

PRESS RELEASE

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Housing providers need a wider scope and a new ‘entrepreneurial’ spirit

Research by St Andrews University and a group of international practitioners says radical thinking is needed to shape a new, entrepreneurial and thriving rental housing sector.

The current crisis is crushing the housing hopes of many poorer and younger households and holding back community renewal while, according to the study, the drive for 21st century homes is being hampered by 20th century housing thinking.

The new research - led by Professor Duncan Maclennan and Sharon Chisholm for the Centre for Housing Research (CHR) at the University of St Andrews – calls for a more enterprising and innovative approach in housing alongside a continuing focus on supporting communities and help to improve people’s lives.

The study, *New Times, New Business: Housing Provision in Times of Austerity*, was being launched today (Friday 1 February 2013) at Glasgow Housing Association’s Training Academy in Glasgow city centre. GHA, which is part of the Wheatley Housing Group, was one of six partners in the research project.

The researchers, who came from the UK, Canada, Australia and Norway, looked at how housing needs are being shifted by demographic and economic change while the resources and roles of governments are shrinking. Housing providers should adapt not just to cope with the new resourcing challenges but to seize new opportunities too.

Principal Researcher Professor Duncan Maclennan said: “Times have changed; debt finance and public money are scarce. In all of the countries involved in the research not-for-profit housing providers have been experiencing cuts to programmes. In Canada these cuts started in the mid-nineties and in Australia, Norway, Scotland and England resources are now

contracting in post 2010 austerity measures. There is wider agreement that these cuts are real, substantial and prolonged. Not-for-profits cannot now rely on the support levels of the past and new funding streams and approaches are needed.

“In all countries, unemployment has risen, incomes of poorer households have stalled and growing household numbers have added to housing demands. Welfare payments to support low income renters are now also under scrutiny in a number of countries.

“New demands for housing and related services are emerging that markets are failing to meet effectively. Home-ownership rates for under-35s are falling almost everywhere and these young households will enter homeownership much later. They need other options both to live and build savings now. We also have older people who are living longer and we have to recast the ways we meet the changing housing, care and health needs of the oldest households.”

Professor MacLennan says all this means a radical rethink is needed on the role for providers of non-profit housing. More new activities are required that address the needs of all income groups and that may also generate surpluses to support more traditional social housing provision.

He added: “Providers need to become more entrepreneurial in style but no less focused on their local communities and on the effective delivery of social housing. Their roles are still critical to social inclusion, more dynamic neighbourhoods and fairer starts for low income households. This kind of work will not be done by the private sector.

“The key challenge for not-for-profit housing providers is to organise and behave in ways that are more enterprising so they can attract increased private funding. Already some providers have new business lines like providing other services for a fee and leveraging their assets to build more affordable housing. They’re beginning to blur the distinctions between profit and non-profit, creating a more hybrid business form which blends government subsidies with other sources of funding.

“The most successful not-for-profit groups will continue to be measured by real improvements in their local neighbourhoods and in the lives of people they serve, for example, improvements in health, education and employment prospects.

"The other key challenge will be for housing providers to offer new and different products – such as mid-market homes and different forms of shared ownership."

The research also points to the need for governments to create clear and innovative policies to support the right conditions for not-for-profit housing providers to attract increased private funding.

And it says the changing times will mean more housing providers are likely to form groups to capture scale economies.

Professor MacLennan added: "Forms of leadership, organisational culture and standards of governance must be able to adapt and succeed in a radically changed world. Group structures – like the newly-formed Wheatley Housing Group which has been set up by Glasgow Housing Association and its partners – are likely to rise in prevalence in all partners' countries as organisations look to create strength and scale so they can do more for people and communities."

Ends

Notes to Editors

The New Times, New Business project was launched in 2011 by the Centre for Housing Research (CHR) at the University of St Andrews with Professor Duncan MacLennan as Principal Researcher Sharon Chisholm as Project Manager.

Its aim was to identify and understand the market failures and how they were expected to evolve as well as the role of the state in providing a balance to these failures. It wanted to understand what kinds of businesses would thrive in an environment of fundamental changes for governments and housing providers.

The project was led by CHR as a Knowledge Exchange engagement of academics with practitioners. Six partners agreed to participate and provide funding for the project. They were: Housing Choices Australia, Australia, the Housing Services Corporation, Canada, Ottawa Community Housing Corporation, The Norwegian State Housing Bank, Norway, Places for People, England and Scotland, and Glasgow Housing Association, part of the Wheatley Housing Group, Scotland.

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