



What is the role of housing associations in providing intermediate and market rented housing?

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Executive Summary

The number of people living in the private rented sector is growing, but there are many issues with the quality of properties and security of tenure. Housing in the private rented sector is increasingly unaffordable for many people on lower-than-average incomes. At the same time, housing associations are facing major funding challenges with the reduction in grant funding and the introduction of the rent cap, as well as a shrinking supply of social housing due to the Right to Buy and redevelopment schemes. By offering a range of market and sub-market rental products alongside market sales, housing associations can make themselves financially viable, continue to build for social rent, and carry out essential landlord services and repairs. It allows them to provide high-quality rented housing to people with various housing needs who are not eligible for social housing and cannot afford to buy.

Housing associations are professional landlords, with an awareness of their responsibilities towards tenants, and have dedicated repairs services. They invariably offer support services such as money advice and community support. Social landlords providing market renting offer greater security of tenure than individual private landlords, as they are less likely to sell the property at short notice or terminate a tenancy to increase the rents. By diversifying their rental offer, housing associations can provide quality rented housing services to a wider group of people with varied housing needs, which helps to justify their involvement in the private rented sector. There is a growing group of people that cannot access social housing but struggle to pay full market rents or to buy and therefore end up in housing need. Housing associations are playing an important role by providing sub-market accommodation to this group.

Housing associations providing keyworker accommodation help with job retention for vital services such as the NHS. We are all dependent on these service workers, as the pandemic has highlighted. Keyworker housing allows keyworkers to live close to their places of work at affordable prices, with the assurance that they will receive a decent quality of landlord service. This is especially important in London due to high housing costs. Associations aim to keep the rents for this and other targeted accommodation affordable.

One of the major contributions of housing associations in this space is the provision of “intermediate” or “affordable” renting, which is more expensive than social rents, but less than full market rents. This helps people in work and earning a moderate income who may otherwise struggle to find decent, affordable, and secure accommodation, particularly in high-cost areas.

By offering a wider set of options for renting, housing associations can support more vulnerable groups, including those who are homeless or at risk of homelessness. These individuals would often end up in temporary accommodation such as B&Bs or hostels. In some cases, the housing associations partner with charities who provide the support services required by these tenants and in other cases, they provide the support directly.

Part 1 – The Research

1. Introduction

The UK is facing serious housing problems: the social housing sector is shrinking; homelessness is rising; and homeownership is becoming less attainable for people on moderate incomes. More and more people are living in the private rented sector, including families with children and older people. Social housing providers can play an important role in offering private and sub-market rental properties. This research explores to what extent this type of provision can alleviate housing problems by providing secure homes, of a decent standard, and affordable to those whose incomes are too high for social renting but who cannot afford to buy on the open market.

Social landlords were set up as non-profit providers of subsidised rented homes for those who could not afford market rents, so why do they engage in market renting? For over 10 years social landlords have supplemented or replaced government housing grants by building homes for sale at a profit to generate a surplus that can fund social rented homes. However, there are limitations to the build-for-sale approach. Firstly, the housing market is volatile and many social landlords, along with developers, have been caught out with properties they cannot sell, or that they make a loss on. Secondly, it takes around five private sales in London or the Southeast, where the housing market is strongest, to fund one new social housing unit, according to Hyde Housing¹. Thirdly, the social housing supply is shrinking due to sales through Right to Buy and through “regeneration” i.e., demolition and rebuilding of existing social housing areas. Therefore, landlords are “running to stand still” in trying to expand the supply of social rented homes.

At the same time, many working households on modest incomes are squeezed between the chronic shortage of social housing and therefore their inability to access it, and the high cost of owner-occupation with significant barriers to entry. There are many would-be first-time buyers in need of decent, secure, affordable rented housing. Many social housing providers have set out to fill that gap in the rental market between social rents and a totally profit-oriented approach.

In order to find out how the relatively recent role for social landlords in providing market and submarket renting is developing, we identified 15 varied case studies of leading housing associations that are developing a range of private or semi-private rental options. Before we examine in detail their experiences, we first set out conditions in the private rented sector (PRS) and compare them where possible with conditions in social rented accommodation and owner-occupied properties.

¹ Former Chief Executive of Hyde Housing reported this finding following work on the cost and benefits of building for market sale

2. The Current Situation in Private Rented Housing

Who lives in the private rented sector?

Private renting is currently the fastest growing tenure in the UK. It is becoming the only option for many households, increasingly housing people who previously would have been housed in the social rented sector, as well as young households who cannot afford to buy. Private renting in England (excluding London) has increased from 9% of the total stock in 2003/04 to 18% in 2017/18. In London, the private rented sector (PRS) occupies an even larger portion of the housing, growing from 14% in 2003/04 to 29% in 2017/18. It is increasingly housing households with children, rising from 9% of total households in the private rented sector with children in 2003/04 to 23% in 2017/18; the under-35s have grown from 28% in 2007/08 to 41% in 2018/19. This figure represents a decline of 7% from its peak of 48% in 2013/14. There has been a corresponding reduction in under-35s who are owner-occupiers, from 55% in 2007/08 to 40% in 2017/18. This proportion has remained relatively stable since 2013/14². 80% of recent migrants live in the private rented sector. There are reports that lower-income migrants may end up in more informal private renting that is of a low standard³.

Affordability

Affordability is often a big issue for those living in private rented housing. Owner-occupiers spend on average 18% of their income on housing costs, while people in private renting spend on average 34%, nearly double that of owner-occupiers⁴. Two million households in the private rented sector face problems with affordability, compared to 1.5 million owner-occupiers and 1.3 million social renters⁵. As private renting has grown there has been an increase in the proportion of these households living in poverty. In 2000-01, 13% of people in poverty lived in the private rented sector, but that share had increased to 31% in 2017-18. In 2000-01, 20% of housing benefit claims came from the private rent sector, rising to 33% in 2017-18⁶.

Many of these low-income households would have traditionally been housed in the social rented sector. From 2012 to 2016, 120,000 social rented homes were lost from the sector and it is estimated another 120,000 have been lost between 2016 and 2020⁷. Social rented homes are lost through the

²Ministry of Housing, Communities and Local Government (2020) English Housing Survey Headline Report, 2018-19. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/860076/2018-19_EHS_Headline_Report.pdf

³ Julie Rugg and David Rhodes (2018) The Evolving Private Rented Sector: Its Contribution and Potential. University of York Centre for Housing Policy. Available at : <http://www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf>

⁴Lewis Shand Smith (2020) Consumer rights in the private rented sector. The Smith Institute. Available at: <http://www.smith-institute.org.uk/wp-content/uploads/2020/07/Consumer-rights-in-the-PRS.pdf>

⁵Jonathan Webb and Luke Murphy (2020) Renting beyond their means? Institute for Public Policy Research. Available at: http://www.nationwidefoundation.org.uk/wp-content/uploads/2020/06/1593455078_renting-beyond-their-means-june-20.pdf

⁶ Lewis Shand Smith (2020) Consumer rights in the private rented sector. The Smith Institute. Available at: <http://www.smith-institute.org.uk/wp-content/uploads/2020/07/Consumer-rights-in-the-PRS.pdf>

⁷ Crisis (2020) Housing supply. Available at: <https://www.crisis.org.uk/ending-homelessness/housing/housing-supply/>

Right to Buy scheme, lack of investment in new social housing, conversion of homes to affordable rent, and some demolition. Since the 1980s, nearly two million homes have been sold off under the Right to Buy without being replaced with new social units⁸. 40% of Right to Buy properties are now re-let privately, often to people in receipt of housing benefit⁹. In other words, the government pays twice over for the loss of social housing, due to the Right to Buy discount and the more expensive housing benefit claims of the private tenants living in ex-Right to Buy properties.

In 2013, the Conservative Government introduced a cap on benefits to help ensure that people could not expect more in benefits than they could earn by working. The overall benefit cap and the cap on housing benefit means that the gap between the level of benefit payments and rent levels is increasing, making private renting less affordable for low-income families. The introduction of Universal Credit has made the situation more difficult for many low-income families. In 2020, the National Landlord’s Association found that 54 per cent of landlords had experienced private tenants on Universal Credit falling into arrears in the previous year¹⁰. In some areas, “Help to Rent” schemes that provide a form of rent guarantee for low-income tenants have been introduced, to encourage landlords to house tenants on housing benefit. However, this funding is often only short term, and many landlords increasingly expect significant incentives and guarantees. Weak enforcement standards on private landlords mean that landlords can rent out poor quality properties that they would not be able to rent on the open market¹¹ as a result of local authority guarantee schemes which help poorly performing landlords to acquire funded tenants.

Table 1: How the private renting sector is developing

	2003/4	2017/18
PRS as % of total stock:		
Outside of London	9%	18%
In London	14%	29%
Families with children	9%	23%
Under 35-year-olds	28%	41%
Recent migrants % in PRS		80%
% in PRS in poverty	13% (2001)	31%
% housing benefit claims from PRS	20% (2001)	33%

⁸ MHCLG (2021) Live tables on social housing sales. Available at: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales#right-to-buy-sales>

⁹ Nathaniel Barker (2017) Exclusive: 7% rise in former Right to Buy homes now rented privately. Available at: <https://www.insidehousing.co.uk/news/news/exclusive-7-rise-in-former-right-to-buy-homes-now-rented-privately-53507>

¹⁰ Alice Woudhuysen (2019) WORSE OFF: The impact of universal credit on families in Tower Hamlets. CPAG. Available at: <https://cpag.org.uk/news-blogs/news-listings/worse-impact-universal-credit-families-tower-hamlets>

¹¹ Julie Rugg and David Rhodes (2018) The Evolving Private Rented Sector: Its Contribution and Potential. University of York Centre for Housing Policy. Available at : <http://www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf>

Security of tenure

Private renters tend to live in their homes for a shorter amount of time than other tenures, with the average time spent living in a privately rented home being 4.4 years compared to 11.6 years in a social rented home, and even longer in an owner-occupied homes¹. In 2018-19 the largest number of moves occurred within or into the private rented sector. 19% of people moved *within* the private rented sector and 3% moved *into* the private sector. According to the Smith Institute, 11% of those who moved within the private sector in the last three years did so as their landlords asked them to. In comparison, only 2% of households moved within the owner-occupier sector and 0.5% of households were new owner-occupier households. Within the social rented sector, 4% of households moved within the sector and 1% of households had recently moved into the sector¹. This suggests private renting offers the least stability of the main tenures. Table 2 summarises these findings.

Table 2: Turnover by tenure, 2018-2019

Moves within each main tenure 2018-19

Sector	Moves within sector	Total units	Percentage move
PRS	879,000	4 700 000	19%
Owner Occupiers	311,000	15 600 000	2%
Social Renting	172,000	4 100 000	4%

Moves into each tenure 2018-19

Sector	Moves into sector	Total units	Percentage move
PRS	149,000	4 700 000	3%
Owner Occupiers	80,000	15 600 000	0.5%
Social Renting	50,000	4 100 000	1%

Quality of housing

Housing quality varies between tenures. 25% of homes in the private rented sector fail to meet the decent homes standard, compared with just 12% in the social sector (under half that of PRS) and 17% in the owner-occupier sector. The Housing Health and Safety Rating System (HHSRS) is an assessment that identifies hazards in properties and their potential impact on occupants. The most serious hazards are known as Category 1 Hazards. Privately rented accommodation has the highest number of these hazards, with 14% of properties having a Category 1 Hazard, compared to 11% of owner-occupied properties, and almost three times the level of these hazards in social rented properties (5%). Private rented accommodation is also more likely to have problems with damp, with 7% having some kind of damp problem, compared to 5% of socially rented homes and 2% of owner-occupied dwellings. Social rented accommodation also performs better in terms of energy efficiency measures. The social rented sector has an average SAP rating of 68 compared to the private and

owner-occupied sectors, which both have an average SAP rating of 62. Table 3 summarises these findings.

Table 3: Percentage of properties meeting housing standards, by tenure

	Private Rented Sector	Owner Occupiers	Social Rented Sector
Below Decent Homes Standard	25%	17%	12%
Category 1 Hazards	14%	11%	5%
Damp problems	7%	2%	5%
Energy Efficiency SAP rating	62	62	68

NB. SAP rating is a measure of energy efficiency that rises as it improves

The law concerning property standards in private rented accommodation is currently unclear for both tenants and landlords. It is the responsibility of private sector tenants to report issues with their property to the Local Authority who can then enforce standards. Even where the law is clear there is not sufficient enforcement. It is estimated that less than 2% of private rented properties are formally inspected due to cuts in government funding which have reduced the size and strength of enforcement teams¹². Many tenants are reluctant to complain or report problems for fear of losing their tenancy. The private rented sector in England is owned by 1.5 million landlords; 94% of these are individuals who only own one or two properties. The properties owned by these small landlords make up 70% of the total private rented stock. The remaining 6% of landlords own 30% of the property. Individual landlords who own one or two properties may not be aware of their legal obligations to tenants in ensuring standards.

These findings suggest that registered providers i.e., social landlords, may be well placed to provide private rented homes of higher quality, as they already have the existing skills and knowledge from managing social rented properties, which the evidence shows are of a higher standard. Research suggests that social landlord investment in the private renting sector can help raise standards across the board¹³.

Housing and the COVID-19 pandemic

The COVID-19 pandemic has highlighted the importance of a safe and secure home. Research by the Resolution Foundation suggests that those renting in the private and social rented sectors are more likely than owner-occupiers to be impacted financially by the pandemic, as owner-occupiers are more

¹²Julie Rugg and David Rhodes (2018) The Evolving Private Rented Sector: Its Contribution and Potential. University of York Centre for Housing Policy. Available at : <http://www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf>

¹³ Matt Downie (2018) The Plan to End Homelessness. Crisis. Available at: <https://www.crisis.org.uk/ending-homelessness/the-plan-to-end-homelessness-full-version/solutions/chapter-11-housing-solutions/>

likely to have savings and to have been offered mortgage holidays. The government took the step of increasing Local Housing Allowance (LHA) rates, which are used to calculate Housing Benefit and Universal Credit, in line with local housing costs to help protect private renters. However, many people were claiming benefits for the first time during the pandemic and would not have selected properties with this in mind¹⁴. At the start of the pandemic, in March 2020, the government also introduced a ban on evictions, which allowed many people to stay in their homes even when accruing arrears. The National Landlords Association estimates that 800,000 private renters have fallen into arrears since the start of the pandemic. This eviction ban was lifted on the 31st of May and research by Shelter found that one in four private renters were concerned they would lose their home following the lifting of the evictions ban¹⁵.

The pandemic has shown us how reliant we are on the contribution of key workers who often struggle to meet their housing costs, especially in London. A survey by the Royal College of Nursing found that 60% of nurses expected to leave London within five years because of housing costs¹⁶. Recent research by The Guardian found that frontline workers during the COVID pandemic have been unable to access homeownership in most parts of the country. The research found that a senior care worker on a typical salary of £21,243 would only be able to afford an average priced property in 6 out of 339 council areas, locking them out of 98% of areas. No properties would be affordable within London and the Southeast¹⁷. Affordable housing solutions are essential for these key workers.

3. Government initiatives to encourage “affordable” housing options

Since the early 2000s, there have been several government initiatives that have encouraged social landlords to provide market rent and intermediate rent properties.

- In the early 2000s, New Labour introduced the idea of intermediate renting (up to 80% of market price) for working families wanting to save for a house deposit. The Homes and Communities Agency provided grant funding of £9 billion for housing associations building intermediate rent properties. The funding aimed to provide 155,000 homes a year between 2008 and 2011¹⁸.

¹⁴Lindsay Judge and Cara Pacitti (2020) The Resolution Foundation Housing Outlook. The Resolution Foundation. Available at: <https://www.resolutionfoundation.org/app/uploads/2020/04/Housing-Outlook-April-2020.pdf>

¹⁵ Shelter (2021) Eviction Ban Ends: 1 in 4 private renters are worried they will lose their home. Available at: https://england.shelter.org.uk/media/press_release/eviction_ban_ends_1_in_4_private_renters_are_worried_they_will_lose_their_home

¹⁶ Greater London Authority (2020) Consultation on Intermediate Housing. Available at: https://www.london.gov.uk/sites/default/files/20200804_intermediate_housing_consultation_2020.pdf

¹⁷ Hilary Osborne, Pamela Duncan and Lydia McMullan (2021) Covid frontline workers priced out of homeownership in 98% of Great Britain. Available at: <https://www.theguardian.com/uk-news/2021/mar/30/covid-frontline-workers-priced-out-of-homeowning-in-98-of-great-britain>

¹⁸ Homes and Communities Agency (2011) Affordable housing. Available: https://webarchive.nationalarchives.gov.uk/20110404204818/http://www.homesandcommunities.co.uk/affordable_housing

- This scheme was continued with the Affordable Homes Programme, which from 2016 to 2021 made £1.4 billion available to deliver 40,000 “affordable homes”¹⁹ (see definition below). This has recently been extended until 2026 and an additional £7.39 billion has been made available to deliver 130,000 affordable homes outside of London²⁰ with a grant of around £57,000 per property.
- In 2012 the government announced it would offer £10 billion of debt guarantees to help support the development of new rented housing: £3.5 billion of affordable housing through social landlords; £3.5 billion for private rented housing; and the remaining £3 billion for either. The scheme was made in partnership with ARA Venn who manage the scheme²¹. The money from the scheme funded the development of 27,000 homes, and housing associations said it allowed them to borrow money for schemes that otherwise would have been unviable²².
- “Rent to Buy” was a £400 million scheme introduced in 2012 that provided loans to cover up to 50% of the development cost of new properties. The properties were intended for conversion to owner-occupation through the tenant’s rent payments. Tenants would begin by renting the property at a discounted rate allowing them to save for the deposit to purchase the property. This scheme ended in 2016. Research by Inside Housing found that only 11.3% of initial renters go on to be able to buy their property²³.

Table 4: Government initiatives to support the private rented sector

Name of Initiative	Date	Government	Funding
Intermediate Renting	2000	Labour	£9 bn
Affordable Homes Programme	2016	Conservative	£1.4bn £7.39bn (extended in 2021)
Debt Guarantees	2012	Coalition	£10 bn - £3.5 bn affordable housing - £3.5 bn private rented - £3 bn for either
Rent to Buy	2012	Coalition	£400 m

¹⁹ Homes and Communities Agency (2017) Shared Ownership and Affordable Homes Programme 2016 to 2021. Available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/581465/SOHP_1621_Prospectus_a ddendum_for_CME.pdf

²⁰ HM Government (2020) Apply for affordable housing funding. Available at: <https://www.gov.uk/guidance/apply-for-affordable-housing-funding#about>

²¹ Ara Venn (2020) Private Rented Sector. Available at: <https://www.ara-venn.com/prs/>

²² Luke Barratt (2019) Affordable homes guaranteed? The return of guarantees finance for housing analysed. Available at: <https://www.insidehousing.co.uk/insight/affordable-homes-guaranteed-the-return-of-guarantees-finance-for-housing-analysed-60737>

²³ Peter Apps (2017) Only one in 10 Rent to Buy tenants purchases home. Available at: <https://www.insidehousing.co.uk/news/only-one-in-10-rent-to-buy-tenants-purchase-home-53245>

Government support for private and “affordable” renting has been coupled with cuts in funding for new social housing units. Funding for social housing was cut by 60% in 2010 and the remaining 40% of funding was used to build affordable, as opposed to social, units²⁴. Before the cuts were introduced in 2010-11, 36,000 new social rented homes were started, compared to 5400 in 2017-18²⁵. In 2016 the freeze on Housing Benefit meant that it would no longer rise in line with inflation. This was coupled with social landlords being told to cut rents by 1% a year for four years from 2016²⁶, known as the rent cap, which reduced revenue and cut into landlord surplus, thereby reducing the volume of new development.

Taking advantage of the schemes supporting market and intermediate renting has allowed social landlords to provide homes for people in housing need who are not eligible for social housing. It also allows them to generate income so they can invest any surplus generated to build more social housing. Providing homes at affordable and full market rent helps organisations make their business models viable²⁷. Most intermediate and affordable renting has so far been provided by housing associations but there is a growing trend of local authorities becoming involved. In 2017, 150 local authorities set up housing companies that planned to rent properties at market rents to top up existing funds for building social rented homes and funding temporary accommodation²⁸.

To meet housing need, it is estimated that we need 90,000 social housing units and 30,000 intermediate rented homes per year²⁹. By investing in the private rented sector, social landlords can help meet this demand.

4. Definitions of private rented housing offers

There is a vast range of private rented housing options provided by social landlords. The following box provides summary definitions of various private and sub-market housing options that we will discuss in this report.

²⁴ National Housing Federation (2020) About social housing. Available at: www.housing.org.uk/about-housing-associations/about-social-housing

²⁵ National Housing Federation (2019) £12.8bn needed every year to end the housing crisis. Available at: <https://www.housing.org.uk/news-and-blogs/news/12.8bn-needed-every-year-to-end-the-housing-crisis/>

²⁶ MHCLG (2016) Welfare Reform and Work Act 2016 - social rent reduction. Available at: <https://www.gov.uk/guidance/welfare-reform-and-work-act-2016-social-rent-reduction>

²⁷ Kath Scanlon, Christine Whitehead & Fanny Blanc (2017) The future social housing provider. Flagship Group and the London School of Economics. Available at: <https://www.lse.ac.uk/geography-and-environment/research/lse-london/documents/Reports/The-future-social-housing-provider-full-report.pdf>

²⁸ Julie Rugg and David Rhodes (2018) The Evolving Private Rented Sector: Its Contribution and Potential. University of York Centre for Housing Policy. Available at: <http://www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf>

²⁹ Jonathan Webb and Luke Murphy (2020) Renting beyond their means? Institute for Public Policy Research. Available at: http://www.nationwidefoundation.org.uk/wp-content/uploads/2020/06/1593455078_renting-beyond-their-means-june-20.pdf

Box 1: Showing range of intermediate and market renting offers

<i>Discounted Market Rent or Affordable Rent</i>	Homes that are rented below market rent at a set level e.g., 80% of market rent. The rent level varies between schemes.
<i>Keyworker housing</i>	Housing is offered at discounted market rent to key workers such as NHS staff and teachers.
<i>London Living Rent</i>	Homes offered at sub-market rents set by the GLA. Rent levels vary across London and are based on a third of average local household income. Rents reflect the number of bedrooms in a property. Tenants will be supported to save to buy a home and are given the opportunity to buy their home on a shared ownership basis.
<i>Rent to Buy</i>	Homes are rented at a discount to allow tenants to save for a deposit. At a later date, they are given the option to buy the home under shared ownership.
<i>Shared Ownership</i>	The tenant buys a proportion of the property with a mortgage and deposit, they then pay rent on the rest. The tenant has the option of increasing the amount they own, known as staircasing. The more of the property they own the less rent they pay.
<i>Market rent</i>	Rent set based at local market values.

5. The research

To understand how housing associations are becoming involved in private renting, their motivations for doing so, and the outcomes for tenants, LSE Housing and Communities conducted a thorough search of housing association records to identify housing associations that are providing market and intermediate market rent properties. From this work, we identified 37 social landlords providing private or intermediate renting, and from these, selected 15 organisations to provide detailed case study evidence for this report. We carried out telephone interviews with staff members from these organisations who were responsible for, or directly involved in, the association's market renting.

Our key research questions are:

- What market and submarket rental options do they offer?
- What is the motivation behind providing this type of rental product?
- What does this rental offer achieve?
- Who does it help?

6. The findings

The following tables, Table 5 and 6 summarise the basic facts about the 15 case studies and how they operate.

NB. The terminology for the different offers varies between organisations, for example “affordable” and “intermediate” are sometimes used interchangeably (rents set at 60-80% of market rent).

Table 5: Summary of 15 case study organisations

Landlord	Numbers non-social, intermediate, and private renting							Makeup of stock and how it is acquired		
	Total units ³⁰	Social units	Affordable/ intermediate units	Shared ownership/ Rent to Buy	Private/market rent	Key Worker	Total market and sub-market rent ³¹	Property type	New build (approx.)	Conversion (approx.)
Poplar Harca	9712	5,128	255	185	181	N/A	621	Flats and houses	885	255
Curo	13,473	8,725	832	623	231	Unknown	1686	Flats and Houses	623	1063
Home Group	55,060	34,519	7083	Unknown	583 (market and intermediate)	N/A	7083	Flats and Houses	4,124	3,541
Women's Pioneer Group	1002	804	44 (under construction)	N/A	16	N/A	60	Studio Flats	0	16
Futures Housing Association	10,254	9,365 (social and affordable)	No breakdown from social	342	255	N/A	597 (not including affordable)	Houses	597	0
Optvio	45,000	25,997	5,705	4,242	87	1,172	11,206	Flats and Houses	3624	2000
Southern	30,130	17,533	2,122	3,215	261	N/A	5,598	Flats and Houses	1,383	1000
Riverside	58,360	33,443	7860	1617	353	N/A	9830	Flats and Houses	1617	8213
Soho Housing	795	732	10	25	23	N/A	58	Flats	0	48
Lambeth and Southwark	321	310	N/A	N/A	N/A	11	11	Flats	0	11- acquired off private company
Industrial Dwellings Society	1500	1,184	10	15	N/A	N/A	25	Flats	25	0
L&Q	105,262	65,483	3,180	11,678	3,210	800	18,868	Flats	14,888	3,180
Metropolitan Thames Valley Housing (MTVH)	57,836	27,677	1,858	8,904	1,198	N/A	11,960	Flats	9,833	1,198
Notting Hill Genesis	64,847	35,624 (social and affordable)	No breakdown from social	8,299	3,094	1,348	12,741 (not including affordable)	Houses and Flats	7,243	5,497
Incommunities	21,860	19,935 (social and affordable)	No breakdown from social	1,196 (leaseholder and shared ownership)	N/A	N/A		Flats and Houses	598	598

³⁰ **Total units also include leasehold and other home ownership properties.**

³¹ **Figure does not include properties for social rent**

Table 6: How the case study organisations manage their non-social units

Name	Tenure blind	Same repairs offer for everyone	Slightly different standard for market or key worker rent	All homes meet a certain lettings standard	All pay the same service charge
Poplar Harca	x	x	Decorate properties for market rent as families often can't afford to	x	
Curo		x	Include blinds and white goods for market rent		
Home Group	x	x		x	
Women's Pioneer Group		x	Provide white goods for market rent	x	x
Futures Housing Association	x				
Optivo	x	x			
Southern		x			
Riverside	x	x			
Soho Housing		x	Provide white goods for market rent	x	
Lambeth and Southwark		x	Provide furniture for key worker		
Industrial Dwellings Society		x			
L&Q	x	x	White goods for market rent		
Metropolitan Thames Valley Housing (MTVH)		x			
Notting Hill Genesis		x	Keyworker has their own onsite management team		
Incommunities	x	x			

NB. The facts and figures in these tables are based on information provided in the interviews and from information available online at the time of writing. We apologise for any inaccuracies and to the best of our knowledge reflect accurately the work of the associations.

i. The motivation behind providing market and intermediate market housing

The 15 organisations we interviewed discussed their motivations for wanting to provide market and sub-market rented housing. We summarise the findings here.

Generating resources for social housing

Housing associations felt they had to diversify their rental offer to make the organisation more financially secure and to carry on providing quality landlord services, including reinvestment in their stock, following cuts to grant funding and the introduction of the rent cap. Building for market and intermediate rent allows them to increase their supply of much needed social housing by providing additional rental income and expanding the asset base in a self-financing way.

“We started providing a wider variety of housing because of the reduction in grant. When I started working in social housing 20 years ago you had a 60-70% grant for building social housing. That has now dwindled to about 25%, therefore in order to grow and build more social housing you need to innovate. I think that’s the key fundamental change.”

A large London housing association

“We have had the cuts in Government grants and the 1% rent reduction. It’s a bit of a cliché but we have a social heart and a commercial mind. We have 30 commercial properties as well, if you go along Charing Cross road you can see we own commercial properties and we can lease them out at full market rent, then that money is pumped into social housing. You have your penthouse suite at the top paying full market, then below you have two social properties, then below that you have your commercial, these two subsidise the social housing, that’s the model”

A small London housing association

Helping people in housing need on moderate incomes

Interviewees spoke about wanting to provide high-quality housing for a wider group of tenants, including those who may not be eligible for social housing but are still in housing need as they cannot afford to buy or access secure private renting. They felt responsibility to help provide high quality, secure housing at market or below market rent for this band of society. As professional landlords, housing associations felt they could improve the quality of private renting available for those on moderate incomes.

Particularly in London, there is a large difference between social and market rents and providing housing at intermediate rent levels helps cater for a group of people who fell between social renting and owner occupation.

Table 7: What motivates housing associations to develop intermediate and private renting?

Motivation	Number of Housing Associations
Generate revenue to fund social housing	11
House a wide band of people in need of housing	8
Provide quality landlord services	6
Help meet the demand for private renting	5
Provide affordable i.e. submarket renting	2
Plug the gap between social rent and owning	1

NB. Most associations had multiple motivations

“We are very professional, when you manage 25,000 units you need to have the systems in place for carrying out safety checks, repairs, taking rent, having 24-hour contact etc. You simply won’t get that with individual landlords. Some are very good quality, but you won’t get that. One of the reasons we joined was to bring professionalism to the sector. We recognised there was a huge group of people that could not find good quality in private rented accommodation. We can provide a good quality service”.

A large housing association working in London and the Southeast

ii. Who is the accommodation for and how do lettings work?

The market and intermediate market housing for rent provided by the housing associations we interviewed helps a range of people, depending on the size of properties and the rent level set.

In eight of the organisations interviewed, homes offered at “affordable” or “intermediate” rent, normally set at 80% of market rates, followed the same conditions as their social housing and tenants were allocated by the local authority. In other cases, individuals could apply for a property through the housing association website or a letting agent, but invariably affordability checks were in place and applicants incomes could not exceed a certain limit. Some organisations require tenants to have a connection with the local area. For example, Soho Housing, which operates in central London, prioritises tenants who work in Central London and would not otherwise be able to afford housing in the local area, where housing is very costly.

Six organisations provide key worker housing for essential staff. In three cases, this predominantly houses doctors and nurses and was organised in conjunction with NHS Trusts. Other associations house a broader range of “key workers”. Several participants spoke about a lack of clarity and consensus around the definition of “key worker”, as each local authority creates its own definition. For example, it sometimes includes hospitality staff in areas that are heavily reliant on this industry, for example in Central London.

“The issue is about how you define key worker. In the section 106 there is an option for us to go beyond just NHS and include teachers or something. Even within the NHS there has been a huge flexibility about including anyone working in the hospital. It could be the porters and cleaners, but generally its nurses and doctors”

A small London housing association.

Most of the full market and intermediate market rent properties are new build, particularly in London (see appendix). They are typically smaller and therefore more suitable for young couples and single people. However, other associations built market and intermediate market properties to cater to specific demographics. The Industrial Dwellings Society, which was set up in 1885 to tackle overcrowding in the Jewish Community in the East End of London, provides larger homes for Jewish families who otherwise would not be able to access affordable housing of a suitable size. Poplar HARCA typically offers their market rent properties to house young families whose parents live in their social housing stock. Poplar HARCA says that this kind of sub-market rent helps the children of their social housing tenants, who traditionally would have become social housing tenants but, due to the shortage of social housing, now generally end up in the private rented sector. Providing homes at affordable rents allows them to stay in their local community, despite the acute shortage of social housing available.

Table 8: Who is prioritised for housing?

Priority Groups	Number of housing associations
People with proof they can afford the rent	11
People nominated by Local Authority	8
People applying through lettings agency or website	7
Key workers (where housing is specifically designated for key workers)	6
Community lettings i.e. targeting specific groups	3
Demonstrate a connection to the local area	1

NB. Appendix 1 sets out in detail the groups that each of the 15 organisations house

iii. Housing vulnerable groups

As well as properties for market and intermediate market rent, some of the associations we spoke to provide supported homes offering extra care for vulnerable people, often people that are homeless or threatened with homelessness. With the profit generated by the market rent homes, associations can provide specialist accommodation and house groups needing extra support.

Four of the organisations we spoke to work directly with homeless charities such as St Mungo's. The housing association provides property and landlord services, while the homeless charity provides the extra support the tenants need. The charities rent the buildings from the housing associations. In the case of Industrial Dwelling Society, the charity rents the properties from the housing association at close to market rent, but then rents them to the clients needing specialist support at social rent.

Another four associations run their own support schemes and provide support themselves:

- Metropolitan Thames Valley runs a special project housing destitute migrants and can provide this accommodation rent-free.
- Optivo and Futures Housing Associations run schemes for families facing homelessness who would normally end up in temporary accommodation or in B&Bs. This works out much more cost-effective for local authorities and the housing associations can offer more sustained support to the tenants.
- Incommunities provides an “intensive housing management service” for tenants who may otherwise struggle to sustain their tenancy. This includes adults with learning difficulties and people leaving care and prison. There is a small service charge to help cover the cost of this service, but the association ensures that it is covered by housing benefit or Universal Credit.

When the first lockdown was announced in March 2020, Curo changed its allocations policy for their social and affordable rent homes to 100% nominations from the local authority. This meant that they housed homeless people who they would not normally accommodate. Overall, Curo staff feel that this initiative has been very successful as they have housed some rough sleepers who have been living on the street for over 30 years. Curo has provided extra support for these tenants to help them settle into their new homes.

Table 9: Specialist housing for vulnerable groups

Housing support provided:	How many housing associations
Provide supported housing	4
House ex-street homeless (street sleepers)	4
Work with a specialist charity to secure extra support for residents	4
House families at risk of homelessness in temporary accommodation	2
Helps migrants and refugees	1
Supports tenants with severe problems at risk of losing their tenancy and becoming homeless	1

iv. How is the rent set?

Housing Associations have different rent levels depending on the product. “Affordable rent” is defined as rent at, or below, 80% of local market rent. The majority of organisations choose to set their affordable rent at 80%, but some organisations in London cap rent levels at 65%-70% of market rents due to the high cost of housing. Incommunities, a Bradford based housing association, sets their affordable rent at 80% which is close in price to their social rent due to the low cost of private rented accommodation in the Bradford area.

Most organisations use their “market rent” properties to generate a surplus and therefore set rent levels in line with local market prices. However, Poplar HARCA, in East London, cap their market rent at local housing allowance rates and nominations are organised through the local housing waiting list. Southern Housing Group charges “average” private rents rather than “top-price” rents for the area, as do Notting Hill.

There are two main drivers for how rents are set: the need to ‘pay their way’ and generate a surplus; and the need to provide affordable rented homes to people outside of the social housing sector.

“We cap the market rent so the total cost including the service charge isn’t more than what benefits would pay. That takes a lot of negotiation with the tenant and the council because of the benefit cap. We try and make sure it remains affordable and people still have money to buy food”.

A medium-sized London housing association

Table 10: Showing different rent levels

Rent in relation to market	Number of housing associations
Affordable i.e 80% of market rent	14
Full market rent	9
Keyworker rents	6
Conversion from sale or shared ownership to market or sub-market rents	5
Low affordable rent i.e. 65% of market rent	3
Rent set at Local Housing Allowance (LHA)	3
Conversion from social to submarket or market rents	2
London Living Rent	2

NB. Appendix 2 shows the types of rental offer and rent levels for the 15 case studies

v. **How are market and sub-market rental properties acquired?**

The market and intermediate market rental housing is made up of a mixture of conversion of existing stock and new build homes. Six organisations have purpose-built properties in these tenures. Five housing associations said that they had converted properties that had originally been built for private or shared ownership sale just before the 2008 economic crash and had then become difficult to sell. They received grant funding from the GLA to convert them to intermediate/affordable rent.

There were varying views on whether social rented properties should be converted to market rents. Curo Housing Association, based in Bath, has converted some of its valuable Georgian stock in the centre of Bath to market rent, whereas Soho Housing which owns stock in central London is clear that they will keep their existing social stock at social rent. Curo made the decision to convert these properties because they were unviable to run as social units due to the age of the buildings and extremely high running costs. Women’s Pioneer Group, a small specialist housing association based in London, have converted their studio flats to market rent as they do not feel they are suitable as long-term social rents due to their small size.

“The properties that are being transferred to market rent are those that are not suitable for long term social housing, it’s some of our least popular social rents, they are often studio flats. Tenants are initially grateful for a studio flat but when you have lived somewhere 40-50 years you accumulate possessions, and they are no longer suitable, especially as some of them don’t have lift access”

A small London housing association.

“We would never flip them from social to market, it’s more likely to be the other way round. One of our missions is to keep social as social”

A small London housing association.

The six keyworker schemes were all purpose-built as keyworker accommodation. However, two of them were existing keyworker housing that the housing association had taken over. For example, Lambeth and Southwark Housing Association (LSHA) took over a block that was built as part of a Section 106 agreement and was originally being managed by a private company. LSHA took over the scheme when the original management company felt it was no longer financially viable for them to manage the building as keyworker housing. Similarly, Metropolitan Thames Valley took over the ownership and management of accommodation buildings from an NHS Trust. Appendix 3 gives a detailed breakdowns of the different types of stock made available for different types of renting.

vi. Service offers for social and private tenants

All the housing associations we interviewed, bar one, say that all their properties receive the same management and repairs offer, which are delivered by the same team, whether private or socially rented. The only exception to this even-handed service was Fizzy Living properties, a subsidiary of Metropolitan Thames Valley. Fizzy Living has a completely separate management team and repairs offer and they only manage private rented homes.

A key difference between the service offers is that white goods are normally provided for the market rent properties as they are shorter-term tenancies and these will be serviced as part of the repairs offer. Poplar HARCA provides carpets and curtains for their market rent properties as they tend to house families who may otherwise struggle to cover these outlay costs. Lambeth and Southwark Housing Association provide furniture for their keyworker properties as the lets are short term. This creates new challenges for landlords, for example dealing with the repairs and replacing damaged furniture.

Fourteen of the associations we spoke to aim to create tenure blind housing. However, Curo commented that their market properties were predominately historic Georgian terraces and looked significantly different from their social and intermediate market rent stock. They also provide a higher specification kitchen for these properties. Keyworker housing stands out from the rest of the stock because of its location close to, or on the site of, hospitals.

Two housing associations commented that while there were no intended differences in standards across their stock, the intermediate and market rent stock on average had better EPC ratings and was of higher standard as the majority of this stock was new build and met current build requirements. Another commented that while all their properties are built to the same standards, the social rented stock tends to become “worn out” more quickly as it usually houses families with children as opposed to single people and couples. This causes more intense “wear and tear”.

Table 11: Social landlords’ services for private and intermediate market rent tenants

Service	Number of housing associations
Offer a professional landlord service covering repairs, rents, security, letting, tenancy enforcement etc	15
Offer dedicated repair services with specialists	15
Adopt and follow all current housing regulations as in social housing	15
Offer security and agreed decent standards	15
Offer similar advice services to social housing tenants – “tenure blind”	15
Invest in housing management for the long term, so few incentives to terminate tenancies and sell	15
Offer additional fittings/equipment for private tenants e.g. key worker	10
High Energy standards (across newer stock)	2
Runs PRS through separate management and repair organisation	1
Lower wear and tear in private renting because fewer families and children	1

“There is very little difference between the different tenures if you walked on to one of our developments visibly you should not be able to see. We develop in a tenure blind way.”

A large London and Southeast housing association

“We have a thing called the housing standard; our ethos is that you should not be able to tell the difference between tenures. With market rent we are obliged to service their white goods. That is the main difference. With social rent a lot of the white goods tend to be gifted, maybe from the previous tenants or charity so we don’t maintain them. In terms of speed of reaction for repairs there is no difference”

A small London housing association

“It varies by stock location and age of stock but not by tenure. Any of the tenures have as much risk of being in a good or bad condition”

A large national housing association.

7. The significance of non-profit landlords investing in the private rented sector

- i. How do “social-private” landlords differ from the average private landlord?

Professional landlord services

The principal alternative to market and intermediate market rent homes provided by housing associations is standard private renting. The housing associations we spoke to felt their offer was significantly different from alternative private rented accommodation. Housing associations offer a professionalised service with specialist repair teams and are fully up to date on housing regulations. They are confident that they can respond to problems quickly and reliably. Social landlords want to provide a good quality service to tenants, and several interviewees spoke about needing to maintain their reputation. Social landlords are regulated by a government-appointed official body and have standards they must comply with, whereas private landlords are only very lightly regulated with weak enforcement powers and few sanctions.

Security of tenure

Tenants in private renting often lack security of tenure, for example, when a private landlord wants to sell their property or wants to increase rents. Housing associations can offer greater security of tenure as they are invested in rented housing for the long term on a professional basis. Therefore, they are able to offer secure tenancies and a decent standard of accommodation.

“The main difference is the security we offer, we have been around since 1885, we are not just going to sell the property when the price is right. We are not going to kick you out and make [the property into] a HMO. It’s that security which people really underestimate”
A small London housing association

Flexible tenures

Housing associations offer a range of rental options to tenants that suit their current circumstances, and which could allow residents to move through a range of housing offers. For example, a tenant could start off in an intermediate market rent property, and then move into a shared ownership property within the same organisation.

Home Group have taken the idea of adapting their offer to peoples’ circumstances one step further and introduced a “Flexi Rent” model, where properties built under Section 106 can be moved from market rent to social rent, and vice versa. This encourages developers to commit to building more social units as, if the scheme hits financial difficulties, the housing association partner can increase the share of market rent units. If a tenant moves into a market rent property but has a change of

circumstances and can no longer afford the rent, it can be reduced, and if another tenant's earnings increase and they are no longer eligible for social rent, their rent can be increased to allow them to stay in their property, and the subsidy can be given to someone who needs it more

Advice and support services

On top of basic landlord services, such as repairs, housing associations offer wider support such as money advice and community support to all their tenants, whether in social or private renting. This can be helpful if a tenant falls behind with their rent; the association can support them to get back on track, whereas a private landlord may be forced to evict tenants in arrears if they need the rental income. This advice service has been particularly helpful over the last year when tenants have fallen into arrears due to the pandemic. Housing associations we interviewed spoke about wanting to "do the right thing" and support tenants in any way they can, not just seeing them as a way to make money. In addition, Industrial Dwelling Society staff argue that they can offer a cultural understanding that tenants would not get from a private landlord, for example, understanding when significant religious holidays are and what special provision needs to be made within the community.

Participation

Housing associations offer the opportunity for all their tenants to get involved in tenants' boards and panels and have a say over how the organisation works. For example, Incommunities have recently run a consultation with all their tenants, private and social, to see what changes they would like to see to the repairs service. With most private landlords, tenants do not have any involvement or say with their landlord.

Standards

All the interviewees pointed out that there was a great variety of standards within the private rented sector, and they stressed that there were many good private landlords. Two interviewees pointed out that due to the size of large housing associations, some actions can take longer to happen and there may be more rules than a small private landlord with one or two properties.

Box 2: How social-private landlords work compared with purely private landlords

Social private landlords	Fully private landlords
<ul style="list-style-type: none"> • Level of regulation tighter • More security of tenure • More professional services • Complying with Decent Homes Standard • Wider support to tenants e.g. money advice. • More participation • Housing associations more rule bound 	<ul style="list-style-type: none"> • Minimal regulation • Little security of tenure • Less professional services • Fewer homes meet the Decent Homes Standard • Few wider services • Low participation • Private landlords less rule bound

“We invest in helping people improve their life chances, be that through maximising incomes, or tackling social isolation. It’s about helping individuals sustain their tenancies. As a general rule we do it better than the private sector.”

A large national housing association

“I think it is different being a social landlord – that can be positive and negative for residents. The positive things are the commitment to that social purpose and the degree of regulation and checks we are subject to. Routes for complaining and sorting issues sorted are good. Having a professionalized repairs service is core and is the top concern for all residents. We do a lot of repairs so there are a lot of opportunities to mess things up, but we also get a lot right. It’s more potluck in the private market. The flip side of being a big bureaucratic organisation, is that you strive to be caring and responsive, but some people might feel like we have not delivered on that promise”

A large London housing association

ii. Plans for the future

12 out of the 15 organisations we spoke to had plans to build more units for a combination of market, intermediate market, and social rent. They also had plans to build for private sale to help them cross-subsidise their work. All the interviewees we spoke to felt it was only financially possible to continue to build by creating a combination of tenure options.

Several associations were exploring new rental products. Three organisations were planning to increase their London Living Rent offer available at sub-market rents, which are set by the GLA. As rents vary across London, the London Living Rent is based on a third of average local household income and adjusted to the number of bedrooms. Organisations feel this offers a more affordable rent in London.

As well as the pressure to build more homes, housing associations are committed to improving the energy efficiency of homes and improving fire safety in reaction to the Hackitt Review and the Grenfell Inquiry recommendations. Interviewees thought these pressures may slow down their building targets, for example L&Q have recently announced they are cutting their annual housebuilding target from 10,000 homes a year to 3000 a year to prioritise fire safety measures³².

“The group has a commitment to continue to provide more homes at social rent, one of the ways we can do that is to bring forward a mix of tenures to make it financially viable. Our current corporate plan sets out an ambition to build 8000 homes over the next 10 years, so that gives you a sense of scale, but building safety costs and the rising bill for decarbonisation needs to be factored in and that is likely to have an impact”

A large national housing association.

“We have a real challenge around the climate change agenda with our high-ceilinged listed buildings in conservation areas, to meet the requirements to move towards carbon neutrality by 2050. Some associations are taking the choice to sell these properties, but we don’t want to do this. We are doing a pilot with one of our properties to see how much it would cost to bring it up to the level of we need. We are taking a fabric first approach...Its big challenge and the board know we are going to have to come up with a new strategy. There are some tough decisions to make, we are reluctant to sell these lovely properties in areas where are tenants have lived for a long time.”

A large West of England housing association.

³² Martin Hilditch (2021) L&Q to cut yearly housebuilding target by 70% as fire safety costs bite. Inside Housing. Available at: <https://www.insidehousing.co.uk/news/lq-to-cut-yearly-housebuilding-target-by-70-as-fire-safety-costs-bite-70072>

iii. Benefits of social landlords developing private renting options

When asked if they deemed their approach to providing homes at a range of rent levels workable and beneficial, all interviewees said they rated their private renting initiative as successful. It allows them to overcome the funding challenges presented by steep cuts in grant funding. It also supports the provision of homes for social rent and fulfils their social purpose. Nine organisations felt that charging a self-financing level of rent was the only funding model that was possible.

Housing associations argued that this tenure allows them to create mixed communities and provide housing for a wide range of incomes, ages, and household types. A London based association felt renting at market rent was preferable to private sale as it allows them to retain the properties and gives them the option to convert the properties back to social rent if finances allow.

“Our ultimate commitment is always to our existing residents, keeping them safe, making sure the homes are of good quality and well maintained. You need to generate the income you need to deliver those services well. The growth should not be at the cost of your existing customers.”
A large London housing association

Table 12: Benefits of "social-private" renting for social landlords

Benefits	Number of housing associations
Compensates for loss of grant/subsidy	15
Helps them fulfil a wider social purpose	15
Supports future growth	15
Offers a range of rent levels	5
Provides for a wider range of households	5
Helps create more mixed communities	3
Offers the advantage of market and sub-market renting compared with straight sales	1
Offers longer-term option to convert back to social rent	1

8. Conclusions and ways forward

In conclusion, by diversifying their rental offers, social landlords can help house a far wider group of people in need of a decent home, and provide them with safe, secure affordable accommodation. The profits raised from market rents allow them to continue to build much needed social housing and maintain the existing stock. As more and more people rely on private renting, particularly families with children, the additional provision of “social private renting” has a significant impact on the growing numbers of people struggling to access secure, good-quality rented accommodation, through both direct provision of rented homes and the generation of additional funds for new social housing.

Part 2 – Case Studies

Summaries of 15 case study housing associations providing market renting

1. Curo

Curo is a large housing association with 13,000 units working in the West of England across six different local authority areas. Originally set up as a stock transfer from Bath City Council, Curo now has a mix of rural and city stock.

They became involved in providing market and sub-market rent because of the introduction of grant funding for this kind of property, the cuts to funding for social housing, and the 1% rent reduction. Following this model has been a success as it has allowed Curo to continue building through this tricky funding period.

Curo has around 1686 properties available for market and submarket rent. They provide affordable rent (80% of market rents), market rent, key worker accommodation (80% of market rents) and rent to buy. The market rent accommodation is mainly converted Georgian townhouses that were unviable as social rent. The affordable rent properties were converted from social rents using the government grant funding. The rent to buy properties are new build. The market rent accommodation has a higher specification and is partly furnished. The rest of the properties are tenure blind. All the properties receive the same repairs offer.

During the pandemic, Curo helped house rough sleepers in their social and affordable rent properties. This initiative has been extremely successful; they have housed people who had been on the street for over 30 years and have been able to provide these individuals with extra support.

Curo is on target to build 250 new properties this year and the year after. This will be a split between social, affordable and market rents.

2. Poplar HARCA

Poplar HARCA is based in the East End of London and has 9712 units, the majority of which are flats. They have been involved in providing market and sub-market rent properties for around eight years. They first started diversifying their rental offer to allow them to deal with the 1% rent reduction, but they wanted to do this in a way that allowed them to stay committed to their “social purpose”.

Poplar HARCA has 621 properties available at market and sub-market rent. Poplar HARCA offers affordable (80% of market rent), market and shared ownership properties. Unlike other housing associations, Poplar HARCA cap their market rent properties at Local Housing Allowance to ensure they are affordable to people in receipt of benefits. They work closely with the local authority to house families at risk of homelessness. A lot of the properties house the adult children of their social rent tenants who would have traditionally ended up in social housing if there was a greater supply. All the housing is tenure blind and receives the same repairs service.

They also work with St Mungo’s and the Spitalfields Trust to deliver their Housing First Projects. Poplar HARCA provides the properties and the landlord services, and the charities provide the support services. Certain properties are designated for Housing First.

3. Home Group

Home Group has around 55,000 units across the whole of the UK, with the majority of their stock made up of houses in small towns and on the outskirts of cities. They saw providing market and affordable rents as a way to access new funding schemes. They also want to provide homes for people at a range of price points.

Home Housing has 7083 properties available for market and sub-market rent. Home Housing offer market rent, shared ownership, supported housing, intermediate and affordable housing. The supported housing and intermediate housing are both set at 80% of market values. The affordable housing rent varies depending on the area; in cheaper areas it is set at 80% of market values and in more expensive areas it is set at local housing allowance rates. The affordable housing allocations are handled in the same way as the social rent product, whereas for the intermediate housing people can apply through the website or a letting agent. All the housing is tenure blind and receives the same repairs offer. However, the market rent properties often have a higher specification kitchen.

Home Group now offers a “Flexi Rent” model where properties built under Section 106 can be switched from market rent to social rent and vice versa. This encourages developers to commit to building more social units as, if the scheme hits financial difficulties, the housing association partner can increase the share of market rent units. If someone moves into a market rent property but has a change of circumstances and can no longer afford the rent, it can be reduced, and if someone’s earnings increase and they are no longer eligible for social rent, their rent can be increased, and the subsidy can be given to someone who needs it more. This allows tenants to continue living in their properties even if their circumstances change. Home Group are currently developing a building in Liverpool which will have 258 units under the Flexi Rent model.

4. Women's Pioneer Group

Women's Pioneer Group are a small London based association with 1092 units, with 60 available for market and sub-market rent. They predominantly provide housing for single women who are locked out of the housing market. Often these women have been victims of abuse and need a safe women-only space. The majority of their stock is let at social rent, but they have 16 properties available at market rent. These are predominately studio flats that they felt were not suitable for long term social lets.

Women’s Pioneer is close to completing a new development which will have 36 flats for social rent and 44 at intermediate rent. They want to provide housing for women looking for women-only accommodation that are not eligible for social housing but cannot afford market rents. They also have one flat that they let out to St Mungo’s to house vulnerable homeless women. St Mungo’s provide support services to tenants in this flat.

All the housing provided by Women’s Pioneer is tenure blind and receives the same repairs offer. They do provide white goods for the market rent properties as they are typically short term lets.

5. Futures Housing Association

Futures Housing Association has 10,254 units across Derbyshire, Nottinghamshire, and Northamptonshire. The majority of the stock is made up of two and three bedroom houses and mainly accommodates families. The motivation for providing a range of market levels was wanting to continue building new properties and create profit to reinvest in their existing stock. They feel they can provide a higher standard of housing than private landlords.

Futures Housing has properties available for market and affordable rents, as well as rent to buy and shared ownership properties. The affordable rent is set at 60-80% of market values depending on the market of the local area.

All the social, affordable and market properties receive the same repairs offer, with the shared ownership properties have a slightly different provision. While there is a variation in standards across the stock this is linked to age and location of property, not the level of rent.

Moving forward, Futures are starting to look at adapted homes that will provide accommodation for people with specific needs. These homes will be let at social and affordable rents.

6. Optivo Housing Association

Optivo is a large housing association of around 45,000 units working in London, the Southeast and the Midlands. The majority of their stock is street-based with a few large estates in London.

Optivo has a wide range of rents on offer. They offer affordable rent which varies between 50 and 80% of market values, capped at Local Housing Allowance. Optivo also offers key worker accommodation, which is run in partnership with a local NHS Trust who manage the allocations. The accommodation mainly houses young doctors and nurses, but it also offers accommodation to teachers, police officers and firefighters. Optivo has a small number of properties known as “mortgage rescue homes”, this scheme was set up to provide a last resort for homeowners who can no longer keep up with their mortgage payments and risk losing their home. The housing association becomes the owner of the property, and the former owners can remain in the property paying rent to Optivo. Optivo runs a further scheme known as the “Settled Homes Initiative”, which offers homes to formally homeless families and offers a cheaper alternative to B&Bs and other temporary accommodation. These homes offer greater security and are of a higher quality. Rent is set at the local housing allowance. Optivo also offers student accommodation.

Recently Optivo has started providing homes at London Living Rent, with the rent based on average incomes in the area, so it is often more affordable than general “affordable” housing. They are exploring how they can increase their London Living Rent offer.

7. Metropolitan Thames Valley Housing Association

Metropolitan Thames Valley Housing (MTVH) has around 57,000 units and works across London, the Southeast, East Midlands and East of England, with 11,960 available for market and sub-market rent. Their stock is made up of mainly flats in London and houses in the other areas. MTVH was formed in 2018 from a merger of Metropolitan and Thames Valley Housing.

On top of homes for social rent, MTVH provide intermediate rent, at 80% of market values, keyworker homes, also at 80% of market values, market rent homes and shared ownership. The intermediate rent homes were converted from homes that were built for market sale, but that proved difficult to sell following the 2008 financial crash. The keyworker homes are run in partnership with the local NHS Trust and are built on NHS land. All these properties receive the same repairs offer. The keyworker homes are a separate estate as they are on NHS land, but all other stock is tenure blind.

In 2012, MTVH set up Fizzy Living, is a standalone business that provides market rent homes aimed at young working professionals. The flats are located near to transport and shops to ensure they are convenient for residents. The rents are set higher than average market rents so they can provide add-ons such as allowing pets and organising social activities for tenants. To run Fizzy Living, MTVH partnered with investors which split the risk and profits generated by Fizzy Living can be reinvested back into MTVH.

MTVH want to continue to build homes for social rent and to do this they will continue to create homes at a range of price points. However, due to safety concerns raised since Grenfell they have had to increase spending on safety work for existing properties, which may impact their new build plans.

8. Notting Hill Genesis

Notting Hill Genesis (NHG) has 64,847 units across London, the majority of which are street properties. NHG felt they had to diversify their rental offer in order to continue to provide homes at social rent following cuts to government grants for new social housing. NHG provide key worker homes, affordable rent homes, market rent homes, shared ownership and student accommodation. The affordable rent homes are set at 80% of market values.

The affordable and market rent homes receive the same repairs offer as the social rent homes. The student and key worker accommodation have higher repairs offers with dedicated teams as they include communal areas.

NHG have recently taken on a new Key Worker scheme in the old Shell Centre at Waterloo. This new scheme will have 98 units at affordable rent.

9. L&Q

L&Q are a large housing association with around 100,000 units across London, the South East and East Anglia. The properties are a mix of flats and houses across a range of ages. L&Q decided to diversify their rental offer to make up for the reduction in grant funding for new social housing units. They also wanted to bring professionalism to the private rented sector and offer high-quality secure accommodation.

L&Q has 18,868 units available for market and sub-market rent. L&Q have keyworker, intermediate, shared ownership, and market rent homes. For the keyworker homes, the rent is set at between 50-60% of market rates. All keyworker accommodation is attached to hospital sites and predominantly houses doctors and nurses who have just moved to the UK. They also have a small scheme attached to a fire station. The intermediate properties are let at 80% of market values. These properties were originally built for sale but became hard to sell after the 2008 economic crash. L&Q are one of the largest market rent providers of the London housing associations. Unlike build to rent schemes, which typically charge above-market rents with extra facilities such as gyms, L&Q try to keep rents capped at average market rents. L&Q develop in a tenure blind way, meaning that there should be no visible differences between different tenures.

L&Q want to continue to build at a range of rent levels. However, due to the costs associated with fire safety upgrading works they have recently announced they will reduce their new build programme from 10,000 homes a year to just 3000.

10. Industrial Dwellings Society

Industrial Dwelling Society (IDS) was founded in 1885 to house Jewish people in housing need in the East End of London. They now have 1500 units which are mainly made up of flats, 25 are let at market and sub-market rents.

The majority of the stock is let at social rent, but they also have 10 affordable units and 15 shared ownership properties. They wanted to diversify their rental offer so they can continue providing culturally sensitive accommodation for the Jewish population and invest in their existing stock. IDS also lease two properties to a charity that supports vulnerable adults at risk of homelessness. IDS provide the landlord services, and the charity provided the support services. All the homes are tenure blind and receive the same repairs service.

IDS have plans to build 500 properties over the next eight years. These will be a mix of social, affordable and shared ownership.

11. Lambeth and Southwark Housing Association

Lambeth and Southwark are a small London based housing association with 321 units. The majority of their stock is made up of flats, with a few houses in the Bermondsey area.

On top of their social rented units, they have 11 keyworker units available. These homes are let at 80% of market values. The building was originally built in the 1990s and Lambeth and Southwark HA took over the keyworker scheme from a private company in 2019. They are predominantly let to NHS staff and the local trust manages the allocations.

All the properties receive the same repairs offer but unlike the social rent properties, the keyworker units are furnished as they are shorthold tenancies.

12. Soho Housing

Soho Housing was founded in the 1970s to ensure social housing was not destroyed by redevelopment in central London. They now have 813 units in central London, the majority of which are flats. On top of their social units, they have affordable units (80% of market rents), market rent, and shared ownership. In total they have 58 properties available at market and sub-market rents. The model of providing homes for market rent allows them to keep providing homes at social rent in the centre of London where house prices are incredibly high. All the homes for non-social rent were newly acquired, and Soho Housing never switch homes from social rent to market rent. For the affordable units, they require tenants to have a connection to the local area.

All the homes are tenure blind and meet the “Soho Housing Standard”. The only difference is that white goods are provided and serviced for the market rent properties.

Soho Housing also leases properties to St Mungo's and Centrepont. Soho provides the landlord services, and the charities manage the allocations and provide the additional support.

Soho has recently completed a new development that includes nine social rent properties, two intermediate and two market rent.

13. Riverside Housing Association

Riverside Housing Association has 58,360 properties nationwide, the majority of which is made up of houses. They have 9830 properties available at market and sub-market rent. They were motivated to diversify their rental offer so they could provide high-quality homes for people at a range of price points. On top of their social rent offer, they provide affordable, market and shared ownership homes. The affordable rent is mainly set at 80% of local market values and the affordable allocations are treated the same as the social lettings through choice-based lettings. They are currently thinking of replacing this with a local affordability limit which will include the service charge. Riverside does not consider itself a leading market rent provider, and their affordable homes were converted from shared ownership properties that proved difficult to sell.

All the property is built in a tenure blind way and receives the same repairs service. Differences in quality of stock are linked to age not tenure, however, a large proportion of the new build stock is affordable and shared ownership as opposed to social.

Riverside has a target to build 1000 homes a year for the next three years, two thirds will be for affordable rent and one third will be for private sale. They are in the process of completing 20 rent to buy units. They want to test this rental offer and see its potential moving forward.

14. Southern Housing Group

Southern Housing Group is a large housing association working across the Southeast of England, with 30,000 units which is a mix of houses and flats. 5,598 units are available at market and sub-market rent. The majority of flats are concentrated in London. On top of their social units, they have intermediate, affordable, market and shared ownership homes available. The intermediate rent homes are set at 80% of local market values. These properties are advertised by letting agencies. The affordable rent properties are set between 70 to 80% of local market values. In more expensive areas, such as London, they try and keep the cost as low as possible at 70% of market rent. The affordable units were converted from social units when funding was made available for this by the government in 2014/2015. They only converted smaller two and three bedroom properties to ensure they remained affordable.

Riverside try and ensure the properties are tenure blind, all stock is pepper potted and they do not have any blocks of just one tenure. However, the newer stock tends to include less social housing. All the properties receive the same repairs offer.

On top of their different rental products, Southern run two supported living facilities on the Isle of Wight, one for homeless people and one for refugees. These schemes provide private rooms with communal living areas. Southern provide specialist support for these tenants.

Southern Housing Group has a target to build 8000 homes over the next 10 years, this will predominantly be shared ownership and affordable rent properties, with a small section of market rent. However, they are concerned that the need to reach net-zero and improve fire safety in existing stock will impact their build targets.

15. Incommunities Housing Association

Incommunities have 21,860 units across Bradford and Kirklees. They were set up as a stock transfer from Bradford City Council in 2003. The stock is a mix of flats and houses. On top of their social rent properties, they also offer homes for affordable rent and shared ownership. Incommunities wanted to diversify their rental offer to provide homes for people who may not be able to afford to buy or rent privately but can afford shared ownership and affordable rents. The affordable rent is set at 80% of market values and is allocated in the same way as their social housing, through a choice-based lettings system.

On top of their standard rental offer, they provide an intensive housing management service for tenants with additional needs. There is an additional cost for this service but they ensure it is covered by Universal Credit or Housing Benefit payments.

All the homes receive the same repairs offer and are finished to the same standard. They are currently carrying out a consultation with all tenants to see what they would like to change about their repairs service, which included market and social rented tenants.

Appendix 1: Who do the case study organisations house?

Name	Offer	Not eligible for social housing	Can't afford to buy/market rent	LA nomination/choice based lettings	Affordability/income criteria	Key worker	Letting's agency	Saving to buy	Other
Poplar Harca	Affordable	x							
	Market Shared Ownership			x	x				
Curo	Affordable	x	x						
	Market				x				
	Key Worker					x			
	Rent to Buy	x						x	
Home Group	Affordable			x					
	Intermediate	x	x						
	Market				x				
	Supported Housing Shared ownership				x				
Women's Pioneer Group	Market						x		
Futures Housing Association	Affordable			x					
	Market						x		
	Rent to Buy							x	
	Shared Ownership				x				
Optivo	Affordable			x					
	Intermediate				x		x		
	Keyworker					x			
	London Living Rent					x	x		
	Student Accommodation								Students homeless
	Settled Homes Initiative Mortgage Rescue								Ex-homeowners
Southern	Affordable			x					
	Intermediate				x		x		
	Market						x		
	Shared Ownership					x			
Riverside	Affordable			x					
	Market						x		
	Shared Ownership				x				
Soho Housing	Intermediate				x				Local connection
	Market				x				
	Shared Ownership				x				
Lambeth and Southwark	Key Worker					x			
Industrial Dwellings Society	Affordable			x					
	Shared Ownership				x				
	Lease stock to charities								Vulnerable adults
L&Q	Keyworker					x			
	Intermediate				x				
	Market				x		x		
	Shared ownership				x		x		
Metropolitan Thames Valley Housing (MTVH)	Keyworker					x			
	Intermediate			x					
	Market						x		
	Shared ownership				x				
Notting Hill Genesis	Market				x				
	Key Worker					x			
	Shared Ownership				x		x		
	Student								Students
	Affordable			x					
Incommunities	Affordable			x					
	Shared Ownership				x				

Appendix 2: Types of rental offer and rent levels

Name	Offer	Rent level
Poplar Harca	Affordable	80% of local market value
	Market	Capped at Local Housing Allowance (LHA)
	Shared Ownership	
Curo	Affordable	80% of local market value
	Market	Full market value
	Key Worker	80% of local market value
	Rent to Buy	80% of local market value
Home Group	Affordable	Rate varies- dependent on local markets- 80% of market rents in more affordable areas, more expensive it is capped at LHA
	Intermediate	80% of local market rent
	Market	Local market values
	Supported Housing	80% of local market values
	Shared ownership	
Women's Pioneer Group	Market	Local market values
Futures Housing Association	Affordable	60-80% of local market values
	Market	Local Market Values
	Rent to Buy	
	Shared Ownership	
Optivo	Affordable	New build- 80% of local market values Conversion- 50%- 80% of local market values
	Intermediate	80% of local market values
	Keyworker	80% of local market values
	London Living Rent	Typically set at around 2/3 of median market rent. Based on average salaries.
	Student Accommodation	
	Settled Homes Initiative	Set at LHA
	Mortgage Rescue	Dependent on property
Southern	Affordable	70% of local market value in London. 80% out of London
	Intermediate	80% of local market values
	Market	Local Market Values
	Shared Ownership	
Riverside	Affordable	80% of market values
	Market	Local Market Values
	Shared Ownership	
Soho Housing	Intermediate	80% of local market values
	Market	Local Market Values
	Shared Ownership	
Lambeth and Southwark	Key Worker	80% of local market values
Industrial Dwellings Society	Affordable	80% of local market values
	Shared Ownership	
	Lease stock to charities	Rented at social level but charity pay HA more for it
L&Q	Keyworker	50-60% of market rent- set using a formula
	Intermediate	80% of local market values
	Market	Local market values
	Shared ownership	
Metropolitan Thames Valley Housing (MTVH)	Keyworker	Rents set in partnership with NHS Trust- around 80%
	Intermediate	80% of local market values
	Market	Local market values
	Shared ownership	
Notting Hill Genesis	Market	Local market values
	Key Worker	Based on a proportion of income up to 80% of market values. Rent is paid directly through salary.
	Shared Ownership	
	Student	
	Affordable	80% of market values- very similar to social rent level.
Incommunities	Affordable	80% of market values- similar to social
	Shared ownership	

Appendix 3: Type of stock and how it is acquired

	Total units	Offer	Conversion	New build	Houses	Flats	
Poplar Harca	9712	Affordable	x			x	
		Market		x	x		
		Shared Ownership			x		x
Curo	13,000	Affordable		x	x		
		Market		x		x	
		Key Worker	x				x
		Rent to Buy			x		
Home Group	55,000	Affordable	x	x	x		
		Intermediate		x	x		
		Market		x		x	
		Supported Housing		x	x	x	
		Shared ownership		x	x	x	
Women's Pioneer Group	1092	Market	x			x	
Futures Housing Association	10,000	Affordable		x	x		
		Market		x	x		
		Rent to Buy		x		x	
		Shared Ownership		x	x	x	
Optivo	45,000	Affordable		x	x	x	
		Intermediate		x		x	
		Keyworker		x			
		London Living Rent		x		x	
		Student Accommodation		x		X (single rooms)	
		Settled Homes Initiative		x		X (rooms)	
		Mortgage Rescue	x			x	
Southern	30,000	Affordable		x	x	x	
		Intermediate	x			x	
		Market			x	x	
		Shared Ownership		x	x	x	
Riverside	58,000	Affordable	x		x	x	
		Intermediate				x	
		Market	x			x	
		Shared Ownership			x		x
Soho Housing	813	Intermediate		x		x	
		Market		x		x	
		Shared Ownership		x		x	
Lambeth and Southwark	321	Key Worker		x		x	
Industrial Dwellings Society	1500	Affordable		x		x	
		Shared Ownership		x		x	
		Lease stock to charities	x				x
L&Q	105,262	Keyworker		x		x	
		Intermediate	x			x	
		Market		x		x	
		Shared ownership		x		x	
Metropolitan Thames Valley Housing (MTVH)		Key worker		x		x	
		Intermediate	x			x	
		Market		x		x	
		Shared ownership		x		x	
		Key Worker		x		X (single rooms)	
Notting Hill Genesis	61,522	Market	x			x	
		Shared Ownership		x		x	
		Student		x		X (single rooms)	
		Affordable	x	x	x	x	
Incommunities	21,860	Affordable		x		x	
		Shared ownership		x		x	

NB. The facts and figures in these tables are based on information provided in the interviews and from information available online at the time of writing. We apologise for any inaccuracies and to the best of our knowledge reflect accurately the work of the associations.