Social infrastructure partnerships: a firm rock in a storm?

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Abstract

Purpose – The purpose of this paper is to use the example of public housing renewal public-private partnerships (PPPs) to build knowledge on whether social infrastructure PPPs may appeal to the private sector as a less risky investment in a time of global financial uncertainty.

Design/methodology/approach – The research is based on an international literature review and a limited number of semi-structured interviews with social housing PPP participants in England, the USA and Australia. These interviews were conducted by Dr Gilmour as part of his doctoral research in 2008.

Findings – The familiar distinction between social and other forms of infrastructure PPPs has been found to be unhelpful in the case of public housing renewal. This type of PPPs, through their cross-subsidisation model, face relatively high revenue risk during a recession. However, the commitment of the public sector to the social goals of such projects suggests contract negotiation rather than default is likely if problems occur. PPP risks need to be understood by studying their detailed contract terms, rather than by broad categorisations.

Research limitations/implications – This paper provides a grounded discussion rather than detailed research findings. Only a small number of projects are included and they are not necessarily representative. Cross-national comparison is challenging because of different housing policies and economic conditions.

Originality/value – This paper fills a gap in the literature by both contrasting approaches to a particular type of social infrastructure PPP in different countries, and by making an early assessment of the likely impact of recent turbulence in financial and property markets.

Keywords Partnership, Housing, Public sector organizations, Private sector organizations

Paper type Conceptual paper

The emergence of social infrastructure public-private partnerships (PPPs) has opened up new opportunities for private sector investors and developers. On the one hand, the promise of steady cash flows through government contracts may make social infrastructure PPPs less prone to the risks of economic uncertainty and counterparty failure. On the other hand, social infrastructure PPPs often create new types of risks, with which private companies are often inexperienced. In particular, the expectation in a social infrastructure project that the social goals of a partnership, which are often difficult to understand and to measure, may be just as important as its financial goals, may be perceived by private sector partners as a major risk (Almqvist and Hogberg, 2005).

Using a small number of public housing renewal partnerships, the paper discusses possible distinctions and similarities between social and economic PPPs to help better
understand PPP risk. The paper suggests that public housing renewal PPPs, as a specific type of social infrastructure partnership, share much in common with economic PPPs. For example, although many public housing renewal PPPs enjoy relatively high levels of government funding, the financial risks for private investors can be as significant as for economic infrastructure PPPs. At the same time, “social risks” thought exclusive to social infrastructure PPPs are also a feature of other PPP types. During the economic upheaval of 2008/2009, many of the risks inherent in social infrastructure PPPs have become more evident, though it remains less clear whether this will lead to widespread partnership failures.

Following a brief overview of social infrastructure PPPs, the paper provides details of public housing renewal schemes in England, the USA and Australia. These are used as examples in the discussion of the perceived risks of social infrastructure partnerships for private sector investors and developers. Through these examples, the paper explores the significance of “social infrastructure PPPs” as an analytical category in general, and more specifically as a tool for risk assessment in PPPs, mainly from a private sector perspective.

1. Social infrastructure PPPs
The term “social infrastructure PPP” is normally used to describe PPPs that construct, and later deliver services for, hospitals, prisons, libraries, schools, cultural facilities and affordable housing. This category is often seen as distinct from other types of “economic” PPPs which are typically used to build and operate roads, railways, bridges, tunnels and water facilities.

As their name suggests, the distinctive feature of social infrastructure PPPs is their “social” nature. However, teasing out the elements in a PPP which may be considered more “social” than others is a major challenge. As discussed below in connection with public housing renewal, social infrastructure PPPs, arguably more than economic infrastructure PPPs, address policy goals more explicitly defined in “social” terms, such as social justice, community access or fair treatment. Further, in social infrastructure partnerships, goals are often defined in terms of outcomes for specific social groups and “communities”, whereas in economic infrastructure partnerships, the focus may be on outcomes for users as individuals and the “general public”. However, in practice, both economic and social infrastructure PPPs have significant social impacts on individuals, communities and the general public alike. Like social housing renewal, construction of new roads may also result in substantial displacement or radical changes to a specific community (Davison and Yelland, 2004). Hence, a distinction between social and economic infrastructure PPPs based on their social impact is ambiguous and difficult to establish empirically.

Less ambiguous distinctions relate to the governance and financial structures of such partnerships. Social infrastructure projects are typically smaller in scale than economic infrastructure projects. They may also involve a wider range of partners including in most cases various government agencies, private companies and non-profit organizations together with a selection of user groups, freelance scientists, independent consultants as well as academic research institutes (Oppen et al., 2005, p. 281). The allocation of roles among the various partners in a social infrastructure PPP may sometimes challenge normative views of what is the appropriate role of the public, private and non-profit sectors.
Another feature which differentiates social from economic infrastructure PPPs is that the former is associated with services traditionally delivered by welfare agencies, commonly known as “human services”. In the provision of human services, staff costs represent a significantly higher proportion of operating costs than in say a road PPP. Jefferies et al. (2006) find that while in a hospital staff costs represent 90 per cent of operating costs, in a tollway staff costs are minimal and most expenditure is on maintenance. However, this distinction is not applicable to all types of social infrastructure PPPs. Social housing, for example, is not a typical “human service”, since it involves relatively low levels of staffing beyond tenancy management, and most of its costs are associated with construction and property maintenance, as with economic infrastructure.

Human services, arguably more than economic infrastructure, evoke a wide range of emotions among service users, service providers and the general population such as hope, fear, care or dignity among recipients. They also evoke emotions among their staff, such as the rewards of “helping people”, often set-against working in a bureaucratic environment ensuring that recipients are treated equally. Hence, the outcomes of human services are more difficult to predict as they are dependent on the way staff interpret policies (a factor less significant in economic infrastructure projects) as well as how recipients react to them (Hasenfeld, 1992, p. 4).

A typical procurement model for social infrastructure PPPs is design-build-finance-operate (DBFO) which is a subset of the build-own-operate-transfer (BOOT) model often used in economic infrastructure projects. The DBFO model is different in that it involves higher levels of public funding and lower levels of user fees, mainly because the recipients often cannot afford to pay market rate fees. The BOOT model is the dominant form of PPP procurement where the private partner is responsible for the design, construction, finance and operation of the asset. A concession period is agreed in the contract, typically 25-30 years, through which the government pays for the provision of the asset and associated services. The private partner bears all risks and costs associated with the asset and services for the duration of the concession period. At its end, ownership of the asset is transferred to the public sector for negligible or no cost (Evans and Bowman, 2005, p. 65).

2. PPPs for public housing renewal

Similar PPP models have been used in England, the USA and Australia for renewing large, mono-tenure public housing estates (Table I). Aims usually include moving to a mixed-income, mixed-tenure model (normally by introducing owner-occupied properties), increasing densities, renovating or re-building often tired public housing stock and transferring tenancy management from public housing agencies to non-profit or private organizations. The financial aims typically involve mixing private debt or equity with public subsidy, and using income from private house sales or commercial developments to offset the capital costs of re-building or renovating public housing. Public housing renewal PPPs are best suited to large, often troubled, public housing estates in locations where the land is in demand for private house building. Their complexity, long lead-times and high-cost structure limit their use to a relatively small number of often high-profile projects (Gilmour, 2009).

Launched in 1992, the principal partnership model used in the UK is the private finance initiative (PFI), characterised by private sector partners being expected to
financially contribute to project costs (NAO, 2001). Such is their popularity that by 2006-2007 PFIs funded 16 per cent of UK public infrastructure investment (HM Treasury, 2009). The first social housing renewal PFI was Grove Park at Ardwick, Manchester (Table I). Here, a 1970s low-rise public housing estate close to the centre of a major city had become blighted by high crime and anti-social behaviour, characterised by boarded-up shops and one fifth of homes vacant. The City Council retained ownership of the property, though in 2003 transferred responsibility for redevelopment as a mixed-tenure neighbourhood to a public-private-non-profit consortium. As typical with PFI schemes, the tenants retained their public housing rights though management passes to a non-profit organization (Hakim, 2005, p. 293). Housing PFIs have been relatively slow to develop in England with 21 schemes signed by October 2009 (CLG, 2009). Reviews of PFIs have highlighted problems, particularly with delays in agreeing contract terms (Hodges and Grubnic, 2005), and difficulties faced by local councils in monitoring contract compliance (Nisar, 2007).

In the USA, the most significant use of social housing renewal PPPs has been through the HOPE VI program which in the 11 years since its launch in 1993 invested US$5.5 billion to renovate 224 public housing estates (Schwartz, 2006). Some 150,000 units have been

<table>
<thead>
<tr>
<th>Country</th>
<th>England</th>
<th>USA</th>
<th>Australia</th>
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</thead>
<tbody>
<tr>
<td>Example</td>
<td>Grove Village</td>
<td>North Beach Place</td>
<td>Newleaf Communities</td>
</tr>
<tr>
<td>Location</td>
<td>Ardwick, two miles from city centre Manchester</td>
<td>Fisherman’s Wharf, a tourist precinct in San Francisco</td>
<td>Bonnyrigg, 23 miles west of Central Sydney</td>
</tr>
<tr>
<td>Site</td>
<td>Low-rise public housing in area with social issues</td>
<td>Medium-rise public housing in prominent location</td>
<td>Large, low-density suburban public housing estate</td>
</tr>
<tr>
<td>Before</td>
<td>1,099 public housing units</td>
<td>229 public housing units</td>
<td>833 public housing units</td>
</tr>
<tr>
<td>After</td>
<td>Demolishing 436 and refurbishing 663 public housing units. Building 650 new private homes, integrated on same site, with community facilities</td>
<td>All demolished, replaced with 341 rental units (257 public housing and 84 mid-income tenants). Also 18,000 square feet commercial space</td>
<td>All to be demolished, replaced with 2,230 new homes (699 public housing units and 1,531 market sales) + 134 new public housing units bought off site</td>
</tr>
<tr>
<td>Amount</td>
<td>£90 million</td>
<td>US$108 million ($68 million)</td>
<td>A$730 million (£409 million)</td>
</tr>
<tr>
<td>Term</td>
<td>30-year DBFO. Includes public housing tenancy management and all site maintenance</td>
<td>15-year DBFO. At end of term, the public housing agency can re-purchase 257 housing units</td>
<td>30-year DBFO. Includes public housing tenancy management and all site maintenance</td>
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<tr>
<td>Parties</td>
<td>Entity owned 49 per cent by private developer, 25.5 per cent non-profit tenancy manager and 25.5 per cent by finance provider. City council own social housing</td>
<td>Non-profit organization acts as lead developer, in partnership with for-profit tenancy manager, city council and public housing agency</td>
<td>Partnership between a private developer and finance provider (50/50 equity), contracts with facilities management company and non-profit tenancy manager</td>
</tr>
<tr>
<td>Notes</td>
<td>England’s first public housing PFI</td>
<td>US$55 million low-income housing tax credits (a form of equity) + US$24 million bank loan + grants</td>
<td>Australia’s first public housing PPP. Public sector retain ownership of housing stock</td>
</tr>
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**Table I.**
Public housing PPP examples

Sources: CLG (2008); Housing Corporation (2005); Kimura (2005); NSW Department of Housing (2007)
demolished, most visibly a series of notorious high-rise towers in Chicago. One of the highest profile schemes has been the redevelopment of a public housing estate with major structural and social problems in a prominent location at North Beach Place, San Francisco (Table I). The new buildings house tenants on both low and moderate incomes, and the scheme incorporates a community hub, childcare centre, computer room and small business support unit. Instead of generating income through private housing sales, as in the other two projects in Table I, income is received from rents charged to commercial tenants operating ground-level shops and offices. With the ending of national HOPE VI funding, San Francisco Council launched “HOPE SF” in 2007 to continue the partnership approach to public housing renewal. This follows the more common HOPE VI approach, increasing dwelling densities on site to allow income generation from private sales (Mayor’s Office of Housing, 2008).

Australia’s national and state governments have made considerable use of PPPs, accounting for 10-15 per cent of total infrastructure investment by the mid-2000s (Allen Consulting Group, 2007). The majority have been used for economic infrastructure, especially roads and railways, though there are examples of social infrastructure PPPs ranging from health facilities to Sydney’s iconic Olympic Park. Public housing renewal schemes started later than in England and the USA, and are emergent rather than established (Berry, 2003). The largest to date, in western Sydney’s suburb of Bonnyrigg, is described in Table I. The redevelopment of this large public housing estate from 2004 was prompted by concerns about the high concentration of public housing tenants in a single area, and the need to raise funding to refurbish the housing stock. The public housing agency offered a tender to re-build the public housing, introduce private housing and manage the estate for 30 years. The successful bidders were Newleaf Communities (previously named “Bonnyrigg Partnerships”), a consortium of five for-profit and non-profit partners.

Newleaf Communities use a cross-subsidisation model, with sales of private housing used to help finance the cost of rebuilding public housing and providing neighbourhood facilities. This enables the under-resourced public housing agency to clear a substantial repair backlog with a lower use of public funds (Milligan and Randolph, 2009). The project is being rolled out in 18 phases, as different neighbourhoods in Bonnyrigg are re-developed and new clusters of private housing introduced. Proceeds from the market rate sales will be split between the equity partners and the public housing agency. If the private houses are not sold, and the contract is terminated early, property ownership will revert to the state (NSW Department of Housing, 2007).

3. Perceived strengths of social infrastructure PPPs for private sector partners

Arguably, the high levels of public funding compared to user fees make social infrastructure PPPs an investment which private partners may consider relatively “solid”, particularly in times of economic uncertainty. Public sector funding/commitments are established in advance, and secured through long-term contracts. These commitments may be perceived as less vulnerable to changes in demand which may occur for a variety of reasons, but particularly during recessions when for example road toll income may fall if fewer people drive to work. Further, the risk of default by government is smaller than that of most private companies. However, these assumptions are debatable. First, the public sector is prone to changes in political parties, which may
affect willingness to pay under PPP contracts if a minor covenant is broken. Second, some local and national governments run substantial deficits, and have increased borrowing during the 2008-2009 economic downturn. Though the risk of government default is low, it is not zero. Third, in contrast to a private organization, the public sector has the potential to use various powers through legislation and taxation to legally avoid contractual payments (Alesina et al., 1992).

Furthermore, even when the ongoing flow of public funding for services is secure, some types of social infrastructure PPPs depend on other sources of income to ensure financial viability. In the English and Australian examples in Table I, the financial models are underpinned by selling residential property to private purchasers. Most HOPE VI schemes similarly rely on these types of sales, though in the example at North Beach Place the risk is on leasing retail space. Both residential and commercial property markets are badly hit during recessions. Therefore, in the case of public housing renewal, not only are the schemes exposed to commercial risk, the magnitude of the risk is high. While demand for public housing will rise in a recession, the market-subsidised funding through PPPs will tighten. During the 2008-2009 economic uncertainty, instead of initiating new housing PPPs governments in England, and Australia through the “nation building” plan, have reverted to traditional contracting to private or non-profit developers (Australian Government, 2009).

The longer term impact on public housing PPP renewal schemes of the 2008-2009 economic downturn is unclear, in part as problems take a number of years to emerge. Additionally, government disclosure of PPP performance is limited due to political sensitivities. In Newleaf Communities, the staging of development over 18 phases is said to be to limit the social impacts on the local community and ease the decantation process for tenants as properties are rebuilt (Newleaf Communities, 2009). At the same time, the phasing resembles the classic private sector developer’s approach to financial risk minimisation. With construction scheduled over 14 years, the scheme will probably extend over two economic cycles. In North Beach Place, the tax credit supported equity and paid for the majority of construction costs, and avoiding phasing of the scheme allowed savings in construction costs. The Grove Village example is interesting in that contract stipulated that information on the project’s progress would be independently gathered and released into the public domain. The November 2008 update, based on interviews with the private developer, noted:

With the change in economic climate, the greater risk is that the developer has stopped building new homes because they can’t sell those that are already finished […]. In the future, the economic climate may jeopardise further housing PFIs because of the difficulty in attracting partners and funds. Even if builders aren’t dissuaded by the slump in the housing market, banks may not lend as freely, meaning partners don’t have the money to put up-front (Housing Forum, 2009).

The next update on Grove Village, in August 2009, confirmed growing problems with the scheme:

The planned change in tenure mix to 50% social and 50% private has not been achieved to date. This is due to the suspension of the new build part of the project. Approximately two thirds of the new build properties have been completed although they are mainly apartments which have been in low demand. The lack of sales and the funds they would otherwise have provided has caused the suspension in construction activity […]. the contract completion date will have to be revised by agreement with the [public housing] authority (Housing Forum, 2009).
One reason for private partners to believe that social infrastructure are safer than economic infrastructure PPPs is the assumption that due to the social and political sensitivities of such projects, there is a greater chance of financial renegotiation and government intervention to rescue a project should they fail to meet the performance levels specified in the original contract (English, 2005). This is the suggestion in the above quotation, that risks formally transferred to the private sector are implicitly underwritten by the public sector. Indeed, in social infrastructure projects, the public sector is often in a position where they cannot allow a project to fail. Ultimately, when public health and safety are at risk, governments will consider stepping-in regardless of their contractual responsibilities. However, there are exceptions, such as the failure of the La-Trobe Hospital PPP in Australia. In this partnership, the contractor bought the land from the government and financed the construction of the hospital in return for a 99-year lease after which ownership of the land transfers back to government. Two years into the contract the project failed to meet the time and cost requirements specified in the contract, and the contractor was unable to make a profit. The contract was therefore cancelled (English, 2005). Hence, the risk for private partners is that they cannot foretell which social infrastructure projects will be rescued by governments (and on what terms), and which projects will be allowed to fail.

The anticipation of government support for social infrastructure PPPs may encourage an “optimism bias”. This is where private partners may make a low-priced bid for a project assuming that the hidden risks that are not specified in the bid, should they eventuate, would be absorbed by government through financial renegotiation or a bail out (Ho, 2009). As Ho maintains, the political cost of not rescuing a project (such as delays and interference in the provision of public services, as well as the procurement costs involved in replacing the contractor) are in some cases higher than the political costs of rescuing the project. However, as the La Trobe hospital case shows, failed PPPs are not always renegotiated, and there is no research evidence that social infrastructure PPPs are more likely to be renegotiated than economic infrastructure PPPs.

4. Perceived risks of social infrastructure PPPs for private sector partners
All infrastructure projects, whether providing social or economic infrastructure, share a range of risks. Grimsey and Lewis (2002) identify nine types: technical, construction, operating, revenue, financial hedging, force majeure, political, environmental and default risks. Another risk category noted by Bing et al. (2005) is “social risks”, which they describe as “public opposition to projects” and “lack of tradition of private provision of public services”. It may be inferred that social risks are more closely associated with social infrastructure PPPs, though this assumption can be challenged.

An example of such social risks becoming problematic in an economic infrastructure PPP is Sydney’s Cross-City Tunnel PPP. In this road project, the contract specified the consortium’s right to increase tolls and close certain roads to funnel traffic into the tunnel. The failure of the PPP in 2007 can be explained by both not reaching expected traffic levels (revenue risk), as well as public controversy over lack of alternative routes for drivers (social risk). The controversy led to disputes between the partners, played out for weeks in the media, including threats of legal action. Subsequently, the project was sold by the consortium to another private operator, though at too low a price to fully repay their loans (Johnston and Guderan, 2007). Perhaps, the explicit recognition that
there will be social risks in social infrastructure PPPs allows for more careful planning and risk management, compared to economic infrastructure PPPs where social risks are sometimes neglected.

Measurement of success in economic infrastructure PPPs, often resting on technical and financial metrics, is considered relatively objective (Healey, 1997). In such projects, social outcomes are often defined in terms of general public interest without recognition of differences in outcomes for specific groups of people. By contrast, in social infrastructure PPPs there is often an explicit focus on outcomes for specific social groups, rather than the “general public”. With public housing renewal, there is an explicit focus on the outcomes for two specific groups: the tenants and the local community (Pawson et al., 2009). Social outcomes of public housing are the provision of homes to people who would not have been able to access housing otherwise, achieving social inclusion for marginalised people, and offering tenants more choice about where and how they live. Social inclusion and housing choice cannot be easily defined or quantified, with improvements (if any) noticeable only in the long term. Therefore, the “social” measures of success in public housing renewal are often weakly defined, and thus may be perceived as a risk by private sector partners in a social infrastructure PPP.

In the example of public housing renewal PPPs, one of the “social risks” is managing the tenancy relationship with low-income tenants, many of whom face employment, social integration, linguistic or physical challenges. Therefore, non-profit housing organizations, which are more experienced in dealing with such challenges than financiers and developers, often become part of the consortium. In England and Australia, their most typical partnership role is tenancy and estate management. In the USA and England, they may also act as property developers. Involving non-profit partners brings benefits through involving organizations with skills to deliver the broader social goals of public housing redevelopment, such as community cohesion. However, from research interviews, several non-profit partners struggle with the legal and technical aspects of contract negotiation, and have less clearly defined economic goals than their for-profit partners. This can make it relatively hard to achieve the required high level of trust between partners (Almqvist and Hogberg, 2005).

Social infrastructure PPPs are sometimes associated with inflexibility. Since social infrastructure and services developed from within the welfare state, they are considered more heavily bounded by its economic culture and practices. This view is supported by a narrative which characterises the public sector as a rigid organization, a difficult and dominating partner that does not allow significant innovation due to its long traditions of established procedures and working practices, the strong presence of unions and expectations for accountability:

Most challenging of all is the need to change the public sector culture, which too often inhibits public servants from innovation and risk taking by being quicker to punish failure than to recognise and reward success. It’s that culture which has, hitherto, led executives either to consider outsourcing only for services they consider “non-core” or not “inherently governmental”, or to regard it as a last resort solution to the most intractable of crises. (Holmes, 2002).

In contrast, the social infrastructure and services arena since the 1970s may be characterised as one that is highly diverse, with “public and quasi-governmental institutions […] many non-profit, for-profit and self-help organizations offering both complementary and competing assistance […] In many cases, both production and
funding are distributed across several organizations” (Oppen et al., 2005, p. 281). This diversity of organizations and functions may be viewed in a more positive light, as a source of flexibility due to the increased range of providers, and the competition between them which is believed to encourage innovation in a similar way to the private market. Further, the increasing delivery of social services by non-profit organizations is associated with a more emphatic approach compared to the bureaucratic approach associated with the welfare state (Darcy, 1999).

Unlike with economic PPPs, providing fixed infrastructure such as roads and bridges, social housing renewal PPPs work within – and help transform – living communities. Hence, in the example quoted above of the delay in achieving private house sales at Grove Park, there is some likelihood is that the PPP contract will be re-negotiated and the private sector partners will not make losses. Social infrastructure PPPs often have some level of flexibility formally embedded within the contractual agreement – such as a modular approach or contingency plans – to allow adjustments. Further, flexibility must exist to allow the partnership to readjust even when no change mechanisms are formally embedded in the contract (Ernst & Young, 2008, p. 12).

5. Conclusions
Social infrastructure PPPs, despite the promise of ongoing streams of public funding, are not necessarily the steady rock under which private companies should look for shelter in times of economic crisis. The risks associated with economic infrastructure PPPs – particularly financial hedging and revenue risks – are also applicable in social infrastructure PPPs. In the example of public housing renewal PPPs, reliance on cross-subsidisation from market rate property sales or commercial rental income has, if anything, amplified risk during a downturn. This particular variant of social infrastructure PPP has a risk profile not dissimilar to that of an economic infrastructure PPP.

Notwithstanding, this does not mean that social infrastructure PPPs are necessarily riskier than economic infrastructure PPPs. First, the social goals of housing renewal projects become more pressing during a recession and therefore favourable contract re-negotiation is possible. Second, the so-called “social risks” are by no means exclusive to social infrastructure PPPs. The implication is that the differences between social and economic infrastructure PPPs are more blurred in practice than their categorisations suggest. The differences between social infrastructure projects – ranging from social housing renewal, to provision of hospitals, schools and jails – are at times just as wide as those that separate social from economic infrastructure projects.

Even between the broadly similar social housing renewal PPPs discussed in this paper, there are subtle but significant differences. In North Beach Place the lead developer is a non-profit organization, whereas in Newleaf Communities the non-profit plays a more limited role. Newleaf Communities and Grove Park are more highly debt leveraged (and therefore more exposed during a recession) than North Beach Place which has a significant component of tax credit supported equity. Hence, the significance of the analytical distinction between social and economic infrastructure PPPs is in describing the explicit social objectives of such partnerships (though not necessarily their social impact in practice), their historical origins and some of their structural features. However, this distinction is problematic when it comes to
assessment of risks for any specific project. Understanding risk relies on careful scrutiny of contract terms for each specific contract, not reliance on broad categorisations.

The understanding that every PPP project is different, as emerging from this paper, has important implications. First, diverse contractual arrangements may result in a less predictable range of outcomes in social infrastructure partnerships. While some projects may prove successful in terms of achieving both their financial and social goals, others are at greater risk of failure in one or both of these categories. In social housing, for example, this may increase the gaps between different housing estates in terms of outcomes for tenants, for their neighbours and for the partners involved in infrastructure and service delivery. Further, research based on more case studies projects is required to study and measure the degree of financial and social success in social housing infrastructure projects. This needs to be accompanied by a greater understanding of the changing roles of partners in the public, private and non-profit sectors, and testing how governance works in institutions that are neither public nor private (Ostrom, 1990).

Finally, it should be noted that unlike delivery of economic infrastructure projects such as road and rail schemes, social infrastructure PPPs are an emergent and experimental rather than an established procurement model. This entails possible biases in understanding how risk and governance work in these projects. For example, there is evidence from the three case studies that governments first undertake social infrastructure PPPs that are relatively safe, in locations with high land values and strong demand for private housing or commercial space. The model, therefore, has probably not yet been tested fully. Recent economic turbulence has amplified the need for public housing renewal PPPs, as demand for social housing and community cohesion problems increase. At the same time, challenging property and financial markets have made the launch of new housing renewal PPP schemes unlikely for the next couple of years. It may well take a decade before PPPs are considered an established form of procurement in social infrastructure delivery, and until then the range of partnership models and governance frameworks are likely to diversify through experimentation.

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Tony Gilmour recently completed doctoral research contrasted approaches to building non-profit housing sector capacity in Australia, England and the USA. The research has been presented at seminars and conferences in several countries, and is helping to further build his publication track record which includes two books published by Sydney University Press. Prior to joining City Futures in September 2009, he was Research Policy Manager at the University of Sydney’s Planning Research Centre for four years. Through an 18-year investment banking career in England and Australia, Tony Gilmour gained skills in financial and risk analysis, and in understanding property markets. Tony Gilmour is the corresponding author and can be contacted at: tonygilmour@yahoo.com

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