

Local performance agreements for (social) housing policy– does it work?

A case study in three Dutch municipalities on the effects and effectiveness of the policy instrument of local performance agreements for housing policy in the light of the revised Housing Act



MASTER THESIS BY

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A case study in three Dutch municipalities on the effects and effectiveness of the policy instrument of local performance agreements for housing policy in the light of the revised Housing Act

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This master thesis is the final piece of work of my master's: Complex System Engineering and Management at the Delft University of Technology. In this master program you learn to analyse and design social-technical systems. The combination of technology and society makes this program extremely valuable. During my master's I emphasised on topics in the field of the built environment and spatial development.

The choice for a topic related to housing associations and the social housing sector was easily made. Already since I was young, I am very much interested in anything that has to do with real estate and housing. Therefore, I followed an internship at a housing organisation in Rotterdam, because I consider them as very interesting and valuable institutions in the housing sector. Housing associations have to provide housing for low income households but are independent businesses and therefore work in between the market, government and society. During my internship I got a first-hand look into the impact of the revised Housing Act on these organisations and their daily operations. This increased my curiosity into the effects of this Act in such a way, that I decided to study the effectiveness of the new set of regulations for my master thesis.

I want to thank a number of people for helping me completing this final piece of work for my master's program. First of all, I would like to express my gratitude to my first supervisor Harry van der Heijden, for his input regarding important decisions and the provision of valuable feedback, but especially for the useful meetings when I was stuck and he was able to put me in the right direction. Moreover, I am also thankful to my other supervisor Thomas Hoppe for his suggestions to apply a policy analysis approach and his valuable suggestions to improve my thesis. He has drawn my attention to the Contextual Interaction Theory as a suitable theoretical approach for this study. I am also thankful to Marja Elsinga for ensuring the process and her constructive feedback that helped me to further improve the scientific relevance of the study. I thank Roel Koster of Arcadis for putting me in touch with valuable respondents for this study. Thereby I would also express my gratitude to all respondents who have been interviewed for this study and who provided valuable information which was considered essential. Finally, I want to thank Hjalmar, my boyfriend, for his unconditional support.

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SUMMARY

Almost one third of the total housing sector in the Netherlands can be considered social housing. Housing associations in the Netherlands, as providers of social rental dwellings, have a long history of regulations changes over the last century. A few decades ago the social housing sector in the Netherlands had been shifted from the government to the market, in order to increase the effectiveness of the provision of social housing. Currently, the social housing sector is shifting back from the market towards government to improve the steering possibilities of the government in the social housing sector and moreover to ensure social benefit.

This study focused on the most recent regulation change in the social housing sector: the revised Housing Act 2015, and more specific, one of the policy instruments which obtained a legal status due to this regulation change: *The local performance agreements for social housing policy between municipalities, housing associations and tenants organisations*. This policy instrument of local performance agreements for (social) housing policy seeks to facilitate and ensure the co-creation of (social) housing policy between a municipality, housing associations and tenants' organisations for social benefit. Before the latest revision, the establishment of local performance agreements was voluntarily while the revised Housing Act has made them imperative. This study seeks to provide a preliminary evaluation of the policy instrument in the light of the revised Housing Act. The main research question is as follows:

What are the effects of the policy instrument of local performance agreements for social housing policy in the light of the revised Housing Act 2015?

Since this study is considered a preliminary policy evaluation, a policy analysis approach is used to determine the effects of the instrument. The Contextual Interaction Theory (CIT) provides an analytical framework to assess policy implementation. CIT seeks to evaluate policy instruments, for which the involvement of multiple actors is required, by determining whether and to what extent the characteristics of the involved actors and the context influence the implementation process. A case-study approach is applied to analyse the implementation process for the establishment of local performance agreements in three municipalities in the province of South-Holland: Bodegraven-Reeuwijk, Zoetermeer and Rotterdam. By means of dossier examination and interviews with representatives of the municipalities, housing associations and tenants' organisations the implementation processes of the policy instrument have been analysed and evaluated. Moreover, representatives of the umbrella organisations of VNG, Aedes and Woonbond have also been interviewed to provide insight in the new roles, responsibilities and interrelations between municipalities, housing associations and tenants' organisations as the result of the new policy.

From this preliminary policy evaluation a set of effects is derived. First of all, the mandatory collaboration between housing associations, municipalities and tenants' organisations has resulted in negotiations between the three parties in order to discuss social housing related issues. This already increased the influence of municipalities and tenants' organisations in social housing and therefore is able to increase the social and democratic legitimacy of housing associations. However, the municipalities and tenants' organisations are due to this instrument also faced with new responsibilities regarding the creation and implementation of social housing policy. Therefore, enhancing their position in social housing is also dependent on their capabilities. When they lack certain capabilities such as negotiation capacity and knowledge of strategic housing policy, this might threaten their influence in social housing. A second effect of the implementation of the policy instrument of local performance agreements, derived from the study, is that the local performance agreements for housing policy in its current form, comprise a broader set of housing issues which are

being addressed during the negotiations. During the negotiations, the network actors do no longer only address detailed real estate development figures, but moreover topics like habitability of the living environment and the energetic quality of the social housing stock are discussed. These topics are, amongst other things, better embedded in the process due to the involvement of tenants' organisations in the process. A third effect is that the performance agreements now are considered less non-committal in comparison to its predecessor, although there is condition that municipalities have to make a housing policy document in order to enforce housing associations to establish performance agreements. The support instruments, implemented by the central government, such as hard deadlines and a dispute settlement body, help ensuring the creation of a solid process between the local network actors for the establishment of local performance agreements for housing policy.

However, also negative side effects are derived: the restricted remit of housing associations as the result of the revised Housing Act could hamper the co-creation of local housing policy during economic downturn or when market parties do not take up the responsibility of building important facilities, such as supermarkets but also middle income housing. It could be of added value for the community when housing associations could take on these activities in such circumstances but due to the regulation change it is unclear what the housing associations are allowed to execute. It should be questioned whether the Act, regarding this aspect, stands in the way of its goal. In addition, the central government tries to facilitate the process of establishing performance agreements by providing support instruments such as a dispute settlement body and fixed deadlines. However, the central government does not provide clear instructions how the collaboration between the network actors should be organised. Moreover, there are hardly any requirements set to the content and form of the mutual agreements for social housing policy. These aspects could endanger that the objectives pursued by the policy instrument will be achieved.

Different points of attention could be taken into account in upcoming negotiation processes regarding the establishment of local performance agreements.

First of all, there is need for a specific actor which facilitates the process of shared decision-making regarding the creation of social housing policy. The actor should desirably apply a hands-on approach in the process of decision-making, where it will manage the network and make sure collaboration between actors is facilitated. This actor should ensure that the right parties are involved in the process with the right mandate, the required knowledge for decision-making is present at the negotiation process and should put effort in finding shared interests and the creation of partnerships.

Secondly, the role of the tenants' organisations could be enhanced in the process, for example by organising their involvement in one general tenants' organisation per municipality, instead of involving all individual tenants' organisations during the negotiations with the network actors. Moreover, the minimum level of the financial contribution of the housing association, which could be used for support purposes by the tenants' organisations, should be laid down in law to increase their professionalism.

The way the "start" of the negotiation process for establishing performance agreements is organised turned out to have a substantial impact on the successfulness of the implementation. Determining the goal ambitions for the process of performance agreements collectively, with all network actors, contribute to the effectiveness of the instrument and commitment from the housing associations. The local housing policy document is often not regarded as a suitable start for these negotiations since it is not particularly focussing on social housing. And it should therefore be questioned whether this document is considered the right basis of the of the negotiation process.

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1. INTRODUCTION

In this section, an introduction of the master thesis research is provided. First, in section 1.1-1.3 the research problem is addressed by means of background information regarding the social housing sector in the Netherlands. In section 1.4 the main research question is derived. Section 1.5 elaborates on the scientific and societal relevance of the study. Finally, the structure of the remainder of this thesis is provided.

1.1 Introduction

In this first chapter the subject of this master thesis research will be introduced: the recent reform of the social housing sector. In this introduction, the subject of study will be approached through a comprehensive outline of the most important political and policy developments from the last century in the field of social housing and housing associations as the providers of affordable housing in the Netherlands.

Dutch housing associations in the Netherlands take care of the provision of affordable housing for low income households since the end of the 19th century. But their role, task and position have thereby always been multiform and changeable. In the past decades, the position of housing associations has changed from tight subsidised and regulated organisations to financially independent businesses (Nieboer & Gruis, 2016; Van Bortel & Elsinga, 2007). In 2015, again, regulations regarding these organisations have been renewed. This revised Housing Act aims to further regulate the activities and seeks to strengthen supervision of the social housing sector (Rijksoverheid, 2015). This study seeks to evaluate these new regulations, emphasising on a specific policy instrument of the revised Housing Act, *the local performance agreements for (social) housing policy*.

This topic will be approached from the perspective of the central government. The central government implemented this policy and is interested to see whether their objectives, regarding the reform of the social housing sector, are met. As mentioned before, this research seeks to evaluate a specific policy instrument of the revised Housing Act: performance agreements regarding local housing policy. This study will evaluate the policy instrument of local performance agreements in the context of the revised Housing Act. Does this policy instrument function as is intended by this legislation? In addition, what are the effects of the implementation of this policy instrument, the unintended side effects and experiences of the involved actors regarding the implementation of the policy instrument of performance agreements in practice.

The remainder of this introduction will emphasise on the genesis of housing associations and the associated policy developments. In the end of this extensive introduction the main research question will be provided.

1.2 GENESIS OF THE SOCIAL HOUSING SECTOR IN THE NETHERLANDS

This study seeks to analyse and evaluate the effects of the most recent policy shift in the social housing sector, the Housing Act 2015. In order to generate a clear context for these regulation changes, the genesis of the social housing sector in the Netherlands will be provided in this chapter. The genesis of the social housing sector in the Netherlands, and thereby the role and position of housing associations, cannot be separated from the broader political trends over time. Housing associations in the Netherlands already have played an important role in the provision of affordable housing for low-income households since 1850. In 2015 over 30% of the Dutch housing stock could be labelled as social rental dwellings, see figure 1.1 (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2016). Nearly all social rental dwellings are owned by housing associations (CBS, 2016). Social housing is

distinguished from private housing, since rents are set below market level and dwellings are allocated according to need rather than willingness and ability to pay. The commitment from the government plays moreover an important role regarding the size and the accessibility of the social housing sector (Berry, 2012).

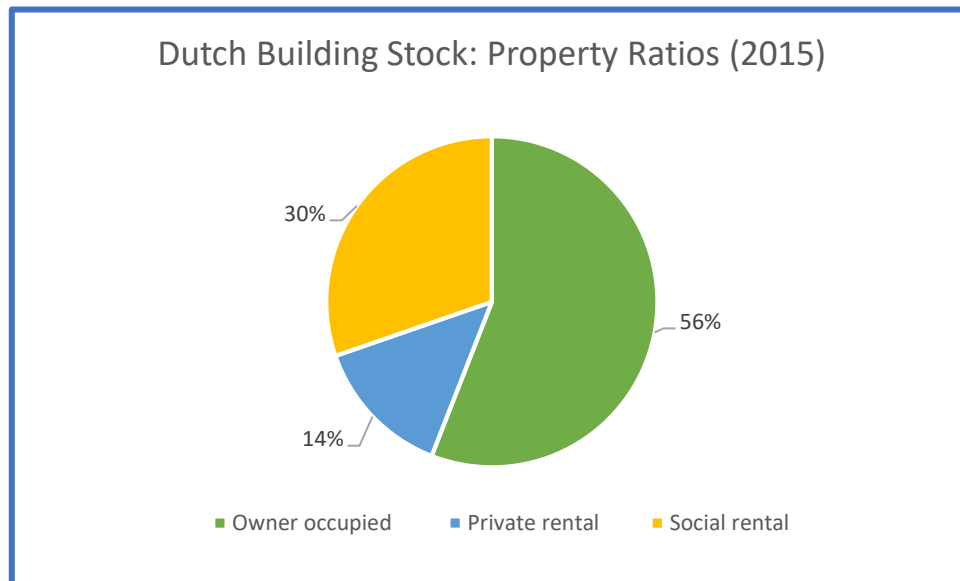


Figure 1.1: Property Ratios Dutch Building Stock 2015 (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2016)

1.2.1 The Housing Act of 1901 as the start of the social housing sector

The Housing Act of 1901 can be considered as the basis of the social housing sector in The Netherlands, as we know today. Under this law, private organisations (housing associations) were allowed to build for the common good by using public money to provide a solution for the poor housing conditions for workers at that time. However, shortly after the introduction of the Housing Act 1901, the production of dwellings by housing associations was going slow. According to Gerrichhauzen, this was, among others, due to the predominant liberal ideology at that time: the production of residential dwellings was considered a task for the market. In addition, municipalities in that time had to guarantee loans for the construction of social rental dwellings, but municipalities were reluctant to provide these loans to the housing associations and preferred to take control over the construction of residential dwellings themselves (Gerrichhauzen, 1990).

The rationale of the Housing Act 1901 was that these housing associations should, as much as possible, stand on their own and thereby act as independent businesses. Therefore, before WOII the government's involvement in this sector was relatively small. In the period between the implementation of the Housing Act 1901 and the WOII, the government only felt the need to intervene in the social housing sector in the period after WOI, since in this period the market parties were hesitant to build due to lack of capital. This government support was abolished in 1924, when it became clear that after WOI no major social turbulence had to be feared. However, in the period after the Second World War strong government interference in the social housing sector was considered insuperable to solve the housing shortages as a result of the war. In this period the government provided the housing associations with subsidies for the construction of social rental dwellings. Moreover, protection measures for the tenants were introduced, in order to prevent landlords taking advantage of the housing shortages by asking high rents. The government in this time totally controlled the social housing sector. Consequently, very little was left of the intended independence of these housing associations (Elsinga et al., 2014; Gerrichhauzen, 1990).

1.2.2 *The period 1945- Committee De Roos*

In the period between 1945 and 1954, many new housing associations were authorised to enter the sector. This growth of the social housing sector can, according to Gerrichhauzen (1990), be attributed to the market conditions and government policy at that time. Due to the combination of high construction costs and rent regulation, commercial parties were not willing to invest in the production of residential dwellings. In the mid-50s, the criticism regarding the social housing sector increased. The admission policy of housing associations, the associations' dependence on the government, the subsidy schemes, the reduced self-employment and self-reliance of housing associations were criticised themes.

In 1958 "*Committee De Roos*", in which the government, housing associations and commercial investors were represented, was set up to advise the government how the independence of the housing associations could be increased. The advice, amongst others things, included a proposal to improve the financial resilience of the organisations, by allowing them to build-up reserves and by abolishing the obligation to pay back the operating deficits which were provided by the government (Snuverink, 2006).

Many of the recommendations from the Committee De Roos' report have been converted into policy measures in the revised Housing Act of 1965. As a result of the recommendation of the committee to broaden the work field of housing associations, the distinction between housing associations and commercial landlords with regard to the provision of subsidy was eliminated. This gave housing associations the opportunity to build dwellings in the more expensive market segments with financial support from the government. Conversely, commercial parties obtained the same opportunities as housing associations in realising social rental dwellings. Due to this regulation change, the difference in treatment between social housing associations and commercial landlords disappeared. In addition, the obligation to repay the operational deficits was also abolished in this regulation reform. Although the distinction between housing associations and commercial landlords was eliminated with regard the provision of subsidy, the housing associations' primacy in the social rented sector was reconfirmed by the implementation of the revised Housing Act of 1965. In this specific reform housing associations were set the preferred provider of social rental housing were before, housing associations had to compete with commercial landlords and local housing companies regarding the realisation of social rental dwellings (Helderman, 2007; Gerrichhauzen, 1990).

1.2.3 *Start incorporation process*

In the 1980s the government wanted to further reduce the state intervention in the social housing sector. This was possible, since the financial position of the housing associations had increased a lot and the post-war housing shortages had been resolved. Moreover, the government, as providers of loans for the construction of social rented dwellings, no longer wanted to be at risk for these building projects. Consequently, from 1988 the government no longer provided the housing associations with loans for new building projects. This led to the establishment of the Waarborgfonds Sociale Woningbouw (WSW) in 1989. WSW since then guaranteed the loans, attracted by the associations (Elsinga et al, 2014; Snuverink, 2006).

1.2.3.1 *Influence of New Public Management in reform social housing sector*

Since 1980s, various trends were visible in the management of government and non-profit organisations in The Netherlands. This trend was not only visible in the Netherlands but was international. Under the banner of "*New Public Management*", many public organisations in Europe and the rest of the world, obtained the label of a *hybrid organisation* (Ferlie et al, 1996). The purpose of this reform was to create a market-based system for the provision of social services and thereby increase the competitiveness and effectiveness of these services (Walker & Van der Zon, 2000).

Under influence of the global economic recession the first *New Public Management (NPM)* developments started in the late 1970s in the United Kingdom under Prime Minister Margaret Thatcher. Other Anglo-Saxon countries, such as New Zealand and Australia quickly followed, and their successes put NPM-reforms on the agenda of most OECD countries (Groot & Budding, 2008; Gruening, 2001). According to the OECD, did the NPM trend strive to make the public sector more competitive and lean, while, at the same time, trying to make the public administration more responsive to citizens' needs by offering value for money, choice, transparency and flexibility (OECD, 1994).

The New Public Management is founded on a series of key principles, according to Koppenjan and Klijn (2004, pp. 101-102), these are the following:

1. Strong emphasis on efficiency and effectivity of government performance.
2. Strong emphasis on management ideas and strategies from the private sector.
3. Strong emphasis on privatisation and outsourcing of public services and public bodies in order to increase efficiency and effectivity of these services and bodies.
4. Strong emphasis on creating or using market-mechanisms, or at least increasing competition in services.
5. Strong emphasis on the use of performance indicators to measure the desired output of the privatised government body or outsourced service.

The introduction of New Public Management (NPM) in the 1980s was seen as a response to problems relating to the ever-growing government at a time when the economy was doing less well. Advocates of NPM assumed that the public sector could be managed more efficiently by applying management strategies and ideas from the private sector. Within New Public Management the government was regarded as a company and therefore also had to be managed as a company. According to these advocates, the introduction of NPM was the answer to the non-decisive, inefficient and non-client oriented public sector (Hakevoort & Klaasen, 2004). Hence, the welfare state and the traditional tax-and-spend-model of public service delivery was no longer perceived as the solution for social problems (Helderman, 2007).

Hence, this way of thinking had consequences for the role and position of housing associations as the providers of social housing in the Netherlands (Elsinga et al., 2014). There was a fundamental discussion going on regarding the necessity and effectiveness of government subsidies in the social housing sector (Helderman, 2007). It was argued that government support in the social housing sector should be confined to the low-income households by means of providing a limited program of subsidised social rental dwellings and by the provision of rental allowances to this target group. This desired transformation in the social housing sector was also formally recognised in the Government paper of then Secretary of State Heerma (1989): "Housing policies in the nineties". The motto of the Government paper was: less government intervention, abolishment of unnecessary regulations, decentralisation of tasks and powers to municipalities and the independence of housing associations (Helderman, 2007; Snuverink, 2006). This was considered the start of the (financial) privatisation of housing associations.

1.2.4 Introduction of *Besluit Beheer Sociale Huursector (BBSH)* & "*Bruteringswet*"

The introduction on 1 January 1993 of the *Besluit Beheer Sociale Huursector (BBSH)* meant a fundamental turning point in social housing sector policy: from prescriptions to remote supervision and accountability afterwards. Aside from the regular activities such as the construction and managing of social rental dwellings, the associations were also allowed to carry out other activities in the interest of public housing. These include activities like, playing a role in the management of the living environment, realising care facilities and building owner-occupied dwellings. The activities that

housing associations were allowed to execute had to contribute to one of five fields as described in the BBSH. These included: The accommodation of the primary target group, involvement of tenants in policy and management, ensuring the quality of the dwellings and ensuring financial sustainability. Later, the fields of, living environment and living-and-care have been added to the BBSH.

The “*Bruteringswet*” 1995 was considered the final piece of the (financial) privatisation of the social housing sector in the Netherlands. In this law the financial contributions, that the government still had to provide according to pre-1992 regulations, the so called bricks- and-mortar subsidies, were netted with the outstanding government loans, which were attracted by the housing associations (Helderman, 2007; Snuverink, 2006). Hence, due to this regulation the financial relations between the government and the housing associations were severed (Snuverink, 2006).

1.2.5 *Distrust in housing associations*

According to the BBSH, the housing associations were allowed to adopt other activities besides managing and the construction of social rental dwellings, as long as these activities contributed to one of the fields prescribed in the BBSH. Due to this broad remit and the (financial) privatisation, the housing associations got a lot of freedom. Selling homes was for example a measure to generate income for their social task (Nieboer & Gruis, 2016). This approach, which is called “the revolving-fund model”, worked well for the housing associations (Blessing, 2013). However, due to this approach there was little insight in the social performance of housing associations (Veenstra et al., 2017; Boelhouwer & Priemus, 2014). Doubts were expressed concerning the social performance and the corporate social responsibility of housing associations. Additionally, the discussion of the social performance of housing associations was moreover raised, because state support, in the form of a discount on land prices, is provided to the sector. These doubts led in the late nineties to several studies into the social performance of housing associations (Rijksoverheid, 2015).

Later, misconduct came forward in parts of the sector, incidents such as administrative failures and financial mismanagement came to light. In early 2012 the Vestia scandal got out. Vestia, then the largest housing association of the Netherlands, turned out to have derivatives contracts, worth billions of euros, with banks. These contracts should hedge the interest rate risks of Vestia’s loans. But these contracts had a notional exposure value of 23 billion euros, and thereby seriously exceeded the total assets of Vestia, worth 6 billion euros (Parlementaire Enquetecommissie Woningcorporaties, 2014-2015). Hence, doubts whether housing associations contribute enough to their social task and incidents, ranging from high-risk projects to integrity violations, have put the sector in the spotlight (Nieboer & Gruis, 2016).

1.2.6 *Parliamentary inquiry housing associations 2014*

The Vestia scandal has prompted a parliamentary inquiry into the functioning of the social housing sector in the Netherlands. A parliamentary inquiry can be considered as the strongest instrument of the Parliament’s Second Chamber. *The parliamentary committee Housing Associations* was commissioned to investigate the incidents in the social housing sector, including the Vestia case, and thereby consider whether these incidents are related to the design and operation of the social housing system in the Netherlands. The emphasis of the committee was to analyse the problems and bottlenecks of the sector and provide recommendations to improve the sector (Parlementaire Enquetecommissie Woningcorporaties, 2014-2015).

From the inquiry shocking facts came to light regarding the functioning and social performance of the investigated housing associations. Serious financial mismanagement, maladministration and management crises were detected, sometimes also in combination. Moreover, in many cases some kind of personal enrichment was detected, or at least there was a lack of moral compass with regard

to top rewards of the managing directors. According to the committee, the causes of the misconduct could be attributed to one of the following fields: behaviour, boundaries, governance and money. Unclear rules and regulations regarding these fields had, according to the committee, a perverse effect on the behaviour of those responsible for the individual housing associations. The committee's recommendations were therefore emphasised on strengthening the regulations and boundaries of the organisations' tasks, improving governance and supervision and tighten up the regulations regarding availability of money (Parlementaire Enquetecommissie Woningcorporaties, 2014-2015).

1.2.7 *Implementation of the renewed Housing Act 2015*

At the time of *the Parliamentary Inquiry Housing Associations*, a revision of the Housing Act was already in preparation for some time. The recommendations of the Parliamentary Inquiry Committee, several other researches and the coalition agreement have further sharpened the final version of the revised Housing Act. The revised Housing Act has been in force since July 2015.

This revised Housing Act aims to further regulate the activities of housing associations and seeks thereby to strengthen supervision of the social housing sector, by providing stricter rules and boundaries for this sector (Rijksoverheid, 2015). The act provides rules and boundaries for the housing associations divided into 6 main fields:

1. **Core Task:** Housing associations should, according to the law, return to their core task: the provision and management of affordable housing for low income households or for vulnerable people, for whom it is difficult to find suitable housing, for different reasons than ability to pay.
2. **Remaining tasks:** The Housing Act aims to steer the housing associations towards their core social task. However, situations may arise in which it is desired that housing associations continue to develop other activities aside from the provision of affordable housing. The only condition is that there are no market parties available willing to take care of these activities.
3. **Performance Agreements together with municipalities and tenants' organizations:** Municipalities, tenants' organisations and housing associations establish in these agreements how all parties involved, contribute to the realisation of the local (social) housing objectives for a specific period. This policy instrument seeks to increase the link between the investment capacity of housing associations and the social housing needs on the local level. Moreover, the instrument of performance agreements aims to provide the municipality and the tenants' organisation with better insight into the association's contribution to the local housing objectives to ensure the public interest. This policy instrument seeks to create and ensure the most desired implementation of social housing policy for both residents and the municipality itself.
4. **Separation or division of SGEI and non-SGEI services (services of general economic interest):** Housing associations are legally obliged to separate their SGEI activities from their non-SGEI activities. Since housing associations can obtain some form of state aid on their SGEI activities. In order to increase the transparency of their activities, these services need to be separated.
5. **Internal Governance:** The revised Housing Act imposes requirements on the qualities of managers and the internal supervision of housing associations.
6. **External Supervision:** The Authority Housing Associations is established and takes care of the external supervision of all housing associations in the Netherlands. This Authority is hosted at the Department of Inspection for Living Environment and Transport. This structure should contribute to the independence of supervision and thereby promote the desired professionalisation of the supervision of the social housing sector (Rijksoverheid, 2015).

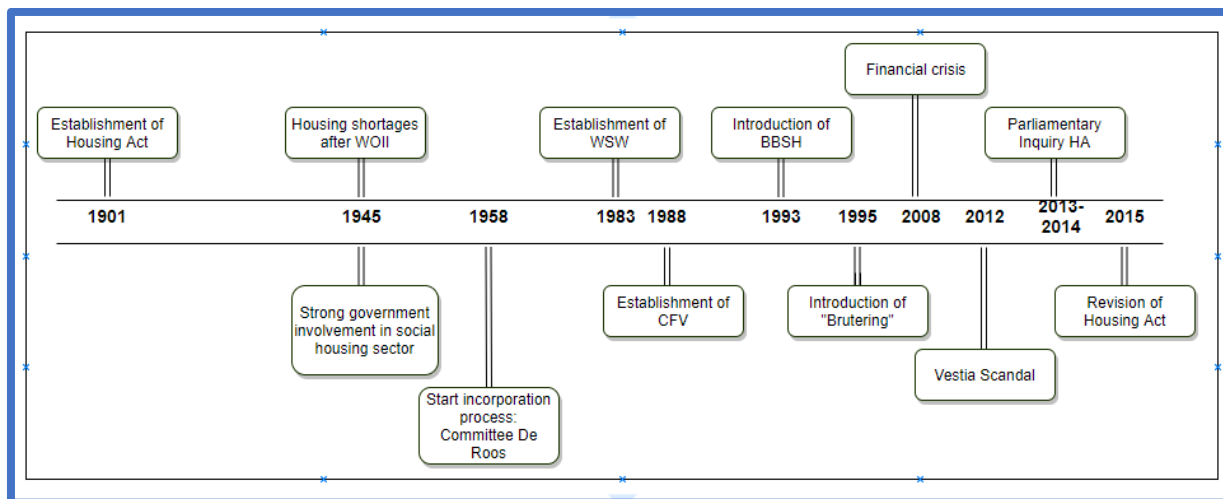


Figure 1.2: Time line: important developments in the social housing sector (Elsinga et al., 2014).

1.3 THE GOVERNANCE OF HOUSING ASSOCIATIONS

The above described history and figure 1.2 show that already since the introduction of the Housing Act in 1901, there is a discussion regarding the role, position and task of housing associations. Currently, the social housing sector is shifting back from the market towards government to improve the steering possibilities of the government in the social housing sector. Due to the (financial) privatisation of housing associations, these organisations ended up in the grey area between market, government and society (De Groot, 2015), this led to various discussions concerning the social performance and the corporate social responsibility of housing associations.

Organisations which operate in-between the government, market and society can be considered as hybrid organisations, housing associations are hybrid organisations par excellence (Brandsen, 2006). These hybrid organisations face a unique governance challenge: how to cope with the trade-offs between their social task and their market activities? Hence, how could these organisations generate enough revenue and at the same time, not losing sight on their social mission? (Ebrahim et al., 2014). By means of the revised Housing Act, the central government aims to increase the control options to steer housing associations in a desired direction and thereby avoid the risk of mission drift of these organisations, through the provision of strict boundaries, clear rules and policy instruments (Rijksoverheid, 2015).

However, housing associations can be determined as a special type of hybrid organisation. Aside from being classified as a hybrid organisation, housing associations are, of course, also real estate companies. This classification has implications for their adaptation capability. Firstly, the amount of money involved in housing associations is substantial, however this money is primarily locked-up in bricks and therefore not liquid. Moreover, there are serious risks associated with managing and building residential dwellings. And finally, the housing market can be considered as a supply market and this means that the supply, in this case the social housing supply of housing associations, cannot immediately adapt to a changing demand, including the changing requirements of the government.

1.3.1 The Local Performance Agreements to realise tailor-made solutions for social housing needs

This study seeks to evaluate one policy instrument of the revised Housing Act 2015, namely the performance agreements regarding local housing policy between a municipality, housing associations and tenants' organisations. These performance agreements for local housing policy form 1 of the 6 fields of the revised Housing Act (see §1.2.7).

In these agreements housing associations, municipalities and tenants' organisations establish how all parties involved, contribute to the realisation of the local (social) housing objectives for a

specific period. This policy instrument seeks to increase the link between the investment capacity of housing associations and the social housing needs on the local level. Moreover, the instrument of performance agreements aims to strengthen the role of municipalities and tenants' organisations in social housing policy. By means of the local performance agreements for social housing policy it is intended that these parties will be provided with better steering possibilities and insight into the association's contribution to the local housing objectives to ensure the social and democratic legitimacy of housing associations (Ministerie van Binnenlandse Zaken et al., 2015).

The local housing policy, which is created by the municipality, should form the basis for the process of local performance agreements for social housing policy. Housing associations should reasonably contribute to the local housing policy. The association's exact contribution to the local housing policy should be established in consultation with the network actors: the municipality and the tenants' organisation. This will then be established in so-called performance agreements (Ministerie van Binnenlandse Zaken et al., 2015). Hence, with the introduction of performance agreements as one of the central pillars of the revised Housing Act and social housing sector policy, the collaboration between housing associations, municipalities and tenants' organisation has obtained a legal status (Ministerie van Binnenlandse Zaken et al., 2015). Hence, the government seeks, by launching a local network, to release funds from the housing associations for social benefit (Koopman & Hopstaken, n.d.).

However, these local agreements regarding housing policy go back longer and are therefore not new. After the financial privatisation and deregulation of housing associations in 1995, a need was identified for a new instrument in which the (dependent) relationship between municipalities and housing associations and thus the implementation of the local housing policy could be organised. This instrument concerned *performance agreements for local housing policy* (Brandsen, 2006). However, before the introduction of the revised Housing Act 2015, these performance agreements had no legal status and moreover, the involvement of tenants' organisations was not imperative. Performance agreements are also a common policy instrument in other public sectors.

1.3.2 *The value and effects of performance agreements in public policy*

Since the 1980s, when many public sector tasks have been privatised or decentralised, performance measurement has become a common policy instrument. By means of these agreements the social service providers have to give account for their operations to the public authority.

Performance agreements are commonly used in public policy such as in education and care. Performance agreements can be considered written agreements between a government and a social service provider, which is comprised of quantitative and/or qualitative performances that the actors agreed upon. However, in order to make the performance measurement system to work, some degree of consensus between the public authority and the social service provider regarding the purpose and utility of the systems is required (European Commission, 2014).

From a study into the use of performance agreements in higher education in Europe was derived that performance agreements can be considered an effective tool for enhancing the strategic planning and the so-called "outcome-focus" of these organisations. Moreover, due to these performance agreements the transparency about strategic goals of the social service provider and the alignment between organisational and national (government) goals increases (European Commission, 2014). Additional literature on the possible effects of performance measurement in the public sector show that such performance measurement systems are also able to increase accountability, credibility and legitimacy besides transparency. However, the use of such systems might also lead to sub-optimising; setting goals not too high to make sure they are feasible, so-called tunnel vision; focussing on the objectives agreed on and losing sight on other objectives, myopia; emphasis on short term

targets at the expense of long term objectives and strong emphasis on rigid measures might restrict innovation (Johnsen, 2005; De Bruijn, 2001; Smith, 1995).

Experiences showed that public sectors that have implemented performance agreements systems, are inclined to maintain performance agreements, once the approach has been introduced (European Commission, 2014).

1.4 PROBLEM STATEMENT & RESEARCH QUESTIONS

This policy instrument of local performance agreements for (social) housing policy seeks to increase the link between the investment capacity of housing associations and the social housing needs experienced on the local level to ensure social benefit. By means of this policy instrument, the collaboration between housing associations, municipalities and tenants' organisations has obtained a legal status in the Housing Act 2015 (Ministerie van Binnenlandse Zaken et al., 2015). Although the policy instrument of local performance agreements for (social) housing policy appears to be promising as a measure in releasing funds from the housing associations for social benefit and the co-creation of local housing policy, the effects of the instrument in practice are not clear yet. Moreover, due to the introduction of this new form of local performance agreements new roles, responsibilities and interrelations between municipality, housing associations and tenants' organisations need to be explored and evaluated.

Therefore, the effectiveness of the revision of the Housing Act and thereby the instrument of local performance agreements regarding (social) housing policy should be evaluated. Since the amendments of the Housing Act 2015 were of a substantial number and nature, it is deemed important to obtain the full picture of what works well and what does not work that well. In this study a preliminary policy evaluation of the instrument of local performance agreements in the light of the revised Housing Act will be applied, by means of a comprehensive analysis in three municipalities.

In order to be able to assess the effectiveness of the policy instrument of local performance agreements on the basis of the revised Housing Act 2015, it should be mapped thoroughly which developments, both positive and negative, have occurred as a result of the implementation of this policy instrument in the light of the revised Housing Act 2015 and its objectives pursued. In addition, whether or not desired effects of the policy instrument of local performance agreements are achieved and moreover, attention must be paid to the (undesirable) side effects of the instrument in the context of the broad revision of Housing Act.

Based on the above, the following main research question is derived:

What are the effects of the policy instrument of local performance agreements for social housing policy in the light of the revised Housing Act 2015?

This central research question has been formulated because currently little or no preliminary research has been conducted into the application of the policy instrument of local performance agreements regarding (social) housing policy in the light of the revised Housing Act. This master thesis research aims to provide information regarding the functioning of the particular policy instrument in three municipalities and thereby seeks to assess what the obtained information says about the functioning of the instrument in the light of revised Housing Act. Moreover, based on that information, should be assessed which (policy) conclusion could be drawn and which (policy) measures this requires. In order to answer this main research question, answering the following sub-research questions will help structuring the study and thereby finding the answer for the main research question:

- *Which objectives tries the central government to achieve with the policy instrument of local performance agreements for (social) housing in the light of the renewed Housing Act and the reform of the social housing sector?*
- *How do the characteristics of the policy context and of the actors, involved in the implementation of the policy instrument, influence the effectiveness of the policy instrument of local performance agreements?*
- *How did the decision-making processes proceed regarding the establishment of local performance agreements for (social) housing policy on the local level and how influence these process set-ups the effectiveness of the policy instrument?*
- *What is the quality of the governance regime regarding the implementation of the policy instrument and how does this governance regime influence the effectiveness of the implementation of the policy instrument of local performance agreements?*

In chapter 3 the research design will be provided, in which is clarified in which research part the sub-research questions are answered.

1.5 THE SOCIETAL AND SCIENTIFIC CONTRIBUTION OF THIS MASTER THESIS RESEARCH

1.5.1 Societal relevance

The aim of this study is to evaluate the policy instrument of local performance agreements for (social) housing policy by emphasising on the implementation process of the policy instrument in three municipalities. This study will emphasise on the intended and unintended effects of the policy instrument and the experiences of the actors involved in the implementation processes of the instrument and the associated negotiation processes in these three municipalities.

Although the policy instrument of local performance agreements for (social) housing policy appears to be promising as a policy tool, linking the housing associations' investment capacity with the local housing objectives to ensure the public interest. The effects of the instrument in practice are however not clear yet. It is still questionable whether these launched networks really capable of providing the government and the tenants with better steering possibilities and insight in the social housing sector. And more important, it is uncertain whether this policy instrument effectively helps to create and ensure the most desired implementation of local housing policy to ensure social benefit.

This study seeks to provide useful insights regarding the implementation process and functioning of the policy instrument of local performance agreements for social housing, taking into account the objectives of the Revised Housing Act and the latest regulation of the social housing sector. Hence, this research seeks to explain the policy instrument of local performance agreements in terms of effectivity, and seeks, wherever possible, to provide improvements for the application (implementation process) of the instrument or the policy instrument itself.

The insights which will be derived from this study will in all probability be useful for all stakeholders involved in the local negotiation networks of the selected cases. But it is supposed that these insights will also be useful for other local governments, housing associations and tenants' organisations active in different municipalities than the one which are assessed for this study, and the central government as implementer of the revised Housing Act.

1.5.2 Scientific relevance

This study makes a contribution to scientific literature in multiple ways. The governance challenge of hybrid organisations, the risk of mission drift, is widely addressed in literature (Blessing, 2013; Cornforth, 2012; Spear et al., 2009; Haveman & Rao, 2006; Ostrower & Stone, 2006). However, in literature the emphasis is particularly on organisational or corporate governance mechanisms to solve

the governance challenge (Reaymaeckers et al., 2017; Ebrahim et al., 2014; Cornforth, 2012). There is a need for research that situates the governance of hybrid organisations in a wider perspective (Reaymaeckers et al., 2017; Ebrahim et al., 2014; Cornforth, 2012). Therefore, not only the processes, structures and institutions within these organisations should play a role but also the processes around these hybrid organisations. The policy instrument of local performance agreements, which will be evaluated in this study, can be considered as an instrument in which the values and expectations of external actors, in this case tenants and the (local) government, play a prominent role. This leads to the first contribution of the research: empirical research on the governance of networks, in which non-profit organisations or hybrid organisations are involved. Empirical information in this field is very scarce (Reaymaeckers et al., 2017).

This research moreover seeks to make a contribution to literature regarding the effects and effectiveness of performance measurements systems in public policy. Most of the literature regarding performance agreements or performance measurement lack adequate conceptualisation and are mainly focussing on the technical implications and deny the politics. Little of this literature recognises the complexity of such systems within a public sector (Lewis, 2015). In this study the instrument of performance agreements for local housing policy is considered as a social structure of interactions between a municipality, housing associations and tenants' organisations.

Another scientific contribution of this master thesis research, is the theoretical framework used to evaluate the policy instrument of local performance agreements for (social) housing policy. In order to assess the implementation of the policy instrument for local performance agreements for (social) housing policy, the Contextual Interaction Theory will be used. This theory focusses on the interaction processes between the actors involved in the policy field, rather than it focuses on the policy instrument itself, by evaluating policy implementation. The context of the policy in this theory plays a major role, since characteristics of the environment also influence the actors involved in this implementation process. This master thesis research therefore contributes to insights into the applicability of this theory by evaluating policy implementation in public housing policy.

1.5.3 Fit with CoSEM Curriculum and track

In the master's program Complex Systems Engineering and Management of the faculty of Technology, Policy and Management the focus is on analysing and designing socio-technical systems. This study fits within the CoSEM master's program, since it covers a governance problem in a multi-actor setting in which the technical knowledge on the built environment plays an important role.

Additionally, the CoSEM curriculum focusses on designing in such socio-technical systems. Also in this master thesis research, recommendation will be provided how the multi-actor system regarding the establishment of local performance agreements for (social) housing policy can be improved to ensure the objectives pursued by this legislation, the Housing Act 2015, will be met.

The track: Built environment & Spatial development was followed during the CoSEM master's program. This track is also reported extensively in this master thesis research due to the focus on spatial development and public housing.

1.6 OUTLINE

The remainder of this thesis is structured as follows: Chapter 2 addresses the theoretical perspective of this study. In Chapter 3, the research design will be discussed including the research methodology. Chapter 4 until chapter 7 elaborate on the sub-questions of this study and the application of the theory on the topic of this study. Subsequently, chapter 8 will provide conclusions of this master thesis research, followed by a discussion of the implications, limitations and future research in chapter 9.

2. THEORETICAL FRAMEWORK: CONTEXTUAL INTERACTION THEORY

2.1 Introduction

In this section the theoretical framework of this master thesis research will be provided. The main aim of this study is to provide a preliminary evaluation of the policy instrument of the local performance agreements for (social) housing policy in light of the revised Housing Act.

This study follows a policy analysis structure. In this section, theoretical perspectives regarding policy implementation will be provided. This is a set-up to the discussion of the Contextual Interaction Theory. This theory can be considered as the merger of all the current state of affairs in implementation research. Moreover, it becomes clear why the choice is made for the Contextual Interaction Theory as the theoretical framework to answer the main research question. Moreover, the content of the theory will be discussed, and it becomes clear how this theory will be used to evaluate the implementation of the policy instrument of local performance agreements for (social) housing policy.

2.2 Policy Implementation

Public policy can be described as the overall framework in which government actions are undertaken to achieve public goals (Cochran & Malone, 2014, p. 3). Good public policy is hard to realise. In order to create a good working policy, proper understanding of the social problems, clear policy objectives, appropriate policy measures and adequate implementation is required. These policy objectives are formulated by (local) politicians and they are intended to influence a certain target group. To achieve these goals, policy should be implemented. Policy implementation involves translating goals and objectives into action (Maarse, 1993). By means of these actions the government seeks to influence the behaviour of the specified target group (Fobe, Brands, & Wayenberg, 2014).

With regard to social housing policy, the central government, tries by means of the revised Housing Act to restructure the social housing sector and thereby influence housing associations to safeguard the democratic and social legitimacy of these organisations. This is done by means of the provision of strict boundaries (less emphasis on market activities), clear rules and policy instruments (Rijksoverheid, 2015). The policy instrument of local performance agreements for (social) housing policy is part of this revised Housing Act 2015. The presence of legislation could be considered as an important incentive to guarantee the implementation of this policy instrument. However, the actual results of this policy implementation should be further assessed on the local level. The policy instrument of local performance agreements seeks to create a closer and better working link between activities and the investment capacity of housing associations and the local housing challenges faced at the municipal level. This policy instrument aims to strengthen the position of municipalities and tenants' organisations in social housing and thereby seeks to facilitate and ensure the co-creation of social housing policy (Ministerie van Binnenlandse Zaken et al., 2015). Hence, the government seeks, by launching a local network, to align the activities and possibilities of housing associations with the local housing objectives for social benefit.

2.2.1 *Developments in policy implementation*

When diving into implementation research, several developments and different schools of thoughts can be distinguished over time. The first school of thought, the top down approach, considers implementation of policy as a linear process. In this hierarchal process, is policy made at the top level, often at the level of the central government, and afterwards transferred to an administrative body at a lower level. This designated administrative body is then responsible for the execution of the policy (Mazmanian & Sabatier, 1983). According to this top-down perspective, the processes of policy-making and policy-implementation are considered separate processes, in which the process of policy

implementation requires the execution of whatever is established in the policy making phase. However, adversaries of this perspective of policy implementation believe that unclear policy objectives, as prescribed by the top level, or interests' differences between the policy maker and executor, may have consequences for the success of the policy implementation. In addition, according to adversaries of the top down approach of policy implementation, the process of successful policy implementation involves a broad range of actors. Aside from the administrative bodies, several other societal actors are responsible for a proper implementation of the policy pursued. However, according to these adversaries, the interests and power of these non-state actors are often ignored in the top down approach (Barret, 2004; O'Toole, 2000).

As a reaction to this top-down approach, the second school of thought has emerged, the so-called bottom-up approach of policy implementation. This second school of thought does not consider policy implementation as a linear process, but rather as a process of interaction and negotiation between those who want to see policy intentions converted into actions, namely policy makers, and those responsible for the execution. According to this school of thought, is the (central) government not able to develop and implement policy on his own, but will need the involvement of a broad range of actors to ensure the successfulness of the implementation. This second school of thought has moreover emerged due to the changing role of the government in society in the end of the twentieth century.

Since the 1980s, various trends were visible in the management of government and non-profit organisations. Under the banner of "New Public Management", many public organisations in Europe and the rest of the world, including Dutch housing associations, obtained the label of a hybrid organisation (Ferlie et al., 1996). The purpose of this reform was to create a market-based system for the provision of social services and thereby increase the competitiveness and effectiveness of these services (Walker & Van der Zon, 2000). Due to this trend, the possibilities of steering these social service providers by means of policy implementation almost disappeared and was replaced by efficient management. This led to the growing awareness among authorities, that they were dependent on these social service providers and other societal actors to ensure the policy objectives could be realised (Hoppe, 2009). This bottom-up approach is often also referred to as "governance". According to Howlett (2004), governance indicates that government policy is being developed in a more interactive way, in a society which is becoming more complex. The possibilities for government to control society are limited in this governance approach.

2.2.2 Steering possibilities in the social housing sector

The incorporation process and the financial privatisation of the Dutch housing associations also had important consequences for the central government to control the social housing sector in the Netherlands. The financial privatisation of housing associations marked the end of public expenditure on social housing subsidies. Before this (financial) privatisation, housing associations were governed by means of subsidies. However, since the financial privatisation, housing associations were supposed to be self-financed where possible regarding building and managing social rental dwellings. This financial separation did however not mean a total separation between the housing associations and the government. The housing association are namely still subjected to the rules and prescriptions of the Housing Act. Since the (financial) privatisation of housing associations, supervision and afterwards accountability have become key instruments in safeguarding the democratic and social legitimacy of the housing associations (Hooge & Helderma, 2007).

In implementation research, a great deal of attention has been devoted to the decreasing control and steering possibilities of the (central) government and the associated stronger role of societal actors in the implementation of policy. As a result, the emphasis of implementation research has been shifted towards the context in which these policy instruments are implemented (Hoppe, 2009). The Contextual

Interaction Theory can be considered as a variant in policy implementation theory, in which context has a prominent role.

The Contextual Interaction Theory will be used to evaluate the policy instrument of local performance agreements for (social) housing policy. In the next section the content of this theory will be discussed and will moreover become clear why this theory can be suitable to evaluate the implementation of the instrument of performance agreements in the light of the revised Housing Act.

2.3 The Contextual Interaction Theory

According to Bressers et al. (2000), the developers of the Contextual Interaction Theory (CIT), implementation researchers should focus on the interaction processes between the actors involved in the policy field, instead of focusing on the policy instrument itself, by evaluating policy implementation. The characteristics of the actors have according to Bressers et al. a major influence on the policy implementation. In addition, according to Bressers et al., the implementation of policy (instruments) should not be separated from the context in which they are used, since characteristics of the environment also influence the actors involved in this implementation processes. Therefore, the Contextual Interaction Theory focuses on the involved actors in the policy implementation process and the interactions between them. The influence of and between actors can, according to CIT, best be understood when an analysis is focused on the characteristics of motivation, cognition and power. The contextual and structural characteristics of the environment in which the policy is implemented also influence these so-called key actor characteristics. Hence, the principal of the Contextual Interaction Theory is the social interaction between the actors involved in the process of policy implementation.

CIT seeks to evaluate policy instruments, for which the involvement of multiple (non-state) actors is required, by determining whether and to what extent the characteristics of the involved actors influence the implementation process. This is done by means of an analytical model. In addition, the simplicity of this model offers opportunities to make practical recommendations to improve the implementation processes and the policy instrument itself (Bressers, 2004; O'Toole, 2004). The Contextual Interaction Theory can be used for two purposes. It can either be used to assess whether there is any implementation at all (1), and it can moreover be used to assess whether the method of implementation can be considered adequate to achieve the policy objectives pursued (2) (Bressers, 2004). This study will apply the Contextual Interaction Theory for the second purpose: assess whether the method of implementation can be considered adequate to achieve the prescribed policy objective.

CIT allows to gain more understanding in predicting degrees of effectiveness of a certain policy given certain circumstances, by comparing the predicted effectiveness of a policy occurring in different circumstances or by using different instruments (Boer & Bressers, 2011, p. 68). The implementation of the policy instrument of local performance agreements will be examined for three different municipalities.

2.3.1 *CIT suitable to assess policy instrument of local performance agreements*

The Contextual Interaction Theory and its associated analytical model are considered very suitable to evaluate the policy instrument of local performance agreements for (social) housing policy. As mentioned before, the performance agreements for local housing policy can in essence be considered as interaction processes between housing associations, municipalities and tenants organisations, which should eventually lead to the establishment of mutual agreements regarding local (social) housing objectives. Hence, these actors, their characteristics, the interaction processes between these actors, and the contextual and structural characteristics of the environment, such as legislation and the characteristics of the municipality where the agreements are established, have a major influence on a proper implementation of this policy instrument.

In this study the interaction processes between these actors in three municipalities will be scrutinised. The choice for the different cases will be explained in more detail in the Chapter 3. In the remainder of this chapter the specifics of the Contextual Interaction Theory will be elaborated.

2.4 The specifics of the Contextual Interaction Theory

The processes between the actors involved in a policy implementation process is in CIT referred to as *interaction processes*. Figure 2.1 conceptually illustrates how these interaction processes convert inputs into outputs. The arena indicates the “place” where these interaction processes between the involved actors are taking place. Aside from the actors, this *interaction arena* embodies the rules of the game, and the issues at stake at a given time and place (Boer & Bressers, 2011). This arena, including its actors, issues and rules of the game, can either be set up and bound explicitly by agreement, or the characteristics of this arena are in a perpetual flux. The outcome pursued by the interaction processes in case of the performance agreements for housing policy, are realised mutual agreements between the municipality, housing associations and tenants’ organisations regarding local housing policy. However, other result might also be the behavioural effects of the interaction processes between a municipality, housing association and tenants’ organisations. The inputs and outputs of this specific negotiation process will be further elaborated in the next section.

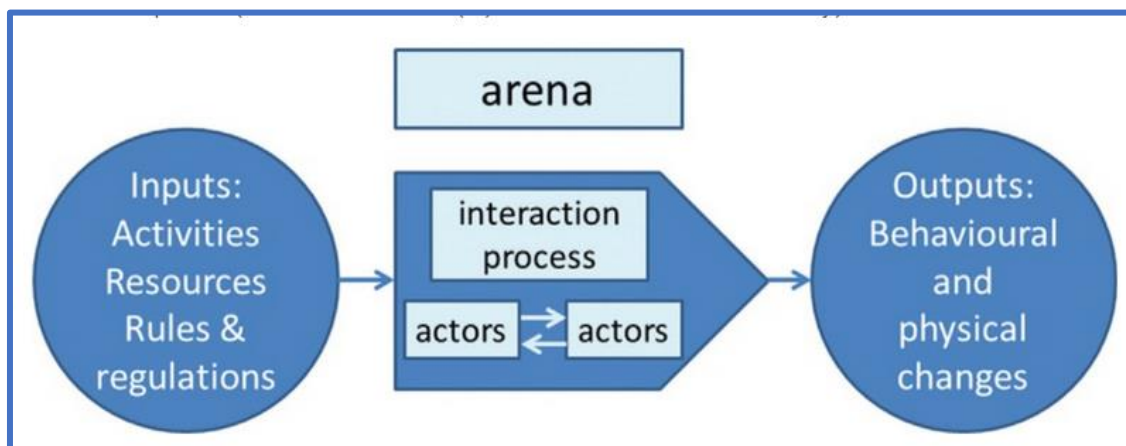


Figure 2.1: Model which illustrates the how inputs are converted into outputs in the interaction process (Bressers H. , 2009)

2.4.1 The Actor characteristics

As mentioned before, the key principle of the CIT are the actors involved in the policy implementation process and the interaction processes between them. The characteristics of the involved actors and the interaction processes between them have according to Bressers et al. (2000) a major influence on policy implementation processes. Since the number of actor characteristics that might influence the policy implementation process are infinite, the CIT feeds the influence of such factors via three key actor characteristics: cognition, motivation and resources (fig. 2.2).

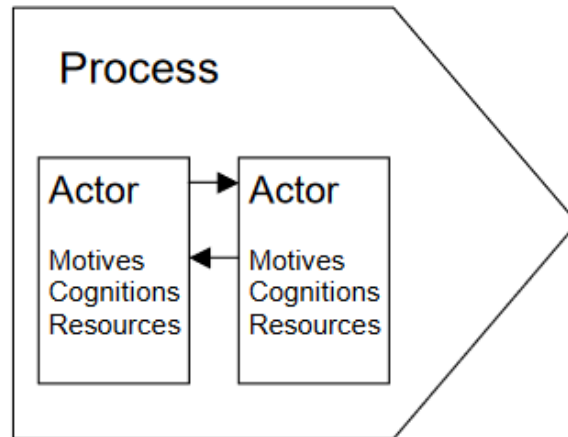


Figure 2.2: Process model with the key actor characteristics (Bressers H. , 2009)

Cognition: Cognition can be considered as the subjective filtering of observations. This can moreover be explained as the information held to be true among one actor. Hence, this influences how a certain situation is interpreted by that specific actor. These so-called core beliefs or discourses influence which meaning is given to motivations, cognitions and resources of the other actors involved in the interaction process, but moreover influences which meaning is given to certain policy instruments. The meaning given towards a certain policy instrument, such as a subsidy, differ among the actors and affect the extent to which the actor it is willing to dedicate itself to this policy (Bressers H. , 2009).

According to the actor's cognition, it is moreover important whether an actor is adequately informed about the potential advantages and disadvantages of the policy, before the actor committed itself to the implemented policy instrument (Hoppe, 2009).

Motivation: Motivation is about what drives the actions of the actors involved in the policy implementation process. The motivation of their actions is about the extent to which the implemented policy, according to the involved actor, contributes to the pursuit of their own interests and the achievement of their objectives. Motivation in interaction processes might in the first place be shaped by internal goals and values, but moreover by external pressure (social legitimacy) (Bressers H. , 2009). Aside from the pursuit of their own interests and objectives, motivation moreover concerns the extent to which the actor interprets reality and whether they have sufficient knowledge to properly understand and value the potential of a proposed policy. It is thereby important to note that an actor only can be motivated to take a certain action, if the actor considers itself capable enough to realise this prescribed action/ role (Hoppe, 2009).

Resources: The final key actor characteristic in CIT, resources (capacity and power), can affect the interaction process in two ways. In the first place, resources as an actor characteristic, provide capacity to act. Hence, in this sense resources determine the capacity of an actor to act. However, resources can moreover be used as a source of power in the relational setting between the different actors involved in the interaction process. The dependence on someone's resources determines the balance of power. Power can be derived from formal resources such as legislation but moreover from informal resources, such as money and knowledge. Hence, the resources of an actor and the dependency on resources of others shape the balance of power (Bressers H. , 2009). In addition, certain interpersonal relations, such as a central position within the social environment, and a high level of respect and trust, can also be considered as power (Hoppe, 2009).

Combination of key actor characteristics:

The combination of the actor characteristics of cognition, motivation and power determines the way in which different actors interact in the policy implementation process and moreover can indicate the result of the policy implementation process. Concerning the policy implementation process, especially the interaction between the so-called implementer of the policy, usually the government (the actor who needs to transform policy objectives into action), and the target group (the group to which the policy (instrument) is directed at), is essential. The CIT distinguishes three types of interaction: cooperation (active, passive, or forced), opposition and joint learning (Bressers H. , 2004).

In a situation in which the parties share a common goal, there are enough resources available to implement the policy and the perception exist that implementation is feasible, a situation of active or passive cooperation will arise. Passive cooperation occurs when one of these parties adopts a passive attitude, which neither hampers nor encourages the policy implementation. In both situations the chance of implementing the policy is substantial.

Forced cooperation occurs, when cooperation, in the context of policy implementation, with one actor can be enforced by the other actor. In addition, opposition occurs, when one actor tries to obstruct the implementation of the policy (instrument). If, for example, parties do not agree on the application of the policy measure, then the power relations between the different parties are crucial. If the balance of power is more or less equally distributed among the actors, there is a change of a deadlock and opposition (Owens, 2008). This situation can either result in *negotiation* or *conflict*. In the situation of negotiation, the parties will try to protect their own core values, but still work together and try to compromise.

In the situation that an actor takes a dominant position in the decision-making process and disagrees with the policy (instrument) in its current form, it is likely that a situation of opposition will occur, and further negotiation will be cut off. In case of conflict, the target group, often, questions the legitimate basis of the policy (instrument) (Hoppe, 2009).

Furthermore, joint learning occurs when only a lack of knowledge hampers the implementation of the policy, but the parties still agree on the usefulness of the policy measure. In this situation the parties will mutually search for missing information/ knowledge. In these situations, the chance that the new policy will be implemented and applied is substantial.

The combination of key-actor characteristics results in 14 expected types of interactions with respect to the likelihood for application of the policy (instrument) (Bressers H. , 2004), this is moreover systematically shown in table 2.1. According to Bressers (2004, p. 292) does the degree of adequate application indicate to what extent the so-called incentive value of an instrument or its potential to influence the target group remains intact. Important to note: it does therefore not necessarily mean that all formal rules and prescriptions to which the measure is subjected, are observed during the implementation.

Table 2.1: Overview of the circumstances in implementation process and the types of interaction and expected result of implementation process (Bressers H. , 2004).

Situation	Motivation Implementers	Motivation target group	Information for adequate application	Balance of Power (implementer)	Process Outcome
1	+	+/0	+	+	Constructive cooperation
2	+	+/0	-	-	Learning
3	+	-	+	+	Forced cooperation
4		-	+	0	Negotiation/ conflict
5		-	+	-	Negotiation
6		-	-	-	Symbolic/ learning
7	0	+	+	+	Constructive cooperation
8	0	+	-	-	Symbolic/ learning
9	0	0	0	0	Symbolic
10	0	-	-	-	Obstructive cooperation
11	-	+	+	+	Negotiation
12	-	+	+	0	Negotiation/ conflict
13	-	+	+	-	Forced cooperation
14	-	+	-	-	Symbolic/ learning

It is moreover important to note that there is a strong possibility that these actors will interact with each other, outside of the scope of the implemented policy, both before and after this implementation process. Aside from the key-actor characteristics that influence the interaction processes of policy implementation, also past and future interactions between actors can affect the interaction processes of policy implementation. Finally, it should be taken into account that actors are also influenced by actors who play a role in the background of the implementation process. These may influence actors who are (physically) present in the interaction arena, but they are not present in this arena themselves (Hoppe, 2009).

The dynamic interaction between the key actor characteristics that drive social interaction processes is shown, systematically, in figure 2.3.

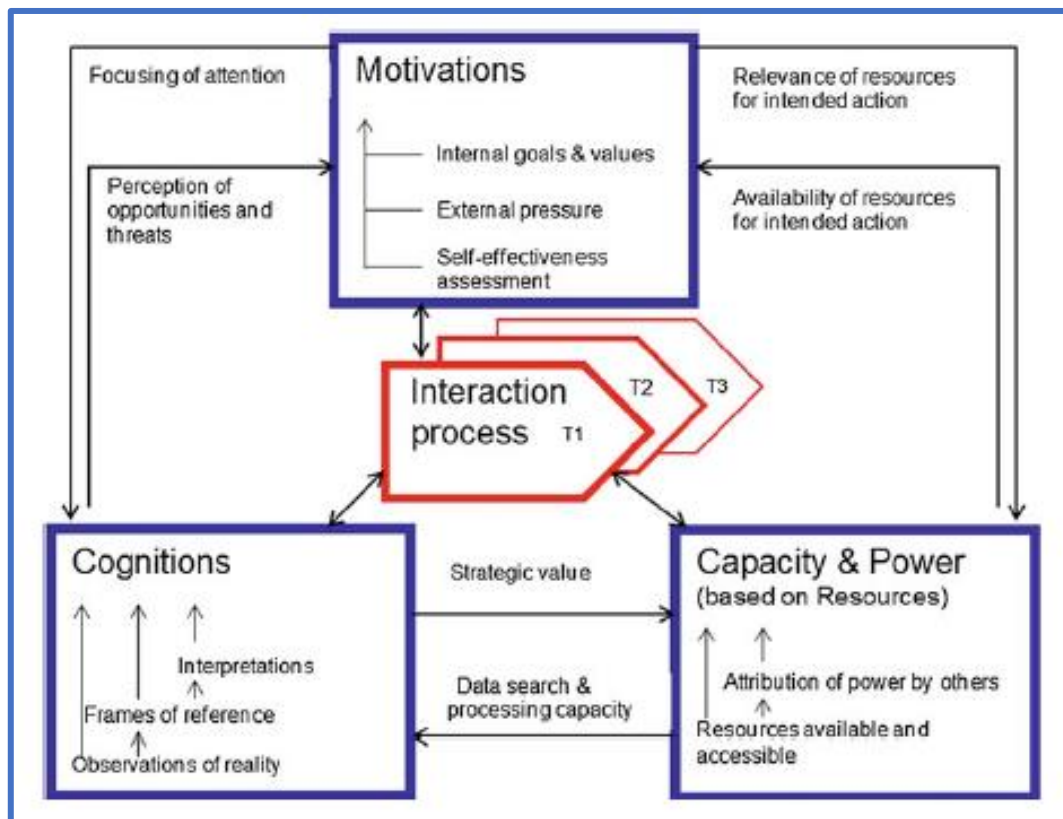


Figure 2.3: representation of dynamic interaction between the key actor characteristics that drive social interaction processes and in turn are reshaped by the process (Bressers H., 2009).

2.4.2 The contextual layers in the Contextual Interaction Theory

Aside from the interaction processes between the actors involved in the policy interaction arena, also external contextual and structural characteristics of the environment, so called external factors influence the key actor characteristics. The Contextual Interaction Theory distinguishes three different levels of analysis, which influence the interaction processes and the actors itself: the specific case context, the structural context and the wider context. These different contextual levels should be considered as overlapping entities. This is illustrated in figure 2.4.

The rationale behind these different contextual layers in the Contextual Interaction Theory, is to analyse what kind of structures, positions and processes already exist in the environment in which the policy or policy instrument is implemented. Thereby it is considered that any policy is never implemented in a blank policy field, but the new policy (instrument) will add an additional element to this field. Therefore, the elements of the policy instrument, which is implemented, become part of this broader policy context. It should moreover be noted that this broader policy field include other policy instruments. Policy instrument do not work independently, but they either reinforce or weaken each other (Hoppe, 2009).

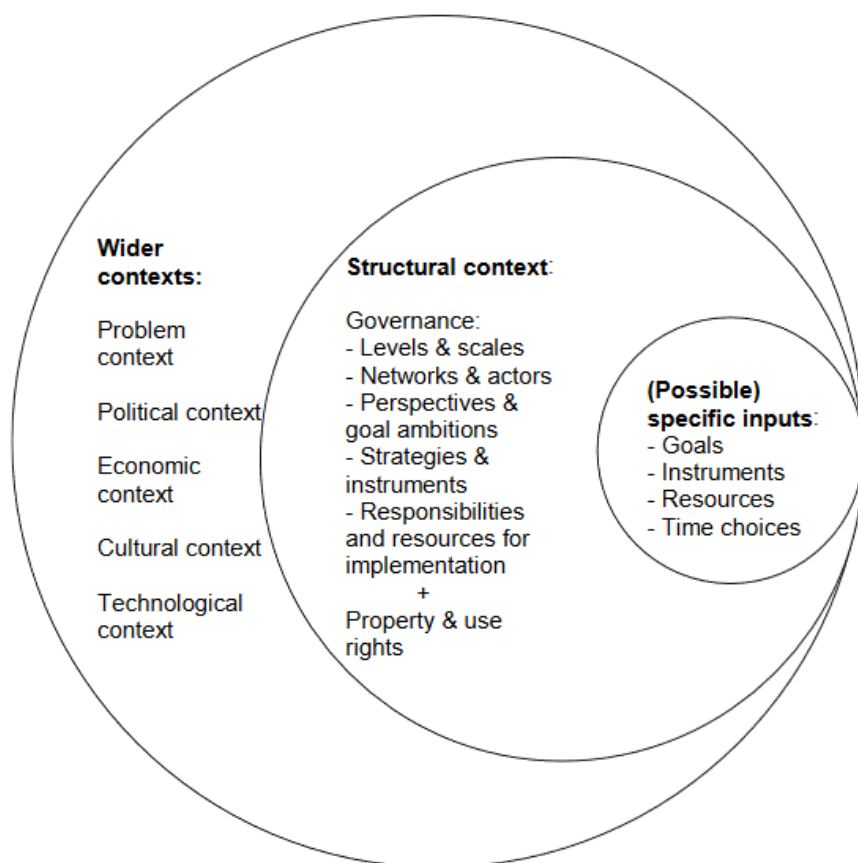


Figure 2.4: Elaboration of the different layers in the Contextual Interaction Theory (Bressers H. , 2009).

The specific case context

The specific case context embodies factors which are relevant in the local-environment and the case history. Considering the case specific context the specific circumstances of the case, such as the geographical place and the issues at stake should be taken into account as well as previous decisions related to the issue at hand (Bressers H. , 2009). Regarding the policy instrument of performance agreements, previous decisions might include the predecessor of local performance agreements for local housing policy, thus when this process had no legal basis yet. Furthermore, considering the policy instrument of performance agreements for local housing policy, the local housing issues at stake can be relevant for the interaction processes between the housing association, municipality and tenants' organisation as well as the characteristics of the municipality such as inhabitants, living environment etc.

The structural context

The structural context is much more stable compared to the specific case context and often applies to the country as a whole. The structural context includes the elements of governance and moreover contains the relevant property and user rights. Governance here embraces the broad scope of the relevant policy. Which amongst other comprises of the multiplicity of different government levels and actors involved in the policy, policy goals, instruments and means to apply them (Bressers et al., 2016). According to Bressers (2009, p. 137) the elements of governance can be determined by the following descriptive questions:

Multiple levels of governance: which levels of governance dominate the policy discussion? What is the accepted role of the government at various levels? Which other organisations are influential in the governance activities on these levels? Who decides or influences such issues? How is the interaction between various levels of governance organised?

Multiple actors in the policy network: how open is the policy arena? Open to whom and where, precisely? What role do experts play? How do the various governmental and other organisations relate to each other?

A multiplicity of problem definitions and other policy beliefs: What are dominant maps of reality? To which extent do the actors accept uncertainty? Is the policy problem regarded as something individuals must deal with, or is it a problem for society in a collective sense? Here coordination is required with other fields of policy, what are the links accepted by the actors?

Multiple instruments in the policy strategy: Which other instruments belong to the relevant strategy, or strategies? What are the target groups of the instruments, and what is the timing of their application? What are the characteristics of these instruments?

Multiple responsibilities and resources for implementation: Which organisations are responsible for implementing the arrangements? What is the repertoire of standard reaction to challenges known to these organisations? What authority and other resources are made available to these organisations.

The structural layer of context is less actor specific and even less case specific. This structural context will namely, for a lesser degree be influenced by individual situations. In addition, the structural context is in comparison to the case specific context less prone to change over time (Bressers H. , 2009). This layer of context applies, more or less, to the same extent for all actors involved in the implementation process, since this layer is often shaped by the governance situation on the national level. The property and user rights at stake determine, to a large extent, the position of the actors involved in the process arena. The structural context embodies moreover the institutional context of policy strategies, instruments and resources which are considered important for the implementation of the relevant policy. Some part of this institutional context will have a formal legal basis, and some will have a more informal character. These instruments can serve as resources by the actors involved in the interaction process, which then can be used to achieve their goals (Hoppe, 2009).

The wider context

This layer of wider context is less specific compared to the other two layers and may influence the key actor characteristics and thereby the policy implementation process more indirectly. This layer of context embodies for example the political (political trend), economic and cultural context. However, sudden changes such as technological breakthroughs, economic crises and environmental disasters may still directly influence the motivation of the actors involved in the policy implementation process (Hoppe, 2009).

According to Bressers (2009), the structural and wider context does, in principle, hold for all similar cases. With regard to this study, a preliminary evaluation of the policy instrument of local performance agreements for (social) housing policy, different cases will be selected to scrutinise the effects and effectiveness of the implementation of this instrument on the local level. Since the policy instrument of local performance agreements for housing policy is part of the revised Housing Act, and this

legislation applies to all municipalities in the Netherlands, it is considered that both the wider context and the structural context in principle hold for all municipalities where this instrument is implemented.

However, the specific case context is not entirely preceded by the structural context, because there is usually some degree of freedom (Warbroek, 2014). This also applies for the implementation of the policy instrument of local performance agreements for housing policy. By means of the revised Housing Act, the minister has designed strategies and support instruments to facilitate and stimulate the establishment of performance agreements for local housing policy. Aside from these formal steering instruments, it is up to the actors involved in this interaction process how to design these negotiations and the implementation of the instrument on the local level. It is thereby considered that this degree of freedom in the structural governance context could influence the actors and thereby the interaction processes between them. Hence, with regard to this study the case specific context will be analysed for every case individually and the structural layer of context will, at least, to some degree be analysed for every case individually by means of the Governance Assessment Tool, which will be discussed in the next chapter. These contextual layers will be analysed respectively according to the context of The Netherlands and the case specific circumstances in the municipality.

In summary, The Contextual Interaction Theory is built on a couple of basic assumptions. The theory main assumptions are:

1. Policy processes are multi-actor interaction processes. Both individuals (often representing organisations or groups), or organisations themselves can be considered actors in the policy implementation process.
2. Many factors might have an influence on the implementation process, but only because and in as far as they change relevant characteristics of the involved actors.
3. These characteristics are: their motivation, their cognitions and their resources.
4. These three key characteristics are influencing each other but cannot be limited to two or one without losing much insight.
5. These characteristics of the actors shape the process but are in turn also influenced by the course and experiences in the process and can therefore gradually change during the process.
6. The actor characteristics are also influenced by conditions and changes in the specific case context of for instance characteristics of the geographical place and previous decisions.
7. The key actor characteristics are also influenced from an external context of the governance regime.
8. Around this context there is yet another more encompassing circle of political, social cultural, economic, technological and problem context (Bressers H. , 2007).

2.5 The Governance Assessment tool

In the former sections the Contextual Interaction Theory and its specifics have been explained in detail. CIT seeks to evaluate policy instruments, for which the involvement of multiple (non-state) actors is required, by determining whether and to what extent the characteristics of the involved actors and the context influence the implementation process. This is done by means of an analytical model. The simplicity of this model offers opportunities to make practical recommendations to improve the implementation processes and the policy instrument itself (Bressers H. , 2004; O'Toole, 2004).

The Governance Assessment Tool (GAT) is rooted in this theory. The Governance Assessment Tool thereby helps to systematically describe the five dimension of governance, and thus focuses on *the structural layer of context*, as described in §2.4.2. This Governance Assessment tool provides a set of questions which can be used to guide the analysis of the specific policy and structure qualitative interviews with key informants. The Governance Assessment Tool specifically helps to assess the degree to which the governance context of an implemented policy (instrument) is stimulating or

limiting the implementation process (Bressers et al., 2016). The Governance Assessment Tool was in the first place designed to systematically describe and analyse the policy structure of water management measures. However, this Governance Assessment Tool is also assumed to be suitable to assess other policy structures.

2.5.1 *The four quality criteria for assessing the levels of governance*

The five levels of governance, in CIT referred to as the structural layer of context (§2.4.2), consisting of *levels and scales, actors and networks, problem perspectives and goal ambitions, strategies and instruments* and *responsibilities and resources*, have a strong impact on the inputs of the policy implementation process and moreover on the cognitions, motivations and resources of the involved actors. However, it is by means of these dimensions not easy to specify what condition of these governance levels create a more or a less stimulating environment for the policy implementation process. In order to properly assess what governance factor contributes to a stimulating rather than a restrictive governance context for the implementation of policy instruments, Bressers et al. (2016) have established four quality criteria: Extent, Coherence, Flexibility and Intensity.

Extent & Coherence

In the first place, the structural context affect the policy implementation process via its direct contents, such as the property and user rights of the actors, but moreover via its extent and coherence.

The extent relate to the completeness of the regime. This does not necessarily embody the number of involved levels of governance, actors and their perceptions, policy instruments and resources but rather the extent to which these factors are complete in reflecting what is considered important for the relevant policy.

In addition, *coherence* refers to the extent to which the various elements of this governance structure are reinforcing rather than undermining each other. This is related to actors and their perception, but moreover the instrumental strategies. For example, when more than one actor is involved in the policy implementation process, interaction between these various actors is required to create a substantial level of coherence. Moreover, when the problem perception of these various actors differ, coherence concerns the degree to which these actors are capable of integrating these different problem perceptions to create common ground for further cooperation.

Flexibility & Intensity

The factors of *extent* and *coherence* are according to Bressers et al. (2016) satisfactory to assess the degree to which the governance context is stimulating or limiting the implementation of policy in stable and relatively simple situations. In more complex situation, the need for a more flexible policy implementation process is required. Flexibility is required in order to be adaptive enough to use every opportunity to bring the policy implementation to a good end. In order to do so, the factors of extent and coherence are complemented by the factors *flexibility* and *Intensity*. Flexibility here indicates to what extent the involved actors in the policy context have both formal and informal liberties and incentive to act.

Additionally, the second complemented factor is *Intensity*. Intensity is here indicated as the extent to which the governance elements encourage changes in the status quo or current developments (Bressers et al., 2016, p. 56).

2.5.2 *The GAT for evaluating the governance regime of local performance agreements*

The Governance Assessment tool provides evaluative questions for each of the five governance dimensions and the corresponding criteria mentioned above. Hence, this results in a matrix in which

can be assessed to which degree the governance context can be considered supportive for the implementation of the relevant policy. This matrix can be found in appendix 1.

The Governance Assessment Tool in combination with the analytical framework of the Contextual Interaction Theory will in this study be used to assess the implementation of the policy instrument of local performance agreements for (social) housing policy. However, the GAT is a tool which helps to systematically describe and analyse the governance context of a relevant policy, and the aim of this study is to provide a preliminary evaluation of only a policy instrument. Therefore, not every aspect or criterium of the GAT matrix will be relevant to assess the instrument of local performance agreements for housing policy. The choices regarding which aspects of the matrix are considered relevant for this preliminary policy evaluation of the instrument of performance agreements, will be motivated in chapter 6, where the cases will be assessed. Anyway, the GAT is still considered helpful to assess the policy instrument of local performance agreements in the light of the revised Housing Act. Since it offers possibilities to assess the instrument and, more specific the governance regime which influences the implementation of the policy instrument, in very systematic manner and the matrix enables easy inter case comparison.

2.6 Conclusion

In this section the theoretical framework of this study has been provided: The Contextual Interaction Theory (CIT). The Contextual Interaction Theory seeks to evaluate policy instruments, for which the involvement of multiple (non-state) actors is required, by determining whether and to what extent the context and characteristics of the involved actors influence the implementation process. This is done by means of an analytical model. In addition, the simplicity of this model offers opportunities to make practical recommendations to improve the implementation processes and the policy instrument itself (Bressers H. , 2004; O'Toole, 2004). The different cases selected for this research will be analysed by means of the Contextual Interaction Theory to compare the empirical results derived from these cases and to pose explanations for the differences in the implementation processes.

The Governance Assessment tool is rooted in this theory. The Governance Assessment tool thereby helps to systematically describe the five dimension of governance. This Governance Assessment tool provides a set of evaluative questions which can be used to guide the analysis of the governance context of a policy. The governance context affects the key actor characteristics of those involved in the policy implementation process and therefore impact the progress and the successfulness of the implementation process. This is moreover systematically shown in figure 2.5. However, since this study seeks to provide a preliminary evaluation of a policy instrument, a complete in-depth assessment of the governance context is not considered very relevant. Therefore, the governance context of the policy instrument of performance agreements, which could affect the actors and the interaction process between them, will therefore only be assessed in broad terms.

The Contextual Interaction Theory and the associated Governance Assessment Tool are considered very suitable to assess the implementation process. Hence, both the Contextual Interaction Theory and the Governance Assessment Tool will be used to systematically analyse the implementation of the policy instrument of performance agreements of local housing policy, and thereby to pose explanations of the differences in adequateness of policy implementation between different cases.

In the next chapter, the research design of this study will be elaborated which, inter alia, consist of the detailed research questions of the study.

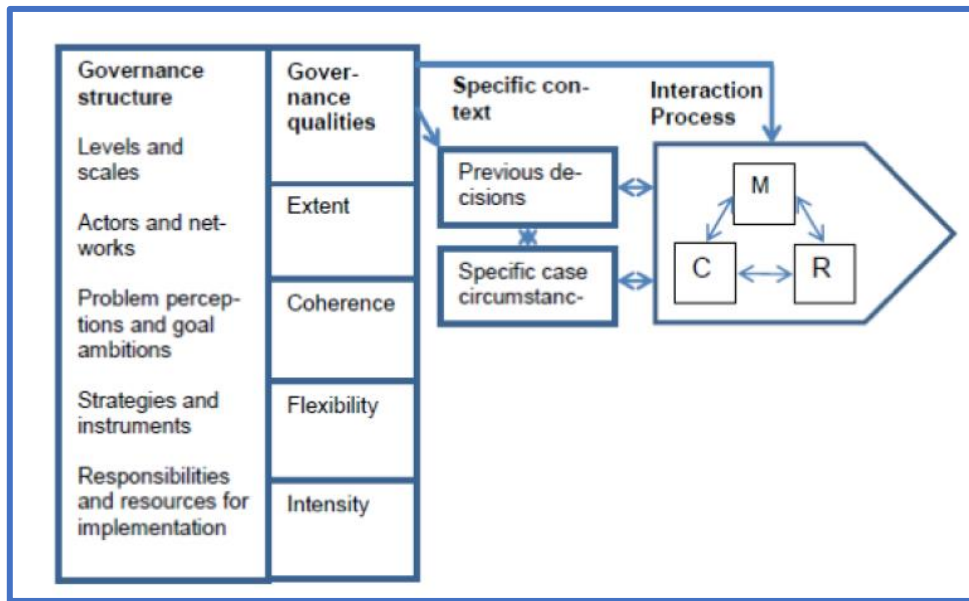


Figure 2.5: Systematic overview of relation between governance context and interaction process (Bressers et al., 2013)

3. RESEARCH DESIGN

3.1 Introduction

In this third chapter the research design for this study will be described. As mentioned before this study can be considered as a preliminary evaluation of the policy instrument of local performance agreements for (social) housing policy, which obtained a legal basis in the revised Housing Act 2015. The Contextual Interaction Theory, explained in detail in the former chapter, forms the backbone of this policy evaluation. The rationale of the Contextual Interaction Theory will be used as an analytical framework for the evaluation of the policy instrument of local performance agreements for housing policy in the light of the revised Housing Act.

The revised Housing Act is considered an important point of departure of this study. First of all, because the policy instrument of local performance agreements for (social) housing policy has obtained its legal basis in the revised Housing Act. However, the policy instrument of local performance agreements for (social) housing policy only forms one of the pillars of the revised Housing Act. The entire set of rules, regulations and policy instruments of the revised Housing Act, as described in the first chapter of this study, aims to further regulate the activities of housing associations and thereby it seeks to strengthen supervision of the social housing sector (Rijksoverheid, 2015). This preliminary evaluation of the policy instrument of local performance agreements for (social) housing policy can therefore not be separated from this context: the entire regulation of the social housing sector.

3.2 Problem description and research design

In the introduction, the problem statement of this study has been presented. The policy instrument of performance agreements for local housing policy seeks to create a closer and better working link between activities and the investment capacity of housing associations and the housing challenges faced on the municipal level to ensure social benefit. The policy instrument moreover aims to strengthen the position of municipalities and tenants' organisations in social housing and thereby increase the social and democratic legitimacy in social housing. Although the instrument of performance agreements appears to be promising as an instrument, in releasing funds by the housing associations for social benefit, the effects of the instrument in practice are not clear yet.

From the problem statement the following main research question is derived:

What are the effects of the policy instrument of local performance agreements for social housing policy in the light of the revised Housing Act 2015?

Based on this main research question a research design is provided, including sub-research questions, objectives and deliverables. This study will largely follow a policy evaluation structure and is therefore divided into two main parts: Policy Analysis and Policy Recommendations. Where in which the Policy Analysis part is comprised of the assessment of the instrument of local performance agreements for (social) housing policy by means of the Contextual Interaction Theory. The study follows the development line of the Contextual interaction theory: Inputs → interaction process → outputs. The policy evaluation by means of the Contextual Interaction Theory is therefore divided into several parts in a sense that it allows to explore and assess various inputs, actors and other contextual factors facilitating or hampering the implementation of the policy instrument.

Each part consists of multiple research questions and is moreover shaped by different research methodologies. In the remainder of this section the content of the different research parts will be explained in detail.

3.3 Evaluation of the instrument of performance agreements: a case-study research

This study tries to evaluate the instrument of local performance agreements by means of case-study research. Case-study research allows the exploration and understanding of complex phenomena within the boundaries of a specific environment, situation or organisation (Yin, 1994).

This master thesis research seeks to gain insights in the effects and effectiveness of the implementation of the policy instrument of local performance agreements for (social) housing policy in the light of the revised Housing Act and thereby gain more in-depth understanding of appropriate governance measures for hybrid organisations to steer them in the desired direction and prevent them from mission drift.

The proposed study should be considered as an exploratory case study research, since there is little preliminary research conducted into the effects of the policy instrument of local performance agreements in the light of the revised Housing act (Streb, 2010). However, this case study research should especially be considered as an evaluative study. Since it seeks to assess the effectiveness of the instrument of local performance agreements.

Case study research can be considered a robust research method, particularly when in-depth investigation is required (Yin, 1994). By applying case study research, a researcher is able to go beyond quantitative statistical results and thereby explore and understand behaviour, processes and practices of complex issues (Zainal, 2007). This is why, for this study, the choice has been made for case study research which employs qualitative methods such as in-depth interviews. In-depth knowledge regarding the proceedings of the implementation process and opinions about the instrument of local performance agreements for housing policy were considered better to extract by qualitative research.

3.3.1 *An embedded single-case study design for the evaluation of the local performance agreements*

For the proposed research the embedded single-case study design has been applied. The unit of analysis for this research will be “The Netherlands”. This unit of analysis has been chosen since the renewed Housing Act is applicable on the national level and this research moreover seeks to capture the obstacles of the instrument on the strategic level, rather than the detailed obstacles on the local level. Umbrella organisations of municipalities (VNG), housing associations (Aedes) and tenants’ organisations (Woonbond) have been approached to identify the obstacles regarding the implementation of the policy instrument of local performance agreements in the light of the renewed Housing Act. The local performance agreements for (social) housing policy are however made on the municipal level. It is nevertheless considered that these umbrella organisations have been informed by multiple actors on the local level regarding the conduct of the implementation process of the policy instrument of local performance agreements for (social) housing policy. Aside from input from these umbrella organisations, also municipalities, housing associations and tenants’ organisations have been approached, since input from this sub-level, the municipal level, was considered crucial since the performance agreements for (social) housing policy are conducted on this level. The information from the local level emphasised on the conduct of the interaction processes and the relations between the actors. However, only focussing on the sublevel and failing to return to the larger unit of analysis, needed to be avoided (Yin, 2012; Yin, 1994).

3.3.2 *Selection of sub-level cases*

For the analysis on the local level, three sub-level cases have been selected: Rotterdam, Bodegraven-Reeuwijk and Zoetermeer. This selection has been chosen since these municipalities differ in size but are still located in the same province, namely South-Holland. Whereby is considered that there will not exist great disparities between the municipalities regarding regional contextual factors, such as

population decline in shrinking areas, which could affect the implementation processes of the policy instrument of performance agreements.

Rotterdam

Rotterdam is determined as a metropolitan city located in the Randstad area. It is thereby assumed that large cities in general face different challenges regarding housing policy compared to smaller municipalities. Since the local performance agreements emphasise on the establishment of mutual agreements regarding local housing policy, it is considered that the type of housing challenges faced by a municipality also influence these decision-making processes.

Aside from different type of housing challenges faced by large and small municipalities, large municipalities moreover have to deal with a larger number of actors for the creation and execution of local housing policy. In large municipalities generally, a larger number of housing associations are active, and subsequently more tenants' organisations. The involvement of a greater number of actors for the establishment of performance agreements for local housing policy might influence the implementation process of local performance agreements and the functioning of the instrument.

Nevertheless, larger municipalities generally are more experienced with the creation of a local housing policy and the establishment of performance agreements for this local housing policy with non-state actors (Severijn, 2013). This factor could also influence the successfulness of the implementation process of the policy instrument.

Bodegraven-Reeuwijk:

The municipality of Bodegraven-Reeuwijk has been chosen, since this municipality, containing of the villages of Bodegraven and Reeuwijk, counts 34.000 inhabitants. This municipality is clearly much smaller compared to Rotterdam. By means of a comparison between a small and large municipality will be analysed whether deviating factors can be distinguished which either hamper or stimulate the implementation process of local performance agreements for (social) housing policy.

Moreover, this small municipality has been chosen since it had no experience in developing local housing policy, since the merger in 2011. At the launch of the revised Housing Act, in 2015 the first local housing policy has been created. It will moreover be interesting to see whether this factor has influenced the implementation process of the policy instrument of performance agreements for local housing policy.

Zoetermeer:

The third case which has been chosen for this study, is the municipality of Zoetermeer. Zoetermeer is also a municipality located in the Province of South Holland, like the other two municipalities described above. Zoetermeer counts over 120.000 inhabitants, which makes it the third largest population centre in the province of South Holland after Rotterdam and The Hague. The municipality of Zoetermeer is chosen for this policy evaluation, due to its population size. In terms of population number, the municipality of Zoetermeer is in between the metropolitan city of Rotterdam and the small municipality of Bodegraven-Reeuwijk.

3.4 Research structure, research questions and objectives

This master thesis research will largely follow a policy evaluation structure. The Contextual Interaction Theory, as explained in the former chapter, provides an analytical model to evaluate a policy instrument in which a variety of actors, including state actors as well as societal actors, are responsible for a successfulness implementation of the policy instrument. This analytical model is considered easy to apply and it moreover offers opportunities to make practical recommendations to improve the implementation process of the policy instrument and the instrument itself (Bressers H. , 2004; O'Toole,

2004). The core aim of applying this model and its underlying theory, is to assess whether the method of implementation of the policy instrument of local performance agreements for (social) housing policy, can be considered adequate to achieve the policy objectives, as described in the revised Housing Act.

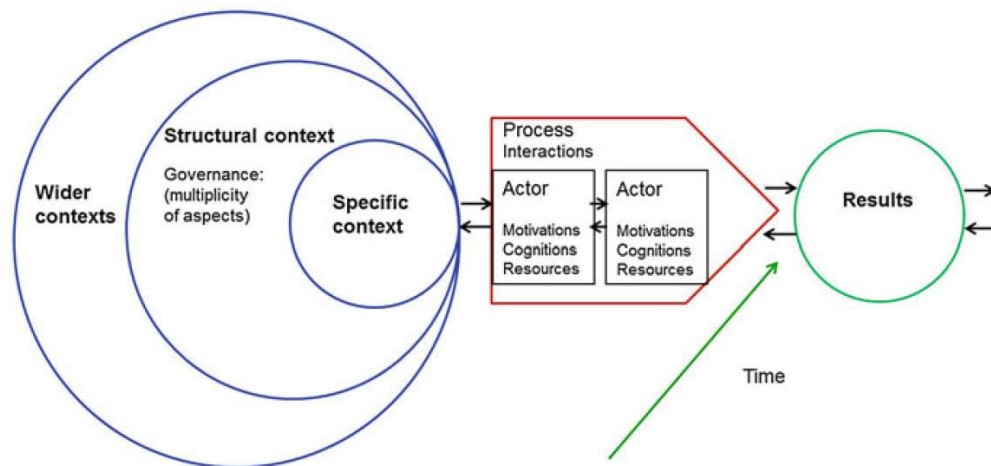


Figure 3.1 Layers of context in Contextual Interaction Theory (Bressers H. , 2007).

The above shown scheme (figure 3.1), is used to develop a suitable research design for this study. This framework as a whole will be used to apply the preliminary policy evaluation (part 1) of the policy instrument of local performance agreements for (social) housing policy, which is considered the core of this study. However, this first part of the research, policy evaluation, can still be divided in various components: in depth description of the policy instrument of performance agreements (1.1), a context analysis, also referring to as “input” in terms of the CIT (1.2), and a process analysis which is comprised of the interaction process and the results of the interaction process (1.3). The process analysis consists of the case-study analyses, in which the local decision-making processes have been analysed and assesses which led to the establishment of local performance agreements for (social) housing policy. For these process interactions, the actor characteristics play a prominent role, which is shown in figure 3.1.

The framework, developed by Bressers, will be used to analyse the implementation of the policy instrument of local performance agreements for (social) housing policy in the Netherlands, by focusing on three selected cases. It is however important to address how the consistency between the case studies (Bodegraven-Reeuwijk, Zoetermeer and Rotterdam) and the overall case the Netherlands is determined in this study. This is schematically shown in figure 3.2. In this figure is schematically shown that the first part of the research entails an in depth-description (A) of the policy instrument of local performance agreements which includes a description of the objectives pursued by the instrument, components and the legal framework behind the instrument.

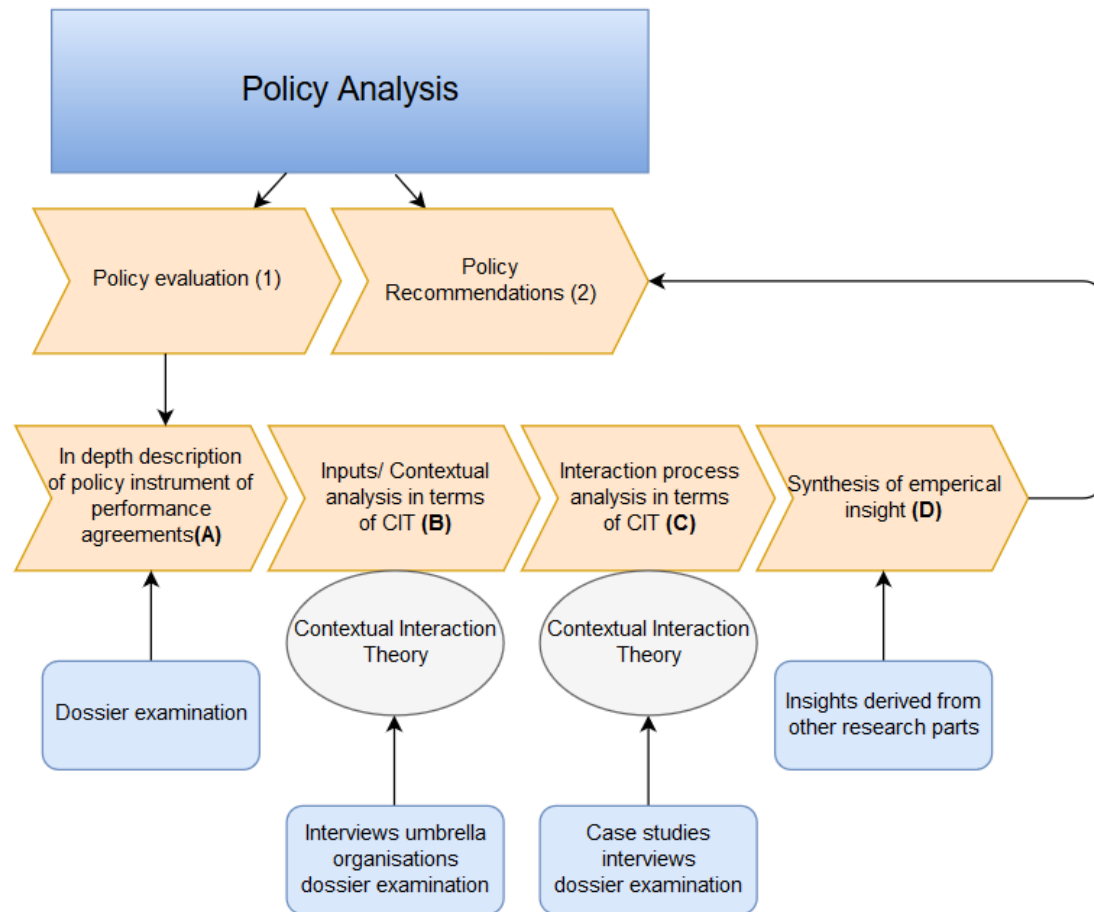


Figure 3.2: research design

Thereafter, the policy instrument of local performance agreements for (social) housing policy will be further analysed. Therefore, firstly a broad context/input analysis will be provided (B). In terms of Bressers and the Contextual Interaction Theory can be referred to the wider context and the structural context, which in figure 3.1 is indicated by the two biggest purple circles. In addition, with regard to the multi-actor network, in this part of the study the actors involved in the local networks of performance agreements will, according to CIT, be described in terms of their motivation, cognition and resources. This comprises an analysis on the national level.

The third research part comprises the evaluation of the policy instrument of local performance agreements for (social) housing policy on the local level (C). More specific: in this research part the instrument will be evaluated in the three selected cases by focussing on the negotiation processes between the municipality, housing associations and tenants' organisations. In addition, this research part moreover comprises of an description of the "specific context".

Since, this study seeks to assess the policy instrument of local performance agreements in the light of the revised Housing Act and thereby aims to provide recommendations to improve the negotiations processes between the involved actors and the instrument itself, it is therefore important to draw cross-case conclusions and thereby return to a more strategic level of analysis. This done in research part D, where a synthesis of the empirical insights is derived.

3.4.1 *Research Part A: Description of policy instrument of local performance agreements*

The first part of the research entails a in depth-description (A) of the policy instrument of performance agreements in the light of the revised Housing Act, which includes a description of the objectives pursued by the policy instrument, support instruments and the legal framework behind the instrument. This information is acquired via dossier examination. This dossier examination has included many documents focussing on the policy instrument of local performance agreements for housing policy. Moreover, legal acts were used to provide input for the legal context of the policy instrument.

The documents used for his dossier examination, among others, included: *Onderzoek Parlementaire enquêtecommissie Woningcorporaties, Herzieningswet toegelaten instellingen volkshuisvesting* and policy files of the **Government**; *De woningwet in vogelvlucht, Nieuwe Woningwet: hoofdlijnen, Huurdersparticipatie in Beeld, Staat van de Volkshuisvesting, Staat van de Woningmarkt Aedes*, the umbrella organisation of Dutch housing associations; *Handreiking Prestatieafspraken & de Woonbond*, the institution which represents the interest of Dutch tenants; *Nieuwe Woningwet: Wat verandert er in de sociale huursector?*, *Onderzoek betrokkenheid huurdersorganisaties bij prestatieafspraken*.

Hence, this comprehensive dossier examination has resulted in an in-depth description of the policy instrument of local performance agreements for (social) housing policy. Very little or even no scientific literature regarding the policy instrument of performance agreements for local housing policy could be found, but studies from research institutes, such as Rigo, Platform 31, PBL etc., and the above described policy documents were still considered very valuable for this in-depth description of the policy instrument.

This part of the research seeks to answer the following research questions:

- RQ-A.1: Which objectives tries the central government to achieve with the policy instrument of local performance agreements for (social) housing in the light of the renewed Housing Act and the reform of the social housing sector?
- RQ-A.2: What kind of “support policy instruments” are developed by the central government for the instrument of *local performance agreements for (social) housing policy* to facilitate the implementation of this instrument on the local level, and how do these support instruments influence the effectiveness of the policy instrument?

3.4.2 *Research Part B: Context/ Input analysis of the local performance agreements*

This part seeks to provide an analysis focussing on the contextual factors and the actors involved in the implementation process of the policy instrument of performance agreements.

This part of the research, amongst others things, aims to provide more contextual information with regard to the policy instrument of local performance agreements for (social) housing policy. Proper insights regarding the context of this policy instrument are considered crucial. In terms of the Contextual Interaction Theory, this entails a wider context and structural context analysis of the policy instrument of local performance agreements for (social) housing policy. This context analysis includes for example the political context, which provides insight in the institutional background of national housing policy and moreover the recent reform of the social housing sector. These factors have, in all likelihood, a direct or indirect influence on the negotiation processes for the establishment of performance agreements between the municipality, housing associations and tenants’ organisations on the local level.

Another aspect of this research part is the analysis of the actors involved in the processes for the establishment of local performance agreements: municipalities, housing associations and tenants’

organisations. These actors will in this research part be analysed in terms of motivation, cognition and resources according to the Contextual Interaction Theory.

The information required for these analysis has been obtained via dossier examination and interviews held with representatives of the umbrella organisations: VNG, Aedes and Woonbond.

This part of the research seeks to answer the following research questions:

- RQ-B.1: Which contextual factors influence the implementation of the policy instrument of local performance agreements for (social) housing policy?
- RQ-B.2: What are the characteristics of the actors involved in the local performance agreements networks for (social) housing policy in terms of their motivation, cognition and resources and how do these characteristics influence the effectiveness of the policy instrument of local performance agreements?

3.4.3 Research Part C: case-study evaluations of local interaction processes

In this research part the instrument will be evaluated in the three selected cases by means of the analytical model of the Contextual Interaction Theory and the Governance Assessment Tool. The emphasis is on the decision-making processes between the municipality, housing associations and tenants' organisations regarding the establishing of performance agreements for (social) housing policy. This part of the study seeks to provide empirical insights with regard to the merits and obstacles in the decision-making processes between the actors involved and the effects of the policy instrument on the local level.

With regard to the context, which influence these local decision-making processes, as described in the Contextual Interaction Theory, in this research part the emphasis is on the "specific context". Considering the "case specific context", the specific circumstances of the case, such as the geographical place and the issues at stake should be taken into account as well as previous decisions made which relate to the issue of performance agreements for local housing policy.

However, the other contextual layers as described in the Contextual Interaction theory, namely the "wider and structural" context, are still relevant. However, it is assumed that these layers of context in principle, hold for all similar cases. Since the policy instrument of local performance agreements for housing policy is part of the revised Housing Act, and this legislation applies to all municipalities in the Netherlands, it is considered that both the wider context and the structural context in principle hold for all municipalities where this instrument is implemented. Therefore, the information obtained in research part B will moreover be included in these case evaluations.

For the analysis of the decision-making processes for the establishment of local performance agreements for local housing policy in the selected cases several involved stakeholders have been interviewed. The use of interviews, as main data source, is elaborated in the next section.

This part of the research seeks to answer the following research questions:

- RQ-C.1: How did the decision-making processes proceed regarding the establishment of local performance agreements for (social) housing policy in the three selected cases and how have these processes influence the effectiveness of the policy instrument?
- RQ-C.2: What is the quality of the governance regime regarding the implementation of the policy instrument and how does this governance regime influence the effectiveness of the implementation of the policy instrument of local performance agreements?

3.4.4 *Research Part D: Synthesis of evaluation of instrument of performance agreements*

In this section a synthesis of the policy evaluation will be applied. Whereby the findings from the cases, regarding the effects of the interaction processes of the policy instrument of local performance agreements for (social) housing policy, will be combined with the findings derived from the analysis on the broader, national level. Based on the inter-case comparison from research part C, the most important positive and negative effects of the implementation of the policy instrument of local performance agreements for (social) housing policy can be derived. The focus of the fourth research part is the provision of recommendations which can be used to improve the policy instrument of local performance agreements for (social) housing policy and simultaneously improve the negotiations processes on the local level which should lead to the establishment of mutual performance agreements for (social) housing policy.

This research part is largely based on input from the previous parts, research part A, B and C. In this part of the research it is important to draw cross-case conclusions and thereby return to a more strategic level of analysis.

This part of the research seeks to answer the following research question:

- RQ-D.1: Which recommendations and process managerial tools to improve the policy instrument of local performance agreements and the related negotiation processes can be derived from the analysis?

3.5 Methodology

In the previous section is described how the research has been set-up and which sub-research questions need to be answered to address the main research question of this study. In this section the focus is on the research methodology and tools to answer the research questions derived in section §3.4. A total of 7 sub-research questions is derived, these research questions will either be answered in separate chapters or two related sub-questions will be answered in the same chapter. This is shown in table 3.1. The character of the sub-questions varies a lot, and therefore different methodologies and tools were needed to answer these different questions. This is moreover shown in table 3.1: an overview of the different sub-questions and its associated methodology has been added to provide a clear view which sub-question have been answered by using which method or tool. Moreover, the table shows per research part, the corresponding chapters. For each research part, both the required input from previous chapters is indicated as well as the research methods and tools that are applied in that specific chapter.

Table 3.1: structure of chapters and associated research questions

Research part	Chapter	Research question	Input (Chapter)	Method
A	1: Introduction	A.1 & A.2	1	Literature study
	2: Theoretical Framework			Literature study
	3: Research Design			Literature study
	4: The Policy Instrument of Performance agreements			Dossier examination
B	5: Local Performance Agreements for social housing policy in terms of the Contextual Interaction Theory	B.1 & B.2	1,2,3,4	Dossier examination Interviews umbrella organisations
C	6: The establishment of local performance agreements in three municipalities.	C.1 & C.2	1,2,3,4,5	Dossier examination Interviews involved actors
D	7: Synthesis of policy evaluation of local performance agreements	D.1	1,2,3,4,5,6	
	8: Conclusions and (policy) recommendations 9: Discussion	Main research question	all	

The essence of this section is to describe the main source of data for this case-study research, namely in depth-interviews with experts and stakeholders involved in the implementation of the policy instrument of local performance agreements for (social) housing policy, this is done in section §3.5.1.

3.5.1 In depth interviews for evaluation policy instrument local performance agreements

For this study two different research methods and techniques have been applied: literature study/ dossier examination and interviews. The essence of this section is to describe the main source of the empirical data for this case-study research, namely in depth-interviews with experts and stakeholders involved in decision-making processes for the establishment of local performance agreements for (social) housing policy. This section elaborates how data for this case-study research is collected, processed and analysed.

Data collection:

In order to properly evaluate the policy instrument of performance agreements, interviews are held with experts in the field of the revised Housing Act and the related policy instrument of local performance agreements and moreover with actors involved in the local decision-making processes regarding the establishment of performance agreements for housing policy in either Rotterdam, Zoetermeer or Bodegraven-Reeuwijk.

Interviews with experts in the field of the revised Housing Act and the related policy instrument of performance agreements, are held to provide a broad picture of the context and effectiveness of the policy instrument of local performance agreement for (social) housing policy in the light of the revised Housing Act.

Interviews with actors involved in the decision-making processes regarding the establishment of local performance agreements for housing policy in Rotterdam, Zoetermeer or Bodegraven-Reeuwijk are held to provide in-depth insights in these local decision-making processes and the associated effects of the policy-instrument in these municipalities.

The interview approach has been the same for all interviews. The interviews had an open character and were semi-structured based on a discussion-point list. Research part A, amongst others, was used to set-up this discussion point list. The themes discussed in this interview were the following:

- The legal basis of the policy instrument of local performance agreements for local housing policy.
 - Differences with previous format of establishing performance agreements.
- Effect changing relationship between municipality and housing associations.
 - Local housing policy as basis for performance agreements.
- Role tenants' organisation.
- Negotiation process for establishment of performance agreements for local housing policy and the compliance with these agreements.
- Support policy instruments of central government to facilitate and stimulate negotiation process of performance agreements for local housing policy.
 - Central government priorities for housing policy
 - Time limits for the establishment of performance agreements
 - Financial information of the housing association
 - Dispute settlement body
- Influence of other aspects of revised Housing Act on negotiation processes for establishment local performance agreements.

Over a period of 2 months 15 interviews with 19 respondents were held. In table 3.2 an overview is given of the interviewees grouped by the selected cases. The respondents have been selected according to their position at the organisations which were considered suitable to interview. For the input from the local level, three cases (municipalities) have been selected. The respondents from the local level were either representatives of the municipality, housing association or local tenants' organisation. All interviews were held face-to-face with the respondents at a location chosen by the specific respondent(s). The average duration of the interviews was approximately 60 minutes. The majority of the interviews has been digitally recorded, and next to the digital recordings all interviews have been recorded in writing. In order to avoid important aspects of the interviews were left out, the interviews were processed right after the interview was held.

Each interview had the same structure but was adapted based on the specific respondent. Since the respondents were either representatives of municipalities, housing associations and tenants, the interview questions were also slightly adapted according to the specific type of respondent.

Table 3.2: overview of interviewees grouped by case.

Case	Organisation	Interviewee
Broad analysis (research part A&B)	Aedes	J. Willems
	VNG	G. Linders
	Woonbond	S. Van Perlo
	VBTM advocaten	P. Kok & R. Goeman
Bodegraven-Reeuwijk	Gemeente Bodegraven-Reeuwijk	P. Van Haeften
	Woningbouw vereniging Reeuwijk	V. Van Luit
	Huurdersvereniging Reeuwijk	P. Capelle & A. Burger
Rotterdam	Gemeente Rotterdam	A. Akkerma
	Woonstad Rotterdam	M. Siemensma & Y. Neef

	Havensteder	H. Rotgans
	Klantenraad Woonstad Rotterdam	P. De Vries
	Huurdersvereniging De Brug (Havensteder)	W. Martens
Zoetermeer	Vidomes	M. Vos
	De Goede Woning	A. Jaarsma & J. Bachofner
	Huurdersraad Vidomes	R. Van der Winden

Processing of Data:

Right after the interviews, the data has been processed in detail by means of the recorded transcriptions and writings. Thereby has the information which was provided by the respondents worked out in detail according to the decision-point list (see data collection). All information gathered via the respondents have thereby been grouped by the themes of the decision-point list. Some respondents have provided extra information (documents), regarding the conduct of the interaction processes for the establishment of performance agreements for local housing policy.

After the interviews have been processed according to the discussion point list, the processed interviews have been grouped by case and by type of respondent, when for example multiple housing associations have been interviewed for one specific case. This grouping has simplified the analysis of the data, since it provides a clear overview how the different respondents of the cases evaluate the policy instrument: It enabled easy inter-case as well as inter organisation comparison.

Aside from the information obtained in the interviews, documents such as the local housing policies and coalition agreements have been used for the case specific context description according to CIT.

Analysing Data:

An important framework for analysing the data was the Contextual Interaction Theory of Bressers and the Governance assessment tool (appendix 1), which is rooted in this theory. As noted before, the Contextual Interaction Theory provides an analytical model which can be used to evaluate policy instruments by determining to whether and to what extent the context and characteristics of the involved actors influence the implementation of these instruments.

Analysing data according to a present conceptual framework can be considered deductive analysing. An important advantage of this deductive approach is that it is very suitable to compose a solid and common foundation for an inter-case comparison. However, the main disadvantage of this deductive approach of analysing the data is so-called “theoretical conservatism”. The dimensions of the theory, in this case the Contextual Interaction Theory, do probably not provide a full picture of what is relevant for the implementation of a policy instrument. Therefore, there is a risk that the researcher will interpret his data creatively in order to substantiate the empirical validity of these theoretical dimensions (Van Lanen, 2010).

However, in order to avoid placing too much emphasis on the dimensions of the Contextual Interaction Theory it has been chosen to analyse and describe the local interaction processes in the light of the establishment of performance agreements in detail without focussing on the dimensions of the theory.

The data acquired via the interviews concerning the implementation of the policy instrument of local performance agreements is being labelled according to the dimensions of the Contextual Interaction Theory such as, actor characteristics, problem context, political context, previous interactions, governance structure: responsibilities and resources, strategies and instruments,

problem perceptions and goal ambitions etc. This labelling enabled easy inter-case as well as inter-organisation comparison. The data was subsequently analysed manually through reading the transcriptions until a general understanding of the content was derived.

This study aimed to scrutinise the effects and assess the effectiveness of the policy instrument of performance agreements in the light of the revised Housing Act, this aim was taking into account while analysing the data and finding links in this data.

4. THE POLICY INSTRUMENT OF PERFORMANCE AGREEMENTS

4.1 Introduction

In this section the policy instrument of *local performance agreements* for (social) housing policy will be described in more detail. In addition, for this preliminary evaluation study the relation with the revised Housing Act is considered very important and therefore the legal framework behind the policy instrument will also be provided. In this section it becomes clear what the policy objectives of the policy instrument of local performance agreements precisely are and how these relate to the policy objectives of the broader revised Housing Act. Moreover, the minister responsible for housing policy has implemented support instruments which are components of the policy instrument of local performance agreements to stimulate and facilitate the process which should lead to the establishment of local performance agreements for (social) housing policy. These support instruments will also be described in this section. The insights in the content of the policy instrument of local performance agreements regarding (social) housing policy and the policy objectives behind this instrument are important in order to be able to evaluate the effectiveness of this policy instrument.

4.2 The essence of the policy instrument of performance agreements

In this section additional information will be provided with regard to common topics discussed during the performance agreements negotiations (§4.2.1). Moreover, insight will be provided into the set-up of the cyclic process of performance agreements (§4.2.2).

The policy instrument of local performance agreements for (social) housing policy seeks to create a closer and better working link between activities and the investment capacity of housing associations and the local (social) housing challenges faced at the municipal level. This policy instrument aims to facilitate and ensure the most desired implementation of local (social) housing policy for both residents and the municipality itself, thus create tailor-made local solutions for (social) housing challenges (Koopman & Hopstaken, n.d.; Brandsen, 2006).

Next to facilitating the co-creation of local housing policy, the instrument of local performance agreements moreover aims to strengthen the role of municipalities and tenants' organisations in social housing. By means of the local performance agreements for social housing policy it is intended that these parties will be provided with better steering possibilities and insight into the housing association's contribution to the local housing objectives to ensure the public interest. The presence of a local housing policy is considered the condition to start the negotiations. This policy which is created by the municipality, forms the basis of the local performance agreements for social housing policy between a municipality, housing associations and tenants' organisations. Housing associations should reasonably contribute to this local housing policy (Ministerie van Binnenlandse Zaken et al., 2015).

The policy instrument of local performance agreements for (social) housing policy forms one of the pillars of the revised Housing Act, as described in the introduction of this master thesis document. The revised Housing Act provides formal rules and measures for the regulation of the social rental sector. The following six objectives were pursued by the legislative amendment:

1. Housing associations return to their core task.
2. Strengthening the positions of municipalities and tenants' organisations in social housing.
3. Protection of equity destined for community.
4. Prevent market disruption.
5. Improvement of the governance and supervision of social rental sector.
6. Provide legal base for housing cooperatives (VTW, 2018).

The instrument of performance agreements for (social) housing policy especially seeks to contribute to the achievement of the objectives of 2 and 3.

4.2.1 Performance agreements to ensure the co-creation of local housing policy

The policy instrument of performance agreements thus seeks to link the investment capacity of housing association with the (social) housing objectives on the local level to ensure social benefit. The local governments in the Netherlands currently face multiple challenges in the field of housing and spatial development. There is however a large variation in the kind of problems faced by different municipalities. Small municipalities face for example different challenges compared to large municipalities and moreover municipalities in the Randstad face different problems than rural communities. These challenges are often transformed to housing objectives in the local housing policies of the municipalities. These local housing policies are considered to form the basis of the *performance agreements* between municipalities, housing associations and tenants' organisations. Housing associations should reasonably contribute to the social housing objectives established in this local housing policy (Ministerie van Binnenlandse Zaken et al., 2015). Since these challenges often form the content of the local housing policy and subsequently the performance agreements, an explanation of the most important housing and spatial development challenges faced on the local level will be provided below.

Pressure on the housing market in urbanised areas

Large parts of the Netherlands currently face a major challenge of urbanisation. Due to an expected increase of more than 1 million households in the coming decades, the demand for housing can be considered substantial. This poses major challenges, particularly, in large and medium-sized cities, because here a large part of the household increase should be accommodated (BPD, 2017). In the past years, partly due to the financial crisis, little housing development has taken place. Consequently, this has led to pressure on the housing market and the residential property prices. In nearly half of the Dutch municipalities, in 2017, the pre-crisis level prices have been reached. As shown in figure 4.1, especially dwellings in urbanised areas exceeded the pre-crisis level. Owner-occupied dwellings in non-urbanised areas in general lag (Kadaster, 2018). The housing prices in the four big cities in 2017 already exceeded the pre-crisis level. This strong price increase could have consequences for the accessibility of housing for certain households (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2017 a).

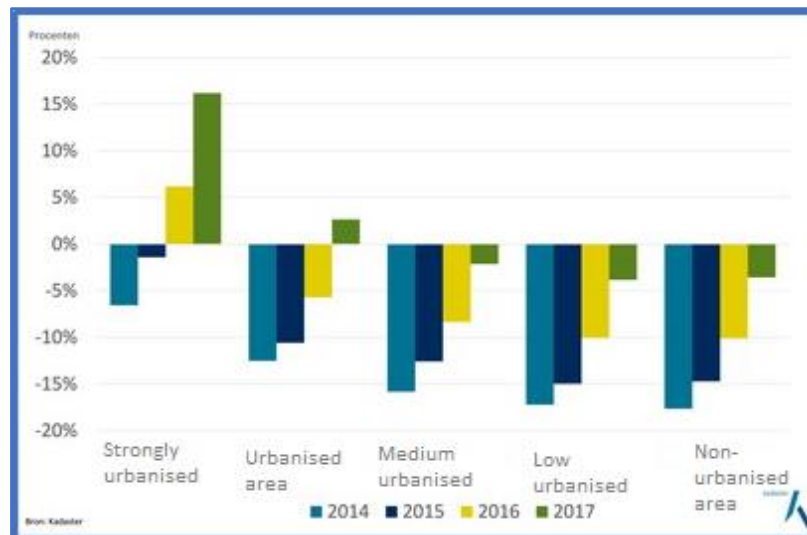


Figure 4.1 The percentage deviation in housing prices in urbanised and -non-urbanised areas compared to the pre-crisis level (Kadaster, 2018).

Challenges due to demographic change: strong deviation urbanised and non-urbanised areas

Demographic change can also be considered as one of the main challenges facing Dutch municipalities. The precise demographic change strongly deviates for urbanised and non-urbanised areas. The urbanised areas will face a major challenge of further urbanisation, unlike non-urbanised and rural areas in which they will face the challenge to maintain habitability and economic vitality due to depopulation and ageing (Ministerie van Binnenlandse Zaken en Koninkrijkrelaties, 2017 a).

In addition, vacancy in shopping areas can also be considered as a major challenge faced by local governments. Especially, medium-sized and small cities currently have to make fundamental choices regarding their shopping areas and the disposal of unwanted parts of these shopping areas. Shopping areas with many vacancies scare away consumers instead of attracting them. If these cities do not act, this will lead to further impoverishment of these shopping centres (NVM, 2017).

Improving energetic quality of the built environment

Global warming has become a major topic over the past years. This is partly due to the increasing visibility of the consequences of global warming on the climate, such as rising temperatures and more extreme weather conditions. In April 2016 the Netherlands signed the Paris Agreement. Aside from the Netherlands, 194 other countries adopted this agreement and thereby agreed to contribute to the reduction of greenhouse gas emissions in order to limit damage to the environment. The specific goal of this Paris Agreement is to restrict the global warming below 2°C and preferably below 1,5°C in 2050, relatively to the pre-industrial level.

This commitment has major consequences for the Dutch climate policy. According to PBL (2016) the Netherlands has to decrease the greenhouse gas emissions by 85-95% in 2050 relatively to 1990 in order to achieve the 2°C target. Consequently, by 2030 the Netherlands should already have reduced emissions by about 40-50% relatively to 1990. To reduce the greenhouse gas emissions by 40-50% in 2030 and by 85-95% in 2050, there is much to gain, especially, in the built environment. The built environment sector, which includes residential and non-residential buildings, is responsible for 32% of the total gross annual energy consumption in the Netherlands and can therefore be considered as the largest end-user. The built environment annually consumes more energy than industry and the traffic sector as is shown in figure 4.2 (RVO & ECN, 2016).

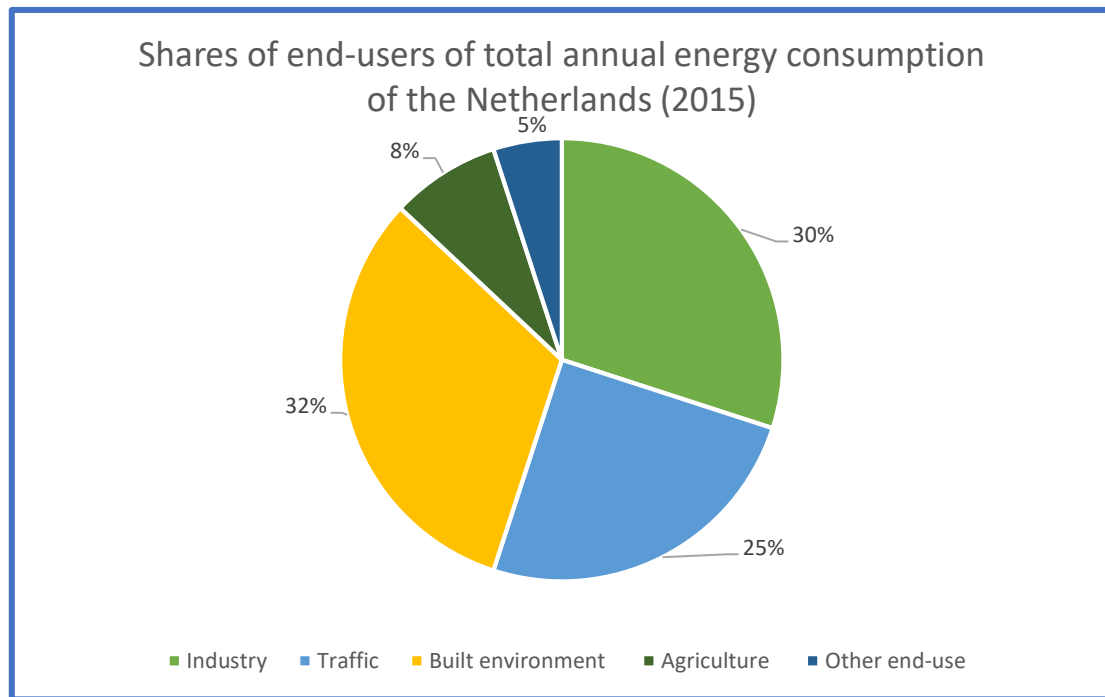


Figure 4.2 Energy consumption shares in 2015 per end-users (RVO & ECN, 2016)

The reduction of greenhouse gas emissions in the built environment sector can first of all be achieved by improving the energetic quality of the buildings. More than half of the total annual energy consumption in the Netherlands is used for heat supply (Ministerie van Binnenlandse Zaken en Koninkrijkrelaties, 2017 a). In addition, 95% of the residential buildings in the Netherlands uses gas for cooking or heat supply (Smit, 2018). Improving the energetic quality of these buildings is needed to decrease the heat demand in buildings. This can be achieved by improving insulation levels of facades and windows. However, to be fully independent from fossil fuels (gas) in the future, gas stoves need to be replaced by electric stoves and gas boilers by more sustainable heat supply options such as heat pumps, geothermal energy and district heating networks. The aim is to generate gas free buildings and even entire gas free neighbourhoods (Smit, 2018; RVO & ECN, 2016). It varies by region and even by municipality which substitute for heat supply is most feasible.

A study on the content of local housing policies showed that the theme “*sustainability*” or “*energy-efficient (social) housing stock*” has been included in all recent housing policies of Dutch municipalities. Moreover, in 81% of these local housing policies this theme has even been set as a priority by the municipality. In most of the local housing policies it concerns the sustainability of the (social) rental stock but also the owner-occupied stock is often considered (Ministerie van Binnenlandse Zaken en Koninkrijkrelaties, 2017 b). The energy transition in the housing stock requires a big investment from homeowners and housing associations in which the local government plays a crucial role to stimulate and facilitate this transition. For local governments there is a task to provide supportive measures to homeowners in the owner-occupied sector in order to achieve this energy transition (RVO & ECN, 2016).

In addition, regarding the social rental stock, in June 2012, the Ministry of Internal Affairs, Aedes (the umbrella organisation for housing associations), The Woonbond (umbrella organisations for tenants) and Vastgoedbelang adopted an Energy Saving Agreement for the (social) rental sector. The parties agreed that housing associations jointly will improve the energetic quality of the social rental stock of 2.4 million dwellings to an energy label B on average in 2020 (Ministerie van Binnenlandse Zaken, Aedes, Woonbond, Vastgoedbelang, 2012). On the local level, the municipalities together with the

housing associations and tenants' organisations should establish in the *performance agreements* for local housing policy which and how local objectives regarding the energetic quality of the social housing stock will be realised (Ministerie van Binnenlandse Zaken et al., 2015).

Affordability and availability of rental dwellings

Another theme which is often classified as a challenge faced by municipalities in local housing policies is the affordability and availability of housing. As mentioned before due to the pressure on the owner-occupied sector, housing prices have increased enormously. However, the affordability and availability of the social housing stock is also often considered a challenge in many municipalities. In order to address these issues, the revised Housing Act has provided housing associations with stricter rules and boundaries regarding their duty to make sure housing associations will focus on their core task: the provision of affordable housing for low income households. According to availability, the question is whether sufficient social housing will be available in the coming years. Special attention is paid to the development of the affordable segment for households that are dependent on the social rented sector, the so-called housing allowance recipients. Moreover, it is currently regarded important to see whether sufficient housing is accessible for middle-income households (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2017 b). It has been alleged that middle-income households currently have difficulty finding suitable and affordable housing, partly because the social rented sector is no longer available for them due to stricter allocation rules, the size of the private rental sector is limited and the rental prices in this category are often regarded as too high. Additionally, these households are often not in the position to buy or do not always want to buy (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2017 a).

4.2.2 The process for the establishment of performance agreements regarding local housing policy

The interaction process for the establishment of performance agreements according to rules of the revised Housing act 2015, can basically be divided into four phases. However, these phases, as described below, are not prescriptive. The involved actors are free to decide how they organise this negotiation process. However, the deadlines for providing an offer by the housing association and for establishing the final set of local performance agreements for housing policy are legally binding.

The desired negotiation process regarding the establishment of local performance agreements for (social) housing policy, is schematically shown in figure 4.3 and will be explained below. The roles, powers and tasks of the involved actors differ per phase.

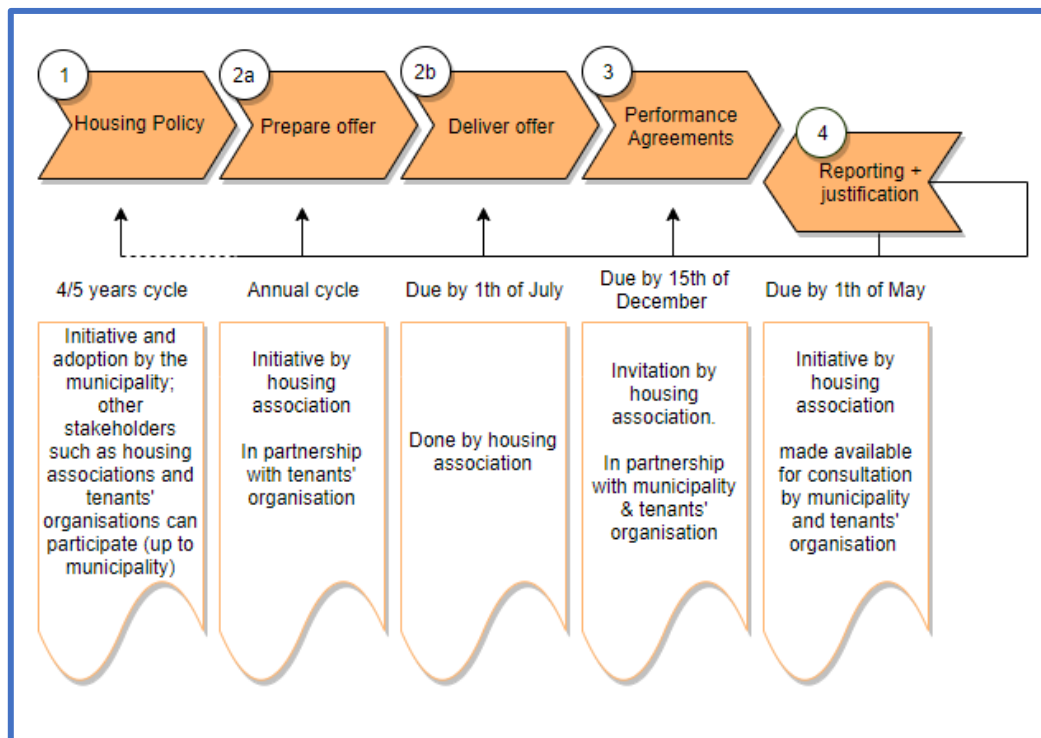


Figure 4.3. Step-by-step process for the establishment of performance agreements (Ministerie van Binnenlandse Zaken et al., 2015)

Phase 1: establishment of local housing policy

The local housing policy should form the basis of the process of performance agreements, since housing associations have to reasonably contribute to the content of the policy document. In this document is described what the objectives of the specific municipality are regarding housing. A housing policy responds to (social) housing issues that are at stake at the local level. In addition, within a local housing policy, the municipality can show what kind of city or village it wants to be, which housing objectives are given priority and which parties are involved to realise these objectives. The municipality is accountable for the realisation of the local housing policy but can decide to involve other actors by the establishment of this policy document (Rijksoverheid, n.d. a).

In addition, on June 2015 the Ministry of Housing has established four central government priorities, which should be the focus of the performance agreements between municipalities, housing associations and tenant organisations regarding local housing policy for the period 2015-2019 (Blok, 2015 a). These priorities should, according to the central government, at least be taken into account by the realisation of the local housing policy. However, this cannot be enforced because the municipal's freedom of policy need to be retained. These four priorities are:

- Affordability and availability of dwellings for households who are dependent on social housing sector (housing allowances' recipients until households with income below €41.056,- (Aedes, 2018).
- Realisation of energy-efficient social housing stock in accordance with targets of National Energy Agreement and Energy Saving Agreement for Social Housing Sector.
- Accommodation of urgent target groups.
- Realising Housing-Care facilities for elderly people and other care dependent people.

Affordability and availability of social housing stock

The first priority set by the central government, the affordability and availability of the social housing stock, is often considered a challenge in many municipalities, long waiting lists and significant rent increases are pretty common. However, the revised Housing Act has provided housing associations with stricter rules and boundaries regarding their task: the provision of affordable housing for low income households. During the negotiation process for the performance agreements regarding local housing policy, mutual agreements should be made regarding the number, availability and affordability of social rental dwellings. Additionally, special attention should be paid to the development of the affordable segment for households that are dependent on the social rental sector (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2017 b).

Improving energetic quality of social housing stock

The second prioritised theme by the central government, improving the energetic quality of the social housing stock, is in the first place important to contribute to the *Climate Objectives* of the central government as described in the previous section (§4.2.1). But is moreover important to reduce the cost of housing. Energy cost, including costs for gas and electricity represent a large proportion of the total housing cost for households (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2017 b). Different studies show that, especially the low-income households have difficulty paying their energy bill. As moreover shown in figure 4.4, the share of energy expenditures relative to the disposable income is substantial, especially for low-income households. The research of PBL shows (2014), that about one in five households in the Netherlands has a low income, in combination with an above average energy burden and these households are moreover dependent on a landlord for energy improving measures in the dwelling. In addition, the research of ECN (2017) shows that “Energy Poverty” exist on a large scale, especially among low-income households. About 10% (750.000) of the total number of households in the Netherlands face this so-called energy poverty. These households often do not have the ability to pay their energy bill.

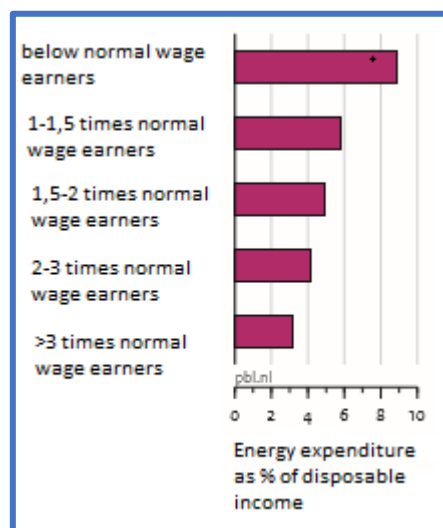


Figure 4.4: Energy expenditure as a percentage of the total disposable income (PBL, 2014)

Independent living of elderly people and other care dependent groups

The third housing objective with national importance is primarily intended at prolonging the independence of elderly people and ensuring that these elderly people may live at their homes for as long as possible. But this theme is also intended to support independent living for other groups, such as mental health patients. This requires for example adaptation of existing dwellings in order to facilitate the independent living of these people, transformation of nursing homes which are no longer

needed, ensuring that the housing flow will be maintained by providing more suitable homes or different types of accommodation for elderly people and other care dependent groups (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2017 b).

Accommodation for urgent target groups

The fourth priority theme concerns the provision of suitable accommodation of urgent target groups. In 2015 this theme was set priority mainly due to the major task for local governments to accommodate refugees from Syria. However, the inflow of refugees from Syria has reduced a lot compared to the year 2015. Nevertheless, this theme does not only concern the accommodation of refugees but moreover, the accommodation of other groups who would be better served by flexible, temporary and affordable housing. These groups for example consists of recently divorced people, starters, migrant workers etc. According to the central government, the housing associations should emphasise more on the creation of a varied supply of dwellings for these specific target groups (Blok, 2015 a). This means that housing associations should also emphasise on the provision of smaller, affordable and flexible housing. Since 2016 housing associations and other providers of rental dwellings are allowed to offer, under strict conditions, temporary contracts to some of these target groups (Rijksoverheid, 2016).

Aside from these four central government priorities, during the negotiations housing associations, municipalities and tenants' organisations are requested to make agreements regarding the building of new social rental dwellings, but moreover about the demolition of social rental dwellings.

Phase 2: Preparing offer and delivering offer by housing associations

According to revised Housing Act, the housing associations should reasonable contribute to the (social) housing objectives as described in the local housing policy established by the municipality. By providing an offer, the housing association makes clear what their contribution, in the form of an overview of activities, will be to the local housing objectives as described in the local housing policy. This offer should be proportionate and reasonable to the investment capacity of the housing associations and the (social) housing challenges faced at the municipal level (Ministerie van Binnenlandse Zaken et al., 2015). In order to assess whether a housing association reasonably contributes to the local housing objectives, the minister, WSW and The Authority Housing Association provides both the municipality and tenants' organisation with financial information of the housing associations (Ministerie van Binnenlandse Zaken et al., 2015). The housing association itself should provide both the municipality and the tenants' organisation with detailed information concerning their operations, these include amongst other: the annual accounts, the annual report, social housing report and an overview of scheduled plans regarding demolition and building of social rental dwellings (art. 44b (1) Housing Act, 2018).

The offer provided by the housing association should moreover be specific for the coming year and their contribution for the long term (coming 4 years) should be provided in broad terms. The housing associations should negotiate with their tenants regarding the content of the offer, since these tenants have the right of consultation (Terlingen, 2016; Ministerie van Binnenlandse Zaken et al., 2015). After this offer the negotiation process between the municipality, housing association and tenants' organisation starts which should subsequently lead to the establishment of local performance agreements for local housing policy.

Phase 3: negotiation process of performance agreements

The housing association, the municipality and the tenants' organisation in this phase will negotiate with each other regarding the content of the performance agreements for local housing policy.

Moreover, in these agreements will be established who is responsible for the execution of the specific agreements. After the housing association has provided an offer containing their contribution to the local housing objectives, the housing association should invite the municipality and tenants' organisation for the establishment of these local performance agreements. It is then up to the municipality and tenants' organisation whether they accept this invitation or not. The negotiations are, in essence, guided by the offer provided by the housing association (Ministerie van Binnenlandse Zaken et al., 2015).

Important to note is that since the local performance agreements have obtained a legal status in the Housing Act 2015, there are no legal requirement set related to the form of these established agreements. The law does not define how the local performance agreements for housing policy are supposed to look and what it should comprise.

Phase 4: Verification of compliance with performance agreements

In this phase, the three parties will discuss the monitoring compliance with the performance agreements of the previous year. This concerns both the monitoring compliance of the annual and the five-yearly agreements regarding local housing objectives. The housing association should moreover provide insight into the progress of its tasks in its annual report (Ministerie van Binnenlandse et al., 2015).

However, besides the fact that there are no legal requirements set to form of the local performance agreements. There is moreover no obligation of monitoring these established mutual agreements. It is thereby assumed that the essence of the legal basis of the establishment of performance agreements is: operate on trust. The network actors are however be recommended to organise the monitoring of these agreements (Ministerie van Binnenlandse Zaken et al., 2015).

In the next section, the legal framework behind the policy instrument of performance agreements will be provided. This should provide more insight in the (legal) resources of the network actors involved in the negotiation process for the establishment of local performance agreements for (social) housing policy.

4.3 The legal framework behind the policy instrument of performance agreements

By means of an interaction process between the municipality, housing association(s) and tenants' organisation(s) agreements should be established how the local (social) housing objectives will be realised and who is responsible for the execution of these agreements. These local networks already existed before the introduction of the revised Housing Act in 2015, but after the introduction of this revised Housing Act, these performance agreements obtained a legal status. Due to this legal status, the interaction process for the establishment of local performance agreements for (social) housing objectives are subjected to formal rules. According to the former Minister responsible for central housing policy, Blok, are these rules introduced to facilitate and stimulate the process of establishing agreements regarding local housing policy (Ministerie van Binnenlandse Zaken et al., 2015).

This legal framework for the establishment of these agreements between the municipality, housing associations and tenants' organisations will be provided in this section. The policy instrument of performance agreements for local housing policy is, obviously, part of a broader policy field: the regulation of the social housing sector and the decentralisation of housing policy and social support to the municipal level.

According to the Contextual Interaction Theory, any policy is never implemented in a blank policy field, but the new policy or policy instrument will add an additional element to this broad field. Policy instruments do not work independently, but they either reinforce or weaken each other. This

broad policy context determines structures and positions of actors. This broader policy context will be elaborated in a following chapter, when the analytical model of CIT will be applied on the policy instrument of performance agreements. However, in this specific chapter the focus is on the specifics of the policy instrument of performance agreements for local housing policy and therefore the broader context, for now, is disregarded.

4.3.1 The legal framework directed towards the housing associations

Article, 42, 43 and 44 of the revised Housing Act can be considered as the legal base of the policy instrument of performance agreements for local housing policy (art. 42 Woningwet, 2018; art. 43 Woningwet, 2018; art. 44 Woningwet, 2018). In these legal articles is primarily prescribed which formal obligations are attributed to the housing associations in the local network with the municipality and tenants' organisation.

- Article 42 (1) of the Housing Act 2015:** *In this law is prescribed that the housing association is obliged to reasonably contribute to the local housing policy established by the municipality. However, in absence of a local housing policy, the contribution of the housing association in the form of an offer containing intended activities is not required.*
- Article 42 (2) of the Housing Act 2015:** *Here is prescribed that the housing association's resources shall be prioritised for the commitment to the local housing objectives as described in the local housing policy and shall be in favour of social housing.*
- Article 42 (3) of the Housing Act 2015:** *Moreover, here is prescribed that the housing association shall allocate financial surpluses and other resources, exclusively for activities in the field of social housing. However, this provision of funding should not put the business' continued existence at risk.*
- Article 43 (1) of the Housing Act 2015:** *In this law is prescribed that the Housing Association is obliged to prepare an offer containing the activities they are intended to execute according to the content of the local housing policy.*
- Article 43 (2) of the Housing Act 2015:** *Here is prescribed that the housing association organises consultations on its proposed offer with the tenants' organisation.*
- Article 43 (3) of the Housing Act 2015:** *In this law is prescribed that the housing association's offer has to comply with substantive requirements, the so-called central government priorities. These substantive requirements can change and will be designated in terms of an Order in Council.*
- Article 44 (1,2) of the Housing Act 2015:** *In this law is prescribed that the housing association is obliged to provide their proposed offer to the municipality and the tenants' organisation and*

moreover that the housing association will invite them for the negotiation process for the establishment of performance agreements before the 1st of July.

Article 44 (3) of the Housing Act 2015:

In this law is prescribed that in the absence of a local housing policy, the contribution of the housing association in the form of an offer containing intended activities and an invitation to the negotiation process for performance agreements is not required.

Article 44 (4) of the Housing Act 2015:

In this law is prescribed that a possible dispute that impedes the establishment of performance agreements for local housing policy can be submitted to the Minister. The Minister, then shall take a decision regarding the further continuation of the process. This dispute can be submitted by all actors involved in the network.

Article 44a (1) of the Housing Act 2015:

In this law is prescribed that the housing association is obliged to send the result of the negotiation process of performance agreements in the form of an activity overview to the municipality and tenants' organisations before the 15th of December.

Article 44b (1) of the Housing Act 2015:

In this law is prescribed that the housing association is obliged to offer both the municipality and tenants' organisation with (financial) information regarding their organisations, in order to make sure they can properly assess the contribution of the housing association to the local housing policy.

Overall, these formal rules are directly attributed towards the housing associations. However, additional rights and obligations can be attributed to the process of performance agreements in the context of the revised Housing Act. These are however not directed at the housing association but are directed to the municipality. Tenants' organisations are moreover provided with legal resources which might be relevant for the establishment of local performance agreements for (social) housing policy, these are, for the most part, being prescribed in the Law Consultation Tenants-Landlord (Wet Overleg Huurders Verhuurders). This will however be elaborated in the next chapter.

4.3.2 The legal framework directed towards municipalities related to local performance agreements

Since the performance agreements regarding local housing policy have obtained a legal status, the municipality, indirectly, obtained a stronger position regarding the creation and implementation of housing policy. The local housing policy should namely form the basis of the negotiation process of performance agreements and the offer provided by the housing association. Hence, the power of the municipality regarding the implementation of local housing policy has increased.

This local housing policy does moreover not have to comply with certain legal requirements regarding the creation of a local housing policy, since the municipal executive has freedom of policy regarding the content of housing policy. In various policy documents it is however recommended that the municipality should at least take into account a number of themes in their local housing policy (Ministerie van Binnenlandse Zaken et al., 2015; Koopman & Hopstaken, n.d.).

Recommended themes for content local Housing Policy

In Article 43 (3) of the Housing Act 2015 is prescribed that the housing association's offer has to comply with substantive requirements, the so-called central government priorities. These priorities have been explained in detail in the former section. Since the local housing policy forms the basis of the performance agreements between the municipality housing association and tenants' organisations, it is assumed and recommended that the content of the housing policy, ideally, also addresses these issues (Ministerie van Binnenlandse Zaken et al., 2015).

These themes are:

- Affordability and availability of dwellings for households who are dependent on social housing sector.
- Newly built dwellings.
- Liberalisation and sale of (regulated) rental dwellings, investments in private rental- and owner-occupied sector.
- Realisation of energy-efficient social housing stock in accordance with targets of National Energy Agreement and Energy Saving Agreement for Social Housing Sector.
- Accommodation of urgent target groups.
- Realising Housing-Care facilities for elderly people and other care dependent people.
- Desired commitment to living quality/ habitability of the area.

Rules for execution of non-SGEI activities

The former themes for performance agreements, in general, relate to the social housing sector. However, a local housing policy usually contains more than only housing objectives regarding the social rental sector. Housing objectives regarding the owner-occupied sector, the private rental sector and economic development in relation to housing are also addressed in the local housing policy. The social housing themes need to be addressed in the offer provided by the housing association and subsequently in the negotiation process regarding performance agreements between the municipality, housing association and tenants' organisation. However, situations may arise in which it is desired that housing associations also develop other activities aside from their social tasks, so called non-SGEI activities (services of general economic interest). Housing associations are allowed to execute these tasks, when there are no market parties available who want to take care of these activities (Art. 44c Woningwet, 2018). Whether there are market parties willing to execute these non-SGEI activities should be examined by the municipality.

Aside from the above described legal requirements for the local housing policy as prescribed in the Housing Act 2015, also other legislation is relevant for the creation and implementation of local housing policy.

Social Housing legislation

Other legislation which is considered relevant for the establishment of local performance agreements for (social) housing policy, are the so-called "*Huisvestingswet*" and the covenant "*Energy Saving Agreement Social Rental Sector*".

"Huisvestingswet (Accommodation Law): by means of the "*Accommodation Law*" (Huisvestingswet), the municipality could enforce prioritisation of certain target groups, for which accommodation options within the municipality are scarce. This law offers the municipality instruments for the distribution of housing and the composition of the housing stock (Ministerie van Binnenlandse Zaken et al., 2015). If a municipality wants to make performance agreements about the prioritisation of certain groups for social housing, then a housing regulation (huisvestingsverordening) on the basis of the "*Huisvestingswet*" is necessary (Art. 7-19 Huisvestingswet, 2014).

"Energy Saving Agreement Social Rental Sector": In this agreement, signed by the Ministry of Internal Affairs, Aedes, Woonbond and Vastgoedbelang, is stated that housing associations jointly will improve

the energetic quality of the social rental stock of 2.4 million dwellings. In this covenant has been agreed that the total social housing stock should have an average energy label B in 2020 (Ministerie van Binnenlandse Zaken et al., 2012). This covenant could of help for the municipalities by improving the energetic quality of the social housing stock in the municipality.

4.3.3 Support instruments of central government to facilitate process of performance agreements

By means of the policy instrument of local performance agreements regarding (social) housing policy, the central government seeks to create a cooperative, but non-permissive, networks of the municipalities, housing associations and tenants in order to release funds from housing associations for social benefit (Ministerie van Binnenlandse Zaken et al., 2015; Koopman & Hopstaken, n.d.). Due to this policy instrument, the position of municipalities and tenants' organisations in social housing should be enhanced and thereby the democratic and social legitimacy in this sector should be ensured. Although, the local performance agreements regarding (social) housing policy have obtained a legal status after the introduction of the revised Housing Act in 2015, the central government does however not define how the local performance agreements for housing policy are supposed to look. This is left over to the network actors: municipality, housing association(s) and the tenants' organisation(s). The central government however seeks to facilitate and stimulate the process which should lead to the establishment of performance agreements concerning local housing policy by, for example, setting clear deadlines for the process of decision-making and by providing the possibility to refer disputes to an independent committee (Blok, 2015 a).

The most important formal rules and support instruments of the central government to facilitate and stimulate a proper implementation of the policy instrument of performance agreements for housing policy are provided below:

1. *Change in relationship between Municipality and Housing association:* Under the performance agreements structure, introduced under the revised Housing Act, the steering possibilities for municipalities regarding the implementation of (social) housing policy have been increased. The local housing policy, established by the municipality, should be the basis of the interaction processes which should lead to the establishment of local performance agreements for (social) housing objectives. Housing associations are obliged to reasonably contribute to the housing objectives described in this housing policy. The strengthened position of the municipality in this process is implemented to ensure the democratic legitimacy of housing associations (Atrive, n.d.).
2. *Local Housing Policy as base for performance agreements:* The local housing policy should form the base of the performance agreements. In this document is described what the objectives of the municipality are regarding housing. A local housing policy responds to the housing issues that are at stake at the local level. The municipality is accountable for the content of this local housing policy but can decide to involve other actors by the establishment of this policy document (Rijksoverheid, n.d. a). If the municipality hasn't drawn up a recent and up to date housing policy, the housing association is not required to provide an overview of activities in which is established how they will contribute to the local housing policy. Hence, an up to date local housing policy is a condition for the start of the process of performance agreements regarding local housing policy.
3. *Involvement of tenants in the local network of performance agreements:* Since the implementation of the revised Housing Act, the collaboration between housing associations, municipalities and tenants' organisation has obtained a legal status (Ministerie van Binnenlandse Zaken et al., 2015). Moreover, the involvement of tenants in this interaction process is now mandatory. The involvement of tenants in the establishment of performance agreements for local housing policy is not completely new. Even before this format of the performance agreements was introduced, in many municipalities, tenants were already involved in this process (Van Kessel, Scheele-Goedhart, & Wever, 2017). The tenants' organisation should now be considered an equal partner in these local negotiation processes.

This change implies that tenants' organisations could have greater influence on the local housing policy and the plans of the municipality and housing association regarding (social) housing. The involvement of tenants' organisations in this process is moreover implemented to strengthen the accountability towards the users of social rental dwellings and to ensure the housing association's social legitimacy (Terlingen, 2016; Ministerie van Binnenlandse Zaken et al., 2015).

4. *Deadlines set for establishment of performance agreements:* the central government does not define how the local performance agreements for housing policy are supposed to look. However, in order to make sure mutual agreements are being established between municipalities, housing associations and tenants' organisations, the central government has set strict deadlines. A deadline has been set in which the housing association is obliged to provide its offer to the tenants' organisation and municipality. Another deadline is set for the date when the final set of mutual agreements have to be established (Ministerie van Binnenlandse Zaken et al., 2015).
5. *Central government priorities:* The central government has drawn up central government priorities which should be considered substantive requirements for the housing association's offer on the local housing policy. These are issues for which central government policy is formulated and therefore are considered important for the central government. These priorities seek to give direction to the content of the local housing policy and subsequently the performance agreements. Although the priorities set by the central government do not have a legal base, it is intended to make sure the parties involved in the local network will contribute to these priorities in creating performance agreements (Blok, 2015 b). These four priorities for the period 2016-2019 are: Affordability and availability of dwellings for households who are dependent on social housing sector (low-income households), Realisation of energy-efficient social housing stock in accordance with targets of National Energy Agreement and Energy Saving Agreement for Social Housing Sector, Accommodation of urgent target groups, Realising Housing-Care facilities for elderly people and other care dependent people.
6. *Provision of financial information:* The housing association should provide the municipality and tenants' organisation with (financial) information which these parties consider necessary to assess the offer of the housing association (Art. 44 Woningwet, 2018). Moreover, the minister annually sends the municipality an indication of the investment capacity of the housing association. In Article 44b of the revised Housing Act is formalised that the municipality will annually be provided with an indication of the investment capacity of the housing association by the minister responsible for housing (Art. 44 Woningwet, 2018).
7. *Referring possible disputes to Minister:* Possible disputes that impede the establishment of performance agreements for local housing policy can be submitted to the Minister (art. 19, Regeling toegelaten instellingen volkshuisvesting 2015). The minister, then shall take a decision regarding the further continuation of the process. However, the primary responsibility for solving a dispute lies with the local partners themselves. If this does not work, any party may refer the dispute to the Minister. The Minister has set up an advisory committee for this dispute. The minister consults this committee regarding the judgement of the dispute. After all, this dispute settlement is intended to relaunch the local network and moreover seeks to ensure better cooperation between the parties. After the verdict, the parties have to go back to the negotiation table and try to re-establish performance agreements regarding local housing policy (Rijksoverheid, n.d. b).

4.4 Conclusion

In this chapter a systematic overview of the policy instrument of local performance agreements for (social) housing policy is provided, including the objectives pursued by the policy instrument. Moreover, the intended use of the policy instrument is explained including the legal framework behind this instrument. Furthermore, the core support instruments of the central government to stimulate

and facilitate the establishment of local performance agreements regarding (social) housing are provided.

The instrument of local performance agreements seeks to link the investment capacity of housing associations with the local objectives regarding (social) housing for social benefit and thereby ensure both the social as well as the democratic legitimacy of social housing associations. The instrument should contribute to the following objectives of the Housing Act 2015: Strengthening the positions of municipalities and tenants' organisations in social housing and protecting of equity destined for community.

Strict deadlines, a dispute settlement body, central government priorities, should facilitate the interaction process for the establishment of performance agreements.

In the next chapters, 5 and 6 the theoretical framework, The Contextual Interaction Theory, for this research will be applied on the policy implementation process of local performance agreements for housing policy. This theory seeks to evaluate any policy instrument by determining whether and to what extent the characteristics of the actors involved in the process influence the implementation process by means of an analytical model. Both contextual factors as well as the actors characteristics will be elaborated in chapter 5. In chapter 6 the interaction processes regarding the implementation of the policy instrument of local performance agreements will be evaluated in three cases, by means of the CIT.

5. LOCAL PERFORMANCE AGREEMENTS FOR LOCAL HOUSING POLICY IN TERMS OF THE CONTEXTUAL INTERACTION THEORY

5.1 Introduction

In chapter 2 a short exploration into implementation research has been described. Moreover, the Contextual Interaction Theory has been explained in detail. In this section the policy instrument of local performance agreements for housing policy will be analysed in terms of the Contextual Interaction Theory. In this section the emphasis will be on the broad context analysis, in terms of CIT, *the wider and structural context* regarding the implementation of the policy instrument of performance agreements will be addressed. Moreover, the actors, involved in the negotiation processes for the establishment of local performance agreements for will be described, by means of an actor analysis on their motivations, cognition and resources related to the establishment of performance agreements.

In the next chapter, three local cases will be scrutinised. For these case evaluations, the emphasis will be on scrutinising the conduct of the negotiation processes which led to the establishment of local performance agreements for (social) housing policy. In terms of CIT, for these case evaluation the case specific context will further being analysed. These analyses combined should eventually provide factors, which hamper the process of the establishment of performance agreements. This is done in chapter 7 where the different components of the policy evaluation are combined in a so-called synthesis.

5.2 Broad Context analysis: establishment of local performance agreements for housing policy

The Contextual Interaction Theory assumes that external factors influence the actors involved in the implementation process of a policy. The CIT distinguished three different levels of analysis which influence the interaction processes and the actors itself: the specific case context, the structural context and the wider context. In this chapter relevant contextual factors which could be grouped in either the wider context or the structural context will be provided. However, the emphasis of this section will be on the structural context. The case specific context will be addressed in the case evaluations in the next chapter.

5.2.1 Structural Governance Context

In this section an overview will be provided with Dutch instruments, including legislation and policy instruments, which influence the establishment of performance agreements for local housing policy. These instruments could either stimulate the establishment of performance agreements but there are also instrument, which could stand in the way of the establishing of these mutual agreements concerning the implementation of local social housing policy.

Housing Act:

This study seeks to evaluate the effectiveness of the policy instrument of local performance agreements for housing policy. This policy instrument forms only one of the pillars of the revised Housing Act, which was already being reflected in the introduction of this master thesis document. Nevertheless, the other aspects of the revised Housing Act cannot be ignored when evaluating the effectiveness of the policy instrument of performance agreements for housing policy. The revised Housing Act as a whole, namely, aims to further regulate the activities and seeks to strengthen the supervision of the social housing sector, by providing stricter rules and boundaries for this sector (Rijksoverheid, 2015). The Housing Act thus determines to a large extent the possibilities and remit of housing associations. These stricter rules and boundaries influence indirectly the establishment of

performance agreements for housing policy between a municipality, housing associations and tenants' organisations.

The policy instrument of local performance agreements for (social) housing policy seeks to create a closer and better working link between activities, the investment capacity of housing associations and the local housing challenges faced at the municipal level. This policy instrument aims to create and ensure the most desired implementation of local housing policy for both residents and the municipality itself. Hence, it seeks to create tailor-made mutual solutions for local housing challenges (Koopman & Hopstaken, n.d.; Brandsen, 2006). Due to revised Housing Act, the possibilities of housing associations are constrained regarding the management and building of dwellings. Housing associations should namely emphasise on their core task: the provision of affordable housing for low income households. However, for the creation of tailor-made solutions for local housing challenges, it might sometimes be favourable, also for the community, when housing associations are allowed to adopt tasks which fall outside the prescribed remit in the Housing Act. Housing associations are solely allowed to execute these tasks, when there are no market parties available to take care of these activities (Art. 44 Housing Act, 2018). Therefore, the stricter rules prescribed in the revised Housing Act might stand in the way of its own goals. Investments in the living area are restricted and moreover investments in commercial-real, estate fall outside the remit of housing associations. But sometimes these investment could of added value for the community (Aedes, personal communication, 25 May 2018; VNG, personal communication, 8 May 2018;).

Influences from political processes

Another contextual factor which influence the negotiations processes for the establishment of performance agreements are the political processes which run in parallel to these negotiation processes.

Housing associations should according to the revised Housing Act reasonably contribute to the content of this local housing policy. In this local housing policy is reflected and stated how a specific municipality intends to develop as residential area. This housing policy document is generally established by the city council of that specific municipality, and thus reflects a political vision. In addition, once every four years municipal elections are being held in which a new City Council will be formed. Based on the result of the elections a coalition will be formed including a new political management for the duration of four years. A new city council and political management will probably result in a new view regarding local housing policy.

Political changes affect the negotiation processes regarding the establishment of local performance agreements for local housing policy, since it impact the political view regarding housing policy and political disagreements might negatively affect the negotiation processes between a municipality, housing associations and tenants' organisations.

Regional agreements regarding housing policy

The municipal level is often not the only governance level at which agreements are being established regarding housing policy. At the regional level also performance agreements are established regarding the alignment of local housing policy. Many regions namely address that the housing market should not solely be considered as a local market, but is moreover a regional market. Regional performance agreements seek to coordinate and align housing policy in the region as a whole. In this way, regional agreements regarding housing policy strongly serve as a framework for the performance agreements for housing policy established at the local level. The relation between the regional agreements and the local performance agreements for housing policy are schematically shown in figure 5.1.

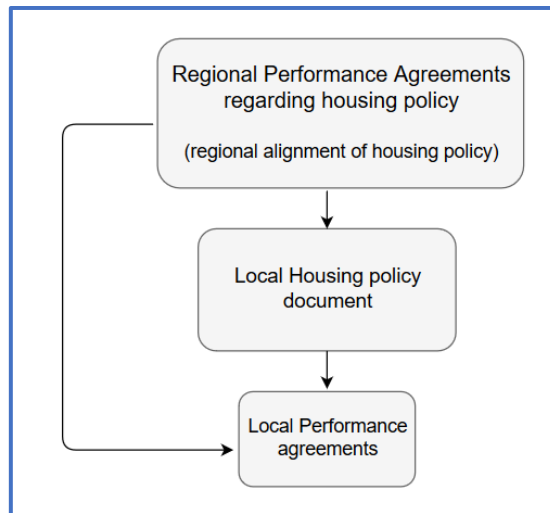


Figure 5.1: Relations between regional performance agreements and local performance agreements

5.3 Actor descriptions

Since the Contextual Interaction Theory focusses on the actors and the interaction processes between them, in this section the actors involved in the implementation process of the policy instrument of performance agreements will be discussed. This actor analysis will emphasis on the description of the core actor characteristics: motivation, cognition and power. The local networks of performance agreements can be considered as closed networks, in which aside from the municipality, housing association(s) and tenants' (organisations) no other actors are involved. The actors will be described, in terms of their cognitions, motivations and resources. The information required for this actor analysis is obtained through literature research and interviews with the umbrella organisations of Dutch municipalities (VNG), housing associations (Aedes) and tenants (Woonbond). It is thereby considered that these umbrella organisations have a good picture of their constituency, their influence on the local networks of performance agreements and of possible factors, which could hamper the establishment of performance agreement for local housing policy. This subsequently provides an overall picture how municipalities, housing associations and tenants' organisations might influence the intended outcome of the policy instrument of performance agreements: *linking the investment capacity of housing associations with the local housing objectives, by releasing funds by these organisations for social benefit* (Koopman & Hopstaken, n.d.; Brandsen, 2006). In the following chapter by means of three case studies, the establishment of local performance agreements will be further scrutinised. Thereby will be emphasised how and why certain decision-making processes lead to specific outcomes in the process of the implementation and the establishment of local performance agreements.

5.3.1 Municipality

The performance agreements are written agreements between a municipality, housing association and tenants' organisation about the realisation of the intended local (social) housing policy. The local housing policy should be considered as the guiding principle in de interaction process of performance agreements between housing associations, tenants' organisations and the municipality. The responsibilities of the municipality are therefore considered important to achieve the full potential of the policy instrument of performance agreements: *linking the investment capacity of housing associations with the local housing objectives by means of releasing funds by these organisations for social benefits*. In absence of a local housing policy, the contribution of the housing association in the form of an offer containing intended activities is not required nor the agreements regarding local housing policy.

The revised Housing Act prescribes to a larger extent, than in its precursor, the BBSH, how municipalities and housing associations should cooperate (VNG, personal communication, 8 May

2018). Due to the introduction of the policy instrument of performance agreements, the supervision of housing associations has been increased by putting them basically under guidance of the municipality with regard to local housing policy. However, this relationship between the municipality and the housing association should not be considered as a hierarchical authority relationship. If the municipality asks for extra activities by the housing association to achieve the local housing objectives and these activities endanger the economic position of the housing associations, then the association is allowed to turn away for that part (Koopman & Hopstaken, n.d.).

Cognition:

The local administrative level in the Netherlands, the municipality, plays an important role by spatial development and housing policy. Until the 90s of the last century, housing policy in the Netherlands was primarily centrally regulated. Until the 90s, the central government provided the financial means for housing policy by means of government loans and subsidies. In the 1990s, the responsibility for local housing policy was transferred towards the municipal level. Although the responsibility for housing policy was decentralised, the municipalities did not have the same resources and power as the central government had before this decentralisation. Moreover, in the 90s housing associations became financially independent. This further complicated the direct control options of the government on (social) housing policy. Since housing associations became financially independent, the options to directly steer these organisations in a desired direction were decreased and municipalities were forced to negotiate with them in order to reach the social housing objectives. Nowadays, the emphasis of the government is to strive for agreements with actors involved in housing policy instead of imposing orders. Therefore, the role of the (local) government regarding housing policy has shifted from regulator towards networker (VNG, 2017). Under the performance agreements structure, introduced under the revised Housing Act, the steering possibilities for municipalities regarding (social) housing policy have been increased. The local housing policy, created by the Municipal Executive, forms the base of the interaction processes, which should lead to the establishment of local performance agreements for (social) housing objectives. The housing associations are obliged to reasonably contribute to the housing objectives described in this policy document (Ministerie van Binnenlandse Zaken et al., 2015).

Motivation:

The local housing policy is intended to form the guiding principle of the negotiation process which should lead to the establishment of local performance agreements for (social) housing policy. Without such a local housing policy, housing associations are not required to start the negotiation process with the municipality concerning their contribution to the local housing objectives. Whether such a housing policy is drawn up by the municipality is determined by the political management (college van B&W) of the relevant municipality. Moreover, it is up to the political management of the municipality, whether they deem the presence of a local housing policy necessary. However, in most municipalities such a local housing policy is present (De Jong, Lagas, & Wegstapel, 2017). Since the realisation of performance agreements have obtained a legal status in the revised Housing Act, a trend can be perceived whereby more municipalities have established a local housing policy (VNG, personal communication, 8 May 2018).

Aside from the presence of such a local housing policy, the content of this policy is also considered important for a proper implementation process of the policy instrument of performance agreements. The content of the housing policy is also determined by the political management of the municipality (college van B&W). Thereby, it is considered that a left-wing coalition will emphasise more on social housing objectives in the local housing policy, such as affordability, availability of housing for low income households and sustainability of the social housing stock, compared to a right-wing

coalition. Thereby it is believed that an emphasis on social housing objectives in the local housing policy, will probably have a positive effect on the interaction process between the municipality, housing associations and tenants' organisations which should lead to the establishment of performance agreements regarding local housing objectives. Due to the introduction of the revised Housing Act, housing associations are forced to emphasise on their core task: the provision of affordable housing for low-income households. When the local (social) housing objectives vary too much from the social housing objectives of the central government as prescribed in the revised Housing Act, or even conflict, the decision-making process for the establishment of performance agreements might be hampered. Conflicting interest between the national policy regarding social housing and the local housing policy might, in all likelihood, lead to a reserved attitude by the housing association in the process of performance agreements.

It is moreover deemed important that the content of the housing policy is sufficiently concrete and up to date to establish clear agreements with regard to local housing policy. This means that the (social) housing objectives need to be up to date, explicit, specific and, if possible, quantifiable. If the housing objectives are formulated clearly enough in the local housing policy, this will make it easier for housing associations to formulate a concrete offer (VNG, 2017).

Hence, the presence of a local housing policy at the local level is considered crucial for the implementation of the policy instrument of performance agreements and thereby achieving the full potential of the policy instrument: linking the investment capacity of housing associations with the local (social) housing objectives for social benefit.

In the revised Housing Act is prescribed that housing associations should reasonably contribute to the content of this local housing policy. Nevertheless, according to a representative of the Woonbond, this local housing policy document, established by the political management, is rarely used as the guiding principle for the establishment of performance agreements, since it reflects on broad housing themes and does not emphasise on specific social housing themes such as the allocation of social housing, habitability, and affordability of rental dwellings. According to the Woonbond, in practice the housing association's offer or a set of coordinated housing objectives are more often used as the guiding principle for the establishment of local performance agreements for housing policy (Woonbond, personal communication, 9 May 2018).

Another motivational aspect, which could influence the establishment of performance agreements regarding the local housing policy, is the involvement of other actors in the establishment of the local housing policy. The alderman responsible for spatial development and housing determines the motivation of the municipality regarding the content of the local housing policy. However, the alderman is dependent on people and organisations that should translate these housing objectives into actions. Regarding the policy instrument of performance agreements, the accounted alderman is responsible on both employees within the municipal organisation but moreover on external organisations, including housing associations for the implementation of the (social) housing policy. Therefore, the municipality could choose to involve housing associations and other organisations, such as tenants' organisations and market parties into the process of the realisation of the local housing policy. The involvement of these executors of local housing policy is considered crucial to achieve a lasting acceptance for the housing policy and a proper implementation of the local housing objectives (VNG, 2017; Aedes, personal communication, 25 May 2018). A lack of mutual trust between the actors involved in the local network of performance agreements could negatively affect the negotiation processes for the establishment of performance agreements (Aedes, personal communication, 25 May 2018). According to Aedes, in general municipalities understand the importance of involving housing association in the process of establishing local housing policy. However, according to a representative

of the Woonbond, the involvement of tenants in this process is less common (Woonbond, personal communication, 9 May 2018; Aedes, personal communication, 25 May 2018).

In general most municipalities attach great importance to the social housing stock in their municipalities. After all, social housing policy deals with the housing possibilities for their residents with the lowest incomes or with special housing demands. Housing associations are important cooperation partners in this field, due to their legal duty to provide affordable housing for low-income households. Although there are shared responsibilities such as the execution of housing policy, housing associations and municipalities are considered also very different organisations, each with their own responsibilities and (conflicting) interests. Regarding the implementation of housing policy and therefore the establishment of performance agreements for local housing policy, shared goals should be identified but simultaneously the differences in interests and responsibilities should be taken into account to create a cooperative relationship (Van Kessel, Scheele-Goedhart, & Wever, 2017).

Power and resources:

The local governments in the Netherlands currently face multiple developments and challenges in the field of housing and spatial development, as is described in chapter two of this study: pressure on the housing market, housing challenges due to demographic change, need to improve the energetic quality of housing stock, affordability of housing, accommodation for refugees etc. But moreover, due to the introduction of the revised Housing Act, several new challenges and responsibilities are faced by municipalities. These developments require new knowledge and skills from council officials and alderman working on housing policy (VNG, n.d.). Before the performance agreements obtained a legal status, especially in larger municipalities these agreements between the municipality and housing associations regarding local housing policy already have been established. The process of the establishment of performance agreements but moreover the creation of a local housing policy is especially for small municipalities a new exercise (Platform 31, 2017).

According to representatives of Aedes and Woonbond, in municipalities where the establishment of performance agreements is a new exercise, the housing associations are generally the leading actor in the process of the establishment of local performance agreements for housing policy. Since, housing associations often have a distinct understanding of the local and wider regional housing market and the challenges which are at stake (Woonbond; personal communication, 9 May 2018; Aedes, personal communication, 25 May 2018). The exact effect of this aspect on achieving the full potential of the policy instrument of performance agreements is not clear and should be further assessed. Nevertheless, the lack of knowledge by alderman and council officers regarding proper formulation and implementation of housing policy, and moreover a reduced negotiation capacity among these actors, might be a threat in achieving the full potential of the policy instrument of performance agreements: *linking the investment capacity of housing associations with the local housing objectives by means of releasing funds by these organisations for social benefits*. A lack of knowledge regarding housing policy might for example result in a housing policy which either lacks direction, is not specific enough or is dated. Such a housing policy might result in unspecific performance agreements (VNG, 2017).

In addition, according to VNG and Aedes, little priority has been given by municipalities to housing policy in recent years. This could have a negative effect on the process of performance agreements for local housing policy, since the municipality should be capable of fulfilling its prescribed role (Housing Act) (VNG, personal communication, 8 May 2018; Aedes, personal communication, 25 May 2018). Moreover, as further mentioned by the respondents, recent decentralisation of policy from the central government to the local government, such as social support (Social Support Law), has asked

a great deal of municipalities. This has resulted in a clear-cutting of civil sergeants and therefore less priority has been given to local housing policy (Aedes, personal communication, 25 may 2018).

Aside from the new responsibilities faced by municipalities with regard to local housing policy, the municipality has however some instruments at its disposal to ensure the local housing objectives, as described in the local housing policy, will be translated into actions. The revised Housing Act, the Land Exploitation Law (*wet grond exploitatie*) and the Spatial Development Law and the Accommodation law (*Huisvestingswet*) provide the legal framework in which the steering possibilities of the municipalities are prescribed. In addition, the municipality has financial instruments at its disposal to ensure the local housing objectives described in the local housing policy will be achieved such as land prices and starter loans. Nevertheless, the municipality should make very clear in its housing policy for which purpose and how these different instruments are being used (Ministerie van Binnenlandse Zaken et al., 2015).

With regard to the interaction process of performance agreements between the municipality, housing association and tenants' organisation, the revised Housing Act, Decision Authorised Institutions social housing (*Besluit toegelaten instellingen volkshuisvesting*) and the Accommodation Law (*Huisvestingswet*) provide the legal framework in which is prescribed which legal instruments the municipality has at its disposal to enforce housing associations to contribute to the local housing objectives and make sure the (social) housing objectives will be achieved (Ministerie van Binnenlandse Zaken et al., 2015):

First, in order to assess to what extent the housing association could contribute to the realisation of local housing objectives, the housing associations should provide the municipality with detailed information regarding their operations, this is formalised in Article 36 of the *Besluit toegelaten instellingen* (Art. 36 Besluit toegelaten instellingen 2015, 2015). In Article 44b (1) of the revised Housing Act is formalised that the municipality will annually be provided with an indication of the investment capacity of the housing association by the minister responsible for housing policy (Art. 44 Woningwet, 2018). This so-called *Indicative Spending Limit Housing Associations (IBW)* provides an indication of the maximum amount a housing association can borrow for additional construction of dwellings, renovation and rent moderation. Hence, this is deemed extra to what the housing association already has reserved for planned activities (building and renovations projects) and rental policy.

According to Aedes, this financial information provided by the WSW and Minister is difficult to grasp by municipal alderman and council officers. Aedes indicates that this information is hard to assess for both municipalities and tenants' organisations, since this figure is subjected to a lot of assumptions, which are not reflected in this single number. As mentioned before, the amount of money involved in housing associations is substantial, however this money is primarily locked-up in bricks and therefore not liquid and can therefore not be invested. According to Aedes this financial information which is provided to both the municipality and tenants' organisation leads to misleading discussions in which housing associations must defend themselves and this hampers the decision-making process of performance agreements (Aedes, personal communication, 25 may 2018).

Other municipal resources which could be helpful in the decision-making process of performance agreements for local housing policy are prescribed in the "Accommodation Law" (*Huisvestingswet*). By means of the "Accommodation Law" (*Huisvestingswet*), the municipality could enforce prioritisation of certain target groups, for which accommodation options within the municipality are scarce. This law offers the municipality with instruments for the distribution of housing and the composition of the housing stock (Ministerie van Binnenlandse Zaken et al., 2015). If a municipality wants to make performance agreements about the prioritisation of certain groups for social housing, then a housing regulation (*huisvestingsverordening*) on the basis of the

“Accommodation Law” is necessary (Rijksoverheid, 2017). This instrument has been used on a large scale by the accommodation of refugees from Syria in the previous years. These refugees obtained therefore a priority status on the waiting list of local housing associations.

Municipalities have moreover financial resources at their disposal such as land prices and starter loans, which come in handy in the establishment process of local performance agreements for social housing policy, since they have something to offer to the housing associations.

Aside from legal resources, mutual understanding and relationships based on trust between the involved actors in the local network of the establishment of performance agreements is considered very helpful. Since, a lack of mutual trust could have negative effects for the establishment of these local agreements (Aedes, personal communication, 25 may 2018). Previous cooperative relationships with both housing associations and tenants’ organisations could help to speed up the decision-making process for the realisation of performance agreements. However, staff turnover might be a threat for the continuity of the cooperation (Severijn, 2013; Hoppe, 2009).

Most important barriers for a good result of the interaction process of performance agreements:

1. The lack of knowledge in formulating proper housing policy; housing objectives need to be up to date, explicit, specific and, if possible quantifiable
2. The lack of knowledge in grasping investment capacity information of housing association.
3. A relationship between municipality and housing association based on mutual distrust rather than a relationship based on trust and transparency

5.3.2 *Housing Association*

Housing associations in the Netherlands are responsible for building and managing regulated rental dwellings. There are about three million rental dwellings in the Netherlands, for which 75% is owned by housing associations (CBS, 2016). Housing associations in the Netherlands already have played an important role in the provision of affordable housing for low-income households since 1850. Social rental dwellings or regulated rental dwellings are rental dwellings for which a maximum price can be asked; these limits are set by the government and are reviewed annually. Social housing is distinguished from private housing, since rents are set below market level and dwellings are allocated according to need rather than willingness and ability to pay. People for example have to satisfy income requirements to be eligible for such housing (Berry, 2012). The rules for the allocation of social housing are set by the central government (Rijksoverheid, n.d. c). Housing associations are subjected to the rules and regulations prescribed in the Housing Act. By means of the revised Housing Act 2015 the government provides the housing associations with stricter boundaries and rules. In this revised Housing Act, in article 19, is prescribed that housing associations can only be determined as authorised institutions according the Housing Act, when they aim to fully work in the interest of public housing and moreover aim to use their financial resources exclusively for social housing purposes (Art. 19, Woningwet, 2018). Hence, the revised Housing Act sets stricter rules regarding the responsibilities, position and role of housing associations.

Cognitions:

Due to the introduction of the revised Housing Act, the housing associations have to comply with stricter rules. Under this law, the performance agreements between the municipality, housing association and tenants’ organisation have obtained a legal status. Housing associations are therefore obliged to make agreements regarding local housing policy with the municipality and tenants’ organisation, subjected to the condition that the municipality has created an up to date local housing

policy. The legal status of the local performance agreements can therefore be considered as a big stick for the establishment of these local agreements regarding housing policy between the municipality, housing associations and tenants' organisations. However, that does not mean that housing associations are only involved in this process because it is mandatory. Many housing associations are willing to make these agreements with the municipality regarding their contribution to the local housing objectives on a voluntary basis.

Motivation:

Housing associations have different motives to contribute to the local (social) housing objectives. First of all, as described in the former section: the legal base of the performance agreements can be considered as a big stick. Nevertheless, the rationale behind the policy instrument of performance agreement is to collectively find solutions for the (social) housing challenges faced at the local level for social benefit. Many housing associations are however aware of their responsibility; ensure affordable and qualitative housing for low-income households and other social tasks such habitability of the living environment. Therefore, it is considered that they are, in most cases, aware of the need to voluntarily contribute the (social) housing objectives as prescribed by the municipality in the local housing policy. This is moreover shown by the success rate of the number of performance agreements before these agreements obtained a legal basis. In 2013, already 36% of the housing associations made agreements with local governments regarding their contribution to the social housing objectives. That does however not mean that in all other cases, housing associations were not willing to establish such agreements. Smaller municipalities for example might not have felt the need to establish such agreements or they lacked the expertise making suitable housing policy (Platform 31, 2017). This is moreover dependent on the culture of cooperation between the municipality and housing association. Some municipalities appreciate it if housing association take the lead in the execution of social housing policy and the associated decision-making process of performance agreements for local housing policy (VNG, personal communication, 8 May 2018). However, in 2016/2017, after the performance agreements obtained a legal status, in 92% of all municipalities performance agreements for local housing were established and 86% of the total number of housing associations established performance agreements with municipalities (ECN, 2018).

The motivation of the housing association to release funds for local housing objectives, can moreover be dependent on the director of the organisation and the policy objectives this director seeks to achieve. Currently, sustainability and more specific the energetic quality of the housing stock is considered an important objective. A director of a housing associations who sets great store by an improved energetic quality of the housing stock, will probably easier release funds for performance agreements which contribute to this objective (Woonbond, personal communication, 9 May 2018; Hoppe, 2009).

The motivation of the housing associations to constructively cooperate in de local network of performance agreements and thereby contribute to the local housing objectives is moreover dependent on the concreteness of the local housing policy. If the housing policy lack direction or is out-dated, it will be hard for housing associations to formulate a proper offer, which is in line with the housing policy (VNG, 2017). This is also reflected by Aedes. Problems are being experienced by housing associations with the topicality of the local housing policy in several municipalities. According to housing associations active in these municipalities, the local housing policy documents are dated and do often not reflect the current housing issues at stake. This hinders the establishment of performance agreements (Aedes, personal communication, 25 May 2018).

The motivation of the housing association to make performance agreements together with the municipality and tenants' organisation is moreover dependent on the relation between these parties.

Mistrust can be a factor, which could seriously hamper the process of decision-making of performance agreements regarding (social) housing objectives (Severijn, 2013).

Power & Resources:

The investing capacity of the housing association can be considered as the most important requirement for releasing funds by these organisations for the execution of local housing policy. The financial frameworks of the housing associations largely determine the financial capabilities of a municipality regarding the performance agreements for local housing policy (Aedes, personal communication, 25 May 2018). Both the municipalities and tenants' organisations benefit from a housing association which has sufficient financial resources and that is allowed to implement a broad remit (VNG, personal communication, 8 May 2018; Aedes, personal communication, 25 May 2018).

The investing capacity of the housing association determines to what extent the housing association is capable to contribute to local housing challenges at stake. The investing capacity of housing associations regarding the performance agreements is determined by the "*Indicative Spending Limit Housing Association*". This so-called *Indicative Spending Limit Housing Associations* provides an indication of the maximum amount a housing association can borrow for additional construction of dwellings, renovation and rent moderation. Hence, this is deemed extra to what the housing associations already have reserved for planned activities (building and renovations projects) and rental policy. This investing capacity varies a lot per housing association. Generally, the investing capacity of bigger housing associations are larger compared to smaller housing associations (<5.000 dwellings). The investing capacity also varies a lot between regions. According to the sector analysis, conducted by the Authority Housing Associations, the investing capacity of housing associations in the region Rotterdam-Haaglanden, Amsterdam, Limburg and West-Brabant is determined worse compared to the national average (Autoriteit woningcorporaties-Inspectie Leefomgeving en Transport, 2018). However, this needs to be a bit more nuanced. As mentioned before, the amount of money involved in housing associations is substantial, however this money is primarily locked-up in bricks and not liquid, this money can therefore not directly be used for investments. When housing associations make large investments, this often goes hand in hand with the sale of existing rental dwellings (Hoppe, 2009). As mentioned earlier, in the actor description of the municipality, the financial information provided by the minister could disorder the decision-making process for the establishment of performance agreements, since it is difficult for both municipalities and tenants' organisations to grasp this financial information and to assess the consequences for large investments or rent moderation. Money can be spent only once.

In addition, the landlord levy is by the umbrella organisations of the VNG, Aedes and the Woonbond considered as a major obstacle in the process of performance agreements. This landlord levy has to be paid by landlords who own more than 10 regulated rental dwellings. The height of the levy is based on the total value of the social housing stock owned by the housing association. The height of the levy has in 2017 risen to €1,7 billion and means a big loss for the investing capacity for housing associations (Aedes, VNG, Woonbond, 2016). In 2018 the total amount of the landlord levy will rise to €2,06 billion. Additional to the landlord levy, the central government has changed the rules regarding corporate tax income. The new government, in charge since 15 March 2017, wants to improve the business climate for organisations, by reducing corporate tax from 25 to 21 percent. As a result, the central government will miss 3 billion euros worth of corporate income tax. This loss of tax revenues tries the central government to compensate by limiting the possibility of interest deduction. These are measures which significantly affect the investment capacity of housing associations. According to Aedes, will these measures cost housing associations €300-€400 million (Aedes, 2017).

Another barrier, which is linked to the investment capacity of housing associations, is the operation area of housing associations. The operation area of many housing associations does not stop

at the borders of the municipality. These housing associations, in essence, have to contribute to the local housing policies of all these municipalities. Regarding the establishing of local performance agreements for housing policy, this can be considered a problem in municipalities where housing associations are active in multiple municipalities. These housing associations have to divide their financial means over multiple municipalities or they can choose to prioritise one municipality over another regarding the extent they are willing to contribute (Severijn, 2013). According to the VNG, indeed problems are being experienced with housing associations which are active in multiple municipalities and therefore have to allocate their resources over these different municipalities. (VNG, personal communication, 8 May 2018).

Most important barriers for a good result of the interaction process of performance agreements:

1. Insufficient investment capacity to release funds for solving local housing challenges for social benefit.
2. Housing associations that operate in multiple municipalities.
3. A relationship between municipality and housing association based on mutual distrust rather than a relationship based on trust and transparency.

5.3.3 Tenants' organisation

The tenants' organisation is the third actor involved in the interaction process for the establishment of local performance agreements regarding (social) housing policy. Since the revised Housing Act has been in force, the involvement of tenants in the process of local performance agreements has obtained a legal status. The involvement of tenants in this process is seeking to strengthen the accountability towards the users of regulated rental. Hence, by involving the tenants' organisations more into the management of the housing associations but also by the establishment of the local housing policy it is assumed that the social legitimacy is increased (Terlingen, 2016; Ministerie van Binnenlandse Zaken et al., 2015). Tenants of the regulated dwellings are directly influenced by the (policy) choices of the housing associations and the results of the performance agreements regarding social housing. Measures such as rent moderation, improving the energetic quality of the housing stock and an adjustment of the number of regulated dwellings in a municipality directly affect the tenants.

Cognitions:

Since tenants are directly influenced by the choices of the housing association and the measures these organisations apply, they, in general, will be concerned with the content of the local performance agreements regarding social housing policy. However, the tenants of the regulated rental dwellings are generally households with a low income and the large part of these tenants will prioritise their own daily concerns over the strategic policy choices of the housing association, such as renovation projects, composition of social housing stock and rent moderation (Terlingen, 2016; Hoppe, 2009). However, it must be realised that there are tenants who actually are concerned with these issues. These tenants for example can join the existing tenants' organisation or can set up such a tenants' organisation when one does not exist. Tenants' organisations have an important task, namely representing and fighting for the interests of the tenants and thereby encouraging housing associations to release funding for important social housing objectives at the local level.

Motivation:

Tenants have several motives to be involved in the process of performance agreements. In the first place, tenants will be affected by the agreements made at the local level regarding social housing. During the interaction process of performance agreements, different topics will be addressed such as the availability and affordability of regulated rental dwellings, new building projects, accommodation

of certain target groups and (energetic) quality of the social housing stock. According to the umbrella organisations of Woonbond, Aedes and VNG, the involvement of tenants in the process of performance agreements ensured that topics like availability and affordability of the social housing stock and habitability of the living environment have occupied an important place in the decision-making process of performance agreements for local housing policy. Where before, the decision-making process of performance agreements was merely about strategic decisions such as real estate investments and developments. The involvement of tenants therefore has ensured that topics like habitability of the living environment are to a greater extent embedded in this decision-making process (Aedes, personal communication, 25 May 2018; Woonbond, personal communication, 9 May 2018; VNG, personal communication 8 May 2018).

However, there is also a threat associated with the involvement of tenants in the interaction process of local performance agreements, which is related to their motivation. Tenants, namely in particular benefit the most when their cost of housing are as low as possible. Therefore, topics like availability and affordability of regulated rental dwellings will be more important to them than for example the (energetic) quality of the dwelling. The social rental sector in the Netherlands is noted for the lack of supply of social rental dwellings and this has resulted in significant waiting lists. Since the supply of social housing in many regions in the Netherlands is limited, tenants settle for less (energetic) quality. In addition, in comparison with private homeowners, tenants attach a lower degree of importance to the quality and therefore the maintenance of their homes. The dwelling is not their property and therefore the long-term perspective is often lacking (Hoppe, 2009). This could be an obstacle in the process of performance agreements for realising the central government priorities, such as improving the energetic quality of the social housing stock. However, according the Woonbond, the tenants currently better understand the importance of improving the energetic quality of the social rental stock (Woonbond, personal communication, 9 May 2018). Costs for energy namely determine to a large extent the cost of housing. Improving the energetic quality of life will thereby indirectly reduce the energy cost of housing (ECN, 2017).

Power & Resources:

Tenants' organisations have less power and resources at their disposal to steer housing associations in a desired direction and to release funds from these organisations for social housing objectives compared to the municipality in the decision-making process of local performance agreements. The municipality could for example determine land prices and has the responsibility to establish the local housing policy, which should form the basis of the decision-making process for local performance. Nevertheless, the responsibility and power of tenants' organisations has been increased significantly since the introduction of the revised Housing Act. The rights of the tenants' organisations are prescribed in the Law Consultation Tenants-Landlord (Wet Overleg Huurders Verhuurders). Herein is amongst other things prescribed that tenants' organisations have the right to information and the right to consultation. Regarding the process of local performance agreements, tenants' organisations have for example the legal right to complete information of the housing associations, just as the municipality. Housing associations are moreover obliged to involve these tenants' organisations for the establishment of an offer concerning their contribution to the local housing policy of the municipality. Tenants have the right of consultation regarding the content of this offer (Art. 43 Woningwet, 2018).

Moreover, the housing association should invite the tenants' organisation for the start of the negotiation process for the establishment of performance agreements regarding (social) housing objectives. It is then up to the tenants' organisation whether they accept this invitation or not (Art. 44 Woningwet, 2018).

In addition, in order to assess to what extent the housing association could contribute to the realisation of local housing objectives, the housing associations should provide the tenants' organisation with financial information, this is formalised in Article 19 of the *regeling toegelaten instellingen volkshuisvesting* (Art. Regeling toegelaten instellingen volkshuisvesting 2015, 2015).

Although the revised Housing Act has provided the tenants' organisations with additional rights, these tenants' organisations are also faced with new responsibilities and challenges as a result of this revised Housing Act.

According to the revised Housing Act, tenants' organisations should preferably be a full member in this decision-making process of local performance agreements. This responsibility implies that tenants' organisations should be able to assess the investing capacity of housing associations and thereby have a sound knowledge of strategic housing policy. However, the involvement in this decision-making process is for many tenants' organisations a new exercise and thereby is the board of a tenants' organisation dependent on volunteers (Terlingen, 2016). These new responsibilities require additional knowledge, time and skills of board members of these tenants' organisations. The lack of knowledge about strategic housing policy and a reduced negotiation capacity and financial know-how among these board members might be a threat in achieving the full potential of the policy instrument of local performance agreements. In this case: strengthen the accountability towards the users of regulated rental dwellings to increase to social legitimacy of housing associations. If the tenants' organisations lack expertise in these fields, the social legitimacy in the established local performance agreements might be at risk. In practice, the lack of knowledge about strategic housing policy and a reduced negotiation capacity and financial know-how among the board members of the tenants' organisations is regarded as problematic.

According to Aedes, multiple housing associations have indicated that, tenants' organisations experiencing difficulty in assessing the financial implications of their stances in the interaction process between housing associations, the municipality and tenants. A desired measure for tenants, executed by the housing associations such as rent moderation could have major consequences for the association's investing capacity in other fields (improving energetic quality), since rent moderation means less income (Aedes, personal communication, 25 May 2018). Moreover, it is experienced that board members of tenants' organisations face difficulty in understanding complex official documents (Aedes, personal communication, 25 May 2018; Woonbond, personal communication, 9 May 2018; VNG, personal communication, 8 May 2018).

In order to address these concerns *the Law on Consultation Tenants-Landlords* has been expanded. In this law is prescribed that tenants organisations are entitled to have additional support and training for these new tasks, this should be financed by the housing association. It is thereby considered that the municipality also has an interest in a well-functioning tenants organisation, and therefore is willing to facilitate these tenants as well (Terlingen, 2016).

Another important aspect related to tenants' organisations and the social legitimacy in social housing, is the accountability towards the tenants' organisations' constituency. The board members of the tenants' organisations represent all the other tenants and therefore have the mandate on behalf of all these tenants. Therefore, it is important that these board members consult those they represent on matters these tenants are facing. However, the target group of housing associations is changing, partly because of changing policy (focus on DAEB, income limits etc.). There are more vulnerable groups (which are difficult to approach) and new groups (as young people) that should be approached in a different way. Disinterest among these tenants can then be another complicating factor for the tenants' organisations. Tenants organisations therefore have to actively find out what kind of issues are at stake by those they represent (Terlingen, 2016).

Moreover related to the changing target group of housing association is the threat of not finding suitable board members. Due to the government policy the target group of housing association is restricted to households with a maximum income of € 41.056. These households have often low educational levels and will, in all likelihood, prioritise their own daily concerns over a board membership at the tenants' organisations. This might hinder the composition of a full board (Woonbond, personal communication, 9 May 2018).

Nevertheless, in general it is assumed that tenants' organisations have a good view on the issues faced by the tenants regarding their situation and the living environment they live in. This information could be crucial for the establishment of the social housing objectives that need to be achieved. Since, these tenants' organisations could ensure that topics like habitability and rent levels will be put on the agenda of the decision-making process of local performance agreements. Moreover, these organisations could encourage the housing associations to release funds to solve these social housing challenges.

Most important barriers for a good result of the interaction process of performance agreements:

1. Lack of knowledge about strategic housing policy, financial know-how and reduced strategic negotiation capacity.
2. Short-term perspective leading in setting social housing objectives.
3. Difficulty to organise tenant's representation.

5.4 Conclusion

Within this chapter the theoretical framework of the Contextual Interaction Theory has been used to analyse the national governance context of the policy instrument of performance agreements and the actors involved in the negotiation process for the establishment of performance agreements. These insights are derived from interviews with experts and national literature from research institutes focussing on the revised Housing Act and the policy instrument of local performance agreements for housing policy. Moreover, legal acts have been explored for the creation of this analytical framework.

Within the context analysis is reflected that the negotiation process of the performance agreements regarding local housing policy is subjected to multiple things.

First of all, the revised Housing Act and the associated regulation changes, impose a big pressure on the negotiation process. The (local) government is dependent on external organisations for the execution of the desired housing policy. Since the performance agreements obtained a legal status, the central government tries to facilitate and improve the co-creation of local housing policy by means of rules and support instruments. However, also the other components of the revised Housing Act influence the interaction process for the establishment of performance agreements and the co-creation of housing policy. The local performance agreements for social housing policy seek to create tailor-made housing solutions on the local level for social benefit. As mentioned in chapter 4: There is a large variation in the kind of problems faced by different municipalities regarding housing. Small municipalities face for example different challenges compared to large municipalities and moreover municipalities in the Randstad face different problems than rural communities. However, the revised Housing Act could hamper the creation of these tailor-made housing solutions. The Housing Act provides rules for the scope of action for housing associations, therein is prescribed that housing association should emphasis on their core task: the provision of housing for low income households. However, within municipalities where market players do not take up the responsibility of building important facilities, the Housing Act could stand in the way of its goal. This is moreover reflected by representatives of Aedes and VNG. It will also be of benefit to municipalities, when housing

associations could take up a broad remit and when the housing associations are not being restricted on their investment capacity via landlord levies and tax measures. Moreover, according to the Housing Act, housing associations could only invest a maximum amount per housing unit for habitability of a living area. This amount can be increased in consultation with the partners of the local network and subsequently should be established in these local performance agreements for social housing policy. However, in advance should then be determined which amount per housing unit is realistic for improving habitability in a living area. According to the representatives of Aedes and VNG should investing in habitability be considered a social task. Representatives Of Aedes and VNG wonder whether these strict rules prescribed in the Housing Act stand in the way the objectives (Aedes, personal communication, 25 may 2018; VNG, personal communication, 8 May 2018).

From the actor analysis can be derived that especially due to the introduction of the revised Housing Act municipalities, housing associations and tenants’ organizations are faced with new responsibilities. These new tasks and responsibilities require additional knowledge from especially the municipality and tenants’ organisations. A possible lack of capabilities, which is needed for these new responsibilities, might hamper the process of performance agreements.

However, previous cooperative relationships can be beneficial to the outcome of future negotiation processes also for the establishment of performance agreements between the municipality, housing associations and tenants’ organisations and for the co-creation of (social) housing policy.

The information acquired in this section, has resulted in an overview of barriers which could negatively affect the co-creation of local housing policy and the establishment of performance agreements for local housing policy, as shown in table 5.1. Opportunities to counteract these barriers will provided in chapter 7, where the results of this chapter and the following chapter will be combined to arrive at recommendations to improve the interaction process between a municipalities, housing associations and tenants’ organisations regarding the establishment of performance agreements for housing policy.

Table 5.1: overview of national governance context actor characteristic barriers which could negatively affect the establishment of performance agreements for local housing policy.

Barriers
<u>National Governance Context</u>
1. Strict legal rules regarding remit of housing associations could stand in the way of the establishment of tailor-made local performance agreements and co-creation of local housing policy.
2. Central governance measures such as landlord levy and tax measures negatively affect the investment capacity of the housing associations.
<u>Actor Characteristics</u>
1. Lack of expertise by municipality in establishing a clear and up to date housing policy and grasping investment capacity of housing associations
2. Housing associations who operate in multiple municipalities and have to allocate their resources accordingly.

3. Lack of knowledge by tenants about strategic housing policy, financial know-how, strategic negotiating.
4. Difficulty in organising tenants' representation.
5. Relationships between network actors which are based on mutual mistrust.

In the next section the proceedings of the decision-making processes which have led to the establishment of local performance agreements for housing in Rotterdam, Zoetermeer and Bodegraven-Reeuwijk will be described. Moreover, will be assessed which factors in these processes positively or negatively affect a successful establishment of local performance agreements between municipalities, housing associations and tenants' organisations.

6. THE ESTABLISHMENT OF LOCAL PERFORMANCE AGREEMENTS IN THREE MUNICIPALITIES

6.1 Introduction

In this section the development of the interaction processes with regard to the establishment of performance agreements for (social) housing policy in the municipality of Rotterdam, Zoetermeer and Bodegraven-Reeuwijk will be described and analysed. These processes will be analysed by means of the Contextual Interaction Theory and the Governance Assessment Tool. The Governance Assessment tool is rooted in this theory and helps to assess the governance regime which is in place. Thereby it is assumed that this governance regime impacts the actors involved in the establishment of performance agreements and therefore the implementation process of the policy instrument of performance agreements in the light of the revised housing act (Bressers et al., 2016).

The information required to analyse and reflect on these processes is mainly obtained via in-depth interviews with actors involved in these local negotiation-processes. Moreover, additional documents provided by these respondents such as, background information regarding the structure of the negotiation processes are used to describe these processes.

Before the development of the negotiations in these municipalities will be described, the specific context of the cases will be provided. These context descriptions include the geographic context, economic position of the municipality and the local political context.

The specific time frame chosen to analyse, is: July 2015, when the revised Housing Act was introduced until March 2018, when the most recent municipal council elections have taken place. As explained in the previous chapter, it is thereby assumed that the political context influences the interaction processes for the establishment of local performance agreements in multiple ways. Political processes, such as council elections, coalition negotiations and new coalition agreements often involve a renewal of a municipal vision regarding (social) housing policy. Therefore is chosen for this specific time frame.

In the chosen time frame in all cases at least two full cycles of negotiations regarding the establishment of performance agreements for (social) housing policy have taken place. The first set of agreements was derived in 2016 the other in 2017.

The local interaction processes, which have led to these sets of performance agreements for housing policy will be discussed in this chapter starting with the conduct of these processes in Bodegraven-Reeuwijk, after which the case Zoetermeer will be provided and subsequently the Rotterdam case. It has to be noted that the process for the establishing of these local performance agreements is a cyclic process. The municipality, housing associations and tenants' organisations regularly meet in this context, which may lead to adjustments to the agreements made. The establishment of performance agreements according to the revised Housing Act is for many municipalities is a new exercise. The preliminary procedures for the establishment of these agreements, such as the creation of a local housing policy, are also taken into account for this study. Since it is suggested that these preliminary procedures also affect the negotiation processes for the establishment of local performance agreements for (social) housing policy.

6.2 The establishment of performance agreements in Bodegraven-Reeuwijk

6.2.1 Case specific contextual factors for the establishment of performance agreements

Municipality of Bodegraven-Reeuwijk: centrally located in the Green Heart and the Randstad

The municipality of Bodegraven-Reeuwijk was established in 2011 by a merger of the municipalities of Bodegraven and Reeuwijk and counts 33.966 inhabitants (1-1-2018). The almost 34.000 inhabitants are spread over two larger villages, Bodegraven and Reeuwijk, and multiple smaller villages, including Driebruggen, De Meije, Hogebrug, Nieuwebrug, Sluipwijk, Tempel en Waarder.

The municipality of Bodegraven-Reeuwijk is situated in the province of South-Holland. The municipality is centrally located in “The Green Heart”, an area of wet meadows and marshland, as well as in the Randstad. Bodegraven-Reeuwijk is located in vicinity of larger cities such as Gouda, Alphen aan de Rijn and Woerden, but also in vicinity of Utrecht, The Hague and Leiden (Gemeente Bodegraven-Reeuwijk, 2014).

Local economic context regarding housing policy

The economic recession in earlier years, has negatively affected the financial position of the municipality of Bodegraven-Reeuwijk. The debt position of the municipality has required a decisive financial policy, the municipality needed to be restraint on its expenditure. Especially revenue from new housing development had been decreased significantly, since construction projects have been delayed or abandoned in recent years (Bodegraven-Reeuwijk, 2018).

However, the national economy has improved and this also has affected the building production perspectives in Bodegraven-Reeuwijk. The municipality tries to bring the building production back on track in order to strengthen the financial position of the municipality (Bodegraven-Reeuwijk, 2018). The impact of the financial position of the municipality on the negotiation process for establishing performance agreements was not often referred to by the involved actors during the interviews.

Figures regarding the investment capacity of housing associations in Bodegraven show that these housing associations have adequate resources to invest, this is also reflected during the interviews (Ministerie van Binnenlandse Zaken en koninkrijksrelaties, 2018). These housing associations are, in general, favourably inclined to invest their resources for social benefit. This aspect helped during the establishment of the local performance agreements for housing policy.

Political context

In the period July 2015- March 2018 the distribution of seats in the municipal council of Bodegraven-Reeuwijk was as follows, as shown in table 6.1.

Table 6.1: Results municipal council election 2014

<u>Political Parties</u>	<u>Number of seats in council</u>
	<u>2014</u>
VVD	3
CDA	4
Burgerbelangen Bodegraven-Reeuwijk	7
SGP	3
ChristenUnie	2
GroenLinks	2
D66	2
PvdA	1
<u>Total</u>	23

In the coalition agreement 2014-2018 the coalition reflects on its dependent position with regard to policy implementation. According to the city council 2014-2018, is the collaboration with civil society organisations, companies and other municipalities necessary to carry out the large number of tasks. Collaboration, but also good management of outsourced tasks, is of increased importance according to this city council (Gemeente Bodegraven-Reeuwijk, 2014).

Local political context regarding local housing policy

For the establishment of local performance agreements the local political view regarding housing is relevant. The political view regarding housing is generally reflected in a local housing policy. After the merger in 2011, the municipality of Bodegraven-Reeuwijk had not created an official housing policy document.

However, the legal status of local performance agreements regarding (social) housing policy between municipalities, housing associations and tenants' organisations, was seen by the municipality of Bodegraven-Reeuwijk as an opportunity to create a municipal housing policy. The creation of a local housing policy was considered desired, since housing associations should according to the revised Housing Act, reasonably contribute to this local housing policy. The creation of a local housing policy was moreover desired according to the city council 2014-2018, because such a document could provide the framework for the housing policy in the municipality and could facilitate regional coordination and alignment of housing policy and housing projects. Therefore, in 2015 a local housing policy was created (Gemeente Bodegraven-Reeuwijk, 2015).

The creation of this local housing policy has been an important starting point for the establishment of local performance agreements for (social) housing policy, between the municipality Bodegraven-Reeuwijk, the two housing associations, "Woningbouwvereniging Reeuwijk" and "Mozaïek Wonen", and their tenants' organisations.

Previous format of establishing performance agreements for housing policy

Before local performance agreements regarding housing policy obtained a legal status in the revised Housing Act, such agreements were also established in Bodegraven-Reeuwijk as reflected by the respondents interviewed for the case Bodegraven-Reeuwijk.

There are however some differences between the previous form of establishing local performance agreements and its current form in Bodegraven-Reeuwijk. Firstly, a broader thematic content is being dealt with in this new form of establishing performance agreements. The current set of performance agreements does not only cover social housing development plans, but moreover emphasises on improving energetic quality of the housing stock and the topic of living and care of elderly people is covered. Another difference between the current and previous form of local performance agreements is that due to the absence of a municipal housing policy before 2015, the previous performance agreements were not based on policy. Moreover, the involvement of tenants is embedded in the current approach. A representative of the municipality has thereby stated that: *"The involvement of tenants is important to create a strong support structure for housing policy in the municipality"*.

6.2.2 Development of interaction processes for local performance agreements in Bodegraven-Reeuwijk

In this sub-section the conduct of the interaction process in Bodegraven-Reeuwijk regarding the establishment of local performance agreements for housing policy will be described in detail.

The establishment of local performance agreements for housing policy, according to the rules prescribed in the revised Housing Act, in Bodegraven-Reeuwijk has started by the creation of a local housing policy. The creation of this local housing policy document is being considered as an important starting point in creating a strong support structure for housing policy and the associated performance agreements. As already mentioned above, the local housing policy 2015-2020, is the first local housing policy of this municipality after the merger in 2011.

The local housing policy for the municipality of Bodegraven-Reeuwijk was established after a structured process of four steps which lasted from September 2014 to October 2015:

1. Plan of action
2. Deepening of content local housing policy: meetings with experts
3. Content connection conference
4. Formal decision-making process for establishing housing policy and associated Action Program

1. Plan of Action September:

In this plan of action the steps were outlined to arrive at a local housing policy and the related program for implementation for local housing policy (action program). The administrative officer responsible for (social) housing policy has been designated to create the local housing policy. For the establishment of that local housing policy document, this administrative officer was accompanied by two projects groups. In the first group, the directors of the two housing associations and relevant alderman of the municipality itself were present, this group was labelled as the “Bestuurlijke Projectgroep”. In the other group relevant employees of the two housing associations and the municipality were involved and was labelled “Ambtelijke Projectgroep”.

In the plan of action, the process steps to arrive at a local housing policy were indicated, as well as a first impression of the central housing policy themes, which the municipality wanted to address in its housing policy document. This plan of action was discussed with the political board of Bodegraven-Reeuwijk. Thereafter, this plan of action is submitted to the directors of the housing associations “Woningbouwvereniging Reeuwijk” and “Mozaïek Wonen”. These were requested to adjust and supplement the central housing policy themes for the local housing policy document. This has resulted in an adjusted version of the plan of action for the creation of a local housing policy. In October 2014 this plan of action has been finalised by the municipal executives and directors of the housing associations in a so-called administrative kick-off.

2. Deepening of content local housing policy

In this phase, five meetings were organised, each related to a specific theme of the desired housing policy. During these meetings different stakeholders were invited, depending on the theme that was discussed. Among them were employees of the municipality, employees of the involved housing associations, care facilities, real estate agents and interest groups such as tenants’ organisations. The central objective of these meetings was to reach concrete agreements about how to tackle the challenges indicated per housing policy theme together with these stakeholders. During these meetings these stakeholders shared their insights regarding the specific housing policy theme, proposed ideas and moreover indicated which activities they could take on. When it was not possible to reach concrete agreements in a specific meeting, follow-up meetings were planned. These meetings have brought the contours of the housing policy and the related action program, which formed the basis of the process of performance agreements.

3. Connection conference

On the basis of these contours, which were derived from the meetings with different stakeholders, the main features of the local housing policy document were subsequently formulated by representatives of the municipality Bodegraven-Reeuwijk and the housing associations Woningbouwvereniging Reeuwijk and Mozaïek Wonen. These main features were presented at a special conference, at which the stakeholders of all the theme meetings and council members were present.

4. Establishment of local housing policy document and action program

The administrative officer responsible for (social) housing policy was designated to create the local housing policy for Bodegraven-Reeuwijk. The results derived from the theme meetings and the housing policy conference have been used to establish the draft version of the local housing policy document for the municipality Bodegraven-Reeuwijk. This draft version is subsequently discussed with the project group: “Ambtelijke Projectgroep” in which relevant employees of the two housing associations and the municipality were involved.

The draft version of the official housing policy was moreover submitted to the participants of the theme meetings and to surrounding municipalities for the coordination and alignment of housing policy with the region. An additional component of this local housing policy is the Action Program, in which specifically is reflected which housing action is planned when and who (which party) takes on this action.

5. Establishing of performance agreements for social housing policy

Since the housing associations were closely involved in the creation of the local housing policy document, alongside this process negotiations were held concerning the establishment of performance agreements for local housing policy. As a result of the local housing policy, an overview was derived containing actions to be undertaken for the coming four years regarding (social) housing policy in the municipality Bodegraven-Reeuwijk. This so-called “*Action Program*” has been divided in annual parts. In which the annually priorities and actions regarding (social) housing policy were set. Based on these annual priorities the two housing associations provided an offer in which they defined how they could contribute to this.

5.1 Involvement of tenants in establishing offer:

The housing associations should negotiate with their tenants regarding the content of the offer, since these tenants have the right of consultation (Terlingen, 2016; Ministerie van Binnenlandse Zaken et al., 2015). The housing association interviewed for this study has declared that their tenants’ organisation has been consulted regarding the content of the housing association’s offer. Their tenants’ organisation has thereby made amendments to the text of the housing association’s offer.

5.2 Negotiation process of performance agreements:

In order to arrive at a clear and SMART set of performance agreements for (social) housing policy, negotiations meetings were organised with the earlier mentioned projects groups. The “Ambtelijke Projectgroep” was extended to include the representatives of the two tenants’ organisations.

Every six months a meeting is organised with the Ambtelijke Projectgroep” as well as the “Bestuurlijke Projectgroep”. During the “Autumn meetings” the annual priorities derived from the housing policy document and the associated Action-Program are being revised and problems are being discussed. During the “Spring” meetings the established performance agreements from last year are being monitored and discussed.

Since, the housing associations were strongly involved in the creation of the local housing policy and the associated Action-Program, the establishment of performance agreements was according to the respondents of the Bodegraven-Reeuwijk case a logical step and ran smoothly.

5.3 Provision of information to assess association's offer:

As mentioned before, both the municipality and the tenants' organisation should be provided with information regarding the investment capacity of the housing associations and moreover the housing association should provide insight in the scheduled plans and annual budgets. This information can be used to assess the housing association's offer.

According to the respondents for the Bodegraven-Reeuwijk case, this information is not used to assess the housing association's offer. The respondents state that first in sound consultation is determined what needs to be done in the municipality regarding housing policy. Subsequently, will the housing associations explore whether they are capable to execute these activities. The municipality has thereby stated: *"The mandatory information is provided by the housing associations but is not used; establishing the offer and the local performance agreements is mainly based on mutual trust"*.

5.4 Monitoring compliance of performance agreements for local housing policy

The established performance agreements are being monitored during the "Spring meetings". The compliance with the performance agreements is verified by means of a so called traffic light model. The agreements which are executed will be labelled green, the agreements in progress are labelled orange and the actions which not have been executed yet are being labelled red. The actions which are being labelled orange and red will be discussed during these meetings. Thereby will bottlenecks be discussed and agreed whether a specific action might be postponed. This traffic light model is, according to the respondents, used as a big stick, which ensures the agreements will actually be executed.

6.2.3 Assessment of Governance structure of establishment of performance agreements in Bodegraven-Reeuwijk

In this section the establishment of local performance agreements in Bodegraven-Reeuwijk will further be assessed by means of the Governance Assessment Tool (GAT). This tool helps to systematically describe the five dimension of governance: Levels & Scales, Actors & Network, Problem Perceptions & Goal Ambitions, Strategies & Instruments and Responsibilities & Resources. It is thereby considered that the governance context affects the key actor characteristics of those involved in the policy implementation process and therefore impact the progress and affect the implementation process. However, since this study seeks to provide a preliminary evaluation of a policy instrument, the local performance agreements for (social) housing policy, a complete in-depth assessment of the governance context is not considered very relevant. Therefore, the five dimensions of governance will only be assessed in broad terms and therefore will not be assessed in detail against the four criteria of the GAT (Extent, Coherence, Flexibility, Intensity). The framework used to assess the governance regime regarding local performance agreements can be found in appendix 1.

Levels & Scales:

The implementation of the policy instrument of performance agreements for social housing particularly focusses on the local (municipal) level. The national government is only involved in the implementation of this policy instrument via the Housing Act. In this Act the rules of the game regarding the instrument of local performance agreements for housing policy are provided. The instrument aims to facilitate the co-creation of local (social) housing policy. Therefore, the involvement of the central government is limited as much as possible. In Bodegraven-Reeuwijk this freedom, to

locally decide how to design the negotiation process and the content of the set of performance agreements was considered pleasant.

However, in Bodegraven-Reeuwijk other levels of governance have played a role in the establishment of local performance agreements for social housing policy. In the first place, in the municipality of Bodegraven-Reeuwijk importance is given to regional coordination of housing policy. The regional coordination of housing policy and performance agreements is not centrally regulated, but is, of course, to be recommended. The regional coordination of housing policy, of course, has affected the establishment of performance agreements on the municipal level, since these regional agreements form a starting point and framework for the agreements for (social) housing policy to be made on the local level.

In addition, on the municipal level itself multiple levels of governance are involved in the negotiation process of local performance agreements as described above. The two projects groups: “Bestuurlijke Projectgroep” and “Ambtelijke Projectgroep”, have played an important role in this case. The “Ambtelijke Projectgroep” forms the corner stone of the process in Bodegraven-Reeuwijk. In this project group the annual agreements are defined and agreements are monitored. In the “Bestuurlijke Projectgroep” the development of the negotiations is reported and possible bottlenecks are discussed. According to the respondents does this structure function properly. Both projects groups meet at least two times a year.

Actors and Networks:

In essence the policy instrument of local performance agreements for (social) housing policy seeks to facilitate the creation of (social) housing policy between the municipality, housing associations and tenants’ organisations. However, many other stakeholders are of course relevant for the creation and implementation of local housing policy, such as care facilities, real estate agents, private developers etc. The involvement of these remaining relevant stakeholders for the establishment of performance agreements is not legally binding, but is however recommended by the central government (Ministerie van Binnenlandse Zaken et al., 2015).

In the municipality of Bodegraven-Reeuwijk the involvement of other relevant stakeholders besides the local housing associations and tenants’ organisations is done by the establishment of the local housing policy. As reflected before, during meetings relevant stakeholders were invited to discuss how to tackle the challenges indicated per housing policy theme. During these meetings these stakeholders shared their insights regarding the specific housing policy theme, proposed ideas and moreover indicated which activities they could take on. In the Bodegraven-Reeuwijk case the creation of a local housing policy and the annual sets of performance agreements are strongly linked. The creation of the local housing policy in which many relevant stakeholders were involved has amongst others resulted in an Action Program for four years which could be divided in annual parts. Due to this structure the relevant stakeholders and their input, which are not involved in the negotiations for the establishment of local performance agreements, still indirectly affect sets of performance agreements.

What is illustrative for the Bodegraven-Reeuwijk case is the cooperative relationship between the housing associations and the municipality of Bodegraven-Reeuwijk. The relationship between the housing associations and the municipality is, according to the respondents, based on mutual trust. The revised Housing Act has provided, the municipality in particular, with additional possibilities to steer the housing associations in a desired direction. However, the representative of the municipality has stated the following: *“The municipality cannot simply demand things from the housing associations. They remain autonomous parties and we are dependent on each other: the municipality needs the housing associations to achieve the social housing goals and the housing associations, on the other hand, need the municipality for land.* According to the representative of the municipality of

Bodegraven-Reeuwijk will it be better if more attention is being paid to the relationships between the parties and a constructive way of establishing performance agreements with each other.

Problem Perspectives & Goal Ambitions

With regard to this perspective, the subject of the negotiations which lead to the establishment of local performance agreements for social housing policy is relevant. The housing act, apart from the central government priorities, does not prescribe how the local performance agreements are supposed to look. The substance of the set of performance agreements could be coordinated with the network actors (municipality, housing associations and tenants' organisations). This freedom is appreciated by the respondents of the Bodegraven-Reeuwijk case, since the performance agreements seek to obtain a co-creation of local housing policy. Every municipality faces different challenges regarding housing policy and therefore this freedom regarding the substance of the agreements is considered desirable.

In Bodegraven-Reeuwijk the creation of the local housing policy document has played an important role by determining the goal ambitions for social housing policy. By the creation of the local housing policy various stakeholders have been involved to arrive at a clear set of housing priorities which should be dealt with in the four years that followed. Since these housing priorities have been established in close coordination with relevant stakeholders, disagreement could be avoided at a later stage. Moreover, the municipality, housing associations and tenants' organisations meet several times a year. During the autumn meetings the annual priorities derived from the housing policy document and the associated Action-program are being revised and problems are being discussed.

Strategies & Instruments

The policy instrument of local performance agreements is an instrument which seeks to facilitate the establishment and co-creation of local (social) housing policy. For the creation and implementation of local (social) housing policy also other instruments are relevant, such as the local housing policy document, regional performance agreements regarding housing policy, the housing association's rent policy, licensing of developments and the local market assessment (Markttoets).

Other planning instruments involved in establishing of performance agreements

Especially the local housing policy document can be considered important for the establishment of performance agreements, since in this document, should form the basis of the local performance agreements. As noted before, in the municipality of Bodegraven-Reeuwijk a lot of effort has been put in the creation of this local housing policy document. Alongside the creation of this local housing policy an Action Program has been derived which formed the basis of the negotiations of the performance agreements in Bodegraven-Reeuwijk. The set of performance agreements almost directly emerged from the Action Program which was part of the local housing policy. In addition, due to the involvement of many stakeholders in the creation of this local housing policy, the local housing policy in Bodegraven-Reeuwijk has obtained a wide level of support. According to the representative of the municipality: *"It is positive that the local performance agreements for housing policy are linked to this local policy document, since choices could better be substantiated now"*.

Support policy instrument for establishing local performance agreements

The central government seeks to facilitate the process for establishing local performance agreements for social housing policy by providing rules of the game and support instruments such as negotiation process deadlines, provision of financial information and a dispute settlement body.

With regard to the process deadlines, the actors involved in the process in Bodegraven-Reeuwijk consider these deadlines tight. The respondents of the Bodegraven-Reeuwijk case rather like

a more flexible negotiation structure, concerning the deadlines, which could be adapted according to the needs of the municipality.

In addition, the instrument of the provision of detailed financial information and the possibility to referring disputes to the minister are according to one of the respondents of Bodegraven-Reeuwijk fictional instruments aiming at improving transparency and solving disputes: *“Parties are dependent on each other regarding local housing policy. If conflicts arise, this is only detrimental to the process. If everyone is constructive, this should not lead to escalations”*.

By means of these rules and support instruments the government seeks to facilitate the process for the establishment of performance agreements. There are however no requirements set to the substance of the set of performance agreements. This has in Bodegraven-Reeuwijk led to confusion. According to the representative of the municipality, it is not clear what the offer of the housing association should contain and whether can be deviated from this offer by establishing the final set of performance agreements.

Monitoring the performance agreements should be arranged by the local network parties and is not enforced by the central government. In Bodegraven-Reeuwijk the compliance with the performance agreements is verified by means of a so called traffic light model. According to the representatives of one of the tenants’ organisation do all actors in the process pay close attention whether agreements are actually being executed.

In Bodegraven-Reeuwijk the implementation of the policy instrument has not cause a lot of trouble. According to the respondents of the Bodegraven-Reeuwijk case, is the effect of the policy instrument of performance agreements, that social housing policy could now be considered as a co-creation between the municipality, housing associations and their tenants’ organisations. One of the respondents has stated: *“Without this instrument and the associated rules, the establishment of performance agreements would be more cumbersome. Now there is a solid process”*.

Responsibilities and Resources

This governance perspective is closely related to what is discussed in section 5.2 (Actor Description). The Housing Act can be considered the framework, which prescribes which responsibilities and resources are assigned to which actor for the establishment of local performance agreements. Housing associations and municipalities are often used to working together. However, the housing act has provided the municipalities with extra resources to steer the housing associations in a desired direction and moreover to improve the transparency of these organisations. Nevertheless, as stated before, these additional measures have been used as little as possible by the municipality of Bodegraven-Reeuwijk. According to the representative of the municipality should the establishment of performance agreements be based on mutual trust.

Although the municipality and housing associations were used to establish agreements regarding social housing policy, the involvement of tenants’ organisations in this process was new. It was therefore a question of finding the right way to involve the tenants in this process. According to the representative of the municipality could the tenants’ organisations not play a major role in the process for the establishment of local performance agreements: housing associations and the municipality are usually the parties that have to execute the agreements made. A Representative of the local housing associations has stated: *“The establishment of performance agreements is in particular a negotiation process between housing associations and the municipality.”* However, in the municipality of Bodegraven-Reeuwijk this has been solved by including themes in the local housing policy that are aimed at the tenants such as habitability of the living area and energy saving measures in the social housing stock. A representative of the housing association has stated the following according the role of the tenants’ organisations: *“The added value of the tenants’ organisations is that they are very keen on the practical implementation of the performance agreements and they moreover*

bring forward what is going on in society". Furthermore, the municipality of Bodegraven-Reeuwijk also considers their knowledge level and negotiation capacity sufficient to participate in the process. In addition, since three different parties are involved in this process, parties can form a block in favour or against specific issues.

All in all, the involvement of the tenants' associations in the municipality of Bodegraven-Reeuwijk is experienced as very positive. The involvement of tenants' in the process of performance agreements is new and therefore some time is needed to get used to the each other and to experience which responsibilities are assigned to whom and how resources could be used.

Final Assessment of governance regime regarding policy instrument of performance agreements in Bodegraven-Reeuwijk

In table 6.2 is shown how the quality of the governance regime for the implementation of the policy instrument of local performance agreements is assessed for Bodegraven-Reeuwijk. The majority of the dimensions for the Bodegraven Reeuwijk case is assessed green (high). However, the dimensions of Strategies & Instruments and Responsibilities & Resources are assessed orange (medium), which means that these governance dimensions might negatively affect the implementation of the instrument of local performance agreements for housing policy. In the first place, the dimension of Strategies & Instruments is assessed orange, since the instrument of performance agreements does not provide requirements or guidelines regarding the form and substance of the offer of the housing associations and the set of agreements itself. This has led to ambiguities in the negotiation process. However, this is due to the set-up of the instrument and is not specifically due to the set-up of the process in Bodegraven-Reeuwijk.

Moreover, the dimension of Responsibilities and Resources is assessed orange. Due to the current set-up of the process the role of the tenants' in the process is not totally clear yet and the instrument of additional financial information and the existence of dispute settlement body are according to the respondents of the Bodegraven-Reeuwijk case considered fictive instruments and therefore not used. But these supportive instruments are implemented by the government to ensure the full potential of the policy instrument can be achieved.

Table 6.2: assessment of Governance Regime by implementation of policy instrument of performance agreements in Bodegraven-Reeuwijk

<i>Governance dimensions</i>	Quality of governance regime by implementation of instrument of performance agreements in Bodegraven-Reeuwijk
Levels & Scales	
Actors & Networks	
Problem perspectives & Goal ambitions	
Strategies & Instruments	
Responsibilities & Resources	

6.2.4 Conclusion Bodegraven-Reeuwijk case

Hence, the implementation process regarding the establishment of local performance agreements for (social) housing policy in the municipality Bodegraven-Reeuwijk has according to the respondents ran smoothly and is considered satisfactory. The early involvement of stakeholders, such as housing

associations and care facilities in the process of the creation of local housing policy, has made an important contribution to the smooth development for the establishment of performance agreements between the municipality, housing associations and their tenants' organisations in a later stadium. During the creation of the local housing policy, the different housing priorities have been coordinated together with many stakeholders. This has prevented escalations in the negotiations process for the establishment of local performance agreements in a later stadium.

Moreover, the creation of an Action-Plan alongside the creation of the local housing policy has positively affected the negotiations for the establishment of performance agreements. In this Action-Program is already clearly stated which housing actions will be executed when and who will take on these specific actions. This action program is moreover coordinated with many stakeholders. This Action-Program has facilitated the establishment of the sets of performance agreements between housing associations, their tenants' organisations and the municipality in Bodegraven-Reeuwijk.

Another aspect which has resulted in a smooth negotiation process for the establishment of performance agreements and concise sets of performance agreements is the cooperative relationship between the municipality and the housing associations. The revised Housing Act prescribes that the housing association should provide the tenants' organisation and municipality with information regarding their financial position and their investment capacity. However, according to the respondents spoken for the Bodegraven-Reeuwijk case, this information is not used in the negotiation processes. The offer of the housing associations and the associated performance agreements are made based on mutual trust and are not assessed by means of the information provided by the housing association and the minister.

The instrument of performance agreements in its current form is considered adequate by the respondents of the Bodegraven-Reeuwijk. Since, the instrument in its current form facilitates a solid process which could lead to the co-creation of social-housing policy. The instrument of local performance agreements for (social) housing policy in light of the revised Housing Act is according to respondents less non-committal.

According to the Contextual Interaction Theory, the combination of actor characteristics do determine how the actors, involved in the implementation, interact. The result of the interaction process in Bodegraven-Reeuwijk can, in terms of CIT, be determined as *active cooperation*. The involved actors have put a lot of effort in finding common goals regarding the creation and implementation of social housing policy and moreover the municipality has put a lot of effort in creating a suitable housing policy document. Relationships based on mutual trust have significantly contributed to this *active cooperation* of the target group (the housing associations).

6.3 The establishment of performance agreements in Zoetermeer

6.3.1 Case specific contextual factors for the establishment of performance agreements

Zoetermeer counts almost 125.000 inhabitants, which makes it the third largest population centre in the province of South Holland after Rotterdam and The Hague. Zoetermeer is moreover part of the Haaglanden conurbation. Zoetermeer has emerged from a small village to a so-called “new town” in three quarters of a century. In 1962 Zoetermeer has been designated as “growth cluster” of The Hague city. It was thereby considered that Zoetermeer should function as a spillover for The Hague, where a shortage of space was assumed due to strong population growth. Nowadays Zoetermeer seeks to present itself as a centrally located network city in the South Wing having a distinct identity and qualities (Gemeente Zoetermeer, n.d.).

In addition, Zoetermeer is increasingly developing from a family city to a city containing a more balanced population structure in which the share of young and older households is increasing (Gemeente Zoetermeer, 2015).

Local economic context for housing policy

The economic crisis 2008-2014 had a big impact on the housing market in The Netherlands as a whole; housing development has halved and real-estate prices decreased significantly. The effects of the crisis also hit the housing market in Zoetermeer. The residential property prices in Zoetermeer have thereby dropped relatively hard compared to other cities in the region. In addition, the financial problems of housing association Vestia have affected the municipality disproportionately hard in the social housing sector, since Vestia was not able to invest (Gemeente Zoetermeer, 2015). Due to the Vestia problems pressure has been put on the availability and affordability of social rental dwellings in Zoetermeer (Van Kessel, Scheele-Goedhart, & Wever, 2017). As derived from the case analysis, the issues with regard to the Vestia stock and their investment capacity indeed led to problems during the negotiation-making process of local performance agreements.

The development task regarding social housing in Zoetermeer can according to the respondents considered as significant. However, this major development task has according to the respondents not played a considerable role during the negotiations, since the housing associations were willing to invest.

Local Political Context

In the period July 2015- March 2018 the distribution of seats in the municipal council of Zoetermeer, as shown in table 6.3.

Table 6.3: Results municipal council election 2014

<u>Political Parties</u>	<u>Number of seats in council</u>
	<u>2014</u>
D66	8
Lijst Hilbrand Nawijn	6
VVD	6
CDA	4
PvdA	4
SP	4
Zo Zoetermeer	3
GroenLinks	2
ChristenUnie/ SGP	2
<u>Total</u>	39

Political context regarding local housing policy

In the housing policy Zoetermeer 2015-2018 is the local political view regarding housing provided. In 2015 an updated housing policy was, according to the municipality required, due to new policy frameworks imposed by the central government. Amongst others it was desired that housing development and policy would be regionally coordinated and aligned. In addition, the regulation of the social housing sector was considered a reason to update the local housing policy in Zoetermeer. The creation of an updated housing policy was considered desired, since housing associations, should according to the revised Housing Act, reasonably contribute to this local housing policy (Gemeente Zoetermeer, 2015).

In this housing policy is reflected that the municipality of Zoetermeer wanted to emphasis on 6 key ambitions for the period 2015-2018:

1. Emphasis on sustainable construction and renovation of the housing stock
2. Providing affordable housing for everyone
3. Emphasis on housing for young people and students
4. Durable living in Zoetermeer
5. Maintaining and realising durable residential areas
6. Consumer-oriented housing development

The respondents of the Zoetermeer case have stated that they have been involved in the creation of this local housing policy document. The municipality of Zoetermeer has reflected in their housing policy document that this policy has been created through collaboration with the housing associations, tenants organisations and several interest groups (Gemeente Zoetermeer, 2015).

In addition to the local housing policy document, in the end of 2016 a housing development agenda was established by the political board of Zoetermeer. By means of this document the municipality has tried to further specify how they seek to achieve the six ambitions of the local housing policy document by providing a development agenda. Moreover, in this document the regional coordination of housing development was embedded.

Previous format of establishing local performance agreements regarding housing policy

Before the establishment of local performance agreements regarding housing policy obtained a legal status in the revised Housing Act, such agreements were already made in the Zoetermeer as reflected by the respondents interviewed for the Zoetermeer case.

With regard to the previous form of performance agreements for housing policy, these agreements were established once every four years. In addition, these performance agreements were not only established on the local level but moreover on the regional level (Haaglanden). These regional performance agreements regarding housing policy involved agreements regarding distribution of (social) housing segments in the region and agreements were established according allocation of social housing to specific target groups. These agreements made on the regional level were considered guidelines for the establishing of performance agreements on the local level. Nowadays, still performance agreements are being established on the regional level, region Haaglanden. The agreements made during these negotiations are still considered starting points for the establishment of local performance agreements regarding housing policy in the municipality of Zoetermeer.

Besides the difference in time frame between the current approach and its previous approach of establishing performance agreements in the municipality of Zoetermeer, the current approach is moreover considered less non-committal. According to the respondents of the Zoetermeer case, this

implies that the process for the establishment of performance agreements in its previous format was less strictly organised, without hard deadlines. By means of the current approach the involved stakeholders try to establish a compact set of agreements regarding housing policy every year, which can better be monitored and revised.

6.3.2 Development of interaction processes for local performance agreements in Zoetermeer

In this section the conduct of the interaction processes regarding the establishment of performance agreements for housing policy in Zoetermeer will be described and reflected in detail. The cycle process which led to the establishment of local performance agreements in Zoetermeer consisted of 4 steps: 1. meetings to arrive at local housing policy priorities, 2. the housing association's offer, 3. negotiations to arrive at concise set of performance agreements and 4. monitoring of performance agreements.

1. Preliminary meetings for determining local housing priorities:

According to the revised Housing Act should the housing associations reasonably contribute to the local housing policy of the relevant municipality. In Zoetermeer this housing policy document is being used as a broad framework for the establishment of performance agreements. In order to arrive at a clear set of agreements, the municipality of Zoetermeer organised prior consultations with housing associations and tenants' organisation Woonkoepel to define points of departure for the establishment of local performance agreements. During these meetings the financial situation of the housing associations was discussed, including their investment possibilities. Moreover, housing priorities were defined and expected developments and characteristics of the current housing stock were discussed. The results of these meetings were considered starting points for the housing associations' offers.

In addition, during these meetings the desired role of the tenants' organisations in the process was discussed. Initially, the involvement of the tenants' organisations was organised via a local umbrella tenants' organisation: Woonkoepel. This Woonkoepel consisted of the tenants' organisations of the housing associations of Vestia, De Goede Woning and Vidomes. This Woonkoepel moreover regularly met with the alderman responsible for housing and the administrative officer of Zoetermeer to discuss tenant related housing issues. The first meetings regarding the establishment of the first set of performance agreements in Zoetermeer were conducted with this Woonkoepel. However, gradually, the tenants organised themselves in a different manner; separately from each other. However, as reflected by the one of the respondents of the Zoetermeer case, the individual tenants' organisations still discuss tenants related issues with each other.

Hence, several meetings were organised to arrive at housing priorities which formed the base of the first set of performance agreements in 2016. However, it is not clear whether new meetings were organised to arrive at new housing priorities, which have formed the basis of the second set of performance agreements in 2017 or that the second set only contained small revisions compared to the first set of agreements.

2. Housing associations' offer according to local housing priorities:

Based on the local housing priorities derived in the prior consultations, housing associations were requested to provide an offer to the municipality in which was specified, if and how they could contribute to these priorities.

Involvement of tenants in establishing offer:

The housing associations are required to negotiate with their tenants regarding the content of the offer, since these tenants have the right of consultation (Terlingen, 2016; Ministerie van Binnenlandse Zaken et al., 2015). To what extent tenants' organisations are involved in determining the content of the offer can be decided by the individual housing association. Both housing associations interviewed for this study have stated that their tenants' organisations have been consulted regarding the content of the housing association's offer. Their tenants' organisations have thereby made amendments to the text of the housing association's offer. The individual tenants' organisations subsequently have discussed the content of the individual offers of the housing associations with each other. Moreover, the individual tenants' organisation discuss with each other how the individual processes are developing, as stated by a respondent of one of the individual tenants' organisations.

3. Negotiation process to arrive at a concise set of local performance agreements

A draft version of the set of performance agreements for housing policy was derived based on the combination of the individual housing associations' offers. The municipality has in parallel created a desired final picture for the set of agreements based on an inventory at the different municipal departments. This municipal desired final picture of the set of agreements and the housing associations' offers formed the basis of the negotiations between the municipality, three housing associations and their tenants' organisations to arrive at a final set of performance agreements. These negotiations are primarily conducted on the official level (ambtelijk niveau). With regard to these negotiations one of the respondents has stated: *"In generally, the municipality takes the lead during these negotiations"*.

The final step, to arrive at a set of performance agreements for housing policy in Zoetermeer, have caused problems in both cycles. In the 2016 cycle, the tenants' organisation of Vestia Zoetermeer refused to sign the set of performance agreements, because they did not agree with the offer of Vestia. Also the other tenants' organisations and the municipality did not agree with the Vestia offer, especially their contribution in the field of affordability, availability and sale and rent policy were considered insufficient. This has even led to a step by the municipality of Zoetermeer to the dispute settlement body. However, this body has rejected the request of the municipality of Zoetermeer. Later, the first set of local performance agreements for housing policy still has been signed, after a revision of the Vestia offer.

In the second cycle the set of performance agreements has not been signed due to local political disagreement regarding specific principles in the field of housing policy, such as the distribution of shares of social rental dwellings, private rental dwellings and owner occupied dwellings in the municipality. Multiple respondent have declared that the broad coalition in Zoetermeer had caused problems in the processes of establishing local performance agreements: *"The relations between the different parties in the coalition are not running smoothly; it lacks a strong foundation"*.

4. Compliance of performance agreements for local housing policy

In a so-called annual activity overview, the housing associations and the municipality should provide inside in the progress of the local performance agreements made. Each year, the parties monitor the agreements before the first of November.

6.3.3 Assessment of Governance structure of establishment of performance agreements in Zoetermeer

In this section the establishment of local performance agreements in Zoetermeer will further be assessed by means of the Governance Assessment Tool (GAT). The framework used to assess the governance regime regarding local performance agreements can be found in appendix 1.

The 5 levels of governance will, just like the Bodegraven-Reeuwijk case be assessed in broad terms and not evaluated in detail against the criteria of Extent, Coherence, Flexibility and Intensity.

Levels & Scales:

As mentioned before the implementation of the policy instrument of performance agreements for social housing policy is particularly focussing on the local (municipal) level. The national government is only involvement by the implementation of this policy instrument via the Housing Act. The instrument aims to facilitate the co-creation of local (social) housing policy. Therefore, the involvement of the central government is limited as much as possible. However, by the establishment of performance agreements in Zoetermeer, the broader regional level has played an important role. For years now, the region Haaglanden puts a lot of effort in establishing performance agreements for regional housing policy. In these agreements regional housing policy is being coordinated with all municipalities in the region Haaglanden.

One of the respondents of the Zoetermeer case has stated the following with regard to the regional performance agreements for housing policy: *“As a result of these regional agreements, much has already been laid down at the regional level and these agreements also need to be taken into account at the local level. The regional agreements fuel the agreements at the local level, which means that the agreements at local level are mainly about nuances”*.

The establishment of the local performance agreements in Zoetermeer is mainly established on the official level (ambtelijk niveau). There are also meetings organised at the board level, during these meetings the tenants’ organisations were absent.

Actors and Networks:

As noted earlier, the establishment of performance agreements is in essence an negotiation process between the municipality, housing associations and tenants’ organisations. The involvement of other stakeholders in implementing housing policy is however recommended. In the Municipality of Zoetermeer the performance agreements are made jointly with all housing associations together, thus not one-on-one with the municipality. This is experienced as very pleasant by the respondents. One of the respondent has stated: *“The establishment of local performance agreements for housing policy should be a team achievement, where co-creation is key”*.

In the municipality of Zoetermeer the involvement of other relevant stakeholders besides the local housing associations and tenants’ organisations is done by the establishment of the local housing policy document. The municipality of Zoetermeer has reflected in their housing policy document that this policy has been created through collaboration with the housing associations, tenants organisations and several interest groups (Gemeente Zoetermeer, 2015). But, in contrast to the Bodegraven Reeuwijk case, where the local housing policy document and the set of performance agreements are strongly linked, in Zoetermeer the sets of performance agreements did not derive directly from this local housing policy document. The development program, the regional performance agreements and local housing policy priorities formed the starting points for the negotiations regarding local performance agreements. One of the respondents of the Zoetermeer case has stated the following: *“Partly because of the broad coalition, the local housing policy document was not perceived as very sharp and did not cut much ice. When the development agenda was published, the municipality's vision*

regarding housing policy became more clear". In addition, by the Zoetermeer case the regional performance agreements for housing policy for the regional Haaglanden formed one of the frameworks. For the establishment of these agreements several stakeholders were involved, such as municipalities of the housing market Haaglanden and *Vereniging Sociale Verhuurders Haaglanden* (umbrella organisation of housing associations in the Haaglanden region) (Haaglanden & SVH, 2015). Hence, the input from these parties also indirectly affected the establishment of performance agreements in Zoetermeer.

A recurring theme in the Zoetermeer case is the influence of the broad coalition on the process of performance agreements for housing policy. According to majority of the Zoetermeer case respondents, the broad coalition in Zoetermeer has caused a lot of problems by the establishment of performance agreements. Due to the broad coalition there were many disagreements between parties regarding the implementation of housing policy. This broad coalition moreover, has according to one of the respondents, resulted in a local housing policy which lacked direction and a clear view regarding housing policy.

Another aspect, mentioned by one of the housing associations which hampered the establishment of performance agreements in Zoetermeer is staff-turnover and the absence of concrete contact points regarding the establishment of local performance agreements at the municipality. This housing associations noticed that the local housing associations had to take the initiative towards the establishment of performance agreements for housing policy in the second cycle.

In contrast to the other two cases, the municipality of Zoetermeer already had experience with involving tenants by the implementation of social housing policy. Initially, the involvement of the tenants' organisations was organised via a local umbrella tenants' organisation: *Woonkoepel*. This *Woonkoepel* consisted of the tenants' organisations of the housing associations of Vestia, De Goede Woning and Vidomes. This *Woonkoepel* moreover regularly met with the former alderman responsible for housing of Zoetermeer to discuss tenant related housing issues. However, since the closure of the *Woonkoepel* these individual meetings with the municipality have not taken place anymore.

Related to the topic of tenants, is that the individual tenants' organisations in Zoetermeer have close contact, since the individual tenants' organisation emerged from the local *Woonkoepel*.

Problem Perspectives & Goal Ambitions

As noted before, the Housing Act, apart from the central government priorities, does not prescribe how the local performance agreements are supposed to look. The substance of the set of performance agreements could be coordinated with the network actors (municipality, housing associations and tenants' organisations) at the local level.

In Zoetermeer the local housing policy document did not play a major role by determining the goal ambitions for the process of local performance agreements for housing policy. In order to arrive at a clear set of agreements that everyone could agree on, the municipality of Zoetermeer organised prior consultations with housing associations and tenants' organisation *Woonkoepel*, to define points of departure for the establishment of local performance agreements. These consultations have at least taken place in the run-up to the first cycle of performance agreements. It is however not clear whether such consultations have taken place for the next cycles of establishing performance agreements in Zoetermeer or that the set of agreements derived in 2016 just has been revised. The respondents spoken for the Zoetermeer case did not provide clear answers regarding this aspect.

Strategies & Instruments

The policy instrument of local performance agreements is an instrument which seeks to facilitate the establishment and co-creation of local (social) housing policy. For the creation and implementation of local (social) housing policy also other instruments are relevant such as the local housing policy

document, housing development agenda, rent policy, licensing of developments, the local market assessment etc. These instrument all play an important role by the establishment of local performance agreements for (social) housing policy. As described in the revised Housing Act, the local housing policy document should form the basis of the negotiations between an municipality, housing associations and tenant's organisations.

Other planning instruments involved in establishing of performance agreements

However, in the municipality of Zoetermeer the local housing policy has not played a major role by the establishment of performance agreements in Zoetermeer. As noted by one of the respondents: *"The local housing policy document was not perceived as very sharp and did not cut much ice"*. According to one of the respondents has the local housing development agenda played a bigger role in the process, because in this document the vision of the municipality regarding housing became more clear. Based on the information in this document it was according to the respondents easier to arrive at a clear set of SMART performance agreements.

In the municipality of Zoetermeer the performance agreements which were established on the regional level (Haaglanden) played an important role, and functioned as the framework for the agreements be made on the local level which meant that the agreements at local level were mainly about nuances. However, this regional alignment of social housing policy is perceived very pleasant among the interviewed housing associations in Zoetermeer.

Support policy instruments of local performance agreements:

The central government seeks to facilitate the process for establishing performance agreements by providing rules of the game and instruments such as negotiation process deadlines, provision of financial information and a dispute settlement body.

The process deadlines initiated by the central government are according to the respondents of the Zoetermeer case tight and therefore are the network actors often playing catch-up. Nevertheless, the deadlines also function as a big stick. As stated by one of the respondents: *"Zoetermeer faces a major task in developing new housing, by establishing these agreements there will be more certainty and pressure that specific construction sites will actually be developed"*.

In addition, the instrument of the provision of detailed financial information and the possibility to referring disputes to the minister are according to the respondents good measures. The access to detailed financial information increases the transparency and makes sure parties act honestly.

Responsibilities and Resources

The Housing Act can be considered the framework, which prescribes which responsibilities and resources are assigned to which actor in the network for the establishment of local performance agreements for housing policy. Housing associations and municipalities are often used to working together. However, the housing act has provided the municipalities and tenants' organisations with extra resources to steer the housing associations in a desired direction and moreover to improve the transparency of these organisations.

As noted before, the municipality of Zoetermeer had some experience with the involvement of tenants' organisations by the implementation of social housing policy. The involvement of tenants in the process for the establishment of local performance agreements was however new. But nevertheless, the municipality was used to have contact with the umbrella tenants' organisation in Zoetermeer: *Woonkoepel*.

This umbrella organisations was abolished in 2016 and was replaced by the individual tenants' organisations and these individual tenants' organisations attended most of the negotiations regarding the local performance agreements. It was therefore also in Zoetermeer a question of finding the right

way to involve the tenants in this process. The role of the tenants' organisations, also required additional responsibilities for the tenants, such as acquiring more understanding of the Housing Act and housing policy. According to one of the respondents of the Zoetermeer case, do the tenants have a sufficient level of knowledge regarding these aspects. However, another respondent and a representative of a tenants' organisation have stated that the tenants' organisations face difficulty understanding official documents. The representative of one of the tenants' organisations has stated the following:

“We are volunteers and both the municipalities and housing associations are professionals, which have access to the required expertise and time to deliver their responsibilities. The tenants' organisations could fulfil its role better, according to this respondent, when the municipality and the housing association take into account that they are a voluntary body and adjust accordingly”.

All in all, the involvement of the tenants' associations in the municipality of Zoetermeer is perceived positive. One of the respondents has noted that due to the involvement of the tenants more information is acquired concerning the situation of the tenants in the municipality. Moreover, with regard to the negotiation process, the tenants' organisation could also often function like a “crowbar”, when negotiations reach an impasse.

Final Assessment of governance regime regarding policy instrument of performance agreements in Zoetermeer

In table 6.4 is shown how the quality of the governance regime for the implementation of the policy instrument of local performance agreements is assessed for Zoetermeer. The majority of the dimensions for the Zoetermeer case is assessed orange (medium), which means that governance context is currently not really stimulating the implementation of the policy instrument of performance agreements. This is mainly due to the fact that the different actors which should facilitate the process for the establishment of performance agreements in Zoetermeer are not yet very accustomed to their role and responsibilities and this has led to ambiguities in the process. Moreover, political disagreements has negatively influenced the establishment of performance agreements.

Nevertheless, the governance dimension of Levels & Scales is assessed green, because the agreements made on the regional level are properly embedded in the local process. Moreover, the performance agreements to be made are internally coordinated with various departments within the municipal organisation.

Table 6.4: assessment of Governance Regime by implementation of policy instrument of performance agreements in Zoetermeer

<i>Governance dimensions</i>	Quality of governance regime by implementation of instrument of performance agreements in Zoetermeer
Levels & Scales	
Actors & Networks	
Problem perspectives & Goal ambitions	
Strategies & Instruments	
Responsibilities & Resources	

6.3.4 Conclusion Zoetermeer case

Hence, the negotiations regarding local performance agreements for housing policy in the municipality of Zoetermeer have not been entirely smooth. Political disagreement regarding specific principles in the field of housing policy, have hampered the negotiations for the establishment of local performance agreements. According to the respondents, this was mainly due to the broad coalition which formed the Municipal Executive Board in the past four years. This broad coalition lacked according to the respondents a strong foundation, and therefore relations between parties could not be considered cooperative.

Moreover, the local housing policy was not considered appropriate to form the basis for the negotiations in Zoetermeer. This document did according to the respondents not represent a clear vision of the municipality regarding (social) housing. Also staff-turnover and the absence of contact points regarding the establishment of local performance agreements at the municipality have hampered the process in Zoetermeer.

Although the establishment of performance agreements did not run smoothly in Zoetermeer, all respondents support the aim of the policy instrument of performance agreements: the co-creation and implementation of (social) housing policy. Moreover, the establishment of performance agreements in its current form, in the light of the revised Housing Act, is considered less non-committal than its previous form; the fixed deadlines in the process function as a big stick, and this is considered an improvement.

The interaction process in Zoetermeer should, in terms of CIT, have resulted in *learning*. Because all three parties recognise the benefits of the establishment of performance agreements for (social) housing policy, however until now the lack of a proper organisational structure and someone who facilitates the process has hampered the implementation process. The future will show to what extent these insights will lead to a smooth process. An important condition of a good interaction process between the three actors, trust, is present in Zoetermeer.

6.4 The establishment of performance agreements in Rotterdam

6.4.1 Case specific contextual factors for the establishment of performance agreements

Rotterdam is a metropolitan city in the Province of South Holland. The municipality of Rotterdam counts approximately 640 thousand inhabitants. The municipality of Rotterdam is therefore, in terms of population, the second largest municipality in the Netherlands after Amsterdam. Rotterdam is part of the Randstad area, a megalopolis in the central-western Netherlands, which is considered the economic centre of the Netherlands. The Port of Rotterdam is among the most important harbours in the world. The Port of Rotterdam has been and remains an important key driver for economic development in the municipality. The city of Rotterdam is divided into two parts by the Nieuwe Maas channel: a prosperous northern part and a more disadvantaged southern part. This more disadvantaged southern part has to deal with high share of unemployment, school drop-outs, criminality and a poor-quality supply of housing.

Local economic context

Rotterdam South is considered a more disadvantaged area within the municipality of Rotterdam and, counts approximately 200.000 inhabitants. This area is lagging economically, socially and physically. Many neighbourhoods in this area have a large share of social housing and is represented by an excess of private landlords. This property is considered out-dated and of poor quality.

Rotterdam South has a relatively young population. Many families with children in this area finding it difficult to survive from one month to the next. The parents are often poorly educated and have little to spend. Moreover, the living environment is not considered very stimulating to climb the social ladder (Platform 31, n.d.).

In 2011, former Minister Donner signed the National program Rotterdam South, on behalf of the central government. The aim of this program is to elevate Rotterdam South to a higher social-economic level within twenty years. In this program the central government, the municipality of Rotterdam, housing associations, care institutions, school boards, the business community, the police and the Public Prosecution Service are working together to achieve a sound future for Rotterdam South. Together these partners want to ensure that the education level, labour participation and quality of life increases in 20 years to the average level of the four largest cities in the Netherlands (NPRZ, 2017).

Tackling the problems in Rotterdam South can be considered a major task, which requires the involvement of many organisations, including housing associations. Moreover, tackling the problems requires a lot of money. The financial position of the municipality of Rotterdam can be considered stable (Gemeente Rotterdam, 2018). In addition, the building production shows an optimistic view for the coming years, which could be beneficial for the financial position of the municipality. However, in addition to the major task the municipality is facing, also the financial position of housing associations and market prospects are considered relevant. However, figures concerning the indicative investment capacity of housing associations in Rotterdam show that the majority of housing associations in Rotterdam have little to spend (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2018). The major task in Rotterdam South but moreover the investment capacity of the housing associations have complicated the establishment of local performance agreements for social housing policy as declared by the respondents of the Rotterdam case.

Local Political Context

In the period July 2015- March 2018 the distribution of seats in the municipal council of Rotterdam was as follows, as shown in table 6.5.

Table 6.5: Results municipal council election 2014 in Rotterdam

<u>Political Parties</u>	<u>Number of seats in council</u>
	<u>2014</u>
Leefbaar Rotterdam	14
VVD	3
D66	6
GroenLinks	2
PvdA	8
NIDA	2
SP	5
CDA	3
PvdD	1
ChristenUnie/ SGP	1
<u>Total</u>	45

After the municipal council elections, the parties of Leefbaar Rotterdam, D66 and CDA have formed the coalition for the period 2014-2018.

Political context regarding local housing policy

With regard to the establishment of local performance agreements for housing policy, the local political view regarding housing is considered relevant. The municipality of Rotterdam has in 2016 established a local housing policy for the period 2016-2020. The main ambition reflected in this document is that the municipality of Rotterdam seeks to have a wide range of attractive living environments with a clear profile and a balanced housing stock. Thereby they aim to improve weak living areas. Additionally, in this housing policy document is reflected that they seek the Rotterdam housing stock to grow and to transform, in order to create a balanced housing stock, containing cheap, middle and high segments. By means of this transformation the municipality of Rotterdam aim to improve the chances for middle and high-income households (Gemeente Rotterdam, 2016).

Previous form for the establishment of performance agreements regarding housing policy

Before the establishment of local performance agreements regarding housing policy obtained a legal status in the revised Housing Act, such agreements were already made in Rotterdam as reflected by the respondents interviewed for the Rotterdam case.

There are however some differences between the previous approach of establishing local performance agreements and the current approach in Rotterdam. Firstly, according to the respondents, the current approach has a less non-committal character. This implies that the process for the establishment of performance agreements is more strictly organised, including hard deadlines and there is strict and consistent compliance with agreements for housing policy.

Although the previous approach had according to the respondents a more non-committal character, several interviewees reflect that in the previous approach, the performance agreements for housing policy were to a larger extent an expression of partnership between housing associations and the municipality. Especially the representatives of the housing associations experience this current

approach to a lesser degree the result of a sound partnership between the housing associations the municipality of Rotterdam.

Another difference between the previous and current approach of the establishment of performance agreements for housing policy in the municipality of Rotterdam, is the involvement of tenants. In the current approach of establishing performance agreements the tenants are represented.

6.4.2 Development of interaction processes for local performance agreements in Rotterdam

In this section the conduct of the interaction process regarding the establishment of local performance agreements for housing policy will be described and reflected in detail.

Start

The municipality has stated that two years before the revision of the Housing Act they have started a so-called pilot-version for the establishment of performance agreements for (social) housing policy according to the possible new format. In this pilot-version, only housing associations and the municipality were involved. The tenants' organisations were not yet involved. In this pilot-version the current format of establishing local performance agreements, according to the requirements of the Housing Act, was tested.

The process for the establishment of local performance agreements in the municipality of Rotterdam contains of several phases: Municipal request containing housing priorities for specific year, housing associations' offer, negotiations which should lead to smart mutual agreements regarding housing policy, monitoring compliance of agreed agreements. These different phases are reflected below.

After the local performance agreements of housing policy has obtained a legal status in the revised Housing Act, two full cycles of establishing performance agreements in the municipality Rotterdam have been performed until the council elections in March 2018.

1. Local Housing Policy:

The local housing policy should according to the revised Housing Act form the basis of the process of performance agreements, since housing associations have to reasonably contribute to the content of the policy document. In Rotterdam in December 2015 a new Housing Policy was established by then Rotterdam's city council. This Housing policy has been established for the period 2016-2020.

The establishment of the housing policy document in Rotterdam was not a straightforward process. Partly because of the content of the housing policy, there was a lot of resistance among residents in Rotterdam.

Content of local housing policy:

In the Housing Policy document of Rotterdam is among other things reflected that the local political management believed that there is too little suitable housing supply for middle and higher income households. The Municipal Board sought to attract and retain families, seniors, students, 'social risers' and 'young potentials'. In addition, the board expected the demand for more expensive housing to increase, due to developments such as aging, population growth, an increase in the number of households and an increase in the level of education.

The main point in the Housing policy document which generated a lot of resistance was: the intended demolition and reduction of 20.000 low-cost homes. Cooperating tenants' organisations in Rotterdam disagreed with this aspect of the housing policy document and therefore organised a referendum. This referendum came about thanks to the 13.000 signatures that the group collected.

Nevertheless, the city council decided that the referendum did not only concern this specific aspect of the local housing policy, but did concern all aspects of this housing policy document. The residents of Rotterdam were therefore requested to vote in favour or against the local housing policy in its entirety.

The referendum took place on 30th September 2016, however the election threshold of 30% was not met. Therefore, the content of the local housing policy could be implemented, including the demolition and reduction of 20.000 low-cost homes.

The representative of the municipality, which was interviewed for this study, pointed out that the content of the local housing policy has hampered the process for the establishment of performance agreements regarding local housing policy, because the housing associations could not justify this local housing policy to their tenants.

The interviewed housing associations in Rotterdam have reflected that the local housing policy indeed enjoyed little support but moreover reflected that the content of this local housing policy is in conflict with the intention of the revised Housing Act: Housing associations should focus on their core task; the provision of affordable housing for low income households. According to the interviewed housing associations is the present local housing policy emphasising on so-called non-SGEI activities. This moreover has hampered the process for the establishment of performance agreements.

Involvement of stakeholders in establishing local housing policy document:

Since the municipality is dependent on housing associations, developers, healthcare providers and market parties for the implementation of housing policy, the involvement of these stakeholders is often recommended.

According to the representative of the municipality Rotterdam, were the housing associations strongly involved in the strategic alignment of this local housing policy. However, the housing associations interviewed reflected that their involvement regarding the establishment of the local housing policy was very limited. One of the housing associations thereby stated that they were only consulted about the content of the local housing policy. According to these respondents there was no question of strong strategic alignment regarding the content of the local housing policy.

Hence, there is a discrepancy between the municipality's viewpoint and the housing associations' viewpoint on this matter.

2. Municipal request containing housing priorities for specific year

Each year the municipality of Rotterdam provides the housing associations with a document in which the priorities and aspirations regarding local housing policy for that specific year are reflected. This document is sent to all housing associations, and on the basis of this document the housing associations are requested to specify how they can contribute to this request in the form of a so-called offer.

The housing associations, interviewed for this interview, expressed that they were not involved in determining these annual housing priorities which should form the basis of the housing associations' offer. The housing associations mentioned that the adoption of annual housing priorities is not closely coordinated with the housing associations. This is experienced as a source of conflict among the housing associations regarding the establishing of local performance agreements for housing.

3. Housing associations' offer according to Municipal request containing local housing priorities:

Based on the municipal request containing local housing priorities, housing associations are requested to provide an offer to the municipality in which is specified, if and how they can contribute to these priorities.

Involvement of tenants in establishing offer:

The housing associations should negotiate with their tenants regarding the content of the offer, since these tenants have the right of consultation (Terlingen, 2016; Ministerie van Binnenlandse Zaken et al., 2015). To what extent tenants' organisations are involved in determining the content of the offer varies between the different housing associations active in Rotterdam. One of the housing associations has for example expressed that their tenants' organisation has established their own offer containing priorities and activities related to themes relevant for tenants, which they wanted to be adopted by the housing association. This tenants' offer was to a large extent incorporated into the housing association's offer which was provided to the municipality Rotterdam. Another housing association has declared that their tenants' organisation has been consulted regarding the content of the housing association's offer. Their tenants' organisation has thereby made amendments to the text of the housing association's offer.

Provision of information to assess association's offer:

In order to assess whether a housing association reasonably contributes to the local housing objectives, the minister, WSW and The Authority Housing Association provides both the municipality and tenants' organisation with financial information of the housing associations (Blok, 2015 a). The housing associations themselves should provide both the municipality and the tenants' organisation with detailed information concerning their operations, these include amongst other: the annual accounts, the annual report, social housing report and an overview of scheduled plans regarding demolition and building of social rental dwellings (art. 44b (1) Housing Act, 2018). According to respondents of the Rotterdam case does the provision of this information cause problems in the process for the establishment of performance agreements:

The representative of the municipality of Rotterdam has stated that the municipality uses the IBW (Indicative Spending Limit of the housing associations) to judge the housing association's offer. If the municipality encounters excessive deviation between the information provided by the minister and the offer submitted by the housing association, the housing association will be called to account about the deviation.

Moreover, the municipality has indicated that they desire, for the assessment of the housing associations offer, the housing associations' preliminary budgets right after the offer has been provided. However, the interviewed housing associations have expressed that they prefer to submit their final budget instead of the preliminary budget to the municipality. Since, at the start of the summer these budgets are often not yet adopted or approved by the supervisory board. Moreover, a representative of one of the housing associations has stated: *"This assessment is being experienced as an extra accounting check, however in drawing up the budget, many people are involved and is based on many assumption which are not being reflected in this single document to the municipality"*. Moreover, another respondents wonders whether the municipality has the capabilities to adequately assess the financial information including the annual budget.

Hence, the check on the housing associations' budget by the municipality leads according to the respondents to conflicts and resistance, this hampers the negotiations regarding the establishment of performance agreements for local housing policy in Rotterdam.

4. Negotiation process of performance agreements

On the first of July, the housing association's offer should be submitted to the municipality. Based on this offer, in the period September-October negotiations are take place in which the actors (municipality, housing associations and tenants' organisations) try to establish a final set of performance agreements for local housing policy.

The municipality of Rotterdam has chosen to establish per housing association a separate set of performance agreements. According to the municipality should the local performance agreements for housing policy be considered as customised agreements which are dependent on the investment strategy and asset characteristics of the housing association's stock, including type of dwellings, segment, locations and quality, of the specific housing association.

In comparison to the two other case studies, the municipality of Rotterdam is the only municipality in which separated performance agreements sets have been established per housing associations. In the other municipalities, one mutual set of performance agreements regarding local housing policy has been established.

The negotiations for the establishment of local performance agreements are primarily conducted on the official level (ambtelijk niveau). During these negotiations representatives of the housing associations are present, often employees from the departments strategy and/or development, representatives of the municipality: employees of the department of housing policy, and representatives of the tenants' organisations.

As stated by the representative of the municipality: *"During these negotiation 80% of the agreements can be established. The remaining 20%, where dissension exist, is negotiated at the board level. In these meetings the housing association's chairman is present and the present municipal alderman responsible for housing policy"*.

One of the interviewed housing associations has declared that for a rather long period attempts are being made to establish all agreements on this official level. However, according to this respondent more stringent measures are needed to reach agreements for these more challenging topics. The step towards, for example the board level in order to reach agreements, takes often a long time: *"If negotiations are held at the right time with the right people this could help avoiding conflicts and will accelerate the process"*.

5. Compliance of performance agreements for local housing policy

The monitoring and compliance of the performance agreements is in Rotterdam structured as follows: In April-May, the housing associations will send an overview containing the state of affairs with regard to the established performance agreements to the municipality. Subsequently, the municipality verifies the compliance of this overview with the established agreements. The representative of the municipality has stated that at least one municipal employee fully concentrates on the compliance of performance agreements for local housing policy. However, consistent compliance of the established performance agreements is considered a new exercise for the municipality and is therefore not always operating smoothly.

The municipality puts a lot of effort in improving the process of monitoring and compliance, according to the interviewed housing associations, but it needs time to work out: *"Since the performance agreements for local housing policy are now being set smarter (SMART agreements),*

there is also the possibility of to improve the organisation of monitoring and compliance. The consistency of the monitoring and compliance is partly dependent on the type of agreement made”.

6.4.3 Assessment of Governance structure of establishment of performance agreements in Rotterdam

In this section the establishment of local performance agreements in Rotterdam, and more specific the governance regime will further be assessed by means of the Governance Assessment Tool (GAT). The framework used to assess the governance regime regarding local performance agreements can be found in appendix 1.

The 5 levels of governance will, just like the other two cases be assessed in broad terms and not evaluated in detail against the criteria of Extent, Coherence, Flexibility and Intensity.

Levels & Scales:

The establishment of these performance agreements in Rotterdam has particular a local character. In comparison with region Haaglanden (Zoetermeer case), in the broader Rotterdam region not yet regional performance agreements for housing policy are being established. However, the establishment of regional agreements for housing policy have been scheduled for the coming years as has been stated by a respondent.

Another distinction regarding levels and scales which is to be made for the establishment of performance agreements in Rotterdam is the separation of the official and board level. The local performance agreements in Rotterdam are mainly established on the official level (ambtelijk niveau). However, when impasses occur, negotiations will sometimes be continued on the board level.

Actors and Networks:

As noted earlier, the establishment of performance agreements is in essence a negotiation process between the municipality, housing associations and tenants' organisations. The involvement of other stakeholders in implementing housing policy is however recommended. In the Municipality of Rotterdam the performance agreements are established one-on-one with every housing association. Hence, the municipality of Rotterdam has chosen to establish per housing association a separate set of performance agreements. By means of the policy instrument of performance agreements, the central government seeks to facilitate and stimulate the co-creation and implementation of (social) housing policy. By establishing separate sets of performance agreements it can be questioned whether this should be regarded as "co-creation of housing policy". However, in the municipality of Rotterdam many housing associations are active which might be challenging for the establishment of one set of performance agreements.

A recurring theme during the interviews in Rotterdam is the strained relationship between the individual housing associations and the municipality. The current relationship between the municipality of Rotterdam and the housing associations could not be considered a cooperative relationship which is based on trust. However, as stated by one of the respondents this relationship is already disturbed for a long time. These strained relationships based on mutual distrust negatively affect and hamper the establishment of local performance agreements in Rotterdam.

The involvement of the tenants' organisations by the establishment of performance agreements in Rotterdam was new. For the municipality the involvement of tenants by the creation of housing policy was completely new. According to a representative of the municipality the involvement of the tenants in the process of establishing performance agreements has been low.

Problem Perspectives & Goal Ambitions

The Housing Act, apart from the central government priorities, does not prescribe how the local performance agreements are supposed to look. The substance of the set of performance agreements could be coordinated with the network actors (municipality, housing associations and tenants' organisations) at the local level.

In the Housing Act is prescribed that the local housing policy document should form the basis of the negotiations of performance agreements. Housing associations should reasonably contribute to the content of this document. However, in Rotterdam this document did not directly form the basis of the housing associations' offers. As noted before in the process description, the municipality of Rotterdam annually sends a request containing the priorities and aspirations regarding local (social) housing policy for that specific year to the housing associations. Based on this request the housing associations are required to specify how they can contribute to this request in a so-called offer. However, this municipal request is not established in close coordination with the housing associations and is regarded by the housing associations as too one-sided. A representative of one of the housing associations has stated that: "*The cyclic process for the establishment of performance agreements should start with a meeting in which the annual priorities regarding housing policy are determined collectively. This creates a constructive basis and can ensure that the request is not just a package only containing demands of the municipality, but a joint vision, from which performance agreements almost directly arise*".

Strategies & Instruments

For the creation and implementation of local (social) housing policy also other instruments are relevant such as the local housing policy document, housing development agenda, regional agreements regarding housing policy, rent policy, licensing of developments, the local market assessment etc. These instrument all play an important role by the establishment of local performance agreements for (social) housing policy. They can either form frameworks for the establishment of local performance agreements or can be used to make sure certain agreements will be executed. As described in the revised Housing Act, the local housing policy document should form the basis of the negotiations between an municipality, housing associations and tenant's organisations:

Other planning instruments involved in establishing of performance agreements

In the municipality of Rotterdam the local housing policy document did not directly form the basis of the negotiations, but the municipal request forms the basis of the housing associations' offer. The local housing policy document in Rotterdam enjoyed little support. This has hampered the negotiation process for the establishment of performance agreements regarding local housing policy, because the housing associations could not justify this local housing policy to their tenants. Moreover, the housing policy document was not considered appropriate on which to base the local performance agreements for housing policy, since it reflects a broad vision regarding housing and is not particularly focussing on social housing policy.

Support policy instruments of local performance agreements:

The central government seeks to facilitate the process for establishing performance agreements by providing rules of the game and support-instruments such as negotiation process deadlines, provision of financial information and a dispute settlement body.

The process deadlines initiated by the central government are according by the respondents of the Rotterdam case tight. Therefore, the networks actors in Rotterdam have decided to establish these agreements every two years instead of making agreements annually. However, the deadlines are also considered a big stick and make sure agreements are actually established.

In addition, the instrument of the provision of detailed financial information and the possibility to referring disputes to the minister are according to the respondents good measures. The access to detailed financial information increase according to the respondents the transparency.

Monitoring of the performance agreements is not enforced by the central government. According to the respondents is the monitoring of the agreements properly embedded in the Rotterdam process. However, consistent compliance of the established performance agreements is considered a new exercise for the municipality and is therefore not always operating smoothly but is in development.

Responsibilities and Resources

The Housing Act has provided the municipalities and also tenants' organisations with extra resources and power to steer the housing associations in a desired direction to secure the co-creation of social housing policy. Moreover, the central government has provided tools and instruments to increase the transparency of the housing associations which are available for municipalities and tenants' organisations.

According to a representative of the Municipality of Rotterdam this role, containing additional resources and powers, is perceived very comfortable:

"We make use of all possible means and powers to make the most of this role. Due to the access to the financial information of the housing associations we have complete insight into the figures and the land positions of the housing associations, this is really helpful".

However, according to other respondents, the municipality of Rotterdam has interpreted the description in the Housing Act in such a way that they assume a leading role in the process. As stated by an respondent of a housing association in Rotterdam:

"According to the law, the municipality is not completely at the helm and the instrument is meant to create partnerships. However, the municipality adopts a directive role within the process of performance agreements in Rotterdam".

Also the tenants' organisations in Rotterdam regret this directive role of the municipality in Rotterdam in the process of the performance agreements:

"In general the housing associations have better insights and know-how regarding the needs of the tenants. However, the position of the municipality in this process is to a large extent dependent on the type of coalition. Another coalition with left-wing parties, had probably led to a completely different process".

The involvement of tenants in the process of establishing performance agreements was new in Rotterdam. It was therefore in Rotterdam, just like in the other two case-studies, a question of finding the right way to involve the tenants in this process. According to the majority of the respondents of the Rotterdam case, do they tenants face difficulties being a full partner in the process of performance agreements: *"The network comprised of the municipality, housing associations and tenants' organisations should, theoretically, result in a proper triangular relationship. However, that is not the case. During the negotiations it is mainly about detailed figures concerning real estate development, these are abstract topics for tenants".*

However, regarding topics like availability and habitability of the living environment, the tenants' organisations sometimes have functioned like a "crowbar". Their opinion and position, could ensure that agreements are signed, this includes agreements which are in favour of the housing associations as well as agreements that are more in favour of the municipality.

The tenants' organisations experience difficulty being a group of volunteers in the process of performance agreements. Due to the lack of time and expertise, it is sometimes hard for them to meet the expectations of the housing associations and municipality.

Nevertheless, all in all, the involvement of the tenants' associations in the municipality of Rotterdam is perceived positive but needs time to grow.

Final Assessment of governance regime regarding policy instrument of performance agreements in Rotterdam

In table 6.6 is shown how the quality of the governance regime for the implementation of the policy instrument of local performance agreements is assessed for Rotterdam. The majority of the dimensions for the Rotterdam case is assessed orange (medium), one dimension is assessed red (low) which means that governance context is currently not really stimulating the implementation of the policy instrument of performance agreements in Rotterdam. This is mainly due the strained relationships between the actors involved in the local networks of performance agreements in Rotterdam. However, the most important aspect which is affecting the process of performance agreements is the disagreements regarding the use of the instrument and setting problem perceptions and goal ambitions for the annual sets performance agreements. The annual problem perceptions and goal ambitions regarding the content of the performance agreements are not determined collectively, with all involved actors, but is determined by the municipality, this provokes opposition.

Table 6.6: assessment of Governance Regime by implementation of policy instrument of performance agreements in Rotterdam

<i>Governance dimensions</i>	Quality of governance regime by implementation of instrument of performance agreements in Rotterdam
Levels & Scales	Orange
Actors & Networks	Orange
Problem perspectives & Goal ambitions	Red
Strategies & Instruments	Orange
Responsibilities & Resources	Orange

6.4.4 Conclusion Rotterdam case

Hence, the negotiations regarding local performance agreements for housing policy in the municipality Rotterdam have not been entirely smooth. The strained relations between the municipality and the housing associations have hindered the negotiations for the establishment of performance agreements.

The fact that the municipality assumed a leading role in the process and moreover that the annual housing priorities are not being determined collectively, have led to resistance among the housing associations and has hampered the process. Determining the annual priorities in close coordination will contribute to the creation of a joint vision regarding (social) housing policy and will, in all likelihood, improve the process for the establishment of performance agreements. This could also significantly improve the commitment from the housing associations.

Although the establishment of performance agreements did not run smoothly in Rotterdam, all respondents support the aim of the policy instrument of performance agreements: the co-creation and implementation of (social) housing policy. However, according to the majority of the respondents does the current set-up of the process in Rotterdam not contribute to a co-creation and

implementation of (social) housing policy. The emphasis should be on improving relationships and the creation of partnerships.

However, the establishment of performance agreements in its current format, in the light of the revised Housing Act, is considered less non-committal than its previous format and the fixed deadlines in the process function as a big stick.

The interaction process in Rotterdam, in terms of CIT, has resulted in *obstructive cooperation* between the municipality and housing associations. All three parties recognise the benefits of establishing performance agreements for (social) housing policy. However, the parties did not agree on the use of the policy measure. The housing associations would rather determine the local housing issues collectively with the municipality and tenants. However, the municipality has determined these local housing objectives on their own, since they assumed that housing associations had to reasonably contribute to these objectives due to the legal base of these agreements in the revised Housing Act. The strained relationship between the municipality and some of the housing associations moreover did not contribute to a proper implementation of the policy instrument of performance agreements. Due to the legal base of the agreements, were the housing associations however required to negotiate with the municipality, therefore obstructive cooperation occurred.

6.5 Conclusion

In this section more information is provided with regard to the interaction processes between the actors involved in the local performance agreements networks in Bodegraven-Reeuwijk, Zoetermeer and Rotterdam and the influence of case specific circumstances on these processes.

CIT allowed to gain more understanding in predicting degrees of effectiveness of the policy instrument of local performance agreements, by comparing the effectiveness of the policy instrument in different municipalities with different circumstances, issues at hand and where different approaches, to arrive at a set of performance agreements for social housing policy, have been applied (Boer & Bressers, 2011). The three municipalities, selected for this case study research, all developed a different structure to arrive at a set of performance agreements for local housing policy. In Bodegraven-Reeuwijk the emphasis was on creating partnerships for the creation and implementation of social housing policy. Therefore a high degree of importance was attached to the creation of a constructive process and a local housing policy with a strong support structure. In Zoetermeer political disagreement regarding specific principles in the field of housing policy, has hampered the negotiations for the establishment of performance agreements. Moreover, in Zoetermeer there existed ambiguity regarding the responsibilities of the different actors involved in the process for the establishment of performance agreements. Finally, in Rotterdam the current structure of the negotiation process does not really contribute to a co-creation and implementation of (social) housing policy and a structural commitment from housing associations. The set-up of the negotiations process has further pushed the strained relationship between the municipality and the housing associations.

From the case-study analysis could be derived that the way the decision-making processes were structured, influenced the interaction processes between the different actors and thereby the result of these interactions. Especially the so-called “start” of the decision-making process is playing a significant role. All three municipalities have applied a different start; in Bodegraven-Reeuwijk the creation of the local housing policy with associated action program formed the start, in Zoetermeer the meetings to arrive at social housing priorities formed the start of the negotiations and in Rotterdam the municipal request containing (social) housing priorities marked the start of the negotiation process. The strong involvement of the housing associations and tenants’ organisations in shaping this “start” in Bodegraven-Reeuwijk and Zoetermeer have enhanced the commitment from these housing associations. Moreover, as derived from the analysis the level of knowledge and capabilities of the

municipal administrative officers responsible for housing policy influence the successful implementation of the instrument of local performance agreements. The financial position (+) of the housing associations, the local task concerning social housing (-) and the interrelations between the network actors (+) are also considered important contributory factors to a successful implementation, since these factors influence the interaction processes between the actors involved in the process. Figure 6.7 provides a comparison between the three cases regarding the establishment of performance agreements based on relevant comparative elements emerged from the analysis.

Table 6.7: Overview of cases based on comparative elements

Comparative elements	Establishment of performance agreements in the three cases		
	Bodegraven-Reeuwijk	Zoetermeer	Rotterdam
Municipal characteristics			
Scale of municipality	Village(s)	City	City
Number of inhabitants	34.000	125.000	640.000
% social rental dwellings owned by housing associations of total number of dwellings	21%	37%	46%
Structural context			
Municipal housing policy	Present: due to the presence of practical housing policy, establishing performance agreements was relatively easy.	Present: However housing policy not considered suitable for establishing performance agreements for social housing policy.	Present: However housing policy not considered suitable for establishing performance agreements for social housing policy.
Regional Agreements for housing policy	Surrounding municipalities involved by establishment local housing policy	Present: performance agreements region Haaglanden → can be considered a framework for local negotiation process	Absent: regional performance agreements for Rotterdam region in preparation
Case-specific context			
Financial position	Housing associations have adequate resources to invest and are also willing to invest	Housing associations (except for Vestia) have adequate resources to invest and are also willing to invest	The majority of housing associations in Rotterdam do not have significant capacity to invest.
Task regarding social housing	Regular	Significant task mainly due to Vestia problems.	Major task especially in Rotterdam South
Interaction process			
Start process	Action program derived from local housing policy	Meetings to collectively derive at housing priorities	Municipal request regarding social housing needs and priorities
Motivation in the process	Similar: priorities coordinated and aligned with all network actors	Similar, except for disagreement in coalition which has influenced process	Diverging regarding organisational structure and establishment of goal ambitions
Responsibilities & resources	Present but difficulties experienced with role of tenants in process	<ul style="list-style-type: none"> Present but difficulties experienced with role of tenants in process Ambiguities about facilitating responsibility among network actors 	Present but difficulties experienced with role of tenants in process.
Result interaction process in terms of CIT	Active cooperation	Learning?	Obstructive cooperation

Based on this case comparison the most successful implementation of the policy instrument of performance agreements has taken place in Bodegraven-Reeuwijk. Bodegraven-Reeuwijk is also

determined the smallest municipality, but based on this study cannot be stated that small municipalities in general contain the elements which result in a more effective implementation of the instrument of local of performance agreements. In order to state that, additional research need to be conducted in more municipalities and into elements which could explain the effectiveness of the policy implementation. A specific element which can be attributed to the size of the municipality and which contributed to a successful implementation of the policy instrument of local performance agreements in Bodegraven-Reeuwijk are the short lines of communication between the actors involved in the process. In addition, the local task with regard to social housing is considered smaller in Bodegraven-Reeuwijk compared to the to larger municipalities, this contextual factor could also be advantageous to a successful implementation of the policy instrument. However, the implementation of the instrument of local performance agreements has moreover been successful in Bodegraven-Reeuwijk due to the knowledge and capabilities of the administrative officer responsible for social housing, this contributory factor does not need to specifically be attributed to the size of the municipality.

6.5.1 Governance regime and interaction process of local performance agreements

In this chapter the governance regime in place, for the policy instrument of local performance agreements for (social) housing policy, is assessed for the three case studies. This Governance regime is assessed separately for every municipality, this is shown in table 6.8. Additionally, in the table 6.9 the strong and weak points of the different municipal approaches regarding the establishment of performance agreements are provided.

Table 6.8: Overview assessment governance regime per municipality

Governance dimensions	Quality of governance regime by implementation of instrument of performance agreements		
	Bodegraven-Reeuwijk	Zoetermeer	Rotterdam
Levels & Scales	Green	Green	Yellow
Actors & Networks	Green	Yellow	Yellow
Problem perspectives & Goal ambitions	Green	Yellow	Red
Strategies & Instruments	Yellow	Yellow	Yellow
Responsibilities & Resources	Yellow	Yellow	Yellow

The policy instrument of performance agreements in the light of the revised housing act, contributes, according to the respondents, to the co-creation of social housing policy between a municipality, housing associations and their tenants’ organisations. Due to the rules of the game and the support instruments implemented by the central the government, the establishment of performance agreements is now considered less-committal than its predecessor. The support instruments, such as the deadlines, contribute to the creation of a solid process. However, the central government does not provide clear prescriptions how this collaboration between a municipality, housing associations and tenants’ organisations should be set-up, moreover there are hardly any requirements set to the content of the mutual agreements for housing policy. This “freedom” is to some extent considered pleasant by the network actors. However, this freedom to decide how to set-up the process and the associated content of the performance agreements could also endanger the achievement of the objectives pursued by the policy instrument. For example, the network actors are currently free to decide if other actors, besides the municipality, housing associations and tenants’ organisations, will be involved in the process. Moreover, the monitoring of the agreements is not enforced by the central government. These issues might endanger the desired objective of the instrument: facilitating and

ensuring cooperative, but non-permissive, networks of municipalities, housing associations and tenants in order to release funds from housing associations for social benefit.

Table 6.9: overview of weak and strong points in municipal approaches for establishing of performance agreements for local housing policy.

Bodegraven-Reeuwijk	<u>Interaction processes for establishment of performance agreements</u>	
	<i>Strong points</i>	<i>Weak points</i>
	<ul style="list-style-type: none"> • Strong involvement and close coordination of a wide variety of actors by creation local housing policy. • The creation of a practical and concise housing policy document containing an action program from which the performance agreements can, almost directly, be derived. • Constructive relationships based on mutual trust between municipality, housing associations and tenants' organisations. • Proper division of agreements made on the official level and the board level. 	<ul style="list-style-type: none"> • Still finding out the desired role and responsibilities for the tenants' organisation in the process. • Not taking full advantage of possible support instruments such as insight in associations' financial situation.
Zoetermeer	<u>Interaction processes for establishment of performance agreements</u>	
	<i>Strong points</i>	<i>Weak points</i>
	<ul style="list-style-type: none"> • Constructive relations between municipality, housing associations and tenants' organisations. • Municipal housing policy priorities internal coordinated with different departments. • Municipality has experience with involving tenants by implementation of housing policy. • Close coordination between individual tenants' organisations. 	<ul style="list-style-type: none"> • Political disagreement in municipal coalition which influenced the establishment of performance agreements. • Ambiguity regarding responsibilities of actors involved in the process of performance agreements (who determines annual priorities for housing policy, and no clear designated contacts persons). • The local housing policy was not reflecting a clear municipal vision regarding social housing.
Rotterdam	<u>Interaction processes for establishment of performance agreements</u>	
	<ul style="list-style-type: none"> • Focus on the creation of SMART agreements, which facilitates a proper monitoring and compliance of the performance agreements. 	<ul style="list-style-type: none"> • Weak involvement of actors by creation local housing policy. • One-sided establishment of annual priorities for social housing policy. • Individual sets of performance agreements instead of one mutual set of agreements on the municipal level. • Strained relations between municipality and housing associations. • Still finding out the desired role and responsibilities for the tenants' organisation in the process.

7. SYNTHESIS OF POLICY EVALUATION OF LOCAL PERFORMANCE AGREEMENTS

7.1 Introduction

This chapter presents the synthesis of this preliminary evaluation study of the policy instrument of local performance agreements for (social) housing.

In chapter 5 the emphasis was on the broader national governance context and the general actor characteristics of the municipality, housing association and tenants' organisation influencing the implementation and functioning of the policy instrument of performance agreements.

In chapter 6, subsequently, insight was given in the proceedings of the implementation and negotiation processes which should lead to the establishment of performance agreements for local housing policy in three municipalities: Bodegraven-Reeuwijk, Zoetermeer and Rotterdam. This inter-case comparison of the negotiation processes has resulted in an overview of aspects in these interaction processes which either hamper or stimulate the co-creation of local housing policy and the establishment of local performance agreements for (social) housing policy.

These insights have been acquired by means of applying the analytical framework of the Contextual Interaction Theory, as shown in figure 7.1.

The different chapters have helped to identify barriers hampering a successful functioning of the policy instrument of local performance agreements and therefore might endanger achieving the objectives pursued by the instrument and the associated Housing Act: barriers in the governance context, actor related barriers and barriers in the negotiation processes between housing associations, tenants' organisations and a municipality.

In this chapter the insights from these chapters will be combined to provide a synthesis and to arrive at a set of recommendations to improve the instrument of local performance agreements and the associated negotiation process which should lead to the establishment of these mutual agreements. The synthesis is presented on three topics: 1) Impact of governance regime on implementation process, 2) Improving actor roles and responsibilities, 3) Barriers and opportunities in decision-making process for establishing performance agreements.

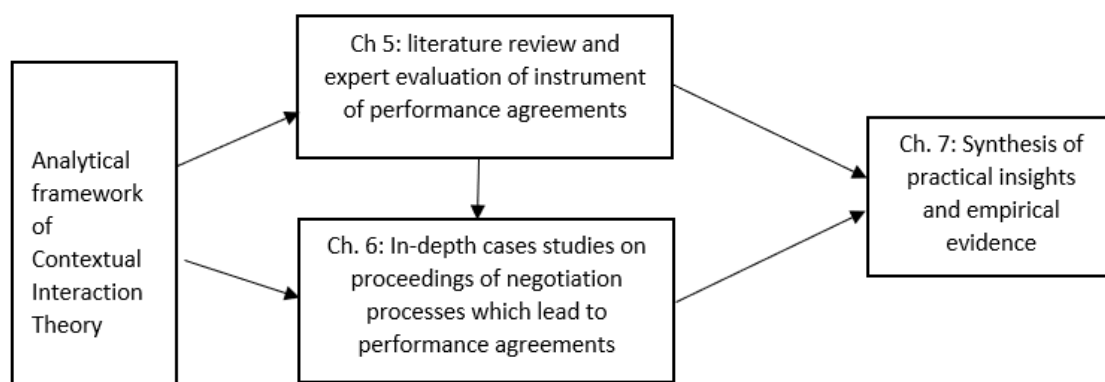


Figure 7.1: Chapter relations for synthesis

7.2 Impact of governance regime on successful implementation of local performance agreements

Since the establishment of local performance agreements is about the implementation of (social) housing policy, the broader governance context regarding social housing, including legislation and policy instruments, could also affect the successful implementation and establishment of local

performance agreements. From the empirical evidence is derived that the revised Housing Act has imposed pressure on the negotiation processes between municipalities, housing associations and tenants' organisations concerning the co-creation of (social) housing policy, this is reflected in §7.2.1. Section §7.2.2 is focussing on the role of the central government as facilitator and regulator in the process of establishing local performance agreements for (social) housing policy.

7.2.1 Housing act hampers the creation of local tailored-made solutions for housing challenges

The policy instrument of local performance agreements for social housing policy seeks to ensure the co-creation of (social) housing policy for social benefit by launching local networks of municipalities, housing associations and tenant's organisations. This policy instrument has obtained a legal status in the Housing Act 2015, however other components of this revised Housing Act could hamper the co-creation of these tailor-made mutual solutions for local housing challenges.

As derived from the context analysis, does the Housing Act provide rules for the scope of action of housing associations. Therein is prescribed that housing associations should emphasis on their core task: the provision of housing for low income households. However, within municipalities where market players do not take up the responsibility of building important facilities or during economic downturn, the Housing Act could stand in the way of its goal. It will also be of benefit to municipalities and the community, when housing associations in such circumstances could take up a broad remit and when the housing associations are not being restricted on their investment capacity via landlord levies and tax measures. Up to now there is a lot ambiguity relating to what kind of activities and investments the housing associations are allowed to execute.

Moreover, according to the Housing Act, housing associations could only invest a maximum amount per housing unit in improving the habitability of the living area. This amount can be increased in consultation with the partners of the local network and subsequently should be established in these local performance agreements for social housing policy. However, in advance should then be determined which amount per housing unit is realistic for improving the habitability in that specific living area. It should be questioned whether this measure in its current form is effective, since investments in improving the habitability are assumed a social task and contribute to the social performance of a housing association.

Hence, the effectiveness of these measures concerning the co-creation and implementation of social housing policy is disputed. It is therefore recommended that these aspects of the Housing Act 2015 will be adjusted in an upcoming revision of the Housing Act. It is however not very realistic to assume that these legal rules will be changed soon. Therefore, the local network actors are recommended to discuss these issues early in the process for the establishment of local performance agreements. The municipality can then early in the process decide to execute a so-called "market-examination" (markttoets) and together should be determined which amount of money is required for improving the habitability of the living area.

7.2.2 Central government as facilitator and regulator of local performance agreements

The central government seeks to facilitate and stimulate the process of establishing local performance agreements for social housing policy by providing legal rules and by implementing so-called support policy instruments such as negotiation process deadlines, the provision of financial information of housing associations and providing access to a dispute settlement body. As derived from the analysis, the support instruments are in general promising, since these instruments contribute to the set-up of a solid process and the establishing of performance agreements is by means of these support instruments considered less non-committal. However, the central government does not provide clear prescriptions how this collaboration between a municipality, housing associations and tenants' organisations should be organised. Moreover, the instrument does not prescribe how the local

performance agreements are supposed to look and there are hardly any requirements set to the content of the mutual agreements for social housing policy and monitoring is not enforced. This “freedom” is to some extent considered good, since it enables the creation of a tailor-made process and associated local performance agreements. Nevertheless, this “freedom” could also endanger the achievement of the objectives pursued by the policy instrument. It should be further assessed whether additional requirements, or a set of performance indicators, are needed to ensure the objectives of the instrument will be achieved.

In addition, the housing associations’ offer and the associated local performance agreements should be based on the local housing policy document created by the local government. Housing associations are required to reasonably contribute to this municipal view, according to the revised Housing Act. However, in practice this leads to problems: The local housing policy is often not considered suitable as the basis of the association’s offer and associated local performance agreements for housing policy. Since it in general offers a much broader municipal/ political view regarding housing and is not particularly focussing on social housing policy. Therefore, the housing associations face difficulties in establishing a suitable offer. The municipal view regarding housing is considered the “start” of the process. As derived from the case analyses, this “start” has a strong impact on the further proceed of the negotiation process and a successful implementation of the instrument of local performance agreements. All investigated cases applied a different “start” and this resulted in different outcomes (Chapter 6). The central government is therefore recommended to substitute the *local housing policy document*, as the basis of the local performance agreements, by *a policy document which reflect the local issues and priorities regarding social housing*. From the case-study evaluation is derived that it is recommended to establish these social housing priorities in consultation with all networks actors to identify shared needs, this can however not be enforced because the municipal policy freedom should be retained. Identifying the (social) housing priorities in consultation with the network actors will in all likelihood positively affect the negotiation process between the actors and the commitment from the housing associations.

Another complicating factor, which impact the negotiation process for establishing performance agreements for local housing policy, are the *Regional Agreements* made regarding housing policy. The regional agreements do not have a legal status but currently determines and possibly narrows the scope of negotiations on this local level. However, these *Regional Networks* can be used to solve the problem related to the housing associations that have to divide their financial resources over multiple municipalities. On this regional level agreements could be made and coordinated regarding the allocation of the associations’ resources.

7.3 Improving actor responsibilities by establishing performance agreements

The instrument of local performance agreements seeks to facilitate and ensure the co-creation of (social) housing policy between a municipality, housing association and tenants’ organisation. Thereby is the instrument aimed at increasing the position of municipalities and tenants’ organisations in social housing. Due to the introduction of this policy instrument, the three actors in the network are faced with new responsibilities. In section §7.3.1 recommendations will be provided to introduce a meta-governor in the process of establishing performance agreements. In section §7.3.2 will be reflected on the role of the tenants’ organisations.

7.3.1 An independent actor as meta-governor in the process

As derived from the actor analysis, the municipalities in the Netherlands are since many years faced with additional duties regarding housing policy due to decentralisation. However, in order to make sure these tasks will be executed, municipalities have to cooperate with societal actors, including housing association. In order to ensure the collaboration regarding social housing policy between

municipalities and housing associations, the instrument of performance agreements has obtained a legal status in the revised Housing Act. However, the instrument of performance agreements does not prescribe how this collaboration should be arranged, this to a large extent, left to the network actors. However, as derived from the analyses, this freedom has led to problems and ambiguities, regarding responsibilities and roles, by the network actors. These problems could be partially solved if the recommendations proposed in section § 7.2.2 regarding the role of the central government as facilitator and regulator of the process of local performance agreements will be revised.

However, a specific actor, a so-called meta-governor, which facilitates the local process of shared decision-making regarding local performance agreements, could avoid problems and ambiguities regarding responsibilities and roles of the network actors and ensure a proper collaboration and coordination between the actors in the network. This actor should desirably apply a hands-on approach in managing the process of decision-making and make sure collaboration between the municipality, housing associations and tenants' organisations is facilitated. This implies that this "meta-governor" should make sure that the right parties are involved, besides the regular network actors, with the right mandate, the required knowledge for decision making is present at the negotiation table and the network actors have access to right contact points. This was namely lacking in the Zoetermeer case.

The case of Bodegraven-Reeuwijk is a good example where the municipality has applied a hands-on approach as meta-governor, this has resulted in a smooth process where a lot of effort has been put in good actor relations. Therefore, this meta-governor should put effort and invest in good actor relations, finding shared interests and the creation of partnerships. This should significantly ease the negotiation process. In Rotterdam the municipality has assumed a leading role in the process of establishing performance agreements for (social) housing policy, but did not put much effort in finding shared interests and investing in good relations. This has led to resistance, especially, among the housing associations.

In the Bodegraven-Reeuwijk case the municipality has adopted the role as meta-governor, which worked out well in that municipality, this could especially be attributed to the efforts and capabilities of the administrative officer responsible for social housing in that municipality. However, it is recommended to designate an independent actor as the meta-governor of the process of establishing local performance agreements, especially in cases where the relations between the network actors are strained.

7.3.2 Revising the role of the tenants' organisations in the process

As derived from the actor analysis and the case-study evaluations, there are difficulties experienced with the tenants' organisations in the process of establishing local performance agreements for (social) housing policy. According to the revised Housing Act, tenants' organisations should preferably be a full member in this decision-making process of local performance agreements. This responsibility implies that tenants' organisations should be able to assess the investing capacity of housing associations and thereby have a sound knowledge of strategic housing policy. However, the involvement in these decision-making processes is for many tenants' organisations a new exercise and thereby is the board of a tenants' organisation dependent on volunteers. These new responsibilities require additional knowledge, time and skills of board members of these tenants' organisations. The lack of knowledge about strategic housing policy, financial know-how and a reduced negotiation capacity among these board members is in practice experienced as a problem. Nevertheless, the involvement of tenants' organisations in the process is also regarded as positive, since it ensures the involvement of topics like affordability of social rental dwellings, habitability of the living environment and improving the energetic quality of social housing stock. The tenants' organisations have moreover good insights into the needs and problems of the tenants of the social rental dwellings.

However, in order to enhance their role in the current process of local performance agreements, some aspects in the process have to be adapted:

It should be firstly assessed whether the involvement of tenants should be organised on the municipal level instead on the individual housing association level. This approach should enhance the role of the tenants' organisations in the process, since tenants' needs will be coordinated and aligned with all local individual organisations and this should simultaneously take the individual tenants' organisation less time and effort. Moreover, by organising the tenants' representation on the municipal level they should be better able to create a powerful block against the municipality and housing associations in the negotiation process of local performance agreements.

Secondly, the municipalities and housing associations have to respond more to the needs of the tenants' organisations with regard to the negotiation the process. Unlike municipalities and housing associations, tenants' organisations are in fact voluntary organisations. Their involvement in the process of performance agreements requires a lot of extra time and expertise. In order to responds to the needs of the tenants' organisations, municipalities and housing associations should adapt the structure of the process accordingly. This means that official documents need to be provided on time and in understandable language and meetings should for example be organised at night.

Additionally, according to the Law Consultation Tenants-Landlord (Wet Overleg Huurders Verhuurders) are housing associations obliged to financially support tenants' organisations for support purposes. This financial contribution could be used for improving the board's knowledge and skills needed in the performance agreements process. However, as derived from a research by the Woonbond the associations' contribution has in many cases been unchanged since the introduction of the law in 2015, while the tenants' organisations are faced with additional responsibilities (Woonbond, 2017). It is recommended to legally establish a minimum amount per housing unit, which the housing association should annually invest to improve the professionalism of its tenants' organisation. It would be even better when this financial contribution will be based on the local circumstances (local task) and the intended activities of the tenants' organisation. However, this differs per municipality and even per tenants' organisation and is therefore hard to set down in law. Of course, housing associations and tenants' organisations can decide themselves to determine the level of contribution on the local task and intended activities of the tenants' organisation.

Finally, the performance agreements for (social) housing policy comprise a broad set of topics and the majority of the agreements requires action from either the housing association or municipality. Moreover, a large part of the agreements comprises specific real estate development topics such as, new development possibilities, land lease and land prices agreements etc. Currently the set of performance agreements has to be signed as a whole. However, it would be recommended to divide the set in broad topics and sign the agreements per topic. This offers tenants' organisations the possibility to sign specific agreements in which they really contributed and they can, for example, choose to leave out the agreements regarding ground lease and land price agreements. This approach, moreover, offers better possibilities to show their members what they achieved in the process.

7.4 Barriers and opportunities in decision-making process of performance agreements

What is derived from this study is that the establishment of performance agreements for social housing policy is about the co-creation and implementation of social housing policy between a municipality, housing associations and tenants' organisations. In order to ensure this process indeed results in co-creation of social housing policy, cooperative and balanced relations between the involved network actors is essential. From chapter 6, the case-study evaluations, different barriers are identified which hamper these negotiation processes which should lead to the establishment of performance agreements for social housing policy. These barriers need to be tackled. Therefore for each identified barrier, an opportunity is established which should be take advantage of by the network actors:

municipalities, housing associations and tenants’ organisations while setting-up the negotiation process for the establishment of performance agreements for social housing policy. These barriers and opportunities are shown in table 7.1.

Table 7.1 overview of barriers and opportunities for the structure of the negotiation process

Barriers	Opportunities
1. Competing agendas and lack of shared interests between network actors regarding social housing policy	1. Invest in network collaboration and invest time to define and discuss interests to identify opportunities which can be shared.
2. Ambiguity concerning actor responsibilities in network	2. Determine, in conjunction, before the start of the process the responsibilities of each actor in the process and define a clear organisational structure and apply a meta-governance approach.
3. Fragmentation of decision-making	3. Apply the meta-governance approach, agree on fix moments to meet, stick to deadlines of central government, form partnerships.
4. Negotiation process is cumbersome	4. Start early in the process with identifying shared interests and familiarise with each other’s line of work to improve actor relations and discuss measures which could improve the actor relations and the associated negotiation process.

With regard to point 4: better knowledge and insights in each other’s interests and responsibilities regarding the execution of housing policy will, in all likelihood, lead to better relations and could also lead to the identification of shared interests and responsibilities. From the literature review, was derived that municipalities do not always have a proper full picture of the remit of housing associations and this leads to conflicts in the negotiations process. In Rotterdam, for example, the housing associations recently organised a masterclass Social Housing Policy for the new members of the city council. This masterclass was organised to address the challenges in the field of social housing and moreover to establish a structural dialogue with the new municipal council.

8. CONCLUSIONS AND RECOMMENDATIONS

8.1 Introduction

This study focused on the most recent regulation change in the social housing sector: the revised Housing Act 2015. This revised Housing Act aims to further regulate the activities of the housing associations, by providing stricter rules and boundaries and improve the supervision of the social sector. *The local performance agreements for social housing policy between municipalities, housing associations and tenants' organisations* is one specific policy instrument of this revised Housing Act. This study seeks to provide a preliminary evaluation of this policy instrument in the light of the revised Housing Act.

This policy instrument *of local performance agreements for (social) housing policy* seeks to increase the link between the investment capacity of housing associations and the social housing needs experienced on the local level to ensure social benefit. By means of this policy instrument, the collaboration between housing associations, municipalities and tenants' organisations has obtained a legal status. Although the policy instrument appears to be promising as a measure releasing funds by housing associations for social benefit and the co-creation of local social housing policy, the effects of the instrument in practice are not clear yet. Moreover, due to the introduction of this new format of establishing local performance agreements new roles, responsibilities and interrelations between municipality, housing associations and tenants' organisations needed to be explored and evaluated. Therefore, this study sought to answer the following main research question:

What are the effects of the policy instrument of local performance agreements for social housing policy in the light of the revised Housing Act 2015?

This study applied a systematic approach to answer the main research question. The analytical framework of the Contextual Interaction Theory is used to analyse, evaluate and reflect on the implementation of the policy instrument of local performance agreements for (social) housing policy. This framework allowed to explore various inputs on the implementation of the policy instrument which could hamper the implementation process and thereby endanger the achievement of the objectives pursued. In research part A, a thorough analysis of the policy instrument of local performance agreements for (social) housing policy was derived, including its objectives pursued and its legal framework. In research part B, the analytical framework of CIT was applied to evaluate the broad governance context and the new roles and responsibilities of the network actors involved in the implementation process. In research part C, the interaction processes which should lead to the establishment of local performance agreements, have been evaluated according to CIT in three selected cases: Bodegraven-Reeuwijk, Zoetermeer and Rotterdam. These three research parts should be able to address the main research question as described above. In this chapter, in section §8.2.1.- §8.2.3 the results per research part will be provided. Subsequently in §8.2.4 the main research question will be answered and in §8.2.5 the instrument will be discussed in terms of effectiveness. Finally in section §8.3 recommendations are provided for policy makers in order to improve the instrument of performance agreements.

8.2 Conclusions

8.2.1 Research part A: In depth description of policy instrument of performance agreements.

The in-depth literature review of research part A has resulted in the identification of the objectives that the central government seeks to achieve with the implementation of the policy instrument of local performance agreements:

Main aim: *The policy instrument of local performance agreements for (social) housing policy seeks to create a closer and better working link between activities and the investment capacity of housing associations and the local housing challenges faced at the municipal level. This policy instrument aims to facilitate and ensure the co-creation of local (social) housing policy between a municipality, housing associations and tenants' organisations for social benefit.*

This aim contributes to at least two of the six objectives of the broader revised Housing Act:

1. Strengthening the positions of municipalities and tenants' organisations in social housing.
2. Protection of equity destined for community

The central government has developed support policy instruments in order to facilitate and ensure the establishment of local performance agreements between municipalities, housing associations and tenants' organisations:

1. **Local housing policy as basis of the local performance agreements for (social) housing policy**: Based on this local housing policy, the housing associations should indicate how they can contribute to this in the form of an offer. Housing associations are not required to provide an offer when such a local housing policy of something similar is not present.
2. **Involvement of tenants in the process of performance agreements**: The involvement of tenants' organisations in the process has obtained a legal status to strengthen the accountability towards the users of social rental dwellings and to ensure the housing association's social legitimacy.
3. **Fixed deadlines in process for establishment of performance agreements**: In order to make sure mutual agreements are being established between municipalities, housing associations and tenants' organisations, the central government has set strict deadlines.
 - a. Deadlines have been set when housing associations have to provide their offer.
 - b. Deadlines have been set when the final set of performance agreements has to be submitted.
4. **Provision of financial information**: the minister annually discloses an indication of the investment capacity of the housing association and these housing associations are required to provide the tenants' organisations and municipality with additional information which these parties consider necessary to assess the offer of the housing association.
5. **Referring possible disputes to Minister**: Possible disputes that impede the establishment of performance agreements for local housing policy can be submitted to the Minister. The Minister has set up an advisory committee for these disputes. The minister consults this committee regarding the judgement of the dispute. After all, this dispute settlement is intended to relaunch the local network and moreover seeks to ensure better cooperation between the parties.

Whether or not these support policy instruments influence the effectiveness of the policy instrument of performance agreements will be discussed in §8.2.5, when the effectiveness of the instrument will be discussed.

8.2.2 Research part B: problematic actor and governance context related barriers hampering proper implementation of performance agreements

The literature review and interviews conducted in research part B have resulted in both actor related barriers as well as context barriers which hamper the proper establishment of local performance agreements for housing policy between a municipality, housing associations and tenants' organisations. The number of barriers have been limited to a maximum of three per actor. More

barriers have been identified, but it has been decided to address the barriers that are most often mentioned in literature as well as by the respondents:

Governance Context barriers:

1. **Small legal remit of housing associations** could stand in the way of the establishment of tailor-made local performance agreements and co-creation of local housing policy which are of benefit for the community.
2. **Central governance measures** such as landlord levy and tax measures negatively affect the investment capacity of the housing associations.

Actor related barriers :

Municipality:

1. **The lack of knowledge in formulating proper housing policy;** housing objectives preferably need to be up to date, explicit, specific and, if possible quantifiable. When the local housing policy lacks direction or is not specific enough, it will be hard for the housing associations to provide an offer and this might hamper achieving the full potential of the instrument of local performance agreements.
2. **The lack of knowledge in grasping investment capacity information of housing association;** housing associations are obliged to provide this information. But it is hard for the municipality to fully grasp this information, this also might hamper achieving the full potential of the performance agreements, since it could lead to conflicts in the negotiations process.
3. **A relationship between municipality and housing association based on mutual distrust rather than a relationship based on trust and transparency;** a cooperative relationship based on mutual trust will result in a better process and could significantly contribute to the full cooperation and commitment from housing associations and thereby helps to achieve the full potential of the instrument of local performance agreements.

Housing association:

1. **Insufficient investment capacity** to release funds for solving local housing challenges for social benefit.
2. **Housing associations who operate in multiple municipalities;** Housing associations have to divide their financial resources over multiple municipalities. It is up to the housing associations how they allocate their financial means. This could be detrimental to some municipalities regarding the financial contribution of housing associations to the local social housing issues.

Tenants' organisation:

1. **Lack of knowledge about strategic housing policy and reduced strategic negotiation capacity and financial know-how**
2. **Short-term perspective leading in setting social housing objectives**
3. **Difficulty to organise tenant's representation**

These aspects might endanger the social legitimacy of housing associations will be increased.

Other contextual factors such as the **economic situation** and the **size of the development task** in a municipality can be considered important elements which influence the negotiation processes. The economic situation influence the market prospects and thereby the investment capacity of the network actors. The size of the development task differ per municipality and can be considered a

complicated factor during the negotiations, since the bigger the development task the more need to be established during the performance agreements negotiations.

8.2.3 Research part C: Evaluation of local interaction processes in three municipalities.

In research part C the local interaction processes between the municipality, housing associations and tenants' organisations, which lead to the establishment of performance agreements for (social) housing policy, have been scrutinised for three municipalities in South-Holland varying in size: Bodegraven-Reeuwijk, Zoetermeer and Rotterdam. Three main issues have been derived bases on this analysis:

1. As derived from these case studies, especially the so-called "start" of the decision-making process **is playing a significant role for a smooth continuation of the process and a successful implementation of the instrument of local performance agreements**. The central government has designated the local housing policy document as the start or basis of the interaction process. Based on this policy document housing associations are required to provide an offer, which reflect how they can contribute to the local housing policy objectives. However, all three municipalities have applied a different start; in Bodegraven-Reeuwijk the creation of action program regarding housing formed the start, in Zoetermeer meetings to arrive at social housing priorities formed the start of the negotiations and in Rotterdam the municipal request containing (social) housing priorities marked the start of the negotiation process. In many cases the local housing policy is not considered suitable as the basis of the negotiations, since it is not particularly focussing on social housing. As moreover derived: **The strong involvement of the housing associations and tenants' organisations in shaping this "start" and thereby align the goal ambitions for the local performance agreements will enhance the commitment from these housing associations.**

2. From this analysis is moreover derived that in order to properly establish performance agreements for (social) housing policy, cooperative relations between the network actors are key. **Approaches which contribute to creating and enhancing transparency, trust and partnerships will help to achieve the full potential of the policy instrument of performance agreements:** the co-creation of social housing policy to release funds from housing associations for social benefit. The approach applied in the Bodegraven-Reeuwijk case can be considered as a proper example how this collaboration could be set up.

From the three case study evaluation, different barriers in the interaction processes have been identified which hamper the negotiations between municipalities, housing associations and tenants' organisation and thus could threaten that the full potential of the policy instrument of performance agreements will be achieved, as is shown in table 8.1.

Table 8.1 Overview of barriers of the decision-making process

Barriers
1. Competing agendas and lack of shared interests between network actors regarding social housing policy
2. Ambiguity concerning actor responsibilities in network
3. Fragmentation of decision-making
4. Negotiation process is cumbersome

3. A third aspect derived from the case-study evaluations is that **the majority of the respondents support the aim of the policy instrument of local performance agreements for (social) housing policy**: the co-creation of social housing policy and release funds from housing associations for social benefit. The instrument of performance agreements in its current form, contribute, according to the respondents, to the co-creation of social housing policy between municipalities, housing associations and their tenants' organisations. Due to the legal rules and the support instruments implemented by the central the government (research part A), the establishment of performance agreements is now considered less non-committal. The support instruments, such as the deadlines, contribute to the creation of a solid cyclic process.

However, **the central government does not provide clear prescriptions how the collaboration between a municipality, housing associations and tenants' organisations should be organised**, this is to a large extent left to the local parties. Moreover, there **are hardly any requirements set to the content and form** of the mutual agreements for social housing policy. This "freedom" is to some extent considered good, since it enables the creation of a tailor-made process and associated local performance agreements. Nevertheless, this "freedom" could also endanger the achievement of the objectives pursued by the policy instrument.

8.2.4 *The effects of the policy instrument of performance agreements*

As a result of the analyses applied by means of the Contextual interaction theory in research part A, B and C the main research question can now be answered: ***What are the effects of the policy instrument of local performance agreements for social housing policy in the light of the revised Housing Act 2015?***

As derived in research part A the main aim of the policy instrument of local performance agreements for (social) housing policy is *the co-creation of social housing policy between a municipality, housing associations and tenants' organisations and release funds by housing associations for social benefit*. This policy instrument should thereby contribute to at least two of the six objectives of the Housing Act 2015:

1. **Strengthening the positions of municipalities and tenants' organisations in social housing.**
2. **Protection of equity destined for community**

Since, the local performance agreements for housing policy obtained a legal status, the position of municipalities and tenants' organisations in the social housing sector indeed has been strengthened, if only because the housing associations are now obliged to negotiate with these parties regarding local social housing policy. Hence, **the first effect** of the implementation of the policy instrument of local performance agreements in the light of the revised Housing Act is: the fact that the collaboration between housing associations, municipalities and tenants' organisations has obtained a legal status, has resulted that the three parties have to get together around the negotiation table in order to discuss social housing related issues. This already increased the influence of municipalities and tenants' organisations in social housing. As a result from the implementation of this policy instrument more municipalities felt the need to create a housing policy document, since such a document is a condition for the establishment of local performance agreements. Moreover, the share of housing associations who established performance agreements with municipalities for (social) housing policy has increased significantly: in 2013, 36% of the housing associations established such agreements with municipalities, in 2016/2017 this has increased to 86% (ECN , 2018; Severijn, 2013).

Nevertheless, enhancing the position of municipalities and tenants' organisations in social housing is, to a large extent, **dependent on the capabilities of these municipalities and tenants' organisations**. As derived from this study, barriers are identified which could **threaten that the full potential of the policy instrument of performance agreements will be achieved**. There are problems experienced with the municipalities who lack the expertise in formulating proper housing policy and

tenants' organisations often lack knowledge about strategic housing policy and have a reduced strategic negotiation capacity and financial know-how.

The **second effect** of the implementation of the policy instrument of local performance agreements in the light of the revised Housing Act, is that the local performance agreements in its current form **comprise a broader set of issues which are being addressed during the negotiations for social housing policy**. Where before the performance agreements for housing policy were mainly about detailed development figures and agreements (number of social rental dwellings, number of newly built dwellings, ground lease etc.). However, nowadays other topics such as habitability of the living environment, affordability, sustainability of social housing stock and living and care of elderly people are also being addressed. This is, according to the respondents, amongst others, the result of the involvement of tenants at the negotiation table. The involvement of tenants has ensured that these topics, to a greater extent, are embedded in these decision-making processes.

A **third effect** of the implementation of the policy instrument of performance agreements, as derived from this study, is that **the local performance agreements for housing policy now are considered less non-committal than its previous form**. Due to the formal rules and the support instruments, implemented by the central the government, is the establishment of performance agreements now considered less non-committal than its predecessor. The support instruments, such as the strict deadlines, contribute to the creation of a solid process. Moreover, the provision of the information by the minister concerning the financial position of housing associations increases transparency during the negotiations.

However, **also negative side effects are derived** from this study concerning the implementation of the policy instrument of local performance agreements for housing policy in the light of the revised Housing Act. The policy instrument seeks to facilitate and ensure the co-creation of local housing policy for social benefit. However, as derived from the study other components of the revised Housing Act might sometimes stand in the way the co-creation of local social housing policy: such as **the restricted remit of housing associations**. Within municipalities where market players do not take up the responsibility of building important facilities or during an economic downturn, it will also be of benefit to municipalities, when housing associations could take up a broad remit and when the housing associations are not being restricted on their investment capacity via landlord levies and tax measures. These investment could, namely, be of added value for the community, but due to the regulation change it is unclear what is allowed and measures such as "Market-examination" (markttoets) are only used marginally. It should be questioned whether the Act, regarding this aspect, stands in the way of its goal. It should be explored whether formal rules aiming at achieving the objective: *protecting equity destined for community*, have resulted in formal rules which are regarded too strict.

In addition, the central government does not provide clear prescriptions how the collaboration between the network actors should be organised. For example monitoring and compliance of the agreements is not enforced. The Housing Act does not prescribe how the local performance agreements are supposed to look and there are hardly any requirements set to the content of the mutual agreements for social housing policy. These aspects could endanger that the objectives pursued by the policy instrument will be achieved.

An important condition for a proper implementation and functioning of the policy instrument of local performance agreements for housing policy are cooperative relationships between the network actors. **The organisational structure of the negotiation process is considered an important contributory factor to the success of the policy instrument of performance agreements**. A negotiation structure

which contributes to trust between actors, transparency and the creation of partnerships will help to achieve the full potential of the policy instrument: the co-creation of local housing policy for social benefit.

8.2.5 *The effectiveness of the instrument of local performance agreements*

Based on the information acquired in this study, some statements can be made with regard to the effectiveness of the instrument of local performance agreements in the light of the revised Housing Act. The main aim of the policy instrument of local performance agreements for (social) housing policy is *the co-creation of social housing policy between a municipality, housing associations and tenants' organisations and release funds by housing associations for social benefit*. This policy instrument should thereby contribute to at least two of the six objectives of the Housing Act 2015:

1. Strengthening the positions of municipalities and tenants' organisations in social housing.
2. Protection of equity destined for community

All in all, the effects of the implementation of the policy instrument of local performance agreements for (social) housing policy in the light of the revised Housing Act are pretty positive: the instrument is able to increase transparency and legitimacy.

The instrument, established by the central government, indeed facilitates, to some extent, the co-creation of social housing policy between municipalities, housing associations and tenants' organisations. Due to the legal base, municipalities and housing associations are more inclined and perhaps somewhat enforced to discuss social housing related issues with each other. Support instruments such as strict deadlines have ensured the set-up of a solid cyclic process. However, the role of the central government as facilitator and regulator of the process can be improved. The central government could improve its role by providing clear prescriptions how the collaboration between the network actors should be organised and by setting more requirements to the content and form of the mutual agreements for social housing policy to ensure the objectives pursued by the instrument will be achieved.

The way the "start" of the negotiation process is organised turned out to have a substantial impact on the successfulness of the implementation. Jointly determining the social housing objectives and goal ambitions of the process of performance agreements collectively, with all network actors, contribute to the effectiveness of the instrument and commitment from the housing associations. The local housing policy document is often not regarded as a suitable start for these negotiations since it is not particularly focussing on social housing.

The instrument of local performance agreements has also contributed to the achievement of the following objective of the revised Housing Act: *Strengthening the positions of municipalities and tenants' organisations in social housing*. The fact that the collaboration between housing associations, municipalities and tenants' organisations has obtained a legal status, has resulted that the three parties have to get together around the negotiation table in order to discuss social housing related issues. This already increased the influence of municipalities and tenants' organisations in social housing. However, the influence of municipalities and tenants' organisations in the social housing sector is to a large extent dependent on the capabilities of these organisations and has therefore to be taken into account. The strengthened position of municipalities and tenants' organisations increase the democratic and social legitimacy of housing associations.

The achievement of the other objective derived from the Housing act 2015: *Protection of equity destined for community*, is more difficult to assess. From this study could not directly be derived whether the policy instrument of local performance ensures that the housing associations' equity reach the intended recipients. Therefore additional research is needed into the type of agreements

made and then should be assessed whether the investments reach the intended recipients. However, the instrument could at least facilitate the establishment of agreements which are of social benefit.

Moreover, to achieve the full potential of the policy instrument of local performance agreements for social housing policy, recommendations have been provided in research part D to address these issues. In §8.3 recommendations are provided for policy makers.

8.3 Policy recommendations for achieving full potential of policy instrument of performance agreements

Recommendations for policy makers are identified to enhance the role of the central government as facilitator and regulator of the local performance agreements and to enhance the role of the tenants' organisations in the negotiation process for the establishment of local performance agreements for local housing policy.

Additional recommendations have been identified regarding improving the implementation process of local performance agreements but are focussing on the negotiation process between housing associations, tenants' organisations and municipalities and can be implemented at a short notice by these network actors. These recommendations have been discussed in detail in chapter 7: the synthesis of the study. These recommendations provided in this specific section are designed for policy makers.

1. Policy recommendations for central government as facilitator and regulator

The central government seeks to facilitate and stimulate the process of establishing local performance agreements for social housing policy by providing legal rules and by implementing so-called support policy instruments such as negotiation process deadlines, the provision of financial information of housing associations and providing access to a dispute settlement body. As derived from the analysis, the support instruments are in general promising, since these instruments contribute to the set-up of a solid cyclic process and the establishing of performance agreements is by means of these support instruments considered less non-committal. However, the central government does not provide clear prescriptions how this collaboration between a municipality, housing associations and tenants' organisations should be organised. Moreover, there are hardly any requirements set to the content and form of the mutual agreements for social housing policy and monitoring is not enforced. **Policy makers are therefore recommended to strengthen the requirements related to the content and the form of the agreements set.** A standard "guiding framework" for the establishment of local performance agreements is required. It is moreover to be recommended to enforce the monitoring of the agreements.

In addition, *the local housing policy* is designated the "start" of the negotiation process between a municipality, housing association and tenants' organisation. Housing associations are required to reasonably contribute to this municipal view, according to the revised Housing Act. However, in practice this leads to problems: *The local housing policy is often not considered suitable as the basis of the association's offer and the associated local performance agreements for housing policy.* Since it in general offers a much broader municipal/ political view regarding housing and is not particularly focussing on social housing policy. **Policy makers are therefore recommended to substitute the local housing policy document, as the basis of the local performance agreements, by a policy document which is emphasising on social housing** in which also the regional agreements regarding social housing are reflected.

2. Strengthening the position of tenants' organisations

In order to enhance the role of tenants' organisations in the current process of local performance agreements, some aspects in the current format need to be adapted:

First of all, it is recommended to assess whether the **involvement of tenants should be organised on the municipal level** instead of on the individual housing association level. Tenants' needs shall therefore be coordinated and aligned with all individual tenants' organisations and this should simultaneously take the individual tenants' organisation less time and effort. Moreover, by organising the tenants' representation on the municipal level, they should be better able to create a powerful block against the municipality and housing associations in the negotiation process of local performance agreements. The individual tenants' organisations could then still be involved in the establishment of the housing associations' offer.

Secondly, according to the Law Consultation Tenants-Landlord are housing associations obliged to financially support tenants' organisations for support purposes. However, many tenants' organisation consider the financial contribution too low. It is recommended to **legally establish a minimum amount per housing unit, which the housing association should annually invest to improve the professionalism of its tenants' organisation**. It would be even better when this financial contribution will be based on the local circumstances (local task) and the intended activities of the tenants' organisation. However, this differs per municipality and even per tenants' organisation and is therefore hard to set down in law.

Finally, the performance agreements for (social) housing policy comprise a broad set of topics and the majority of the agreements requires action from either the housing association or municipality. Currently the set of performance agreements has to be signed as a whole. **It would be recommended to divide the set in broad topics and sign the agreements per topic**. This offers tenants' organisations the possibility to sign specific agreements in which they really contributed. This approach moreover, offers better possibilities to show their members what they achieved in the process.

9 DISCUSSION

9.1 Introduction

This section provides a discussion on the performed master thesis research. The first section addresses implications of this study on societal and scientific fields. Next, limitations of this research will be addressed focussing on the research approach, methods and theory used for this study. Finally, recommendations for future research will be provided in the last section.

9.2 Implications of research

In this section both the scientific implications and the societal implications of this research will be derived.

9.2.1 *Scientific implications*

In addition to the insights that resulted from the empirical study, it is also useful to pay attention to the theoretical implications.

First of all, this study provided empirical insight into the effects and effectiveness of networks, in which non-profit organisations or hybrid organisations are involved, as system to avoid the so-called mission-drift of these hybrid organisations. In scientific literature the emphasis was particularly on organisational or corporate governance mechanisms to solve the governance challenge of hybrid organisations (Reaymaeckers et al., 2017; Ebrahim et al., 2014; Cornforth, 2012). There was however a need for research that situates the governance of hybrid organisations in a wider perspective (Reaymaeckers et al., 2017; Ebrahim et al., 2014; Cornforth, 2012). Empirical information regarding the effects of such networks was and still is very scarce (Reaymaeckers et al., 2017).

This study moreover contributes to literature regarding the effects and effectiveness of performance agreements in the public sector. According to Lewis (2015) should such performance measurement systems in the public sector more be considered as social structures of interactions between individuals and institutions. This study has made an attempt to contribute to this request by the evaluation of the policy instrument of local performance agreements for housing policy and thereby scrutinise the social interactions between a municipality, housing associations and tenants' organisations in this context. From this study was derived that such performance measurement systems or networks, in essence, are able to strengthen the transparency, legitimacy and credibility of these housing associations. However, the effectiveness of such networks and performance measurement systems are also dependent on the capabilities of the other actors involved in these networks. If the other, not targeted, actors lack certain capabilities, such as a certain level of knowledge or negotiation capacity, the positive effects might be diminish. Also the interrelations between the actors is considered an important contributory factor to the effectiveness of this performance agreements instrument. Strained relations between the actors hamper a successful implementation of the policy instrument of performance agreements in public policy.

The insights derived in this study are based on housing associations as the hybrid organisations to which the policy instrument of performance agreements is targeted. However, it should be questioned whether the insights derived in this study also account for other hybrid organisations. Housing associations are considered a special type of hybrid organisation since they are also real estate companies and this could seriously affect the interactions between the network actors. Additional research in how hybrid organisations are governed in networks or by such performance measurement systems is needed to determine what works and what not to solve the governance challenge of hybrid organisations: the risk of mission drift.

The other set of scientific implications are related to the theoretical framework used for this study: The Contextual Interaction Theory. The effect of the actor characteristics on the policy implementation, which are in CIT fed via three key actor characteristics: cognition, motivation and resources, can indeed to a large extent be connected to the expected outcomes that are derived from

the theory (Bressers H. , 2009). However, this empirical evidence is only derived from three case studies.

From this study was amongst others derived that positive interactions in the past between the municipality and housing associations indeed lead to better outcomes in the process of establishing performance agreements. This was moreover derived from the Bodegraven-Reeuwijk case. In Rotterdam, where was indicated that the relation between the municipality and housing associations has been strained for a quite a while, this aspect did not contribute to a proper establishment of local performance agreements for housing policy. Moreover, with regard to the actor characteristic “resources” was derived that for a successful implementation of the policy instrument of performance agreements the capabilities of the network actors are indeed considered relevant. As derived from the study, the tenants’ organisations lack knowledge about strategic housing policy, have a reduced strategic negotiation capacity and financial know-how. These aspects hamper the successful implementation of the instrument and endanger the achievement of the objectives pursued by the policy; ensuring social legitimacy. Moreover, municipalities which lack the resources and capabilities to create a local housing policy and find it difficult to facilitate the shared decision-making process, hamper a successful implementation of the instrument. However, with regard to the “motivation” factor, it was not possible to demonstrate in the case studies that there is a correlation between the degree of motivation of the organisational management and the result of the established performance agreements. Due to the legal basis of the instrument, the housing associations are required to negotiate with the municipality and tenants’ organisations regarding local performance agreements for social housing policy. This collaboration can therefore be considered as some form of forced cooperation. However, from the case studies it became not directly clear whether the housing associations considered the cooperation a forced cooperation, since it could be imposed by the municipality. Nevertheless, what was considered an important condition for a successful implementation of the policy was a cooperative relationship between the network actors. Relationships based on mutual trust resulted in positive policy outcomes and commitment from the housing associations. The context, such as governance structures and the political and economic situation impose also pressure on the negotiation process and on the actors involved in the policy implementation process.

9.2.2 Societal implications

The insights derived in this study regarding the implementation of the policy instrument of local performance agreements for (social) housing policy are valuable for society in multiple ways.

First of all, the insights derived in this study can be used by the legislators for potential revisions in the Housing Act in the future and by other municipalities and local performance agreements networks which have to establish performance agreements for (social) housing policy. The provided opportunities and recommendations to improve the negotiation process between the municipality, housing association and tenants’ organisations can be valuable for these local networks.

The insights derived in this study will not only be valuable for the establishment of performance agreements, but also for the implementation of other new legislation: the “Omgevingswet”. This legislation seeks to ensure greater coordination of different plans for spatial development, environment and nature which currently apply on the central government level and transfer this to the municipal level. This new legislation demands a different municipal organisation. The participation of citizens and organisations regarding spatial plans will obtain a legal status and municipalities therefore need to find out how they will organise this participation. In addition, the municipal organisation need to be internally reorganised. Municipalities currently have a compartmentalised structure, including specific domains or sectors, which are sub-divided into departments, which again consists of smaller departments. However, that is no longer tenable from the perspective of the Environment Act, which requires agile and flat project organisations. This change

thus imposes huge challenges for municipalities (Rotmans, 2018). This new legislation requires a new way of working of the municipality, where the involvement of citizens and (social) institutions in spatial planning will become more common. Among municipalities increased emphasis should be placed on cooperation, co-creation, communication and the provision of information in order to achieve their goals regarding spatial development (Rotmans, 2018; Van Kessel, Scheele-Goedhart, & Wever, 2017). This study can be considered a taste how a proper cooperation between societal actors regarding the creation and implementation of spatial policy can be set-up.

9.3 Limitations and reflection of the study

This section provides a reflection on this study. This reflection includes some remarks regarding the research approach and method used for this study. Moreover, the theoretical framework of this study, the analytical framework of the Contextual Interaction Theory, will be reflected upon. Furthermore, limitations regarding important decisions made for this study, are also discussed.

9.3.1 *limitations of research approach: case-study research*

- Since this study aimed at exploring the effects of the policy instrument of local performance agreements for (social) housing and no, or very little, preliminary research was conducted in this area, case-study research was considered appropriate. An advantage of this research approach was that due to the limited number of cases, the cases could be analysed in detail and this has resulted in in-depth information regarding the implementation of the policy instrument of performance agreements. However, a disadvantage of this research approach is that generalisation to the target population, all local performance agreements networks in the Netherlands consisting of municipalities, housing associations and tenants' organisations, is difficult due to the low number of cases. More cases are considered needed to generalise the results. However, by selecting the cases has been taken into account that the selected cases came from the same region, to account for regional differences in housing circumstances, and moreover the cases all varied in size which is assumed to provide a broader view of the effects of implementation. In addition, representatives of the umbrella organisations of municipalities-VNG, housing association-Aedes and tenants' organisations-Woonbond, have been interviewed to reflect upon the insights derived from the case studies and thereby helped to arrive at a broad view regarding the effects and implementation process of local performance agreements for housing policy in the light of the revised Housing Act to assess the effectiveness of the instrument.

9.3.2 *limitations of research method: in-depth interviews*

- The most important source of data for this study were in-depth interviews held with actors involved in the establishment of performance agreements in three municipalities and with experts of the policy instrument. For the case-study interviews, per case three or four interviews were held with representatives of the municipality, housing associations and tenants' organisations. In all municipalities more than one housing association was active, but for this case study research only one or two housing associations were interviewed per case. The same applies for the tenants' organisations. Interviewing additional housing associations could probably lead to more insights in the interaction processes between them, the municipality and their tenants' organisations. However, in the larger municipalities of Zoetermeer and Rotterdam two housing associations were interviewed in order to improve the reliability of the results.
- With regard to the tenants' organisations, it was indicated that at least two tenants' organisations spoken for this study, were recently established. Therefore, not only their

involvement in the negotiation processes regarding the establishment of performance agreements was new, but the other responsibilities a tenants' organisation is faced with were also new to them. Other respondents of the specific cases also indicated this might have influenced the negotiation processes. Interviewing other tenants' organisations might have led to different results regarding the role of the tenants' organisations in the process of establishing performance agreements.

- Another remark which should be made in the light of the research method used, is that for the Zoetermeer case an interview with a representative of the municipality was not possible due to unforeseen circumstances from their side. Therefore, the Zoetermeer case could not be reflected upon from all perspectives. However, in 2017 the research institute RIGO, has conducted in-depth interviews regarding the proceedings of the performance agreements in Zoetermeer with all involved actors. For this research, amongst others, the Alderman responsible for housing was interviewed as well as the policy officer responsible for social housing. This research was used to reflect upon the information acquired from the interviews held with the respondents in this study and to describe the interaction processes between the actors.

9.3.3 Limitations of theoretical perspective used: The Contextual Interaction Theory

- Additional remarks can be made regarding the scientific perspective used for this study: The Contextual Interaction Theory. The analytical framework of the CIT is used to evaluate the implementation process of the policy instrument of local performance agreements. This theory provides insight into how actors, involved in the implementation of a policy, interact and how this contributes to a successful implementation. Moreover, a successful implementation of a policy is strongly dependent on the relation between the context from which it came and to which it is transferred. Through a detailed understanding of how, where and why these actors are influenced by the external context, lessons can be drawn related to an effective policy implementation (Bressers & De Boer, 2013). The primary objective of this study was the identification of effects of the policy instrument of performance agreements in the light of the revised Housing Act and providing recommendation to eliminate the barriers of implementation. The analytical framework of the CIT enables easy comparative analyses of the policy implementation. However, this analytical framework is considered broad and therefore lacks specific guidance on what is relevant to include for the study and what to exclude. This has mainly led to confusion by determining the contextual factors for this study, which could affect the implementation of the policy instrument of performance agreements for social housing policy. It was challenging to determine which contextual factors were considered relevant and which were not. For this study has been chosen to emphasise on politics as an important contextual factor as well as the revised Housing Act as important contextual factor.
- In addition, as already indicated by the name of the theory, the Contextual Interaction Theory focusses on the "context", and the theory thereby assumes that due to a detailed understanding of how, where and why actors involved in a policy implementation are influenced by the external context, lessons can be drawn related to an effective policy implementation. However, the theory focusses therefore not so much on corporate characteristics and internal processes of the organisations and actors involved in the implementation process. These characteristics could moreover affect the implementation process and ensure a successful implementation of a policy.

9.4 Recommendations for future research

In this section recommendations will be provided concerning future research that is considered needed with regard to the policy instrument of local performance agreements for housing policy.

This study can be considered a preliminary study into the effects and effectiveness of the implementation of the policy instrument of local performance agreements for (social) housing policy in the light of the revised Housing Act. It is however recommended to apply additional research into this topic.

- First of all, in this study a case study evaluation in three municipalities is applied into the effects and effectiveness of the policy instrument of local performance agreements for housing policy. A disadvantage of this case study evaluation is that generalisation to the entire target population is difficult due to the low number of cases. More cases are considered needed to generalise the results. For this specific study has been chosen to emphasise on the maximum of three cases to acquire detailed information per case regarding the proceed of the implementation process. It is however recommended to conduct additional research in more municipalities and in different regions, since this might lead to additional effects of the policy instrument and the identifications of additional barriers in the implementation process.
- In addition, it can be recommended to explore whether the implementation of the policy instrument in different regions, where different housing issues are at stake, lead to different effects of the policy instrument of performance agreements and thereby explore how specific housing issues influence the negotiation process between the network actors. In South-Holland, in general no demographic decline is at stake, but in others this is considered an issue. This approach would allow a cross-case analysis of the implementation processes and the functioning of the instrument on both the municipal level as well as the regional level with municipalities facing the same type of housing issues. This should allow providing tailor-made recommendations/ approaches for establishing performance agreements. It will be interesting to reveal differences and similarities in implementation approaches to be able to explore the causes of the differences and similarities and the contributory role to the success of the policy implementation.

From this study was derived that the smaller the municipality the more the successful the implementation of the policy instrument of performance agreements went. However, this cannot be stated based on these three case studies. Therefore additional research is needed to be able to state that. Is however assumed that the short communication lines between the actors involved in the process of performance agreements present in smaller municipalities are beneficial to the success of the implementation. However, the knowledge and capabilities of municipal employees are also considered an important contributory factor for the success of the implementation and are often present in larger municipalities. Therefore additional research is needed into the contributory factors for a successful implementation of the policy instrument of local performance agreements.

- Another remark: since no preliminary or little research was conducted into the effects of the implementation of this policy instrument, the set-up for this study was rather broad. However, it could be recommended to decrease the scope of study in a follow-up study regarding the implementation of the policy instrument of performance agreements for (social) housing policy and thereby focus on the evaluation of specific elements, such as the involvement of tenants' organisations or the role of the municipality in the process and their exact contributions to the

establishment of performance agreements and explore in more detail how, where and why these factors influence a successful functioning of the policy.

In the section 7.3 and 8.3 recommendations were provided to organise the involvement of tenants' organisations in the process for establishing performance agreements on the municipal level instead on the individual housing associations. Empirical evidence is considered crucial to determine the effects of this recommendation on the implementation of the policy.

- The emphasis of this evaluation study of the policy instrument of local performance agreements for (social) housing policy were the interaction processes between the network actors and the associated effects. This was also due to the scientific theory used for this study, the Contextual Interaction Theory, which focusses on the actors involved in the implementation process of a policy instrument and the interaction processes between them. However, it would also be recommended to address the corporate characteristics. For example the corporate governance of housing associations and how these corporate characteristics affect a successful implementation of the policy instrument and how these characteristics obstruct or contribute to the objectives pursued by the instrument and the entire Housing Act.

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1. APPENDICES

Appendix 1: Matrix of the Governance Assessment Tool

Governance dimension	Quality of the governance regime			
	Extent	Coherence	Flexibility	Intensity
Levels and scales	How many levels are involved and dealing with an issue? Are there any important gaps or missing levels?	Do these levels work together and do they trust each other between levels? To what degree is the mutual dependence among levels recognised?	Is it possible to move up and down levels (upscaling and downscaling) given the issue at stake?	Is there a strong impact from a certain level towards behavioural change or management reform?
Actors and networks	Are all relevant stakeholders involved? Are there any stakeholders not involved or even excluded?	What is the strength of interactions between stakeholders? In what ways are these interactions institutionalised in stable structures? Do the stakeholders have experience in working together? Do they trust and respect each other?	Is it possible that new actors are included or even that the lead shifts from one actor to another when there are pragmatic reasons for this? Do the actors share in 'social capital' allowing them to support each other's tasks?	Is there a strong pressure from an actor or actor coalition towards behavioural change or management reform?
Problem perspectives and goal ambitions	To what extent are the various problem perspectives taken into account?	To what extent do the various perspectives and goals support each other, or are they in competition or conflict?	Are there opportunities to re-assess goals? Can multiple goals be optimized in package deals?	How different are the goal ambitions from the status quo or business as usual?
Strategies and instruments	What types of instruments are included in the policy strategy? Are there any excluded types? Are monitoring and enforcement instruments included?	To what extent is the incentive system based on synergy? Are trade-offs in cost benefits and distributional effects considered? Are there any overlaps or conflicts of incentives created by the included policy instruments?	Are there opportunities to combine or make use of different types of instruments? Is there a choice?	What is the implied behavioural deviation from current practice and how strongly do the instruments require and enforce this?
Responsibilities and resources	Are all responsibilities clearly assigned and facilitated with resources?	To what extent do the assigned responsibilities create competence struggles or cooperation within or across institutions? Are they considered legitimate by the main stakeholders?	To what extent is it possible to pool the assigned responsibilities and resources as long as accountability and transparency are not compromised?	Is the amount of allocated resources sufficient to implement the measures needed for the intended change?

Matrix GAT containing of evaluating questions to assess governance context of a relevant policy (Bressers et al., 2016)

Launching a performance measurement system to ensure social and democratic legitimacy of Dutch Housing Associations as providers of social rental dwellings

Identifying barriers in the implementation of the policy instrument of local performance agreements for housing policy in the Dutch social housing sector

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Abstract:

In 2015 the Housing Act was revised in order to further regulate the social housing sector in the Netherlands and thereby improve the steering possibilities for the central government to coordinate housing associations. The local performance agreements for (social) housing policy is one of the policy instruments which obtained a legal status in the revised Housing Act. By means of this policy instrument the central government seeks to facilitate and ensure cooperative, but non-permissive, networks of municipalities, housing associations and tenants' organisations in order to release funds by housing associations for social benefit. Moreover, by means of these local networks the position of municipalities and tenants' organisations in social housing should be enhanced to ensure the social and democratic legitimacy of housing associations. In depth-interviews are held with experts and involved actors of the local performance agreements networks in three municipalities in the Netherlands to answer the following research question: *"Which barriers can be distinguished by the implementation of the policy instrument of local performance agreements between municipalities, housing associations and tenants' organisations?"*. The identified barriers can be divided in two main sets: issues in the broader governance structure and issues with the organisational structure of the local performance agreements networks. These barriers need to be addressed to make sure the objectives pursued by the policy instrument and the broader Housing Act will be achieved.

Keywords: Housing associations, performance agreements, social performance, policy implementation, Contextual Interaction Theory, networks

1. Introduction: ensuring democratic and social legitimacy in the social housing sector

Almost one third of the total housing sector in the Netherlands can be considered social housing (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2016). Dutch housing associations in the Netherlands take care of the provision of affordable housing for low income households since the end of the 19th century. But their role, task and position have thereby always been multiform and changeable. Already since the introduction of the Housing Act in 1901, there is a discussion regarding the role, position and task of housing associations. In the past decades, the position of housing associations has changed from tight subsidised and regulated organisations to financially independent businesses (Nieboer & Gruis, 2016; Van Bortel & Elsinga, 2007).

After the (financial) privatisation of the social housing associations in 1995, the financial relations between the government and the housing

associations were severed (Snuverink, 2006). Housing associations were allowed to act as independent businesses and obtained a lot of freedom. Housing associations were allowed to build and manage residential dwellings by means of a so-called "revolving-fund" model (Blessing, 2013). Selling homes was for example a measure to generate income for their social task (Nieboer & Gruis, 2016). Due to this structure there was little insight in the social performance of housing associations (Veenstra et al., 2017; Boelhouwer & Priemus, 2014). Later, misconduct came forward in parts of the sector, incidents such as administrative failures and financial mismanagement came to light. All this led to various researches into the performance of the sector and under influence of these researches, the Housing Act was revised in 2015. This revised Housing Act is aimed at further regulating the activities of housing associations by providing stricter rules and boundaries and thereby it is aimed at strengthening supervision of the social housing sector (Rijksoverheid, 2015).

A specific policy instrument of the Revised Housing Act 2015 are the *local performance agreements for (social) housing policy between a municipality, housing associations and tenants' organisations*. In the Housing Act 2015, these agreements obtained a legal status. In these local performance agreements housing associations, municipalities and tenants' organisations establish how all parties involved, contribute to the realisation of the local (social) housing objectives for a specific period. It thereby seeks to increase the link between the investment capacity of housing associations and the social housing needs on the local level to ensure social benefit. Hence, by means of this policy instrument the central government seeks to facilitate and ensure the co-creation of (social) housing policy between municipalities, housing associations and tenants' organisations and thereby increase the role of municipalities and tenants in social housing (Ministerie van Binnenlandse Zaken et al., 2015)

Although this policy instrument appears to be promising in ensuring both the social and democratic legitimacy of housing associations and facilitating the co-creation of (social) housing policy, there is however not yet much insight into the proceedings of these negotiations and the effects of this instrument. Moreover, little has been documented on the challenges facing the implementation of the policy instrument of performance agreements in the light of the revised Housing Act (2015). Hence, this study was an attempt to fill this gap by exploring and documenting the challenges facing the implementation of the policy instrument of local performance agreements at three Dutch municipalities: Bodegraven-Reeuwijk, Zoetermeer and Rotterdam. Due to the introduction of this new format of establishing local performance agreements for housing policy new roles, responsibilities and interrelations between municipality, housing associations and tenants' organisations need to be explored. It is both socially and scientifically relevant to answer the following research question:

Which barriers can be distinguished by the implementation of the policy instrument of local performance agreements between municipalities, housing associations and tenants' organisations?

This question will be answered by applying a policy analysis approach. The analytical model of the Contextual Interaction Theory is utilised to explore

the barriers of implementation. In section 3, the rationale of this theory will be elaborated, after additional information is provided with regard to the functioning and effects of performance agreements as a policy instrument in public policy in chapter 2. Subsequently in section 4 the research method is described. In section 5 the results of the case-study evaluations will be provided and from this information the barriers of implementation are derived. These issues are presented and divided into 2 main sets: Governance structure barriers and barriers related to the organisational structure of the local networks of performance agreements. Finally, in section 6 and 7 respectively a discussion and conclusion is provided.

2. Performance agreements as an instrument in public policy.

As stated before the central government in the Netherlands seeks by means of the instrument of local performance agreements to facilitate and ensure cooperative, but non-permissive, networks of municipalities, housing associations and tenants' organisations for the co-creation of social policy and to strengthen the supervision of the housing associations. However, these performance agreements have been in place for longer in the Dutch social housing sector. Performance agreements for housing policy have been a common policy instrument since the privatisation of housing associations in the 90s. Where before these agreements were permissive and not mandatory, the revised Housing Act has made them imperative. (Ministerie van Binnenlandse Zaken et al., 2015). Performance agreements are also a common policy instrument in other public sectors.

2.1 The value and effects of performance agreements in public policy

Since the 1980s, when many public sector tasks have been privatised or decentralised, performance measurement has become a common policy instrument. By means of these agreements the social service providers have to give account for their operations to the public authority (Soldaat, n.d.).

Performance agreements are commonly used in public policy such as in education and care. Performance agreements can be considered written agreements between a government and a social service provider, which is comprised of quantitative and/or qualitative performances that the actors agreed upon. In order to make the performance measurement system to work, some degree of

consensus between the public authority and the social service provider regarding the purpose and utility of the systems is required (European Commission, 2014).

From a study into the use of performance agreements in higher education in Europe was derived that performance agreements can be considered an effective tool for enhancing the strategic planning and the so-called “outcome-focus” of these organisations. Moreover, due to these performance agreements the transparency about strategic goals of the social service provider and the alignment between organisational and national (government) goals increases (European Commission, 2014).

Additional literature on the possible effects of performance measurement in the public sector show that such performance measurement systems are also able to increase accountability, credibility and legitimacy besides transparency. However, the use of such systems might also lead to sub-optimising: setting goals not too high to make sure they are feasible, so-called tunnel vision; focussing on the objectives agreed on and losing sight on other objectives and myopia; emphasis on short term targets at the expense of long term objectives (Johnsen, 2005; De Bruijn, 2001; Smith, 1995).

Experiences showed that public sectors that have implemented performance agreements systems, are inclined to maintain performance agreements, once the approach has been introduced (European Commission, 2014).

3. The Contextual Interaction Theory: an analytical framework for policy implementation

The Contextual Interaction Theory will be utilised to realise the main aim of this study: the identification of barriers in the implementation and functioning of the policy instrument of performance agreements in the light of the revised Housing Act.

According to Bressers et al. (2000), the developers of the Contextual Interaction Theory (CIT), should implementation researchers focus on the interaction processes between the actors involved in the policy field, instead of focusing on the policy instrument itself, by evaluating policy implementation. The characteristics of the actors have according to Bressers et al. a major influence on policy implementation. In addition, according to Bressers et al., should the implementation of policy (instruments) not be separated from the context in which they are used, since characteristics of the environment also influence the actors involved in these implementation processes. Therefore, the

Contextual Interaction Theory focuses on the involved actors in the policy implementation process and the interactions between them (Bressers, Klok, & O'Toole, 2000).

The implementation of policy involves three important components: inputs, interaction processes and outputs. Which is schematically shown in figure 1.

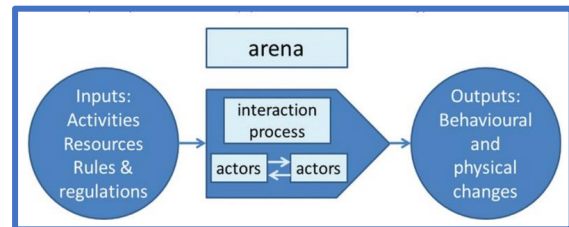


Figure 1: Model which illustrates the how inputs are converted into outputs in the interaction process (Bressers H. , 2009)

The first component, inputs, is comprised of the (formal) rules of the game and resources which are considered required for a successful implementation of the policy. However, this input component is also comprised of contextual factors such as structures, positions and processes which already exist in the environment in which the policy or policy instrument is implemented. Thereby it is considered that any policy is never implemented in a blank policy field, but the new policy (instrument) will add an additional element to this field (Hoppe, 2009). All these factors influence the actors and the interaction processes between them and therefore also the result of the implementation process. The second component, the interaction process, implies a conversion process as a result of the interaction of various involved actors during the policy implementation. The third component, outputs, indicates the outcome of the interaction process. This outcome could either be a physical or a behavioural change (Bressers H. , 2007).

The arena indicates the “place” where these interaction processes between the involved actors are taken place. Aside from the actors, this *interaction arena* embodies the rules of the game, and the issues at stake at a given time and place (Boer & Bressers, 2011). This arena, including its actors, issues and rules of the game, can either be set up and bound explicitly by agreement, or the characteristics of this arena are in a perpetual flux.

As mentioned before, the key principle of the CIT are the actors involved in the policy implementation process. The characteristics of the involved actors and the interaction processes between them have according to Bressers et al. (2000) a major influence on policy implementation processes. The CIT feeds the influence of such factors via three key actor characteristics: cognition, motivation and resources, as shown in figure 2.

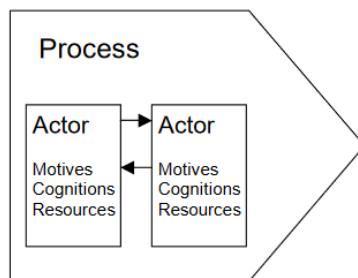


Figure 2: Process model with the key actor characteristics (Bressers H. , 2009)

In this section the theoretical framework of this study has been provided: The Contextual Interaction Theory (CIT). The CIT seeks to evaluate policy implementation, by determining whether and to what extent the characteristics of the involved actors influence the implementation process and where and why these actors are influenced by the external context (Bressers & De Boer, 2013). This is done by means of an analytical model. In addition, the simplicity of this model offers opportunities to make practical recommendations to improve the implementation processes and the policy instrument itself. This study follows the development line of Contextual Interaction Theory, as shown in figure 1. In a sense that it allows to explore various inputs, including contextual factors, actors and their characteristics, in the implementation of the policy instrument of the local performance agreements for housing policy which might hamper the implementation process and the achievement of the objectives pursued by the policy instrument in the light of the revised Housing Act 2015.

4. Methodology

Research design

An embedded case-study design is applied including multiple sub-units of analysis. Case-study research allows the exploration and understanding of complex phenomena within the boundaries of a specific environment, situation or organisation (Yin,

1994). The case-study approach enabled a comprehensive analysis of the implementation process of the policy instrument of local performance agreements in three municipalities in the Province of Zuid-Holland; Bodegraven-Reeuwijk, Zoetermeer and Rotterdam.

A descriptive assessment is conducted that employed qualitative methods, particularly in-depth interviews with actors involved by the establishment of local performance agreements for (social) housing policy in the three municipalities and other experts in the field of this specific policy implementation.

This research-structure and method captured experiences, perceptions and understanding of the challenges associated with the implementation of local performance agreements for (social) housing policy in the light of the revised Housing Act 2015. This made it possible to discuss and compare the current state of affairs of the instrument with the objectives pursued by the policy instrument.

Selection of cases

For the analysis, three cases have been selected: Rotterdam, Bodegraven-Reeuwijk and Zoetermeer. This selection has been chosen, since these municipalities differ in size but are still located in the same province, namely South-Holland. Whereby is considered that there will not exist great disparities between the municipalities regarding regional contextual factors. By selecting three cases varying in size, it was assumed that a proper picture of the implementation process of the instrument would be provided.

Rotterdam

Rotterdam is determined as a metropolitan city located in the Randstad area. The municipality of Rotterdam counts approximately 640 thousand inhabitants. The municipality of Rotterdam is therefore, in terms of population, the second largest municipality in the Netherlands after Amsterdam.

Bodegraven-Reeuwijk

The municipality of Bodegraven-Reeuwijk has been chosen, since this municipality, containing of the villages of Bodegraven and Reeuwijk, counts 34.000 inhabitants. This municipality is clearly much smaller compared to Rotterdam.

Zoetermeer

The third case which has been chosen for the study, is the municipality of Zoetermeer. Zoetermeer is also a municipality located in the Province of South Holland like the other two municipalities described above. Zoetermeer counts over 120.000 inhabitants, which makes it the third largest population centre in the Province of South Holland after Rotterdam and The Hague.

Data collection

The data for the study was collected between April 2018 and June 2018. The interview approach has been the same for all interviews. The interviews had an open character and were semi-structured based on a discussion-point list. In this period 15 interviews with 19 respondents were conducted. Moreover, documents and reports which were considered important for the interviews were reviewed to obtain the required information needed for this study. From the municipal perspective 3 persons have been interviewed, from the perspective of the housing associations 6 interviews have been conducted and from the tenants' perspective 5 interviews are held. One additional interview was conducted with a law firm to reflect on the legal aspects of the instruments. Each interview lasted approximately 60 minutes. Per case approximately 4 interviews have been conducted.

Data management

Right after the interviews, the data has been processed in detail by means of the recorded transcriptions and writings. All information gathered via the respondents has thereby be grouped by the themes of the decision-point list. After the data has been processed, interviews have been grouped by case and by type of respondent when for example multiple housing associations have been interviewed for one specific case. This grouping has simplified the analysis of the data, since it provides a clear overview how the different respondents evaluate the policy instrument: It enabled easy inter-case as well as inter-organisation comparison. Some respondents have provided extra information (documents), regarding the proceed of the interaction processes for the establishment of performance agreements for local housing policy.

Data analysis

For this study thematic analysis was employed. Using a combination of a deductive and an inductive approach. The themes were identified by using the CIT as a framework (deductive) by referring to concepts as, actor characteristics, problem context, political context, previous interactions, governance structure. The data was subsequently analysed manually through reading the transcriptions until a general understanding of the content was derived. From the thematic analysis, barriers could be identified, that hamper a successful implementation and functioning of the policy instrument of local performance agreements for (social) housing policy.

5. Results:

In this section the results of the study will be presented. First, in §5.1 insights will be provided into the three case studies assesses for this study. These insights are provided in the form of an overview containing comparative (CIT) elements about the local implementation processes of performance agreements for (social) housing policy in the light of the revised Housing Act. From these case study analyses subsequently challenges, facing a successful implementation and functioning of the policy instrument of local performance agreements for (social) housing policy, have been derived. The barriers which have been identified can be divided in two main sets: issues in the governance structure and issues with the organisational structure of the local performance agreements networks. These are respectively discussed in §5.2 and §5.3. In section §5.4 additional emphasis has been provided on the decision-making process for the establishment of performance agreements and the impact of the identified barriers on this process.

5.1 The establishment of performance agreements in 3 municipalities

The local implementation processes and associated interaction processes between the municipality, housing association and tenants' organisations have been scrutinised for Bodegraven-Reeuwijk, Zoetermeer and Rotterdam. All municipalities developed a different approach to arrive at a set of local performance agreements. With regard to CIT, is per case determined whether and to what extent the characteristics of the involved actors have influenced the implementation process and where and how these actors are influenced by the external context. In table 1 an overview of the comparative case analysis is provided. Based on this case

analyses, implementation barriers have been derived which are discussed in §5.2 and §5.3.

Table 1 Overview of local implementation processes based on comparative CIT elements.

Comparative elements	Establishment of performance agreements in three cases		
	Bodegraven-Reeuwijk	Zoetermeer	Rotterdam
Municipal characteristics			
Scale of municipality	Village(s)	City	City
Number of inhabitants	34.000	125.000	640.000
% social rental dwellings owned by housing associations of total number of dwellings	21%	37%	46%
Structural context			
Municipal housing policy	Present: due to the presence of practical housing policy, establishing performance agreements was relatively easy.	Present: However housing policy not considered suitable for establishing performance agreements for social housing policy.	Present: However housing policy not considered suitable for establishing performance agreements for social housing policy.
Revised Housing Act	Act did not provide clear prescriptions regarding form and content of performance agreements.	Act did not provide clear prescriptions regarding form and content of performance agreements	Municipality has assumed a leading role in the process due to legislative change.
Case-specific context			
Financial position	Housing associations have adequate resources to invest and are also willing to invest	Housing associations (except for Vestia) have adequate resources to invest and are also willing to invest	The majority of housing associations in Rotterdam do not have significant capacity to invest.
Task regarding social housing	Regular	Significant task mainly due to Vestia (housing association) problems and financial crisis	Major task especially in Rotterdam South
Interaction process			
Motivation in the process	Similar: priorities coordinated and aligned with all network actors	Similar, except for disagreement in coalition which has influenced process	Diverging regarding utility of instrument and establishment of goal ambitions
Actors involved in process	A wide range of actors involved by setting social housing priorities/ goal ambitions	Housing associations involved by determining goal ambitions	Low involvement of other societal actors in determining goal ambitions for social housing policy.
Network relations	Based on mutual trust	Based on mutual trust	Strained relationships between municipality and housing associations
Responsibilities in the process	Difficulties experienced with role of tenants in process	<ul style="list-style-type: none"> - Difficulties experienced with role of tenants in process - Ambiguities about facilitating responsibility among network actors 	Difficulties experienced with role of tenants in process.
Resources	Present	Present	Present
Result interaction process in terms of CIT	Active cooperation of housing associations	Learning?	Obstructive cooperation of housing associations

5.2 Issues in the broader the governance structure

Policies are never implemented in a blank policy field, but will add an additional element in this field. Therefore, it is important to analyse what kind of structures, processes and positions already exist in the environment in which the instrument is implemented (Hoppe, 2009). With regard to the policy instrument of performance agreements the whole set of rules and regulations concerning social housing is relevant. As noted before the policy instrument of local performance agreements for housing policy is one of the components of the revised Housing Act 2015. The Act, in its totality, aims to further regulate the activities of housing associations by providing stricter rules and boundaries (Rijksoverheid, 2015). These other components might hamper the desired co-creation of (social) housing policy and the establishment of local performance agreements between a municipality, housing associations and tenants' organisations:

1. *Mismatch between other components of Housing Act and the desired co-creation and implementation of local housing policy*

The Housing Act 2015, among others, provides rules for the scope of action for housing associations. Therein is prescribed that housing associations should emphasis on their core task: the provision of housing for low income households. However, as emerged from the in depth-interviews, these strict regulations regarding the remit of housing associations could hamper the creation of tailor-made mutual solutions for local housing challenges between housing associations, a municipality and tenants' organisations. Within municipalities where market players do not take up the responsibility of building important facilities, it will also be of benefit to municipalities, when housing associations could take up a broad remit and when the housing associations are not being restricted on their investment capacity via landlord levies and tax measures, as reflected by the respondents. These investment could, namely, be of added value for the community, but due to the regulation change it is unclear for the network actors what kind of tasks the housing association is allowed to execute.

2. *Lack of requirements set to form and content of agreements*

A second barrier emerged from the analysis, concerning the governance regime, is the lack of requirements set by the central government to the form and content of the mutual agreements for (social) housing policy.

The central government seeks to facilitate and ensure the co-creation of (social) housing policy and the establishment of local performance agreements for (social) housing policy. However, there are hardly any requirements set to the form and content of the mutual agreements for social housing policy. This "freedom" is to some extent considered good, since it enables the creation of a tailor-made local performance agreements. Nevertheless, this "freedom" could also endanger the achievement of the objectives pursued by the policy instrument.

5.3 Issues with the organisational structure of the performance agreements networks

The second set of barriers concerning the implementation of the policy instrument of performance agreements are associated with the organisational structure of the local networks by establishing these agreements.

There are several barriers identified: *the current role of tenants' organisations in the process, the local housing policy as basis of the performance agreements, housing associations active in multiple municipalities, ambiguities regarding actor responsibilities, strained relations between network actors.*

These issues will be reflected in this section, but first of all, some additional information will be provided regarding these local networks of establishing performance agreements.

5.3.1. Introduction to the local network of performance agreements

By means of the policy instrument of local performance agreements regarding (social) housing policy, the central government seeks to create cooperative, but non-permissive, networks of municipalities, housing associations and tenants in order to release funds by housing associations for social benefit. The network actors should, according to the law, be considered as equal partners in these local networks. The organisational set-up of these networks and associated negotiation processes is to a large extent left to the network actors. The central

government tries by means of so-called support instruments to ensure and facilitate the process of shared decision-making. Fixed deadlines, a dispute settlement body and the provision of financial information of the housing associations should facilitate and ensure the establishment of local performance agreements and the commitment from the housing associations. However, as emerged from the analysis issues arise due to the current organisational set-up. These will be reflected hereafter.

5.3.2. Issues with the organisational structure of the local networks responsible for establishing performance agreements

1. The role of tenants' organisations in the process

As derived from the interviews, difficulties are being faced regarding the role of tenants' organisations in the process of local performance agreements for (social) housing policy. According to the revised Housing Act, should tenants' organisations preferably be a full member in this decision-making process. This responsibility implies that tenants' organisations should be able to assess the investing capacity of housing associations and thereby have a sound knowledge of strategic housing policy. However, the involvement in this decision-making process is for many tenants' organisations a new exercise and thereby is the board of a tenants' organisation dependent on volunteers (Terlingen, 2016). These new responsibilities require additional knowledge, time and skills of the board members of these tenants' organisations. The lack of knowledge about strategic housing policy and a reduced negotiation capacity and financial know-how among these board members is in practice experienced as a problem.

If it appears that tenants' organisations are not capable of fulfilling their desired role, one of the goals of the policy instrument of local performance agreements for housing policy may be put at risk: enhancing the role of tenants' organisations in social housing to ensure the social legitimacy of housing associations.

2. The local housing policy as the basis of the local performance agreements

A second barrier emerged from the analysis concerning the organisational structure is the role of the local housing policy document, which is the

created by the municipality, in the process for establishing local performance agreements for (social) housing policy.

The local performance agreements should be based on the local housing policy document, since housing associations are required to reasonably contribute to this document, according to the revised Housing Act. However, in practice this leads to problems in the local networks by establishing the performance agreements for social housing policy. The local housing policy is often not suitable as the basis of the performance agreements for housing policy, since it in general offers a much broader municipal/political view regarding housing and is not particularly focussing on social housing policy. Therefore, this document often lacks direction and is therefore not considered a proper basis for the local performance agreements for housing policy. Since this document does often not clearly reflect on social housing objectives, it is hard for housing associations to establish a proposal in which they reflect how they could contribute to these social housing objectives.

3. Housing associations that operate in multiple municipalities

A third barrier associated to the organisation structure of the local network is the operation area of housing associations. The operation area of many housing associations does not stop at the borders of the municipality. In municipalities where housing associations are active in multiple municipalities, these organisations have to divide their financial means over multiple municipalities or they can choose to prioritise one municipality over another regarding the extent they are willing to contribute (Severijn, 2013). This aspect also led to problems in Zoetermeer with housing association Vestia. This aspect could endanger that in certain municipalities the social housing issues will not be solved, or to a lesser degree, by the financial help of housing associations.

4. Ambiguities regarding actor responsibilities in local network for performance agreements

The instrument of local performance agreements does not precisely prescribe how the collaboration should be arranged, this is left to the network actors. However, as derived from the analysis, this freedom has left to problems and ambiguities,

regarding roles and responsibilities, of the network actors. This has primarily to do with facilitating the process of shared decision-making. In order to ensure proper collaboration and coordination between the three actors in the network there is a need for a specific actor which facilitates the process of shared decision-making regarding the creation of social housing policy and therefore make sure collaboration between actors is facilitated and the right parties are involved with the right mandate and the needed knowledge for decision making is present at the negotiation process.

5. Strained relationships between municipalities and housing associations

The central government seeks by launching networks to create cooperative, but non-permissive, networks of municipalities, housing associations and tenants' organisations. However, a proper collaboration between these organisations cannot be taken for granted. Although there are shared responsibilities between municipalities and housing associations, such as the execution of housing policy, housing associations and municipalities are nevertheless considered also very different organisations, each with their own responsibilities and (conflicting) interests (Van Kessel, Scheele-Goedhart, & Wever, 2017). As derived from the analysis: Regarding the implementation of housing policy and therefore the establishment of local performance agreements for (social) housing policy, these strained relationships might serious affect the negotiation-processes and therefore hamper a successful implementation of the policy instrument. A cooperative relationship between the network actors is considered essential to contribute to the objectives pursued by the policy instrument.

5.4 Decision-making processes for the establishment of performance agreements

The in-depth interviews have identified several challenges facing a successful implementation and functioning of the policy instrument of local performance agreements for (social) housing policy: barriers in the broader governance context and barriers associated with the organisational structure of the local networks.

These identified barriers may arise during the negotiation-process for the establishment of local performance agreements for (social) housing policy. All issues can significantly complicate and hamper

the negotiation process and therefore achieving the goals pursued by the instrument might be at risk. The policy instrument is aimed at facilitating and ensuring cooperative, but non-permissive, networks of municipalities, housing associations and tenants in order to release funds by housing associations for social benefit. In addition, the existence of these networks should enhance the position of municipalities and tenants' organisations in social housing.

The most important condition, derived from the analysis, for a successful implementation of the policy instrument of performance agreements and the co-creation of local (social) housing policy is a cooperative relationship between the network actors. Due to the inter-case comparison could be identified which opportunities in the negotiation-process could be implemented to improve the decision-making process. In the Bodegraven-Reeuwijk for example, the involved actors have put a lot of effort in finding common goals and agreements have been established based on mutual trust, this significantly improved the decision-making process. By contrast in Rotterdam, where the municipality has assumed a leading role in the process of establishing performance agreements for (social) housing policy, but did not put much effort in finding shared interests and in investing in good relations. This has led to resistance, especially, among the housing associations.

In order to arrive at a proper collaboration and coordination between the three actors in the network, there is a need for a specific actor which facilitates the process of shared decision-making regarding the creation of social housing policy. This specific actor should emphasise and invest in good actor relations, the creation of partnerships and thereby shared goals should be identified but simultaneously the differences in interests and responsibilities should be taken into account to create a cooperative relationship (Van Kessel, Scheele-Goedhart, & Wever, 2017). This specific actor will then manage the network and make sure collaboration between actors is facilitated. This implies that the right parties are involved with the right mandate and the needed knowledge for decision making is present at the negotiation process. This should significantly ease the negotiation process and should thereby also address some of the identified barriers: barrier 4 and 5 associated with the organisational structure could, to some extent, be overcome.

6. Discussion

This study focused on the implementation and functioning of the policy instrument of local performance agreements, which obtained a legal status in the Housing Act 2015. The conclusions are based on three case studies and additional interviews with experts in this field. A disadvantage of this research approach is that generalisation to the target population, all local performance agreements networks in the Netherlands consisting of municipalities, housing associations and tenants' organisations, is difficult due to the low number of cases. More cases are considered needed to generalise the results.

This study contributes to literature regarding the functioning of performance agreements or performance measurement systems in the public sector. According to Lewis (2015) should such performance measurement systems in the public sector more be considered as social structures of interactions between individuals and institutions. This study has made an attempt to contribute to this request by the evaluation of the policy instrument of local performance agreements for housing policy and thereby scrutinise the social interactions between a municipality, housing associations and tenants' organisations in this context to evaluate the effects. The Contextual Interaction Theory demonstrated to be appropriate to analyse and assess the social structures in place regarding the implementation of the instrument of performance agreements for housing policy.

Additionally, the study provided insight in how housing associations in the Netherlands are governed in these performance measurement systems and how attempts have been made to ensure the social and democratic legitimacy of these organisations (Reaymaeckers et al., 2017; Ebrahim et al., 2014; Cornforth, 2012). Desirably, these insights could also be applied by setting-up networks for other types of hybrid organisations in which the social legitimacy is at risk. However, it is regarded difficult to generalise the conclusions and recommendations over other types of hybrid organisations. Since a housing association is regarded a specific type of hybrid organisation: they are also considered real estate companies. And this has implications how the organisations can be governed. Moreover, the Netherlands is known by its specific planning practice and this also influences the impact and effectiveness of this instrument.

7. Conclusion

In 2015 the Housing Act was revised to further regulate the social housing sector and thereby improve the steering possibilities of the central government in this sector. The amendments of the Housing Act 2015 were of a substantial number and nature. One of the policy instruments, which obtained a legal status in this revision of the Act, are the local performance agreements for housing policy. By means of this policy instrument the central government seeks to facilitate and ensure cooperative, but non-permissive, networks of municipalities, housing associations and tenants for the co-creation of social housing policy. Moreover, by means of these local networks the position of municipalities and tenants' organisations in social housing should be enhanced to ensure the democratic and social legitimacy of housing associations. This study aimed at assessing barriers hampering the implementation and functioning of the policy instrument of performance agreements for housing policy. This study identified these barriers by answering the following research question:

Which barriers can be distinguished by the implementation of the policy instrument of local performance agreements between municipalities, housing associations and tenants' organisations?

In depth-interviews with experts and actors involved in the local networks for establishing performance agreements in Rotterdam, Zoetermeer and Bodegraven-Reeuwijk have been used to analyse and reflect which barriers currently hamper a successful functioning of the policy instrument and therefore might put achieving the objectives pursued by the instrument at risk. This policy assessment by means of the Contextual Interaction Theory showed that to make sure the desired goals of a policy will be achieved, the inputs required for the policy implementation (adequate resources and alignment with broader policy field) must be assured, and the interaction process regarding the implementation of the policy should be well organised and facilitated:

From this comprehensive analysis barriers are derived which are associated with either the broader governance regime or with the organisational structure of the networks comprising of municipalities, housing associations and tenants' organisations as shown in table 2.

Table 2: overview of identified barriers for successful implementation of policy instrument of performance agreements.

<u>Governance regime barriers</u>	<u>Organisational structure barriers</u>
1. Mismatch between other components of Housing Act and the desired co-creation and implementation of local housing policy	1. The current role of tenants' organisations in the process
2. Lack of requirements set to form and content of agreements	2. The local housing policy as the basis of the local performance agreements
	3. Housing associations that operate in multiple municipalities
	4. Ambiguities regarding actor responsibilities in local network for performance agreements
	5. Strained relationships between municipalities and housing associations

All these barriers have a direct influence on the decision-making process regarding the establishment of performance agreements for (social) housing policy. These barriers need to be addressed, emphasising on the organisational barriers, in order to make sure the objectives pursued by the policy instrument will be achieved. The most important condition for a proper implementation of the policy instrument of performance agreements and the co-creation of local (social) housing policy is a cooperative relationship between the network actors. Therefore, municipalities, housing associations and tenants' organisations will have to put effort in investing in good actor relations, the creation of partnerships and thereby shared goals should be identified but simultaneously the differences in interests and responsibilities should be taken into account to create a cooperative relationship.

It is recommended to conduct additional research in finding suitable approaches how this collaboration should be set-up and how the barriers can be overcome. For example, which measures are suitable to address the issues concerning the role of the tenants' organisations in the process.

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