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Maintenance devalued: the role of financialisation and assetisation in producing pathways to disrepair

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ABSTRACT

The construction of social housing as a financial asset has transformed the governance and practice of social landlords. Yet there remains a lack of research on the consequences for tenants. This paper argues that financialisation, alongside related processes of assetisation and regulated deregulation, can contribute to housing maintenance becoming devalued, subsumed to competing priorities including organisational growth and financial performance. Moreover, the power exerted by financial actors can incentivise the withholding of maintenance expenditure on loss-making homes. The paper explores these dynamics within the English housing association (HA) sector. HA reliance upon debt finance and cross-subsidy from private housing has occurred alongside numerous cases of damp, mould and disrepair. The empirical findings of this paper illustrate that the need to maintain borrowing capacity reinforced trends in HA governance that undermined service standards and led to strategic disinvestment from loss-making estates. Such trends include minimal regulatory interference and HA cost-cutting to improve organisational profitability ratios and the viability of individual sites. The study advances the financialisation of social housing literature by demonstrating how a maintenance perspective can provide a bridge between finance and housing outcomes.

KEYWORDS: Financialisation; assetisation; regulation; social housing; disrepair

Introduction

The embedding of social housing providers within financial markets has the potential to transform the landlord-tenant relation. Inherent to the process of *financialisation* is the exertion of power by financial actors, and research has highlighted the redirection of social landlord strategies towards accessing capital (Wainwright & Manville, 2017). Such strategies include the provision of private housing (Smyth, 2019), internalising

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financial metrics (Smyth et al., 2020), and establishing investment vehicles to conduct estate regeneration (Beswick & Penny, 2018). Yet there remains a lack of research on the consequences for existing tenants. The processes through which financialisation affects service standards, despite landlords ostensibly retaining social objectives, are underexplored.

This paper argues that focusing on social housing maintenance can bridge the gap between financialisation and the consequences for tenants. By focusing on the issue of disrepair in the English housing association (HA) sector, I show that financialisation, in concert with the related processes of *assetisation* (Birch, 2017) and *regulated deregulation* (Aalbers, 2016), can provide a context in which housing maintenance is deprioritised by social landlords. The importance of maintaining borrowing capacity among English HAs incentivised improved performance against financial metrics in part through containment of maintenance expenditure. This was compounded by an approach to asset management that framed the maintenance of loss-making assets as a poor investment and a regulatory environment that prioritised financial viability over service standards. Nonetheless, the pathways to disrepair emerged from a variegated financialisation and a distinct historical juncture.

The article is structured as follows. Firstly, I outline how I conceive of financialisation, assetisation and regulated deregulation. Secondly, I explore these concepts in the English HA context. The empirical sections focus on the financialised governance of the HA sector and its relationship to disrepair. The findings proceed sequentially from factors that shifted HA focus away from housing maintenance, through to analysis of two specific cases of disrepair. The final section concludes.

Conceptual framework

The concept of *financialisation* is taken to refer to the dominance of financial actors, markets, tools, practices, and narratives resulting in a structural transformation of economies, sectors, and firms (Aalbers, 2017). Jacobs and Manzi (2020) note that this definition has been applied at multiple scales, ranging from a macro focus on the role of financial markets within capitalist political economy, to a micro focus on the reconstitution of individual subjectivities towards asset ownership. This paper falls into a tradition of financialisation research at the meso-level that focuses on the structural transformation of sectors and institutions (ibid.).

Private and social rented housing have emerged as important financial asset classes in recent years, viewed as long-term and relatively stable investments by institutions such as pension funds and real estate investment trusts (REITs) (Wijburg & Waldron, 2020). Within private rental housing research has explored the consequences of financialisation for residents, mostly through the practices of institutional investors purchasing rental units (Fields, 2015). Case study research has detailed practices including the harassment of tenants to induce turnover or the renovation of properties to increase rents (ibid.). By contrast, research on social housing financialisation has explored the effects on social landlords, including shifting their focus towards maintaining financial stability and adopting a more commercial approach (Cooper, 2024; Smyth, 2019; Wainwright & Manville, 2017). Less discussed is the consequences for social housing tenants, which are likely to differ to private housing as social tenants typically have greater security of tenure and regulated rents. And the effects are more likely to be felt through the transformation of an existing landlord, rather than the purchase of a home by an investor. To close this gap, I focus on social housing maintenance and refurbishment—a prominent source of social landlord expenditure that often requires additional funding from private finance (Pawson & Mullins, 2010). To do so requires understanding the value placed on maintenance by financialised social landlords and in social housing legislation. As such I employ the complementary concepts of regulated deregulation and assetisation.

Aalbers (2016) employs the concept of *regulated deregulation* to describe the role of the state in contemporary financialised capitalism. Regulated deregulation refers to the state granting economic and market freedom to financial actors, while simultaneously controlling and shaping the operation of markets through its regulatory capacity (ibid.). Regulated deregulation highlights that the state is not absent but rather transformed; financialised regulation tends to produce a panoply of by-laws, rules, codes, and standards that provide the regulatory architecture for extending financial markets and afford financial actors significant agency (ibid.). In certain cases, the state takes both a direct and indirect role in attracting private finance, for instance by establishing state-backed investment vehicles while seeking to provide a predictable governance environment that de-risks assets (Belotti & Arbaci, 2021).

The treatment of rented housing as an asset class draws attention to a burgeoning literature on *assetisation*. Ward and Swyngedouw (2018, p. 1079) conceptualise assetisation as a 'distinct moment' within financialisation—assetisation involves mobilising and managing resources to produce income streams that serve as collateral for the circulation of 'fictitious capital', thus enabling financialisation (ibid.; Birch, 2017). Assetisation involves the construction of narratives regarding the expected future value of assets (e.g., the potential value of developable land) and the reification of these expectations in the present through financial metrics and documents such as corporate accounts (Ward & Swyngedouw, 2018). It is, therefore, central to making financialisation tangible by supplying it with property to be capitalised (e.g., housing, land) (ibid.; Birch, 2017). Recent scholarship has emphasised assetisation as an inherently power-laden process that involves conflict over competing conceptions of value. Golka et al. (2024) argue that assetisation has the power to transform the landlord-tenant relation by relegating the value of 'housing-as-shelter' to the imperative of maximising the asset's financial value. In the following section I explore how these concepts may be operationalised in the English social housing context.

The English social housing context

In England, HAs are non-profit organisations that primarily exist to provide social housing. While some HAs can trace their establishment back to nineteenth Century philanthropists, for much of the twentieth Century councils were the primary providers of English social housing (Pawson & Mullins, 2010). However, neoliberal inspired governments of the 1980s sought to reduce the role of councils and HAs became the preferred provider of social housing (ibid.). Through the 1980s-2000s much of the council stock was transferred to HAs to fund improvements in the stock as HA borrowing did not count as public sector debt. By the late 2000s HAs provided the majority of England's social housing (ibid.).

The post-2010 period is seen as an epochal moment in the financialisation of English HAs. I define financialisation as increased reliance on private finance, particularly debt, to fund HA capital expenditure and their orientation towards maintaining borrowing capacity and managing financial risk (Goulding, 2018; Smyth, 2019). Private finance—mostly bank loans—had been a feature of HA funding in previous decades (Pawson & Mullins, 2010). But governmental austerity measures and reduced state subsidies post-2010 (for both new housing and estate regeneration) made finance fundamental to HA operations; the funding gap was filled primarily through debt finance and cross-subsidy from private sale and rental housing (Goulding, 2018; Smyth, 2019). Between 2010 and 2023 the average debt per home in the HA sector rose by 91.6% from £17,034 to £32,635 (Homes and Communities Agency (HCA), 2012; Regulator of Social Housing (RSH), 2023). During this period the market for HA bond issuance and private placements grew rapidly, including in recent years a market for bonds linked to delivery of environmental and social impact (Wainwright & Manville, 2017; 2024). Indebtedness varies across organisations—the ability of HAs to raise finance and absorb debt varies based on factors such as size, profitability, and the extent of cross-subsidy from private housing (Marshall, 2025). And while a legislative change in 2008 allowed for the establishment of for-profit HAs backed by institutional investors, a growing form of financial investment in English social housing (Wijburg & Waldron, 2020), this remains a less prevalent form of investment than debt.

Financialisation has been underpinned by the assetisation of English social housing. Financial intermediaries such as credit ratings agencies (CRAs) helped mobilise social housing as an asset by evaluating the creditworthiness of individual HAs and embedding financial metrics within the sector's reporting frameworks (Smyth et al., 2020). HAs in turn sought to project themselves as prudent risk managers, with stable income streams and significant growth potential (ibid.). Consequently, HA housing management has become oriented around the principles of *strategic asset management* (Sharam, 2025). Strategic asset management involves evaluating the profitability of individual homes and implementing strategies to maximise income generation (ibid.). These strategies may include regeneration or disposal of loss-making homes (Clare et al., 2022; Morrison, 2017), provision of housing for private sale and market rent (Smyth, 2019), and conversion of social housing to the more profitable *affordable rent* tenure (ibid.).

Concurrently, the state's role in social housing regulation underwent significant changes in the 2010s. Goulding (2018, p. 182) argues the state engaged in a process of regulated deregulation to provide an 'implicit guarantee' of the sector's debts. The Regulator of Social Housing (RSH) was reformed in 2011 to make its primary focus HA financial viability. The marker of good governance following the reforms was RSH's Governance and Financial Viability Standard, with financial viability assessed on a scale from V1-V4. RSH assessed viability through regular scrutiny of HA business plans and periodic in-depth assessments (IDAs)—on-site visits—with considerable priority given to the ability of HAs to maintain loan covenant compliance (Levelling Up, Housing and Communities Committee (LUHCC), 2022). RSH also published a Value for Money (VfM) Standard to assess the efficiency and effectiveness of HAs, which from 2018 included a set of financial VfM metrics used to evaluate performance (RSH, 2025). By contrast, *consumer standards*—regulatory standards related to housing and service quality—were regulated reactively, with the government adopting a principle of minimal regulatory interference (LUHCC, 2022). Government established the *serious detriment test* that stated RSH would only intervene on consumer standards if there was a risk of 'serious detriment' to tenants (ibid.).

The HA sector has received significant scrutiny in recent years, prompted by reports of unaccountability and declining service standards. Key events include the 2017 Grenfell Tower fire that killed 72 people, and the identification of numerous cases of damp, mould and disrepair, including one which led to the death of two-year old Awaab Ishak in 2020 (Clare & Clare, 2025). Following the Grenfell Tower fire, the government committed to proactive regulation and strengthened consumer standards, including lifting the serious detriment test (LUHCC, 2022). But this coincided with a period of political and economic change characterised by multiple new governments, increased expenditure on building safety and energy efficiency improvements to existing homes, and rising inflation and borrowing costs post-pandemic (ibid.). In 2024, a parliamentary inquiry on the finances of the social housing sector concluded that these changes placed social landlords under 'serious financial pressure' and that the sector needed to 'make expensive improvements to the homes it has, and has received too little help from the Government to meet these costs' (LUHCC, 2024). The pace of reform has therefore been slow—strengthened consumer regulation only came into effect in 2024 with the implementation of the Social Housing Regulation Act (SHRA). Moreover, regulatory reform and building safety works took place under the continued shadow of passivity on issues such as damp and mould and within a more challenging financial environment (ibid.; LUHCC, 2024).

While existing academic literature has explored the impact of financialisation on HA finances and governance, the evidence base on the consequences for service standards remains thin. Beswick and Penny (2018) argue that the debt-financed, cross-subsidy model of social housing regeneration can lead to opaque and unaccountable delivery structures. But whether these structures contribute to prevalent and acute harms, such as damp and mould, remains an open question. More forcibly, Clare et al. (2022) contend that financialisation results in a decline in the quality of social housing as estates scheduled for demolition or disposal are subject to a process of managed decline. However, this argument is unable to explain disrepair where homes are not earmarked for disposal or regeneration. Thus, the empirical sections of this paper aim to provide the depth necessary to understand the consequences of financialisation.

Methods

The paper adopts a qualitative research design that mirrors the aims of Smyth et al. (2020)—it explores the specifics of individual cases while placing them within the context of the financialisation of social housing by combining interviews with analysis of financial documents and balance-sheet data. Combining data sources helps mitigate the limitations of each—balance sheet and document analysis triangulates the perspective of interviewees, while interviews provide critical perspectives lacking from documents that may performatively project a narrative of financial strength (Atkinson & Coffey, 1997).

Data collection involved semi-structured interviews with HA staff and stakeholders ($n = 24$, see Table 1) conducted throughout 2022. To reflect the variegated nature of HA financialisation, the sample drew from five HAs total and sought to provide variation in terms of HA size, location, tenure provision, and cross-subsidy (Marshall, 2025). Interviewees were recruited through targeted email communications to persons identified through industry press articles, regulatory publications, and industry

Table 1. Qualitative interviewees.

Category	Interviewees
HA Board members and Executives	CASE_ONE_4, CASE_ONE_8, CASE_TWO_1, STAKEHOLDER_1, STAKEHOLDER_6, STAKEHOLDER_18
HA Asset Management, Finance and Development staff	CASE_ONE_1, CASE_ONE_2, CASE_ONE_3, CASE_ONE_5, CASE_ONE_7, CASE_TWO_2, CASE_TWO_3, CASE_TWO_4
Funders and investors	STAKEHOLDER_3, STAKEHOLDER_10
Regulators and professional bodies	STAKEHOLDER_2, STAKEHOLDER_4, STAKEHOLDER_5, STAKEHOLDER_7
Consultants and solicitors	STAKEHOLDER_20, STAKEHOLDER_22, STAKEHOLDER_22, STAKEHOLDER_24

conferences. Interviews focused on HA strategy, governance and approaches to asset management from the early 2010s to 2022, culminating in a period in which the SHRA was close to implementation.

Qualitative document analysis focused on HA annual reports, financial statements, CRA assessments, pitches to investors, regulatory documents, and trades press articles ($n = 85$). Included in the document sample were two HAs experiencing cases of disrepair: Ambition[1] and the Industrial Dwellings Society (IDS). Documents and interviews were analysed thematically using a hybrid coding approach, combining codes derived from theory with codes derived inductively through the fieldwork (Braun and Clark, 2006).

To understand the financial position of each case study HA balance sheet data was analysed from the Global Accounts—a publicly available dataset published annually by RSH on the financial performance of HAs. Balance sheet analysis focused on trends in key financial metrics used in the HA sector and trends in capital expenditure.

The empirical work is limited by its lack of first-hand accounts from tenants, and I make no claims that the work represents the views of affected households. Rather the purpose of the study is to understand trends in HA governance and financing and their effects on housing maintenance and conditions. Although this will have implications for tenants, the lived experience of tenants should be considered in future research.

Findings

The findings proceed in a sequential fashion to demonstrate the variegated pathways to disrepair. The first section focuses on the financialised governance and assetisation of the HA sector, with a focus on the treatment of maintenance. In the second and third sections I discuss specific cases. In section two I outline the financial position and asset strategy of Ambition from 2017 to 2023 and the emergence of disrepair on Meadowview estate. In the third section I do the same for IDS and Evelyn Court.

Social housing governance and asset management

Regulating financialisation

The empirical data reconfirmed previous studies suggesting the focus of the HA sector prior to Grenfell was debt-financed growth (Smyth, 2019). But the interviews also highlighted the centrality of RSH in reinforcing and regulating this debt-led expansion. Interviewees explained key regulatory concepts such as VfM and effective governance were interpreted as 'using your assets to show how much you'd used your capacity to grow, borrowing against your balance sheet' (**STAKEHOLDER_18**).

Interviewees viewed RSH as performing a similar function as CRAs in signalling the creditworthiness of HAs by scrutinising business plans and loan covenant compliance. One interviewee explained the 'quid-pro-quo' of the IDA process was that 'you could probably get a more beneficial rate' on your borrowing because 'you're only one step away from either getting a rating from a ratings agency and raising a bond' (**STAKEHOLDER_6**).

In practice, improving the financial position of HAs often came at the expense of maintenance. Table 2 outlines three VfM metrics—operating margin, cost per unit, and interest cover[2]—which are of note as they can be affected by changes in maintenance expenditure (see Figure 1). Between 2014/15 and 2016/17 the average operating margin of the sector increased from 27.4% to 30%, in part due to reduced maintenance and major repairs expenditure (HCA, 2016; HCA, 2017). HA financial accounts routinely described how they had delivered VfM through an improved operating margin, reduced CPU—including reduced maintenance and major repairs spend—and sufficient interest cover (see Catalyst, 2017; L&Q, 2017). Interviewees affirmed the regulatory imperative to reduce costs and maintain profitability could impact maintenance:

> We had a political and even regulatory environment that kind of encouraged you to spend the least possible amount on repairs. So housing associations would say, "oh, we are spending 1,000 on repairs and they're spending 1,200. We must be better than them". **CASE_ONE_8**

Table 2. Housing association governance actors and financial metrics.

Governance actor	Financial metrics	Qualitative example
Regulator of Social Housing (RSH)	Operating margin = Operating surplus/Turnover Cost per unit (CPU) = Total cost of activities/Number of homes owned or managed Interest cover = EBITDA MRI[a]/Interest Payable	'Teign is increasing investment in its existing homes and will continue to do so informed by stock surveys, which is weakening its interest cover. This, coupled with wider economic pressures including inflation, reduces Teign's capacity to deal with adverse scenarios' (Cuffe, 2023).
Lenders	Interest cover = EBITDA MRI/Interest Payable Gearing = Stock of debt/Value of total assets	'EBITDA MRI decreased to −916% from 223% due to extra capital works approved by Board. The society has renegotiated this covenant to EBITDA greater than 150%' (IDS., 2023).
Credit rating agencies	Net debt to Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) EBITDA margin Liquidity sources over liquidity uses[b]	'We expect leverage to improve over the rating case as Hyde's Void disposal programme progresses. This is expected to reduce pressures from planned capital expenditure for development and debt for reinvestment in existing assets' (Fitch Ratings, 2024a).

[a]Earnings Before Interest Tax Depreciation and Amortisation Major Repairs Included (EBITDA MRI).
[b]Liquidity sources include cash, undrawn facilities, asset sales. Liquidity uses include capital expenditure, interest payable.

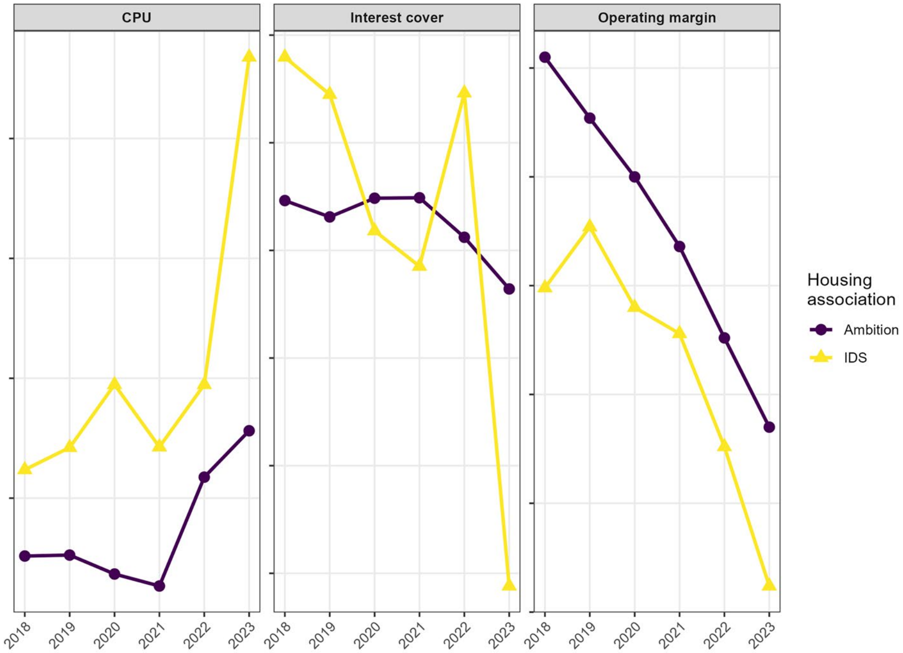

Figure 1. Case studies by operating margin, cost per unit and interest cover 2017/18-2022/23.

Furthermore, the serious detriment test provided a high threshold for intervention—RSH would 'only intervene where something like gas safety, or fire safety, was in question' (**STAKEHOLDER_4**). And in turn this enabled maintenance to be deprioritised without breaching regulatory standards:

> You concentrate on compliance with the things where it can really hurt you. Making sure you were well run and financially viable and making sure you didn't breach the serious detriment test. Beyond that there wasn't a huge regulatory driver to do anything else. **STAKEHOLDER_5**

Assetisation and maintenance

Table 2 presents key actors within HA governance that helped frame social housing as an asset—RSH, lenders, CRAs—alongside the metrics used to evaluate social landlords. It also presents an illustrative quotation to demonstrate the consequent framing of maintenance expenditure. RSH has been discussed above, but again CRA metrics evaluating HA profitability (e.g., operating margin, EBITDA margin) and leverage (e.g., net debt to earnings) could be negatively affected by increased maintenance expenditure. CRA assessments describe maintenance obligations and investment in stock as something that 'will weigh on [the HA's] financials' and could result in a rating downgrade should key metrics be affected (Fitch Ratings, 2024b). By contrast, divestment from unprofitable assets can be viewed positively by CRAs if it reduces the financial pressure of 'reinvestment in existing assets' (Fitch Ratings, 2024a, see Hyde HA in Table 2). One interviewee explained the constraining effect of maintaining a target credit rating which their HA had established prior to Grenfell: 'If we were still targeting an AA credit rating we wouldn't be able to invest the hundreds of millions in our homes that we are now' (**STAKEHOLDER_18**).

Table 2 outlines the most common loan covenants used by borrowers to manage their relationship to HAs and their assets. Gearing is a measure of leverage which tends to be relatively stable within HAs (HCA, 2017; RSH., 2024). But interest cover has presented greater difficulty for HAs in recent years as higher expenditure can reduce earnings and in turn reduce the capacity of HAs to cover their interest payments, potentially triggering a renegotiation of the covenant at the discretion of the lender (see Figure 1 and Table 2).

Loan covenant pressure is felt unevenly across the HA sector. Smaller, less profitable HAs can feel pressure to withhold maintenance expenditure as lenders, to manage the risk of default, typically require them to maintain a higher interest cover. As one interviewee explained:

> We've got quite a low operating margin for an association. The thing is that we make these profits, but then we can't touch the money because of the rules around the interest cover that you have to make. […] I'd like to spend more of that money on investing in our properties. But at the moment, the covenants that are required by the lenders mean that it's difficult to release it without affecting your income and expenditure calculations. **CASE_TWO_1**

The interviewee also explained that their predecessor had discontinued the HA's programme to cyclically replace kitchens and bathrooms, in part to maintain the interest cover required by their lenders, which created a backlog of necessary investment.

The evaluation of social housing as an asset was mirrored by the adoption of strategic asset management within HAs, which could also frame maintenance expenditure on poorly performing homes as a financial burden. All the interviewed HAs had used their stock condition data to identify homes which they might sell or demolish, with a common cause being high projected maintenance costs. Interviewees remained of the view that financial investment and strategic asset management were theoretically compatible with improved housing quality—private finance was critical to improving the quality of dilapidated stock through estate regeneration to 'deliver something that has 60, 70, 80 years of life in it and offers a better quality of life for the people who live there' (**CASE_ONE_1**). But in the absence of government grant for housing regeneration, long-term investment increasingly necessitated demolition of existing homes and rebuilding at higher densities. One interviewee explained their process for appraising property performance and the potential to improve the performance of the land asset through regeneration:

> So, we're looking at things like how much does each unit cost to repair each year? Which are the ones that are difficult to manage? […] So, where does the money come from [to regenerate the asset]? It has to come from cross-subsidy. And for us the model is to build homes for sale. **CASE_ONE_1**

The consequence of this shift was that short-term expenditure was problematised, while delivering long-term quality was contingent upon the ability of HAs to manage the risk associated with a pro-cyclical model of development.

The evidence suggests that pre-Grenfell housing maintenance was deprioritised while HAs concentrated on leveraging housing and land assets to access capital and pursue organisational growth. Following Grenfell there was a 'pendulum swing' (**STAKEHOLDER_1**) towards existing homes, reflected in increased investment in building safety, repairs and maintenance. But as the following sections will show, the legacy of the pre-Grenfell approach to governance, asset management and regulation continued to cast a shadow over social housing. And as HA finances became increasingly stretched due to the building safety crisis, issues of damp and mould were brought to public attention.

Pathways to disrepair

Ambition: finance and asset management

Ambition is a large HA operating mostly in London and the Southeast, and its business model and financial performance is summarised in Table 3. Ambition provides mostly general social housing and affordable rent and has a large development programme of private sale providing cross-subsidy. Its operating margin is consistently in the top fifty percent among all HAs owning over 1,000 homes.[3] Figure 1 shows Ambition's performance between 2018 and 2023 on three of RSH's VfM metrics. Ambition's operating margin and interest cover declined, and their CPU increased, due to construction inflation and rising major repairs and maintenance expenditure on building safety issues and improving stock condition.

Table 3. Case studies by business model and financial metrics, ranked by their percentile rank within the housing association sector. Source: RSH Global accounts for registered providers 2020/21.

Metric	Ambition	IDS
Total homes owned	>90th	<20th
New social housing supply	>90th	<10th
Operating margin	>60th	<30th
Gearing	>75th	<20th
Interest cover	<50th	<10th

Note 1: percentiles are inexact to protect respondent anonymity.

Yet Ambition's financial performance remained strong relative to other HAs (see Figure 1) which allowed them to continue to access capital throughout this period. Their 2020 and 2023 credit ratings acknowledged the negative impact of increased expenditure and economic conditions. But they retained an A rating from their CRAs due to their size and the profitability of their social housing asset portfolio. Between 2018 and 2023 Ambition undertook a debt restructuring project, during which the notional value of their debt portfolio grew by 25%. Most of their debt growth was through issuances under a Euro Medium Term Note (EMTN) programme—the total value of Ambition's bond portfolio increased by 146% between 2018 and 2023—with over three-quarters of their bond debt held at fixed interest rates.

Ambition's access to debt finance was predicated upon an asset strategy that sought to grow the HA's presence in areas of high social housing need while maximising the return on existing land assets in high value areas. This strategy resulted in asset disposals in areas of low expected household growth and estate regeneration elsewhere, funded through cross-subsidy. The next section will show that Ambition's strategy of regeneration, densification and cross-subsidy coincided with a failure to maintain homes earmarked for demolition on Meadowview estate.[4]

Ambition: meadowview estate and disrepair

Meadowview is one of three estates that forms part of a large regeneration project in a London suburb—the Saxton project—that the council transferred to Ambition in the 2000s. The Saxton estates are within a neighbourhood that is characterised by significant socio-economic inequality, but due to its location has significant potential for cross-subsidy through private sale.

The physical construction of Meadowview is unique with a common roof structure that predisposes the building to leaks and damp. This issue was compounded by long-term disinvestment when under local authority control. Typically, regeneration projects utilise a 'kickstart' site—a new building on undeveloped land for temporary tenant relocation during home reconstruction. But due to the estate's layout, Meadowview lacked a suitable 'kickstart' site meaning its residents were to remain in-situ for most of the project.

This was to be a consequential decision as the project was delayed due to an ongoing negotiation with the local authority during the early 2020s. The terms of the transfer included an agreement whereby the council was entitled to receive a percentage of the value of every private sale completed during the regeneration and Ambition decided to renege upon this agreement. This decision was made due to ongoing macro-economic and housing market uncertainty and rising construction inflation, both of which reduced the expected value of the site and made it unviable when combined with the transfer agreement. Discussions regarding the agreement broke down, at which point Ambition made the decision to force the hand of the authority by downing tools and halting the regeneration.

The delay caused what was already a building in decline to fall into a state of disrepair, with Meadowview flats becoming ridden with damp, mould, and vermin. The condition of the Meadowview estate prompted widespread complaints from residents who demanded regulatory intervention. But when RSH was questioned as to their lack of intervention, RSH responded that they did not identify 'systemic issues' within Ambition, nor a breach of the serious detriment test.

When considering the Meadowview case, interviewees of involved staff at Ambition acknowledged that they had mismanaged the case. However, staff also framed the disinvestment in Meadowview in terms of the opportunity costs of expenditure on a condemned asset:

> Our assumption always was that, *let's not spend too much money on these homes because I'm planning to demolish and replace them as quickly as I possibly can*. **CASE_ONE_1**, emphasis added

> So, we were thinking long-term in terms of trying to rebuild that site – but what we missed in that was that *you need to also continue to invest in a regeneration estate until you actually take the residents out of it*. **CASE_ONE_4**, emphasis added

Several factors conjoined to produce disrepair on Meadowview, not all of which are reducible to financialisation. Such factors include the unique roof structure and lack of a kickstart site. And the poor condition of the homes transferred to Ambition suggest it would be overly strong to dismiss entirely the notion that regeneration could improve the quality of life for residents (at least long-term). But the financialisation and assetisation of the social landlord contributed to disrepair in three ways. Firstly, the reliance upon a financialised form of urban development implicated the Meadowview regeneration project within the boom and bust of economic and financial cycles. As such, a period of economic uncertainty exacerbated the tension between the long-term financial value of the estate and its short-term use value. Secondly, the imperative to extract maximum financial value from the estate incentivised the withdrawal of maintenance during this period of uncertainty, tipping the balance in favour of long-term financial value. Finally, regulated deregulation precluded RSH from intervening as the disrepair could not be interpreted as a governance failure vis-à-vis Ambition's financial viability.

IDS: finance and asset management

IDS is a smaller landlord than Ambition with constrained borrowing capacity. IDS own and manage 1,509 homes and provide mostly general needs social housing in London and the Southeast. They have an above average provision of older persons housing, very little cross-subsidy from private sale, and low operating margin relative to other HAs (see Table 3).

In 2017 IDS established a strategic objective to leverage their housing and land assets for growth, committing to building 500 new homes. To secure investment IDS projected a narrative that they were under-leveraged and sitting upon 'considerable assets' (IDS, 2017a, p. 7)—a London asset base worth £80million with only £9.6million charged against them in loans (IDS, 2017a, p. 19).

To improve their borrowing capacity IDS set a target to achieve the highest regulatory grading from RSH which they achieved in 2019 (IDS, 2020: 9). This followed a four-year period, 2014–2017, where they improved their operating margin by ten percentage points and cut maintenance and major repairs spend per property by 24.4% (IDS, 2017b). IDS also stated that their business plan had sufficient capacity to meet their future maintenance obligations (IDS, 2017a, p. 19). Regardless of any improvement in their position, IDS' conditions of borrowing remained relatively restrictive compared to other more profitable HAs—IDS operated with an interest cover covenant above 150% (IDS, 2023).[5]

With less capacity to absorb debt, IDS had a more restrictive budget for capital expenditure than Ambition and had to sequence capital expenditure to avoid loan covenant pressure. IDS' decision in the aftermath of Grenfell in 2017 was to put their growth ambitions on temporary hold, invest first in building safety, and subsequently refinance to pursue growth (IDS, 2020). But IDS' financial position deteriorated between 2018 and 2021, as shown in Figure 1. Major repairs expenditure increased by over 130.5% between 2017 and 2020, impacting their operating margin and interest cover.

IDS' position worsened further between 2021 and 2023 as IDS refinanced. In 2021 IDS held two fixed-term bank loans totalling £8.75million, of which £4million was from Dexia bank with a variable interest rate. But to refinance IDS had to pay a one-time breakage fee on their Dexia loan in which resulted in interest payable increasing by 192% in 2021 (IDS, 2021). By 2023 IDS had restructured their debt to access £32.25million from two different banks in fixed-term loans (IDS, 2023). Yet their increased debt burden coincided with a dramatic increase in costs and in 2023 their interest cover was negative.

IDS: Evelyn Court and disrepair

One of the consequences of IDS seeking to deliver growth despite their constrained borrowing capacity was that containing expenditure become increasingly important to maintain loan covenant compliance (RSH, 2022). Extensive disrepair throughout Evelyn Court made clear that their financial viability and growth ambitions were accompanied by disinvestment in existing stock.

In February 2022—the year following IDS' decision to refinance—the residents of Evelyn Court protested outside the IDS offices to demand a response to ongoing and extensive damp, mould, and flooding. The residents handed a petition to IDS demanding remediation of disrepair issues which they argued were causing respiratory health issues. Residents explained that IDS provided only temporary fixes of recurrent mould washes, and in some instances had told residents to keep their windows open or to move furniture to the centre of the room (Booth, 2022; Norris, 2022).

Following the protests IDS promised to visit each flat and reported that their contractors had started to repair the leaks and damp (Butler, 2022). Yet in a public statement they linked their lack of investment to the constraints imposed by their lenders upon their resources:

> We have been concentrating our already constrained budgets towards upgrading the fire safety features on the estate, which can save lives on a large scale. […] However, our funding will only go so far. […] *The expenditure restriction is due to our loan covenants which means we have been constrained on what we could spend*. We are currently in discussions with lenders to release more money for us to use on improving our properties (cited in Butler, 2022, emphasis added).

IDS subsequently renegotiated their interest cover covenant down to 150% to release funds (IDS, 2023). Nonetheless, Figure 1 shows their financial position declined even more rapidly through 2022 and 2023. RSH corroborated the tension between maintenance expenditure and interest cover—RSH issued a regulatory downgrade as increased expenditure to remediate Evelyn Court was 'putting pressure on interest cover ratios' (RSH, 2022). Contrary to IDS' earlier claims that they had sufficient resources to fund projected future maintenance costs, RSH concluded that:

> [IDS] did not ensure that it had sufficient assurance on stock condition and that adequate provision for asset investment had been made in its business plan (RSH, 2022).

As with Meadowview estate, there were landlord decisions on Evelyn Court that cannot be reduced to financialisation, such as the dismissive initial responses from IDS staff. Furthermore, loan covenant pressure may not have been as acute for similar landlords facing fewer building safety issues. Nonetheless financialisation and assetisation provided conditions conducive to disrepair prior to the Evelyn Court case emerging, and restricted IDS' ability to respond afterwards. Prior to disrepair becoming known, IDS leveraging their housing to access capital was predicated upon keeping maintenance expenditure unsustainably low, as evidenced by RSH determining they had insufficient provisions for asset investment. This was despite RSH having previously awarded IDS their highest regulatory grading in 2019 due to their improved financial position. Following disrepair becoming known, lenders continued to exercise influence over IDS' expenditure, firstly through the previous lender imposing a breakage fee on their loan, and secondly through the imposition of tighter loan covenants on IDS relative to more profitable HAs. Both acted as a source of delay to remediating Evelyn Court.

Conclusion

The financialisation of social housing has transformed social landlord strategies and operations, yet thus far there is little research on how this has transformed the service provided by social landlords to tenants. This paper has sought to fill that gap by exploring the case of English HAs, and it has employed the related concepts of assetisation (Birch, 2017) and regulated deregulation (Aalbers, 2016) to understand the power exerted by financial actors, metrics and practices in relation to HA decision making.

The paper has contributed to the financialisation literature by providing a conceptual and empirical framework to explain how the transformation of social landlords can affect the maintenance of a decent home, despite HAs nominally retaining a social purpose. Given that social housing in England is subject to regulated rents and service standards, to understand the devaluing of maintenance by HAs requires understanding the reframing of housing maintenance as expenditure that will 'weigh on financials', rather than deliver for tenants. The paper has argued that housing maintenance is vulnerable to being subsumed to competing imperatives—organisational growth, financial performance, maintaining creditworthiness—where these objectives are afforded significant priority within social housing regulation and asset management.

Empirically the paper has demonstrated the potential of this conceptual framework by analysing the drivers of recent cases of HA disrepair. Pre-Grenfell, the imperative to access debt to fund growth was facilitated by containment of HA expenditure. Key governance trends that incentivised underinvestment included: the financial metrics used by RSH and CRAs to assess social housing assets, where increased expenditure could initiate a downgrade; lenders imposing more restrictive loan covenants and breakage fees upon smaller, less profitable HAs; and regulatory passivity on consumer standards as RSH focused instead on financial viability (LUHCC, 2022). The legacy of these trends has been felt through numerous cases of disrepair, despite renewed focus on existing homes post-Grenfell. And in the cases considered here, financial pressures have been a constraint on remediation and a catalyst for further disinvestment where income streams are uncertain.

Although common trends existed across the HA sector, there remained distinct pathways to disrepair. In the case of Evelyn Court, financialisation contributed to disrepair as it followed a period in which IDS improved their operating margin but cut maintenance expenditure and failed to allocate sufficient funds for asset investment, which was partly driven by IDS' focus on growth and regulatory compliance. Finance was an impediment to IDS' response after disrepair emerged through the restrictions on their capital expenditure imposed by their interest cover covenant. By contrast, the story of the Meadowview case was not one of inability to access capital. Rather disrepair emerged from an asset management strategy that tied regeneration to a financialised, pro-cyclical model of funding and a governance framework that made it more likely (albeit not inevitable) that maintenance would be the area of expenditure contained when long-term income was threatened during a period of economic downturn. In both cases the relationship between financialisation and disrepair was contingent upon other factors, including the material construction of the existing Meadowview estate and the emergence of recent cost pressures. However, the findings suggest that the tension between social housing's value as asset and value as shelter is particularly acute in straitened times (Golka et al., 2024).

As social housing continues to be affected by political and economic change, the ability and willingness of landlords to invest in their homes should provide a set of foci for future research. Concretely, this calls for a research agenda around the investment capacity and asset management strategies of social landlords under financialisation, including how housing maintenance is treated and how landlords and financial actors respond to emergent risks such as inflationary spikes or housing market downturns (Marshall, 2025). Doing so can help render explicit the factors that may lead to disinvestment within processes that are often associated with financialisation, such as regeneration (Beswick & Penny, 2018; Clare et al., 2022), but that may not necessarily lead to disrepair or may be one of many potential pathways to disrepair. Moreover, focusing on the investment capacity and asset strategies of landlords could provide a lens through which to analyse the implications of changes within social housing governance. In that vein, research on the perspective and experiences of tenants within financialised social housing is necessary in and of itself, but also to understand what power can be exerted on landlord investment decisions through cases of tenant activism and tenant engagement. Furthermore, while this paper has focused on HA indebtedness, the growth of for-profit HAs represents a new frontier in social housing financialisation (Wijburg & Waldron, 2020). Research on the asset strategies of for-profits will be crucial to understanding the potential risks and long-term consequences for social housing standards.

Notes

1. Pseudonymised to protect the anonymity of interviewees. IDS is not pseudonymised as no interviews were conducted and all data relating to the Evelyn Court case was publicly available.
2. RSH utilises a definition of interest cover known as *Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %*, but I refer to it as *interest cover* for brevity. Some HAs will also use *EBITDA over interest payable* as a measure of interest cover, which tends to be higher as it does not subtract major repairs expenditure.

3. RSH only publishes data on HAs with 1,000 plus homes. And Table 3 draws on data for this group of landlords.
4. The estate and wider project are pseudonymised to protect the anonymity of interviewees.
5. RSH reports that HA interest cover covenants are ‘typically between 110% and 125%’ (2024: 17). Therefore, the IDS interest cover covenant can reasonably be seen as less generous.

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