reduction (or 28.6 percent) in local authorities' spending power[31](NAO, 2018).

Unsurprisingly, reductions in funding and spending power have been unevenly distributed, with London and cities in the North of England and the Midlands hit the hardest. In 2009/10 before the start of austerity, local authorities on average received 59 percent of their income from central government grants (Amin-Smith et al., 2016). The distribution of grants was based on a principle of 'equalization' which meant that local authorities with higher needs received higher levels of grants. In 2010, grants to local authorities were reduced on a uniform basis. As a result, those local authorities that were more 'grant reliant' in 2010 experienced the largest reductions in their spending power. In London, the spending power of boroughs has fallen by a median of 48 percent between 2010/11 and 2017/18 (NAO, 2018).

To make up for reductions in their funding, local authorities have been given additional powers to raise revenue through the retention of their 'business rates,' the tax on the occupation of business properties. Prior to 2013, all business rates were collected by central government and redistributed along with the Revenue Support Grant to local authorities according to their different spending needs and tax capacities. Now, local authorities can retain up to 50 percent of their business taxes. The aim, from the perspective of central government, is to entirely phase out revenue grants to local authorities by 2020 and move to a system where local authorities are able to fund themselves through their tax base.

As part of this shift towards locally-raised revenues, the government also introduced the *New Homes Bonus*, a grant designed to incentivize local authorities to give more planning

[31]This is an indicator to measure spending reductions and is based on the main sources of funding from government and council tax.

permissions for residential development. As part of the scheme, local authorities receive a grant equivalent to six years of council tax payments for any new homes in their areas. The New Homes Bonus is also linked to council tax revenue bands, meaning that properties with higher valuations receive higher levels of grants (Amin-Smith et al., 2016).

The effect of such incentives has been uneven for local authorities, while a reliance on local revenues has not been enough to offset the deep cuts to local government (Amin-Smith et al., 2016; NAO, 2018). As pointed out by Amin-Smith and colleagues (2016), this shift from a highly-centralized system of grant allocation to a system based on incentivizing local economic growth, albeit one that is still highly centralized, has resulted in local authorities now bearing “far more spending and revenue risk” (p.1).

Meanwhile local authorities have faced growing demand for services, particularly demand for adult and children social care and for housing. Since 2010/11, the number of children in care and the number of people aged 65 and over have increased by 10.9 percent and 14.3 percent respectively (NAO, 2018). As a result, local authorities are spending a growing share of their revenue on providing care for these groups. Spending on social care now accounts for over half (54.4 percent) of local authorities’ spending on services, up from 45.3 percent in 2010/11 (NAO, 2018). Research by The Guardian and the *Local Government Association* reveals that nearly nine in ten councils had to overspend (spend more than they had planned) in children’s social care over the last financial year as they struggled to meet growing demand.

Homelessness has also increased dramatically after many years of being in decline in large part as a result of the steep rise in rents. Indeed, the single largest cause of homelessness is eviction from the private sector (MHCLG, 2018f). Private rents in London increased by 24 percent between 2010 and 2017, eight times faster than earnings which rose by three percent during this same period (NAO, 2017). Cuts to household welfare[32], including Housing Benefit, have compounded the rising cost of housing (Savage, 2018; Tonutti, 2018).

Since 2010, the number of households in living in emergency, temporary accommodation has increased by a staggering 71 percent, with London accounting for the largest increases (MHCLG, 2018). In 2018, there were over 83,000 households living in temporary accommodation in England, 57,000 of which were in London. Nearly 80 percent of all households in temporary accommodation in London were families with children (MHCLG, 2018f). The homelessness crisis has also disproportionately impacted black and south Asian households (Garvie, 2017).

[32]In 2013, the government introduced a benefit cap with the aim of reducing welfare expenditure and incentivizing people into work. Overall entitlements were capped to £26,000 a year for families and £18,200 for individuals. Households could escape the cap if they showed they worked over a certain number of hours per week. The cap was then lowered again to £23,000 for families living in London and to £20,000 for those outside the capital (Kennedy et al., 2016).

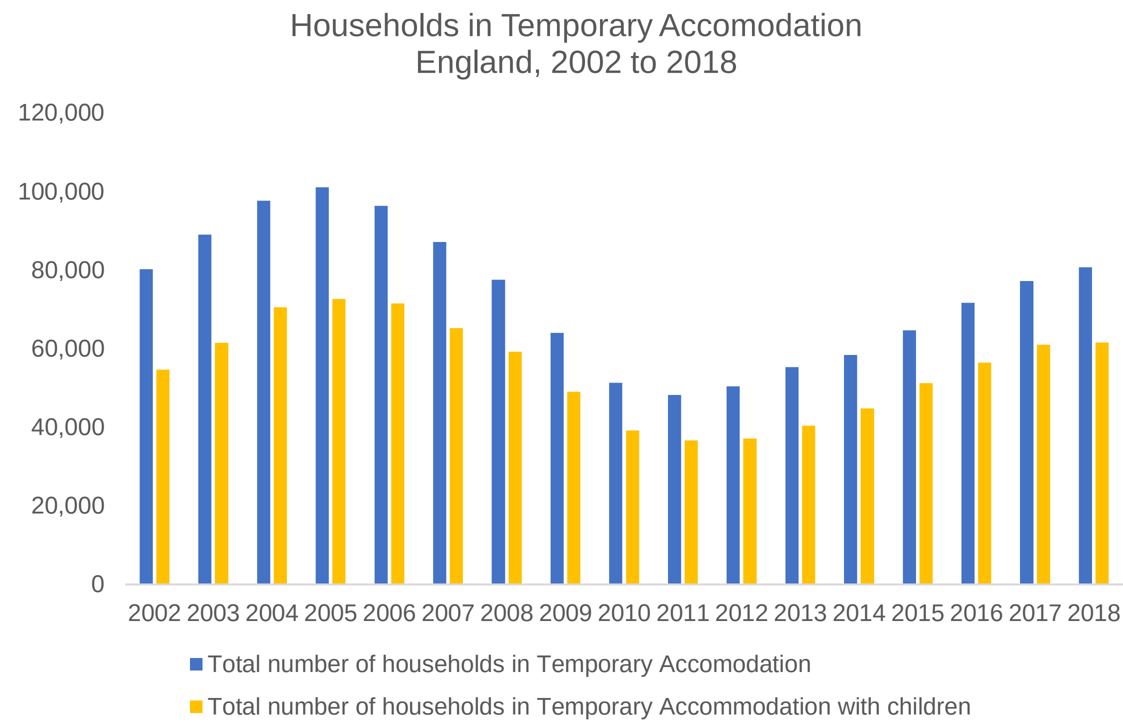

Figure 5: Number of households in temporary accommodation in England, 2002 to 2012 (first quarter). Data from the Ministry of Housing, Communities & Local Government (2019c).

The growing number of households and families in temporary accommodation has put additional pressure on local authorities. Local authorities have gone from spending just under £600 million per year in 2012/13 on re-housing residents in emergency housing, primarily in the private sector[33], to about £1 billion in 2017/18 (Perraudin & McIntyre, 2019a; MHCLG, 2018e). Again, the impact in London has been particularly acute, with all 32 boroughs making

[33]Until 1996, councils had to provide homeless residents with permanent, social housing. The Housing Act of 1996 started the process of deregulating this statutory duty, as local authorities were now allowed to secure accommodation for homeless applicants in the private sector in addition to council and housing association homes. In 2012 however, the right of applicants to turn down the offer of a private rental was removed through the "homelessness suitability of accommodation (England) order" which had the effect of shifting local authorities' homelessness duty to the private sector. In 2018, almost a third (31 percent) of all households in temporary accommodation (TA) lived in private sector accommodation leased by a local authority or housing association; a quarter (26 percent) lived in nightly paid accommodation; 19 percent lived in local authority or housing association homes; eight percent stayed in Bed and Breakfast hotels, and seven percent in hostels. A final nine percent lived in other types of accommodation (MHCLG, 2019c)

it to the list of the top 45 local authorities with the highest per capita spending in temporary accommodation in England (Perraudin & McIntyre, 2019a; MHCLG, 2018e).

Responses to austerity

How have local authorities coped with these funding reductions and growing demand for services? According to the 2018 National Audit Office report on the financial sustainability of local authorities, local authorities have managed the impact of austerity first through spending reductions and reserve-building, and then through savings and the commercialization of public services (NAO, 2018). In recent years however, local authorities are running out of ways to cope with the crisis, with many turning to their financial reserves and to more asset sales to balance their budgets (Glover, 2019). I review these coping strategies below.

Spending cuts, savings and the use of financial reserves

To off-set cuts to their revenue grants from central government, local authorities focused their early efforts on reducing spending on services, and on building their financial reserves. They built their financial reserves by reducing spending at a rate higher than their reduction in income. As a whole, the National Audit Office finds that local authorities have tried to protect spending on front-line services such as children and adult social care, as they have a statutory duty to provide these to residents. As a result, however, non-statutory services have suffered. For example, spending on planning and development has been reduced by over half since 2010/11 (NAO, 2018).

Yet, savings and cuts to local services have not been enough to keep local authorities afloat (NAO, 2018). According to the NAO report, local authorities are reporting “nearing the end of their ability to make further service savings without impacting on front-line services” (NAO, 2018, p.24). The situation has become worse over time particularly for those authorities that have high demand for adult and children social care responsibilities. As a result, many local authorities have now become reliant on their reserves to balance their budgets due to spending reductions and growing demand. The National Audit Office reported in 2018 that about one in ten single-tier and county councils have reserves that will last them less than three years if they continue to draw on them at the rate at which they did in 2016/17 (NAO, 2018).

Similarly, a survey of over a third of Councils in England and Wales conducted by the Local Government Information Unit found that eight in ten councils were not "confident in the sustainability of local government finance," while 40 percent planned on using their reserves for the second consecutive year (Glover, 2019, p.2). In 2018, the Conservative-run Northamptonshire County Council declared effective bankruptcy becoming the first local authority in England to ever issue a section 114 notice[34] after it announced that it was no longer able to balance its budget. While Northamptonshire was portrayed an extreme case of financial 'mismanagement' (albeit one that was definitely austerity-induced), there are fears that more councils will start issuing effective bankruptcy notices as they continue to rely on their reserves.

As a result of these pressures, local authorities have had to search for different sources of savings and income. The three major sources of alternative income generation have been external interest payments to the local authority (for example, from investment or lending to other bodies), and through profits from local authority 'trading'. Trading is similar to fees and charges but encompasses a wider set of activities associated with profit-making. Local authorities have also started to acquire commercial property purely for income-generating purposes (NAO, 2018). Below, I explain in more detail this turn to commercialization and its

[34]Section 114 of Local Government Finance Act 1988 represents a council's declaration that it can no longer balance its budget. Councils in England cannot declare technical bankruptcy like the US. After a section 114 is issued, spending is suspended. Government appointed commissioners may then have to take over the financial management of a local authority (CIPFA, 2016).

use alongside privatization. I then focus in more depth on patterns of local authority borrowing and investment under austerity.

Commercialization and privatization

The ability of local authorities to act in a commercial capacity through trading, or the generation of profit, is not new. The history of local authority trading can be traced to policies regulating the provision of public services in the UK. I provide a brief overview of this history here because it helps contextualize local authorities' increased reliance on wholly-owned companies to deliver public services and housing.

Until the 1980s, local authorities provided most of their services directly. This included housing. At the end of the decade, Margaret Thatcher's conservative administration introduced a national system of 'Compulsory Competitive Tendering' (CCT). Local authorities were required to open up the delivery of their services such as refuse collection and street cleaning to private competition. The policy, which was a central feature of Thatcher's privatization program was based on the logic that the introduction of market principles would create 'efficiencies' in the public sector and reduce the cost of running public services. Under Tony Blair's administration, the Local Government Act of 1999 replaced CCT with the 'Best Value' regime. Under the Best Value system, local authorities were no longer legally required to put out their services to tender. The requirement was only that 'value for money' is preserved (Sandford, 2016).

Later, the Local Government Act of 2003 and the Localism Act of 2011 gave local authorities the flexibility to 'trade', or act in profit-generating capacity, through the setting up of council-owned companies. The difference between trading and charging is that charges can only be used in the provision of discretionary public services, whereas trading can be used for all services. The amount that a local authority charges, however, is also limited to the cost of providing that service. In contrast trading can be used to generate a profit for the council. Moreover, to trade, a local authority must set up a council company (Office of the Deputy Prime Minister, 2003). The rationale for this introduction of trading powers in 2003 was these would “help create a dynamic and entrepreneurial public sector” while increasing “the scope for partnership working” and providing “business opportunities for the private sector” (Office of the Deputy Prime Minister, 2004, p.7).

Although local authorities were able to act commercially before the start of austerity in 2010, the growth of local authority trading companies grew in earnest in the context of recent funding reductions. Below I trace some of the key features of this shift. A note on terminology is important here. Local authority trading companies (LATCs) and wholly-owned companies, the word used more commonly to describe the structure of local housing companies, refer to more or less the same thing in practice. Both terms generally refer to companies that are wholly owned and controlled by local authorities. However, the acronym LATC is used more often in the context of services *not* related to housing.

Briefly, the way that local authority trading companies work is as follows. A council may set up a wholly-owned company in order to provide a service such as street cleaning. It then sells this service back to the council through a service contract. The company, usually run within the council, can then sell its services to additional organizations such as other councils, public sector organizations, or voluntary associations. The perceived benefit of such a model of service provision in the current context of funding reductions is that (a) it provides the council with additional income and (b) it helps it reduce its cost of providing services, for example through reduced pension liabilities for new staff (Interviews, 2018; Grant Thornton, 2018).

The extent to which local authorities have started relying on Local Authority Trading Companies (LATCs) to generate income is difficult to assess as there are no official statistics on their use. Emerging industry reports begin to paint a rough picture though. A recent study by Grant Thornton, a financial advising firm, finds that nearly 60 percent of all local authorities in England, Scotland and Wales had set up a trading company to provide a range of services including waste, care, and fire rescue services. Most were concentrated in Birmingham and the London Borough of Newham (one of my case study local authorities), and nearly a quarter of all companies were set up for investment purposes (Grant Thornton, 2018).

The authors of the Grant Horton report further suggest that local authorities are turning to local authority trading companies as part of a broader trend of 'in-sourcing' public service contracts under wholly-owned companies or joint ventures. If in 2010 "the obvious answer [to austerity] seemed to be outsourcing," this has not happened, at least to the extent expected, because outsourcing has become less popular (Grant Thornton, 2018, p.7). The dwindling popularity of outsourcing was attributed to complex and inflexible contracts, to poor quality service provision, to a procurement process based on aggressive price competition, and to a series of high-profile outsourcing failures. Although the report does not name these failures, they refer to the collapse of two of the largest outsourcing firms in the UK in 2018, Capita and Carillion. Ultimately, for Grant Thornton, while "austerity has been the trigger for increased commercialism," the rise of council-owned companies points to a potentially long-term alternative to "traditional forms of outsourcing" (Grant Thornton, 2018, p.3).

While in-sourcing has accelerated after 2010, it is a phenomenon that pre-dates austerity. The Association for Public Service Excellence (APSE) has been documenting patterns of in-sourcing at least since 2009. In contrast to Grant Thornton's private-sector framing of LATC's, the authors of the APSE report link in-sourcing to what they see as a broader movement towards 're-municipalization'. Similar to Grant Thornton however, their research suggest that this shift is more practical than ideological in nature. Based on a 2009 survey of 140 local authorities, they find that that over half (57 percent) of local authorities had brought a service in-house or were thinking of doing so. More than half (60 percent) of survey respondents cited cost reduction as a reason, while 44 percent cited poor service quality (Association for Public Service Excellence, 2009).

If the rise of local authority companies has intersected with a broader pattern of in-sourcing, practices of more outright privatization have been a constant feature of local authorities' response to austerity. Since 2010, austerity has put increased pressure on local authority to sell their land and property assets (Christophers, 2018a). Many of these assets sold have been invaluable to communities and range from parks, youth centers and residential facilities for the elderly, to town halls, libraries, and swimming pools (Locality, 2018).

Until 2016, however, local authorities were restricted in the extent to which they could use capital receipts from land sales to balance their budgets: receipts could only be used to finance new capital expenditure such as the acquisition or construction of new assets. Since 2016, local authorities have been able to use the receipts from their asset sales (excluding Right to Buy sales) to generate 'savings' in their revenue budgets, and to "to deliver more for less" (DCLG, 2916a, p.11). The measure was meant to be in place only for three years but was later extended to six. Between 2016 and 2017, local authorities had sold assets worth £118.5 million to generate savings in their revenue budgets (NAO, 2018). For example, many local authorities have used receipts from land sales to fund staff redundancies, or severance pay (Davies, Youle, Boutaud, & Sheffield, 2019).

In this next section I review the rise of local authority borrowing as this helps explain the broader context for the commercialization of public services and public assets such as land and housing.

The growth of local authority borrowing and investment

If the defunding of local government has put state actors under severe fiscal stress, local authorities in England remain relatively unconstrained in their ability to borrow and invest for capital expenditure purposes, in other words, for the construction or acquisition of tangible or intangible assets that support the delivery of public services (Chartered Institute of Public Finance and Accountancy, n.d.). With the exception of council housing, local authorities can borrow against their revenue for any form of capital expenditure, critically, without government approval and without any limits. They can do so as long as they can show that this borrowing is affordable and within 'prudential' limits. This system of 'prudential borrowing' was introduced in 2003 and replaced a more restrictive system where local authorities required permission to borrow from central government (Sandford, 2016).

The primary source of local authority borrowing is the Public Works Loan Board (PWLB), the part of the Treasury that lends to local authorities. With interest rates on PWLB loans set at a record low, local authority borrowing has increased significantly since 2010. The development of this seeming paradox—the co-existence of steep cuts to local budgets designed to help the national government meet its goal of 'deficit reduction' and the parallel expansion of public, low-cost borrowing—is what, in large part, is facilitating councils' revived role as producers of housing. In this section, I provide an overview of the nature and extent of this borrowing before returning to it in more detail in Chapter Nine.

To understand why the cost of local authority borrowing is so low right now, we need first to examine its source, that is, the Public Works Loan Board (PWLB). Established in 1793, the PWLB is the statutory government body which lends money to local authorities in England and is part of the UK Debt Management Office, the executive agency within the Treasury responsible for issuing bonds or 'gilts' on behalf of the British government. The major holders of gilts are insurance companies and pension funds, financial institutions, and oversea investors. The government also borrows from households and parts of the public sector (HM Treasury, 2019). The PWLB then on-lends[35] some of this money to local authorities, at a small margin above gilt yields. Gilt yields, as noted earlier, have fallen to historic lows.

While an analysis of the fall of gilt yields is beyond the scope of this study, for contextual purposes it is possible to identify a couple of general, although necessarily simplified, drivers. In short, as demand for government bonds grows, the yield, or the interest paid on government debt, falls. Growing demand for UK government debt increased after the crisis as ‘investor flight to quality’ led investors to quickly move their money from higher-risk investments such as stocks and corporate bonds, to safer ones such as government bonds. Other factors that have contributed to the fall in government bond yields include the lowering of interest rates by the Bank of England, the use of quantitative easing, the UK’s weak economy, the anticipation of a global recession, and uncertainty related to Brexit (Christophers, 2019b; Joyce, Lasosa, Stevens & Tong, 201; Giles, Oakley & Jones, 2011; Blackden, 2016; Allen, 2018).

[35]The PWLB lends money to local authorities from the government’s National Loans Fund Account (NLF). This is the government’s borrowing and lending account, which is linked to the Consolidated Fund (CF), the government’s revenue and spending account in the Bank of England where all tax revenues and other receipts are held (HM Treasury, 2019).

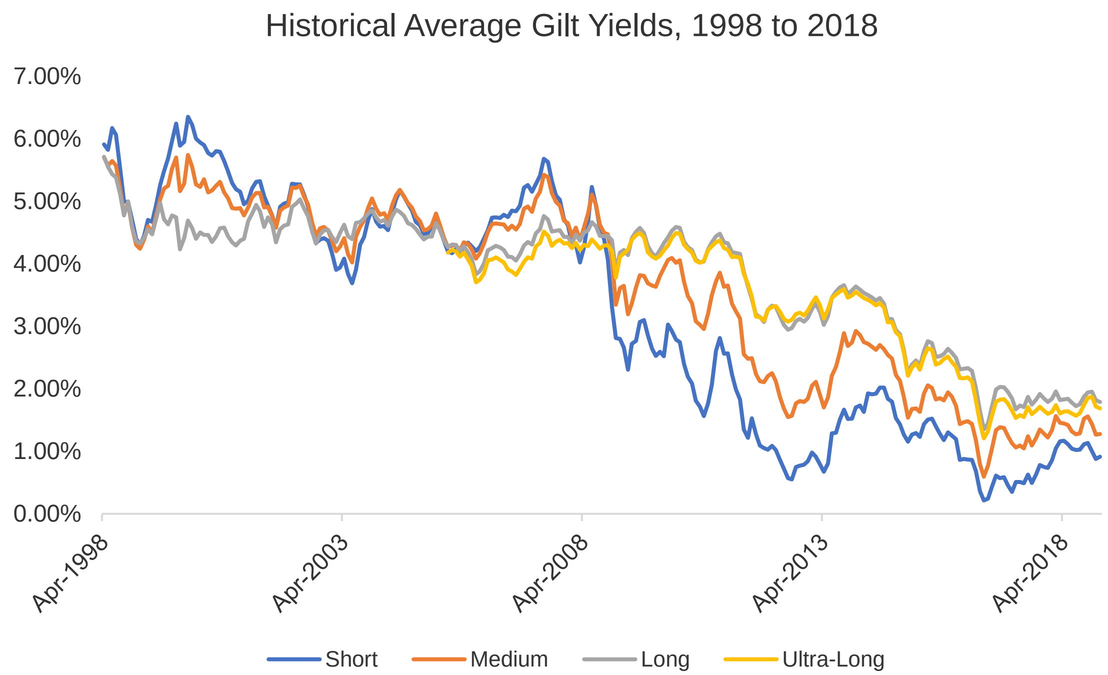

Figure 6: Historical Average Gilt Yields. Average daily conventional gilt yields calculated every month at benchmark maturities. Data from the UK Debt Management Office (2019).

As the national government's borrowing costs have dropped, so has that of local authorities. The interest rates on the loans issued by the PWLB to local authorities generally fall into two categories. First, there is the PWLB 'standard rate' for fixed rate loans based on gilt yields which change twice a day. A small margin of one percent is then added to the yield rate to cover the cost of on-lending. Currently the standard rate for PWLB loans is about two percent. Local authorities can also borrow at the discounted 'certainty rate'; this is 0.2 percent lower than the standard rate. To borrow at the certainty rate[36], local authorities simply need to provide documentation for their borrowing and capital investment plans (United Kingdom Debt Management Office [UK DMO], 2018).

[36]Discounted rates were introduced by the Treasury in 2012 at a point when local authorities were considering setting up a municipal bond agency; they had done so following George Osborne's decision to lift the interest rate margin on gilt rates from 20 to 100 basis points in 2010 (Johnstone, 2015).

In recent years, local authority borrowing, in particular local authority borrowing from the PWLB, has increased sharply. Between 2016 and 2017, local authority borrowing increased by an astounding 48.1 percent (or £3.3 billion); this is compared to a 7.6 percent (or £337 million) increase in the previous year. Nearly three quarters of local authorities' long-term borrowing in 2017-2018 was from the PWLB (MHCLG, 2019e). Local authorities have generally increased their borrowing for a couple of reasons: to finance new capital projects including housing delivered through housing companies, to finance the acquisition of commercial properties purely for investment purposes, and to generate savings on their interest payments by converting short-term borrowing into long-term borrowing.

By far the most significant of these drivers has been local authorities' acquisition of commercial properties for investment purposes[37]. As noted in the introductory chapter, since 2016 local authorities have drawn on their cheap borrowing powers to acquire commercial properties such as office blocks and shopping centers in order to generate an income stream that can help them off-set cuts to their budgets. By borrowing at record-low rates from central government, local authorities have repeatedly out-bid developers and other investors in the acquisition of properties (Pickard & Evans, 2018). In the process, local authorities have been criticized for acting in a reckless and speculative capacity and for building a 'credit bubble' (Plender, 2017b; for an in-depth analysis of such critiques see Christophers, 2019b). Councils' commercial property acquisitions are often thought of as the "sister" phenomenon to the rise of local housing companies: both phenomena are driven by access to cheap credit and the need to generate a revenue stream under austerity (Interview, 2018).

[37]Capital expenditure on land and building acquisitions has increased at a rate higher than all other capital expenditure categories, according to the latest government statistics on local authority capital financing. In 2017/18, local authorities' capital expenditure on this category stood at £4 billion and had increased by an annual average of 43.1 percent since 2015/16. As noted by the Ministry for Housing, Communities and Local government (MHCLG), this increase is explained primarily by local authorities' commercial acquisitions (MHCLG, 2018e).

Reports from news websites that specialize in local authority finance suggest that councils are also taking advantage of plunging gilt yields in order generate savings on their interest payments. While PWLB interest rates are already very low, commentators believe that Brexit-related events and a slowdown in the US economy have seen gilt yields, and hence PWLB rates, dive to record lows. This has in turn led to an increase in local authority borrowing. For instance, at the start of April 2019, Marrs (2019b) reported that 'Brexit uncertainty' had contributed to the highest monthly total of local authority PWLB borrowing in the last seven years. If the 50-year annuity rate on a PWLB loan was 2.84 percent at the beginning of March, by March 29 when Members of Parliament voted to take control over the Brexit process, it had fallen to 2.51 percent. From the point of view of councils, this drop in interest rates means significant savings on million-pound loans. Croydon council, one of the case study local authorities, took out a loan of £40 million during that month. The council's interim Finance Director was quoted explaining that "[g]ood rates were on offer and there was a bit of nervousness about Brexit. We also thought we might need some cash for contingency if there had been a hard Brexit." (Marrs, 2019b).

An uncertain future

In sum, after nearly 10 years of fiscal austerity the financial conditions of local authorities have deteriorated. With a limited ability to raise revenue through their local tax base, a growing number of local authorities are becoming reliant on their reserves to balance their budgets and to fund growing demand for services, particularly social care. Local authorities are also continuing to sell-off their land and property assets in order to plug short-term holes in their budgets or to fund staff redundancies, while many are turning to alternative forms of income-generation through the creation municipal trading companies.

In the context of historically low interest rates and access to low-cost loans from central government, a growing number of councils are also borrowing to finance the acquisition of commercial property purely for investment purposes. Some are also borrowing to build homes to meet local housing need and to generate a financial return to the council (local housing companies). Meanwhile, the future of local authority finance remains highly uncertain. Local authorities have no knowledge of whether they will receive any government funding after 2020, while locally-raised revenue through council tax, the New Homes Bonus, and the business rate retention scheme, remains highly variable and insufficient to offset sharp reductions in grants since 2010 (Kara, 2109). In the next section, I come back to local housing companies and describe the scope and key characteristics of the phenomenon in more detail.

What do we know about local housing companies?

If municipal housing companies enable local authorities to provide homes outside the constraints of their Housing Revenue Accounts and to generate a long-term income in the context of austerity, what do we actually know about this phenomenon? While there are currently no official statistics on local housing companies (LHCs), a number of reports and surveys have started documenting the magnitude and scope of the phenomenon, as well as its key characteristics (Morphet & Clifford, 2017; Hackett, 2017).

The first major study on LHCs is Morphet and Clifford's (2017) report on "Local authority direct provision of housing" for the *Royal Town Plan Institute* and the *National Planning Forum*. In it, Morphet and Clifford identify the rise of LHCs as one of the primary ways through which local authorities have started providing housing again. Drawing on survey responses from 196 local authorities, on a series of roundtable discussions, and on in-depth interviews with 12 case study authorities, they find that local authorities have started providing housing directly through a number of methods including through their housing revenue accounts, through wholly-owned companies, and through joint ventures with developers (Morphet & Clifford, 2017).

Local authorities are delivering housing directly for several reasons according to the authors (Morphet & Clifford, 2017). The overarching reasons is to address local housing need and to fulfill local authority housing targets. Addressing homelessness and providing a return to the council were the other major drivers. Other reasons were that the private sector was not delivering enough homes or the right kind of homes, and that developments were stalling. Local authorities had also started building again because housing associations were no longer building housing at affordable levels, while many are no longer willing to take on affordable housing built through planning gain agreements (development contributions). Objectives related to 'regeneration' and improving design quality were also cited as drivers (Morphet & Clifford, 2017).

The report importantly gives us a sense of how many local housing companies existed in 2017 and some of the key characteristics of the local authorities using them. Of the 184 local authorities that answered the question on housing companies, 80 (or 44 percent) said they had one in November 2017. Compared with Conservative authorities and those with lower housing targets, Labour-controlled authorities and those with higher housing need were more likely to have a local housing company. Regionally, local authorities with companies tended to be in London and the South East of England. Most of the homes delivered were at affordable, intermediate, and market rents; some were for sale, and a smaller portion were at social rents. The total number of units delivered by all local authorities surveyed constituted 452 affordable units for rent or shared ownership (24 percent), 264 social rented units (14 percent), 307 intermediate units (16 percent), 442 units for sale (23 percent), and 432 units at private market rents (23 percent).

Morphet and Clifford's (2017) survey findings also provide useful information for understanding barriers to housebuilding, as well as why some local authorities are not building at all. Out of the 196 authorities who responded to the survey, just under two thirds (127 or 65 percent) said that they were engaged in the direct delivery of housing. Out of those local authorities who were not building, 44 or 22 percent of the whole sample said they were considering building in the future, with 25 or 13 percent of the sample saying there were not intending on building at all. Conservative-controlled authorities were more likely than Labour authorities to report that they did not intend to build any housing (62 percent Conservative versus 25 percent Labour). For local authorities that were not building, the key reasons were the lack of land (this was a barrier for close to 90 percent of respondents), followed by the lack of funding (over 80 percent) and the lack of expertise (around 75 percent). A lack of political will was low on the list of barriers, with only about 10 percent[38] citing this as a reason. For the 173 respondents who work for local authorities delivering housing, lack of land and the borrowing cap were the number one reasons for not being able to deliver more units (over 50 percent in both cases). Internal skills was cited as a barrier, but this was low compared to the group that was not building (only around 15 percent in this case) (Morphet & Clifford, 2017).

The second major study on local housing companies was published in October 2017 by the *Smith Institute*, a left-of-center think tank, and investigates the extent to which LHCs are emerging as an alternative mechanism for affordable housing provision (Hackett, 2017). Entitled "Delivering the renaissance in council-built homes: the rise of local housing companies," the findings of the report are based on a survey of 74[39] councils conducted in

[38]These percentages are on based on the responses of 34 respondents working for local authorities that are currently not building any housing; this represents 13 percent of the 268 actors who answered the survey.
[39]The authors conducted an online survey in May 2017. The number of responses vary – usually it's based on 74 councils, but in some charts, it is based on 80 and sometimes on 66. We are not told how many councils they contacted initially.

2017, 31 interviews with officers, councillors and consultants, a seminar hosted by the Greater London Authority (GLA), and roundtables held across England. The authors find that just over a third (36 percent) of councils surveyed had an LHC, and about a tenth of councils (11 percent) had a company in the form of a joint venture with a private partner. Most local authorities with a housing company were concentrated in London and the South East, while around 18 out of London's 32 boroughs had a housing company. In terms of the scope of the planned housing output, the authors estimate that the average LHC output is 50 housing units a year, which totals to 25,000 nationally (Hackett, 2017).

The Smith Institute's report identifies three types of motivations for the setting up LHCs. These are motivations that are financial in nature, motivations that are related to place and 'place-making', as well as those that have to do with housing. The authors of the report conceptualize this in terms of a 'triple dividend' that LHCs offer to local authorities. Either of these three elements may be foregrounded in different contexts. As a whole, however, the research suggests that a mix of motivations is always at work. Out of the 74 councils surveyed, 71 percent reported setting up an LHC to generate a financial return to the council, 64 percent set up a company to deliver more affordable housing, 50 percent to deliver more social rented housing, 40 percent to deliver more market housing, 39 percent to meet the needs of specific groups (e.g. elderly, homeless, students), and 36 percent to encourage new types of housing such as modular housing (Hackett, 2017).

Hackett and his team (2017) further break down the financial motivations for setting up an LHC into a number of categories. The main category is income, specifically income generated through on-lending from the council to its company, sales and rents, the New Homes Bonus, the Community Infrastructure Levy (another type of development contribution), and additional council tax receipts. But authorities are also using LHCs to generate savings, for example by providing housing for temporary accommodation instead of relying on expensive private sector lettings. Local authorities are also turning to housing companies to bypass the limit on their housing debt, to access private finance, and to create an income stream from their land and property assets by “securing better value for council assets than conventional disposal” (Hackett, 2017, p.19). They are also using LHCs as a “safe haven” for Right to Buy receipts (these would need to be returned to the Treasury if not used), and as a container for development contributions (Hackett, 2017, p19).

The majority of homes provided through LHCs are set to be at market or just below market rent according to the Smith Institute’s survey (Hackett, 2017). While the numbers for the exact tenure mix are not definite, the authors of the report estimate that about 30 to 40 percent of planned units are for market rent or Affordable Rent (up to 80 percent of local market rents). Only about 10 percent of homes are set to be at social rents available to residents in need. They note, however that there are many LHCs that are building housing for market rent or sale in order to cross-subsidize housing at Affordable Rent and social rent levels. In places where there is not much land for development, local authorities talked about the difficulty of funding affordable housing without subsidies. In London, the authors find that not many LHCs are delivering housing at social rents although there seems to be a general focus on closing the “affordability gap” and on raising the standards in the private rented sector (Hackett, 2017, p.22). There are exceptions including Tower Hamlets where the council has two companies, one for homes at social rents levels and another for market rented homes, and Greenwich where the council is delivering homes at close to social rents through a Community Benefit Society (Hackett, 2017).

Indeed, geography is important for understanding the drivers for LHCs. In areas that have been under-invested, the reason for setting up an LHC is often about spurring development or accelerating its pace. In contrast, London boroughs were frustrated with a number of issues including developers and housing associations not delivering affordable housing, and landlords benefiting from massive increases in the value of land following the granting of planning permission. In 2018, a parcel of agricultural land became 275 times more expensive after planning permission for residential use was granted (Aubrey, 2018). London boroughs were also described as keen to move away from the conventional model of development based on the sale of their land to private developers. Since affordable housing contributions are not mandatory in England, local authorities have struggled to secure affordable housing and other benefits from developers, while stalling developments have also been an issue (Hackett, 2017).

Local housing companies are mostly funded by councils through their General Fund, through the Public Works Loan Board (the central government body that lends to local authorities), and through equity (in other words through the buying of company shares by the council that owns the company). For many local authorities, building on council-owned land helped them significantly lower the cost of development. In most cases, the land is transferred from the council to its subsidiary at a low cost, or for free. Private finance was used less frequently. Its use was more commonly associated with large development projects where a private partner was involved, such as Lambeth were the council is hoping to secure funding from a Pension Fund (see also Beswick and Penny, 2018). The authors note that private finance was generally harder to secure at low rates, particularly for small schemes or schemes that developers would typically not consider profitable. The possibility of reforming the Land Compensation Act 1961 so that councils can purchase land close to its current use value rather than its market value, was also mentioned as something that would help councils fund affordable housing development (Hackett, 2017).

The report offers a helpful discussion of the different kinds of risks associated with the use of council-owned companies. The authors identify three broad types of risk: housing market risks, political risks and financial risks related to borrowing and development costs.

Interviewees, in particular elected council members, believed that while market risks are the same for LHCs as they are for other developers, LHCs are better placed to withstand a market downturn because they can ‘flip’ tenures, for example by switching market rent homes into social rent ones, or by switching homes for sales to homes for rent. In addition, LHCs do not rely on profits as high as the private sector, and if needed, they can delay the payment of dividends back to the council. In weaker market areas, LHC representatives talked about the risk of not making enough money from sales. Construction risk was also a factor, with interviewees reporting that a shortage of construction labor would likely worsen under Brexit (Hackett, 2017).

In terms of political risk, an abrupt change in national policy such as the extension of the Right to Buy to LHC properties would be a big risk for LHCs particularly in those cases where some level of affordable housing is being provided. Other policy changes that could affect LHCs are a government curbing of local authority on-lending, although they note that it is unlikely that government will pass “controversial housing legislation” in the context of a minority-government (Hackett, 2017, p. 32). Other types of political risk include local opposition to developments carried out by LHCs, particularly in cases of council-led estate regeneration projects. Here, the Haringey Development Vehicle, the failed joint venture between Haringey and Lendlease, is cited as the prime example. The authors report political opposition not only against demolition but also against small in-fill developments where there is fear that common space and other facilities will be lost. They note, however, that where there is resident opposition, it is “not always the delivery vehicle or partnership arrangement that is at issue” but rather the type of development (Hackett, 2017, p. 34). More broadly, some have raised the issue that LHCs represent a form of “backdoor privatization” (as cited by an interviewee, Hackett, 2017, p.33).

Finally, the major financial risk identified in the report is that the final cost of development is higher than assumed. This means that the company would not be able to secure sufficient income to repay its debt to the council. Financial risk was also predicted to be higher in the first five years of a project with councils expecting no returns during this period. However, interviewees believed that their financial risk would be smaller than private actors because in most cases they already owned their land. Officers interviewed also believed that there was a smaller financial risk compared to private developers because development was gradual and was based on the council releasing its own land (Hackett, 2017)

Overall, the authors believe it is hard to say how LHCs will fare in the face of a market downturn or a rise in interest rates, particularly given an "uncertain economic and public policy context" (Hackett, 2017, p.35). Ultimately however, even if there was a big change in government policy, the biggest risk to LHCs remains the inability to secure sufficient income to pay back investment expenditure.

Table 1: *Planned output and tenure of local housing companies*

	Planned Output	Market Sale	Market Rent, Affordable Rent or Shared Ownership	Intermediate	Social Rent
Morphet & Clifford (2017)	1,897	23%	47% (23%for market rent)	16%	14%
Hackett (2017)	~2,000 per year	NA	~30%-40%	NA	~10%

Source: Morphet & Clifford (2017), Hackett (2017).

As we will see in the chapters that follow, a number of the drivers and processes uncovered by Clifford & Morphet (2017) and by Hackett and his team (2017) are at work in the cases of Enfield, Newham, Ealing and Croydon.

Summary

In this chapter, I explored the major contextual forces driving the use of local housing companies in England and London and reviewed some of their key characteristics. First, I placed the rise of local housing companies within their historical context. This history, as I have shown, is one marked by continuous struggles over the financing, ownership, and management of social housing. It is also a history that has evolved in constitutive relation to the broader re-structuring of mortgage and private rental markets. I then assessed the rise of local housing companies in relation to London's evolving politics of land development, and in relation to broader shifts in state-market relations after the global financial crisis and the start of the government's austerity program. Finally, I examined the impact of nearly 10 years of austerity on local government and reviewed some of the ways in which local authorities have coped during this period. In this section, I also hinted at some of the ways in which austerity has intersected with changes in housing markets and in monetary policy. In the next four chapters, I explore how all these factors have combined and fused at the local level in the cases of four local authorities in London.

CHAPTER FIVE

Enfield

Introduction

London has seen a dramatic rise in evictions and homelessness since 2013 (MHCLG, 2019c). A major driver behind this has been the rapid increase in the price of rent in the capital. Deep cuts to household welfare, a highly unprotected rental market, enduring wage stagnation, and a growing shortage of social homes have compounded rent rises. As a result, a growing number of households, the majority of which are families, are living in emergency accommodation secured by local authorities in the private rental sector. Often, homeless families and households end up living for years in 'temporary accommodation' while they wait for a council or a housing association home to become available (Bulman, 2018). Conditions in the rental market for temporary accommodation are notoriously poor, with many homes failing to meet basic safety standards (Children's Commissioner, 2019).

This chapter explores examines the way in which the London borough of Enfield responded to the crises of homelessness and temporary accommodation. Bound by Barnet on the west and Haringey on the east, the borough of Enfield is located on the northern edge of London. Its estimated population in 2018 was 333,869 (ONS, 2019b). With one of the largest rental markets in London and the highest eviction rate in the capital, Enfield was hit particularly hard by the rapid increase in rents from 2013 onwards (Trust for London, 2018b).

In 2014, Enfield set up one of the first council-owned housing companies in London. It did so in order to buy properties from the open market in the borough and let them to homeless residents or those at risk of becoming homeless. Through its company *Housing*

Gateway, the council has acquired and renovated over 500 properties and let them to households previously living in expensive, short-term rentals.

Enfield's experiment in low-cost, temporary housing provision is an important case for understanding the rise of local housing companies in London for several reasons. First, it illustrates the way in which local authority housing companies in London have emerged in part as a response to the dramatic rise in homelessness. Second, Enfield was one of the first local authorities in London to experiment with this model of housing provision, setting a precedent for other local authorities facing similar pressures. In practice few have been able to replicate the exact same approach, given the escalation of house prices from 2014 onwards (Interview, 2018).

Third, and from a broader perspective, Enfield is an important case because it begins to complicate the story that local authorities are turning to property development simply to generate a financial return. While financial motivations are obviously at work in Enfield—the cost of housing homeless residents has put enormous pressure on the council—the council's approach is not based on value or rent maximization. Instead, the purpose of its company is to reduce the council's rental payments to private landlords who have benefited from the increase in demand for emergency housing.

Due in part to its relative success, the case of Enfield's housing company is also the one that revealed the fewest internal tensions and contradictions. As will become apparent, Newham, Ealing and Croydon have undergone more significant transformations over time. This does not necessarily make the Enfield case less complex; it does however make it a good introductory case for the broader purpose of this study. If homelessness has been a key issue for all four local authorities explored in this dissertation, this case of Enfield is important for understanding the causes of homelessness in London and the changing nature of housing markets in the capital from 2014 onwards.

Drivers & Motivations

Immediate drivers: rising rents, welfare cuts

The idea for a wholly-owned housing company came about in the context of Enfield's deepening homelessness crisis in 2013. With house prices outstripping earnings, Enfield's private rental sector had grown rapidly in the preceding 10 years, increasing from 13,105 rental properties in 2001 to 27,500 in 2011 (London Borough of Enfield [LB Enfield], 2013b). Even before 2013, the borough had high rates of homelessness. According to evidence submitted by Enfield Council to parliament, this rise in renting had been driven by the moving in of poorer households into Enfield, and growing poverty within the borough (LB Enfield, 2013a). Like other parts of London, the rental market has also grown with the support of cheap Buy to Let mortgages (see Chapter Four). In 2012, Enfield had 18,000 private tenants in receipt of Housing Benefit, the subsidy which assists low-income, elderly, and disabled renters pay for housing (LB Enfield, 2013a; Enfield, 2013c)

Despite these pressures, homelessness in Enfield was declining since 2005 in line with London and the rest of the UK. During this period, Enfield council had also put a lot of work to stabilize rent prices with private landlords and to secure long-term leases with them (Interviews, 2018). Between March 2010 and 2012, the number of households in temporary accommodation had decreased from 2,450 to 1,965 (LB Enfield, 2014).

Then, in 2013, homelessness started increasingly rapidly. By March 2013, the number of households living in emergency housing had climbed to 2,143, an increase of about 10 percent over the course of one year (LB Enfield, 2014). If the leading immediate cause of homelessness was rejection by family or friends until 2012, this was quickly overtaken by the loss of a private sector tenancy, in other words, eviction (LB Enfield, 2013). Specifically, in

Enfield, homelessness due to eviction accounted for 10 percent of homeless applications to the council by the end of 2010, rising to 70 percent by mid-2013 (LB Enfield, 2014).

This rise in homelessness is largely understood to be a result of the dramatic rise in private rents (Interviews, 2018). As recalled by one interviewee, until 2013 rents in Enfield were relatively stable and affordable compared to the rest of London. Importantly, local rents corresponded more or less to the level of rental subsidy (Housing Benefit) available to both private and council tenants and paid out to Enfield by central government. With the rise in rents, this was no longer the case. What had triggered this change in the temporary market was the emergence of a 'nightly paid accommodation' sub-market. What this meant is that instead of housing homeless households on long-term leases, private landlords had started charging the council excessive rents on a night-by-night basis (Interviews, 2018).

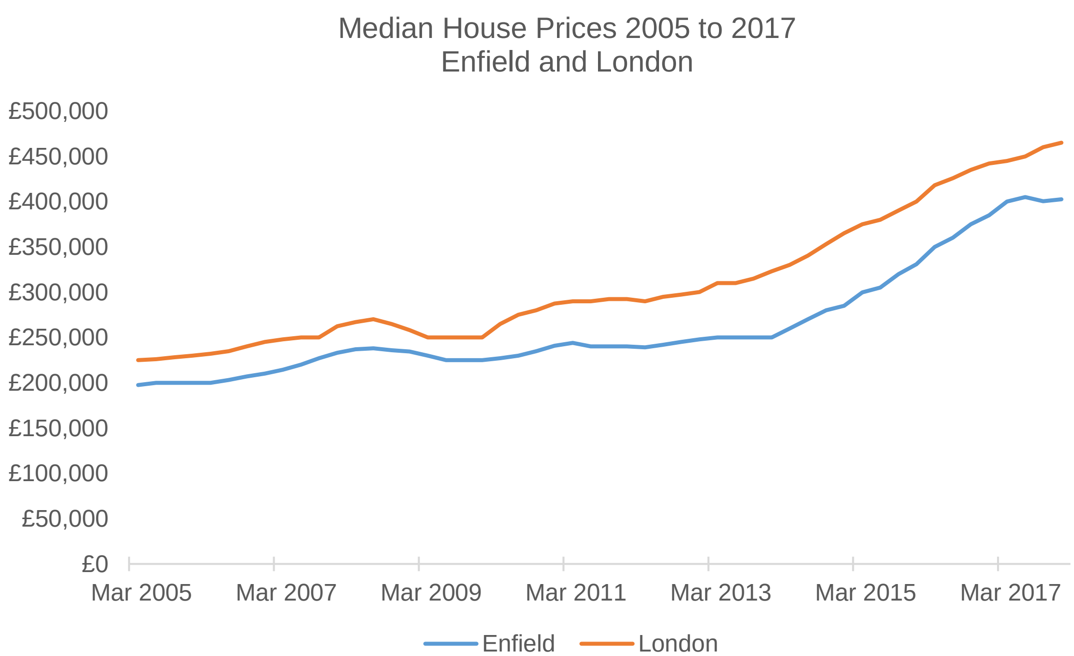

Figure 7: Median house prices 2005 to 2017, Enfield and London. Data from HM Land Registry (GLA, 2018a).

Interviewees believed that a number of factors were at work in the creation of this short-term rental market. Although landlords could theoretically profit quickly from short-term rentals, this practice was considered risky until this point, since a constant letting was not necessarily guaranteed (Interviews, 2018). With the increased demand for emergency accommodation however, landlords found nightly rentals much more profitable. As noted by an interviewee, “landlords now know that if they let something on a nightly paid basis, it’s going to be let every single night” (Interview, 2018).

With the post-recessionary property boom, many landlords were also moving out of the temporary accommodation market, and instead moving to more profitable opportunities like Airbnb (Interview, 2018). Finally, a policy change that was not mentioned in interviews, but that appears to have influenced the emergence of the nightly paid market in London more broadly, is the government decision in 2013 to curb local authorities’ use of bed and breakfasts hotels to house families for a period of more than six weeks, something that Tony Blair’s administration had also tried to do ten years earlier. This move had effectively escalated local authority demand for housing that could be used as emergency accommodation in the private rental sector (Rugg, 2016).

Competition from other local authorities looking to re-house homeless families and residents in Enfield was also putting upwards pressure on this lower end of the rental market. As explained in the council’s Homelessness Strategy, local authorities across London, particularly those in central London, were “using larger budgets to outbid each other” for the supply of homes for temporary accommodation in Enfield (LB Enfield, 2013).

Enfield itself had very few homes it could use to rehouse homeless families and households. In 2012-2013 there were a total of 693 council and housing associations homes being let in Enfield (LB Enfield, 2013b). Enfield’s entire local authority stock was 11,317 in 2012. By 2018 this had come down to 10,189 as a result of Right to Buy sales (MHCLG, 2019b).

Compounding the rapid rise in rents was the introduction of the benefit cap in 2013 which capped the amount that working age families could receive in benefits and tax credits to £500 per week (LB Enfield, 2014). The Housing Benefit is included in this overall cap. One of the effects of the cap was that a growing number of families could no longer afford to pay their rent, many going into personal debt as a result (LB Enfield, 2014). There is also some evidence according to Enfield council that the benefit cap had disincentivized private landlords from letting their properties to tenants on Housing Benefit, removing as a result their properties from this part of the market (LB Enfield, 2013a). Interviewees in Enfield stressed the way in which welfare reform in Enfield had worked to amplify the homelessness crisis:

> …Some people say that welfare reform has created the housing problems, I think it's certainly been a factor, the benefiting capping in particular was the big change, people being capped to 26,000 pounds a year, was certainly a big impact on a lot of people, but just the dramatically escalating price of property prices in London has been the biggest issue, you know, people just can't afford to live here. (Interview, 2018)

In this context, the rising cost of sourcing homes directly from the private sector had put pressure on the council's homeless budget which up to that point had been 'cost-neutral'; this means that all expenditures were covered by the rents coming in (Interview, 2018). By 2014, the council went from maintaining a balanced homelessness budget to spending an additional £3.3 million in 2014/15. To fund this extra spending, the council had to allocate £1.6 million from its overall budget to its homelessness budget and draw additional funds from its reserves earmarked for homelessness (LB Enfield, 2014). This pressure was predicted to rise up to £7.8 million if nothing was done (Housing Gateway, 2016; Interview, 2018). At this point, there was an urgent need for the council to find a way to increase the supply of less expensive housing to allocate to those in need.

The council developed a number of strategies to try and tackle this growing financial and housing crisis, one of which was the creation of a private, council-owned company to buy and renovate properties from the market and lease them to homeless households or those at risk of homelessness (LB Enfield, 2014; Interview, 2018).

Rationale for intervention

The idea of creating a wholly-owned housing company to tackle Enfield's homelessness crisis was initially sponsored by central government. In 2013, the national Department for Communities and Local Government commissioned Social Finance, a non-profit financial services firm, to work with local authorities to pilot ways of attracting institutional investment into the provision of long-term, private rented housing for homeless households (Salisbury et al., 2014; LB Enfield, 2014). Enfield was selected as one of the pilot local authorities, along with the cities of Cambridge, Bristol and Birmingham (Salisbury et al., 2014). Because of the particularly acute nature of the homelessness crisis in Enfield, Enfield was also used by Social Finance to develop a funding model that could potentially be extended nationally (LB Enfield, 2014).

Throughout the course of six months, Social Finance worked with the council to find a solution to the rising cost of temporary accommodation in the private rented sector. A number of models were explored at this stage, including a local authority owned company, a private company, and a joint venture between the council and a private partner (Salisbury et al., 2014). Models based on the direct investment and management of properties by the council were not considered at this stage, as the loss of stock (and therefore, rent) through the Right to Buy would undermine the financial 'viability' of any intervention (Salisbury et al., 2014). In February 2014, Enfield Council approved plans to set up a wholly-owned company to acquire and let properties to homeless households.

The council ended up going for the wholly-owned company, rather than a joint venture with a private partner or housing association, for two reasons. First, a wholly-owned model would allow the council to retain complete control over the housing allocation and rent-setting process. Second, a wholly-owned model would allow the council to act fast to address its homelessness crisis. Part of the reason why the model worked for Enfield is that the council got in the market at exactly the right time, where it was able to afford the acquisition of properties. Setting up a partnership would have taken a much longer time (Interview, 2018). Another notable advantage of the wholly-owned company structure, as explained in council documents making the case for the creation of Housing Gateway, was that the Right to Buy would not apply to the properties, "therefore safeguarding asset and investment" (LB Enfield, 2014, p.210).

Here, it is worth noting that the Right to Buy was not described as primary driver in itself by those involved in the creation of the company. Early media pieces suggested that it might be, including a piece on Enfield in The Guardian entitled "Councils fight to limit right-to-buy home sales" (Boffey, 2014) and a BBC audio report on the Right to Buy (BBC Radio 4, 2014) where a former cabinet member was probed to make the link when an interviewer asked him whether "It's a ruse to get around right to buy isn't it?". There was recognition here by council actors that while politicians in Enfield "made quite a big play of it" (Right to Buy), and "may have said that publicly for their political reasons," Right to Buy was not the principal driver (Interview, 2018). Nevertheless, as noted above, if Right to Buy was not a driving force it was certainly identified as a deterrent for providing homes directly, through the council's Housing Revenue Account (Salisbury et al., 2014).

Rather, the primary reason for creating Housing Gateway was, as succinctly explained by an interviewee, that "it saved the council money" on its temporary accommodation cost (Interview, 2018). A wholly-owned company was simply the "most efficient and straightforward way of doing it" (Interview, 2018). If the council had just bought properties and managed them as council owned homes, they would have been lost with the rest of the council's housing stock and it would have been much more difficult to use them for the purpose of providing immediate relief to homeless residents (Interview, 2018). Placing residents in what are technically private homes, on year-long assured shorthold tenancies (the most common type of private sector tenancy in the UK), meant that families and individuals could be immediately taken out of 'temporary accommodation'. Although the leases are only a year long, tenants are given security for at least a year until they can find something more permanent (Interview, 2018).

Processes

Land & Housing Acquisition

By 2016, two years after its inception, Enfield's Housing Gateway had bought and renovated 200 properties as accommodation for homeless households. Ironically, as much as half of these properties were former Right to Buy homes, which private landlords had rented back to the council at extortionate rents for the purpose of emergency housing (LB Enfield, 2016a, 2016b). As of March 2018, Housing Gateway had bought 519 properties (its scheduled target for 2018 was 400 properties). Overall, the types of homes vary and include mix of sizes, from studios all the way up to four bedroom apartments (Housing Gateway, 2018).

During the first two years of operation, Enfield's housing company was able to buy properties relatively cheaply from the open market. The key criteria was that Housing Gateway could rent the properties back to the council at a rate close to the level of Housing Benefit paid out by central government to local authorities. At this point, the Housing Gateway team knew that there were a significant number of properties in Enfield that they could afford. Indeed, acquiring this knowledge about the market was part of the process of setting up the company.

However, the market was "hot" in 2014, with homes selling fast (Interview, 2018). This meant the council's housing acquisition team at Housing Gateway had to act equally fast in order to buy a large number of properties (Interviews, 2018). This involved delegating the process of acquisition down to an investment sub-committee. For each property, the committee would provide the officers doing the council acquisition with a target and maximum price to help them negotiate the sale price with real estate agents and property owners (Housing Gateway, 2017).

A challenge was making sure that the council's acquisition team was able to win the bid on properties. Part of the process involved establishing relationships with local estate agents so that they could put the council's property team "to the front of the queue" (Interview, 2018). An interviewee reflected on the process involved in learning how to acquire properties from the open market:

> It's that infrastructure that allows you to work commercially and quickly…even things like when we're at the point of exchange, making sure the money is going through quickly, it all sounds very simple, but when it's something we haven't done in that particular way before, it's putting that all into place as well…that now is like old news isn't it, that's second nature to us now. (Interview, 2018)

Competition during this period, it is worth noting, was not from first-time buyers. Instead, the high price of rents compared to underlying property values had made Enfield attractive for Buy to Let and institutional investors (Housing Gateway, 2018). Enfield was also competing with the growing presence of supported[40] living providers (providers of care homes) in the borough, many of which accommodate tenants from other London boroughs (Housing Gateway, 2018).

As house prices in Enfield continued to rise, the council found it increasingly hard to find properties that it could afford. The council's company had set in place a strict rule, which

---

[40]Supported housing refers to housing-related care provided to a range of vulnerable residents including older people, young people leaving the care system, people with disabilities and those at risk of domestic violence. Rents are usually paid through Housing Benefit. The providers can be private or not-for-profit (London Assembly, 2016).

was that they would not buy a property if it was above a certain price point (Interview, 2018). A central part of the financial model as explained above is that the rent commanded on the property had to be close to the level of Housing Benefit, the means-tested rental subsidy distributed from the Department of Works and Pensions to local authorities and then to landlords. This tops up the difference between what eligible renters can pay and the actual price of rent.

The level of Housing Benefit paid to private landlords (as opposed to councils or housing associations) is calculated through Local Housing Allowance (LHA) rates. LHA rates are capped at 30 percent of local market rents: if a tenant's rent is higher than this, they have to pay the rest out of pocket. In 2016, the government introduced a four-year freeze on LHA rates. As rents have increased, LHA rates remain capped at 2016 levels, leaving private tenants eligible for rental assistance through Housing Benefit struggling to pay their rent.

With subsidies to renters frozen and with house prices rising, Enfield was forced to look outside the borough to buy new homes. Since the start of 2017, the council's wholly-owned company has acquired properties north and east of the M25, the motorway which orbits around London, in places like Hertfordshire and Essex, both outside the administrative boundaries of London's 33 local authorities. However, the goal was not to house Enfield residents too far away from the borough as this would have damaging effects on families:

> Members [elected politicians] are very keen to keep communities together, so you know, obviously there's a financial angle which says, yes people should live in cheaper part of the country, but that's not the only factor at play here […] and it's less disruption on families if kids can stay at school and if people can stay near older parents for caring. (Interview, 2018)

In addition to buying properties for homeless residents or those at risk of becoming homeless, the council's housing company had also started purchasing and retrofitting accommodation for residents with disabilities who had struggled to find suitable accommodation in the private sector (Interview, 2018; Housing Gateway, 2018).

Housing allocation and rent setting

The homes provided by Housing Gateway are primarily for residents who are either living in temporary accommodation in the private sector and awaiting rehousing by the council, or those at risk of becoming homeless. Effectively this includes both people on the council's housing waiting list (those in temporary accommodation), as well those who are not yet on the register. A minority of homes are also for residents with disabilities as explained above:

> The decision that the council took was because the temporary accommodation issue was the pressure, that everybody who is nominated is either in temporary accommodation or would have gone into temporary accommodation. So, in some cases people have rather than gone in and come out again [of the temporary accommodation system], they've gone straight to a Housing Gateway property. (Interview, 2018)

Some context is necessary to understand the emergence of this relatively convoluted system of housing allocation by councils. Many residents awaiting rehousing by councils in London have been living in 'temporary accommodation' for decades due to the shortage of council and housing association homes. Temporary accommodation can therefore be permanent in practice (London Renters Union, 2019; Children's Commissioner, 2019). In 2011, the Localism Act gave local authorities the power to 'discharge' of their statutory duty to permanently rehouse homeless households into the private sector. A council's duty is fulfilled if they find families and residents a private home in suitable condition, let on a minimum 12-month lease.

The role of Enfield's Housing Gateway is effectively this. Due to the shortage of housing association and council homes, Enfield council rehouses residents who are homeless or at risk of homelessness in its own, private rental properties, controlled at arm's length. In the process of doing so, the council also fulfills its responsibility to those residents, meaning that (a) they are no longer in living in temporary accommodation and (b) the council is not required to find them council or social housing; they are no longer on the council's housing waiting list.

Housing Gateway tenants are offered 12-month leases and are then supported by Housing Gateway to find alternative, longer-term accommodation (LB Enfield, 2016b). Rents are based on Local Housing Allowance Rates in Enfield, which means that a significant proportion of the rent is covered by central government subsidy to private renters (Housing Gateway, 2019; Pagura, Pollock & Mussani, 2019). While the council maintains full allocation rights, meaning it decides who has priority for housing, the tenancy contract is between the council's company and the tenants:

> It's not a contract between the council and the tenants, it's a contract between the [council] company and the tenants. So it's like any other private landlord with assured shorthold tenancy, and therefore it means that those people are not still in temporary accommodation and all the kind of connotations that that carries, so there's a benefit to the council, but there's also a benefit to the residents there, of them being in good quality, rented accommodation. (Interview, 2018)

Finance

All of Housing Gateway's property acquisitions are financed through borrowing from the Public Works Loan Board (PWLB), the arm of the Treasury responsible for lending to local authorities. Since the borrowing is not for council housing, it falls outside of the council's Housing Revenue Account. Instead, the council borrows against its General Fund (its main revenue budget) and on-lends to Housing Gateway at a small margin. Normally, if the council was on-lending to a company designed to compete with other market actors, it would have to charge commercial interest rates. This is in accordance with European Union State Aid law which prevents state institutions from providing companies with an unfair advantage over their competitors. However, if a council provides a service of 'general economic interest' (of immediate interest to Enfield's residents) that would not otherwise have been provided by the market, then it is exempt from this law. This is the case with Enfield's Housing Gateway. As of 2019, the council had borrowed £115 million from central government, at interest rates based on gilt yields (the rate at which central government itself borrows from the markets) of around two to three percent (Housing Gateway, 2018).

While Housing Gateway technically generates a small surplus from the rents it receives, the purpose of the company is not to profit from property or land. As will become apparent in later chapters, there are cases where councils borrow money from government to generate a financial return in light of austerity. Enfield, it should be noted has another, small housing company building properties at market rate for this purpose, but the council has emphasized that this not the purpose of Housing Gateway:

> It was never set up to make lots of profit, it was set up to make a sort of healthy profit. Because our members here are very - our Labour councillors are very keen on using commercial skills for a social purpose and have been for a long time […] the principal benefit is that it's much cheaper for the council, so it saves the council a lot of money. (Interview, 2018)

Indeed, the council does not factor capital appreciation in its model with Housing Gateway, which means that neither Housing Gateway nor the council are set to benefit from the increase in the value of the properties acquired by Housing Gateway. Rather than factor in the income from the future appreciation of the homes into its debt repayment calculations, Housing Gateway pays both the interest and the principal back to the council (LB Enfield, 2016b; Housing Gateway, 2018). This represents, according to the advisers who helped the council set up the company, a cautious approach to capital appreciation (Pagura et al., 2019). As a result of this arrangement, around 50 percent of Housing Gateway's expenditures go towards paying its loans back to the council (Housing Gateway, 2018; LB Enfield, 2019).

So far, Enfield's preferred source of finance has been the Public Works Loan Board. Interviewees described it not only as an easy and cheap way to borrow money, but importantly as one that does not come with the kinds of "bells and whistles" typically marketed by private lenders (Interviews, 2018).

However, the freezing of government subsidy to renters to 2016 levels had put the council's company in a difficult financial position. As explained earlier, Local Housing Allowance rates—the method used to calculate the level of Housing Benefit to private renters— have stopped rising in line with rents. This has effectively destabilized Housing Gateway's ability to repay its loans to the council.

As a result, Housing Gateway is currently looking for a way to refinance its public loans with a private, external lender. This refinancing would allow the company to make interest-only repayment on its loans. The council could then use the cash to pay back its loan to the Public Works Loan Board early or it could re-invest the money in another part of the council (LB Enfield, 2019). According to Housing Gateway, the refinancing of its debt will allow it to expand and buy more properties for Enfield's residents, rather than spend most of its income on paying back its loans to the council (LB Enfield, 2019). Refinancing plans are still being explored by the council, and it is a decision that the council has to approve (LB Enfield, 2019).

Conclusion

In 2014, welfare cuts and soaring rents led to an increase in homelessness in Enfield. As a result, Enfield's spending on temporary accommodation in the private sector increased rapidly. Up until this point, Enfield like other London boroughs had secured temporary accommodation primarily in the private sector, often through leasing agreements with small private landlords. However, with the homelessness crisis unfolding, many landlords who were procuring the properties for emergency shelter started switching from long-term leases to more profitable nightly-paid accommodation.

Faced with an unsustainable situation, the council decided to set up a wholly-owned private company called Housing Gateway to buy properties from the open market, renovate them, and lease them back to residents living in emergency housing, at rents comparable to the central government subsidy available to private renters (Housing Gateway, 2018 & 2019). Since 2014, Housing Gateway has acquired and let over 500 homes to households, saving the council £4.3 million in temporary accommodation costs.

After Enfield set up its company, the council received significant interest from other local authorities facing similar pressures. The model, however, proved difficult to replicate. One of the reasons is that it simply became too expensive to buy properties and let them at low rents without subsidy. Enfield had in this sense intervened at exactly the right point in time:

> We've been visited by lots and lots of other London boroughs and further afield as well to try and learn from us, and I've yet to speak to any of them who are doing exactly the same as us. I think one key is that we got into the market at the right time and fairly early and that allowed us to build up that base, and then some of other the councils that are coming to it slightly later, they've not had that opportunity, and so the model that we had doesn't work for them. And they've had to do other things, like cross-subsidizing, or they've got equity investment from their local authority, or all sorts of other ways round it, or they've had land put in… (Interview, 2018)

Enfield's strategy has come with a few challenges, however. Buying homes has become more difficult as house prices have continued to rise and Enfield's company has had compete with Buy to Let investors on the lower end of the market. The freezing of government subsidies to private renters has also made it difficult for the council's company to generate the rental flow it was expecting. As of mid-2019, the company was exploring the option of refinancing its public debt with a private funder, subject to approval from Enfield council. This potential refinancing of this debt has important implications for thinking about the broader power relations that shape the context in which local authorities are providing housing, and how despite the popularity of low-cost central government loans at historically low interest rates, local authorities are still pressured to turn to private finance, potentially assuming more risk in the process.

CHAPTER SIX

Newham

Introduction

In 2014, the east London borough of Newham set up a wholly-owned company to build homes for market rent on the land that it owns. The primary purpose of the company, *Red Door Ventures,* was to generate a financial return to the council in the context of austerity-led funding reductions to local budgets. A second driver was to increase the supply of high-quality homes for rent in the borough. Following a change in administration in 2018, the council's new leadership decided to repurpose the company so that at least half of the homes provided are at social rents or above, available to eligible residents on the council's housing waiting list. The new social homes will be funded through a mixture of cross-subsidy and through grant funding made available by the Greater London Authority.

The case of Newham is significant for several reasons. First, the case illustrates one of the key dimensions of the local housing phenomenon: the development of council-owned land primarily for the purpose of revenue generation. The case, at least under the first iteration of the company between 2014-2018, is somewhat atypical in that few large local authorities in London have taken such a commercial (income-oriented) approach. Most have instead combined revenue-generation with affordable housing objectives. And yet, Newham is also the case that underwent the biggest transformation. As of 2019, the purpose of Newham's housing company was to provide housing at social rents or above to Newham's residents. Under conditions of enduring austerity, the objective of revenue generation has not disappeared. However, it is no longer the principal focus of its housing company.

Newham's development context is critical for understanding the way in which the local housing phenomenon has unfolded in East London. Located on the northern border of the River Thames and about five miles east of the City of London, Newham is the 15th largest landowner in the capital. Newham is also the London local authority with the largest landholding, which in 2017 was estimated to be at over three and half million square feet (Midolo, 2017). Combined with its proximity to London's financial center, Newham's vast swaths of formerly industrial land have positioned it as a key site for 'urban regeneration' and for the eastward development of London since the 1990s (Fainstein, 2008). Over the course of the last decade, property-led regeneration projects associated with the 2012 Olympic games have exacerbated gentrification and displacement pressures, particularly in the western edge of the borough (Watt, 2013).

Newham remains one of the poorest boroughs in London. Out of its estimated 325,00 residents, over a third (37 percent) lived below the poverty line[41] in 2018, the second highest rate in London after Tower Hamlets (Trust for London, 2019; ONS, 2019b). Newham is also at the forefront of England's housing crisis. In 2017, one in 25 people were homeless[42] in Newham, the highest number in England (Shelter, 2017). Nearly 5,000 households lived in emergency housing in 2018, again the highest in the country (MHCLG, 2019c). This included around 7,500 children awaiting rehousing with their families (Apps, 2019).

In this chapter, I explore the way in which Newham's housing company has intersected with these larger struggles over housing provision and the use of land. I also examine some of the ways in which relations of risk, between the central and the local state, and between the state and the market, have been allocated and re-organized in the process. The first part of the

---

[41]The Trust for London uses the relative measure of poverty, which measures the number of people living in households with income below 60 percent of the median in that year.

[42]This includes temporary accommodation and rough sleeping figures (Shelter, 2017).

chapter outlines the various drivers and motivations that underpinned the establishment of Newham's housing company as well as its evolution. The second part considers the various processes involved, from the setting of rents, to financing, and the process of land disposal.

Drivers & Motivations

Origins: 2007-2013

To understand why and under what conditions Newham council decided to start building homes for market rent in 2014, we need to look at the council's recent history as a landowner and land developer. Three moments stand out as significant: the council's acquisition of homes for use as temporary accommodation at the peak of the global financial crisis in 2007-2008; the growth of a highly unsafe and unregulated rental market in Newham and the council's subsequent effort to control it in the early 2010s; and the concurrent boom in land and house prices in the western part of the borough, in Stratford.

The first significant event is the council's experiment in property acquisitions during the height of the financial crisis. The context for these acquisitions was the homelessness crisis of the 2000s. The number of homeless people in England had increased steadily after the recession of the early 1990s, peaking in 2003. During that same year, Tony Blair's administration introduced a new policy preventing councils from using Bed and Breakfast hotels to house homeless families with children for a period of more than six weeks. The homelessness crisis was particularly acute in Newham then as it is now. By the end of 2005 there were nearly 6,000 households living in temporary accommodation in the borough, primarily in the private rental sector, representing about 6 percent of all households[43] (MHCLG, 2019c).

[43]In line with London-wide patterns, homelessness had started do decrease after 2004. In Newham, the number of households in temporary accommodation had come down to 2,710 by 2011. Homelessness started

As a response to this new requirement and in an effort to find safer and less expensive accommodation for local families, Newham council devised a strategy to increase the supply of homes it could use as temporary accommodation while families awaited permanent rehousing (London Borough of Newham [LB Newham], 2004). In 2006, the council set up *Local Space*, an arm's length 'Registered Provider' of low-cost housing—in short, a housing association— to buy properties in the borough and lease them back to the council as temporary accommodation at a "predictable cost" (LB Newham, 2004).

To access finance outside the constraints of its Housing Revenue Account, the council had transferred 400 council homes into Local Space as assets to borrow against while retaining ownership of the underlying land (or the freehold). Banks were still lending into housing at the time and Local Space had secured a £200 million loan from Royal Bank of Canada. Newham council had additionally guaranteed the debt and rental payments of Local Space (Interview, 2019; House of Commons, 2008). Despite the name 'temporary accommodation,' tenants are provided with long-term leasing arrangements that were designed to be more secure than those in the private rental sector. Homes are later converted into social housing using Housing Benefit to pay back the loans (House of Commons, 2008).

Newham's acquisition of empty homes through the council's arm' length housing association had intersected with the global financial crisis and the downturn in property markets. This, of course, proved to be advantageous for the council. As recalled by an interviewee:

> …that acquisition strategy collided with the financial crisis and this RP (Registered Provider/housing association) with a solid investment, a solid funding stream just hoovered up the property across East London, growing from 400 homes to about two and a half thousand, hugely distorting, actually, the local housing market. Or propping it up or however you want to call it. (Interview, 2019)

---

climbing again in 2013 and by 2018, there were 4,892 families and households living in temporary accommodation in Newham, out of 122,000 (MHCLG, 2019c).

After the crisis, Local Space had become a valuable organization to Newham council for several reasons. It allowed Newham to meet is statutory duty to find accommodation for homeless people, and critically, it provided the council with a revenue stream. The agreement between Newham council and its arm's length organization was that if Local Space outperformed financially, then the surplus would come back to the council. This return, which was initially only designed to be modest, had by 2018 turned into a two and a half million revenue stream for the council (Interview, 2019).

As the property market picked up again after the recession, Newham's experience with Local Space presented it with the opportunity to do something similar. Only this time, the objective was to keep all the revenue and asset appreciation within the council: "…that was a sort of instructive, well, that asset value was captured by someone else, admittedly sort of related to the council plus a bit of a revenue stream. So, it [Local Space] was a sort of halfway house, if you see what I mean?" (Interview, 2019).

The creation of Local Space and the council's experience with property acquisition at the peak of the crisis is therefore the first piece of the puzzle in understanding the origins of Newham's wholly-owned housing company, Red Door Ventures.

Another turning point that helps set the stage for the creation of Red Door Ventures is Newham's introduction of a compulsory landlord licensing scheme in 2013, the first of its kind in England. Over the course of the last decade, Newham's rental market had expanded rapidly, nearly doubling in size (LB Newham, 2012). Around 40 percent of Newham's household were renting from private landlords in 2012 (LB Newham, 2012). This expansion had been facilitated by the Buy to Let mortgage boom in the 2000s as investors had start buying homes previously occupied by owners and re-letting them to Newham's growing population (LB Newham, 2012). After the crisis, this mortgage market was revived in the context of rising rents and historically low interest rates (LB Newham, 2012; Collison, 2013; see also Chapter Four).

Newham's rental sector, however, was highly unregulated and unsafe for tenants, many of whom continue to be immigrants who have recently arrived in the UK (Minton, 2017; London Councils, 2012). A number of unregulated rental sub-markets had grown in this context. Landlords for example were illegally housing tenants in garden sheds. Although this practice was not new, the market for 'bed and sheds' had gained renewed media attention in the early 2010s, in the context of London's deepening housing crisis (London Councils, 2012). In addition, unlicensed landlords were illegally dividing homes and letting rooms to multiple, unrelated households (LB Newham, 2012).

In response to the borough's unregulated renting boom, the council set up a mandatory licensing scheme in 2013 to fine landlords operating in an illegal capacity and to protect vulnerable tenants from exploitative practices. The scheme, which can only be implemented in agreement with central government, has been extended until 2023. A number of other boroughs have implemented similar systems since then.

At the same time as Newham's unregulated rental market was expanding, land and house prices were rising in Stratford, the district in Newham just north of Canary Wharf (GLA, 2018a; Interview, 2017). Throughout the 2000s, Stratford emerged as the largest and most important part of the Thames Gateway redevelopment scheme which sought to redevelop 40 miles of industrial, marsh, and farmland stretching from East London to Kent (Fainstein, 2008). The focal point of Stratford's regeneration was Stratford City, a multi-billion, public-private mixed-used development initiated in the late 1990s as part of the broader development of a high-speed rail line connecting central London to the Channel Tunnel to France. In 2005, Stratford was also selected as the primary site for the 2012 Olympic Games. The rationale for both projects was that development would bring much needed investment into the poorest parts of the capital while supporting the eastward expansion of London's financial and service industries (Fainstein, 2008). Newham council during this period played an important role in coordinating the development of land in conjunction with the Greater London Authority and national government.

By the turn of the decade, the effects of more than 15 years of infrastructure-led redevelopment were now palpable. At the center of Stratford was now Westfield Stratford City, one of the largest shopping centers in Europe, comprising nearly two million square feet of shopping floor area. New, high-rise luxury flats were also popping up. In 2014, the Financial Conduct Authority relocated its headquarters from Canary Wharf, London's second most important financial center after the City of London, to Stratford. Following the Olympic Games, University College London (UCL) and a number of other public institutions built new campuses and facilities on the former Olympic Park. These booming conditions were a major opportunity to capture value from the perspective of state actors, and "another aspect that fell into our lap" in the setting up of Newham's housing company (Interview, 2017).

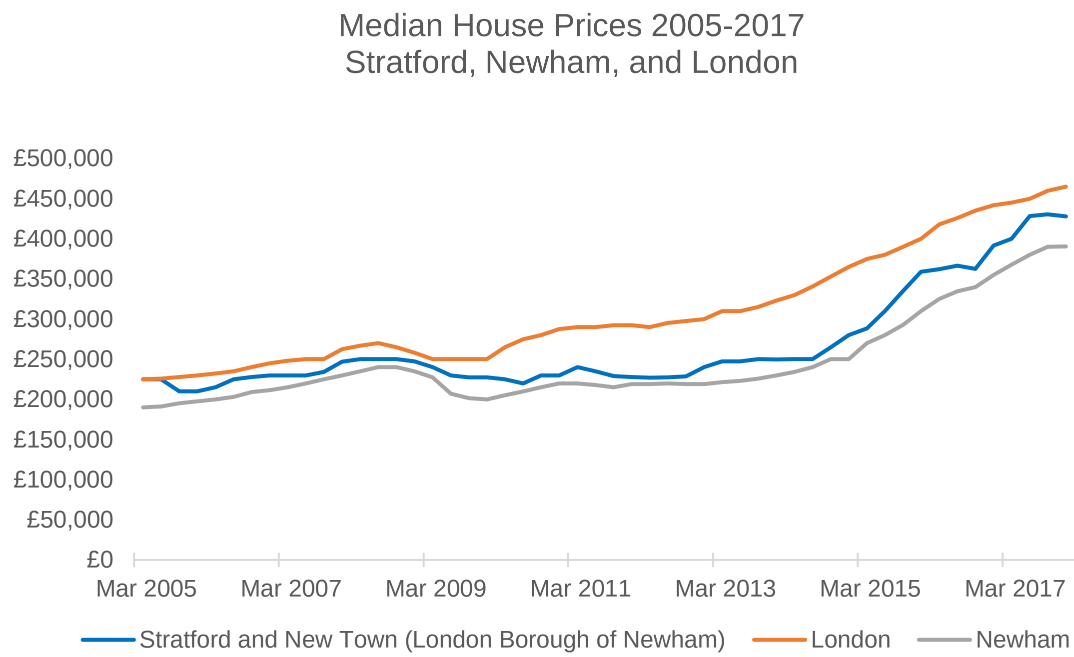

Figure 8: Median house prices in Stratford, Newham and London, 2005 to 2017. Data from HM Land Registry (GLA, 2018a).

Another, no less important factor that set the context for Red Door Ventures, was the council's access to land. Like neighboring Barking and Dagenham on the eastern edge of London, but unlike most other boroughs, Newham has the advantage of owning large swathes of land, including a significant amount of former industrial land (Interviews, 2018). In 2017, Newham owned an estimated[44] 3,650,067 square feet of land (Midolo, 2017). Newham is the London borough with the largest landholding and the 15th largest landowner in London (Midolo, 2017). By comparison, Canary Wharf Group Investment Holdings[45] owns the most land in the capital at 21,452,796 square feet. An interviewee put the size of Newham's landholding in context:

---

[44]The estimate is from a study conducted by Property Week, a real estate magazine, and Datscha, a company that buys and analyzes real estate data. The authors of the study used data from the Land Registry, the Valuation Office and Companies House (Midolo, 2017).
[45]Canary Wharf Group was the company that led the redevelopment of the Docklands in the 1990s. The company is now owned jointly by Brookfield, and American global asset management firm, and by Qatar Holdings which is part of the Qatar Investment Authority.

> We are in a fairly unique position as regards London, we have a very large land holding in the borough. Something like every third brick, if you include the roads, the pavements, the schools, the parks, is owned by the council. That puts as a very big owner of land. A lot of land as well is owned by the GLA which isn't part of this discussion, but is you know, interesting. So, we got a lot of opportunities to build. That is not the case in most other London boroughs. (Interview, 2018)

In sum, over the course of the last twenty years, Newham council has emerged as an active and influential actor in the urban development process, not least because its access to vast areas of land located in close proximity to London's financial centers in East London. Changing housing markets, including the expansion of private renting, have also influenced the council's orientation towards development. When austerity hit the council in the form of steep cuts to government grants, these forces came together to give rise to the council's revived role as a housebuilder. In the following section, I explore in detail the council's motivations and rationale for the creation of Red Door Ventures.

Rationale for intervention: 2014-2018

A slice of the pie

The idea for Red Door Ventures, Newham's wholly-owned development company, started to take shape in 2012. During this period, the overarching rationale for intervention centered around the need for better quality homes for private rent. Austerity as a driver was hinted at but not foregrounded. A council company would allow Newham to buy and acquire "good quality housing for working households," providing them with an alternative to the existing rental properties in the borough (LB Newham, 2012b). The new homes would be set at 80 percent of local market rents in line with the government's new housing affordability regime. Landlords who wanted to exit Newham's rental market would also be able to sell their properties to the local authority's company (LB Newham, 2012b). As the sole shareholder of the company, the council would "receive a return on its investment" as well as interest payments on the loans it would provide the company with (LB Newham, 2014).

By 2014 when plans for Red Door Ventures were finalized, the house market in London was booming. Many parts of London were seeing an annual average house price increase of 20 percent (GLA, 2018a). In Newham, average house prices had increased by 17 percent between March 2014 and March 2015, compared to only a three percent annual increase in the previous year (GLA, 2018a). Meanwhile, private landlords were profiting from the boom conditions while austerity had started to significantly impact council finances. This collusion of factors was reflected in the council's final proposal for the creation of company, presented to Cabinet in February 2014.

The aim of a council-owned development company was to maximize the value of Newham's assets and to generate an income stream to re-invest in housing and other public services (LB Newham, 2014). Capturing a value that would normally have gone to private landlords was an important part of this rationale. As noted in the cabinet reports for the creation of the company, "[i]nstead of endless money, including housing benefit, being sunk into private rents," Newham's housing company would re-invest profits into public services, while also driving up accommodation standards in the borough (LB Newham, 2014, p.7).

The council's mandatory licensing scheme set up only a year earlier had also given the council a unique insight into Newham's vastly unregulated rental market. Given the poor and unsafe conditions observed, council actors believed it was important to increase the supply of good quality homes for rent, to "showcase best practice in the private rented sector," and "create the culture of professionalism in the market desirable in Newham" (LB Newham, 2014, p.7). As summarized succinctly by an interviewee,

> …In Newham it was, I mean I'll paraphrase but 'we want a slice of the pie and we can actually do it better' in that way, if we're going to build blocks we'll build them to a higher standard, we won't just build a high pile of cheap type. (Interview, 2018).

The council's own building activity would also contribute to the council's longer-term strategy of property-led development and generate spin-off activity in the private sector (Interview, 2018). An interviewee reflected on the intersection of these drivers:

> So part of the then Mayor's strategy was to provide, a bit of a legacy in his terms, in terms of, there's a lot of land in the borough, there will be a lot of houses built in the borough, PRS [Private Rented Sector] is the growing sector, the private rented sector in Newham is very poor, hence our Licensing Scheme...There's lots of landlords making lots of money. We as the council, were in a position where we get access to relatively cheap funding, is there not a way that we can convert that into a higher quality PRS accommodation and get a return on it. (Interview, 2018)

Red Door Ventures was finally incorporated in March 2014. The initial goal was to build over 500 homes on council-owned over the course of the next three years, and to build and purchase a total of 3,500 homes in the long-term. By February 2016, the council-owned company had completed its first scheme of 33 flats in Stratford. Through its company, the council was able to charge £2,000 per month for the two-bed room flats it had built, a price considerably higher than expected (Interview, 2018). Over the course of the next four years, Red Door Ventures completed over 150 homes for market rent on council-owned land across the borough. If Stratford's post-Olympic boom and the parallel expansion of Newham's rental market shaped the council's decision to build homes for market rent, this cannot be separated from the impact of austerity on the borough. This is the focus of this next sub-section.

Austerity in focus

In 2010, before the start of the government's austerity program, Newham was dependent on central government grants for a staggering 84 percent of its income (Amin-Smith et al., 2016). Since then, central government has significantly reduced its spending on local government, as explained in detail in Chapter Four. Local authorities are now expected to become 'self-sufficient' by reducing their reliance on grant and by growing their tax base. As a result, councils have assumed much greater fiscal and financial risks (Amin-Smith et al., 2016). By 2017, cuts to national grants had resulted in a 31 percent real-term reduction in Newham's spending on public services with total spending dropping from £418,000 million in 2009/10 to £289,000 million in 2016/17 (Amin-Smith, Phillips & Simpson, 2016).

To make-up for the long-term loss of grant funding, the council searched for ways to generate an income stream outside the existing constraints associated with the system of municipal finance in England. Like many inner London boroughs, Newham had not raised its council tax (the tax on residential properties) in 10 years, in large part because this would have had a disproportionate impact on residents with lower incomes (LB Newham, 2018b; Interview, 2018). Instead, the council had tried to expand the size of its tax base through the construction of more homes. This strategy preceded both austerity and the Olympic games and goes back to the council's effort to generate revenue through property-led development in the aftermath of de-industrialization (Interview, 2018). In this sense, the building of homes for market-rent through Red Door Ventures constituted a piece of that much longer history (Interview, 2018).

The other way to fund public services without grants was to cut spending. In line with other local authorities across England (NAO, 2018), Newham had directed cuts to its back office functions in order to protect spending on essential, front-line services such as social care and homelessness services. It had reduced, in other words, the size of its administrative workforce (Interview, 2018). The council had also searched for opportunities to charge for services. However, this strategy had clear limits:

> You know, we can raise our fees and charges, but we're not going to be able to finance the council on the back of increased library fines. We need to look at activities where we are unconstrained in our ability to generate income. (Interview, 2018)

The idea for a wholly-owned housing company emerged as part of this search for a long-term income stream to fund council services (Interview, 2018). The expectation was that this income would not be available immediately, however:

> …the intention was, this is a long-term solution, it's not short-term fix. You know... if we had done nothing and would have kept the money, we would have been better off...There's an expectation that this would contribute to our budget strategy in the medium term, not the short term. (Interview, 2018)

In addition to establishing Red Door Ventures to develop its council-owned land into market-rate residential properties, the council had also borrowed from central government to acquire a number of commercial properties across England purely for income-generating (investment) purposes. As part of this strategy, Newham had acquired five commercial properties worth over £90 million, including an office block and a shopping mall, both outside the borough (LB Newham, 2018a; Interview, 2018).

The content and form of the council's housing company at least in its first instantiation also needs to be contextualized in relation to Newham's broader experiment in the commercialization of public services. As noted in Chapter Four, Newham has one of the highest numbers of 'local authority trading companies' in the UK, along with Birmingham (Grant Thornton, 2018). Like housing companies, local authority trading companies are owned and controlled by local authorities. In the context of steep cuts to local authority budgets, municipal companies offer, at least in theory, two principal benefits to local authorities: they give local authorities the ability to 'trade' and generate profit, and they allow local authorities to reduce their spending on employee benefits. For example, local authorities are not required to pay their company employees local government pensions (Interview, 2018).

Under the Mayoral administration of Robin Wales, the council had played a key role rolling-out this model of service provision (Interview, 2018). To date, the council has around 12 local authority trading companies (Interview, 2018). Although many appear to have been set up by the council after the start of austerity, this approach precedes the 2010 period. For example, one of the council's oldest trading companies is Language Shop, a translation and interpreting service created 25 years ago. A number of more recent companies provide social care services. Better Together, for instance, is a shared living service that partners older adults at the end of their lives with host families. Another is Public Realm Services, a council-owned company that buys and installs 'smart' solar-powered refuse containers across public spaces in the borough.

Underpinning this approach to service provision is the idea of 'efficiency' (Interview, 2018). The logic is that the use of municipal companies can incentivize employees, reduce costs, help the council deliver its savings, and generate some profit in the process (Interview, 2018). One way in which profit is generated is through the sale of a service to another local authority. For example, the council is expanding Better Together, its adult family care service, to Havering, a neighboring borough. In practice, the idea that the commercialization of public services would make the council more efficient was questionable:

> We're not saying it [that we need to become efficient], the Mayor has a view, officers will deliver that view […] The logic on that is, can we be more efficient if we're outside of the local government bureaucracy. There is a belief that we can. Of course, I think you replace one bureaucracy with another one. (Interview, 2018)

Although, Newham's market-driven approach to governance and public service delivery was, to a large degree, driven by the political priorities of its former leader, it still has to be put into context. The idea of providing public services through municipal, profit-generating companies is not one that formally originated in local government. Instead, to a significant degree, it is central government that has encouraged local authorities to act commercially (Interview, 2018). The power to trade, or generate a profit, was introduced under Tony Blair's administration in 2003 as a way of expanding 'choice' in service provision and of accelerating the formation of partnerships with the private sector (Office of the Deputy

Prime Minister, 2004). In 2011, the Localism Act made this process even easier for local authorities. Newham council pursued commercialization in this policy context and in the context of post-2010 austerity. While Newham strategy of commercialization is not an isolated phenomenon, what is relatively unique is the extent to which the council pursued this strategy. Indeed, this is reflected in the form and content of Red Door Ventures, its housing company.

Summary

In sum, in the period between 2014 and 2018, Newham's decision to build homes for market rate on council-owned land was underpinned by the following motivations: (1) a desire the improve the quality of the local rental stock and shape the broader market for renting; (2) a need to generate additional income in light of steep reductions in government funding coupled with a longer-term desire to deliver services in a more commercial way; and (3) a broader interest in continuing to spur development across the borough. Some of the conditions that facilitated Newham's strategy include the rapid rise in land and house values, particularly in Stratford, access to cheap borrowing from central government, and the availability of significant land.

Change in approach: 2018-2019

The direction of the Newham council's housing supply strategy changed significantly following the election of Rokhsana Fiaz in May 2018. In the run up to Newham's Mayoral Elections, Fiaz pledged in her manifesto to provide 1,000 units at social rents by 2022 and to increase the level of social rented homes to 50 percent, including those delivered by Red Door Ventures. This approach to housing was perceived to depart substantially from her predecessor's Robin Wales' focus on market-rate residential development.

In an interview with *Inside Housing*, Fiaz talked about how the council was "reshaping" Red Door Ventures from a vehicle used to generate income for the council to what "it should have been from the outset – [one] for delivering genuinely affordable homes for residents" (Rokhsana Fiaz, as quoted in Apps, 2019). Reflecting on the differences with Wales' administration, Fiaz stressed the need to go beyond simply what seems feasible or pragmatic:

> We are beginning to tear up the orthodoxy book that has very much framed the approach to housebuilding and housing delivery for the past couple of decades because it is just simply not sustainable. If you don't want to be part of this new story about housebuilding in this country where councils are in the driving seat, that's fine – you can go elsewhere because I'm only interested in working with developers and partners who want to be on the right side of history. (Rokhsana Fiaz, as quoted in Apps, 2019)

To a degree, Fiaz and Wales' diverging political priorities were seen to be ideological in nature. Although both Wales and Fiaz are members of Newham's local Labour party, they sit on different sides of the political spectrum. Wales, who was first elected as Newham's council leader in 1995 before becoming Mayor in 2002[46] was, a priori, a New Labour leader; his politics in other words reflected Labour's broader shift to the parliamentary right under Tony Blair's administration. In contrast, Fiaz leans to the left of the party. Following Fiaz' election as Mayor in May 2018—a role which she plans to abolish because of its potential to create some "serious deficits both in terms of civic participation and a democratic deficit"—the council's wholly-owned housing company was put under review until the fall of 2018 (Fiaz, as quoted in Hill, 2018).

As an important aside, what bears repetition here is that the outcomes of urban policy cannot be reduced to the actions of particular administrations (Lake, 2015). Electoral dynamics and the changing politics of housing production are undoubtedly an important factor here, but it be would reductive to suggest that the former operate independently from the material constraints and opportunities facing different local governments.

[46]The Local Government Act 2000 introduced the position of directly elected Mayors giving local authorities the option to move away from the 'leader and cabinet' model (the vast majority of local authorities still rely on the latter).

Indeed, Newham's shift in policy also needs to be understood in relation to the particularly acute nature of the housing crisis in the borough. The need to provide more social housing was justified in more detail in the Council's new *Housing Delivery Statement*, a policy document envisioned as the "first chapter in changing the paradigm of housing delivery in Newham" (LB Newham, 2018f, p.1). As explained in the report, a series of factors had positioned Newham at the frontline of the housing affordability crisis. These include high levels of poverty, low wages, a high rate of residents moving in and out of the borough, and a rapid increase in the cost of housing. Newham had 26,000 people on its waiting list for council housing, and 4,500 people living in temporary accommodation in 2018. The primary cause of the housing crisis according to the report's authors was the "failure of the housing market to deliver the homes needed" (LB Newham, 2018f, p.2).

Although the housing crisis had worsened, government-led austerity had not gone away. In this context, the council's new administration was faced with a "trade-off" (LB Newham, 2018d, p.2). It could either use its housing company to deliver more affordable housing or it could use it to continue generating a return to the council to fund housing and other council services (LB Newham, 2018d). The conclusion reached was that affordable housing was the priority in Newham, and that the council therefore needed to change its approach with its housing company.

The objectives of revenue-generation and value-capture were not abandoned under the new approach. In fact, neither was that objective of improving the quality of homes for rent in Newham and encouraging the private sector to do the same. Deborah Heenan, Red Door Ventures interim director and Newham Council's Major Projects Director, summarized this combination of objectives during a GLA Housing Scrutiny Committee. According to Heenan, Red Door Ventures sets out to do three things:

> Number one, to get on and build more homes, especially on Council-owned land. Number two, we are taking, by delivering directly, a margin of return. Whether that return is recycled as more affordable homes at more affordable levels or recycled as a general revenue, that is a return that would not otherwise come back to the Council. The third is the placemaking and the leadership role to set a better bar for quality, be that quality in the built environment or the offer in the private rented sector. (GLA, 2018d, p.1)

Finally, what has actually made this shift in approach possible from a financial perspective, is the availability of subsidies from the Greater London Authority. In November 2018, Newham secured £107.5 million in grant funding from the Mayor of London's Building Council Homes for Londoners program. Newham's grant allocation, the highest in London, will be used to build 1,123 homes, 94 percent of which will be at Social Rents or London Affordable Rents (GLA, 2018f).

Despite the availability of new funding, the use of an income-generating company was not perceived to be a barrier to affordable housing delivery. Red Door Ventures is set to remain Newham's "primary source of delivery of affordable housing" and is a now a key part of how grant funding is allocated (LB Newham, 2018d, p.5). As noted above, the council still needs the company to generate a revenue-stream, whether it is for housing or other purposes. In the following part of the chapter I explain what this shift in approach has meant in practice. I also provide an overview of Red Door Venture's housing developments to date and explain how the funding and financing work.

Processes

Tenure Mix

Between 2014 to 2018, the majority of the 150 homes already delivered by Red Door Ventures were let at private market rents. Some units set at 80 percent of market rents (Affordable Rent) were also provided to satisfy the council's requirements for affordable housing provision. In line with Newham's new housing policy, Red Door Ventures is now required to provide at least 50 percent of homes at either Social Rents or London Affordable Rents (LB Newham, 2019b). In this section I explain how the council has rebalanced the mix between the market homes and affordable homes it is providing. First I provide a brief overview of the different kinds of homes provided by Red Door Ventures.

What are Social Rents and London Affordable Rents?

Through its wholly-owned company, Newham is providing three types of sub-market affordable homes and one type of market-rate housing. The different types of affordable homes include: (1) London Shared Ownership, a low-cost form of homeownership that allows a buyer to purchase the share of a home and to pay rent on the rest; (2) Affordable Rent, set at up to 80 percent of local market rates; (3) London Affordable Rent, which is a new tenure based on Social Rents[47]; and (4) Social Rents, the cheapest form of rent. Excluding 'Shared Ownership,' all the homes for sub-market rent are available only to households in need, awaiting housing on the local authority's housing register (see table below).

Affordable Rent and Shared Ownership are relatively straightforward tenures. Where things get a little confusing is in the distinction between London Affordable Rent and Social Rent. When national subsidies for social housing were cut by half in 2010, the government introduced a number of more expensive tenures that would enable housing associations and councils to make up for this loss. Affordable Rent set at 80 percent of market rents was the main one. When Sadiq Kahn took over from Boris Johnson as Mayor of London in 2016, he re-negotiated the definition of Affordable Rent with central government in order to make the tenure more affordable to low-income Londoners. The term 'London Affordable Rent' is the product of these negotiations.

[47]Social Rent is capitalized only when discussing the technical differences between different forms of rent. The meaning of the word does not change.

Effectively, this new definition allows local authorities and housing associations to bid for grant money that would otherwise have been directed towards the construction of Affordable Rent homes capped at up to 80 percent of local rents. London Affordable Rents are significantly lower than 80 percent of local market rates but are a little higher than social rents, which are typically about 40-50 percent of local rents (Hackett, 2017). London Affordable Rents are 'benchmarked' against those of social rents and capped across London. The caps increase annually with inflation, plus one percent. In contrast social rents, decrease annually by one percent[48].

[48]The one percent reduction in social rents was introduced in 2015 under David Cameron's Conservative administration. The idea behind this policy is that it would help central government reduce its expenditure on Housing Benefit.

Table 2: *Types of housing delivered by Newham Council*

Housing type	Definition
Private Rented Sector	Homes at market rents. The tenancies offered by Red Door Ventures range from six months to five years.
London Shared Ownership	This form of housing allows a buyer to purchase a share in a new home. A regulated rent is then paid on the remaining, unsold share to the council (same applies for housing associations). Available to Londoners with household income up to £90,000.
Affordable Rent	Rents set up to 80 percent of local market rents. Allocated to households eligible for social rented housing on the basis of need. Rents increase annually with inflation plus 1%.
London Affordable Rent	Benchmarked to social rents but higher. Caps set by the Mayor of London that limit how much councils and housing associations can charge for rent. Caps increase annually with inflation plus 1%. Allocated to households eligible for social rented housing on the basis of need.
Social Rent	Lowest rents. Rent-setting governed by national regulations. Rents calculated with reference to a formula that takes into account the condition and location of property, local income levels, and the number of rooms in a property. Rents decrease by 1% every year. Allocated to households eligible for social rented housing on the basis of need.

Source: Greater London Authority (n.d.); Red Door Ventures website (n.d.)

Old tenure mix

To understand what Newham's change in approach means in practice, we need to look at the kind of homes provided by Red Door Ventures in its former iteration. Since 2014, Newham's wholly-owned housing company built just over 150 homes across three schemes in Stratford in the western edge of the borough, East Ham in the east, and Plaistow in the center. The company also completed one scheme in Whitechapel, in the neighboring borough of Tower Hamlets. The majority of units are at market rents. Tenants are offered leasing arrangements ranging from six months to five years (Red Door Ventures, n.d.). At £2,000 per month, the homes are targeted and occupied by relatively high income professionals, many from outside the borough (Interview, 2018).

Table 3: *Red Door Ventures housing completions, 2014-2018*

Location	Units	Units	Tenure
Cheviot House, Whitechapel	97	Studio apartments	Private Rented Sector*
The Tanneries, Stratford	36	2 bedroom flats and apartments	Private Rented Sector
Gregory House, Plaistow	17	1 and 2 bedroom apartments	Private Rented Sector
Nelson Street Cottages, East Ham	3	Refurbished firefighter's cottages	Private Rented Sector

Source: Red Door Ventures website.
*Private Rented Sector is the official name for the private rental sector in the UK.

Under the previous administration, Red Door Ventures provided a minimum level of affordable housing to comply with the council's affordable housing policy[49]. At the time, the policy required developers, including the council's own developer, to provide a minimum of

[49] On sites of ten housing units or more, developers are required to meet a council's affordable housing target. This is not legally enforceable however: the level of contribution is subject to 'financial viability' and negotiated between developers and local authorities, so that in practice affordable housing contributions can be much lower than the set target.

25 percent affordable housing on any site that has 10 units or more. In most cases, the council has packaged multiple sites together in order to meet its affordable housing requirements: market-rent residential development is delivered around a main ‘hub’ (the central site), while, affordable housing units are scattered across the borough on ‘satellite’ sites. Sometimes, existing ‘street properties’ are also acquired in the open market for the purpose of affordable housing provision. This is the case in the first wave of homes provided by Red Door Ventures (LB Newham, 2019a, p.761).

New tenure mix

Following the council’s shift in policy, the tenure of Red Door Venture’s two waves of developments has been amended to provide at least 50 percent of new units at Social Rents or London Affordable Rents (the exact breakdown between the two is not specified). The homes that are currently being planned by Red Door Ventures are split into two ‘waves’ of development: the first one is made of 950 homes which are at a more advanced stage of development, while the second comprises 650 units that were still in the early stages of design at the end of 2018 (LB Newham, 2018d). Out of these 1,603 homes, 49 percent will be at London Affordable Rent or Social Rent, one percent will be for Shared Ownership and 50 percent will remain as homes for private rent, as planned under the old model (LB Newham, 2019b).

However, because the first wave is at a more advanced stage of development, council reports suggest that it was more difficult to implement the new administration’s 50 percent genuinely affordable target. For example, in the case of the Townhall Annex development (the redevelopment of existing council offices into housing), extra facilities such as concierge service, communal lounges, and social spaces were already included in the design and in the rents charged. The council was able to change the tenure mix on sites without extra facilities

(LB Newham, 2018d). The second wave of developments was delayed because of some problems with procurement; the latest information on the second wave is from October 2018, but this may be subject to change once problems are solved. Given the provisional information available, the council's new mix of affordable and market homes can be summarized as follow.

Table 4: *Red Door Ventures tenure mix, 2018-2019*

Development Phase	Number of Units	Private Rented Sector	Social Rent/ London Affordable Rent	Shared Ownership	3 bedroom family homes
Wave 1	948	58%	40%	2%	38%
Wave 2	655	39%	61%	0%	TBC
Total	**1,603**	**50%**	**49%**	**1%**	TBC

Source: LB Newham (2018d)

Importantly, the changes in the tenure mix means that homes provided by Red Door Ventures will be now significantly cheaper than the market rate homes provided under the old model. In the area of Newham within which Red Door Ventures is currently building (Wave 1), the council estimates that for a one-bedroom, the market rent is nearly double that of London Affordable Rent (£1,195 per month, compared to £650). With a three bedroom, the difference is starker: market rents are over two and a half times higher than London Affordable Rents (£1,946, compared to £724) (LB Newham, 2018d).

Funding and finance

Until 2018, Newham financed the development of its land into homes for market rent primarily through public loans from central government. By borrowing against its general revenue and outside the constraints of its Housing Revenue Account, the council has been channeling credit from the Public Works Loan Board (the arm of the Treasury) to its subsidiary company. The council would also sell its land to its company at around market value in order to satisfy national laws regulating the sale of public land.

At the end of 2018, the Greater London Authority granted Newham over £100 million in subsidies to build homes for Social Rents or London Affordable Rents, as noted above. The subsidies, in conjunction with Newham's access to land will lower the cost of developing homes for Social Rent or London Affordable Rent. Since rebalancing its tenure mix towards more affordable housing, the council has adjusted its use of council-owned land. Rather than selling the land to its company, the council will now be leasing it for 125 years. Where affordable housing is provided, the leasing should be free (LB Newham, 2019e).

Some of the key risks identified by state actors include the collapse of Newham's rental market, the possibility of the council's company going bankrupt, as well as a sudden spike in interest rates. I explore these issues below.

Grant funding

In 2018, Newham was awarded the highest level of housebuilding grant by the Mayor of London, followed by Ealing and Southwark. The council bid for £150 million of funding and was granted £107.5 million to deliver 1,123 homes, 1,056 of which will be at Social Rents or London Affordable Rents, and 67 for Shared Ownership (LB Newham, 2019e; GLA, 2018e). The Mayor's Building Council Homes for Londoners program funds homes delivered by local authorities, either directly or indirectly through housing companies. It also funds housing associations but local authorities are given priority. The subsidy rate for Social Rent/London Affordable Rent is £100,000 per unit, while for Shared Ownership the subsidy is either £28,000 or £38,000 depending on the start date (GLA, 2018b). Out of the 1,056 socially rented units funded through GLA subsidies, 469 (or 44 percent) will be delivered through the council's wholly-owned company, and the rest will be delivered directly by the council (LB Newham, 2018d, p.5).

Loans and equity

The rest of Red Door Ventures' funding comes primarily from loans provided by the council. The council still "acts as a bank" by borrowing from the Public Works Loan Board and on-lending to Red Door Ventures at a margin, with lending secured against new properties (LB Newham, 2018d, p.9). Some funding is also provided through equity through the issuing of shares (Newham remains the 100 percent shareholder).

Two sets of laws govern the setting of interest rates in the process of on-lending: European Union State Aid and national transfer pricing regulations. State Aid regulations require local authorities to lend to their commercial subsidiaries at commercial (market) rates so that municipal trading companies, like Red Door Ventures, are not given an 'unfair advantage' in the market. In other words, the interest rates on the on-lending cannot be at sub-market rates where housing is developed for income-generating purposes. Affordable housing is exempt from State Aid regulations. Conversely, the state cannot provide excessively high rates of interests to its subsidiary because this would violate transfer pricing regulations, the regulations governing the pricing of goods and services sold between related legal entities (here between the council and its company). This is because excessive interest rates can be used to unfairly reduce taxable and corporate income (Interview, 2018).

Given this legal framework, the council issues two general types of loans: loans at commercial rates for the delivery of market-rent homes, and loans at sub-market rates for affordable and social rented housing. Different rates are also set for the commercial loans, with higher rates charged during the development phase when risk is higher, and lower refinanced rates during the investment phase (LB Newham, 2019e).

The question of State Aid was critical in the design of the financing arrangement between the council and its subsidiary, particularly when Newham was only building homes for market-rent. If Newham was seen as potentially distorting competition by having an unfair advantage over developers in London, or in the rest of the EU, then the council could be subject to a court challenge (Interview, 2018). Now that Newham was providing social housing in addition to homes for market-rate, competition law had potentially become less of a problem for the council. As noted above, where affordable housing is involved, there is blanket exemption from State Aid law. The risk of a challenge from developers had also been exaggerated by lawyers advising local authorities, according to one interviewee. Developers rely on local authorities for their business, and any such challenge would sever those relations between the state and the market (Interview, 2019). A legal challenge from a developer was theoretically a possibility, but highly unlikely (Interview, 2019).

Meanwhile, state actors have not discounted the option of using private finance. The council had considered the possibility of issuing bonds through its company, for example (Interview, 2018). So far, public finance through the PWLB remained cheaper, however. Although private loans remained a possible source of finance for the future, state actors believed it was unlikely. An interviewee also stressed Newham had not "used LOBOs anywhere near Red Door" (Interview, 2018). LOBO loans are derivative-embedded loans that councils including Newham took out from commercial banks in the lead up to and during the financial crisis of 2007-2008. To understand why the LOBO loan issue is important in the case of Newham's public finances, some background on the phenomenon is helpful.

In the early and mid-2000s, gilt yields were steadily falling and interest-rates on long-term PWLB loans were just over five percent (Carver, 2014; Dunbar, 2015). During this time, commercial and investment banks started lending to local authorities at 'teaser rates' just below those offered by the PWLB. The loans, known as Lender Option Borrower Option, or LOBOs, were long-term (30-70 years), adjustable-rate loans. They fell under the category of 'structured' loans because they had derivatives[50] embedded in them (options and swaps). Newham, during this period emerged as the second largest borrower of LOBO loans in absolute terms[51] after the local authority of Kent. The loans proved to extremely expensive in the long term, and a number of local authorities, including Newham, have started filing legal claims against banks.

While commercial bank lending into local authorities had subdued after the crisis, particularly in the context of the LOBO scandal, Newham had received considerable interest from institutional investors and sovereign wealth funds looking for a guaranteed rental stream:

> If you've been to the other London boroughs, I suspect they probably go around all of us, it's something like what are called families, might well be families but probably it's sovereign wealth funds […] who want to come in and finance this opportunity against a guarantee for the rent stream. (Interview, 2018)

The council, however, does not guarantee the rental stream of Red Door Ventures like it does for Local Space (its housing association). This is one of the reasons why these offers for private finance have for now not been attractive for the council (Interview, 2018). The other of course is that PWLB interest rates are at a historic low. If transfer pricing regulations are followed correctly—in other words, if the council does not charge excessively high interest rates when on-lending to Red Door Ventures—then "it should not possible for the company to go out and get an identical deal cheaper, at any different rate" (Interview, 2018).

---

[50]After a period of low-interest rates, the lender has the option to adjust the interest rates on the loan, for example if market rates increased. If the lender exercised this option, then the borrower has the option to either pay the new interest rates, or to exit the loan. Because of the way in which the options were priced, the breakage fees could be as high as 85 percent of the principal (Dunbar, 2015). Banks also designed LOBOs with an 'inverse floater' structure. The interest rates on inverse floaters had an inverse relationship to market rates. An estimated 250 local authorities signed LOBO contracts between 2003 and 2010, while twelve local authorities, including Newham, had signed reverse floater LOBOs (Debt Resistance UK, 2016).

[51]The council had taken around £500 million of LOBO loans between 2002 and 2009. Of that, £179 million was used to refinance old PWLB loans, and £385 million was borrowed for public infrastructure investment, £40 million of which went to financing part of the Olympic stadium (Pickard, 2016).

Finally, although interest rates are at a historic low, the council was “fully aware that that might not always be the case” (Interview, 2018). It was one of the key risks associated with relying on debt finance. Recalling the spike in interest rates in 1992 after the UK withdrew from the European Exchange Rate mechanism, an interviewee noted that any sudden movements like this would be “catastrophic” in Newham (Interview, 2018). Nevertheless, there was a belief that these were calculated risks and that it was impossible for the council to finance a project that was “was protected from macroeconomics, [from] big movements” (Interview, 2018).

Land

Newham’s access to a large landholding has put it in an advantageous position with respect to private developers, and indeed to the other local authorities examined in this study. The transfer of council-owned land to a council-owned company is not necessarily straightforward, however. What happens to the land assets should the company go bankrupt is also a grey area.

The law that governs the pricing of local authority land during the disposal process is Section 123 of the Local Government Act of 1972. This part of the law prevents local authorities from selling their land ‘for less than the best consideration that can reasonably be obtained’ unless they gain ministerial consent to do so otherwise. The meaning of ‘best consideration’ is ambiguous here. In a lot of cases, it is simply interpreted in financial terms. Effectively this would mean that local authorities are not able to sell their land at less than market value.

However, two other laws, the Local Government Act of 2000s and the Localism Bill of 2011, give local authorities the ability to interpret the principle of ‘best consideration’ more broadly. Local authorities can sell their land at less than best consideration if this will promote social, economic and environment well-being in their area (New Economics Foundation, 2018). Best consideration is therefore a “subtle” concept; land is not always valued at the highest price (Interview, 2018). Rather it depends on what the land will be used for: “So if you’re going to use it for high-end housing it will have a higher value than if you do it for social housing” (Interview, 2018).

Under the old version of Red Door Ventures, the council disposed of its land to its company at close to market value. Specifically, the value calculated by the council’s valuation and accounting departments approximates the value of the rental stream that the construction of properties for private market rent will generate. This sale of land is financed through the process of on-lending described in the previous section. In return, the council receives a capital receipt from the land sale, which it can then use for other forms of capital expenditure and in some cases, as a form of income.

Following the council’s decision to provide more housing at social rents, council land will now be leased for free to Red Door Ventures for 125 years. From the perspective of the council, sub-leasing its land for free means that it will not capture as much value as it would have had it implemented an “unconstrained disposal at open market land value”; it does mean, however, that the council will be able to “provide stable and permanent housing to its residents, and to manage the housing stock being delivered, in a suitable and controlled manner” (LB Newham, 2019e, p.8).

What would happen to the land if the company were to go bankrupt is a somewhat unresolved issue (Interview, 2018). Normally the assets and debt would come back to Newham, as the council has a debenture, or security lien, over the assets as part of its loan agreement with Red Door Ventures. This means that should Red Door Ventures become insolvent, then the council would have priority over other creditors to take back the property secured as a collateral for the loan (Interview, 2018). This remained a hypothetical situation for the council.

What happens to the land owned by Red Door Venture would depend, in part, on the cause of bankruptcy (Interview, 2018). If a potential bankruptcy was a matter of mismanagement, the council as shareholder would normally be warned if there was problem and would try to remediate the situation (Interview, 2018). A big problem however would arise if the cause of a bankruptcy is the collapse of the rental market (Interview, 2018). Red Door Ventures would then be left with “an asset that couldn’t generate a rent to service the debt” and that could have implications on the council’s revenue (Interview, 2018). It is also worth noting that technically no liability is passed back to the council. The accounts of Red Door Ventures are held in a separate ‘groups account’ that is not linked to the council’s revenue. This is where the council records the income from its various arm’s length companies. Nevertheless, an activity within the council’s group account could technically impact the council’s general revenue account, although how that happens was described by an interviewee as “convoluted route” (Interview, 2018).

If Red Door Ventures did go bankrupt, the council could try and do two things: it could try and sell the company’s assets, or it could ride out a recession (Interview, 2018). Given the historic upward trend on house prices, the second option seemed more likely from the perspective of those involved (Interview, 2018). Perhaps more importantly, the fact that Red Door Ventures was a publicly owned company meant that the council would potentially bail it out:

> So, if it went bust in theory, there is no liability back to the council. In reality who can tell, would a public sector body ever let that happen? You know, another PhD in that perhaps. (Interview, 2018)

Revenue Generation & Affordable Housing Provision

The risks identified above primarily concern the homes for market-rent, built without subsidy. As the council begins to build more homes at Social Rents or London Affordable Rents, the council's exposure to a potential downturn in the rental market will likely be reduced due to the availability of subsidies and free land (LB Newham, 2018d).

The construction of fewer homes at market rent will also result in a smaller revenue stream to the council. Under the old model, Red Door Ventures was forecast to generate a return of £100 million over the first fifteen years. However, this was based on the assumption that only 25 percent affordable housing would be provided. Following the decision to change the tenure mix to 50 percent affordable housing, the council expects a return of £66 million over the same period.

This is what in numerical terms is meant by the 'trade-off' facing local authorities: instead of using its housing company primarily as an alternative source of income generation, Newham council is diverting £44 million towards affordable housing provision. Assuming the council is supported by the GLA's grant program, and that land for affordable housing is transferred free of cost, the units of affordable housing will increase from 400 to 800 over the course of the two waves of Red Door Ventures developments.

Over the next ten years, the council expects to pull in a revenue stream of £66 million through a number of the methods described above: (1) through the interest rate payments from the on-lending; (2) through dividend payments; (3) through capital receipts from the transfer of land from the council to the company; (4) and through any increase in the value of the assets over time. The council in turn, will also need to make a Minimum Revenue Provision—the minimum amount of revenue that a local authority must set aside to re-pay capital expenditure funded by borrowing—on any of the equity finance invested in Red Door Ventures (LB Newham, 2019e).

Conclusion

In sum, Newham's initial decision to build homes for market rent on council-owned land coalesced around the following factors. First, Newham had a lot of land by comparison with other London boroughs. Unlike other boroughs, it had also experimented with property acquisition before and during the crisis. Newham has also been the site of nationally-driven redevelopment projects from the Thames Gateway project to the Olympic games of 2012. After the global financial crisis, Stratford had emerged as one of the primary centers of London's development boom. By contrast, exploitative sub-markets had emerged at the lower-end of the rental market. As austerity hit Newham, the council identified an opportunity to generate a long-term income stream by developing its land into homes for market rent. Additional aims included improving the quality of private rental accommodation in the borough, albeit for a high-income demographic, and spurring further development in the borough (LB Newham, 2014; Interviews, 2017, 2018 & 2019).

Following a change in administration in 2018, Newham council changed its strategy of land and housing development to prioritize the provision of social homes eligible to residents on the council's waiting list for housing. In addition to the different political priorities of Newham's new mayor, the other drivers for this shift include the acute nature of the homelessness crisis in Newham and the availability of subsidies from the Greater London Authority. At least 50 percent of the homes provided through Red Door Ventures will still be homes for market rents, however. The reason for this is that it will help the council generate a financial return to re-invest in the construction of more social housing or in the delivery of other services.

Different relations of risk underpin the council's two different approaches to land and housing development. Under its first iteration, the council's housing company was subject to a series of laws regulating, and to a large degree disciplining, the state's market activities. These laws and regulations limit the extent to which the state can use its own land and financial resources to compete in the market. As I will explain in more detail in Chapter Nine, the state's heightened engagement in land and housing markets has provoked somewhat of a push-back from the property development industry and from central government.

The council's commercial approach to housing delivery through the first iteration of the company also exposes it to higher levels of risk. For example, if the rental market in Newham collapses, the council would find itself in a potentially difficult position as it would no longer be able to service its debt. It is also not clear what would happen to the council's assets if Red Door Ventures went bankrupt. It is possible that the council would simply bail out its own company (Interview, 2018).

Under the second iteration of the company, the risk to the council is significantly reduced. Unsurprisingly, this is because subsidies are now part of the equation. As affordable housing provision is exempt from competition law, the state also has more freedom to transfer its land to its subsidiary company at no cost. The loans issued by the council to its company can also be set at lower interest rates, since the council is not in competition with other providers of housing.

More broadly, the case of Newham illustrates the different political and economic logics and calculations that are at work when the state decides to act in a capacity that is similar to that of private developers. As seen in the council's decision to intervene in the booming land market in Stratford, the state is very much capable of acting, as Haila argues, as "just one real estate-agent among others" (Haila, 2008, p.807). But that is not the only thing that the state is doing, and indeed the analysis needs to move beyond this. The state's real estate activities are bound up with other public policy objectives. Importantly, the state's engagement in land markets is subject to political challenge and push-back more generally, and that is ultimately what destabilized the approach pursued by Newham between 2014 and 2018.

Moreover, despite Newham's troubled history with private finance and debt, and despite Robin Wales' ideological propensity towards market-led forms of urban governance and service provision, the monetization of public services and assets is not unique to Newham. The case, in this way, needs to be put in conversation with others so that we do not lose sight of the bigger structural and historical forces that are at work. In Newham, importantly, these forces are not limited to the period after the global financial crisis and after austerity. As a site, Newham is central for understanding the post-industrial restructuring of London from the 1980s onwards. This past has inevitably shaped Newham's trajectory in land and housing markets. But there are also clearly new forces at work, such as the expansion of the Buy to Let market in Newham, as well as the new pressures imposed on Newham by the central state in the form of austerity. How the council decides to use its vast landholding needs to be understood in relation to both of these dynamics. I return to some of these themes in more detail in Chapter Nine.

CHAPTER SEVEN

Ealing

Introduction

Ealing is a borough in outer west London located about eight miles north east of Heathrow airport. Bound by five other boroughs, it is the third largest London local authority by population after Barnet and Croydon, with an estimated 342,000 residents in 2018 (ONS, 2019b). Throughout the 20th Century, Ealing grew as a collection of suburban towns and industrial centers. Industries included, among others, gas works and motor manufacturing.

Over the last five to seven years, Ealing has emerged as an important site for infrastructure-led development. Two major rail-lines funded by central government—High Speed 2 (HS2)[52] and Crossrail[53], both of which have been beset by major delays—will cross through Ealing. As a result of this multi-billion investment, Ealing has been cast as an opportunity for developers to build new homes; the Crossrail line in particular is expected to increase land and house prices along its route (Blain, 2016). The local development context has also been shaped by the redevelopment of Park Royal, London's largest industrial park which spans the boroughs of Ealing, Brent, and Hammersmith and Fulham. The industrial center, which is currently home to food and drink manufacturing, logistics and media activities, is where the HS2 and Crossrail lines will meet. In 2015, London's former Mayor, Boris Johnson, designated the 650 hectare area into a Mayoral Development Corporation[54], the second of its kind after the Olympic park in Newham. Described as the largest major

[52]HS2 is a new high-speed line that will connect cities across the UK.
[53]Crossrail will connect East London and surrounding areas to West London.
[54]The Localism Act of 2011 grants the Mayor of London the power to set up development corporations. These are special planning authorities that have the power to buy, develop, and sell land.

regeneration project in the UK, the aim of the project is to transform the industrial center and the surrounding area into a large, mixed-use town center.

The story of Ealing's housing company begins before that, however. In the aftermath of the financial crisis and in the midst of a stalling housing market, Ealing council decided to directly undertake the refurbishment and reconstruction of one of its council housing estates[55], after failing to find a private developer willing to take-on the financial risk. This was in 2011. The idea for a council-owned company was formalized shortly after, as new restrictive policies made it difficult for the council to finance new homes through its Housing Revenue Account (HRA) – the part of a local authority's budget that accounts for all income and expenditure related to council housing. By setting up a wholly-owned company, the council would be able to borrow against its overall revenue to finance the construction of homes for market or sub-market sale. These in turn, could be used to cross-subsidize the production of more social homes, delivered directly by the council through its HRA. In the process, the homes could be used to meet a growing demand for low-cost homeownership in the borough.

However, by 2014 when the council finalized its plans for *Broadway Livin*g, its wholly-owned housing company, the context had changed again. The financial conditions of local authorities had worsened under austerity. The council had also tried to encourage the development of purpose built developments for rent in the borough (the 'Build to rent' market) but had failed to attract enough interest from builders and investors. In light of these two contextual developments, the early objectives of the council were to: (1) cross-subsidize the provision of social homes; (2) catalyze the Build to Rent market in the borough through the

---

[55]Ealing owned around 11,950 council homes in 2018, or about 9 percent of the total housing stock in the borough. Housing associations owned as similar amount of homes (MHCLG, 2018). In 2016, over half (52 percent) of Ealing's households were homeowners, 14 percent rented from the council or housing association, and 34 percent rented from private landlords (GLA, 2019a).

construction of homes for mark rent; (2) meet the housing needs of middle-income residents; and (4) generate an income-stream to the council to fund other services.

In 2018, things started to change again. Ealing's homelessness crisis had accelerated, and Ealing's focus on market rate homes was potentially no longer sustainable. The number of families and households housed by the council in emergency accommodation had increased by 150 percent since 2011 (MHCLG, 2019c). House prices had also climbed rapidly in line with London as a whole. However, as shown below, Ealing prices are comparatively higher than the other boroughs in this study. Median house price in June 2017 had reached £475,000, a 69 percent increase from 2011 when prices had recovered to their pre-crisis peak (GLA, 2018a). The rising cost of housing and land was also reflected in private rents in the borough: the median monthly rent for a one bedroom flat was £1,200 in 2018-2019. By comparison, Enfield was £1,050, Croydon £900 and Newham, £1,200 (Valuation Office Agency, 2019).

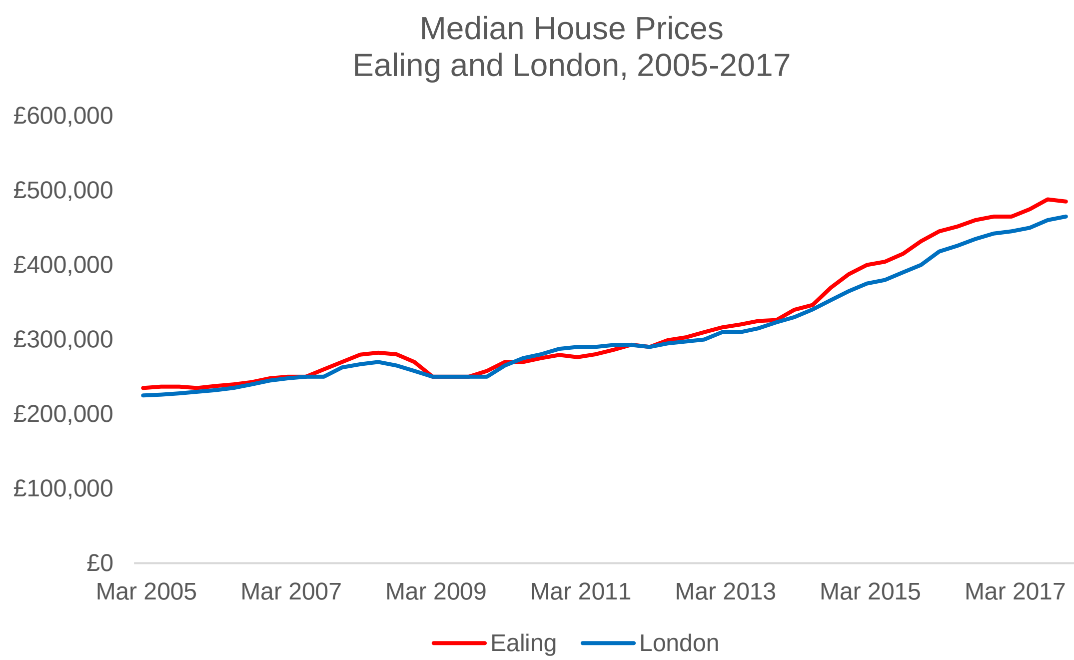

Figure 9: Median house prices in Ealing and London, 2005 to 2017. Data from HM Land Registry (GLA, 2018a).

By 2018, the political and funding environment had also changed. As outlined in Chapter Four, some of the key turning points include the following: (1) Sadiq Khan's introduction of London Affordable Rent, a new form of tenure, which given the Government's defunding of social rent, seeks to approximate social rent levels; (2) the associated provision of grant funding to local authorities following Khan's negotiation for £4 billion of funding with central Government; (3) growing pressure and scrutiny over the redevelopment of council housing estates following the Grenfell Fire and the Haringey Development Vehicle (a now failed joint venture between Haringey council and Lendlease in North London); (5) the turn to the left in the Labour party under the Leadership of Jeremy Corbyn and the associated implications of this shift at the local authority level; and (4) the GLA's introduction of resident ballots for council estate regeneration programs, which now make grant funding for council housebuilding dependent on a confirmatory vote from residents.

In response to a growing housing affordability crisis and to political pressure to provide more affordable housing, Ealing decided to use its company to provide more homes for households with low-incomes. The major enabling factor here has been the introduction of grant funding. At the end of 2018, Ealing received £99 million in subsidies from the Greater London Authority, the highest level after Newham. As a result, the council has started lowering rents on some of the homes it is delivering through its company. With the housing market slowing down, the council has also started acquiring discounted homes from developers who are nervous about selling (Interview, 2019). However, given the enduring financial constraints facing councils under austerity, Ealing will also continue using its housing company to generate revenue for housing and other services.

In this chapter, I provide a detailed account of the motivations and drivers that underpinned Ealing's decision to set up a wholly-owned housing company. In the process, I pay particular attention to how the council's motivations have changed over time and in relation to changing political and economic conditions. I then turn to the processes associated with the council's extensive and interconnected housing supply strategy.

Drivers & Motivations: 2011-2018

Land development after the crisis: 2008-2011

The origins of Broadway Living can be traced to the period after the global financial crisis of 2007-2008 and the ensuing downturn in housing markets. Lending for development had tightened and this had affected both developers and housing associations who relied on private finance. At the same time, the defunding of housing associations after 2010 had accelerated their retreat from social housing provision. Ealing council had found itself in a difficult position with respect to the planned refurbishment of one of its large housing estates, Copley Close. Before the crisis, the plan was to sell the land to a developer and let them do the refurbishment, demolition and repairs. The developer would then sell-on the refurbished and new homes to a housing association, that would then let them to households on Ealing council's waiting list. However, Ealing was unable to find a private developer to rebuild and refurbish the estate. This perceived failure was one of the trigger drivers for the creation of a wholly-owned company in 2014.

Some background on the refurbishment of Copley Close is necessary here for understanding why it was an important driver in the case of Ealing. As noted in Chapter Four, throughout the 2000s, the Decent Homes program required local authorities and housing associations to refurbish their stock so that it met minimum standards of safety, maintenance, and thermal comfort. The target deadline for this program was 2010. To access £205 million of Decent Homes subsidies from government, Ealing had set up an Arm's Length Management Organization (ALMO) to undertake the refurbishment and repairs. It had then transferred all of its stock to its ALMO, apart from eight 'high-intervention' estates that the council believed needed significant refurbishment and/or re-construction beyond what was required from the national Decent Homes program. Copley Close was one of them.

Plans to refurbish Copley Close go back to 1997, the same year when the Decent Homes program was launched when Tony Blair first came to power (Interview, 2018). According to a Copley Close resident campaigner, initial plans to redevelop the estate gradually disappeared in 2002 and were picked up again in 2005-2006 when another round of resident consultation was initiated by the council (Interview, 2018). By 2008, the council had identified Copley Close as a high intervention estate in need of major repairs. The council also wanted to demolish and rebuild some parts of the estate at higher densities to provide more homes. Finding a private developer willing to carry out such works provided difficult for a number or reasons.

First, the site of Copley Close had a number of challenges that made it risky from a development perspective. One challenge is that the council did not actually own all the land underneath the estate. Copley Close is a long, narrow estate than spans over one kilometer in length, and that runs along a rail line. A large part of the estate is built on land owned by Network Rail, the arm’s length public body that owns and manages most railway infrastructure in the UK. This part of the estate sits alongside an over-bridge (a concrete slab over the railway line). The land is leased on a permanent basis to Ealing council (on a 999-year lease). The fact that Ealing was not the owner of this land made development expensive. If a developer wanted to intervene on the site in any capacity (from asking questions to actually building on it), they had to pay substantial fees to Network Rail (LB Ealing, 2012; Interview, 2018)

The second and related challenge is that this same part of the estate was built on clay. As a result, the main road on which the estate is built had started sliding into the buildings (Interview, 2018). These two factors combined presented builders with “a massive complication and cost” that they were “not prepared to get involved with” (Interview, 2018).

The market downturn and the subsequent cuts to affordable housing grants to housing associations made the procurement process even more difficult. The procurement process was based on the assumption that the redevelopment of the estate would be financed by land value uplift and potentially some grant for social housing (London Borough of Ealing [LB Ealing], 2012). In the context of funding cuts and a stalling market, these premises no longer worked. There was thus insufficient interest from developers.

Moreover, the bids that the council did receive did not match what the council wanted. From the perspective of the council, parts of the council had a low enough density to justify the demolition of homes, and the reconstruction of the estate at a higher density. Such a strategy would increase the total number of social units available on the site. However, no bids supported such a scheme. Interviews with those involved suggest that none of the developers that had submitted bids had the necessary experience to do this (Interview, 2018). According a resident campaigner, demolition was also widely supported by residents in the case of Copley Close because they felt that the design of the estate was unsafe (Interview, 2018). The actual extent to which this view was shared by residents is not clear.

By 2011, efforts to redevelop Copley Close had once again come to a halt. Copley Close residents, whose homes had not undergone essential repairs for twenty years were particularly disappointed about this turn of events (Interviews, 2018). Most other council tenants in Ealing had had their homes already repaired by the Council as part of the Decent Homes Standard program. As recalled by an interviewee:

> Everyone got really despondent after that… everybody else was getting decent homes. But we'd been promised that we were getting regeneration…that meant that weren't were getting refurbished, our repairs weren't getting done. (Interview, 2018)

From the perspective of state actors, this is the moment that triggered a need to re-think the council's approach to development. If the private sector was not willing to redevelop the site, then the council would do step in to do it themselves (Interview, 2018).

Policy constraints

If the failure to find a developer for Copley Close was the initial trigger for the creation of Broadway Living, it also led to a broader re-thinking of the council's role in housing delivery, particularly in light of recent policy changes under the now Conservative-Liberal Democrat Coalition government. As part of this process, the council set up a Housing Commission in February 2011, bringing together professionals from across London's housing sector to explore how Ealing could best address its many housing needs going forward (Interview, 2018). As observed by housing blogger and commentator Steve Hilditch, Ealing had set up a commission to try "to make sense of the mess of Tory housing policy" (Hilditch, 2012). Indeed, much of the content of the commission's report concerns major policy shifts at the national level, and their potential impact on Ealing. The idea for a wholly-owned housing company was one of the key recommendations of the report. A council-owned company would help Ealing overcome the strict borrowing restrictions imposed by central government and ensure that any new council homes are preserved and not lost through the Right to Buy (Interviews, 2018). I explain how these two constraints impacted Ealing below.

As noted above, housing associations could not borrow easily from financial markets after the crisis. Local authorities in contrast, were in a more advantageous position. They could borrow cheaply from central government. The problem is that their borrowing for housing was capped. Ealing in particular had £70 million in borrowing capacity in 2012. Of this, £12 million could be used to refurbish Copley Close, and the remaining £58 million could go towards the provision of new social housing elsewhere in the borrow (Navigant [Ealing Housing

Commission], 2012, p.35). While this borrowing room would allow the council to continue building and to refurbish its housing stock, it was not enough.

The council, however, was unrestricted in its ability to borrow for any other form of capital expenditure through its General Fund. That is when the council started thinking about borrowing from the General Fund with a council-owned company (Interview, 2018). By borrowing against its overall revenue, the council could finance the construction of homes for market sale and rent. The revenue generated through these properties could then be used to subsidize the social homes that the council was rebuilding on Copley Close (Interview, 2018). I will explain the funding and financing mechanisms that underpin this strategy in more detail later in this chapter.

The second constraint, of course, was the Right to Buy. Ealing had already started building council homes since 2008, before the Right to Buy policy was re-introduced. The council in other words faced the prospect of losing not only its old stock to the market, but also the homes it just completed:

> So, you know, we were one of the first councils to start building council homes back in 2008 … But immediately you start to lose that stock through Right to Buy, and it's very frustrating. You know, you've spent enormous amount of effort and money, you've got such a shortage of council homes, and a huge demand and waiting list, and you know you have these fabulous new homes, and then you lose them through the Right to Buy. (Interview, 2018)

Completing the refurbishment and rebuilding of Copley Close and finding a way to continue building outside the constraints imposed on the council's Housing Revenue Account were the primary drivers for the creation of Broadway Living. However, to understand why the council's housing strategy took the shape and form that it did, we need to consider the broader housing context in Ealing.

A growing housing affordability crisis

In the context of austerity-led welfare reform, continuing wage stagnation, and rising private rents, the housing affordability crisis in Ealing had started to impact households across a wide income spectrum. The Council's Housing Commission report provides a good summary of the intersecting housing challenges that the council was facing in 2012.

With 11,000 households on its waiting list, Ealing faced a shortage of homes for residents with the most acute housing need. A number of drivers had led to this increased demand. First rents were rising as incomes were falling. For many low-paid workers, wages had stagnated even before the recession. Second, welfare reform was making the situation worse. The introduction of the housing benefit cap (capped at £500 a week regardless of family size) meant large families in particular were at risk of falling into arrears as government assistance would no longer cover the cost of the rent. The council foresaw at the time that changes to the welfare system, combined with rising unemployment and rising rents, would mean that those who were already the most vulnerable in Ealing would be most affected and that the "social makeup" of Ealing would eventually change (Navigant, 2012, p.14). Continuing to provide social homes was a priority for this reason.

Ealing also identified a growing need for homes affordable to households with middle incomes. Rising rents and the tightening of mortgage credit after the crisis had made it more difficult for people to buy homes in the borough. This was putting upwards pressure on the local rental market in Ealing. At the same time, higher-income earners were also moving out of the borough in search for lower-cost housing. This was a problem from the perspective of the council, as it meant that less people were spending locally. This could potentially undermine the borough's broader economic development, something that become particularly important after 2010 in the light of funding reductions. As grants to local authorities have been cut, local authorities are expected to grow their commercial tax base. The use of cross-subsidy system could in other words help meet the needs of middle-income households, as well as those with lower-incomes (Navigant, 2012). An interviewee talked about this confluence of rationales:

> That's the diversification of tenure, the Ealing story like so many parts of London, is that it's too expensive to purchase a home, so there were other potential routes in to finding a place to live, rent being a key component of that, social rent is controlled by nomination arrangements through local authority, and is for the most needy, but there are a range of intermediate stroke market opportunities that could be more affordable. (Interview, 2018)

Changing markets and deepening austerity

As the council's housing strategy unfolded over the next few years, the policy objectives of the council expanded. The fiscal and financial conditions of local authorities were worsening. At the same time, housing markets were changing. Institutional investment in the private rental markets was starting to take-off, and Ealing, as a self-described 'pro-development borough' had established good relations with developers and investors looking to deliver 'Build to Rent' schemes in Ealing. Ealing eventually entered into a number of partnerships with investors on individual schemes, and also started building private rented accommodation by itself, through its housing company. Below I explain why market renting became a priority for the council.

The 'Build to Rent' market is an emerging sub-market in the private rental residential sector. Build to Rent schemes are usually financed and owned by institutional investors such as pension funds and are built specifically for renting rather than sale. The target demographic is higher-income households without families, and the homes are managed by serviced apartment operators. The sub-market, which is still very small[56], emerged as a way for institutional investors to invest in housing and to build at scale. Historically, institutional

[56]There are about 30,000 completed Build to Rent schemes in the UK according to a 2018 report by the British Property Foundation (British Property Foundation, 2019)

investors have struggled to invest in housing in the UK in large part because the private rental sector is dominated by small, Buy to Let landlords who outbid investors on properties (Grant & Sankoli, 2007; DCLG, 2012c; see also Chapter Four).

Rental yields (the income from rent) also continue to be lower than the profit accumulated through capital growth (the increase in the value of housing). Yields on commercial property are also higher than those on residential, making investment in commercial property more attractive (Grant & Sankoli, 2007; DCLG, 2012c). After the crisis, however, the investment industry started engaging in significant lobbying activity to kickstart this sub-market. A 2012 review on the barriers to institutional investment prepared by an insurance company for central government identified local authorities as important facilitators for institutional investment in rental markets. Local authorities could support this emerging market by granting planning permission for Build to Rent schemes, or by releasing their surplus land to investors (DCLG, 2012c).

It is in in this context that Ealing started receiving considerable attention from the Build to Rent industry. From the perspective of state actors, developers were expressing interest in building apartments for rent in Ealing but were not willing to take the planning[57] and construction risks. There was in other words interest from the industry, but also reticence to move away from the build to sale model. As plans for Ealing's housing company were taking shape, the council became increasingly interested in engaging in this sub-market directly (Interviews, 2018). By developing the rented homes directly, the council would effectively take the planning risk out. The new homes could then be sold-on the market. By doing so, the council would demonstrate that Built to Rent is a financially viable model and in the process encourage the private sector to do the same (Interview, 2018).

[57]In other words, they were not willing to pay for the expenses and time associated with getting approval for construction from the local authority.

From a policy perspective, two sets of rationales informed the council's decision to provide homes for market rent. First, the homes would "fill the gap" in purpose built homes for rent (Interview, 2018). As noted earlier, in the context of rising housing prices and rents, a growing demographic of middle-income earners could neither buy homes nor qualify for social housing (Interview, 2018). From the perspective of state actors, building homes for rent could also go some way towards addressing the poor quality stock of private rental market in London. Finally, the hope was that increased supply would also reduce the price of rent in Ealing:

> There was also kind of a long-term ambition […] the more build to rent out there, there was, then two things - people will then have that as the go-to standard, but also the more that is built quickly, as opposed to sale which is a slower attrition, then rents could come down, could be dampened. (Interview, 2018)

The second set of rationales had to do with austerity. As the financial conditions of local authorities had started to deteriorate by the mid-2010s, Build to Rent emerged as a way for local authorities to pull in a long-term income stream to fund public services (Interviews, 2018 & 2019). An interviewee recalled this moment. If one of the initial drivers for the creation of Broadway Living was to try and catalyze the development of purpose-built rented properties in the borough, "in reality, things move faster than that" so that by the time the company was set up, "local authority finances had gotten worse" (Interview, 2018). Rather than selling the new apartments, the council would keep them to get the revenue stream (Interview, 2018).

This sequence of events is important for understanding why the Council set up a housing company and how its multiple housing and development strategies evolved over time. Austerity in the form of funding reductions to local authorities was not a central driver for Ealing at the conception stage of the company (Interviews, 2018 & 2019). Instead, austerity-led funding reductions to local authority grants gave shape and form to an intervention originating first and foremost in the realm of housing and development policy. As one interviewee reflected, “thoughts about commercialization” and the need to generate a return to the council were “secondary, probably tertiary considerations” for Ealing (Interviewee, 2018).

If building homes for market rent became a way for the council to shape the local housing market and to bring in a revenue stream, we need to consider the council’s broader approach to economic development to understand how austerity and urban change have co-evolved over the last 10 years. The idea of growing the council’s tax base becomes a central theme here. Describing the borough’s strategy as “deliberately” pro-regeneration (pro-development), a Cabinet member justified working very proactively with developers in order to provide more homes, jobs, and critically, to grow the borough’s business rate and council tax base:

> …so we can grow our way out of austerity is our quote….what some of our left wing comrades don’t understand is that we are financially in real difficulty and, you know we need to be able to grow our council tax and business rate base in order to meet the graph of doom problem, but we get some genuinely affordable homes and we use Broadway Living you see, to get the affordable elements in some of these schemes. (Interview, 2018)

Like other local authorities in this study, austerity-led cuts to central government grants had disproportionately impacted Ealing. In 2009/10, Ealing was dependent on central government grants for 72 percent of its funding. Between then and 2016/17, Ealing experienced a 33 percent cut to its service spending in real terms, with total spending dropping from over £400 million in 2009/10 to £268 million in 2016/17 (Amin-Smith, Phillips & Simpson, 2016). Although the council is constrained in its ability to raise and spend revenue, it has some more flexibility with its capital budget (Interview, 2018). For this reason, spending on housing and land development has become a way for the council to make up for funding reductions under austerity (Interview, 2018).

Drivers & Motivations: 2018-ongoing

A transformed political and funding environment

Set against the backdrop of a changing political and funding environment, Ealing Council changed its approach to housing provision in 2018. As explained above, prior to 2018 the council's focus was on delivering new social homes on existing housing estates through its New Build program, and on providing low-cost homes for sale and homes for market or sub-market rent through its council-owned housing company, Broadway Living. Since mid-2018, the council has started rebalancing its tenure mix to include more homes affordable to households with low incomes. In line with the Greater London Authority's new housing policy, Ealing refers to these more affordable forms of housing as 'genuinely affordable housing'. In this section I explain the factors that influenced the council's change in direction and show how the council's housebuilding programs work in practice.

As part of its new housing strategy, Ealing council aims to deliver 2,500 genuinely affordable homes started or completed by 2022, through a range of methods described as more or less "interventionist" in their scope and reach (LB Ealing, 2018c, p.6). New homes will be delivered primarily through the council's Housing Revenue Account (HRA), in other words directly by the council without a company, and through the council's wholly-owned housing company Broadway Living. Additionally, the council aims to deliver homes through partnerships with developers and housing associations, and through property acquisitions and land assembly.

Although at the time of writing Ealing was still formulating this new approach, for Broadway Living this shift means that the company will be used to deliver some more housing at social rents or just above, or at higher intermediate rents. Market housing for sale and rent will still be delivered through the company in order to generate a return to the council to offset the impact of budget cuts and to provide a cross-subsidy for housing at lower rents, but the number of these homes will be reduced. This means that Broadway Living is now operating in two ways: as an affordable housing provider and recipient of grant funding, and as a provider of housing at market and intermediate (sub-market but not social) tenures (LB Ealing, 2018c).

Below, I explore the rationales for the Council's new housing delivery strategy with a focus on the council's housing company, Broadway Living. I then provide a detailed overview of how and why the processes associated with the development of land, the setting of rents, and the financing and funding of housing are organized in the way that they are.

What is genuinely affordable housing?

Before proceeding to assessing this turn of events in more detail, a definitional note about affordable housing types is important. The term *genuinely affordable housing* was introduced by Sadiq Khan's Mayoral administration in 2016 in an effort to move away from the central government's contentious definition of Affordable Rent, capped at 80 percent of local market rents. As explained in Chapter Four, with the introduction of London Affordable Rent, Khan was able to redirect subsidies that would normally have gone towards the construction of homes at 80 percent of market rents, to fund homes whose rents would now approximate lower, social rents. London Affordable Rents are effectively 'benchmarked' on social rents. London-wide caps limit how much councils and housing associations can charge for London Affordable Rents. These caps increase annually based on the Consumer Price Index. As suggested by housing professionals, the introduction of London Affordable Rent effectively represents a "back-door way to return to social rent" (Hollander, 2018).

London Affordable Rent is one of the tenures that fall under the Mayor's umbrella of 'genuinely affordable housing'. This umbrella still includes a wide range of sub-market tenures, some targeted to middle income households and some to lower-income households.

The most affordable homes are those at Social Rents followed by those at London Affordable Rents. Then there is a range of ‘intermediate’ tenures that are cheaper than homes for market rent or sale, but more expensive than social homes. Intermediate tenures include London Living Rent which is based on local median incomes, and London Shared Ownership which allows people to buy a share in a property and pay the rest in the form of a subsidized rent to a housing association.

Ealing’s definition of affordable housing includes homes at Social Rents and London Affordable Rents, housing at London Living Rents, and intermediate housing for rent or sale, provided the cost of the latter does not exceed one third of household incomes (Ealing LB, 2018c). Ealing’s definition of genuinely affordable housing is therefore in line with the GLA’s, but it also sets affordability parameters for the more nebulous ‘discount market sale’ and ‘discount market rent’ tenures. This increasingly fragmented and complicated system of affordable housing provision is summarized in the table below.

Table 5: *Types of housing delivered by Ealing council, 2018*

Housing type		*Definition*
'Intermediate'	**Discount Market Sale** (Ealing specific)	Help to Buy, or Shared Ownership. Cost no higher than one third of household incomes.
	London Shared Ownership	This form of housing allows a buyer to purchase a share in a new home. A regulated rent is then paid on the remaining, unsold share. Available to Londoners with household income up to £90,000.
	London Living Rent	Housing for middle-income households who are saving to buy a home in the next ten years. Rents are based on a third of average local household incomes and adjusted for the number of bedrooms in each home. Available to renters with a maximum household income of £60,000.
	Discount Market Rent	Rents set at up to 80 percent of local market rates. Cost no higher than one third of household incomes.
'Affordable'	**London Affordable Rent**	Benchmarked to social rents but higher. Allocated on the basis of need. Caps set by the Mayor of London that limit how much councils and housing associations can charge for rent. Caps increase annually based on the Consumer Price Index.
	Social Rent	Lowest rents. Rent-setting governed by national regulations. Rents calculated with reference to a formula that takes into account the condition and location of a property, local income levels, and the number of rooms in a property. Allocated on the basis of need.

Source: LB Ealing (2019a); GLA (n.d.)

In 2018, the Mayor of London launched the Building Council Homes for Londoners program which distributes building subsidies negotiated with central government to local authorities and housing associations. Local authorities are given priority, and higher subsidies are given for tenures at the lower-end of the affordability spectrum, so Social Rent and London Affordable Rent. At the end of 2018, Ealing received just over £99 million in subsidies from the Mayor of London. This makes the borough the second largest recipient of subsidies for housebuilding after Newham.

Reasons for Ealing's shift in policy

Ealing's shift in approach towards more affordable housing emerged at the intersection of a number of developments including a change in the Greater London Authority's (GLA) approach to affordable housing and the introduction of new grant funding for council housebuilding, the intensification of the homelessness crisis, growing political pressure for more affordable housing, and the weakening of the property market.

A changing political climate was one driver. In the aftermath of the local elections of 2018, a number of London councils, including Haringey and Newham, experienced a wholesale change in elected officials, as centrist Labour members were replaced with politicians closer to the left of the party. While Labour's administration remained intact in the case of Ealing, interviews with state actors point to the way in which the council was pushed to change its approach to housing in response to growing political pressure. Political pressure came from elected members (councillors), from the local activist base (local Labour party members) and as a result of Labour's broader shift to the left at the national level (Interview, 2019).

If political pressure enabled Ealing to change course away from a 'pragmatic', pro-development approach to housing delivery to one more focused on affordability, this has also occurred in the context of an accelerating housing affordability and homelessness crisis in London. As explained in documents on the council's new housing strategy, housing need has been growing: rents are higher, the number of homeless applicants that the council is legally required to house has soared, and there are fewer homes at social rents as the council continues to lose an average of about 100 council homes a year through the Right to Buy. Ealing now has 14,110 households on its housing waiting list, an increase of 28 percent from 2011/12 when the council first outlined its plans for increasing housing supply in the borough (Ealing LB, 2018c). Even starker is the increase in homelessness: the number of households living in temporary accommodation in Ealing has increased from 917 households in the first quarter of 2012, to 2,400 in the first quarter of 2018, an increase of nearly 150 percent (MHCLG, 2019c).

This transformed political landscape, in conjunction with the growing homelessness crisis and its attendant financial pressure on the council, meant that the local authority's focus on intermediate and market housing was potentially no longer sustainable. This fusion of these forces was explained to me by an interviewee:

> So local elections in May, the [elected] members top line pledge is two and a half thousand genuinely affordable homes, started or completed in Ealing over the next four years across all providers. And that comes from a sort of evidence base if you like of the previous funding regime where the biggest bulk of affordable housing coming forward is intermediate rather than at the lower social or affordable rent levels. Which members I think rightly felt needed to be rebalanced. And also, actually looking at council finances overall, one of our biggest drains and worse outcomes for our residents are people in temporary accommodation and the intermediate products doesn't help them really, doesn't allows us a permanent move-on […] part of that is also the leftward shift of the Labour Party. (Interview, 2019)

At the same time, the introduction of significant grant funding from the GLA combined with a weakened property market pushed Ealing to think about how it could assume a more counter-cyclical role in housing provision. The rationale for counter-cyclicality from the perspective of state actors is that, as public bodies, councils are less dependent on high profits and therefore less impacted by market cycles. In addition, local authorities have an advantage over housing associations as they are now able to receive higher levels of GLA grant through the Building Councils Homes for Londoners program. Grant funding will in turn it make it easier to provide housing at lower rents and will give the council greater control over the tenure, tenancy and housing allocation process. For the council's wholly-owned housing company

Broadway Living, the availability of grant has already resulted in the rent on some units to be lowered to close to social rent levels (Ealing LB, 2018c). An interviewee stressed the significance of these subsidies for the council's housing delivery plans:

> …adding to that picture in the summer, the GLA injecting a tone of grant into the program, then suddenly you're in a far better position of, you know, the funding previously was going to have to come from considerable cross subsidy. Actually, we can act really like countercyclical investors. So, with a far greater immunity to market changes as the RP [Registered Providers/housing associations] or private sector. (Interview, 2019)

The lifting of the Housing Revenue Account cap in October 2018 was also welcomed by the council. For officers leading the design and delivery of the council's housing strategy, the lifting of the cap raised the question of whether more council housing (at social rents) should be delivered directly, instead of at arm's length through the council's subsidiary company. On the one hand, the differentiation between these two methods was not so important, particularly as the council was "building essentially the same product" (Interview, 2019).

But there were also reasons for keeping these two delivery routes separate. Despite the emergence of a somewhat more favorable funding environment, the council felt like there were still financial benefits to keeping its local trading company to deliver some of the council's new housing. A company structure for example can be used to attract private finance in order to reduce the council's debt reliance, while also allowing any surpluses to be transferred to the council's general fund "to support council services or other investments in the borough" (LB Ealing, 2018c, p.14). As noted in Chapter Four, the ring-fencing of the HRA since 1989 prevents councils from using rent surpluses to fund other services. Perhaps the most important reason for having two delivery routes, however, was the detrimental effects of central government policy on local authorities' ability to retain their public housing stock, through the Right to Buy and other policies:

> You've seen in the back and forth of government policy over the last few years, you know, effectively moves to begin liquidating the council - the country's council housing stock. Through Right to Buy, sale of high value voids, and you know and lot of sort of negative detrimental policy, the reduction of the rents. (Interview, 2019)

Indeed, since local authorities first started setting up housing companies to shield their properties from the Right to Buy and to bypass their borrowing cap, the response from central government has been ambiguous. In 2016, the government threatened to extend the Right to Buy to homes built through local housing companies. But since then, its attitude towards housing companies has wavered. Depending on the perspective of central government officials, local housing companies were seen either as the state "overreaching into the private sector" or as an example of local government acting "more private sector-like" (Interview, 2019). In this context, it made sense for the council to assume a dual role in housing delivery from the perspective of those involved. As noted by an interviewee, "for me in a period of, national policy instability, you know I'm riding both horses" (Interview, 2019).

This focus on genuinely affordable housing also marks a partial shift away from commercialization in Ealing. On a structural level, the availability of grant funding and the lifting of the borrowing cap will enable the council to provide more affordable housing without having to rely entirely on a cross-subsidy model. To some extent, this means that land which may have been used for market-rate housing, and therefore for the purposes of income-generation, will now be used for affordable housing delivery. However, conversations with state actors suggest that some of this movement away from an intermediate/market approach is also the result of internal organizational learning. If market rate residential development was perceived to be the easy thing to do during a housing boom, there was an understanding that a reliance on cross-subsidy would not work so well during a downturn (Interview, 2018). An interviewee stressed that while grant funding is helpful, it was also important to not get carried away with commercialization:

> So, it's been a bit simplistic to talk about the story, but it seems really quite important. Because sometimes the story changes, and I think it has, it [the company] had a commercial tinge to it at one point, and now I think we're back to a more focused genuinely affordable housing take, which is correct, because that's talking to the public and what works best. And I think as an industry, including the housing associations and developers, we've kind of lost our way on that a bit […] grant is an important component of that, but it's also just really important to just keep your focus and make sure that you can deliver, you know, over a five, ten-year period. (Interview, 2018)

Although Broadway Living will be used to deliver a core component of the council's new target of 2,500 genuinely affordable homes, a market element has been retained in the tenure mix. There are two reasons for this: to meet broad economic development objectives around workforce retention, and to continue generating a return to the council and grow the council's asset base in the context of deepening austerity. In council documents, the primary rationale is the economic development one. Housing need continues to grow for middle-income residents and public sector workers. While this housing need is not as severe, it does mean that workers are more likely to leave if they cannot afford to live in Ealing (LB Ealing, 2018c). Through Broadway Living, the council was also providing intermediate and private housing to capture value (through rents, council tax and capital appreciation), and to support 'mixed tenure' schemes in the redevelopment of estates (Interview, 2019). The need to grow the asset base was stressed more than the question of mixed tenure[58] communities: "So you know why we would do shared ownership to an RP [Housing Association] anymore, why would we not want that value particularly our own land" (Interview, 2019).

Commercialization was also still perceived to be a necessary component of the council's overall financial strategy. Although support from government and the GLA had facilitated an effective U-turn towards housing affordability objectives, there was a belief that

[58]See Copley Close Vision 2012 for more background on the question of mixed tenure: "Given the difficult economic times and challenges of the affordable housing market, this flexible tenure model reduces investment risk as it can more easily accommodate changes in housing market demand. The advantage of this model is also that the estate remains wholly in public ownership with income from rent and sales being ploughed back into it to maintain high standards." (LB Ealing, 2012)

the LHC phenomenon could end up on the commercial end of the spectrum again if public finances continued to worsen. Local housing companies could become “almost like a life raft for services that no longer have funding space in local authorities” (Interview, 2019). Below I examine in more detail what this change in approach has meant in practice for Broadway Living.

Processes

Tenure Mix

The new tenure mix of Broadway Living needs to be understood in the context of the council’s larger housing strategy for the delivery of 2,500 genuinely affordable homes. This strategy involves a range of interconnected delivery routes, from Broadway Living to direct delivery through the HRA, to acquisition of affordable units from developers. The direct overlap between the council’s company, and its direct delivery program in particular makes the process a little more complicated than the other case studies explored in this dissertation.

First, a summary of the number of units completed and those in progress is important for getting a sense of the scale of the council’s housebuilding activity. Through its direct delivery program, the council has delivered about 80 council homes a year since 2011, or a total of 566. Another 723 council homes are also in the pipeline. Some of these homes are on new sites, while some are replacement units on ‘estate regeneration’ sites where the council has for the most part replaced units on a one-to-one basis following demolition (Interview, 2019).

As of April 2019, Ealing Council had also delivered 123 units through its wholly-owned company, Broadway Living. Of those, at least 43 units across three schemes were fully let and operating at the end of 2018 (LB Ealing, 2018c). Another 757 homes are planned, with projects set to be completed between May 2019 and 2023 (LB Ealing, 2018c). Below I provide an overview of the housing delivered through Broadway Living. I then explain how some of the homes provided through the council's company are used to cross-subsidize the delivery of new social homes.

Table 6: *Ealing Council housing completions 2011-2018*

	Completed	*Pipeline*
Delivered directly through the Housing Revenue Account (council homes)	566	723
Delivered through company (technically private homes for discount market sale and rent)	123	757
Total	679	1,480

Source: LB Ealing (2018c); LB Ealing (2018d)

Broadway Living

Through its wholly-owned housing company, Ealing council has built new homes on council-owned site across the borough. Some of the homes are on council housing estates, and their function is to cross-subsidize the provision of new social homes for existing and new council tenants. A small number of Broadway Living homes are built on stand-alone sites owned by the council. More recently, through its company, the council has also started acquiring affordable homes from developers.

To date, most of the homes built through Broadway Living have been homes for sub-market or market rent or sale. As explained throughout this chapter, these more expensive homes have served the council three purposes: (1) to cross-subsidize social homes; (2) to meet the needs of middle-income residents in the borough; and (3) to generate a long-term revenue stream to fund other public services. Since 2018, a fourth objective is to provide homes for households with lower incomes. Below I review progress of the company's housebuilding activity to date.

Existing market and sub-market homes

Broadway Living's first development was completed in 2014 and is located in Northolt on north western edge of the borough. The Eastcote Lane development is a small block of ten, one and two bedroom flats let at market rent. An interviewee explained to me that Northolt is "a part of the borough that is reasonably cheap, so they [homes] are market rent but low compared to other parts" (Interview, 2018). Lettings were advertised openly on the market by a management company that the Council has entered into contract with.

Table 7: *Broadway Living schemes*

Scheme	*Units*	*Tenure*	*Completion*
Eastcote Lane	10	Market rent (fully let)	2014
Arthur Court	32	Discount Market Rent (fully let)	May 2017
Copley Close, Phase 2 (Alton Court)	33	Private Sale, Help to Buy & Shared Ownership (sold)	January 2018
Adamson & Blakeney Court (Golf Links Estate)	28	Help to Buy	November 2018
Gibson Point	20	Private Sale & Help to Buy (sold)	November 2018
Newcastle Court	14	Private sale, Help to Buy & Shared Ownership (May 2019 completion)	May 2019
Copley Close, Phase 6	32	Sale & Shared Ownership*	2021
Westgate	26	London Affordable Rents	2021
GlaxoSmithKline site, Greenford (partnership with Greystar) *	198	Discount Market Rents (73.5 percent of Market Rents)	2021
Perceval House (council offices)	235	Affordable Rent*	2023
High Lane Estate (demolition and rebuilding)	252	242 private sale for new residents, and 10 shared equity homes for existing leaseholders who want to stay on the estate (council will likely retain an additional 137 social rent for existing council tenants who want to stay on the estate and the 72 London Affordable Rent units for new council tenants) **	2020-2026
Total	880		

Source: LB Ealing (2017b), Broadway Living (n.d.), LB Ealing (2017a).
*A Greater portion of genuinely affordable housing is likely to be provided within Broadway Living's pipeline subject to grant availability (LB Ealing, 2018c).
**This is the revised mix following the council's focus towards more genuinely affordable housing. These are the latest numbers as presented in the December 2018 ballot brochure to residents.

The company's second scheme was completed in 2017 and is located in neighboring Greenford, also on the north western part of the borough. The Arthur Court development is a

32-unit collection of one, two and three bedroom flats, and three and four bedroom homes, let at discount market rents. Because the rents are discounted (up to 80 percent of local market rents), the council had to figure out a new system of allocation. The target here was “the key worker,” or workers that provide key services in the borough. Noting that term captures “everyone really,” the officer asserted that at least half of the people that were selected were social workers, people working in the health industry, and public sector workers (Interview, 2018).

Deciding who would be eligible for the homes was somewhat of a challenge for the council. Compared to the more rigid system of council housing allocation, the system put in place under the council’s subsidiary company is relatively flexible. New homes at discounted rents are targeted to local Ealing residents on “modest incomes” (Interview, 2018). These are for now the only two qualifiers. Although the council did not want to “over-bureaucratize” this new allocation system, there was a feeling that it may currently be a little too flexible, and that it could potentially be taken advantage of either by people who did not live in the borough, or by people with higher incomes (Interview, 2018).

Broadway Living’s third scheme was completed in 2018 as part of the redevelopment of the Copley Close estate. The block of 33 new flats is for private sale, with receipts used to cross-subsidize new social housing on of the estate. All units have been sold either as outright private sale, or with Help to Buy (government-supported equity loans and mortgage guarantees) and Shared Ownership schemes (mix of buying and renting). In the latest documentation on Copley Close, the council notes that “the majority of sales have been to local people, and none to buy-to-let investor” – an “excellent outcome” which “bodes well for future sales in the neighborhood” (LB Ealing, 2018a).

Other schemes completed in 2018 include the Adamson & Blakeney Court block of 28 flats on land adjacent to the Golf Links Estate in Southall with homes for private sale, Help to

Buy or Shared Ownership completed in November 2018, and Gibson Point, a block of 20 apartments also in Southall, all of which have been sold outright or with Help to Buy. A number of other schemes are set to be completed between mid-2019 ad 2023.

More affordable homes

Following the council's shift in approach, and with the aid of GLA subsidies, Broadway Living will now also start providing homes at lower rents to address the accelerating housing affordability and homeless crisis in the borough. Through its company, the council is using two tactics to increase the number of homes at lower rents. First, the council is 'flipping' or changing the tenure on some of the units that were previously going to be let at market rents (Interview, 2019). For example, Ealing had planned on selling 21 homes delivered as part of the rebuilding of Copley Close to its company, Broadway Living, and on letting these at discount market rates up to 80 percent of local market rates (LB Ealing, 2019a). Now the rent on these can be lowered with grant funding. As a result, these units will now be kept within the council's Housing Revenue Account and will be let at London Affordable Rents. Some of the homes in Broadway Living's pipeline of development will also be converted into more genuinely affordable homes now that grant is available, but the details have not been confirmed yet (LB Ealing, 2018c, p.14).

To increase its share of affordable housing, the council is also using Broadway Living to purchase affordable properties from developers. An example that is currently underway is the Westgate acquisition. In March 2019, the council approved the purchase of 26 Affordable Homes at the Westgate Housing development (a joint venture between two developers). The council's acquisition will be funded in part with grant funding from the GLA. The units will be at London Affordable Rents (LB Ealing, 2019a).

To ensure that the tenure of these new affordable homes is not lost through the Right to Buy, the council will register its company as a 'Registered Provider'[59] of social homes. Put simply, the council will turn its company into a kind of housing association (LB Ealing, 2018c; Interview, 2019).

Summary of tenure mix

The council's new tenure mix for its current housebuilding program (completed and in pipeline) can be summarized as follows. Through its New Build program, the council is delivering nearly 1,300 council homes. All homes retained by the council are either at social rents or at London Affordable Rents. The council's housing company, Broadway Living is used to deliver about 880 homes. Of those, 44 percent are for market sale or rent, and just over half (53 percent) are set to be at either Affordable Rents or Discount Market Rents. Within this category, it is possible that a number of homes currently planned at Affordable Rent are converted to lower London Affordable Rents. A minority of homes (three percent) were recently purchased for London Affordable Rent. The two programs are often inter-linked as seen in estate regeneration projects where Broadway Living is used to cross-subsidize the delivery of affordable units.

[59]The use of grant funding within Broadway Living does mean that the council will have to set up a Registered Provider in due course (plans have been proposed but not finalized). Technically, local authority companies are not allowed to use grant funding for social housing within a wholly-owned company. This has led different local authorities to look for alternative legal structures when using grant funding or receipts from Right to Buy sales. Alternative vehicles include Community Benefit Societies, as used in Tower Hamlets, or charities, as seen in the case of Croydon Affordable Homes. Registering a subsidiary company as a regulated provider of social housing is another option. This means that any housing delivered through this structure will be subject to central government regulations on the provision of social housing[59] (LB Ealing, 2018c).

Table 8: *Ealing Council and Broadway Living tenure mix, 2018-2019*

Delivery Route	Units*	Level of Affordability				
		AFFORDABLE	SUB-MARKET		MARKET	
		Social Rent or London Affordable Rent	Affordable Rent	Discount Market Rent	Market Rent	Private Sale**
Housing company	880	3%	27%	26%	1%	43%
Housing Revenue Account	1,289	100%	0%	0%	0%	0%

Source: Source: LB Ealing (2017b); LB Ealing (2017a); LB Ealing (2018c); LB Ealing (2018d); Broadway Living (n.d.).
*Total units includes homes completed and those in the pipeline.
**Private Sale includes Help to Buy and Shared Ownership.

Land development and property acquisitions

A couple of themes emerged as important in relation the story of land. The first is that Ealing does not own very much land, and to a large degree this explains why most new developments are on existing council housing estates. In addition, the land that is available is simply very expensive to buy. As the council has gained new freedoms to build housing, it has also had to re-think the extent to which it decides to share its remaining land with other actors. Finally, although land is expensive to buy, the council has started to buy properties from developers. I provide a brief overview of these issues below.

Although the council wants to buy land, it has struggled to compete with developers as land values are very high in Ealing (Interview, 2018). As an illustration, average house prices in Ealing were £481,834 in January 2018, compared to £372,024 in Croydon on the Southern edge of London, £293,034 in Barking and Dagenham in the east, and £567,005 in Hackney (GLA, 2018a). In this context, state actors felt that there was little chance of competing with housebuilders[60] (Interview, 2018). Restrictive land regulations also make it difficult to acquire land at close to its use value.

In a context in which land is very scarce, the relationship between the council and developers and housing associations has also changed. Throughout the 1990s and 2000s, when local authorities were still highly constrained in their ability to build on their own land, the council largely played an enabling role in housing provision and land development. Ealing was effectively expected to hand its land over to housing associations, who would undertake the construction of new social homes. A Council Officer recalls this period of time, reflecting on way in which the council's relationship with housing association is now starting to change:

> … the only language there was, you know, 'we [housing associations] are here to deliver social housing, what land have you got to give us'. And that was it pretty much. […] And I had to say that to them, 'in your ideal world, what do you want from us, what do you want us to do?' And its land, well we are not going to give you our land, and it's not that easy to get it. We often turf people out of their homes to get it. (Interview, 2018)

Once the council was able to it free itself "from a few shackles"—namely the need to set up an ALMO to access Decent Homes funds, and the restrictive borrowing rules that were in place before 2012—then it could start becoming more ambitious in terms of what it could do as a landowner and land developer. To a large extent, the council is "still playing that out" (Interview, 2018). For example, state actors are still trying to figure when and under what conditions it might be better to develop land by themselves, as opposed to with other actors (Interview, 2018). An interviewee stressed that the council is not trying to cease collaborating with housing associations or developers. Instead the goal is to assume the most influential role in the land development process:

[60]One exception is the London borough of Barking and Dagenham, where the council's wholly-owned development company has been able to buy land at lower values. There, private house builders are not necessarily interested in competing with the local authority since the values are not high enough; they are not willing to risk exceeding the demand, particularly if the value of land and housing goes down (Interview, 2018).

> We’re not here to build the most homes, we’re not here to outgun housing associations and developers, we are here to be the most influential body going, and some of that means that you do it, we deliver, because I think that helps with credibility, we still have a long way to go to demonstrate that…I think people are still stuck in that, ‘what can you do for me, give me your land, underwrite the rents for investors’ […] well, ‘why would we give you that when we could deliver that ourselves? What added value are you bringing’? (Interview, 2018)

While Ealing council has little land that it can use to for housing, the land that it does have tends to be relatively easy to develop. Compared to East London boroughs that have larger holdings of current or former industrial land, the land in Ealing is “far more viable and needs less infrastructure to enable it” as noted by an interviewee (Interview, 2019). On the other hand, there was a belief that the council is more likely to face opposition from a wealthier and more stable population in the process of land development:

> When we free up a site, it’s typically 100 or so homes on an existing relatively prosperous high street near a transport link. […] the council’s land is already integrated in the midst of largely varying degrees of income and deprivation but there’s no, like, real failed neighborhoods in Ealing. So, you know the community is like, why are you building a tower there, like is this good for us? So, whereas in Newham, there isn’t a vocal middle class who cares particularly, and lots of it is away from where the bulk of the people live. (Interview, 2019)

While land is expensive, acquiring properties from the open market is more feasible for the council. As the housing market in London is slowing down, the council has started to buy discounted properties from developers, leasing them back to residents through its company. An example of this is Broadway Living’s acquisition of 26 units from the Westgate development. Of those, 18 will be at London Affordable Rents (just above social rents), and eight for shared ownership (LB Ealing, 2018c). In addition to contributing towards affordable housing provision, the benefit of buying properties from the perspective of the state actors, is that it can help the council grow its asset base and potentially stimulate further development in the borough (Interview, 2019).

The kinds of properties acquired by the council varied. Sometimes they are affordable Section 106 homes (affordable homes delivered as development contributions). If that is the case, developers will usually want to “find a buyer at the earliest stage” (Interview, 2019). Councils like Ealing are an attractive buyer because developers know that councils can pay for it, even if the agreed price is not the highest, according to an interviewee. Sometimes, developers are also willing to sell homes for market sale at a discount to local authorities. Again, as the market has started to slow down, developers worry that they may not be able to sell, so look for a secure buyer at an earlier stage (Interview, 2019). The council in this way may “help de-risk schemes for some developers” by allowing them “to bring forward schemes faster” while helping the council deliver more affordable homes (LB Ealing, 2018c).

Finance, funding and risk

Like Enfield and Newham, Ealing has been using its own borrowing capacity to fund most of its new homes. The majority of schemes are funded using public loans issued from the Public Work Loans Board to Ealing council.

Private finance is used in the partnership between Ealing Council and Greystar, the US multifamily apartment operator and developer, for the development of a large ‘Build to Rent’ scheme on the site of a former pharmaceutical factory. The role of Ealing in this partnership is secondary, however. Backed by an institutional investor, Greystar bought the former site of a Glaxosmithkline factory in Ealing in 2016 (the council does not own any of the land). Ealing Council granted the planning permission for the development and effectively “piggy-backed” on the development to provide the affordable housing component (Interview, 2018). Details of this project are relatively scant, and development is slow, but news and council reports suggest that the council is trying to increase the number of affordable homes provided through the scheme.

Since 2018, Ealing has also received significant subsidies from the GLA to subsidize affordable homes. In this section I outline some of the key themes and issues that have emerged with respect to questions of funding and finance.

As emphasized throughout this chapter, perhaps the most significant structural change that influenced Ealing's ability to provide housing at more affordable tenures is the availability of grant funding. An officer in Ealing described the introduction of subsidies as "the big game changer, really, if you want to build those lower tenures," noting however that most council-owned housing companies were not set up in an era with grant funding (Interview, 2019). While Ealing council had access to smaller levels of grant funding prior to the GLA's Building Council Homes for Londoners program, an interviewee stressed that this was "the first time serious grant has been targeted our way" (Interview, 2018). The added security of not having to rely entirely on debt financing meant that the council could more easily make schemes stack up and provide more affordable rent "which is the whole, well, a major part of the emphasis here" (Interview, 2018). An interviewee described the beginning of this new environment during the summer of 2018:

> …now we are a new in new environment, which you may have picked up upon, with the GLA and council [housing] funding, where we are excited about the prospects of accelerating and delivering these schemes on a more sure footing because 100 percent debt finance is really, tall order. (Interview, 2018)

While grant funding will make affordable housing delivery easier, the council's housing team was still learning how to best communicate and justify the need for borrowing to other parts of the council, particularly the finance department. As explained to me by knowledgeable actors across London, local authority Finance Officers often act as the gatekeepers in the process of setting up and running local housing companies. If they believe something is risky for a council, they "absolutely have the power to say 'no'" (Interview, 2017). If Newham's approach to financial management was on the riskiest end of the spectrum, particularly under Robin Wales' administration, Ealing was described in contrast as more risk-averse (Interviews, 2018 & 2019). Resolving internal issues between council departments was perceived as a key component of success for a local housing company (Interview, 2019).

An interviewee in Ealing also talked about the learning involved in developing a more 'principled' approach to finance. Austerity had led the council to experiment with commercialization in its housing program, but that was not necessarily the most sustainable approach:

> I think a lot of organizations had those thoughts at that time, we're still in it, you know council finances are heavily screwed really, so it's natural to think, residential, you know, that's a good source of income, but with the economic cycles in the market, then there's a risk that [..] to do that as well. It still is a good source of income, but I think on a more sensible footing, we are learning, and we've learned to get some strong principles behind the business plan, to understand finance. (Interview, 2018)

Finally, state actors identified a series of risks associated with their housebuilding activities. First, there are market risks associated with a downturn in the market, and a potential Brexit-induced recession. In the event of a 'no deal' Brexit for example (an immediate exit from the European Union without an agreement in place), a recession would likely ensue, meaning that the council would have a harder time selling its shared ownership units through Broadway Living. This would in turn impact the overall cross-subsidy model (LB Ealing, 2018c).

The biggest risk identified by the council is development risk within the council's housebuilding programs (LB Ealing, 2018c). Examples include risks that are specific to particular sites, disagreements with contractors or partnership failure, and an increase in the cost of construction (LB Ealing, 2018c, p.7). However, the council believes it also has some advantages that protect it from certain forms of risks. These include building on its own land, building submarket housing, and maintaining a "secure source of funding" through council borrowing and grant funding (LB Ealing, 2018c, p.19)

There are also policy risks. There is the risk for example that central government changes its position on council owned companies (again), or that a new affordable rent regime has a detrimental financial impact on the council's housebuilding program. The use of resident ballots was also framed as a potential policy risk (LB Ealing, 2018c). While the council had won its first ballot in December 2018, there were concerns from the perspective of state actors that if residents in other estates voted against demolition, the council would find itself in a difficult financial position:

> Our HRA program is a regen [estate regeneration] led program. So, we were the first Local Authority to run a ballot just before Christmas and we won it. So that was really good, 90 percent of tenants [57 percent of all residents] on High Lane estate said demolish our homes which is a real vote of confidence, I think in the team and in the council. If we have to do a ballot and tenants said 'no' we'd be in quite a lot of trouble not just in terms of our housing program but what we did with the estate whose asset management costs are going through the roof. (Interview, 2019)

When I inquired about why the council wanted to demolish the estate, the interviewee explained that in some cases demolition has to do with difficulty of fixing major structural issues in buildings (Interview, 2019).

Finally, the potential extension of Right to Buy discounts to homes built through housing companies was also seen as a policy risk. Central government are aware of local authorities' position towards the Right to Buy when setting up local housing companies, but their own stance on it has remained ambitious (Interview, 2018). Central government is broadly supportive of councils using housing companies to try and increase supply, but local state actors are not able to rule out that the Right to Buy will not be extended to these new units. As an interviewee notes, "they [central government] don't talk about it, we don't talk about it, we just kind of get on with it…" (Interview, 2018).

Conclusion

In sum, Ealing has emerged as critical case for understanding the wide range of contextual factors that have influenced and shaped local authorities revived role as housing developers. The way in which market and policy forces have interacted has been particularly telling. Ealing's housing strategy emerged largely in the aftermath of the property downturn in Ealing after the crisis. Austerity-led policies then played a key role in giving shape and form to Ealing's intervention. If one of the company's early objectives was to use market-rate homes to cross-subsidize social homes, overtime the company took an increasingly commercial turn, as the council searched for an income stream to make up for major reductions to its grant funding from central government. More recently, Ealing has shifted its approach to housing development again, as it is attempting to provide more homes available to residents on the council's housing waiting list.

This change in approach largely has to be understood as the contingent outcome of a changing set of conditions, and of shifting intergovernmental and state-market relations (Jessop, 2016). The political environment has changed, and the housing affordability crisis has become more urgent for the council. Ealing also received substantial subsidies from the Greater London Authority, while the market has slowed down – two conditions which are enabling the local authority to assume a more counter-cyclical role in housing provision. Ongoing policy learning has also played a role in this shift, as the local authority is still figuring out its revived role as a landowner and housing producer.

Of course, Ealing has some unique features, and its experiences cannot necessarily be generalized to other local authorities. This is particularly true with regards to the question of grant funding. Although £99 million still represents a relatively small level of subsidy, it is much higher than what most other London boroughs have received, which is less than £30 million. While the politics of the GLA's grant program are beyond the scope of this study, it is worth noting that one of the reasons why the GLA awarded Ealing a high level of subsidy is because the borough has delivered new social homes on a steady basis since 2008 (Interview, 2019). Perhaps more obviously, however, these kinds of uneven outcomes should come as no surprise when small levels of subsidies are distributed to local authorities on a competitive basis. This is a key feature of urban governance under neoliberalism.

Nevertheless, despite this contextual specificity, the case of Ealing has been an important one for thinking about the rise of local housing companies more broadly. The cases exposes a number of contingencies and complexities that are not obvious at first sight. If Ealing's housing company initially reflected the council's 'pragmatic' pro-development approach to housing production and land development, its objectives and political sensibilities have evolved over time. Whether the borough's renewed focus on providing more social housing will carry through in practice is too early to tell.

CHAPTER EIGHT

Croydon

Introduction

Located on the southern edge of London, Croydon is the second largest London borough by population with an estimated 384,837 residents living there 2017 (ONS, 2019b). Croydon developed as large office and commercial center in the 1960s following the passing of the 1956 Croydon Corporation Act, which gave the local authority extensive powers to buy land by compulsion and coordinate its development by private developers (Saunders, 2013 [1983]). By the late 1980s and 1990s Croydon's early experiment in office and service-led economic development had intersected with de-industrialization to produce an uneven geography within the borough (see Saunders, 2013[1979]; Phelps, 1998; and Christophers, 2010 for an analysis of the history and politics of development in Croydon).

Between 2016 and 2017, Croydon[61] council established two arm's length companies to increase the supply of affordable homes in the borough. The first, *Brick by Brick*, is a company that is wholly-owned by the council and its purpose is to build new housing on small and infill council-owned sites across the borough. Homes for market rent and sale are used to cross-subsidize sub-market affordable homes for rent, which are then sold-on to the council's not-for-profit company, *Croydon Affordable Homes*. Established to shield new homes from the Right to Buy and to access additional forms of funding and finance, Croydon Affordable

[61]Croydon council owns roughly 13,500 council homes, or about eight percent of the total housing stock, with a similar number owned by housing associations. In 2018, around 66 percent of residents were homeowners, 15 percent rented from the council or a housing associated, and 19 renting were renting from private landlords (GLA, 2019a).

Homes allocates properties on a basis of need to residents on the council’s housing waiting list, with priority given to homeless families and households living in temporary accommodation.

The case of Croydon complicates the story of local housing companies in London in several ways. First, the nature of Croydon’s intervention in land and housing markets has to be understood in relation to its recent development history. Before the global financial crisis and the subsequent property downturn, Croydon had experimented with a large-scale public-private partnership with an investor-developer to ‘regenerate’ its town center. The joint venture brought together public land and private finance. But it failed, in a relatively spectacular fashion, for reasons that will become more apparent in the first part of this chapter.

When a new Labour administration gained majority control from the Conservatives in 2014, the failure of this experiment had intersected with austerity, and with the imposition of series of restrictions on local authorities’ abilities to preserve and build affordable housing. House prices and private rents were rising much faster than local wages, which in Croydon are lower than the London average (Trust for London, 2018a). By 2017, median house prices in Croydon had increased by 68 percent since 2010, although they remained significantly lower than the rest of London (GLA, 2018a). Growing demand for affordable housing was therefore an important issue for the council. The council’s development company, Brick by Brick, largely emerged out the fusion of these different policy and market forces.

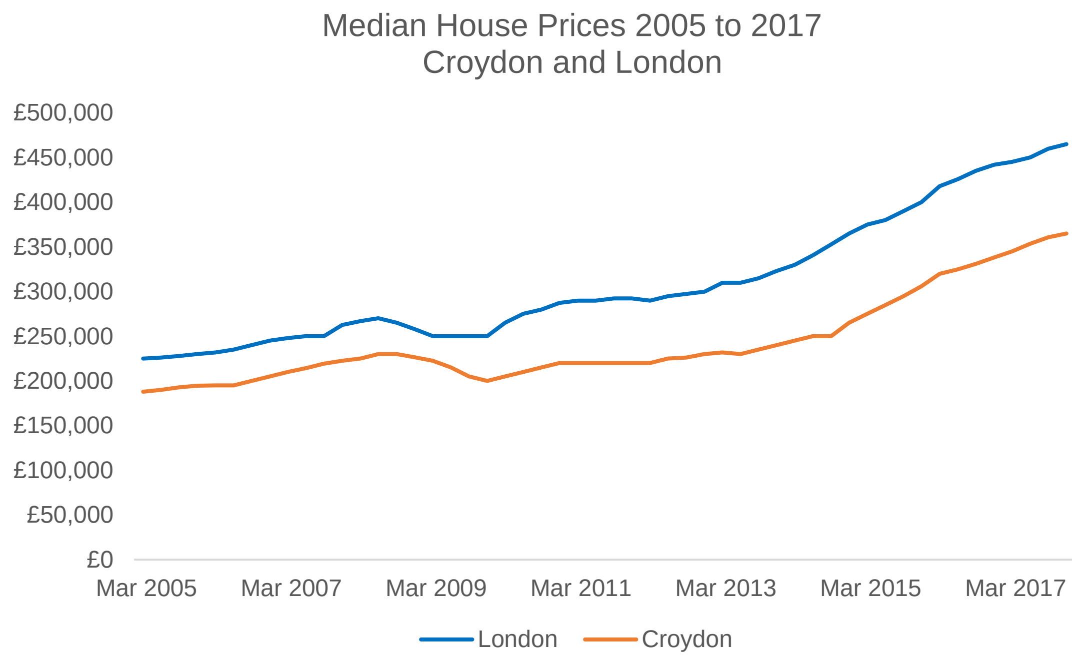

Figure 10: Median house prices in Croydon and London, 2005 to 2017. Data from HM Land Registry (GLA, 2018a).

By 2017, Brick by Brick had attracted significant publicity, both positive and negative. In the architecture and planning press, the council's company was widely praised for its use of high-quality design and for hiring small, innovative architecture practices. In Croydon, there was growing concern among groups with divergent interests, from council tenants to Conservative politicians and the hyper local press, that Brick by Brick was essentially no different to a private developer and that the council had failed to deliver its promise of building more council homes. Away from the limelight, however, Croydon had established a not-for-profit company, Croydon Affordable Homes, to buy homes from Brick by Brick and from the open market and to them to residents on Croydon's housing waiting list and to those who were homeless.

The establishment of Croydon Affordable Homes had in turn exposed a number of developments in Croydon that are equally important for understanding the context within which housing companies have emerged. As the housing affordability crisis was worsening in

London, in particular inner London, local authorities had started competing for cheap properties in outer boroughs like Croydon and Enfield in order to re-house homeless residents. In addition to losing its stock through the Right to Buy, Croydon was also losing access to private sector accommodation to meet its own statutory duties to secure temporary accommodation for homeless families and households.

Compounding these pressures, Croydon had also experienced an acute housing crisis of its own. Croydon was one of the first local authorities in the UK to pilot the government's new welfare system, Universal Credit. The 'workfare' policy introduced in 2013 was designed to incentivize paid work and to simplify the existing system of benefit distribution by combining six[62] existing allowances and tax credits into one single payment paid directly by government to eligible households. Described repeatedly as one of the single-most disastrous policies in British history, Universal Credit is still being rolled-out across the UK. Only about a million people are using it. As manifested in Croydon, the switch to this new system has had devastating consequences on people who switched from the old to the new system. Having to wait six weeks before they receive their first payment, many households have fallen into arrears, spiraling into debt and turning to food banks as a result (Interview, 2019).

As the case progressed, the site of Croydon emerged as significant for another reason. Croydon Affordable Homes, the council's charitable company, had borrowed from a large pension fund and insurance company to finance the acquisition of homes from the open-market for use as temporary accommodation for homeless residents. The reason for the deal is that it will save the council £20 million on its existing borrowing costs, allowing it to re-invest this money into the provision of more housing (Interview, 2019). Instead of paying back the

---

[62]The benefits that Universal Credit is designed to replace include Income-based Job Seeker's Allowance, Income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit.

council—the council had facilitated the initial acquisition with government loans— Croydon Affordable Homes now has to make debt repayments to Legal & General over the course of the next 40 years.

This development has occurred in a context of enduring funding reductions to local government: since the start of austerity in 2010, Croydon has lost over 75 percent of its grant funding from central government, while demand for services including children's social care and housing services has increased (London Borough of Croydon [LB Croydon], 2017; Amin-Smith, Phillips & Simpson, 2016). Croydon has received some subsidies for building affordable homes from the Mayor of London (just over £61 million) but these have not been significant enough to offset land development and construction costs.

In the following section, I explore the rationales for the creation of both companies from the perspective of state actors in Croydon and explain in more detail the processes that underpin the development of land, the setting of rents, and the funding and financing of new housing.

Brick by Brick

Drivers & motivations

Established in 2016, Croydon council's wholly-owned development company Brick by Brick emerged out of the confluence of a number of factors. First, as noted above, the council's past failure with market-led forms of land development had pushed the new administration to assume a greater role in the process of landownership and development. Second, demand for affordable housing was growing in the context of a dwindling stock of social and council homes, rising house prices, and austerity-led cuts to welfare. Third, austerity had hit Croydon particularly hard, and the council had started looking for alternative sources of income to off-set the loss of grant funding from central government.

Post-crisis development context

In reflecting on the drivers for Brick by Brick, state actors traced the early origins of the Croydon's development company in the failure of the council's former experiment with a Local Asset Backed Vehicle (a kind of private public partnership) with John Laing, a large developer and operator of privately financed public infrastructure. Known as the Croydon Council Urban Regeneration Vehicle or C-CURV, the 50/50 profit-sharing partnership was established in November 2008 by Croydon's then Conservative administration. The aim was to support the "regeneration" of Croydon's town center and the wider borough, and to "maximize the value of surplus Council assets" while having "greater control over their long term development" (LB Croydon, 2008, p.2).

The vehicle, which was structured as a 28-year Limited Liability Partnership between the council and the developer, combined Croydon's land assets as equity with private finance and development skills from John Laing to develop council-owned sites across the borough. The focus was on creating new public spaces, mixed-use buildings, and new residential developments in Croydon's center. At the time it was described as "pioneering" by the Council (LB Croydon, 2012) and as the "the first deal of its kind" by John Laing (n.d.). Although site-specific joint ventures between councils and developers are not new, C-CURV was perceived as different because it represented a large-scale and long-term transfer of public assets into a vehicle jointly controlled by public and private actors. First promoted by central government in its Housing Green Paper of 2007 along with an early version of Local Housing Companies, asset-backed vehicles were seen as way to kickstart or rescue redevelopment projects during the market downturn. The use of asset backed vehicles since the crisis has generally been unsuccessful (Interview, 2017). Croydon is a case in point.

Following a change in administration and a failure to meet agreed objectives on how to develop the council's land, the partnership with John Laing was scrapped by Croydon

Council in 2016, and formally dissolved in 2018 (Companies House, n.d.). However, the experiment did result in a couple of buildings being developed, including the council's new headquarters.

Although details about C-CURV are hard to come by—the partnership has been criticized as being secretive and undemocratic—a triangulation of findings from interviews and reports from local media suggest that a number of things went wrong. First, interviewees talked about how the model did not stack-up financially, as the council was not able to realize the uplift in land values on council owned sites that John Laing had estimated at the peak of the market, before the crash (Interview, 2018).

More importantly, John Laing was also described as unprepared to take the financial risk on the development of council-owned land (Interview, 2018). Media reports from 2009 reveal that John Laing was not willing to bring in the private equity to fund the council's new headquarters. After the crisis, development finance was expensive. A rise in interest rates meant that the project would have been £97.5 million over budget for John Laing (Didymus, 2009b). As a consequence, the council was forced to borrow £145 million from central government through the Public Works Loan Board to complete the construction of its new offices, and effectively, to 'bail out' the developer (Didymus, 2009a). The council's headquarters were eventually built by John Laing, who retained the construction risk (the developer would have to pay the extra cost of construction if the project cost went over a certain cap), although the private partner did not receive any of the development profit (Didymus, 2009a).

A similar story was recounted by interviewees, who talked about how John Laing was not willing to finance a housing scheme on the Fairfield's Hall site, the site of a large concert and conference hall in Croydon that the council has struggled to redevelop in the past. As a result, the council ended up taking the site out of the private vehicle (Interviews, 2018). Media reports suggest that the same thing is true for the Taberner House site where the council's former office stood. A deal had been brokered with John Laing to take the site out of the special purpose vehicle, with Brick by Brick eventually taking over it with plans to deliver more affordable housing (up to 30 percent from 15 percent) (Baynes, 2015). The site was eventually transferred to a new developer, HUB (Inside Croydon, 2016).

Reflecting on the aims, ethos and outcomes of C-CURV, interviewees argued that while the idea for a local asset backed vehicle "worked in theory," in practice the partnership had failed to deliver the council's intended affordable housing objectives. The focus of C-CURV was commercial – the purpose was to carry out large-scale, commercially driven schemes. There were also differences that were political in nature. An interviewee talked about how C-CURV was set up by the previous Conservative administration, and how it "wasn't necessarily looking to deliver the level of affordable housing that the current Labour administration might be looking for" (Interview, 2018).

The idea for Brick by Brick emerged then in part as a response to the failure of the council's large-scale experiment in public-private land ownership and development. As the kind of successor to C-CURV, Brick by Brick was perceived to be different. Although still commercial in nature, interviewees stressed that company and council actors "look at really promoting the level of affordable units" they provide and "go above and beyond what another developer might do" (Interview, 2018). In addition to having taken some of the big town center sites back into council ownership via Brick by Brick, the council's development company was also developing small infill sites, or "technically challenging" sites that developers would typically not look at because they are not profitable (Interview, 2018). The exact detail of Brick by Brick's development strategy will be explained in more detail in the next section of this chapter.

Housing need

The second major driver for the creation of Brick by Brick was growing housing need. The context for this growing demand for affordable housing was explained in a series of reports making the case for a wholly-owned council company (LB Croydon, 2014a, 2014b).

In 2014, much like the rest of London, Croydon was facing a growing need for housing, particularly housing that is affordable for residents with low and middle incomes. Renting had become increasingly expensive as sale values in Croydon had increased by over 10 percent since 2013 while wages remained stagnant and below the London average. At the same time, Local Housing Allowance rates were frozen, meaning that private renters in receipt of rental assistance by central government had to bear the additional cost of rent (LB Croydon, 2014a). This combination of factors had led to a rapid increase in homelessness in the borough. Between 2012 and 2014, homelessness in Croydon increased by 18 percent, double the London average during that same period (LB Croydon, 2014b). As elsewhere in London, the immediate reason was eviction by private landlords, with cuts to welfare and rent increases acting as the underlying causes (Interviews, 2018 & 2019).

In particular, a growing demand for temporary accommodation was putting significant financial pressure on the council. By 2014, one in ten council homes in Croydon was being used as emergency housing for families and households evicted by private landlords. With 5,440 households already on its waiting list for council housing, the council was faced with "an unsustainable situation" (LB Croydon, 2014b, p.3). An interviewee reflected on these intersecting housing pressures:

> London is growing and everybody sees that, as an outer London borough, I think we suffer a bit more because it's a bit cheaper here. And we've seen more and more families move from inner London to outer London if they want a family home and that cuts down the market here. The rents rising in the private rented sector. So, our biggest cause of homelessness is eviction from the private rented sector. And we now deal with families who in the past even if they got evicted from their rented home would have just found another home and that's now out of their reach. (Interview, 2018)

At the same time as demand for affordable housing was growing, Croydon council was struggling to produce new council homes and to preserve its existing housing stock. Like most local authorities that have set up council-owned companies, the key constraints were the relaunching of the Right to Buy scheme in 2012 and the imposition of strict borrowing limits on the council's Housing Revenue Account – the ring-fenced part of a local authority' budget that accounts for all expenditure and income related to its housing stock. Concurrently, social housing was not being delivered by either housing associations or developers. I explain how these constraints impacted Croydon below.

First, the council had largely been unsuccessful in building homes directly on council-owned land. In 2008, the council had initiated a program to build new council homes on small vacant sites around Croydon. But the development of small sites was challenging and costly, and the council could not afford to fund and finance development. There were few government subsidies available for local authorities to build, and the council was set to hit its borrowing cap by 2015 (Interview, 2018; LB Croydon, 2014b). What is more, Croydon was losing its existing stock through the Right to Buy. Since the policy was re-instated over 600 council homes have been sold-off in Croydon (MHCLG, 2019b).

Second, if Croydon was constrained in its own ability to produce and preserve council housing, housing associations had effectively withdrawn from their role as social housing providers. Between 2009 and 2010, government grants to housing associations had been halved. To make up for these cuts, housing associations were given the power to increase their rents to 80 percent of local markets rents (this refers to the 'Affordable Rent' regime). As a result of this policy change, housing associations were forced to act more commercially by building market rates homes to cross-subsidize a much smaller number of social homes.

In Croydon, housing associations had delivered a significant portion of new homes at up to 80 percent of market rents between 2011 and 2014: although under half (44 percent) of larger homes were set at 70 percent of market rents or below, over two-thirds of smaller homes were set at rents up to 80 percent of market rates in order to make up for the loss of grant funding (LB Croydon, 2014b). Reflecting on the cuts to housing association grants, an interviewee argued that government “put them [housing associations] into a place where they then had to act as development companies rather than social housing companies” (Interview, 2018). Housing associations’ retreat from social housing provision had in turn undermined Croydon council’s ability to find homes for its people on its housing waiting list.

Developers in Croydon were not delivering any affordable housing either. The institutionalization of ‘financial viability assessments’ in affordable housing negotiations had severely weakened local authorities’ ability to secure affordable housing contributions from developers. While affordable housing contributions are mandatory for any development that is over ten units, developers are not legally obliged to provide affordable housing if they can show that this makes their scheme ‘financial unviable’ (or unprofitable). The use of financial viability assessments in affordable housing negotiations was described “a mockery of the system” by an interviewee in Croydon (Interview, 2018).

To make matters worse, since 2013 developers converting office blocks into homes are legally not required to make any affordable housing contributions. In fact, they do not need to interact with local authorities at all when doing such conversions. The policy of Permitted Development Rights was introduced in 2013, giving developers the power to do exactly this. The aim of the policy was to boost national housing numbers, an exercise that is often politically motivated in the UK. Croydon of course, has a large office building stock and was disproportionately impacted by the use of Permitted Development Rights. Low-cost office space was being lost, while no new affordable homes were being provided through such conversations. Later, we will see how Croydon council bought one such block that had been converted from offices to residences, to use as temporary accommodation for homeless residents in the borough.

The confluence of these factors led Croydon council to two conclusions with respect to new housing provision: (1) The HRA cap did not allow the council to build more council housing through its New Build Programme; (2) housing associations and developers were not going to step in to fill the gap in affordable housing (LB Croydon, 2014b). The idea of creating a wholly-owned housing and development company emerged in this context then as a "simple idea…to bring forward affordable housing" (Interview, 2018). By drawing on the General Power of Competence and on prior examples including companies set up in Newham, Ealing, Enfield and Barking and Dagenhan, the creation of a wholly-owned company would allow the council to provide more affordable housing and give it a "major stake in housing development" (LB Croydon, 2014b, p.5).

Austerity

In addition to these drivers associated with national housing policy and the local housing and development context, Croydon was also facing a growing fiscal and financial crisis as a result of the government's austerity program. In 2009/10, the council was dependent on government grants for over 70 percent of its funding. Between 2009/10 and 2016/17, the council experienced a 27 percent cut to its funding from government. As a result, Croydon's total spending on public services dropped from £450,940 in 2009/10, to £329,137 in 2016/17 (Amin-Smith et al., 2016). With the phasing out of the Revenue Support Grant (the central government grant that funds most local authority services), the situation for Croydon was only expected to get worse.

Austerity-led reforms to the welfare system had also impacted Croydon. The piloting of Universal Credit in Croydon had led to an increase in homelessness, as eligible households had to wait for six weeks before getting their first payment from government. The freezing of overall benefit levels to working-age households also means that the housing element of Universal Credit and Housing Benefit are often not enough to cover the actual cost of rent. Consequently, the council has had to pay thousands of pounds in Discretionary Housing Payments[63] to keep people from becoming homeless by topping up their rents. Local authorities can recover some of this money from central government. But growing need has resulted in local authorities spending more money than they can get back from central government. In 2018, the council had to draw nearly one million pounds from its reserves to fund emergency rent payments. The transfer of this cost and responsibility to local authorities has left Croydon to "pick up the slack" (Interview, 2018).

Here it is worth noting that Croydon is an outer London borough with high need. High-need means that the council has a large population that depends on it for front-line, essential council services. These could be social care services for children or adults, housing services, and so on. Croydon, for example, spends a lot of money on children's care. This is in part because the headquarters of the Home Office (the UK immigration and security department) are located in Croydon. As a result, Croydon has the highest population of unaccompanied asylum-seeking children in London. Because Croydon is not officially recognized as a high-need borough, however, it receives less funding that inner London boroughs. This is a problem that elected members have continued to lobby central government about. A cabinet member linked Croydon's high spending needs to the "doughnut effect," which describes the growing

[63]The system of Discretionary Housing Payments was introduced in 2001 to help residents pay rent. Since the start of austerity in 2010, this emergency support system has bene used primarily mitigate impact of welfare reforms (Meers, 2015).

suburbanization of poverty in London as poor households are pushed out from the city's inner boroughs (Interview, 2018).

Set against the backdrop of these intersecting constraints, a wholly-owned housing company presented the council with a series of opportunities. A local housing company (LHC) would give the council flexibility in delivering homes outside the constraints of its Housing Revenue Account. Importantly, this meant that the Right to Buy would not apply to new properties. Setting rents outside the system of council housing regulation would also give the council the ability to create "mixed tenure schemes" (LB Croydon, 2014b). Housing for sale and market rent would therefore provide the council with the opportunity to generate a long-term revenue stream to fund essential services and to cross-subsidize housing affordable to households with lower incomes. The latter objective was described as "the priority for the council" (LB Croydon, 2014b, p.5). Additionally, and echoing the council's failure to redevelop its town center with private developer John Laing, the company could also function as "vehicle for future regeneration projects" (LB Croydon, 2014b, p.5). An interviewee reflected on how the council's wholly-owned company emerged out of all these factors. In addition to the to changes in Croydon's development context and the change in administration from Conservative to Labour,

> ...the cut in Council grant from central government meant that the council had to really look at how it was going to fund itself in the future and business as usual wasn't really an option... Croydon [funding] got slashed by about a hundred million. So, it was really tied to thinking a bit more innovatively about how you were going get future income. And that aligned with the change in the housing act as well which meant that Councils could start set up things like Brick by Brick basically which it hadn't been able to do before. (Interview, 2018)

The idea of land value capture was perceived as central for meeting these various objectives. In public interviews, Colm Lacey, the council's Director for Development and CEO of Brick by Brick, emphasizes the importance of capturing value 'extracted' from development in way that benefits both residents and the council:

> This structure allows the council to extract value from the core components of development activity - funding, building, selling - in a very efficient way. Traditionally such value would leak out of the borough. The Brick by Brick model maximises the return to Croydon residents, and allows the council to reinvest in core services at a time when other budgetary sources are constrained. (Colm Lacey, as quoted in Waite, 2016)

Summary

To summarize, Croydon established its wholly-owned housing and development company in 2016 in response a number of drivers. Croydon's attempt to redevelop its town center with a private developer-investor had failed. Instead of allowing the developer to take the financial risk as had been planned, Croydon had to step in and bail out its land development projects by borrowing from central government. This happened in the context of a market-downturn after the crisis when development finance had become expensive.

Croydon was also faced with a growing housing affordability crisis. While Croydon is relatively affordable compared to other parts of London, rents were rising fast, and wages were not keeping up. Rising rents, combined with the freezing of benefit levels and the piloting of a new welfare system by central government had led to a growing homelessness crisis. Cuts in housing association grants had led to the withdrawal of housing associations from social provision. Without a mandatory system of affordable housing provision, developers were not going to fill the gap left by housing associations. With the Right to Buy in place and the borrowing cap in place, the council was limited in its ability to increase housing directly through the system regulating council housing.

Finally, Croydon had lost over three quarters of its central government funding since the start of austerity, while demand for services, in particular housing services had grown. The creation of a wholly-owned company to build housing on council-owned land emerged as a solution to these intersecting problems. Below I explain in detail the mechanics of this policy intervention, with a focus on the processes relating to land development, the tenure mix of the new homes, and the funding and financing.

Processes

Land development

Croydon's wholly owned development company is developing 1,093 new homes on council-owned land across the borough. The majority of developments are on old garage sites, car parks and infill sites in and around existing housing estates, and a handful are on larger sites in Croydon's commercial center. The council and Brick by Brick identified 250 council-owned sites that could be used to deliver 4,000 housing units (LB Croydon, 2019a). The sites were then packaged and divided into different tranches that could be developed in different phases (LB Croydon, 2019a). As I will explain in more detail in the sub-section on finance, the packaging of small sites is designed to help the council attract sub-contractors to deliver homes. Brick by Brick's development plans are divided into three categories: the existing program of small, in-fill development (43 schemes), the College Green development which involves the refurbishment of Fairfield Halls and the development of the surrounding site, and a future pipeline of homes to be developed on the next package of sites (Brick by Brick, 2019).

So far, none of the schemes involve any demolition of council housing estates. Instead, Brick by Brick and the council have adopted a strategy of land intensification. Interviewees explained to me that as in other outer-London boroughs, the story is one of 'suburban densification' (Interviews, 2018). This is happening as density restrictions have been relaxed under the new London Plan, and outer boroughs are required to meet high housing targets. Some buildings are being demolished, but these are not housing. From the perspective of Brick by Brick staff, demolition was also something that was politically-driven:

> Everything is infill right now on the estates. We have got some community centers that we're looking at demolishing but that's where it's a really old building that was never fit

> for purpose, it's just costing an awful lot of money. And so the idea being that where we demolish it, we then re-provide a new community center, but it just happens to have some housing on it as well. So that's the only real demolition. We've got a couple of sites that we're looking at where we might do but that's still really early days. And from our point of view it's for the politicians to lead that, there's got to be, kind of appetite for it. (Interview, 2018)

The question of demolition has also been discussed by Colm Lacey, Croydon council's Director of Development and CEO of Brick by Brick. Writing following the GLA's introduction of resident ballots for estate regeneration and against the backdrop of anti-demolition battles in Haringey and Earl's court, Lacey argued against demolition and for infill development. Recognizing that for the private sector and in "the world of financial viability, density is king," Lacey believes that this should not necessarily be the case for local authorities. Instead of demolition, Lacey advocates for a "sequential planning test" for the demolition of existing council housing (Lacey, 2018). If there are infill sites either on an estate or land adjacent to estate that can be used for housing, if the existing stock is up to a compliant standard, and if the cost of refurbishment is lower than the cost of demolition and reconstruction, then local authorities should not demolish estates. If none of these conditions are met then it should be up to residents to decide through a ballot (Lacey, 2018).

Tenure Mix

A total of 1,093 units will be delivered as part of Brick by Brick's existing program, 522 of which will be at 'Affordable' levels, affordable here defined in terms of both Affordable Rent set at 65 percent of local market rents, and Shared Ownership (Brick by Brick, 2019). The share of Affordable homes (48 percent) provided by Brick by Brick is then broadly in line with the council's and Brick by Brick's goal of providing at least 50 percent affordable housing. When excluding Shared Ownership, the number is significantly lower however, with 17 percent of total units at Affordable Rents.

All of Brick by Brick's Affordable Rent units will be sold to the Council's charitable arm, Croydon Affordable Homes, and will be let at up to 65 percent of local market rents and no higher than Local Housing Allowance rates. In other words, rents will not exceed the government benefit provided to households renting from the private sector. All the housing held under Croydon Affordable Homes will be allocated to households on Croydon's housing waiting list (Brick by Bick, 2019; Interview, 2018). I will explain this allocation system in more detail in the section on Croydon Affordable Homes below.

For those homes that Brick by Brick will sell on the open market, priority will be given to Croydon residents for the first eight weeks of sale. The aim is to "prioritize provision of homes to households and first-time buyers ahead of investors" (Brick by Brick, 2019, p.5). Brick by Brick retains the freehold (ownership of the land) on blocks of flats for sale but sells-off individual homes on the freehold (Interview, 2018). The table below shows the tenure mix in more detail.

Table 9: *Brick by Brick tenure mix, 2019 (excluding pipeline)*

Total Units	Private Homes (sale)	Shared Ownership	Affordable Rent (65% of local market rents)	Affordable including Shared Ownership	Affordable Rent
1093	571	340	182	49%	17%

Source: Table adapted from London Borough of Croydon (2019b) matched with more detailed scheme information in latest business plan (Brick by Brick, 2019).
Note: More recent numbers given to me in an interview suggest that Brick by Brick will in fact be building 326 affordable units. It is possible that this number has increased because of changes to how subsidies have been applied.

Brick by Brick's first two schemes were completed in the spring of 2019. Another 20 were on-site and the construction of another 17 had been put out to tender. A total of 14 sites are expected to be completed by 2019/20 (Brick by Brick, 2019). Together with the company's pipeline program, the total number of units expected to be completed by 2022 is 1,785 (LB Croydon, February 2019a).

The two completed sites are both for market sale. The first is the Auckland Rise and Sylvan Hill collection of one and two bedroom apartments in Upper Norwood, on the northern edge of Croydon. Homes are currently available for Shared Ownership (a mix of buying and renting) and Help to Buy (a collection of government schemes that help individuals buy using equity loans and mortgage guarantees). Shared Ownership homes are priced at around £490,000, with the share price at £122,500. Help to Buy flats are priced between £285,000 and £395, 000. The other completed scheme is the Ravensdale and Rushden development, a series of 15 houses and 15 two bedroom apartments, also in Upper Norwood. Homes are also for Shared Ownership and Help to Buy and are priced similarly to the Auckland Rise and Sylvan Hill scheme (Brick by Brick, n.d.).

While a substantial part of Brick by Brick's development will be private homes for sale, interviewees stressed that the objective was to meet growing demand for affordable home ownership, rather than put upwards pressure on prices:

> We're also of the mind, that we don't really want to be inflating the prices. A lot of the developers that are working in central Croydon are all working to almost gentrify it, but I think our intention is that you know, these are homes - the really good opportunity about Croydon is that it's still an ordinary place, it's not the bubble of Central London where absolutely nobody can afford to live , but it's like we want these to be—not affordable in terms of, some of them are genuinely affordable— but kind of affordable for everyday people to still buy a home. (Interview, 2018)

Next I explain how the funding works and the challenges that have emerged in the implementation process.

Funding & finance

Because of the constraints on its Housing Revenue Account (HRA) budget, the council has been funding new housing using other legal channels (LB Croydon, 2019c). By setting up a wholly-owned company limited by shares (Brick by Brick) and through its limited liability partnership with a new charity created by the Council (Croydon Affordable Homes), the council has been borrowing from the Public Works Loan Board against its revenue stream (the General Fund) and on-lending to these new legal entities. Brick by Brick in particular is funded by Croydon Council through a 75:25 mix of debt and equity. Debt financing comes from the council's Revolving Investment Fund (RIF), which constitute £272 million of borrowed funds from the Public Works Loan Board (LB Croydon, 2019c).

Separate loan agreements are signed for all Brick by Brick sites. The council on-lends to Brick by Brick at commercial interest rates with borrowing secured against the land transferred from the council to its subsidiary (LB Croydon, 2019a). The council company's profit expectation is 15 percent on the cost of private housing units and eight percent on the cost of affordable units for shared ownership or rent. Development profit is then returned in the form of dividends to the shareholder, Croydon council, or re-invested to fund the provision of affordable homes (Brick by Brick, 2019). According to a recent council meeting, Brick by Brick is currently re-investing profit from sales to fund the provision of affordable housing (LB Croydon, 2019d).

Brick by Brick has multiple financial advantages over private sector developers according to state actors. First, although there are profit expectations, these are not rigid, neither are they as high as those of private developers. Because it has access to council land, Brick by Brick also has the advantage of being able to calculate the financial viability of developments across packaged sites:

> …in terms of profits we have a lot more flexibility than a commercial company would have. So there's not a minimum target we have to have to meet to give us a kind of yes no decision, and a lot of the viability is not just on a site basis, but actually in terms of the overarching program, so there will be some sites that are coming forward which a developer just wouldn't bring forward… we can we can make it work because another site might be more profitable. (Interview, 2018)

Although Brick by Brick is currently financed by Croydon council, the company hopes that it will be able to self-finance after 2021/22 through a reliance on private market sales. The company projects that the net financing requirement from the Council is £262 million. To date, Brick by Brick has borrowed a total of about £143.7 million from the Council; this is expected to peak at £196 million in 2021/22 (Brick by Brick, 2019).

As shown in the table below, the vast majority (82 percent) of Brick by Brick's development cost is in land acquisition and construction. Although the council owns the land, it cannot necessarily transfer it for free to its own development company. Section 123 of the Local Government Act 1972 prohibits councils from disposing of their land at 'less than best consideration,' which means that they cannot sell it at a price that is lower than what it could command in the market for a particular use. In short, if the council's land will be used to build market rate housing, then it has to be sold at market rate. If affordable housing is provided, the council can transfer it for free. In practice a host of other criteria determine the pricing. It is also grey area of law, with a proliferation of competing approaches existing in practice across and within local authorities.

In the case of Croydon, a member of the Brick by Brick team explained to me that the valuation of different sites varied widely. Pricing was calculated in two ways: on a 'batch basis' and on an individual site basis. In both cases, the 'best consideration' principle is applied so that the value of land is calculated based on its future use (Interview, 2018). Drawing on the Huffington Post' investigation of council land sales, I was able to check the value of the sites sold by the Council to Brick by Brick. Up to six sites, many of which appear to be garages, were sold by the Council to its company for £1. The most expensive sale was a site priced at £1,327,071. This is a green open space adjacent to the Auckland Rise, Church Road and Sylvan Hill council housing estate in North Croydon. Overall, 22 sites have been transferred to Brick by Brick so far, which matches the number of schemes that are currently under construction (see tenure table below).

Table 10: *Brick by Brick forecast expenditure*

Activity	Existing Program (£m)	College Green (£m)	Pipeline Program (£m)	Total Development Expenditure (£m)
Land & Construction Costs	264.4	150.05	168.01	582.46
Fees & Contingency	41.46	17.84	26.34	85.64
Planning Costs	9.44	1.01	6	16.45
Capitalized Interest	10.91	17.38	6.93	35.22
Sales Costs	5.54	3.63	3.52	12.69
Working Capital	3.67	1.44	2.33	7.44
Grant	-10.86	-13.84	-6.57	-31.27
Total	324.56	177.51	206.56	708.63

Source: Table adapted from Brick by Brick Business Plan 2019/20 (Brick by Brick, 2019, p.19)

High construction prices combined with lower land values were the other factor driving development costs up. In addition, trying to hit the target of 50 percent affordable and achieving high design standards meant that the company has had to figure out ways of getting around these challenges (Interview, 2018).

> …one of the principal [challenges] we've got, is that we've got out of London values but inner London construction prices which makes it even harder to develop some of these sites. Oh, and also we want to try and hit 50 percent affordable homes if we can, and I think what we've been saying is that it's possible to do all of those things, but we kind of need to be savvy about how we do them. (Interview, 2018)

In order to make the cost of their projects stack up, Brick by Brick are using a couple of strategies. On the construction side, they are using push timber frame on all units, and a palette of standardized bricks, windows, and small components. Because Brick by Brick is not bound by public procurement rules, they have also developed a more time-efficient procurement framework; this involves the company working with about seven contractors, who are then selected to work on different sites through mini-competitions. Multiple projects are packaged together for about £20 million each, so that "that they're not getting a two-million-pound job that they're not going to make any money off" (Interview, 2018).

The availability of grant funding is also helping with the delivery of some of the affordable housing. Croydon council had also submitted a bid for the Mayor of London's Building Council Homes for Londoners. The total level of grant negotiated between the GLA and Croydon is £61.288 million (GLA, 2018e; LB Croydon, 2019d). This is in order to deliver a total of 888 homes, 141 of which will be at London Affordable Rents, and 326 at London Affordable Rents or Social Rents (details not confirmed) and 421 at higher London Living Rents or as Shared Ownership homes (GLA, 2018e). According to Brick by Brick's cash flow projections, just over half (51 percent) of this grant is currently being applied to Brick by Brick. While the above numbers are incomplete, the latest business plans confirms that newly available grant funding from the GLA will be used for primarily for funding the shared-ownership component of Brick by Brick's tenure mix (Brick by Brick, 2019).

Finally, from the council's point of view, there are several financial benefits to developing homes through a council-owned company. Brick by Brick will transfer development profit to the council in the form of annual dividends, pay interest on the loans it has taken out from the council, and pay any uplift in land value to the council in the form of an overage arrangement. This income will then be used to fund front-line services "at a time of heavily pressurized local government budgets" (Brick by Brick, 2019, p.4).

Reactions to development

Two additional challenges encountered by actors in Croydon is opposition to development, and scrutiny of the council's relationship to its subsidiary company. This is in contrast to Enfield, Newham and Ealing where at least active opposition to development has been relatively subdued. While an in-depth analysis of community opposition and of the council's engagement with residents is beyond the scope of this study, below I provide a brief overview of the key grievances as this goes some way towards explaining the nature of the state's involvement in land and housing markets in Croydon.

Based on conversations with those involved and on a close following of the hyper local press (*Inside Croydon*), the primary concerns from the perspective of residents it that facilities such as open green space or car parking are being lost. There are also concerns that the housing built by Brick by Brick is not affordable. As explained to me an interviewee, opposition to development in Croydon is in large part a function of Croydon's status as an outer-London borough. Build-out rates have historically been low, and there is a general resistance to changing the look and feel of the suburbs. From the perspective of state actors, however, building on small infill sites was one of the few options the council had, given the limited availability of land:

> The change thing is a big thing as well, you'll be tuned into it if you've speaking to all the outer London boroughs, but the intensification of the suburbs. And it is like the next frontier in terms of development. And obviously we've got 15 sites around the borough and on each one of those we're pushing density, we're pushing kind of what you can get on them, because we've only got a finite number of sites before you need to look at starting at estate regen or Green Belt and things like that […] you've got that conversation with local residents about putting a three story building, which in the grand scheme of things isn't massive but it's psychologically changing what their understanding of the suburbs is. (Interview, 2018)

Some of that opposition was felt to be exacerbated by political tensions in the borough, as Croydon is a borough that swings from Labour to Conservative, with residents typically voting for Labour in the North, and Conservative in the South where most of the borough's wealthier, homeowning population lives. In this context, Brick by Brick was seen very much as a project driven by Croydon's Labour administration (Interview, 2018).

Although state actors felt that some of the general critique of Brick by Brick was politically driven, political tensions were not necessary at work in the case of individual sites. In fact, Brick by Brick sites tend to be in the Northern part of the borough, as this is where most of the council's housing estates are located. There are a few sites scattered in the southern part of the borough, and in one case residents came to the planning committee in favor of a particular development (Interview, 2018). Because most developments are on land on or adjacent to existing estates, most of the residents expressing concerns are Council tenants (tenants renting from the local authority) and leaseholders (tenants who bought their property from the council or a previous owner under the Right to Buy). There are cases however where those opposing the schemes are homeowners or occupiers of businesses (Interview, 2018).

Part of the challenge, as explained to me by interviewees, is that there is a perception that the council is not building homes for the benefit of Croydon residents. One way in which the council has tried to address this is by making sure that residents on existing council estates are given priority for the new affordable homes let at 65 percent of local market rents, that is provided that they are on the council's housing waiting list. For example, if a family living in one of the Brick by Brick sites had been waiting to get a bigger home from the council, then they would have priority. An interviewee talked about how the council is now trying to approach the consultation process a little differently, by trying to "to allow the community to kind of see, this isn't us doing something to you. We are actually trying to improve life for Croydon as a whole and we're not trying to bring outsiders into Croydon" (Interview, 2019).

The relationship between Croydon council and Brick by Brick was also the subject of additional scrutiny. For example, there was a perception that there was a conflict of interest in the planning application process; once land is transferred to Brick by Brick, the company must gain planning approval from the council before proceeding with development. From the point of view of those involved, Brick by Brick were actually getting "a harder ride" because clear boundaries had to be set between the council and the company, and "everything has to be done in a particular way" (Interview, 2018). Staff felt that there were also a lot of "misconceptions about who Brick by Brick are" and that this was driven in part by the local politics "with a small p and big P", in other words by the micro-politics associated with the development of particular sites, as well as formal party politics within the borough (Interview, 2018).

Finally, the council's development company was viewed from different perspectives. Residents for example saw Brick by Brick as part of Croydon council; according to state actors, residents did not perceive there to be a difference between the Council and its wholly owned company (Interviews, 2018). Conversely, state actors saw the council's company as a developer, but not in the traditional sense. Rather, "socially responsible" was the term that they used to pitch themselves (Interview, 2018). Indeed, investment had come directly from the council and "any of the dividends go back to the council at the end of the day" (Interview, 2018). Members of the Brick by Brick team also felt that their relationship with residents differentiated them from private developers:

> We spend a lot of time getting into responding to people and inquiries we don't just dismiss them - we are listening, and not just you about the design, but you know about the ongoing process so I think we spend a lot more time and energy trying to get it right with people, than traditional developers might do. (Interview, 2018)

Summary

The processes that underpin Croydon council's development company can be summarized as follows. Brick by Brick builds new homes on council-owned land, usually on small in-fill sites, on the site of former council-owned garages, and on open spaces around existing council housing estates. For now, most of the funding comes from the council through loans taken out from the Public Works Loan Board, although the plan is for Brick by Brick to self-finance through the development of homes for market sales. Although the council owns the land, development is still expensive for a number of reasons. First the council-owned company has to buy most of the land from the council in order to satisfy the regulations governing the disposal of public land to the private sector. The acquisition of the sites from the council is facilitated through the loans on-lent from the council to its company. Also, lower land values and high construction costs make the cross-subsidization of affordable homes through the sale of market-rate properties more difficult.

Because Brick by Brick is owned by the council, it has a number of unique features that make it different to a regular private sector developer. For one, its profit expectations are lower. The profit will also be re-invested in public services and in the provision of more affordable housing, so it would be inaccurate to see this as simply private profit. In addition, Brick by Brick's relationship to residents is different. Although no homes are being demolished, there are concerns around the loss of green space and communal facilities as well as concerns that the homes are not affordable enough for residents with lower incomes. The council is putting significant effort to make the consultation process work better, however. Finally, the tenure mix is also skewed towards more expensive forms of homes; however, this has to be put in the context of the council's cross-subsidy strategy. It may be more accurate to consider the total homes provided by the Council together with its charitable arm, Croydon Affordable Homes, to assess the overall levels of affordability. This is the focus of the next section.

Croydon Affordable Homes

In response to the borough's accelerating crisis, Croydon Council set up a not-for-profit company in 2017 to increase the supply of homes available to households in need. Instead of building council homes directly, the council established an arm's length charitable

[64]organization in order to shield properties from future Right to Buy sales, and in order to circumvent restrictions on its ability to use Right to Buy receipts for the construction of replacement homes. The reasons for this organizational structure will be explained in more detail in the next section, but what is important to note for now is that Croydon Affordable Homes has essentially emerged as the council's primary arm for the provision of new homes available to residents eligible for council housing, and to homeless residents currently living in expensive, emergency accommodation in the private rental sector. Rents are set at up to 65 percent of market rates and are no higher than the level of Housing Benefit distributed to households renting from private landlords.

The homes provided by the Council on behalf of Croydon Affordable Homes (CAH) come from a couple of places. Some are bought from Brick by Brick, the council's wholly-owned development company. Some of the properties held by CAH are homes that the council bought from the open market in 2015 to try and address its shortage of temporary accommodation for homeless residents. Finally, CAH is also buying the affordable homes provided by HUB, the developer responsible for developing the site of the council's former offices[65]. While housing services (allocation of homes, tenant management, and repairs) are still sourced directly by the council on behalf of Croydon Affordable Homes, financial and rent-setting decisions are negotiated between the council and the council charity's board of directors. As I will show later on, this had led to some disagreements with regards to how high the rents should be.

---

[64]The Charities Act 2011 defines a charity as an organization that is established for charitable purposes only, and which provides a benefit to the public.

[65]The council's former offices were demolished under the council's previous partnership with developer John Laing. This is known as the Taberner House site.

In this section I start by outlining the drivers and motivations for the creation of Croydon Affordable Homes (CAH). I then explain how affordability is determined and structured and explore the funding and financing relations at work.

Drivers & Motivations

The establishment of Croydon Affordable Homes emerged primarily as a response to growing housing need in the borough. Some of the drivers are therefore the same as the ones for Brick by Brick. They can be summarized as follow: (1) dwindling stock of council housing because of Right to Buy sales; (2) an urgent need for more affordable housing given the growing homelessness crisis in Croydon; and (3) a series of legal restrictions preventing Croydon from providing council homes directly. Below I explain in more detail the rationale for the creation of CAH from the perspective of state actors.

Like Brick by Brick, the over-arching rationale for the creation of Croydon Affordable Homes was a growing shortage of affordable homes. With the re-instatement of the Right to Buy scheme in 2012, the council was losing its stock of affordable rented properties to the market. At the same, like other councils, Croydon was restricted in its ability to use the money from Right to Buy sales to replace the lost units. Under current Treasury regulations, Right to Buy receipts can fund no more than 30 percent of the cost of a replacement homes, with local authorities expected to finance the remaining 70 percent through borrowing. Also, if receipts are not spent by local authorities within three years, they have to be returned to the Ministry of Housing, Communities and Local Government[66]. Right to Buy receipts can be used either by a local authority directly, or through an external body, but importantly not one in which the

[66]Local authorities also have to pay a four percent interest on the receipts. Unused receipts are then transferred to Homes England (the national body responsible for assembling land and funding large-scale development projects), and the Greater London Authority for the provision of affordable housing (MHCLG, 2018d). These restrictions, which have been in place in some shape and form since at least the 1980s when the Right to Buy policy was first introduced, have expectedly caused widespread frustration among local authorities.

local authority has a controlling interest. This means that the company cannot use a wholly-owned company for example. Finding a way to spend Right to Buy receipts, without replacement homes being lost through future sales was the primary driver for the creation of Croydon Affordable homes (LB Croydon, 2018b; Interviews, 2018 & 2019).

The other related issue is that Croydon's Housing Revenue Account was under considerable pressure for a host of other reasons. Falling rental income was one. To reduce government spending on Housing Benefit, the government under George Osborne as Chancellor of the Exchequer had decided to reduce council rents by one percent every year. This had interacted with the borrowing cap to undermine local authorities' ability to plan for future expenditure (Perry et al., 2016). Then, the Grenfell fire in 2017 had led Croydon to spend money installing sprinklers in all its tall tower blocks. The council had tried to get this spending refunded by central government but had not been successful (Interview, 2018).

The shortage of affordable homes also coalesced with a growing homeless crisis. A number of drivers were identified by council actors in interviews and in policy reports. First, welfare reform had negatively impacted Croydon's poorer residents' ability to pay the rent. As noted in the introduction of this chapter, Croydon was selected as one of the pilot local authorities for the implementation of Universal Credit (UC), the new 'workfare' social security payment designed to replace six existing means-tested benefits for working-age households into one payment.

The switch from the old to the new system has left people waiting for up to 42 days to receive their first payments. Delays have led to residents spiraling into debt, turning to food banks, and falling into arrears and evictions (Butler, 2017). Compounding the freezing and capping of Housing Benefit which was still used alongside the new system[67], the piloting of Universal Credit had worked to accelerate the borough's housing affordability crisis:

> We needed to try and build our stock because we have a crisis within our housing service. You know, Universal Credit has a massive impact on our tenants and our residents in terms of affordability. So, renting in the private sector becomes very difficult. So therefore, it puts more of a strain on the council in order for them to try and find accommodation for people that are eligible for council housing. (Interview, 2019)

The cost of rent was also increasing as a result of rising house prices. As explained in the background Cabinet report for the creation of Croydon Affordable Homes, average property prices in Croydon had increased by 70 percent between 2012 and 2017 (LB Croydon, 2017a). In terms of median house prices this represents an increase of 57 percent during the same period (GLA, 2018a). Writing three years after the original report for Brick by Brick, council officers attributed this price rise to Croydon's location (easy access by train to central London), to renters being pushed out from central London ("migrating" from there), and the "potential for capital growth" (asset price growth) (LB Croydon, 2017a, p.3).

The other factor driving up demand for affordable housing was growing competition from other London boroughs to secure temporary accommodation property in Croydon. The drivers here are very similar to the ones in Enfield. The cost of accommodation in both Enfield and Croydon is cheaper relatively to the rest of London. This has led inner London boroughs with larger[68] budgets to 'block book' hotels leaving Croydon council struggling to finding appropriate emergency housing for its residents. Using out-of-borough accommodation was not desirable from the point of view of the Council, as it would have a damaging effect on

---

[67]In Croydon, both benefit systems (Universal Credit and the old benefit system that includes Housing Benefit) are in place. People who are living in temporary accommodation and pension age claimants are still eligible to receive Housing Benefit for example.

[68]Central local boroughs are classified as 'high-need' and received more funding from central government than outer boroughs like Croydon. This has been a long-standing problem for outer boroughs as their populations grow and as they struggle to fund a growing demand for public services. What is more, because of higher property values in central London, LHA rates are higher. This means that these central boroughs receive higher levels of Housing Benefit to subsidize the cost of rent for eligible renters.

families, particularly those with school-aged children (Interview, 2019). A need was therefore identified for the council to "bring forward initiatives to enable the delivery of affordable rent properties quickly" (LB Croydon, 2017a, p.4).

It is in this context that the idea for Croydon Affordable Homes emerged. By managing and allocating affordable homes on behalf of Croydon Affordable Homes, the council would be able to reduce its spending on temporary accommodation in the private sector and to fulfill its statutory duty to provide accommodation to homeless people. As a reminder, prior to 2012 councils had a duty to provide homeless families and households with a social home (i.e. a council home or a housing association home secure in perpetuity). Whether local authorities were actually able to re-house people in social housing is another question; as has been well documented, many families and households wait for years in temporary accommodation, due to the shortage of social homes. Following the passing of the Localism Act in 2011, however, local authorities can now 'discharge' or fulfill this duty by rehousing families and households in suitable homes in the private rental sector. One requirement is that leases are at least one-year long. I will come back to this point when I explain the type of tenancies offered by Croydon Affordable Homes to residents.

Why a charity?

As explained above, the council's decision to set up an arm's length charitable organization to deliver affordable housing was in large part underpinned by the threat of losing stock through the Right to Buy, as well as by Treasury rules that dictate what councils can do with the receipts from Right to Buy sales. To prevent new properties from being sold-off on the market, the council could set up another wholly-owned company. But a wholly-owned company would not allow it to use Right to Buy receipts to subsidize affordable units, since

Right to Buy receipts have to be used either directly through the HRA or within a body that the ‘council has no controlling interest in’.

The council was faced with two options then. It could either set up a Community Benefit Society in the same way that the London boroughs of Tower Hamlets and Greenwich had done to shield their new affordable homes from the Right to Buy, or it could create a new charitable organization in the same way that Barking and Dagenham had done. A Limited Liability Partnership (LLP) could then be created between the council and its new charity and decisions and payments could be organized around this contractual relation. The council decided on the latter for two of reasons: a charity is efficient in tax terms (income is taxed at the level of individual members), and it would allow rents to flow back into the Council through lease payments (LB Croydon, 2017a).

The council was also looking to lease the 96 properties that it had acquired from the open market in 2015 to address the shortage of temporary accommodation in the borough. Similar to the case in Enfield, Croydon had acquired the properties in order to reduce its reliance on expensive, temporary accommodation in the private sector, and to avoid placing families in bed and breakfasts for long periods of time (LB Croydon, 2017a; Interview, 2019). Since the properties were purchased at market rents, the council had incurred significant borrowing costs (the borrowing was from central government). To repay its debts, it could charge market rents, but that would defeat the point. Subsidy could be applied with Right to Buy receipts, but Right to Buy receipts can only be used to replace affordable properties, in other words properties that are recognized in regulatory terms as being affordable with the national Regulator of Social Housing (RSH). Importantly, establishing an LLP with a charity would allow the council to retain ownership of the land underneath the properties (or the ‘freehold’), meaning it would benefit “from the long term capital appreciation that is anticipated” (LB Croydon, 2017a, p.16). Overall, authors of the council’s documents stress that the charity structure will enable the council to delivery 340 properties at affordable rents "without public subsidy" (LB Croydon, 2017a).

Processes

Funding & Finance

Croydon Affordable Homes is made up four contractual agreements between Croydon council and CAH. All four Limited Liability Partnerships (LLP) sit under the umbrella of CAH, but each comes with its own, separate funding and financing stream. As explained to me by an interviewee with knowledge of the program, these different contractual agreements can be thought of as operating across different phases (see table below).

The first phase consists of the 96 properties that Croydon council purchased from the open market for use as temporary accommodation. These were subsequently transferred (sold) to CAH. This acquisition was financed with money borrowed by the council from central government through the Public Works Loan Board. The properties are actually former offices converted by a private developer into residential units through Permitted Development Right.

The second phase constitutes 250 properties acquired from the open market again and is set to be completed by the end of 2019 (LB Croydon, 2019a). This is known as the Croydon Affordable Tenures LLP. Again, by borrowing from central government, the council acquired 240 homes from the open market, 33 of which are in neighboring boroughs and the rest spread across Croydon. Here, the council used a three mile radius to limit the number of properties acquired outside its administrative limits so that families and households are not placed far away from their original residence in Croydon (Interview, 2019).

A further 326 properties will be bought by Croydon Affordable Homes from Brick by Brick, the council's wholly owned development company. So far, three flats have been completed and transferred from Brick by Brick to CAH, and a further 28 are set to be completed by December 2019 (Interview, 2019). Finally, a block of 90 affordable units will be bought from HUB, the developer redeveloping the site of Croydon council's former offices. As explained at the beginning of this chapter, this is the site that was originally under the joint ownership of Croydon Council and private developer John Laing but was brought back into council ownership after the joint venture failed.

It is worth noting here that the council retains ownership of the underlying land in all these contractual relations. Although the council generally tries to acquire the freehold of properties during acquisitions, sometimes it is only able to acquire the leasehold (so the home or the flat). Typically, this is the case where the council acquires blocks of flats (Interview, 2019).

Table 11: *Housing delivered through Croydon Affordable Homes*

	Financing & Legal Details	Number of Units
Phase 1: property acquisitions in Croydon	Properties acquired at market rates from open market in 2014/2015; acquired by council and then transferred to Croydon Affordable Homes in 2017; finance from PWLB	96
Phase 2: Property acquisitions in Croydon and surrounding boroughs	Croydon Affordable Tenures LLP; homes initially acquired by council using PWLB loans, transferred to CAH, then re-financed with 40-year private loan from Legal & General; homes used as collateral for loan.	250 (167 financed by L&G)
Phase 3: property acquisition from Brick by Brick	Acquisition of 326 properties from Brick by Brick (3 already finished for CAH)	326
Phase 4: property acquisition from private developer HUB	Homes built by HUB on site of former council offices.	90

Source: Interview (2019); LB Croydon (2017b).

Rents and tenancies

The housing provided by Croydon council on behalf of CAH is for Croydon residents eligible for council housing and for residents who are homeless or at risk of becoming homeless. As stressed by an interview with knowledge of the housing allocation system in the council, the "housing is definitely for the most vulnerable in Croydon" (Interview, 2019).

Overall, all the homes provided through CAH are at rents up to 65 percent of local market rents and no more than 65 percent of the Local Housing Allowance (LHA) for Croydon. This is the method[69] used to calculate the level of Housing Benefit or the housing element within Universal Credit that private low-income renters are eligible for. The rate is based on local private rents and the number of people in a household. In 2017, rents set using this method were between £915 to £1,153 per month for a two bedroom home in Croydon (LB Croydon, 2017a).

Although rents are designed to approximate the level of subsidy distributed to households, not all residents in receipt of Universal Credit are able to cover the cost of this rent due the problems associated with the new welfare system (Interview, 2019). As explained earlier, tenants have to wait up to six weeks to receive their first payment from the Department from Works and Pensions if they have just switched from the old welfare system to the new one. For this reason, the council conducts financial assessments of people on its housing waiting list to determine who can actually make the payments (Interview, 2019). At the same time, the council also supports tenants who struggle with rent payments because of problems with universal Credit by securing them alternative council accommodation and by directing them to additional resources such as Discretionary Housing Payments. The latter is an

[69]The rate is based on local private rents and the number of people in a household, and it is paid by the council to tenants in the case of Housing Benefit, before being reclaimed by the council from central government, or directly from the government to tenants in the case of Universal Credit.

additional form of assistance that tenants can claim from the council if the cost of their rent is not covered by central government subsidies: “Sometimes what we have to do is we have to actually find them alternative accommodation within council stock, but it is working to support our residents so that we’re not allowing them to fall into debt” (Interview, 2019).

If tenants fall into debt, the council can also claim the money back from the Department for Works and Pensions. Overall, the whole system of Universal Credit was described as a “nightmare”, and one of the biggest challenges for the council’s housing department in general (Interview, 2019).

While rents are generally no higher than 65 percent of local market rents, they vary according to the kind of funding and finance used. For example, the rent on the affordable homes provided by Brick by Brick to Croydon Affordable Homes will be lower because the council was able to use Right to Buy receipts and grant funding from the Mayor of London’s Building Council Homes for Londoners program (Interview, 2019). In contrast, the rents on the homes funded by the institutional investor Legal and General are a little higher since no form of grant funding was used. As will explained in more detail below, the rents on the LLP with the institutional investor also have to rise every year with inflation in order to meet the pension fund’s annuity obligations. Rent levels were therefore largely a function of the debt that CAH has to pay back on the different LLPS (Interview, 2019).

The tenancy agreements also varied according to the source of funding and finance. For the homes provided by Brick by Brick, tenants will have ‘lifetime’ tenancies, secure in perpetuity. Lifetime tenancies can also be passed on to family members. In contrast, the properties financed by the institutional investor are three-year, assured shorthold tenancies. As explained in Chapter Four, assured shorthold tenancies were introduced in 1988 when the private rental sector was deregulated. They represent a highly insecure form of tenancy primarily because of how easy it is for landlords to evict tenants. In practice however, the tenancies provided by Croydon Affordable Homes are designed to be more secure than those used by private landlords.

The one-year contracts will ‘roll-on’ so that they are automatically renewed once they come to an end. This is as long as the tenancy conditions are not broken - the same principle that applies for lifetime tenancies with the council. In this way, tenants renting from CAH at assured shorthold tenancies are, for all intents and purposes, in “exactly the same position” as tenants in Croydon’s council housing from the perspective of the council (Interview, 2019). Also, the fact that the council’s charitable organization is the landlord, rather than a private actor, is not an insignificant detail when considering the actual security afforded to tenants: “There is a buffer and a safety zone for the fact that it is with Croydon Affordable Homes rather than with a private landlord” (Interview, 2019).

The properties financed by the institutional investor cannot be secured in perpetuity like council homes or the homes provided through Brick by Brick, for the simple fact that they are used as a collateral for the investor. Legal and General would become the landlord if Croydon Affordable Homes defaults on its loans to the investor:

> What has been agreed with Legal and general is that we can give tenancies for up to three years because God forbid the council does ever default on its loan, you know, it would mean that those tenants would actually be the tenants of L&G. (Interview, 2019)

The council was also not in a financial position to give lifetime tenancies to the tenants living in the first wave of homes acquired from the market. This is because they were financed through borrowing only, without grants. It is not clear what would happen if CAH was not able to pay its debt back to Croydon council here. The homes could revert back to council ownership, but it is possible that they would be sold.

Although rents were largely determined by the financial requirements of investors, including the council, were it entirely up to elected politicians, the rents would be even lower

(Interview, 2019). The political priorities of Croydon' current administration are to build council homes as promised in their 2014 and 2018 manifestos. And this was understandable, as argued by an interviewee, because politicians have constituents writing to them about their poor living conditions, or about living in homes that are unsuitable (too small) for their family needs. However, despite this desire for lower rents, the financial conditions under which the council was operating, and the particular financial models used, did not allow for this:

> We look to try to reduce the rents more, because obviously one of the main drivers, especially politically, is affordable homes for our residents. But if we were to reduce the rents more at the moment it would have a knock on effects in the latter years in terms of us having to pay back our debt. And then we still have obviously, we still have duties to our residents in terms of health and safety on the properties etcetera, and our repairs. So. It's a bit of a balancing act. *If it was down to our political leaders we would slash the rent*. But the financial model does not dictate that we could do that. It would probably be the same as council rent. (Interview, 2019, author's emphasis)

Another thing to bear in mind here is the Croydon council has little control over the decisions made by its charitable organization. In contrast to a wholly-owned company where the council is the shareholder and retains control over the strategic direction of a housing company, as seen in the case of Newham, Enfield and Ealing, here, the charity is technically a company limited by guarantee, and the council only has a one percent voting right. Decisions are made by a board of trustees, one of whom is the finance director of Croydon council, effectively representing the one percent. The other trustees are actors with local authority backgrounds, for example former directors of local authority housing and financial departments. Their interest and priorities are therefore not necessarily much different from those of Croydon council. Their focus is narrower however and it is on ensuring that the whole operation works smoothly, and that the company does not go bankrupt.

When council employees report to the board about progress—it is important to remember, here, the council effectively operates the whole program on behalf of its charity—important progress indicators include things like rent collection rates, the number of void properties and so on (Interview, 2019). In sum it is possible that rents could be set at even lower rents if the council retained greater control over the company, and if indeed, more subsidies for housing provision were available. In the following section I explain in more detail how the deal between the council's charity and the institutional investor works and what some of the risks are.

Recent Partnership with L&G

In April 2019, institutional investor Legal and General (L&G) invested £44.6 million to acquire 167 homes from the council's charitable arm, Croydon Affordable Homes. The homes, which were initially acquired by the council using central government loans from the Public Works Loan Board, will be leased back from L&G to Croydon Affordable Homes for a period of 40 years.

The deal between Croydon and L&G is a kind of future funding arrangement called an 'income strip'. In a typical income strip, an investor buys a property and leases it back to a 'tenant'. The tenant then pays the investor lease payments that are typically index-linked (for example to an inflation index), for an agreed number of years (typically 40 to 50 years). At the end, the tenant can buy back the asset from the investor at a symbolic price of usually £1 (Marss, 2019b). In this case, throughout the course of the next forty years, the council will make 'lease' payments (in other words, rent payments) to L&G to repay its debt. These payments will start at less than half the Local Housing Allowance (LHA) rate in Croydon, the method used calculate the level of rental subsidy (Housing Benefit) to private renters (Cross, 2019a).

According the press releases on the deal, for L&G the deal will provide a small inflation-linked return of 2.5 percent, which will go towards paying its pension commitments to savers. For Croydon, the deal is designed to save £20 million on its existing borrowing costs

(Ward, 2019; Legal & General, 2019). Alison Butler, the deputy leader in Croydon, described the financial rationale for this deal:

> At a time when the government is squeezing how much it funds local authorities, this innovative partnership offers us better value for money than more traditional [PWLB] loans available to councils, and I hope this encourages other councils and financial institutions to follow suit. (Alison Butler, as quoted in Ward, 2019)

The deal does not come without risks, however. The main risk for a local authority entering this kind of partnership is that lease payments can increase with inflation, while LHA rates remain frozen by central government (Marrs, 2019c). In the case of Croydon, the council will pay L&G lease payments linked to the Retail Price Index, based on an agreed return of under 2.5 percent (Cross, 2019a). This means that repayments on the principal and interest will rise and fall according to inflation. These inflation-linked payments to L&G also come with an inflation cap of 5 percent, and a floor or zero (Cross, 2019b). According to L&G's Pete Gladwell, savings for the council are "like to increase as 'market rents' continue to rise ahead of inflation" (Gladwell, as quoted in Cross, 2019b). If local rents catch up with the lease payments that the council has to make to L&G, a scenario that L&G believes is "highly unlikely," the surplus accrued by the council up to that point would still make the deal beneficial for the council, while ownership of the homes would revert to the council (Cross, 2019b).

Importantly, in an interview between Estate Gazette and Pete Gladwell from L&G explains that Croydon council bought the properties knowing that L&G were going to buy:

> An important part of the model is the proactivity of the council to go out and buy the properties. The properties are pepper-potted, rather than in one place. We provided the criteria, but the council led on the acquisition. They bought them, but we were in the background. This was agreed nine months ago, so they knew we were there with the capital lined up. (Gladwell, as quoted in Ward, 2019)

More generally, L&G's partnership with Croydon follows a bigger trend in institutional investment into affordable housing provision. In 2018, L&G established a subsidiary housing, *L&G Affordable Homes*, as part of its ambition to become one of the UK's leading institutional landlords and private affordable housing providers, delivering 3,000 homes per year (Ward, 2019). The public rationale for such investments (either through partnerships with local authorities, or as direct providers of private affordable housing), constitutes part of L&G's "determination to innovate within the sector and to work together to address the UK's chronic housing crisis." (Gladwell, as interviewed in Cross, 2019).

In trying to convince other local authorities to follow Croydon's example, Pete Gladwell, Head of Public Sector Partnerships at L&G, argued in an interview that institutional investment into affordable housing is beneficial in the current funding climate, because it does not require grants. For example, Gladwell suggests that somewhere like Islington (an inner London borough), the council could buy the stock from the open market, (presumably drawing like Croydon on its cheap borrowing powers from central government), and then selling this stock to L&G in order to generate the same kind of savings as Croydon. The model does not necessarily work everywhere, however. Where it works particularly well, Gladwell contends is where the level of government subsidy (Local Housing Allowance) is high relative to house prices (Marss, 2019b). Put different, the model works where the rental income (or rental yield) on a property is high relative to the rise in its value over time (capital growth). As will be explained in further detail at the end of the next chapter, this is a central criterion for institutional investors trying to invest into residential property.

What the implications of the deal with L&G are not clear yet. However, this marks an important development in the broader case of LHCs in London and confirms suggestions in interviews that local authorities are generally open to private finance, should this appear to offer them benefits that PWBL loans do not. Here the primary benefit is that the debt is transferred off the council's balance sheet. I return to these dynamics in more detail in Chapter Nine.

Conclusion

When taking both companies into consideration, Croydon's housing supply strategy aims to meet the needs of households with a wide range of income levels. Most of the homes provide by Brick by Brick, the council's development company, are homes for sale or shared ownership. The priority, however, is for Croydon residents rather than outsiders, at least for a set period of time (Croydon residents are given priority for the first eight weeks).

In contrast, the homes provided by Croydon Affordable Homes, the council's not-for-profit company, are homes for Croydon's homeless families and households, as well as for residents on the council's waiting list. While the rents on these homes are higher than traditional council rents, they are comparatively lower than other forms of sub-market rent such as Affordable Rent set at 80 percent of market rents. The kind of tenancy agreement between Croydon Affordable Homes and tenants varies depending on the kind of funding and financing used. The homes funded with some subsidy will be on lifetime tenancies, similar to those used in council housing, while the units financed by an institutional investor are three-year, 'rolling' leases, automatically updated at the end of each contract. A summary of the two programs combined is presented in the table below.

Table 12: *Brick by Brick and Corydon Affordable Homes tenure mix*

	Affordable Rent (up to 65% of local private rents)	Market sale units	Shared Ownership units
Property Acquisitions (existing properties)	346	-	-
HUB (new build)	90	-	-
Brick by Brick (new build)	3326	571	340
Total	**762 (46%)**	**571 (34%)**	**340 (20%)**

Source: Table adapted from Cabinet report (LB Croydon, 2019a) and the Brick by Brick 2019/20 business plan (Brick by Brick, 2019).
Note: All the affordable units are or will be managed by the Council on behalf of Croydon Affordable Homes.

When both programs are taken into consideration together as shown in the table above, what we see is that out of the 1,673 homes set to be completed in the next few years, about 46 percent will be at affordable rents up to 65 percent of local market rents, 34 percent will be homes for market sale, and 20 percent will be Shared Ownership units. While the tenure mix skews towards homeownership, the number of sub-market affordable units for rent is not insignificant.

These numbers have to be put in context. Croydon council is not opposed to providing more council homes. In the contrary, from the perspective of elected politicians, rents would ideally be lowered to approximate council social rents (Interview, 2019). However, in the context of massive reductions to central government grants and in the absence of significant subsidies for housebuilding, this is difficult thing to do. What is more, with the Right to Buy still in place, it does not make sense for the council to provide homes directly within its Housing Revenue Account, because it would simply risk losing them to the market. As a result, it has had to resort to setting up arm's length organizations to provide homes indirectly. Governance issues can then emerge if the council has less power to make decisions with regards to rent.

Like other boroughs, the lifting of the borrowing cap for housing in 2018 was welcomed by Croydon and the council is considering borrowing more through its HRA in order to provide housing at council social rents (LB Croydon, 2019a). The lifting of the cap has effectively exposed the contingent nature of the council's housing strategy, much like it has exposed the contingent nature of the rise of housing companies more generally. When asked about whether the lifting of the cap had impacted Croydon, an interviewee answered:

> Yes, it did. Because obviously…we put all of this in place before the cap was lifted. If the cap had been lifted a number of years ago, then maybe we wouldn't have seen the rise of - we would not have had to go down that route. But it was trying to find a way out of a trap and that was the solution. (Interview, 2019).

The context and contingencies associated with the rise local housing companies is the topic of the next chapter. Drawing on my finding of all four cases and on discussions with actors working across London, I advance a series of more general claims related to the shifting politics of housing provision in London, and to the restructuring of state-market relations.

CHAPTER NINE

Discussion

Introduction

Having explored the different ways in which local authorities in London have started delivering housing and developing their land through council-owned housing companies, it is now possible to advance a series of more general claims related to the re-organization of the social relations associated with the ownership, financing, and development of public land and housing. A number of relevant theoretical questions are at stake here.

The first has to do with putting the motivations that underpin local authorities' treatment of their land and housing in historical context. Drawing on my case study findings and on local authorities' revived role in housing and land markets more generally, I ask the following questions. Assuming that the use value of property cannot be easily separated from its exchange value, how do we nevertheless interpret those cases where local authorities are using their land to generate revenue without an immediate use value? Given that the income generated is for public rather than for private purposes, then how might we meaningfully think about this? What kind of social relations are at work in different cases? Importantly, how have these struggles over the use of public land changed over time, and in dialectical or constitutive relation to a changing set of political and economic conditions?

Building on this first set of questions, the second section of this chapter concerns the processes and politics through which the transformation of public land has been mediated by state actors. I focus in particular on the relations of power and risk associated with different forms of public and private finance. In thinking about the necessarily "elusive" boundary between the state and the market as an expression of "more complex power relations" (Mitchell, 1991, p.77), I explore what this boundary-making process, in the case of local housing companies, tells us about broader historical shifts in the way in which the development of public land and housing is funded and financed. I also think about how the case of local housing companies supports and challenges existing theorizations of recent transformations in urban governance under neoliberalism.

Before I turn to these questions, I begin with a brief summary of the historical forces that have led to the emergence of local housing companies and provide a review of my case study findings.

The Rise of Local Housing Companies: A Summary

In the context of ongoing austerity and a post-recessionary boom in land and house prices, a growing number of local authorities in England have started assuming what appears to be a greater role in the land development process. Since 2014, around a third of all local authorities in England and over half of London's 33 boroughs have established council-owned companies to deliver housing on the land that the own or to acquire properties from the open market (Hackett, 2017; Barnes, 2016; Morphet and Clifford, 2017). The purpose of this strategy is to meet local housing need and central government requirements for new housebuilding, and to generate a long-term revenue stream for municipal purposes in light of steep reductions to local authorities grants.

In 2012, local authorities regained the power to borrow against the rental revenue from their existing housing stock to invest in new council housing. However, their housebuilding ambitions were cut short. In that same year, central government re-instated the Right to Buy policy, enabling council tenants to buy their homes from the state at a large discount. Strict caps were also imposed on local authority borrowing for housing. Both these policies were implemented in the context of the government's broader austerity drive, based on the aim of reducing the budget deficit through dramatic spending reductions in the public sector. In addition to supporting the aim of reducing the public sector debt and deficit, the two policies also served a broader political function. Local authority spending on council housing is historically a political issue, particularly for the Conservative party who have generally taken an oppositional stance towards state-owned, social housing.

Through the establishment of wholly-owned companies, local authorities have been able to bypass these two constraints on their ability to provide and preserve housing. By borrowing from central government against their general revenue (in other words, outside the constraints of their housing budgets), and then on-lending this money to their newly created subsidiaries, local authorities have found a way to access finance for the construction of new homes, and to shield their new homes from being sold-off on the market through the Right to Buy policy.

The tenure and rent mix of local authority housing companies is mixed. Overall, few homes at the lowest, social rents are being planned for or delivered. In the absence of grant funding, local authorities have had to rely on market-based cross-subsidy mechanisms to fund affordable housing through profits made from the sale of units in the open market. As a response to austerity, many local authorities have also prioritized the goal of revenue-generation rather than affordable housing provision. This commercial orientation of local housing companies has not been set in stone, however. Indeed, the phenomenon of local authority housing companies continues to evolve in the context of the UK's and of London's shifting political and economic landscape. For example, since 2018, the Mayor of London's housebuilding program has made some grant funding available to local authorities, while at the national level, Theresa May lifted the cap on borrowing for housing. At the same time, some local authorities are starting to look at private finance to reduce their overall public levels of borrowing. Local housing companies have evolved in relation to this relatively tumultuous landscape. The questions of housing affordability and revenue-generation have moved in and out of the fore across different places, and even within those places, over time.

Case Study Findings

In London, the contextual drivers for the creation of local housing companies from the perspective of state actors can be summarized as follow. First is the acceleration of London's housing crises and the growing shortage of affordable homes. At the acute end of the crisis, actors identified a number of forces at work including dramatic increases in rents, falling and stagnating wages, and the introduction of deep cuts to welfare, including the capping and freezing of Housing Benefit, the central government rental subsidy to low-income renters. The interaction of welfare cuts and rent increases in the private rented sector (the UK private rental market), was understood as the key cause behind the rise of homelessness and the attendant crisis in temporary accommodation. As explained in Chapter Four, English local authorities have a duty to secure accommodation for homeless people. Because of a shortage of council and housing association homes, most homeless residents are placed in privately rented properties. As a result, local authority spending on temporary accommodation has soared since 2010. Case study local authorities (all of which are outer London boroughs) also talked about the way in which they had to compete for suitable temporary accommodation with inner London boroughs. This pushing of homeless households towards the outskirts of London was seen as compounding the long-term trend towards the suburbanization of poverty in the capital.

The rapid and unregulated expansion of the private rental market has also played a role, with local authorities concerned about private landlords acting in illegal capacities, and about properties not meeting basic safety standards. From the perspective of local authorities, the housing affordability crisis is also impacting middle-income groups who are not able to buy homes following the tightening of mortgage markets after the global financial crisis of 2007-

2008, and the rise in rents. This was both seen as putting upwards pressure on their entire local rental markets, and impacting councils from an economic development perspective, as higher earners were moving out of particular local authorities.

A second set of drivers had to do with the perceived failures associated with market-led forms of housing development on council-owned land, including the redevelopment of council estates. In short, the conventional development model involves selling-off public land to a developer, who then partners up with a housing association to deliver housing, a portion of which is meant to be at social rents or other forms of affordable rents. The funding for this model was based on land value uplift and the presence of some central government grants for social housing. This model was perceived as having failed in Ealing where the council struggled to find a development partner to refurbish and rebuild one of its large housing estates during the post-crisis downturn in housing markets and following the steep cuts to social housing funding in 2010. At the peak of the crash and in the subsequent recession, some local authorities also started experimenting with Local Asset Backed Vehicles (LABVs), a kind of large-scale public private partnership and profit-sharing arrangement that combines council-owned land with private finance. Croydon had entered into one such deal in 2008. The partnership with the developer failed, however, and the council was forced to borrow from central government to bail out the joint venture.

The reasons for establishing companies rather than delivering housing directly had to do with central government restrictions on local authority housing finance. State actors talked about not being able to continue with their housebuilding programs in light of the imposition of strict caps on their borrowing for housing. While most did not talk about the Right to Buy policy as an explicit driver—the understanding is that this is not openly talked about because central government largely disapproves of local authorities' use of companies for this reason—

most framed the policy simply as something that 'does not apply' to the homes delivered through wholly-owned companies.

Austerity in terms of cuts to revenue budgets was also an important factor. Although it did not feature as the immediate driver for the establishment of housing companies, it was conceived as the contextual condition that was forcing the four case study local authorities to think about the benefit of generating a financial return through their housebuilding programs. Where actors elaborated, it was in terms of building their tax base and 'growing their way out of austerity', and finding alternative sources of income beyond local taxation, fees and charges, and financial reserves.

If these are the primary ways in which local authorities made sense of the crises that they were experiencing, local authorities took different approaches in devising responses to these crises. Some took an explicit commercial (income generating) approach like Newham. On the other end of the spectrum, some have focused on the problem of temporary accommodation like Enfield. Doing a little bit of both—meeting some housing need and generating a revenue—has been the focus of Croydon and Ealing. What unites all cases is that local authorities are using council-owned companies to develop their own land directly, and to acquire properties form the open market. The financing for housing development and acquisitions has come mostly in the form of central government loans in all cases.

Local authorities' housing and land strategies have also changed over time, as the national and London-wide regulatory and political environment has also changed. For example, as a result of a combination of political pressure to deliver more affordable housing and the introduction of new subsidies by the Mayor of London, both Ealing and Newham changed their approach to their housebuilding programs, moving away to varying degrees, from predominantly commercial models of land and housing development to ones where the aim of affordable housing provision is foregrounded. The case of Croydon has also evolved in a way that complicates the overall phenomenon: while most local authorities are borrowing from central government to fund their land and housing developments, Croydon entered into a partnership with an institutional investor (Legal & General) to fund parts of its provision of housing for homeless households.

Below, I describe in more detail the different approaches taken by Ealing, Newham, Croydon and Enfield, with a focus on understanding why and how local authorities have prioritized different land use objectives, and how these objectives have in some cases in changed over time. In particular, I am interested in understanding how local authorities have mediated the contradiction between the use and exchange values of their land and housing, and how this mediation has evolved in light of ongoing transformations in the political and economic context in which local authorities are operating.

Commodification as a historically specific process

One way to start thinking about how the transformation of public land is linked to broader power relations and to longer historical processes, is to come back to the central contradiction between the use and exchange value of both land and housing under capitalism. Here, it may be useful to take a step back and revisit David Harvey's illustration of this tension in the context of housing production in *Seventeen Contradictions and the End of Capitalism.* For Harvey (2014), the use value of housing in its truest form is manifested when housing is built and used by the same person. However, in most capitalist political economies, and over the last three decades in particular, the exchange value of housing has dominated. Housing, in other words, is built first and sold later according to the value that it can achieve on the market. Those who buy the housing can also use it for its exchange value as a source of saving, or speculatively by flipping it on the market for financial gain. Importantly, if the exchange value of housing as a commodity is defined as the cost of production plus profit, interest on loans, and the cost of acquiring land, then Harvey (2014) stresses that it is the "*potential* exchange value that matters" (p.17). In other words, the act of speculation means that there is always a risk that this value will not be realized. Moreover, Harvey argues that the "aim" of those producing houses as commodities is to create exchange values; if a use value is provided along the process, it is simply "a means to that end" (Harvey, 2014, p.17). Under the speculative model, the "[e]xchange value moves into the driver's seat of housing provision" (Harvey, 2014, p.17).

Harvey (2014) also identifies shifts in the role of the state and other institutions in managing this contradiction between the use and exchange value of housing. Although the theme of housing provision is only used for illustrative purposes, Harvey's (2014) brief comments on the state are helpful here in thinking about commodification as evolving in relation to longer-term historical processes. First, Harvey (2014) notes that on occasion, and when housing needs go unmet, the use value of housing is "brought back to the forefront of struggles over housing provision" (p.18). However, in the context of dwindling public revenues, the abilities of states to subsidize social housing "are put to the test" (Harvey, 2014, p.18). Since the 1970s, neoliberal policies and politics continue to mediate the state's role in housing provision and its management of this contradiction. In this way the privatization of state activities has exposed various domains of public and social life to processes of capital accumulation.

This is to say that the commodification, monetization, and marketization of the social domain, including both land and housing, needs to be understood as a historical process, one that is not just incomplete, but is also at its core, unstable. What bears emphasis here is that the fundamental contradictions of capital evolve and follow particular historical trajectories. To "*capture the sense of movement*" Harvey writes, is necessary "*for the instability and the* *movement provide political opportunities at the same time as they pose critical problems.*" (Harvey, 2013, p.90, emphasis in original). It is worth noting that this instability creates not just political opportunities; it also structures the actual conditions under which policies are enacted, contested, and re-politicized. As Karl Polanyi (1944) reminds us, there is always a movement between commodification and its 'counter movements'. In this way, the provision of too little affordable housing by the state can provoke forms of push-back and lead to increased demands for social protection. No such counter movements are observed in the case of local housing companies, but the principle that the commodity form is always unstable and contestable still stands.

It is with this sense of movement and instability in mind that I want to come back to the shifting policies and politics of land development in London and to start translating the case of local housing companies into relevant theoretical terms (Jessop, 2014). Here, it is worth re-stating a central assumption that has shaped my thinking about this particular form of urban policy. I think about the emergence of local housing companies not necessarily as neoliberal in design, but as historically constituted in the context of enduring neoliberalization.

I assume then, that while capital accumulation is not by definition the generative force behind all transformations in urban policy, processes of monetization, commodification and marketization *can* occupy a central position in the policy making process. Figuring out why, to what degree and under what conditions these logics are at work is important, because it allows us first to assess the basic nature of the phenomenon under study, and second, to understand its emergence and evolution in historical terms. Finally, I want to clarify that when I talk about 'use' value in the context of local authority housing provision, I do so in terms of the relative weight accorded to this in comparison to its exchange value. The proliferation of 'affordable housing products' (different types of affordable tenures, many of which are close to market rents) means that any discussion of the use value of affordable housing is about an already commodified form of tenure (see also Beswick's and Penny's 2018 discussion of 're-commodification' in the same context).

I start with a relatively schematic and simplistic delineation of when and how the use and exchange value of housing is prioritized in the cases of Newham, Croydon, Ealing and Enfield, while paying attention to the associated social relations underlying the management of the use and exchange value of local authority assets. By social relations, I am thinking in general terms about the question of rent, in other words, about who benefits from the appropriation of the surplus value of public land, whether profits are shared with private actors, and whether there is a tendency to treat land as a financial asset (Harvey, 1982; Haila, 1988). I then focus in more detail on the two sets of motivations that underpin the way in which local authorities have been treating their assets: those related to the fiscal and financial needs and interests of local authorities, and those related to questions of affordable housing provision. In this way, I situate the particular motivations that underpin local authorities' land use decisions within broader shifts in the politics of public finance and affordable housing provision in the UK.

Newham

The exchange value of land was prioritized most clearly in the case of Newham, East London. Under Mayor Robin Wales' administration, the council's housing company Red Door Ventures was used first and foremost as a way to maximize the financial return that the council could get from its land assets, in order to re-invest it in the provision of public services. Under this version of the company, only the minimum level of affordable housing was provided to satisfy local planning policy. Meeting local housing need in this context was "almost incidental" to the aim of generating a revenue stream for the council (Interview, 2017).

Use value considerations were not displaced entirely, however, particularly at the early conception stage of the policy. The idea of 'raising the standards' in the Private Rented Sector (PRS) was also part of the motivations of state actors for creating the company in 2014. There were concerns in particular about the poor standards and conditions in the growing private rental market, and an attendant frustration at landlords profiting from the temporary accommodation (homelessness) crisis and from conditions of overcrowding. At the same time, state actors felt that there was a demand for high-quality, rented housing given the difficulty of mid-income households to buy homes (Interview, 2017). In practice, raising standards has meant building homes to higher construction and design standards, rather than just building "a high pile of cheap […] square boxes" as done by large developers (Interview, 2018). Nevertheless, here, we can say that the state uses its land and housing primarily for revenue-generating purposes.

There is also a speculative dimension to this form of housing production, to the extent that there is an expectation that rents will continue to rise, or at least stay high. Demand is also not linked to social housing need, as measured in a council's housing waiting list, although the rental housing provided may very well serve the needs of higher-income residents in London.

By extension, it can also be argued that the state in Newham treats its own land as quasi- financial asset (Coakley, 1994; Beswick & Penny, 2018), in other words "bought and sold according to the rent that it yields" (Harvey, 1982, p.347). Although here the land is not sold to the private sector, we could say that the state has adopted a pure rent-maximizing strategy and has done so primarily for its own fiscal and financial interest. Indeed, a look at the council's 2017/18 Statement of Accounts shows that the council's 'investment' properties include £56.7 million[70] of property held within the council's wholly-owned company, Red Door Ventures. Investment properties are those assets that the council holds "solely for rental income or future capital appreciation purposes, or a combination of both" (Newham, 2018, p.44). Selling-off the company's real estate portfolio and the securitized rental stream were discussed as additional possibilities for future revenue by an actor with knowledge of the company (Interview, 2017).

And yet, if Newham represents one of the most telling examples of a local authority that has turned to residential development almost entirely for financial reasons (in other words, to generate an income-stream), it is also the case where the re-politicization of housing provision has been at its most obvious. Following the local elections of 2018, and under the new mayoral leadership of Rokhsana Fiaz, also a Labour politician but to the left of the party, the council's housing company was 'repurposed' away from market rents and towards more affordable housing tenures. The aim is to now provide at least 50 percent of housing at Social Rents or London Affordable Rents. The remaining homes will be at market rents to help cross-subsidize the affordable component and to generate an income stream for other council services.

Two factors explain this shift in approach. First, as explained above, local elections have enabled a political re-orientation towards questions of affordability. The housing context for this re-orientation matters too: Newham is at the forefront of London's and England's housing crisis, with a staggering one in 25 people being recorded as homeless, the highest level in the country (Shelter, 2017). The second factor is that Newham received the highest level of subsidies by the Mayor of London in 2018, enabling it to deliver social homes without relying

[70]This amount is in addition to the value of assets held by the local authority directly. It is accounted with the 'Group Balance Sheet' which consolidates the assets owned by the local authority and by its subsidiaries.

as much on cross-subsidy through the open market. I will explain this attendant shift in the politics of the Greater London Authority in more detail in the next section.

A final factor that has coalesced with changes to the funding and political environment, is the revision of the rules governing the way in which local authorities borrow and invest. Since 2018 central government has tried to discourage local authority investments in the property sector. Specifically, local authorities have been advised by the Chartered Institute of Public Finance and Accountancy (CIFPA), the independent body that regulates local authority financial conduct, that they can no longer borrow simply to make profit. The revenue generated in other words needs to be attached to explicit policy objectives.

The move to revise local authority borrowing and investment rules is largely understood to have been triggered by the Treasury, who are increasingly unhappy about the way in which local authorities are borrowing from central government to fund the acquisition of commercial property such as shopping centers, purely for investment reasons (Calkin, 2017). Interviewees from several local authorities also believed that pressure had been put on government by the private development industry, who felt that local authorities were stepping in their territory outbidding them in property acquisition deals (Interviews, 2018 & 2019; see also *Room 151* for a more extensive coverage). For Newham's housing company, Red Door Ventures, this requirement intersected with the administration's new focus on affordable housing. In accounting terms, the company was effectively repositioned "not to be purely money making" (Interview, 2018). This change in rules was also important for Newham since the council has bought a number of commercial properties, including a shopping center and a business park, just for income-generating purposes.

This attempt to curb local authorities' investment activity exposes the shifting relations of power between central government, the property industry, and local authorities. Local authorities investing in property including in housing development, has as one interviewee put it “really annoyed” central government (Interview, 2017). For another interviewee, CIPFA (the independent regulator of local authority financial conduct) is “basically the lobbying arm of the British property Federation” (Interview, 2019). Although this push-back from central government and the property industry has been directed primarily against councils’ commercial property acquisitions, it has impacted the overall policy environment within which local authorities are using companies to generate income. Whether this represents another constraint that local authorities will seek to circumvent, or whether it will indeed discourage investments in property development purely for financial reasons, is not clear yet.

Finally, the case of English local authorities’ investments in property markets suggests that the treatment of land as a financial asset, at least in accounting terms, is something that is politically mediated. The ambiguous line between investing in land for profit (which for councils really, is revenue because of cuts to their budgets) and investing to meet a broader range of policy goals, is re-drawn in an attempt to privilege particular interests (Mitchell, 1991). Here, those interests are those of the property industry and of the Treasury.

Enfield

In contrast to Newham, in the case of Enfield the state has prioritized the provision of homes affordable to households with lower-incomes, in particular households that were previously homeless and living in emergency, nightly-paid accommodation. Through its wholly-owned lettings company, Housing Gateway, the state buys properties from the private sector for use as a temporary accommodation. A use value is provided for homeless families and households, but the housing is let only on a short-term, yearly basis. Importantly, the state also pursues this use value of housing through the process of exchange: the homes acquired, many of which are ironically former council properties lost through the Right to Buy, are re-acquired at market price. Although homes are acquired at market prices, market rents are not charged on tenants. Instead, rents are subsidized by Housing Benefit – the means-tested, social security subsidy to low-income renters.

At the same time, the financial model put in place by Enfield stipulates that Enfield Gateway does not buy new properties if they are above a certain price point. In this way, we could say that the state places a limit on the exchange value of new homes during the point of acquisition. This means that for now the council is looking to acquire properties in neighboring boroughs and outside of London, but never too far from constituents (Interview, 2018).

Finally, if the use value of housing is preserved on a temporary (yearly) basis for formerly homeless households, it is worth noting that the motivations for this treatment of the council's newly acquired assets, are also monetary in nature. After all, Enfield Gateway was set up primarily to ease pressure on the council's homelessness budget. While land and property serve a financial purpose for the council in allowing it to generate 'savings', the state here is not 'financializing' its newly acquired assets – in other words it is not using them to extract rent from these [71]. While the system of housing provision is operating through the market—state actors have to learn how to quickly bid and buy property, and the homes are technically private—this process does not necessarily lead to the further commodification of housing.

Croydon

In Croydon, the local authority has used a mixed strategy that relies both on rent-maximization, and the procurement of housing as a use value. Through its wholly-owned development company, Brick by Brick, Croydon council foregrounds the exchange value of land and housing. The majority of the homes delivered on this land are homes for private sale.

---

[71]Although not the focus of this research, council's other housing company, Enfield Innovations, has been used more clearly for revenue-generating purposes, with rents are set at market rates. However, the size and scope of the company's developments are significantly smaller, with 57 units under development since 2014.

About a fifth of the homes will be let at 65 percent of local market rents, available to households on the council's housing waiting list.

Whether the system of cross-subsidy itself enables the local authority to treat its own land as a financial asset is not clear. If the homes sold on the private market are financialized, then yes. But in terms of why this rent is extracted, if this is re-invested for the provision of affordable housing, does this still constitute the treatment of land as a financial asset? My sense is that it does not; it simply constitutes a funding mechanism for the state to pursue its housing affordability goals. To the extent that the housing for sale is temporarily prioritized for local residents (local residents are given priority to buy for the first eight weeks after the housing is advertised) rather than, say, investors, the state is also attempting to temporarily limit the use of the housing it sells as an instrument for investment.

With Croydon Affordable Homes, the Croydon's arm-length charity, the council is privileging the use value of housing in relative terms. To recap, Croydon Affordable Homes is the council's other housing company; it is a company of charitable status (a kind of non-profit) and is used to hold and manage properties acquired either from the open market, from the council's development company Brick by Brick, or from a private-sector developer working with the council, HUB. The purpose of the company is to provide homeless residents living in emergency accommodation with a more secure form of affordable housing, to reduce the council's expenditure on temporary accommodation, and to shield properties from the Right to Buy. Rents on the homes provided by the council's charity are capped at 65 percent of local market rents and are no higher than the Local Housing Allowance (the government's subsidy to private renters). This capping of rents is there to preserve affordability but also to make sure the council is able to subsidize the rents – Local Housing Allowance is the way in which Housing Benefit (the central government subsidy to renters) is calculated for local private rents.

Some Right to Buy receipts (cash from Right to Buy sales) are also used to subsidize this model.

Some of the homes funded with subsidy will be secure in perpetuity. They provide tenants with a permanent use value, in other words. Where private finance is used, the homes are leased for three years at a time, and leases are automatically updated on a rolling basis (at the end of each contract). Here, the homes provide a semi-permanent use value for their residents. As long as the council is able to repay its loan to its private lender, the homes should be secure for tenants.

In Croydon, the state is not the only actor that has a claim over the future revenue of its housing. In 2019, the council borrowed from Legal & General, an institutional investor, to finance the acquisition of 167 homes from the open market. Full ownership of the homes will revert to the council's charitable company once the loan is repaid in full in 40 years. Here, investment in affordable housing constitutes a pure financial investment for L&G. The rationale from the perspective of L&G is that this constitutes a secure, long-term inflation-linked return on investment (household savings). From the perspective of the state, the deal with L&G enables it to procure a use value for households on its housing waiting list. Financial considerations play a role too: the re-financing is designed to save the council £20 million in borrowing costs. The idea, however, is that these savings can then be re-invested in more affordable housing (Interview, 2019).

Ealing

Finally, in Ealing, the state privileges the use and exchange of its land and housing assets at different points in time. Initially, when Ealing first set up its wholly-owned housing company, Broadway Living, the focus was on preserving the council's new social housing stock. The company would allow the council to build more homes at social rents and to shield them from the Right to Buy. Exchange value considerations were foregrounded, but first and foremost, for purposes of cross-subsidization. In the absence of grant funding, Ealing would use proceeds from the sale of market rate homes to subsidize the construction of homes at social rents. Over time, the need to generate a commercial income in light of austerity also became an important objective. Although Ealing holds no property purely for investment purposes, it is possible to say that the state was moving in a direction where the exchange value of both land and housing dominated its use.

Since 2018, Ealing started emphasizing the need to provide 'genuinely affordable homes.' This is a result of political pressure, a changed policy environment, and the availability of grant funding at the London level. However, the state retains a commercial arm in the land development process. Here the rent-maximizing strategies of the state are linked to the aim of growing the council's tax base, and to the aim of generating a revenue stream in light of an uncertain funding environment. Whether land is treated as a quasi-financial asset is not clear again, to the extent that the state's land strategies are not purely about generating a financial return to the council. Indeed, in the case of Ealing, much like Croydon, the use of a wholly owned housing company is embedded firmly in the state's housing and redevelopment policies. This is in contrast, say for example, to Newham where the activities of Red Door Ventures were a central component of the council's financial strategy. Whether cross-subsidization counts as the treatment of land as financial asset is again not clear; the homes sold are commodified and can in theory enter the speculative housing economy in London if their owners use them as such.

Summary of cases

In sum, in thinking about the ways in which the state, in the form of local authorities, manages the tension between the use and exchange value of its own land and housing, we can discern what appears to be a relatively uneven and dynamic trajectory: use and exchange value considerations have come to the fore at different points in time, and in different geographic and political contexts. Two general patterns can be discerned in the state's treatment of its land and housing assets through the use of local housing companies.

First, as a producer of housing, the state (in the form of local authority housing companies) has multiple aims. One is to provide housing at various levels of 'affordability'. Some of this housing is for households on the council's waiting list (i.e. housing at close to social rent levels), but a lot of this housing is at higher, 'intermediate' rents, although still below market rents. Housing here, is at least designed to serve as use value to those who will occupy it.

The state's second aim is to generate a financial return, or procure an exchange value, for two reasons. First, to fund more affordable housing through a process of cross-subsidy, and to fund public services in response to austerity. In both cases, a financial return is secured through processes of value maximization. By prioritizing the exchange value of housing, in other words, by leasing homes at market rents or by selling homes at market value, the state is able to maximize the rent it is able to extract from this particular use of land.

To the extent that the state is foregrounding the exchange value considerations *purely* for the purposes of rent-maximization, we could say that it is treating its land as a 'quasi-financial' asset (Coakley, 1994). However, as shown above, these instances are rare in the case of LHCs. Moreover, even where the sole purpose is to generate 'profit' as seen in the first iteration of Newham's housing company, this profit is in fact a kind of public revenue. There is no private appropriation of surplus value, as is the case in the process of financialization that underpin privatization. In this sense, it is equally difficult to argue that the state is reduced to a "faction of money capital" in the process of maximizing the revenue it can extract from its assets (Harvey, 1982). The state retains features that distinguish it from other landowners that require further description and analysis. This is, in large part, the focus of the remaining part of this chapter.

If we move beyond these definitional and semantic concerns, and if there is an agreement that state actors in London are using LCHs in part as a way to generate revenue from their landholdings, what is their rationale for this? While austerity is the obvious driver, why exactly are they turning to their land assets as a response and why now? Below I consider in more detail both the financial and housing motivations driving state actors in more detail.

Shifting social relations

In order to gain a fuller understanding of why questions of housing affordability and revenue generation have moved in and out of focus in the case of local housing companies, it is important to situate the actions of local government within the broader political and economic environment that has emerged following the global financial crisis and the period of austerity that has ensued. Here I draw on findings from case study interviews and from conversations with state actors and others working across London.

Austerity and land

Several factors explain local authorities' turn to land as a source of income in the post-2010 period. First, in the context of dramatic reductions in government funding to local government, local authorities have started to shift their approach to the way they manage their land and property assets (Sandford, 2018a; McGough & Bessis, 2015). Rather than simply selling their surplus land to the private sector, local authorities have started to retain land to generate revenue. As explained in Chapter Four, local authorities can use income from their existing assets as a source of revenue to pay for public services and to balance their budgets. For the most part, they cannot use cash from land sales for this purpose; instead capital receipts from land sales generally have be spent on other forms of capital expenditure, such as buying or building new assets. However, since 2016 local authorities can also use cash from land sales to generate revenue 'savings' in the context of ongoing spending reductions (Davies, Youle, Boutaud & Sheffield, 2019). Many local authorities have used this freedom to fund severance pay to public sector employees made redundant under austerity. This retention or acquisition of income-generating assets, of course, needs to be understood as unfolding alongside the central-government-driven, local authority sell-off of valuable land and assets (Christophers, 2018; Davies et al., 2019).

The second and related issue is that austerity has, to a degree, triggered a broader cultural shift in how local authorities think about their land. According to an interviewee, councils have gone from seeing their land as "money in the bank" that they could realize when they needed the cash—something which they would come to be "deeply regretting" later—to seeing land as an opportunity to "make money" through things like commercial property acquisitions, and to fulfill public objectives including housing provision (Interview, 2017). As noted by another interviewee, the private sector logic that the public estate has to be made 'efficient' through the disposal of 'surplus' land does not necessarily hold the weight that it used to (Interview, 2018). This apparent shift in how land is viewed by local authorities stands in contrast to central government's focus on 'shrinking' the public estate:

> Particularly since 1979, the view in the UK is always…it's this whole sort of mindset, a group thing that, 'oh to be efficient you have to sell all your assets'…National government still does this, this is their only response to everything. I think what me and others have managed to do is to say, well don't necessarily sell it, hold it, you can make more money from the revenue and you still got the asset. And that's now more generally accepted…Which is interesting because of course you know it's the government that wanted to shrink the role of the state… (Interview, 2018)

If local authorities' revived role as owners and developers of public land stands in part against the national government's ideology, there was also a perception at least in 2018 and 2019, that the central state was potentially too weak to stop local authorities from *not* selling their land; this belief was held in the context of Theresa May's minority government and one in which Brexit had consumed the entire policy process (Interviews, 2018). This became a recurrent theme in interviews. While central government disapproved of some of the things that local authorities were doing, they were not necessarily in a position to legislate against these.

Another reason why local authorities are increasingly looking to maximize the value of their land assets is that they have directly and indirectly been encouraged to do so by central government. Indeed, it would be inaccurate to see the commercialization of land simply as a response to austerity originating *in* local government. In response to the question of whether local authorities are increasingly treating their land as a financial asset[72] an interviewee argued that central government had pushed local governments to monetize their land, although he struggled to determine whether this would have happened anyway:

> Well yeah but aren’t we being encouraged to do that [financialize land]? One of the things we’re always told is look at your asset base and see if you can monetize it [referring also to disposals here] … Would we want to do that anyway? Possibly. (Interview, 2018)

The idea that local authorities should ‘get the most’ out their assets has been institutionalized in local authority departments for a while now. As far back as 1988, the Audit Commission has been publishing reports encouraging local authorities to bring the principles of asset management through the hiring of dedicated property teams and by merging the former with ideas of ‘best value’ in service delivery (Audit Commission, 2000). The overall message was that an asset management approach would help local authorities dispose of their land faster, with the “radical” authorities being those that no longer owned any property (Audit Commission, 2000, p.32). In a more recent government guide on asset disposals, local authorities are told that in some cases they may hold on to their land and develop it for market

[72]The officer was familiar with the term.

housing either by themselves, as in the case of LHCs, or in partnership with developers. Unsurprisingly, the rationale to keep land is not related to the value of public land ownership, but about assisting the private sector through methods of site 'de-risking' (DCLG, 2016a).

In addition to encouraging local authorities to 'get the best from their property', central government has also pushed local authorities to act in a more commercial or profit-making capacity. As explained in Chapter Four and Chapter Six, the idea that local authorities should generate a profit from their services and from their assets was advanced through a series of legislations that sought to increase trading activity between the public and the private sectors. Tony Blair famously called an end to "the days of the all-purpose local authority that planned and delivered everything" and pushed for greater 'partnership' working between the public and private sector, including through the setting of local authority trading companies that could generate profit. This push for local authority entrepreneurialism was then accelerated under the Localism Act of 2011, making it a lot easier for local authorities to organized service provision through corporations.

Local authorities' reliance on their property as a source of income also has to be understood in relation to their current financial conditions, as stressed by Christophers (2019). In the context of nearly 60 percent cuts to local authority budgets since 2010, and with limited ability to raise revenue through local taxation, many local authorities have struggled to balance their budgets (NAO, 2018). As a result, local authorities are becoming increasingly reliant on their financial reserves and on selling assets to plug holes in their budgets (NAO, 2018; Interview, 2019). From the perspective of an interviewee, there was generalized pressure to sell-off more assets in order to "survive" the next couple of years. But this assumes that things will get better then, a view that was "extremely shortsighted":

> You know, the local authority graph of doom[73], there's a national one of them which has the NHS eating up the entire public services budget by 2035-40 or wherever it is. So, forget austerity and Jeremy Corbyn vs. Theresa May. Structurally, local government austerity is not going away. Unless we've got our own income streams, you know, there will be a point when we give up, go home and turn off the lights. (Interview, 2019)

Local authorities' reliance on their land as a source of income should then be understood as emerging both as an alternative to its disposal (sale), and as way to survive austerity given an unsustainable reliance on reserves as a source of revenue. An interviewee emphasized the broader context of such commercialization. Commercialization maybe risky, but no riskier than defunding vital public services such as children's services (Interview, 2019). If maximizing the value of public assets was helping the council fund services or build more or better homes, then the "financialization of assets" was "no bad thing" (Interview, 2019).

Finally, the monetary conditions under which local authorities have been turning to their land as a source of income are also crucial. To finance investment in property, either for housing or investment purposes as seen in the case commercial asset acquisitions, local authorities have been borrowing largely from the Public Works Loan Board (PWLB) at below-market rates during a period of historically low interest rates. This means that local authorities have had a relative advantage against the private sector in accessing finance. An interviewee talked about this as a "moment-in-time opportunity" as the likelihood is that over time interest rates will normalize, and the arbitrage between local authorities' borrowing costs and what they can invest in will disappear (Interview, 2017). I come back to the question of finance in more detail in the next section.

Although revenue-generation is not always the primary objective of local housing companies, the dynamics outlined above are important for understanding the context for why local authorities in England are increasingly maximizing the monetary value of their assets.

[73]The local authority 'graph of doom' was a term first coined by Barnet council in North London, to describe the problem of growing demand for services (particularly elderly care) and falling revenue.

Despite enduring austerity, some local authorities are starting to move away from purely commercial approaches based on the provision of market rents, towards ones that prioritize affordable housing provision. A number of ongoing changes to London and England's political economy are influencing the direction that local authorities are taking with regards to their housing companies, and their housebuilding programs more generally. I outline some of these changes below, with a focus on the shifting politics of affordable housing in London.

The changing politics of affordable housing in London

The first important change, when thinking about the shifting politics of affordable housing production in London, is the introduction of subsidies for local authority housebuilding and the redefinition of affordable housing tenures under the Mayoral administration of Sadiq Khan. In May 2018, Sadiq Khan announced that local authorities would be able to bid for £4.8 billion of grant funding as part of the GLA's new Building Council Homes for Londoners program. The program is the first time that the GLA is providing funding to councils. Its purpose is to help councils deliver more housing particularly at social rents, to counteract the effects of stock loss through the Right to Buy, and to help local authorities to "regain the confidence and ambition they demonstrated during the zenith of council homebuilding in the 1960s and 1970s" (GLA, 2018b, p.7).

For councils that had already started building housing, including through wholly-owned companies, the Mayor's program introduced subsidies where there were none. Ealing, Newham and Croydon are all now supplementing their projects with GLA grant; Enfield is also doing so although it is not clear whether they are applying it to any of their companies. This was described as a "game changer" by an interviewee in Ealing, noting however, that it was something that was absent when most LHCs were set up. The availability of grant has for some local authorities facilitated a shift in their approach to housing provision. As seen in the cases of Ealing and Newham, both local authorities are now providing more homes at social rents or just above, at London Affordable Rents.

The problem of course is first, that, the overall level of subsidy is still low, and second, that given the competitive and uneven nature of grant distribution, most local authorities in London received far fewer subsidies than both Ealing and Newham. As I noted in the chapter on Ealing, competitive bidding is, in very obvious terms, a central feature of governance under neoliberalism. Nevertheless, while the distribution of subsidies is benefiting some local authorities more than others, the shift in approach that this has enabled in places like Ealing and Newham exposes the kind of contingencies that are at work in the politics of affordable housing provision.

A potentially renewed focus on social housing also has to be seen in relation to electoral and discursive shifts in the politics of housing in London, as well as in relation to national debates around public ownership and privatization. Some of the events that mark this particularly turbulent political conjuncture include the rise of Theresa May's administration following the Brexit referendum, the turn to the left under Jeremy Corbyn's leadership of the Labour party, the devastating Grenfell fire which killed 72 people in June 2017, the collapse of Carillion and Capita (two local government outsourcing companies), the scrapping of the hugely unpopular Haringey Development Vehicle in North London—a joint venture between Haringey council and Lendlease that would have seen £2 billion worth of public land and property privatized—and the introduction by the London Assembly of resident ballots in estate regeneration project in response to pressure from London's housing activist base and from the national Labour party to stop the demolition of public estates.

These changes have impacted the context within which local authorities are implementing their housebuilding programs in a couple of ways. First, there was a shift at the electoral level following the local elections in May 2018, as some Labour local authorities, notably Newham and Haringey, experienced a wholesale change in elected members. Haringey was described as the first “Corbyn council” following the election of Joseph Ejiofor as leader of the council, while in Newham the election of Rokhsana Fiaz as Mayor brought an end to Robin Wales’ 23 years in power. In both cases, an end to a ‘pragmatic’, Blairite form of politics and local government management was celebrated, although what this now means in practice is not clear, particularly in the case of Haringey.

There has also been a partial shift in discourse as ‘social’ and ‘council housing’ are coming back to the foreground of debate. One important example is the cross-party commission set up in the wake of the Grenfell fire which called for three million council homes to be built by 2040 (Shelter, 2019). At the policy level, one of the few discernable changes has been Theresa May’s ‘surprise’ scrapping of the cap on local authority borrowing for housing in October 2018. In reality, the lifting of the cap should not be seen as such a surprise. Local authorities have lobbied central government for more borrowing freedoms for a while now (Inside Housing, 2019). A scheme was also already in place for local authorities to bid for extra ‘headroom’ in their Housing Revenue Accounts. Moreover, despite the fact that most of the public sector is still defunded under austerity, the goal of reducing the budget deficit to zero has largely been abandoned since 2015. More public borrowing in this context is not seen as unacceptable anymore.

Another housing-related change was the announcement in April 2019, that Section 21 of the 1988 Housing Act would be scrapped. The law, which is still in place, allows private landlords to evict tenants without having to give a reason (for example rent arrears). The issuance of a Section 21 notice by landlords is the leading, immediate cause of homelessness right now. Underlying that, is of course, a rise in rents. But the law itself is notorious for offering tenants effectively no protection from eviction. Section 21 has yet to be repealed however, and it will likely take a while before it is. Ultimately, however, social housing, and the question of affordable housing in general, remain peripheral issues for the Conservative party (Barrat, 2018), particularly given its longstanding relationship with the private construction and development industries (Christophers, 2019a). As George Eaton argues, what is likely happening as housing policy is slowly moving to the left (at least in the period between 2018 and 2019), is that faced with the threat of Labour, the Tories have "abandoned the ideological ambition of remorselessly shrinking the state" (Eaton, 2018).

Again, the cases of Ealing and Newham illustrate the ways in which this shift in the balance of forces has influenced, to some degree, the political priorities of local authorities with respect to housing. As discussed in detail in the chapter on Ealing, the council's decision to change its approach to housing in order to provide more units at social rent was the outcome of a number of internal and external forces. Elected members wanted to rebalance the council's overall housing strategy in order to prioritize 'genuinely affordable housing' at lower rents. Homelessness had also increased in the borough. The provision of market or sub-market homes was neither addressing the needs of households in temporary accommodation, nor was it alleviating the cost of this crisis on the council. Politically, the turn to the left in the Labour party had also put pressure on members to move away from a more 'pragmatic', pro-business approach to development. Similarly, in the case of Newham, political contestation and a deepening homelessness crisis triggered a change in approach so that the council's company is now used primarily as a vehicle for building homes at Social Rents or London Affordable Rents, rather than as a revenue-generating mechanism.

These factors more broadly suggest that local housing companies in London cannot simply be reduced to a tool for fiscal experimentation, in as much as they are not purely about housing either. The presence of democratically elected members is not a trivial detail in this case. Despite a series of failings and shortcomings that can easily be attributed to local authorities and their leaders—indeed as Peck (2017) argues, narratives of local failure are constitutive of urban governance under austerity—local authorities remain subject to scrutiny and pressure in a way that other public or quasi-public sector bodies are likely not. In that sense, they are qualitatively different from bodies like the Canada Lands Company (Whiteside, 2017), or the Finnish state's real estate companies (Hyötyläinen & Haila, 2018; Haila, 2008) or even the Office of Government Property in the UK (Christophers, 2016) – bodies all set up with the exclusive purpose of managing or restructuring the state's estate. This has potential implications for theory too. Discussions of the state's treatment of land as a financial asset should not foreclose questions of historical contingency, or the possibility that now and then, the use value considerations of housing "are brought back to the forefront" of struggles over the use of land and housing production (Harvey, 2013, p.18), if not successfully in practice, then at least in aim.

Shifting state-market relations

The discussion above has been an attempt to make sense of the financial and housing affordability dimensions of local housing companies and put them in their chronological and policy context. I have tried to show how processes of land and housing commodification and local government commercialization have been necessarily unstable, and how the motivations that underpin such processes are mediated in relation to a constantly changing set of political and economic conditions (Jessop, 2016).

What I want to turn to now is to shifting social relations associated with the funding and financing of land and housing development in the case of English local authorities. The recent literature on neoliberal urbanism suggests that municipalities are turning to increasingly riskier forms of finance to manage the multiple crises that have been 'off-loaded' on them by higher tiers of government (Peck, 2012; Theodore, 2019). Peck and Whiteside (2016) for example stress that a reliance on financial markets and on riskier forms of revenue generation are not new; rather the use of such methods has intensified over time, while their associated logics and social relations have been institutionalized.

Even before the global financial crisis, Hackworth (2002) was looking at the entry of institutional investors and bond-rating agencies in the realm of municipal finance. In their study of Chicago's infrastructure leases to global investors, Ashton, Weber and Doussard (2016) conceptualize the re-structuring of state-market relations associated with the privatization of public infrastructure as a dynamic and 'recursive' process that works to re-align the temporal "rhythms" and "temporal horizons" of the local state with those of financial markets and capital (Jessop 2008, p.191, as cited in Ashton et al., 2016). Finally, and of particular relevance to this study, Beswick and Penny (2018) suggest that local authorities in London are engaging in an increasingly risky and speculative mode of governance based on the building of homes for market sale and rent, and on an increased reliance on financial markets.

In this following section I engage with this literature on recent shifts in urban governance and investigate the extent to which some of these dynamics are at work in the case of local housing companies in London. My purpose here is not to examine whether urban governance is indeed becoming 'financialized', but rather to think about some of the more substantive issues that critical scholars of urban governance have been grappling with. As excellently argued by Whiteside in a recent special issue commentary on the funding and financing of urban infrastructure, the social relations and politics associated with finance as capital "should not be shed in pursuit of greater technical proficiency within critical studies of finance" (Whiteside, 2019, p.1481).

I turn to some of these issues below. In particular, I think through the following questions. Assuming that the boundary between the state and market, and between public and private finance, is by definition an uncertain one (Mitchell, 1991), then how is it being redrawn in the case of LHCs? What do debtor-creditor relations look like in this case? Who bears the burden of debt finance and who benefits in these relations?

The re-organization of risk relations

One way to start thinking about the shifting relationships between the state and the market is in terms of ‘risk’ and ‘exposure to risk’ (Ashton et al., 2016). Risk is a helpful category here because it captures both the market risks that the state is exposed to, and the social and economic costs transferred to the local authorities by central government (Peck, 2012; Theodore, 2019). It reflects in other words shifting relations of power. In the previous section, I discussed how austerity transfers the economic risks to local authorities, and in Chapter Four I provided a detailed account of what these risks are with respect to local authorities’ responsibility to fund the growing costs of adult and children’s social care.

While a detailed discussion of the multitude of market risks faced by local authorities in their use of housing companies is beyond the scope and purpose of this section, it is important to delineate some basic mechanisms and relations at work. This can help us get better sense of the kind of costs borne by the local authorities in the process of developing their own land and housing *in the context of* fiscal austerity. If we then start from the assumption that central government has already ‘off-loaded’ significant costs and responsibilities (Peck, 2012) to local authorities while limiting their ability to fund services through taxes and grants, then what does the rise of local housing companies tell us about the additional risks absorbed by local authorities in the process of land and housing development? Conversely, to what extent are they able to circumvent market forces or risks?

When discussing risk, state actors stressed that the housing provided through LHCs is vulnerable to risks associated with the private real estate industry. For example, for those units that are for sale or are let at market rents, there is a risk that the municipal company may not able to find tenants or buyers. There is also a risk that the council company does not generate enough profit and becomes insolvent. This could mean that the local authority has to sell the assets to repay the debt. When this was brought up in interviews, state actors were generally optimistic and believed that they would not have to resort to sales, although in the early iteration of the Newham vehicle, selling the rental stream was seen as desirable to the extent that it aligned with the local authority's primary objective of generating revenue (Interview, 2017). An interviewee discussed the uncertainty related to future asset sales:

> The council would bail out the company in reality I think, rather than sell off its assets [the housing and the land], I mean it's debatable. So that's where, you know, it's on that margin of, it's vulnerable to the things that could go wrong in the private sector. (Interview, 2017)

Other risks discussed in interviews and reports include the risk of construction costs and interest rates increasing, as well as political risks such as the Right to Buy being extended to the state's new properties. A lot of the risks discussed by local authority actors were calculated or 'measured'. Some of these risks, like the ability of not meeting a certain level of profit were to be expected, while others, such as a significant downturn in London's property market were seen as more unlikely. An interviewee talked about these dynamics in their broader context:

> If we take a risk, and, government is encouraging us to take a risk and act more commercially, not everything we do will work…we appreciate that, if they do a dozen developments on a financial model that make projections about rentals, there are so many variables in terms of, at a basic level, where do people want to live. It is highly unlikely every one of them will deliver a profit and to the original model. (Interview, 2018)

Another part of the story from the perspective of those involved, is that by directly developing the land that they own, local authorities have assumed the financial risk that private developers have been unwilling to take on, particularly in the context immediately after the market crash of 2007-2008. As explained in Chapter Seven and Chapter Eight, the failure of past forms of market-led models of development was one of the initial triggers for the establishment of housing companies in the cases of Ealing and Croydon. Right before the financial crisis, Croydon had entered into a large-scale joint venture with a large developer to develop parts of its town center. The idea was that Croydon would provide the land for free while the developer would bring in private finance. But with the crisis in 2008 and the ensuring downturn in property markets, the cost of private finance was too high for the developer. Combined with the developers' unwillingness to provide affordable housing, this had resulted in the failure of the partnership. One effect of this failure is that Croydon council had to borrow money from central government to 'bail out' one of the redevelopment projects that had already started.

The idea of taking on development in order to 'de-risk it' is something that also has to be put in the context of London's different land markets. Catalyzing private sector development has predictably been an issue for outer London boroughs where land values are lower. The case of Barking and Dagenham's wholly-owned development company is a good example. An interviewee explained speculative developers' unwillingness to develop lower-valued sites, the role of council-owned companies in 'making markets', and the differences between local housing companies and developers:

> In fact, in in many ways…we are…making the market, because we are buying sites to bring them forward, because the private sector won't bring them forward…By definition housebuilders must not exceed demand because the price will start to go down. They only want to trickle stuff onto the market...So we're saying you know, look, you can build commercially viable development at an affordable rent, and make money out of this. And we are ploughing it back into the council. Housebuilders can't do that, won't do that. (Interview, 2018).

As the London housing market is weakening, some local authorities like Ealing have also started to buy properties from the private sector, de-risking in the process the sale of new homes by private developers. The homes that Ealing is acquiring through its housing company are a mixture of Section 106 homes (affordable homes built by developers as part of planning gain), and discounted market homes that developers are worried about selling (Interview, 2018). From the perspective of the council, this is a "good asset-building opportunity" but also a "good market intervention," if "pre-purchasing 100 units unlocks the other five hundred to come forward" (Interview, 2019).

If local authorities are both susceptible to real estate risks and work directly or indirectly to 'de-risk' some of the activities of the private sector, they are also attempting to assume a counter-cyclical role in land and housing development. The idea that they can easily 'flip tenures', for example from higher to lower rents, was presented first in the context of mitigating general risk, and second, as a more organized strategy to counter the effects of a downturn in the property market in London and the potential impact of a 'no-deal' Brexit (Interviews, 2018). This was particularly true in Ealing, where the council had tweaked its tenure mix towards more affordable housing. The injection of subsidies in the program meant that the council could now really act as a "counter-cyclical investor" with "far greater immunity to market changes as housing associations or the private sector" (Interview, 2019). If asset prices suddenly dropped with Brexit, there were two views about what would happen to the local authority company:

> There's a pessimistic one and there's one of, well as the only countercyclical investor in town, we have both an obligation to even out market cycles where we can—whether this [Brexit] counts as a market cycle is a different matter— also acquiring assets at rock bottom prices in the middle of a crisis seems quite a useful thing for a local authority to be doing in terms of its long term sustainability. (Interview, 2019)

In their use of municipal housing companies, local authorities have also been able to bypass market cycles and risks in another important way: through their access to low-cost loans from the central state. With some exceptions, local authorities have been financing the development of their land and the acquisition of property from the market, not through private finance, but through public loans secured from the Public Works Loan Board (PWLB). As explained in Chapter Four, the PWLB is part of the Debt Management Office, the arm of the Treasury responsible for borrowing on behalf of central government and for managing the government's debt. The Public Works Loan Board lends to local authorities at gilt (bond) yields, plus a small margin. As gilt yields have collapsed over the last decade, local authorities have been able to borrow from central government at historically low interest rates, typically at around two percent.

So, what kind of power relations are at work between the central state and the local state in the process of on-lending? The first important point it that loans issued by the Public Works Loan Board are the safest and most transparent form of borrowing for local authorities. Because interest rates are set daily based on gilt yields, there is no scope for direct financial discipline (Gore, 2019; Benjamin, Malinen & Rogers, 2019). In other words, as long as local authorities can show that they have the revenue to back the borrowing, they are all able to borrow at the same rates. As noted by Gore (2019), the fact that interest rates are based on gilt yields "doesn't reward or punish councils for the state of their finances". Moreover, while PWLB loans are not guaranteed by the state, the PWLB can issue loans to local authorities to help them repay expensive private loans. This makes the PWLB a 'lender of last resort' for local authorities (Benjamin et al., 2018).

There is also currently no system for local authorities to default on any loans that they cannot repay, including PWLB loans. Local authority borrowing is secured against their revenue stream and local authorities are legally required to set aside a 'Minimum Revenue Provision' to pay their external debt and to balance their budgets. If a local authority runs out of income to meet these obligations, it can issue a Section 114 under the Local Government Finance Act of 1988. This triggers the imposition of spending controls and freezes all expenditures on services except from essential services for vulnerable people.

The relative safety associated with this form of borrowing was reflected in interviews with local authority actors. For example, an interviewee talked about the significance of low interest rates and the simplicity of the process:

> …Public Works Loan Board funding is also straightforward, so if you get a big financing pack from a bank there's all sorts of conditions that you have to meet. Whereas with the PWLB basically you get money at a certain interest rate and as long as you repay it within the timescale, it's fine. So, it's attractive because it's low interest rate, but it's also attractive because it's straightforward. (Interview, 2018)

Another interviewee explained the rationale for why local authorities are generally not borrowing from the private sector: "…why would Local Authorities want external finance? So, is it cheaper? Very very occasionally, but not very often. Does it come with more strings attached? Normally" (Interview, 2019).

It is also worth emphasizing that borrowing money from the Public Works Loan Board is incredibly easy. All it takes as noted by one interviewee is for the finance director of a council to make the phone call to the UK Debt Management Office, give the amount required, and then decide if the interest rates will be fixed or variable "and it's done" (Interview, 2017).

There is a broader question here as to whether central government will at any point decide to curb local authority borrowing from the PWLB. As noted by an interviewee with in-depth knowledge of local authority housing companies, it is possible, although at least in 2017, that was considered unlikely:

> It's [local authority borrowing] all on the public sector borrowing requirement [the budget deficit], numbers are growing very quickly, but they are still at levels that government regards as relatively insignificant. And I think while local authorities are using the money either for residential purposes, or where it's conservative local authorities doing other things, government will be inclined to leave the tap open but there's definitely a risk, if the government says, you got to stop doing this, just for wider financial stability reasons. (Interview, 2017)

Another important point is that the PWLB is also the source of borrowing for local authorities who borrow against their Housing Revenue Accounts (HRA), in other words against the rental income of their council housing stock, and without companies. As noted earlier, at the end of 2018, the cap on borrowing for council housing was lifted so that local authorities can now borrow to build new homes at council rents. They can borrow as much as they want as long as they can show they have the rental revenue to support this. The lifting of the borrowing cap is in many ways consistent with the broader pattern of central government being less concerned about growing public sector debt since 2015, in a context in which austerity is becoming a losing political battle and in which government is primarily concerned with Brexit. As explained by an interviewee:

> From a local authority perspective, we don't care. I wonder whether the government really cares anymore. So, you had a political period probably 2008 to 2015, 2016 where monitoring the PSBR [the national budget deficit] was almost a political issue you know. So, Brexit consumes all, if the PSBR balloons, you know, I think the public have had enough of austerity anyway so they would probably go well, so what? So, I don't know whether it has the same political salience of technical arguments on both sides." (Interview, 2019)

The history of central government lending to local authorities has not always been conflict-free, however. PWLB Loan repayment terms are not always favorable[74] for example. On occasion, local authorities have also been pushed to borrow from financial institutions, and this remains a possibility in the future. Notably, between 1955 and 1964 local authorities were forced to borrow from the capital markets to fund the construction of new council homes and other capital projects, unless they could show that they were not able to access credit on reasonable terms. One of the rationales for this change in policy was that it would help keep the government's budget deficit down (Bank of England, 1966; CDP, 1979).

From the 1980s onwards, central government reduced local authorities' dependence on bank-lending as a way to control its monetary policy (Hall, 1977; HM Treasury, 2016). By making the PWLB the primary and least expensive lender to local authorities, central government would be able to reduce the cost of financing the public sector deficit (Hall, 1977). The move to centralized lending would also reduce the Bank of England's own reliance on financial institutions to meet day-to-day cash shortages (Temperton, 1991). More importantly, until the early 2000s, this centralization of government lending to the public sector was one of

[74]Following a change of rule in 2007, local authorities face repayment penalties if they refinance loans issued prior to this time. Given different interest rates at the time, these loans have higher interest rates, typically five percent or above (Marrs, 2018a).

the ways in which the central state sought to control local public expenditure. Rather than borrowing without limits using the self-policing system of ‘prudential borrowing’ that exists today, local authorities would need approval from central government when borrowing (Murphy, 2005).

There have also been times when lending by financial institutions has been cheaper than PWLB lending. This was the case in the run up to the financial crisis, and in its immediate aftermath. Local authorities across England took out derivative-embedded loans or LOBOs (Lender Option Borrower Options) from commercial bank lenders including Barclays and the Royal Bank of Scotland. LOBO loans have become the subject of a High Court challenge, with councils including Newham suing banks claiming that the loans were fraudulent. Commentators also note that George Osborne’s (the then Chancellor of the Exchequer) decision to raise PWLB interests in 2011 contributed to the rise of risky borrowing from banks in the aftermath of the financial crisis (Brady, 2018)

While local authorities have on occasion been pushed to the capital markets, including as we will see below in the case of affordable housing provision, for the most part they retain the ability to borrow at low, protected rates from the central state**.** This form of funding seems qualitatively different from accounts of ‘financialized governance’ to the extent that local authorities are *not* doing most of their borrowing from capital markets. In structural terms, they do not depend on financial markets in the same way that housing associations do. Simply put, private financial institutions are for the most part, not the ones profiting from the rise of local housing companies. Here, we can also say then that state is bypassing financial markets in a way that is similar to the case of Canada as argued by Whiteside (2017), where the Canada Lands Company is able to circumvent the market and draw on “the full borrowing power and creditworthiness” of the Canadian government (Whiteside, 2017, p.2).

The fact that this is not private capital seeking a return is also important for theorizing processes of urbanization. A central assumption that underlies much of the urban political economy literature, including the literature on financialization, is Harvey's thesis of the urbanization of capital (Christophers, 2019b). This posits that a surplus of profits accumulated in the productive sector (the 'primary circuit of capital') are channeled into the built environment (the 'secondary circuit of capital'). The state in this respect is understood to play an enabling role in channeling this investment in real estate development (Harvey, 1978, 1985). In the case of LHCs, the presence of 'public' debt challenges such readings of both the state and capital in urbanization. Although the boundary between public and private finance is of course not a firm one—consider for example how PWLB rates are influenced by the collapse of sovereign bond yields, and how pension funds lend to the central state—the fact that it is the state doing the lending is not insignificant for thinking about the flow of credit in cities, and about the power relations that underpin such flows.

As argued excellently by both Christophers (2019) and Green and Lavery (2017), the role of monetary policy in the built environment remains an under-researched and under-theorized topic. The question of unintended effects, as noted by Green and Lavery (2017) in their study of the impact of post-crisis monetary policy on housing markets in the UK, is also salient in this case. It is unlikely that the various arms of the central state, including the Treasury, ever imagined that a combination of fiscal austerity and unconventional monetary policy (low interest rates, quantitative easing) would lead local authorities to start borrowing at such high rates and participate in land markets in the way that they have, both through their commercial property acquisitions and through their housing companies.

The fact that the lender is the state itself also complicates the argument that urban policy is increasingly governed by the interests of outside investors and shareholders. While market and financial logics are undeniably at work—most notably as seen in the use of wholly-owned companies limited by shares, and in the production of homes for market sale and rent—the shareholder is none other than local government itself. Indeed, in the use of wholly-owned companies, local authorities retain ultimate control over key aspects of the land and housing development process, including most importantly, the tenure mix of planned developments.

Nevertheless, while the general tendency has been for local authorities to borrow from central government to finance housing provision, the reality is that private finance remains an important option at least for some local authorities. There are several reasons for this. A finding that emerged during the research is that while housing departments are keen on providing homes directly (without developers), finance officers are often more concerned with the risks associated with borrowing too much from central government. In some cases, like in the west London Borough of Harrow, this led the council to wrap-up its original plan to deliver homes directly through a wholly-owned company, and to start looking for a private developer to enter into a joint venture with (see Hinks, 2019 for details).

Related to this, ongoing cuts to local budgets continue to structure local authorities' decisions with regards to how much they borrow, and from where. In the case of Croydon, such budget pressures coalesced with another factor: the slow but growing presence of institutional investors in the realm of affordable housing provision.

Some brief background is important here. For a long time, institutional investors such as pension funds and insurance companies struggled (and to a large degree continue to do so) to invest in London's property market. In large part, this is because the rental market is dominated by small 'Buy-to-Let' landlords. The Buy-to-Let mortgage market exploded in the 1990s, and was facilitated by financial liberalization, the deregulation of private rents in the late 1980s, and the introduction of demand-side subsidies for housing (Housing Benefit) which made the rental sector more appealing to investors (French & Leyshon, 2011). The emergence of this market in the 1990s, its boom in the 2000s, and its resurgence after the crisis largely explains why small, individual landlords own the majority of the residential rental sector in England.

A 2007 report by the Greater London Authority on barriers to institutional investment in London's rental sector noted that institutional investors have traditionally been priced out by both owner-occupiers who are willing to pay more for homes close to valuable amenities and buy-to-let investors (Grant & Sankoli, 2007). At the time, commercial property in London provided a return twice as high as that of residential. The use of Real East Investment Trusts (REITs) introduced in the UK that same year (2007) was also unlikely to shift investment from commercial to residential markets, according to the report (Grant & Sankoli, 2007).

By 2012, a similar report on barriers to institutional investment, this time written by an insurance company on behalf of central government, discussed the need to encourage institutional investment in rental markets in the context of tightening mortgage markets and an expanding private rental market (DCLG, 2012c). The barriers identified were largely the same. The institutional investment sector had not expanded primarily because of lower rental yields in the residential sector compared with the commercial one. As may now become a familiar pattern to the reader, the recommendations of the report focused largely on pushing local authorities to release more public land to institutional investors to facilitate the construction of new rental schemes that could be purchased directly by institutional investors (DLCG, 2012c).

While institutional investment into housing appears to have grown slowly since 2012, the last two years have seen somewhat of a shift towards increased investment in the residential sector, although it is potentially too early to assess the size and significance of this (IPE Real Assets, 2018). One reason for this increased institutional investment into rental markets is the slowdown in the market for housing sales, partly induced by Brexit; the other is growing demand for rental housing (Khan & Reid, 2019).

In 2018, pension fund and insurance company Legal & General launched the creation of Legal & General Affordable Homes, a wholly-owned company that invests capital in affordable housing provision "with the purpose of overcoming the critical deficit in affordable housing for families and households in the open market" (Legal & General, n.d.) In April 2019, the pension fund entered into a private public partnership with Croydon to invest £44.6 million into the acquisition of 167 homes from the council's charitable arm, Croydon Affordable Homes. The homes, which were initially acquired by the council using central government loans, will be leased back from L&G to the council for a period of 40 years. Put simply, Croydon re-mortgaged its homes with a private lender. From the perspective of the council, the deal was beneficial because it allowed the council to transfer its debt off its balance sheet. L&G now hold the debt, and Croydon's arm-length charitable arm has to repay it. In many ways, this marks the first deal of its kind in London and it is possible that other local authorities do something similar.

The entry of institutional investors in the market for temporary accommodation (the homes leased by local authorities to homeless residents) needs to be understood in the context of broader changes to government policy as well as shifts in housing markets As explained by Julie Rugg (2016) in her extensive research on the temporary accommodation crisis in London, the withdrawal of housing associations from the provision of social housing and temporary accommodation has facilitated the entry of new actors in the market for temporary accommodation. As explained throughout the study, the withdrawal of housing associations as providers of social housing is a result of an intersection of several factors including the freezing and capping of government subsidies to low-income renters (which supported the housing association model), dramatic cuts to their grants from central government from £8.4 billion to £4.5 billion between 2009 and 2010, and the introduction of a new rent regime based on the setting of 'Affordable Rents' at up to 80 percent of local market rents. The "critical deficit in affordable housing" that Legal & General talk about overcoming than has to be seen in this context.

An analysis of the power relations between local authorities and the institutional investment sector is beyond the scope of this study. However, a couple of tentative points can be advanced. First, it is worth noting that the mere presence of institutional investors in the realm of council housing and affordable housing does not necessarily suggest that they wield significant influence over the sector. However, local authorities' borrowing decisions can equally not be understood in isolation. One thing we do know is that pension funds, in particular Legal & General are putting significant effort establishing relationships with local authorities. All four local authorities talked about being approached by investors or sovereign wealth funds. As noted by an interviewee in Ealing, the problem is not that there is a *lack* of funding for housebuilding:

> A lot of people coming to see us with bags of money if they actually had them, but you know serious money out there, patient capital, long-term investment, and trying to find ways to fund the council's ambitions. Our closest to home source of funding is the PWLB, but it's still how do we learn to make that work best for the council. (Interview, 2018)

We also know that local authorities are approached on a regular basis by investors to enter into 'income strip deals' similar to the one that Croydon has entered into with Legal & General (Marrs, 2019c). As illustrated in the partnership between Croydon and the pension fund, income strip deals are a kind of forward funding method that involves the acquisition of property assets by an investor, their leasing back to the local authority, and their sale back after a period of 40 years or so for a nominal amount of £1. Here the actual initial acquisition of the properties was conducted by Croydon council with PWLB money, in coordination with L&G. So, the income strip deal technically forward funds or repays a part of Croydon's debt to central government, rather than directly paying for the building or acquisition of assets.

As a source of finance, income strips could start becoming a competing source of investment for local authorities as they provide local authorities with an opportunity to lower their overall levels of borrowing. However, income strips are also risky for local authorities because they are linked to inflation, which is also the reason why institutional investors find these attractive, as pension annuities rise in line with inflation (Marrs, 2019c; Gladwell, 2019). However, without knowing how CPI inflation will rise or fall over the course of these deals (typically 40-50 years), local authorities face the risk of shouldering increasingly high lease payments to investors, according to a council housing finance advisor (Christian Wall, as interviewed in Marrs, 2019c).

Finally, the perspective of institutional investors such as L&G who are looking to invest in local government and affordable housing is important for getting a better understanding of the kind of risk-relations involved, and how they are potentially being re-structured as investors begin to lend directly to local authorities. From the perspective of Pete Gladewell (2018) who is responsible for heading investment into affordable housing for L&G, lending directly to local organizations including local authorities means that investment does not have to go through a number of financial intermediaries such as developers, investment banks, investment consortiums and so on (see diagram below).

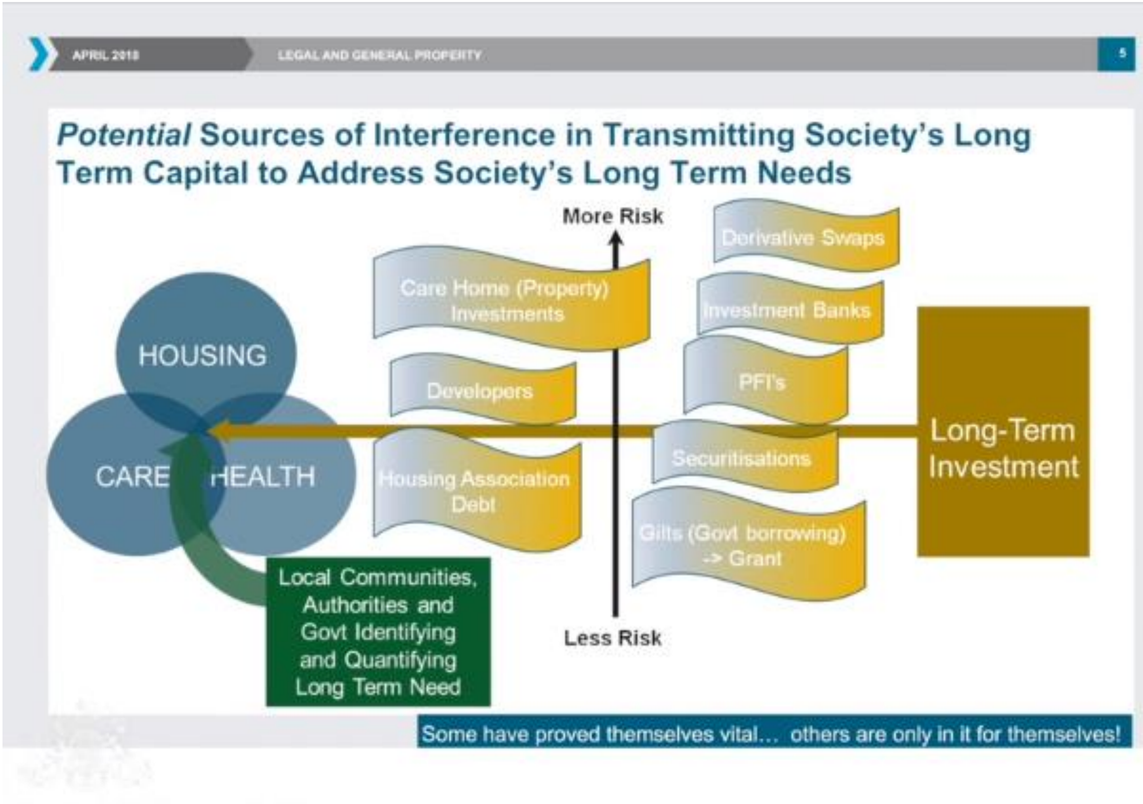

Figure 11: L&G presentation (2018) at Royal College of Art.

For L&G, this may mean taking on some extra risk, but the benefit to local authorities for example is that this borrowing will be cheaper. Of course, as an institutional investors L&G also lends to central government, who then on-lend to local authorities. The difference, as pointed out by Gladwell, is if this money does not go through central government, but goes directly to local authorities and communities, central government essentially will not absorb the risk, L&G will (and local authorities of course, although this is not discussed here):

> The likes of L&G can continue to sit in an ivory tower and lend money to the government. Legal and General alone has lent 83 billion of pounds to the UK government that of course is then on-lent to local authorities as Public Works Loan Board, that is then on-lent to community groups. So, we can continue to sit back and let government shield us from all risks and let housing associations shield us from all risk. But this again for me is about those of us stewarding large amounts of society's money stepping up to collaboratively taking more risk, and particularly if that removes the excess returns going to people who would otherwise take that risk. So, if I can take a bit of the risk that a developer would take but that means I'm not having to pay a developer 20 percent more, then that's a good thing socially because it means the money gets more cheaply to the social need. (Gladwell, 2018 [Video File])

If the last eight years has seen local authorities increase their reliance on borrowing from central government through the Public Works Loan Board, the potential risks accrued through direct partnerships with institutional investors, if these actually become a more popular method of investment (it is not clear at all that they will), suggests that these institutional arrangements (for example towards safer, or riskier forms of finance) are always unstable. More importantly, as long as local authorities are not properly funded by central government to provide public services, they will continue bearing the cost of having to take these kinds of devolved decisions with respect to risk.

A moving conjuncture

In sum, what I have tried to show in the above discussion is that the trajectory of local authorities' revived role as landowners and housing developers has been a dynamic one. The extent to which the local state has privileged the goal of income-generation over housing affordability, and conversely the exchange value of its land over its use value, has been contingent on a series of ongoing political and market shifts. The same is true with regards to local authorities' borrowing decisions.

Fist, a transformed political and funding environment has meant that there is increased pressure for local authorities to deliver housing that is actually affordable to households with lower-incomes. To a degree, this has facilitated a shift towards more affordable housing provision in two of the case study local authorities, Ealing and Newham. This change in direction is small, however and remains relatively fragile. While the shifting national politics of housing and the partial return of grant funding in London have resulted in some local authorities taking a step away from commercialization, this does not guarantee that exchange value considerations will not return to the foreground in the treatment of public land. As observed by an interviewee, should local finances continued to deteriorate, local housing companies could take a much more commercial turn again and become a "life raft" for public services that the state will no longer fund (Interview, 2019). Moreover, the borrowing cap for housing may have been lifted but local authorities still lack key resources including land (Christophers, 2018). They also lack substantial subsidies for building homes at lower rents, and still face the prospect of losing new homes to the market through the Right to Buy policy.

The extent to which the state uses public or private forms of finance also has to be understood in the context of the re-organization of risk relations across the necessarily blurry line between the public and the private, and between the state and the market (Mitchell, 1991). Through its use of housing companies, the state is exposed to a series of market risks, particularly in those cases where there is no grant, or where the primary purpose is to generate a financial return to the council. At the same time, the state is also re-orientating itself away from the interests of external shareholders and investors, as it attempts to assume greater control over the development of its land and housing assets. Perhaps more importantly, and similarly to the case of the Canada Lands Company explored by Whiteside (2017), the state is able to circumvent financial markets by borrowing directly from the Public Works Loan Board (PWLB), the central arm of the state responsible for lending to the public sector. At the same time, while the PWLB remains the primary source of finance for local authorities, enduring austerity and a lack of subsidies for housing means that private finance, in this case through institutional investors, can become an attractive option for some local authorities, particularly if it will reduce their immediate costs of servicing debt.

Here it may be helpful to come back to Jessop's (2016) strategic relational approach to structure-agency dynamics and summarize in more explicit terms the shifting structural constraints and conjunctural opportunities that local authorities have faced in the case of local housing companies. To recap, the strategic relational approach broadly assumes that structures as never totalizing: they are different for different actors at different points in time, and in some cases they can be transformed. Accordingly, every 'structural ensemble' has both conjunctural and structural elements to it (Jessop, 2014). The conjunctural elements are those that can be changed, while the structural ones are those that cannot. Jessop delineates a secondary dialectic between two forms of agency. In the first one, 'reflexive' actors are able to destabilize or change a particular set of constraints or opportunities through changes in the kind of tactics and strategies they use (Jessop, 2014). In the second, actors may not be able to act in such a capacity and instead enact strategies that more or less work to support the prevailing set of interests or values in a given system. These can broadly be thought of as mapping onto the logics of 'path-shaping' and 'path-dependency' respectively.

If we turn back to the case of local housing companies in London, the first point that bears emphasis is that despite operating in a particularly challenging environment, local authorities have exercised some strategic autonomy, and have to a degree, adjusted the set of structural constraints that they face. Through the establishment of wholly-owned companies, local authorities have circumvented the cap on their borrowing for housing and are shielding new homes from the Right to Buy. The proliferation of local housing companies since 2014 has inadvertently changed the direction that housing and urban policy is taking as a result. Central government has reacted ambiguously towards this development. At times it has been openly disapproving of local authorities circumventing the Right to Buy, at others time it has been supportive of local authorities building housing in general. The risk that the Right to Buy is extended to units provided by local housing companies remains a possibility, however.

Conversely, local authorities have also taken advantage of a set of 'conjunctural opportunities' (Jessop, 2016). These include access to very cheap credit through the Public Works Low Board as a result of historically-low interest rates, quantitative easing, and the continued collapse in gilt yields. The boom in property values from 2014 onwards, fueled to a significant degree by the resurgence of the Buy to Let mortgage market, had a differential impact on boroughs. Comparatively lower property prices in Enfield for example enabled the council to acquire homes from the market with relative ease for the first two and a half years of the boom, while rising land and property prices have enabled boroughs such as Newham to capture uplifts in value. The devolution of new legal powers has also allowed local authorities to set up income-generating companies a lot more easily.

As the phenomenon of local housing companies has evolved over time, so have the constraints and opportunities facing different local authorities. Given the new set of challenges associated with delivering housing through corporations, and without subsidies, local authorities have been relatively constrained in their ability to challenge prevailing institutional logics and practices, such as a reliance on financial viability models to calculate their own affordable housing contributions through their companies. Another practical constraint is the difficulty of using cross-subsidy in a land market like Croydon, where property prices are comparatively lower than the rest of London.

A changing funding and political context has accordingly given rise to new opportunities including the lifting of the borrowing cap for housing and the introduction of grant funding in London. The case of Ealing in particular illustrates the way in which reflexive state actors are able to adjust and redesign their land and housing strategies in response to both internal policy learning, and to external pressures. The ongoing fall of gilt yields, particularly in the context of Brexit and an anticipated global recession, has made borrowing even cheaper for local authorities. The slowdown in the housing market, again partly caused by Brexit, in combination with the distribution of subsidies by the Mayor of London has also provided some local authorities with the opportunity to assume a counter-cyclical role in housing delivery. The same market conditions are also potentially enabling institutional investors to increase their investment in rental markets in London. So far, it is not clear that their growing presence is significant enough to alter the structures within which local authorities are working. The cost of borrowing from the Public Works Loan Board continues to be at a historic low and will likely continue to be the preferred source of finance for most local authorities.

Although local authorities remain constrained in fiscal terms, they have had some room to maneuver through their borrowing powers. The emergence a minority (Conservative) administration after Brexit means that the central state has little power or will, to legislate against the use of housing companies, or to curb local authority borrowing. While cuts to the public sector are still in place, the government's goal to reduce the budget deficit to zero has largely been abandoned since 2016. As noted by a number of interviewees, this shift away from deficit reduction as well as the constitutional crisis associated with Brexit means that at this point, central government remains relatively unconcerned about growing public sector debt. Of course, the electoral landscape in the UK is the most unpredictable element here, and therefore that with the most 'path-shaping' potential. It is possible, in other words, that a different government either legislates against local authority housebuilding and borrowing, or conversely provides local authority and housing associations with significant funding.

In sum, an understanding of the nature of the rise, evolution and future trajectory of local authority housing companies requires attentiveness to these shifting relations, between the central and local state and between the state and the market. These shifting relations are not only important for contextual and historical reasons, they are also the clue to understanding the broader nature of the state's intervention in housing and land. Local authorities may very well be privileging the exchange or monetary value of their land over its use value at a particular point in time and place, but this process has been as I have shown, a necessarily contingent and unstable one.

CHAPTER TEN

Conclusion

The revived role of local authorities in the land and housing development process in London has opened up a series of questions about contemporary urban governance and about ongoing transformations in state-market relations. As I have shown throughout this dissertation, some of these questions concern the historical and geographic specificity of the phenomenon. After nearly 30 years of being in retreat, local authorities have re-emerged as builders and providers of housing. But their return has been far from straightforward.

To overcome a series of centrally imposed constraints on their ability to provide and preserve housing, local authorities have established wholly-owned companies to meet a multitude of policy objectives, including meeting a growing demand for affordable housing and generating a revenue-stream for municipal purposes in light of dramatic cuts to their funding. In this context, I have asked: why, how, and to what end are local authorities developing housing on the land that they own? And what are some of the political and economic implications of this historic shift in urban and housing policy? What ‘is’ this phenomenon, in broader theoretical terms? Where does the state’s revived role in land and housing fit in discussions of neoliberal governance? What forms of politics and what relations of power are at work?

Building on and complementing the work of Morphet and Clifford (2017), Hackett (2017), Beswick and Penny (2018) and Christophers (2019), I have tried to explore in substantive terms how local authorities’ revived role in land and housing markets has unfolded in four local authorities in London, and across the capital more generally. By adopting a historical and relational approach to the study of urban policy and politics, I highlighted the different forms that the phenomenon has taken across place and time (Peck, 2017; Jessop, 2016).

Drawing on the strategic relational approach to questions of structure and agency, I contributed to renewed discussions on urban policy, politics and governance after the crisis and under austerity. In thinking about how relations of risk and power are restructured at the level of localities in the context of enduring neoliberalism, I have tied to situate the actions of local government in relational rather than essentialist terms. The case of local housing companies suggests that, while there may be a tendency towards more marketized and financialized forms of governance under ongoing neoliberalization, the existence of these dynamics in the case of LHC is not straightforward. In part local housing companies occupy a liminal space that defies easy categorization and theorization. In an attempt to capture this contradictory form and content of LHCs, I focused in developing a more process-related understanding of the underlying social relations that are at work, and of how these have evolved time. Through this perspective, the evolution of local housing companies can more accurately be understood as one piece of a larger process of political economic transformation involving shifts in the balance of forces between different public and private arenas, and between different institutional arms of the state.

I uncovered a number of findings in the process. First, in exploring how a series of policy and market forces have 'fused' at the level of the local (Hall, 2007), I showed how municipal housing companies in London have emerged in response to two major crises: the fiscal and financial crises of local authorities under austerity, and the growing homeless crisis and crisis of temporary accommodation across the capital. While the idea of meeting the housing needs of middle and higher-income households is a part of local authorities' rationale for the creation of housing companies—in part, it should be noted, as a way to justify the use of cross-subsidy—the growing number of families in particular living in unsafe and insecure emergency housing as a result of evictions from the private sector, has emerged as problem of critical importance for all four of the local authorities involved. This confirms early conversations with key actors with knowledge of the phenomenon (Interviews, 2017), as well as the work conducted by Hackett (2017) that housing companies in London have largely coalesced around the objectives of income-generation and addressing the homelessness crisis. Of course, underpinning both of these strategies has been the astronomical rise in house prices and rents from 2014 onwards. As stressed by Green and Lavery (2017), the resurgence of the Buy to Let mortgage market after the crisis was in large part enabled by the lowering of interest rates to historic lows by the Bank of England in 2014. And, critically, as noted by Christophers (2019), it not possible to understand local authorities' expanded role in housing and land markets without considering the role of unconventional monetary policy in the collapse of bond yields and by extension, in local authorities' borrowing costs from the central state.

I also showed how the motivations and processes underpinning the use of housing companies have varied across space and over time. In some cases, like Newham, local authorities have taken advantage of rising land values to generate an income stream for municipal purposes through market-rent residential development. In others like Enfield, local authorities have sought to reduce their reliance on the use of expensive temporary accommodation in the private sector by buying properties and leasing them to formerly homeless families and households. There are also cases like Croydon and Ealing where local authorities are developing homes for market rent and sale to cross-subsidize the development of social homes, or sub-market homes that seek to approximate social rents and tenures.

While local authorities are on multiple occasions prioritizing the market value of their land and housing assets, I have argued that they are rarely doing so purely for income-generating reasons. Instead, revenue is used either for cross-subsidy purposes (to provide affordable housing) or to fund public services that have been defunded by central government. Whether local authorities can be said to 'financialize' their assets is not clear. I suggest that potentially such a discussion is also a distraction from a more important set of questions related to the broader political and economic context within which the phenomenon of LHCs has unfolded.

Indeed, the changing context of local authorities' revived role in land and housing markets is critical for understanding the nature of LHCs and where the phenomenon may be heading. Some important changes include the lifting of the borrowing cap for housing in 2018, the turn to the left in the Labour party, the introduction of some (although not significant) affordable housing subsidies by the Mayor of London, and the return of social housing to the fore of mainstream of political debate. As I have shown in the case of Ealing and Newham, this changed environment has impacted the kinds of decisions that local authorities are taking with respect to the kinds of homes provided, and their level of affordability. Moreover, like other areas of policy, enduring political volatility following the 2016 Brexit vote casts significant uncertainty on the direction that the phenomenon will take in the future.

It bears emphasis here that the changes enacted at the national or London-wide level *do not* represent a significant challenge to the prevailing political and economic forces at work. By calling attention to these changes, such as the lifting of the borrowing cap or the introduction of limited subsidies, I do not mean to suggest that local authorities are able to effectively change their strategies or scale-up their production of social housing. Instead, I have paid attention to the changing context because it is central for understanding what the 'actual' strategies of local authorities are, as well as their necessarily contingent nature. I doing so, I have resisted theorizing about local authorities' strategies in relation to one point in time, or with respect to simply their more problematic dimension, that of income-generation. In this way, this kind of analysis constitutes a broader attempt to historicize a particular moment in London's transforming political economy. My critique is embedded within this historicization and concerns the whole set of relations at work between state and market actors, and between different levels of the state.

Throughout the dissertation, I have also examined how relations of risk and power have been re-organized across the public private divide. In large party my focus has been on understanding the context for the funding and financing decisions taken by local authorities. To be sure, the provision of market or sub-market housing without subsidies, or with limited subsidies, exposes local authorities to potentially significant risks. Notably, the risk that rental markets collapse could leave local authorities unable to repay their debt. But it would be inaccurate to suggest that local authorities face the same risks as private actors. Local authorities retain importantly the power to borrow from central government and effectively circumvent the financial markets, something neither developers nor housing associations can do (Whiteside, 2017). While the central state has provided local authorities with access to low-cost finance throughout British history, the persistence of record-low interest rates needs be understood in terms of its historical specificity and in relation to broader transformations in global political economy.

I showed nevertheless that this reliance on central government loans is at least for some authorities, fragile. I explained how an intersection of factors including cuts to local authority funding, the withdrawal of housing associations form social housing provision, and the growing interest of institutional investors in rental markets led Croydon Council to enter into a partnership with a large pension fund to finance part of this affordable housing program. I argued that these state-market dynamics both support and diverge from emerging theorizations urban governance after the crisis. While growing financial logics may be at work in the case of local housing companies, and indeed while institutional investors are starting to gain a growing presence in affordable housing provision, the primary source of finance for most local authorities is public in nature, complicating prevailing theories about the urbanization of capital as well as the growing role of financial markets in urban governance (Harvey 1985).

There are also limitations to this study. The first is the absence of an explicit engagement with the concept of rent as social relation. While I used the idea of rent implicitly throughout this study, it was beyond the scope of this dissertation to engage fully with the concept. My discussion of commodification was also relatively schematic in nature. I based my analysis on relatively narrow conceptions of use and exchange of use value; indeed, I worked through ideas of commodification and the potential treatment of land as a financial asset primarily for heuristic purposes. A further exploration of struggles over the commodity form of public land and housing would engage in more depth with the concept of rent, and with the politics of value.

There are some empirical limitations too. By researching four local authorities and the broader context within which their actions has unfolded, I limited my understanding of the phenomenon to a kind of 'meso' or mid-level analysis (Peck, 2017; Jessop, 2016). Given this extensive focus, this dissertation does not provide an in-depth or 'thick' description of particular local authorities, of their institutional histories, or of ongoing struggles over the land development process (Geertz, 1970). Moreover, as noted in my methods chapter, my knowledge of the phenomenon is also limited by the data collection process. Specifically, my analysis of 'social relations' is to a limited to the perspective of the select state actors that I interviewed. The perspectives of other actors including community groups, central state actors, and market actors would significantly enrichen an understanding of local authorities' shifting state and land strategies.

BIBLIOGRAPHY

Allen, J. (2018, June 20). Low gilt yields show there is room for higher UK public spending. *The Financial Times*. Retrieved from https://www.ft.com/content/7f3a1bf2-73b2-11e8-aa31-31da4279a601

Ambrose, P. J. (1994). *Urban process and power*. London: Routledge.

Amin-Smith, N., Phillips, D., and Simpson, P. (2016). *Real-terms change in local government service spending by LA decile of grant dependence, 2009–10 to 2016–17, England, Scotland and Wales*. London: Institute for Fiscal Studies.

Amin Smith, N., Phillips, D., Simpson, P., Eiser, D., Trickey, M. (2016). *A time of revolution? British local government finance in the 2010s*. London: Institute for Fiscal Studies.

Andersen, P. H., & Kragh, H. (2010, 01). Sense and sensibility: Two approaches for using existing theory in theory-building qualitative research. *Industrial Marketing Management, 39*(1), 49-55.

Apps, P. (2019, January 30). East End promise: an interview with Newham mayor Rokhsana Fiaz. *Inside Housing*. Retrieved from https://www.insidehousing.co.uk/insight/insight/east-end-promise-an-interview-with-newham-mayor-rokhsana-fiaz-59919

Ashton, P., Doussard, M., & Weber, R. (2016). Reconstituting the state: City powers and exposures in Chicago's infrastructure leases. *Urban Studies, 53*(7), 1384-1400.

Association for Public Service Excellence. (2009). *Insourcing: A guide to bringing local authority services back in-house.* Retrieved from http://www.apse.org.uk/apse/index.cfm/research/current-research-programme/insourcing-a-guide-to-bringing-local-authority-services-back-in-house/insourcing-a-guide-to-bringing-local-authority-services-back-in-house/

Aubrey, T. (2018, September 19). Gathering the windfall. *Centre for progressive policy*. Retrieved from https://www.progressive-policy.net/publications/gathering-the-windfall-how-changing-land-law-can-unlock-englands-housing-supply-potential

Audit Commission. (2000). *Hot property – getting the most from local authority assets.* Retrieved from https://webarchive.nationalarchives.gov.uk/20150423181259/http://archive.audit-commission.gov.uk/auditcommission/subwebs/publications/studies/studyPDF/1387.pdf

Balchin, P. N. (1981). *Housing policy and housing needs*. Macmillan.

Balchin, P., & Rhoden, M. (1998). *Housing: The Essential Foundations.* London: Routledge.

Barker, N. (2018, February 16). Councils set up 58 housing companies since 2012. *Inside Housing*. Retrieved from https://www.insidehousing.co.uk/home/councils-set-up-58-housing-companies-since-2012-54634

Barnes, S. (2016, December 9). More than a third of councils set up housing companies. *Inside Housing*. Retrieved from https://www.insidehousing.co.uk/news/more-than-a-third-of-councils-set-up-housing-companies-48870

Barratt, L. (2017, October 2). Right to Buy stopped us bidding for build grant, say London councils. *Inside Housing.* Retrieved https://www.insidehousing.co.uk/news/news/right-to-buy-stopped-us-bidding-for-build-grant-say-london-councils-52547

Barratt, L. (2018, October 10). Dispatches from the Conservative conference. *Inside Housing.* Retrieved from https://www.insidehousing.co.uk/insight/insight/dispatches-from-the-conservative-conference-58508

Barratt, L. (2019, March 22). Private finance and supported housing: an investigation. *Inside Housing*. Retrieved from https://www.insidehousing.co.uk/insight/insight/private-finance-and-supported-housing-an-investigation-60679

Baynes, C. (2015, July 8). Croydon Council scraps deal with developer John Laing to take control of Taberner House plans. *Sutton & Croydon Guardian*. Retrieved from https://www.yourlocalguardian.co.uk/news/13375556.Council_scraps_developer_deal_to_take_control_of_Taberner_House_plans/

Benjamin, J. (2014, October). Newham Council and the LOBO loan scandal. *Contributoria*. Retrieved from https://www.contributoria.com/issue/2014-10/53ebdfe6f72e46d919000088

Benjamin, J., Malinen, F., & Rogers, L. (2018, October). Debt & Democracy in Newham. *Research for Action*. Retrieved from http://www.cadtm.org/IMG/pdf/rfa-debtanddemocracy.pdf

BBC News. (2010, October 20). Spending Review: Chancellor's speech in full. Retrieved from https://www.bbc.com/news/uk-politics-11585941

BBC News. (2018, October 3). Theresa May full speech to 2018 Conservative conference. Retrieved from https://www.bbc.co.uk/news/av/uk-politics-45733093/theresa-may-s-full-speech-to-2018-conservative-conference

BBC Radio 4. (2014, November 20). Right to Buy. Retrieved from https://www.bbc.co.uk/programmes/b04pc2zz

Berry, S. (2018, September 3). Loss of council homes in 'regeneration' speeds up under Mayor Khan. Retrieved from http://www.sianberry.london/news/housing/2018_09_03_net_loss-of-council-homes-regeneration/

Beswick, J. & Penny, J. (2018). Demolishing the Present to Sell off the Future? The Emergence of 'Financialized Municipal Entrepreneurialism' in London. *International Journal of Urban and Regional Research, 42(*4), 612-632.

Birch, J. (2018, November 13). The Housing Act 30 years on – is it losing its power? *Inside Housing*. Retrieved from https://www.insidehousing.co.uk/home/home/the-housing-act-30-years-on--is-it-losing-its-power-59056

Blackman, D. (2017, June 8). Making their market: two councils and their companies. *Social Housing*. Retrieved from https://www.socialhousing.co.uk/news/news/making-their-market-two-councils-and-their-companies-50833

Blain, H. (2016, July 12). Only developers, estate agents and homeowners will cash in on Crossrail. *The Guardian.* Retrieved from https://www.theguardian.com/public-leaders-network/2016/jul/12/developers-estate-agents-and-homeowners-cash-in-on-crossrail-london-elizabeth-line

Blyth, M. (2013). *Austerity: The history of a dangerous idea*. Oxford: Oxford University Press.

Boffey, D. (2014, December 14). Councils fight to limit right-to-buy home sales. *The Guardia*n. Retrieved from https://www.theguardian.com/society/2014/dec/14/councils-fight-limit-right-to-buy-losses-social-housing

Booth, R. (2009, July 6). Council house building in England to get kickstart after rules change. *The Guardian*. Retrieved from https://www.theguardian.com/society/2009/jul/06/council-housing-boom-england

Bourquin, P., & Waters, T. (2019, May 27). *The tax system reduces inequality – but benefits do most of the heavy lifting*. London: Institute for Fiscal Studies.

Bulman, M. (2018, June 9). More than 100,000 families waiting more than a decade for social housing, figures show. *The Independent*. Retrieved from:

https://www.independent.co.uk/news/uk/home-news/social-housing-uk-family-wait-homeless-shelter-accommodation-a8389926.html

Butler, P. (2017, September 15). Universal credit is in 'total disarray', says Labour. *The Guardian.* Retrieved from https://www.theguardian.com/society/2017/sep/15/universal-credit-total-disarray-labour

Butler, P. (2018, March 21). Who will foot the bill to prevent people becoming homeless? *The Guardian*. Retrieved from https://www.theguardian.com/society/2018/mar/21/councils-foot-bill-prevent-homelessness-housing-need

Brick by Brick Croydon Limited. (2019, February 2). *2019-20 Business Plan*. Retrieved fromhttps://democracy.croydon.gov.uk/mgConvert2PDF.aspx?ID=13869

British Property Foundation. (2019, January 17). Building boom for UK build-to-rent housing. Retrieved from https://www.bpf.org.uk/media-listing/press-releases/building-boom-uk-build-rent-housing

Broadway Living. (n.d.). Developments. Retrieved from https://www.broadwayliving.co.uk/development/

Byrne, M. (2019). The financialization of housing and the growth of the private rental sector in Ireland, the UK and Spain. UCD Geary Institute for Public Policy Discussion Paper Series. Retrieved from http://www.ucd.ie/geary/static/publications/workingpapers/gearywp201902.pdf

Cabinet Office, Prime Minister's Office, 10 Downing Street., & Cameron, D. (2010, June 7). *Prime Minister's speech on the economy.* Retrieved from https://www.gov.uk/government/speeches/prime-ministers-speech-on-the-economy

Calkin, S. (2017, December 20). Cipfa plans last-minute prudential code change. *Local Government Chronical.* Retrieved from https://www.lgcplus.com/finance/cipfa-plans-last-minute-prudential-code-change/7022552.article

Carr, R. (2016). *Commercial Councils. The rise of entrepreneurialism in local government*. Localis. Retrieved from https://www.localis.org.uk/wp-content/uploads/2016/02/Localis-Commercial-Councils-FINAL.pdf

Carver, R. (2014, March 28). LOBOs – The next banking scandal. Retrieved from http://qoppac.blogspot.com/2014/03/lobos-next-banking-scandal.html

Centre for Cities. (2019). *Cities outlook*. Retrieved from https://www.centreforcities.org/wp-content/uploads/2019/01/19-01-28-Cities-Outlook-2019-Full.pdf

Chakrabortty, A. (2014, September 2). Enfield tears up rules in radical attempt to ease housing problem. *The Guardian*. Retrieved from https://www.theguardian.com/cities/2014/sep/01/enfield-experiment-housing-problem-radical-solution

Chaplin, R., Jones, M., Martin, S., Pryke, M., Royce, C., Saw, P., et al. (1995). *Rents and risks: Investing in housing associations*. York: JRF.

Children's Commissioner. (2019, August). *Bleak houses*. Retrieved from https://www.childrenscommissioner.gov.uk/wp-content/uploads/2019/08/cco-bleak-houses-report-august-2019.pdf

Chartered Institute for Public Finance and Accountancy. (n.d.). *Technical Enquiry Service-Frequently Asked Question*. Retrieved from https://www.cipfa.org/~/media/Files/Policy%20and%20Guidance/Technical%20Inquiry%20Service%20FAQ/TES%20FAQ%20What%20Counts%20as%20Capital%20Expenditure.pdf?la=en.

Chartered Institute for Public Finance and Accountancy. (2016). *Balancing local authority budgets and section 114 notices*. Retrieved from https://www.cipfa.org/policy-and-guidance/reports/balancing-local-authority-budgets-and-section-114-notices

Christophers, B. (2010). Geographical knowledges and neoliberal tensions: Compulsory land purchase in the context of contemporary urban redevelopment. *Environment and Planning A, 42*(4), 856-873.

Christophers, B. (2013). Wild dragons in the city: Urban political economy, affordable housing development and the performative world-making of economic models. *International Journal of Urban and Regional Research,38*(1), 79-97.

Christophers, B. (2013). A monstrous hybrid: The political economy of housing in early twenty-first century Sweden. *New Political Economy, 18*(6), 885-911.

Christophers, B. (2017). The state and financialization of public land in the United Kingdom. *Antipode, 49*(1), 62-85.

Christophers, B. (2018a). The new enclosure: The appropriation of public land in neoliberal Britain. London: Verso.

Christophers, B. (2018b, October 25). Why a lack of land could mean the HRA cap lifting is a false dawn. Inside Housing. Retrieved from https://www.insidehousing.co.uk/comment/comment/why-a-lack-of-land-could-mean-the-hra-cap-lifting-is-a-false-dawn--58740

Christophers, B. (2019a). How developers bought the Tory party. *UnHerd*. Retrieved from https://unherd.com/2019/01/how-developers-bought-the-tory-party/?=sideshare

Christophers, B. (2019b). Putting financialisation in its financial context: Transformations in local government-led urban development in post-financial crisis England. *Transactions of the Institute of British Geographers, 44*(3), 571-586.

Clark, T. (2019, April 16). L&G invests £44m in homes for Croydon's homeless families. *Inside Housing.* Retrieved from https://www.insidehousing.co.uk/news/lg-invests-44m-in-homes-for-croydons-homeless-families-61051

Clarke, S., & Ginsburg, M. (1975). "The political economy of housing" in Political Economy and the Housing Question. Political Economy of Housing Workshop, Conference of Socialist Economists, London.

Coakley, J. (1994). The Integration of Property and Financial Markets. *Environment and Planning A, 26*(5), 697-713.

Colenutt, R., Cochrane, A., & Field, M. (2015). The rise and rise of viability assessment. *Town and Country Planning, 84(*10), 453–458.

Collinson, P. (2013, June 28). Meet the new class of landlords profiting from Generation Rent. *The Guardian*. Retrieved from https://www.theguardian.com/money/2013/jun/28/new-class-landlords-profiting-generation-rent

Collinson, (2017, December 8). Four in 10 right-to-buy homes are now owned by private landlords. *The Guardian*. Retrieved from https://www.theguardian.com/society/2017/dec/08/right-to-buy-homes-owned-private-landlords

Community Development Project Interdisciplinary Team. (1976). W*hatever happened to council housing?* Community Development Project, Inter-Project Editorial Team: London.

Companies House. (n.d.). CCURV LLP. Company number OC341025. Retrieved from https://beta.companieshouse.gov.uk/company/OC341025/filing-history

Crouch, C. (2009). Privatised Keynesianism: An unacknowledged policy regime. *The British Journal of Politics and International Relations, 11*(3), 382-399.

Crosby, N., Mcallister, P., & Wyatt, P. (2013). Fit for planning? An evaluation of the application of development viability appraisal models in the UK planning system. *Environment and Planning B: Planning and Design*, *40*(1), 3-22.

Cross, L. (2019a, April 17). L&G strikes lease deal with Croydon Council to help address homelessness. *Social Housing*. Retrieved from https://www.socialhousing.co.uk/news/news/lg-strikes-lease-deal-with-croydon-council-to-help-address-homelessness-61071

Cross, L. (2019b, April 18). L&G in talks with more councils about housing for homeless people after Croydon deal. *Social Housing*. Retrieved https://www.socialhousing.co.uk/news/news/lg-in-talks-with-more-councils-about-housing-for-homeless-people-after-croydon-deal-61087

Davidson, M., & Ward, K. (2014). 'Picking up the pieces': Austerity urbanism, California and fiscal crisis. *Cambridge Journal of Regions*, *Economy and Society*, *7*(1), 81-97

Davies, G., Youle, E., Boutaud, C., Sheffield, H. (2019, March 4). Revealed: the thousands of public spaces lost to the council funding crisis. *Huffington Post*. Retrieved from https://www.huffingtonpost.co.uk/entry/sold-from-under-you-investigation_uk_5c7bee0fe4b0e5e313cb9eac

Davis, C. (2013). *Finance for Housing.* Bristol: University of Bristol, Policy Press.

Debt Resistance UK. (2016). Local Authority Debt Audits. Retrieved from http://debtresistance.uk/wolves-weymouth-councils-living-borrowed-time/

Department for Communities and Local Government. (2006, June). *From Decent Homes to Sustainable Communities.* Retrieved from https://webarchive.nationalarchives.gov.uk/20060611141317/http://www.odpm.gov.uk/pub/576/FromDecentHomestoSustainableCommunitiesAdiscussionpaper_id1500576.pdf

Department for Communities and Local Government. (2007, July). *Homes for the future: more affordable, more sustainable.* Retrieved from https://webarchive.nationalarchives.gov.uk/20120920011716/http://www.communities.gov.uk/documents/housing/pdf/439986.pdf

Department for Communities and Local Government. (2009, July). *Reform of council housing finance.* Retrieved from https://webarchive.nationalarchives.gov.uk/20120919233207/http://www.communities.gov.uk/documents/housing/pdf/1290620.pdf

Department for Communities and Local Government. (2012a). *50 ways to save.* Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/39264/50_ways_2.pdf

Department for Communities and Local Government. (2012b, March). *National Planning Policy Framework*. Retrieved from https://webarchive.nationalarchives.gov.uk/20120919132813tf_/http://www.communities.gov.uk/planningandbuilding/planningsystem/planningpolicy/planningpolicyframework/

Department for Communities and Local Government. (2012c, August). *Review of the barriers to institutional investment in private rented homes*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15547/montague_review.pdf

Department for Communities and Local Government. (2014, June). *Estate Regeneration Programme*. Prospectus for 2015/16. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/320196/140613_Estate_Regeneration_Prospectus.pdf

Department for Communities and Local Government. (2016a, March). *Local Authority assets - Disposal Guidance*. Retrieved from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/508307/160316_Land_disposal_guidance.pdf

Department for Communities and Local Government. (2016b, June 30). *Statutory homelessness, January to March 2016, and homelessness prevention and relief 2015/16: England*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/533099/Statutory_Homelessness_and_Prevention_and_Relief_Statistical_Release_January_to_March_2016.pdf

Department for Communities and Local Government. (2016c, July). *Self-sufficient local government: 100 percent Business Rates Retention Consultation Document*. Retrieved from. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/535022/Business_Rates_Retention_Consultation_5_July_2016.pdf

Department for Communities and Local Government. (2017, February). *Fixing our broken housing system*. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

Department for Works & Pensions. (2014, December). *The benefit cap: a review of the first year*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/386911/benefit-cap-review-of-the-first-year.pdf

Department of the Environment. (1977). *Green Paper, Housing Policy: A Consultative Document* (Cmnd 6851). London: HMSO.

Didymus, M. (2009a, November 25). Croydon Council bails out regeneration projects with £145M Government loan. *Sutton & Croydon Guardian*. Retrieved from https://www.yourlocalguardian.co.uk/news/4758844.croydon-council-bails-out-regeneration-projects-with-145m-government-loan/

Didymus, M. (2009b, December 9). Croydon Council development partner cut out of new HQ profits. *Sutton & Croydon Guardian.* Retrieved from https://www.yourlocalguardian.co.uk/news/4784817.croydon-council-development-partner-cut-out-of-new-hq-profits/

Dunbar, N. (2014). Lost Lobos. Retrieved from http://nickdunbar.net/2014/10/24/lostlobos/

Eaton, G. (2019, September 18) Theresa May’s social housing plans show how British politics is moving to the left. *New Statesman*. Retrieved from https://www.newstatesman.com/politics/uk/2018/09/theresa-may-s-social-housing-plans-show-how-british-politics-moving-left

Eidelman, G. (2016). Rethinking public land ownership and urban development: A Canadian perspective. *Cities, 55*, 122-126.

Emmett, S. (2015, September). *Making better use of land*. Savills. London First. Retrieved from http://research.euro.savills.co.uk/pdfs/redefining-density-joint-report-with-london-first.pdf

Epstein, G.A. (2005). Introduction. In G.A. Epstein (Ed.), *Financialization and the World Economy* (pp. 3-14). Cheltenham: Edward Elgar.

Fainstein, S. (2008). Mega-projects in New York, London and Amsterdam. *International Journal of Urban and Regional Research, 32*(4), 768-785

Fields, D., & Uffer, S. (2014). The financialisation of rental housing: A comparative analysis of New York City and Berlin. *Urban Studies, 53*(7), 1486-1502.

Flyvbjerg, B. (2006). Five Misunderstandings About Case-Study Research. *Qualitative Inquiry, 12*(2), 219-245.

Forrest, R., & Hirayama, Y. (2014). The financialisation of the social project: Embedded liberalism, neoliberalism and home ownership. *Urban Studies, 52*(2), 233-244.

Foster, D. (2016, December 7). The rent gap: what is the local housing allowance? *The Guardian*. Retrieved from https://www.theguardian.com/housing-network/2016/dec/07/rent-gap-local-housing-allowance

Garvie, D. (2017, October 11). BAME homelessness matters and is disproportionately rising – time for the government to act. *Shelter Blog*. Retrieved from https://blog.shelter.org.uk/2017/10/bame-homelessness-matters-and-is-disproportionately-rising-time-for-the-government-to-act/

Giles, C., Oakley, D., & Jones C. (2011). Gilt yields fall on double-dip fears. *The Financial Times*. Retrieved from https://www.ft.com/content/6ee261f2-2d86-11e1-b5bf-00144feabdc0

Glover, J. (2019, February 14). *Report: LGiU MJ state of local government finance survey 2019.* Local Government Information Unit. Retrieved from https://www.lgiu.org.uk/report/lgiu-mj-state-of-local-government-finance-survey-2019/

Gramsci, A. (1971). *Selections from the prison notebooks*. London: Lawrence & Wishart.

Grant, K., & Sankoli, S. (2007, July). *Current Issues Note 18 Institutional investment in housing*. London: GLA Economics.

Grant Thornton. (2018, September). *In good company. Latest trends in local authority trading companies.* Retrieved from https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/search/in-good-company-2018.pdf

Greater London Authority. (2014, June 17). *Item10: Demolition and Refurbishment of London's Social Housing Estates.* Retrieved from https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/17 percent20June percent202014 percent20- percent20Meeting percent20Transcript.pdf

Greater London Authority. (2016a). *The value of land and housing in London*. Retrieved form https://www.london.gov.uk/sites/default/files/chapter4-economic-evidence-base-2016.pdf

Greater London Authority. (2016b, March). *The London Plan.* Retrieved https://www.london.gov.uk/sites/default/files/the_london_plan_2016_jan_2017_fix.pdf

Greater London Authority. (2018a). Average House Prices by Borough, Ward, MSOA & LSOA. *London Data Store*. Retrieved from https://data.london.gov.uk/dataset/average-house-prices

Greater London. (2018b, May). *Building Council Homes for Londoners*. Retrieved from https://www.london.gov.uk/sites/default/files/building_council_homes_for_londoners_16_may.pdf

Greater London Authority. (2018c, July). *Threshold Approach to Affordable Housing on Public Land Practice Note July 2018.* Retrieved from https://www.london.gov.uk/sites/default/files/practice_note_on_threshold_approach_to_affordable_housing_on_public_land_july_2018.pdf

Greater London Authority. (2018d, September 4). *London Assembly Housing Committee – Tuesday, 4 September 2018. Transcript of Item 5 – Housing Delivery Vehicles* Retrieved from https://www.london.gov.uk/moderngov/documents/s72349/Minutes percent20- percent20Appendix percent201 percent20- percent20Transcript percent20of percent20Housing percent20Delivery percent20Vehicles percent20v3.pdf

Greater London Authority. (2018e, October 23). Mayor agrees £1 billion plan to build 11,000 new council homes. Retrieved from https://www.london.gov.uk/press-releases/mayoral/mayor-agrees-1bn-plan-to-build-11000-new-homes
Greater London Authority. (2018f, December 21). *Tenure of homes funded by 'Building Council Homes for Londoners' by borough (Freedom of Information Response).* Retrieved from https://www.london.gov.uk/about-us/governance-and-spending/sharing-our-information/freedom-information/foi-disclosure-log/foi-building-council-homes-londoners-funding
Greater London Authority. (2019a). Housing Tenure by Borough. Retrieved from https://data.london.gov.uk/dataset/housing-tenure-borough
Greater London Authority. (2019b, January 22). Temporary accommodation in the era of welfare reform. Retrieved from https://www.london.gov.uk/about-us/london-assembly/london-assemblys-current-investigations/temporary-accommodation-era-welfare-reform
Greater London Authority. (2019c, February 25). MGLA060219-5063 FOI Response. Retrieved from https://www.london.gov.uk/sites/default/files/mgla060219-5063_-_foi_response_redacted.pdf
Green, D. (2012, March 23). All change again at the PWLB. *Room 151*. Retrieved from http://www.room151.co.uk/latest/all-change-again-at-the-pwlb/
Green, J., & Lavery, S. (2017). After neoliberalisation? Monetary indiscipline, crisis and the state. *Transactions of the Institute of British Geographers, 43*(1), 79-94.
Gladwell, P. (2018, April 14). Future Homes for London: Alternative models. Presentation given at Royal College of Art [video]. Retrieved from https://vimeo.com/266516505
Gore, G. (2019, February 15). UK council debts approach £100bn as borrowing continues unabated. *International Financing Review.* Retrieved from http://www.ifre.com/uk-council-debts-approach-100bn-as-borrowing-continues-unabated/21373466.fullarticle
Hackett, P. (2017, October 16). *Delivering the renaissance in council-built homes: the rise of local housing companies*. London: The Smith Institute.
Haila, A. (1988). Land as a financial asset: The theory of urban rent as a mirror of economic Transformation. *Antipode, 20*(2), 79-101.
Haila, A. (2008). From Annankatu to Antinkatu: Contracts, Development Rights and Partnerships in Kamppi, Helsinki. *International Journal of Urban and Regional Research, 32*(4), 804-814.
Haila, A. (2016). *Urban land rent Singapore as a property state*. John Wiley & Sons.
Hackworth, J. (2002). Local autonomy, bond-rating agencies and neoliberal urbanism in the United States. *International Journal of Urban and Regional Research, 26*(4), 707-725.
Hackworth, J., & Smith, N. (2001). The changing state of gentrification. *Tijdschrift Voor Economische En Sociale Geografie, 92*(4), 464-477.
Hackworth, J., & Moriah, A. (2006). Neoliberalism, Contingency and Urban Policy: The Case of Social Housing in Ontario. *International Journal of Urban and Regional Research, 30*(3), 510-527.
Hall, S. (1988). *The hard road to renewal: Thatcherism and the crisis of the left*. London: Verso.
Hall, S. (2007). Epilogue: Through the prism of intellectual life. In B. Meek (Ed.), *Culture, politics, race and diaspora: The thought of Stuart Hall* (269-291). Lawrence and Wishart: London.
Hall, S. (2011). The neo-liberal revolution. *Cultural Studies, 25*(6), 705-728.
Hall, S. & Massey, D. (2010). Interpreting the crisis. *Soundings, 44*(Spring 2010), 57-71.
Harvey, D. (1982). *The Limits to Capital*. Chicago: University of. Chicago Press.

Harvey, D. (1985). *The Urbanization of Capital.* Oxford: Blackwell.
Harvey, D. (1989). From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism. *Geografiska Annaler. Series B, Human Geography, 71*(1), 3.
Harvey, D. (2014). *Seventeen contradictions and the end of capitalism*. Oxford: Oxford University Press.
Hay, C. (2013). *The failure of Anglo-liberal capitalism*. London: Palgrave Macmillan.
Hern, A. (2012). London Olympics: How have the last seven years treated Newham? *New Statesman*. Retrieved https://www.newstatesman.com/blogs/politics/2012/07/london-olympics-how-have-last-seven-years-treated-newham
Hilditch, S. (2012, April 6). Ealing tries to make sense of the mess of Tory housing policy. Retrieved from https://redbrickblog.wordpress.com/2012/04/06/ealing-tries-to-make-sense-of-the-mess-of-tory-housing-policy/
Hill, D. (2015, July 23) London's Olympic legacy three years on: is the city really getting what it needed? *The Guardian*. Retrieved from https://www.theguardian.com/cities/davehillblog/2015/jul/23/london-olympic-legacy-three-years-on-2012-games
Hill, D. (2018, November 23). Newham: Mayor Rokhsana Fiaz to create commission that could lead to end of mayoral system. Retrieved from https://www.onlondon.co.uk/newham-mayor-rokhsana-fiaz-to-create-commission-that-could-lead-to-end-of-mayoral-system/
Hinks, G. (2019, May 30). London council set to pursue 50/50 development joint venture. *Room 151*. Retrieved from https://www.room151.co.uk/151-news/london-council-set-to-pursue-50-50-development-joint-venture/
Hirschman, A. O. (1970). *The Search for Paradigms as a Hindrance to Understanding. World Politics, 22*(3), 329–343.
HM Treasury. (2014, August 1). HMT Public Expenditure Statistical Analyses 2014. Retrieved from https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2014
HM Treasury. (2019, July). *National Loans Fund Account 2017-18*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818269/NLF_Account_2018-19_FINAL.PDF
Hodkinson, S., & Robbins, G. (2013). The return of class war conservatism? Housing under the UK Coalition Government. *Critical Social Policy, 33*(1), 57-77.
Hofman, A., & Aalbers, M. B. (2019). A finance- and real estate-driven regime in the United Kingdom. *Geoforum, 100*, 89-100.
Hollander, G. (2018, May 11). The opaque art of rent setting: London Affordable Rent explained. *Inside Housing.* Retrieved from https://www.insidehousing.co.uk/insight/insight/the-opaque-art-of-rent-setting-london-affordable-rent-explained-56184
Homes and Communities Agency. (2014, January). *Affordable Homes Programme 2015-18*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/343896/affordable-homes-15-18-framework.pdf
Hood, C., Heald, D., & Himaz, R. (2014). *When the party's over: The politics of fiscal squeeze in perspective*. Oxford: Oxford University Press.
Hood, C. & Himaz, R. (2016, 27 November). How does austerity look in retrospect? The UK’s recent fiscal squeeze in historical perspective. Retrieved from https://blogs.lse.ac.uk/politicsandpolicy/how-does-austerity-look-in-retrospect/

House of Commons. (2008). *The Supply of Rented Housing: Eighth Report of Session 2007-08 Volume 2*. By Great Britain, Parliament, House of Commons, Communities and Local Government Committee.

Housing Gateway. (2017). *Housing Gateway Business Plan 2016-2017*. Retrieved from https://new.enfield.gov.uk/housinggateway/wp-content/uploads/2017/06/HGL_Business_Plan_2016_17_Part_1_FINAL.pdf

Housing Gateway. (2019). *Business Plan 2018-19*. Retrieved from https://new.enfield.gov.uk/housinggateway/wp-content/uploads/2017/06/HGL-Business-Plan-2018-19.pdf

Hyötyläinen, M., & Haila, A. (2018). Entrepreneurial public real estate policy: The case of Eiranranta, Helsinki. *Geoforum, 89*, 137-144.

Innes, D., & Tetlow, G. (2015). Delivering Fiscal Squeeze by Cutting Local Government Spending. *Fiscal Studies*, *36*(3), 303-325.

Inside Croydon. (2016, July 23). Council drops own housing company for new Taberner scheme. Retrieved from https://insidecroydon.com/2016/07/23/council-drops-own-housing-company-for-new-taberner-scheme/

Inside Housing. (2019). Is council housing about to make a come back? Retrieved from. https://soundcloud.com/insidehousing/is-council-housebuilding-about-to-make-a-comeback

IPE Real Assets. (2018, February 7). Institutional investors earmark more than £8bn for UK housing market. Retrieved from https://realassets.ipe.com/real-estate/institutional-investors-earmark-more-than-8bn-for-uk-housing-market/realassets.ipe.com/real-estate/institutional-investors-earmark-more-than-8bn-for-uk-housing-market/10023087.fullarticle

Jacobs, K., & Manzi, T. (2016). 'The party's over': Critical junctures, crises and the politics of housing policy. *Housing Studies, 32*(1), 17-34.

Jessop, B. (2002). *The future of the capitalist state*. Cambridge: Polity Press.

Jessop, B. (2008). *State power*: *A strategic-relational approach*. Cambridge: Polity Press

Jessop, B. (2010). Cultural political economy and critical policy studies. *Critical Policy Studies*, *3*(3-4), 336-356.

Jessop, B. (2012). *Left strategy*. Retrieved from https://www.transform-network.net/uploads/media/2012-10-engl-journal.pdf#page=6

Jessop, B. (2015a). Crisis construal in the North Atlantic Financial Crisis and the Eurozone crisis. *Competition & Change,19*(2), 95-112.

Jessop, B. (2015b). Neo-liberalism, finance-dominated accumulation, and permanent austerity: a cultural political economy perspective. In K. Farnsworth and Z.M. Irving (Eds.), *Social Policy in Times of Austerity: Global Economic Crisis and the New Politics of Welfare* (87-112). Bristol: Policy Press.

Jessop, B. (2016). *The State: Past, Present, Future*. John Wiley & Sons.

Johnstone, R. (2015, February 19). Local government bond agency set to break new ground. *Public Finance*. Retrieved from https://www.publicfinance.co.uk/analysis/2015/02/local-government-bond-agency-set-break-new-ground

John Laing. (n.d.). Croydon Council Urban Regeneration Vehicle – Waddon. Retrieved from https://www.laing.com/project_portfolio/22/117/croydon-council-urban-regeneration-vehicle/

Jones, C., & Murie, A. (2006). *The Right to Buy: Analysis & evaluation of a housing policy*. Oxford, UK: Blackwell Publishing Ltd.

Joyce, M., Lasaosa, A., Stevens, I., & Tong, M. (2010). The financial market impact of quantitative easing. *SSRN Electronic Journal*.

Kara, A. (2019, February 13). Local government in 2019: a pivotal year. *National Audit Office*. Retrieved from https://www.nao.org.uk/naoblog/local-government-in-2019/

Kelly, L. (2015, July 8). Social housing rents to fall by 1 percent a year, chancellor announces. *The Guardian*. Retrieved from https://www.theguardian.com/housing-network/2015/jul/08/social-housing-rent-fall-chancellor-budget

Kennedy, S., Wilson, W., Apostolova, V., & Keen, R. (2016, November 21). *The Benefit Cap*. (Briefing paper No. 06294). Retrieved from https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06294

Lake, R. W. (2015). The financialization of urban policy in the age of Obama. *Journal of Urban Affairs, 37*(1), 75-78.

Latham, R., & Prowle, M. (2012). *Public services and financial austerity: Getting out of the hole?* Basingstoke, Hampshire: Palgrave Macmillan

Launius, S., & Kear, M. (2019). Fixing financialization in the credit-constrained city. *Urban Geography,*1-21.

Lacey, C. (2018, March 7). Why we must resist the urge to demolish housing estates. *Architects Journal.* Retrieved from https://www.architectsjournal.co.uk/opinion/why-we-must-resist-the-urge-to-demolish-housing-estates/10028848.article

Lavery, S. (2017). The legitimation of post-crisis capitalism in the United Kingdom: Real wage decline, finance-led growth and the state. *New Political Economy*, *23*(1), 27-45.

Lavery, S. (2019). *British capitalism after the crisis*. Palgrave Macmillan

Legal & General. (n.d.). Housing. Retrieved from https://www.legalandgeneralcapital.com/our-investment-approach/housing/

Legal and General. (2019, April 16). Legal & General Invests £44.6 million into housing for homeless families in Croydon. Retrieved from https://www.legalandgeneralgroup.com/media/6772/croydon-council-temporary-accommodation-v2.pdf

Leyshon, A., & French, S. (2009). 'We all live in a Robbie Fowler house': The geographies of the buy to let market in the UK. *The British Journal of Politics & International Relations*, *11*(3), 438-460.

Leyshon, A., & Thrift, N. (1997). *Money/space: Geographies of monetary transformations*. London: Routledge.

Locality. (2018, June). *The Great British Sell Off*. Retrieved from https://locality.org.uk/wp-content/uploads/2018/06/The-Great-British-Sell-Off-FINAL.pdf

London Assembly. (2016, November). *Supported housing in the balance*. Retrieved from https://www.london.gov.uk/sites/default/files/london_assembly_-_supported_housing_in_the_balance.pdf

London Councils. (n.d.). *Ealing: Sale and development*. Retrieved from https://www.londoncouncils.gov.uk/node/29817

London Councils. (2012, November). *Rogue landlords and 'beds in sheds'. A London Councils Member briefing.* Retrieved from https://www.londoncouncils.gov.uk

London Councils (2017). *Representation to government autumn budget 2017 representation by London Councils*. Retrieved from https://www.londoncouncils.gov.uk/our-key-themes/local-government-finance/government-spending-plans/autumn-budget-2017/childrens

London First. (2015, March). *Wasted space to living place. Using surplus public land for housing in London*. *London First*. Retrieved from https://www.londonfirst.co.uk/sites/default/files/documents/2018-05/Wasted-Space-to-Living-Place.pdf

Local Government Association. (2018). Guidance for new councillors. Retrieved from https://www.local.gov.uk/sites/default/files/documents/11.101 percent20Councillors percent27 percent20Guide percent202018_v10_WEB.pdf

London Borough of Barking and Dagenham. (2008, May 7). *Cabinet agenda and minutes.* Retrieved from https://modgov.lbbd.gov.uk/internet/ieListDocuments.aspx?CId=180&MID=3468

London Borough of Croydon. (2008, June 9). *Selection of preferred private sector partner for the urban regeneration vehicle*. Retrieved from https://www.croydon.gov.uk/sites/default/files/articles/downloads/selectionpreferred.pdf

London Borough of Croydon. (2012, December 10). *CCURV Annual Report.* Retrieved from https://www.croydon.gov.uk/sites/default/files/articles/downloads/cab20121210ccurv.pdf

London Borough of Croydon. (2014a, September 29). *Growth for the Prosperity of All: Growth Plan & District Centre Investment and Place Plans*. Retrieved from https://democracy.croydon.gov.uk/CeListDocuments.aspx?CommitteeId=183&MeetingId=460&DF=29%2F09%2F2014&Ver=2

London Borough of Croydon. (2014b, September 29). *Wholly Owned Housing Company - An option for tackling the shortage of homes in Croydon*. Retrieved from https://democracy.croydon.gov.uk/Data/Cabinet/20140929/Agenda/cab20140929_08_01_reportcd00.pdf?cmte=CAB&meet=29&href=/akscroydon/images/att4292.pdf

London Borough of Croydon. (2016, December 15). *Scrutiny and Overview Committee.* Retrieved from https://democracy.croydon.gov.uk/CeListDocuments.aspx?CommitteeId=166&MeetingId=977&DF=15 percent2F12 percent2F2015&Ver=2

London Borough of Croydon. (2017a, June 19). *Cabinet Agenda*. Retrieved from https://democracy.croydon.gov.uk/Data/Cabinet/20170619/Agenda/cab20170619_00_01_agenda_pack3103.pdf?&cmte=CAB&meet=58&href=/akscroydon/images/att9189.pdf

London Borough of Croydon. (2017b, December 12). *Pre-decision scrutiny: Proposed general fund revenue budget 2018-19*. Retrieved from https://democracy.croydon.gov.uk/mgConvert2PDF.aspx?ID=4656

London Borough of Croydon. (2018a). *Croydon Local Plan*. Retrieved from https://www.croydon.gov.uk/planningandregeneration/framework/localplan/clppolicies

London Borough of Croydon. (2018b, July 16). *Cabinet agenda*. Retrieved from https://democracy.croydon.gov.uk/documents/g1546/Agenda%20frontsheet%2016th-Jul-2018%2018.30%20Cabinet.pdf?T=0

London Borough of Croydon. (2019a, January 22). *Scrutiny Streets, Environment & Homes Sub Committee Agenda*. Retrieved from https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=170&MeetingId=1496

London Borough of Croydon (2019b, January 22). *Streets, Environment & Homes Sub-Committee. Agenda Item 7 Supplement*. Retrieved from https://democracy.croydon.gov.uk/documents/b6005/Agenda percent20Item percent207 percent20Supplement percent2022nd-Jan-2019 percent2018.30 percent20Scrutiny percent20Streets percent20Environment percent20Homes percent20Sub-Committee.pdf?T=9

London Borough of Croydon. (2019c, February 25). *Cabinet Agenda*. Retrieved from https://democracy.croydon.gov.uk/documents/g1552/Public percent20reports percent20pack percent2025th-Feb-2019 percent2018.30 percent20Cabinet.pdf?T=10

London Borough of Croydon. (2019s, February 25). *Cabinet Printed Minutes*. Retrieved from https://democracy.croydon.gov.uk/documents/g1552/Printed percent20minutes percent2025th-Feb-2019 percent2018.30 percent20Cabinet.pdf?T=1

London Borough of Ealing. (2012). *Copley Close Vision. Item 10 – Appendix*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Ealing. (2017a, March 3). *Planning Committee 15/03/2017 [Application (1) 164694FUL Application (2) 164695LBC]*. Retrieved https://ealing.cmis.uk.com/ealing/

London Borough of Ealing. (2017b, December 12). *Increasing Housing Supply – Funding Broadway Living*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Ealing. (2018a, March). *Copley Regeneration Programme – Update*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Ealing (2018b, July 26). *Scrutiny Review Panel 4 (Future Ealing)*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Ealing. (2018c, October 16). *Cabinet Agenda*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Ealing. (2018d, December 11). *Cabinet Agenda*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Ealing. (2019a, March 6). *Westgate House Development Broadway Living Funding Approval*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Ealing. (2019b, April 3). *Scrutiny Review Panel 1 – 2018/2019: Housing and Planning*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Ealing. (2019c, April 4). *Regeneration and Planning of Housing Estates in the Borough*. Retrieved from https://ealing.cmis.uk.com/ealing/

London Borough of Enfield. (2013a). Communities and Local Government Committee. Written evidence submitted by London Borough of Enfield. Retrieved from https://publications.parliament.uk/pa/cm201314/cmselect/cmcomloc/50/50iii97.htm

London Borough of Enfield. (2013b). *Enfield's Homelessness Strategy 2013-2018*. Retrieved from https://new.enfield.gov.uk/services/housing/housing-information-enfield-homelessness-strategy-2013-to-2018.pdf

London Borough of Enfield. (2013c). *Enfield's Tenancy Strategy 2013-2018*. Retrieved from https://governance.enfield.gov.uk/documents/s36457/Microsoft percent20Word percent20- percent20Enfields percent20Tenancy percent20Strategy percent202013 percent20- percent20FINAL percent20FINAL.pdf

London Borough of Enfield. (2014, February 12). *Public Document Pack for Cabinet*. Retrieved from https://governance.enfield.gov.uk/documents/g8231/Public percent20reports percent20pack percent2012th-Feb-2014 percent2020.15 percent20Cabinet.pdf?T=10

London Borough of Enfield. (2016a, October 27). 200 Council housing properties secured. Retrieved from https://new.enfield.gov.uk/news-and-events/200-properties-secured-for-council-housing-company/

London Borough of Enfield. (2016b, November 9). *Housing Gateway Limited – Increased Budget Envelope*. Retrieved from https://governance.enfield.gov.uk/mgAi.aspx?ID=38392

London Borough of Enfield. (2016c, December 6). Unique housing company a hit with tenants. Retrieved from https://new.enfield.gov.uk/news-and-events/unique-housing-company-a-hit-with-tenants/

London Borough of Enfield. (2018, October 3). *Report for Enfield Council Shareholder Board: 3rd October 2018*. Retrieved from https://governance.enfield.gov.uk/documents/g12518/Public percent20reports percent20pack percent2003rd-Oct-2018 percent2019.00 percent20Shareholder percent20Board.pdf?T=10

London Borough of Enfield. (2019, June 25). *Housing Gateway ltd (HGL) - Business Plan 2019-22*. Retrieved from https://governance.enfield.gov.uk/documents/s75629/12bnewCover percent20report percent20Part percent201 percent20- percent20HGL percent20Business percent20Plan percent202019-22 percent20v2.pdf

London Borough of Newham. (2004, July 14). *Report to the Mayor in Consultation with the Cabinet*. Retrieved from tps://mgov.newham.gov.uk/documents/s2922/Local percent20Space.pdf

London Borough of Newham. (2012a, June 21). *Private rented property licensing. Cabinet report*. Retrieved from https://mgov.newham.gov.uk/documents/s53742/Cabinet percent20Report percent20Final.pdf

London Borough of Newham. (2012b, December 12). *Newham Private Rented Vehicle (NPRV) – Production of full business case*. Retrieved from https://mgov.newham.gov.uk/documents/s72904/NPRV percent20Final percent20Report percent20051212.pdf

London Borough of Newham (2014, February 20). *Cabinet Printed Minutes.* Retrieved from https://mgov.newham.gov.uk/

London Borough of Newham. (2015a, February 19). *Appendix 3 – Process for Offering Sites to RDV*. Retrieved from https://mgov.newham.gov.uk/documents/s94956/Appendix percent203 percent20- percent20Process percent20for percent20Offering percent20Sites percent20to percent20RDV percent20for percent20Development.pdf

London Borough of Newham. (2015b, February 19). *Copy of Appendix 1 - Potential Sites for Disposal to RDV as reported to Cabinet February 2014 (3.2).* Retrieved from https://mgov.newham.gov.uk/mgConvert2PDF.aspx?ID=94954&ISATT=1#search= percent22RDV percent20disposal percent22

London Borough of Newham. (2015c, December 1). *Newham Private Rented Sector Vehicle – Red Door Ventures.* Retrieved from http://councilmeetings.lewisham.gov.uk/documents/s40043/04LBNewhamRedDoorVentures011215.pdf

London Borough of Newham. (2018a). *Draft Statement of Accounts 2017/18.* Retrieved from https://www.newham.gov.uk/Documents/Council percent20and percent20Democracy/DraftStatementofAccounts201718.pdf

London Borough of Newham. (2018b, February 14). Mayor proposes no cuts budget and freeze in Council Tax for tenth year in a row. Retrieved from https://www.newham.gov.uk/Pages/News/Mayor-proposes-no-cuts-budget-and-freeze-in-council-tax-for-tenth-year-in-a-row.aspx

London Borough of Newham. (2018c, October 15). *Appendix A – RDV Location Map and Sites. Retrieved from* https://mgov.newham.gov.uk/documents/s123724/RDV percent20Cabinet percent20Report percent20- percent20Appendix percent20A.pdf

London Borough of Newham. (2018d, October 15). *Cabinet Agenda*. Retrieved from https://mgov.newham.gov.uk/documents/g12126/Public percent20reports percent20pack percent2015th-Oct-2018 percent2018.00 percent20Cabinet.pdf?T=10

London Borough of Newham. (2018e, October 15). *Red Door Ventures – Review and Request for Funding*. Retrieved from https://mgov.newham.gov.uk/documents/s123723/RDV percent20Cabinet percent20Report percent20vFINAL percent202.pdf

London Borough of Newham. (2018f, November 15). *Housing delivery statement*. Retrieved from https://mgov.newham.gov.uk/ieListMeetings.aspx?CommitteeId=294

London Borough of Newham. (2019a, February 19). *Strategic Development Committee.* Retrieved from https://mgov.newham.gov.uk/documents/g12096/Public percent20reports percent20pack percent2019th-Feb-2019 percent2018.00 percent20Strategic percent20Development percent20Committee.pdf?T=10

London Borough of Newham. (2019b, March 5). *Appendix 7 Equal Opportunities Assessment - Red Door Ventures – Updated Request for Funding*. Retrieved from https://mgov.newham.gov.uk/documents/s126562/Appendix percent207_EqIA.pdf

London Borough of Newham. (2019c, March 5). *Cabinet Agenda*. Retrieved from https://mgov.newham.gov.uk/documents/g12407/Public percent20reports percent20pack percent2005th-Mar-2019 percent2018.00 percent20Cabinet.pdf?T=10

London Borough of Newham. (2019d, March 5). *Cabinet Printed Minutes*. Retrieved from https://mgov.newham.gov.uk/documents/g12406/Printed percent20minutes percent2005th-Feb-2019 percent2018.00 percent20Cabinet.pdf?T=1

London Borough of Newham. (2019e, March 5). *Red Door Ventures – Updated Request for Funding.* Retrieved from https://mgov.newham.gov.uk/documents/s126561/Cabinet percent20Report_RDV percent20Updated percent20Funding_5 percent20Mar percent202019_v6 percent20Final percent204.pdf

Lund, B. (2017). *Understanding housing policy*. Policy Press.

Lund, B. (2018a). *The housing crisis as the long-term casualty of austerity politics 1918-2018*.

Lund, B. (2018b). *Housing politics in the United Kingdom: Power, planning and protest.* Publisher.

Massey, D. B., & Catalano, A. (1978). *Capital and land: Landownership by capital in Great Britain*. London: Edward Arnold.

Malpass, P., & Murie, A. (2001). *Housing policy and practice.* Palgrave.

Malpass, P. (2011). Path dependence and the measurement of change in housing Policy. *Housing, Theory and Society*, *28*(4), 305-319.

Marrs, C. (2018a, May 10). Repayment penalties for PWLB loans should be scrapped, demands analyst. *Room 151*. Retrieved from http://www.room151.co.uk/treasury/repayment-penalties-for-pwlb-loans-should-be-scrapped-demands-analyst/

Marrs, C. (2018b, August 1). Borrowing from PWLB climbs 42 percent year-on-year. *Room 151*. Retrieved from http://www.room151.co.uk/treasury/borrowing-from-pwlb-climbs-42-year-on-year/

Marrs, C. (2019a, February 20). Croydon's Brick by Brick to borrow more council money. *Room 151*. Retrieved from http://www.room151.co.uk/151-news/croydons-brick-by-brick-to-borrow-more-council-money/

Marrs, C. (2019b, April 3). Brexit fears push rates lower, sparking £2bn PWLB borrowing spree. *Room 151.* Retrieved from http://www.room151.co.uk/treasury/brexit-fears-push-rates-lower-sparking-2bn-pwlb-borrowing-spree/

Marrs, C. (2019c, April 4). Councils warned over "son of LOBOs" income strip deals. *Room 151*. Retrieved from

Marrs, C. (2019d, June 10). Temporary housing: the case for investment. *Social Housing*. Retrieved from https://www.socialhousing.co.uk/insight/insight/temporary-housing-the-case-for-investment-61821

Mason, R. (2017, November 22). Universal credit wait reduced to five weeks. *The Guardian*. Retrieved from https://www.theguardian.com/society/2017/nov/22/universal-credit-wait-reduced-to-five-weeks

McGough, L. & Bessis, H. (2015, November). *Delivering change making the most of public assets.* Centre for Cities. Retried from https://www.centreforcities.org/wp-content/uploads/2015/11/15-11-26-Delivering-Change-Public-Assets.pdf

Midolo, E. (2017, March 16). Who owns London? *Property Week*. Retrieved from https://www.propertyweek.com/data/who-owns-london/5088280.article

Millins, D., Murie, A., Leather, P., Lee, P., Riseborough, M., & Walker, B. (2006). *Housing policy in the UK*. Palgrave MacMillan.

Ministry of Housing, Communities & Local Government., & Clark, G. (2016, July 5). Historic opportunity for councils to shape their financial future. Retrieved from https://www.gov.uk/government/news/historic-opportunity-for-councils-to-shape-their-financial-future

Ministry of Housing, Communities & Local Government. (2018a, March 22). *Statutory homelessness and prevention and relief, October to December (Q4) 2017: England*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692938/Statutory_Homelessness_and_Prevention_and_Relief_Statistical_Release_Oct_to_Dec_2017.pdf

Ministry of Housing, Communities and Local Government. (2018b, June). *Additional Housing Revenue Account Borrowing Programme*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752119/Additional_housing_revenue_account_borrowing_programme_prospectus_archived.pdf

Ministry of Housing, Communities & Local Government. (2018c, August 23). *Local authority revenue expenditure and financing England: 2017 to 2018 individual local authority data – outturn.* Retrieved from https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2017-to-2018-individual-local-authority-data-outturn

Ministry of Housing, Communities & Local Government. (2018d, August). *Use of receipts from Right to Buy sales Consultation.* Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733469/Right_to_Buy_consultation.pdf

Ministry of Housing, Communities & Local Government. (2018e, October 11). *Local Authority Capital Expenditure and Receipts England 2017-18 Final Outturn*. Retrieved from https://www.gov.uk/government/statistics/local-authority-capital-expenditure-and-receipts-in-england-2017-to-2018-final-outturn

Ministry of Housing, Communities & Local Government. (2018f, December 13). *Statutory homelessness, April to June (Q2) 2018*: England. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764301/Statutory_Homelessness_Statistical_Release_April_-_June_2018.pdf

Ministry of Housing, Communities & Local Government. (2019a, January 24). *Local authority housing statistics: Year ending March 2018, England*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachmen

t_data/file/773079/Local_Authority_Housing_Statistics_England_year_ending_March_2018.pdf
Ministry of Housing, Communities & Local Government. (2019b, May 24). Live tables on dwelling stock (including vacants). Retrieved from https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants
Ministry of Housing, Communities & Local Government. (2019c, May 24). Live tables on homelessness. Retrieved from https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness
Ministry of Housing, Communities & Local Government. (2019d, June 18). Live tables on affordable housing supply. Retrieved from https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply
Ministry of Housing, Communities & Local Government. (2019e, July*). Local Government Financial Statistics England No.29 2019*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/814118/Local_government_financial_stats_number_29_2019_Web_Accessible.pdf
Ministry of Housing, Communities & Local Government. (2019f). Homelessness Provision, Borough. Retrieved from https://data.london.gov.uk/dataset/homelessness.
Minton, A. (2015, May 25). The great London property squeeze. *The Guardian*. Retrieved from https://www.theguardian.com/society/2017/may/25/london-property-squeeze-affordable-housing
Mitchell, T. (1991). The limits of the state: Beyond statist approaches and their critics. *The American Political Science Review, 85*(1), 77-96.
Mitchell, T. (2002). *Rule of experts: Egypt, techno-politics, modernity*. Berkeley, CA: University of California Press.
Moore, E., & Blackden, R. (2016, June 10). Bond rally breaks records as investors race to safety. *Financial Times.* Retrieved from https://www.ft.com/content/d01d5bb6-2ef8-11e6-bf8d-26294ad519fc
Morphet, J. & Clifford, B. (2017). *Local authority direct provision of housing*. Retrieved from https://www.rtpi.org.uk/knowledge/better-planning/better-planning-housing-affordability/local-authority-direct-provision-of-housing/
Murie, A. (1993). Privatization and restructuring public involvement in housing provision in Britain. *Scandinavian Housing and Planning Research, 10*(3), 145-157.
Murie, A. (2016) *The Right to Buy?: Selling off Public and Social Housing*. Bristol: Policy Press.
Murphy, R. (2005). *Paying for local investment*. Retrieved from http://www.taxresearch.org.uk/Documents/NEF-PolicyExchange-CapitalFinancing.pdf
National Audit Office. (2017, September 13). *Homelessness. Report by the Comptroller and Auditor General*. Retrieved from https://www.nao.org.uk/wp-content/uploads/2017/09/Homelessness.pdf
National Audit Office. (2018, March 8). *Financial sustainability of local authorities 2018*. Retrieved from https://www.nao.org.uk/wp-content/uploads/2018/03/Financial-sustainabilty-of-local-authorites-2018.pdf
Navigant. (2012, January). *Ealing Housing Commission*. Retrieved from https://ealing.cmis.uk.com/ealing/
New Economics Foundation. (2018, May 10). Making the context 1: The context. Retrieved from https://neweconomics.org/2018/05/making-the-case-1

Newman, K. (2018). Urban governance and inclusionary housing in New York City. In M. Davidson & K. Ward (Eds.), *Cities under austerity: Restructuring the US metropolis* (pp.127-142). New York: State University of New York.

Offe, C., & Keane, J. (1993[1984]). *Contradictions of the welfare state*. Cambridge, Massachusetts: The MIT Press.

Office of National Statistics. (2015, June 19). Home ownership down and renting up for first time in a century. Retrieved from https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/homeownershipdownandrentingupforfirsttimeinacentury/2015-06-19

Office of National Statistics. (2019a, March 28). House price to residence-based earnings ratio. Retrieved from https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoresidencebasedearningslowerquartileandmedian

Office of National Statistics. (2019b, June 26). Population estimates. Retrieved from https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates

Office of the Deputy Prime Minister. (2004, July). *General Power for Local Authorities to Trade in Function Related Activities Through a Company*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/8311/133628.pdf

Office for Budget Responsibility. (October 29, 2018): *Economic and fiscal outlook – October 2018*. Retrieved from https://obr.uk/efo/economic-fiscal-outlook-october-2018/

Old Oak and Park Royal Development Corporation. (2016, June). *Draft Outline Socio-economic Regeneration Strategy.* Retrieved from https://www.london.gov.uk/moderngovopdc/documents/s53722/25012016 percent20OPDC percent20BOARD percent20REPORT percent2012 percent20-percent20Appendix percent20A percent20- percent20OUTLINE percent20SOCIO-ECONOMIC percent20REGEN percent20STRATEGY.pdf

Onanuga, T. (2010, June 22). Emergency budget: George Osborne's speech in full. *The Guardian.* Retrieved from https://www.theguardian.com/uk/2010/jun/22/emergency-budget-full-speech-text

Ormerod, E., & Macleod, G. (2018). Beyond consensus and conflict in housing governance: Returning to the local state. *Planning Theory*.

Pacewicz, J. (2012). Tax increment financing, economic development professionals and the financialization of urban politics. *Socio-Economic Review*, *11*(3), 413-440

Pagura, S., Pollock, R., & Mussani, S. (2018, June). Investing in Localism. How Local Authorities Can Provide Good Finance for Communities Business. A Working Paper Prepared for Power to Change Research Institute. *Social Finance*. Retrieved from https://www.powertochange.org.uk/wp-content/uploads/2018/05/Localism-Working-paper-V3.pdf

Peck, J. (2012). Austerity urbanism. *City*, *16*(6), 626-655.

Peck, J. (2013a). Explaining (with) Neoliberalism. *Territory, Politics, Governance, 1*(2), 132-157.

Peck, J. (2013b). Pushing austerity: State failure, municipal bankruptcy and the crises of fiscal federalism in the USA. *Cambridge Journal of Regions, Economy and Society, 7*(1), 17-44.

Peck, J. (2017). Transatlantic city, part 1: Conjunctural urbanism. *Urban Studies, 54*(1), 4-30.

Peck, J., & Tickell, A. (2002). Neoliberalizing space. *Antipode, 34*(3), 380-404.

Peck, J., & Whiteside, H. (2016). Financializing Detroit. *Economic Geography, 92*(3), 235-268.

Perraudin, F., & McIntyre, N. (2019a, January 1). Councils 'ripped off' by private landlords, experts warn. *The Guardian*. https://www.theguardian.com/society/2019/jan/01/councils-ripped-off-by-private-landlords-experts-warn

Perraudin, F., & McIntyre, N. (2019b, January 8). Rise in children taken into care pushes 88 percent of councils over budget. *The Guardian*. Retrieved from https://www.theguardian.com/society/2019/jan/08/rise-in-children-taken-into-care

Perry, J. (2014). Why is it important to change local authority borrowing rules? *Chartered Institute of Housin*g. Retrieved from http://www.cih.org/freepublications

Perry, J. (2015, February 2). Should councils borrow to build houses that aren't for social rent? *Public Finance*. Retrieved from https://www.publicfinance.co.uk/2015/02/should-councils-borrow-to-build-houses-that-arent-for-social-rent

Perry, J. (2018, October 22). Lifting the HRA borrowing cap should come with accounting changes. *Public Finance*. Retrieved from https://www.publicfinance.co.uk/opinion/2018/10/lifting-hra-borrowing-cap-should-come-accounting-changes

Perry, J., Smith, G., & Pitt, J. (2016). Investing in council housing: the impact on HRA business plans. *The Chartered Institute of Public Finance and Accountancy*. Retrieved from http://www.cih.org/resources/PDF/Investing percent20in percent20council percent20housing percent20CIH-CIPFA percent20July percent202016.pdf

Phelps, N. A. (1998). On the edge of something big: Edge-city economic development in Croydon, South London. *Town Planning Review*, *69*(4), 441.

Pickard, J. (2016, March 11). Local councils suffer after taking out exotic loans. *The Financial Times*. Retrieved from http://www.ft.com/cms/s/0/3228336c-e6bf-11e5-a09b1f8b0d268c39.html#axzz47Y5j9sBx

Pickard, J. & Evans, J. (2018, October 18). Local councils ramp up exposure to commercial property. *The Financial Times*. Retrieved from https://www.ft.com/content/5dcd8fa6-d1e7-11e8-a9f2-7574db66bcd5

Pierson, P. (2002). Coping with Permanent Austerity: Welfare State Restructuring in Affluent Democracies. *Revue Française De Sociologie, 43*(2), 369.

Plender, J. (2017a, February 15). A quirky and hazardous corner of British public finance. *The Financial Times.* Retrieved from https://www.ft.com/content/57ba0f2a-c791-11e6-8f29-9445cac8966f

Plender, J. (2017b, April 25). UK public finance: councils build a credit bubble. *The Financial Times*. Retrieved from https://www.ft.com/content/84892c56-1a17-11e7-bcac-6d03d067f81f?mhq5j=e6

Poulantzas, N. (1978). *State, Power, Socialism.* London: New Left Books.

Polanyi, K. (2001[1944]). *The great transformation: The political and economic origins of our time*. Boston, MA: Beacon Press.

Raco, M., Street, E., & Freire-Trigo, S. (2015). The new localism, anti-political development machines, and the role of planning consultants: Lessons from London's South Bank. *Territory, Politics, Governance, 4*(2), 216-240.

Rao, N. (1990) The Changing Role of Local Housing Authorities: An Interim Assessment. *Policy Studies Institute for the Joseph Rowntree Foundation*. Retrieved from http://www.psi.org.uk/publications/archivepdfs/Changing percent20role/HOUS2.pdf

Red Door Ventures (n.d.). *Red Door Ventures Limited Management and Letting Policies*. Retrieved from https://www.reddoorventures.co.uk/media/1175/rdv-letting-management-policies.pdf

Riles, A. (2011). *Collateral knowledge: Legal reasoning in the global financial markets*. Chicago: University Chicago Press.

Roberts, R. W. (2017). *When Britain went bust: The 1976 IMF crisis*. OMFIF.

Robertson, M. (2014). Case Study: Finance and Housing Provision in Britain. Financialisation, Economy, Society and Sustainable Development, Working Paper Series, No 51.

Rosenthal, A., & Newman, K. (2018). Beyond the shadow state: The public–private food assistance system as networked Governance. *Urban Affairs Review, 55*(5), 1433-1455.

Ross, F., Perry, J., & Duggan, G. (2017, September). Building bridges: a guide to better partnership working between local authorities and housing associations. *The Chartered Institute of Housing*. Retrieved from http://www.cih.org/resources

Rugg, J. (2016, February). Temporary Accommodation in London: Local Authorities under Pressure. London Councils. Retrieved from https://pure.york.ac.uk/portal/files/45343460/Temporary_Accommodation_in_London_report_FINAL_VERSION_FOR_PUBLICATION.pdf

Sampson, S. (2018, September 24). Take-off time for council housing companies? *Inside Housing*. Retrieved from https://www.insidehousing.co.uk/insight/insight/take-off-time-for-council-housing-companies-58163

Salisbury, N., Rothery, T., Shah, G., & Hull, D. (2014, October). Supporting homelessness prevention and alleviation through investment in the private rental sector. *Social Finance*. Retrieved from https://www.socialfinance.org.uk/sites/default/files/publications/supporting-homelessnes-prevention-and-alleviation-through-investment-in-the-private-rental-sector.pdf

Sandford, M. (2016, May 20). *Local government: alternative models of service delivery. Briefing Paper* Number 05950. Retrieved from https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05950

Sandford, M. (2018a, February 2). *Local government: commercial property investments* (Briefing Paper Number 08142). London: House of Commons Library.

Sandford, M. (2018b, December 21). *Local government in England: structures.* (Briefing Paper Number 07104). London: House of Commons Library.

Saunders, P. (2013). *Urban politics: A sociological interpretation*. Routledge.

Savage, M. (2018, September 1). Revealed: cash crisis pushing child services to tipping point. *The Guardian*. Retrieved from https://www.theguardian.com/society/2018/sep/01/children-social-care-services-councils-austerity

Sayce, S., Crosby., N., Garside, P., Harris, R., Parsa, A. (2017, January). *Viability and the planning system: the relationship between economic viability testing, land values and affordable housing in London*. Retrieved from https://www.rau.ac.uk/sites/files/rau/field/field_document/Viability percent20and percent20the percent20Planning percent20System percent20Research percent20January percent202017.pdf

Schwartz, A. (2011). The credit crunch and subsidized low-income housing: the UK and US experience compared. *Journal of Housing and the Built Environment, 26*(3), 353-374.

Seymour, R. (2014). *Against austerity: How we can fix the crisis they made*. London: PlutoPress.

Shelter. (2017, November 8). More than 300,000 people in Britain homeless today. *Shelter*. Retrieved from https://england.shelter.org.uk/media/press_releases/articles/more_than_300,000_people_in_britain_homeless_today

Shelter. (2019, January 7). Building for our future: A vision for social housing. Retrieved from. https://england.shelter.org.uk/support_us/campaigns/a_vision_for_social_housing

Simpson, J. (2018, November 11). Sadiq Khan accused of 'waging war on the suburbs'. *Inside Housing*. Retrieved from https://www.insidehousing.co.uk/news/news/sadiq-khan-accused-of-waging-war-on-the-suburbs-59327

Smith, L. (2017, March 22). *Planning for housing* (Briefing Paper Number 03741). London: House of Commons Library.

Smyth, S., Cole, I., & Fields, D. (2019). From gatekeepers to gateway constructors: Credit rating agencies and the financialisation of housing associations. *Critical Perspectives on Accounting*, 102093.

Stake, R. E. (2006). *Multiple case study analysis*. New York: The Guilford Press.

Stephens, M. & Whitehead, C. (2014) Rental housing policy in England: post crisis adjustment or long term trend? *Journal of Housing and the Built Environment, 29*(2), 201-220.

Steward, R., & Ahlawat, R. (2016). Deprivation in Ealing. Retrieved from *https://www.ealing.gov.uk/download/.../2015_indices_of_deprivation_for_ealing.pdf*

Syal, R., Butler, P., & Tilbrook, W. (2018, March 8). Stretched councils raid reserves to cope with social care, NAO warns. *The Guardian*. Retrieved from https://www.theguardian.com/society/2018/mar/08/councils-raid-reserves-to-cope-with-social-care-nao-report

Temperton, P. (1991). *United Kingdom Monetary Policy*. London: McMillan.

Theodore, N. (2019). Governing through austerity: (Il)logics of neoliberal urbanism after the global financial crisis. *Journal of Urban Affairs,* 1-17.

Thomson, A., & Wilkes, P. (2014). *Public land, public good*. Retrieved from https://www.localis.org.uk/wp-content/uploads/2014/09/LOCJ2390_Public_land_report_A4_0914_WEB.pdf

Tonutti, G. (2018, October 10). *Benefit Cap: Policy in Practice's evidence to the Work and Pensions Select Committee*. Retrieved from http://policyinpractice.co.uk/benefit-cap-policy-in-practices-evidence-to-the-work-and-pensions-select-committee/

Trust for London. (2018a). Croydon. Retrieved from https://www.trustforlondon.org.uk/data/boroughs/croydon-poverty-and-inequality-indicators/

Trust for London. (2018b). Enfield. Retrieved from https://www.trustforlondon.org.uk/data/boroughs/enfield-poverty-and-inequality-indicators/

Trust for London. (2018c). Newham. Retrieved from https://www.trustforlondon.org.uk/data/boroughs/newham-poverty-and-inequality-indicators/

United Kingdom Debt Management Office. (2018). *Public Works Loan Board Annual Report and Accounts 2017-2018*. Retrieved from https://dmo.gov.uk/media/15575/pwlbrep2018.pdf

United Kingdom Debt Management Office. (2019). Historical Average Daily Conventional Gilt Yields. Retrieved from https://dmo.gov.uk/data/ExportReport?reportCode=D4H

Valuation Office Agency (2019). *Private Rental Market Statistics, 'Room' monthly rents recorded between 1 April 2018 and 31 March 2019 for London*. Retrieved https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/809641/London.pdf

Vitopoulou, A., & Yiannakou, A. (2018). Public land policy and urban planning in Greece: Diachronic continuities and abrupt reversals in a context of crisis. *European Urban and Regional Studies.*

Wainwright, T. (2012). Building New Markets: Transferring Securitization, Bond-rating, and a Crisis from the US to the UK. In M.B. Aalbers (Ed.), *Subprime Cities: The Political Economy of Mortgage Markets* (pp.97-119). Malden, MA: Blackwell Publishing Ltd.

Wainwright, O. (2016, March 14). A tale of two cities: winners and losers in London's social housing divide. *The Guardian*. Retrieved from https://www.theguardian.com/artanddesign/2016/mar/14/winners-and-losers-london-social-housing-divide-barnet-camden

Wainwright, O. (2017, February 10). Out of the box: councils try innovative projects to provide social housing. *The Guardian*. Retrieved from https://www.theguardian.com/society/2017/feb/10/councils-innovative-projects-social-housing

Wainwright, T., & Manville, G. (2017). Financialization and the third sector: Innovation in social housing bond markets. *Environment and Planning A, 49*(4), 819-838.

Wall, T. (2018, August 18). No-fault evictions making hundreds of families homeless each week. *The Guardian*. Retrieved from https://www.theguardian.com/uk-news/2018/aug/18/no-fault-evictions-hundreds-of-families-homeless-each-week

Ward, A. (2019, April 16). L&G and Croydon Council ink £45m deal to ease housing crisis. *Radius Data Exchange*. Retrieved from https://www.egi.co.uk/news/lg-and-croydon-council-ink-45m-deal-to-ease-housing-crisis/

Ward, C., & Aalbers, M. B. (2016). Virtual special issue editorial essay: 'The shitty rent business': What's the point of land rent theory? *Urban Studies, 53*(9), 1760-1783.

Ward, K. (2017). Financialization and urban politics: expanding the optic, *Urban Geography, 38*(1), 1-4.

Watt, P. (2013). 'It's not for us'. *City, 17*(1), 99-118.

Weber, R. (2010). Selling City Futures: The Financialization of Urban Redevelopment Policy. *Economic Geography, 86*(3), 251-274.

Whalley, K. (2010, February 2). Council cash deal over Croydon HQ still shrouded in secrecy. *Sutton and Croydon Guardian*. Retrieved from https://www.yourlocalguardian.co.uk/news/4884776.council-cash-deal-over-croydon-hq-still-shrouded-in-secrecy/

Whiteside, H. (2017). The state's estate: Devaluing and revaluing 'surplus' public land in Canada. *Environment and Planning.*

Wijburg, G. (2019). Reasserting state power by remaking markets? The introduction of real estate investment trusts in France and its implications for state-finance relations in the Greater Paris region. *Geoforum, 100*, 209-219.

Williams, P. (2003). Private finance for a social purpose: mortgage lenders and housing associations in the UK. *Housing Finance International, 17*(4).

Wilson, W. (2009, September 2). *The Decent Homes Standard: update*. Retrieved from researchbriefings.files.parliament.uk/documents/SN03178/SN03178.pdf

Wilson, W. (2014, June 23). *Incentivising the Right to Buy*. House of Commons Library. Retrieved from http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06251#fullreport

Wilson, W., & Barton, C. (2019, March 19). *Households in temporary Accommodation (England)* (Briefing Paper No. 02110). Retrieved from https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN02110#fullreport

Wilson, W. Barton, C. Number 01164, (2019, June 3). *Statutory Homelessness in England*. Retrieved from: researchbriefings.files.parliament.uk/documents/SN01164/SN01164.pdf

Wright, O. (2016, April 28). Right to Buy policy not accurately costed, open to abuse and may make housing crisis worse, MPs claim. *The Independent*. Retrieved from http://www.independent.co.uk/news/uk/politics/right-to-buy-policy-not-accurately-costed-open-to-abuse-and-may-make-housing-crisis-worse-mps-claim-a7005921.html